

COUNTY OF VICTORIA, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

COUNTY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2014

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

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INTRODUCTORY SECTION



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COUNTY AUDITOR
VICTORIA COUNTY, TEXAS

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June 24, 2015

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

The County Auditor's Office is pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Victoria, Texas (the "County"), for the year ended December 31, 2014. This report is submitted in compliance with Texas Local Government Code 114.025.

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

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

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

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

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

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

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

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

PROFILE OF VICTORIA COUNTY

The County is located in southeastern Texas on the Coastal plain about midway between the southern and eastern extremities of the Texas Gulf Coast. The County was created in 1836 from a Mexican municipality named for Mexican President Guadalupe Victoria. The County encompasses an area of 892 square miles and serves a population of 91,081.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

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

The County records reflect modest debt levels, rapid principal amortization, and acceptable reserve levels that have benefited from sound fiscal management practices. The County practices conservative budgeting and sets General Fund reserve targets at 15% to 25% of annual expenditures. In the past year, the County incurred an increase in the General Fund unassigned fund balance mainly as a result of increases in property tax revenue and sales tax revenue. The County's General Fund reserve target is based on the County's policy of deferring ad valorem property taxes. The resulting unassigned fund balance does not include \$7.2 million in ad valorem taxes collected in October, November, and December of 2014, and are instead reported as unavailable revenues.

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

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

June 24, 2015

courtrooms for the increasing caseload of jury trials and purchasing new property to build Justice of the Peace Offices for those locations that are currently being rented. The County is also installing a new water and sewer system at the Airport, with some grant assistance.

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

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

The County is also exposed to risk of loss in the area of employee health coverage. In this area, the County bears all risk of loss up to \$85,000 per participant per year. Co-insurance through a private insurance carrier assumes all risk for individual participants past that level. Please refer to the notes to the financial statements for a complete discussion of the County's employee health insurance operations.

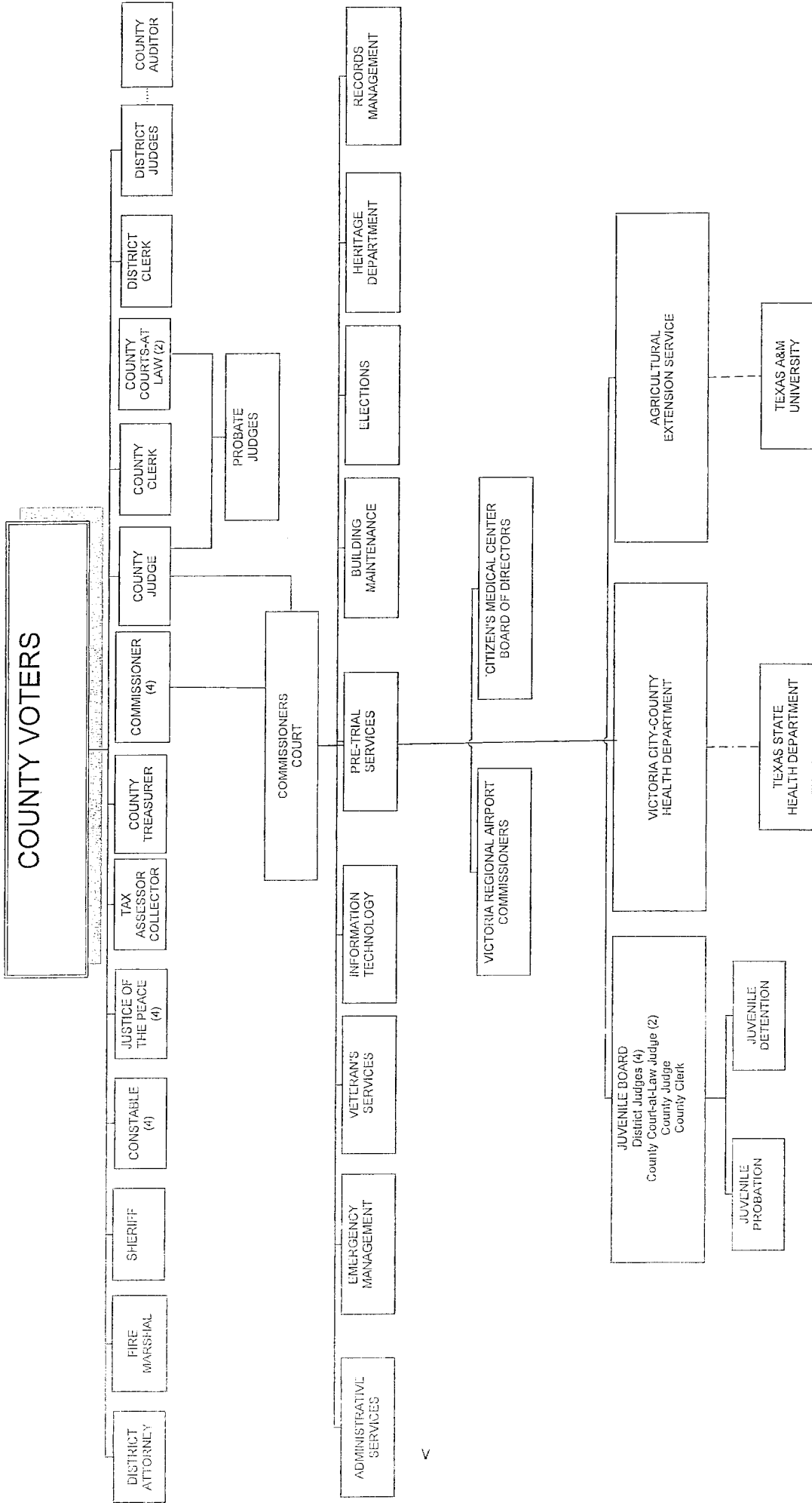
Pension Benefits - The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). Specific plan provisions are adopted by the County within the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

ACKNOWLEDGEMENTS

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

Respectfully submitted,
Judy McAdams, CPA
Victoria County Auditor

VICTORIA COUNTY ORGANIZATION



ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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



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

STEPHEN W. VAN MANEN, CPA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Victoria, Texas (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Citizens Medical Center, which represent 83 percent, 88 percent, and 96 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions insofar as it relates to the amounts included for the Citizens Medical Center, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Victoria County Navigation District and the Citizens Medical Center were not audited in accordance with *Government Auditing Standards*.

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

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

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

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

As described in Note 1, the County has prepared these financial statements using financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365, which practices differ from generally accepted accounting principles (GAAP) in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with GAAP, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statutory basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2014, and the respective statutory basis changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the financial accounting practices prescribed or permitted by Government Code Section 2264-051, as adopted by State of Texas House Bill 2365 described in Note 1.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the statutory basis financial statements that collectively comprise the County's basic financial statements. The introductory section, statutory basis combining and individual major and nonmajor fund financial statements and schedules, statistical data, and schedule of expenditures of federal and state awards (as required by the U.S. Office of Management and Budget Circular A-133, *Auditing of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

June 23, 2015

The discussion and analysis of the County of Victoria's (the "County") financial performance provides an overview of the County's financial activities for the year ended December 31, 2014. The discussion and analysis should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements. The discussion and analysis includes comparative data for the prior year.

FINANCIAL HIGHLIGHTS

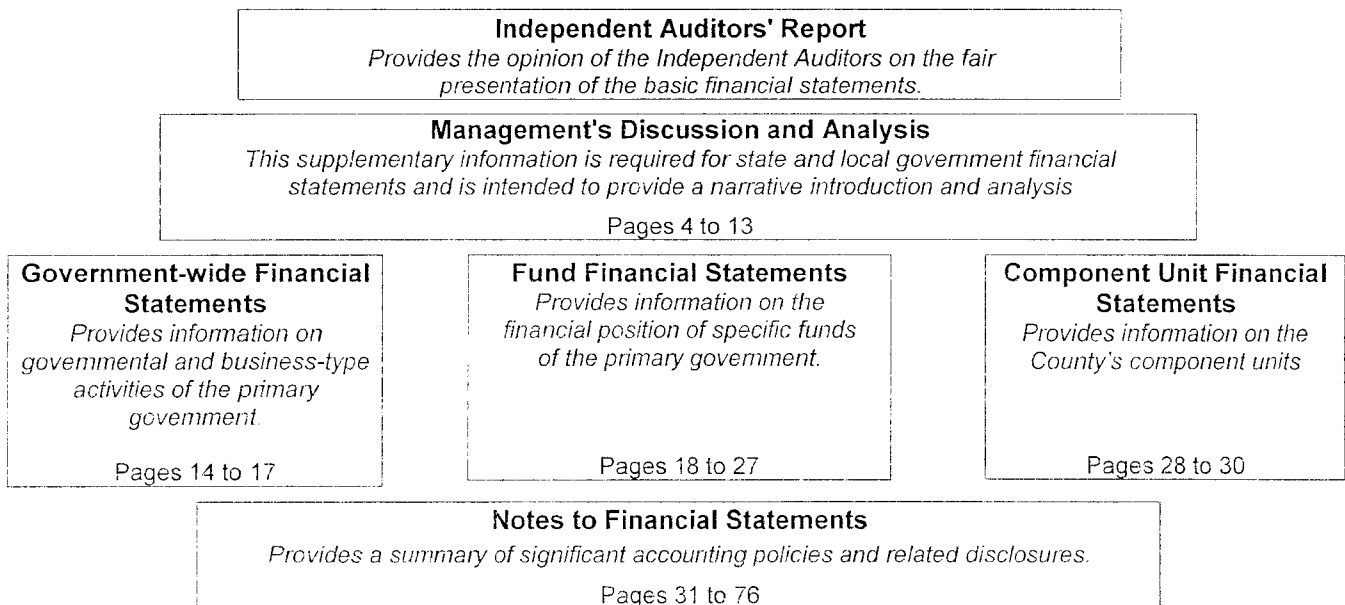
- The assets of the County exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2014, by \$48,736,391. Of this amount \$19,232,250 is available to meet the County's ongoing obligations to citizens and creditors.
- At December 31, 2014, the County's governmental funds reported combined ending fund balances of \$26,372,078. The amount available for governmental discretion (unassigned fund balance) is \$16,507,993.
- At December 31, 2014, the fund balance for the General Fund was \$18,080,538, a \$3,571,519 increase over last year. The unassigned portion of fund balance was \$16,507,993 or 91.30% of total General Fund balance or 49.75% of total General Fund expenditures for 2014.
- The County's general obligation debt netted an increase of \$5,829,981. The key factor in this net increase was the issuance of certificates of obligation during 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Organization and Flow of Financial Section Information



OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

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

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

The *statement of activities* presents information showing how the government's net position changed during 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

The County adopts an annual appropriated budget for its General Fund, road and bridge special revenue funds, and Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and is located on pages 107-114 of this report. Budget comparisons are presented for the road and bridge special revenue funds and the Debt Service Fund on pages 116-121 of this report.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its airport, Navarro project, and other enterprise activities (commissary). *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses an internal service fund to account for its employee health insurance services. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport and for the Navarro project, both of which are considered to be major funds of the County, and other (commissary).

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 31-76 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's General Fund's budgetary comparison schedule and historical pension benefits information. Required supplementary information can be found on pages 77-79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-125 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$48,736,391 at the close of the year ended December 31, 2014.

County of Victoria, Texas						
NET POSITION (Statutory Basis)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 58,677,002	\$ 49,480,748	\$ (939,979)	\$ (1,000,865)	\$ 57,737,023	\$ 48,479,883
Capital assets (net)	30,268,058	28,721,514	8,436,735	8,625,363	38,704,793	37,346,877
Total assets	<u>88,945,060</u>	<u>78,202,262</u>	<u>7,496,756</u>	<u>7,624,498</u>	<u>96,441,816</u>	<u>85,826,760</u>
Deferred charge on refunding	21,477	39,252	-	-	21,477	39,252
Total deferred outflows of resources	<u>21,477</u>	<u>39,252</u>	<u>-</u>	<u>-</u>	<u>21,477</u>	<u>39,252</u>
Current and other liabilities	5,683,681	5,767,564	410,809	224,368	6,094,490	5,991,932
Noncurrent liabilities	17,374,897	11,860,214	8,773	22,275	17,383,670	11,882,489
Total liabilities	<u>23,058,578</u>	<u>17,627,778</u>	<u>419,582</u>	<u>246,643</u>	<u>23,478,160</u>	<u>17,874,421</u>
Unavailable revenue	24,248,742	22,826,666	-	-	24,248,742	22,826,666
Total deferred outflows of resources	<u>24,248,742</u>	<u>22,826,666</u>	<u>-</u>	<u>-</u>	<u>24,248,742</u>	<u>22,826,666</u>
Net position						
Net investment in capital assets	19,248,568	19,331,396	8,436,735	8,625,363	27,685,303	27,956,759
Restricted	1,818,838	1,911,393	-	-	1,818,838	1,911,393
Unrestricted	20,591,811	16,544,281	(1,359,561)	(1,247,508)	19,232,250	15,296,773
Total net position	<u>\$ 41,659,217</u>	<u>\$ 37,787,070</u>	<u>\$ 7,077,174</u>	<u>\$ 7,377,855</u>	<u>\$ 48,736,391</u>	<u>\$ 45,164,925</u>

The largest portion of the County's net position (56.81%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has restricted net position of \$1,818,838, which represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$19,232,250) may be used to meet the government's ongoing obligations to citizens and creditors.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

County of Victoria, Texas

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

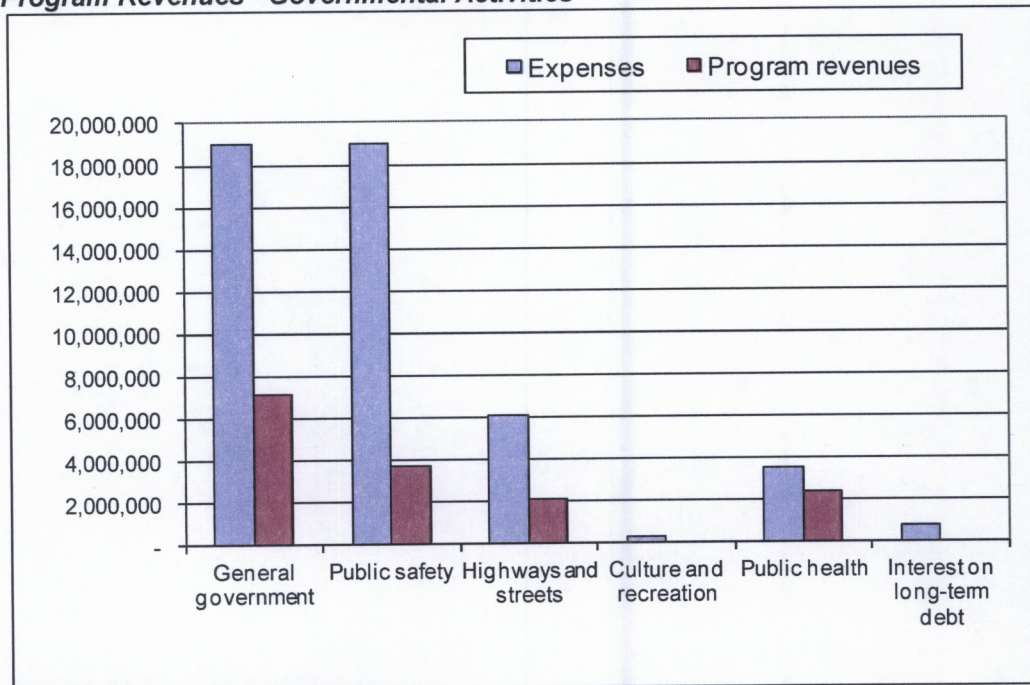
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 10,409,481	\$ 10,118,296	\$ 4,343,052	\$ 3,579,632	\$ 14,752,533	\$ 13,697,928
Operating grants & contributions	4,651,866	5,183,741	91,031	95,859	4,742,897	5,279,600
Capital grants & contributions	398,800	228,422	440,400	8,950	839,200	237,372
General revenues:						
Property taxes	23,817,161	21,984,214	-	-	23,817,161	21,984,214
Other taxes	12,120,467	11,067,454	-	-	12,120,467	11,067,454
Other	1,306,352	1,192,374	268,346	424	1,574,698	1,192,798
Total revenues	52,704,127	49,774,501	5,142,829	3,684,865	57,846,956	53,459,366
EXPENSES						
General governmental	19,041,903	17,741,218	-	-	19,041,903	17,741,218
Public safety	19,021,706	19,116,258	-	-	19,021,706	19,116,258
Highways and streets	6,098,697	4,368,635	-	-	6,098,697	4,368,635
Culture and recreation	332,869	295,945	-	-	332,869	295,945
Public health	3,551,753	3,377,214	-	-	3,551,753	3,377,214
Interest on long-term debt	785,052	446,849	-	-	785,052	446,849
Airport	-	-	4,722,858	3,806,501	4,722,858	3,806,501
Navarro project	-	-	591,031	694,360	591,031	694,360
Commissary	-	-	129,621	120,418	129,621	120,418
Total expenses	48,831,980	45,346,119	5,443,510	4,621,279	54,275,490	49,967,398
Change in net position	3,872,147	4,428,382	(300,681)	(936,414)	3,571,466	3,491,968
Net position - January 1, 2014	37,787,070	33,358,688	7,377,855	8,314,269	45,164,925	41,672,957
Net position - December 31, 2014	\$ 41,659,217	\$ 37,787,070	\$ 7,077,174	\$ 7,377,855	\$ 48,736,391	\$ 45,164,925

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

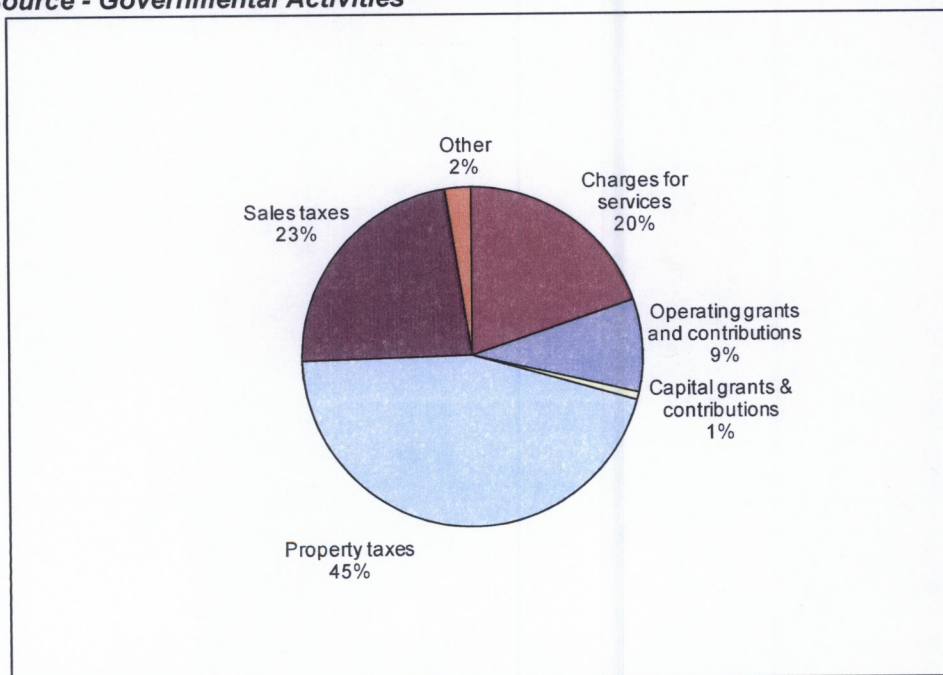
Governmental activities. Governmental activities increased the County's net position by \$3,872,147, thereby accounting for the majority of the total increase in the net position of the County. Key elements of this increase are as follows:

- Property tax revenues increased \$1,832,947 and sales tax revenue increased \$1,008,883 from the prior year.

Expenses and Program Revenues - Governmental Activities



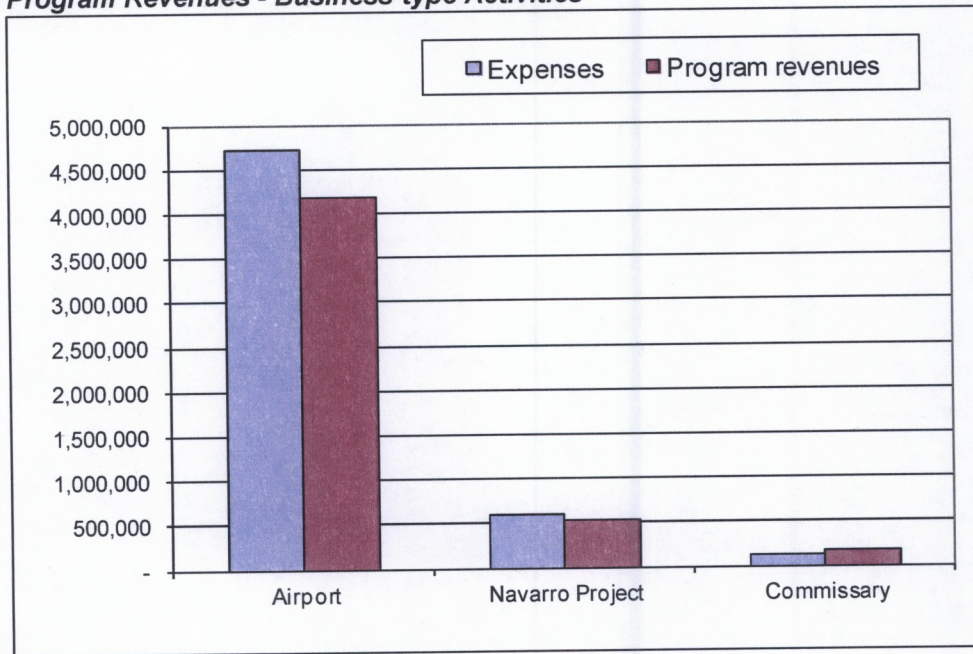
Revenues by Source - Governmental Activities



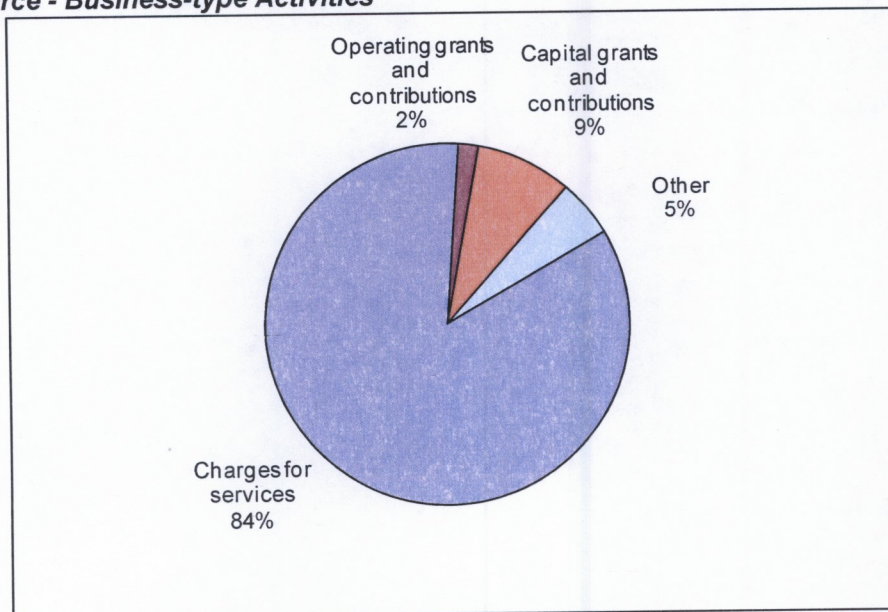
GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities. Business-type activities decreased the County's net position by \$300,681. This change was mainly due to a combined increase in expenses of \$822,231 or 17.79% compared to 2013.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,372,078, an increase of \$7,501,676 in comparison with the prior year. Of the total fund balance, \$16,507,993 constitutes *unassigned fund balance* and is available for spending at the County's discretion. Of the remaining fund balance, \$8,291,540 is *restricted* to specific types of expenditures and \$1,572,545 is *nonspendable*.

General Fund. The General Fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General Fund was \$16,507,993, while total fund balance was \$18,080,538. 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 49.75% of total General Fund expenditures, while total fund balance represents 54.49% of that same amount.

The fund balance of the County's General Fund increased by \$3,571,519 during the current year. This increase is due mainly to an increase in property tax and sales tax revenues.

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

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

Fund	2014	2013
	Unrestricted Net Position	Unrestricted Net Position
Airport	\$ (1,246,997)	\$ (902,228)
Navarro Project	(239,466)	(430,885)
Commissary	126,902	85,605
Total	<u>\$ (1,359,561)</u>	<u>\$ (1,247,508)</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an increase of \$317,951 and can be briefly summarized as follows:

- \$389,683 in miscellaneous decreases in general governmental expenditures, mainly due to a reduction of contingency expenditures.
- \$483,116 in miscellaneous increases in public safety expenditures, due to increased expenditures for the purchase of new vehicles and repairs and maintenance for the Sheriff's Office.
- \$207,136 in miscellaneous increases in transfers out, mainly due to increased expenditures for the purchase of a new pumper/tanker vehicle for the Fire Marshal's Department.

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

For 2014, the General Fund's actual expenditures came in \$1,553,448 lower than the final budget. This positive variance is mainly due to:

- Payroll and other various expenditure accounts that came in under budget for 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$38,704,788 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The net increase in the County's investment in capital assets for the current year was 3.64% (a 5.38% increase for governmental activities and a 2.19% decrease for business-type activities).

County of Victoria, Texas
CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,466,342	\$ 2,466,342	\$ 149,433	\$ 149,433	\$ 2,615,775	\$ 2,615,775
Construction in progress	1,559,945	41,245	648,968	10,986	2,208,913	52,231
Buildings	10,590,852	10,643,524	293,489	368,246	10,884,341	11,011,770
Improvements	6,913,044	7,216,120	7,073,330	7,849,492	13,986,374	15,065,612
Machinery and equipment	6,914,475	6,870,335	271,510	247,206	7,185,985	7,117,541
Infrastructure	1,823,400	1,483,948	-	-	1,823,400	1,483,948
Total	\$ 30,268,058	\$ 28,721,514	\$ 8,436,730	\$ 8,625,363	\$ 38,704,788	\$ 37,346,877

Major capital asset events during the current year included the following:

- The additions to the governmental activities capital assets during the year ended December 31, 2014, consisted of the following:
 - Equipment increased by \$1,531,466 due to the acquisition of 6 new vehicles, new tasers and computer equipment for the Sheriff's Office, the purchase of a new pumper/tanker vehicle for the Fire Marshal's Department and a new excavator for the Road & Bridge Precinct Number 1.
 - Construction in Progress increased by \$1,559,945 due to several capital projects that are in process including road improvements to the Old Bloomington Road and the remodel of the building purchased for offices for a justice of the peace, records management and maintenance departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)

Capital Assets. - (Continued)

- o The additions to the business-type activities capital assets during the year ended December 31, 2014, consisted mainly of the purchase of a tractor and a shredder for the airport.

