



Comprehensive Annual Financial Report

Year Ended September 30, 2020
City of Victoria, Texas

CITY OF VICTORIA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2020

Prepared by the Finance Department
City of Victoria, Texas

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CITY OF VICTORIA

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

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March 30, 2021

Honorable Mayor and City Council
City of Victoria
Victoria, Texas

The Comprehensive Annual Financial Report of the City of Victoria, Texas (the "City"), as of September 30, 2020, and for the year then ended is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

City of Victoria Profile

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

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

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

Structure and Services Provided

The City provides the traditional local government services under the direction of the Mayor and City Council, and all such activities are accounted for and reported within the basic funds. This report includes all funds of the City government. The financial statements of the Victoria Sales Tax Development Corporation and the Victoria Special Events Association, Inc. are also reported herein as discretely presented (*constituting a separate entity*) component units of the City. The reporting entity funds and various related entities are thoroughly discussed in the notes.

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

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

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

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

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

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

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

2020 Economic Condition and Outlook

Texas:

Activity in the Texas service sector increased slightly in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, picked up from 0.8 in January to 2.6 in February.

Labor market indicators suggest slight gains in employment and average hours worked in February. The employment index added about one point to rise to 2.7, while the part-time employment index was roughly flat at 1.3. The hours worked index rose from 1.6 to 3.3, with nearly 11 percent reporting lengthening employees' hours.

Perceptions of broader business conditions improved compared with January. The general business activity index rebounded into positive territory, rising over six points to 5.0, while the company outlook index improved from 1.0 to 2.7—its best reading since last October. The outlook uncertainty index declined from 6.4 in January to 1.7 in February, and the capital expenditures index rose to a one-year high of 7.0.

Price pressures rose in February while wage pressures remained stable. The selling prices index rose over three points to 9.4, while the input prices index rose from 22.1 to 24.4—both reaching their highest readings since before the COVID-19 pandemic. The wages and benefits index held mostly flat at 12.5, with 17 percent of respondents reporting higher labor costs compared with January.

Respondents' expectations regarding future business activity were increasingly optimistic compared with January. The future general business activity index increased to a three-year high of 27.7, while the future revenue index advanced over eight points to 46.3. Other indexes of future service sector activity such as employment and capital expenditures also rose, suggesting an acceleration in activity over the next six months.

Retail sales activity remained flat in February, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, was roughly unchanged at -0.1, with about one-half of respondents noting some change in sales compared with January—responses were evenly split between those noting increases and those seeing decreases. Inventories posted an increase, with the inventories index rising from -2.9 to 2.1.

Retail labor market indicators weakened, with employment and average workweek length falling compared with January. The employment index slipped from 1.5 to -2.0, while the part-time index declined from 1.7 to -2.2. The hours worked index plunged 12 points to -10.3, its weakest reading since last August.

Retailers' perceptions of broader business conditions worsened in February. The general business activity index weakened from -0.4 to -3.5, while the company outlook index shed nearly five points to -6.8—its lowest reading since May 2020. The outlook uncertainty index was basically unchanged at 4.3.

Retailers saw significant increases in price pressures and slight increases in wage pressures in February. The selling prices index registered an 18-point hike to 37.7—an all-time high since the survey's inception in 2007. The input prices index slipped about three points to 32.2, though this remains well above last year's average. The wages and benefits index increased slightly from 5.3 to 7.1.

Retailers continued to note optimism for future activity despite recent turbulence. The future general business activity index surged from 20.8 to 30.6, while the future sales index rose to a five-month high of 37.6. Other indexes of future retail activity such as employment remained firmly positive, suggesting a strengthening in activity as the year goes on.

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

Victoria:

Just like the Texas economy, Victoria's economy experienced a decline in economic activity due to COVID-19. Retail sales have seen improvement as restrictions are being lifted, but the other sectors of the economy have struggled. Victoria's economy is resilient, and the outlook remains optimistic that it will continue its recovery as businesses are allowed to resume normal operations.

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

Agilon Energy recently completed the construction of two natural gas powered peaker plants in Victoria, Texas and has plans for additional investments. The privately held Houston-based company selected sites in the city and county of Victoria for their \$125 million investment completed in 2019. The two sites will quickly generate power during times of high demand and will serve to balance the power grid. While there are few jobs associated with the ongoing operation of the plants, the investment places the company on the list of leading property taxpayers in Victoria.

Formosa Plastics Corporation received a county abatement in October 2020 for a \$120 million investment to add an ethylene dichloride reactor to the vinyl chloride monomer plant. This investment is in addition to the multi-billion-dollar expansion that is taking place at the plant site located 34 miles southeast of Victoria County. Their Port Lavaca Olefins III project is the third major expansion at the Point Comfort site and will create more than 340 new jobs and includes construction of a low-density polyethylene III resin unit, a high-density polyethylene III project, and utilities expansions. When fully completed, the plant site will have grown by 800 acres and four new units; bringing the total number of plant-wide units to 21 on 2,300 acres of land.

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

The Port of Victoria is a vital economic engine serving the Victoria region, and Victoria County Navigation District Commissioners began making \$6 million road infrastructure improvements at the port this year. The upgrades will enhance available property for industrial development in and around the port. More than \$14 million in infrastructure to accommodate the growing logistic needs of business has been invested over the past five years; providing multi-modal access to the chemical, construction and steel fabrication, and agribusiness industries located on port property. Acreage at the Port of Victoria site has been acquired, bringing the total to 2,000 contiguous developable acres along the Victoria Barge Canal.

Texas Transportation Commission continues work on the Victoria County designated I-69 frontage road project. The next segment represents 3.32 miles of frontage roads stretching along US Hwy. 59 (I-69) from FM 1686 to Loop 463. An overpass at Airline Road and Loop 463 opened in 2015.

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus foot print and degree program offerings. The economic impact of the University during 2018-2019 was \$320.5 million or 3,526 jobs supported in the region. More than \$147 million of capital projects have been completed or are currently in progress at the local campus; new academic buildings including a dedicated science, technology, engineering and math (STEM) building, student center with modern library, and additional residential housing for students are just some of the developments. University officials have future building and improvement projects at the Victoria campus totaling more than \$145 million. Additionally, the University purchased an abandoned retail shopping center and is investing several million dollars to renovate and repurpose the space into their Northwest Campus facility.

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

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

Due to the decrease in oil prices, Victoria's oil and natural gas industry (i.e. Eagle Ford Shale) slowed down significantly over the past year; and, the number of completed wells (i.e. producing wells) decreased as a result. Victoria's rig count for October 9, 2020 was 9 (average price of oil \$38.72), a decrease of 23 rigs compared to October 4, 2019 (average price of oil \$52.45).

Victoria's unemployment rate for September 2020 was 8.8 percent, compared to the U.S. 7.9 percent rate and Texas 8.3 percent rate; and is 5.5 percent higher than a year ago, due to the economic effects caused by COVID-19 restrictions on business operations.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) increased by 7.9 percent or \$3.14 million, comparing September 2020 to September 2019 values; the increase is due to an increase in single family residential permit values. As of September 2020, total commercial permit value is \$14.2 million, an increase of 0.58 percent or \$81.7 thousand from last year's values.

Major Initiatives

For Fiscal Year 2020 and Into the Future:

Despite the effects of the COVID-19 pandemic, fiscal year 2020 saw many accomplishments. For example the Residential Street Construction Program, Preventive Street Maintenance Program, Thoroughfare Street Program, Street Sweeping Program, and various Traffic Signal Projects were implemented as well as park improvements/programs, for example, laser leveling of the youth ball field, locker-room upgrade and scoreboard replacement at Riverside Stadium, scoreboard replacement at the Adult Softball Complex and Duck Pond design; the Library's carpet was replaced; much new material was added to the library collection, and the public computers were replaced; consoles for the 911 Center were replaced; and, the City's Golf Course Program is being managed effectively. The City implemented its 2020 Capital Expenditure Replacement Program; and, the City's Five-Year Capital Improvement Program has been updated. The City met its 2020 OPEB Trust Fund, i.e. post-employment health care benefit liability, funding requirements; and, the City's debt is being managed effectively and meeting its bond covenant requirements.

The previous mentioned accomplishments are just some of the fiscal year 2020 initiatives and accomplishments. We look forward toward implementing the fiscal year 2021 budgetary priorities; and with Council's leadership, we will make sure we continue to move in the right direction for our community.

Every year the City strives to improve the current level of core services within available resources to serve our citizens, businesses, and visitors in the City. In developing the 2021 budget, allocating available resources to the various budgetary priorities was a challenge. The top budgetary priorities include:

- *Health Care Premiums* – One of the biggest assets of the City is our exceptional workforce. To maintain competitiveness as an employer, and retain qualified employees, the City maintains a self-funded health plan. The budget includes an increase in the City's health premium contributions; but no increase to the employees' premiums.
- *Personnel Services* - The total budgeted positions for fiscal year 2021 is 637, a net increase of five. This is due to adding four COPS Grant Police Officers, two Communications and Public Affairs employees and one Director of Economic Development to the General Fund and moving various General Fund head counts to Environmental Services (6), Building & Equipment Services (10), Motel Tax Fund (1) and eliminating Print Shop Personnel. Fiscal year 2021 includes pay increases for certified Police and Fire employees.

