



Comprehensive Annual Financial Report

Year Ended September 30, 2019
City of Victoria, Texas

CITY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2019

Prepared by the Finance Department
City of Victoria, Texas

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CITY OF VICTORIA

Established 1824, Founded by Congress, Republic of Texas, 1839

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March 24, 2020

Honorable Mayor and City Council
City of Victoria
Victoria, Texas

The Comprehensive Annual Financial Report of the City of Victoria, Texas (the "City"), as of September 30, 2019, and for the year then ended is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

City of Victoria Profile

Victoria is the largest city for the seven-county area known as the "Golden Crescent," which includes Victoria, Calhoun, Dewitt, Goliad, Gonzales, Jackson, and Lavaca counties. Victoria is a regional transportation hub with a long list of transportation options; access to large and small freight carriers, the Victoria Regional Airport, railway terminals, the shallow draft Port of Victoria, and the deep-water Port of Port Lavaca-Point Comfort. Victoria holds a prime position along the NAFTA Corridor with Mexico and will add another critical segment to its transportation resources; the soon-to-be-completed IH69.

Because the surrounding counties are largely undeveloped, Victoria is a well-established economic hub in the seven-county region. Boasting a retail trade of more than 209,000 shoppers, retail sales in Victoria total more than \$1.85 billion dollars with an expected growth in the 2.0% range.

Victoria is home to the largest medical community in the Golden Crescent region with a medical network that provides state-of-the-art care on five hospital campuses. With more than 720 beds, a system of local clinics, and skilled personnel providing individualized care with the most modern advances in technology for inpatient and outpatient services, residents in Victoria and surrounding counties have access to the finest in medical care.

Structure and Services Provided

The City provides the traditional local government services under the direction of the Mayor and City Council, and all such activities are accounted for and reported within the basic funds. This report includes all funds of the City government. The financial statements of the Victoria Sales Tax Development Corporation and the Victoria Special Events Association, Inc. are also reported herein as discretely

presented (*constituting a separate entity*) component units of the City. The reporting entity funds and various related entities are thoroughly discussed in the notes.

The City utilizes a Council-Manager form of government. The elected body is made up of a Mayor, who is elected at large, and six Council Members elected by district. The City Manager, appointed by the City Council, is responsible for the management of City employees and administration of all City affairs. The City Council appoints several boards and commissions, most of which are used in an advisory capacity. Most of these boards and commissions have no operating budgets and no financial statements, with the exception of the Victoria Sales Tax Development Corporation.

The following boards and commissions are appointed, partially or entirely, by Council, or include a sitting Council member:

- | | |
|---|---|
| 1. Board of Adjustments & Appeals | 10. Victoria Economic Development Corp. |
| 2. Housing Authority Board | 11. Parks and Recreation Commission |
| 3. Library Board | 12. Victoria Development Commission |
| 4. Planning Commission | 13. Victoria Sales Tax Dev. Corp. Board |
| 5. Food Establishment Appeals Board | 14. Victoria Metropolitan Planning Org. |
| 6. Health Auth. for Victoria County Public Health Dept. | 15. Victoria Health Facilities Dev. Corp. |
| 7. Victoria Housing Finance Corporation Board | 16. Victoria Special Events Assoc. Board |
| 8. Building and Standards Commission | 17. Victoria Central Appraisal District |
| 9. Victoria County Public Health Dept. Board of Health | 18. Golden Crescent Reg. Planning Comm. |

The City provides a full range of municipal services to its citizens. In the public safety sector, the City maintains and operates a Fire Department and Police Department. The public works sector includes Engineering, Traffic Control, Water/Wastewater (*the City owns and operates a water pumping and distribution system, a surface water treatment facility, and a wastewater collection and treatment system*), and Streets and Drainage (*provides street cleaning, street maintenance, and drainage structure maintenance, as well as some capability for rehabilitation of streets, drainage structures, and sidewalks*). Various refuse collection departments, including residential Solid Waste, Brush and Bulky Item, Yard Waste and Recycling, are operated in the City's environmental services sector. The City owns its landfill and contracts out management of the landfill to an outside party.

Also included in the City's program of services are a building inspection and code enforcement department, and a parks system, which includes recreational programs, golf course and a community center. The City of Victoria maintains its own in-house print shop, custodial service, and building maintenance service. In addition, the City has a full-service garage for fleet maintenance which includes a communication shop.

According to the Charter, which was amended in 2012, the City Manager, City Attorney, and Municipal Court Judge, are appointed by City Council. General staff support includes an in-house Human Resources Department, Information Technology Department and Finance Department. The Finance Department includes all accounting, budgeting, treasury, purchasing and other financial administration. Beginning with fiscal year 2020, the City Manager utilizes two Assistant City Managers, an increase of one from prior years.

Per an interlocal agreement entered between the City of Victoria and the County of Victoria, the City provides fire, emergency medical services and all hazard response services for a set reimbursement amount from the County. In addition, the City of Victoria operates library services at no cost to the County. By provisions of the interlocal agreement, the County of Victoria provides health and animal control services at no cost to the City.

2019 Economic Condition and Outlook

Texas:

The Texas service sector expanded at a slower pace in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 18.8 in January to 14.0 in February.

Labor market indicators reflected continued employment growth and slightly longer workweeks this month. The employment index declined from 8.4 to 6.1, suggesting a slight deceleration in hiring, although the part-

time employment index rose to 4.1-its highest reading in over a year. The hours worked index picked up slightly from 3.3 to 4.4.

Perceptions of broader business conditions improved in February, though optimism was somewhat diminished compared with last month. The general business activity index declined from 11.1 to 7.0, while the company outlook index fell over seven points to 5.1. Nevertheless, the outlook uncertainty index fell about three points to 4.6.

Wage pressures eased slightly, while price pressures were somewhat mixed in February. The wages and benefits index dipped from 19.4 to 17.7, while the selling prices index fell nearly nine points to 8.0. The input prices index was largely unchanged at 26.6.

Respondents' expectations regarding future business conditions remained positive on net, though optimism waned. The future company outlook index decreased about four points to 15.8, while the future general business activity index slipped from 17.6 to 12.0. Other indexes of future service sector activity, such as revenue and employment, held at a high level and continued to reflect expectations of robust growth over the next six months.

Retail sales fell in February, according to business executives responding to the Texas Retail Outlook Survey. The sales index dropped from 4.8 in January to -2.5 in February. Inventories contracted sharply, with the inventories index plummeting over 19 points to -9.7.

Retail labor market indicators suggested little overall change in the level of employment and a slight shortening of workweeks in February. The employment index declined two points to -1.0, indicating very little change in net employment compared with January. The hours worked index fell from 4.7 to -1.7, suggesting a slight net decrease in average hours worked by employees.

Retailers' perceptions of broader business conditions deteriorated significantly in February, despite a tempering in the outlook uncertainty index. The general business activity index fell further into negative territory from -2.1 to -5.0, while the company outlook index plunged over 10 points to a six-month low of -10.3.

Retail price pressures were mixed, while wages pressures inched up in February. The input prices index declined about five points to 19.9, while the selling prices index picked up from 23.2 to 27.5-its highest reading in over a year. The wages and benefits index ticked up from 12.2 to 14.7.

Despite negative sentiment surrounding current business conditions, retailers' perceptions of future conditions were more mixed this month. The future general business activity index dropped into negative territory at -1.3, while the future company outlook index declined over 12 points but remained positive at 2.3. Other indexes of future retail activity, such as sales and employment, were similarly mixed but, overall, pointed to continued growth over the next six months.

The above information is from the Federal Reserve Bank of Dallas.

Victoria:

Just like the Texas economy, Victoria's economy is experiencing a modest growth but at a slower pace. Victoria's economy is resilient, and the outlook remains optimistic that it will continue to grow, but at a slower pace.

Victoria is the industrial, educational, medical, and retail hub of the seven-county region in the state, known as the Golden Crescent. Investments made in businesses and industry representing primary jobs in this region continue to have a positive effect on the overall economy of Victoria.

INVISTA, an established petrochemical manufacturer began their \$200 million modernization project at their Victoria County plant site during the first quarter of 2019. The project will upgrade their manufacturing technology, increase their production of adiponitrile, and strengthen the site's competitive position in the global market. The project is expected to be completed in 2021 with more than 250 construction workers joining the existing INVISTA workforce at the Victoria site during the process.

Agilon Energy selected two sites in Victoria, one inside the city limits and one in the county, for their \$125 million investment of power-generation peaker plants. The company has completed the construction of the facilities and expects to begin operations in 2019. While there are few jobs associated with the ongoing operation of the plants, the investment places the company on the list of leading property taxpayers in Victoria.

The University of Houston-Victoria continues to expand their campus footprint inside the City of Victoria to meet the needs of a growing student population. Several construction projects representing more than \$145 million are currently underway on the campus including a new residence hall, STEM academic building, and library-student center. Additionally, the university purchased an abandoned retail shopping center and is investing several million dollars to renovate and repurpose the space into their Northwest Campus facility.

DeTar Hospital in the City of Victoria completed and opened their new \$20 million intensive care unit at their Navarro street location in April 2019. They have also initiated a \$3.3 million renovation project at their North campus.

Additionally, the Golden Crescent's regional industrial investments currently taking place include DOW's \$105 million Catalyst plant expansion and Formosa Plastics Corporation's \$5 billion expansion in Calhoun County bringing more than 3,000 construction workers to the area and an increase in permanent jobs.

Due to the recent decrease in oil prices, Victoria's oil and natural gas industry growth (i.e. Eagle Ford Shale) has remained relatively flat, compared to the Permian Basin; and, the number of completed wells (i.e. producing wells) has remained relatively steady. Victoria's rig count for July 5, 2019 was 19 (average price of oil \$57.34), a decrease of 14 rigs compared to July 6, 2018 (average price of oil \$72.94).

Victoria's unemployment rate for December 2019 was 3.4 percent, compared to the U.S. 3.5 percent rate and Texas 3.5 percent rate; and is 0.2 percent lower than a year ago, which is reflective of a tight labor market.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) increased by 56.89 percent or \$6.7 million, comparing June 2019 to June 2018 values; the increase is due to an increase in commercial permit values. As of June 2019, total commercial permit value is \$8.9 million, an increase of 214.2 percent or \$6.1 million from last year's values.

Major Initiatives

For Fiscal Year 2019 and Into the Future:

Fiscal year 2019 saw many accomplishments. For example the Residential Street Construction Program, Preventive Street Maintenance Program, Thoroughfare Street Program, Street Sweeping Program, and various Traffic Signal Projects were implemented as well as major park improvements/programs, for example, new playground equipment for Tracy Park, resurfacing HEB Tennis Courts, replacing Evergreen Cemetery Fence, and completing the Riverside Sidewalk Trail (Old Office to Vine Street); and, the City's Golf Course Program is being managed effectively. The Drainage Mowing Program has been implemented. The City implemented its 2019 Capital Expenditure Replacement Program; and, the City's Five-Year Capital Improvement Program has been updated. The City met its 2019 OPEB Trust Fund, i.e. post-employment health care benefit liability, funding requirements; and, the City's debt is being managed effectively and meeting its bond covenant requirements.

The previous mentioned accomplishments are just some of the fiscal year 2019 initiatives and accomplishments. We look forward toward implementing the fiscal year 2020 budgetary priorities; and with Council's leadership, we will make sure we continue to move in the right direction for our community.

Every year the City strives to improve the current level of core services within available resources to serve our citizens, businesses, and visitors in the City. In developing the 2020 budget, allocating available resources to the various budgetary priorities was a challenge. The top budgetary priorities include:

- *Health Care Premiums* – One of the biggest assets of the City is our exceptional workforce. To maintain competitiveness as an employer, and retain qualified employees, the budget includes

lowering the employees' health care premiums whereby an employee would increase their take home pay by \$27.78 per month or \$74.12 per month, depending on the type of health plan the employee is enrolled in. The cost to the City is approximately \$286,953. In addition, the budget includes the extension of the 2019 Health Savings Account Program to those employees hired after January 1, 2019 thru December 31, 2019, at an estimated cost of \$80,000 (*for the fiscal year 2019 budget, the City contributed \$1,000 to each employee who took the City Health Plan, as of December 31, 2018*).

- *Personnel Services* - The total budgeted positions for fiscal year 2020 is 632, a net increase of four. The increase is due to adding one Assistant City Manager position who will oversee Library, Convention & Visitors Bureau, Parks and Recreation, Community Center & Sport Complex, Golf, the Downtown Main Street Program, and Economic Development Programs (*retail recruitment/retention & VSTDC support staff*) operations, at an estimated cost of \$200K, which will be funded by one-third from the General Fund, Hotel Occupancy Tax, and VSTDC. The second position would involve the City directly managing the Main Street Program and adding one employee to manage its operations at an estimated cost of \$99K, which would be funded by Hotel Occupancy Tax. The third and fourth positions will be an additional Patch Crew in the Street Department, funded by General Fund.
- *Street CIP Programs* - Aging street infrastructure is a nationwide problem and one of the biggest challenges facing many cities and counties throughout the nation. Victoria's streets are no different from the streets in most U.S. cities. Many are in poor condition and need to be rebuilt, while others are in good condition, but if not maintained properly will continue to deteriorate to the point they must also be rebuilt. To improve the conditions of our residential and major thoroughfare streets, the following \$13.4 million street programs have been incorporated into the fiscal year 2020 budget, an increase of \$2 million from last year's budget:
 - a. *Residential Street Construction Program* - The Residential Street Construction Program will address residential streets in subdivisions whose average street ratings are less than 85 and do not require extensive utility replacement. The fiscal year 2020 budget includes approximately \$4.5 million for the Residential Street Construction Program, which includes \$1M for North Heights Phase VI, \$2.6M for Woodway Phase I & II; and, \$859K for Bridle Ridge Phase I. The Residential Street Construction Program is being funded by the General Fund and a \$2M Certificate of Obligation Bond.
 - b. *Residential Preventive Street Maintenance Program* - Currently, the City has a backlog of residential streets requiring regular maintenance. The fiscal year 2020 General Fund budget includes approximately \$2.3 million for the Residential Preventive Street Maintenance Program (*RPSMP*). The RPSMP will address and maintain residential streets in subdivisions whose average street rating is 85 or higher. The RPSMP is a planned strategy of cost-effective treatments to an existing good-condition roadway that preserves the road, retards future deterioration, maintains or improves the functional condition of the road, and extends the service life of structurally sound pavement. The \$2.3M RPSMP consists of \$1.3 million in Seal Coat Programs and \$300,000 in Street Point-Repair Program, \$20,000 in "Catch-Up" Program, \$269,435 to fund an additional crew with corresponding truck, \$61,000 to increase starting salaries for eligible personnel, and \$200,000 to implement an annual Crack Seal Program, funded by the General Fund.
 - c. *Thoroughfare Street Program* - The Thoroughfare Street Program will address public streets that accumulate traffic from collector streets and local streets for distribution through the thoroughfare and highway system. These streets distribute medium to high volume traffic and provide access to commercial, mixed-use and residential areas. The fiscal year 2020 budget includes approximately \$6.7 million for the Thoroughfare Street Program, which consists of Vine Street (Mockingbird to Red River) Project, Crestwood Dr. (Main to Navarro), and Downtown Business District Overlay Project. The Thoroughfare Street Program is being funded by the Victoria Sales Tax Development Corporation.
 - d. *Street Sweeping Program* - Regular street sweeping is one of the most cost-effective best management practices used to remove pollutants from our streets. This practice improves the quality of stormwater runoff, keeps our waterways healthy and reduces the likelihood of flooding

during heavy rain. The fiscal year 2020 budget includes \$382,600, funded by the Water/Wastewater Fund.

- e. *Street Striping Program* - The Street Striping Program is designed to refresh the striping that has faded or is worn due to traffic conditions throughout the City. The fiscal year 2020 General Fund budget includes \$210,000 for the Street Striping Program.
- *Water/Wastewater Fund CIP Utility Programs* - The fiscal year 2020 Water/Wastewater Fund budget includes the following utility programs:
 - a. *North Heights Utility Replacement Phase VII Project* - The project consists of replacing water and sanitary sewer lines in Nueces Street between Navarro and Laurent; and, portions of Depot, Cameron, East, Goldman, Jecker, Levi and Louis Streets, at an estimated cost of \$1.2 million (*last phase*).
 - b. *Aquifer Storage & Recovery (ASR) Phase III (Assessment) Project* - The project consists of confirming steps necessary to permit, design and construct a new ASR well and any required monitoring wells and establish the associated cost, at an estimated cost of \$200,000 (*Victoria Sales Tax Development Corporation would provide the funding*).
- *Storm Drainage Masterplan Project* - The fiscal year 2020 budget includes \$200K to identify and analyze the existing drainage deficiencies throughout the City; provide a range of drainage concepts for the construction of future facilities required to serve the City; establish criteria for selecting and prioritizing projects; and provide recommendations on improving the Drainage Maintenance Program.
- *Traffic Signal Maintenance Program* - The fiscal year 2020 budget includes \$234K in funding to replace various controllers and signal heads; stock and repair parts for school flasher wireless beacon control units, LED name sign units and replace signal cabinet units; and, \$50K for two boring projects (Moody to Water Street and Moody to Goodwin Street).
- *Drainage Maintenance Program* - To continue beautifying the City, the fiscal year 2020 budget includes \$347K for the Drainage Mowing Program, which includes the mowing of drainage ditches, outfall and rights-of-way in a uniform fashion.
- *Pavement Data Collection Project* - The fiscal year 2020 budget includes \$60K in one-time funds for the Pavement Data Collection Project. This project is designed to use various forms of advanced technology to get an accurate and objective assessment of the City's streets. Using laser technology to inspect the driving surface, high definition cameras to capture high resolution pictures and geophones to rate the base material under the driving surface, the City will be able to rate streets from an objective, rather than subjective approach. Once the ratings have been assigned, and an updated Street Inventory Report created, the City will be able to use the data to plan its Street Improvement Plan, in conjunction with the CIP (Capital Improvement Program) List, in a more efficient and effective manner. Additionally, all data captured will be integrated with the City's GIS system.
- *Public Safety* – Public Safety is a top priority in our community. The City's Public Safety is made up of the Police Department, Fire Department and Municipal Court, with a combined funding of \$31 million. The Police and Fire Departments are the two largest departments in the City making up 57.38% of the General Fund. Some of the Police and Fire Department budgetary priorities consist of the following items:
 - a. Continue providing computer and software needs in the amount of \$682,366, an increase of \$158,467 over last year's amount; replacing police vehicle video equipment, at a cost of \$112,328; and, implementing an Automotive Vehicle Locator Software Program, at a cost of \$50,065.
 - b. During fiscal year 2017, the City contracted with Motorola Solutions, Inc. to replace its public safety radio equipment, which had reached its end of life, in the amount of \$1.48 million. The fiscal year 2020 Public Safety budget includes the final Motorola payment of \$740K.

- c. The fiscal year 2020 Public Safety budget includes \$950,000 in various building improvements for Fire Station No. 1, which is approximately forty years old. The proposed improvement will add approximately thirty to forty years of service life as well as harden the structure to sustain tropical storm force winds (135mph).
 - d. Continue providing adequate supplies, training, equipment, and vehicles for the City's police and firefighter personnel safety.
- *Park and Recreational Services Improvement Programs* - The fiscal year 2020 budget includes \$4 million for various Park & Recreation programs; \$3.5 million budgeted within General Fund includes funding for parks ground maintenance, various recreational programs, right-of-way mowing, tree trimming maintenance, curb and gutter maintenance, litter removal program, vehicle/equipment replacement, implementing an Evergreen Cemetery Mapping Project, various structure improvement projects such as replacing grass around the DeLeon Plaza, installing lighting at various splash pads, developing a design for the duck pond, improving the Youth Sports Complex fields, and replacing picnic tables, BBQ pits, and trash cans; and Hotel Tax Fund includes approximately \$500K for other recreational programs including \$78K for various sports tournament programs and \$420K for improvements to Riverside Stadium (parking lot, locker room upgrade, scoreboard replacement and press box roof repair).
 - *Hotel Occupancy Tax Program* - For fiscal year 2019-2020, City Council has approved \$135K of Hotel Tax funding to eligible agencies and organizations.
 - *Library Programs* - The fiscal year 2020 budget includes \$1.98 million for personnel and various maintenance and program costs; in addition, the budget includes \$474K for capital expenditures, mainly for replacing the library's carpet, A/C units, and computers.
 - *Code Enforcement Programs* - The fiscal year 2020 budget includes \$593,524 for various Code Enforcement Programs; \$483,524 is budgeted within the General Fund; and, \$110,000 is budgeted within the Environmental Services Fund (i.e. Weedy-Lot Mowing Program).
 - *Bond Debt Program* - The fiscal year 2020 budget includes \$22 million in debt service payment (*General Governmental and Utility Revenue Bonds*), an increase of \$1.97 million. The increase is due to the following:
 - a. *General Governmental Bonds* - Increased by \$1.99 million, mainly due to redeeming all the TXDOT Pass-Through Toll Revenue and Limited Tax Bonds, Series 2011, which results in a final bond maturity of eight years instead of twenty. Funding for the bond redemptions will come from the TXDOT Pass-Through Toll Agreement payment.
 - b. *Utility Revenue Bonds* - Decreased by \$19K, mainly the net result of a \$270K increase in principal bond payment and a \$289K decrease in interest bond payments.
 - *Other Post-Employment Benefits (OPEB)* - The fiscal year 2020 budget includes \$200,000 in OPEB Trust funding.
 - *Tax Rate* - Management's budget proposal assumes a property tax rate of 61.15¢, a decrease of 1.09¢ from last year's tax rate. The tax rate is allocated at 36.17¢ for General Fund maintenance and operating costs, an increase of 0.20¢, and 24.98¢ for debt service payments, a decrease of 1.29¢. The State's mandated effective tax rate calculation produces an effective tax rate for fiscal year 2020 of 59.60¢.
 - *Sales Tax* - Fiscal year 2019 Sales Tax Revenue came in approximately \$856K over budget, compared to the original budget amount. However, the fiscal year 2020 budget of \$16,256,000, is the same as last years' budget due to our current local economy.

- *Fund Balance / Working Capital Balance Reserves* - The fiscal year 2020 General Fund budget assumes a minimum fund balance reserve at 25 percent (*three months of reserve fund balance*) of budgeted expenditures, same as prior fiscal year. The Fiscal year 2020 minimum fund balance (25% of \$54,412,084 budgeted expenditures) is projected to be \$13,603,021, which is \$152,846 more than the projected year-end fund balance amount of \$13,450,175.

Capital Improvement Program

Routine Capital Expenditures

The fiscal year 2020 budget includes \$8.97 million in capital expenditures, an increase of 14.18 percent. The increase is mainly due to an increase in machinery and equipment and buildings and improvements. The \$8.97 million capital expenditure budget will be funded with \$4.89 million of recurring revenue and \$4.08 million of one-time use of fund balance/working capital balance (\$2.78M General Fund; \$75K Convention & Visitor Bureau; \$681K Water/Wastewater Fund; \$76K 700 Main Center Fund; \$450K Environmental Services Fund; \$17K Information Technology Fund and \$1.26M Vehicle Equipment Services). The following table recaps the \$8.97 million capital expenditures for fiscal year 2020, compared to fiscal year 2019.

<i>Type of Fund</i>	<i>FY 2020 Original Budget</i>	<i>FY 2019 Original Budget</i>	<i>Increase / (Decrease)</i>	<i>% Change</i>
<i>Governmental Funds</i>	\$ 3,824,849	\$ 2,243,422	\$1,581,427	70.49%
<i>Enterprise Funds</i>	3,459,156	2,935,331	523,825	17.85%
<i>Internal Service Funds</i>	1,684,872	2,676,278	(991,406)	-37.04%
<i>Total Capital Replacement</i>	\$8,968,877	\$7,855,031	\$1,113,846	14.18%

Non-Routine Capital Expenditures

As a city that was founded over 190 years ago, Victoria has an aging infrastructure in various stages of maintenance or disrepair. One of the major goals for the Council is to build value for its citizens by making significant improvements to the City's infrastructure.

The purpose of a Capital Improvement Program (CIP), non-routine capital expenditures, is to determine the priorities for capital expenditures and to coordinate the projects selected within a multi-year planning framework. The first objective of the CIP is to decide the most effective way to allocate our limited capital improvement resources to meet City goals. The CIP has a second benefit of coordinating capital improvement projects administered by different municipal departments. The CIP is a plan that can be revised and amended in response to changing circumstances and funding availability. Each year the entire plan is reviewed and revised to reflect current needs and goals. Non-routine capital expenditures (*routine capital expenditures are sometimes included*) are submitted in the CIP for planning purposes only. All projects require final approval based on the City's Fiscal and Budgetary Policy and applicable administrative directives based on each individual project.

The 2020 budget is proactive in supporting the City's Capital Improvement Program (CIP). The fiscal year 2020 budget includes \$15.0 million in "new" capital improvement projects. \$12.4 million is budgeted in the Governmental Capital Construction Fund; \$1.4 million is budgeted in the Utility Capital Construction Fund; and \$1.2 million is budgeted in the Water/Wastewater Fund. The fiscal year 2020 Capital Improvement Program is as follows:

<i>Type of Fund</i>	<i>FY 2020 Original Budget</i>	<i>FY 2019 Original Budget</i>	<i>Increase / (Decrease)</i>	<i>% Change</i>
<i>Capital Project Funds</i>				
<i>Governmental Capital Project Fund</i>	\$12,428,338	\$10,867,155	\$1,561,183	14.37%
<i>Utility Capital Project Fund</i>	1,400,000	1,620,000	(220,000)	-13.58%
<i>Total Capital Project Funds</i>	\$13,828,338	\$12,487,155	\$1,341,183	10.74%
<i>Water/Wastewater Fund</i>	1,200,000	1,200,000	-	0.00%
<i>Total Capital Improvement Program</i>	\$15,028,338	\$13,687,155	\$1,341,183	9.80%

Financial Policies

In developing and evaluating the City'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 City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Fiscal and Budgetary Policies

The broad purpose of the Fiscal and Budgetary Policy is to enable the City to achieve and maintain a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, full disclosure, and communication.

Each year as part of the budget process, Fiscal and Budgetary Policies are reviewed. These policies serve as the framework for preparing the budget as well as for the financial management of the City. During the budget preparation process, these policies are reviewed with Council.

The strategic planning and budget processes are integrated to ensure that policy direction is implemented through the budget cycle. The development of the budget begins early in the calendar year with budget staff preparing salary and benefits information based on management's proposed pay policy for the upcoming budget year. The process continues through the spring and summer as departments prepare budget requests.

The Strategic Plan (Plan 2035), a new Comprehensive Plan for Victoria, was adopted by City Council on April 5, 2016. The Plan is intended to guide future development, redevelopment and community enhancement efforts over the next 20 years. It serves as a framework for thoughtful community discussion on the real and perceived challenges facing Victoria, as well as the upcoming opportunities that will shape its future. Through long-range planning efforts, the community can accommodate its projected growth in a manner that preserves its history, culture and overall quality of life for current and future residents. The Plan focuses on five areas, each having its own policy guidance in order to plan effectively: Land Development; Mobility; Growth Capacity and Infrastructure; Economic Opportunity; and Recreation and Amenities.

Budgetary Management

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budgets approved by the Mayor and Council. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, Enterprise Funds, and Internal Service Funds are included in the annual budgets. The level of budgetary control includes expenditures that cannot legally exceed the appropriated amount and is established by departments within an individual governmental fund and proprietary fund.

Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of subfunction balances are not released until additional appropriations are made available. Open encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes at September 30, 2019.

According to the City Charter, "No funds of the City of Victoria shall be expended, nor shall any obligation for the expenditure of money be incurred, except in pursuance of the annual appropriation ordinance . . ."

Minimum Fund Balance

Sales tax rebate revenues can be volatile in any given year, as we have experienced in prior years. Because of this, the General Fund's minimum fund balance level becomes an important issue. In prior years, Council set a policy of maintaining the General Fund fund balance reserve at 15% of budgeted expenditures; however, in fiscal year 2009, the minimum fund balance reserve was increased to 18.5% of budgeted expenditures. In fiscal year 2011 and 2012, the minimum fund balance reserve was set at 20% of budgeted expenditures; and, in fiscal year 2013, the minimum fund balance reserve was set at 22.5%. For fiscal year 2014, the minimum fund balance reserve was set at 23.5%; and, beginning with fiscal year 2015, the minimum fund balance reserve was increased to 25%, to create an adequate reserve to address future economic uncertainties.

The Enterprise Funds estimated ending working capital reserve balance is three months of total operating and debt expenses. The Internal Service Funds, which account for the financial goods and services provided to other City departments on a cost-reimbursement basis, estimated ending working capital reserve balance is a minimum of one to two months of total operating expenses (*depending on the type of fund, some funds will have a higher reserve*), per City policy.

Financial Fund Structure

The accounts of the City are by fund, each of which operates separately and independently of one another. The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities/services or programs. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of assets, liabilities, fund equity, revenues and expenditures. The City, like other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City's budgeted funds can be divided into two categories: *governmental funds* or *proprietary funds*; and, each fund is also identified as a "*major fund*" or "*non-major fund*". Major funds are any funds that have revenue, expenditures, assets, and/or liabilities that constitute more than 10 percent of the revenues, expenditures, assets and/or liabilities of the total fund category; or, *any fund the government feel is of considerable importance to financial statement readers may also be designated as a major fund*.

Other Post-Employment Benefits (OPEB)

To address the City's post-employment health care benefit liability, an OPEB Trust was established in fiscal year 2015. By creating an OPEB Trust Fund, the City can finance future OPEB cost/liabilities in large part from the investment earnings provided by the OPEB Trust Fund, i.e. the investment earning is expected to generate significant revenue to reduce the City's OPEB obligations.

Debt Management

The City of Victoria recognizes the primary purpose of capital facilities is to support provision of services to its residents. Using debt financing to meet the capital needs of the community must have the highest rate of return for a given investment purpose. The City will limit long-term debt to only those capital projects that cannot be financed from current revenues. In addition, the City will not use long-term debt to finance recurring maintenance and operating costs and issue debt longer than the estimated useful life of the capital project. The City will seek to minimize the maturity of long-term debt, qualified by the objectives of the long-term debt plan and the financial abilities of the City. The general policy of the City shall be to sell bonds using the competitive bidding process unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the Finance Director will publicly present the reasons why, and the Finance Director will participate with the financial advisor in the selection of the underwriter or direct purchaser.

Independent Audit

This report is prepared in compliance with the legal requirements imposed by Article V, Section 3(6) of the Charter of the City of Victoria, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data and other statistical data on an annual basis to management, Mayor and Council, the public, investors, and other interested persons. The Victoria firm of Harrison, Waldrop & Uherek, L.L.P., was retained by the City to satisfy this requirement.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Victoria for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirty-sixth consecutive year that the City of Victoria has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

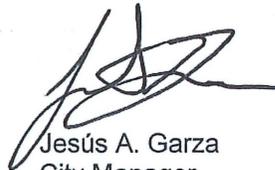
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report is a joint effort of the City's Finance Department and the City's independent auditor, Harrison, Waldrop & Uherek, L.L.P. The successful and timely preparation of this report depends on the cooperation of these groups and upon the hard work of the entire staff of the Finance Department. Appreciation must also be expressed to the Mayor and Council for their continuing support.



Gilbert P. Reyna, Jr., CPA
Director of Finance



Jesús A. Garza
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

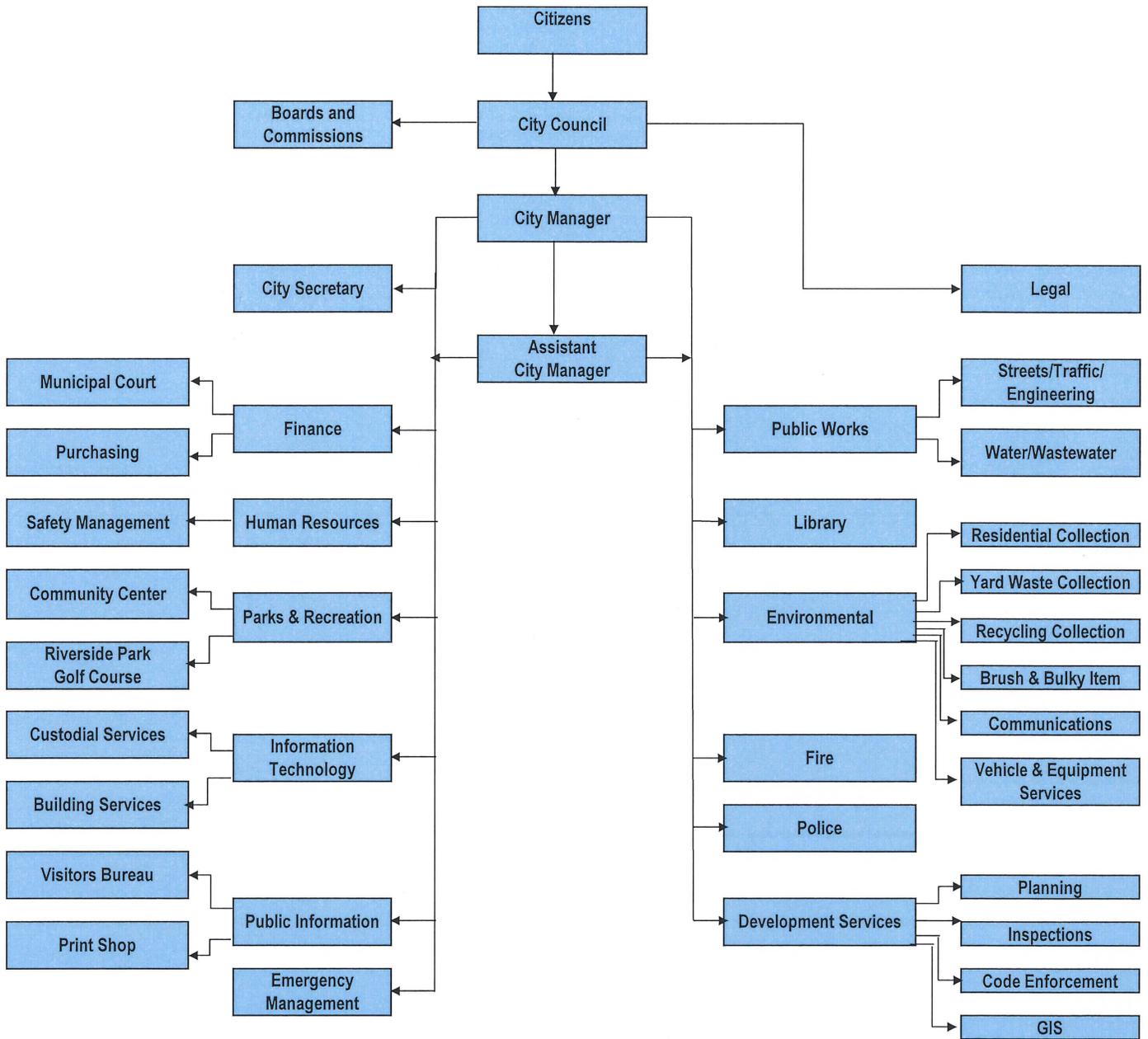
**City of Victoria
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO



PRINCIPAL CITY OFFICIALS

ELECTED OFFICIALS



Name	Position	Years of Service	Term Expires
<i>Front Row</i>			
Jan Scott	Council Member, District 4	4	May, 2021
Rawley McCoy	Mayor	1	May, 2022
Josephine Soliz	Mayor Pro-Term, District 2	7	May, 2021
<i>Back Row</i>			
Mark Loffgren	Council Member, Super District 6	1	May, 2022
Dr. Andrew Young	Council Member, Super District 5	6	May, 2022
Jeff Bauknight	Council Member, District 3	6	May, 2021
Rafael DeLaGarza, III	Council Member, District 1	3	May, 2021

ADMINISTRATIVE OFFICIALS

Name	Position	Years of Service	
		Current With City	Position
Jesús A. Garza	City Manager	0	0
John Kaminski	Assistant City Manager	31	7
Gilbert P. Reyna, Jr.	Director of Finance	24	24
Thomas Gwosdz	City Attorney	10	10
Cheryl Marthiljohni	Director of Human Resources	9	9
James Foote	Director of Information Technology	12	7
Julie Fulgham	Director of Development Services	5	2
Jeffrey Craig	Police Chief	8	8
Robert "Tracy" Fox	Fire Chief	23	1
Colby VanGundy	Director of Parks and Recreation	6	6
Dayna Williams-Capone	Director of Public Library	12	10
Donald Reese	Director of Public Works	20	2
Darryl Lesak	Director of Environmental Services	11	7
Ashley Strelvel	Director of Communications and Public Affairs	0	0
Joel Novosad	Director of Convention & Visitor's Bureau	7	0
Roger Welder	Director of Building & Equipment Services	2	0



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

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

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FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
City of Victoria, Texas

Report on the Financial Statements

We have audited the accompanying 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 City of Victoria, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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 principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. The financial statements of the Sales Tax Development Corporation and the Victoria Special Events Association, Inc. were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the City Council
City of Victoria, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, 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 City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, schedules of changes in total and net OPEB liabilities and related ratios, and the schedules of employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 Honorable Mayor and Members
of the City Council
City of Victoria, Texas

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 March 23, 2020, on our consideration of the City'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 City's internal control over financial reporting and compliance.



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

March 23, 2020

The discussion and analysis of the City of Victoria's (the "City") financial performance provides an overall review of the City's financial activities for the year ended September 30, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

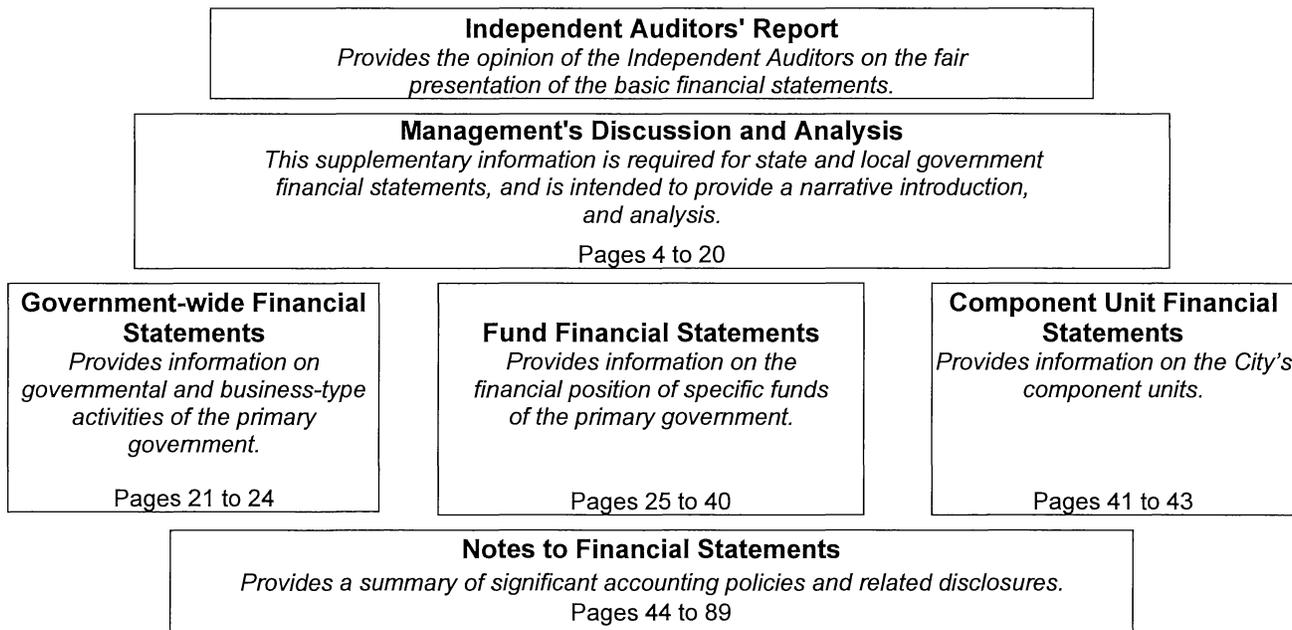
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2019, by \$189,906,332. Of this amount, \$494,448 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors (see page 8 for further detail).
- At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$40,783,157, an increase of \$13,226,377 (48%) in comparison with prior year. The unassigned fund balance is \$18,726,558 (see page 12 for further detail).
- At September 30, 2019, unassigned fund balance for the General Fund was \$18,849,805 or 39% of total General Fund expenditures.
- The total cost of all City activities was \$97,001,084 for the fiscal year. Net cost of all activities was \$30,388,081.
- During the year, the City's general revenues exceeded net expenses of the primary government by \$21,639,476. This represents a 13% increase in net position from the previous fiscal year.
- The City's outstanding long-term debt had a net decrease of \$3,012,788. The main reasons for the net decrease is the City paid \$14,925,000 in principal payments on bonded debt and the net pension liability increased \$12,793,455 (see page 16 for further detail).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, 3) component unit financial statements, and 4) notes to financial statements. The report also contains other 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 City's finances, in a manner similar to a private-sector business.

Statement of Net Position

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference 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 City is improving or deteriorating. The statement of net position can be found on pages 21 through 22.

Statement of Activities

The statement of activities presents information showing how the government's net position changed during fiscal year 2019. 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 and earned, but unused vacation leave). The statement of activities can be found on pages 23 through 24.

Both of these financial statements distinguish functions of the City 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 costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, development, building services, recreation, and interest on long-term debt. The business-type activities of the City include water/wastewater utilities, environmental service operations, and other (700 Main Center, Community Center, and Golf Course). The government-wide financial statements can be found immediately following the Management's Discussion and Analysis.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component units of Sales Tax Development Corporation and Victoria Special Events Association, Inc. These component units are not included as part of the primary government.

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 City, 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 City 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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 financial decisions. Both the governmental fund balance sheet (pages 25 and 26) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 28 and 29) provide reconciliations to facilitate this comparison between governmental funds and governmental activities (pages 27 and 30).

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Fund Financial Statements - (Continued)

Governmental Funds - (Continued)

The City 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, Debt Service Fund, Hurricane Program Grant, Capital Construction (3036), and Capital Construction (3037), which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual statements and schedules following the required supplementary information.

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, and Capital Project Funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements.

Proprietary Funds

The City 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 City uses enterprise funds to account for the fiscal activities relating to water/wastewater utilities, environmental service operations, and other enterprise activities (700 Main Center, Community Center, and Golf Course). Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle and equipment services, information technology services, communication services, purchasing services, safety management services, workers compensation services, print shop services, and health plan services. Because these services predominantly benefit governmental rather than business-type functions, they have 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 water/wastewater utilities and environmental service operations, which are both considered to be major funds for the City, and other (700 Main Center, Community Center, and Golf Course).

The basic proprietary fund financial statements follow the governmental fund financial statements (pages 31 through 38).

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 statements because the resources of those funds are not available to support the City's own programs/operations. The accounting used for fiduciary funds is similar to proprietary.

The basic fiduciary fund financial statements can be found on pages 39 and 40 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 the financial statements can be found on pages 44 through 89 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in liability and related ratios for the TMRS Defined Benefit Pension Plan, a schedule of employer contributions for the TMRS Defined Benefit Pension Plan, a schedule of changes in Total OPEB liability and related ratios for the TMRS Supplemental Death Benefit Plan, a schedule of employer contributions for the TMRS Supplemental Death Benefit Plan, a schedule of changes in Net OPEB liability and related ratios for the Retiree Healthcare Plan, and a schedule of employer contributions for the Retiree Healthcare Plan. Required supplementary information can be found on pages 90 through 101 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 102 through 203 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 City, assets and deferred outflows exceeded liabilities and deferred inflows by \$189,906,332 at the close of the fiscal year ended September 30, 2019.

At the end of fiscal year 2019, the City is able to report positive balances in all three categories of net position for the government as a whole.