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

Long-term debt. At the end of the current year, the County had total bonded debt outstanding of \$15,024,266. This debt is backed by the full faith and credit of the government.

County of Victoria, Texas						
Outstanding Debt and Net Bond Premium (Discount)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Certificates of obligation	\$ 13,680,000	\$ 7,670,000	\$ -	\$ -	\$ 13,680,000	\$ 7,670,000
General obligation bonds	925,000	1,365,000	-	-	925,000	1,365,000
Issuance discount	(37,638)	(40,113)	-	-	(37,638)	(40,113)
Issuance premiums	456,904	199,398	-	-	456,904	199,398
Total	\$ 15,024,266	\$ 9,194,285	\$ -	\$ -	\$ 15,024,266	\$ 9,194,285

The County's total debt increased by \$5,829,981 (63.41%) during the current year, this was due to the issuance of certificates of obligation. The County maintains an "AA" rating from Standard & Poor's, and Fitch Ratings for general obligation debt. Additional information on the County's long-term debt can be found in Note 14.

Economic Factors and Next Year's Budgets and Rates

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

The final 2015 budget was adopted by Commissioners' Court on September 18, 2014. The budget included a 3.9% salary increase to employees and County Officials to cover the 27th pay period and 4 1/2 new positions in the General Fund. The property tax rate was set at \$0.3986 (39.86 cents) per \$100 assessed taxable valuation, which reflects no change from the 2014 tax rate. However, the 2015 tax rate is \$.0175 (or 4.59%) over the County's effective tax rate. The taxable valuation increased for the 2015 year by \$450 million which will result in an increase of tax revenue of \$665,231.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provide in this report or requests for additional financial information should be addressed to the County Auditor's Office, 115 N. Bridge, Room 122, Victoria, Texas 77901.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION - STATUTORY BASIS
December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 33,401,221	\$ 276,716	\$ 33,677,937	\$ 97,594,785
Receivables (net)	21,954,045	444,095	22,398,140	28,246,906
Internal balances	274,432	(274,432)	-	-
Due from other governments	1,451,885	128,396	1,580,281	6,759,759
Due from external parties	22,874	-	22,874	-
Inventory	-	57,791	57,791	2,209,295
Prepaid items	-	-	-	1,421,148
Total current assets	<u>57,104,457</u>	<u>632,566</u>	<u>57,737,023</u>	<u>136,231,893</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	4,026,287	798,401	4,824,688	28,577,721
Buildings, improvements, and equipment (net)	26,241,771	7,638,334	33,880,105	92,179,753
Other assets	-	-	-	4,499,008
Noncurrent internal balances	<u>1,572,545</u>	<u>(1,572,545)</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>31,840,603</u>	<u>6,864,190</u>	<u>38,704,793</u>	<u>125,256,482</u>
Total assets	<u>88,945,060</u>	<u>7,496,756</u>	<u>96,441,816</u>	<u>261,488,375</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>21,477</u>	<u>-</u>	<u>21,477</u>	<u>-</u>
Total deferred outflows of resources	<u>21,477</u>	<u>-</u>	<u>21,477</u>	<u>-</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 1,496,498	\$ 289,802	\$ 1,786,300	\$ 9,352,115
Accrued expenses	1,476,680	44,928	1,521,608	9,952,706
Accrued interest payable	421,918	-	421,918	35,169
Due to other governments	361,676	-	361,676	-
Claims payable	150,628	-	150,628	-
Deposits	3,075	5,500	8,575	-
Unearned revenue	892	39,642	40,534	2,064,319
Accrued compensated absences	666,287	14,604	680,891	-
Current portion of long-term obligations	<u>1,106,027</u>	<u>16,333</u>	<u>1,122,360</u>	<u>610,000</u>
Total current liabilities	<u>5,683,681</u>	<u>410,809</u>	<u>6,094,490</u>	<u>22,014,309</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	<u>17,374,897</u>	<u>8,773</u>	<u>17,383,670</u>	<u>14,215,000</u>
Total noncurrent liabilities	<u>17,374,897</u>	<u>8,773</u>	<u>17,383,670</u>	<u>14,215,000</u>
Total liabilities	<u>23,058,578</u>	<u>419,582</u>	<u>23,478,160</u>	<u>36,229,309</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>24,248,742</u>	<u>-</u>	<u>24,248,742</u>	<u>-</u>
Total deferred inflows of resources	<u>24,248,742</u>	<u>-</u>	<u>24,248,742</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	19,248,568	8,436,735	27,685,303	106,412,965
Restricted for:				
Debt service	701,060	-	701,060	11,362
Other purposes	1,117,778	-	1,117,778	-
Unrestricted	<u>20,591,811</u>	<u>(1,359,561)</u>	<u>19,232,250</u>	<u>118,834,739</u>
Total net position	<u>\$ 41,659,217</u>	<u>\$ 7,077,174</u>	<u>\$ 48,736,391</u>	<u>\$ 225,259,066</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES - STATUTORY BASIS
For the year ended December 31, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 19,041,903	\$ 5,648,982	\$ 1,473,104	\$ -
Public safety	19,021,706	2,547,897	754,353	398,800
Highways and streets	6,098,697	1,641,604	532,801	-
Culture and recreation	332,869	-	-	-
Public health	3,551,753	570,998	1,891,608	-
Interest on long-term debt	<u>785,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>48,831,980</u>	<u>10,409,481</u>	<u>4,651,866</u>	<u>398,800</u>
Business-type activities				
Airport	4,722,858	3,645,290	91,031	440,400
Navarro Project	591,031	535,511	-	-
Commissary	<u>129,621</u>	<u>162,251</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,443,510</u>	<u>4,343,052</u>	<u>91,031</u>	<u>440,400</u>
Total primary government	<u>\$ 54,275,490</u>	<u>\$ 14,752,533</u>	<u>\$ 4,742,897</u>	<u>\$ 839,200</u>
Component Units	<u>\$ 169,720,521</u>	<u>\$ 172,263,623</u>	<u>\$ 162,783</u>	<u>\$ 41,484</u>

General revenues
 Taxes:
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Sales taxes
 Other taxes
 Grants and contributions not restricted to specific programs
 Unrestricted Investment earnings
 Miscellaneous
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position - beginning
 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
\$ (11,919,817)	\$ -	\$ (11,919,817)	\$ -
(15,320,656)	-	(15,320,656)	-
(3,924,292)	-	(3,924,292)	-
(332,869)	-	(332,869)	-
(1,089,147)	-	(1,089,147)	-
(785,052)	-	(785,052)	-
<u>(33,371,833)</u>	<u>-</u>	<u>(33,371,833)</u>	<u>-</u>
-	(546,137)	(546,137)	-
-	(55,520)	(55,520)	-
-	32,630	32,630	-
-	<u>(569,027)</u>	<u>(569,027)</u>	<u>-</u>
<u>(33,371,833)</u>	<u>(569,027)</u>	<u>(33,940,860)</u>	<u>-</u>
-	-	-	<u>2,747,369</u>
22,400,537	-	22,400,537	1,625,520
1,416,624	-	1,416,624	275,466
11,824,484	-	11,824,484	-
295,983	-	295,983	-
730,719	-	730,719	-
174,003	848	174,851	671,773
657,416	11,712	669,128	22,846
<u>(255,786)</u>	<u>255,786</u>	<u>-</u>	<u>-</u>
<u>37,243,980</u>	<u>268,346</u>	<u>37,512,326</u>	<u>2,595,605</u>
3,872,147	(300,681)	3,571,466	5,342,974
<u>37,787,070</u>	<u>7,377,855</u>	<u>45,164,925</u>	<u>219,916,092</u>
<u>\$ 41,659,217</u>	<u>\$ 7,077,174</u>	<u>\$ 48,736,391</u>	<u>\$ 225,259,066</u>

COUNTY OF VICTORIA, TEXAS
BALANCE SHEET - STATUTORY BASIS
GOVERNMENTAL FUNDS
December 31, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 22,053,961	\$ 11,347,248	\$ 33,401,209
Receivables (net)	18,011,511	3,796,910	21,808,421
Due from other governments	438,327	1,013,558	1,451,885
Due from other funds	1,446,396	-	1,446,396
Advance to other funds	1,572,545	-	1,572,545
Total assets	<u>\$ 43,522,740</u>	<u>\$ 16,157,716</u>	<u>\$ 59,680,456</u>
LIABILITIES			
Accounts payable	\$ 468,483	\$ 863,380	\$ 1,331,863
Accrued expenditures	1,115,407	348,002	1,463,409
Due to other funds	-	979,436	979,436
Due to other governments	361,676	-	361,676
Deposits	3,075	-	3,075
Unearned revenue	892	-	892
Total liabilities	<u>1,949,533</u>	<u>2,190,818</u>	<u>4,140,351</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>23,492,669</u>	<u>5,675,358</u>	<u>29,168,027</u>
Total deferred inflows of resources	<u>23,492,669</u>	<u>5,675,358</u>	<u>29,168,027</u>
FUND BALANCES			
Nonspendable	1,572,545	-	1,572,545
Restricted	-	8,291,540	8,291,540
Unassigned	<u>16,507,993</u>	<u>-</u>	<u>16,507,993</u>
Total fund balances	<u>18,080,538</u>	<u>8,291,540</u>	<u>26,372,078</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 43,522,740</u>	<u>\$ 16,157,716</u>	<u>\$ 59,680,456</u>

The accompanying notes are an integral part of this statement.

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

December 31, 2014

Total governmental fund balances		\$ 26,372,078
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The internal service fund is used by the County to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		
		(352,552)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.		
		2,505,819
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.		
		2,413,466
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	\$ 174,336,036	
Accumulated depreciation of governmental capital assets	<u>(144,067,978)</u>	30,268,058
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	(14,605,000)	
Issuance discount	37,638	
Issuance premiums	(456,904)	
Deferred loss on refunding	21,477	
Interlocal commitment	(2,559,061)	
Capital leases payable	(376,738)	
Accrued interest payable	(421,918)	
Compensated absences	<u>(1,187,146)</u>	<u>(19,547,652)</u>
Net position of governmental activities		\$ <u>41,659,217</u>

The accompanying notes are an integral part of this statement.

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

For the year ended December 31, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 30,954,803	\$ 4,953,358	\$ 35,908,161
Fees of office and user fees	1,762,444	1,639,167	3,401,611
Intergovernmental	3,564,981	6,310,312	9,875,293
Fines and forfeitures	1,244,789	146,242	1,391,031
Investment income	114,726	58,732	173,458
Licenses and permits	40,431	-	40,431
Contributions	-	684,669	684,669
Miscellaneous	763,697	187,848	951,545
Total revenues	<u>38,445,871</u>	<u>13,980,328</u>	<u>52,426,199</u>
EXPENDITURES			
Current			
General government	16,433,327	2,236,077	18,669,404
Public safety	16,450,317	1,860,589	18,310,906
Highways and streets	-	6,168,092	6,168,092
Culture and recreation	297,340	-	297,340
Public health	-	3,494,559	3,494,559
Capital outlay	-	2,948,623	2,948,623
Debt service			
Principal retirement	-	827,385	827,385
Interest and fiscal charges	-	564,164	564,164
Issuance costs	-	136,030	136,030
Total expenditures	<u>33,180,984</u>	<u>18,235,519</u>	<u>51,416,503</u>
Excess (deficiency) of revenues over expenditures	<u>5,264,887</u>	<u>(4,255,191)</u>	<u>1,009,696</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	11,043	15,001	26,044
Capital lease proceeds	-	245,425	245,425
Bond proceeds	-	6,340,000	6,340,000
Premium on issuance of bonds	-	296,030	296,030
Transfers in	45,216	1,614,018	1,659,234
Transfers out	(1,749,627)	(325,126)	(2,074,753)
Total other financing sources (uses)	<u>(1,693,368)</u>	<u>8,185,348</u>	<u>6,491,980</u>
Change in fund balances	3,571,519	3,930,157	7,501,676
Fund balances at beginning of year	<u>14,509,019</u>	<u>4,361,383</u>	<u>18,870,402</u>
Fund balances at end of year	<u>\$ 18,080,538</u>	<u>\$ 8,291,540</u>	<u>\$ 26,372,078</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - STATUTORY BASIS
For the year ended December 31, 2014*

Total net change in fund balances - governmental funds **\$ 7,501,676**

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

The internal service fund is used by the County to charge the costs of health insurance to individual funds. The net activity of the internal service fund is reported with governmental activities. 101,880

The net effect of various transactions involving capital assets (i.e., transfers, adjustments and dispositions) is to increase (decrease) net position. (114,319)

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	\$ 4,042,487	
Depreciation expense	<u>(2,381,624)</u>	1,660,863

Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (6,881,455)

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	770,000	
Interlocal commitment principal retirement	57,385	
Capital lease principal retirement	<u>103,772</u>	931,157

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.

Property taxes	145,914	
Other revenues	<u>479,264</u>	625,178

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	132,026	
Increase in accrued interest	(103,133)	
Decrease in loss on bond refunding	(17,775)	
Decrease in bond premium	38,524	
Net increase in bond discount	<u>(2,475)</u>	<u>47,167</u>

Change in net position of governmental activities **\$ 3,872,147**

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION - STATUTORY BASIS

PROPRIETARY FUNDS

December 31, 2014

	Business-type Activities				Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary	Total	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 170,680	\$ -	\$ 106,036	\$ 276,716	\$ 12
Receivables (net)	412,009	3,920	28,166	444,095	145,624
Due from other governments	128,396	-	-	128,396	-
Inventory	57,791	-	-	57,791	-
Total current assets	<u>768,876</u>	<u>3,920</u>	<u>134,202</u>	<u>906,998</u>	<u>145,636</u>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	648,968	149,433	-	798,401	-
Buildings, improvements, and equipment (net)	6,367,751	1,225,928	44,655	7,638,334	-
Total noncurrent assets	<u>7,016,719</u>	<u>1,375,361</u>	<u>44,655</u>	<u>8,436,735</u>	<u>-</u>
Total assets	<u>7,785,595</u>	<u>1,379,281</u>	<u>178,857</u>	<u>9,343,733</u>	<u>145,636</u>
LIABILITIES					
Current liabilities					
Accounts payable	269,885	17,841	2,076	289,802	164,635
Accrued expenses	35,960	6,168	2,800	44,928	13,271
Due to other funds	274,340	-	92	274,432	169,654
Advance from other funds	1,360,049	212,496	-	1,572,545	-
Deposits	5,500	-	-	5,500	-
Unearned revenue	36,767	2,875	-	39,642	-
Claims payable	-	-	-	-	150,628
Accrued compensated absences	10,644	2,503	1,457	14,604	-
Current portion of capital lease payable	16,333	-	-	16,333	-
Total current liabilities	<u>2,009,478</u>	<u>241,883</u>	<u>6,425</u>	<u>2,257,786</u>	<u>498,188</u>
Noncurrent liabilities					
Accrued compensated absences	6,395	1,503	875	8,773	-
Total noncurrent liabilities	<u>6,395</u>	<u>1,503</u>	<u>875</u>	<u>8,773</u>	<u>-</u>
Total liabilities	<u>2,015,873</u>	<u>243,386</u>	<u>7,300</u>	<u>2,266,559</u>	<u>498,188</u>
NET POSITION					
Net investment in capital assets	7,016,719	1,375,361	44,655	8,436,735	-
Unrestricted	(1,246,997)	(239,466)	126,902	(1,359,561)	(352,552)
Total net position	<u>\$ 5,769,722</u>	<u>\$ 1,135,895</u>	<u>\$ 171,557</u>	<u>\$ 7,077,174</u>	<u>\$ (352,552)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

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

For the year ended December 31, 2014

	Business-type Activities			Total	Governmental Activities- Internal Service Fund
	Airport	Navarro Project	Commissary		
OPERATING REVENUES					
Charges for services	\$ 2,990,684	\$ -	\$ 162,122	\$ 3,152,806	\$ 3,271,741
Rents	610,074	535,511	-	1,145,585	-
Miscellaneous	44,532	-	129	44,661	-
Total operating revenues	<u>3,645,290</u>	<u>535,511</u>	<u>162,251</u>	<u>4,343,052</u>	<u>3,271,741</u>
OPERATING EXPENSES					
Airport operations	4,058,488	-	-	4,058,488	-
Commissary operations	-	-	114,671	114,671	-
Lease operations	-	344,089	-	344,089	-
Health services	-	-	-	-	3,326,406
Depreciation	664,370	246,942	14,950	926,262	-
Total operating expenses	<u>4,722,858</u>	<u>591,031</u>	<u>129,621</u>	<u>5,443,510</u>	<u>3,326,406</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	(1,077,568)	(55,520)	32,630	(1,100,458)	(54,665)
NONOPERATING REVENUES (EXPENSES)					
Investment income					
Interest	309	-	539	848	545
Noncapital grants and contributions	91,031	-	-	91,031	-
Gain (loss) on disposition of assets	7,979	-	-	7,979	-
Total nonoperating revenues (expenses)	<u>99,319</u>	<u>-</u>	<u>539</u>	<u>99,858</u>	<u>545</u>
Income (loss) before contributions	(978,249)	(55,520)	33,169	(1,000,600)	(54,120)
Contributions and transfers					
Transfers in	259,519	-	-	259,519	156,000
Capital grants and contributions	440,400	-	-	440,400	-
Total contributions and transfers	<u>699,919</u>	<u>-</u>	<u>-</u>	<u>699,919</u>	<u>156,000</u>
Change in net position	(278,330)	(55,520)	33,169	(300,681)	101,880
Total net position at beginning of year	<u>6,048,052</u>	<u>1,191,415</u>	<u>138,388</u>	<u>7,377,855</u>	<u>(454,432)</u>
Total net position at end of year	<u>\$ 5,769,722</u>	<u>\$ 1,135,895</u>	<u>\$ 171,557</u>	<u>\$ 7,077,174</u>	<u>\$ (352,552)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS - STATUTORY BASIS
PROPRIETARY FUNDS
For the year ended December 31, 2014

	<u>Business-type Activities</u>				Governmental Activities- Internal Service Fund
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,358,827	\$ 531,591	\$ 148,729	\$ 4,039,147	\$ 3,235,582
Cash paid to suppliers for goods and services	(3,196,962)	(205,472)	(62,304)	(3,464,738)	(3,139,950)
Cash paid to employees for services	(763,814)	(124,173)	(57,020)	(945,007)	(265,872)
Net cash provided (used) by operating activities	<u>(601,949)</u>	<u>201,946</u>	<u>29,405</u>	<u>(370,598)</u>	<u>(170,240)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital grants and contributions	92,865	-	-	92,865	-
Borrowing (repayments) to other funds	701,144	(201,946)	(6)	499,192	13,707
Transfers in from other funds	65,000	-	-	65,000	156,000
Net cash provided (used) by noncapital financing activities	<u>859,009</u>	<u>(201,946)</u>	<u>(6)</u>	<u>657,057</u>	<u>169,707</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	319,043	-	-	319,043	-
Transfers in from other funds	194,519	-	-	194,519	-
Acquisition and construction of capital assets	(636,278)	-	(6,822)	(643,100)	-
Proceeds from sale of capital assets	10,499	-	-	10,499	-
Principal paid on debt	(13,883)	-	-	(13,883)	-
Net cash provided (used) by capital and related financing activities	<u>(126,100)</u>	<u>-</u>	<u>(6,822)</u>	<u>(132,922)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	309	-	539	848	545
Net cash provided (used) by investing activities	<u>309</u>	<u>-</u>	<u>539</u>	<u>848</u>	<u>545</u>
Net increase (decrease) in cash and cash equivalents	131,269	-	23,116	154,385	12
Cash and cash equivalents at beginning of year	39,411	-	82,920	122,331	-
Cash and cash equivalents at end of year	<u>\$ 170,680</u>	<u>\$ -</u>	<u>\$ 106,036</u>	<u>\$ 276,716</u>	<u>\$ 12</u>

COUNTY OF VICTORIA, TEXAS*STATEMENT OF CASH FLOWS - STATUTORY BASIS**PROPRIETARY FUNDS**For the year ended December 31, 2014*

	<u>Business-type Activities</u>			<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,077,568)	\$ (55,520)	\$ 32,630	\$ (1,100,458)	\$ (54,665)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	664,370	246,942	14,950	926,262	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	(285,888)	(3,920)	(13,522)	(303,330)	(36,159)
(Increase) decrease in inventory	17,157	-	-	17,157	-
Increase (decrease) in accounts payable	80,803	11,614	(4,877)	87,540	(52,787)
Increase (decrease) in accrued expenses	2,484	477	218	3,179	1,094
Increase (decrease) in unearned revenue	(575)	-	-	(575)	-
Increase (decrease) in compensated absences	(2,732)	2,353	6	(373)	-
Increase (decrease) in claims payable	-	-	-	-	(27,723)
Total adjustments	<u>475,619</u>	<u>257,466</u>	<u>(3,225)</u>	<u>729,860</u>	<u>(115,575)</u>
Net cash provided (used) by operating activities	<u>\$ (601,949)</u>	<u>\$ 201,946</u>	<u>\$ 29,405</u>	<u>\$ (370,598)</u>	<u>\$ (170,240)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

December 31, 2014

	Private Purpose Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 53,884	\$ 10,258,768
Receivables (net)		
Other	-	104,032
Due from other governments	-	3,636
Deposits	1,928	-
Seized assets	<u>-</u>	<u>77,955</u>
Total assets	<u>55,812</u>	<u>10,444,391</u>
LIABILITIES		
Liabilities		
Accounts payable	32,892	3,523,955
Due to other funds	22,874	-
Due to other governments	<u>-</u>	<u>6,920,436</u>
Total liabilities	<u>55,766</u>	<u>10,444,391</u>
NET POSITION		
Unrestricted	<u>\$ 46</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the year ended December 31, 2014

	<u>Private Purpose Trust</u>
ADDITIONS	
Miscellaneous	
Participants' contributions	\$ 141,719
Investment income	<u>46</u>
Total additions	<u>141,765</u>
DEDUCTIONS	
General government	
Participants' withdrawals	<u>146,096</u>
Total deductions	<u>146,096</u>
Changes in net position	(4,331)
Net position - beginning	<u>4,377</u>
Net position - ending	<u>\$ 46</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS

STATEMENT OF NET POSITION

COMPONENT UNITS

December 31, 2014

	Victoria County Navigation District	Citizens Medical Center	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,039,483	\$ 90,555,302	\$ 97,594,785
Receivables (net)	1,813,151	26,433,755	28,246,906
Due from other governments	36,547	6,723,212	6,759,759
Supplies inventory	-	2,209,295	2,209,295
Prepaid items	23,695	1,397,453	1,421,148
Total current assets	<u>8,912,876</u>	<u>127,319,017</u>	<u>136,231,893</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	14,345,028	14,232,693	28,577,721
Buildings, improvements, and equipment (net)	20,627,933	71,551,820	92,179,753
Other assets	-	4,499,008	4,499,008
Total noncurrent assets	<u>34,972,961</u>	<u>90,283,521</u>	<u>125,256,482</u>
Total assets	<u>43,885,837</u>	<u>217,602,538</u>	<u>261,488,375</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,124,157	8,227,958	9,352,115
Accrued expenditures/expenses	-	9,952,706	9,952,706
Accrued interest payable	35,169	-	35,169
Unearned revenue	2,064,319	-	2,064,319
Current portion of long-term obligations	610,000	-	610,000
Total current liabilities	<u>3,833,645</u>	<u>18,180,664</u>	<u>22,014,309</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	13,715,000	500,000	14,215,000
Total noncurrent liabilities	<u>13,715,000</u>	<u>500,000</u>	<u>14,215,000</u>
Total liabilities	<u>17,548,645</u>	<u>18,680,664</u>	<u>36,229,309</u>
NET POSITION			
Net investment in capital assets	20,628,452	85,784,513	106,412,965
Restricted for:			
Debt service	11,362	-	11,362
Unrestricted	5,697,378	113,137,361	118,834,739
Total net position	<u>\$ 26,337,192</u>	<u>\$ 198,921,874</u>	<u>\$ 225,259,066</u>

The accompanying notes are an integral part of this statement.

COUNTY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended December 31, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Victoria County Navigation District	\$ 4,431,829	\$ 4,975,494	\$ 162,783	\$ -
Citizens Medical Center	<u>165,288,692</u>	<u>167,288,129</u>	<u>-</u>	<u>41,484</u>
Total component units	<u>\$ 169,720,521</u>	<u>\$ 172,263,623</u>	<u>\$ 162,783</u>	<u>\$ 41,484</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Changes
in Net Position

Component Units		
Victoria County Navigation District	Citizens Medical Center	Total
\$ 706,448	\$ -	\$ 706,448
-	2,040,921	2,040,921
<u>706,448</u>	<u>2,040,921</u>	<u>2,747,369</u>
1,625,520	-	1,625,520
275,466	-	275,466
38,848	632,925	671,773
22,846	-	22,846
<u>1,962,680</u>	<u>632,925</u>	<u>2,595,605</u>
2,669,128	2,673,846	5,342,974
<u>23,668,064</u>	<u>196,248,028</u>	<u>219,916,092</u>
<u>\$ 26,337,192</u>	<u>\$ 198,921,874</u>	<u>\$ 225,259,066</u>

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The Statutory Basis of accounting provides an accounting basis for the County to report any legally enforceable OPEB liability it may have incurred based on the County's "Substantive Plan". A Substantive Plan is defined in Chapter 2264 as a plan providing OPEB approved by the governing body of the plan provider according to the laws and Constitution of the State. The Statutory Basis is consistent with the definition and characteristics of a liability defined in GASB Concepts Statement No. 4, *Elements of Financial Statements* as a "present obligation to sacrifice resources that the government has little or no discretion to avoid". No promises of continuing retirement healthcare benefits beyond 2014 have been made to employees by the Commissioners' Court. The County has included communications both in information provided to employees and in the annual financial statements that specifically state that the decision to provide these benefits is made on an annual basis.

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

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

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

A. Reporting Entity

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

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

Component Units

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

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

Citizens Medical Center - A 344-bed acute care hospital owned by the County and established to provide medical services to the residents of the County and surrounding areas. The Medical Center is governed by a board of directors, each member of which is appointed by the Commissioners' Court of the County. This Court also reviews and approves the annual operating budget of the Medical Center. Citizens Medical Center operates on a fiscal year ending June 30 of each year. The amounts reported for the Medical Center in the financial statements are as of June 30, 2014. The Medical Center is reported as a Proprietary Fund Type in the accompanying financial statements.

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

A. Reporting Entity - (Continued)

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

Victoria County Navigation District
1934 FM 1432
Victoria, Texas 77905

Citizens Medical Center
2701 Hospital Drive
Victoria, Texas 77901

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

The 2014 tax levy is dedicated to pay for expenditures of the 2015 budget. The entire 2014 tax levy has either been recorded as unearned revenue or unavailable revenue as of December 31, 2014.