- *Street & Drainage Programs* - Aging street infrastructure is a nationwide problem and one of the biggest challenges facing many cities and counties throughout the nation. Victoria's streets are no different from the streets in most U.S. cities. Many are in poor condition and need to be rebuilt, while others are in good condition, but if not maintained properly will continue to deteriorate to the point they must also be rebuilt. To improve the conditions of our residential and major thoroughfare streets, the following street programs have been incorporated into the fiscal year 2021 budget:
 - a. *Residential Street Construction Program* – program includes \$1,050,000 for the reconstruction of streets in North Heights Subdivision, San Antonio Street between Navarro and Laurent, utilizing geo-grid, limestone base, seal coat and hot-mix overlay.
 - b. *Seal Coat Program (\$1,333,089)* – program includes a single coat of ONYX to Cimarron Subdivision, Red River Heights Subdivision, Waterstone Subdivision, Riata Subdivision and Silverado Subdivision.
 - c. *Residential Preventive Street Maintenance Program* - currently, the City has a backlog of residential streets requiring regular maintenance. The fiscal year 2021 General Fund budget includes approximately \$2.38 million for the Residential Preventive Street Maintenance Program (*RPSMP*). The RPSMP will address and maintain residential streets in subdivisions whose average street rating is 85 or higher. The RPSMP is a planned strategy of cost-effective treatments to an existing good-condition roadway that preserves the road, retards future deterioration, maintains or improves the functional condition of the road, and extends the service life of structurally sound pavement. The \$2.38 million RPSMP consists of \$1.3 million in seal coat programs, \$719,000 rehab and overlay projects, and \$331,000 for North Heights Phase VI Street Project.
 - d. *Street Sweeping Program* - regular street sweeping is one of the most cost-effective best management practices used to remove pollutants from our streets. This practice improves the quality of stormwater runoff, keeps our waterways healthy and reduces the likelihood of flooding during heavy rain. The fiscal year 2021 budget includes \$352,600, funded by the Water/Wastewater Fund.
 - e. *Lone Tree Acres Street & Drainage Project (\$4,000,000)* – project consists of drainage improvements from the southeast corner of Lone Tree Acres to Lone Tree Creek, re-shaping portions of the roadside ditches in the subdivision and reconstruction of the streets with stabilized subgrade, limestone base, seal-coat and HMA.
 - f. *Crestwood Dr. (Navarro to Main) Project (\$3,120,350)* – project includes the reconstruction of Crestwood Drive between Main Street and Navarro with a three-lane concrete section with an 8' conjunctive use sidewalk on the north side and a 5' wide sidewalk on the south side. The improvements include water, sewer and storm sewer improvements.
 - g. *Airline Street Mill & Overlay Project (\$683,651)* – this project is located on Airline Road between Laurent and Navarro, consists of replacing a 16" cast iron waterline with a new 16" PVC water line, including valves, tie-ins and appurtenances, 2,600 linear feet total.
- *Other Projects and Programs*
 - a. *OPEB (Other Post-Employment Benefits) Trust Project (\$200,000)* – in order to address the City's post-employment health care benefits liability, an OPEB Trust was established in fiscal year 2015. By creating an OPEB Trust Fund, the City is able to finance future OPEB cost/liabilities in large part from the investment earnings provided by the OPEB Trust Fund, i.e. the investment earning is expected to generate significant revenue to reduce the City's OPEB obligations.
 - b. *Riverside Park Splash Pad Project (\$1,000,000)* – project includes the construction of a splash pad in Riverside Park, in the general vicinity of the Children's Park playground.

- c. *Riverside Park Duck Pond Project (\$1,250,000)* – after Hurricane Harvey, staff drained the pond to make improvements and discovered a structure support issue. This project consists of removing old infrastructure and installing RediRock for stabilization and reinforcement of the side of the pond, new concrete trails along with a new gazebo and floating fishing pier. Staff will seek grant funding (Texas Parks & Wildlife Department) to help with construction cost of project.
 - d. *Professional Services (\$388,500)* – these projects are part of a City-wide initiative to create and update all master plans. Projects to be funded include the Park Master Plan, Downtown Master Plan and the City-Wide Facility Assessment Study.
 - e. *Aquifer Storage & Recovery (ASR) Project* - The project consists of installing one new ASR well and converting one existing City well into an ASR well and drilling three monitoring wells.
-
- *Public Safety* – Public Safety is a top priority in our community. The City’s Public Safety is made up of the Police Department, Fire Department and Municipal Court, with a combined funding of \$30 million. The Police and Fire Departments are the two largest departments in the City making up 59.08% of the General Fund.
 - *Park and Recreational Services Improvement Programs* - The fiscal year 2021 budget includes \$3.2 million for various Park & Recreation programs; \$3.1 million budgeted within General Fund includes funding for parks ground maintenance, various recreational programs, vehicle/equipment replacement, kayak floating dock, and Riverside Golf irrigation pump; and Hotel Tax Fund includes \$78K for various sports tournament programs.
 - *Hotel Occupancy Tax Program* - For fiscal year 2020-2021, City Council has approved \$135K of Hotel Tax funding to eligible agencies and organizations.
 - *Library Programs* - The fiscal year 2021 budget includes \$2.3 million for personnel and various maintenance and program costs; in addition, the budget includes \$246K for capital expenditures, mainly for replacing the library’s technology equipment and purchasing books/materials.
 - *Code Enforcement Programs* - The fiscal year 2021 budget includes \$483,524 for various Code Enforcement Programs.
 - *Community Appearance* - The Community Appearance division was reorganized into a new division within the Parks & Recreation Department in fiscal year 2020. The expenses transferred from General Fund to the Environmental Services Fund beginning fiscal year 2021. The division is dedicated to visually enhancing the overall landscape of our community with quality and attention. The goal with each task performed is to inspire others to be involved in the future beautification of our City.
 - *Main Street Program* – During fiscal year 2020, the City of Victoria assumed management of the Victoria Texas Main Street Program. Through leadership and the use of the Main Street Program, the Victoria Main Street Program will ensure that downtown contributes to the community’s overall quality of life by providing opportunities for economic growth as well as for entertainment and personal enjoyment. During fiscal year 2021, the Main Street Program, in partnership with HEB, purchased a 30’ animated Christmas tree for the enjoyment of the entire community.
 - *Bond Debt Program* - The fiscal year 2021 budget includes \$17.5 million in debt service payments (*General Governmental and Utility Revenue Bonds*), a decrease of \$4.4 million. The decrease is due to the following:
 - a. *General Governmental Bonds* - The fiscal year 2021 budget includes \$9.5 million in General Governmental Bond payments, a decrease of \$3.3 million, mainly due to paying off the TxDOT Overpass Bonds in FY 2020.
 - b. *Utility Revenue Bonds* – The fiscal year 2021 budget includes \$8.0 million in Utility Revenue Bond payments, a decrease of \$1.2 million, per amortization schedule.

- **Tax Rate** - Management’s budget proposal assumes a property tax rate of 61.15¢, the same rate as prior year. The proposed tax rate is allocated at 36.58¢ for General Fund maintenance and operating costs, an increase of 0.41¢ and 24.57¢ for debt service payments, a decrease of 0.41¢. The State’s mandated No-New Revenue (Effective) Tax Rate calculations produced a rate for fiscal year 2021 of 61.22¢ and a Voter-Approval (Rollback) Tax Rate of 62.08¢. The net property tax revenue increased by \$461,970 while implementing a tax rate less than the “No-New Revenue (Effective) Tax Rate M&O” allowing for a 0.93¢ carryover tax rate, per S.B.2.
- **Sales Tax** - Due to the financial effects of COVID-19 and other economic conditions, the fiscal year 2021 sales tax revenue budget is \$15,490,000, a decrease of \$766,000 or 4.71 percent compared to last year.
- **Fund Balance / Working Capital Balance Reserves** - The fiscal year 2021 General Fund budget assumes a minimum fund balance reserve at 25 percent (*three months of reserve fund balance*) of budgeted expenditures, same as prior fiscal year. The fiscal year 2021 minimum fund balance (25% of \$50,639,792 budgeted expenditures) is projected to be \$12,659,948, which is \$4,717,252 less than the projected year-end fund balance amount of \$17,377,200.

Capital Improvement Program

Routine Capital Expenditures

The fiscal year 2021 Budget includes \$8.37 million in capital expenditures, a decrease of 8.19 percent. The decrease is mainly due to a decrease in buildings and improvements. The \$8.37 million capital expenditure budget will be funded with \$4.32 million of recurring revenue and \$4.05 million of one-time use of fund balance/working capital balance (*\$654K General Fund; \$50K Convention & Visitor Bureau; \$92K Motel Tax Fund; \$2.25M Water/Wastewater Fund; \$13K 700 Main Center Fund; \$51K Environmental Services Fund; \$48K Radio System Fund and \$886K Building & Equipment Services*).

The following table recaps the \$8.37 million capital expenditures for fiscal year 2021, compared to fiscal year 2020.

<i>Type of Fund</i>	<i>FY 2021 Original Budget</i>	<i>FY 2020 Original Budget</i>	<i>Increase/ (Decrease)</i>	<i>% Change</i>
Governmental Funds	\$ 2,487,591	\$ 3,822,849	\$ (1,335,258)	-34.93%
Enterprise Funds	4,384,415	3,459,156	925,259	26.75%
Internal Service Funds	1,499,281	1,835,872	(336,591)	-18.33%
<i>Total Capital Replacement</i>	\$ 8,371,287	\$ 9,117,877	\$ (746,590)	-8.19%

Non-Routine Capital Expenditures

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

The purpose of a Capital Improvement Program (CIP), non-routine capital expenditure, is to determine the priorities for capital expenditures and to coordinate the projects selected within a multi-year planning framework. The first objective of the CIP is to decide the most effective way to allocate our limited capital improvement resources to meet City goals. The CIP has a second benefit of coordinating capital improvement projects administered by different municipal departments.

The CIP is a plan that can be revised and amended in response to changing circumstances and funding availability. The City of Victoria is in the process of establishing a more comprehensive and proactive Capital Improvement Program, Policies and Procedures. All projects require final approval based on the City’s Fiscal and Budgetary Policy and applicable administrative directives based on each individual project. This Budget is proactive in supporting the City’s Capital Improvement Program (CIP). The fiscal year 2021 Budget includes \$15.0 million in “new” capital improvement projects. \$12.4 million is budgeted in the

Governmental Capital Construction Fund and \$2.5 million is budgeted in the Utility Capital Construction Fund.

Fiscal year 2021 Capital Improvement Program is as follows:

<i>Type of Fund</i>	<i>FY 2021 Original Budget</i>	<i>FY 2020 Original Budget</i>	<i>Increase/ (Decrease)</i>	<i>% Change</i>
<i>Capital Project Funds</i>				
<i>Governmental Capital Project Fund</i>	\$ 12,437,090	\$ 12,428,338	\$ 8,752	0.07%
<i>Utility Capital Project Fund</i>	2,514,391	1,400,000	1,114,391	79.60%
<i>Total Capital Project Funds</i>	\$ 14,951,481	\$ 13,828,338	\$ 1,123,143	8.12%
<i>Water/Wastewater Fund</i>	-	1,200,000	(1,200,000)	-100.00%
<i>Total Capital Replacement</i>	\$ 14,951,481	\$ 15,028,338	\$ (76,857)	-0.51%

Financial Policies

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

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

Fiscal and Budgetary Policies

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

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

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

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

Budgetary Management

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

Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of subfunction balances are not released until additional appropriations are made available. Open encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes at September 30, 2020.