City of Victoria, Texas Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 56,608,469	\$ 42,923,120	\$ 26,639,333	\$ 30,296,116	\$ 83,247,802	\$ 73,219,236
Capital assets (net)	<u>148,684,282</u>	<u>150,278,844</u>	<u>143,695,845</u>	<u>142,742,141</u>	<u>292,380,127</u>	<u>293,020,985</u>
Total assets	<u>205,292,751</u>	<u>193,201,964</u>	<u>170,335,178</u>	<u>173,038,257</u>	<u>375,627,929</u>	<u>366,240,221</u>
Deferred outflows of resources	<u>14,863,767</u>	<u>8,127,247</u>	<u>3,543,144</u>	<u>2,261,130</u>	<u>18,406,911</u>	<u>10,388,377</u>
Current and other liabilities	18,415,375	13,424,744	9,812,319	9,790,418	28,227,694	23,215,162
Noncurrent liabilities	<u>112,663,756</u>	<u>113,905,631</u>	<u>61,058,089</u>	<u>66,657,129</u>	<u>173,721,845</u>	<u>180,562,760</u>
Total liabilities	<u>131,079,131</u>	<u>127,330,375</u>	<u>70,870,408</u>	<u>76,447,547</u>	<u>201,949,539</u>	<u>203,777,922</u>
Deferred inflows of resources	<u>2,023,708</u>	<u>4,072,194</u>	<u>155,261</u>	<u>511,626</u>	<u>2,178,969</u>	<u>4,583,820</u>
Net position:						
Net investment in capital assets	82,634,844	78,478,161	90,394,244	82,376,715	173,029,088	160,854,876
Restricted	16,382,796	4,998,958	-	-	16,382,796	4,998,958
Unrestricted	<u>(11,963,961)</u>	<u>(13,550,477)</u>	<u>12,458,409</u>	<u>15,963,499</u>	<u>494,448</u>	<u>2,413,022</u>
Total net position	<u>\$ 87,053,679</u>	<u>\$ 69,926,642</u>	<u>\$ 102,852,653</u>	<u>\$ 98,340,214</u>	<u>\$ 189,906,332</u>	<u>\$ 168,266,856</u>

The largest portion of the City's fiscal year 2019 net position (91% or \$173,029,088) consists of investment in capital assets (e.g., land, buildings, streets, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 City has restricted net position of \$16,382,796 consisting of \$1,785,589 for debt service, \$10,991,804 for various capital projects, \$2,636,569 for special programs related to recreation, and \$968,834 for public safety programs. The remaining balance of \$494,448 may be used to meet the government's ongoing obligations to citizens and creditors; over all, the City's net position increased by \$21,639,476, which consists of an increase of \$17,127,037 in governmental net position and an increase of \$4,512,439 in business-type net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

**City of Victoria, Texas
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 7,348,447	\$ 8,249,724	\$ 33,316,483	\$ 32,631,337	\$40,664,930	\$40,881,061
Operating grants and contributions	12,634,326	10,042,225	73,931	-	12,708,257	10,042,225
Capital grants and contributions	10,355,581	2,562,205	2,884,235	3,433,015	13,239,816	5,995,220
General revenues:						
Property taxes	24,583,509	24,869,711	-	-	24,583,509	24,869,711
Other taxes	25,039,474	24,993,716	-	-	25,039,474	24,993,716
Other	1,899,627	3,271,944	504,947	661,715	2,404,574	3,933,659
Total revenues	<u>81,860,964</u>	<u>73,989,525</u>	<u>36,779,596</u>	<u>36,726,067</u>	<u>118,640,560</u>	<u>110,715,592</u>
EXPENSES						
General government	5,073,976	4,812,954	-	-	5,073,976	4,812,954
Public safety	33,066,249	38,271,170	-	-	33,066,249	38,271,170
Development	19,554,498	18,376,562	-	-	19,554,498	18,376,562
Building services	681,464	624,243	-	-	681,464	624,243
Recreation	6,968,869	6,763,442	-	-	6,968,869	6,763,442
Interest on long-term debt	2,862,536	3,045,618	-	-	2,862,536	3,045,618
Water/wastewater	-	-	22,292,402	19,229,647	22,292,402	19,229,647
Environmental services	-	-	4,557,172	4,476,014	4,557,172	4,476,014
Other	-	-	1,943,918	1,823,340	1,943,918	1,823,340
Total expenses	<u>68,207,592</u>	<u>71,893,989</u>	<u>28,793,492</u>	<u>25,529,001</u>	<u>97,001,084</u>	<u>97,422,990</u>
Change in net position before transfers	13,653,372	2,095,536	7,986,104	11,197,066	21,639,476	13,292,602
Transfers	3,473,665	2,699,588	(3,473,665)	(2,699,588)	-	-
Change in net position	17,127,037	4,795,124	4,512,439	8,497,478	21,639,476	13,292,602
Net position - October 1	<u>69,926,642</u>	<u>65,131,518</u>	<u>98,340,214</u>	<u>89,842,736</u>	<u>168,266,856</u>	<u>154,974,254</u>
Net position - September 30	<u>\$ 87,053,679</u>	<u>\$ 69,926,642</u>	<u>\$ 102,852,653</u>	<u>\$ 98,340,214</u>	<u>\$189,906,332</u>	<u>\$168,266,856</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

The over-all increase in net position is \$21,639,476, which consists of an increase of \$17,127,037 in governmental activities and an increase of \$4,512,439 in business-type activities.

The increase in the governmental activities is mainly due to a \$2.6M increase in operating grants and contributions, \$7.8M increase in capital grants and contributions, a \$5.2M decrease in Public Safety expenditures, and an increase of \$800K in net transfers.

The increase in the business-type activities is mainly due to a \$360K increase in water sales, a \$1.4M payroll increase in the Water and Wastewater Fund operations (mainly due to pension expense increase), capital contribution from Sales Tax Development Corporation in the amount of \$1.6M, an increase in depreciation of \$1.6M, \$544K reduction in debt service costs, and Environmental Services Fund revenue exceeding expenses by \$350K.

Governmental Activities

**City of Victoria, Texas
2019 Expenses and Program Revenues - Governmental Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
General government	\$ 5,073,976	7.44%	\$ 2,445,907	8.06%	(\$ 2,628,069)
Public safety	33,066,249	48.48%	5,332,442	17.58%	(27,733,807)
Development	19,554,498	28.66%	22,125,063	72.93%	2,570,565
Building services	681,464	1.00%	-	0.00%	(681,464)
Recreation	6,968,869	10.22%	434,942	1.43%	(6,533,927)
Interest on long-term debt	2,862,536	4.20%	-	0.00%	(2,862,536)
	<u>\$ 68,207,592</u>		<u>\$ 30,338,354</u>		<u>(\$ 37,869,238)</u>

**City of Victoria, Texas
Revenue by Source - Governmental Activities**

<u>Description</u>	<u>Revenues 2019</u>	<u>% of Total</u>	<u>Revenues 2018</u>	<u>% of Total</u>
Charges for services	\$ 7,348,447	8.61%	\$ 8,249,724	10.76%
Operating grants and contributions	12,634,326	14.80%	10,042,225	13.09%
Capital grants and contributions	10,355,581	12.14%	2,562,205	3.34%
Property taxes	24,583,509	28.81%	24,869,711	32.43%
Sales taxes	17,111,735	20.05%	16,879,223	22.01%
Franchise taxes	5,881,880	6.89%	6,064,289	7.91%
Other taxes	2,045,859	2.40%	2,050,204	2.67%
Unrestricted investment earnings	1,049,927	1.23%	588,901	0.77%
Miscellaneous	849,700	1.00%	2,683,043	3.50%
Transfers	3,473,665	4.07%	2,699,588	3.52%
Total	<u>\$ 85,334,629</u>		<u>\$ 76,689,113</u>	

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type Activities

Fiscal year 2019 business-type activities increased the City's net position by \$4,512,439. The net position increase is due mainly to:

- 1) Water and Wastewater Fund received capital grant contributions from the Victoria Sales Tax Development Corporation in the amount of \$1.6 million;
- 2) Water and Wastewater Fund generated approximately \$1.5 million net earnings (net of capital contributions), which is less than last year's net earnings (net of capital contributions), due to payroll cost increase of \$1.4 million (\$1.6 million in pension expense increase), increase in water sales, decrease in gain of disposed assets, and a decrease in debt service costs.

**City of Victoria, Texas
2019 Expenses and Program Revenues - Business-type Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Program Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
Water/wastewater	\$22,292,402	77.42%	\$29,321,952	80.83%	\$7,029,550
Environmental services	4,557,172	15.83%	5,638,828	15.55%	1,081,656
Other	<u>1,943,918</u>	6.75%	<u>1,313,869</u>	3.62%	<u>(630,049)</u>
	<u>\$28,793,492</u>		<u>\$36,274,649</u>		<u>\$7,481,157</u>

**City of Victoria, Texas
Revenue by Source - Business-type Activities**

<u>Description</u>	<u>Revenues 2019</u>	<u>% of Total</u>	<u>Revenues 2018</u>	<u>% of Total</u>
Charges for services	\$33,316,483	100.03%	\$32,631,337	95.90%
Operating grants and contributions	73,931	0.22%	-	0.00%
Capital grants and contributions	2,884,235	8.66%	3,433,015	10.09%
Unrestricted investment earnings	391,750	1.18%	295,333	0.87%
Miscellaneous	113,197	0.34%	366,382	1.07%
Transfers	(<u>3,473,665</u>)	(10.43%)	(<u>2,699,588</u>)	(7.93%)
Total	<u>\$33,305,931</u>		<u>\$34,026,479</u>	

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$40,783,157, an increase of \$13,226,377. The main reasons for the increase in the City's combined governmental ending fund balance is due to an increase in General Fund ad valorem revenue of \$354K, sales tax receipts of \$233K, decrease in franchise tax revenue of \$168K, decrease in construction permits revenue of \$494K (due to Hurricane Harvey); an increase of \$9.5 million in revenue in the TxDOT Capital Construction Fund due to early payoff of traffic count reimbursements from TxDOT; and, an increase of \$458K in investment income.

The City's governmental funds combined fund balance of \$40,783,157 is mainly made up of the following funds:

1. The General Fund is the chief operating fund of the City. At the end of fiscal year 2019, unassigned fund balance of the General Fund was \$18,849,805 while total General Fund fund balance was \$20,187,646. 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 39% of the total General Fund expenditures, while total fund balance represents 42% of that same amount.

The General Fund fund balance decreased by \$690,560, which was mainly due to an increase in expenditures by \$5.4M in comparison with the prior year.

2. The Debt Service Fund is a debt service fund used to account for the General Obligation Bond and Certificate of Obligation Bond debt repayments and revenue collections. At the end of fiscal year 2019, fund balance of the Debt Service Fund was \$1,196,519. The main reason for the \$58,366 increase in the Debt Service Fund fund balance is due to a decrease in debt service payments paid on the outstanding debt issues.
3. The Capital Construction Funds are capital project funds used to account for the acquisition or construction of City facilities, usually accounting for proceeds of bond issues and local sources. At the end of fiscal year 2019 the combined fund balances for the two major capital construction funds was \$16,071,233. The increase in their fund balances from the prior year was \$12,771,824 and was mainly due to the receipt of the \$9.5 million from the Texas Department of Transportation to payoff the 2011 Pass-Through Toll Revenue and Limited Tax Bonds and net transfers of \$1.1 million for construction projects in progress.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - (Continued)

Proprietary Funds

The City'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 fiscal year amounted to:

<u>Fund</u>	<u>2019</u> <u>Unrestricted</u> <u>Net Position</u>	<u>2018</u> <u>Unrestricted</u> <u>Net Position</u>
Water and Wastewater	\$ 6,764,404	\$ 10,697,405
Environmental Services	3,802,463	3,543,994
Other	<u>1,891,542</u>	<u>1,722,100</u>
Total	<u>\$12,458,409</u>	<u>\$15,963,499</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

- > Differences between the fiscal year 2019 General Fund original budget and fiscal year 2019 General Fund final amended budget for expenditures (including transfers) was \$1,236,958. \$884K represents fiscal year 2019 carryover encumbrances and a fiscal year 2019 budget amendment in the amount of \$64,368 for the City Managers Department related to hiring of a new City Manager.
- > The original fiscal year 2019 budget included approximately \$5,750,818 of "one-time" expenditures mainly consisting of capital acquisition and improvement projects.
- > For fiscal year 2019, the General Fund revenues came in \$2.0 million higher than the General Fund amended 2019 budget, mainly due to sales tax revenue coming in \$856K over budget, Republic, Inc. and Waste Management, Inc. franchise tax revenue coming in \$407K over budget, construction permit revenue came in \$90K over budget, interest income came in \$442K over budget, and ambulance revenue came in \$196K over budget.
- > For fiscal year 2019, the General Fund actual expenditures, including encumbrances, came in approximately \$1.7 million lower than the General Fund amended fiscal year 2019 budget or \$192K lower than the General Fund projected 2019 budget. The variances are mainly the net result of personnel, maintenance, transfers, and capital coming in lower than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$292,380,127 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, machinery and equipment, improvements other than buildings, streets and bridges, water and wastewater distribution system, and construction in progress. The total net decrease in the City's investment in capital assets for the current fiscal year was \$640,858 or 0.22% (a \$1,594,562 or 1.06% decrease for governmental activities and \$953,704 or 0.67% increase for business-type activities).

Major capital asset events during the current fiscal year included the following capital purchases, constructions, and deletions:

City of Victoria, Texas Capital Asset Investment Activity Schedule

Capital Asset Description	Additions Governmental Activities	Deletions Governmental Activities	Additions Business-type Activities	Deletions Business-type Activities	Net Total
Land	\$ 727,034	\$ -	\$ -	\$ -	\$ 727,034
Buildings	43,397	-	1,185,085	-	1,228,482
Other structure improvements	552,051	25,372	-	-	526,679
Infrastructure - streets, drainage, traffic, and sidewalks, etc.	3,112,274	-	-	-	3,112,274
Construction in progress	9,795,737	3,112,274	4,885,834	2,780,654	8,788,643
Machinery, equipment, and vehicles	3,912,423	1,861,626	967,181	94,560	2,923,418
Water and wastewater distribution system	-	-	6,325,434	-	6,325,434
Total	<u>\$ 18,142,916</u>	<u>\$ 4,999,272</u>	<u>\$ 13,363,534</u>	<u>\$ 2,875,214</u>	23,631,964
					FY 2019 depreciation expense (26,160,936)
					FY 2019 accumulated depreciation deletions 1,888,114
					Primary government beginning capital assets balance <u>293,020,985</u>
					Primary government ending capital assets balance <u>\$292,380,127</u>

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)**Capital Assets - (Continued)**

The following financial table represents the City's total capital assets as of September 30, 2019:

	City of Victoria, Texas					
	Capital Assets					
	(Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,116,871	\$ 4,389,837	\$ 5,569,177	\$ 5,569,177	\$ 10,686,048	\$ 9,959,014
Construction in progress	9,155,800	2,472,337	3,672,263	1,567,083	12,828,063	4,039,420
Machinery and equipment	12,421,082	12,375,614	1,900,903	1,571,563	14,321,985	13,947,177
Buildings	8,746,218	9,976,571	23,154,339	23,711,438	31,900,557	33,688,009
Improvements other than buildings	3,166,321	2,963,502	2,141,187	2,166,588	5,307,508	5,130,090
Infrastructure	110,077,990	118,100,983	395,371	543,023	110,473,361	118,644,006
Water and wastewater distribution system	-	-	106,862,605	107,613,269	106,862,605	107,613,269
Total	<u>\$148,684,282</u>	<u>\$150,278,844</u>	<u>\$143,695,845</u>	<u>\$142,742,141</u>	<u>\$292,380,127</u>	<u>\$293,020,985</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)

Long-Term Debt

At the end of fiscal year 2019, the City had total bonded debt outstanding of \$116,695,000. Of this amount, \$66,935,000 comprises debt backed by the full faith and credit of the government and \$49,760,000 secured solely by specific revenue sources (i.e., revenue bonds). In addition, the City had outstanding \$1,026,375 in capital lease payable, \$1,106,533 in compensated absences, \$12,541,427 in OPEB liability, \$46,869,942 in net pension liability, \$4,238,589 in estimated landfill closure and post-closure care cost; and \$9,529,397 in net bond premium (discount) as of September 30, 2019.

City of Victoria, Texas Outstanding Debt and Net Bond Premium (Discount)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 50,380,000	\$ 57,285,000	\$ -	\$ -	\$ 50,380,000	\$ 57,285,000
Certificates of obligation	16,555,000	17,420,000	-	-	16,555,000	17,420,000
Revenue bonds	-	-	49,760,000	56,915,000	49,760,000	56,915,000
Capital lease payable	739,556	-	286,819	368,721	1,026,375	368,721
Compensated absences	953,598	1,359,506	152,935	231,560	1,106,533	1,591,066
OPEB liability	10,515,987	10,650,777	2,025,440	1,937,306	12,541,427	12,588,083
Net pension liability	39,300,446	28,832,116	7,569,496	5,244,371	46,869,942	34,076,487
Estimated landfill closure and post-closure care cost	-	-	4,238,589	4,137,543	4,238,589	4,137,543
Net bond premium (discount)	<u>4,987,027</u>	<u>5,571,287</u>	<u>4,542,370</u>	<u>5,066,864</u>	<u>9,529,397</u>	<u>10,638,151</u>
Total	<u>\$123,431,614</u>	<u>\$121,118,686</u>	<u>\$ 68,575,649</u>	<u>\$ 73,901,365</u>	<u>\$ 192,007,263</u>	<u>\$ 195,020,051</u>

The City's debt had a net decrease of \$3,012,788 or 1.54%. The key factors to this net decrease are the following:

- Debt payments of \$7,770,000 in governmental activities bonds and \$7,155,000 in business-type activities bonds were made during fiscal year 2019,
- The City entered into a capital lease for communication equipment during fiscal year 2019 in the amount of \$1,479,113,
- Net pension liability increased by \$12,793,455,
- Total OPEB liability decreased by \$46,656,
- Landfill closure/post-closure care cost had a net increase of \$101,046, and
- Bond premium had a net decrease of \$1,108,754.
- Compensated absences decreased by \$484,533

Additional information on the City's debt can be found in Note 12 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Texas Economy

The Texas service sector expanded at a slower pace in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 18.8 in January to 14.0 in February.

Labor market indicators reflected continued employment growth and slightly longer workweeks this month. The employment index declined from 8.4 to 6.1, suggesting a slight deceleration in hiring, although the part-time employment index rose to 4.1-its highest reading in over a year. The hours worked index picked up slightly from 3.3 to 4.4.

Perceptions of broader business conditions improved in February, though optimism was somewhat diminished compared with last month. The general business activity index declined from 11.1 to 7.0, while the company outlook index fell over seven points to 5.1. Nevertheless, the outlook uncertainty index fell about three points to 4.6.

Wage pressures eased slightly, while price pressures were somewhat mixed in February. The wages and benefits index dipped from 19.4 to 17.7, while the selling prices index fell nearly nine points to 8.0. The input prices index was largely unchanged at 26.6.

Respondents' expectations regarding future business conditions remained positive on net, though optimism waned. The future company outlook index decreased about four points to 15.8, while the future general business activity index slipped from 17.6 to 12.0. Other indexes of future service sector activity, such as revenue and employment, held at a high level and continued to reflect expectations of robust growth over the next six months.

Retail sales fell in February, according to business executives responding to the Texas Retail Outlook Survey. The sales index dropped from 4.8 in January to -2.5 in February. Inventories contracted sharply, with the inventories index plummeting over 19 points to -9.7.

Retail labor market indicators suggested little overall change in the level of employment and a slight shortening of workweeks in February. The employment index declined two points to -1.0, indicating very little change in net employment compared with January. The hours worked index fell from 4.7 to -1.7, suggesting a slight net decrease in average hours worked by employees.

Retailers' perceptions of broader business conditions deteriorated significantly in February, despite a tempering in the outlook uncertainty index. The general business activity index fell further into negative territory from -2.1 to -5.0, while the company outlook index plunged over 10 points to a six-month low of -10.3.

Retail price pressures were mixed, while wages pressures inched up in February. The input prices index declined about five points to 19.9, while the selling prices index picked up from 23.2 to 27.5-its highest reading in over a year. The wages and benefits index ticked up from 12.2 to 14.7.

Despite negative sentiment surrounding current business conditions, retailers' perceptions of future conditions were more mixed this month. The future general business activity index dropped into negative territory at -1.3, while the future company outlook index declined over 12 points but remained positive at 2.3. Other indexes of future retail activity, such as sales and employment, were similarly mixed but, overall, pointed to continued growth over the next six months.

The above information is from the Federal Reserve Bank of Dallas.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

Victoria Economy

Just like the Texas economy, Victoria's economy is experiencing a modest growth but at a slower pace. Victoria's economy is resilient, and the outlook remains optimistic that it will continue to grow, but at a slower pace.

Victoria is the industrial, educational, medical, and retail hub of the seven-county region in the state, known as the Golden Crescent. Investments made in businesses and industry representing primary jobs in this region continue to have a positive effect on the overall economy of Victoria.

INVISTA, an established petrochemical manufacturer began their \$200 million modernization project at their Victoria County plant site during the first quarter of 2019. The project will upgrade their manufacturing technology, increase their production of adiponitrile, and strengthen the site's competitive position in the global market. The project is expected to be completed in 2021 with more than 250 construction workers joining the existing INVISTA workforce at the Victoria site during the process.

Agilon Energy selected two sites in Victoria, one inside the city limits and one in the county, for their \$125 million investment of power-generation peaker plants. The company has completed the construction of the facilities and expects to begin operations in 2019. While there are few jobs associated with the ongoing operation of the plants, the investment places the company on the list of leading property taxpayers in Victoria.

The University of Houston-Victoria continues to expand their campus footprint inside the City of Victoria to meet the needs of a growing student population. Several construction projects representing more than \$145 million are currently underway on the campus including a new residence hall, STEM academic building, and library-student center. Additionally, the university purchased an abandoned retail shopping center and is investing several million dollars to renovate and repurpose the space into their Northwest Campus facility.

DeTar Hospital in the City of Victoria completed and opened their new \$20 million intensive care unit at their Navarro street location in April 2019. They have also initiated a \$3.3 million renovation project at their North campus.

Additionally, the Golden Crescent's regional industrial investments currently taking place include DOW's \$105 million Catalyst plant expansion and Formosa Plastics Corporation's \$5 billion expansion in Calhoun County bringing more than 3,000 construction workers to the area and an increase in permanent jobs.

Due to the recent decrease in oil prices, Victoria's oil and natural gas industry growth (i.e. Eagle Ford Shale) has remained relatively flat, compared to the Permian Basin; and, the number of completed wells (i.e. producing wells) has remained relatively steady. Victoria's rig count for July 5, 2019 was 19 (average price of oil \$57.34), a decrease of 14 rigs compared to July 6, 2018 (average price of oil \$72.94).

Victoria's unemployment rate for December 2019 was 3.4 percent, compared to the U.S. 3.5 percent rate and Texas 3.5 percent rate; and is 0.2 percent lower than a year ago, which is reflective of a tight labor market.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) increased by 56.89 percent or \$6.7 million, comparing June 2019 to June 2018 values; the increase is due to an increase in commercial permit values. As of June 2019, total commercial permit value is \$8.9 million, an increase of 214.2 percent or \$6.1 million from last year's values.

Water Supply

To ensure Victoria's economy continues to grow and remain strong, Victoria has an aggressive policy to ensure it has an adequate water supply for its current and future customers. The City uses surface water from the Guadalupe River as its primary source of potable water. The City has a permit issued by the Texas Commission on Environmental Quality that allows the City to withdraw up to 20,000 acre/feet per year from the Guadalupe River. This equates to approximately two times the City's average annual pumping rate. Additionally, the City has approximately four months of surface water and shallow alluvial groundwater supply stored in a system of off-channel reservoirs. This water source provides a back-up supply to the City's primary Guadalupe River water source. All this water is treated at the City's 25.2 million gallon per day surface water treatment plant.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

Water Supply - (Continued)

As an emergency supply, the City also maintains 10 of its original 15 water wells that can supply ground water from the Gulf Coast Aquifer. The aquifer is within the corporate limits of the City and varies in thickness from approximately 400 feet to approximately 900 feet. Another option available to the City is a contractual arrangement with the Guadalupe-Blanco River Authority, which allows access to a five-year rolling annual average of 1,240 acre/feet of surface water stored in Canyon Reservoir, with no more than 3,600 acre/feet to be used in any given year.

Over the last several fiscal years, the City has purchased a total of 7,006.7-acre feet/year of additional water rights, which has added to the City's water supply options and allows for improved flexibility.

In 2017, the City, in conjunction with the Victoria County Groundwater Conservation District, was approved for a grant by the Texas Water Development Board for an Aquifer Storage and Recovery Demonstration Project. This project consists of replacing the pumping equipment of Well #19 and retrofitting it into a full-scale ASR well. After completion of the construction, potable water will be stored in the Gulf Coast Aquifer for approximately 7 months and will then be withdrawn over a period of 4 months with level and water quality data being recorded throughout the entire process. If successful, this project will add 2 MGD of additional capacity to the City's water supply. Financial planning is in place to drill an additional ASR well in 2022, which will add another 2 MGD to the City's supply. Additional wells can then be added incrementally in the future to expand the City's water supply and defer the capital expenditure required to expand the Surface Water Treatment Plant. The City will continue to explore other possibilities for additional future water supplies for its citizens.

Other Economic Factors

- Victoria is located in the heart of the Golden Crescent of South Texas, equidistant from Austin, Houston, San Antonio and Corpus Christi. The Coastal Plains region of Texas is an area renowned for hunting, fishing, and birding. With major highways 77, 59, 87 and the future Interstate 69 all intersecting in Victoria, and with a prime position along the NAFTA Corridor, the City is known as "The Crossroads of South Texas". With a diverse population of about 67,326 and encompassing an area of approximately 36.89 square miles, Victoria's economy has become a regional center for retail trade and health care. The City acts as a draw for a seven-county area with a population of nearly 200,000.

Over the past eighteen years (2000 thru 2018), City's population has grown approximately 11.1%. The population is projected to grow by 9.65% over the next six years or an average of 0.96% per year.

- As of the first five months of fiscal year 2020, actual sales tax revenues are exceeding the fiscal year 2020 budget by \$294,000. This variance is expected to decline due to the COVID-19 disaster event.
- Property taxes (i.e., ad valorem taxes) are based on the value of total appraised, assessed taxable property in the City. The property tax levy includes the taxable value of new improvements and property annexed since January 1, 2019. The fiscal year 2019-2020 total appraised value of all property in the City of Victoria, as rendered by the Victoria Central Appraisal District and adjusted for frozen taxable appraised values, is \$4,262,737,870; an increase of 4.4% or \$181.1 million from last year's tax roll (adjusted for frozen taxable appraised values) of \$4,081,607,335.
- The ad valorem tax rate for fiscal year 2020 was set at 61.15¢, a decrease of 1.09¢ from last year's tax rate of 62.24¢. The tax rate is allocated at 36.17¢ for General Fund maintenance and operating costs (an increase of 0.20¢), and 24.98¢ for Debt Service Fund (a decrease of 1.29¢).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

- The General Fund unassigned fund balance, at September 30, 2019, came in \$5,693,033 above the fiscal year 2019 minimum required unassigned fund balance of \$13,603,021, including carryover encumbrances. The City has a policy of maintaining a minimum unassigned fund balance of 25% of total expenditures, in a given budget year. The excess unassigned fund balance will be used on one-time/non-reoccurring expenditures, capital improvement projects, or at Council's discretion.
- The fiscal year 2020 Budget includes \$5,750,818 of General Fund one-time expenditures and \$1,433,869 of Water and Wastewater Fund one-time expenses.
- In FY 2018, the City completed a water / wastewater rate study. After reviewing the outcome and on the recommendation of consultants, the City moved from a seven-tier variable rate table to a four-tier variable rate table. In conjunction of the rate study, the City prepares a financial model forecasting revenues, expected infrastructure needs and other expected expenses. The model is prepared based upon assumptions regarding customer growth, five years Capital Improvement Program, increases in operating cost, debt-coverage-ratio requirements, and debt service requirements. The model serves as a planning tool to forecast the ability to pay cash for operational needs, future debt service, or finance various infrastructure needs, as well as to establish water and wastewater rate increases.

The water and sewer customer base has been relatively stable over the past ten fiscal years with an average annual growth rate of 0.43 percent and 0.44 percent, respectively. The City did not raise its water and sewer rates but has changed the variable rate schedule from a seven-tier table to a four-tier table in order to ensure the City keeps pace with the needs of its water and wastewater operations and infrastructure. As for future trends, the City is expecting the same weather conditions (mild to hot) it experienced in Fiscal Year 2019 to continue in the next two fiscal years with a relatively flat increase in its customer base, anywhere from 0.5 to 1 percent.

- The City's Capital Improvement Program Projects through 2024 consist of approximately \$155.5 million in progress - \$20 million, FY 2020 - \$14 million, FY 2021 - \$24 million, FY 2022 - \$29 million, FY 2023 - \$27 million, and FY 2024 - \$40 million (more detailed information on this subject can be found in the City's Fiscal Year 2020 budget).

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Office of the Finance Director, 700 Main Center, Suite 100, Victoria, Texas 77901.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 46,244,240	\$ 14,152,812	\$ 60,397,052	\$ 18,113,223
Investments	2,142,111	1,042,500	3,184,611	521,250
Receivables (net)	8,767,628	2,784,793	11,552,421	677,227
Internal balances	(3,858,284)	3,858,284	-	-
Due from component unit	2,680,410	-	2,680,410	-
Due from primary government	-	-	-	120,960
Inventory	574,937	234,518	809,455	-
Returned checks	26,427	1,644	28,071	-
Prepaid items	-	2,660	2,660	-
Restricted assets				
Cash and cash equivalents	31,000	3,831,122	3,862,122	-
Investments	-	731,000	731,000	-
Total current assets	56,608,469	26,639,333	83,247,802	19,432,660
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	14,272,671	9,241,440	23,514,111	4,660,126
Buildings, improvements, and equipment (net)	134,411,611	134,454,405	268,866,016	1,416,316
Net capital assets	148,684,282	143,695,845	292,380,127	6,076,442
Total noncurrent assets	148,684,282	143,695,845	292,380,127	6,076,442
Total assets	205,292,751	170,335,178	375,627,929	25,509,102
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	3,457,145	1,287,588	4,744,733	-
Deferred outflow related to pension	10,198,941	2,023,236	12,222,177	-
Deferred outflow related to OPEB	1,207,681	232,320	1,440,001	-
Total deferred outflows of resources	14,863,767	3,543,144	18,406,911	-

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,903,112	\$ 637,147	\$ 3,540,259	\$ 658,777
Accounts payable (payable from restricted assets)	-	399,621	399,621	-
Accrued expenses	2,656,105	407,905	3,064,010	-
Due to other governments	84,728	41,562	126,290	-
Due to component unit	-	120,960	120,960	-
Due to primary government	-	-	-	2,680,410
Customer deposits	-	37,239	37,239	-
Claims payable	663,118	-	663,118	-
Unearned revenue	1,011,671	-	1,011,671	-
Accrued compensated absences	48,302	7,747	56,049	-
Accrued interest payable	328,783	650,326	979,109	-
Current portion of long-term obligations	<u>10,719,556</u>	<u>7,509,812</u>	<u>18,229,368</u>	<u>-</u>
Total current liabilities	<u>18,415,375</u>	<u>9,812,319</u>	<u>28,227,694</u>	<u>3,339,187</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	61,942,027	47,079,377	109,021,404	-
Accrued compensated absences	905,296	145,188	1,050,484	-
Net pension liability	39,300,446	7,569,495	46,869,941	-
OPEB liability	10,515,987	2,025,440	12,541,427	-
Estimated landfill closure and postclosure care cost	<u>-</u>	<u>4,238,589</u>	<u>4,238,589</u>	<u>-</u>
Total noncurrent liabilities	<u>112,663,756</u>	<u>61,058,089</u>	<u>173,721,845</u>	<u>-</u>
Total liabilities	<u>131,079,131</u>	<u>70,870,408</u>	<u>201,949,539</u>	<u>3,339,187</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension	1,895,345	130,537	2,025,882	-
Deferred inflow related to OPEB	<u>128,363</u>	<u>24,724</u>	<u>153,087</u>	<u>-</u>
Total deferred inflows of resources	<u>2,023,708</u>	<u>155,261</u>	<u>2,178,969</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	82,634,844	90,394,244	173,029,088	6,076,442
Restricted for:				
Debt service	1,785,589	-	1,785,589	-
Capital projects	10,991,804	-	10,991,804	-
Public safety	968,834	-	968,834	-
Recreation	2,636,569	-	2,636,569	-
Unrestricted	<u>(11,963,961)</u>	<u>12,458,409</u>	<u>494,448</u>	<u>16,093,473</u>
Total net position	<u>\$ 87,053,679</u>	<u>\$ 102,852,653</u>	<u>\$ 189,906,332</u>	<u>\$ 22,169,915</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 5,073,976	\$ 1,895,259	\$ 550,648	\$ -
Public safety	33,066,249	5,066,704	265,738	-
Development	19,554,498	-	11,769,482	10,355,581
Building services	681,464	-	-	-
Recreation	6,968,869	386,484	48,458	-
Interest on long-term debt	2,862,536	-	-	-
Total governmental activities	<u>68,207,592</u>	<u>7,348,447</u>	<u>12,634,326</u>	<u>10,355,581</u>
Business-type activities				
Water/wastewater	22,292,402	26,363,786	73,931	2,884,235
Environmental services	4,557,172	5,638,828	-	-
Other	1,943,918	1,313,869	-	-
Total business-type activities	<u>28,793,492</u>	<u>33,316,483</u>	<u>73,931</u>	<u>2,884,235</u>
Total primary government	<u>\$ 97,001,084</u>	<u>\$ 40,664,930</u>	<u>\$ 12,708,257</u>	<u>\$ 13,239,816</u>
Component Units	<u>\$ 15,155,521</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Sales taxes
 Franchise taxes
 Other taxes
Unrestricted investment earnings
Miscellaneous
Transfers
Total general revenues 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
\$ (2,628,069)	\$ -	\$ (2,628,069)	\$ -
(27,733,807)	-	(27,733,807)	-
2,570,565	-	2,570,565	-
(681,464)	-	(681,464)	-
(6,533,927)	-	(6,533,927)	-
(2,862,536)	-	(2,862,536)	-
<u>(37,869,238)</u>	<u>-</u>	<u>(37,869,238)</u>	<u>-</u>
-	7,029,550	7,029,550	-
-	1,081,656	1,081,656	-
-	(630,049)	(630,049)	-
<u>-</u>	<u>7,481,157</u>	<u>7,481,157</u>	<u>-</u>
<u>(37,869,238)</u>	<u>7,481,157</u>	<u>(30,388,081)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,143,521)</u>
15,362,682	-	15,362,682	-
9,220,827	-	9,220,827	-
17,111,735	-	17,111,735	8,585,726
5,881,880	-	5,881,880	-
2,045,859	-	2,045,859	-
1,049,927	391,750	1,441,677	519,251
849,700	113,197	962,897	-
<u>3,473,665</u>	<u>(3,473,665)</u>	<u>-</u>	<u>123,411</u>
<u>54,996,275</u>	<u>(2,968,718)</u>	<u>52,027,557</u>	<u>9,228,388</u>
17,127,037	4,512,439	21,639,476	(5,915,133)
<u>69,926,642</u>	<u>98,340,214</u>	<u>168,266,856</u>	<u>28,085,048</u>
<u>\$ 87,053,679</u>	<u>\$ 102,852,653</u>	<u>\$ 189,906,332</u>	<u>\$ 22,169,915</u>

CITY OF VICTORIA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	Debt Service	Hurricane Program Grant
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,564,928	\$ 660,306	\$ 6,120,265
Investments	2,142,111	-	-
Receivables (net)	6,321,837	917,853	443,984
Due from other funds	2,305,940	536,213	-
Due from component unit	-	-	-
Inventory	454,055	-	-
Returned checks	26,427	-	-
Total assets	\$ 28,815,298	\$ 2,114,372	\$ 6,564,249
LIABILITIES			
Accounts payable	\$ 662,420	\$ -	\$ 2,440
Accrued expenditures	2,577,975	-	-
Accrued compensated absences	7,806	-	-
Due to other governments	84,728	-	-
Due to other funds	620,250	-	6,000,000
Unearned revenue	961,098	-	-
Total liabilities	4,914,277	-	6,002,440
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,713,375	917,853	229,351
Total deferred inflows of resources	3,713,375	917,853	229,351
FUND BALANCES			
Nonspendable			
Inventory	454,055	-	-
Restricted	-	1,196,519	332,458
Committed	883,786	-	-
Unassigned	18,849,805	-	-
Total fund balances	20,187,646	1,196,519	332,458
Total liabilities, deferred inflows and fund balances	\$ 28,815,298	\$ 2,114,372	\$ 6,564,249

The accompanying notes are an integral part of this statement.

<u>Capital Construction Fund (3036)</u>	<u>Capital Construction Fund (3037)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,528,017	\$ 3,851,493	\$ 3,158,031	\$ 42,883,040
-	-	-	2,142,111
-	-	681,612	8,365,286
-	-	2,473	2,844,626
-	2,680,410	-	2,680,410
-	-	-	454,055
-	-	-	26,427
<u>\$ 11,528,017</u>	<u>\$ 6,531,903</u>	<u>\$ 3,842,116</u>	<u>\$ 59,395,955</u>
\$ -	\$ 1,452,474	\$ 352,225	\$ 2,469,559
-	-	14,237	2,592,212
-	-	-	7,806
-	-	-	84,728
536,213	-	306,533	7,462,996
-	-	50,573	1,011,671
<u>536,213</u>	<u>1,452,474</u>	<u>723,568</u>	<u>13,628,972</u>
-	-	123,247	4,983,826
-	-	123,247	4,983,826
-	-	-	454,055
10,991,804	5,079,429	3,118,548	20,718,758
-	-	-	883,786
-	-	(123,247)	18,726,558
<u>10,991,804</u>	<u>5,079,429</u>	<u>2,995,301</u>	<u>40,783,157</u>
<u>\$ 11,528,017</u>	<u>\$ 6,531,903</u>	<u>\$ 3,842,116</u>	<u>\$ 59,395,955</u>

CITY OF VICTORIA, TEXAS**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES**

September 30, 2019

Total governmental fund balances		\$ 40,783,157
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		11,639,009
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 "unavailable" in the funds.		2,847,148
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		2,136,678
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	\$ 363,429,777	
Accumulated depreciation of governmental capital assets	<u>(222,898,531)</u>	140,531,246
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	3,457,145	
Deferred outflow related to pension	10,198,941	
Deferred outflow related to OPEB	<u>1,207,681</u>	14,863,767
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	(66,935,000)	
Premiums on bonds payable	(4,987,027)	
Capital lease payable	(739,556)	
Accrued interest on the bonds	(328,783)	
Compensated absences	(916,819)	
Net pension liability	(39,300,446)	
OPEB liability	<u>(10,515,987)</u>	(123,723,618)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to pension	(1,895,345)	
Deferred inflow related to OPEB	<u>(128,363)</u>	<u>(2,023,708)</u>
Net position of governmental activities		<u>\$ 87,053,679</u>

The accompanying notes are an integral part of this statement.



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CITY OF VICTORIA, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended September 30, 2019

	General	Debt Service	Hurricane Program Grant
REVENUES			
Taxes	\$ 38,919,875	\$ 9,428,020	\$ -
Licenses and permits	1,054,913	-	-
Intergovernmental	2,312,733	-	495,494
Charges for services	2,523,737	-	-
Fines and forfeitures	933,149	-	-
Investment income	617,488	127,226	113,664
Miscellaneous	353,909	-	98,388
Total revenues	<u>46,715,804</u>	<u>9,555,246</u>	<u>707,546</u>
EXPENDITURES			
Current			
General government	3,718,044	-	-
Public safety	30,901,431	-	94,315
Development	7,456,399	-	-
Building services	630,312	-	-
Recreation	5,665,057	-	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	7,770,000	-
Interest and fiscal charges	-	2,933,928	-
Paying agents' fees, issue costs, and arbitrage rebate premiums	-	9,510	-
Total expenditures	<u>48,371,243</u>	<u>10,713,438</u>	<u>94,315</u>
Excess (deficiency) of revenues over expenditures	(1,655,439)	(1,158,192)	613,231
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	1,479,113	-	-
Transfers in	3,222,660	1,216,558	-
Transfers out	(3,736,894)	-	-
Total other financing sources (uses)	<u>964,879</u>	<u>1,216,558</u>	<u>-</u>
Change in fund balances	(690,560)	58,366	613,231
Fund balances at beginning of year	<u>20,878,206</u>	<u>1,138,153</u>	<u>(280,773)</u>
Fund balances at end of year	<u>\$ 20,187,646</u>	<u>\$ 1,196,519</u>	<u>\$ 332,458</u>

The accompanying notes are an integral part of this statement.

Capital Construction Fund (3036)	Capital Construction Fund (3037)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,928,884	\$ 50,276,779
-	-	-	1,054,913
11,421,084	-	965,347	15,194,658
-	-	-	2,523,737
-	-	73,386	1,006,535
57,334	52,492	29,465	997,669
-	10,387,271	542,880	11,382,448
<u>11,478,418</u>	<u>10,439,763</u>	<u>3,539,962</u>	<u>82,436,739</u>
-	-	433,763	4,151,807
-	-	754,221	31,749,967
-	-	348,398	7,804,797
-	-	-	630,312
-	-	1,261,675	6,926,732
-	10,557,087	-	10,557,087
-	-	-	7,770,000
-	-	-	2,933,928
-	-	-	9,510
<u>-</u>	<u>10,557,087</u>	<u>2,798,057</u>	<u>72,534,140</u>
11,478,418	(117,324)	741,905	9,902,599
-	-	-	1,479,113
-	2,785,288	884,840	8,109,346
<u>(1,374,558)</u>	<u>-</u>	<u>(1,153,229)</u>	<u>(6,264,681)</u>
<u>(1,374,558)</u>	<u>2,785,288</u>	<u>(268,389)</u>	<u>3,323,778</u>
10,103,860	2,667,964	473,516	13,226,377
<u>887,944</u>	<u>2,411,465</u>	<u>2,521,785</u>	<u>27,556,780</u>
<u>\$ 10,991,804</u>	<u>\$ 5,079,429</u>	<u>\$ 2,995,301</u>	<u>\$ 40,783,157</u>

CITY OF VICTORIA, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES***For the year ended September 30, 2019*

Total net change in fund balances - governmental funds **\$ 13,226,377**

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

Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The net activity of the internal service funds are reported with governmental activities. (344,181)

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	\$ 12,817,260	
Depreciation expense	<u>(14,010,974)</u>	(1,193,714)

The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position. 13,446

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

Capital lease		(1,479,113)
---------------	--	-------------

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	7,770,000	
Capital lease principal retirement	<u>739,557</u>	8,509,557

Because some property taxes will not be collected for several months after the City'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	(494,792)	
Other revenues	<u>(572,551)</u>	(1,067,343)

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

Decrease in compensated absences	387,017	
Decrease in accrued interest	39,266	
Decrease in loss on bond refunding	(542,625)	
Decrease in bond premium	584,260	
Net pension costs	(1,503,611)	
Net OPEB costs	<u>497,701</u>	<u>(537,992)</u>

Change in net position of governmental activities **\$ 17,127,037**

The accompanying notes are an integral part of this statement.