The County reports the following major governmental fund:

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

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

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

Budget revenue amendments made during the year in the County's governmental funds netted an increase of \$8,000,823. Budget expenditure amendments in these funds netted an increase of \$4,314,221.

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

E. Deposits and Investments

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

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

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

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

F. Receivables and Payables

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

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

G. Inventory and Prepaid Items

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

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

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from a variety of sources and are further defined in Note 4. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

L. Fund Equity

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

M. Net Position/Fund Balance Flow Assumption

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

N. Minimum Fund Balance Policy

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

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

O. Use of Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

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

<u>Fund</u>	<u>Fund Balance/ Net Position</u>
Internal Service Fund	
Employee Health Insurance	\$ 352,552

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

NOTE 3: DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. It is the County's policy to limit its investments to those with ratings of not less than A or its equivalent. At December 31, 2014, the County was not exposed to credit risk.

Concentration of Credit Risk

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

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the County by the depository in an amount equal to at least 103% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the County was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. As of December 31, 2014, and for the year then ended, the County was not exposed to any custodial credit risk.

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

NOTE 4: RECEIVABLES

Receivables at December 31, 2014, for the County's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Airport</u>	<u>Navarro Project</u>	<u>Commissary</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables						
Ad valorem taxes	\$ 14,626,672	\$ -	\$ -	\$ -	\$ 3,930,763	\$ 18,557,435
Sales taxes	2,063,896	-	-	-	-	2,063,896
Fines	9,653,865	-	-	-	-	9,653,865
Other	57,181	412,009	3,920	28,166	329,723	830,999
Total gross receivables	26,401,614	412,009	3,920	28,166	4,260,486	31,106,195
Less: Allowances	8,390,103	-	-	-	317,952	8,708,055
Total net receivables	<u>\$ 18,011,511</u>	<u>\$ 412,009</u>	<u>\$ 3,920</u>	<u>\$ 28,166</u>	<u>\$ 3,942,534</u>	<u>\$ 22,398,140</u>

The only receivables not expected to be collected within one year are \$381,817 of fines receivable reported in the General Fund.

NOTE 4: RECEIVABLES - (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 21,079,203	\$ -	\$ 21,079,203
Fines receivable	2,413,466	-	2,413,466
Other	-	892	892
Nonmajor Funds			
Ad valorem taxes receivable	<u>5,675,358</u>	<u>-</u>	<u>5,675,358</u>
	<u>\$ 29,168,027</u>	<u>\$ 892</u>	<u>\$ 29,168,919</u>

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

The County is permitted by State Statute to levy taxes up to \$0.80 per \$100 of assessed valuation. The combined tax rate for the budgetary year ended December 31, 2014, was \$0.3986 per \$100, which means the County has a tax margin of \$0.4014 per \$100.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Various funds of the County reported amounts due from other governments as of the end of the current year. These amounts are comprised of the following at December 31, 2014:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Contract reimbursements	\$ 308,897	\$ 145,463	\$ 454,360
Federal and state grants	51,284	868,095	919,379
Alcohol and bingo taxes	<u>78,146</u>	<u>-</u>	<u>78,146</u>
	<u>\$ 438,327</u>	<u>\$ 1,013,558</u>	<u>\$ 1,451,885</u>

NOTE 6: CAPITAL ASSETS

The County's capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,466,342	\$ -	\$ -	\$ 2,466,342
Construction in progress	41,245	1,559,945	41,245	1,559,945
Total capital assets not being depreciated	<u>2,507,587</u>	<u>1,559,945</u>	<u>41,245</u>	<u>4,026,287</u>
Capital assets, being depreciated				
Machinery and equipment	16,244,428	1,531,466	625,259	17,150,635
Buildings	19,753,968	320,270	-	20,074,238
Improvements	17,323,079	280,937	-	17,604,016
Infrastructure	115,084,146	396,714	-	115,480,860
Total capital assets being depreciated	<u>168,405,621</u>	<u>2,529,387</u>	<u>625,259</u>	<u>170,309,749</u>
Less accumulated depreciation for				
Machinery and equipment	9,374,093	1,369,274	507,207	10,236,160
Buildings	9,110,444	372,942	-	9,483,386
Improvements	10,106,959	584,013	-	10,690,972
Infrastructure	113,600,198	57,262	-	113,657,460
Total accumulated depreciation	<u>142,191,694</u>	<u>2,383,491</u>	<u>507,207</u>	<u>144,067,978</u>
Total capital assets being depreciated, net	<u>26,213,927</u>	<u>145,896</u>	<u>118,052</u>	<u>26,241,771</u>
Governmental activities capital assets, net	<u>\$ 28,721,514</u>	<u>\$ 1,705,841</u>	<u>\$ 159,297</u>	<u>\$ 30,268,058</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 149,433	\$ -	\$ -	\$ 149,433
Construction in progress	10,986	637,982	-	648,968
Total capital assets not being depreciated	<u>160,419</u>	<u>637,982</u>	<u>-</u>	<u>798,401</u>
Capital assets, being depreciated				
Machinery and equipment	894,018	93,518	62,250	925,286
Buildings	2,478,519	-	-	2,478,519
Improvements	18,249,655	23,671	-	18,273,326
Total capital assets being depreciated	<u>21,622,192</u>	<u>117,189</u>	<u>62,250</u>	<u>21,677,131</u>
Less accumulated depreciation for				
Machinery and equipment	646,812	66,693	59,729	653,776
Buildings	2,110,273	74,757	-	2,185,030
Improvements	10,400,163	799,833	-	11,199,996
Total accumulated depreciation	<u>13,157,248</u>	<u>941,283</u>	<u>59,729</u>	<u>14,038,802</u>
Total capital assets being depreciated, net	<u>8,464,944</u>	<u>(824,094)</u>	<u>2,521</u>	<u>7,638,329</u>
Business-type activities capital assets, net	<u>\$ 8,625,363</u>	<u>\$ (186,112)</u>	<u>\$ 2,521</u>	<u>\$ 8,436,730</u>

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

Governmental activities	
General government	\$ 675,003
Public safety	1,146,262
Highways and streets	454,699
Culture and recreation	52,422
Public health	<u>53,238</u>
Total depreciation expense - governmental activities	<u>\$ 2,381,624</u>
Business-type activities	
Airport	\$ 664,370
Commissary	14,950
Navarro project	<u>246,942</u>
Total depreciation expense - business-type activities	<u>\$ 926,262</u>

NOTE 7: LESSOR AGREEMENTS

The Airport Fund, a major enterprise fund, leases land and buildings to various unrelated third parties. Approximately 25% of the Airport Fund's capital assets are used to operate the Airport activities. The total cost of the buildings is \$1,111,046 and the carrying value is \$20,000. The total cost of the improvements to the land and buildings is \$14,958,813 and the carrying value is \$6,123,775. Accumulated depreciation on all assets in the Airport Fund is \$10,463,118. Following is an analysis of minimum future rentals due the Airport Fund under noncancelable lease agreements as of December 31, 2014:

Year Ending <u>December 31</u>	
2015	\$ 278,270
2016	279,584
2017	134,636
2018	129,830
2019	<u>115,412</u>
	937,732
Thereafter	<u>498,576</u>
	<u>\$ 1,436,308</u>

The Navarro Project Fund, a major enterprise fund, also leases building space. Approximately 50% of the building space is used by the Victoria City/County Health Department. The remaining 50% is leased to various unrelated third parties. The total cost of the building leased is \$1,367,473 and the carrying value is \$273,494. The total cost of the improvements to the building leased is \$3,314,513 and the carrying value is \$2,364,957. Accumulated depreciation on all leased assets in the Navarro Project Fund is \$3,502,798. Following is an analysis of minimum future rentals due the Navarro Project Fund under noncancelable lease agreements as of December 31, 2014:

Year Ending <u>December 31</u>	
2015	\$ 54,780
2016	37,740
2017	11,500
2018	-
2019	<u>-</u>
	104,020
Thereafter	<u>-</u>
	<u>\$ 104,020</u>

NOTE 8: EMPLOYEES' RETIREMENT PLAN

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

A. Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 13.69% for calendar year 2014. The deposit rate payable by the employee members is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

B. Annual Pension Cost

For the employer's accounting year ending December 31, 2014, the annual pension cost for the TCDRS plan for its employees was \$3,702,652 and the actual contributions were \$3,702,652.

The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2013 was 20 years.

NOTE 8: EMPLOYEES' RETIREMENT PLAN - (Continued)

C. Actuarial Valuation and Trend Information

	Actuarial Valuation Information		
	12/31/11	12/31/12	12/31/13
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method	SAF; 10-yr smoothed value ESF; Fund value	SAF; 10-yr smoothed value ESF; Fund value	SAF; 5-yr smoothed value ESF; Fund value
Assumptions:			
Investment return ⁽¹⁾	8.00%	8.00%	8.00%
Projected salary increases ⁽¹⁾	5.40%	5.40%	4.90%
Inflation	3.50%	3.50%	3.00%
Cost of living adjustments	0.00%	0.00%	0.00%

⁽¹⁾ includes inflation at the stated rate

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

Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 2,346,105	100%	\$ -
2013	2,983,883	100%	-
2014	3,702,652	100%	-

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll ⁽¹⁾	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2009	\$ 62,600,325	\$ 73,171,534	\$ 10,571,209	85.55%	\$ 23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	81,258,057	15,268,110	81.21%	23,469,448	65.06%
12/31/2012	68,639,613	86,342,988	17,703,375	79.50%	24,361,762	72.67%
12/31/2013	71,461,237	88,683,972	17,222,735	80.58%	25,330,071	67.99%

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

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

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

B. Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The County contributions to the GTLF for the years ended December 31, 2014, 2013, and 2012, were \$75,714, \$70,929, and \$65,768, respectively, which equaled the contractually required contributions each year.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

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

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

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

Other post employment benefits are expensed and funded on a pay-as-you-go basis. The County recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Health Insurance Fund. Payments for health insurance are shown as an expense in the Employee Health Insurance Fund. The cost of providing these benefits for 62 and 62 retirees and active employees for the years 2014 and 2013, respectively, is not separated. Total payments to the Employee Health Insurance Fund by retirees were \$131,359 in 2014 and \$114,209 in 2013.

NOTE 11: EMPLOYEES' HEALTH INSURANCE FUND

The County maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumes all risk up to \$85,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. Premiums are charged to the individual funds based on a predetermined cost per employee and dependent. These amounts are recorded as operating revenue in the internal service fund and as operating expenditures/expenses in the respective funds. Any claims that have been incurred, but not reported, as of the balance sheet date are shown as current liabilities in the internal service fund and have been charged as an operating expense for that period. This amount was determined by the County's health plan administrator.

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

As of December 31, 2014, the fund had estimated liabilities for outstanding claims of \$150,628. There was a negative unrestricted net position of \$352,552 as of December 31, 2014, an increase of \$101,880 from 2013.

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

<u>Year</u>	<u>Payable Jan 1</u>	<u>Incurred</u>	<u>Paid</u>	<u>Payable Dec 31</u>
2005	\$ 621,055	\$ 1,548,112	\$ 1,951,610	\$ 217,557
2006	217,557	2,969,408	2,903,915	283,050
2007	283,050	1,995,710	1,807,241	471,519
2008	471,519	2,132,631	2,366,400	237,750
2009	237,750	2,765,719	2,851,515	151,954
2010	151,954	3,197,262	3,160,848	188,368
2011	188,368	1,734,895	1,756,765	166,498
2012	166,498	2,423,413	2,388,999	200,912
2013	200,912	2,343,056	2,365,617	178,351
2014	178,351	2,346,944	2,374,667	150,628

The above schedule reflects only those claims for which the County was liable. Information on claims paid by the insurance carrier under the reinsurance policy was not available. Settled claims resulting from insured risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12: DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Except in specified circumstances, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

During 1998, the County transferred plan assets to an independent trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 13: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchased commercial insurance to cover risks associated with potential claims in 2014. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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

Long-term liability activity for the year ended December 31, 2014, 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	\$ 7,670,000	\$ 6,340,000	\$ 330,000	\$ 13,680,000	\$ 340,000
General obligation bonds	1,365,000	-	440,000	925,000	455,000
Less: Deferred amounts					
Issuance discount	(40,113)	-	(2,475)	(37,638)	-
Issuance premiums	199,398	296,030	38,524	456,904	-
Net bonds and certificates payable	9,194,285	6,636,030	806,049	15,024,266	795,000
Capital leases payable	235,085	245,425	103,772	376,738	87,799
Interlocal commitment	2,616,446	-	57,385	2,559,061	223,228
Compensated absences	1,319,172	2,705,755	2,837,781	1,187,146	666,287
Total governmental activity long-term liabilities	<u>\$ 13,364,988</u>	<u>\$ 9,587,210</u>	<u>\$ 3,804,987</u>	<u>\$ 19,147,211</u>	<u>\$ 1,772,314</u>
Business-type activities					
Capital leases payable	\$ 30,216	\$ -	\$ 13,883	\$ 16,333	\$ 16,333
Compensated absences	23,751	62,294	62,668	23,377	14,604
Total business-type activity long-term liabilities	<u>\$ 53,967</u>	<u>\$ 62,294</u>	<u>\$ 76,551</u>	<u>\$ 39,710</u>	<u>\$ 30,937</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

NOTE 14: LONG-TERM DEBT - (Continued)

B. General Obligation Certificates and Bonds

Long-term liabilities at December 31, 2014, are comprised of the following issues:

\$8,500,000 2010 Certificates of Obligation (Radio System and Sheriff's Office) due in annual installments ranging from \$340,000 to \$605,000 through 2030; interest varying between 2.00% and 4.00%.	\$ 7,340,000
\$6,340,000 2014 Certificates of Obligation due in annual installments ranging from \$275,000 to \$465,000 through 2034; interest varying between 2.00% and 4.00%.	6,340,000
\$3,830,000 2010 General Obligation Refunding Bonds due in annual installments ranging from \$455,000 to \$470,000 through 2016; interest varying between 2.00% and 3.00%.	<u>925,000</u>
Total general obligation debt	<u>\$ 14,605,000</u>

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2015	\$ 795,000	\$ 545,282	\$ 1,340,282
2016	825,000	475,676	1,300,676
2017	645,000	451,376	1,096,376
2018	660,000	432,726	1,092,726
2019	680,000	414,464	1,094,464
2020-2024	3,740,000	1,718,318	5,458,318
2025-2029	4,480,000	969,880	5,449,880
2030-2034	<u>2,780,000</u>	<u>211,055</u>	<u>2,991,055</u>
	<u>\$ 14,605,000</u>	<u>\$ 5,218,777</u>	<u>\$ 19,823,777</u>

C. Capital Leases

Capital leases payable at December 31, 2014, are comprised of the following individual leases:

Lease purchase agreement on a motor grader used by Precinct #4. The original amount of the lease, entered into in 2013, was \$235,085. The lease is payable in five annual installments of \$51,734 and bears interest at a rate of 4.70%.	\$ 184,732
Lease purchase agreement on a 2011 gradall used by Precinct #1. The original amount of the lease, entered into in 2014, was \$245,425. The lease is payable in five annual installments of \$53,771 and bears interest at a rate of 4.70%.	192,006
The original amount of the lease, entered into in 2012, was \$49,500. The lease is payable over three years and is based on a minimum annual fuel volume of 350,000 gallons at \$0.033 per gallon with the anticipation of reaching a total of 1,500,000 gallons.	<u>16,333</u>
Total capital leases	<u>\$ 393,071</u>

NOTE 14: LONG-TERM DEBT - (Continued)

C. Capital Leases - (Continued)

Year Ending December 31	Governmental Activities	Business-type Activities	Total
2015	\$ 105,505	\$ 16,333	\$ 121,838
2016	105,505	-	105,505
2017	105,505	-	105,505
2018	105,505	-	105,505
Total minimum lease payments	422,020	16,333	\$ 438,353
Less: Amount representing interest	(45,282)	-	(45,282)
Present value of minimum lease payments	<u>\$ 376,738</u>	<u>\$ 16,333</u>	<u>\$ 393,071</u>

D. Interlocal Commitment

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

The County has reported the interlocal commitment as a long-term obligation on the government-wide financial statements at and as of December 31, 2014. The County intends to service the commitment by the levy of the debt service property tax rate.

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2015	\$ 223,228	\$ 76,772	\$ 300,000
2016	229,925	70,075	300,000
2017	236,823	63,177	300,000
2018	243,927	56,073	300,000
2019	251,245	48,755	300,000
2020-2024	<u>1,373,913</u>	<u>126,087</u>	<u>1,500,000</u>
	<u>\$ 2,559,061</u>	<u>\$ 440,939</u>	<u>\$ 3,000,000</u>

NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT

In 2010 the County defeased certain general obligation bonds and certificates of obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the County's financial statements. At December 31, 2014, \$950,000 of bonds outstanding is considered defeased.

NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERSA. Interfund Receivables and Payables

At times during the fiscal year the various funds of the County were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. In addition to the short-term amounts, the General Fund began making long-term loans to the Airport Fund, a proprietary enterprise fund type, during 2010 and the Navarro Project Fund, another proprietary enterprise fund type, in 2013. These unpaid loan amounts were \$1,572,545 at December 31, 2014 and are being used to finance the operations of the Airport and the Navarro Project.

Interfund receivable and payable balances as of December 31, 2014, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 979,436
	Airport	274,340
	Commissary	92
	Internal Service	169,654
	Private Purpose Trust	22,874
Total		<u>\$ 1,446,396</u>
Advances from/to other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	\$ 1,360,049
	Navarro Project	212,496
Total		<u>\$ 1,572,545</u>

NOTE 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Continued)**B. Interfund Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Airport</u>	<u>Internal Service</u>	
General	\$ -	\$ 1,528,627	\$ 65,000	\$ 156,000	\$ 1,749,627
Nonmajor Governmental	45,216	85,391	194,519	-	325,126
	<u>\$ 45,216</u>	<u>\$ 1,614,018</u>	<u>\$ 259,519</u>	<u>\$ 156,000</u>	<u>\$ 2,074,753</u>

NOTE 17: COMMITMENTS AND CONTINGENCIES

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

As of December 31, 2014, the County was involved in various matters of litigation. It is the opinion of the County's legal counsel that any exposure faced by the County as a result of these matters was minimal. Furthermore, any losses incurred would in all probability be covered by liability insurance carried by the County.

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

NOTE 18: FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statement which will become effective in future years:

Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27." – This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date. This statement will become effective for the County in fiscal year 2015.

Management has not yet determined the effect of this statement on the financial statements; however, the impact is expected to be significant as they will now reflect a previously unrecorded liability. The County also expects the largest deferred inflows and outflows to be pension related.

NOTE 19: FUND BALANCES

The following is a detail of the governmental fund balances as of December 31, 2014:

	<u>Governmental Fund Balances</u>			<u>Total</u>
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>	
General				
Advance to Airport and Navarro				
Project Funds	\$ 1,572,545	\$ -	\$ -	\$ 1,572,545
Unassigned	-	-	16,507,993	16,507,993
Nonmajor Governmental				
Road and bridge	-	2,426,924	-	2,426,924
County/District Clerks	-	194,097	-	194,097
Public safety	-	763,363	-	763,363
Public health	-	1,840	-	1,840
Courthouse security	-	71,465	-	71,465
Retirement of long-term debt	-	386,801	-	386,801
Various government costs	-	87,013	-	87,013
Various capital projects	-	4,360,037	-	4,360,037
	<u>\$ 1,572,545</u>	<u>\$ 8,291,540</u>	<u>\$ 16,507,993</u>	<u>\$ 26,372,078</u>

NOTE 20: SUBSEQUENT EVENTS

There were no events, which occurred subsequent to the year-end and prior to the issuance of this report, which would have a material effect on the County's financial position as of December 31, 2014.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT

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

A. Organization

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

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

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

B. Summary of Significant Accounting Policies

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

C. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations

For the year ended December 31, 2014, the District complied with budgetary restrictions at all function levels except the following. The following table details these variances:

<u>Fund/Function</u>	<u>Expenditure Variance</u>
General Fund	
Personnel expenditures	\$ 2,986
Operating expenditures	255,527
Debt service	2,494
Capital outlay	178,615

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

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

D. Deposits and Investments

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

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

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

E. Receivables

Receivables at December 31, 2014, consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Gross receivables:			
Accounts	\$ 708,965	\$ -	\$ 708,965
Ad valorem taxes	<u>1,140,029</u>	<u>26,435</u>	<u>1,166,464</u>
Total gross receivables	1,848,994	26,435	1,875,429
Less: Allowances	<u>52,262</u>	<u>10,016</u>	<u>62,278</u>
Total net receivables	<u>\$ 1,796,732</u>	<u>\$ 16,419</u>	<u>\$ 1,813,151</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,750,185	\$ -	\$ 1,750,185
Lease revenue	-	18,462	18,462
Nonmajor Fund			
Ad valorem taxes receivable	<u>16,419</u>	<u>-</u>	<u>16,419</u>
	<u>\$ 1,766,604</u>	<u>\$ 18,462</u>	<u>\$ 1,785,066</u>

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

F. Due From Other Governments

At December 31, 2014, the Victoria County Tax Assessor and Collector held tax receipts that had been collected for, but not yet remitted to, the District. These amounts are reported as due from other governments in the government-wide and fund financial statements.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

G. Prepaid Lease Relating to Land Purchase

The PFC purchased 1800+ acres of land, inclusive of an appurtenant water rights permit in March 2007 for a total of \$5,604,871. The PFC leased the land to the District for a 20-year period for \$3,267,071 which was paid in advance. The PFC immediately sold the consumptive water rights permit to the District for \$2,337,800, which immediately sold them to the City of Victoria, Texas. The prepaid lease amount as of December 31, 2014, was \$2,001,081. This amount is recorded as an asset in the General Fund balance sheet at year-end. The PFC recorded the advance payment as unearned revenue as of December 31, 2014, in the same amount. The asset and unearned revenue amounts were eliminated in the government-wide financial statements since the cost of the land is included as part of the capital assets of the governmental activities.

H. Capital Assets

The District's capital asset activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 11,897,356	\$ -	\$ -	\$ 11,897,356
Construction in progress	<u>7,584,512</u>	<u>1,396,380</u>	<u>6,533,220</u>	<u>2,447,672</u>
Total capital assets, not being depreciated	<u>19,481,868</u>	<u>1,396,380</u>	<u>6,533,220</u>	<u>14,345,028</u>
Capital assets, being depreciated				
Improvements	17,308,647	12,303,300	-	29,611,947
M.P.R.R. Main Line Bridge	1,493,134	-	-	1,493,134
Equipment	<u>83,812</u>	<u>6,500</u>	-	<u>90,312</u>
Total capital assets, being depreciated	<u>18,885,593</u>	<u>12,309,800</u>	-	<u>31,195,393</u>
Less accumulated depreciation for				
Improvements	8,204,483	972,449	-	9,176,932
M.P.R.R. Main Line Bridge	1,323,658	22,703	-	1,346,361
Equipment	<u>30,407</u>	<u>13,760</u>	-	<u>44,167</u>
Total accumulated depreciation	<u>9,558,548</u>	<u>1,008,912</u>	-	<u>10,567,460</u>
Total capital assets being depreciated, net	<u>9,327,045</u>	<u>11,300,888</u>	-	<u>20,627,933</u>
Governmental activities capital assets, net	<u>\$ 28,808,913</u>	<u>\$ 12,697,268</u>	<u>\$ 6,533,220</u>	<u>\$ 34,972,961</u>

Depreciation expense of \$1,008,912 was charged to the general government function/program in 2014.

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

I. Unearned Lease Revenue

The District entered into an agreement with Cru Logistics LLC (Cru) in 2012 in which Cru agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As Cru incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$825,840. During 2014, \$340,607 in fees were credited against the contributed funds, leaving a balance in unearned revenue of \$345,428. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of Cru's yearly charges until the full amount has been earned.

The District entered into an agreement with Eagle Ford Field Services, LLC (EFFS) in 2013 in which EFFS agreed to fund certain construction costs for the District. The contributed construction improvements are treated as deferred/unearned revenue. As EFFS incurs charges, one-half of these charges will be credited against the contributed cost. Total contributed funds were \$444,009. During 2014, \$394,563 were credited against the contributed funds. During the term of the parties' lease agreement and any renewals, this amount of the contributed funds shall be credited for one-half of EFFS's yearly charges until the full amount has been earned.

The District also has other tenants that have paid their annual lease in advance and those amounts totaling \$18,462 are also included as unearned revenue.

J. Long-term Debt

The following is a summary of general obligation bond transactions for the year ended December 31, 2014, for governmental activities:

Bonds payable at January 1, 2014	\$ 15,265,000
Additions	-
Retirements	<u>(940,000)</u>
Bonds payable at December 31, 2014	<u>\$ 14,325,000</u>

NOTE 21: VICTORIA COUNTY NAVIGATION DISTRICT - (Continued)

J. Long-term Debt - (Continued)

Bonds payable at December 31, 2014, are comprised of the following issues:

2012 Revenue Refunding Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2028; interest rate of 3.05%.	\$ 4,850,000
2012A Port Improvement Revenue Bonds due in annual installments of various amounts beginning in 2013 through June 1, 2032; interest rate of 2.99%.	<u>9,475,000</u>
Total	<u>\$ 14,325,000</u>

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

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 610,000	\$ 422,023	\$ 1,032,023
2016	625,000	403,387	1,028,387
2017	645,000	384,223	1,029,223
2018	665,000	364,456	1,029,456
2019-2023	3,655,000	1,502,689	5,157,689
2024-2028	4,240,000	908,701	5,148,701
2029-2032	<u>3,885,000</u>	<u>236,583</u>	<u>4,121,583</u>
Total	<u>\$ 14,325,000</u>	<u>\$ 4,222,062</u>	<u>\$ 18,547,062</u>

K. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchased commercial insurance to cover risks associated with potential claims during fiscal year 2014. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 22: CITIZENS MEDICAL CENTER

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

A. Organization

Citizens Medical Center (the "Medical Center") is a 344-bed acute care hospital that is a component unit of the County. The Medical Center is operated by a Board of Directors that is appointed by the County Commissioners' Court. Its primary mission is to provide health care services to the citizens of the County. The Medical Center primarily earns revenues by providing inpatient, outpatient, skilled nursing, home health, and emergency care services to patients in Victoria County and surrounding areas.

During 2014, the Medical Center acquired the operations of 12 freestanding nursing homes located in the Medical Center's service area.

B. Summary of Significant Accounting Policies

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

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Use of Estimates

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

Cash Equivalents

The Medical Center considers all liquid investments with original maturities of three months or less to be cash equivalents. The Medical Center did not have any cash equivalents at June 30, 2014.

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than general and professional liability, employee health claims and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years except for a legal settlement in 2013 that exceeded the Medical Center's errors and omissions policy by \$8,000,000.

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

Investment Income

Investment income for the years ended June 30, 2014 and 2013 consisted of interest earned on bank deposits.