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

Minimum Fund Balance

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

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

Financial Fund Structure

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

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

Other Post-Employment Benefits (OPEB)

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

Debt Management

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

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Victoria for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the thirty-seventh consecutive year that the City of Victoria has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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



Gilbert P. Reyna, Jr., CPA
Chief Financial Officer



Jesús A. Garza
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

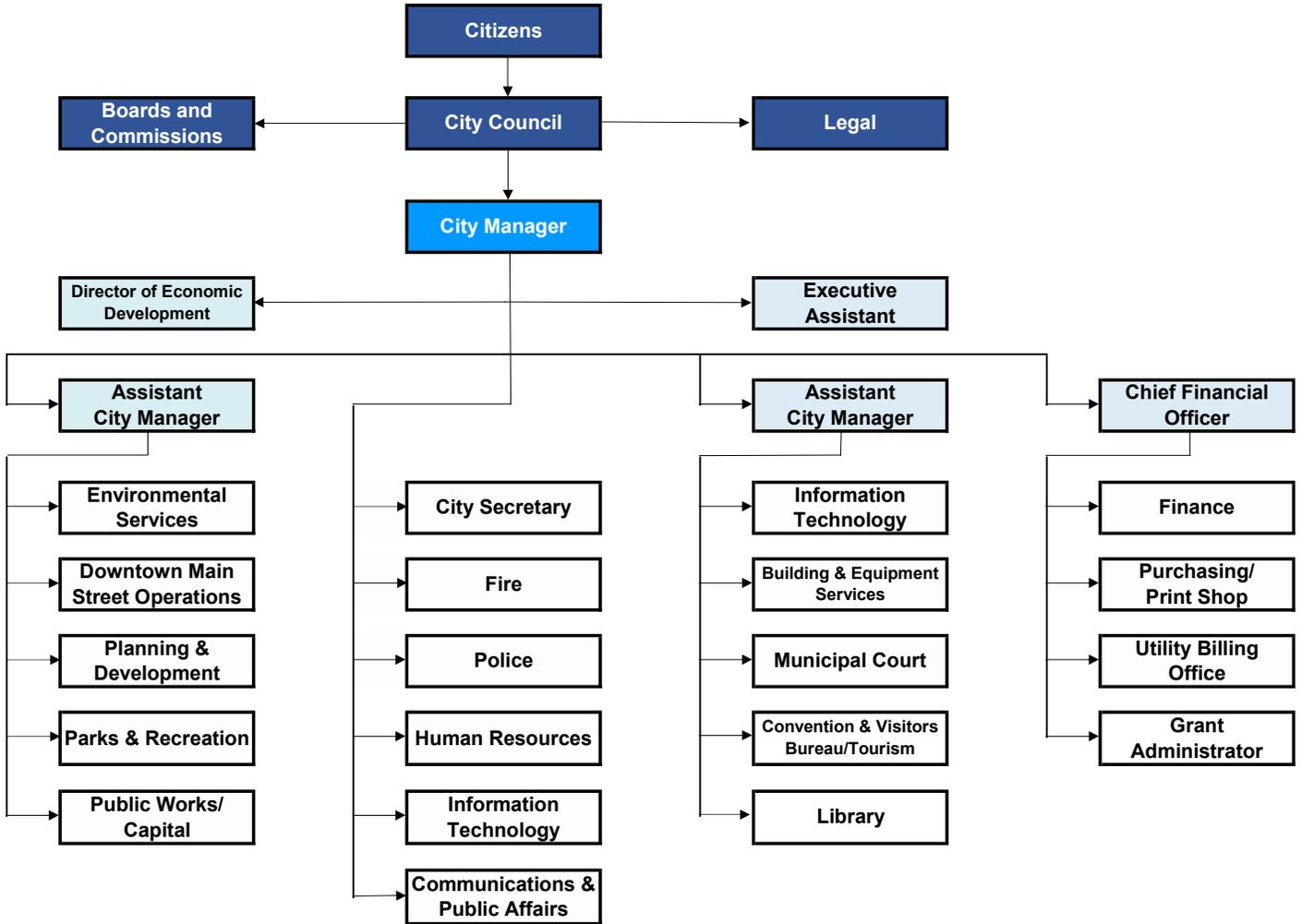
**City of Victoria
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



PRINCIPAL CITY OFFICIALS

ELECTED OFFICIALS



<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Term Expires</u>
<i>Front Row</i>			
Jan Scott	Council Member, District 4	5	May, 2021
Rawley McCoy	Mayor	1	May, 2022
Josephine Soliz	Mayor Pro-Term, District 2	8	May, 2021
<i>Back Row</i>			
Mark Loffgren	Council Member, Super District 6	1	May, 2022
Dr. Andrew Young	Council Member, Super District 5	7	May, 2022
Jeff Bauknight	Council Member, District 3	7	May, 2021
Rafael DeLaGarza, III	Council Member, District 1	4	May, 2021

EXECUTIVE LEADERSHIP

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	
		<u>Current With City</u>	<u>Position</u>
Jesús A. Garza	City Manager	1	1
Mike Etienne	Assistant City Manager	-	-
Darrek Ferrell	Assistant City Manager	-	-
Gilbert P. Reyna, Jr.	Chief Financial Officer	25	25
Thomas Gwosdz	City Attorney	11	11
Vacant	Director of Economic Development	-	-
Cheryl Marthiljohni	Director of Human Resources	10	10
James Foote	Director of Information Technology	13	8
Julie Fulgham	Director of Development Services	6	3
Mark Jameson	Interim Police Chief	24	-
Robert "Tracy" Fox	Fire Chief	24	2
Jason Alfaro	Director of Parks and Recreation	-	-
Dayna Williams-Capone	Director of Public Library	13	11
Ken Gill	Director of Public Works/City Engineer	29	-
Darryl Lesak	Director of Environmental Services	12	8
Ashley Strevel	Director of Communications and Public Affairs	1	1
Joel Novosad	Director of Convention & Visitor's Bureau	8	1
Roger Welder	Director of Building & Equipment Services	3	1
Danielle Williams	Main Street Executive Director	12	-
April Hilbrich	City Secretary	12	3
Tiffany Totah	Municipal Court Administrator	8	3
Kate Garcia	Executive Assistant to the City Manager	1	1



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

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Victoria, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Sales Tax Development Corporation and the Victoria Special Events Association, Inc. were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

March 30, 2021

The discussion and analysis of the City of Victoria's (the "City") financial performance provides an overall review of the City's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

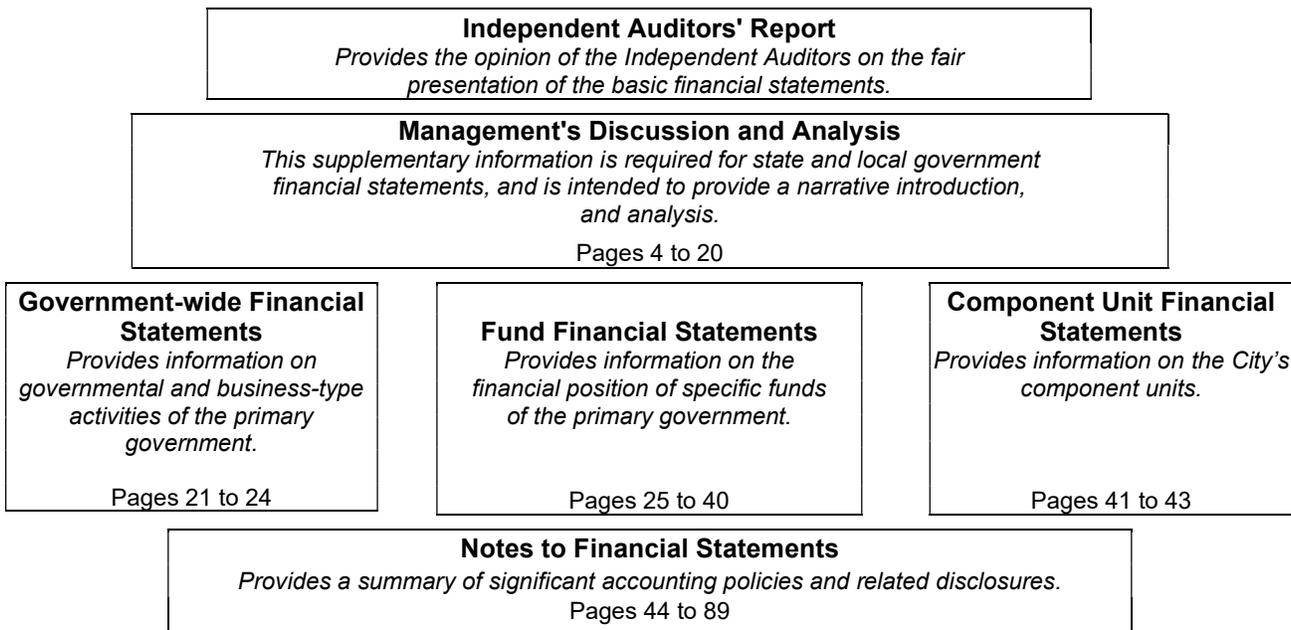
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2020, by \$196,147,446. Of this amount, \$8,684,344 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors (see page 8 for further detail).
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of \$35,480,596, a decrease of \$5,302,561 (13%) in comparison with prior year. The unassigned fund balance is \$17,987,190 (see page 12 for further detail).
- At September 30, 2020, unassigned fund balance for the General Fund was \$18,461,342 or 39% of total General Fund expenditures.
- The total cost of all City activities was \$92,350,127 for the fiscal year. Net cost of all activities was \$43,980,853.
- During the year, the City's general revenues exceeded net expenses of the primary government by \$5,600,165. This represents a 3% increase in net position from the previous fiscal year.
- The City's outstanding long-term debt had a net decrease of \$32,225,132. The main reasons for the net decrease are the City paid \$17,515,000 in principal payments on bonded debt and the net pension liability increased \$14,258,078 (see page 16 for further detail).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Organization and Flow of Financial Section Information



OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

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

Statement of Net Position

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position can be found on pages 21 through 22.