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CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 9,068,328	\$ 3,617,483	\$ 1,467,001	\$ 14,152,812	\$ 3,361,200
Investments	521,250	521,250	-	1,042,500	-
Receivables (net)	2,446,840	279,588	58,365	2,784,793	402,342
Due from other funds	1,500,000	2,500,000	975	4,000,975	779,187
Inventory	219,134	-	15,384	234,518	120,882
Returned checks	-	-	1,644	1,644	-
Prepaid items	-	-	2,660	2,660	-
Restricted assets					
Cash and cash equivalents	1,254,594	2,085,265	491,263	3,831,122	31,000
Investments	-	731,000	-	731,000	-
Total current assets	<u>15,010,146</u>	<u>9,734,586</u>	<u>2,037,292</u>	<u>26,782,024</u>	<u>4,694,611</u>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	6,863,209	834,981	1,543,250	9,241,440	173,175
Buildings, improvements, and equipment (net)	<u>129,458,897</u>	<u>1,393,510</u>	<u>3,601,998</u>	<u>134,454,405</u>	<u>7,979,861</u>
Net capital assets	<u>136,322,106</u>	<u>2,228,491</u>	<u>5,145,248</u>	<u>143,695,845</u>	<u>8,153,036</u>
Total noncurrent assets	<u>136,322,106</u>	<u>2,228,491</u>	<u>5,145,248</u>	<u>143,695,845</u>	<u>8,153,036</u>
Total assets	<u>151,332,252</u>	<u>11,963,077</u>	<u>7,182,540</u>	<u>170,477,869</u>	<u>12,847,647</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	1,287,588	-	-	1,287,588	-
Deferred outflow related to pension	1,638,997	384,239	-	2,023,236	-
Deferred outflow related to OPEB	<u>188,626</u>	<u>43,694</u>	<u>-</u>	<u>232,320</u>	<u>-</u>
Total deferred outflows of resources	<u>3,115,211</u>	<u>427,933</u>	<u>-</u>	<u>3,543,144</u>	<u>-</u>

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
LIABILITIES					
Current liabilities					
Accounts payable	\$ 492,810	\$ 88,810	\$ 55,527	\$ 637,147	\$ 433,553
Accounts payable (payable from restricted assets)	399,621	-	-	399,621	-
Accrued expenses	292,682	69,744	45,479	407,905	63,893
Accrued compensated absences	6,584	1,119	44	7,747	1,468
Due to other governments	-	41,562	-	41,562	-
Due to other funds	119,375	16,670	6,646	142,691	19,101
Due to component unit	91,102	29,858	-	120,960	-
Customer deposits	-	-	37,239	37,239	-
Claims payable	-	-	-	-	663,118
Accrued interest payable	650,326	-	-	650,326	-
Current portion of revenue bonds	7,425,000	-	-	7,425,000	-
Current portion of capital lease	-	-	84,812	84,812	-
Total current liabilities	<u>9,477,500</u>	<u>247,763</u>	<u>229,747</u>	<u>9,955,010</u>	<u>1,181,133</u>
Noncurrent liabilities					
Revenue bonds (net of unamortized deferred amounts)	46,877,370	-	-	46,877,370	-
Capital lease payable	-	-	202,007	202,007	-
Accrued compensated absences	123,393	20,980	815	145,188	27,505
Net pension liability	6,144,649	1,424,846	-	7,569,495	-
OPEB liability	1,644,181	381,259	-	2,025,440	-
Estimated landfill closure and postclosure care cost	-	4,238,589	-	4,238,589	-
Total noncurrent liabilities	<u>54,789,593</u>	<u>6,065,674</u>	<u>202,822</u>	<u>61,058,089</u>	<u>27,505</u>
Total liabilities	<u>64,267,093</u>	<u>6,313,437</u>	<u>432,569</u>	<u>71,013,099</u>	<u>1,208,638</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pension	88,572	41,965	-	130,537	-
Deferred inflow related to OPEB	20,070	4,654	-	24,724	-
Total deferred inflows of resources	<u>108,642</u>	<u>46,619</u>	<u>-</u>	<u>155,261</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	83,307,324	2,228,491	4,858,429	90,394,244	8,153,036
Unrestricted net position	6,764,404	3,802,463	1,891,542	12,458,409	3,485,973
Total net position	<u>\$ 90,071,728</u>	<u>\$ 6,030,954</u>	<u>\$ 6,749,971</u>	<u>\$ 102,852,653</u>	<u>\$ 11,639,009</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the year ended September 30, 2019

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 26,347,597	\$ 4,654,172	\$ 1,307,366
Miscellaneous	16,189	984,656	6,503
Total operating revenues	<u>26,363,786</u>	<u>5,638,828</u>	<u>1,313,869</u>
OPERATING EXPENSES			
Personnel	5,962,904	1,469,608	811,266
Materials and supplies	1,356,145	226,895	180,355
Maintenance	1,055,769	2,257	63,123
Heat, lights and power	1,033,642	14,901	158,495
Reinsurance premiums	-	-	-
Miscellaneous services	1,509,015	1,095,475	139,743
Contractual services	701,618	271,988	62,604
Computer services	139,306	55,024	16,556
Court costs, judgments and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
HSA expense	-	-	-
Wellness program	-	-	-
Tipping fees	-	1,032,703	-
Landfill closure and postclosure care cost	-	107,573	-
Depreciation	8,847,886	280,748	500,189
Total operating expenses	<u>20,606,285</u>	<u>4,557,172</u>	<u>1,932,331</u>
Operating income (loss) before nonoperating revenues (expenses), contributions and transfers	5,757,501	1,081,656	(618,462)
NONOPERATING REVENUES (EXPENSES)			
Investment income	220,840	148,170	22,740
Interest and fiscal charges	(1,686,117)	-	(11,587)
Noncapital grants and contributions	73,931	-	-
Gain (loss) on disposition of capital assets	62,872	48,933	1,392
Net nonoperating revenues (expenses)	<u>(1,328,474)</u>	<u>197,103</u>	<u>12,545</u>
Income before contributions and transfers	4,429,027	1,278,759	(605,917)
Contributions and transfers			
Capital contributions	2,884,235	-	-
Transfers in	-	-	450,000
Transfers out	<u>(2,958,235)</u>	<u>(928,500)</u>	<u>(36,930)</u>
Total contributions and transfers	<u>(74,000)</u>	<u>(928,500)</u>	<u>413,070</u>
Change in net position	4,355,027	350,259	(192,847)
Total net position at beginning of year	<u>85,716,701</u>	<u>5,680,695</u>	<u>6,942,818</u>
Total net position at end of year	<u>\$ 90,071,728</u>	<u>\$ 6,030,954</u>	<u>\$ 6,749,971</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 32,309,135	\$ 14,623,165
1,007,348	158,980
<u>33,316,483</u>	<u>14,782,145</u>
8,243,778	1,129,979
1,763,395	1,085,950
1,121,149	669,421
1,207,038	21,368
-	1,144,055
2,744,233	818,331
1,036,210	1,590,906
210,886	55,658
-	6,461
-	7,058,630
-	200,000
-	429,000
-	12,152
1,032,703	-
107,573	-
9,628,823	2,521,138
<u>27,095,788</u>	<u>16,743,049</u>
6,220,695	(1,960,904)
391,750	52,258
(1,697,704)	-
73,931	-
113,197	(64,535)
<u>(1,118,826)</u>	<u>(12,277)</u>
5,101,869	(1,973,181)
2,884,235	-
450,000	1,629,000
<u>(3,923,665)</u>	<u>-</u>
<u>(589,430)</u>	<u>1,629,000</u>
4,512,439	(344,181)
98,340,214	11,983,190
<u>\$ 102,852,653</u>	<u>\$ 11,639,009</u>

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers/other funds	\$ 26,207,204	\$ 5,616,459	\$ 1,307,299
Cash paid to suppliers for goods and services	(5,854,493)	(2,797,028)	(626,921)
Cash paid to employees for services	(5,607,432)	(1,317,977)	(811,245)
Net cash provided (used) by operating activities	<u>14,745,279</u>	<u>1,501,454</u>	<u>(130,867)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in customer deposits	-	-	8,145
Borrowings from (to) other funds	1,228,025	(3,696)	90,571
Borrowings from (to) component unit	91,102	1,282	-
Noncapital grants and contributions	73,931	-	-
Transfers in from other funds	-	-	450,000
Transfers out to other funds	(2,958,235)	(928,500)	(36,930)
Net cash provided (used) by noncapital financing activities	<u>(1,565,177)</u>	<u>(930,914)</u>	<u>511,786</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(9,072,612)	(372,538)	(55,997)
Proceeds from sale of capital assets	63,228	48,933	1,392
Proceeds from capital grants and contributions	4,169,119	-	-
Principal paid on capital debt	(7,155,000)	-	(81,902)
Interest paid on capital debt	(2,111,146)	-	(11,587)
Net cash provided (used) by capital and related financing activities	<u>(14,106,411)</u>	<u>(323,605)</u>	<u>(148,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(521,250)	(1,252,250)	-
Proceeds from sales and maturities of investments	250,239	-	-
Investment income	220,840	148,170	22,740
Net cash provided (used) by investing activities	<u>(50,171)</u>	<u>(1,104,080)</u>	<u>22,740</u>
Net increase (decrease) in cash and cash equivalents	(976,480)	(857,145)	255,565
Cash and cash equivalents at beginning of year	<u>11,299,402</u>	<u>6,559,893</u>	<u>1,702,699</u>
Cash and cash equivalents at end of year	<u>\$ 10,322,922</u>	<u>\$ 5,702,748</u>	<u>\$ 1,958,264</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 33,130,962	\$ 14,294,994
(9,278,442)	(13,201,727)
<u>(7,736,654)</u>	<u>(1,138,242)</u>
16,115,866	(44,975)
8,145	-
1,314,900	-
92,384	-
73,931	-
450,000	1,629,000
<u>(3,923,665)</u>	<u>-</u>
(1,984,305)	1,629,000
(9,501,147)	(2,171,382)
113,553	-
4,169,119	-
(7,236,902)	-
<u>(2,122,733)</u>	<u>-</u>
(14,578,110)	(2,171,382)
(1,773,500)	-
250,239	989,000
391,750	52,258
<u>(1,131,511)</u>	<u>1,041,258</u>
(1,578,060)	453,901
<u>19,561,994</u>	<u>2,938,299</u>
<u>\$ 17,983,934</u>	<u>\$ 3,392,200</u>

(continued)

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,757,501	\$ 1,081,656	\$ (618,462)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	8,847,886	280,748	500,189
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(125,552)	(26,397)	-
(Increase) decrease in other receivables	(31,030)	4,028	(6,446)
(Increase) decrease in returned checks	-	-	(124)
(Increase) decrease in prepaid items	-	-	(2,660)
(Increase) decrease in inventory	(76,271)	-	2,118
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in deferred outflows related to pension	(1,123,180)	(271,539)	-
(Increase) decrease in deferred outflows related to OPEB	(68,276)	(17,162)	-
Increase (decrease) in accounts payable	17,273	(96,225)	(5,503)
Increase (decrease) in accrued expenses	663	5,396	2,954
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	(63,952)	(11,740)	(2,933)
Increase (decrease) in due to other governments	-	4,967	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in net pension liability	1,847,604	477,520	-
Increase (decrease) in OPEB liability	56,824	31,310	-
Increase (decrease) in landfill closure and postclosure care cost	-	101,046	-
Increase (decrease) in deferred inflows related to pension	(300,702)	(63,814)	-
Increase (decrease) in deferred inflows related to OPEB	6,491	1,660	-
Total adjustments	<u>8,987,778</u>	<u>419,798</u>	<u>487,595</u>
Net cash provided (used) by operating activities	<u>\$ 14,745,279</u>	<u>\$ 1,501,454</u>	<u>\$ (130,867)</u>
Reconciliation of cash and cash equivalents			
Unrestricted			
Cash and cash equivalents	\$ 9,068,328	\$ 3,617,483	\$ 1,467,001
Restricted			
Cash and cash equivalents	<u>1,254,594</u>	<u>2,085,265</u>	<u>491,263</u>
Total	<u>\$ 10,322,922</u>	<u>\$ 5,702,748</u>	<u>\$ 1,958,264</u>
Noncash capital and related financing activities			
Assets acquired from contributions	<u>\$ 1,264,535</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 6,220,695	\$ (1,960,904)
9,628,823	2,521,138
(151,949)	-
(33,448)	(325,157)
(124)	-
(2,660)	-
(74,153)	44,575
-	(153,020)
(1,394,719)	-
(85,438)	-
(84,455)	(2,077)
9,013	11,515
-	(8,974)
(78,625)	(19,778)
4,967	-
-	(152,293)
2,325,124	-
88,134	-
101,046	-
(364,516)	-
8,151	-
<u>9,895,171</u>	<u>1,915,929</u>
<u>\$ 16,115,866</u>	<u>\$ (44,975)</u>
\$ 14,152,812	\$ 3,361,200
<u>3,831,122</u>	<u>31,000</u>
<u>\$ 17,983,934</u>	<u>\$ 3,392,200</u>
<u>\$ 1,264,535</u>	<u>\$ -</u>

(concluded)

CITY OF VICTORIA, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

September 30, 2019

	Retiree Health Care Plan Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 13,071	\$ 180,647
Investments	1,781,169	-
Receivables (net)		
Accrued income	22	-
Prepaid items	-	488
Total assets	<u>1,794,262</u>	<u>\$ 181,135</u>
LIABILITIES		
Liabilities		
Accounts payable	-	\$ 1,221
Due to other agencies	-	179,914
Total liabilities	<u>-</u>	<u>\$ 181,135</u>
NET POSITION		
Restricted for OPEB	<u>\$ 1,794,262</u>	

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**For the year ended September 30, 2019*

	Retiree Health Care Plan Trust
ADDITIONS	
Miscellaneous	
Employer contributions	\$ 1,064,672
Investment income	
Net appreciation (depreciation) in fair value of investments	(147,248)
Dividends	47,461
Interest income	233
Other	14
Total additions	<u>965,132</u>
DEDUCTIONS	
Benefit payments	1,006,672
OPEB Plan administrative expense	8,579
Other	917
Total deductions	<u>1,016,168</u>
Changes in net position	(51,036)
Net position - beginning	<u>1,845,298</u>
Net position - ending	<u>\$ 1,794,262</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2019

	Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 18,112,223	\$ 1,000	\$ 18,113,223
Investments	521,250	-	521,250
Receivables (net)			
Sales taxes	677,227	-	677,227
Due from primary government	120,960	-	120,960
Total current assets	<u>19,431,660</u>	<u>1,000</u>	<u>19,432,660</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	4,660,126	-	4,660,126
Buildings, improvements, and equipment (net)	1,376,721	39,595	1,416,316
Total noncurrent assets	<u>6,036,847</u>	<u>39,595</u>	<u>6,076,442</u>
Total assets	<u>25,468,507</u>	<u>40,595</u>	<u>25,509,102</u>
LIABILITIES			
Current liabilities			
Accounts payable	658,777	-	658,777
Due to primary government	2,680,410	-	2,680,410
Total liabilities	<u>3,339,187</u>	<u>-</u>	<u>3,339,187</u>
NET POSITION			
Net investment in capital assets	6,036,847	39,595	6,076,442
Unrestricted	16,092,473	1,000	16,093,473
Total net position	<u>\$ 22,129,320</u>	<u>\$ 40,595</u>	<u>\$ 22,169,915</u>

The accompanying notes are an integral part of this statement.



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CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended September 30, 2019

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units				
Sales Tax Development Corporation	\$ 15,122,897	\$ -	\$ -	\$ -
Victoria Special Events Assoc., Inc.	<u>32,624</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 15,155,521</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Taxes:
 Sales taxes
 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		
Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
\$ (15,122,897)	\$ -	\$ (15,122,897)
<u>-</u>	<u>(20,624)</u>	<u>(20,624)</u>
<u>(15,122,897)</u>	<u>(20,624)</u>	<u>(15,143,521)</u>
8,585,726	-	8,585,726
519,251	-	519,251
<u>123,411</u>	<u>-</u>	<u>123,411</u>
<u>9,228,388</u>	<u>-</u>	<u>9,228,388</u>
(5,894,509)	(20,624)	(5,915,133)
<u>28,023,829</u>	<u>61,219</u>	<u>28,085,048</u>
<u>\$ 22,129,320</u>	<u>\$ 40,595</u>	<u>\$ 22,169,915</u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Victoria (the "City"), operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning, water and sewer, and general administrative services.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The component units discussed in this note are included in the City's financial statements because of the significance of their financial relationships with the City.

Excluded from the reporting entity:

Victoria Independent School District - Provides educational services to the residents of the City. The Independent School District's board members are elected by the residents of the City and County of Victoria; in addition, Victoria Independent School District provides its own source of financing.

Advisory Boards and Commissions - The City Council uses an extensive network of advisory boards and commissions in order to ensure public input to the City's decision-making process. These boards and commissions are: Board of Adjustments and Appeals, Board of Health, Library Board, Food Establishment Appeals Board, Housing Authority, Parks and Recreation Commission, Planning Commission, Building and Standards Commission, Victoria Housing Finance Corporation Board, Victoria Central Appraisal District, Golden Crescent Regional Planning Commission, Victoria Economic Development Corporation, Victoria Metropolitan Planning Organization, Victoria Development Commission, Victoria Health Facilities Development Corporation, and Health Authority for Victoria County Public Health Department. The advisory boards and commissions are appointed, partially or entirely, by the City Council; however, these boards and commissions do not perform any financial activity.

Included in the reporting entity:

The component units column in the financial statements includes the financial data from two component units. These component units are reported in a separate column to emphasize that they are legally separate from the City. The component unit column is made of the following:

1. The Sales Tax Development Corporation was created for the purpose of aiding, assisting and acting on behalf of the City in undertaking and completing projects to acquire and improve drainage, water and sewage, streets and roads, parks and recreational facilities, and public safety facilities. All powers of the Corporation are vested in the Board of Directors consisting of three members of the City Council and four individuals appointed by the City Council. The Board of Directors operates at the direction of the City Council. The City is able to impose its will on the Corporation by approving its annual budgets and bonded debt issuance. This entity is reported as a governmental fund type.

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

A. Reporting Entity - (Continued)

2. The Victoria Special Events Association, Inc. was created in May 1998, to operate and maintain the softball recreational complex owned by the City of Victoria. The Corporation raises and holds economic resources for the direct benefit of the City. The management of the Corporation is vested in the Board of Directors consisting of three City of Victoria employees. The Board of Directors operates at the direction of the City Council and the City Council approves the Corporation's annual budgets. The Victoria Special Events Association, Inc. operates as a proprietary fund type.

These component units are discretely presented in the financial statements. Complete financial statements of the individual component units can be obtained from the Office of the Finance Director, 700 Main Center, Suite 100, 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 changes in net position) report information on all nonfiduciary activities of the City 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 trust fund financial statements. Agency funds have no measurement focus. 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 City 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City'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 Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for general government debt principal and interest.

The Special Revenue Funds account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Hurricane Program Grant, a major special revenue fund, accounts for funds received from the Federal Emergency Management Agency and passed through the Texas Department of Public Safety Division of Emergency Management to allow cities to respond to disasters and to recover from their impact. These grants are aimed at governments and organizations, but their final goal is to help a community and all its citizens recover from devastating disasters. The fund also accounts for insurance proceeds for recovery of damages to City assets. The current funds received were for Hurricane Harvey.

The Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities or other capital assets. Capital Project 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. Two of the City's three Capital Project Funds, Capital Construction Fund (3036) and Capital Construction Fund (3037) are reported as major funds as of September 30, 2019.

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

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

The City 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 Water and Wastewater Fund, an enterprise fund, accounts for the activities of the City related to its sewage treatment plant and the water distribution system.

The Environmental Services Fund, an enterprise fund, accounts for the operation of the City's garbage collection and landfill.

Additionally, the City reports the following fund types:

The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City maintains eight Internal Service Funds: Vehicle and Equipment Services, Information Technology, Communications, Purchasing, Safety Management, Workers' Compensation, Print Shop, and Employee Health Plan.

The Agency Fund accounts for the collection and payment of various trust funds such as refundable deposits and single check payments that need to be allocated to different funds. The fund is excluded from the government-wide financial statements.

The proprietary funds are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used between various City functions. 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.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 City's enterprise funds and internal service funds are charges to customers for sales and services. The Water and Wastewater Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 non-operating revenues and expenses.

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

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. No funds may be expended or encumbered which will exceed appropriations; however, the City Manager is authorized to transfer budgeted amounts within any department or agency. Any revisions that alter the total expenditures of any department or agency must be approved by the City Council. There were supplemental appropriations made during the year. The effect of budget supplements was to increase appropriations for the General Fund in the amount of \$64,368. In addition, the encumbrances outstanding at September 30, 2018 were carried forward to fiscal year 2019 through a supplemental budgetary allocation which amounted to \$1,172,590.
5. Budgets for the General, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year. Budget comparisons are presented in the accompanying financial statements for these funds with appropriated budgets.
6. The Debt Service Fund is budgeted by debt service issues.
7. The Capital Project Funds are budgeted on a project basis. Annually the City Council budgets only those portions of projects that have not been previously appropriated, along with new appropriations for new projects.

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

D. Budgets and Budgetary Accounting - (Continued)

8. Formal budgetary integration is employed as a management control device during the year for all governmental funds and proprietary funds.
9. All appropriations lapse at year-end except for that portion related to encumbered amounts.

E. Encumbrances

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 as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Project Funds. Encumbrances outstanding at year-end in the General Fund are reported as commitments of fund balance since they do not constitute expenditures or liabilities.

F. Deposits and Investments

The City'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.

The City Council 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 City are in compliance with the City Council's investment policies.

Investments for the City, as well as the component units, are recorded at amortized cost, which as of September 30, 2019, approximates fair value. Because the fair value of the City's investments did not materially differ from cost, no adjustments were made to the City's reporting amounts. See Note 3 for further discussion.

G. 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes. The allowance on the unpaid property taxes is equal to 5% of the outstanding property taxes and the allowance on the penalties and interest is equal to 50% of the assessed amount.

H. Inventory and Prepaid Items

Inventory of the General Fund and the Water and Wastewater Fund consists of supplies held for the City's use and are carried at cost. Inventory in the Internal Service Funds is held for resale and is reported at lower of cost or market, which is determined by using a monthly moving average. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods. These payments are reported as prepaid items in the fund financial statements and in the government-wide statements.

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

I. Restricted Assets

The City has interest and sinking accounts in the Water and Wastewater Fund that are used to segregate resources accumulated for debt service payments. The City also has set aside resources in the Environmental Services Fund to pay for closure and postclosure care costs and to fund a new facility, and in the Community Center Fund to fund any future improvements to the Community Center facility. The restricted cash in the Workers' Compensation Fund represents those funds held by a third party administrator for future claims.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on capital assets of business-type activities 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, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	40
Water and wastewater distribution system	40
Streets and bridges - parking lots	10
Sidewalks	10
Machinery and equipment	2-20
Office equipment and fixtures	2-10

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All compensated absence pay is accrued when incurred in the government-wide and proprietary fund 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.

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

L. 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount on the statement of net position.

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 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.

M. Deferred Outflows/Inflows of Resources

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

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

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

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

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

N. 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 Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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 City's pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 68.

O. Supplemental Death Benefit (OPEB)

For purposes of measuring the total OPEB liability for the supplemental death benefit plan, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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 City's OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 75.

P. Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid items) because they are either not in spendable form, or legally or contractually required to be maintained in-tact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, assigned, or any combination of those classifications. In addition, the General Fund may also include an unassigned amount.

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

P. Fund Balance Policies - (Continued)

Commitments will only be used for specific purposes pursuant to a formal action (ordinance) of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A two-thirds majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

The City Council delegates the responsibility to assign funds not to exceed \$25,000 to the City Manager or their designee to be used for specific purposes. City Council shall have the authority to assign any amount of funds to be used for specific purposes pursuant to the City's fund balance policy. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The assignments may occur subsequent to fiscal year-end.

Encumbered amounts of otherwise unassigned resources will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54. Encumbrances of already restricted, committed, or assigned resources are not reported in the governmental financial statements.

Q. Net Position Flow Assumptions

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

R. Minimum Fund Balance Policy

The City will maintain a minimum unassigned fund balance in its General Fund of 25 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. When fund balance falls below the 25 percent range, the City will replenish shortages/deficiencies. Should unassigned fund balance of the General Fund ever exceed the maximum 25 percent range, the City will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

S. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with GAAP requires the City 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

Budgetary Compliance

Budgetary compliance is monitored at the departmental level in the General Fund and at the fund level in the Capital Project Funds. There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2018-2019.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Non-departmental	\$ 981,725	\$ 1,012,297	\$ 30,572
Police	15,879,958	16,509,736	629,778
Fire	13,962,068	14,036,102	74,034

These over expenditures were funded by available fund balances in the respective funds.

Encumbrances

Encumbrances are reported in the financial statements as committed in the governmental funds. As of September 30, 2019, encumbrances in the amount of \$883,786 were reported as committed fund balance in the General Fund.

Deficit Fund Equity

As of September 30, 2019, the NRCS River Erosion Project Fund and the CDBG Hazard Mitigation Fund (nonmajor special revenue funds) had deficit fund equity balances of \$94,663 and \$28,584, respectively. These deficits will be eliminated in the 2020 fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTSDeposits

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 Reporting Entity that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral by the Federal Reserve Bank in the City's name under a tri-party collateral agreement between Wells Fargo Bank, N.A. and The Bank of New York Mellon. The market value of the collateral held at the Federal Reserve Bank in the City's name at fiscal year-end was \$14,018,926.

At September 30, 2019, the carrying amount of the City's deposits was \$11,711,959 and the respective bank balances totaled \$11,320,789. The City's cash on hand totaled \$5,200.

Investments

The City 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 City of Victoria investment policy at www.victoriatx.org.

The Reporting Entity 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 September 30, 2019, the Reporting Entity 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>
Municipal/Public Bonds	\$ 3,705,861	\$ -	\$ 3,705,861	\$ -
Negotiable Certificates of Deposits	731,000	-	731,000	-
Total	<u>\$ 4,436,861</u>	<u>\$ -</u>	<u>\$ 4,436,861</u>	<u>\$ -</u>

Level 2 investments are valued using quoted prices for similar assets in active markets.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Investments - (Continued)

Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than one year from the time of purchase. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than two years from the date of purchase.

As of September 30, 2019, the Reporting Entity's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Municipal/Public Bonds	\$ 3,705,861	\$ 868,596	\$ 2,837,265	\$ -	\$ -
Negotiable Certificates of Deposits	<u>731,000</u>	<u>487,000</u>	<u>244,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,436,861</u>	<u>\$ 1,355,596</u>	<u>\$ 3,081,265</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to limit its investments to those with ratings of not less than A or its equivalent.

At September 30, 2019, the Reporting Entity's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Municipal/Public Bonds	\$ 3,705,861	\$ 598,596	\$ 3,107,265	\$ -	\$ -
Negotiable Certificates of Deposits	<u>731,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,000</u>
Total	<u>\$ 4,436,861</u>	<u>\$ 598,596</u>	<u>\$ 3,107,265</u>	<u>\$ -</u>	<u>\$ 731,000</u>

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

The City'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 City 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 City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2019, and for the year then ended, the City was not exposed to any custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at September 30, 2019 consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Hurricane Program Grant</u>	<u>Water and Wastewater</u>	<u>Environmental Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables:							
Accounts	\$ -	\$ -	\$ -	\$ 2,478,414	\$ 289,610	\$ -	\$ 2,768,024
Ad valorem taxes	2,529,515	966,161	-	-	-	-	3,495,676
Franchise taxes	681,425	-	-	-	-	-	681,425
Sales taxes	1,354,455	-	-	-	-	-	1,354,455
Weedy lots	2,950,627	-	-	-	-	-	2,950,627
Ambulance	1,849,748	-	-	-	-	-	1,849,748
Fines	1,643,930	-	-	-	-	-	1,643,930
Other	713,230	-	443,984	44,900	15,422	1,142,319	2,359,855
Total gross receivables	11,722,930	966,161	443,984	2,523,314	305,032	1,142,319	17,103,740
Less: allowances	5,401,093	48,308	-	76,474	25,444	-	5,551,319
Total net receivables	<u>\$ 6,321,837</u>	<u>\$ 917,853</u>	<u>\$ 443,984</u>	<u>\$ 2,446,840</u>	<u>\$ 279,588</u>	<u>\$ 1,142,319</u>	<u>\$ 11,552,421</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 Victoria County Tax Assessor bills, collects, and remits daily all ad valorem taxes.

The City is permitted by a local charter to levy taxes up to \$2.00 per \$100 of assessed valuation. The combined tax rate for the year ended September 30, 2019, was \$0.6224 per \$100, which means that the City has a tax margin of \$1.3776 per \$100 and could raise up to \$56,254,725 on \$4,083,531,106 before the limit is reached.

NOTE 4: RECEIVABLES - (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,929,295	\$ -	\$ 1,929,295
Weedy lots	435,710	-	435,710
Ambulance	758,397	-	758,397
Fines	589,973	-	589,973
Franchise fees	-	961,098	961,098
Grants	-	-	-
Debt Service Fund			
Ad valorem taxes receivable	917,853	-	917,853
Major Special Revenue Fund			
Grants	229,351	-	229,351
Nonmajor Funds			
Grants	<u>123,247</u>	<u>50,573</u>	<u>173,820</u>
	<u>\$ 4,983,826</u>	<u>\$ 1,011,671</u>	<u>\$ 5,995,497</u>

NOTE 5: JOINT VENTURE

The South Texas Zoo is a cooperative effort funded by the City of Victoria's General Fund and the South Texas Zoological Society. The South Texas Zoological Society operates and maintains the South Texas Zoo located in the City-owned Riverside Park. The City does not appoint any of the directors of the Society. As of the last financial statement, September 30, 2019, total assets were \$402,739, total liabilities were \$29,808, total fund net position was \$372,932, total support and revenues were \$700,214 and total expenses were \$658,410. Excess revenue over expenses resulted in a net income of \$41,804. The amount contributed by the City for years ended September 30, 2019 and 2018, was \$125,000 and \$125,000, respectively. Complete audited financial statements for the South Texas Zoo may be obtained at 110 Memorial Drive, Victoria, Texas 77901.

NOTE 6: CAPITAL ASSETS

The City's capital asset activity for the year ended September 30, 2019, 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	\$ 4,389,837	\$ 727,034	\$ -	\$ 5,116,871
Construction in progress	<u>2,472,337</u>	<u>9,795,737</u>	<u>3,112,274</u>	<u>9,155,800</u>
Total capital assets not being depreciated	<u>6,862,174</u>	<u>10,522,771</u>	<u>3,112,274</u>	<u>14,272,671</u>
Capital assets, being depreciated				
Machinery and equipment	58,811,449	3,912,423	1,861,626	60,862,246
Buildings	21,301,361	43,397	-	21,344,758
Improvements other than buildings	7,838,458	552,051	25,372	8,365,137
Infrastructure	<u>286,416,151</u>	<u>3,112,274</u>	<u>-</u>	<u>289,528,425</u>
Total capital assets being depreciated	<u>374,367,419</u>	<u>7,620,145</u>	<u>1,886,998</u>	<u>380,100,566</u>
Less accumulated depreciation for				
Machinery and equipment	46,435,835	3,797,546	1,792,217	48,441,164
Buildings	11,324,790	1,273,750	-	12,598,540
Improvements other than buildings	4,874,956	325,551	1,691	5,198,816
Infrastructure	<u>168,315,168</u>	<u>11,135,267</u>	<u>-</u>	<u>179,450,435</u>
Total accumulated depreciation	<u>230,950,749</u>	<u>16,532,114</u>	<u>1,793,908</u>	<u>245,688,955</u>
Total capital assets being depreciated, net	<u>143,416,670</u>	<u>(8,911,969)</u>	<u>93,090</u>	<u>134,411,611</u>
Governmental activities capital assets, net	<u>\$150,278,844</u>	<u>\$ 1,610,802</u>	<u>\$ 3,205,364</u>	<u>\$148,684,282</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,569,177	\$ -	\$ -	\$ 5,569,177
Construction in progress	<u>1,567,083</u>	<u>4,885,834</u>	<u>2,780,654</u>	<u>3,672,263</u>
Total capital assets not being depreciated	<u>7,136,260</u>	<u>4,885,834</u>	<u>2,780,654</u>	<u>9,241,440</u>
Capital assets, being depreciated				
Machinery and equipment	6,509,892	967,181	94,560	7,382,513
Buildings	47,189,529	1,185,085	-	48,374,614
Improvements other than buildings	4,053,919	-	-	4,053,919
Infrastructure	1,793,382	-	-	1,793,382
Water and wastewater distribution system	<u>200,420,979</u>	<u>6,325,434</u>	-	<u>206,746,413</u>
Total capital assets being depreciated	<u>259,967,701</u>	<u>8,477,700</u>	<u>94,560</u>	<u>268,350,841</u>
Less accumulated depreciation for				
Machinery and equipment	4,938,329	637,488	94,207	5,481,610
Buildings	23,478,091	1,742,184	-	25,220,275
Improvements other than buildings	1,887,331	25,401	-	1,912,732
Infrastructure	1,250,359	147,652	-	1,398,011
Water and wastewater distribution system	<u>92,807,710</u>	<u>7,076,098</u>	-	<u>99,883,808</u>
Total accumulated depreciation	<u>124,361,820</u>	<u>9,628,823</u>	<u>94,207</u>	<u>133,896,436</u>
Total capital assets being depreciated, net	<u>135,605,881</u>	<u>(1,151,123)</u>	<u>353</u>	<u>134,454,405</u>
Business-type activities capital assets, net	<u>\$142,742,141</u>	<u>\$ 3,734,711</u>	<u>\$ 2,781,007</u>	<u>\$143,695,845</u>

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

Governmental activities

General government	\$ 21,028
Public safety	1,392,847
Development	11,786,001
Building services	45,290
Recreation	765,810
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,521,138</u>
Total depreciation expense - governmental activities	<u>\$ 16,532,114</u>

Business-type activities

Water/wastewater	\$ 8,847,886
Environmental services	280,748
Other	<u>500,189</u>
Total depreciation expense - business-type activities	<u>\$ 9,628,823</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sales Tax Development Corporation				
Capital assets, not being depreciated				
Land	\$ 3,928,244	\$ -	\$ -	\$ 3,928,244
Construction in progress	<u>1,308,390</u>	<u>730,027</u>	<u>1,306,535</u>	<u>731,882</u>
Total capital assets not being depreciated	<u>5,236,634</u>	<u>730,027</u>	<u>1,306,535</u>	<u>4,660,126</u>
Capital assets, being depreciated				
Improvements other than buildings	9,913,733	-	-	9,913,733
Infrastructure	<u>1,714,085</u>	<u>-</u>	<u>-</u>	<u>1,714,085</u>
Total capital assets being depreciated	<u>11,627,818</u>	<u>-</u>	<u>-</u>	<u>11,627,818</u>
Less accumulated depreciation for				
Improvements other than buildings	<u>9,174,019</u>	<u>1,077,078</u>	<u>-</u>	<u>10,251,097</u>
Total accumulated depreciation	<u>9,174,019</u>	<u>1,077,078</u>	<u>-</u>	<u>10,251,097</u>
Total capital assets being depreciated, net	<u>2,453,799</u>	<u>(1,077,078)</u>	<u>-</u>	<u>1,376,721</u>
Sales Tax Development Corporation capital assets, net	<u>7,690,433</u>	<u>(347,051)</u>	<u>1,306,535</u>	<u>6,036,847</u>
Victoria Special Events Assoc., Inc.				
Capital assets, being depreciated				
Machinery and equipment	\$ 36,153	\$ -	\$ 6,144	\$ 30,009
Improvements other than buildings	<u>461,588</u>	<u>-</u>	<u>-</u>	<u>461,588</u>
Total capital assets being depreciated	<u>497,741</u>	<u>-</u>	<u>6,144</u>	<u>491,597</u>
Less accumulated depreciation for				
Machinery and equipment	36,153	-	6,144	30,009
Improvements other than buildings	<u>401,369</u>	<u>20,624</u>	<u>-</u>	<u>421,993</u>
Total accumulated depreciation	<u>437,522</u>	<u>20,624</u>	<u>6,144</u>	<u>452,002</u>
Total capital assets being depreciated, net	<u>60,219</u>	<u>(20,624)</u>	<u>-</u>	<u>39,595</u>
Victoria Special Events Assoc., Inc. capital assets, net	<u>60,219</u>	<u>(20,624)</u>	<u>6,144</u>	<u>39,595</u>
Discretely presented component units capital assets, net	<u>\$ 7,750,652</u>	<u>\$ (367,675)</u>	<u>\$ 1,312,679</u>	<u>\$ 6,076,442</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump-sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2019 were as follows:

Employee deposit rate	6.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100.0 repeating
Annuity increase (to retirees)	70.0% of CPI

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	471
Inactive employees entitled to but not yet receiving benefits	400
Active employees	<u>579</u>
	<u>1,450</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.54% and 16.59% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$5,128,686, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Overall Payroll Growth	2.4%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Actuarial Assumptions - (Continued)

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	<u>5.00%</u>	7.75%
Total	<u>100.00%</u>	

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, 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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 196,339,715	\$ 162,263,228	\$ 34,076,487
Changes for the year:			
Service cost	4,150,267	-	4,150,267
Interest	13,054,511	-	13,054,511
Difference between expected and actual experience	(2,541,589)	-	(2,541,589)
Change of assumptions	-	-	-
Contributions - Employer	-	5,010,611	(5,010,611)
Contributions - Employee	-	1,817,635	(1,817,635)
Net investment income	-	(4,859,666)	4,859,666
Benefit payments, including refunds of employee contributions	(10,029,363)	(10,029,363)	-
Administrative expense	-	(93,938)	93,938
Other changes	-	(4,907)	4,907
Net changes	<u>4,633,826</u>	<u>(8,159,628)</u>	<u>12,793,454</u>
Balance at 12/31/2018	<u>\$ 200,973,541</u>	<u>\$ 154,103,600</u>	<u>\$ 46,869,941</u>

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's Net Pension Liability:	\$75,439,154	\$46,869,941	\$23,615,046

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2019 the City recognized pension expense of \$7,198,186.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 144,351	\$ 2,025,882
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	8,365,487	-
Contributions subsequent to the measurement date	3,712,339	-
Total	\$ 12,222,177	\$ 2,025,882

\$3,712,339 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 2,387,093
2020	351,084
2021	583,290
2022	3,162,485
2023	-
Thereafter	-
Total	\$ 6,483,952

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)

Plan Description and Benefits Provided

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2018 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	377
Inactive employees entitled to but not yet receiving benefits	119
Active employees	<u>579</u>
Total	<u>1,075</u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retired term life insurance during employees' entire careers. Therefore, there are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The SDBF is considered an unfunded OPEB plan and benefit payments made by the City are treated as being equal to the City's yearly contribution for retirees.

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

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2017	0.17%	0.06%
2018	0.18%	0.07%
2019	0.19%	0.07%

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)

Total OPEB Liability

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

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Inflation	2.5%
Salary increases	3.5% to 10.5 % including inflation
Discount rate	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)

Total OPEB Liability - (Continued)

Changes in Total OPEB Liability

The following details the changes in the Total OPEB liability:

Balance at 9/30/18	\$ 2,195,914
Changes for the year:	
Service cost	60,588
Interest	73,337
Change of benefit terms	-
Difference between expected and actual experience	89,898
Change of assumptions	(154,486)
Benefit payments	<u>(21,206)</u>
Net changes	<u>48,131</u>
Balance at 09/30/19	<u>\$ 2,244,045</u>

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 3.71%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1.0% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1.0% Increase in Discount Rate (4.71%)
City's Total OPEB Liability:	\$2,662,624	\$2,244,045	\$1,920,409

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$155,650.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,026	\$ -
Changes in actuarial assumptions	104,736	123,773
Contributions subsequent to the measurement date	15,665	-
Total	\$ 192,427	\$ 123,773

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - (Continued)

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

Year ended December 31:	OPEB Expense Amount
2019	\$ 21,725
2020	21,725
2021	21,725
2022	(11,802)
2023	(383)
Thereafter	-
Total	\$ 52,990

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB)

Plan Description and Funding Policy

In addition to providing pension benefits, the City provides its retirees with postemployment health care benefits through a single-employer postemployment healthcare plan (the "plan"). Management of the plan is vested in the City of Victoria OPEB Advisory Board (the "Board"), which consists of four members - the City's Finance Director, Assistant Finance Director, and two City department directors. The City's Finance Director has the authority to recommend amendments to benefit terms to be voted on by the City Council.

In order for a City employee to be eligible for this benefit, he or she needs 20 years of service, attained the age of 60 with five years of service, or otherwise be eligible to retire under TMRS and receive a monthly TMRS annuity. The City elected to cap their contribution to the plan for existing retirees and long service employees and will no longer contribute to the cost for lesser service employees. Thus, the grandfathered group who will receive a City contribution is closed and, consequently, the liability will dwindle to zero.

Monthly premiums paid by retirees vary depending on date of retirement, longevity, age, type of plan chosen and Medicare coverage. Retirees, retired as of 12/31/08 (not yet age 65) with 30 years or more of service and with Medicare disability coverage, pay a monthly health premium of HDHP1-\$81.18 or HDHP2-\$73.29 or HDHP-\$74.79, without Medicare, HDHP1-\$162.36 or HDHP2-\$146.58; with 20 to 29 years of service and with Medicare coverage pay a monthly health premium of HDHP1-\$162.36 or HDHP2-\$146.58, without Medicare, HDHP1-\$324.72 or HDHP2-\$293.15.

Retirees, retired after 1/01/09 (not yet age 65) with 20 years or more of service and with Medicare disability coverage, pay a monthly health premium of HDHP1-\$133.90 or HDHP2-\$94.44, without Medicare, HDHP1-\$267.80 or HDHP2-\$188.88; with 10 to 19 years of service and with Medicare disability coverage pay a monthly health premium of HDHP1-\$201.90 or HDHP2-\$162.44, without Medicare, HDHP1-\$403.80 or HDHP2-\$324.88; with less than 10 years of service and with Medicare disability coverage pay a monthly health premium of HDHP1-\$235.90 or HDHP2-\$196.44, without Medicare HDHP1-\$471.80 or HDHP2-\$392.88.

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)

Plan Description and Funding Policy - (Continued)

Retirees, over age 65, were placed in a Retiree Exchange System and a Health Reimbursement Account for eligible retirees was established in fiscal year 2014. The premiums for each person are dependent on age, gender, and type of plan elected.

The retiree's dependents are allowed to participate in the plan; however, it is up to the retiree to pay for their dependent's health insurance premiums.

The City is under no obligation, statutory or otherwise, to pay any portion of the cost of postemployment benefits to any retirees. Allocation of City funds to pay other postemployment benefits is determined on an annual basis by the City Council as part of the budget process.

Other postemployment benefits are expensed and funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Health Plan Fund.

At the December 31, 2017 valuation and December 31, 2018 measurement date, the following represents the participants in the plan:

Inactive plan members or beneficiaries	
currently receiving benefits	158
Inactive plan members entitled to but not	
yet receiving benefits	-
Active plan members	<u>569</u>
Total plan members	<u>727</u>

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)Investments

The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board (1) to invest assets of the plan in a manner consistent with the following standards: (a) all transactions undertaken must be for the sole interest of plan beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments; (2) to provide for funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the plan; (3) to enhance the value of plan assets in real terms over the long-term, to minimize principal fluctuations over the time horizon of five years or longer; and (4) to achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the performance expectations included in the plan's investment policy. In order to meet the plan's investment objectives and the best balance between risk and return for optimal diversification, the Board has adopted the following asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Range</u>
Domestic Equity	39%	19%-59%
International Equity	21%	1%-41%
Other Growth Assets	0%	0%-20%
Fixed Income	40%	20%-60%
Other Income Assets	0%	0%-20%
Real Return Assets	0%	0%-20%
Cash Equivalents	<u>0%</u>	0%-20%
Total	<u>100%</u>	

There were no changes in the plan's investment policy during this reporting period. Fair value of the investments was determined by using the market approach and level one inputs were obtained to determine fair value under this approach. The internal rate of return on the plan investments was 23.59%. As of December 31, 2017, the plan had investments in one domestic equity mutual fund, three international equity mutual funds, and three fixed income mutual funds that exceeded 5% of the plan's fiduciary net position.