Patient Accounts Receivable

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

Supplies

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Capital Assets

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

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

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

During 2014 and 2013, the Medical Center determined that certain planning costs related to a potential construction project were impaired because of the age and the unlikely completion of the project in the near future. A loss was recognized related to these expenditures of \$113,932 and \$4,332,788 in 2014 and 2013, respectively, and is included in operating expenses in the accompanying statements of revenues, expenses and changes in net position.

Compensated Absences

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

Net Position

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

Net Patient Service Revenue

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

B. Summary of Significant Accounting Policies - (Continued)

Charity Care

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

Income Taxes

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

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments to PPS hospitals under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Medical Center recognizes revenue using the cliff recognition approach at the point when management is reasonably assured it has met all of the meaningful user objectives and any other specific grant requirements applicable for the reporting period.

As of June 30, 2014, the Medical Center had completed the second year requirements under both the Medicare and Medicaid programs. Incentive program revenue recognized for the years ended June 30, 2014 and 2013, was approximately \$1,513,000 and \$558,000, respectively.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue

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

Medicare

Inpatient acute care, skilled nursing and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity and other factors. The Medical Center is reimbursed for certain services at tentative rates with final settlements determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor has audited the Medical Center's costs reports through June 30, 2012.

Medicaid

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

Skilled Nursing

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

Approximately 45% and 37% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2014 and 2013, respectively. Net patient service revenue from participation in these programs increased significantly in 2014 as a result of the Medical Center assuming ownership of twelve nursing homes for which revenues are substantially derived from these programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

C. Net Patient Service Revenue - (Continued)

Supplemental Medicaid Funding

On December 12, 2011, the United States Department of Health and Human Services approved a Medicaid Section 1115(a) demonstration project entitled Texas Health Transformation Quality Improvement Program (the Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool). The demonstration project is effective from December 12, 2011 to September 30, 2016. The revenue from the two funding pools is recognized as earned throughout the related demonstration year. The funding the Medical Center has received is subject to audit and is not representative of funding to be received in future years. Total funding received through the Waiver was approximately \$5,950,000 and \$5,886,000 for the years ended June 30, 2014 and 2013, respectively, and is included as net patient service revenue in the accompanying statements of revenues, expenses and changes in net position.

The Medical Center participated in a collaboration with Memorial Herman Health System (MHHS) during the years ended June 30, 2014 and 2013. The agreement allows the parties to improve access to healthcare for indigent persons residing in the Victoria community. As part of the collaboration, MHHS supported organizations that provide physician services in the Victoria area. The value of services provided to the indigent in the Victoria community was approximately \$2,321,000 and \$389,500 during the years ending June 30, 2014 and 2013, respectively. The Medical Center recorded expenses of approximately \$1,628,000 and \$226,000 during the years ending June 30, 2014 and 2013, respectively. These expenses are reflected as a component of purchased services and professional fees expense in the statements of revenues, expense and changes in net position.

Beginning March 1, 2014, the Medical Center also participates in the state of Texas nursing home UPL program. Under this program, supplemental funds may be obtained roughly equal to the difference between Medicare and Medicaid rates for nursing facility services. Revenue recognized under this program (net of any intergovernmental transfer payments) was approximately \$7,685,000, and is included in net patient service revenue in the statements of revenues, expenses, and changes in net position.

The programs described above are subject to review and scrutiny by both the Texas Legislature and the Center for Medicare and Medicaid Services (CMS) and the programs could be modified or terminated based on new legislation or regulation in future periods. During 2014, CMS suspended payments under the UC Pool while it investigates certain aspects of the Texas program. Based on CMS's review, changes may be made to how future payments are made under the UC Pool, or previous UC Pool payments may be modified. Management is not currently able to estimate the impact of this review on its financial statements.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

D. Patient Accounts Receivable

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at June 30, 2014, consisted of these amounts:

Hospital		
Patients and their insurance carriers	\$ 26,826,573	
Medicare	5,672,177	
Medicaid	461,149	
	<u>32,959,899</u>	
 Nursing Homes		
Patients and their insurance carriers	1,461,697	
Medicare	5,996,129	
Medicaid	1,808,703	
	<u>9,266,529</u>	
	42,226,428	
 Less allowance for uncollectible amounts	<u>22,500,000</u>	
 Total	<u>\$ 19,726,428</u>	

E. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Transfers	Disposals	Balance June 30, 2014
Land and land improvements	\$ 11,094,412	\$ -	\$ -	\$ -	\$ 11,094,412
Buildings, improvements, and fixed equipment	119,217,037	249,556	1,072,106	-	120,538,699
Major moveable equipment	83,293,379	3,807,445	4,153,012	-	91,253,836
Construction in progress	2,547,571	5,929,760	(5,225,118)	(113,932)	3,138,281
	<u>216,152,399</u>	<u>9,986,761</u>	<u>-</u>	<u>(113,932)</u>	<u>226,025,228</u>
Less accumulated depreciation:					
Land improvements	2,633,226	213,889	-	-	2,847,115
Buildings, improvements, and fixed equipment	64,089,557	3,416,370	-	-	67,505,927
Major moveable equipment	64,039,326	5,848,347	-	-	69,887,673
	<u>130,762,109</u>	<u>9,478,606</u>	<u>-</u>	<u>-</u>	<u>140,240,715</u>
Capital assets, net	<u>\$ 85,390,290</u>	<u>\$ 508,155</u>	<u>\$ -</u>	<u>\$ (113,932)</u>	<u>\$ 85,784,513</u>

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

F. Deposits and Investment Income

Deposits

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

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

At June 30, 2014 and 2013, the Medical Center's bank balances of \$93,427,857 and \$101,863,563, respectively, were insured or collateralized by assets held in other than the Medical Center's name based on the Medical Center's cash management arrangement with the County Treasurer.

Investment Income

Investment income consisted of interest and dividend income of \$632,925 and \$506,028 during the years ended June 30, 2014 and 2013, respectively.

G. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities at June 30, 2014, consisted of:

Payable to suppliers and contractors	\$	9,046,039
Payable to employees (including payroll taxes and benefits)		4,327,871
Payable under management fee arrangement		2,865,190
Revenue received in advance		170,886
Payable under self-insured programs		<u>1,770,678</u>
Total	\$	<u>18,180,664</u>

H. Self-insured Claims

The Medical Center partially self-insures the cost for its general and professional liability, employee health care benefits, and workers' compensation. The Texas Tort Claims Act limits the Medical Center's general and professional liability to \$100,000 per claim and \$300,000 per occurrence, with no annual aggregate. The Medical Center purchases annual stop-loss insurance coverage for all employee health care benefits and workers' compensation claims. Stop-loss coverage began at \$350,000 for workers compensation claims in 2014 and 2013. Stop-loss coverage for employee health claims began at \$250,000 and \$450,000 in 2014 and 2013, respectively.

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

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

Activity in the Medical Center's self-insured claims liability accounts during 2014 and 2013 are summarized as follows:

	2014		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 819,046	\$ 493,559	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	8,930,685	381,171	-
Claim and expenses paid, net	(8,549,731)	(304,052)	-
Balance, end of year	<u>\$ 1,200,000</u>	<u>\$ 570,678</u>	<u>\$ 500,000</u>
	2013		
	Employee Health Care Benefits	Worker's Compensation	General and Professional Liability
Balance, beginning of year	\$ 1,146,330	\$ 549,625	\$ 500,000
Current year claims incurred and changes in estimates for claims incurred in prior years	6,412,650	234,298	8,000,000
Claim and expenses paid, net	(6,739,934)	(290,364)	(8,000,000)
Balance, end of year	<u>\$ 819,046</u>	<u>\$ 493,559</u>	<u>\$ 500,000</u>

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

In 2013, the Medical Center settled a dispute with certain physicians related to its medical staff and policies and alleged civil rights violations. Under the settlement the Medical Center agreed to pay \$8,000,000, which is recorded as an operating expense included in supplies and other in the statement of revenues, expenses and changes in net position.

I. Charity Care

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

J. Related Party Transactions

The County maintains custody of the Medical Center's operating cash accounts and is responsible for obtaining appropriate collateralization of such accounts.

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

K. Purchase of Nursing Home Operations

Effective March 1, 2014, the Medical Center entered a series of lease and management agreements with two nursing operators that resulted in the Medical Center becoming the legal operator of twelve nursing homes. The lease agreements generally call for monthly payments ranging from approximately \$27,000 to \$195,000 per facility. Under the terms of these agreements, the Medical Center incurred approximately \$3,902,000 of rental expense in 2014, which is included in nursing facility expenses on the statement of revenues, expenses and changes in net position. Future minimum lease payments under these cancelable agreements at June 30, 2014, were \$9,006,000 and \$1,803,000 for 2015 and 2016, respectively.

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

During the first six months of each agreement, the Medical Center has agreed to fund up to \$1,000,000 of working capital per facility, which will result in payments to the manager in excess of patient collections. Total payments made to the management companies in excess of nursing facility patient revenue payments received were approximately \$11,865,000. The management companies are required to pay a fee equal to 4% per annum for any excess funds provided.

L. Pension Plan

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

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

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan - (Continued)

Funding Policy

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

During 2014 and 2013, Plan participants are required to contribute at rates ranging from 4.0% to 5.5% in 2014 of their prior Plan year compensation. The Medical Center makes contributions at an actuarially determined amount, which equaled 7.6% of participant-covered compensation for 2014 and is expected to be 3.0% of participant-covered compensation for 2015. The costs of administering the Plan are paid by the Plan and are considered in the determination of the employer contribution rate.

Annual Pension Cost

For the fiscal year ended June 30, 2014 and 2013, the Medical Center's Annual Pension Cost (APC) was \$1,743,807 and \$1,972,961, respectively.

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

The 2014 actuarial valuation assumptions includes 2.0% per year postretirement benefit increases for retirees whose benefit commences on or after March 1, 2007. The actuarial valuation of Plan assets was determined using adjusted market value method for both valuation.

Three-year Trend Information

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

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

L. Pension Plan - (Continued)

Funding Status and Funding Progress

As of March 1, 2014, the most recent actuarial valuation date, the Plan was 105.2% funded. The actuarial accrued liability for benefits was \$62,428,382 and the actuarial value of assets was \$65,663,695, resulting in an actuarial accrued asset (AAA) of \$3,235,313. The covered payroll (annual payroll of active employees covered by the plan) was \$39,403,436 and the ratio of the AAA to the covered payroll was 8.2%.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements in the Medical Center's financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits. This schedule indicates that even though the Medical Center has made excess contributions over time (resulting in a net pension asset of \$4,499,008 as of June 30, 2014), the Plan has an aggregate actuarial liability of \$3,235,313.

M. Designated Net Position

At June 30, 2014 and 2013, unrestricted net position has been designated by the Medical Center's Board of Directors for the following purposes:

	<u>2014</u>	<u>2013</u>
Capital acquisitions	\$ -	\$ 10,777,435
Self-insured health care	152,280	348,337

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

N. Contingencies

Litigation

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

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

O. Risks and Uncertainties

OIG Investigation

In 2013, the Medical Center received a subpoena from the Department of Health and Human Services, Office of Inspector General (OIG), relative to the operation of several Medical Center lines of business, including the emergency department, cardiology program and medical office building leases. Subsequently, the Medical Center was served with a qui tam federal false claims act lawsuit brought by cardiologists that were previously on staff at the Medical Center. The allegations in the lawsuit track the data requests by the OIG. This case is currently in the discovery phase and management is not able to estimate its exposure in this case, if any. Due to the manner in which damages are computed under the federal false claims act, if the Medical Center is not successful in its defense of this case it is reasonably possible such amount would be material to the financial statements.

Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is possible that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. The reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs may be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Texas has indicated that it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Medical Center's reduced revenue from other Medicare/Medicaid programs.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible that it will have a negative impact on the Medical Center's net patient service revenue. Additionally, it is possible the Medical Center will experience payment delays and other operational challenges during PPACA's implementation.

NOTE 22: CITIZENS MEDICAL CENTER - (Continued)

P. Future Change in Accounting Principle

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. In addition to making changes to how annual pension expense is to be calculated for defined benefit pension plans, the standard also requires that governmental entities record a liability in their financial statements that is equal to the unfunded pension obligation. Historically, governmental entities have only been required to record a liability for the difference between annual pension cost (APC) and the amount of APC contributed to the plan. This standard is effective for the Medical Center's fiscal year ending June 30, 2015. The impact of applying the Statement has not been determined.

Q. Subsequent Events

In September 2014, the Medical Center purchased substantially all assets of Regional Medical Laboratory (RML). RML is a sole proprietorship owned by a local physician in Victoria, Texas that performs clinical laboratory diagnostic services. The purchase price for the assets was \$6.8 million, plus the fair market value of certain buildings. The Medical Center utilized existing cash reserves to fund this purchase.

COUNTY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUND - GENERAL FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATUTORY BASIS**For the year ended December 31, 2014*

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES					
Taxes	\$ 29,021,516	\$ 29,113,516	\$ 30,681,558	\$ (273,245)	\$ 30,954,803
Fees of office and user fees	1,755,150	1,755,150	1,771,982	9,538	1,762,444
Intergovernmental	3,023,948	3,159,620	3,613,704	48,723	3,564,981
Fines and forfeitures	1,350,100	1,350,100	1,256,454	11,665	1,244,789
Investment income					
Interest	50,100	50,100	114,726	-	114,726
Licenses and permits	44,300	44,300	45,010	4,579	40,431
Miscellaneous	698,726	785,589	755,088	(8,609)	763,697
Total revenues	<u>35,943,840</u>	<u>36,258,375</u>	<u>38,238,522</u>	<u>(207,349)</u>	<u>38,445,871</u>
EXPENDITURES					
Current					
General government	17,325,022	16,935,339	16,415,555	(17,772)	16,433,327
Public safety	16,591,229	17,074,345	16,393,992	(56,325)	16,450,317
Culture and recreation	292,869	310,251	295,543	(1,797)	297,340
Total expenditures	<u>34,209,120</u>	<u>34,319,935</u>	<u>33,105,090</u>	<u>(75,894)</u>	<u>33,180,984</u>
Excess (deficiency) of revenues over expenditures	<u>1,734,720</u>	<u>1,938,440</u>	<u>5,133,432</u>	<u>(131,455)</u>	<u>5,264,887</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	5,000	5,000	11,088	45	11,043
Transfers in	41,800	45,216	45,216	-	45,216
Transfers out	(1,787,620)	(1,994,756)	(1,656,153)	93,474	(1,749,627)
Total other financing sources (uses)	<u>(1,740,820)</u>	<u>(1,944,540)</u>	<u>(1,599,849)</u>	<u>93,519</u>	<u>(1,693,368)</u>
Change in fund balance	(6,100)	(6,100)	3,533,583	(37,936)	3,571,519
Fund balance, January 1	<u>13,394,401</u>	<u>13,394,401</u>	<u>13,394,401</u>	<u>(1,114,618)</u>	<u>14,509,019</u>
Fund balance, December 31	<u>\$ 13,388,301</u>	<u>\$ 13,388,301</u>	<u>\$ 16,927,984</u>	<u>\$ (1,152,554)</u>	<u>\$ 18,080,538</u>

Explanation of differences:

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

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

COUNTY OF VICTORIA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 HISTORICAL PENSION BENEFITS INFORMATION
 December 31, 2014

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll ⁽¹⁾</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2009	\$ 62,600,325	\$ 73,171,534	\$10,571,209	85.55%	\$ 23,807,032	44.40%
12/31/2010	64,270,343	76,879,516	12,609,173	83.60%	23,877,175	52.81%
12/31/2011	65,989,947	81,258,057	15,268,110	81.21%	23,469,448	65.06%
12/31/2012	68,639,613	86,342,988	17,703,375	79.50%	24,361,762	72.67%
12/31/2013	71,461,237	88,683,972	17,222,735	80.58%	25,330,071	67.99%

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

COUNTY OF VICTORIA, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

Combining and Individual Fund Statements and Schedules

COUNTY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,653,699	\$ 1,010,092	\$ 4,683,457	\$ 11,347,248
Receivables (net)	2,685,036	1,111,874	-	3,796,910
Due from other governments	<u>1,013,558</u>	<u>-</u>	<u>-</u>	<u>1,013,558</u>
Total assets	<u>\$ 9,352,293</u>	<u>\$ 2,121,966</u>	<u>\$ 4,683,457</u>	<u>\$ 16,157,716</u>
LIABILITIES				
Accounts payable	\$ 539,960	\$ -	\$ 323,420	\$ 863,380
Accrued expenditures	348,002	-	-	348,002
Due to other funds	<u>979,436</u>	<u>-</u>	<u>-</u>	<u>979,436</u>
Total liabilities	<u>1,867,398</u>	<u>-</u>	<u>323,420</u>	<u>2,190,818</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>3,940,193</u>	<u>1,735,165</u>	<u>-</u>	<u>5,675,358</u>
Total deferred inflows of resources	<u>3,940,193</u>	<u>1,735,165</u>	<u>-</u>	<u>5,675,358</u>
FUND BALANCES				
Restricted	<u>3,544,702</u>	<u>386,801</u>	<u>4,360,037</u>	<u>8,291,540</u>
Total fund balances	<u>3,544,702</u>	<u>386,801</u>	<u>4,360,037</u>	<u>8,291,540</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,352,293</u>	<u>\$ 2,121,966</u>	<u>\$ 4,683,457</u>	<u>\$ 16,157,716</u>

COUNTY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

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

STATUTORY BASIS

For the year ended December 31, 2014

	Total Nonmajor Special <u>Revenue Funds</u>	Total Nonmajor Debt <u>Service Fund</u>	Total Nonmajor Capital <u>Projects Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Taxes	\$ 3,525,831	\$ 1,427,527	\$ -	\$ 4,953,358
Fees of office and user fees	1,639,167	-	-	1,639,167
Intergovernmental	6,310,312	-	-	6,310,312
Fines and forfeitures	146,242	-	-	146,242
Investment income	28,912	12,561	17,259	58,732
Contributions	125,893	-	558,776	684,669
Miscellaneous	177,383	10,465	-	187,848
Total revenues	<u>11,953,740</u>	<u>1,450,553</u>	<u>576,035</u>	<u>13,980,328</u>
EXPENDITURES				
Current				
General government	2,234,667	-	1,410	2,236,077
Public safety	1,860,589	-	-	1,860,589
Highways and streets	6,168,092	-	-	6,168,092
Public health	3,494,559	-	-	3,494,559
Capital outlay	473,799	-	2,474,824	2,948,623
Debt service				
Principal retirement	-	827,385	-	827,385
Interest and fiscal charges	-	564,164	-	564,164
Issuance costs	-	-	136,030	136,030
Total expenditures	<u>14,231,706</u>	<u>1,391,549</u>	<u>2,612,264</u>	<u>18,235,519</u>
Excess (deficiency) of revenues over expenditures	<u>(2,277,966)</u>	<u>59,004</u>	<u>(2,036,229)</u>	<u>(4,255,191)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	15,001	-	-	15,001
Capital lease proceeds	245,425	-	-	245,425
Bond proceeds	-	-	6,340,000	6,340,000
Premium on issuance of bonds	-	-	296,030	296,030
Transfers in	1,614,018	-	-	1,614,018
Transfers out	(85,362)	-	(239,764)	(325,126)
Total other financing sources (uses)	<u>1,789,082</u>	<u>-</u>	<u>6,396,266</u>	<u>8,185,348</u>
Change in fund balances	(488,884)	59,004	4,360,037	3,930,157
Fund balances at beginning of year	<u>4,033,586</u>	<u>327,797</u>	<u>-</u>	<u>4,361,383</u>
Fund balances at end of year	<u>\$ 3,544,702</u>	<u>\$ 386,801</u>	<u>\$ 4,360,037</u>	<u>\$ 8,291,540</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

ROAD AND BRIDGE FUNDS

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

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

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

OTHER SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

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

Operation Stonegarden Grant Fund - Accounts for funds received from the Department of Homeland Security to enhance cooperation and coordination between federal and local law enforcement agencies in a joint mission to secure the United States borders.

Tobacco Compliance Grant Fund - Accounts for funds received from the Texas Department of State Health Services, Mental Health Services Division Tobacco Enforcement Program under the provisions of the Texas Health and Safety Code Ann. Sec. 161.082 to reduce the extent to which cigarettes and tobacco products are sold or distributed to persons who are younger than 18 years of age.

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

Firefighters Grant Fund - Accounts for funds received from the Texas A&M Forest Service to facilitate the purchase of tanker/pumper.

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

OTHER SPECIAL REVENUE FUNDS - (Continued)

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2014

	<u>Road and Bridge</u>	<u>Other Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,031,884	\$ 1,621,815	\$ 5,653,699
Receivables (net)			
Ad valorem	2,500,937	-	2,500,937
Other	17,502	166,597	184,099
Due from other governments	<u>-</u>	<u>1,013,558</u>	<u>1,013,558</u>
Total assets	<u>\$ 6,550,323</u>	<u>\$ 2,801,970</u>	<u>\$ 9,352,293</u>
LIABILITIES			
Accounts payable	\$ 52,923	\$ 487,037	\$ 539,960
Accrued expenditures	121,267	226,735	348,002
Due to other funds	<u>9,016</u>	<u>970,420</u>	<u>979,436</u>
Total liabilities	<u>183,206</u>	<u>1,684,192</u>	<u>1,867,398</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>3,940,193</u>	<u>-</u>	<u>3,940,193</u>
Total deferred inflows of resources	<u>3,940,193</u>	<u>-</u>	<u>3,940,193</u>
FUND BALANCES			
Restricted	<u>2,426,924</u>	<u>1,117,778</u>	<u>3,544,702</u>
Total fund balances	<u>2,426,924</u>	<u>1,117,778</u>	<u>3,544,702</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,550,323</u>	<u>\$ 2,801,970</u>	<u>\$ 9,352,293</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

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

For the year ended December 31, 2014

	Road and Bridge	Other Special Revenue	Total
REVENUES			
Taxes	\$ 3,525,831	\$ -	\$ 3,525,831
Fees of office and user fees	-	1,639,167	1,639,167
Intergovernmental	1,641,605	4,668,707	6,310,312
Fines and forfeitures	-	146,242	146,242
Investment income			
Interest	21,511	7,401	28,912
Contributions	-	125,893	125,893
Miscellaneous	145,141	32,242	177,383
Total revenues	<u>5,334,088</u>	<u>6,619,652</u>	<u>11,953,740</u>
EXPENDITURES			
Current			
General government	-	2,234,667	2,234,667
Public safety	-	1,860,589	1,860,589
Highways and streets	5,635,291	532,801	6,168,092
Public health	-	3,494,559	3,494,559
Capital outlay	-	473,799	473,799
Total expenditures	<u>5,635,291</u>	<u>8,596,415</u>	<u>14,231,706</u>
Excess (deficiency) of revenues over expenditures	<u>(301,203)</u>	<u>(1,976,763)</u>	<u>(2,277,966)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	15,001	-	15,001
Capital lease proceeds	245,425	-	245,425
Transfers in	10,146	1,603,872	1,614,018
Transfers out	(10,146)	(75,216)	(85,362)
Total other financing sources (uses)	<u>260,426</u>	<u>1,528,656</u>	<u>1,789,082</u>
Change in fund balance	(40,777)	(448,107)	(488,884)
Fund balance, January 1	<u>2,467,701</u>	<u>1,565,885</u>	<u>4,033,586</u>
Fund balance, December 31	<u>\$ 2,426,924</u>	<u>\$ 1,117,778</u>	<u>\$ 3,544,702</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

ROAD AND BRIDGE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2014

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
ASSETS					
Cash and cash equivalents	\$ 713,877	\$ 1,089,285	\$ 1,530,020	\$ 698,702	\$ 4,031,884
Receivables (net)					
Ad valorem	640,233	598,328	586,689	675,687	2,500,937
Other	3,986	3,751	4,750	5,015	17,502
Total assets	<u>\$ 1,358,096</u>	<u>\$ 1,691,364</u>	<u>\$ 2,121,459</u>	<u>\$ 1,379,404</u>	<u>\$ 6,550,323</u>
LIABILITIES					
Accounts payable	\$ 10,036	\$ 6,732	\$ 7,657	\$ 28,498	\$ 52,923
Accrued expenditures	33,776	27,414	31,119	28,958	121,267
Due to other funds	2,602	2,057	2,322	2,035	9,016
Total liabilities	<u>46,414</u>	<u>36,203</u>	<u>41,098</u>	<u>59,491</u>	<u>183,206</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,007,243	943,750	924,914	1,064,286	3,940,193
Total deferred inflows of resources	<u>1,007,243</u>	<u>943,750</u>	<u>924,914</u>	<u>1,064,286</u>	<u>3,940,193</u>
FUND BALANCE					
Restricted	304,439	711,411	1,155,447	255,627	2,426,924
Total liabilities, deferred inflows and fund balance	<u>\$ 1,358,096</u>	<u>\$ 1,691,364</u>	<u>\$ 2,121,459</u>	<u>\$ 1,379,404</u>	<u>\$ 6,550,323</u>

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE FUNDS**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
STATUTORY BASIS**For the year ended December 31, 2014*

	Road and Bridge Funds				Total
	Pct. 1	Pct. 2	Pct. 3	Pct. 4	
REVENUES					
Taxes	\$ 899,086	\$ 846,200	\$ 828,572	\$ 951,973	\$ 3,525,831
Intergovernmental	409,138	392,858	417,431	422,178	1,641,605
Investment income					
Interest	3,885	6,300	7,733	3,593	21,511
Miscellaneous	66,017	788	41,888	36,448	145,141
Total revenues	<u>1,378,126</u>	<u>1,246,146</u>	<u>1,295,624</u>	<u>1,414,192</u>	<u>5,334,088</u>
EXPENDITURES					
Current					
Highways and streets	<u>1,657,848</u>	<u>1,263,890</u>	<u>1,160,308</u>	<u>1,553,245</u>	<u>5,635,291</u>
Excess (deficiency) of revenues over expenditures	<u>(279,722)</u>	<u>(17,744)</u>	<u>135,316</u>	<u>(139,053)</u>	<u>(301,203)</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	-	662	2,270	12,069	15,001
Capital lease proceeds	245,425	-	-	-	245,425
Transfers in	10,146	-	-	-	10,146
Transfers out	-	(3,382)	(3,382)	(3,382)	(10,146)
Total other financing sources (uses)	<u>255,571</u>	<u>(2,720)</u>	<u>(1,112)</u>	<u>8,687</u>	<u>260,426</u>
Change in fund balance	(24,151)	(20,464)	134,204	(130,366)	(40,777)
Fund balance, January 1	<u>328,590</u>	<u>731,875</u>	<u>1,021,243</u>	<u>385,993</u>	<u>2,467,701</u>
Fund balance, December 31	<u>\$ 304,439</u>	<u>\$ 711,411</u>	<u>\$ 1,155,447</u>	<u>\$ 255,627</u>	<u>\$ 2,426,924</u>