Statement of Activities

The statement of activities presents information showing how the government's net position changed during fiscal year 2020. All changes in net position are reported as soon as the underlying event, giving rise to the change, occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected and earned, but unused vacation leave). The statement of activities can be found on pages 23 through 24.

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, development, building services, recreation, and interest on long-term debt. The business-type activities of the City include water/wastewater utilities, environmental service operations, and other (700 Main Center, Community Center, and Golf Course). The government-wide financial statements can be found immediately following the Management's Discussion and Analysis.

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet (pages 25 and 26) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 28 and 29) provide reconciliations to facilitate this comparison between governmental funds and governmental activities (pages 27 and 30).

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Fund Financial Statements - (Continued)

Governmental Funds - (Continued)

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

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

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

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to water/wastewater utilities, environmental service operations, and other enterprise activities (700 Main Center, Community Center, and Golf Course). Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle and equipment services, information technology services, communication services, purchasing services, safety management services, workers compensation services, print shop services, and health plan services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water/wastewater utilities and environmental service operations, which are both considered to be major funds for the City, and other (700 Main Center, Community Center, and Golf Course).

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

Fiduciary Funds

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

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 through 89 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Other Information

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

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 102 through 203 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$196,147,446 at the close of the fiscal year ended September 30, 2020.

At the end of fiscal year 2020, the City is able to report positive balances in all three categories of net position for the government as a whole.

City of Victoria, Texas Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019*	2020	2019	2020	2019*
Current assets	\$ 54,329,627	\$ 56,608,469	\$ 26,860,566	\$ 26,639,333	\$ 81,190,193	\$ 83,247,802
Capital assets (net)	<u>146,775,412</u>	<u>149,325,231</u>	<u>136,429,732</u>	<u>143,695,845</u>	<u>283,205,144</u>	<u>293,021,076</u>
Total assets	<u>201,105,039</u>	<u>205,933,700</u>	<u>163,290,298</u>	<u>170,335,178</u>	<u>364,395,337</u>	<u>376,268,878</u>
Deferred outflows of resources	<u>7,858,470</u>	<u>14,863,767</u>	<u>2,214,647</u>	<u>3,543,144</u>	<u>10,073,117</u>	<u>18,406,911</u>
Current and other liabilities	14,822,039	18,415,375	8,633,396	9,812,319	23,455,435	28,227,694
Noncurrent liabilities	<u>92,888,158</u>	<u>112,663,756</u>	<u>53,012,994</u>	<u>61,058,089</u>	<u>145,901,152</u>	<u>173,721,845</u>
Total liabilities	<u>107,710,197</u>	<u>131,079,131</u>	<u>61,646,390</u>	<u>70,870,408</u>	<u>169,356,587</u>	<u>201,949,539</u>
Deferred inflows of resources	<u>7,196,435</u>	<u>2,023,708</u>	<u>1,767,986</u>	<u>155,261</u>	<u>8,964,421</u>	<u>2,178,969</u>
Net position:						
Net investment in capital assets	88,120,181	83,275,793	90,964,296	90,394,244	179,084,477	173,670,037
Restricted	8,378,625	16,382,796	-	-	8,378,625	16,382,796
Unrestricted	<u>(2,441,929)</u>	<u>(11,963,961)</u>	<u>11,126,273</u>	<u>12,458,409</u>	<u>8,684,344</u>	<u>494,448</u>
Total net position	<u>\$ 94,056,877</u>	<u>\$ 87,694,628</u>	<u>\$ 102,090,569</u>	<u>\$ 102,852,653</u>	<u>\$ 196,147,446</u>	<u>\$ 190,547,281</u>

*Net position for 2019 has been restated. See Note 20 of this report.

The largest portion of the City's fiscal year 2020 net position (91% or \$179,084,477) consists of investment in capital assets (e.g., land, buildings, streets, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has restricted net position of \$8,378,625 consisting of \$1,603,556 for debt service, \$3,264,524 for special programs related to recreation, and \$3,510,545 for public safety programs. The remaining balance of \$8,684,344 may be used to meet the government's ongoing obligations to citizens and creditors; over all, the City's net position increased by \$5,600,165, which consists of an increase of \$6,362,249 in governmental net position and a decrease of \$762,084 in business-type net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019*	2020	2019	2020	2019*
REVENUES						
Program revenues:						
Charges for services	\$ 7,546,126	\$ 7,348,447	\$ 33,216,048	\$ 33,316,483	\$40,762,174	\$40,664,930
Operating grants and contributions	7,344,600	12,634,326	-	73,931	7,344,600	12,708,257
Capital grants and contributions	62,500	10,355,581	200,000	2,884,235	262,500	13,239,816
General revenues:						
Property taxes	24,642,379	24,583,509	-	-	24,642,379	24,583,509
Other taxes	23,643,637	25,039,474	-	-	23,643,637	25,039,474
Other	962,606	1,899,627	332,396	504,947	1,295,002	2,404,574
Total revenues	64,201,848	81,860,964	33,748,444	36,779,596	97,950,292	118,640,560
EXPENSES						
General government	4,935,675	5,073,976	-	-	4,935,675	5,073,976
Public safety	29,227,156	32,425,300	-	-	29,227,156	32,425,300
Development	17,366,704	19,554,498	-	-	17,366,704	19,554,498
Building services	565,689	681,464	-	-	565,689	681,464
Recreation	6,376,828	6,968,869	-	-	6,376,828	6,968,869
Interest on long-term debt	2,670,591	2,862,536	-	-	2,670,591	2,862,536
Water/wastewater	-	-	24,268,652	22,292,402	24,268,652	22,292,402
Environmental services	-	-	4,967,876	4,557,172	4,967,876	4,557,172
Other	-	-	1,970,956	1,943,918	1,970,956	1,943,918
Total expenses	61,142,643	67,566,643	31,207,484	28,793,492	92,350,127	96,360,135
Change in net position before transfers	3,059,205	14,294,321	2,540,960	7,986,104	5,600,165	22,280,425
Transfers	3,303,044	3,473,665	(3,303,044)	(3,473,665)	-	-
Change in net position	6,362,249	17,767,986	(762,084)	4,512,439	5,600,165	22,280,425
Net position - October 1, as restated	87,694,628	69,926,642	102,852,653	98,340,214	189,906,332	168,266,856
Net position - September 30	\$ 94,056,877	\$ 87,694,628	\$ 102,090,569	\$ 102,852,653	\$196,147,446	\$190,547,281

*Net position for 2019 has been restated. See Note 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Governmental Activities

The increase in the governmental activities is mainly due to a \$6.4M decrease in overall expenses. Specifically, public safety expenses decreased \$3.2M and development expenses decreased \$2.2M. Explanations for the decrease in expenses include the following:

- 1) The City leased radio equipment for public safety totaling \$1.5M with no similar expense in FY2020, purchased land for a future public safety headquarters site for \$727K in FY2019, and there was a decrease in public safety vehicles replaced in FY2020 of \$596K compared to FY2019.
- 2) The decrease in development expenses relates primarily to work completed on the Placido Benavides Drive Extension Project which was \$2.8M more in FY2019 compared to FY2020. In FY2020, the City reinstated its street striping program for \$177K compared to no program in FY2019. A street paving assessment was performed in FY2020 for \$76K as well as a Street Mill and Overlay Project totaling \$201K, both of which were not performed in FY2019.

**City of Victoria, Texas
2020 Expenses and Program Revenues - Governmental Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
General government	\$ 4,935,675	8.07%	\$ 2,557,246	17.10%	(\$ 2,378,429)
Public safety	29,227,156	47.80%	10,002,184	66.89%	(19,224,972)
Development	17,366,704	28.40%	2,128,463	14.23%	(15,238,241)
Building services	565,689	0.93%	-	0.00%	(565,689)
Recreation	6,376,828	10.43%	265,333	1.78%	(6,111,495)
Interest on long-term debt	2,670,591	4.37%	-	0.00%	(2,670,591)
	<u>\$ 61,142,643</u>		<u>\$ 14,953,226</u>		<u>(\$ 46,189,417)</u>

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

<u>Description</u>	<u>Revenues</u>		<u>Revenues</u>	
	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>
Charges for services	\$ 7,546,126	11.18%	\$ 7,348,447	8.61%
Operating grants and contributions	7,344,600	10.88%	12,634,326	14.80%
Capital grants and contributions	62,500	0.09%	10,355,581	12.14%
Property taxes	24,642,379	36.51%	24,583,509	28.81%
Sales taxes	16,337,766	24.20%	17,111,735	20.05%
Franchise taxes	5,652,152	8.37%	5,881,880	6.89%
Other taxes	1,653,719	2.45%	2,045,859	2.40%
Unrestricted investment earnings	669,969	0.99%	1,049,927	1.23%
Miscellaneous	292,637	0.44%	849,700	1.00%
Transfers	3,303,044	4.89%	3,473,665	4.07%
Total	<u>\$ 67,504,892</u>		<u>\$ 85,334,629</u>	

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type Activities

Fiscal year 2020 business-type activities decreased the City's net position by \$762,084. The net position decrease is due mainly to:

- 1) Water and Wastewater Fund received capital grant contributions from the Victoria Sales Tax Development Corporation in the amount of \$200,000 versus \$1.6M in prior fiscal year;
- 2) Water and Wastewater Fund generated approximately \$491K net losses (net of capital contributions), which is less than last year's net earnings (net of capital contributions), due to payroll cost increase of \$1.2M (\$804K in pension expense increase), decrease in investment income, and a decrease in debt service costs.