Net OPEB Liability*Actuarial Methods and Assumptions*

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. The actuarial methods and assumptions used in the December 31, 2017 valuation are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Closed, 19 years as of FYE19
Asset Valuation	Market Value
Investment Rate of Return	6.50 %, net of investment expenses, including inflation
Inflation	2.5%
Salary Increases	3.50% to 10.50%, including inflation

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)

Net OPEB Liability - (Continued)

Actuarial Methods and Assumptions - (Continued)

Demographic Assumptions

Based on the experience study covering the four-year period ending December 31, 2014 as conducted for TMRS.

Mortality

For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Participation Rates

It was assumed that retirees would choose to receive retiree health care benefits through the City of Victoria according to the schedule below:

Service with Victoria as of 1/1/2009	Pre-65 Election Percentage
<10	15%
10-19	35%
20+	70%

Since retirees must be on the City's plan upon attainment of age 65 in order to be eligible for City contributions to a Retiree Reimbursement Account (RRA), the rates above were multiplied by 120% at ages 63 and 64 for those eligible for RRA contributions. In addition, it was assumed that 100% of employees retiring after the age of 65, who are eligible to receive a RRA contribution from the City, would participate.

Healthcare Cost Trend Rates

Initial rates of 7.50% declining to ultimate rates of 4.25% after 15 years.

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)

Net OPEB Liability - (Continued)

Changes in Net OPEB Liability

The following details the changes in the Net OPEB liability:

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 12,237,467	\$ 1,845,298	\$ 10,392,169
Changes for the year:			
Service cost	127,975	-	127,975
Interest	766,878	-	766,878
Difference between expected and actual experience	(34,004)	-	(34,004)
Change of assumptions	-	-	-
Employer contributions	-	1,064,672	(1,064,672)
Net investment income	-	(99,554)	99,554
Benefit payments	(1,006,672)	(1,006,672)	-
Administrative expense	-	(8,579)	8,579
Other changes	-	(903)	903
Net changes	<u>(145,823)</u>	<u>(51,036)</u>	<u>(94,787)</u>
Balance at 12/31/2018	<u>\$ 12,091,644</u>	<u>\$ 1,794,262</u>	<u>\$ 10,297,382</u>

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.5%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1.0% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1.0% Increase in Discount Rate (7.5%)
City's Net OPEB Liability:	\$11,230,985	\$10,297,382	\$9,470,377

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Net OPEB Liability of the City, calculated using the trend rate, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1.0% Decrease in Trend Rate	Trend Rate	1.0% Increase in Trend Rate
City's Net OPEB Liability:	\$9,780,665	\$10,297,382	\$10,888,528

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$795,417.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 29,314
Changes in actuarial assumptions	-	-
Differences between projected and actual investments	96,097	-
Contributions subsequent to the measurement date	1,151,477	
Total	\$ 1,247,574	\$ 29,314

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

Year ended September 30:	OPEB Expense Amount
2020	\$ 12,603
2021	12,603
2022	12,603
2023	39,524
2024	(4,691)
Thereafter	(5,858)
Total	\$ 66,784

NOTE 10: SELF-INSURANCE

The City maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumed all risk up to \$175,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. The reinsurance premiums were \$484,819 and \$488,361 for the fiscal years ended September 30, 2019 and 2018, respectively. 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 an actuary through the City's health plan administrator. During the fiscal years ended September 30, 2019 and 2018, the City paid health claims of \$6,726,041 and \$6,765,715. The fund incurred a net loss for the year of \$190,184 compared to a net loss of \$1,181,561 for the prior year.

NOTE 10: SELF-INSURANCE - (Continued)

Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
Fiscal Year 2015	\$ 380,635	\$ 6,013,558	\$ 5,947,863	\$ 446,330
Fiscal Year 2016	446,330	5,619,836	5,336,043	730,123
Fiscal Year 2017	730,123	6,792,828	6,235,428	1,287,523
Fiscal Year 2018	1,287,523	6,765,715	7,382,617	670,621
Fiscal Year 2019	670,621	6,726,041	6,976,408	420,254

The City established an internal service fund called Workers' Compensation Fund in the fiscal year 1989-1990 to account for and finance its uninsured risk of loss. Under this program the Workers' Compensation Fund provides coverage for up to a maximum of \$350,000 for each workers' compensation claim. Any excess over the maximum self-insured amount would be covered by the City's workers' compensation insurance.

All funds of the City participate in the program and make payments to the Workers' Compensation Fund based on actuarial estimates of the amount needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

The claim liability of \$242,864 and \$144,790, for the fiscal years 2018-2019 and 2017-2018, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As a result of this, the Workers' Compensation Fund incurred a fund loss of \$112,032 in fiscal year 2019 compared to a fund surplus of \$275,977 in fiscal year 2018. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

	<u>Beginning Liability</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
Fiscal Year 2015	\$ 218,637	\$ 263,460	\$ 218,488	\$ 263,609
Fiscal Year 2016	263,609	410,121	399,367	274,363
Fiscal Year 2017	274,363	149,049	218,509	204,903
Fiscal Year 2018	204,903	106,315	166,428	144,790
Fiscal Year 2019	144,790	332,589	234,515	242,864

NOTE 10: SELF-INSURANCE - (Continued)

The City was insured in the area of general liability, police liability, and public officials liability for the fiscal year ending September 30, 1988. On September 26, 1988, by Council resolution, the City decided to purchase insurance coverage for all risk areas; and created an internal service fund, the Safety Management Fund, to account for liability and casualty insurance premiums as well as for any claim payments made in areas of self-insurance. Under this program, the City is insured up to a combined single limit that ranges from \$5,000,000 to \$1,000,000 with various deductible amounts. For the fiscal years 2019 and 2018, total contributions from the various City funds totaled \$849,150 and \$762,600, respectively. During the fiscal years 2019 and 2018, the City paid \$659,236 and \$611,535 in reinsurance premiums and \$6,461 and \$32,847 in legal fees and claims. In addition to this, the fund incurred a net income of \$54,019, compared to a net loss of (\$16,793) for the prior year. Full insurance coverage was in effect for the year ended September 30, 2019. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

The City purchases commercial insurance coverage for fleet liability, contractors' equipment, comprehensive property damage, comprehensive general liability, police professional liability, public official errors and omissions, electronic data processing physical damage, employee benefits liability, radio towers, boilers and machinery, and employee dishonesty coverage. There have been no significant reductions in insurance coverage during the fiscal year 2019. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

NOTE 11: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Effective January, 1997, the assets were transferred to trusts for the exclusive benefit of the participants and their beneficiaries.

NOTE 12: LONG-TERM DEBTA. Changes In Long-term Liabilities

Long-term liability activity for the year ended September 30, 2019, 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	\$ 17,420,000	\$ -	\$ 865,000	\$ 16,555,000	\$ 890,000
General obligation bonds	57,285,000	-	6,905,000	50,380,000	9,090,000
Less deferred amounts:					
Issuance premiums	<u>5,571,287</u>	<u>-</u>	<u>584,260</u>	<u>4,987,027</u>	<u>-</u>
Net bonds and certificates payable	80,276,287	-	8,354,260	71,922,027	9,980,000
Capital lease payable	-	1,479,113	739,557	739,556	739,556
Net pension liability	28,832,116	10,468,330	-	39,300,446	-
OPEB liability	10,650,777	-	134,790	10,515,987	-
Compensated absences	<u>1,359,506</u>	<u>1,425,899</u>	<u>1,831,807</u>	<u>953,598</u>	<u>48,302</u>
Total governmental activity					
long-term liabilities	<u>\$ 121,118,686</u>	<u>\$ 13,373,342</u>	<u>\$ 11,060,414</u>	<u>\$ 123,431,614</u>	<u>\$ 10,767,858</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 56,915,000	\$ -	\$ 7,155,000	\$ 49,760,000	\$ 7,425,000
Less deferred amounts:					
Issuance premiums	<u>5,066,864</u>	<u>-</u>	<u>524,494</u>	<u>4,542,370</u>	<u>-</u>
Net bonds payable	61,981,864	-	7,679,494	54,302,370	7,425,000
Capital lease payable	368,721	-	81,902	286,819	84,812
Estimated landfill closure and postclosure care cost	4,137,543	101,046	-	4,238,589	-
Net pension liability	5,244,371	2,325,125	-	7,569,496	-
OPEB liability	1,937,306	88,134	-	2,025,440	-
Compensated absences	<u>231,560</u>	<u>267,705</u>	<u>346,330</u>	<u>152,935</u>	<u>7,747</u>
Total business-type activity					
long-term liabilities	<u>\$ 73,901,365</u>	<u>\$ 2,782,010</u>	<u>\$ 8,107,726</u>	<u>\$ 68,575,649</u>	<u>\$ 7,517,559</u>

NOTE 12: LONG-TERM DEBT - (Continued)**B. General Obligation Certificates and Bonds**

Bonds and certificates payable at September 30, 2019, are comprised of the following individual issues:

\$8,715,000 2010 General Obligation Refunding Bonds due in annual installments ranging from \$105,000 to \$1,260,000 through August 15, 2023; interest varying between 2.00% and 4.00%.	\$ 3,665,000
\$9,740,000 2011 Pass-Through Toll Revenue and Limited Tax Bonds due in annual installments ranging from \$375,000 to \$730,000 through August 15, 2028; interest varying between 2.00% and 4.00%.	3,155,000
\$3,910,000 2012 General Obligation Refunding Bonds due in annual installments ranging from \$320,000 to \$385,000 through August 15, 2023; interest varying between 2.00% and 2.25%.	1,510,000
\$3,810,000 2012 Certificates of Obligation due in annual installments ranging from \$145,000 to \$250,000 through August 15, 2032; interest varying between 2.00% and 3.75%.	2,715,000
\$9,075,000 2013A General Obligation Refunding Bonds due in annual installments ranging from \$170,000 to \$1,000,000 through August 15, 2026; interest varying between 2.00% and 3.00%.	6,435,000
\$15,940,000 2013B General Obligation Refunding Bonds due in annual installments ranging from \$260,000 to \$1,250,000 through August 15, 2023; interest varying between 3.00% and 4.49%.	5,855,000
\$9,095,000 2013 Certificates of Obligation due in annual installments ranging from \$325,000 to \$455,000 through August 15, 2025; interest varying between 3.00% and 4.49%.	7,025,000
\$5,945,000 2014 Certificates of Obligation due in annual installments ranging from \$235,000 to \$400,000 through August 15, 2034; interest varying between 2.00% and 4.00%.	4,720,000
\$11,770,000 2015 General Obligation Refunding Bonds due in annual installments ranging from \$90,000 to \$1,480,000 through August 15, 2027; interest varying between 2.00% and 4.00%.	10,025,000
\$2,445,000 2015 Certificates of Obligation due in annual installments ranging from \$85,000 to \$170,000 through August 15, 2035; interest varying between 3.00% and 5.00%.	2,095,000
\$21,880,000 2017 General Obligation Refunding Bonds due in annual installments ranging from \$840,000 to \$2,280,000 through August 15, 2030; interest varying between 4.00% and 5.00%.	<u>19,735,000</u>
Total General Obligation Certificates and Bonds	<u>\$ 66,935,000</u>

NOTE 12: LONG-TERM DEBT - (Continued)

B. General Obligation Certificates and Bonds - (Continued)

The City generally issues general obligation certificates and bonds to provide funds for the construction of improvements to various City infrastructures and for the payment of related contractual obligations for professional services. The proceeds from the 2011 Pass-Through Toll Revenue and Limited Tax Bonds will be used for the purpose of paying the City's obligations arising under the agreement for improvements to the State Highway Loop 463 and costs associated with issuing the bonds. Payments on these bonds will be reimbursed by the Texas Department of Transportation through a pass-through toll contract as well as funds pledged by the County of Victoria, Texas over an eleven-year period beginning with 2014.

Annual debt service requirements to maturity for certificates of obligation and general obligation bonds are as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 9,980,000	\$ 2,607,081	\$ 12,587,081
2021	7,115,000	2,274,042	9,389,042
2022	7,370,000	2,008,841	9,378,841
2023	7,640,000	1,731,306	9,371,306
2024	5,055,000	1,455,007	6,510,007
2025-2029	21,495,000	2,923,295	24,418,295
2030-2034	8,110,000	826,430	8,936,430
2035	170,000	6,800	176,800
Total	<u>\$ 66,935,000</u>	<u>\$ 13,832,802</u>	<u>\$ 80,767,802</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$28,973 of internal service funds' compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences and other post employment benefits are generally liquidated by the General Fund.

NOTE 12: LONG-TERM DEBT - (Continued)

C. Revenue Bonds

Revenue bonds payable are comprised of the following individual issues:

\$6,555,000 2008 Utility System Revenue Bonds, Series 2008 due in annual installments ranging from \$230,000 to \$505,000 through December 1, 2028; interest varying between 4.00% and 5.00%.	\$ 345,000
\$24,590,000 2009 Utility System Revenue Refunding Bonds, Series 2009 due in annual installments ranging from \$1,390,000 to \$3,695,000 through December 1, 2023; interest varying between 3.00% and 5.00%.	6,325,000
\$7,550,000 2010 Utility System Revenue Bonds, Series 2010 due in annual installments ranging from \$270,000 to \$530,000 through December 1, 2031; interest varying between 2.00% and 4.00%.	1,080,000
\$9,155,000 2012 Utility System Revenue Bonds, Series 2012 due in annual installments ranging from \$245,000 to \$410,000 through December 1, 2032; interest varying between 2.00% and 3.75%.	5,835,000
\$19,425,000 2014 Utility System Revenue Bonds, Series 2014 due in annual installments ranging from \$625,000 to \$1,430,000 through December 1, 2034; interest varying between 2.00% and 5.00%.	4,640,000
\$4,620,000 2015 Utility System Revenue Refunding Bonds, Series 2015 due in annual installments ranging from \$50,000 to \$750,000 through December 1, 2027; interest varying between 3.00% and 4.00%.	4,345,000
\$7,880,000 2015 Utility System Revenue Refunding Bonds, Series B 2015 due in annual installments ranging from \$115,000 to \$2,135,000 through December 1, 2021; interest at 4.00%.	1,615,000
\$9,150,000 2016 Utility System Revenue Refunding Bonds, Series 2016 due in annual installments ranging from \$80,000 to \$2,285,000 through December 1, 2027; interest varying between 2.00% and 4.00%.	8,815,000
\$16,760,000 2017 Utility System Revenue Refunding Bonds, Series 2017 due in annual installments ranging from \$235,000 to \$1,665,000 through December 1, 2034; interest varying between 4.00% and 5.00%.	<u>16,760,000</u>
Total Revenue Bonds	<u>\$ 49,760,000</u>

NOTE 12: LONG-TERM DEBT - (Continued)

C. Revenue Bonds - (Continued)

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

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2020	\$ 7,425,000	\$ 1,809,495	\$ 9,234,495
2021	6,490,000	1,546,338	8,036,338
2022	5,785,000	1,335,087	7,120,087
2023	4,585,000	1,174,212	5,759,212
2024	2,785,000	1,054,488	3,839,488
2025-2029	13,600,000	3,474,796	17,074,796
2030-2034	7,720,000	1,083,885	8,803,885
2035	1,370,000	27,400	1,397,400
Total	<u>\$ 49,760,000</u>	<u>\$ 11,505,701</u>	<u>\$ 61,265,701</u>

The revenue bond debt agreements contain certain requirements regarding the establishment and funding of an interest and sinking fund which is required to be funded only after net revenues for any fiscal year are less than 1.35 times the average annual debt service requirements of all outstanding parity obligations. In addition, the agreements provide that the City maintain a coverage ratio of at least 1.25 times the average annual debt service or 1.10 times the maximum annual debt service.

The City has pledged future water customer revenues, net of specified operating expenses to repay \$49.8 million in utility system revenue bonds issued. Proceeds from the bonds provided financing for improvements to the City's utility system. The bonds are payable from Water and Wastewater Fund net revenues and are payable through 2035. Average annual principal and interest payments on the bonds (\$3,829,106) are expected to require approximately 34 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$9,253,990 and \$15,975,809, respectively. The total principal and interest remaining to be paid on the bonds is \$61,265,700.

The revenue bond debt agreements contain certain requirements regarding the establishment and funding of a debt service fund and a reserve fund. The City complied in all respects as of September 30, 2019.

D. Capital Leases

Capital leases payable at September 30, 2019, are comprised of the following leases:

Lease purchase agreement on turf equipment for the Golf Course. The original amount of the lease, entered into in 2018, was \$428,298. The lease is payable in monthly installments of \$7,791 and bears interest at a rate of 3.496%. \$ 286,819

Lease purchase agreement on communication equipment for the fire and police departments. The original amount of the lease, entered into in 2019, was \$1,479,113. The lease is payable in two annual installments of \$739,556 and bears interest at a rate of 0.00%. 739,556

\$ 1,026,375

NOTE 12: LONG-TERM DEBT - (Continued)**D. Capital Leases - (Continued)**

The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Machinery and equipment	\$ 1,479,113	\$ 428,298	\$ 1,907,411
	1,479,113	428,298	1,907,411
Less: Accumulated depreciation	<u>(197,215)</u>	<u>(149,904)</u>	<u>(347,119)</u>
	<u>\$ 1,281,898</u>	<u>\$ 278,394</u>	<u>\$ 1,560,292</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2020	\$ 739,556	\$ 93,489	\$ 833,045
2021	-	93,489	93,489
2022	-	93,489	93,489
2023	-	23,373	23,373
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	739,556	303,840	\$ 1,043,396
Less: Amount representing interest	<u>-</u>	<u>(17,021)</u>	<u>(17,021)</u>
Present value of minimum lease payments	<u>\$ 739,556</u>	<u>\$ 286,819</u>	<u>\$ 1,026,375</u>

E. Rebatable Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The rebatable arbitrage liability is \$0 at September 30, 2019.

NOTE 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the City 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 September 30, 2019, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Hurricane Program Grant	\$ 2,000,000
	Nonmajor Governmental	305,940
Debt Service	Capital Construction (3036)	536,213
Water and Wastewater	Hurricane Program Grant	1,500,000
Environmental Services	Hurricane Program Grant	2,500,000
Nonmajor Governmental	General	2,473
Nonmajor Business-type	General	975
Internal Service	General	616,802
	Water and Wastewater	119,375
	Environmental Services	16,670
	Nonmajor Governmental	593
	Nonmajor Business-type	6,646
	Other	19,101
		<u>\$ 7,624,788</u>

B. Interfund Transfers

Each year various funds of the City transfer funds to other funds. The most significant of these are the planned transfers from the City's enterprise funds to specified governmental funds. These transfers are intended to provide the necessary resources to meet the operating and debt service obligations of the receiving funds. 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>Debt Service</u>	<u>Capital Construction (3037)</u>	<u>Nonmajor Govt.</u>	<u>Nonmajor Bus.-type</u>	<u>Other</u>	
General	\$ -	\$ -	\$ 2,785,288	\$ 884,840	\$ -	\$ 66,766	\$ 3,736,894
Capital Const. (3036)	-	1,216,558	-	-	-	158,000	1,374,558
Nonmajor Govt.	5,663	-	-	-	450,000	697,566	1,153,229
Water and Wwater.	2,594,900	-	-	-	-	363,335	2,958,235
Environmental Srvs.	587,167	-	-	-	-	341,333	928,500
Nonmajor Bus.-type	34,930	-	-	-	-	2,000	36,930
	<u>\$ 3,222,660</u>	<u>\$ 1,216,558</u>	<u>\$ 2,785,288</u>	<u>\$ 884,840</u>	<u>\$ 450,000</u>	<u>\$ 1,629,000</u>	<u>\$ 10,188,346</u>

NOTE 14: RELATED PARTY TRANSACTIONS

During fiscal year 2019, the Sales Tax Development Corporation, a discretely presented component unit of the City, contributed \$11,933,281 to the City. The contributions consisted of \$10,313,581 to Capital Construction Fund (3037) and \$1,619,700 to the Water and Wastewater Capital Construction Fund. In addition to cash transfers, the Sales Tax Development Corporation paid \$755,385 towards the rehabilitation of Water Tower #5 and Crestwood Utility and Reconstruction Project.

NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT

In prior years the City defeased certain general obligation bonds and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the City's financial statements. At September 30, 2019, \$19,305,000 of bonds outstanding is considered defeased.

NOTE 16: COMMITMENTS AND CONTINGENCIES**Grant Programs**

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2019, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 17: CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the useful life of the landfill. The estimated remaining useful life of the entire landfill at September 30, 2019, is 20 years.

As of September 30, 2019, the City is in compliance with state and federal laws and regulations concerning "financial assurances". The City currently has a contract with Republic Waste Services of Texas, Ltd., which is currently operating the landfill for the City. As per the contract agreement, Republic Waste Services of Texas, Ltd. "will be responsible for completing, at its cost, closure and post closure of any area of the landfill in which new waste disposal cells are constructed by operator and which is filled to the final grades authorized in the permit by operator during the operating term." The City will be responsible for prior existing cells, and has established a closure/post-closure fund to accommodate those future liabilities. The total permitted landfill acres is 135.6. The landfill acres allocation for closure and post-closure liability responsibility is as follows:

NOTE 17: CLOSURE AND POSTCLOSURE CARE COSTS - (Continued)

- City of Victoria – 72.7 acres:
 - 46.6 acres (100%) was “capped” (final cover) in fiscal year 2015:
 - Closure cost liability, as of September 30, 2019: \$0
 - Post-closure liability, as of September 30, 2019: \$1,712,459
 - 26.1 acres (50%) has approximately 7 years useful life left.
 - Closure cost liability, as of September 30, 2019: \$1,616,322
 - Post-closure liability, as of September 30, 2019: \$909,807
- Republic Waste Services of Texas, Ltd. - 62.9 acres, responsible for closure and post-closure cost.

The City's estimated liability for landfill closure and post-closure care costs has a balance of \$4,238,589, \$4,137,543, and \$4,036,498 as of September 30, 2019, 2018, and 2017 respectively, determined by calculating the lapsed portion of the landfill's life. In fiscal year 2015, the City capped 46.6 acres at a cost of \$3.2 million. It is estimated that an additional \$900k will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the City's landfill acres is expected to be filled to capacity. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 18: LITIGATION

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

NOTE 19: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2019:

	Governmental Fund Balances				Total
	Nonspendable	Restricted	Committed	Unassigned	
General					
Inventory	\$ 454,055	\$ -	\$ -	\$ -	\$ 454,055
Outstanding encumbrances					
General government (Finance; HR; City Secretary)	-	-	16,818	-	16,818
Public safety (Police; Fire)	-	-	157,353	-	157,353
Development (Streets; Traffic Control; GIS; Planning)	-	-	593,394	-	593,394
Parks and recreation (Library; Parks)	-	-	116,221	-	116,221
Unassigned	-	-	-	18,849,805	18,849,805
Debt Service					
Retirement of long-term debt	-	1,196,519	-	-	1,196,519
Hurricane Program Grant					
Public safety	-	332,458	-	-	332,458
Capital Construction (3036)					
Various capital projects	-	10,991,804	-	-	10,991,804
Capital Construction (3037)					
Various capital projects	-	5,079,429	-	-	5,079,429
Nonmajor Governmental					
Arts, tourism and conventions	-	2,636,569	-	-	2,636,569
Police department	-	265,832	-	-	265,832
Fire department	-	18,861	-	-	18,861
Emergency management	-	53,432	-	-	53,432
Municipal court security and technology	-	68,900	-	-	68,900
Various capital projects	-	74,954	-	-	74,954
Unassigned	-	-	-	(123,247)	(123,247)
	<u>\$ 454,055</u>	<u>\$ 20,718,758</u>	<u>\$ 883,786</u>	<u>\$ 18,726,558</u>	<u>\$ 40,783,157</u>

NOTE 20: SUBSEQUENT EVENTS

In October 2019 the City issued General Obligation Refunding Bonds, Series 2019 of \$5,750,000, due in annual installments ranging from \$30,000 to \$620,000 through 2033, and interest varying between 3.00% and 5.00% to advance refund \$5,860,000 of the City's Certificates of Obligation, Taxable Series 2013 Bonds, which were still outstanding in the amount of \$7,025,000, with interest rates ranging from 3.00% to 4.49%. 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-type activities column of the statement of net position. The net proceeds available for refunding bonds in the amount of \$6,434,290 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 \$858,272 and an increase in cash flow of \$981,923.

In October 2019, the City issued Certificates of Obligation, Series 2019 of \$1,960,000. The bonds are due in annual installments ranging from \$75,000 to \$330,000 through 2039 with interest varying from 2.50% to 4.00%. The proceeds from the sale of the bonds will be used to reconstruct City residential streets and to pay costs of issuance of the certificates.

In January 2020, the City redeemed the August 2021-2025 outstanding principal maturities on its 2011 Pass-through Toll Revenue and Limited Tax Bonds totaling \$2,675,000. The City has plans to fully redeem the bonds by the end of fiscal year 2020.

Required Supplementary Information

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019			Variance Positive (Negative)	2018 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes	\$ 37,553,248	\$ 37,553,248	\$ 38,919,875	\$ 1,366,627	\$ 38,507,478
Licenses and permits	942,490	942,490	1,054,913	112,423	1,569,257
Intergovernmental	2,305,350	2,305,350	2,312,733	7,383	2,182,246
Charges for services	2,285,025	2,285,025	2,523,737	238,712	2,814,566
Fines and forfeitures	1,124,800	1,124,800	933,149	(191,651)	1,073,462
Investment income	175,000	175,000	617,488	442,488	352,290
Miscellaneous	328,988	328,988	353,909	24,921	272,532
Total revenues	<u>44,714,901</u>	<u>44,714,901</u>	<u>46,715,804</u>	<u>2,000,903</u>	<u>46,771,831</u>
EXPENDITURES					
General government	3,739,385	3,812,212	3,718,044	94,168	3,480,069
Public safety	29,635,592	30,201,871	30,901,431	(699,560)	27,476,695
Development	8,430,635	8,899,787	7,456,399	1,443,388	6,616,191
Building services	739,841	739,841	630,312	109,529	534,738
Recreation	5,931,750	6,060,450	5,665,057	395,393	4,896,417
Total expenditures	<u>48,477,203</u>	<u>49,714,161</u>	<u>48,371,243</u>	<u>1,342,918</u>	<u>43,004,110</u>
Excess (deficiency) of revenues over expenditures	(3,762,302)	(4,999,260)	(1,655,439)	3,343,821	3,767,721
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	-	-	1,479,113	1,479,113	-
Transfers in	3,216,997	3,216,997	3,222,660	5,663	3,921,042
Transfers out	(4,106,098)	(4,106,098)	(3,736,894)	369,204	(3,235,092)
Total other financing sources (uses)	<u>(889,101)</u>	<u>(889,101)</u>	<u>964,879</u>	<u>1,853,980</u>	<u>685,950</u>
Change in fund balance	(4,651,403)	(5,888,361)	(690,560)	5,197,801	4,453,671
Fund balance at beginning of year	<u>20,878,206</u>	<u>20,878,206</u>	<u>20,878,206</u>	<u>-</u>	<u>16,424,535</u>
Fund balance at end of year	<u>\$ 16,226,803</u>	<u>\$ 14,989,845</u>	<u>\$ 20,187,646</u>	<u>\$ 5,197,801</u>	<u>\$ 20,878,206</u>

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION

Last ten years

	Measurement Year		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ 3,340,351	\$ 3,904,588	\$ 4,135,668
Interest (on the total pension liability)	11,630,300	12,002,074	12,066,856
Difference between expected and actual experience	(1,479,799)	(631,245)	600,195
Change of assumptions	-	283,542	-
Benefit payments, including refunds of employee contributions	<u>(8,631,810)</u>	<u>(8,292,008)</u>	<u>(8,436,906)</u>
Net Change in Total Pension Liability	4,859,042	7,266,951	8,365,813
Total Pension Liability - Beginning	<u>168,792,867</u>	<u>173,651,909</u>	<u>180,918,860</u>
Total Pension Liability - Ending (a)	<u>\$ 173,651,909</u>	<u>\$ 180,918,860</u>	<u>\$ 189,284,673</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,771,378	\$ 5,127,357	\$ 5,031,579
Contributions - Employee	1,621,816	1,772,128	1,809,920
Net investment income	7,626,946	204,564	9,279,365
Benefit payments, including refunds of employee contributions	(8,631,810)	(8,292,008)	(8,436,906)
Administrative expense	(79,635)	(124,601)	(104,808)
Other	<u>(6,547)</u>	<u>(6,154)</u>	<u>(5,648)</u>
Net Change in Plan Fiduciary Net Position	5,302,148	(1,318,714)	7,573,502
Plan Fiduciary Net Position - Beginning	<u>133,334,163</u>	<u>138,636,311</u>	<u>137,317,597</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 138,636,311</u>	<u>\$ 137,317,597</u>	<u>\$ 144,891,099</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 35,015,598</u>	<u>\$ 43,601,263</u>	<u>\$ 44,393,574</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.84%	75.90%	76.55%
Covered Payroll	\$ 27,030,262	\$ 29,535,465	\$ 30,165,336
Net Pension Liability as a Percentage of Covered Payroll	129.54%	147.62%	147.17%

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

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

Measurement Year	
2017	2018
\$ 4,100,496	\$ 4,150,267
12,600,532	13,054,511
(325,250)	(2,541,589)
-	-
<u>(9,320,736)</u>	<u>(10,029,363)</u>
7,055,042	4,633,826
<u>189,284,673</u>	<u>196,339,715</u>
<u>\$ 196,339,715</u>	<u>\$ 200,973,541</u>

\$ 4,928,367	\$ 5,010,611
1,793,220	1,817,635
20,080,623	(4,859,666)
(9,320,736)	(10,029,363)
(104,070)	(93,938)
<u>(5,275)</u>	<u>(4,907)</u>
17,372,129	(8,159,628)
<u>144,891,099</u>	<u>162,263,228</u>
<u>\$ 162,263,228</u>	<u>\$ 154,103,600</u>
<u>\$ 34,076,487</u>	<u>\$ 46,869,941</u>

82.64% 76.68%

\$ 29,887,001 \$ 30,293,918

114.02% 154.72%

CITY OF VICTORIA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION
Last ten fiscal years

	Fiscal Year		
	2015	2016	2017
Actuarially Determined Contribution	\$ 4,874,372	\$ 5,052,004	\$ 4,959,283
Contribution in relation to the actuarially determined contribution	<u>(4,926,182)</u>	<u>(5,106,741)</u>	<u>(5,011,087)</u>
Contribution deficiency (excess)	<u>\$ (51,810)</u>	<u>\$ (54,737)</u>	<u>\$ (51,804)</u>
Covered payroll	\$ 27,967,308	\$ 29,953,292	\$ 29,977,506
Contributions as a percentage of covered payroll	17.61%	17.05%	16.72%

NOTE: Information for the prior five fiscal years was not readily available. The City will compile the respective information over the next five fiscal years.

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

Fiscal Year	
<u>2018</u>	<u>2019</u>
\$ 4,967,335	\$ 5,128,686
<u>(5,020,606)</u>	<u>(5,187,133)</u>
\$ <u>(53,271)</u>	\$ <u>(58,447)</u>
\$ 30,057,425	\$ 30,940,128
16.70%	16.77%

CITY OF VICTORIA, TEXAS

*SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
Last ten years*

	Measurement Year	
	2017	2018
Total OPEB Liability		
Service cost	\$ 50,808	\$ 60,588
Interest (on the total OPEB liability)	73,051	73,337
Change of benefit terms	-	-
Difference between expected and actual experience	-	89,898
Change of assumptions	173,869	(154,486)
Benefit payments	<u>(17,932)</u>	<u>(21,206)</u>
Net Change in Total OPEB Liability	279,796	48,131
Total OPEB Liability - Beginning	<u>1,916,118</u>	<u>2,195,914</u>
Total OPEB Liability - Ending	<u>\$ 2,195,914</u>	<u>\$ 2,244,045</u>
Covered Payroll	\$ 29,887,001	\$ 30,293,918
Total OPEB Liability as a Percentage of Covered Payroll	7.35%	7.41%

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

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT

Last ten fiscal years

	Fiscal Year	
	2018	2019
Actuarially Determined Contribution	\$ 20,208	\$ 21,658
Contribution in relation to the actuarially determined contribution	(20,208)	(21,658)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 30,057,425	\$ 30,940,128
Contributions as a percentage of covered payroll	0.0672%	0.0700%

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

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTHCARE

Last ten years

	Measurement Year	
	2017	2018
Total OPEB Liability		
Service cost	\$ 124,247	\$ 127,975
Interest (on the total OPEB liability)	769,282	766,878
Difference between expected and actual experience	-	(34,004)
Change of assumptions	-	-
Benefit payments	<u>(858,080)</u>	<u>(1,006,672)</u>
Net Change in Total OPEB Liability	35,449	(145,823)
Total OPEB Liability - Beginning	<u>12,202,018</u>	<u>12,237,467</u>
Total OPEB Liability - Ending (a)	<u>\$ 12,237,467</u>	<u>\$ 12,091,644</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 1,000,080	\$ 1,064,672
OPEB plan net investment income	234,929	(99,554)
Benefit payments	(858,080)	(1,006,672)
OPEB plan administrative expense	(8,160)	(8,579)
Other	<u>-</u>	<u>(903)</u>
Net Change in Plan Fiduciary Net Position	368,769	(51,036)
Plan Fiduciary Net Position - Beginning	<u>1,476,529</u>	<u>1,845,298</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,845,298</u>	<u>\$ 1,794,262</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 10,392,169</u>	<u>\$ 10,297,382</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	15.08%	14.84%
Covered Payroll	\$ 30,181,968	\$ 30,702,381
Net OPEB Liability as a Percentage of Covered Payroll	34.43%	33.54%

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

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

CITY OF VICTORIA, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREE HEALTHCARE
Last ten fiscal years

	Fiscal Year	
	2018	2019
Actuarially Determined Contribution	\$ 1,050,147	\$ 1,054,239
Contribution in relation to the actuarially determined contribution	<u>(1,192,162)</u>	<u>(1,440,166)</u>
Contribution deficiency (excess)	<u>\$ (142,015)</u>	<u>\$ (385,927)</u>
Covered payroll	\$ 30,414,370	\$ 31,186,941
Contributions as a percentage of covered payroll	3.9197%	4.6178%

NOTE: Information for the prior eight years was not readily available. The City will compile the respective information over the next eight years as provided by actuaries.

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

CITY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2019

NOTE 1: BUDGETARY INFORMATION

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The Required Supplementary Information does not include a budgetary comparison schedule for the Major Special Revenue Fund, Hurricane Program Grant. The activity of the fund 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: BUDGETARY LEGAL COMPLIANCE

Budgetary compliance is monitored at the departmental level in the General Fund. There were several situations of expenditures exceeding the amounts appropriated during the fiscal year 2018-2019.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Non-departmental	\$ 981,725	\$ 1,012,297	\$ 30,572
Police	15,879,958	16,509,736	629,778
Fire	13,962,068	14,036,102	74,034

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

NOTE 3: DEFINED BENEFIT PENSION PLAN

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 year Smoothed Market; 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014

NOTE 3: DEFINED BENEFIT PENSION PLAN - (Continued)

Methods and Assumptions Used to Determine Contribution Rates - (Continued)

Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
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Other Information

There were no benefit changes during the year.

NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB

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

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

NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB

Valuation Date

December 31, 2017

Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Closed, 19 years as of FYE19
Asset Valuation	Market Value
Investment Rate of Return	6.50 %, net of investment expenses, including inflation
Inflation	2.5%
Salary Increases	3.50% to 10.5%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for TMRS.
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB - (Continued)

Methods and Assumptions - (Continued)

Healthcare Cost Trend Rates Initial rates of 7.50% declining to ultimate rates of 4.25% after 15 years.

Participation Rates It was assumed that retirees would choose to receive retiree health care benefits through the City of Victoria according to the schedule below:

Service with Victoria as of 1/1/2009	Pre-65 Election Percentage
<10	15%
10-19	35%
20+	70%

Since retirees must be on the City's plan upon attainment of age 65 in order to be eligible for City contributions to a Retiree Reimbursement Account (RRA), the rates above were multiplied by 120% at ages 63 and 64 for those eligible for RRA contributions. In addition, it was assumed that 100% of employees retiring after the age of 65, who are eligible to receive a RRA contribution from the City, would participate.

Combining and Individual Fund Statements and Schedules

CITY OF VICTORIA, TEXAS
 ALL NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 September 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,083,077	\$ 74,954	\$ 3,158,031
Receivables (net)	681,612	-	681,612
Due from other funds	2,473	-	2,473
Total assets	<u>\$ 3,767,162</u>	<u>\$ 74,954</u>	<u>\$ 3,842,116</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 352,225	\$ -	\$ 352,225
Accrued expenditures	14,237	-	14,237
Due to other funds	306,533	-	306,533
Unearned revenue	50,573	-	50,573
Total liabilities	<u>723,568</u>	<u>-</u>	<u>723,568</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	123,247	-	123,247
Total deferred inflows of resources	<u>123,247</u>	<u>-</u>	<u>123,247</u>
Fund balances			
Restricted			
Arts, tourism and conventions	2,636,569	-	2,636,569
Public safety	338,125	-	338,125
Municipal court	68,900	-	68,900
Various capital projects	-	74,954	74,954
Unassigned	(123,247)	-	(123,247)
Total fund balances	<u>2,920,347</u>	<u>74,954</u>	<u>2,995,301</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,767,162</u>	<u>\$ 74,954</u>	<u>\$ 3,842,116</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the year ended September 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,928,884	\$ -	\$ 1,928,884
Intergovernmental	965,347	-	965,347
Fines and forfeitures	73,386	-	73,386
Investment income	29,389	76	29,465
Miscellaneous	467,926	74,954	542,880
Total revenues	<u>3,464,932</u>	<u>75,030</u>	<u>3,539,962</u>
EXPENDITURES			
Current			
General government	433,763	-	433,763
Public safety	754,221	-	754,221
Development	348,398	-	348,398
Recreation	1,245,762	15,913	1,261,675
Total expenditures	<u>2,782,144</u>	<u>15,913</u>	<u>2,798,057</u>
Excess (deficiency) of revenues over expenditures	682,788	59,117	741,905
OTHER FINANCING SOURCES (USES)			
Transfers in	884,840	-	884,840
Transfers out	(1,153,153)	(76)	(1,153,229)
Total other financing sources (uses)	<u>(268,313)</u>	<u>(76)</u>	<u>(268,389)</u>
Change in fund balances	414,475	59,041	473,516
Fund balances at beginning of year	<u>2,505,872</u>	<u>15,913</u>	<u>2,521,785</u>
Fund balances at end of year	<u>\$ 2,920,347</u>	<u>\$ 74,954</u>	<u>\$ 2,995,301</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 City's Special Revenue Funds consist of the following:

GCRAC EMS/Trauma System Grant - Used to account for funds received to purchase additional supplies and equipment for local fire and EMS services.

GCRPC Grant - Used to account for funds received from the Golden Crescent Regional Planning Commission ("GCRPC") to construct and install a Citizen Recycling Station that will provide citizens an avenue to recycle residential solid waste and to decrease the amount of waste hauled to the landfill. Also, the fund is used to account for funds received from GCRPC to be used in relation to the 911 system Public Safety Answering Point (PSAP) facilities and personnel.

Police Grants - Used to account for funds received from the Office of the Attorney General of Texas for the "Internet Crimes Against Children Task Force Program" and funds received from the Victoria 100 Club and the disbursement of such on public safety equipment, etc.

NRCS River Erosion Project - Used to account for funds awarded by the Natural Resources Conservation Service for reimbursement of costs related to a river erosion project on the Guadalupe River as a result of Hurricane Harvey at Riverside Park and the River Pump Station.

LEOSE Training Grant - Used to account for funds received to provide for the continuing education of persons licensed under Chapter 1701, Occupations Code, or to provide the necessary training, as determined by the agency head, to full-time, fully paid law enforcement support personnel.

Auto Theft Grant - Used to account for the funding of salaries, fringe benefits, overtime, and in-state travel for law enforcement officers in order to help reduce automobile theft.

MPO Grant - Used to account for funds received to provide continuing education for the City staff, administrative expense, and other expenditures relating to metropolitan planning.

Motel Tax - State legislation allows Texas cities to impose a maximum of seven percent room charge tax on hotels and motels operating within their city limits. This tax is used to promote the arts, tourism and conventions. The City currently imposes a seven percent tax. In fiscal year 2019, \$1,497,028 was budgeted as follows: for payroll and professional services \$73,762; for operations of the Community Center not to exceed \$300,000; for Community Center building improvements not to exceed \$150,000; to the Convention and Visitors Bureau, funding not to exceed \$695,566; and for other programs and various outside agencies, not to exceed \$277,700.

Forfeiture Fund - Used to account for receipt and disbursement of monies awarded to the City by the court system. Money and property confiscated in drug-related cases are the sources of these funds. Both federal and state courts have programs in place. The monies, by law and court order, must be spent on certain activities within the Police Department.

Justice Assistance Grant - Used to account for the proceeds of the Justice Assistance Grant and the disbursement of such on public safety equipment.

K-9 Unit Program - Used to track the expenditures related to the Police Department K-9 Unit. An initial donation was received from the American Petroleum Institute to purchase two K-9 dogs.

Victoria Kids Recycle - Used to account for a program funded by LyondellBasell which educates students at eleven VISD elementary campuses and provides curricular experiences that give rise to lifelong learning, citizenship, and environmental stewardship.

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

Gulf Bend Mental Health Task Force - Used to account for funds from the Gulf Bend Center, the local mental health authority appointed by the Texas Department of State Health Services under Texas statutes, to reimburse the City for the services of a mental health peace officer. The City was invited to assist in the founding of a multi-agency task force to more effectively serve individuals who are experiencing mental health crises.

DSHS Hurricane Recovery Grant - Used to account for funds awarded by the CDC for response, recovery, preparation, mitigation, and other expenses directly related to the consequences of Hurricanes Harvey, Irma, and Maria. The City will use the funds to purchase new mosquito sprayers with GPS tracking technology, a utility vehicle with a small mosquito sprayer, and mosquito pesticide.

Fire Academy - Used to account for funds received to support the fire academy. The Victoria Fire Department (VFD) offers a basic firefighter academy that combines online coursework with hands-on training days. The 20-week VFD Fire Academy includes 468 hours of training with 100 firefighting skills to master. It is the goal of the VFD Fire Academy to prepare graduates with the skills needed to complete written testing from the State over basic fire suppression, a certifiable status with the Texas Commission on Fire Protection. The program provides an intensive physical training aspect to ensure students are well prepared for the firefighting profession. By the end of the program, students will have the necessary skills, training, discipline, knowledge and confidence to enter the workforce when hired by a Fire Department and face the challenges of a career in firefighting. The City of Victoria Fire Department provides coordinators to oversee the operations of the program, while members of the Fire Department serve as instructors.

Municipal Court Special Revenue - Used to account for funds generated from Municipal Court fees. Each ticket processed by Municipal Court has a City imposed charge of \$3.00 for security fees and a charge of \$4.00 for technology fees. These funds are used to upgrade the Municipal Court security and technology systems.

Public, Educational, and Governmental (PEG) Fund - Used to account for one percent cable franchise fee, which is dedicated to capital assets associated to the operation of a public, educational and government television channel.

Community Development Block Grant - Used to account for the proceeds of federal block grants and the disbursements of such on community development and housing needs. Funds may be used only as designated in grant applications and according to federal block grant guidelines.