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2014

	Emergency Mgmt.	Records Mgmt.	Courthouse Security	Justice Court Building Security	District Clerk Records Mgmt.
ASSETS					
Cash and cash equivalents	\$ -	\$ 180,920	\$ 17,538	\$ 53,752	\$ 4,337
Receivables (net)					
Other	159,895	194	138	37	5
Due from other governments	-	-	-	-	-
Total assets	\$ 159,895	\$ 181,114	\$ 17,676	\$ 53,789	\$ 4,342
LIABILITIES					
Accounts payable	\$ 904	\$ 64	\$ -	\$ -	\$ -
Accrued expenditures	6,998	4,668	-	-	-
Due to other funds	149,664	12	-	-	-
Total liabilities	157,566	4,744	-	-	-
FUND BALANCES					
Restricted	2,329	176,370	17,676	53,789	4,342
Total fund balances	2,329	176,370	17,676	53,789	4,342
Total liabilities and fund balances	\$ 159,895	\$ 181,114	\$ 17,676	\$ 53,789	\$ 4,342

FEMA Hazard Mitigation DR 1999-007	FEMA Hazard Mitigation DR 1791-316	Gulf of Mexico Energy Security Act	Co. Energy Transportation Reinvestment Zone Grant	Juvenile Probation	Drug Courts Program	Juvenile Delinquency Prevention
\$ -	\$ 370,044	\$ 3,081	\$ -	\$ 82,674	\$ 17,368	\$ -
-	-	-	-	-	-	-
89,238	-	-	48,958	-	-	-
<u>\$ 89,238</u>	<u>\$ 370,044</u>	<u>\$ 3,081</u>	<u>\$ 48,958</u>	<u>\$ 82,674</u>	<u>\$ 17,368</u>	<u>\$ -</u>
\$ -	\$ 370,044	\$ -	\$ -	\$ 31,937	\$ 2,196	\$ -
-	-	-	-	50,529	-	-
89,238	-	-	48,958	208	-	-
<u>89,238</u>	<u>370,044</u>	<u>-</u>	<u>48,958</u>	<u>82,674</u>	<u>2,196</u>	<u>-</u>
-	-	3,081	-	-	15,172	-
-	-	3,081	-	-	15,172	-
<u>\$ 89,238</u>	<u>\$ 370,044</u>	<u>\$ 3,081</u>	<u>\$ 48,958</u>	<u>\$ 82,674</u>	<u>\$ 17,368</u>	<u>\$ -</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET - STATUTORY BASIS

December 31, 2014

	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee	CDA Victims Assistance Grant
ASSETS					
Cash and cash equivalents	\$ 23,164	\$ 457	\$ 13,363	\$ 11,326	\$ -
Receivables (net)					
Other	146	-	22	-	-
Due from other governments	-	-	-	-	11,312
Total assets	\$ 23,310	\$ 457	\$ 13,385	\$ 11,326	\$ 11,312
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 8,697	\$ 37
Accrued expenditures	-	-	-	1,088	3,058
Due to other funds	-	-	-	3	8,217
Total liabilities	-	-	-	9,788	11,312
FUND BALANCES					
Restricted	23,310	457	13,385	1,538	-
Total fund balances	23,310	457	13,385	1,538	-
Total liabilities and fund balances	\$ 23,310	\$ 457	\$ 13,385	\$ 11,326	\$ 11,312

Sheriff Victims Assistance Grant	Texas Vine Grant	Gang Prevention Grant	Local Border Security Grant	Operation Stonegarden Grant	Tobacco Compliance Grant	Byrne JAG Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
7,642	-	-	9,561	183,541	-	-
<u>\$ 7,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,561</u>	<u>\$ 183,541</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 29	\$ -	\$ -	\$ -	\$ 10,408	\$ -	\$ -
2,239	-	-	-	3,502	-	-
3,519	-	-	9,561	169,631	-	-
5,787	-	-	9,561	183,541	-	-
1,855	-	-	-	-	-	-
1,855	-	-	-	-	-	-
<u>\$ 7,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,561</u>	<u>\$ 183,541</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

COUNTY OF VICTORIA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
OTHER SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - STATUTORY BASIS
 December 31, 2014

	Firefighters Grant	BISD School Resource Officer	Sheriff's Special Purpose	Sheriff's Donations	Constable Forfeiture
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 155,194	\$ 720	\$ 826
Receivables (net)					
Other	-	-	-	-	-
Due from other governments	-	12,132	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 12,132</u>	<u>\$ 155,194</u>	<u>\$ 720</u>	<u>\$ 826</u>
LIABILITIES					
Accounts payable	\$ -	\$ 56	\$ 9,231	\$ -	\$ -
Accrued expenditures	-	3,059	-	-	-
Due to other funds	-	9,017	-	-	-
Total liabilities	-	12,132	9,231	-	-
FUND BALANCES					
Restricted	-	-	145,963	720	826
Total fund balances	-	-	145,963	720	826
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 12,132</u>	<u>\$ 155,194</u>	<u>\$ 720</u>	<u>\$ 826</u>

CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's DOT Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer	DSHS ILINET Grant	Election Admin. Special
\$ 499,752	\$ 1,036	\$ 99,199	\$ -	\$ -	\$ 1,840	\$ 12,375
-	-	-	-	-	-	-
-	-	-	2,612	130,719	-	-
<u>\$ 499,752</u>	<u>\$ 1,036</u>	<u>\$ 99,199</u>	<u>\$ 2,612</u>	<u>\$ 130,719</u>	<u>\$ 1,840</u>	<u>\$ 12,375</u>
\$ 19,695	\$ -	\$ -	\$ 14	\$ 369	\$ -	\$ -
7,841	-	-	957	27,645	-	-
24	-	-	1,641	102,705	-	27
<u>27,560</u>	<u>-</u>	<u>-</u>	<u>2,612</u>	<u>130,719</u>	<u>-</u>	<u>27</u>
<u>472,192</u>	<u>1,036</u>	<u>99,199</u>	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>12,348</u>
<u>472,192</u>	<u>1,036</u>	<u>99,199</u>	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>12,348</u>
<u>\$ 499,752</u>	<u>\$ 1,036</u>	<u>\$ 99,199</u>	<u>\$ 2,612</u>	<u>\$ 130,719</u>	<u>\$ 1,840</u>	<u>\$ 12,375</u>

(continued)

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**OTHER SPECIAL REVENUE FUNDS**COMBINING BALANCE SHEET - STATUTORY BASIS**December 31, 2014*

	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission	Law Library	Health Department
ASSETS					
Cash and cash equivalents	\$ -	\$ 21,174	\$ 16,777	\$ 10,427	\$ 400
Receivables (net)					
Other	-	-	-	240	5,920
Due from other governments	<u>1,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,933</u>
Total assets	<u>\$ 1,027</u>	<u>\$ 21,174</u>	<u>\$ 16,777</u>	<u>\$ 10,667</u>	<u>\$ 298,253</u>
LIABILITIES					
Accounts payable	\$ 77	\$ -	\$ 49	\$ 2,290	\$ 25,970
Accrued expenditures	-	-	-	-	87,508
Due to other funds	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,775</u>
Total liabilities	<u>1,027</u>	<u>-</u>	<u>49</u>	<u>2,290</u>	<u>298,253</u>
FUND BALANCES					
Restricted	<u>-</u>	<u>21,174</u>	<u>16,728</u>	<u>8,377</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>21,174</u>	<u>16,728</u>	<u>8,377</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,027</u>	<u>\$ 21,174</u>	<u>\$ 16,777</u>	<u>\$ 10,667</u>	<u>\$ 298,253</u>

WIC Program	LEOSE	Total
\$ -	\$ 24,071	\$ 1,621,815
-	-	166,597
<u>224,883</u>	<u>-</u>	<u>1,013,558</u>
<u>\$ 224,883</u>	<u>\$ 24,071</u>	<u>\$ 2,801,970</u>
\$ 4,970	\$ -	\$ 487,037
27,643	-	226,735
<u>192,270</u>	<u>-</u>	<u>970,420</u>
<u>224,883</u>	<u>-</u>	<u>1,684,192</u>
<u>-</u>	<u>24,071</u>	<u>1,117,778</u>
<u>-</u>	<u>24,071</u>	<u>1,117,778</u>
<u>\$ 224,883</u>	<u>\$ 24,071</u>	<u>\$ 2,801,970</u>

(concluded)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

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

For the year ended December 31, 2014

	Emergency Mgmt.	Records Mgmt.	Courthouse Security	Justice Court Building Security	District Clerk Records Mgmt.
REVENUES					
Fees of office and user fees	\$ -	\$ 171,847	\$ 47,250	\$ 6,580	\$ 6,169
Intergovernmental	44,625	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	-	-
Contributions	90,693	-	-	-	-
Miscellaneous	12,816	-	-	-	-
Total revenues	<u>148,134</u>	<u>171,847</u>	<u>47,250</u>	<u>6,580</u>	<u>6,169</u>
EXPENDITURES					
Current					
General government	-	106,996	8,433	1,940	5,942
Public safety	267,407	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>267,407</u>	<u>106,996</u>	<u>8,433</u>	<u>1,940</u>	<u>5,942</u>
Excess (deficiency) of revenues over expenditures	<u>(119,273)</u>	<u>64,851</u>	<u>38,817</u>	<u>4,640</u>	<u>227</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	119,273	-	-	-	-
Transfers out	-	-	(36,800)	-	-
Total other financing sources (uses)	<u>119,273</u>	<u>-</u>	<u>(36,800)</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	64,851	2,017	4,640	227
Fund balance, January 1	<u>2,329</u>	<u>111,519</u>	<u>15,659</u>	<u>49,149</u>	<u>4,115</u>
Fund balance, December 31	<u>\$ 2,329</u>	<u>\$ 176,370</u>	<u>\$ 17,676</u>	<u>\$ 53,789</u>	<u>\$ 4,342</u>

FEMA Hazard Mitigation DR 1999-007	FEMA Hazard Mitigation DR 1791-316	Gulf of Mexico Energy Security Act	Co. Energy Transportation Reinvestment Zone Grant	Juvenile Probation	Drug Courts Program	Juvenile Delinquency Prevention
\$ -	\$ -	\$ -	\$ -	\$ 1,437	\$ 13,075	\$ -
89,238	370,044	2,876	532,801	869,056	-	-
-	-	-	-	-	-	-
-	-	-	-	1,276	69	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>89,238</u>	<u>370,044</u>	<u>2,876</u>	<u>532,801</u>	<u>871,769</u>	<u>13,144</u>	<u>-</u>
134,483	-	-	-	1,324,054	11,892	116
-	370,044	-	-	-	-	-
-	-	-	532,801	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>134,483</u>	<u>370,044</u>	<u>-</u>	<u>532,801</u>	<u>1,324,054</u>	<u>11,892</u>	<u>116</u>
(45,245)	-	2,876	-	(452,285)	1,252	(116)
45,245	-	-	-	428,929	-	-
-	-	-	-	-	-	-
<u>45,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,929</u>	<u>-</u>	<u>-</u>
-	-	2,876	-	(23,356)	1,252	(116)
-	-	205	-	23,356	13,920	116
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,172</u>	<u>\$ -</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

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

For the year ended December 31, 2014

	Justice Technology	Family Protection Fee	County/ District Technology	CDA Processing Fee	CDA Victims Assistance Grant
REVENUES					
Fees of office and user fees	\$ 26,443	\$ 5,750	\$ 20,578	\$ 39,279	\$ -
Intergovernmental	-	-	-	-	44,238
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	-	-	6	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	39	-
Total revenues	<u>26,443</u>	<u>5,750</u>	<u>20,578</u>	<u>39,324</u>	<u>44,238</u>
EXPENDITURES					
Current					
General government	10,712	6,000	24,396	62,645	61,676
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>10,712</u>	<u>6,000</u>	<u>24,396</u>	<u>62,645</u>	<u>61,676</u>
Excess (deficiency) of revenues over expenditures	<u>15,731</u>	<u>(250)</u>	<u>(3,818)</u>	<u>(23,321)</u>	<u>(17,438)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	28,000	17,438
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>17,438</u>
Change in fund balance	15,731	(250)	(3,818)	4,679	-
Fund balance, January 1	<u>7,579</u>	<u>707</u>	<u>17,203</u>	<u>(3,141)</u>	<u>-</u>
Fund balance, December 31	<u>\$ 23,310</u>	<u>\$ 457</u>	<u>\$ 13,385</u>	<u>\$ 1,538</u>	<u>\$ -</u>

Sheriff Victims Assistance Grant	Texas Vine Grant	Gang Prevention Grant	Local Border Security Grant	Operation Stonegarden Grant	Tobacco Compliance Grant	Byrne JAG Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42,948	16,500	7,354	25,222	450,131	750	46,862
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>42,948</u>	<u>16,500</u>	<u>7,354</u>	<u>25,222</u>	<u>450,131</u>	<u>750</u>	<u>46,862</u>
-	16,500	-	-	-	750	-
45,816	-	7,354	25,222	269,332	-	46,862
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	180,799	-	-
<u>45,816</u>	<u>16,500</u>	<u>7,354</u>	<u>25,222</u>	<u>450,131</u>	<u>750</u>	<u>46,862</u>
(2,868)	-	-	-	-	-	-
2,868	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,868</u>	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,855</u>	-	-	-	-	-	-
<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE FUNDS

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

For the year ended December 31, 2014

	Firefighters Grant	BISD School Resource Officer	Sheriff's Special Purpose	Sheriff's Donations	Constable Forfeiture
REVENUES					
Fees of office and user fees	\$ -	\$ 59,941	\$ -	\$ -	\$ -
Intergovernmental	218,000	-	-	-	-
Fines and forfeitures	-	-	25,961	-	-
Investment income					
Interest	-	-	901	81	-
Contributions	-	-	-	35,200	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>218,000</u>	<u>59,941</u>	<u>26,862</u>	<u>35,281</u>	<u>-</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	59,941	132,799	34,733	2,146
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	-
Capital outlay	293,000	-	-	-	-
Total expenditures	<u>293,000</u>	<u>59,941</u>	<u>132,799</u>	<u>34,733</u>	<u>2,146</u>
Excess (deficiency) of revenues over expenditures	<u>(75,000)</u>	<u>-</u>	<u>(105,937)</u>	<u>548</u>	<u>(2,146)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	75,000	-	-	-	2,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Change in fund balance	-	-	(105,937)	548	(146)
Fund balance, January 1	-	-	251,900	172	972
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,963</u>	<u>\$ 720</u>	<u>\$ 826</u>

CDA Contraband Forfeiture	CDA DOJ Equitable Share	Sheriff's DOT Federal Forfeiture	Goliad Co. Juvenile Probation Services	VISD School Resource Officer	DSHS ILINET Grant	Election Admin. Special
\$ -	\$ -	\$ -	\$ 21,313	\$ 587,550	\$ -	\$ 74,116
-	-	-	-	-	-	-
120,281	-	-	-	-	-	-
3,065	5	514	-	-	-	5
-	-	-	-	-	-	-
244	-	-	-	-	-	-
<u>123,590</u>	<u>5</u>	<u>514</u>	<u>21,313</u>	<u>587,550</u>	<u>-</u>	<u>74,121</u>
294,091	-	-	21,313	-	-	68,500
-	-	7,166	-	587,550	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>294,091</u>	<u>-</u>	<u>7,166</u>	<u>21,313</u>	<u>587,550</u>	<u>-</u>	<u>68,500</u>
<u>(170,501)</u>	<u>5</u>	<u>(6,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,621</u>
-	-	-	-	-	-	-
<u>(33,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(33,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(203,917)	5	(6,652)	-	-	-	5,621
<u>676,109</u>	<u>1,031</u>	<u>105,851</u>	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>6,727</u>
<u>\$ 472,192</u>	<u>\$ 1,036</u>	<u>\$ 99,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,840</u>	<u>\$ 12,348</u>

(continued)

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**OTHER SPECIAL REVENUE FUNDS**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - STATUTORY BASIS**For the year ended December 31, 2014*

	Elections Chapter 19	Tax Assessor- Collector Special	Historical Commission	Law Library	Health Department
REVENUES					
Fees of office and user fees	\$ 15,530	\$ -	\$ -	\$ 57,345	\$ 484,964
Intergovernmental	-	-	-	-	1,152,143
Fines and forfeitures	-	-	-	-	-
Investment income					
Interest	-	1,397	82	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	802	453	-	17,888
Total revenues	<u>15,530</u>	<u>2,199</u>	<u>535</u>	<u>57,345</u>	<u>1,654,995</u>
EXPENDITURES					
Current					
General government	15,530	16,282	361	42,055	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public health	-	-	-	-	2,752,704
Capital outlay	-	-	-	-	-
Total expenditures	<u>15,530</u>	<u>16,282</u>	<u>361</u>	<u>42,055</u>	<u>2,752,704</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(14,083)</u>	<u>174</u>	<u>15,290</u>	<u>(1,097,709)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,000	-	882,119
Transfers out	-	-	-	(5,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>(5,000)</u>	<u>882,119</u>
Change in fund balance	-	(14,083)	3,174	10,290	(215,590)
Fund balance, January 1	<u>-</u>	<u>35,257</u>	<u>13,554</u>	<u>(1,913)</u>	<u>215,590</u>
Fund balance, December 31	<u>\$ -</u>	<u>\$ 21,174</u>	<u>\$ 16,728</u>	<u>\$ 8,377</u>	<u>\$ -</u>

<u>WIC Program</u>	<u>LEOSE</u>	<u>Total</u>
\$ -	\$ -	\$ 1,639,167
739,465	16,454	4,668,707
-	-	146,242
-	-	7,401
-	-	125,893
-	-	32,242
<u>739,465</u>	<u>16,454</u>	<u>6,619,652</u>
-	-	2,234,667
-	4,217	1,860,589
-	-	532,801
741,855	-	3,494,559
-	-	473,799
<u>741,855</u>	<u>4,217</u>	<u>8,596,415</u>
<u>(2,390)</u>	<u>12,237</u>	<u>(1,976,763)</u>
-	-	1,603,872
-	-	(75,216)
-	-	1,528,656
(2,390)	12,237	(448,107)
<u>2,390</u>	<u>11,834</u>	<u>1,565,885</u>
<u>\$ -</u>	<u>\$ 24,071</u>	<u>\$ 1,117,778</u>

(concluded)

GENERAL FUND

The General Fund is a constitutional fund and is utilized to account for all County revenues and expenditures except those which are required to be classed in other constitutional funds and such other funds that are presented separately to facilitate proper accountability.

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Taxes				
Ad valorem				
Current	\$ 18,309,516	\$ 18,309,516	\$ 18,549,427	\$ 239,911
Delinquent	300,000	300,000	391,305	91,305
Penalty and interest	167,000	167,000	181,644	14,644
Sales and use	<u>10,245,000</u>	<u>10,337,000</u>	<u>11,559,182</u>	<u>1,222,182</u>
Total taxes	<u>29,021,516</u>	<u>29,113,516</u>	<u>30,681,558</u>	<u>1,568,042</u>
Fees of office and user fees				
Sheriff's department	360,000	360,000	331,427	(28,573)
Prisoner maintenance	5,000	5,000	1,030	(3,970)
County treasurer	5,000	5,000	5,153	153
Election administrator	1,000	1,000	1,171	171
County clerk	400,350	400,350	383,414	(16,936)
Probate personnel education fees	1,800	1,800	1,335	(465)
Guardianship fee	5,000	5,000	5,261	261
County courts at law	4,000	4,000	3,648	(352)
Tax assessor-collector	450,000	450,000	635,546	185,546
Criminal district attorney	25,000	25,000	15,675	(9,325)
District clerk	200,000	200,000	195,173	(4,827)
Fire marshal	-	-	20	20
Justices of the peace	35,000	35,000	37,504	2,504
Deferred adjudication	25,000	25,000	41,333	16,333
Constables	88,000	88,000	72,912	(15,088)
Pre-trial bonding fees	150,000	150,000	34,617	(115,383)
Interlock device fees	<u>-</u>	<u>-</u>	<u>6,763</u>	<u>6,763</u>
Total fees of office and user fees	<u>1,755,150</u>	<u>1,755,150</u>	<u>1,771,982</u>	<u>16,832</u>
Intergovernmental				
Payment in lieu of taxes	1,000	1,000	931	(69)
Alcohol beverage tax	165,000	165,000	220,332	55,332
County courts at law	150,000	150,000	168,203	18,203
Bingo gross receipts tax	80,000	80,000	75,651	(4,349)
Tobacco settlement	48,000	48,000	46,050	(1,950)
Indigent defense grant	50,000	125,158	125,161	3
Title IV-E legal service	35,000	35,000	8,889	(26,111)
Jury fee reimbursement/SB1704	40,000	40,000	34,510	(5,490)
DA longevity reimb/GC 41	12,948	12,948	12,911	(37)
Juvenile detention contracts	1,200,000	1,200,000	1,349,378	149,378
State juvenile detention funds	137,000	142,000	142,661	661
Jail inmate bedspace	1,000,000	1,000,000	1,257,795	257,795
Jail inmate contract other	45,000	45,000	54,827	9,827
Jail inmate extradition	20,000	20,000	19,880	(120)
General inmate medical	40,000	40,000	28,996	(11,004)
Dept. of Justice SCAAP program	-	12,125	12,125	-