**City of Victoria, Texas
2020 Expenses and Program Revenues - Business-type Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Program Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
Water/wastewater	\$24,268,652	77.77%	\$26,544,859	79.44%	\$2,276,207
Environmental services	4,967,876	15.92%	5,550,497	16.61%	582,621
Other	<u>1,970,956</u>	6.31%	<u>1,320,692</u>	3.95%	<u>(650,264)</u>
	<u>\$31,207,484</u>		<u>\$33,416,048</u>		<u>\$2,208,564</u>

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

<u>Description</u>	<u>Revenues</u> <u>2020</u>	<u>% of Total</u>	<u>Revenues</u> <u>2019</u>	<u>% of Total</u>
Charges for services	\$33,216,048	109.10%	\$33,316,483	100.03%
Operating grants and contributions	-	0.00%	73,931	0.22%
Capital grants and contributions	200,000	0.66%	2,884,235	8.66%
Unrestricted investment earnings	248,041	0.81%	391,750	1.18%
Miscellaneous	84,355	0.28%	391,750	0.34%
Transfers	(<u>3,303,044</u>)	(10.85%)	(<u>3,473,665</u>)	(10.43%)
Total	<u>\$30,445,400</u>		<u>\$33,305,931</u>	

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$35,480,596, a decrease of \$5,302,561. The main reasons for the decrease in the City's combined governmental ending fund balance is due to a decrease in General Fund Public Safety expenditures of \$1.7M, a decrease in debt service expenditures of \$2.1M, an increase of \$2.2M in other financing sources due to bond refundings, and a decrease of \$11M in revenue in the TxDOT Capital Construction Fund due to early payoff of traffic count reimbursements from TxDOT in FY2019.

The City's governmental funds combined fund balance of \$35,480,596 is mainly made up of the following funds:

1. The General Fund is the chief operating fund of the City. At the end of fiscal year 2020, unassigned fund balance of the General Fund was \$18,461,342 while total General Fund fund balance was \$20,128,452. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39% of the total General Fund expenditures, while total fund balance represents 43% of that same amount.

The General Fund fund balance decreased by \$59,194, which was mainly due to a decrease in revenues by \$446K in comparison with the prior year.
2. The Debt Service Fund is a debt service fund used to account for the General Obligation Bond and Certificate of Obligation Bond debt repayments and revenue collections. At the end of fiscal year 2020, fund balance of the Debt Service Fund was \$1,140,781. The main reason for the \$55,738 decrease in the Debt Service Fund fund balance is due to an increase in debt service payments paid on the outstanding debt issues.
3. The Capital Construction Funds are capital project funds used to account for the acquisition or construction of City facilities, usually accounting for proceeds of bond issues and local sources. At the end of fiscal year 2020 the combined fund balances for the two major capital construction funds was \$10,638,043. The decrease in their fund balances from the prior year was \$5,433,190 and was mainly due to the receipt of the \$9.6M from the Texas Department of Transportation in FY2019 to pay-off the 2011 Pass-Through Toll Revenue and Limited Tax Bonds and one-time transfer of \$1M to the City's Employee Health Plan Fund.

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

Proprietary Funds

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

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

<u>Fund</u>	<u>2020 Unrestricted Net Position</u>	<u>2019 Unrestricted Net Position</u>
Water and Wastewater	\$ 5,399,220	\$ 6,764,404
Environmental Services	4,145,477	3,802,463
Other	<u>1,581,576</u>	<u>1,891,542</u>
Total	<u>\$11,126,273</u>	<u>\$12,458,409</u>

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

GENERAL FUND BUDGETARY HIGHLIGHTS

- Differences between the fiscal year 2020 General Fund original budget and fiscal year 2020 General Fund final amended budget for expenditures (including transfers) was \$883,788 which represents fiscal year 2020 carryover encumbrances.
- The original fiscal year 2020 budget included approximately \$5,750,818 of "one-time" expenditures mainly consisting of capital acquisition and improvement projects.
- For fiscal year 2020, the General Fund revenues came in \$66,217 higher than the General Fund amended 2020 budget, due to ad valorem tax revenue coming in \$444K under budget, franchise revenue coming in \$89K under budget, intergovernmental revenue coming in \$833K over budget, municipal court revenue coming in \$370K under budget, and ambulance revenue coming in \$136K over budget.
- For fiscal year 2020, the General Fund actual expenditures, including encumbrances, came in approximately \$5.3M lower than the General Fund amended fiscal year 2020 budget or \$1.7M lower than the General Fund projected 2020 budget. The variances are mainly the net result of personnel, maintenance, and capital coming in lower than expected.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$283,205,144 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, machinery and equipment, improvements other than buildings, streets and bridges, water and wastewater distribution system, and construction in progress. The total net decrease in the City's investment in capital assets for the current fiscal year was \$9,815,932 or 3% (a \$2,549,819 or 2% decrease for governmental activities and \$7,266,113 or 5% decrease for business-type activities).

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

City of Victoria, Texas Capital Asset Investment Activity Schedule

Capital Asset Description	Additions Governmental Activities	Deletions Governmental Activities	Additions Business-type Activities	Deletions Business-type Activities	Net Total
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	243,832	411,268	788,505	93,430	527,639
Other structure improvements	340,768	21,110	79,391	-	399,049
Infrastructure - streets, drainage, traffic, and sidewalks, etc.	4,049,987	-	-	-	4,049,987
Construction in progress	6,487,141	4,049,987	357,217	3,924,219	(1,129,848)
Machinery, equipment, and vehicles	3,803,654	3,646,999	281,391	281,825	156,221
Water and wastewater distribution system	<u>-</u>	<u>-</u>	<u>4,918,196</u>	<u>-</u>	<u>4,918,196</u>
Total	<u>\$ 14,925,382</u>	<u>\$ 8,129,364</u>	<u>\$ 6,424,700</u>	<u>\$ 4,299,474</u>	8,921,244
					FY 2020 depreciation expense (22,862,757)
					FY 2020 accumulated depreciation deletions 4,125,581
					Primary government beginning capital assets balance <u>293,021,076</u>
					Primary government ending capital assets balance <u>\$283,205,144</u>

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)

Capital Assets - (Continued)

The following financial table represents the City's total capital assets as of September 30, 2020:

City of Victoria, Texas						
Capital Assets						
(Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,116,871	\$ 5,116,871	\$ 5,569,177	\$ 5,569,177	\$ 10,686,048	\$ 10,686,048
Construction in progress	11,592,954	9,155,800	105,261	3,672,263	11,698,215	12,828,063
Machinery and equipment	12,632,714	13,062,031	1,580,247	1,900,903	14,212,961	14,962,934
Buildings	7,516,469	8,746,218	22,183,091	23,154,339	29,699,560	31,900,557
Improvements other than buildings	3,167,859	3,166,321	2,220,563	2,141,187	5,388,422	5,307,508
Infrastructure	106,748,545	110,077,990	247,720	395,371	106,996,265	110,473,361
Water and wastewater distribution system	-	-	104,523,673	106,862,605	104,523,673	106,862,605
Total	<u>\$146,775,412</u>	<u>\$149,325,231</u>	<u>\$136,429,732</u>	<u>\$143,695,845</u>	<u>\$283,205,144</u>	<u>\$293,021,076</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)

Long-Term Debt

At the end of fiscal year 2020, the City had total bonded debt outstanding of \$101,085,000. Of this amount, \$58,750,000 comprises debt backed by the full faith and credit of the government and \$42,335,000 secured solely by specific revenue sources (i.e., revenue bonds). In addition, the City had outstanding \$202,006 in capital lease payable, \$1,142,522 in compensated absences, \$11,118,705 in OPEB liability, \$32,611,864 in net pension liability, \$4,339,634 in estimated landfill closure and post-closure care cost; and \$9,282,400 in net bond premium (discount) as of September 30, 2020.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 47,065,000	\$ 50,380,000	\$ -	\$ -	\$ 47,065,000	\$ 50,380,000
Certificates of obligation	11,685,000	16,555,000	-	-	11,685,000	16,555,000
Revenue bonds	-	-	42,335,000	49,760,000	42,335,000	49,760,000
Capital lease payable	-	739,556	202,006	286,819	202,006	1,026,375
Compensated absences	983,055	953,598	159,467	152,935	1,142,522	1,106,533
OPEB liability	8,946,110	10,515,987	2,172,595	2,025,440	11,118,705	12,541,427
Net pension liability	26,239,506	39,300,446	6,372,358	7,569,496	32,611,864	46,869,942
Estimated landfill closure and post-closure care cost	-	-	4,339,634	4,238,589	4,339,634	4,238,589
Net bond premium (discount)	<u>5,264,525</u>	<u>4,987,027</u>	<u>4,017,875</u>	<u>4,542,370</u>	<u>9,282,400</u>	<u>9,529,397</u>
Total	<u>\$100,183,196</u>	<u>\$123,431,614</u>	<u>\$ 59,598,935</u>	<u>\$ 68,575,649</u>	<u>\$ 159,782,131</u>	<u>\$ 192,007,263</u>

The City's debt had a net decrease of \$32,225,132 or 17%. The key factors to this net decrease are the following:

- Debt payments of \$10,090,000 in governmental activities bonds and \$7,425,000 in business-type activities bonds were made during fiscal year 2020,
- The City issued \$1,960,000 2019 Certificates of Obligation in the governmental activities in fiscal year 2020,
- The City issued General Obligation Refunding Bonds Series 2019 and Series 2020 which together totaled \$9,440,000 and advanced refunded outstanding debt of \$9,495,000,
- Net pension liability decreased by \$14,258,078,
- Total OPEB liability decreased by \$1,422,722,
- Landfill closure/post-closure care cost had a net increase of \$101,045,
- Bond premium had a net decrease of \$246,997 and,
- Compensated absences increased by \$35,989.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Texas Economy

Activity in the Texas service sector increased slightly in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, picked up from 0.8 in January to 2.6 in February.

Labor market indicators suggest slight gains in employment and average hours worked in February. The employment index added about one point to rise to 2.7, while the part-time employment index was roughly flat at 1.3. The hours worked index rose from 1.6 to 3.3, with nearly 11 percent reporting lengthening employees' hours.

Perceptions of broader business conditions improved compared with January. The general business activity index rebounded into positive territory, rising over six points to 5.0, while the company outlook index improved from 1.0 to 2.7—its best reading since last October. The outlook uncertainty index declined from 6.4 in January to 1.7 in February, and the capital expenditures index rose to a one-year high of 7.0.