CDBG Hazard Mitigation - Used to account for funds awarded by the CDBG-DR Program to provide a buyout program for up to 30 residential dwellings affected by Hurricane Harvey. Also, the fund will account for the replacement of flood gates, construction of stormwater pumping stations with generators, pump station force main, storm sewer main, pump station discharge, and complete associated appurtenances.

Homeland Security Grant - Used to support the implementation of Homeland Security strategies to address the identified planning, organization, equipment, training and exercise needs for acts of terrorism and other catastrophic events. Funds have recently been used to purchase the necessary equipment to enhance the City's radio system for the Police Department.

Emergency Management Fund - Used to account for funds received from the County of Victoria and the State of Texas for Emergency Management operations.

Convention and Visitors Bureau - Funded through proceeds from the Motel Tax Fund, the primary purpose of the Convention and Visitors Bureau is to promote tourism and the convention and hotel industry through advertising and promotional programs to attract tourists and conventions to the municipality or its vicinity; and conduct activities designed to enhance the City's desirability as a visitor destination.

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2019

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	NRCS River Erosion Project	LEOSE Training Grant
ASSETS					
Cash and cash equivalents	\$ 12,341	\$ 23,688	\$ -	\$ -	\$ 19,123
Receivables (net)					
Other	-	-	10,757	94,663	-
Due from other funds	-	-	2,473	-	-
Total assets	<u>\$ 12,341</u>	<u>\$ 23,688</u>	<u>\$ 13,230</u>	<u>\$ 94,663</u>	<u>\$ 19,123</u>
LIABILITIES					
Accounts payable	\$ 2,809	\$ 21,274	\$ -	\$ 14,985	\$ 2,808
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	79,678	-
Unearned revenue	9,532	2,414	13,230	-	16,315
Total liabilities	<u>12,341</u>	<u>23,688</u>	<u>13,230</u>	<u>94,663</u>	<u>19,123</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	94,663	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,663</u>	<u>-</u>
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal court	-	-	-	-	-
Unassigned	-	-	-	(94,663)	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,663)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,341</u>	<u>\$ 23,688</u>	<u>\$ 13,230</u>	<u>\$ -</u>	<u>\$ 19,123</u>

<u>Auto Theft Grant</u>	<u>MPO Grant</u>	<u>Motel Tax</u>	<u>Forfeiture Fund</u>	<u>K-9 Unit Program</u>	<u>Victoria Kids Recycle</u>	<u>Gulf Bend Mental Health Task Force</u>	<u>DSHS Hurricane Recovery Grant</u>
\$ -	\$ -	\$ 1,331,164	\$ 268,730	\$ 829	\$ 2,750	\$ -	\$ -
50,890	73,434	186,734	-	-	-	22,668	67,075
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 50,890</u>	<u>\$ 73,434</u>	<u>\$ 1,517,898</u>	<u>\$ 268,730</u>	<u>\$ 829</u>	<u>\$ 2,750</u>	<u>\$ 22,668</u>	<u>\$ 67,075</u>
\$ 4,215	\$ 46,158	\$ 47,306	\$ 2,898	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
46,675	27,276	-	-	-	-	17,165	67,075
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>	<u>2,750</u>	<u>5,503</u>	<u>-</u>
<u>50,890</u>	<u>73,434</u>	<u>47,306</u>	<u>2,898</u>	<u>829</u>	<u>2,750</u>	<u>22,668</u>	<u>67,075</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	1,470,592	-	-	-	-	-
-	-	-	265,832	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>1,470,592</u>	<u>265,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 50,890</u>	<u>\$ 73,434</u>	<u>\$ 1,517,898</u>	<u>\$ 268,730</u>	<u>\$ 829</u>	<u>\$ 2,750</u>	<u>\$ 22,668</u>	<u>\$ 67,075</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2019

	Fire Academy	Municipal Court Special Revenue	Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant	CDBG Hazard Mitigation
ASSETS					
Cash and cash equivalents	\$ 18,261	\$ 69,450	\$ 610,104	\$ -	\$ -
Receivables					
Other	600	-	37,933	87,257	28,584
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 18,861</u>	<u>\$ 69,450</u>	<u>\$ 648,037</u>	<u>\$ 87,257</u>	<u>\$ 28,584</u>
LIABILITIES					
Accounts payable	\$ -	\$ 550	\$ 13,701	\$ 54,983	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	32,274	28,584
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>550</u>	<u>13,701</u>	<u>87,257</u>	<u>28,584</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	28,584
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,584</u>
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	634,336	-	-
Public safety	18,861	-	-	-	-
Municipal court	-	68,900	-	-	-
Unassigned	-	-	-	-	(28,584)
Total fund balances	<u>18,861</u>	<u>68,900</u>	<u>634,336</u>	<u>-</u>	<u>(28,584)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 18,861</u>	<u>\$ 69,450</u>	<u>\$ 648,037</u>	<u>\$ 87,257</u>	<u>\$ -</u>

<u>Homeland Security Grant</u>	<u>Emergency Management</u>	<u>Convention and Visitors Bureau</u>	<u>Total</u>
\$ -	\$ 170,816	\$ 555,821	\$ 3,083,077
7,213	-	13,804	681,612
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,473</u>
<u>\$ 7,213</u>	<u>\$ 170,816</u>	<u>\$ 569,625</u>	<u>\$ 3,767,162</u>
\$ -	\$ 117,384	\$ 23,154	\$ 352,225
-	-	14,237	14,237
7,213	-	593	306,533
<u>-</u>	<u>-</u>	<u>-</u>	<u>50,573</u>
<u>7,213</u>	<u>117,384</u>	<u>37,984</u>	<u>723,568</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>123,247</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>123,247</u>
-	-	531,641	2,636,569
-	53,432	-	338,125
-	-	-	68,900
<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,247)</u>
<u>-</u>	<u>53,432</u>	<u>531,641</u>	<u>2,920,347</u>
<u>\$ 7,213</u>	<u>\$ 170,816</u>	<u>\$ 569,625</u>	<u>\$ 3,767,162</u>

(concluded)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE

For the year ended September 30, 2019

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	NRCS River Erosion Project	LEOSE Training Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	34,162	16,810	-	12,229
Fines and forfeitures	-	-	-	-	-
Investment income	-	422	-	-	-
Miscellaneous	10,673	-	-	-	-
Total revenues	<u>10,673</u>	<u>34,584</u>	<u>16,810</u>	<u>-</u>	<u>12,229</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	10,673	34,584	22,048	-	12,229
Development	-	-	-	94,663	-
Recreation	-	-	-	-	-
Total expenditures	<u>10,673</u>	<u>34,584</u>	<u>22,048</u>	<u>94,663</u>	<u>12,229</u>
Excess (deficiency) of revenues over expenditures	-	-	(5,238)	(94,663)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	5,238	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,238</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	-	-	(94,663)	-
Fund balance at beginning of year	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,663)</u>	<u>\$ -</u>

<u>Auto Theft Grant</u>	<u>MPO Grant</u>	<u>Motel Tax</u>	<u>Forfeiture Fund</u>	<u>Justice Assistance Grant</u>	<u>K-9 Unit Program</u>	<u>Victoria Kids Recycle</u>	<u>Gulf Bend Mental Health Task Force</u>
\$ -	\$ -	\$ 1,928,884	\$ -	\$ -	\$ -	\$ -	\$ -
158,861	253,735	-	-	13,516	-	-	-
-	-	-	33,881	-	-	-	-
-	-	24,140	4,766	-	-	-	-
-	-	4	-	-	-	-	112,963
<u>158,861</u>	<u>253,735</u>	<u>1,953,028</u>	<u>38,647</u>	<u>13,516</u>	<u>-</u>	<u>-</u>	<u>112,963</u>
-	-	-	-	-	-	-	-
214,789	-	-	18,623	13,528	-	-	119,472
-	253,735	-	-	-	-	-	-
-	-	313,003	-	-	-	-	-
<u>214,789</u>	<u>253,735</u>	<u>313,003</u>	<u>18,623</u>	<u>13,528</u>	<u>-</u>	<u>-</u>	<u>119,472</u>
(55,928)	-	1,640,025	20,024	(12)	-	-	(6,509)
55,928	-	-	-	12	-	-	12,096
-	-	(1,145,566)	-	-	-	-	(5,587)
<u>55,928</u>	<u>-</u>	<u>(1,145,566)</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>6,509</u>
-	-	494,459	20,024	-	-	-	-
-	-	976,133	245,808	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,470,592</u>	<u>\$ 265,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE

For the year ended September 30, 2019

	DSHS Hurricane Recovery Grant	Fire Academy	Municipal Court Special Revenue	Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	80,125	-	-	-	315,807
Fines and forfeitures	-	-	39,505	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	32,458	9,207	154,716	-
Total revenues	<u>80,125</u>	<u>32,458</u>	<u>48,712</u>	<u>154,716</u>	<u>315,807</u>
EXPENDITURES					
General government	80,125	-	-	37,831	315,807
Public safety	-	24,114	56,938	-	-
Development	-	-	-	-	-
Recreation	-	-	-	-	-
Total expenditures	<u>80,125</u>	<u>24,114</u>	<u>56,938</u>	<u>37,831</u>	<u>315,807</u>
Excess (deficiency) of revenues over expenditures	-	8,344	(8,226)	116,885	-
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 balances	-	8,344	(8,226)	116,885	-
Fund balance at beginning of year	-	10,517	77,126	517,451	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 18,861</u>	<u>\$ 68,900</u>	<u>\$ 634,336</u>	<u>\$ -</u>

<u>CDBG Hazard Mitigation</u>	<u>Homeland Security Grant</u>	<u>Emergency Management</u>	<u>Convention and Visitors Bureau</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,928,884
-	80,102	-	-	965,347
-	-	-	-	73,386
-	-	-	61	29,389
-	-	-	147,905	467,926
-	80,102	-	147,966	3,464,932
-	-	-	-	433,763
28,584	80,102	118,537	-	754,221
-	-	-	-	348,398
-	-	-	932,759	1,245,762
28,584	80,102	118,537	932,759	2,782,144
(28,584)	-	(118,537)	(784,793)	682,788
-	-	116,000	695,566	884,840
-	-	-	(2,000)	(1,153,153)
-	-	116,000	693,566	(268,313)
(28,584)	-	(2,537)	(91,227)	414,475
-	-	55,969	622,868	2,505,872
<u>\$ (28,584)</u>	<u>\$ -</u>	<u>\$ 53,432</u>	<u>\$ 531,641</u>	<u>\$ 2,920,347</u>

(concluded)

GENERAL FUND

The General Fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****BALANCE SHEET**

September 30, 2019

With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 17,564,928	\$ 15,076,771
Investments	2,142,111	5,137,139
Receivables (net)		
Ad valorem taxes (prior years)	1,929,295	2,265,189
Franchise taxes	681,425	837,547
Sales taxes	1,354,455	1,356,150
Ambulance	758,397	782,761
Fines	589,973	602,086
Other	1,008,292	1,302,086
Due from other funds	2,305,940	2,182,296
Inventory	454,055	430,111
Returned checks	<u>26,427</u>	<u>24,745</u>
Total assets	<u>\$ 28,815,298</u>	<u>\$ 29,996,881</u>
LIABILITIES		
Accounts payable	\$ 662,420	\$ 569,472
Accrued expenditures	2,577,975	2,449,160
Accrued compensated absences	7,806	6,918
Due to other governments	84,728	106,308
Due to other funds	620,250	983,927
Unearned revenue	<u>961,098</u>	<u>955,477</u>
Total liabilities	<u>4,914,277</u>	<u>5,071,262</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>3,713,375</u>	<u>4,047,413</u>
Total deferred inflows of resources	<u>3,713,375</u>	<u>4,047,413</u>
FUND BALANCES		
Nonspendable		
Inventory	454,055	430,111
Committed	883,786	1,172,590
Unassigned	<u>18,849,805</u>	<u>19,275,505</u>
Total fund balances	<u>20,187,646</u>	<u>20,878,206</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,815,298</u>	<u>\$ 29,996,881</u>

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
Taxes				
Ad valorem taxes	\$ 15,556,248	\$ 15,558,516	\$ 2,268	\$ 15,281,013
Penalty and interest	210,000	295,275	85,275	219,019
Franchise tax	5,475,000	5,881,880	406,880	6,064,289
Sales tax	16,256,000	17,111,735	855,735	16,879,223
Other	56,000	72,469	16,469	63,934
Total taxes	37,553,248	38,919,875	1,366,627	38,507,478
Licenses and permits				
Building	300,000	390,304	90,304	858,267
Electrical	50,000	59,930	9,930	71,190
Mechanical	48,000	53,852	5,852	62,790
Liquor	285,000	274,998	(10,002)	294,665
Plumbing	45,000	48,000	3,000	53,692
Vital statistics	103,000	164,114	61,114	139,211
Miscellaneous	111,490	63,715	(47,775)	89,442
Total licenses and permits	942,490	1,054,913	112,423	1,569,257
Intergovernmental	2,305,350	2,312,733	7,383	2,182,246
Charges for services				
Ambulance	1,963,000	2,159,211	196,211	2,469,653
Victoria Public Library	76,000	56,491	(19,509)	70,360
Parks and recreation	78,900	103,203	24,303	88,682
Miscellaneous	167,125	204,832	37,707	185,871
Total charges for services	2,285,025	2,523,737	238,712	2,814,566
Fines and forfeitures				
Court costs	99,100	76,772	(22,328)	93,326
Criminal and traffic court	1,024,000	855,720	(168,280)	979,059
Parking violations	1,700	657	(1,043)	1,077
Total fines and forfeitures	1,124,800	933,149	(191,651)	1,073,462
Investment income				
Interest	175,000	617,488	442,488	352,290
Miscellaneous				
Rents	2,220	2,375	155	1,750
Salvage and asset sales	97,000	96,414	(586)	89,637
Contributions and miscellaneous	229,768	255,120	25,352	181,145
Total miscellaneous	328,988	353,909	24,921	272,532
Total revenues	\$ 44,714,901	\$ 46,715,804	\$ 2,000,903	\$ 46,771,831

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
General government				
City manager and council				
Personnel	\$ 607,639	\$ 585,904	\$ 21,735	\$ 558,812
Maintenance and operations	76,721	78,841	(2,120)	34,224
Capital outlay	-	-	-	1,157
Total city manager and council	<u>684,360</u>	<u>664,745</u>	<u>19,615</u>	<u>594,193</u>
Finance				
Personnel	548,333	532,506	15,827	541,610
Maintenance and operations	128,320	119,669	8,651	97,121
Capital outlay	9,300	9,126	174	-
Total finance	<u>685,953</u>	<u>661,301</u>	<u>24,652</u>	<u>638,731</u>
Legal				
Personnel	380,098	372,443	7,655	371,740
Maintenance and operations	88,012	82,866	5,146	71,561
Capital outlay	4,000	3,992	8	-
Total legal	<u>472,110</u>	<u>459,301</u>	<u>12,809</u>	<u>443,301</u>
Human resources				
Personnel	317,090	327,313	(10,223)	306,683
Maintenance and operations	130,263	113,653	16,610	95,522
Capital outlay	5,198	2,298	2,900	5,468
Total human resources	<u>452,551</u>	<u>443,264</u>	<u>9,287</u>	<u>407,673</u>
City secretary				
Personnel	161,140	155,505	5,635	159,951
Maintenance and operations	111,029	93,009	18,020	42,565
Capital outlay	2,200	2,154	46	1,007
Total city secretary	<u>274,369</u>	<u>250,668</u>	<u>23,701</u>	<u>203,523</u>
Public information office				
Personnel	201,291	193,865	7,426	206,643
Maintenance and operations	59,853	32,603	27,250	31,087
Total public information office	<u>261,144</u>	<u>226,468</u>	<u>34,676</u>	<u>237,730</u>

(continued)

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
General government - (continued)				
Non-departmental				
Personnel	\$ 1,000	\$ 10,536	\$ (9,536)	\$ 1,213
Maintenance and operations	980,725	1,001,761	(21,036)	953,705
Total non-departmental	981,725	1,012,297	(30,572)	954,918
Total general government	3,812,212	3,718,044	94,168	3,480,069
Public safety				
Police				
Personnel	12,295,974	12,308,677	(12,703)	11,602,767
Maintenance and operations	2,372,947	2,573,042	(200,095)	2,304,192
Capital outlay	730,325	1,147,305	(416,980)	89,030
Debt service	480,712	480,712	-	-
Total police	15,879,958	16,509,736	(629,778)	13,995,989
Fire				
Personnel	11,060,272	10,783,836	276,436	10,474,567
Maintenance and operations	2,117,612	2,354,625	(237,013)	2,510,436
Capital outlay	523,240	638,797	(115,557)	128,783
Debt service	260,944	258,844	2,100	-
Total fire	13,962,068	14,036,102	(74,034)	13,113,786
Municipal court				
Personnel	261,006	252,334	8,672	267,245
Maintenance and operations	98,839	103,259	(4,420)	99,675
Total municipal court	359,845	355,593	4,252	366,920
Total public safety	30,201,871	30,901,431	(699,560)	27,476,695

(continued)

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
Development				
Development svcs. administration				
Personnel	\$ 188,579	\$ 187,759	\$ 820	\$ 158,471
Maintenance and operations	15,110	11,106	4,004	12,578
Capital outlay	-	-	-	1,978
Total development svcs. administration	<u>203,689</u>	<u>198,865</u>	<u>4,824</u>	<u>173,027</u>
Planning services				
Personnel	207,656	197,701	9,955	158,612
Maintenance and operations	320,871	258,236	62,635	256,000
Capital outlay	<u>4,800</u>	<u>5,427</u>	<u>(627)</u>	<u>-</u>
Total planning services	<u>533,327</u>	<u>461,364</u>	<u>71,963</u>	<u>414,612</u>
Development center/inspections				
Personnel	697,604	701,819	(4,215)	653,409
Maintenance and operations	184,224	149,670	34,554	175,340
Capital outlay	<u>4,900</u>	<u>4,819</u>	<u>81</u>	<u>-</u>
Total development center/inspections	<u>886,728</u>	<u>856,308</u>	<u>30,420</u>	<u>828,749</u>
Code enforcement				
Personnel	271,291	270,015	1,276	263,293
Maintenance and operations	142,397	124,755	17,642	71,517
Capital outlay	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total code enforcement	<u>418,688</u>	<u>394,770</u>	<u>23,918</u>	<u>334,810</u>
Geographic information system (GIS)				
Personnel	265,130	257,345	7,785	260,131
Maintenance and operations	114,295	43,427	70,868	40,334
Capital outlay	<u>5,500</u>	<u>12,936</u>	<u>(7,436)</u>	<u>-</u>
Total geographic information system	<u>384,925</u>	<u>313,708</u>	<u>71,217</u>	<u>300,465</u>
Engineering				
Personnel	637,273	573,814	63,459	580,423
Maintenance and operations	107,323	93,840	13,483	117,344
Capital outlay	<u>4,400</u>	<u>4,309</u>	<u>91</u>	<u>2,906</u>
Total engineering	<u>748,996</u>	<u>671,963</u>	<u>77,033</u>	<u>700,673</u>

(continued)

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
Development - (continued)				
Streets and drainage				
Personnel	\$ 1,460,530	\$ 1,259,078	\$ 201,452	\$ 1,192,637
Maintenance and operations	1,903,313	1,483,935	419,378	938,095
Capital outlay	5,225	1,985	3,240	1,608
Total streets and drainage	<u>3,369,068</u>	<u>2,744,998</u>	<u>624,070</u>	<u>2,132,340</u>
Traffic control				
Personnel	497,981	465,786	32,195	506,962
Maintenance and operations	1,852,585	1,347,111	505,474	1,224,553
Capital outlay	3,800	1,526	2,274	-
Total traffic control	<u>2,354,366</u>	<u>1,814,423</u>	<u>539,943</u>	<u>1,731,515</u>
Total development	<u>8,899,787</u>	<u>7,456,399</u>	<u>1,443,388</u>	<u>6,616,191</u>
Building services				
Building services				
Personnel	297,891	227,185	70,706	226,058
Maintenance and operations	178,149	166,476	11,673	115,769
Capital outlay	37,500	25,353	12,147	2,142
Total building services	<u>513,540</u>	<u>419,014</u>	<u>94,526</u>	<u>343,969</u>
Custodial				
Personnel	163,264	156,230	7,034	156,459
Maintenance and operations	63,037	55,068	7,969	34,310
Total custodial	<u>226,301</u>	<u>211,298</u>	<u>15,003</u>	<u>190,769</u>
Total building services	<u>739,841</u>	<u>630,312</u>	<u>109,529</u>	<u>534,738</u>
Recreation				
Parks and recreation				
Personnel	1,811,989	1,719,738	92,251	1,687,342
Maintenance and operations	1,230,959	1,135,650	95,309	1,102,413
Capital outlay	769,786	666,603	103,183	13,194
Total parks and recreation	<u>3,812,734</u>	<u>3,521,991</u>	<u>290,743</u>	<u>2,802,949</u>

(continued)

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
Recreation - (continued)				
Library				
Personnel	\$ 1,356,156	\$ 1,277,924	\$ 78,232	\$ 1,282,164
Maintenance and operations	595,008	609,698	(14,690)	566,878
Capital outlay	<u>296,552</u>	<u>255,444</u>	<u>41,108</u>	<u>244,426</u>
Total library	<u>2,247,716</u>	<u>2,143,066</u>	<u>104,650</u>	<u>2,093,468</u>
Total recreation	<u>6,060,450</u>	<u>5,665,057</u>	<u>395,393</u>	<u>4,896,417</u>
Total expenditures	<u>\$ 49,714,161</u>	<u>\$ 48,371,243</u>	<u>\$ 1,342,918</u>	<u>\$ 43,004,110</u>

(concluded)

DEBT SERVICE FUND

To account for the receipt and disbursement of funds utilized for the retirement of general obligation debt of the City, including general obligation bonds and certificates of obligation. The Debt Service Fund is comprised of the following debt service issues:

2007 Streets, Sidewalk, Drainage, Traffic Control, and Water and Sewer Line Improvements Issue - To accumulate monies for payment of the 2007 \$9,995,000 4.00% - 4.50% Certificates of Obligation, which are serial and term certificates due in annual installments of various amounts plus interest until maturity in 2027. Property tax is levied to finance debt service. Proceeds from the sale of the Certificates will be used (1) to construct improvements and extensions to the City's waterworks and sewer systems, (2) construct street, sidewalk, and drainage improvements, (3) acquire and install traffic controls, and (4) pay for professional services rendered by engineers, attorneys, and financial advisors in connection with the above projects and the Certificates.

2009B Streets, Sidewalk, Drainage, Traffic Control, and Water and Sewer Line Improvements Issue - To accumulate monies for payment of the 2009B \$23,005,000 4.449% - 5.449% Certificates of Obligation "Build America Bonds-Direct Payment", which are serial and term certificates due in annual installments of various amounts plus interest until maturity in 2030. Property tax is levied to finance debt service. Proceeds from the sale of the Certificates will be used (1) to construct, improve and repair City streets and sidewalks, together with drainage, utility line replacement, traffic and street signalization and lighting improvements; (2) to acquire and install communications equipment for various City departments including the Police Department, the Fire Department, the Parks Department and the Public Works Department; (3) to construct and equip a fire station, and (4) pay all or a portion of the City's contractual obligations for professional services rendered by engineers, attorneys, and financial advisors in connection with the above projects and the Certificates.

2010 General Obligation Refunding Issue - To accumulate monies for payment of the 2010 advance refunding issue of \$8,715,000 2.00% - 4.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2023. Property tax is levied to finance debt service. The \$8,715,000 from the proceeds was deposited into an escrow account to pay a portion of the 2001 General Obligation Bonds as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

2011 Pass-Through Toll Revenue and Limited Tax Issue - To accumulate monies for payment of the 2011 \$9,740,000 2.00% - 4.00% Pass-Through Toll Revenue and Limited Tax Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2031. Property tax is levied to finance debt service. Proceeds from the sale of the Bonds will be used (1) to fund the City's obligations arising under the Pass-Through Toll Agreement between the City and the Texas Department of Transportation (TxDOT) pursuant to which road improvements to existing State Highway Loop 463 in the City will be made, and (2) to pay costs of issuance of the Bonds.

2012 General Obligation Refunding Issue - To accumulate monies for payment of the 2012 advance refunding issue of \$3,910,000 2.00% - 2.25% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2023. Property tax is levied to finance debt service. The \$3,910,000 from the proceeds was deposited into an escrow account to pay off the maturities of the 2003 Certificates of Obligations as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

DEBT SERVICE FUND - (Continued)

2012 Certificates of Obligation Issue - To accumulate monies for payment of the 2012 \$3,810,000 2.00% - 3.75% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2032. Property tax is levied to finance debt service. Proceeds will be used (1) to construct, improve and repair City streets and sidewalks, together with landscape, drainage, utility line replacement, traffic and street signalization and lighting improvements, and (2) to pay costs of issuance of the Certificates.

2013A General Obligation Refunding Issue - To accumulate monies for payment of the 2013A advance refunding issue of \$9,075,000 2.00% - 3.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2026. Property tax is levied to finance debt service. The \$9,075,000 from the proceeds was deposited into an escrow account to pay off \$8,635,000 of the maturities of the 2005 Certificates of Obligations as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

2013B General Obligation Refunding Issue - To accumulate monies for payment of the 2013B advance refunding issue of \$15,940,000 0.40% - 3.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2023. Property tax is levied to finance debt service. The \$15,940,000 from the proceeds was deposited into an escrow account to pay off \$6,300,000 of the maturities of the 2004 General Obligation Refunding Bonds and \$9,470,000 of the maturities of the 2005 General Obligation Refunding Bonds as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

2013 Certificates of Obligation Issue - To accumulate monies for payment of the 2013 \$9,095,000 3.00% - 4.49% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2033. Property tax is levied to finance debt service. Proceeds will be used (1) to construct, improve and repair City streets and sidewalks, together with landscape, drainage, utility line replacement, traffic and street signalization and lighting improvements, and (2) to pay costs of issuance of the Certificates.

2014 Certificates of Obligation Issue - To accumulate monies for payment of the 2014 \$5,945,000 2.00% - 4.00% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2034. Property tax is levied to finance debt service. Proceeds will be used (1) to construct, improve and repair City streets and sidewalks, together with landscape, drainage, utility line replacement, traffic and street signalization and lighting improvements, and (2) to pay costs of issuance of the Certificates.

2015 General Obligation Refunding Issue - To accumulate monies for payment of the 2015 advance refunding issue of \$11,770,000 2.00% - 4.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2027. Property tax is levied to finance debt service. The \$11,770,000 from the proceeds was deposited into an escrow account to pay off \$5,620,000 of the maturities of the 2006 Certificates of Obligations as they become due and \$6,270,000 of the maturities of the 2007 Certificates of Obligations as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

DEBT SERVICE FUND - (Continued)

2015 Certificates of Obligation Issue - To accumulate monies for payment of the 2015 \$2,445,000 3.00% - 5.00% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2035. Property tax is levied to finance debt service. Proceeds will be used (1) to construct, improve and repair City streets and sidewalks, together with landscape, drainage, utility line replacement, traffic and street signalization and lighting improvements, and (2) to pay costs of issuance of the Certificates.

2017 General Obligation Refunding Issue - To accumulate monies for payment of the 2017 advance refunding issue of \$21,880,000 4.00% - 5.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2030. Property tax is levied to finance debt service. The \$21,880,000 from the proceeds was deposited into an escrow account to pay off \$23,005,000 of the maturities of the 2009B Certificates of Obligations as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

CITY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND****BALANCE SHEET**

September 30, 2019

With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 660,306	\$ 1,138,153
Receivables (net)		
Ad valorem taxes (prior years)	917,853	1,076,749
Due from other funds	<u>536,213</u>	<u>-</u>
Total assets	<u>\$ 2,114,372</u>	<u>\$ 2,214,902</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>917,853</u>	<u>1,076,749</u>
Total deferred inflows of resources	<u>917,853</u>	<u>1,076,749</u>
FUND BALANCE		
Restricted	<u>1,196,519</u>	<u>1,138,153</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,114,372</u>	<u>\$ 2,214,902</u>

CITY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Ad valorem - current				
2007 Issue	\$ -	\$ -	\$ -	\$ 554,713
2009 Issues	-	-	-	1,882,069
2010 Issue	173,441	173,441	-	171,317
2012 Issues	646,503	646,157	(346)	636,611
2013 Issues	4,612,284	4,612,188	(96)	4,536,872
2014 Issue	402,857	402,857	-	400,296
2015 Issues	1,686,525	1,686,183	(342)	1,103,576
2017 Issue	1,764,509	1,764,430	(79)	-
Ad valorem - delinquent	120,000	142,764	22,764	103,735
Intergovernmental	-	-	-	166,513
Investment income - interest	25,000	127,226	102,226	101,204
Total revenues	9,431,119	9,555,246	124,127	9,656,906
EXPENDITURES				
Debt service				
Principal retirement				
2007 Issue	-	-	-	555,000
2010 Issue	30,000	30,000	-	30,000
2011 Issue	1,070,000	1,070,000	-	1,080,000
2012 Issues	525,000	525,000	-	515,000
2013 Issues	3,845,000	3,845,000	-	3,725,000
2014 Issue	245,000	245,000	-	245,000
2015 Issues	1,215,000	1,215,000	-	615,000
2017 Issue	840,000	840,000	-	1,305,000
Interest				
2007 Issue	-	-	-	22,200
2010 Issue	147,200	147,200	-	148,100
2011 Issue	182,026	146,558	35,468	186,092
2012 Issues	135,514	135,513	1	147,463
2013 Issues	867,244	867,244	-	996,694
2014 Issue	166,588	166,588	-	171,488
2015 Issues	508,076	508,075	1	533,525
2017 Issue	962,750	962,750	-	648,211
Paying agents' fees and issue costs	5,500	4,800	700	278,390
Arbitrage rebate premiums	5,500	4,710	790	8,050
Total expenditures	10,750,398	10,713,438	36,960	11,210,213

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
Excess (deficiency) of revenues over expenditures	\$ (1,319,279)	\$ (1,158,192)	\$ 161,087	\$ (1,553,307)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	21,880,000
Premium on issuance of bonds	-	-	-	3,261,804
Payment to escrow	-	-	-	(24,863,501)
Transfer in	<u>1,252,026</u>	<u>1,216,558</u>	<u>(35,468)</u>	<u>1,266,392</u>
Total other financing sources (uses)	<u>1,252,026</u>	<u>1,216,558</u>	<u>(35,468)</u>	<u>1,544,695</u>
Change in fund balance	(67,253)	58,366	125,619	(8,612)
Fund balance at beginning of year	<u>1,138,153</u>	<u>1,138,153</u>	<u>-</u>	<u>1,146,765</u>
Fund balance at end of year	<u>\$ 1,070,900</u>	<u>\$ 1,196,519</u>	<u>\$ 125,619</u>	<u>\$ 1,138,153</u>

CAPITAL PROJECT FUNDS

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS

CAPITAL CONSTRUCTION FUND (3035)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019			2018 Actual
	Final Budget	Actual	Variance Positive (Negative)	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 156,061
Investment income				
Interest	76	76	-	2,669
Miscellaneous	<u>97,231</u>	<u>74,954</u>	<u>(22,277)</u>	<u>505,770</u>
Total revenues	<u>97,307</u>	<u>75,030</u>	<u>(22,277)</u>	<u>664,500</u>
EXPENDITURES				
Current				
Recreation	15,913	15,913	-	-
Capital outlay	<u>102,231</u>	<u>-</u>	<u>102,231</u>	<u>905,574</u>
Total expenditures	<u>118,144</u>	<u>15,913</u>	<u>102,231</u>	<u>905,574</u>
Excess (deficiency) of revenues over expenditures	(20,837)	59,117	79,954	(241,074)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	-	(5,000)	195,783
Transfers out	<u>(76)</u>	<u>(76)</u>	<u>-</u>	<u>(170,612)</u>
Total other financing sources (uses)	<u>4,924</u>	<u>(76)</u>	<u>(5,000)</u>	<u>25,171</u>
Change in fund balance	(15,913)	59,041	74,954	(215,903)
Fund balance at beginning of year	<u>15,913</u>	<u>15,913</u>	<u>-</u>	<u>231,816</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 74,954</u>	<u>\$ 74,954</u>	<u>\$ 15,913</u>

CITY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**CAPITAL CONSTRUCTION FUND (3036)**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019		Variance Positive (Negative)	2018 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ 11,421,084	\$ 11,421,084	\$ -	\$ 1,904,112
Investment income				
Interest	<u>38,183</u>	<u>57,334</u>	<u>19,151</u>	<u>20,398</u>
Total revenues	<u>11,459,267</u>	<u>11,478,418</u>	<u>19,151</u>	<u>1,924,510</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	11,459,267	11,478,418	19,151	1,924,510
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,200
Transfers out	<u>(1,738,378)</u>	<u>(1,374,558)</u>	<u>363,820</u>	<u>(1,514,487)</u>
Total other financing sources (uses)	<u>(1,738,378)</u>	<u>(1,374,558)</u>	<u>363,820</u>	<u>(1,513,287)</u>
Change in fund balance	9,720,889	10,103,860	382,971	411,223
Fund balance at beginning of year	<u>887,944</u>	<u>887,944</u>	<u>-</u>	<u>476,721</u>
Fund balance at end of year	<u>\$ 10,608,833</u>	<u>\$ 10,991,804</u>	<u>\$ 382,971</u>	<u>\$ 887,944</u>

CITY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**CAPITAL CONSTRUCTION FUND (3037)**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019		Variance	2018
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES				
Investment income				
Interest	\$ 50,585	\$ 52,492	\$ 1,907	\$ 41,025
Miscellaneous	<u>18,390,201</u>	<u>10,387,271</u>	<u>(8,002,930)</u>	<u>1,097,196</u>
Total revenues	<u>18,440,786</u>	<u>10,439,763</u>	<u>(8,001,023)</u>	<u>1,138,221</u>
EXPENDITURES				
Capital outlay	<u>23,963,864</u>	<u>10,557,087</u>	<u>13,406,777</u>	<u>4,165,379</u>
Total expenditures	<u>23,963,864</u>	<u>10,557,087</u>	<u>13,406,777</u>	<u>4,165,379</u>
Excess (deficiency) of revenues over expenditures	(5,523,078)	(117,324)	5,405,754	(3,027,158)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,136,808	2,785,288	(351,520)	2,457,095
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>(139,371)</u>
Total other financing sources (uses)	<u>3,131,808</u>	<u>2,785,288</u>	<u>(346,520)</u>	<u>2,317,724</u>
Change in fund balance	(2,391,270)	2,667,964	5,059,234	(709,434)
Fund balance at beginning of year	<u>2,411,465</u>	<u>2,411,465</u>	<u>-</u>	<u>3,120,899</u>
Fund balance at end of year	<u>\$ 20,195</u>	<u>\$ 5,079,429</u>	<u>\$ 5,059,234</u>	<u>\$ 2,411,465</u>

NONMAJOR ENTERPRISE FUNDS

The City maintains five Enterprise Funds: Water and Wastewater, Community Center, 700 Main Center, Environmental Services, and Golf Course. The purpose of these funds is to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City is that the costs (expenses, including depreciation) of providing the services to the general public on a continuing basis be financed or recovered primarily through user charges. Services accounted for in Enterprise Funds are tangible, and therefore it is possible to determine the extent to which they benefit individual service consumers. In addition, Enterprise Funds provide separate accountability for their own debt and debt requirements. The Water and Wastewater and Environmental Services are major funds.

Community Center Fund - This Enterprise Fund was established to account for all transactions generated by operations of the City Community Center. Revenues include usage fees and an annual allocation of motel tax. Expenses include all maintenance and operations costs of the Community Center complex.

700 Main Center Fund - The 700 Main Center Fund was created to account for the revenues and expenses of a large office complex, operated by the City as an enterprise. The building was purchased and renovated by the City primarily to be used as a business incubator center. It is currently leasing space to several City departments and the Victoria Economic Development Corporation.

Riverside Park Golf Course Fund - The Riverside Park Golf Course Fund was established in 2017 to account for all transactions generated by operations of the Riverside Park Golf Course. Prior to this, the course was operated for more than 60 years by the Victoria Park Improvement Association, who terminated their Municipal Golf Course Lease Contract effective June 30, 2017.

CITY OF VICTORIA, TEXAS
ALL NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2019

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,061,163	\$ 104,796	\$ 301,042	\$ 1,467,001
Receivables (net)	375	-	57,990	58,365
Due from other funds	-	-	975	975
Inventory	-	-	15,384	15,384
Returned checks	1,520	-	124	1,644
Prepaid items	-	-	2,660	2,660
Restricted assets				
Cash and cash equivalents	491,263	-	-	491,263
Total current assets	<u>1,554,321</u>	<u>104,796</u>	<u>378,175</u>	<u>2,037,292</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	175,160	224,598	1,143,492	1,543,250
Buildings, improvements, and equipment (net)	2,366,253	902,500	333,245	3,601,998
Total noncurrent assets	<u>2,541,413</u>	<u>1,127,098</u>	<u>1,476,737</u>	<u>5,145,248</u>
Total assets	<u>4,095,734</u>	<u>1,231,894</u>	<u>1,854,912</u>	<u>7,182,540</u>
LIABILITIES				
Current liabilities				
Accounts payable	21,846	8,979	24,702	55,527
Accrued expenses	17,383	-	28,096	45,479
Due to other funds	2,602	-	4,044	6,646
Accrued compensated absences	44	-	-	44
Customer deposits	37,239	-	-	37,239
Current portion of capital lease payable	-	-	84,812	84,812
Total current liabilities	<u>79,114</u>	<u>8,979</u>	<u>141,654</u>	<u>229,747</u>
Noncurrent liabilities				
Accrued compensated absences	815	-	-	815
Capital lease payable	-	-	202,007	202,007
Total noncurrent liabilities	<u>815</u>	<u>-</u>	<u>202,007</u>	<u>202,822</u>
Total liabilities	<u>79,929</u>	<u>8,979</u>	<u>343,661</u>	<u>432,569</u>
NET POSITION				
Net investment in capital assets	2,541,413	1,127,098	1,189,918	4,858,429
Unrestricted net position	1,474,392	95,817	321,333	1,891,542
Total net position	<u>\$ 4,015,805</u>	<u>\$ 1,222,915</u>	<u>\$ 1,511,251</u>	<u>\$ 6,749,971</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

For the year ended September 30, 2019

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 265,394	\$ 151,455	\$ 890,517	\$ 1,307,366
Miscellaneous	6,325	-	178	6,503
Total operating revenues	<u>271,719</u>	<u>151,455</u>	<u>890,695</u>	<u>1,313,869</u>
OPERATING EXPENSES				
Personnel	300,522	-	510,744	811,266
Materials and supplies	23,191	791	156,373	180,355
Maintenance	23,725	16,365	23,033	63,123
Heat, lights and power	76,562	38,383	43,550	158,495
Miscellaneous services	48,471	18,435	72,837	139,743
Contractual services	24,452	25,740	12,412	62,604
Computer services	16,556	-	-	16,556
Depreciation	318,894	85,950	95,345	500,189
Total operating expenses	<u>832,373</u>	<u>185,664</u>	<u>914,294</u>	<u>1,932,331</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(560,654)	(34,209)	(23,599)	(618,462)
NONOPERATING REVENUES (EXPENSES)				
Investment income	22,740	-	-	22,740
Interest and fiscal charges	-	-	(11,587)	(11,587)
Gain (loss) on disposition of capital assets	1,392	-	-	1,392
Net nonoperating revenues (expenses)	<u>24,132</u>	<u>-</u>	<u>(11,587)</u>	<u>12,545</u>
Income before transfers	(536,522)	(34,209)	(35,186)	(605,917)
Transfers				
Transfers in	450,000	-	-	450,000
Transfers out	(21,800)	(15,130)	-	(36,930)
Total transfers	<u>428,200</u>	<u>(15,130)</u>	<u>-</u>	<u>413,070</u>
Change in net position	(108,322)	(49,339)	(35,186)	(192,847)
Total net position at beginning of year	<u>4,124,127</u>	<u>1,272,254</u>	<u>1,546,437</u>	<u>6,942,818</u>
Total net position at end of year	<u>\$ 4,015,805</u>	<u>\$ 1,222,915</u>	<u>\$ 1,511,251</u>	<u>\$ 6,749,971</u>

CITY OF VICTORIA, TEXAS
ALL NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2019

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 272,450	\$ 153,751	\$ 881,098	\$ 1,307,299
Cash paid to suppliers for goods and services	(217,424)	(103,784)	(305,713)	(626,921)
Cash paid to employees for services	(301,273)	-	(509,972)	(811,245)
Net cash provided (used) by operating activities	<u>(246,247)</u>	<u>49,967</u>	<u>65,413</u>	<u>(130,867)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in customer deposits	8,145	-	-	8,145
Borrowings from (to) other funds	101,311	-	(10,740)	90,571
Transfers in from other funds	450,000	-	-	450,000
Transfers out to other funds	(21,800)	(15,130)	-	(36,930)
Net cash provided (used) by noncapital financing activities	<u>537,656</u>	<u>(15,130)</u>	<u>(10,740)</u>	<u>511,786</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(35,961)	(12,134)	(7,902)	(55,997)
Proceeds from sale of capital assets	1,392	-	-	1,392
Principal paid on capital lease	-	-	(81,902)	(81,902)
Interest paid on capital lease	-	-	(11,587)	(11,587)
Net cash provided (used) by capital and related financing activities	<u>(34,569)</u>	<u>(12,134)</u>	<u>(101,391)</u>	<u>(148,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	22,740	-	-	22,740
Net cash provided (used) by investing activities	<u>22,740</u>	<u>-</u>	<u>-</u>	<u>22,740</u>
Net increase (decrease) in cash and cash equivalents	279,580	22,703	(46,718)	255,565
Cash and cash equivalents at beginning of year	<u>1,272,846</u>	<u>82,093</u>	<u>347,760</u>	<u>1,702,699</u>
Cash and cash equivalents at end of year	<u>\$ 1,552,426</u>	<u>\$ 104,796</u>	<u>\$ 301,042</u>	<u>\$ 1,958,264</u>

CITY OF VICTORIA, TEXAS
ALL NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2019

	<u>Community Center</u>	<u>700 Main Center</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (560,654)	\$ (34,209)	\$ (23,599)	\$ (618,462)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	318,894	85,950	95,345	500,189
Changes in assets and liabilities				
(Increase) decrease in receivables	731	2,296	(9,473)	(6,446)
(Increase) decrease in returned checks	-	-	(124)	(124)
(Increase) decrease in prepaid items	-	-	(2,660)	(2,660)
(Increase) decrease in inventory	-	-	2,118	2,118
Increase (decrease) in accounts payable	(4,467)	(4,070)	3,034	(5,503)
Increase (decrease) in accrued expenses	2,182	-	772	2,954
Increase (decrease) in compensated absences	(2,933)	-	-	(2,933)
Total adjustments	<u>314,407</u>	<u>84,176</u>	<u>89,012</u>	<u>487,595</u>
Net cash provided (used) by operating activities	<u>\$ (246,247)</u>	<u>\$ 49,967</u>	<u>\$ 65,413</u>	<u>\$ (130,867)</u>