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
REVENUES (continued)				
Intergovernmental				
Vest reimbursement	\$ -	\$ 8,144	\$ 8,144	\$ -
TSA security reimbursement	-	-	12,015	12,015
Abandoned vehicles	-	35,245	35,245	-
Total intergovernmental	<u>3,023,948</u>	<u>3,159,620</u>	<u>3,613,704</u>	<u>454,084</u>
Fines and forfeitures				
District court fines	300,000	300,000	254,547	(45,453)
County court at law fines	520,000	520,000	320,660	(199,340)
Justice of the peace fines	495,000	495,000	649,114	154,114
Forfeitures	35,100	35,100	32,133	(2,967)
Total fines and forfeitures	<u>1,350,100</u>	<u>1,350,100</u>	<u>1,256,454</u>	<u>(93,646)</u>
Interest	<u>50,100</u>	<u>50,100</u>	<u>114,726</u>	<u>64,626</u>
Licenses and permits				
Marriage licenses	22,000	22,000	21,880	(120)
Beer and whiskey licenses	22,000	22,000	23,130	1,130
Miscellaneous	300	300	-	(300)
Total licenses and permits	<u>44,300</u>	<u>44,300</u>	<u>45,010</u>	<u>710</u>
Miscellaneous				
Records management preservation	35,000	35,000	27,670	(7,330)
Criminal justice planning commission	100	100	1	(99)
Crime stopper fee	-	-	3	3
Victims of crime collection	100	100	55	(45)
JCPTF commission	100	100	3	(97)
Juvenile probation diversion collections	100	100	-	(100)
Legal service for indigents fees	800	800	729	(71)
Defensive driving course fee	6,000	6,000	8,909	2,909
Court reporter fees	26,000	26,000	24,499	(1,501)
Arrest warrant fees	50,000	50,000	58,398	8,398
Other fees	124,650	124,650	145,019	20,369
Personal recognizant fees	4,000	4,000	2,489	(1,511)
CJAD contract services	6,300	6,300	6,569	269
Rents and royalties	69,476	94,330	96,539	2,209
Telephone commissions	200,000	200,000	183,171	(16,829)
Election machines rental	20,000	20,000	2,820	(17,180)
Reimbursements and refunds	71,100	112,736	148,290	35,554
Restitutions	200	200	126	(74)
Miscellaneous	84,800	105,173	49,798	(55,375)
Total miscellaneous	<u>698,726</u>	<u>785,589</u>	<u>755,088</u>	<u>(30,501)</u>
Total revenues	<u>35,943,840</u>	<u>36,258,375</u>	<u>38,238,522</u>	<u>1,980,147</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES				
Current				
General government				
County judge				
Salaries	\$ 185,569	\$ 184,734	\$ 181,510	\$ 3,224
Fringe benefits	54,042	54,042	48,970	5,072
Operating expenditures	<u>6,700</u>	<u>8,127</u>	<u>7,914</u>	<u>213</u>
Total county judge	<u>246,311</u>	<u>246,903</u>	<u>238,394</u>	<u>8,509</u>
Commissioners' court				
Salaries	49,212	49,212	49,212	-
Fringe benefits	15,033	15,033	14,870	163
Operating expenditures	18,200	21,400	21,080	320
Other services and charges	<u>3,500</u>	<u>3,500</u>	<u>2,328</u>	<u>1,172</u>
Total commissioners' court	<u>85,945</u>	<u>89,145</u>	<u>87,490</u>	<u>1,655</u>
Records management				
Salaries	71,669	74,477	72,025	2,452
Fringe benefits	24,280	24,888	22,982	1,906
Operating expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,000</u>	<u>500</u>
Total records management	<u>98,449</u>	<u>101,865</u>	<u>97,007</u>	<u>4,858</u>
County clerk				
Salaries	544,111	544,111	537,971	6,140
Fringe benefits	171,086	171,086	159,378	11,708
Operating expenditures	<u>33,843</u>	<u>46,365</u>	<u>42,518</u>	<u>3,847</u>
Total county clerk	<u>749,040</u>	<u>761,562</u>	<u>739,867</u>	<u>21,695</u>
Pre-Trial Services				
Salaries	88,764	88,764	81,968	6,796
Fringe benefits	27,976	27,976	25,895	2,081
Operating expenditures	<u>4,000</u>	<u>3,000</u>	<u>1,406</u>	<u>1,594</u>
Total veterans' service officer	<u>120,740</u>	<u>119,740</u>	<u>109,269</u>	<u>10,471</u>
Veterans' service officer				
Salaries	37,422	37,422	36,673	749
Fringe benefits	8,092	8,092	7,928	164
Operating expenditures	<u>3,420</u>	<u>3,920</u>	<u>3,806</u>	<u>114</u>
Total veterans' service officer	<u>48,934</u>	<u>49,434</u>	<u>48,407</u>	<u>1,027</u>
Heritage director				
Salaries	41,244	41,244	41,244	-
Fringe benefits	14,055	14,055	13,673	382
Operating expenditures	<u>2,175</u>	<u>2,175</u>	<u>1,867</u>	<u>308</u>
Total heritage director	<u>57,474</u>	<u>57,474</u>	<u>56,784</u>	<u>690</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Non-departmental				
Operating expenditures	\$ 1,709,712	\$ 1,183,075	\$ 1,150,807	\$ 32,268
Other services and charges	942,908	1,063,857	1,025,507	38,350
Capital outlay	350,000	-	-	-
Total non-departmental	<u>3,002,620</u>	<u>2,246,932</u>	<u>2,176,314</u>	<u>70,618</u>
County court at law # 1				
Salaries	218,766	218,766	218,393	373
Fringe benefits	57,152	57,152	54,246	2,906
Operating expenditures	3,700	3,700	2,182	1,518
Other services and charges	76,270	97,370	96,483	887
Total county court at law # 1	<u>355,888</u>	<u>376,988</u>	<u>371,304</u>	<u>5,684</u>
County court at law # 2				
Salaries	218,422	218,422	215,422	3,000
Fringe benefits	55,590	55,590	52,728	2,862
Operating expenditures	3,700	3,700	3,162	538
Other services and charges	78,270	88,270	82,021	6,249
Total county court at law # 2	<u>355,982</u>	<u>365,982</u>	<u>353,333</u>	<u>12,649</u>
District court				
Salaries	330,769	330,769	310,606	20,163
Fringe benefits	136,194	136,194	132,951	3,243
Operating expenditures	11,800	15,200	13,477	1,723
Other services and charges	654,472	812,788	764,272	48,516
Capital Outlay	-	12,054	12,053	1
Total district court	<u>1,133,235</u>	<u>1,307,005</u>	<u>1,233,359</u>	<u>73,646</u>
District clerk				
Salaries	509,658	509,658	502,115	7,543
Fringe benefits	161,478	161,478	159,807	1,671
Operating expenditures	17,719	17,719	12,985	4,734
Total district clerk	<u>688,855</u>	<u>688,855</u>	<u>674,907</u>	<u>13,948</u>
Justice of the peace # 1				
Salaries	142,139	142,427	142,426	1
Fringe benefits	43,907	43,907	43,450	457
Operating expenditures	5,335	5,135	5,022	113
Other services and charges	14,200	21,000	16,570	4,430
Total justice of the peace # 1	<u>205,581</u>	<u>212,469</u>	<u>207,468</u>	<u>5,001</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Justice of the peace # 2				
Salaries	\$ 117,578	\$ 117,578	\$ 117,577	\$ 1
Fringe benefits	34,206	34,206	31,552	2,654
Operating expenditures	4,035	4,035	2,340	1,695
Other services and charges	14,100	14,900	14,478	422
Capital outlay	-	6,027	6,026	1
Total justice of the peace # 2	<u>169,919</u>	<u>176,746</u>	<u>171,973</u>	<u>4,773</u>
Justice of the peace # 3				
Salaries	198,122	198,122	197,198	924
Fringe benefits	56,755	61,344	59,789	1,555
Operating expenditures	4,160	4,160	3,825	335
Other services and charges	600	600	558	42
Total justice of the peace # 3	<u>259,637</u>	<u>264,226</u>	<u>261,370</u>	<u>2,856</u>
Justice of the peace # 4				
Salaries	134,858	134,858	130,001	4,857
Fringe benefits	39,430	39,430	37,102	2,328
Operating expenditures	4,940	5,030	4,849	181
Other services and charges	37,900	37,810	21,252	16,558
Total justice of the peace # 4	<u>217,128</u>	<u>217,128</u>	<u>193,204</u>	<u>23,924</u>
Criminal district attorney				
Salaries	1,289,053	1,289,053	1,278,492	10,561
Fringe benefits	378,367	378,367	349,259	29,108
Operating expenditures	21,500	21,500	21,500	-
Total criminal district attorney	<u>1,688,920</u>	<u>1,688,920</u>	<u>1,649,251</u>	<u>39,669</u>
Election administrator				
Salaries	171,596	208,051	208,050	1
Fringe benefits	51,021	51,021	45,096	5,925
Operating expenditures	78,638	79,988	70,751	9,237
Other services and charges	27,105	26,115	14,652	11,463
Total election administrator	<u>328,360</u>	<u>365,175</u>	<u>338,549</u>	<u>26,626</u>
County auditor				
Salaries	370,080	370,080	365,969	4,111
Fringe benefits	115,893	115,893	109,690	6,203
Operating expenditures	12,688	12,803	10,953	1,850
Total county auditor	<u>498,661</u>	<u>498,776</u>	<u>486,612</u>	<u>12,164</u>
County treasurer				
Salaries	237,010	233,610	211,848	21,762
Fringe benefits	73,947	73,947	62,538	11,409
Operating expenditures	30,625	34,025	29,881	4,144
Total county treasurer	<u>341,582</u>	<u>341,582</u>	<u>304,267</u>	<u>37,315</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Tax assessor-collector				
Salaries	\$ 570,641	\$ 568,141	\$ 539,189	\$ 28,952
Fringe benefits	189,326	189,326	180,482	8,844
Operating expenditures	<u>13,500</u>	<u>16,000</u>	<u>15,126</u>	<u>874</u>
Total tax assessor-collector	<u>773,467</u>	<u>773,467</u>	<u>734,797</u>	<u>38,670</u>
Administrative services				
Salaries	219,945	219,945	216,543	3,402
Fringe benefits	66,609	66,609	62,515	4,094
Operating expenditures	<u>13,500</u>	<u>17,350</u>	<u>14,648</u>	<u>2,702</u>
Total administrative services	<u>300,054</u>	<u>303,904</u>	<u>293,706</u>	<u>10,198</u>
Information technology				
Salaries	413,607	406,857	405,976	881
Fringe benefits	122,304	122,304	120,851	1,453
Operating expenditures	334,750	363,954	361,982	1,972
Other services and charges	137,500	173,806	173,442	364
Capital outlay	<u>40,000</u>	<u>29,384</u>	<u>29,383</u>	<u>1</u>
Total information technology	<u>1,048,161</u>	<u>1,096,305</u>	<u>1,091,634</u>	<u>4,671</u>
Building maintenance				
Salaries	318,224	318,224	317,909	315
Fringe benefits	101,778	106,914	104,807	2,107
Operating expenditures	1,011,534	1,042,383	1,042,394	(11)
Capital Outlay	<u>-</u>	<u>29,016</u>	<u>28,920</u>	<u>96</u>
Total building maintenance	<u>1,431,536</u>	<u>1,496,537</u>	<u>1,494,030</u>	<u>2,507</u>
Adult probation department				
Operating expenditures	<u>1,000</u>	<u>6,664</u>	<u>6,662</u>	<u>2</u>
Total adult probation department	<u>1,000</u>	<u>6,664</u>	<u>6,662</u>	<u>2</u>
Juvenile detention facility				
Salaries	1,960,717	1,901,863	1,875,467	26,396
Fringe benefits	565,695	540,265	521,137	19,128
Operating expenditures	450,320	471,938	436,367	35,571
Other services and charges	49,000	8,096	4,775	3,321
Capital outlay	<u>-</u>	<u>61,582</u>	<u>61,581</u>	<u>1</u>
Total juvenile detention facility	<u>3,025,732</u>	<u>2,983,744</u>	<u>2,899,327</u>	<u>84,417</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Juvenile board				
Salaries	\$ 33,103	\$ 33,103	\$ 33,103	\$ -
Fringe benefits	7,158	7,158	6,970	188
Other services and charges	51,550	57,550	56,197	1,353
Total juvenile board	<u>91,811</u>	<u>97,811</u>	<u>96,270</u>	<u>1,541</u>
Total general government	<u>17,325,022</u>	<u>16,935,339</u>	<u>16,415,555</u>	<u>519,784</u>
Public safety				
Fire marshal				
Salaries	346,255	410,991	384,183	26,808
Fringe benefits	103,446	128,876	117,058	11,818
Operating expenditures	85,540	103,572	98,000	5,572
Other services and charges	61,000	56,801	56,709	92
Capital outlay	-	37,883	37,883	-
Total fire marshal	<u>596,241</u>	<u>738,123</u>	<u>693,833</u>	<u>44,290</u>
Sheriff				
Salaries	9,481,674	8,944,626	8,692,396	252,230
Fringe benefits	2,629,502	2,629,502	2,439,895	189,607
Operating expenditures	2,079,285	2,399,845	2,293,771	106,074
Capital outlay	25,000	497,278	413,156	84,122
Total sheriff	<u>14,215,461</u>	<u>14,471,251</u>	<u>13,839,218</u>	<u>632,033</u>
Constable # 1				
Salaries	39,260	39,260	39,260	-
Fringe benefits	12,881	12,881	12,708	173
Operating expenditures	12,400	12,741	12,738	3
Capital outlay	-	1,601	1,600	1
Total constable # 1	<u>64,541</u>	<u>66,483</u>	<u>66,306</u>	<u>177</u>
Constable # 2				
Salaries	40,044	40,044	40,044	-
Fringe benefits	13,052	13,052	12,912	140
Operating expenditures	12,400	12,400	11,384	1,016
Total constable # 2	<u>65,496</u>	<u>65,496</u>	<u>64,340</u>	<u>1,156</u>
Constable # 3				
Salaries	39,620	39,620	39,620	-
Fringe benefits	12,958	12,958	12,820	138
Operating expenditures	12,400	12,400	11,676	724
Capital outlay	-	1,601	1,600	1
Total constable # 3	<u>64,978</u>	<u>66,579</u>	<u>65,716</u>	<u>863</u>

(continued)

COUNTY OF VICTORIA, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL

For the year ended December 31, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Public safety (continued)				
Constable # 4				
Salaries	\$ 39,236	\$ 39,236	\$ 39,236	\$ -
Fringe benefits	12,876	12,876	12,737	139
Operating expenditures	12,400	12,600	10,958	1,642
Capital outlay	-	1,601	1,600	1
Total constable # 4	<u>64,512</u>	<u>66,313</u>	<u>64,531</u>	<u>1,782</u>
Non-departmental				
Other services and charges				
City/County interlocal agreement	1,520,000	1,600,100	1,600,048	52
Total non-departmental	<u>1,520,000</u>	<u>1,600,100</u>	<u>1,600,048</u>	<u>52</u>
Total public safety	<u>16,591,229</u>	<u>17,074,345</u>	<u>16,393,992</u>	<u>680,353</u>
Extension service				
Salaries	168,539	168,539	165,437	3,102
Fringe benefits	34,339	34,339	32,909	1,430
Operating expenditures	28,400	28,400	18,318	10,082
Other services and charges	13,500	15,000	15,050	(50)
Capital outlay	-	15,882	15,882	-
Total extension service	<u>244,778</u>	<u>262,160</u>	<u>247,596</u>	<u>14,564</u>
Parks and recreation				
Salaries	35,930	35,930	35,930	-
Fringe benefits	12,161	12,161	12,017	144
Total parks and recreation	<u>48,091</u>	<u>48,091</u>	<u>47,947</u>	<u>144</u>
Total culture and recreation	<u>292,869</u>	<u>310,251</u>	<u>295,543</u>	<u>14,708</u>
Total expenditures	<u>34,209,120</u>	<u>34,319,935</u>	<u>33,105,090</u>	<u>1,214,845</u>
Excess (deficiency) of revenues over expenditures	<u>1,734,720</u>	<u>1,938,440</u>	<u>5,133,432</u>	<u>3,194,992</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	5,000	5,000	11,088	6,088
Transfers in	41,800	45,216	45,216	-
Transfers out	<u>(1,787,620)</u>	<u>(1,994,756)</u>	<u>(1,656,153)</u>	<u>338,603</u>
Total other financing sources (uses)	<u>(1,740,820)</u>	<u>(1,944,540)</u>	<u>(1,599,849)</u>	<u>344,691</u>
Change in fund balance	(6,100)	(6,100)	3,533,583	3,539,683
Fund balance, January 1	<u>13,394,401</u>	<u>13,394,401</u>	<u>13,394,401</u>	<u>-</u>
Fund balance, December 31	<u>\$ 13,388,301</u>	<u>\$ 13,388,301</u>	<u>\$ 16,927,984</u>	<u>\$ 3,539,683</u>

(concluded)

NONMAJOR SPECIAL REVENUE FUNDS

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE PRECINCT NO. 1**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**BUDGET AND ACTUAL - STATUTORY BASIS**For the year ended December 31, 2014*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 868,507	\$ 873,637	\$ -	\$ 873,637
Delinquent taxes	12,000	17,029	(410)	17,439
Penalty and interest	7,000	8,013	3	8,010
Intergovernmental				
Vehicle license fees	113,200	113,276	-	113,276
Additional license fees	229,100	245,239	(3,985)	249,224
Permits	30,200	46,637	-	46,637
Investment income				
Interest	3,000	3,885	-	3,885
Miscellaneous	63,450	66,017	-	66,017
Total revenues	<u>1,326,457</u>	<u>1,373,733</u>	<u>(4,392)</u>	<u>1,378,125</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	579,990	557,229	(1,868)	559,097
Fringe benefits	168,071	163,818	(731)	164,549
Operating expenditures	630,567	598,214	6,012	592,202
Other services and charges	368	196	-	196
Capital outlay	287,607	288,032	-	288,032
Debt service	53,842	53,771	-	53,771
Total expenditures	<u>1,720,445</u>	<u>1,661,260</u>	<u>3,413</u>	<u>1,657,847</u>
Excess (deficiency) of revenues over expenditures	<u>(393,988)</u>	<u>(287,527)</u>	<u>(7,805)</u>	<u>(279,722)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	245,000	245,425	-	245,425
Transfers in	10,146	10,146	-	10,146
Total other financing sources (uses)	<u>255,146</u>	<u>255,571</u>	<u>-</u>	<u>255,571</u>
Change in fund balance	(138,842)	(31,956)	(7,805)	(24,151)
Fund balance, January 1	<u>417,076</u>	<u>417,076</u>	<u>88,486</u>	<u>328,590</u>
Fund balance, December 31	<u>\$ 278,234</u>	<u>\$ 385,120</u>	<u>\$ 80,681</u>	<u>\$ 304,439</u>

Explanation of differences:

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

COUNTY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**ROAD AND BRIDGE PRECINCT NO. 2**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATUTORY BASIS**For the year ended December 31, 2014*

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 817,419	\$ 822,247	\$ -	\$ 822,247
Delinquent taxes	10,000	16,028	(385)	16,413
Penalty and interest	6,000	7,543	3	7,540
Intergovernmental				
Vehicle license fees	110,000	113,276	-	113,276
Additional license fees	220,000	230,813	(3,751)	234,564
Permits	24,647	45,017	(1)	45,018
Investment income				
Interest	4,000	6,300	-	6,300
Miscellaneous	100	788	-	788
Total revenues	<u>1,192,166</u>	<u>1,242,012</u>	<u>(4,134)</u>	<u>1,246,146</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	458,835	436,667	(1,541)	438,208
Fringe benefits	142,977	126,871	(510)	127,381
Operating expenditures	708,235	635,841	(3,458)	639,299
Other services and charges	15,300	3,401	213	3,188
Capital outlay	118,537	55,814	-	55,814
Total expenditures	<u>1,443,884</u>	<u>1,258,594</u>	<u>(5,296)</u>	<u>1,263,890</u>
Excess (deficiency) of revenues over expenditures	<u>(251,718)</u>	<u>(16,582)</u>	<u>1,162</u>	<u>(17,744)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	662	-	662
Transfers in	-	-	-	-
Transfers out	(3,382)	(3,382)	-	(3,382)
Total other financing sources (uses)	<u>(3,282)</u>	<u>(2,720)</u>	<u>-</u>	<u>(2,720)</u>
Change in fund balance	(255,000)	(19,302)	1,162	(20,464)
Fund balance, January 1	<u>921,336</u>	<u>921,336</u>	<u>189,461</u>	<u>731,875</u>
Fund balance, December 31	<u>\$ 666,336</u>	<u>\$ 902,034</u>	<u>\$ 190,623</u>	<u>\$ 711,411</u>

Explanation of differences:

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

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

ROAD AND BRIDGE PRECINCT NO. 3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATUTORY BASIS

For the year ended December 31, 2014

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 800,389	\$ 805,117	\$ -	\$ 805,117
Delinquent taxes	10,000	15,694	(377)	16,071
Penalty and interest	5,400	7,386	2	7,384
Intergovernmental				
Vehicle license fees	110,000	113,276	-	113,276
Additional license fees	220,000	226,004	(3,673)	229,677
Permits	55,018	74,477	(1)	74,478
Investment income				
Interest	6,000	7,733	-	7,733
Miscellaneous	39,100	42,621	733	41,888
Total revenues	<u>1,245,907</u>	<u>1,292,308</u>	<u>(3,316)</u>	<u>1,295,624</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	545,083	473,012	(3,434)	476,446
Fringe benefits	184,045	154,058	(1,439)	155,497
Operating expenditures	400,049	329,446	1,069	328,377
Other services and charges	2,000	378	-	378
Capital outlay	214,610	199,610	-	199,610
Total expenditures	<u>1,345,787</u>	<u>1,156,504</u>	<u>(3,804)</u>	<u>1,160,308</u>
Excess (deficiency) of revenues over expenditures	<u>(99,880)</u>	<u>135,804</u>	<u>488</u>	<u>135,316</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	100	2,270	-	2,270
Transfers in	-	-	-	-
Transfers out	(3,382)	(3,382)	-	(3,382)
Total other financing sources (uses)	<u>(3,282)</u>	<u>(1,112)</u>	<u>-</u>	<u>(1,112)</u>
Change in fund balance	(103,162)	134,692	488	134,204
Fund balance, January 1	<u>1,095,267</u>	<u>1,095,267</u>	<u>74,024</u>	<u>1,021,243</u>
Fund balance, December 31	<u>\$ 992,105</u>	<u>\$ 1,229,959</u>	<u>\$ 74,512</u>	<u>\$ 1,155,447</u>

Explanation of differences:

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

COUNTY OF VICTORIA, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS****ROAD AND BRIDGE PRECINCT NO. 4****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STATUTORY BASIS**

For the year ended December 31, 2014

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 919,596	\$ 925,027	\$ -	\$ 925,027
Delinquent taxes	12,000	18,030	(434)	18,464
Penalty and interest	7,200	8,485	3	8,482
Intergovernmental				
Vehicle license fees	110,000	113,276	-	113,276
Additional license fees	260,000	259,664	(4,221)	263,885
Permits	29,000	45,017	-	45,017
Investment income				
Interest	3,000	3,593	-	3,593
Miscellaneous	39,100	35,914	(534)	36,448
Total revenues	<u>1,379,896</u>	<u>1,409,006</u>	<u>(5,186)</u>	<u>1,414,192</u>
EXPENDITURES				
Current				
Highways and streets				
Salaries	486,811	483,229	(21)	483,250
Fringe benefits	153,460	148,140	389	147,751
Operating expenditures	904,546	805,945	(5,818)	811,763
Other services and charges	7,984	4,212	-	4,212
Capital outlay	54,535	54,535	-	54,535
Debt service	51,735	51,734	-	51,734
Total expenditures	<u>1,659,071</u>	<u>1,547,795</u>	<u>(5,450)</u>	<u>1,553,245</u>
Excess (deficiency) of revenues over expenditures	<u>(279,175)</u>	<u>(138,789)</u>	<u>264</u>	<u>(139,053)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	12,000	12,069	-	12,069
Transfers out	(3,382)	(3,382)	-	(3,382)
Total other financing sources (uses)	<u>8,618</u>	<u>8,687</u>	<u>-</u>	<u>8,687</u>
Change in fund balance	(270,557)	(130,102)	264	(130,366)
Fund balance, January 1	<u>631,576</u>	<u>631,576</u>	<u>245,583</u>	<u>385,993</u>
Fund balance, December 31	<u>\$ 361,019</u>	<u>\$ 501,474</u>	<u>\$ 245,847</u>	<u>\$ 255,627</u>

Explanation of differences:

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

NONMAJOR DEBT SERVICE FUND

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

COUNTY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUND

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the year ended December 31, 2014

	Final Budget	Actual Amounts Budgetary Basis	Budget to Statutory Differences Over (Under)	Actual Amounts Statutory Basis
REVENUES				
Taxes				
Current taxes	\$ 1,365,515	\$ 1,383,398	\$ -	\$ 1,383,398
Delinquent taxes	35,000	29,797	(663)	30,460
Penalty and interest	15,000	13,676	7	13,669
Investment income				
Interest	3,000	12,561	-	12,561
Miscellaneous	-	10,465	-	10,465
Total revenues	<u>1,418,515</u>	<u>1,449,897</u>	<u>(656)</u>	<u>1,450,553</u>
EXPENDITURES				
Debt service				
Principal retirement	827,385	827,385	-	827,385
Interest and fiscal charges	564,165	564,164	-	564,164
Total expenditures	<u>1,391,550</u>	<u>1,391,549</u>	<u>-</u>	<u>1,391,549</u>
Excess (deficiency) of revenues over expenditures	<u>26,965</u>	<u>58,348</u>	<u>(656)</u>	<u>59,004</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	26,965	58,348	(656)	59,004
Fund balance, January 1	<u>300,378</u>	<u>300,378</u>	<u>(27,419)</u>	<u>327,797</u>
Fund balance, December 31	<u>\$ 327,343</u>	<u>\$ 358,726</u>	<u>\$ (28,075)</u>	<u>\$ 386,801</u>

Explanation of differences:

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

AGENCY FUNDS

Agency Funds are used to account for the monies received and disbursed by the County in the capacity of trustee, custodian, or agent for individuals or other entities.

County Clerk-Trusts Fund - Accounts for monies held by the County Clerk in trust for various minors of the County of Victoria.

Criminal District Attorney Fund - Accounts for the merchants' portion of collections made on "hot" checks.

District Clerk-Trusts Fund - Accounts for monies held by the District Clerk in trust for various minors of the County of Victoria.

Clerk's Special Fund - Accounts for the collection and disbursement of excess fees collected by both the County and District Clerks.

Jail Inmate Trust Fund - Accounts for monies that are held for the benefit of and use by inmates in the County Jail.

Sheriff Special Fund - Records out-of-county cash bonds and various fines and fees collected by the Sheriff's department. These funds are remitted to the State and other entities as appropriate.

State Fees Fund - Accounts for statutory additions to various fines collected by the County. These fees are transferred to the State and the General Fund of the County on a periodic basis.

Justice of the Peace Special Fund - Records the disposition of cash bonds and miscellaneous overpayments. These funds are disbursed according to court orders.

Tax Assessor-Collector Fund - Accounts for the collection of ad valorem taxes, various vehicle taxes, and sales taxes by the County Tax Assessor-Collector. These monies are remitted to other various County funds and the State as collected.

Juvenile Restitution Fund - Records the receipt and disbursement of monies collected from juvenile offenders and paid to owners of damaged property.

Special Services Fund - Records confiscated drug monies prior to their being awarded, by action of the court, to various individuals and/or County departments.

Juvenile Inmate Trust Fund - Accounts for monies that are held for the benefit of and use by inmates in the County Juvenile Detention facility.

CDA State Judiciary Fund - Accounts for funds received from the State Comptroller's Office to provide financial assistance to district attorneys for office expenses, supplies, and personnel.

COUNTY OF VICTORIA, TEXAS*AGENCY FUNDS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**For the year ended December 31, 2014*

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
COUNTY CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 727,471	\$ 741,371	\$ 903,565	\$ 565,277
LIABILITIES				
Accounts payable	\$ 727,471	\$ 741,371	\$ 903,565	\$ 565,277
CRIMINAL DISTRICT ATTORNEY				
ASSETS				
Cash and cash equivalents	\$ 22,861	\$ 290,252	\$ 289,719	\$ 23,394
LIABILITIES				
Accounts payable	\$ 22,861	\$ 290,252	\$ 289,719	\$ 23,394
DISTRICT CLERK-TRUSTS				
ASSETS				
Cash and cash equivalents	\$ 2,301,550	\$ 615,454	\$ 584,096	\$ 2,332,908
LIABILITIES				
Accounts payable	\$ 2,301,550	\$ 615,454	\$ 584,096	\$ 2,332,908
CLERK'S SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 285	\$ 12,881	\$ 13,021	\$ 145
LIABILITIES				
Accounts payable	\$ 285	\$ 12,881	\$ 13,021	\$ 145
JAIL INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 58,535	\$ 888,418	\$ 841,854	\$ 105,099
LIABILITIES				
Accounts payable	\$ 58,535	\$ 888,418	\$ 841,854	\$ 105,099
SHERIFF SPECIAL				
ASSETS				
Cash and cash equivalents	\$ 23,100	\$ 402,371	\$ 424,471	\$ 1,000
LIABILITIES				
Accounts payable	\$ 23,100	\$ 402,371	\$ 424,471	\$ 1,000

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2014

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
STATE FEES				
ASSETS				
Cash and cash equivalents	\$ 195,054	\$ 1,023,207	\$ 1,031,504	\$ 186,757
Other receivables	5,824	8,749	5,824	8,749
Total assets	<u>\$ 200,878</u>	<u>\$ 1,031,956</u>	<u>\$ 1,037,328</u>	<u>\$ 195,506</u>
LIABILITIES				
Accounts payable	<u>\$ 200,878</u>	<u>\$ 1,031,956</u>	<u>\$ 1,037,328</u>	<u>\$ 195,506</u>
JUSTICE OF THE PEACE-SPECIAL				
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,120	\$ 2,120	\$ -
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ 2,120</u>	<u>\$ 2,120</u>	<u>\$ -</u>
TAX ASSESSOR-COLLECTOR				
ASSETS				
Cash and cash equivalents	\$ 7,736,936	\$ 181,512,752	\$ 182,359,636	\$ 6,890,052
Other receivables	86,876	95,283	86,876	95,283
Total assets	<u>\$ 7,823,812</u>	<u>\$ 181,608,035</u>	<u>\$ 182,446,512</u>	<u>\$ 6,985,335</u>
LIABILITIES				
Accounts payable	\$ 18,482	\$ 174,687,599	\$ 174,641,182	64,899
Due to other governments	7,805,330	6,920,436	7,805,330	6,920,436
Total liabilities	<u>\$ 7,823,812</u>	<u>\$ 181,608,035</u>	<u>\$ 182,446,512</u>	<u>\$ 6,985,335</u>
JUVENILE RESTITUTION				
ASSETS				
Cash and cash equivalents	\$ 84	\$ 1,645	\$ 1,544	\$ 185
LIABILITIES				
Accounts payable	<u>\$ 84</u>	<u>\$ 1,645</u>	<u>\$ 1,544</u>	<u>\$ 185</u>
SPECIAL SERVICES				
ASSETS				
Cash and cash equivalents	\$ 114,830	\$ 227,608	\$ 188,890	\$ 153,548
Seized assets	48,100	103,832	73,977	77,955
Total assets	<u>\$ 162,930</u>	<u>\$ 331,440</u>	<u>\$ 262,867</u>	<u>\$ 231,503</u>
LIABILITIES				
Accounts payable	<u>\$ 162,930</u>	<u>\$ 331,440</u>	<u>\$ 262,867</u>	<u>\$ 231,503</u>

(continued)

COUNTY OF VICTORIA, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the year ended December 31, 2014

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
JUVENILE INMATE TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 240	\$ 3,270	\$ 3,108	\$ 402
LIABILITIES				
Accounts payable	\$ 240	\$ 3,270	\$ 3,108	\$ 402
CDA STATE JUDICIARY FUND				
ASSETS				
Due from other governments	\$ 3,249	\$ 3,636	\$ 3,249	\$ 3,636
LIABILITIES				
Accounts payable	\$ 3,249	\$ 3,636	\$ 3,249	\$ 3,636
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 11,180,947	\$ 185,721,349	\$ 186,643,528	\$ 10,258,768
Other receivables	92,700	104,032	92,700	104,032
Due from other governments	3,249	3,636	3,249	3,636
Seized assets	48,100	103,832	73,977	77,955
Total assets	\$ 11,324,996	\$ 185,932,849	\$ 186,813,454	\$ 10,444,391
LIABILITIES				
Accounts payable	\$ 3,519,666	\$ 179,012,413	\$ 179,008,124	\$ 3,523,955
Due to other governments	7,805,330	6,920,436	7,805,330	6,920,436
Total liabilities	\$ 11,324,996	\$ 185,932,849	\$ 186,813,454	\$ 10,444,391