Price pressures rose in February while wage pressures remained stable. The selling prices index rose over three points to 9.4, while the input prices index rose from 22.1 to 24.4—both reaching their highest readings since before the COVID-19 pandemic. The wages and benefits index held mostly flat at 12.5, with 17 percent of respondents reporting higher labor costs compared with January.

Respondents' expectations regarding future business activity were increasingly optimistic compared with January. The future general business activity index increased to a three-year high of 27.7, while the future revenue index advanced over eight points to 46.3. Other indexes of future service sector activity such as employment and capital expenditures also rose, suggesting an acceleration in activity over the next six months.

Retail sales activity remained flat in February, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, was roughly unchanged at -0.1, with about one-half of respondents noting some change in sales compared with January—responses were evenly split between those noting increases and those seeing decreases. Inventories posted an increase, with the inventories index rising from -2.9 to 2.1.

Retail labor market indicators weakened, with employment and average workweek length falling compared with January. The employment index slipped from 1.5 to -2.0, while the part-time index declined from 1.7 to -2.2. The hours worked index plunged 12 points to -10.3, its weakest reading since last August.

Retailers' perceptions of broader business conditions worsened in February. The general business activity index weakened from -0.4 to -3.5, while the company outlook index shed nearly five points to -6.8—its lowest reading since May 2020. The outlook uncertainty index was basically unchanged at 4.3.

Retailers saw significant increases in price pressures and slight increases in wage pressures in February. The selling prices index registered an 18-point hike to 37.7—an all-time high since the survey's inception in 2007. The input prices index slipped about three points to 32.2, though this remains well above last year's average. The wages and benefits index increased slightly from 5.3 to 7.1.

Retailers continued to note optimism for future activity despite recent turbulence. The future general business activity index surged from 20.8 to 30.6, while the future sales index rose to a five-month high of 37.6. Other indexes of future retail activity such as employment remained firmly positive, suggesting a strengthening in activity as the year goes on.

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

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

Victoria Economy

Just like the Texas economy, Victoria's economy experienced a decline in economic activity due to COVID-19. Retail sales have seen improvement as restrictions are being lifted, but the other sectors of the economy have struggled. Victoria's economy is resilient, and the outlook remains optimistic that it will continue its recovery as businesses are allowed to resume normal operations.

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

Agilon Energy recently completed the construction of two natural gas powered peaker plants in Victoria, Texas and has plans for additional investments. The privately held Houston-based company selected sites in the city and county of Victoria for their \$125 million investment completed in 2019. The two sites will quickly generate power during times of high demand and will serve to balance the power grid. While there are few jobs associated with the ongoing operation of the plants, the investment places the company on the list of leading property taxpayers in Victoria.

Formosa Plastics Corporation received a county abatement in October 2020 for a \$120 million investment to add an ethylene dichloride reactor to the vinyl chloride monomer plant. This investment is in addition to the multi-billion-dollar expansion that is taking place at the plant site located 34 miles southeast of Victoria County. Their Port Lavaca Olefins III project is the third major expansion at the Point Comfort site and will create more than 340 new jobs and includes construction of a low-density polyethylene III resin unit, a high-density polyethylene III project, and utilities expansions. When fully completed, the plant site will have grown by 800 acres and four new units; bringing the total number of plant-wide units to 21 on 2,300 acres of land.

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

The Port of Victoria is a vital economic engine serving the Victoria region, and Victoria County Navigation District Commissioners began making \$6 million road infrastructure improvements at the port this year. The upgrades will enhance available property for industrial development in and around the port. More than \$14 million in infrastructure to accommodate the growing logistic needs of business has been invested over the past five years; providing multi-modal access to the chemical, construction and steel fabrication, and agribusiness industries located on port property. Acreage at the Port of Victoria site has been acquired, bringing the total to 2,000 contiguous developable acres along the Victoria Barge Canal.

Texas Transportation Commission continues work on the Victoria County designated I-69 frontage road project. The next segment represents 3.32 miles of frontage roads stretching along US Hwy. 59 (I-69) from FM 1686 to Loop 463. An overpass at Airline Road and Loop 463 opened in 2015.

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus foot print and degree program offerings. The economic impact of the University during 2018-2019 was \$320.5 million or 3,526 jobs supported in the region. More than \$147 million of capital projects have been completed or are currently in progress at the local campus; new academic buildings including a dedicated science, technology, engineering and math (STEM) building, student center with modern library, and additional residential housing for students are just some of the developments. University officials have future building and improvement projects at the Victoria campus totaling more than \$145 million. Additionally, the University purchased an abandoned retail shopping center and is investing several million dollars to renovate and repurpose the space into their Northwest Campus facility.

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

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

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

Due to the decrease in oil prices, Victoria's oil and natural gas industry (i.e. Eagle Ford Shale) slowed down significantly over the past year; and, the number of completed wells (i.e. producing wells) decreased as a result. Victoria's rig count for October 9, 2020 was 9 (average price of oil \$38.72), a decrease of 23 rigs compared to October 4, 2019 (average price of oil \$52.45).

Victoria's unemployment rate for September 2020 was 8.8 percent, compared to the U.S. 7.9 percent rate and Texas 8.3 percent rate; and is 5.5 percent higher than a year ago, due to the economic effects caused by COVID-19 restrictions on business operations.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) increased by 7.9 percent or \$3.14 million, comparing September 2020 to September 2019 values; the increase is due to an increase in single family residential permit values. As of September 2020, total commercial permit value is \$14.2 million, an increase of 0.58 percent or \$81.7 thousand from last year's values.

Water Supply

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

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

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

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

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

Other Economic Factors

- The City of Victoria, with a population of about 66,916, is located 30 miles inland from the Gulf Coast and roughly equidistant from Corpus Christi, Texas; San Antonio, Texas; and Houston, Texas, which are all approximately 130 miles away. While the most important opportunities remain in the petrochemical industry and the manufacturing and industrial sectors, Victoria's economy has become a regional center for retail trade and health care. The City acts as a draw for a seven-county area with a population of nearly 200,000. Over the past ten years (2010 thru 2020), the City's population has grown approximately 0.08 percent. The population is projected to grow by 0.09 percent over the next five years.
- As of the first five months of fiscal year 2021, actual sales tax revenues are exceeding the fiscal year 2021 budget by \$775,000. The City expects sales tax revenue to continue its recovery as the economy reopens and through stimulus programs.
- Property taxes (i.e., ad valorem taxes) are based on the value of total appraised, assessed taxable property in the City. The property tax levy includes the taxable value of new improvements and property annexed since January 1, 2020. The fiscal year 2020-2021 total appraised value of all property in the City of Victoria, as rendered by the Victoria Central Appraisal District and adjusted for frozen taxable appraised values, is \$4,334,155,538; an increase of 1.7% or \$71.4 million from last year's tax roll (adjusted for frozen taxable appraised values) of \$4,262,737,870.
- The ad valorem tax rate for fiscal year 2020 was set at 61.15¢, the same as last year's tax rate. The tax rate is allocated at 36.58¢ for General Fund maintenance and operating costs (an increase of 0.41¢), and 24.57¢ for Debt Service Fund (a decrease of 0.41¢).
- The General Fund unassigned fund balance, at September 30, 2020, came in \$5,801,484 above the fiscal year 2020 minimum required unassigned fund balance of \$12,659,948, including carryover encumbrances. The City has a policy of maintaining a minimum unassigned fund balance of 25% of total expenditures, in a given budget year. The excess unassigned fund balance will be used on one-time/non-reoccurring expenditures, capital improvement projects, or at Council's discretion.
- The fiscal year 2021 Budget includes \$1,887,376 of General Fund one-time expenditures and \$3,441,577 of Water and Wastewater Fund one-time expenses.
- In FY 2018, the City completed a water / wastewater rate study. After reviewing the outcome and on the recommendation of consultants, the City moved from a seven-tier variable rate table to a four-tier variable rate table. In conjunction with the rate study, the City prepares a financial model forecasting revenues, expected infrastructure needs and other expected expenses. The model is prepared based upon assumptions regarding customer growth, five years Capital Improvement Program, increases in operating cost, debt-coverage-ratio requirements, and debt service requirements. The model serves as a planning tool to forecast the ability to pay cash for operational needs, future debt service, or finance various infrastructure needs, as well as to establish water and wastewater rate increases.

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

Requests for Information

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

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 41,010,867	\$ 20,527,510	\$ 61,538,377	\$ 18,685,265
Receivables (net)	11,770,380	2,552,447	14,322,827	627,234
Internal balances	255,624	(255,624)	-	-
Due from component unit	179,346	-	179,346	-
Due from primary government	-	-	-	46,384
Inventory	479,268	195,773	675,041	-
Returned checks	26,511	3,637	30,148	-
Prepaid items	83,631	2,519	86,150	-
Deposits	500,000	-	500,000	-
Restricted assets				
Cash and cash equivalents	24,000	3,834,304	3,858,304	-
Total current assets	54,329,627	26,860,566	81,190,193	19,358,883
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	16,709,825	5,674,438	22,384,263	10,253,936
Buildings, improvements, and equipment (net)	130,065,587	130,755,294	260,820,881	1,299,197
Net capital assets	146,775,412	136,429,732	283,205,144	11,553,133
Total noncurrent assets	146,775,412	136,429,732	283,205,144	11,553,133
Total assets	201,105,039	163,290,298	364,395,337	30,912,016
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	3,444,632	1,089,445	4,534,077	-
Deferred outflow related to pension	3,198,145	831,940	4,030,085	-
Deferred outflow related to OPEB	1,215,693	293,262	1,508,955	-
Total deferred outflows of resources	7,858,470	2,214,647	10,073,117	-