WATER AND WASTEWATER FUND

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
WATER AND WASTEWATER FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,068,328	\$ 9,305,400
Investments	521,250	250,239
Receivables (net)		
Accounts	2,401,939	2,276,387
Other	44,901	13,871
Due from other funds	1,500,000	2,697,776
Due from component unit	-	2,549,419
Inventory	219,134	142,863
Restricted assets		
Cash and cash equivalents	<u>1,254,594</u>	<u>1,994,002</u>
 Total current assets	 <u>15,010,146</u>	 <u>19,229,957</u>
Noncurrent assets		
Capital assets		
Buildings	38,820,555	37,993,732
Water and wastewater distribution system	206,746,411	200,420,979
Improvements other than buildings	2,621,194	2,621,194
Machinery and equipment	<u>4,773,088</u>	<u>3,970,738</u>
Total capital assets	252,961,248	245,006,643
Less accumulated depreciation	<u>123,502,351</u>	<u>114,748,671</u>
Subtotal	129,458,897	130,257,972
Land and water rights	3,190,946	3,190,946
Construction in progress	<u>3,672,263</u>	<u>1,567,083</u>
Net capital assets	<u>136,322,106</u>	<u>135,016,001</u>
 Total noncurrent assets	 <u>136,322,106</u>	 <u>135,016,001</u>
 Total assets	 <u>151,332,252</u>	 <u>154,245,958</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	1,287,588	1,485,731
Deferred outflow related to pension	1,638,997	515,817
Deferred outflow related to OPEB	<u>188,626</u>	<u>120,350</u>
 Total deferred outflows of resources	 <u>3,115,211</u>	 <u>2,121,898</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

BALANCE SHEET

September 30, 2019

With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 492,810	\$ 475,536
Accounts payable (payable from restricted assets)	399,621	582,423
Accrued expenses	292,682	292,019
Accrued compensated absences	6,584	6,142
Due to other funds	119,375	89,127
Due to component unit	91,102	-
Accrued interest payable	650,326	749,002
Current portion of waterworks and sewer system revenue bonds	<u>7,425,000</u>	<u>7,155,000</u>
Total current liabilities	<u>9,477,500</u>	<u>9,349,249</u>
Noncurrent liabilities		
Waterworks and sewer system revenue bonds (net of unamortized deferred amounts)	46,877,370	54,826,864
Net pension liability	6,144,649	4,297,045
OPEB liability	1,644,181	1,587,357
Accrued compensated absences	<u>123,393</u>	<u>187,787</u>
Total noncurrent liabilities	<u>54,789,593</u>	<u>60,899,053</u>
Total liabilities	<u>64,267,093</u>	<u>70,248,302</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	88,572	389,274
Deferred inflow related to OPEB	<u>20,070</u>	<u>13,579</u>
Total deferred inflows of resources	<u>108,642</u>	<u>402,853</u>
NET POSITION		
Net investment in capital assets	83,307,324	75,019,296
Unrestricted	<u>6,764,404</u>	<u>10,697,405</u>
Total net position	<u>\$ 90,071,728</u>	<u>\$ 85,716,701</u>

CITY OF VICTORIA, TEXAS*MAJOR ENTERPRISE FUND**WATER AND WASTEWATER FUND**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Water sales	\$ 14,075,950	\$ 13,609,608
Sewer service	12,030,787	12,056,517
Tap and connection fees	240,860	264,394
Miscellaneous	<u>16,189</u>	<u>10,832</u>
Total operating revenues	<u>26,363,786</u>	<u>25,941,351</u>
OPERATING EXPENSES		
Personnel	5,962,904	4,427,979
Materials and supplies	1,356,145	1,352,061
Maintenance	1,055,769	993,501
Heat, lights, and power	1,033,642	1,142,503
Miscellaneous services	1,509,015	1,143,699
Contractual services	701,618	712,308
Computer services	139,306	128,203
Depreciation	<u>8,847,886</u>	<u>7,099,157</u>
Total operating expenses	<u>20,606,285</u>	<u>16,999,411</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	5,757,501	8,941,940
NONOPERATING REVENUES (EXPENSES)		
Investment income	220,840	177,060
Interest and fiscal charges	(1,686,117)	(2,230,236)
Noncapital grants and contributions	73,931	-
Gain (loss) on disposition of capital assets	<u>62,872</u>	<u>365,502</u>
Net nonoperating revenues (expenses)	<u>(1,328,474)</u>	<u>(1,687,674)</u>
Income before contributions and transfers	4,429,027	7,254,266
Contributions and transfers		
Capital contributions	2,884,235	3,433,015
Transfers out	<u>(2,958,235)</u>	<u>(2,624,900)</u>
Total contributions and transfers	<u>(74,000)</u>	<u>808,115</u>
Change in net position	4,355,027	8,062,381
Net position at beginning of year	<u>85,716,701</u>	<u>77,654,320</u>
Total net position at end of year	<u>\$ 90,071,728</u>	<u>\$ 85,716,701</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 26,207,204	\$ 25,839,402
Cash paid to suppliers for goods and services	(5,854,493)	(5,712,957)
Cash paid to employees for services	(5,607,432)	(5,721,145)
Net cash provided (used) by operating activities	<u>14,745,279</u>	<u>14,405,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	1,228,025	(2,899,691)
Borrowings from (to) component unit	91,102	-
Noncapital grants and contributions	73,931	-
Transfers out to other funds	(2,958,235)	(2,624,900)
Total operating expenses	<u>(1,565,177)</u>	<u>(5,524,591)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(9,072,612)	(5,215,298)
Proceeds from sale of capital assets	63,228	370,150
Proceeds from capital grants and contributions	4,169,119	883,596
Principal paid on revenue bonds	(7,155,000)	(6,885,000)
Interest paid on revenue bonds	(2,111,146)	(2,372,575)
Net cash provided (used) by capital and related financing activities	<u>(14,106,411)</u>	<u>(13,219,127)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(521,250)	-
Proceeds from sales and maturities of investments	250,239	5,416,530
Investment income	220,840	177,060
Net cash provided (used) by investing activities	<u>(50,171)</u>	<u>5,593,590</u>
Net increase (decrease) in cash and cash equivalents	(976,480)	1,255,172
Cash and cash equivalents at beginning of year	<u>11,299,402</u>	<u>10,044,230</u>
Cash and cash equivalents at end of year	<u>\$ 10,322,922</u>	<u>\$ 11,299,402</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 5,757,501	\$ 8,941,940
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	8,847,886	7,099,157
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(125,552)	(100,148)
(Increase) decrease in other receivables	(31,030)	(1,801)
(Increase) decrease in inventory	(76,271)	29,732
(Increase) decrease in deferred outflows related to pension	(1,123,180)	1,121,434
(Increase) decrease in deferred outflows related to OPEB	(68,276)	(41,013)
Increase (decrease) in accounts payable	17,273	(270,414)
Increase (decrease) in accrued expenses	663	11,614
Increase (decrease) in compensated absences	(63,952)	(12,972)
Increase (decrease) in net pension liability	1,847,604	(2,615,034)
Increase (decrease) in OPEB liability	56,824	(63,467)
Increase (decrease) in deferred inflows related to pension	(300,702)	292,693
Increase (decrease) in deferred inflows related to OPEB	6,491	13,579
Total adjustments	<u>8,987,778</u>	<u>5,463,360</u>
Net cash provided (used) by operating activities	<u>\$ 14,745,279</u>	<u>\$ 14,405,300</u>
Noncash capital and related financing activities		
Assets acquired from contributions	<u>\$ 1,264,535</u>	<u>\$ -</u>

COMMUNITY CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,061,163	\$ 989,241
Receivables (net)		
Other	375	1,106
Due from other funds	-	112,500
Returned checks	1,520	1,520
Restricted assets		
Cash and cash equivalents	<u>491,263</u>	<u>283,605</u>
Total current assets	<u>1,554,321</u>	<u>1,387,972</u>
Noncurrent assets		
Capital assets		
Buildings	5,448,837	5,443,306
Infrastructure	288,581	288,581
Machinery and equipment	<u>371,138</u>	<u>340,708</u>
Total capital assets	6,108,556	6,072,595
Less accumulated depreciation	<u>3,742,303</u>	<u>3,423,409</u>
Subtotal	2,366,253	2,649,186
Land	<u>175,160</u>	<u>175,160</u>
Net capital assets	<u>2,541,413</u>	<u>2,824,346</u>
Total noncurrent assets	<u>2,541,413</u>	<u>2,824,346</u>
Total assets	<u>4,095,734</u>	<u>4,212,318</u>
LIABILITIES		
Current liabilities		
Accounts payable	21,846	26,313
Accrued expenses	17,383	15,201
Due to other funds	2,602	13,791
Accrued compensated absences	44	120
Customer deposits	<u>37,239</u>	<u>29,094</u>
Total current liabilities	<u>79,114</u>	<u>84,519</u>
Noncurrent liabilities		
Accrued compensated absences	<u>815</u>	<u>3,672</u>
Total liabilities	<u>79,929</u>	<u>88,191</u>
NET POSITION		
Net investment in capital assets	2,541,413	2,824,346
Unrestricted	<u>1,474,392</u>	<u>1,299,781</u>
Total net position	<u>\$ 4,015,805</u>	<u>\$ 4,124,127</u>

CITY OF VICTORIA, TEXAS

NONMAJOR ENTERPRISE FUND

COMMUNITY CENTER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Rental fees	\$ 265,394	\$ 287,092
Miscellaneous	<u>6,325</u>	<u>1,765</u>
Total operating revenues	<u>271,719</u>	<u>288,857</u>
OPERATING EXPENSES		
Personnel	300,522	295,124
Materials and supplies	23,191	28,422
Maintenance	23,725	30,231
Heat, lights, and power	76,562	74,196
Miscellaneous services	48,471	39,002
Contractual services	24,452	9,704
Computer services	16,556	15,237
Depreciation	<u>318,894</u>	<u>331,379</u>
Total operating expenses	<u>832,373</u>	<u>823,295</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(560,654)	(534,438)
NONOPERATING REVENUES (EXPENSES)		
Investment income	22,740	12,549
Gain (loss) on disposition of capital assets	<u>1,392</u>	<u>719</u>
Net nonoperating revenues (expenses)	<u>24,132</u>	<u>13,268</u>
Income (loss) before transfers	(536,522)	(521,170)
Transfers		
Transfers in	450,000	450,000
Transfers out	<u>(21,800)</u>	<u>(21,800)</u>
Total transfers	<u>428,200</u>	<u>428,200</u>
Change in net position	(108,322)	(92,970)
Total net position at beginning of year	<u>4,124,127</u>	<u>4,217,097</u>
Total net position at end of year	<u>\$ 4,015,805</u>	<u>\$ 4,124,127</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 272,450	\$ 288,848
Cash paid to suppliers for goods and services	(217,424)	(226,123)
Cash paid to employees for services	(301,273)	(295,098)
Net cash provided (used) by operating activities	<u>(246,247)</u>	<u>(232,373)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase (decrease) in customer deposits	8,145	(2,336)
Borrowings from (to) other funds	101,311	14,915
Transfers in from other funds	450,000	450,000
Transfers out to other funds	(21,800)	(21,800)
Net cash provided (used) by noncapital financing activities	<u>537,656</u>	<u>440,779</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(35,961)	(24,112)
Proceeds from sale of capital assets	1,392	719
Net cash provided (used) by capital and related financing activities	<u>(34,569)</u>	<u>(23,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	22,740	12,549
Net cash provided (used) by investing activities	<u>22,740</u>	<u>12,549</u>
Net increase (decrease) in cash and cash equivalents	279,580	197,562
Cash and cash equivalents at beginning of year	1,272,846	1,075,284
Cash and cash equivalents at end of year	<u>\$ 1,552,426</u>	<u>\$ 1,272,846</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (560,654)	\$ (534,438)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	318,894	331,379
Changes in assets and liabilities		
(Increase) decrease in receivables	731	(9)
Increase (decrease) in accounts payable	(4,467)	(29,331)
Increase (decrease) in accrued expenses	2,182	1,805
Increase (decrease) in compensated absences	(2,933)	(1,779)
Total adjustments	<u>314,407</u>	<u>302,065</u>
Net cash provided (used) by operating activities	<u>\$ (246,247)</u>	<u>\$ (232,373)</u>

700 MAIN CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 104,796	\$ 82,093
Receivables (net)		
Other	<u>-</u>	<u>2,296</u>
Total current assets	<u>104,796</u>	<u>84,389</u>
Noncurrent assets		
Capital assets		
Buildings	2,763,407	2,751,272
Improvements other than buildings	78,216	78,216
Machinery and equipment	<u>29,065</u>	<u>29,065</u>
Total capital assets	2,870,688	2,858,553
Less accumulated depreciation	<u>1,968,188</u>	<u>1,882,238</u>
Subtotal	902,500	976,315
Land	<u>224,598</u>	<u>224,598</u>
Net capital assets	<u>1,127,098</u>	<u>1,200,913</u>
Total assets	<u>1,231,894</u>	<u>1,285,302</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>8,979</u>	<u>13,048</u>
NET POSITION		
Net investment in capital assets	1,127,098	1,200,913
Unrestricted	<u>95,817</u>	<u>71,341</u>
Total net position	<u>\$ 1,222,915</u>	<u>\$ 1,272,254</u>

CITY OF VICTORIA, TEXAS

NONMAJOR ENTERPRISE FUND

700 MAIN CENTER FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Rental fees	\$ 151,455	\$ 151,730
OPERATING EXPENSES		
Materials and supplies	791	512
Maintenance	16,365	18,047
Heat, lights, and power	38,383	44,001
Miscellaneous services	18,435	15,370
Contractual services	25,740	25,790
Depreciation	85,950	96,173
Total operating expenses	<u>185,664</u>	<u>199,893</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(34,209)	(48,163)
NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>
Income (loss) before transfers	(34,209)	(48,163)
Transfers		
Transfers out	<u>(15,130)</u>	<u>(48,021)</u>
Change in net position	(49,339)	(96,184)
Total net position at beginning of year	<u>1,272,254</u>	<u>1,368,438</u>
Total net position at end of year	<u>\$ 1,222,915</u>	<u>\$ 1,272,254</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 153,751	\$ 151,724
Cash paid to suppliers for goods and services	<u>(103,784)</u>	<u>(109,728)</u>
Net cash provided (used) by operating activities	<u>49,967</u>	<u>41,996</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	<u>(15,130)</u>	<u>(48,021)</u>
Net cash provided (used) by noncapital financing activities	<u>(15,130)</u>	<u>(48,021)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(12,134)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(12,134)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	22,703	(6,025)
Cash and cash equivalents at beginning of year	<u>82,093</u>	<u>88,118</u>
Cash and cash equivalents at end of year	<u>\$ 104,796</u>	<u>\$ 82,093</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (34,209)	\$ (48,163)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	85,950	96,173
Changes in assets and liabilities		
(Increase) decrease in other receivables	2,296	(6)
Increase (decrease) in accounts payable	<u>(4,070)</u>	<u>(6,008)</u>
Total adjustments	<u>84,176</u>	<u>90,159</u>
Net cash provided (used) by operating activities	<u>\$ 49,967</u>	<u>\$ 41,996</u>

ENVIRONMENTAL SERVICES FUND

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

BALANCE SHEET

September 30, 2019

With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,617,483	\$ 3,976,843
Investments	521,250	-
Receivables (net)		
Accounts	264,166	237,769
Other	15,422	19,450
Due from other funds	2,500,000	2,500,000
Restricted assets		
Cash and cash equivalents	2,085,265	2,583,050
Investments	731,000	-
Total current assets	<u>9,734,586</u>	<u>9,317,112</u>
Noncurrent assets		
Capital assets		
Buildings	1,024,804	692,108
Infrastructure	1,504,801	1,504,801
Improvements other than buildings	1,142,094	1,142,094
Machinery and equipment	1,737,665	1,697,823
Total capital assets	5,409,364	5,036,826
Less accumulated depreciation	4,015,854	3,735,106
Subtotal	1,393,510	1,301,720
Land	834,981	834,981
Net capital assets	<u>2,228,491</u>	<u>2,136,701</u>
Total noncurrent assets	<u>2,228,491</u>	<u>2,136,701</u>
Total assets	<u>11,963,077</u>	<u>11,453,813</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension	384,239	112,700
Deferred outflow related to OPEB	43,694	26,532
Total deferred outflows of resources	<u>427,933</u>	<u>139,232</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 88,810	\$ 185,035
Accrued expenses	69,744	64,348
Accrued compensated absences	1,119	1,072
Due to other funds	16,670	20,366
Due to other governments	41,562	36,595
Due to component unit	<u>29,858</u>	<u>28,576</u>
Total current liabilities	<u>247,763</u>	<u>335,992</u>
Noncurrent liabilities		
Accrued compensated absences	20,980	32,767
Net pension liability	1,424,846	947,326
OPEB liability	381,259	349,949
Estimated landfill closure and postclosure care cost	<u>4,238,589</u>	<u>4,137,543</u>
Total noncurrent liabilities	<u>6,065,674</u>	<u>5,467,585</u>
Total liabilities	<u>6,313,437</u>	<u>5,803,577</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	41,965	105,779
Deferred inflow related to OPEB	<u>4,654</u>	<u>2,994</u>
Total deferred inflows of resources	<u>46,619</u>	<u>108,773</u>
 NET POSITION		
Net investment in capital assets	2,228,491	2,136,701
Unrestricted	<u>3,802,463</u>	<u>3,543,994</u>
Total net position	<u>\$ 6,030,954</u>	<u>\$ 5,680,695</u>

CITY OF VICTORIA, TEXAS*MAJOR ENTERPRISE FUND**ENVIRONMENTAL SERVICES FUND**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Garbage fees	\$ 3,417,953	\$ 3,330,103
Other garbage fees	1,236,219	1,212,276
Miscellaneous	<u>984,656</u>	<u>961,678</u>
Total operating revenues	<u>5,638,828</u>	<u>5,504,057</u>
OPERATING EXPENSES		
Personnel	1,469,608	1,189,519
Materials and supplies	226,895	220,001
Maintenance	2,257	20,160
Heat, lights, and power	14,901	15,695
Miscellaneous services	1,095,475	1,332,750
Contractual services	271,988	142,654
Computer services	55,024	50,639
Tipping fees	1,032,703	1,063,469
Landfill closure and postclosure care cost	107,573	101,045
Depreciation	<u>280,748</u>	<u>340,082</u>
Total operating expenses	<u>4,557,172</u>	<u>4,476,014</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	1,081,656	1,028,043
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposition of capital assets	48,933	161
Investment income	<u>148,170</u>	<u>105,724</u>
Net nonoperating revenues (expenses)	<u>197,103</u>	<u>105,885</u>
Income before transfers	1,278,759	1,133,928
Transfers		
Transfers out	<u>(928,500)</u>	<u>(595,167)</u>
Total transfers	<u>(928,500)</u>	<u>(595,167)</u>
Change in net position	350,259	538,761
Net position at beginning of year	<u>5,680,695</u>	<u>5,141,934</u>
Total net position at end of year	<u>\$ 6,030,954</u>	<u>\$ 5,680,695</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,616,459	\$ 5,574,447
Cash paid to suppliers for goods and services	(2,797,028)	(2,782,017)
Cash paid to employees for services	<u>(1,317,977)</u>	<u>(1,357,133)</u>
Net cash provided (used) by operating activities	<u>1,501,454</u>	<u>1,435,297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	(3,696)	(2,230,529)
Borrowings from (to) component unit	1,282	2,098
Transfers out to other funds	<u>(928,500)</u>	<u>(595,167)</u>
Net cash provided (used) by noncapital financing activities	<u>(930,914)</u>	<u>(2,823,598)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(372,538)	(115,700)
Proceeds from sale of capital assets	<u>48,933</u>	<u>161</u>
Net cash provided (used) by capital and related financing activities	<u>(323,605)</u>	<u>(115,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,252,250)	-
Proceeds from sales and maturities of investments	-	1,248,000
Investment income	<u>148,170</u>	<u>105,724</u>
Net cash provided (used) by investing activities	<u>(1,104,080)</u>	<u>1,353,724</u>
Net increase (decrease) in cash and cash equivalents	(857,145)	(150,116)
Cash and cash equivalents at beginning of year	<u>6,559,893</u>	<u>6,710,009</u>
Cash and cash equivalents at end of year	<u>\$ 5,702,748</u>	<u>\$ 6,559,893</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,081,656	\$ 1,028,043
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	280,748	340,082
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	(26,397)	40,139
(Increase) decrease in other receivables	4,028	30,251
(Increase) decrease in deferred outflows related to pension	(271,539)	216,195
(Increase) decrease in deferred outflows related to OPEB	(17,162)	(9,156)
Increase (decrease) in accounts payable	(96,225)	73,848
Increase (decrease) in due to other governments	4,967	(10,497)
Increase (decrease) in accrued expenses	5,396	(6,320)
Increase (decrease) in compensated absences	(11,740)	(10,020)
Increase (decrease) in net pension liability	477,520	(437,754)
Increase (decrease) in OPEB liability	31,310	(8,003)
Increase (decrease) in landfill closure and postclosure care cost	101,046	101,045
Increase (decrease) in deferred inflows related to pension	(63,814)	84,450
Increase (decrease) in deferred inflows related to OPEB	<u>1,660</u>	<u>2,994</u>
Total adjustments	<u>419,798</u>	<u>407,254</u>
Net cash provided (used) by operating activities	<u>\$ 1,501,454</u>	<u>\$ 1,435,297</u>

GOLF COURSE FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
GOLF COURSE FUND
BALANCE SHEET
September 30, 2019
With comparative totals for the year ended September 30, 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 301,042	\$ 347,760
Receivables (net)	57,990	48,519
Due from other funds	975	975
Inventory	15,384	17,502
Returned checks	124	-
Prepaid items	2,660	-
Total current assets	<u>378,175</u>	<u>414,756</u>
Noncurrent assets		
Capital assets		
Buildings	317,013	309,111
Improvements other than buildings	212,415	212,415
Machinery and equipment	471,557	471,557
Total capital assets	1,000,985	993,083
Less accumulated depreciation	<u>667,740</u>	<u>572,395</u>
Subtotal	333,245	420,688
Land	<u>1,143,492</u>	<u>1,143,492</u>
Net capital assets	<u>1,476,737</u>	<u>1,564,180</u>
Total assets	<u>1,854,912</u>	<u>1,978,936</u>
LIABILITIES		
Current liabilities		
Accounts payable	24,702	21,668
Accrued expenses	28,096	27,324
Due to other funds	4,044	14,784
Current portion of capital lease payable	<u>84,812</u>	<u>81,902</u>
Total current liabilities	<u>141,654</u>	<u>145,678</u>
Noncurrent liabilities		
Capital lease payable	<u>202,007</u>	<u>286,819</u>
Total liabilities	<u>343,661</u>	<u>432,497</u>
NET POSITION		
Net investment in capital assets	1,189,918	1,195,459
Unrestricted	<u>321,333</u>	<u>350,978</u>
Total net position	<u>\$ 1,511,251</u>	<u>\$ 1,546,437</u>

CITY OF VICTORIA, TEXAS**NONMAJOR ENTERPRISE FUND****GOLF COURSE FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Golf course sales	\$ 161,263	\$ 116,526
Fees and memberships	729,254	628,725
Miscellaneous	178	91
Total operating revenues	<u>890,695</u>	<u>745,342</u>
OPERATING EXPENSES		
Personnel	510,744	414,522
Materials and supplies	156,373	143,226
Maintenance	23,033	15,469
Heat, lights, and power	43,550	39,777
Miscellaneous services	72,837	75,717
Contractual services	12,412	28,374
Depreciation	95,345	72,527
Total operating expenses	<u>914,294</u>	<u>789,612</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(23,599)	(44,270)
NONOPERATING REVENUES (EXPENSES)		
Interest and fiscal charges	<u>(11,587)</u>	<u>(10,540)</u>
Income (loss) before transfers	(35,186)	(54,810)
Transfers		
Transfers in	<u>-</u>	<u>140,300</u>
Total transfers	<u>-</u>	<u>140,300</u>
Change in net position	(35,186)	85,490
Total net position at beginning of year	<u>1,546,437</u>	<u>1,460,947</u>
Total net position at end of year	<u>\$ 1,511,251</u>	<u>\$ 1,546,437</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
GOLF COURSE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 881,098	\$ 696,825
Cash paid to suppliers for goods and services	(305,713)	(326,943)
Cash paid to employees for services	<u>(509,972)</u>	<u>(387,198)</u>
Net cash provided (used) by operating activities	<u>65,413</u>	<u>(17,316)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	(10,740)	13,809
Transfers from other funds	<u>-</u>	<u>140,300</u>
Net cash provided (used) by noncapital financing activities	<u>(10,740)</u>	<u>154,109</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(7,902)	(28,594)
Principal paid on capital lease	(81,902)	(59,577)
Interest paid on capital lease	<u>(11,587)</u>	<u>(10,540)</u>
Net cash provided (used) by capital and related financing activities	<u>(101,391)</u>	<u>(98,711)</u>
Net increase (decrease) in cash and cash equivalents	(46,718)	38,082
Cash and cash equivalents at beginning of year	<u>347,760</u>	<u>309,678</u>
Cash and cash equivalents at end of year	<u>\$ 301,042</u>	<u>\$ 347,760</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (23,599)	\$ (44,270)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	95,345	72,527
Changes in assets and liabilities		
(Increase) decrease in other receivables	(9,473)	(48,517)
(Increase) decrease in returned checks	(124)	(17,502)
(Increase) decrease in prepaid items	(2,660)	(17,502)
(Increase) decrease in inventory	2,118	(17,502)
Increase (decrease) in accounts payable	3,034	(6,878)
Increase (decrease) in accrued expenses	<u>772</u>	<u>27,324</u>
Total adjustments	<u>89,012</u>	<u>(8,050)</u>
Net cash provided (used) by operating activities	<u>\$ 65,413</u>	<u>\$ (52,320)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis. The City maintains eight Internal Service Funds: Vehicle and Equipment Services, Information Technology, Communications, Purchasing, Safety Management, Workers' Compensation, Print Shop, and Employee Health Plan.

Vehicle and Equipment Services Fund (V.E.S.) - The V.E.S. fund is responsible for two main functions: 1) To account for the cost of operating a central maintenance facility for all City-owned automotive equipment. The department also maintains equipment which the Internal Service Fund does not own, i.e., non-automotive equipment owned by other City departments and automotive equipment owned by outside agencies. For those maintenance activities, the Internal Service Fund makes direct charges for parts and labor to the entities involved. 2) To account for the administration of the Vehicle and Equipment Services Division. All automotive equipment is owned by this department of the Internal Service Fund and rented to the user departments. In addition, this department maintains stocks of fuel and parts with which to service the City's fleet and related communications and emergency equipment. The costs of parts, labor, vehicle insurance and garage overhead are recovered from user departments through the use of monthly vehicle equipment charges. In addition, the V.E.S. Fund operates a motor pool of vehicles and equipment which it rents, on an as-needed basis, to City departments. Fiscal year 2003 was the first year for service center operations to be contracted out to an outside vendor.

Information Technology Fund - This fund has one operating department whose responsibility is to provide centralized electronic data processing services to all City departments. The services include system design and programming. This department was set up as a separate fund so that its total costs could be apportioned to the many user departments from several funds.

Communications Fund - This fund is responsible for accounting for the cost of operating a central maintenance facility for all City-owned communications and emergency equipment.

Purchasing Fund - The purpose of this fund is to account for the costs of operating a central purchasing department and a central warehouse. The actual cost of goods is billed to user departments along with an added purchasing overhead charge to defray operating expenses, thereby making the department a self-supporting entity.

Safety Management Fund - This fund was set up to account for all risk type expenses and revenues. Insurance premiums, deductible expenses, non-insured claims and costs are all recorded in this fund, as well as prorated contributions from all operating funds.

Workers' Compensation Fund - The City established an Internal Service Fund called Workers' Compensation Fund in the fiscal year 1990 to account for and finance its uninsured risk of loss. Under this program the Workers' Compensation Fund provides coverage for up to a maximum of \$350,000 for each workers' compensation claim. Any excess over the maximum self-insured amount would be covered by the City's compensation insurance.

Print Shop Fund - The purpose of this fund is to account for the cost of operating a central print shop for City as well as County of Victoria departments. The department provides central reproduction services to City and County departments on a billable basis. This department also processes incoming and outgoing mail and maintains inventory for office supplies to be used by City and County departments.

Employee Health Plan Fund - The Employee Health Plan Fund was created to provide accounting for transactions of a self-insured health insurance plan for City employees, employee dependents, and retirees. The City pays a portion of the premium for City employees and retirees, and employees pay the premium if they wish to cover dependents. Payments by the various City funds, employees, and retirees (for retiree dependent coverage) are revenues of the fund. Payments are made from the fund to a third party administrator for services, to an insurance company for specific stop loss insurance and life insurance, and to providers of medical services.

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2019

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 932,095	\$ 472,496	\$ 315,191
Receivables (net)			
Other	20,970	-	10,767
Due from other funds	-	-	-
Inventory	67,242	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
Total current assets	<u>1,020,307</u>	<u>472,496</u>	<u>325,958</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	134,007	-	39,168
Buildings, improvements, and equipment (net)	<u>7,193,580</u>	<u>450,223</u>	<u>287,451</u>
Total noncurrent assets	<u>7,327,587</u>	<u>450,223</u>	<u>326,619</u>
Total assets	<u>8,347,894</u>	<u>922,719</u>	<u>652,577</u>
LIABILITIES			
Current liabilities			
Accounts payable	358,256	45,526	1,735
Accrued expenses	8,698	36,310	-
Due to other funds	-	7,892	-
Accrued compensated absences	-	24,508	-
Claims payable	-	-	-
Total current liabilities	<u>366,954</u>	<u>114,236</u>	<u>1,735</u>
Total liabilities	<u>366,954</u>	<u>114,236</u>	<u>1,735</u>
NET POSITION			
Net investment in capital assets	7,327,587	450,223	326,619
Unrestricted	<u>653,353</u>	<u>358,260</u>	<u>324,223</u>
Total net position	<u>\$ 7,980,940</u>	<u>\$ 808,483</u>	<u>\$ 650,842</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 138,610	\$ 66,648	\$ 586,977	\$ 52,110	\$ 797,073	\$ 3,361,200
172	-	6,675	1,848	361,910	402,342
-	-	-	-	779,187	779,187
34,936	-	-	18,704	-	120,882
-	-	31,000	-	-	31,000
<u>173,718</u>	<u>66,648</u>	<u>624,652</u>	<u>72,662</u>	<u>1,938,170</u>	<u>4,694,611</u>
-	-	-	-	-	173,175
<u>34,255</u>	<u>952</u>	<u>-</u>	<u>13,400</u>	<u>-</u>	<u>7,979,861</u>
<u>34,255</u>	<u>952</u>	<u>-</u>	<u>13,400</u>	<u>-</u>	<u>8,153,036</u>
<u>207,973</u>	<u>67,600</u>	<u>624,652</u>	<u>86,062</u>	<u>1,938,170</u>	<u>12,847,647</u>
3,152	6,002	8,592	1,602	8,688	433,553
6,852	5,622	-	6,411	-	63,893
5,874	5,335	-	-	-	19,101
3,692	-	-	773	-	28,973
-	-	242,864	-	420,254	663,118
<u>19,570</u>	<u>16,959</u>	<u>251,456</u>	<u>8,786</u>	<u>428,942</u>	<u>1,208,638</u>
<u>19,570</u>	<u>16,959</u>	<u>251,456</u>	<u>8,786</u>	<u>428,942</u>	<u>1,208,638</u>
34,255	952	-	13,400	-	8,153,036
<u>154,148</u>	<u>49,689</u>	<u>373,196</u>	<u>63,876</u>	<u>1,509,228</u>	<u>3,485,973</u>
<u>\$ 188,403</u>	<u>\$ 50,641</u>	<u>\$ 373,196</u>	<u>\$ 77,276</u>	<u>\$ 1,509,228</u>	<u>\$ 11,639,009</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
For the year ended September 30, 2019

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
OPERATING REVENUES			
Charges for services	\$ 5,144,936	\$ 1,296,198	\$ 517,146
Miscellaneous	<u>76,910</u>	<u>321</u>	<u>-</u>
Total operating revenues	<u>5,221,846</u>	<u>1,296,519</u>	<u>517,146</u>
OPERATING EXPENSES			
Personnel	112,200	647,744	8,452
Materials and supplies	1,054,823	9,430	285
Maintenance	24,184	223,885	404,878
Heat, lights, and power	18,424	-	-
Reinsurance premiums	-	-	-
Miscellaneous services	634,336	117,899	19,205
Contractual services	1,287,997	64,878	13,818
Computer services	16,556	-	7,003
Court costs, judgments, and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
HSA expense	-	-	-
Wellness program	-	-	-
Depreciation	<u>2,004,752</u>	<u>326,023</u>	<u>178,042</u>
Total operating expenses	<u>5,153,272</u>	<u>1,389,859</u>	<u>631,683</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	68,574	(93,340)	(114,537)
NONOPERATING REVENUES (EXPENSES)			
Investment income	4,999	7,499	2,348
Gain (loss) on disposition of capital assets	<u>(64,535)</u>	<u>-</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(59,536)</u>	<u>7,499</u>	<u>2,348</u>
Income (loss) before transfers	9,038	(85,841)	(112,189)
Transfers			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	9,038	(85,841)	(112,189)
Total net position at beginning of year	<u>7,971,902</u>	<u>894,324</u>	<u>763,031</u>
Total net position at end of year	<u>\$ 7,980,940</u>	<u>\$ 808,483</u>	<u>\$ 650,842</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 283,630	\$ 849,150	\$ 205,000	\$ 142,976	\$ 6,184,129	\$ 14,623,165
<u>38,675</u>	<u>3,998</u>	<u>6,675</u>	<u>5</u>	<u>32,396</u>	<u>158,980</u>
<u>322,305</u>	<u>853,148</u>	<u>211,675</u>	<u>142,981</u>	<u>6,216,525</u>	<u>14,782,145</u>
155,843	101,180	-	104,560	-	1,129,979
16,672	833	-	3,907	-	1,085,950
817	-	-	15,657	-	669,421
2,944	-	-	-	-	21,368
-	659,236	-	-	484,819	1,144,055
20,371	10,954	-	15,566	-	818,331
-	13,342	-	-	210,871	1,590,906
18,093	7,003	-	7,003	-	55,658
-	6,461	-	-	-	6,461
-	-	332,589	-	6,726,041	7,058,630
-	-	-	-	200,000	200,000
-	-	-	-	429,000	429,000
-	-	-	-	12,152	12,152
<u>5,382</u>	<u>378</u>	<u>-</u>	<u>6,561</u>	<u>-</u>	<u>2,521,138</u>
<u>220,122</u>	<u>799,387</u>	<u>332,589</u>	<u>153,254</u>	<u>8,062,883</u>	<u>16,743,049</u>
102,183	53,761	(120,914)	(10,273)	(1,846,358)	(1,960,904)
1,098	258	8,882	-	27,174	52,258
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,535)</u>
<u>1,098</u>	<u>258</u>	<u>8,882</u>	<u>-</u>	<u>27,174</u>	<u>(12,277)</u>
103,281	54,019	(112,032)	(10,273)	(1,819,184)	(1,973,181)
-	-	-	-	1,629,000	1,629,000
103,281	54,019	(112,032)	(10,273)	(190,184)	(344,181)
<u>85,122</u>	<u>(3,378)</u>	<u>485,228</u>	<u>87,549</u>	<u>1,699,412</u>	<u>11,983,190</u>
<u>\$ 188,403</u>	<u>\$ 50,641</u>	<u>\$ 373,196</u>	<u>\$ 77,276</u>	<u>\$ 1,509,228</u>	<u>\$ 11,639,009</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2019

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 5,222,184	\$ 1,292,678	\$ 513,445
Cash paid to suppliers for goods and services	(3,028,446)	(420,844)	(452,816)
Cash paid to employees for services	<u>(108,407)</u>	<u>(647,678)</u>	<u>(8,452)</u>
Net cash provided (used) by operating activities	<u>2,085,331</u>	<u>224,156</u>	<u>52,177</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(2,022,458)</u>	<u>(127,399)</u>	<u>(13,831)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,022,458)</u>	<u>(127,399)</u>	<u>(13,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	-
Investment income	<u>4,999</u>	<u>7,499</u>	<u>2,348</u>
Net cash provided (used) by investing activities	<u>4,999</u>	<u>7,499</u>	<u>2,348</u>
Net increase (decrease) in cash and cash equivalents	67,872	104,256	40,694
Cash and cash equivalents at beginning of year	<u>864,223</u>	<u>368,240</u>	<u>274,497</u>
Cash and cash equivalents at end of year	<u>\$ 932,095</u>	<u>\$ 472,496</u>	<u>\$ 315,191</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 319,656	\$ 851,463	\$ 228,616	\$ 142,232	\$ 5,724,720	\$ 14,294,994
(10,507)	(694,265)	(233,472)	(41,583)	(8,319,794)	(13,201,727)
<u>(167,356)</u>	<u>(102,256)</u>	<u>-</u>	<u>(104,093)</u>	<u>-</u>	<u>(1,138,242)</u>
141,793	54,942	(4,856)	(3,444)	(2,595,074)	(44,975)
-	-	-	-	1,629,000	1,629,000
-	-	-	-	1,629,000	1,629,000
(4,281)	(1,078)	-	(2,335)	-	(2,171,382)
<u>(4,281)</u>	<u>(1,078)</u>	<u>-</u>	<u>(2,335)</u>	<u>-</u>	<u>(2,171,382)</u>
-	-	-	-	989,000	989,000
1,098	258	8,882	-	27,174	52,258
<u>1,098</u>	<u>258</u>	<u>8,882</u>	<u>-</u>	<u>1,016,174</u>	<u>1,041,258</u>
138,610	54,122	4,026	(5,779)	50,100	453,901
-	12,526	613,951	57,889	746,973	2,938,299
<u>\$ 138,610</u>	<u>\$ 66,648</u>	<u>\$ 617,977</u>	<u>\$ 52,110</u>	<u>\$ 797,073</u>	<u>\$ 3,392,200</u>

(continued)

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2019

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 68,574	\$ (93,340)	\$ (114,537)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	2,004,752	326,023	178,042
Changes in assets and liabilities			
(Increase) decrease in other receivables	1,285	-	(3,701)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventory	(10,209)	-	-
Increase (decrease) in accounts payable	18,083	(4,752)	(7,627)
Increase (decrease) in accrued expenses	3,793	3,551	-
Increase (decrease) in due to other funds	(947)	(3,841)	-
Increase (decrease) in compensated absences	-	(3,485)	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>2,016,757</u>	<u>317,496</u>	<u>166,714</u>
Net cash provided (used) by operating activities	<u>\$ 2,085,331</u>	<u>\$ 224,156</u>	<u>\$ 52,177</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 102,183	\$ 53,761	\$ (120,914)	\$ (10,273)	\$ (1,846,358)	\$ (1,960,904)
5,382	378	-	6,561	-	2,521,138
(148)	-	16,941	(749)	(338,785)	(325,157)
-	-	-	-	(153,020)	(153,020)
53,831	-	-	953	-	44,575
(5,441)	3,564	1,043	(403)	(6,544)	(2,077)
(2,931)	5,622	-	1,480	-	11,515
(2,501)	(1,685)	-	-	-	(8,974)
(8,582)	(6,698)	-	(1,013)	-	(19,778)
<u>-</u>	<u>-</u>	<u>98,074</u>	<u>-</u>	<u>(250,367)</u>	<u>(152,293)</u>
<u>39,610</u>	<u>1,181</u>	<u>116,058</u>	<u>6,829</u>	<u>(748,716)</u>	<u>1,915,929</u>
<u>\$ 141,793</u>	<u>\$ 54,942</u>	<u>\$ (4,856)</u>	<u>\$ (3,444)</u>	<u>\$ (2,595,074)</u>	<u>\$ (44,975)</u>

(concluded)

VEHICLE AND EQUIPMENT SERVICES FUND (V.E.S.)