(concluded)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time	127
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property tax and sales tax revenues.....	138
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future	151
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments	157
Operating Information	
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.....	159

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 14,019,641	\$ 13,930,982	\$ 14,451,437	\$ 16,490,648
Restricted	727,782	713,370	354,100	484,274
Unrestricted	<u>10,092,763</u>	<u>13,929,933</u>	<u>17,001,719</u>	<u>12,797,072</u>
Total governmental activities net position	<u>\$ 24,840,186</u>	<u>\$ 28,574,285</u>	<u>\$ 31,807,256</u>	<u>\$ 29,771,994</u>
Business-type activities				
Net investment in capital assets	\$ 8,662,029	\$ 9,540,853	\$ 9,881,812	\$ 9,991,881
Unrestricted	<u>(15,726)</u>	<u>(127,521)</u>	<u>56,927</u>	<u>155,922</u>
Total business-type activities net position	<u>\$ 8,646,303</u>	<u>\$ 9,413,332</u>	<u>\$ 9,938,739</u>	<u>\$ 10,147,803</u>
Primary Government				
Net investment in capital assets	\$ 22,681,670	\$ 23,471,835	\$ 24,333,249	\$ 26,482,529
Restricted	727,782	713,370	354,100	484,274
Unrestricted	<u>10,077,037</u>	<u>13,802,412</u>	<u>17,058,646</u>	<u>12,952,994</u>
Total primary government net position	<u>\$ 33,486,489</u>	<u>\$ 37,987,617</u>	<u>\$ 41,745,995</u>	<u>\$ 39,919,797</u>

(1) Accrual basis of accounting

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 18,800,745	\$ 13,801,455	\$ 16,692,542	\$ 17,634,287	\$ 19,331,396	\$ 19,248,568
479,495	478,249	688,673	1,735,505	1,911,393	1,818,838
<u>8,952,624</u>	<u>10,419,290</u>	<u>10,692,960</u>	<u>13,988,896</u>	<u>16,544,281</u>	<u>20,591,811</u>
<u>\$ 28,232,864</u>	<u>\$ 24,698,994</u>	<u>\$ 28,074,175</u>	<u>\$ 33,358,688</u>	<u>\$ 37,787,070</u>	<u>\$ 41,659,217</u>
\$ 10,069,793	\$ 9,572,959	\$ 9,245,449	\$ 8,841,867	\$ 8,625,363	\$ 8,436,735
155,866	48,710	(208,163)	(527,598)	(1,247,508)	(1,359,561)
<u>\$ 10,225,659</u>	<u>\$ 9,621,669</u>	<u>\$ 9,037,286</u>	<u>\$ 8,314,269</u>	<u>\$ 7,377,855</u>	<u>\$ 7,077,174</u>
\$ 28,870,538	\$ 23,374,414	\$ 25,937,991	\$ 26,476,154	\$ 27,956,759	\$ 27,685,303
479,495	478,249	688,673	1,735,505	1,911,393	1,818,838
<u>9,108,490</u>	<u>10,468,000</u>	<u>10,484,797</u>	<u>13,651,402</u>	<u>15,296,773</u>	<u>19,232,250</u>
<u>\$ 38,458,523</u>	<u>\$ 34,320,663</u>	<u>\$ 37,111,461</u>	<u>\$ 41,863,061</u>	<u>\$ 45,164,925</u>	<u>\$ 48,736,391</u>

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

Last ten fiscal years

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Expenses				
General government	\$ 14,149,101	\$ 14,575,456	\$ 15,640,516	\$ 19,234,562
Public safety	9,929,954	10,942,218	11,518,191	14,741,608
Streets and highways	4,232,306	4,244,523	3,804,550	4,400,102
Culture and recreation	1,293,663	1,340,356	1,504,003	465,943
Public health	3,653,066	3,860,870	4,157,317	4,294,718
Interest on long-term debt	430,889	390,875	398,919	304,359
Total expenses	<u>33,688,979</u>	<u>35,354,298</u>	<u>37,023,496</u>	<u>43,441,292</u>
Program revenues				
Charges for services				
General government	4,589,676	5,295,474	5,123,021	5,145,235
Public safety	3,401,404	3,493,283	2,303,680	2,457,863
Streets and highways	1,750,489	1,744,465	1,771,764	1,739,696
Public health	375,485	444,626	648,392	668,449
Operating grants and contributions	3,227,144	3,410,606	3,868,765	4,782,081
Capital grants and contributions	695,671	7,584	61,764	-
Total program revenues	<u>14,039,869</u>	<u>14,396,038</u>	<u>13,777,386</u>	<u>14,793,324</u>
Total governmental activities net program (expense) revenue	(19,649,110)	(20,958,260)	(23,246,110)	(28,647,968)
General revenues and other changes in net position				
Taxes				
Property taxes	15,180,030	15,637,488	16,774,618	17,808,933
Sales taxes	6,005,658	7,153,556	7,371,870	7,813,529
Other taxes	215,784	216,996	228,363	210,783
Grants and contributions not restricted to specific programs	124,118	232,154	328,962	365,459
Unrestricted investment earnings	585,776	1,029,000	1,215,536	507,091
Gain (loss) on disposition of capital assets	235,488	84,566	-	-
Miscellaneous	463,016	365,664	410,217	379,770
Transfers	(130,000)	(130,000)	(648,126)	(472,859)
Special item - interlocal commitment	-	-	-	-
Total general revenues and other changes in net position	<u>22,679,870</u>	<u>24,589,424</u>	<u>25,681,440</u>	<u>26,612,706</u>
Total governmental activities change in net position	<u>\$ 3,030,760</u>	<u>\$ 3,631,164</u>	<u>\$ 2,435,330</u>	<u>\$ (2,035,262)</u>

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 17,845,546	\$ 16,605,275	\$ 15,620,851	\$ 17,725,415	\$ 17,741,218	\$ 19,041,903
15,751,805	19,400,560	15,289,156	16,249,363	19,116,258	19,021,706
4,220,057	4,606,913	4,435,115	4,196,422	4,368,635	6,098,697
462,762	356,884	257,880	301,527	295,945	332,869
4,319,623	4,222,958	3,650,720	3,747,650	3,377,214	3,551,753
239,157	329,593	504,255	352,616	446,849	785,052
<u>42,838,950</u>	<u>45,522,183</u>	<u>39,757,977</u>	<u>42,572,993</u>	<u>45,346,119</u>	<u>48,831,980</u>
5,280,919	4,986,776	4,639,764	5,709,483	5,733,156	5,648,982
2,066,881	1,967,771	2,216,737	2,263,926	2,254,543	2,547,897
1,586,389	1,454,744	1,506,282	1,600,498	1,597,198	1,641,604
828,916	806,273	843,562	712,155	533,399	570,998
4,159,006	4,892,681	4,894,311	4,461,065	5,183,741	4,651,866
769,421	376,900	951,625	697,792	228,422	398,800
<u>14,691,532</u>	<u>14,485,145</u>	<u>15,052,281</u>	<u>15,444,919</u>	<u>15,530,459</u>	<u>15,460,147</u>
(28,147,418)	(31,037,038)	(24,705,696)	(27,128,074)	(29,815,660)	(33,371,833)
19,199,929	19,632,861	19,323,241	20,738,029	21,984,214	23,817,161
6,620,902	7,523,254	10,028,625	10,984,845	10,815,601	11,824,484
223,178	215,614	224,920	235,893	251,853	295,983
200,591	53,401	352,549	139,310	252,374	730,719
166,674	101,623	119,708	114,897	132,066	174,003
-	-	-	-	-	-
606,628	416,368	636,498	388,862	807,934	657,416
(409,614)	(439,953)	(11,113)	-	-	(255,786)
<u>-</u>	<u>-</u>	<u>(2,616,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,608,288</u>	<u>27,503,168</u>	<u>28,057,982</u>	<u>32,601,836</u>	<u>34,244,042</u>	<u>37,243,980</u>
\$ <u>(1,539,130)</u>	\$ <u>(3,533,870)</u>	\$ <u>3,352,286</u>	\$ <u>5,473,762</u>	\$ <u>4,428,382</u>	\$ <u>3,872,147</u>

(continued)

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

	Fiscal Year			
	2005	2006	2007	2008
Business-type activities				
Expenses				
Airport	\$ 2,301,212	\$ 2,603,568	\$ 2,874,801	\$ 3,678,423
Navarro Project	481,568	512,537	576,777	583,104
Commisary	73,431	103,240	104,128	117,250
Total expenses	<u>2,856,211</u>	<u>3,219,345</u>	<u>3,555,706</u>	<u>4,378,777</u>
Program revenues				
Charges for services				
Airport	1,559,650	1,634,860	1,685,134	2,604,426
Navarro Project	535,960	543,917	547,157	512,461
Commisary	81,269	88,106	90,917	94,666
Operating grants and contributions	-	80,000	7,494	27,152
Capital grants and contributions	1,773,311	1,483,028	1,080,710	865,997
Total program revenues	<u>3,950,190</u>	<u>3,829,911</u>	<u>3,411,412</u>	<u>4,104,702</u>
Total business-type activities net program (expense) revenue	1,093,979	610,566	(144,294)	(274,075)
General revenues and other changes in net position				
Unrestricted investment earnings	23,499	28,702	17,659	10,280
Gain (loss) on disposition of capital assets	-	(2,239)	-	-
Miscellaneous	-	-	3,916	-
Transfers	130,000	130,000	648,126	472,859
Total general revenues and other changes in net position	<u>153,499</u>	<u>156,463</u>	<u>669,701</u>	<u>483,139</u>
Total business-type activities change in net position	<u>\$ 1,247,478</u>	<u>\$ 767,029</u>	<u>\$ 525,407</u>	<u>\$ 209,064</u>
Total primary government change in net position	<u>\$ 4,278,238</u>	<u>\$ 4,398,193</u>	<u>\$ 2,960,737</u>	<u>\$ (1,826,198)</u>

(1) Accrual basis of accounting

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,950,244	\$ 3,503,128	\$ 3,737,407	\$ 3,822,529	\$ 3,806,501	\$ 4,722,858
608,712	583,222	579,775	617,933	694,360	591,031
92,737	95,089	101,378	143,356	120,418	129,621
<u>3,651,693</u>	<u>4,181,439</u>	<u>4,418,560</u>	<u>4,583,818</u>	<u>4,621,279</u>	<u>5,443,510</u>
1,860,584	2,324,719	2,932,268	3,009,756	2,879,260	3,645,290
528,143	538,088	544,203	545,557	551,150	535,511
98,235	88,605	152,934	156,172	149,222	162,251
6,522	-	42,190	33,694	95,859	91,031
825,097	185,325	148,968	142,087	8,950	440,400
<u>3,318,581</u>	<u>3,136,737</u>	<u>3,820,563</u>	<u>3,887,266</u>	<u>3,684,441</u>	<u>4,874,483</u>
(333,112)	(1,044,702)	(597,997)	(696,552)	(936,838)	(569,027)
1,354	759	417	385	424	848
-	-	-	-	-	-
-	-	-	-	-	11,712
<u>409,614</u>	<u>439,953</u>	<u>11,113</u>	<u>-</u>	<u>-</u>	<u>255,786</u>
<u>410,968</u>	<u>440,712</u>	<u>11,530</u>	<u>385</u>	<u>424</u>	<u>268,346</u>
\$ <u>77,856</u>	\$ <u>(603,990)</u>	\$ <u>(586,467)</u>	\$ <u>(696,167)</u>	\$ <u>(936,414)</u>	\$ <u>(300,681)</u>
\$ <u>(1,461,274)</u>	\$ <u>(4,137,860)</u>	\$ <u>2,765,819</u>	\$ <u>4,777,595</u>	\$ <u>3,491,968</u>	\$ <u>3,571,466</u>

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable				
Advance to other funds	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Reserved				
Advances	362,219	362,219	211,766	120,690
Adult Probation	24,513	26,882	15,767	17,149
Prepaid items	-	275,913	8,794	-
Unreserved	<u>8,139,621</u>	<u>11,273,877</u>	<u>12,267,877</u>	<u>8,230,983</u>
Total general fund	<u>\$ 8,526,353</u>	<u>\$ 11,938,891</u>	<u>\$ 12,504,204</u>	<u>\$ 8,368,822</u>
All Other Governmental Funds				
Restricted				
Various capital projects	\$ -	\$ -	\$ -	\$ -
Road & bridge	-	-	-	-
Juvenile probation services	-	-	-	-
County/District Clerks	-	-	-	-
Public safety	-	-	-	-
Public health	-	-	-	-
Courthouse security	-	-	-	-
Retirement of long-term debt	-	-	-	-
Various government costs	-	-	-	-
Unassigned				
Unreserved, reported in				
Special revenue funds	2,460,438	2,303,054	2,992,795	2,671,741
Capital project funds	304,760	-	-	-
Debt service funds	<u>252,772</u>	<u>126,807</u>	<u>117,545</u>	<u>204,365</u>
Total all other governmental funds	<u>\$ 3,017,970</u>	<u>\$ 2,429,861</u>	<u>\$ 3,110,340</u>	<u>\$ 2,876,106</u>

(1) Modified accrual basis of accounting

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

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ 544,545	\$ 626,131	\$ 1,326,036	\$ 1,572,545
-	-	8,663,446	11,665,011	13,182,983	16,507,993
50,848	110,132	-	-	-	-
8,675	10,959	-	-	-	-
-	-	-	-	-	-
3,965,140	5,375,150	-	-	-	-
<u>\$ 4,024,663</u>	<u>\$ 5,496,241</u>	<u>\$ 9,207,991</u>	<u>\$ 12,291,142</u>	<u>\$ 14,509,019</u>	<u>\$ 18,080,538</u>
\$ -	\$ -	\$ 284,958	\$ -	\$ -	\$ 4,360,037
-	-	1,445,816	1,873,342	2,467,701	2,426,924
-	-	64,638	77,290	23,356	-
-	-	94,637	96,009	132,837	194,097
-	-	405,272	890,226	1,065,973	763,363
-	-	51,866	131,961	219,820	1,840
-	-	41,832	49,861	64,808	71,465
-	-	459,542	364,138	327,797	386,801
-	-	106,673	121,785	64,145	87,013
-	-	(494,655)	(2,363)	(5,054)	-
2,686,483	2,320,819	-	-	-	-
-	867,511	-	-	-	-
272,958	427,767	-	-	-	-
<u>\$ 2,959,441</u>	<u>\$ 3,616,097</u>	<u>\$ 2,460,579</u>	<u>\$ 3,602,249</u>	<u>\$ 4,361,383</u>	<u>\$ 8,291,540</u>

COUNTY OF VICTORIA, TEXAS**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)**

Last ten fiscal years

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 21,232,178	\$ 23,030,801	\$ 24,218,139	\$ 25,882,890
Fees of office and user fees	2,472,287	2,820,340	2,867,161	2,755,103
Intergovernmental	9,830,274	9,432,658	8,985,485	10,490,501
Fines and forfeitures	1,463,626	1,589,568	1,742,243	1,422,624
Investment income	585,742	1,028,984	1,213,768	507,091
Licenses and permits	33,524	37,074	33,967	38,501
Contributions	16,085	13,389	11,510	25,565
Miscellaneous	867,932	811,325	882,228	843,912
Total revenues	<u>36,501,648</u>	<u>38,764,139</u>	<u>39,954,501</u>	<u>41,966,187</u>
Expenditures				
Current				
General government	14,278,131	14,921,068	15,770,505	19,430,296
Public safety	9,283,373	10,682,752	11,406,589	14,020,458
Highways and streets	4,337,766	4,327,674	4,048,835	4,713,221
Culture and recreation	1,241,058	1,298,407	1,460,636	418,550
Public health	3,712,723	3,903,367	4,152,679	4,294,492
Capital outlay	643,352	155,250	94,590	734,192
Debt service				
Principal retirement	1,225,000	1,265,000	1,300,000	1,360,000
Interest and fiscal charges	417,093	377,923	337,967	293,390
Bond issue costs	-	-	-	-
Total expenditures	<u>35,138,496</u>	<u>36,931,441</u>	<u>38,571,801</u>	<u>45,264,599</u>
Excess (deficiency) of revenues over expenditures	1,363,152	1,832,698	1,382,700	(3,298,412)
Other financing sources (uses)				
Payment to escrow	-	-	-	-
Capital lease proceeds	-	1,493,422	446,095	105,324
Sales of assets	303,975	103,309	65,123	46,331
Transfers in	2,091,364	1,976,294	2,260,283	1,960,363
Transfers out	(2,325,364)	(2,581,294)	(2,908,409)	(3,183,222)
Debt Issued	-	-	-	-
Bond proceeds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
Total other financing sources (uses)	<u>69,975</u>	<u>991,731</u>	<u>(136,908)</u>	<u>(1,071,204)</u>
Change in fund balances	<u>\$ 1,433,127</u>	<u>\$ 2,824,429</u>	<u>\$ 1,245,792</u>	<u>\$ (4,369,616)</u>
Debt service as a percentage of noncapital expenditures	<u>4.88%</u>	<u>4.67%</u>	<u>4.46%</u>	<u>3.81%</u>

(1) Modified accrual basis of accounting

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 26,161,569	\$ 27,320,324	\$ 29,991,355	\$ 31,798,763	\$ 33,045,330	\$ 35,908,161
2,978,655	2,832,777	2,790,150	2,920,101	3,131,284	3,401,611
8,954,716	9,307,493	10,179,382	9,591,479	10,316,613	9,875,293
1,415,132	1,346,014	1,532,844	2,013,009	1,689,188	1,391,031
166,674	101,623	117,724	112,268	131,320	173,458
53,966	45,907	53,464	43,709	63,155	40,431
5,350	1,568	301,344	93,459	203,984	684,669
876,511	812,004	1,043,917	1,137,283	941,132	951,545
<u>40,612,573</u>	<u>41,767,710</u>	<u>46,010,180</u>	<u>47,710,071</u>	<u>49,522,006</u>	<u>52,426,199</u>
17,629,258	16,423,517	15,685,961	17,145,686	18,394,052	18,669,404
15,306,966	19,620,535	15,657,442	16,258,277	18,357,375	18,310,906
4,228,163	4,450,977	4,764,971	4,164,237	4,590,343	6,168,092
389,558	287,088	216,113	247,849	295,557	297,340
4,289,732	4,231,648	3,597,910	3,690,149	3,349,696	3,494,559
175,844	754,460	2,296,901	342,427	228,422	2,948,623
1,405,000	840,000	1,115,000	1,275,000	1,300,000	827,385
244,250	149,083	524,982	369,700	343,950	564,164
-	226,361	-	-	-	136,030
<u>43,668,771</u>	<u>46,983,669</u>	<u>43,859,280</u>	<u>43,493,325</u>	<u>46,859,395</u>	<u>51,416,503</u>
(3,056,198)	(5,215,959)	2,150,900	4,216,746	2,662,611	1,009,696
-	(3,871,647)	-	-	-	-
282,872	-	197,699	-	235,085	245,425
122,116	28,044	207,633	88,609	79,315	26,044
2,437,560	4,663,724	1,711,506	1,789,111	1,607,146	1,659,234
(4,047,174)	(6,069,165)	(1,711,506)	(1,789,111)	(1,607,146)	(2,074,753)
-	12,330,000	-	-	-	-
-	-	-	-	-	6,340,000
-	312,734	-	-	-	296,030
-	(49,497)	-	-	-	-
<u>(1,204,626)</u>	<u>7,344,193</u>	<u>405,332</u>	<u>88,609</u>	<u>314,400</u>	<u>6,491,980</u>
\$ <u>(4,260,824)</u>	\$ <u>2,128,234</u>	\$ <u>2,556,232</u>	\$ <u>4,305,355</u>	\$ <u>2,977,011</u>	\$ <u>7,501,676</u>
<u>3.88%</u>	<u>2.25%</u>	<u>4.13%</u>	<u>3.97%</u>	<u>3.74%</u>	<u>3.22%</u>

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

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Total</u>
2005	\$ 15,099,157	\$ 199,308	\$ 6,005,659	\$ 21,304,124
2006	15,676,262	200,983	7,153,556	23,030,801
2007	16,671,552	174,717	7,371,870	24,218,139
2008	17,862,422	206,939	7,813,529	25,882,890
2009	19,291,055	249,612	6,620,902	26,161,569
2010	19,557,729	239,340	7,523,254	27,320,323
2011	19,724,908	237,820	10,028,625	29,991,353
2012	20,596,342	217,575	10,984,845	31,798,762
2013	22,010,672	219,058	10,815,601	33,045,331
2014	23,857,090	226,586	11,824,484	35,908,160
Change 2005-2014	58.00%	13.69%	96.89%	68.55%

(1) Fiscal year 2005 through 2014 revenues are reported on the modified accrual basis of accounting.

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

COUNTY OF VICTORIA, TEXAS*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2005	2004	\$ 1,782,811,934	\$ 1,237,970,296	\$ 335,934,884	\$ 1,035,824,147	\$ 132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040
2014	2013	3,170,347,590	1,728,672,403	1,024,696,569	2,027,623,445	135,934,520

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

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

SOURCE: Victoria County Tax Assessor/Collector

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 812,709,653	\$ 3,711,965,388	\$ 0.3536	\$ 3,711,965,388	100.00%
806,522,045	3,960,206,494	0.3486	3,960,206,494	100.00%
1,261,388,725	4,250,272,719	0.3436	4,250,272,719	100.00%
1,313,651,006	4,589,870,585	0.3436	4,589,870,585	100.00%
1,301,579,120	5,008,901,871	0.3436	5,008,901,871	100.00%
1,338,712,521	5,055,702,048	0.3436	5,055,702,048	100.00%
1,561,725,565	5,063,721,455	0.3436	5,063,721,455	100.00%
1,493,386,391	5,260,689,632	0.3436	5,260,689,632	100.00%
1,648,335,879	5,692,240,287	0.3436	5,692,240,287	100.00%
1,901,616,018	6,185,658,509	0.3386	6,185,658,509	100.00%

COUNTY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2005	2004	\$ 1,782,811,934	\$ 1,237,970,296	\$ 335,934,884	\$ 1,035,824,147	\$132,133,780
2006	2005	1,905,321,796	1,209,303,582	337,207,302	1,156,136,179	158,759,680
2007	2006	2,140,430,476	1,216,832,909	749,798,431	1,170,881,088	233,718,540
2008	2007	2,362,393,502	1,270,200,090	779,593,229	1,318,729,750	172,605,020
2009	2008	2,524,604,662	1,397,333,856	775,855,861	1,426,409,672	186,276,940
2010	2009	2,672,374,133	1,409,893,204	773,445,972	1,382,528,650	156,172,610
2011	2010	2,722,543,268	1,409,410,407	984,885,239	1,367,910,416	140,697,690
2012	2011	2,752,838,752	1,438,589,864	969,349,009	1,495,456,938	97,841,460
2013	2012	2,846,628,023	1,590,038,450	997,344,339	1,786,396,314	120,169,040
2014	2013	3,170,347,590	1,728,672,403	1,024,696,569	2,027,623,445	135,934,520

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

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

SOURCE: Victoria County Tax Assessor/Collector

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 926,295,902	\$ 3,598,379,139	\$ 0.0450	\$ 3,598,379,139	100.00%
924,708,177	3,842,020,362	0.0500	3,842,020,362	100.00%
1,379,896,539	4,131,764,905	0.0550	4,131,764,905	100.00%
1,437,997,578	4,465,524,013	0.0550	4,465,524,013	100.00%
1,431,114,690	4,879,366,301	0.0550	4,879,366,301	100.00%
1,469,496,100	4,924,918,469	0.0550	4,924,918,469	100.00%
1,685,999,800	4,939,447,220	0.0550	4,939,447,220	100.00%
1,615,648,723	5,138,427,300	0.0550	5,138,427,300	100.00%
1,768,247,625	5,572,328,541	0.0550	5,572,328,541	100.00%
2,018,035,538	6,069,238,989	0.0600	6,069,238,989	100.00%

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

Fiscal Year	County Direct Rates				Overlapping Rates				
	Debt Service	General Fund	Road & Bridge Fund	Total	City of Victoria	Navigation District	Victoria Junior College	Victoria I.S.D.	Bloomington I.S.D.
2005	\$ 0.0435	\$ 0.3101	\$ 0.0450	\$ 0.3986	\$ 0.6900	\$ 0.0386	\$ 0.1461	\$ 1.5535	\$ 1.6433
2006	0.0368	0.3118	0.0500	0.3986	0.6900	0.0369	0.1416	1.5535	1.6433
2007	0.0379	0.3057	0.0550	0.3986	0.6900	0.0335	0.1416	1.4285	1.4913
2008	0.0380	0.3056	0.0550	0.3986	0.6750	0.0317	0.1445	1.2337	1.2101
2009	0.0349	0.3087	0.0550	0.3986	0.6500	0.0314	0.1445	1.3094	1.2101
2010	0.0228	0.3208	0.0550	0.3986	0.6450	0.0306	0.1534	1.3227	1.5150
2011	0.0328	0.3108	0.0550	0.3986	0.6500	0.0304	0.1531	1.3226	1.5150
2012	0.0295	0.3141	0.0550	0.3986	0.6450	0.0296	0.1606	1.3226	1.5150
2013	0.0287	0.3149	0.0550	0.3986	0.6056	0.0285	0.1606	1.3090	1.5150
2014	0.0235	0.3151	0.0600	0.3986	0.5996	0.0277	0.1823	1.2896	1.5150

SOURCE: Victoria County Appraisal District

Overlapping Rates

Industrial I.S.D.	Nursery I.S.D.	McFaddin I.S.D.	W.C.I.D #1	W.C.I.D #2	V.C.D.D. #2	V.C.D.D. #3	Ground Water District	Quail Creek M.U.D.	Total
\$ 1.7361	\$ 1.0250	\$ 1.4500	\$ 0.6162	\$ 0.9911	\$ 0.1247	\$ 0.0477	\$ -	\$ 0.1896	\$ 10.2519
1.5893	1.3700	1.4600	0.4947	0.9016	0.1240	0.0460	-	0.1840	10.2349
1.3600	1.2540	1.4395	0.4687	0.9391	0.1120	0.0461	0.0100	0.1777	9.5920
1.3234	1.1565	1.1875	0.6772	0.8757	0.1131	0.0427	0.0100	0.1749	8.8560
1.3770	1.1055	1.1650	0.7246	1.0529	0.1116	0.0398	0.0100	0.1768	9.1086
1.3725	1.1055	1.1725	0.7246	1.1000	0.1180	0.0382	0.00995	0.1768	9.4848
1.3433	1.1000	1.1575	0.7246	1.1051	0.1180	0.0381	0.00946	0.1844	9.4515
1.3119	1.1000	1.1750	0.7394	1.0621	0.1226	0.0360	0.00915	0.1800	9.4090
1.2610	1.1000	1.1470	0.7394	1.0700	0.1174	0.0337	0.00915	0.1800	9.2764
1.2400	1.1000	1.1550	0.7217	1.0700	0.1162	0.0307	0.00878	0.3494	9.4060