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,679,152	\$ 857,155	\$ 3,536,307	\$ 987,326
Accounts payable (payable from restricted assets)	-	19,514	19,514	-
Accrued expenses	2,786,910	482,790	3,269,700	-
Due to other governments	39,611	47,551	87,162	-
Due to component unit	-	46,384	46,384	-
Due to primary government	-	-	-	179,346
Customer deposits	-	38,056	38,056	-
Claims payable	698,293	-	698,293	-
Unearned revenue	1,054,645	-	1,054,645	-
Accrued compensated absences	50,038	8,117	58,155	-
Accrued interest payable	268,390	556,004	824,394	-
Current portion of long-term obligations	7,245,000	6,577,825	13,822,825	-
Total current liabilities	14,822,039	8,633,396	23,455,435	1,166,672
Noncurrent liabilities				
Noncurrent portion of long-term obligations	56,769,525	39,977,056	96,746,581	-
Accrued compensated absences	933,017	151,351	1,084,368	-
Net pension liability	26,239,506	6,372,358	32,611,864	-
OPEB liability	8,946,110	2,172,595	11,118,705	-
Estimated landfill closure and postclosure care cost	-	4,339,634	4,339,634	-
Total noncurrent liabilities	92,888,158	53,012,994	145,901,152	-
Total liabilities	107,710,197	61,646,390	169,356,587	1,166,672
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension	6,266,564	1,544,564	7,811,128	-
Deferred inflow related to OPEB	929,871	223,422	1,153,293	-
Total deferred inflows of resources	7,196,435	1,767,986	8,964,421	-
NET POSITION				
Net investment in capital assets	88,120,181	90,964,296	179,084,477	11,553,133
Restricted for:				
Debt service	1,603,556	-	1,603,556	-
Public safety	3,510,545	-	3,510,545	-
Recreation	3,264,524	-	3,264,524	-
Unrestricted	(2,441,929)	11,126,273	8,684,344	18,192,211
Total net position	\$ 94,056,877	\$ 102,090,569	\$ 196,147,446	\$ 29,745,344

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 4,935,675	\$ 1,769,093	\$ 788,153	\$ -
Public safety	29,227,156	5,521,700	4,480,484	-
Development	17,366,704	-	2,065,963	62,500
Building services	565,689	-	-	-
Recreation	6,376,828	255,333	10,000	-
Interest on long-term debt	2,670,591	-	-	-
Total governmental activities	<u>61,142,643</u>	<u>7,546,126</u>	<u>7,344,600</u>	<u>62,500</u>
Business-type activities				
Water/wastewater	24,268,652	26,344,859	-	200,000
Environmental services	4,967,876	5,550,497	-	-
Other	1,970,956	1,320,692	-	-
Total business-type activities	<u>31,207,484</u>	<u>33,216,048</u>	<u>-</u>	<u>200,000</u>
Total primary government	<u>\$ 92,350,127</u>	<u>\$ 40,762,174</u>	<u>\$ 7,344,600</u>	<u>\$ 262,500</u>
Component Units	<u>\$ 1,191,348</u>	<u>\$ 9,500</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Other taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (2,378,429)	\$ -	\$ (2,378,429)	\$ -
(19,224,972)	-	(19,224,972)	-
(15,238,241)	-	(15,238,241)	-
(565,689)	-	(565,689)	-
(6,111,495)	-	(6,111,495)	-
(2,670,591)	-	(2,670,591)	-
<u>(46,189,417)</u>	<u>-</u>	<u>(46,189,417)</u>	<u>-</u>
-	2,276,207	2,276,207	-
-	582,621	582,621	-
<u>-</u>	<u>(650,264)</u>	<u>(650,264)</u>	<u>-</u>
<u>-</u>	<u>2,208,564</u>	<u>2,208,564</u>	<u>-</u>
<u>(46,189,417)</u>	<u>2,208,564</u>	<u>(43,980,853)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,181,848)</u>
15,758,957	-	15,758,957	-
8,883,422	-	8,883,422	-
16,337,766	-	16,337,766	8,199,237
5,652,152	-	5,652,152	-
1,653,719	-	1,653,719	-
669,969	248,041	918,010	308,637
292,637	84,355	376,992	249,403
<u>3,303,044</u>	<u>(3,303,044)</u>	<u>-</u>	<u>-</u>
<u>52,551,666</u>	<u>(2,970,648)</u>	<u>49,581,018</u>	<u>8,757,277</u>
6,362,249	(762,084)	5,600,165	7,575,429
<u>87,694,628</u>	<u>102,852,653</u>	<u>190,547,281</u>	<u>22,169,915</u>
<u>\$ 94,056,877</u>	<u>\$ 102,090,569</u>	<u>\$ 196,147,446</u>	<u>\$ 29,745,344</u>

CITY OF VICTORIA, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Construction Fund (3036)</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 20,528,872	\$ 1,140,781	\$ 6,278,348
Receivables (net)	9,206,669	731,165	-
Due from other funds	1,482,895	-	120,000
Due from component unit	-	-	-
Inventory	414,641	-	-
Deposit	-	-	500,000
Returned checks	26,511	-	-
Total assets	<u>\$ 31,659,588</u>	<u>\$ 1,871,946</u>	<u>\$ 6,898,348</u>
LIABILITIES			
Accounts payable	\$ 689,215	\$ -	\$ 45,539
Accrued expenditures	2,692,323	-	-
Accrued compensated absences	8,092	-	-
Due to other governments	39,611	-	-
Due to other funds	712,078	-	78,632
Unearned revenue	933,076	-	-
Total liabilities	<u>5,074,395</u>	<u>-</u>	<u>124,171</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>6,456,741</u>	<u>731,165</u>	<u>-</u>
Total deferred inflows of resources	<u>6,456,741</u>	<u>731,165</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Inventory	414,641	-	-
Restricted	-	1,140,781	6,774,177
Committed	1,252,469	-	-
Unassigned	18,461,342	-	-
Total fund balances	<u>20,128,452</u>	<u>1,140,781</u>	<u>6,774,177</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,659,588</u>	<u>\$ 1,871,946</u>	<u>\$ 6,898,348</u>

The accompanying notes are an integral part of this statement.

<u>Capital Construction Fund (3037)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,309,760	\$ 4,400,218	\$ 36,657,979
-	1,571,761	11,509,595
88,358	308,618	1,999,871
179,346	-	179,346
-	-	414,641
-	-	500,000
-	-	26,511
<u>\$ 4,577,464</u>	<u>\$ 6,280,597</u>	<u>\$ 51,287,943</u>
\$ 713,598	\$ 715,535	\$ 2,163,887
-	16,732	2,709,055
-	-	8,092
-	-	39,611
-	1,613,901	2,404,611
-	121,569	1,054,645
<u>713,598</u>	<u>2,467,737</u>	<u>8,379,901</u>
<u>-</u>	<u>239,540</u>	<u>7,427,446</u>
<u>-</u>	<u>239,540</u>	<u>7,427,446</u>
-	-	414,641
3,863,866	4,047,472	15,826,296
-	-	1,252,469
-	(474,152)	17,987,190
<u>3,863,866</u>	<u>3,573,320</u>	<u>35,480,596</u>
<u>\$ 4,577,464</u>	<u>\$ 6,280,597</u>	<u>\$ 51,287,943</u>

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

September 30, 2020

Total governmental fund balances		\$ 35,480,596
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		11,961,164
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are "unavailable" in the funds.		2,236,786
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.		5,190,660
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	\$ 370,817,165	
Accumulated depreciation of governmental capital assets	<u>(231,877,240)</u>	138,939,925
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	3,444,632	
Deferred outflow related to pension	3,198,145	
Deferred outflow related to OPEB	<u>1,215,693</u>	7,858,470
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	(58,750,000)	
Premiums on bonds payable	(5,264,525)	
Accrued interest on the bonds	(268,390)	
Compensated absences	(945,758)	
Net pension liability	(26,239,506)	
OPEB liability	<u>(8,946,110)</u>	(100,414,289)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to pension	(6,266,564)	
Deferred inflow related to OPEB	<u>(929,871)</u>	<u>(7,196,435)</u>
Net position of governmental activities		\$ <u>94,056,877</u>

The accompanying notes are an integral part of this statement.



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

For the year ended September 30, 2020

	General	Debt Service	Capital Construction Fund (3036)
REVENUES			
Taxes	\$ 38,046,114	\$ 9,308,822	\$ -
Licenses and permits	903,703	-	-
Intergovernmental	3,192,157	-	292,182
Charges for services	2,788,246	-	-
Fines and forfeitures	668,242	-	-
Investment income	377,748	56,313	105,614
Miscellaneous	294,079	-	62,500
Total revenues	<u>46,270,289</u>	<u>9,365,135</u>	<u>460,296</u>
EXPENDITURES			
Current			
General government	3,973,890	-	-
Public safety	29,235,217	-	-
Development	8,073,839	-	186,180
Building services	553,205	-	-
Recreation	5,350,986	-	-
Capital outlay	-	-	140,681
Debt service			
Principal retirement	-	10,090,000	-
Interest and fiscal charges	-	2,541,862	-
Paying agents' fees, issue costs, and arbitrage rebate premiums	-	183,403	-
Total expenditures	<u>47,187,137</u>	<u>12,815,265</u>	<u>326,861</u>
Excess (deficiency) of revenues over expenditures	(916,848)	(3,450,130)	133,435
OTHER FINANCING SOURCES (USES)			
Debt issued	-	9,440,000	-
Premium on debt issued	-	820,023	-
Payment to escrow	-	(10,076,560)	-
Transfers in	3,354,082	3,210,929	120,000
Transfers out	(2,496,428)	-	(4,471,062)
Total other financing sources (uses)	<u>857,654</u>	<u>3,394,392</u>	<u>(4,351,062)</u>
Change in fund balances	(59,194)	(55,738)	(4,217,627)
Fund balances at beginning of year	<u>20,187,646</u>	<u>1,196,519</u>	<u>10,991,804</u>
Fund balances at end of year	<u>\$ 20,128,452</u>	<u>\$ 1,140,781</u>	<u>\$ 6,774,177</u>

The accompanying notes are an integral part of this statement.