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
V.E.S. FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 932,095	\$ 864,223
Receivables		
Other	20,970	22,255
Inventory	67,242	57,033
Total current assets	<u>1,020,307</u>	<u>943,511</u>
Noncurrent assets		
Capital assets		
Buildings	425,876	425,876
Infrastructure	93,179	93,179
Improvements other than buildings	10,659	10,659
Machinery and equipment	23,291,582	22,732,261
Total capital assets	23,821,296	23,261,975
Less accumulated depreciation	16,627,716	16,021,566
Subtotal	7,193,580	7,240,409
Land	134,007	134,007
Net capital assets	<u>7,327,587</u>	<u>7,374,416</u>
Total assets	<u>8,347,894</u>	<u>8,317,927</u>
LIABILITIES		
Current liabilities		
Accounts payable	358,256	340,173
Accrued expenses	8,698	4,905
Due to other funds	-	947
Total liabilities	<u>366,954</u>	<u>346,025</u>
NET POSITION		
Net investment in capital assets	7,327,587	7,374,416
Unrestricted	653,353	597,486
Total net position	<u>\$ 7,980,940</u>	<u>\$ 7,971,902</u>

CITY OF VICTORIA, TEXAS**INTERNAL SERVICE FUND****V.E.S. FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 5,144,936	\$ 4,909,455
Miscellaneous	<u>76,910</u>	<u>218,360</u>
Total operating revenues	<u>5,221,846</u>	<u>5,127,815</u>
OPERATING EXPENSES		
Personnel	112,200	131,740
Materials and supplies	1,054,823	1,118,628
Maintenance	24,184	70,159
Heat, lights, and power	18,424	20,115
Miscellaneous services	634,336	685,800
Contractual services	1,287,997	1,222,304
Computer services	16,556	15,237
Depreciation	<u>2,004,752</u>	<u>1,943,218</u>
Total operating expenses	<u>5,153,272</u>	<u>5,207,201</u>
Operating income (loss) before nonoperating revenues (expenses)	68,574	(79,386)
NONOPERATING REVENUES (EXPENSES)		
Investment income	4,999	3,712
Gain (loss) on disposition of capital assets	<u>(64,535)</u>	<u>10,415</u>
Net nonoperating revenues (expenses)	<u>(59,536)</u>	<u>14,127</u>
Change in net position	9,038	(65,259)
Total net position at beginning of year	<u>7,971,902</u>	<u>8,037,161</u>
Total net position at end of year	<u>\$ 7,980,940</u>	<u>\$ 7,971,902</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
V.E.S. FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 5,222,184	\$ 5,156,074
Cash paid to suppliers for goods and services	(3,028,446)	(3,081,899)
Cash paid to employees for services	(108,407)	(146,511)
Net cash provided (used) by operating activities	<u>2,085,331</u>	<u>1,927,664</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,022,458)	(1,952,427)
Proceeds from sale of capital assets	-	15,222
Net cash provided (used) by capital and related financing activities	<u>(2,022,458)</u>	<u>(1,937,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	4,999	3,712
Net increase (decrease) in cash and cash equivalents	67,872	(5,829)
Cash and cash equivalents at beginning of year	864,223	870,052
Cash and cash equivalents at end of year	<u>\$ 932,095</u>	<u>\$ 864,223</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 68,574	\$ (79,386)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	2,004,752	1,943,218
Changes in assets and liabilities		
(Increase) decrease in other receivables	1,285	27,313
(Increase) decrease in inventory	(10,209)	(15,735)
Increase (decrease) in accounts payable	18,083	66,079
Increase (decrease) in accrued expenses	3,793	(6,022)
Increase (decrease) in due to other funds	(947)	946
Increase (decrease) in compensated absences	-	(8,749)
Total adjustments	<u>2,016,757</u>	<u>2,007,050</u>
Net cash provided (used) by operating activities	<u>\$ 2,085,331</u>	<u>\$ 1,927,664</u>

INFORMATION TECHNOLOGY FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
INFORMATION TECHNOLOGY FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 472,496	\$ 368,240
Total current assets	<u>472,496</u>	<u>368,240</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	2,893,537	2,844,172
Total capital assets	2,893,537	2,844,172
Less accumulated depreciation	<u>2,443,314</u>	<u>2,195,325</u>
Net capital assets	<u>450,223</u>	<u>648,847</u>
Total assets	<u>922,719</u>	<u>1,017,087</u>
LIABILITIES		
Current liabilities		
Accounts payable	45,526	50,278
Accrued expenses	36,310	32,759
Due to other funds	7,892	11,733
Accrued compensated absences	<u>24,508</u>	<u>27,993</u>
Total liabilities	<u>114,236</u>	<u>122,763</u>
NET POSITION		
Net investment in capital assets	450,223	648,847
Unrestricted	<u>358,260</u>	<u>245,477</u>
Total net position	<u>\$ 808,483</u>	<u>\$ 894,324</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
INFORMATION TECHNOLOGY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 1,296,198	\$ 1,192,898
Miscellaneous	<u>321</u>	<u>6,315</u>
Total operating revenues	<u>1,296,519</u>	<u>1,199,213</u>
OPERATING EXPENSES		
Personnel	647,744	680,622
Materials and supplies	9,430	12,485
Maintenance	223,885	230,000
Miscellaneous services	117,899	110,947
Contractual services	64,878	56,713
Depreciation	<u>326,023</u>	<u>305,100</u>
Total operating expenses	<u>1,389,859</u>	<u>1,395,867</u>
Operating income (loss) before nonoperating revenues (expenses)	(93,340)	(196,654)
NONOPERATING REVENUES (EXPENSES)		
Investment income	7,499	5,567
Gain on disposition of capital assets	<u>-</u>	<u>30</u>
Net nonoperating revenues (expenses)	<u>7,499</u>	<u>5,597</u>
Change in net position	(85,841)	(191,057)
Total net position at beginning of year	<u>894,324</u>	<u>1,085,381</u>
Total net position at end of year	<u>\$ 808,483</u>	<u>\$ 894,324</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
INFORMATION TECHNOLOGY FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 1,292,678	\$ 1,205,095
Cash paid to suppliers for goods and services	(420,844)	(377,944)
Cash paid to employees for services	(647,678)	(681,937)
Net cash provided (used) by operating activities	<u>224,156</u>	<u>145,214</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(127,399)	(203,825)
Proceeds from sale of capital assets	-	30
Net cash provided (used) by capital and related financing activities	<u>(127,399)</u>	<u>(203,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	7,499	5,567
Net cash provided (used) by investing activities	<u>7,499</u>	<u>5,567</u>
Net increase (decrease) in cash and cash equivalents	104,256	(53,014)
Cash and cash equivalents at beginning of year	<u>368,240</u>	<u>421,254</u>
Cash and cash equivalents at end of year	<u>\$ 472,496</u>	<u>\$ 368,240</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (93,340)	\$ (196,654)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	326,023	305,100
Changes in assets and liabilities		
Increase (decrease) in accounts payable	(4,752)	32,201
Increase (decrease) in accrued expenses	3,551	(1,793)
Increase (decrease) in due to other funds	(3,841)	5,882
Increase (decrease) in compensated absences	(3,485)	478
Total adjustments	<u>317,496</u>	<u>341,868</u>
Net cash provided (used) by operating activities	<u>\$ 224,156</u>	<u>\$ 145,214</u>

COMMUNICATIONS FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
COMMUNICATIONS FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 315,191	\$ 274,497
Receivables		
Other	<u>10,767</u>	<u>7,066</u>
Total current assets	<u>325,958</u>	<u>281,563</u>
Noncurrent assets		
Capital assets		
Buildings	32,623	32,623
Infrastructure	2,501	2,501
Machinery and equipment	<u>3,730,466</u>	<u>3,716,635</u>
Total capital assets	3,765,590	3,751,759
Less accumulated depreciation	<u>3,478,139</u>	<u>3,300,097</u>
Subtotal	287,451	451,662
Land	<u>39,168</u>	<u>39,168</u>
Net capital assets	<u>326,619</u>	<u>490,830</u>
Total assets	<u>652,577</u>	<u>772,393</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>1,735</u>	<u>9,362</u>
Total liabilities	<u>1,735</u>	<u>9,362</u>
NET POSITION		
Net investment in capital assets	326,619	490,830
Unrestricted	<u>324,223</u>	<u>272,201</u>
Total net position	<u>\$ 650,842</u>	<u>\$ 763,031</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
COMMUNICATIONS FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 517,146	\$ 512,899
Total operating revenues	<u>517,146</u>	<u>512,899</u>
OPERATING EXPENSES		
Personnel	8,452	26,383
Materials and supplies	285	1,362
Maintenance	404,878	401,608
Miscellaneous services	19,205	20,130
Contractual services	13,818	8,800
Computer services	7,003	6,445
Depreciation	<u>178,042</u>	<u>177,374</u>
Total operating expenses	<u>631,683</u>	<u>642,102</u>
Operating income (loss) before nonoperating revenues (expenses)	(114,537)	(129,203)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>2,348</u>	<u>928</u>
Net nonoperating revenues (expenses)	<u>2,348</u>	<u>928</u>
Change in net position	(112,189)	(128,275)
Total net position at beginning of year	<u>763,031</u>	<u>891,306</u>
Total net position at end of year	<u>\$ 650,842</u>	<u>\$ 763,031</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
COMMUNICATIONS FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 513,445	\$ 512,145
Cash paid to suppliers for goods and services	(452,816)	(432,169)
Cash paid to employees for services	<u>(8,452)</u>	<u>(33,945)</u>
Net cash provided (used) by operating activities	<u>52,177</u>	<u>46,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(13,831)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(13,831)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>2,348</u>	<u>928</u>
Net cash provided (used) by investing activities	<u>2,348</u>	<u>928</u>
Net increase (decrease) in cash and cash equivalents	40,694	46,959
Cash and cash equivalents at beginning of year	<u>274,497</u>	<u>227,538</u>
Cash and cash equivalents at end of year	<u>\$ 315,191</u>	<u>\$ 274,497</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (114,537)	\$ (129,203)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	178,042	177,374
Changes in assets and liabilities		
(Increase) decrease in other receivables	(3,701)	(754)
Increase (decrease) in accounts payable	(7,627)	6,176
Increase (decrease) in accrued expenses	-	(3,647)
Increase (decrease) in compensated absences	<u>-</u>	<u>(3,915)</u>
Total adjustments	<u>166,714</u>	<u>175,234</u>
Net cash provided (used) by operating activities	<u>\$ 52,177</u>	<u>\$ 46,031</u>

PURCHASING FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PURCHASING FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 138,610	\$ -
Receivables		
Other	172	24
Inventory	<u>34,936</u>	<u>88,767</u>
Total current assets	<u>173,718</u>	<u>88,791</u>
Noncurrent assets		
Capital assets		
Buildings	144,400	144,400
Infrastructure	7,827	7,827
Improvements other than buildings	5,840	5,840
Machinery and equipment	<u>39,328</u>	<u>38,517</u>
Total capital assets	197,395	196,584
Less accumulated depreciation	<u>163,140</u>	<u>161,228</u>
Net capital assets	<u>34,255</u>	<u>35,356</u>
Total assets	<u>207,973</u>	<u>124,147</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,152	8,593
Accrued expenses	6,852	9,783
Due to other funds	5,874	8,375
Accrued compensated absences	<u>3,692</u>	<u>12,274</u>
Total liabilities	<u>19,570</u>	<u>39,025</u>
NET POSITION		
Net investment in capital assets	34,255	35,356
Unrestricted	<u>154,148</u>	<u>49,766</u>
Total net position	<u>\$ 188,403</u>	<u>\$ 85,122</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PURCHASING FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 283,630	\$ 223,648
Miscellaneous	<u>38,675</u>	<u>18,766</u>
Total operating revenues	<u>322,305</u>	<u>242,414</u>
OPERATING EXPENSES		
Personnel	155,843	196,303
Materials and supplies	16,672	2,539
Maintenance	817	796
Heat, lights, and power	2,944	3,176
Miscellaneous services	20,371	19,444
Computer services	18,093	16,651
Depreciation	<u>5,382</u>	<u>5,469</u>
Total operating expenses	<u>220,122</u>	<u>244,378</u>
Operating income (loss) before nonoperating revenues (expenses)	102,183	(1,964)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>1,098</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>1,098</u>	<u>-</u>
Change in net position	103,281	(1,964)
Total net position at beginning of year	<u>85,122</u>	<u>87,086</u>
Total net position at end of year	<u><u>\$ 188,403</u></u>	<u><u>\$ 85,122</u></u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PURCHASING FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 319,656	\$ 246,092
Cash paid to suppliers for goods and services	(10,507)	(50,410)
Cash paid to employees for services	<u>(167,356)</u>	<u>(195,682)</u>
Net cash provided (used) by operating activities	<u>141,793</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(4,281)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(4,281)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>1,098</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>1,098</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	138,610	-
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 138,610</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 102,183	\$ (1,964)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	5,382	5,469
Changes in assets and liabilities		
(Increase) decrease in other receivables	(148)	92
(Increase) decrease in inventory	53,831	(2,739)
Increase (decrease) in accounts payable	(5,441)	(5,065)
Increase (decrease) in accrued expenses	(2,931)	39
Increase (decrease) in due to other funds	(2,501)	3,586
Increase (decrease) in compensated absences	<u>(8,582)</u>	<u>582</u>
Total adjustments	<u>39,610</u>	<u>1,964</u>
Net cash provided (used) by operating activities	<u>\$ 141,793</u>	<u>\$ -</u>

SAFETY MANAGEMENT FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
SAFETY MANAGEMENT FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 66,648	\$ 12,526
Total current assets	<u>66,648</u>	<u>12,526</u>
Noncurrent assets		
Capital assets		
Buildings	973	973
Machinery and equipment	3,509	4,381
Total capital assets	<u>4,482</u>	<u>5,354</u>
Less accumulated depreciation	<u>3,530</u>	<u>5,102</u>
Net capital assets	<u>952</u>	<u>252</u>
Total assets	<u>67,600</u>	<u>12,778</u>
LIABILITIES		
Current liabilities		
Accounts payable	6,002	2,438
Accrued expenses	5,622	-
Due to other funds	5,335	7,020
Accrued compensated absences	<u>-</u>	<u>6,698</u>
Total liabilities	<u>16,959</u>	<u>16,156</u>
NET POSITION		
Net investment in capital assets	952	252
Unrestricted	<u>49,689</u>	<u>(3,630)</u>
Total net position	<u>\$ 50,641</u>	<u>\$ (3,378)</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
SAFETY MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 849,150	\$ 762,600
Miscellaneous	3,998	24
Total operating revenues	<u>853,148</u>	<u>762,624</u>
OPERATING EXPENSES		
Personnel	101,180	106,672
Materials and supplies	833	1,630
Reinsurance premiums	659,236	611,535
Miscellaneous services	10,954	9,739
Contractual services	13,342	10,426
Computer services	7,003	6,445
Court costs, judgments, and damages	6,461	32,847
Depreciation	378	314
Total operating expenses	<u>799,387</u>	<u>779,608</u>
Operating income (loss) before nonoperating revenues (expenses)	53,761	(16,984)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>258</u>	<u>191</u>
Net nonoperating revenues (expenses)	<u>258</u>	<u>191</u>
Change in net position	54,019	(16,793)
Total net position at beginning of year	<u>(3,378)</u>	<u>13,415</u>
Total net position at end of year	<u>\$ 50,641</u>	<u>\$ (3,378)</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
SAFETY MANAGEMENT FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 851,463	\$ 764,790
Cash paid to suppliers for goods and services	(694,265)	(671,657)
Cash paid to employees for services	(102,256)	(107,648)
Net cash provided (used) by operating activities	<u>54,942</u>	<u>(14,515)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,078)	-
Net cash provided (used) by capital and related financing activities	<u>(1,078)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	258	191
Net cash provided (used) by investing activities	<u>258</u>	<u>191</u>
Net increase (decrease) in cash and cash equivalents	54,122	(14,324)
Cash and cash equivalents at beginning of year	12,526	26,850
Cash and cash equivalents at end of year	<u>\$ 66,648</u>	<u>\$ 12,526</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 53,761	\$ (16,984)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	378	314
Changes in assets and liabilities		
Increase (decrease) in accounts payable	3,564	965
Increase (decrease) in accrued expenses	5,622	(5,588)
Increase (decrease) in due to other funds	(1,685)	2,166
Increase (decrease) in compensated absences	(6,698)	4,612
Total adjustments	<u>1,181</u>	<u>2,469</u>
Net cash provided (used) by operating activities	<u>\$ 54,942</u>	<u>\$ (14,515)</u>

WORKERS' COMPENSATION FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
WORKERS' COMPENSATION FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 586,977	\$ 579,951
Receivables		
Other	6,675	23,616
Restricted assets		
Cash and cash equivalents	<u>31,000</u>	<u>34,000</u>
Total assets	<u>624,652</u>	<u>637,567</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,592	7,549
Claims payable	<u>242,864</u>	<u>144,790</u>
Total liabilities	<u>251,456</u>	<u>152,339</u>
NET POSITION		
Unrestricted	<u>373,196</u>	<u>485,228</u>
Total net position	<u>\$ 373,196</u>	<u>\$ 485,228</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
WORKERS' COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 205,000	\$ 355,000
Miscellaneous	<u>6,675</u>	<u>23,616</u>
Total operating revenues	<u>211,675</u>	<u>378,616</u>
OPERATING EXPENSES		
Claims expense	<u>332,589</u>	<u>106,315</u>
Total operating expenses	<u>332,589</u>	<u>106,315</u>
Operating income (loss) before nonoperating revenues (expenses)	(120,914)	272,301
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>8,882</u>	<u>3,676</u>
Change in net position	(112,032)	275,977
Total net position at beginning of year	<u>485,228</u>	<u>209,251</u>
Total net position at end of year	<u>\$ 373,196</u>	<u>\$ 485,228</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
WORKERS' COMPENSATION FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 228,616	\$ 357,230
Cash paid to suppliers for goods and services	<u>(233,472)</u>	<u>(167,804)</u>
Net cash provided (used) by operating activities	<u>(4,856)</u>	<u>189,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>8,882</u>	<u>3,676</u>
Net cash provided (used) by investing activities	<u>8,882</u>	<u>3,676</u>
Net increase (decrease) in cash and cash equivalents	4,026	193,102
Cash and cash equivalents at beginning of year	<u>613,951</u>	<u>420,849</u>
Cash and cash equivalents at end of year	<u>\$ 617,977</u>	<u>\$ 613,951</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (120,914)	\$ 272,301
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	16,941	(21,386)
Increase (decrease) in accounts payable	1,043	(1,376)
Increase (decrease) in claims payable	<u>98,074</u>	<u>(60,113)</u>
Total adjustments	<u>116,058</u>	<u>(82,875)</u>
Net cash provided (used) by operating activities	<u>\$ (4,856)</u>	<u>\$ 189,426</u>

PRINT SHOP FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PRINT SHOP FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 52,110	\$ 57,889
Receivables		
Other	1,848	1,099
Inventory	<u>18,704</u>	<u>19,657</u>
Total current assets	<u>72,662</u>	<u>78,645</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	87,985	85,650
Less accumulated depreciation	<u>74,585</u>	<u>68,024</u>
Net capital assets	<u>13,400</u>	<u>17,626</u>
Total assets	<u>86,062</u>	<u>96,271</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,602	2,005
Accrued expenses	6,411	4,931
Accrued compensated absences	<u>773</u>	<u>1,786</u>
Total liabilities	<u>8,786</u>	<u>8,722</u>
NET POSITION		
Net investment in capital assets	13,400	17,626
Unrestricted	<u>63,876</u>	<u>69,923</u>
Total net position	<u>\$ 77,276</u>	<u>\$ 87,549</u>

CITY OF VICTORIA, TEXAS**INTERNAL SERVICE FUND****PRINT SHOP FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 142,976	\$ 145,008
Miscellaneous	<u>5</u>	<u>-</u>
Total operating revenues	<u>142,981</u>	<u>145,008</u>
OPERATING EXPENSES		
Personnel	104,560	103,350
Materials and supplies	3,907	3,097
Maintenance	15,657	13,132
Miscellaneous services	15,566	15,389
Computer services	7,003	6,445
Depreciation	<u>6,561</u>	<u>6,243</u>
Total operating expenses	<u>153,254</u>	<u>147,656</u>
Operating income (loss) before nonoperating revenues (expenses)	(10,273)	(2,648)
NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>
Change in net position	(10,273)	(2,648)
Total net position at beginning of year	<u>87,549</u>	<u>90,197</u>
Total net position at end of year	<u>\$ 77,276</u>	<u>\$ 87,549</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PRINT SHOP FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 142,232	\$ 141,183
Cash paid to suppliers for goods and services	(41,583)	(38,320)
Cash paid to employees for services	<u>(104,093)</u>	<u>(103,824)</u>
Net cash provided (used) by operating activities	<u>(3,444)</u>	<u>(961)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(2,335)</u>	<u>(2,285)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,335)</u>	<u>(2,285)</u>
Net increase (decrease) in cash and cash equivalents	(5,779)	(3,246)
Cash and cash equivalents at beginning of year	<u>57,889</u>	<u>61,135</u>
Cash and cash equivalents at end of year	<u>\$ 52,110</u>	<u>\$ 57,889</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (10,273)	\$ (2,648)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	6,561	6,243
Changes in assets and liabilities		
(Increase) decrease in other receivables	(749)	(91)
(Increase) decrease in inventory	953	(47)
Increase (decrease) in accounts payable	(403)	(210)
Increase (decrease) in accrued expenses	1,480	21
Increase (decrease) in due to other funds	-	(3,734)
Increase (decrease) in compensated absences	<u>(1,013)</u>	<u>(495)</u>
Total adjustments	<u>6,829</u>	<u>1,687</u>
Net cash provided (used) by operating activities	<u>\$ (3,444)</u>	<u>\$ (961)</u>

EMPLOYEE HEALTH PLAN FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
EMPLOYEE HEALTH PLAN FUND
BALANCE SHEET
September 30, 2019
With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 797,073	\$ 746,973
Investments	-	989,000
Receivables		
Other	361,910	23,125
Due from other funds	<u>779,187</u>	<u>626,167</u>
Total assets	<u>1,938,170</u>	<u>2,385,265</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,688	15,232
Claims payable	<u>420,254</u>	<u>670,621</u>
Total liabilities	<u>428,942</u>	<u>685,853</u>
NET POSITION		
Unrestricted	<u>1,509,228</u>	<u>1,699,412</u>
Total net position	<u>\$ 1,509,228</u>	<u>\$ 1,699,412</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
EMPLOYEE HEALTH PLAN FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2019
With comparative totals for year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services	\$ 6,184,129	\$ 6,366,924
Miscellaneous	32,396	80
Total operating revenues	<u>6,216,525</u>	<u>6,367,004</u>
OPERATING EXPENSES		
Reinsurance premiums	484,819	488,361
Contractual services	210,871	316,060
Claims expense	6,726,041	6,765,715
OPEB trust expense	200,000	200,000
HSA expense	429,000	-
Wellness program	12,152	13,309
Total operating expenses	<u>8,062,883</u>	<u>7,783,445</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(1,846,358)	(1,416,441)
NONOPERATING REVENUES (EXPENSES)		
Investment income	27,174	34,880
Net nonoperating revenues (expenses)	<u>27,174</u>	<u>34,880</u>
Income (loss) before transfers	(1,819,184)	(1,381,561)
Transfers		
Transfers in	1,629,000	200,000
Change in net position	(190,184)	(1,181,561)
Total net position at beginning of year	<u>1,699,412</u>	<u>2,880,973</u>
Total net position at end of year	<u>\$ 1,509,228</u>	<u>\$ 1,699,412</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
EMPLOYEE HEALTH PLAN FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2019
With comparative totals for the year ended September 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 5,724,720	\$ 6,491,797
Cash paid to suppliers for goods and services	<u>(8,319,794)</u>	<u>(8,312,041)</u>
Net cash provided (used) by operating activities	<u>(2,595,074)</u>	<u>(1,820,244)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	<u>1,629,000</u>	<u>200,000</u>
Net cash provided (used) by noncapital financing activities	<u>1,629,000</u>	<u>200,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(493,000)
Proceeds from sales and maturities of investments	989,000	1,987,391
Investment income	<u>27,174</u>	<u>34,880</u>
Net cash provided (used) by investing activities	<u>1,016,174</u>	<u>1,529,271</u>
Net increase (decrease) in cash and cash equivalents	50,100	(90,973)
Cash and cash equivalents at beginning of year	<u>746,973</u>	<u>837,946</u>
Cash and cash equivalents at end of year	<u>\$ 797,073</u>	<u>\$ 746,973</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,846,358)	\$ (1,416,441)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	(338,785)	347,064
(Increase) decrease in due from other funds	(153,020)	(222,271)
(Increase) decrease in prepaid items	-	74,133
Increase (decrease) in accounts payable	(6,544)	14,173
Increase (decrease) in claims payable	<u>(250,367)</u>	<u>(616,902)</u>
Total adjustments	<u>(748,716)</u>	<u>(403,803)</u>
Net cash provided (used) by operating activities	<u>\$ (2,595,074)</u>	<u>\$ (1,820,244)</u>

AGENCY FUND

Agency Funds are used to account for resources held for others in a custodial capacity and do not involve measurement of results of operations.

Agency Fund - To account for collection and payment of various trust funds such as refundable deposits and single check payments that need to be allocated to different funds.

CITY OF VICTORIA, TEXAS*STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**AGENCY FUND**For the year ended September 30, 2019*

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
AGENCY FUND				
Assets				
Cash and cash equivalents	\$ 74,324	\$ 142,577	\$ 36,254	\$ 180,647
Receivables (net)	-	368	368	-
Prepaid items	488	-	-	488
Total assets	<u>\$ 74,812</u>	<u>\$ 142,945</u>	<u>\$ 36,622</u>	<u>\$ 181,135</u>
Liabilities				
Accounts payable	\$ 2,167	\$ 17,902	\$ 18,848	\$ 1,221
Due to other agencies	72,645	143,996	36,727	179,914
Total liabilities	<u>\$ 74,812</u>	<u>\$ 161,898</u>	<u>\$ 55,575</u>	<u>\$ 181,135</u>

STATISTICAL SECTION

This part of the City'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 City's overall financial health.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	205
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	219
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	231
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.....	240
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.....	242



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CITY OF VICTORIA, TEXAS

NET POSITION BY COMPONENT (1)

Last ten fiscal years

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 101,134,927	\$ 96,662,568	\$ 92,513,084	\$ 94,905,320
Restricted	3,582,920	4,685,266	2,919,609	3,500,017
Unrestricted	<u>26,775,847</u>	<u>19,134,765</u>	<u>21,378,976</u>	<u>18,196,626</u>
Total governmental activities net position	<u>\$ 131,493,694</u>	<u>\$ 120,482,599</u>	<u>\$ 116,811,669</u>	<u>\$ 116,601,963</u>
Business-type activities				
Net investment in capital assets	\$ 38,241,963	\$ 42,657,025	\$ 47,433,497	\$ 53,705,125
Unrestricted	<u>14,932,212</u>	<u>17,370,233</u>	<u>18,648,788</u>	<u>17,552,820</u>
Total business-type activities net position	<u>\$ 53,174,175</u>	<u>\$ 60,027,258</u>	<u>\$ 66,082,285</u>	<u>\$ 71,257,945</u>
Primary Government				
Net investment in capital assets	\$ 139,376,890	\$ 139,319,593	\$ 139,946,581	\$ 148,610,445
Restricted	3,582,920	4,685,266	2,919,609	3,500,017
Unrestricted	<u>41,708,059</u>	<u>36,504,998</u>	<u>40,027,764</u>	<u>35,749,446</u>
Total primary government activities net position	<u>\$ 184,667,869</u>	<u>\$ 180,509,857</u>	<u>\$ 182,893,954</u>	<u>\$ 187,859,908</u>

(1) Accrual basis of accounting

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

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 88,654,073	\$ 83,609,268	\$ 84,007,457	\$ 79,038,575	\$ 78,478,161	\$ 82,634,844
3,524,554	3,547,378	2,985,524	3,666,390	4,998,958	16,382,796
<u>21,472,040</u>	<u>(794,827)</u>	<u>(2,351,962)</u>	<u>(6,865,394)</u>	<u>(13,550,477)</u>	<u>(11,963,961)</u>
<u>\$ 113,650,667</u>	<u>\$ 86,361,819</u>	<u>\$ 84,641,019</u>	<u>\$ 75,839,571</u>	<u>\$ 69,926,642</u>	<u>\$ 87,053,679</u>
\$ 60,853,934	\$ 65,123,880	\$ 71,351,401	\$ 79,039,267	\$ 82,376,715	\$ 90,394,244
14,140,873	9,021,633	9,468,882	12,827,560	15,963,499	12,458,409
<u>\$ 74,994,807</u>	<u>\$ 74,145,513</u>	<u>\$ 80,820,283</u>	<u>\$ 91,866,827</u>	<u>\$ 98,340,214</u>	<u>\$ 102,852,653</u>
\$ 149,508,007	\$ 148,733,148	\$ 155,358,858	\$ 158,077,842	\$ 160,854,876	\$ 173,029,088
3,524,554	3,547,378	2,985,524	3,666,390	4,998,958	16,382,796
35,612,913	8,226,806	7,116,920	5,962,166	2,413,022	494,448
<u>\$ 188,645,474</u>	<u>\$ 160,507,332</u>	<u>\$ 165,461,302</u>	<u>\$ 167,706,398</u>	<u>\$ 168,266,856</u>	<u>\$ 189,906,332</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Expenses				
General government	\$ 7,634,811	\$ 8,885,981	\$ 7,882,287	\$ 5,709,668
Public safety	24,156,480	24,668,502	26,018,770	25,215,002
Development	14,827,929	26,226,457	17,974,898	19,282,345
Building services	-	-	-	622,921
Recreation	5,358,952	5,579,848	6,366,709	7,025,377
Interest on long-term debt	4,562,764	4,187,138	4,465,314	3,971,377
Total expenses	56,540,936	69,547,926	62,707,978	61,826,690
Program revenues				
Charges for services				
General government	2,411,387	2,571,837	3,086,126	2,216,473
Public safety	3,549,406	3,720,774	4,055,811	4,009,925
Development	-	-	-	-
Recreation	311,471	375,573	422,205	575,059
Operating grants and contributions	2,868,795	3,961,041	2,419,230	2,580,598
Capital grants and contributions	3,834,982	2,598,637	1,307,549	4,749,721
Total program revenues	12,976,041	13,227,862	11,290,921	14,131,776
Total governmental activities net program (expense) revenue	(43,564,895)	(56,320,064)	(51,417,057)	(47,694,914)
General revenues and other changes in net position				
Taxes				
Property taxes	20,178,350	20,330,192	20,855,303	20,848,132
Sales taxes	11,978,185	14,768,729	17,533,000	17,516,177
Franchise taxes	4,665,101	4,761,009	4,981,674	5,136,247
Other taxes	1,196,969	1,661,740	2,116,093	1,993,357
Unrestricted investment earnings	305,323	128,013	98,042	92,079
Miscellaneous	1,084,532	1,113,342	742,520	829,767
Transfers	4,885,859	2,545,944	2,481,540	2,561,760
Total general revenues and other changes in net position	44,294,319	45,308,969	48,808,172	48,977,519
Total governmental activities change in net position	\$ 729,424	\$ (11,011,095)	\$ (2,608,885)	\$ 1,282,605

(1) Accrual basis of accounting

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 6,094,985	\$ 5,630,383	\$ 5,702,892	\$ 5,632,467	\$ 4,812,954	\$ 5,073,976
25,286,282	27,620,120	29,460,858	35,228,278	38,271,170	33,066,249
20,425,736	19,636,633	20,668,698	20,187,191	18,376,562	19,554,498
608,534	673,904	707,411	727,816	624,243	681,464
7,602,241	7,611,173	8,463,045	7,765,906	6,763,442	6,968,869
4,282,847	4,402,538	4,042,068	3,751,404	3,045,618	2,862,536
<u>64,300,625</u>	<u>65,574,751</u>	<u>69,044,972</u>	<u>73,293,062</u>	<u>71,893,989</u>	<u>68,207,592</u>
2,088,907	1,979,444	1,923,867	1,968,473	2,449,863	1,895,259
4,573,392	5,075,992	4,990,585	4,960,530	5,359,693	5,066,704
10,440	-	-	-	-	-
451,590	515,531	526,245	378,505	440,168	386,484
3,255,156	3,961,463	4,066,404	6,829,229	10,042,225	12,634,326
-	407,335	4,711,910	437,611	2,562,205	10,355,581
<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>	<u>20,854,154</u>	<u>30,338,354</u>
(53,921,140)	(53,634,986)	(52,825,961)	(58,718,714)	(51,039,835)	(37,869,238)
22,403,124	23,339,865	23,811,469	24,399,108	24,869,711	24,583,509
17,692,397	17,937,136	16,555,680	14,710,140	16,879,223	17,111,735
5,308,414	5,410,432	5,175,796	5,467,551	6,064,289	5,881,880
2,037,318	1,933,140	1,460,082	1,618,032	2,050,204	2,045,859
130,688	115,633	219,846	340,450	588,901	1,049,927
809,043	972,716	1,124,591	1,046,988	2,683,043	849,700
2,588,860	2,694,491	2,757,697	2,334,997	2,699,588	3,473,665
<u>50,969,844</u>	<u>52,403,413</u>	<u>51,105,161</u>	<u>49,917,266</u>	<u>55,834,959</u>	<u>54,996,275</u>
\$ <u>(2,951,296)</u>	\$ <u>(1,231,573)</u>	\$ <u>(1,720,800)</u>	\$ <u>(8,801,448)</u>	\$ <u>4,795,124</u>	\$ <u>17,127,037</u>

(continued)

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

	Fiscal Year			
	2010	2011	2012	2013
Business-type activities				
Expenses				
Water/wastewater	\$ 18,589,868	\$ 18,628,230	\$ 18,694,233	\$ 19,313,776
Environmental services	3,182,201	3,219,898	3,849,208	4,135,237
Other	848,161	813,330	848,712	926,599
Total expenses	<u>22,620,230</u>	<u>22,661,458</u>	<u>23,392,153</u>	<u>24,375,612</u>
Program revenues				
Charges for services				
Water/wastewater	21,973,303	24,086,400	24,029,096	24,816,749
Environmental services	4,128,139	4,462,994	4,799,682	4,996,129
Other	425,929	339,623	397,531	397,968
Operating grants and contributions	-	-	-	-
Capital grants and contributions	284,490	3,127,754	2,875,295	6,099,555
Total program revenues	<u>26,811,861</u>	<u>32,016,771</u>	<u>32,101,604</u>	<u>36,310,401</u>
Total business-type activities net program (expense) revenue	4,191,631	9,355,313	8,709,451	11,934,789
General revenues and other changes in net position				
Unrestricted investment earnings	48,460	43,714	60,423	57,555
Miscellaneous	-	-	-	629,420
Transfers	(4,885,859)	(2,545,944)	(2,481,540)	(2,561,760)
Total general revenues and other changes in net position	<u>(4,837,399)</u>	<u>(2,502,230)</u>	<u>(2,421,117)</u>	<u>(1,874,785)</u>
Total business-type activities change in net position	<u>\$ (645,768)</u>	<u>\$ 6,853,083</u>	<u>\$ 6,288,334</u>	<u>\$ 10,060,004</u>
Total primary government change in net position	<u>\$ 83,656</u>	<u>\$ (4,158,012)</u>	<u>\$ 3,679,449</u>	<u>\$ 11,342,609</u>

(1) Accrual basis of accounting

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

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 20,553,362	\$ 20,960,979	\$ 20,894,040	\$ 20,860,229	\$ 19,229,647	\$ 22,292,402
4,212,510	3,743,052	5,376,450	4,003,842	4,476,014	4,557,172
923,786	1,000,683	945,557	1,146,250	1,823,340	1,943,918
<u>25,689,658</u>	<u>25,704,714</u>	<u>27,216,047</u>	<u>26,010,321</u>	<u>25,529,001</u>	<u>28,793,492</u>
25,151,264	26,180,265	25,893,148	25,630,998	25,941,351	26,363,786
5,043,783	5,096,308	5,354,136	5,520,698	5,504,057	5,638,828
395,088	365,058	408,127	418,957	1,185,929	1,313,869
-	-	-	-	-	73,931
<u>1,374,311</u>	<u>1,630,985</u>	<u>4,741,062</u>	<u>7,592,120</u>	<u>3,433,015</u>	<u>2,884,235</u>
<u>31,964,446</u>	<u>33,272,616</u>	<u>36,396,473</u>	<u>39,162,773</u>	<u>36,064,352</u>	<u>36,274,649</u>
6,274,788	7,567,902	9,180,426	13,152,452	10,535,351	7,481,157
50,934	78,774	114,836	229,089	295,333	391,750
-	-	137,205	-	366,382	113,197
<u>(2,588,860)</u>	<u>(2,694,491)</u>	<u>(2,757,697)</u>	<u>(2,334,997)</u>	<u>(2,699,588)</u>	<u>(3,473,665)</u>
<u>(2,537,926)</u>	<u>(2,615,717)</u>	<u>(2,505,656)</u>	<u>(2,105,908)</u>	<u>(2,037,873)</u>	<u>(2,968,718)</u>
<u>\$ 3,736,862</u>	<u>\$ 4,952,185</u>	<u>\$ 6,674,770</u>	<u>\$ 11,046,544</u>	<u>\$ 8,497,478</u>	<u>\$ 4,512,439</u>
<u>\$ 785,566</u>	<u>\$ 3,720,612</u>	<u>\$ 4,953,970</u>	<u>\$ 2,245,096</u>	<u>\$ 13,292,602</u>	<u>\$ 21,639,476</u>

(concluded)

CITY OF VICTORIA, TEXAS

PROGRAM REVENUES BY FUNCTION/PROGRAM (1)

Last ten fiscal years

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
General government	\$ 3,676,509	\$ 4,165,588	\$ 4,061,019	\$ 3,390,820
Public safety				
Police	1,754,661	1,104,800	1,110,570	1,608,173
Fire	2,147,401	1,673,163	1,649,689	1,400,000
Ambulance	2,367,421	2,022,130	1,960,248	1,530,652
Other	12,684	173,514	81,830	47,314
Development	2,667,991	3,297,208	1,381,185	5,392,128
Recreation				
Parks	224,017	639,063	655,488	257,374
Library	90,592	87,526	74,431	75,429
Other	34,765	64,870	316,461	429,886
Subtotal governmental activities	<u>12,976,041</u>	<u>13,227,862</u>	<u>11,290,921</u>	<u>14,131,776</u>
Business-type activities				
Water/wastewater	22,246,356	27,214,154	26,904,391	30,916,304
Environmental services	4,128,139	4,462,994	4,799,682	4,996,129
Community center	222,105	240,429	245,895	246,453
700 main center	215,261	99,194	151,636	151,515
Golf course	-	-	-	-
Subtotal business-type activities	<u>26,811,861</u>	<u>32,016,771</u>	<u>32,101,604</u>	<u>36,310,401</u>
Total primary government	<u>\$ 39,787,902</u>	<u>\$ 45,244,633</u>	<u>\$ 43,392,525</u>	<u>\$ 50,442,177</u>

(1) Accrual basis of accounting

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 3,346,359	\$ 3,205,473	\$ 3,469,295	\$ 3,169,811	\$ 3,159,712	\$ 2,445,907
1,912,010	1,675,433	1,635,613	1,444,494	1,463,912	1,305,519
1,400,000	1,500,000	3,409,358	1,585,000	1,732,125	1,867,458
1,511,622	2,081,337	1,924,875	2,537,593	2,469,653	2,169,884
57,182	214,987	151,495	2,849,624	6,751,443	(10,419)
1,645,959	2,681,860	5,010,613	2,544,567	4,283,121	22,125,063
76,836	93,088	84,456	76,762	594,452	236,430
88,191	83,410	103,093	91,657	70,360	56,491
341,326	404,177	430,213	274,840	329,376	142,021
<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>	<u>20,854,154</u>	<u>30,338,354</u>
26,525,575	27,964,535	30,634,210	32,079,626	29,374,366	29,321,952
5,043,783	5,124,448	5,354,136	5,520,698	5,504,057	5,638,828
243,548	211,541	256,542	263,440	288,857	271,719
151,540	153,517	151,585	151,437	151,730	151,455
-	-	-	1,147,572	745,342	890,695
<u>31,964,446</u>	<u>33,454,041</u>	<u>36,396,473</u>	<u>39,162,773</u>	<u>36,064,352</u>	<u>36,274,649</u>
<u>\$ 42,343,931</u>	<u>\$ 45,393,806</u>	<u>\$ 52,615,484</u>	<u>\$ 53,737,121</u>	<u>\$ 56,918,506</u>	<u>\$ 66,613,003</u>

CITY OF VICTORIA, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable				
Inventory	\$ -	\$ 315,614	\$ 314,846	\$ 240,214
Committed	-	1,570,456	1,961,362	2,331,578
Unassigned	-	14,342,229	16,846,702	15,289,711
Reserved				
Encumbrances	2,009,003	-	-	-
Inventory	205,798	-	-	-
Unreserved	11,937,105	-	-	-
Total general fund	<u>\$ 14,151,906</u>	<u>\$ 16,228,299</u>	<u>\$ 19,122,910</u>	<u>\$ 17,861,503</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ -	\$ 953,394	\$ 977,452	\$ 1,222,778
Various capital projects	-	16,102,523	4,323,282	2,729,133
City parks	-	352,694	110,486	46,195
Arts, tourism and conventions	-	1,029,173	1,619,141	1,835,515
Public safety	-	135,328	226,919	257,161
Municipal court	-	96,783	66,220	53,884
Unassigned	-	-	-	-
Reserved				
Encumbrances	29,200,456	-	-	-
Unreserved, reported in				
Special revenue funds	654,310	-	-	-
Debt service fund	1,024,126	-	-	-
Capital project funds	6,088,406	-	-	-
Total all other governmental funds	<u>\$ 36,967,298</u>	<u>\$ 18,669,895</u>	<u>\$ 7,323,500</u>	<u>\$ 6,144,666</u>

(1) Modified accrual basis of accounting

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

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 268,964	\$ 271,491	\$ 245,932	\$ 406,945	\$ 430,111	\$ 454,055
2,689,089	950,019	1,052,259	867,206	1,172,590	883,786
15,330,199	16,650,305	15,483,910	15,150,384	19,275,505	18,849,805
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,288,252</u>	<u>\$ 17,871,815</u>	<u>\$ 16,782,101</u>	<u>\$ 16,424,535</u>	<u>\$ 20,878,206</u>	<u>\$ 20,187,646</u>
\$ 1,091,077	\$ 1,102,779	\$ 1,093,523	\$ 1,146,765	\$ 1,138,153	\$ 1,196,519
8,566,369	12,456,055	8,306,325	3,829,436	3,315,322	16,146,187
25,614	25,614	-	-	-	-
1,880,440	1,804,432	1,124,613	1,392,546	2,116,452	2,636,569
225,488	207,063	239,608	290,386	312,294	670,583
94,264	96,496	89,620	83,640	77,126	68,900
-	-	-	(1,628,821)	(280,773)	(123,247)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,883,252</u>	<u>\$ 15,692,439</u>	<u>\$ 10,853,689</u>	<u>\$ 5,113,952</u>	<u>\$ 6,678,574</u>	<u>\$ 20,595,511</u>

CITY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 38,100,542	\$ 41,747,689	\$ 45,781,292	\$ 45,431,594
Licenses and permits	662,792	654,829	842,050	962,217
Intergovernmental	6,923,780	5,568,731	4,740,048	4,312,719
Charges for services	1,957,973	2,108,045	2,261,037	2,066,070
Fines and forfeitures	913,478	871,159	1,216,786	906,199
Investment income	156,822	113,446	78,076	76,251
Miscellaneous	1,628,730	3,512,629	1,470,793	5,688,203
Total revenues	<u>50,344,117</u>	<u>54,576,528</u>	<u>56,390,082</u>	<u>59,443,253</u>
Expenditures				
Current				
General government	6,842,991	7,691,966	6,600,564	4,741,811
Public safety	26,475,134	25,970,544	26,151,196	25,097,350
Development	4,533,558	17,378,572	9,134,802	10,209,543
Building services	-	-	-	751,312
Recreation	5,787,081	5,473,792	6,564,863	7,586,352
Capital outlay	10,862,646	18,889,663	13,249,019	7,707,932
Debt service				
Principal retirement	3,390,000	3,715,000	3,990,000	4,665,000
Interest and fiscal charges	4,103,879	4,037,313	4,340,073	3,567,975
Paying agents' fees and issue costs	681,114	203,809	205,798	393,724
Total expenditures	<u>62,676,403</u>	<u>83,360,659</u>	<u>70,236,315</u>	<u>64,720,999</u>
Excess (deficiency) of revenues over expenditures	(12,332,286)	(28,784,131)	(13,846,233)	(5,277,746)
Other financing sources (uses)				
Bonds issued	35,045,000	9,740,000	7,720,000	25,015,000
Premium on issuance of bonds	515,234	97,204	71,752	2,163,159
Payment to escrow	(8,985,582)	-	(3,867,191)	(26,781,924)
Capital lease proceeds	-	-	-	-
Transfers in	7,275,415	10,568,226	5,207,042	5,540,057
Transfers out	(1,790,556)	(7,842,309)	(2,699,610)	(3,098,787)
Total other financing sources (uses)	<u>32,059,511</u>	<u>12,563,121</u>	<u>6,431,993</u>	<u>2,837,505</u>
Change in fund balances	<u>\$ 19,727,225</u>	<u>\$ (16,221,010)</u>	<u>\$ (7,414,240)</u>	<u>\$ (2,440,241)</u>
Debt service as a percentage of noncapital expenditures	<u>14.98%</u>	<u>12.85%</u>	<u>16.05%</u>	<u>15.98%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 47,356,786	\$ 48,542,609	\$ 46,935,424	\$ 46,180,387	\$ 49,832,219	\$ 50,276,779
1,134,453	959,596	993,929	962,162	1,569,257	1,054,913
3,721,314	5,607,497	5,884,971	6,715,742	12,768,065	15,194,658
2,162,871	2,259,027	2,310,974	2,858,658	2,814,566	2,523,737
1,600,630	1,432,225	1,382,718	1,310,473	1,151,330	1,006,535
112,300	95,883	193,779	301,599	539,947	997,669
2,003,817	1,107,333	3,951,250	1,863,789	3,260,642	11,382,448
<u>58,092,171</u>	<u>60,004,170</u>	<u>61,653,045</u>	<u>60,192,810</u>	<u>71,936,026</u>	<u>82,436,739</u>
5,309,532	4,565,527	4,978,458	4,539,491	4,066,845	4,151,807
25,206,138	27,001,802	27,679,581	30,569,480	35,206,421	31,749,967
10,704,794	8,058,818	9,469,796	7,812,905	6,616,191	7,804,797
606,761	621,326	675,935	612,441	534,738	630,312
7,632,206	7,147,774	7,855,287	7,114,163	5,990,263	6,926,732
4,516,213	6,397,159	11,042,655	6,770,342	5,070,953	10,557,087
5,410,000	7,505,000	7,020,000	7,285,000	8,070,000	7,770,000
4,103,190	3,993,868	3,908,294	3,709,168	2,853,773	2,933,928
162,207	316,999	91,745	12,120	286,440	9,510
<u>63,651,041</u>	<u>65,608,273</u>	<u>72,721,751</u>	<u>68,425,110</u>	<u>68,695,624</u>	<u>72,534,140</u>
(5,558,870)	(5,604,103)	(11,068,706)	(8,232,300)	3,240,402	9,902,599
9,095,000	17,715,000	2,445,000	-	21,880,000	-
50,222	1,400,250	137,545	-	3,261,804	-
-	(12,812,888)	-	-	(24,863,501)	-
-	-	-	-	-	1,479,113
5,984,682	11,012,236	8,654,033	8,991,599	8,714,852	8,109,346
<u>(3,405,699)</u>	<u>(8,317,745)</u>	<u>(6,096,336)</u>	<u>(6,856,602)</u>	<u>(6,215,264)</u>	<u>(6,264,681)</u>
<u>11,724,205</u>	<u>8,996,853</u>	<u>5,140,242</u>	<u>2,134,997</u>	<u>2,777,891</u>	<u>3,323,778</u>
<u>\$ 6,165,335</u>	<u>\$ 3,392,750</u>	<u>\$ (5,928,464)</u>	<u>\$ (6,097,303)</u>	<u>\$ 6,018,293</u>	<u>\$ 13,226,377</u>
<u>17.46%</u>	<u>20.46%</u>	<u>18.42%</u>	<u>18.05%</u>	<u>17.34%</u>	<u>17.92%</u>

CITY 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>Franchise</u>	<u>Sales</u>	<u>Occupancy</u>
2010	\$ 20,072,876	\$ 222,517	\$ 4,665,101	\$ 11,978,185	\$ 1,101,294
2011	20,355,447	234,705	4,761,009	14,768,729	1,565,067
2012	20,938,687	236,838	4,981,674	17,533,000	2,019,642
2013	20,614,474	211,062	5,136,247	17,516,177	1,881,129
2014	22,123,371	220,286	5,308,414	17,692,397	1,936,667
2015	23,092,499	217,368	5,410,432	17,937,136	1,809,554
2016	23,551,572	217,294	5,175,796	16,555,680	1,365,952
2017	24,200,385	256,045	5,467,551	14,710,140	1,490,041
2018	24,670,202	219,019	6,064,289	16,879,223	1,935,552
2019	24,986,536	295,275	5,881,880	17,111,735	1,928,884
Change 2010-2019	24.48%	32.70%	26.08%	42.86%	75.15%

(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.