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

2014		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista S A R L	\$ 197,198,440	3.58%
South Texas Electric Coop Inc	88,092,310	1.60%
Pioneer Natural Resources	68,580,000	1.24%
AEP Texas Central Co	43,519,320	0.79%
E I Dupont De Nemours	40,172,320	0.73%
Invista S A R L	39,977,740	0.73%
Victoria WLE LP	39,533,798	0.72%
Union Pacific Railroad CO	36,542,540	0.66%
EES Leasing LLC	32,067,830	0.58%
Integrated Production Serv	29,430,890	0.53%
	<u>\$ 615,115,188</u>	<u>11.16%</u>

2005		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Taxable Assessed Valuation
Invista	\$ 529,755,990	11.71%
Equistar Chemicals LP	45,430,835	1.00%
AEP Texas Central Co	51,986,940	1.15%
Air Liquide America Corp.	35,160,810	0.78%
Southwestern Bell Telephone Company	32,589,220	0.72%
H S Victoria, LP	26,725,860	0.59%
Carlisle Plastics, Inc	24,807,940	0.55%
Victoria Hospital, LLC	20,784,630	0.46%
Union Gas Operating Co.	16,452,550	0.36%
H E Butt Grocery Company	15,496,300	0.34%
	<u>\$ 799,191,075</u>	<u>17.66%</u>

SOURCE: Victoria County Tax Assessor/Collector

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

<u>Fiscal Year</u>	Taxes Levied for the Fiscal Year (Original Levy)	<u>Adjustments</u>	Total <u>Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ 13,128,311	\$ 293,542	\$ 13,421,853	\$ 13,134,288	97.86%
2006	13,807,127	(69,838)	13,737,289	13,471,286	98.06%
2007	14,548,615	(49,062)	14,499,553	14,199,891	97.93%
2008	15,579,099	(40,217)	15,538,882	15,213,071	97.90%
2009	16,908,347	(68,191)	16,840,156	16,440,126	97.62%
2010	17,002,193	(23,581)	16,978,612	16,574,735	97.62%
2011	16,992,274	(8,598)	16,983,676	16,670,742	98.16%
2012	17,727,309	110,888	17,838,197	17,564,074	98.46%
2013	19,201,207	27,357	19,228,564	18,781,169	97.67%
2014	20,449,268	47,279	20,496,547	20,044,953	97.80%

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

SOURCE: Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 254,978	\$ 13,389,266	99.76%
233,816	13,705,102	99.77%
263,444	14,463,335	99.75%
279,631	15,492,702	99.70%
354,556	16,794,682	99.73%
342,628	16,917,363	99.64%
248,627	16,919,369	99.62%
195,480	17,759,554	99.56%
184,135	18,965,304	98.63%
63,996	20,108,949	98.11%

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

<u>Fiscal Year</u>	Taxes Levied for the Fiscal Year (Original Levy)	<u>Adjustments</u>	Total <u>Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2005	\$ 1,619,739	\$ 34,839	\$ 1,654,578	\$ 1,620,549	97.94%
2006	1,921,399	(10,937)	1,910,462	1,875,102	98.15%
2007	2,245,643	(8,130)	2,237,513	2,192,993	98.01%
2008	2,407,502	(9,521)	2,397,981	2,348,887	97.95%
2009	2,619,091	(11,872)	2,607,219	2,549,796	97.80%
2010	2,634,083	(1,743)	2,632,340	2,571,251	97.68%
2011	2,636,862	(1,398)	2,635,464	2,588,470	98.22%
2012	2,756,259	17,860	2,774,119	2,733,005	98.52%
2013	2,994,575	4,709	2,999,284	2,930,182	97.70%
2014	3,512,229	7,734	3,519,963	3,443,695	97.83%

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

SOURCE: Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 29,988	\$ 1,650,537	99.76%
30,890	1,905,992	99.77%
39,034	2,232,027	99.75%
42,078	2,390,965	99.71%
50,611	2,600,407	99.74%
51,930	2,623,181	99.65%
37,446	2,625,916	99.64%
29,413	2,762,418	99.58%
28,247	2,958,429	98.64%
10,799	3,454,494	98.14%

COUNTY OF VICTORIA, TEXAS

SALES TAX REVENUE

Last ten fiscal years

<u>Fiscal Year</u>		<u>Collections</u>
2005	\$	5,883,458
2006		6,918,443
2007		7,179,370
2008		7,584,672
2009		6,664,519
2010		6,975,893
2011		9,179,189
2012		10,662,768
2013		10,127,088
2014		10,721,246

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

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

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

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Total</u>
	<u>County</u>	<u>City of Victoria</u>	<u>State of Texas</u>	
2005	0.50%	1.50%	6.25%	8.25%
2006	0.50%	1.50%	6.25%	8.25%
2007	0.50%	1.50%	6.25%	8.25%
2008	0.50%	1.50%	6.25%	8.25%
2009	0.50%	1.50%	6.25%	8.25%
2010	0.50%	1.50%	6.25%	8.25%
2011	0.50%	1.50%	6.25%	8.25%
2012	0.50%	1.50%	6.25%	8.25%
2013	0.50%	1.50%	6.25%	8.25%
2014	0.50%	1.50%	6.25%	8.25%

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

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

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

Fiscal Year	Governmental Activities					
	Certificates of Obligation	General Obligation Bonds	Less: Issuance Discount	Plus: Issuance Premiums	Capital Leases	Interlocal Commitment
2005	\$ 4,385,000	\$ 5,945,000	\$ -	\$ -	\$ 1,930,790	\$ -
2006	4,060,000	5,005,000	-	-	2,623,678	-
2007	3,720,000	4,045,000	-	-	2,406,274	-
2008	3,370,000	3,035,000	-	-	1,574,094	-
2009	3,005,000	1,995,000	-	-	856,447	-
2010	8,895,000	3,830,000	(47,538)	289,071	356,763	-
2011	8,315,000	3,295,000	(45,063)	259,180	129,359	2,616,446
2012	7,995,000	2,340,000	(42,588)	229,289	65,870	2,616,446
2013	7,670,000	1,365,000	(40,113)	199,398	235,085	2,616,446
2014	13,680,000	925,000	(37,638)	456,904	376,738	2,559,061

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

N/A denotes information not available

<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
<u>Revenue Bonds</u>	<u>Less: Issuance Discount</u>	<u>Capital Leases</u>			
\$ 1,235,000	\$ (3,561)	\$ -	\$ 13,492,229	0.51%	\$ 157.53
1,160,000	(3,252)	-	12,845,426	0.45%	149.03
1,085,000	(2,942)	-	11,253,332	0.37%	130.56
1,005,000	(2,632)	-	8,981,462	0.27%	103.33
920,000	(2,322)	-	6,774,125	0.21%	78.55
830,000	(2,013)	33,250	14,184,533	0.42%	164.49
730,000	(1,703)	5,437	15,303,656	0.41%	174.81
625,000	(1,394)	46,240	13,873,863	0.35%	155.42
-	-	30,216	12,076,032	0.29%	134.14
-	-	16,333	17,976,398	N/A	197.37

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

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Debt Service Funds Available (1)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2005	\$ 10,330,000	\$ 252,772	\$ 10,077,228	0.22%	\$ 117.66
2006	9,065,000	126,807	8,938,193	0.19%	103.70
2007	7,765,000	117,545	7,647,455	0.14%	88.73
2008	6,405,000	204,365	6,200,635	0.11%	71.34
2009	5,000,000	272,958	4,727,042	0.07%	54.82
2010	12,725,000	427,767	12,297,233	0.19%	142.60
2011	11,610,000	459,542	11,150,458	0.17%	127.37
2012	10,335,000	364,138	9,970,862	0.15%	111.69
2013	9,035,000	327,797	8,707,203	0.12%	96.72
2014	14,605,000	386,801	14,218,199	0.18%	156.10

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

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

December 31, 2014

	Net Debt Outstanding		Percentage Applicable To County	Amount Applicable To County
	Date	Amount		
Direct Debt:				
County of Victoria	12/31/2014	<u>\$ 17,573,264</u>	100.00%	<u>\$ 17,573,264</u>
Overlapping Debt:				
City of Victoria	9/30/2014	98,840,964	100.00%	98,840,964
Victoria County Navigation District	12/31/2014	14,313,638	100.00%	14,313,638
Victoria Junior College District	8/31/2014	35,043,851	100.00%	35,043,851
Victoria Independent School District	8/31/2014	152,732,401	100.00%	152,732,401
Industrial Independent School District	8/31/2014	1,555,000	25.46%	395,903
Victoria County Water Control and Improvement District #1	6/30/2013*	3,200,000	100.00%	3,200,000
Victoria County Water Control and Improvement District #2	9/30/2014	<u>548,347</u>	100.00%	<u>548,347</u>
Total Overlapping Debt		<u>306,234,201</u>		<u>305,075,104</u>
Total		<u>\$ 323,807,465</u>		<u>\$ 322,648,368</u>

* Net Debt Outstanding was not available for the Water Control and Improvement District #1 for 6/30/14. Therefore, amount from 6/30/13 was used.

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

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

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 1,131,168,760	\$ 1,191,682,135	\$ 1,377,915,361	\$ 1,475,880,398
Total net debt applicable to limit	<u>10,077,228</u>	<u>8,938,193</u>	<u>7,647,455</u>	<u>6,200,635</u>
Legal debt margin	<u>\$ 1,121,091,532</u>	<u>\$ 1,182,743,942</u>	<u>\$ 1,370,267,906</u>	<u>\$ 1,469,679,763</u>
Total net debt applicable to the limit as a percentage of debt limit	0.89%	0.75%	0.56%	0.42%

Fiscal Year					
2009	2010	2011	2012	2013	2014
1,577,620,248	1,598,603,642	1,656,361,755	1,688,519,006	1,835,144,041	2,021,818,632
<u>4,727,042</u>	<u>12,297,233</u>	<u>11,150,458</u>	<u>9,970,862</u>	<u>8,707,203</u>	<u>14,218,199</u>
<u>\$ 1,572,893,206</u>	<u>\$ 1,586,306,409</u>	<u>\$ 1,645,211,297</u>	<u>\$ 1,678,548,144</u>	<u>\$ 1,826,436,838</u>	<u>\$ 2,007,600,433</u>
0.30%	0.77%	0.67%	0.59%	0.47%	0.70%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 8,087,274,527
Debt limit	2,021,818,632
Debt applicable to limit	
General obligation bonds	14,605,000
Less: Debt Service Fund Balance	<u>386,801</u>
Total amount of debt applicable to debt limit	<u>14,218,199</u>
Legal debt margin	<u>\$ 2,007,600,433</u>

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

<u>Fiscal Year</u>	(1) <u>Population</u>	(2) <u>Personal Income (000's)</u>	(2) <u>Per Capita Personal Income</u>	(3) <u>Unemployment Rate</u>
2005	85,648	\$ 2,656,877	\$ 31,261	5.4%
2006	86,191	2,838,256	33,331	4.1%
2007	86,291	3,026,271	35,121	3.5%
2008	86,916	3,278,989	37,788	3.9%
2009	86,236	3,278,989	37,788	7.1%
2010	86,793	3,349,267	38,151	7.3%
2011	87,545	3,716,460	42,452	6.4%
2012	89,269	3,984,098	44,630	5.5%
2013	90,028	4,234,963	47,041	5.1%
2014	91,081	N/A	N/A	4.2%

NOTE: N/A denotes information not available

SOURCE: (1) Texas Association of Counties & Census Bureau

(2) U.S. Department of Commerce, Bureau of Economic Analysis - Estimates based on Victoria County Area statistical data. Data for 2014 is not yet available.

(3) Texas Workforce Commission & Economic Research

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

<u>Employer</u>	2014	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Formosa Plastics	2,595	5.36%
The Inteplast Group	2,300	4.75%
Victoria Independent School District	2,163	4.47%
Citizens Medical Center	986	2.04%
DeTar Healthcare System	897	1.85%
Alcoa	706	1.46%
Invista	700	1.45%
City of Victoria	613	1.27%
DOW-Seadrift Operations	579	1.20%
Calhoun Independent School District	563	1.16%
	<u>12,102</u>	<u>25.01%</u>

<u>Employer</u>	2005	
	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,215	5.27%
The Inteplast Group	1,700	4.05%
Formosa Plastics	1,500	3.57%
Citizens Medical Center	1,250	2.98%
DeTar Healthcare System	1,004	2.39%
Dow-Seadrift Operations	660	1.57%
Alcoa	630	1.50%
City of Victoria	605	1.44%
Calhoun Independent School District	600	1.43%
Koch-Invista	500	1.19%
	<u>10,664</u>	<u>25.39%</u>

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

SOURCE: Victoria Economic Development Corporation

COUNTY OF VICTORIA, TEXAS**FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last ten fiscal years

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General government				
County Judge	3	3	3	3
Comissioners' court	1	1	1	2
Records management	-	-	1	1
County clerk	16	16	16	16
Veterans' service officer	1	1	1	1
Heritage director	1	1	1	1
County court at law #1	2	2	2	2
County court at law #2	2	2	2	2
District court	10	10	10	11
District clerk	13	14	15	14
Justice of the peace #1	2	2	2	2
Justice of the peace #2	2	2	2	2
Justice of the peace #3	6	5	5	5
Justice of the peace #4	3	3	3	3
Criminal district attorney	20	20	22	22
Election administrator	3	3	3	3
County auditor	8	8	8	8
County treasurer	5	6	5	5
Tax assessor-collector	15	15	15	15
Administrative services	3	4	4	4
Information technology	5	7	7	7
Building maintenance	8	8	8	8
Juvenile detention facility	62	68	68	68
Public safety				
Fire marshal	2	2	2	2
Sheriff	155	176	182	184
Constable #1	1	1	1	1
Constable #2	1	1	1	1
Constable #3	1	1	1	1
Constable #4	1	1	1	1
Culture and recreation				
Parks and recreation	2	2	2	2
Extension service	7	7	7	7
Public health(includes flood/emg mgmt & health dept)	55	56	69	68
Highways and streets	40	40	42	42
Airport	19	19	19	19
Commissary	1	2	2	2
Navarro Project	1	2	3	3
Total	477	511	536	538

NOTES: A full-time employee is scheduled to work 2,080 hours per year (including paid time off).

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

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

Fiscal Year						
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
3	3	3	3	3	3	3
1	1	1	1	1	1	1
2	2	1	2	2	2	2
16	16	16	16	16	15	15
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
11	11	11	11	11	11	11
16	16	14	14	14	14	14
3	3	3	3	3	3	4
3	3	3	3	3	3	3
5	5	4	4	4	4	4
3	3	4	4	4	4	4
23	23	24	25	28	28	28
3	3	3	3	3	3	3
8	8	8	8	8	8	8
5	5	5	5	5	5	4
16	16	16	16	16	16	15
4	4	4	4	4	5	6
7	7	7	7	7	7	8
11	11	11	10	10	10	10
68	68	68	66	67	67	62
6	6	6	7	7	7	8
194	198	198	198	193	193	200
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	1	1	1	1	1	1
7	7	7	6	5	5	5
69	69	60	57	55	55	60
43	43	43	43	43	43	43
15	15	14	14	15	15	15
2	2	2	2	1	1	1
3	3	3	3	3	3	3
<u>559</u>	<u>562</u>	<u>550</u>	<u>546</u>	<u>542</u>	<u>551</u>	

COUNTY OF VICTORIA, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last nine fiscal years

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

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

N/A denotes information not available

Fiscal Year				
2010	2011	2012	2013	2014
2,017	1,972	2,162	2,267	1,984
2,333	1,974	2,038	2,220	1,970
455	491	412	449	393
581	498	416	382	403
102	109	86	67	72
101	120	107	79	96
822	954	1,075	859	1,046
899	896	1,059	896	1,020
2,600	3,836	2,851	3,103	3,411
1,726	3,583	3,211	3,035	2,969
1,080	1,131	1,256	1,293	1,223
10,510	8,704	8,384	8,074	11,350
2,273	1,784	8,340	2,554	3,486
4	2	4	3	5
18,291	17,707	17,932	17,444	18,835
18,030	16,777	17,584	16,737	17,392
86,812	89,937	94,698	97,353	100,034
N/A	6,531	6,153	3,019	2,784
72	38	13	12	215
19	27	19	27	2
12,625	8,424	7,853	7,461	5,841
891	875	1,214	1,089	1,554
3,151	2,041	1,179	-	-
2,378	3,530	4,908	3,342	3,299
271	3	5	24	39
8,085	8,030	8,263	7,952	7,554
-	-	-	4,780	7,478
15	19	20	15	30

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General government				
Buildings	8	9	9	9
Parking lots	3	3	3	3
Public safety				
Sheriff				
Jail	1	1	1	1
Patrol units	51	53	58	61
Fire Marshal				
Stations	1	1	1	1
Fire trucks	3	4	5	4
Highways and streets				
Roads (miles)	590.75	596.13	595.49	595.49
Bridges	90	90	90	90
Landfills	2	2	2	2
Culture and recreation				
Lake (acreage)	95	95	95	95
Boat ramps	2	2	2	2
Extension Office	1	1	1	1
4 H Activity Center	1	1	1	1
Public Health				
Animal Shelter	1	1	1	1
Airport				
T-Hanger	6	6	6	6
Terminal	1	1	1	1
Navarro Lease Project				
Building	1	1	1	1

SOURCES: Various County Departments

Texas Department of Transportation

Fiscal Year						
2009	2010	2011	2012	2013	2014	
8 3	8 3	8 3	8 3	9 3	9 3	
1 68	1 74	1 76	1 89	1 95	1 96	
1 4	1 7	1 7	1 7	1 7	1 7	
599.18 90 3	600.26 90 3	600.26 90 3	600.26 90 3	604.62 90 3	604.62 90 3	
95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	95 2 1 1	
1	1	1	1	1	1	
6 1	6 1	6 1	6 1	6 1	6 1	
1	1	1	1	1	1	



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statutory basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Victoria, Texas (the "County") as of and for the year ended December 31, 2014, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 23 2015. The financial statements of the Victoria County Navigation District were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of or reportable noncompliance associated with the Victoria County Navigation District. Also, our report includes a reference to other auditors who audited the financial statements of the Citizens Medical Center, as described in our report on the County's financial statements. These financial statements were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Harrison, Waldrop & Uherek, LLP

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

June 23, 2015



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Victoria, Texas' (the "County") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2014. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*. Those standards, the OMB Circular A-133, and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harrison, Waldrop & Uherek, LLP

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

June 23, 2015

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2014*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES			
U. S. Department of Transportation			
Alternate Essential Air Service Program	20.901	2014-9-18	\$ 497,223
Total U.S. Department of Transportation			<u>497,223</u>
U. S. Department of Homeland Security			
<i>Passed Through the Transportation Security Administration</i>			
Airport Law Enforcement Personnel Program	97.090	HSTS0213HSLR723	<u>42,865</u>
Total Transportation Security Administration			<u>42,865</u>
<i>Passed Through the Governor's Division of Emergency Management</i>			
Operation Stone Garden	97.067	2011-SS-0019	195,651
Operation Stone Garden	97.067	EMW-2012-SS-00018-S01	70,939
Operation Stone Garden	97.067	EMW-2013-SS-00045	183,541
Hazard Mitigation Grant	97.039	FEMA-1999-007-DR	89,238
Hazard Mitigation Grant	97.039	FEMA-1791-316-DR	370,044
Emergency Management Performance Grant	97.042	14TX-EMPG-605	<u>44,625</u>
Total Governor's Division of Emergency Management			<u>954,038</u>
Total U.S. Department of Homeland Security			<u>996,903</u>
U. S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	441235235	15,123
State Criminal Alien Assistance Program (SCAAP)	16.606	2014-AP-BX-0068	<u>12,125</u>
			<u>27,248</u>
<i>Passed Through the Office of Governor of Texas, Criminal Justice Division</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2013DJBX0873	30,364
Edward Byrne Memorial Justice Assistance Grant	16.738	2014DJBX1051	16,498
Victims Coordinator Liason Grant	16.575	1442771	21,808
Victims Coordinator Liason Grant	16.575	1554120	22,430
Victims Coordinator Liason Grant	16.575	1442789	24,416
Victims Coordinator Liason Grant	16.575	1554138	<u>18,532</u>
Total Office of Governor of Texas, Criminal Justice Division			<u>134,048</u>
Total U.S. Department of Justice			<u>161,296</u>

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2014*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES - (Continued)			
U. S. Department of Agriculture			
<i>Passed Through Texas Department of State Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2014-045086	\$ 537,164
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2015-047291	<u>202,300</u>
Total Texas Department of State Health Services			<u>739,464</u>
<i>Passed Through Texas Department of Agriculture</i>			
School Breakfast Program	10.553	01248	28,433
National School Lunch Program	10.555	01248	56,891
Non-Cash Assistance (Commodities)	10.555	01248	<u>2,624</u>
Total Texas Department of Agriculture			<u>87,948</u>
Total U.S. Department of Agriculture			<u>827,412</u>
U. S. Department of Health and Human Services			
<i>Passed Through Texas Department of State Health Services</i>			
Bioterrorism Preparedness	93.069	2014-001086-00	67,287
CPS/Hazards PHEP	93.069	2015-001086-00	31,322
PPCPS/Bioterrorism	93.069	2015-047210-001	379
PPCPS/Bioterrorism	93.069	2014-045404-001	71,258
Immunization Grant	93.268	2014-001048-00	124,363
Immunization Grant	93.268	2015-001048-00	61,144
Promotions & Chronic Disease Prevention	93.991	2015-047242	<u>5,908</u>
Total Texas Department of State Health Services			<u>361,661</u>
<i>Passed Through Alamo Area Development Corporation</i>			
Ryan White Part B - State Services 2013-2014	93.917	2014-001464-00	46,726
Ryan White Part B - State Services 2014-2015	93.917	2015-001464-00	27,066
Ryan White Part B- Service Delivery 2013-2014	93.917	2014-001464-00	125,310
Ryan White Part B- Service Delivery 2014-2015	93.917	2015-001464-00	<u>66,929</u>
Total Alamo Area Development Corporation			<u>266,031</u>
<i>Passed Through Texas Department of Family and Protective Services</i>			
Title IV-E Legal Services	93.658	23940843	<u>28,798</u>
Total Texas Department of Family and Protective Services			<u>28,798</u>
Total U.S. Department of Health and Human Services			<u>656,490</u>

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2014*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
FEDERAL EXPENDITURES - (Continued)			
U. S. Department of Housing and Urban Development			
<i>Passed Through Texas Department of Health in Bexar County</i>			
HOPWA 2013-2014	14.241	2013/2014 VCCHD	\$ 5,055
HOPWA 2014-2015	14.241	2014/2015 VCCHD-01	<u>63,921</u>
Total Texas Department of Health in Bexar County			<u>68,976</u>
Total U.S. Department of Housing and Urban Development			<u>68,976</u>
U. S. Department of the Interior			
<i>Passed Through Fish and Wildlife Service</i>			
Coastal Impact Assistance Program (CIAP)	15.668	F12AF00630	<u>440,400</u>
Total U.S. Department of the Interior			<u>440,400</u>
U. S. General Services Administration			
<i>Passed Through Texas Facilities Commission</i>			
Donation of Federal Surplus Personal Property	39.003	15490	<u>1,545</u>
Total U.S. General Services Administration			<u>1,545</u>
TOTAL FEDERAL EXPENDITURES			<u>3,650,245</u>
STATE EXPENDITURES			
Texas Department of State Health Services			
EXEC/PPH Potentially Preventable Hospitalizations Initiative	N/A	2014-001249-00	89,890
RLSS/LPHS	N/A	2014-001083-00	103,678
RLSS/LPHS	N/A	2015-001083-00	<u>43,500</u>
			<u>237,068</u>
<i>Passed Through Texas State University</i>			
Tobacco Enforcement Program	N/A	N/A	<u>750</u>
Total Texas Department of State Health Services			<u>237,818</u>
Texas Juvenile Justice Department			
State Aid	N/A	TJPC-A-2014-235	386,083
State Aid	N/A	TJPC-A-2015-235	271,637
Commitment Reduction Program	N/A	TJPC-C-2014-235	91,350
Commitment Reduction Program	N/A	TJPC-C-2015-235	65,795
Mental Health	N/A	TJPC-N-2014-235	14,578
Mental Health	N/A	TJPC-N-2015-235	<u>38,814</u>
Total Texas Juvenile Justice Department			<u>868,257</u>

(continued)

COUNTY OF VICTORIA, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**For the year ended December 31, 2014*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
STATE EXPENDITURES - (Continued)			
Office of the Attorney General of Texas			
Texas Vine Grant	N/A	1555648	\$ <u>16,500</u>
Office of the Governor of Texas, Criminal Justice Division			
Victoria County Gang Prevention and Intervention Program	N/A	CG-10-J20-26025-01	<u>7,354</u>
Texas Department of Public Safety			
<i>Passed Through Governor's Division of Emergency Management</i>			
Local Border Security Program	N/A	LBSP-13-0063	<u>25,222</u>
Texas Department of Transportation			
County Transportation Infrastructure Fund Grant	N/A	CTIF-01-235	532,801
Routine Airport Maintenance Program	N/A	M1413VICT	41,127
Routine Airport Maintenance Program	N/A	M1513VICT	<u>7,039</u>
Total Texas Department of Transportation			<u>580,967</u>
Texas Task Force on Indigent Defense			
Indigent Defense	N/A	N/A	<u>125,161</u>
Texas A&M Forest Service			
Rural Volunteer Fire Department Assistance Program	N/A	N/A	<u>218,000</u>
TOTAL STATE EXPENDITURES			<u>2,079,279</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 5,729,524</u>

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

COUNTY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2014

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUBRECIPIENTS

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

<u>Program Title</u>	<u>Pass Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Awards			
Hazard Mitigation Grant	FEMA-1791-316-DR	97.039	\$ 370,044
Edward Byrne Memorial Justice Assistance Grant	2013DJBX0873	16.738	<u>15,061</u>
Total Federal Awards			<u>385,105</u>
State Awards			
EXEC/PPH Potentially Preventable Hospitalizations	2014-001249-00		<u>89,890</u>
Total State Awards			<u>89,890</u>
Total Federal And State Awards Provided to Subrecipients			<u>\$ 474,995</u>

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

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

yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
20.901	Alternate Essential Air Service Program
15.668	Coastal Impact Assistance Program (CIAP)
N/A	County Transportation Infrastructure Fund Grant

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

COUNTY OF VICTORIA, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2014

None were reported.