Occupancy tax revenues increased in fiscal years 2011 and 2012 due mainly to the addition of new hotels within the City of Victoria, as well as increase in occupancy rates due largely to the Eagle Ford Shale activity in the area. Fiscal year 2013 ended with a decrease due mainly to the leveling off of the Eagle Ford Shale activity; with companies utilizing other long-term options of lodging. Fiscal year 2014 ended with a slight increase over fiscal year 2013 with the addition of three hotels. Fiscal year 2015 and 2016 saw a decrease mainly due to the slowdown of Eagle Ford Shale activity in the area and economic downturn.

Sales tax revenue maintained a slow, but steady increase through fiscal year 2008. Fiscal year 2009 ended with a slight decrease, with a dramatic decrease during 2010, the height of the recession. Victoria's economy has improved since fiscal year 2010. In fiscal years 2011 through 2015, the City experienced an average annual growth rate of 5.3%, due to an expansion of normal economic growth and Eagle Ford Shale activity. In FY2016, due to lower oil/gas prices, Victoria's oil and natural gas industry growth contracted, which resulted in a decrease in sales tax revenue.

<u>Other</u>	<u>Total</u>
\$ 60,569	\$ 38,100,542
62,732	41,747,689
71,451	45,781,292
72,505	45,431,594
75,651	47,356,786
75,620	48,542,609
69,130	46,935,424
56,225	46,180,387
63,934	49,832,219
72,469	50,276,779
19.65%	31.96%

CITY 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
2010	2009	\$ 1,974,650,575	\$ 1,040,285,268	\$ 36,499,046	\$ 531,303,700	\$ 77,203,060
2011	2010	1,994,921,555	1,065,424,422	36,528,546	491,583,480	86,389,180
2012	2011	2,022,466,829	1,094,141,142	46,713,519	502,831,290	90,219,830
2013	2012	2,078,252,831	892,656,818	40,818,468	979,758,910	14,320,720
2014	2013	2,317,499,266	936,587,850	39,292,957	1,160,993,128	15,070,980
2015	2014	2,507,681,585	991,303,214	38,469,909	1,203,884,134	16,667,530
2016	2015	2,650,912,234	1,010,440,545	40,375,739	1,246,748,493	12,411,010
2017	2016	2,704,992,447	1,049,149,864	39,564,530	1,092,493,149	13,542,170
2018	2017	2,769,376,557	1,409,981,243	39,281,803	727,940,428	14,204,250
2019	2018	2,755,957,196	1,264,113,626	38,656,434	667,686,360	115,091,370

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City 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 Appraisal District

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
\$ 523,724,650	\$ 3,136,216,999	\$ 0.645	\$ 3,136,216,999	100.00%
547,481,141	3,127,366,042	0.650	3,127,366,042	100.00%
548,030,240	3,208,342,370	0.645	3,208,342,370	100.00%
572,496,198	3,433,311,549	0.6056	3,433,311,549	100.00%
733,221,635	3,736,222,546	0.5996	3,736,222,546	100.00%
778,151,269	3,979,855,103	0.584	3,979,855,103	100.00%
782,065,651	4,178,822,370	0.5711	4,178,822,370	100.00%
725,592,638	4,174,149,522	0.5892	4,174,149,522	100.00%
730,814,583	4,229,969,698	0.5952	4,229,969,698	100.00%
757,973,880	4,083,531,106	0.6224	4,083,531,106	100.00%

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

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>		
	<u>Debt Service</u>	<u>General Fund</u>	<u>Total</u>	<u>School District</u>	<u>Junior College</u>	<u>Navigation District</u>
2010	\$ 0.2541	\$ 0.3909	\$ 0.6450	\$ 1.3227	\$ 0.1534	\$ 0.0306
2011	0.2554	0.3946	0.6500	1.3226	0.1531	0.0304
2012	0.2554	0.3896	0.6450	1.3226	0.1606	0.0296
2013	0.2506	0.3550	0.6056	1.3090	0.1606	0.0285
2014	0.2506	0.3490	0.5996	1.2896	0.1823	0.0277
2015	0.2506	0.3334	0.5840	1.2744	0.1875	0.0240
2016	0.2446	0.3265	0.5711	1.2663	0.1925	0.0240
2017	0.2507	0.3385	0.5892	1.2663	0.2065	0.0266
2018	0.2526	0.3426	0.5952	1.2663	0.2170	0.0286
2019	0.2627	0.3597	0.6224	1.3763	0.2235	0.0305

SOURCE: Victoria County Appraisal District

Overlapping Rates			
<u>Victoria County</u>	<u>Road and Bridge</u>	<u>Ground Water District</u>	<u>Total</u>
\$ 0.3436	\$ 0.0550	\$ 0.0096	\$ 1.9149
0.3436	0.0550	0.0095	1.9142
0.3436	0.0550	0.0092	1.9206
0.3436	0.0550	0.0092	1.9059
0.3386	0.0600	0.0088	1.9070
0.3386	0.0600	0.0088	1.8933
0.3309	0.0650	0.0088	1.8875
0.3299	0.0660	0.0088	1.9041
0.3329	0.0630	0.0084	1.9162
0.3329	0.0630	0.0084	2.0346

CITY OF VICTORIA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
Current Year and Nine Years Ago

2019		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Central Co.	\$ 46,887,290	1.15%
Victoria WLE, L.P.	21,341,540	0.52%
Victoria Hospital, L.L.C.	16,446,750	0.40%
James A. Wayne	15,787,660	0.39%
HEB Grocery Company	14,696,300	0.36%
Victoria Texas Apartments, LLC	14,385,560	0.35%
FMFD Victoria 264 Ltd.	14,202,440	0.35%
Performance Food Group	13,509,170	0.33%
Berry Plastics Corporation	13,496,530	0.33%
Victoria Northcross, LLC	12,973,600	0.32%
	<u>\$ 183,726,840</u>	<u>4.50%</u>

2010		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Central Co.	\$ 30,117,000	0.96%
Victoria Hospital, L.L.C.	23,496,570	0.75%
Berry Plastics Corporation	19,184,240	0.61%
James A. Wayne	18,627,460	0.59%
H.E.B. Grocery Company, L.P.	18,343,910	0.58%
Wireless Division of STC	18,252,280	0.58%
VRMC Limited Partnership	18,134,950	0.58%
HS Victoria, L.P.	16,262,530	0.52%
H.E.B. Grocery Company, L.P.	15,470,810	0.49%
Berry Plastics Corporation	14,625,500	0.47%
	<u>\$ 192,515,250</u>	<u>6.13%</u>

SOURCE: Victoria County Tax Assessor/Collector



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CITY OF VICTORIA, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2010	\$ 20,228,599	\$ -	\$ 20,228,599	\$ 19,755,429	97.66%
2011	20,327,879	-	20,327,879	19,938,819	98.09%
2012	20,693,808	-	20,693,808	20,470,591	98.92%
2013	20,792,135	(866)	20,791,269	20,338,256	97.82%
2014	22,402,390	(233,069)	22,169,321	21,877,717	98.68%
2015	23,242,354	(226,573)	23,015,781	22,715,220	98.69%
2016	23,865,255	(96,765)	23,768,490	23,314,997	98.09%
2017	24,514,099	(109,364)	24,404,735	23,848,271	97.72%
2018	25,162,007	(28,660)	25,133,347	24,428,977	97.20%
2019	25,403,924	(529,530)	24,874,394	24,645,630	99.08%

NOTE: The information above is presented to illustrate the City's ability to collect the amount it levies for fiscal year, rather than provide a detailed breakdown of the revenue recognized in a fiscal year.

SOURCE: City of Victoria
Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 421,377	\$ 20,176,807	99.74%
344,388	20,283,206	99.78%
173,565	20,644,156	99.76%
150,386	20,488,642	98.54%
231,432	22,109,148	99.73%
217,752	22,932,972	99.64%
326,095	23,641,092	99.46%
360,161	24,208,432	99.20%
300,178	24,729,155	98.39%
-	24,645,630	99.08%

CITY OF VICTORIA, TEXAS**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
2010	3,145,100,000	2,819,661,000	325,439,000	10.35%	2,691,000,000
2011	4,121,534,000	3,711,082,000	410,452,000	9.96%	2,108,000,000
2012	3,753,223,000	3,124,507,750	628,715,250	16.75%	2,255,000,000
2013	3,631,750,000	3,166,164,000	465,586,000	12.82%	2,147,917,000
2014	3,514,585,000	2,990,317,000	524,268,000	14.92%	2,123,000,000
2015	3,250,871,000	3,022,095,000	228,776,000	7.04%	2,597,000,000
2016	3,291,962,000	3,130,351,428	161,610,572	4.91%	2,600,269,000
2017	3,121,960,200	2,894,679,000	227,281,200	7.28%	2,326,950,000
2018	3,508,602,000	2,970,496,000 *	538,106,000	15.34%	2,173,000,000
2019	3,882,042,000	3,476,583,000	405,459,000	10.44%	2,175,000,000

NOTE: Water and sewer base rates shown are for 3/4" meters.

Water and sewer base rates shown are for 3,000 - 7,000 usage range thru FY 2018; In FY2019 the variable tier-tables were revised. The base rate is now for 3,000 - 10,000 usage range.

Full detail of rate information can be found on schedule titled "Water and Sewer Rates".

* The gallons of water consumed, does not account for 20,000,000 gallons of water stored underground for the City's ASR pilot program. Nor does it account for the approximately 167,693,000 gallons of water that was flushed to combat nitrification in the system caused by high water temperatures and low consumption due to wet weather. Both of these items are out of the ordinary for our normal operations. If these items are taken into account, the average percent unbilled would be 9.99%.

SOURCE: City of Victoria Utilities Department

Total Direct Rate for 3/4" Meter			
Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
\$ 17.49	\$ 1.67	\$ 21.85	\$ 2.22
17.96	1.67	22.43	2.22
17.96	1.67	22.43	2.22
17.96	1.67	22.43	2.22
17.96	1.67	22.43	2.22
18.21	1.92	22.68	2.47
18.21	1.92	22.68	2.47
18.21	1.92	22.68	2.47
18.21	1.92	22.68	2.47
18.21	2.25	22.68	2.50

CITY OF VICTORIA, TEXAS

WATER AND SEWER RATES

Last ten fiscal years

	Fiscal Year			
	2010	2011	2012	2013
Water Rates (per 2,000 gallons)				
Base Rate (meter size)				
¾"	\$ 17.49	\$ 17.49	\$ 17.96	\$ 17.96
1"	43.73	43.73	44.92	44.92
1½"	87.45	87.45	89.82	89.82
2"	139.93	139.93	143.72	143.72
3"	279.85	279.85	287.44	287.44
4"	437.26	437.26	449.12	449.12
6"	874.51	874.51	898.23	898.23
8"	2,798.43	2,798.43	2,874.33	2,874.33
10"	4,372.55	4,372.55	4,491.14	4,491.14
Water usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	1.67	1.67	1.67	1.67
3-10	-	-	-	-
8-18	1.83	1.83	1.83	1.83
11-25	-	-	-	-
19-50	2.15	2.15	2.15	2.15
>25	-	-	-	-
51-75	2.40	2.40	2.40	2.40
76-100	2.55	2.55	2.55	2.55
>100	2.70	2.70	2.70	2.70
Sewer Rates (per 2,000 gallons)				
¾"	21.85	21.85	22.43	22.43
1"	54.64	54.64	56.08	56.08
1½"	109.30	109.30	112.19	112.19
2"	174.86	174.86	179.48	179.48
3"	349.73	349.73	358.97	358.97
4"	546.45	546.45	560.88	560.88
6"	1,092.89	1,092.89	1,121.75	1,121.75
8"	3,497.26	3,497.26	3,589.61	3,589.61
10"	5,464.47	5,464.47	5,608.77	5,608.77
Sewer usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	2.22	2.22	2.22	2.22
3-10	-	-	-	-
8-18	2.27	2.27	2.27	2.27
11-25	-	-	-	-
19-50	2.32	2.32	2.32	2.32
>25	-	-	-	-
51-75	2.37	2.37	2.37	2.37
76-100	2.52	2.52	2.52	2.52
>100,000	2.67	2.67	2.67	2.67

NOTES: Increases in water and sewer rates are approved by the City Council.

Sewer usage rates are computed by averaging the metered monthly water consumption during the computation period. The computation period consists of the last complete three-month period of December, January, and February that preceded the billing date. The sum of 2,000 gallons is deducted from the average monthly consumption in order to compute the adjusted average. The adjusted average is multiplied by 90% to compute the net billing average. The net billing average charge is computed and billed to each customer, in addition to the base charge in 1,000 gallon increments.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 17.96	\$ 18.21	\$ 18.21	\$ 18.21	\$ 18.21	\$ 18.21
44.92	45.55	45.55	45.55	45.55	45.55
89.82	91.07	91.07	91.07	91.07	91.07
143.72	145.72	145.72	145.72	145.72	145.72
287.44	291.44	291.44	291.44	291.44	291.44
449.12	455.37	455.37	455.37	455.37	455.37
898.23	910.73	910.73	910.73	910.73	910.73
2,874.33	2,913.33	2,913.33	2,913.33	2,913.33	2,913.33
4,491.14	4,553.64	4,553.64	4,553.64	4,553.64	4,553.64
-	-	-	-	-	-
1.67	1.92	1.92	1.92	1.92	-
-	-	-	-	-	2.25
1.83	2.08	2.08	2.08	2.08	-
-	-	-	-	-	2.50
2.15	2.40	2.40	2.40	2.40	-
-	-	-	-	-	3.15
2.40	2.65	2.65	2.65	2.65	-
2.55	2.80	2.80	2.80	2.80	-
2.70	2.95	2.95	2.95	2.95	-
22.43	22.68	22.68	22.68	22.68	22.68
56.08	56.71	56.71	56.71	56.71	56.71
112.19	113.44	113.44	113.44	113.44	113.44
179.48	181.48	181.48	181.48	181.48	181.48
358.97	362.97	362.97	362.97	362.97	362.97
560.88	567.13	567.13	567.13	567.13	567.13
1,121.75	1,134.25	1,134.25	1,134.25	1,134.25	1,134.25
3,589.61	3,629.61	3,629.61	3,629.61	3,629.61	3,629.61
5,608.77	5,670.27	5,670.27	5,670.27	5,670.27	5,670.27
-	-	-	-	-	-
2.22	2.47	2.47	2.47	2.47	-
-	-	-	-	-	2.50
2.27	2.52	2.52	2.52	2.52	-
-	-	-	-	-	2.55
2.32	2.57	2.57	2.57	2.57	-
-	-	-	-	-	2.75
2.37	2.62	2.62	2.62	2.62	-
2.52	2.77	2.77	2.77	2.77	-
2.67	2.92	2.92	2.92	2.92	-

Fiscal year 2018-2019 implemented a change to the water and wastewater variable seven-tier rate table to a four-tier rate table.

CITY OF VICTORIA, TEXAS
TEN LARGEST WATER CUSTOMERS
(UNAUDITED)
Current Year and Nine Years Ago

2019			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Caterpillar	Facility	39,290	1.01%
Detar Hospital	Hospital	38,381	0.99%
Citizens Medical Center	Hospital	31,097	0.80%
Victoria County Jail	Government	26,334	0.68%
Autumn Park Apartments	Apartments	22,697	0.58%
VISD - Liberty Academy	School	19,876	0.51%
Creekstone Ranch	Apartments	19,606	0.51%
Twin Pines	Business	14,429	0.37%
Pinnacle Pointe	Apartments	13,912	0.36%
Silvermine	Apartments	13,841	0.36%

2010			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Citizens Medical Center	Hospital	50,397	1.60%
Detar Hospital	Hospital	28,698	0.91%
Victoria County Jail	Government	22,890	0.73%
Autumn Park Apartments	Apartments	18,296	0.58%
VISD - Stroman	School	14,942	0.48%
Creekstone Ranch	Apartments	14,573	0.46%
Sage Creek	Apartments	13,523	0.43%
Twin Pines	Business	13,355	0.42%
Living Centers	Business	11,292	0.36%
VISD - Memorial	School	10,723	0.34%

SOURCE: City of Victoria Utility Billing Office



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CITY OF VICTORIA, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years

Fiscal Year	Governmental Activities				Business-type Activities	
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Capital Lease	Revenue Bonds	Plus: Issuance Premiums
2010	\$ 61,375,000	\$ 30,475,000	\$ 764,623	\$ -	\$ 73,040,000	\$ 2,722,750
2011	59,740,000 **	38,135,000	800,703 *	-	69,125,000	2,516,601
2012	57,835,000 **	39,975,000	797,298 *	-	73,950,000	2,376,581
2013	47,385,000 **	46,370,000	2,741,198 *	-	69,035,000	2,167,055
2014	54,080,000 **	43,360,000	2,492,041 *	-	83,290,000	4,272,165
2015	45,280,000 **	50,480,000	3,401,983 *	-	77,260,000	4,316,780
2016	44,605,000 **	46,580,000	3,195,727 *	-	70,830,000	3,960,228
2017	41,830,000 **	42,070,000	2,851,926 *	-	64,440,000	4,107,453
2018	17,420,000 **	57,285,000	5,571,287 *	-	56,915,000	5,066,864
2019	16,555,000 **	50,380,000	4,987,027 *	739,556	49,760,000	4,542,370

NOTES: *Payments on the 2011 TxDOT Pass-Through Toll Revenue & Limited Tax Bonds (\$9,740,000 principal) will be reimbursed by the Texas Department of Transportation through a pass-through toll contract as well as funds pledged by the County of Victoria, Texas over eleven years beginning in 2012.

**By the terms of the 2009B "Build America Bonds", the U.S. Treasury Department will offset the cost of the bonds by subsidizing an average of \$495,000 in annual bond interest cost.

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

N/A denotes information not available.

SOURCE: City of Victoria

<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
<u>Capital Lease</u>				
\$	-	\$ 168,377,373	7.29%	\$ 2,685
	-	170,317,304	6.94%	2,721
	-	174,933,879	6.57%	2,771
	-	167,698,253	6.03%	2,617
	-	187,494,206	6.30%	2,888
	-	180,738,763	6.09%	2,735
	-	169,170,955	6.02%	2,503
	-	155,299,379	5.26%	2,295
	368,721	142,626,872	4.61%	2,125
	286,819	127,250,772	N/A	1,881

CITY OF VICTORIA, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last ten fiscal years

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available (1)
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Total	
2010	\$ 61,375,000	\$ 30,475,000	\$ 764,623	\$ 92,614,623	\$ 1,024,126
2011	59,740,000 **	38,135,000 *	800,703	98,675,703	953,394
2012	57,835,000 **	39,975,000 *	797,298	98,607,298	977,452
2013	47,385,000 **	46,370,000 *	2,741,198	96,496,198	1,222,778
2014	54,080,000 **	43,360,000 *	2,492,041	99,932,041	1,091,077
2015	45,280,000 **	50,480,000 *	3,401,983	99,161,983	1,102,779
2016	44,605,000 **	46,580,000 *	3,195,727	94,380,727	1,093,523
2017	41,830,000 **	42,070,000 *	2,851,926	86,751,926	1,146,765
2018	17,420,000 **	57,285,000 *	5,571,287	80,276,287	1,138,153
2019	16,555,000 **	50,380,000 *	4,987,027	71,922,027	1,196,519

NOTES: *Payments on the 2011 TxDOT Pass-Through Toll Revenue & Limited Tax Bonds (\$9,740,000 principal) will be reimbursed by the Texas Department of Transportation through a pass-through toll contract as well as funds pledged by the County of Victoria, Texas over eleven years beginning in 2012.

**By the terms of the 2009B "Build America Bonds", the U.S. Treasury Department will offset the cost of the bonds by subsidizing an average of \$495,000 in annual bond interest cost.

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

N/A denotes information not available.

(1) This is the amount restricted for debt service principal payments.

SOURCE: City of Victoria

<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 91,590,497	2.92%	\$ 1,461
97,722,309	3.12%	1,561
97,629,846	3.04%	1,546
95,273,420	2.77%	1,487
98,840,964	2.65%	1,523
98,059,204	2.35%	1,484
93,287,204	2.21%	1,381
85,605,161	2.10%	1,265
79,138,134	1.87%	1,170
70,725,508	1.73%	1,045

CITY OF VICTORIA, TEXAS*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**(UNAUDITED)**September 30, 2019*

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable To City</u>	<u>Amount Applicable To City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of Victoria	9/30/2019	<u>\$ 71,922,027</u> *	100.00%	<u>\$ 71,922,027</u>
Overlapping Debt:				
Victoria County	9/30/2019	10,740,000	62.33%	6,694,242
Victoria County Junior College District	9/30/2019	23,585,000	62.33%	14,700,531
Victoria Independent School District	9/30/2019	<u>115,390,000</u>	68.57%	<u>79,122,923</u>
Total Overlapping Debt		<u>149,715,000</u>		<u>100,517,696</u>
Total		<u>\$ 221,637,027</u>		<u>\$ 172,439,723</u>

NOTES: The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each government's total taxable value.

*Payments on the 2011 TxDOT Pass-Through Toll Revenue & Limited Tax Bonds (\$9,740,000 principal) will be reimbursed by the Texas Department of Transportation through a pass-through toll contract as well as funds pledged by the County of Victoria, Texas over eleven years beginning in 2012.

By the terms of the 2009B "Build America Bonds", the U.S. Treasury Department will offset the cost of the bonds by subsidizing an average of \$495,000 in annual bond interest cost.

SOURCE: Municipal Advisory Council of Texas



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 156,810,850	\$ 156,368,302	\$ 160,417,119	\$ 171,665,577
Total net debt applicable to limit	<u>90,825,874</u>	<u>96,921,606</u>	<u>96,832,548</u>	<u>92,532,222</u>
Legal debt margin	<u>\$ 65,984,976</u>	<u>\$ 59,446,696</u>	<u>\$ 63,584,571</u>	<u>\$ 79,133,355</u>
Total net debt applicable to the limit as a percentage of debt limit	57.92%	61.98%	60.36%	53.90%

NOTE: Texas statutes do not prescribe a legal debt limit for cities; however, a practical debt limit is considered to be 5% of the assessed valuation.

Article XI, Section 5, of the Texas Constitution limits the maximum amount that a city can designate for debt service to \$2.50 per \$100 of assessed valuation. Under City Charter, a limitation on taxes levied for general municipal operating purposes and for the purpose of paying interest and providing a proper sinking fund for paying the outstanding bonds and other obligations of the City, issued for municipal purposes, and any such future bonds or obligations which may be authorized, may not exceed \$2.00 per \$100 assessed valuation. As a matter of policy, the Attorney General of Texas, in his statutorily required examination of legal proceedings had in the issuance of bonds of a city having a \$2.50 tax rate, will not approve the issuance of bonds where total debt service of all tax supported debt requires a tax rate of more than \$1.50 per \$100 assessed valuation after making allowance for 10% delinquency in collections.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 186,811,127	\$ 198,992,755	\$ 208,941,119	\$ 208,707,476	\$ 211,498,485	\$ 204,176,555
<u>96,348,923</u>	<u>94,657,221</u>	<u>90,091,477</u>	<u>90,038,235</u>	<u>73,566,847</u>	<u>65,738,481</u>
<u>\$ 90,462,204</u>	<u>\$ 104,335,534</u>	<u>\$ 118,849,642</u>	<u>\$ 118,669,241</u>	<u>\$ 137,931,638</u>	<u>\$ 138,438,074</u>
51.58%	47.57%	43.12%	43.14%	34.78%	32.20%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 4,083,531,106
Debt limit	204,176,555
Debt applicable to limit	
General obligation bonds	66,935,000
Less: Debt Service Fund Balance	<u>1,196,519</u>
Total amount of debt applicable to debt limit	<u>65,738,481</u>
Legal debt margin	<u>\$ 138,438,074</u>

CITY OF VICTORIA, TEXAS
PLEDGED-REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	Water and Sewer Revenue Bonds			
	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Priority Bonds Average Debt Service Requirements
2010	\$ 21,997,623	\$ 11,794,869	\$ 10,202,754	\$ 4,861,457
2011	24,108,368	11,113,257	12,995,111	4,683,607
2012	24,062,721	10,907,178	13,155,543	4,570,441
2013	24,849,120	11,444,061	13,405,059	4,798,185
2014	25,180,217	11,241,597	13,938,620	4,631,141
2015	26,241,590	11,550,206	14,691,384	5,259,343
2016	25,969,629	11,580,908	14,388,721	5,017,867
2017	25,779,610	11,877,174	13,902,436	4,748,050
2018	26,483,913	9,900,254	16,583,659	4,431,709
2019	26,721,429	11,758,399	14,963,030	4,148,217

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

"Gross Revenue" as used herein refers to all operating revenues, interest income, and miscellaneous revenue of the Water and Wastewater Fund.

"Direct Operating Expenses" is defined as all operating expenses of the Water and Wastewater Fund (which does not include capital outlays or interest expense) less depreciation and amortization and (through FY 2011) GBRA debt which is included in the contractual service expense account. Beginning in January 2011, the City assumed operations of the wastewater treatment plant formerly operated by GBRA under a services contract.

Beginning in 2011, the City did not have any subordinate bonds outstanding.

SOURCE: City of Victoria

Water and Sewer Revenue Bonds

Subordinate Bonds			
Average Debt		Priority Bonds	Subordinate Bonds
Service		Coverage	Coverage
Requirements			
\$	1,768,460	2.10	2.12
	-	2.77	N/A
	-	2.88	N/A
	-	2.79	N/A
	-	3.01	N/A
	-	2.79	N/A
	-	2.87	N/A
	-	2.93	N/A
	-	3.74	N/A
	-	3.61	N/A

CITY OF VICTORIA, TEXAS**DEMOGRAPHIC AND ECONOMIC STATISTICS****(UNAUDITED)***Last ten fiscal years*

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2010	62,701	\$ 2,310,517	\$ 36,850	13,854	7.6%
2011	62,592	2,454,685	39,217	14,409	6.9%
2012	63,131	2,661,613	42,160	14,543	6.0%
2013	64,072	2,780,555	43,397	14,559	5.4%
2014	64,919	2,976,347	45,847	14,467	4.5%
2015	66,094	2,967,621	44,900	14,427	3.8%
2016	67,574	2,810,669	41,594	14,339	4.9%
2017	67,659	2,952,285	43,635	14,253	5.2%
2018	67,106	3,096,410	46,142	14,057	4.1%
2019	67,326	N/A	N/A	13,821	3.5%

NOTES: The unemployment rates are a twelve - month average from October through September.

N/A denotes information not available

SOURCE: (1) Population figures for the years are estimates provided by the Planning Department
(2) U.S. Department of Commerce, Bureau of Economic Analysis - Estimates based on Victoria County Area statistical data. Data for 2019 is not yet available.
(3) Victoria Independent School District as of October 10, 2019
(4) U.S. Department of Labor

CITY OF VICTORIA, TEXAS*PRINCIPAL EMPLOYERS**(UNAUDITED)**Current Year and Nine Years Ago*

2019		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Formosa Plastics	3,048	7.31%
Victoria Independent School District	2,000	4.80%
The Inteplast Group	1,179	2.83%
DeTar Healthcare System	950	2.28%
Citizens Medical Center	936	2.25%
City of Victoria	628	1.51%
DOW-Seadrift Operations	611	1.47%
Invista	600 ⁺	1.44%
Caterpillar - NAHEX Victoria	600 ⁺	1.44%
Regency Post Acute Healthcare System	<u>600</u>	<u>1.44%</u>
	<u>11,152</u>	<u>26.77%</u>

2010		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,178	5.15%
Formosa Plastics	1,610	3.80%
The Inteplast Group	1,400	3.31%
Citizens Medical Center	994	2.35%
DeTar Healthcare System	926	2.19%
H.E.B.	646	1.53%
Calhoun Independent School District	640	1.51%
Dow-Seadrift Operations	617	1.46%
King Fisher Marine	604	1.43%
Invista	<u>600</u>	<u>1.42%</u>
	<u>10,215</u>	<u>24.15%</u>

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

SOURCE: Victoria Economic Development Corporation

CITY OF VICTORIA, TEXAS

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

Last ten fiscal years

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government				
City manager	10	10	10	10
Legal	4.5	4	4	4
Financial	6	6	6	6
Municipal court	5.5	5	5	5
Human resources	5	4	4	4
Planning	4	4	4	5
Development services administration	2	2	2	2
Geographic information system (GIS)	3	3	3	4
Building services	12	10	10	10
City secretary	4	3	3	3
Public information office	2	2	2	2
Public safety				
Police	149	154	154	155
Fire	118	118	118	117
Inspections	12	10	11	10
Code enforcement	5	4	4	5
Traffic control	10	9	9	9
Highways and streets				
Engineering	12	11	11	10
Streets and drainage	34	31	31	31
Culture and recreation				
Parks and recreation	43	41	43	41
Public library	28	27	27	27
Water/wastewater	82	96	96	96
Riverside Park Golf Course	-	-	-	-
Community center	7	7	7	7
Environmental services	26	24	24	24
Vehicle and equipment services	2	2	2	2
Information technology	10	10	10	10
Communications	1	1	1	1
Purchasing	3	3	3	3
Safety management	2	2	2	2
Print shop	2	2	2	2
Convention and visitors bureau	-	-	3	3
Total	<u>604</u>	<u>605</u>	<u>611</u>	<u>610</u>

NOTES: * A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

* Beginning with Fiscal Year 2010, Environmental Services began the phase in of once-a-week collection using automatic side-loader trucks, resulting in a decrease of personnel.

* Previously accounted for in the City Manager Department, beginning in Fiscal Year 2009-2010, the Public Information Office will be accounted for in its own cost center.

* As a result of an efficiency study performed on Planning Department operations, it was concluded that this cost center should be accounted for in various cost centers beginning with Fiscal Year 2009-2010 (Planning, Development Admin. & GIS).

* Fiscal Year 2011 includes the results of a hiring freeze of 15 positions; in addition 5 police officers were hired under the COPS grant and the City assumed the operations of the Wastewater Treatment Plant, formerly operated under contract with GBRA, an addition of 14 employees.

Fiscal Year					
2014	2015	2016	2017	2018	2019
10	10	10	10	10	10
4	4	4	4	4	4
6	6	6	6	6	7
5	5	5	5	5	5
4	4	4	4	4	4
5	5	5	5	5	5
2	2	2	2	2	2
4	4	4	4	4	4
10	10	10	10	10	10
3	3	3	3	3	3
3	3	3	3	3	3
158	156	159	159	161	162
117	129	130	130	130	130
10	10	10	10	10	10
5	5	5	5	5	5
9	9	9	9	9	9
9	9	9	9	8	8
31	28	27	27	27	27
41	40	39	39	38	36
27	27	27	27	27	27
95	95	95	95	95	95
-	-	-	-	-	10
7	6	7	7	7	7
24	24	24	24	24	23
2	2	2	2	2	1
10	10	10	10	10	10
1	1	1	1	1	-
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
4	4	4	4	4	4
<u>613</u>	<u>618</u>	<u>621</u>	<u>621</u>	<u>621</u>	<u>628</u>

* Fiscal Year 2012 includes the addition of three employees as a result of the City taking over the operations of the Convention and Visitors Bureau, as well as the addition of one Development Services Inspector, and two Parks Department positions.

* Fiscal Year 2015 includes the addition of 12 Fire Department employees to staff the new fire station; a net decrease of one Parks Department position; a decrease of 2 non-certified Police staff; a decrease of 3 Street department staff; and decrease of 1 Community Center staff.

* Fiscal Year 2019 includes the addition of 10 employees as a result of the City taking over Riverside Park Golf Course and the addition of one accountant and one police officer; as well as a net decrease of two Parks Department positions; a decrease of one employee in Environmental Administration, a decrease of one position in Vehicle & Equipment Services, and elimination of Communications Technician.

CITY OF VICTORIA, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government				
Building permits issued	1,627	1,484	1,884	2,342
Building inspections conducted	6,066	5,874	7,044	8,698
Birth certificates registered	2,146	2,009	2,112	1,719
Death certificates registered	885	924	930	754
Birth certificates issued	6,043	5,645	5,980	5,946
Death certificates issued	5,295	5,269	1,601	1,249
Public safety				
Police				
Physical arrests	3,152	3,387	3,427	3,552
Parking violations	368	223	334	187
Traffic violations	7,303	8,756	8,876	13,181
Warrants issued	1,879	1,960	2,139	N/A
Fire				
Total Incidents	8,455	9,072	8,797	8,669
Fires	349	554	271	202
Rescue/Emergency Medical	6,568	6,832	8,526	8,467
False Alarms	-	-	364	356
Inspections	1,555	1,351	2,187	1,513
Fire Investigations	-	-	-	-
Streets and highways				
Street resurfacing (linear feet)	16,250	7,000	12,000	14,000
Culture and recreation				
Community center admissions (event contracts)				
Dome	98	89	88	92
Annex	102	85	81	75
Arena	14	22	22	27
Library				
Number of items	141,887	146,455	137,548	140,976
Circulation	271,281	340,204	340,320	353,122
Gate count	336,580	245,844	249,672	243,192
Water and wastewater				
Water				
Active water connections	22,071	22,312	22,456	22,660
Active sewer connections	20,587	20,720	20,845	21,068
Active garbage accounts	19,014	19,105	19,322	19,508
Average daily consumption (pumped) (in 000's)	8,617	11,292	10,283	9,950
Peak monthly consumption (in 000's)	319,293	407,616	374,666	374,690
Wastewater				
Average daily sewage treatment	7,370,000	5,800,000	6,180,000	5,469,000
Environmental services				
Refuse collection				
Refuse collected (tons per month)	1,936	1,669	1,685	N/A
Landfill tonnage accepted	102,657	202,723	149,137	154,291
Recyclables collected (tons per year)	196.31	389.90	2,235.98	3,227.66

NOTES: Increase in linear feet of street surfacing from Fiscal Year 2013 to Fiscal Year 2014 is due to implementing a chip-seal program in addition to complete street rebuilds.

Increase in linear feet of street surfacing from Fiscal Year 2015 to Fiscal Year 2016 is due to projects planned for Fiscal Year 2015 being completed in Fiscal Year 2016.

N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
2,376	2,029	1,565	2,207	5,920	2,109
10,380	8,438	6,799	4,354	6,984	6,293
2,142	2,386	2,181	2,054	1,956	1,933
968	1,046	1,002	970	1,036	1,118
5,475	6,035	6,104	5,820	6,478	7,432
981	945	878	729	1,216	1,607
4,095	3,948	3,257	3,005	2,862	3,336
409	129	202	293	243	317
13,061	9,391	8,255	8,867	8,650	7,888
3,608	2,717	2,364	2,223	2,069	1,977
9,042	9,796	9,773	11,179	11,046	11,248
204	166	163	209	186	415
8,838	9,630	9,610	6,591	6,370	7,873
358	398	315	428	383	616
1,906	1,917	2,747	2,006	2,329	2,008
-	-	-	-	75	67
66,000	42,155	107,000	45,000	119,722	75,600
118	112	104	95	120	126
96	94	90	85	85	105
58	43	57	45	48	49
148,232	154,109	143,551	130,920	135,487	151,382
373,153	363,927	375,587	352,956	327,394	368,526
232,196	225,689	245,477	214,278	198,207	196,602
22,923	23,136	22,802	22,966	22,919	22,989
21,230	21,395	21,254	21,455	21,397	21,468
19,490	19,674	19,630	19,668	19,665	19,828
9,629	8,972	8,972	8,672	8,224	9,457
434,515	382,831	403,289	369,898	401,860	423,127
5,842,333	7,100,000	7,130,000	6,620,500	5,874,750	6,158,000
N/A	N/A	N/A	N/A	N/A	N/A
140,102	143,081	148,578	162,324	212,231	180,243
3,191.00	3,141.00	2,796.00	2,330.00	553.00	450.00

2017 Decrease in Library gate count is largely due to the Library being closed for 21 days following Hurricane Harvey; and after opening many citizens were still in recovery and not utilizing the Library.

2017 Increase in landfill tonnage includes 137,000 tons added due to Hurricane Harvey.

2019 Increase in Library items collections is due to including digital items, which previously consisted of only print items.

CITY OF VICTORIA, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government				
Buildings	3	3	3	3
Public safety				
Police				
Stations	1	1	1	1
Patrol units	36	35	37	36
Fire stations	5	5	5	5
Highways and streets				
Streets (miles)	314.50	312.60	313.23	314.51
Streetlights	4429	4473	4444	4550
Traffic signals	78	81	81	84
School zone flashers	61	61	61	61
Culture and recreation				
Acreage	748.0	876.0	876.0	866.7
Playgrounds	15	16	16	16
Baseball/softball diamonds	19	19	19	19
Community centers	1	1	1	1
Libraries	1	1	1	1
Water and wastewater				
Water				
Water mains (miles)	365.8	366.8	366.8	373
Wastewater				
Sanitary sewers (miles)	342	342	342	342
Storm sewers (miles)	452	452	452	452
Environmental services				
Refuse collection				
Garbage collection trucks	11	7	7	7
Brush and large item collection trucks	N/A	5	5	5
Yard waste collection trucks	N/A	4	4	6
Recycling collection trucks	N/A	1	1	1

NOTES: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
3	3	3	3	3	3
1	1	1	1	1	1
36	33	32	32	39	34
5	6	6	6	6	6
314.51	321.81	322.35	325.80	323.83	323.83
4550	4676	4763	4788	4598	4686
86	88	89	88	89	90
61	61	61	61	61	51
888.0	888.0	888.0	888.0	888.0	888.0
16	16	16	16	12	13
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
373	380	386.2	389.9	394.08	397.19
349.2	349.2	349.2	355.3	355.3	358
452	452	452	452	452	452
8	9	9	9	9	9
4	4	4	4	4	5
4	4	4	4	4	4
1	1	1	1	1	1

SINGLE AUDIT SECTION



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

The Honorable Mayor and Members
of the City Council
City 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 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 City of Victoria, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2020. The financial statements of the Sales Tax Development Corporation and the Victoria Special Events Association, Inc. 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 City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a 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 Mayor and Members
of the City Council
City of Victoria, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

March 23, 2020



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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 Mayor and Members
of the City Council
City of Victoria, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Victoria, Texas (the "City") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal 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; and 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). Those standards and the Uniform Guidance, 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 program occurred. An audit includes examining, on a test basis, evidence about the City'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 program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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 programs for the year ended September 30, 2019.

The Honorable Mayor and Members
of the City Council
City of Victoria, Texas

Report on Internal Control Over Compliance

Management of the City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 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 City'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 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 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 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

March 23, 2020



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CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Housing and Urban Development		
Community Development Block Grant <i>Passed Through the Texas General Land Office</i>	14.218	B-18-MC-48-0510
Community Development Block Grant Disaster Recovery	14.225	20-065-055-C165
Total U.S. Department of Housing and Urban Development		
U. S. Department of Transportation		
<i>Passed Through the Texas Department of Transportation</i>		
Highway Planning and Construction	20.205	50-19XF0023
State and Community Highway Safety	20.600	2019-VictoriaPD-S-1YG-00036
Total U.S. Department of Transportation		
U. S. Department of Homeland Security		
<i>Passed Through the Texas Department of Public Safety's Division of Emergency Management</i>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4332-DR-TX
Homeland Security Grant Program	97.067	3616801
Total U.S. Department of Homeland Security		
U. S. Department of Agriculture		
<i>Passed Through the Natural Resources Conservation Service</i>		
Emergency Watershed Protection Program	10.923	NR197442XXXXC010
Total U.S. Department of Agriculture		
U. S. Department of Health and Human Services		
<i>Passed Through the Texas Department of State Health Services</i>		
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HHS00037150008
Total U.S. Department of Health and Human Services		
U. S. Department of Justice		
<i>Passed Through the Office of the Attorney General</i>		
Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	16.800	2018-MC-FX-K065
Total U.S. Department of Justice		

TOTAL FEDERAL 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			
\$ 315,807	\$ -	\$ 315,807	\$ -	CDBG-Entitlement Grants Cluster	
28,584	-	28,584	-	CDBG-Entitlement Grants Cluster	
344,391	-	344,391	-		
253,735	-	253,735	-	Highway Planning and Construction Cluster	
12,100	-	12,100	-	Highway Safety Cluster	
265,835	-	265,835	-		
6,609,960	-	6,609,960	-		4
1,300	-	1,300	-		
6,611,260	-	6,611,260	-		
94,663	-	94,663	-		
94,663	-	94,663	-		
80,125	-	80,125	-		
80,125	-	80,125	-		
4,710	-	4,710	-		
4,710	-	4,710	-		
7,400,984	-	7,400,984	-		

(continued)

CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Other Award Number</u>
STATE EXPENDITURES		
Law Enforcement Officers Standards and Education		
Training Grant	N/A	N/A
Texas Office of the Governor-Criminal Justice Division (CJD)		
BG-Rifle-Resistant Body Armor Grant Program (BAGP)	N/A	3509001
Texas Department of Motor Vehicles		
<i>Passed Through the Texas Automobile Theft Prevention Authority</i>		
Automobile Theft Grant	N/A	608-19-2350100
Automobile Theft Grant	N/A	608-20-2350100
Total Texas Department of Motor Vehicles		
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			
\$ 12,229	\$ -	\$ 12,229	\$ -		
62,010	-	62,010	-		
135,719	-	135,719	-		
23,142	-	23,142	-		
158,861	-	158,861	-		
233,100	-	233,100	-		
\$ 7,634,084	\$ -	\$ 7,634,084	\$ -		

(concluded)

CITY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the City, under programs of the federal government for the year ended September 30, 2019 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable; except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: FEMA DISASTER ASSISTANCE - CFDA 97.036

In accordance with the Uniform Guidance, expenditures of federal Disaster Grants (CFDA 97.036) must be recorded as expenditures on the SEFA when: (1) FEMA has approved the entity's Project Worksheet (PW), and (2) the entity has incurred the eligible expenditures. Expenditures reported on the accompanying schedule of expenditures of federal awards that were incurred in a prior fiscal year total \$6,586,575.

CITY OF VICTORIA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Type of auditor's 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 Major Programs or Cluster</i>
97.036	Disaster Grants – Public Assistance

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

CITY OF VICTORIA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2019

None were reported.



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