Capital Construction Fund (3037)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,504,505	\$ 48,859,441
-	-	903,703
-	2,394,340	5,878,679
-	-	2,788,246
-	103,249	771,491
62,148	39,362	641,185
780,266	435,327	1,572,172
<u>842,414</u>	<u>4,476,783</u>	<u>61,414,917</u>
-	667,169	4,641,059
-	1,373,634	30,608,851
48,986	1,195,124	9,504,129
-	-	553,205
-	1,071,795	6,422,781
6,370,889	74,954	6,586,524
-	-	10,090,000
-	-	2,541,862
64,503	-	247,906
<u>6,484,378</u>	<u>4,382,676</u>	<u>71,196,317</u>
(5,641,964)	94,107	(9,781,400)
1,960,000	-	11,400,000
110,332	-	930,355
-	-	(10,076,560)
2,356,069	1,121,402	10,162,482
-	(969,948)	(7,937,438)
<u>4,426,401</u>	<u>151,454</u>	<u>4,478,839</u>
(1,215,563)	245,561	(5,302,561)
<u>5,079,429</u>	<u>3,327,759</u>	<u>40,783,157</u>
<u>\$ 3,863,866</u>	<u>\$ 3,573,320</u>	<u>\$ 35,480,596</u>

CITY OF VICTORIA, TEXAS

*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES*

For the year ended September 30, 2020

Total net change in fund balances - governmental funds **\$ (5,302,561)**

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

Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The net activity of the internal service funds are reported with governmental activities. 322,155

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	\$ 8,445,763	
Depreciation expense	<u>(10,416,820)</u>	(1,971,057)

The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position. (261,212)

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

Bonds and certificates at par value	(11,400,000)	
(Premium) discount	<u>(930,355)</u>	(12,330,355)

Payment to the escrow agent to refund bonds from refunding proceeds reduces long-term liabilities. 10,076,560

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	10,090,000	
Capital lease principal retirement	<u>739,556</u>	10,829,556

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

Property taxes	(610,365)	
Other revenues	<u>3,053,982</u>	2,443,617

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

Increase in compensated absences	(28,939)	
Decrease in accrued interest	60,394	
Decrease in loss on bond refunding	(594,072)	
Decrease in bond premium	652,856	
Net pension costs	1,688,927	
Net OPEB costs	<u>776,380</u>	<u>2,555,546</u>

Change in net position of governmental activities **\$ 6,362,249**

The accompanying notes are an integral part of this statement.



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CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2020

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 12,104,878	\$ 7,386,093	\$ 1,036,539	\$ 20,527,510	\$ 4,352,888
Receivables (net)	2,221,306	267,959	63,182	2,552,447	260,785
Due from other funds	-	5,365	975	6,340	678,158
Inventory	181,813	-	13,960	195,773	64,627
Returned checks	-	-	3,637	3,637	-
Prepaid items	-	-	2,519	2,519	83,631
Restricted assets					
Cash and cash equivalents	358,493	2,828,446	647,365	3,834,304	24,000
Total current assets	14,866,490	10,487,863	1,768,177	27,122,530	5,464,089
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	3,296,207	834,981	1,543,250	5,674,438	173,175
Buildings, improvements, and equipment (net)	126,348,907	1,218,367	3,188,020	130,755,294	7,662,312
Net capital assets	129,645,114	2,053,348	4,731,270	136,429,732	7,835,487
Total noncurrent assets	129,645,114	2,053,348	4,731,270	136,429,732	7,835,487
Total assets	144,511,604	12,541,211	6,499,447	163,552,262	13,299,576
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	1,089,445	-	-	1,089,445	-
Deferred outflow related to pension	679,643	152,297	-	831,940	-
Deferred outflow related to OPEB	241,007	52,255	-	293,262	-
Total deferred outflows of resources	2,010,095	204,552	-	2,214,647	-

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
LIABILITIES					
Current liabilities					
Accounts payable	\$ 615,702	\$ 161,891	\$ 79,562	\$ 857,155	\$ 515,265
Accounts payable (payable from restricted assets)	19,514	-	-	19,514	-
Accrued expenses	333,880	83,427	65,483	482,790	77,855
Accrued compensated absences	6,855	1,215	47	8,117	1,487
Due to other governments	-	47,551	-	47,551	-
Due to other funds	240,981	18,398	2,585	261,964	17,794
Due to component unit	16,030	30,354	-	46,384	-
Customer deposits	-	-	38,056	38,056	-
Claims payable	-	-	-	-	698,293
Accrued interest payable	556,004	-	-	556,004	-
Current portion of revenue bonds	6,490,000	-	-	6,490,000	-
Current portion of capital lease	-	-	87,825	87,825	-
Total current liabilities	8,278,966	342,836	273,558	8,895,360	1,310,694
Noncurrent liabilities					
Revenue bonds (net of unamortized deferred amounts)	39,862,875	-	-	39,862,875	-
Capital lease payable	-	-	114,181	114,181	-
Accrued compensated absences	127,823	22,660	868	151,351	27,718
Net pension liability	5,237,465	1,134,893	-	6,372,358	-
OPEB liability	1,785,664	386,931	-	2,172,595	-
Estimated landfill closure and postclosure care cost	-	4,339,634	-	4,339,634	-
Total noncurrent liabilities	47,013,827	5,884,118	115,049	53,012,994	27,718
Total liabilities	55,292,793	6,226,954	388,607	61,908,354	1,338,412
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pension	1,264,464	280,100	-	1,544,564	-
Deferred inflow related to OPEB	183,538	39,884	-	223,422	-
Total deferred inflows of resources	1,448,002	319,984	-	1,767,986	-
NET POSITION					
Net investment in capital assets	84,381,684	2,053,348	4,529,264	90,964,296	7,835,487
Unrestricted net position	5,399,220	4,145,477	1,581,576	11,126,273	4,125,677
Total net position	\$ 89,780,904	\$ 6,198,825	\$ 6,110,840	\$ 102,090,569	\$ 11,961,164

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS

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

PROPRIETARY FUNDS

For the year ended September 30, 2020

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 26,201,097	\$ 4,579,316	\$ 1,315,175
Miscellaneous	143,762	971,181	5,517
Total operating revenues	<u>26,344,859</u>	<u>5,550,497</u>	<u>1,320,692</u>
OPERATING EXPENSES			
Personnel	7,160,674	1,536,906	860,325
Materials and supplies	1,336,736	235,670	173,407
Maintenance	1,228,053	2,401	78,857
Heat, lights and power	1,022,459	13,761	147,298
Reinsurance premiums	-	-	-
Miscellaneous services	2,195,361	1,430,883	132,268
Contractual services	811,999	252,202	60,881
Computer services	139,306	55,024	16,556
Court costs, judgments and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
HSA expense	-	-	-
Wellness program	-	-	-
Tipping fees	-	1,045,073	-
Landfill closure and postclosure care cost	-	121,648	-
Depreciation	8,975,838	274,308	492,688
Total operating expenses	<u>22,870,426</u>	<u>4,967,876</u>	<u>1,962,280</u>
Operating income (loss) before nonoperating revenues (expenses), contributions and transfers	3,474,433	582,621	(641,588)
NONOPERATING REVENUES (EXPENSES)			
Investment income	107,959	126,113	13,969
Interest and fiscal charges	(1,398,226)	-	(8,676)
Gain (loss) on disposition of capital assets	70,814	14,947	(1,406)
Net nonoperating revenues (expenses)	<u>(1,219,453)</u>	<u>141,060</u>	<u>3,887</u>
Income before contributions and transfers	2,254,980	723,681	(637,701)
Contributions and transfers			
Capital contributions	200,000	-	-
Transfers in	24,283	47,357	37,500
Transfers out	(2,770,087)	(603,167)	(38,930)
Total contributions and transfers	<u>(2,545,804)</u>	<u>(555,810)</u>	<u>(1,430)</u>
Change in net position	(290,824)	167,871	(639,131)
Total net position at beginning of year	<u>90,071,728</u>	<u>6,030,954</u>	<u>6,749,971</u>
Total net position at end of year	<u>\$ 89,780,904</u>	<u>\$ 6,198,825</u>	<u>\$ 6,110,840</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 32,095,588	\$ 14,951,666
1,120,460	147,234
<u>33,216,048</u>	<u>15,098,900</u>
9,557,905	1,235,527
1,745,813	849,025
1,309,311	724,427
1,183,518	20,344
-	1,264,606
3,758,512	1,275,284
1,125,082	1,755,872
210,886	55,658
-	388
-	5,695,802
-	200,000
-	54,750
-	7,400
1,045,073	-
121,648	-
9,742,834	2,703,103
<u>29,800,582</u>	<u>15,842,186</u>
3,415,466	(743,286)
248,041	28,784
(1,406,902)	-
84,355	(41,343)
<u>(1,074,506)</u>	<u>(12,559)</u>
2,340,960	(755,845)
200,000	-
109,140	1,280,000
<u>(3,412,184)</u>	<u>(202,000)</u>
<u>(3,103,044)</u>	<u>1,078,000</u>
(762,084)	322,155
<u>102,852,653</u>	<u>11,639,009</u>
<u>\$ 102,090,569</u>	<u>\$ 11,961,164</u>

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2020

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers/other funds	\$ 26,570,393	\$ 5,562,126	\$ 1,313,882
Cash paid to suppliers for goods and services	(6,573,701)	(2,976,547)	(583,667)
Cash paid to employees for services	(5,634,143)	(1,308,982)	(840,265)
Net cash provided (used) by operating activities	<u>14,362,549</u>	<u>1,276,597</u>	<u>(110,050)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in customer deposits	-	-	817
Borrowings from (to) other funds	1,621,606	2,496,363	(4,062)
Borrowings from (to) component unit	(75,072)	496	-
Transfers in from other funds	24,283	47,357	37,500
Transfers out to other funds	(2,770,087)	(603,167)	(38,930)
Net cash provided (used) by noncapital financing activities	<u>(1,199,270)</u>	<u>1,941,049</u>	<u>(4,675)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,691,605)	(108,869)	(80,116)
Proceeds from sale of capital assets	83,466	24,651	-
Proceeds from capital grants and contributions	200,000	-	-
Principal paid on capital debt	(7,425,000)	-	(84,812)
Interest paid on capital debt	(1,818,900)	-	(8,676)
Net cash provided (used) by capital and related financing activities	<u>(11,652,039)</u>	<u>(84,218)</u>	<u>(173,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Proceeds from sales and maturities of investments	521,250	1,252,250	-
Investment income	107,959	126,113	13,969
Net cash provided (used) by investing activities	<u>629,209</u>	<u>1,378,363</u>	<u>13,969</u>
Net increase (decrease) in cash and cash equivalents	2,140,449	4,511,791	(274,360)
Cash and cash equivalents at beginning of year	<u>10,322,922</u>	<u>5,702,748</u>	<u>1,958,264</u>
Cash and cash equivalents at end of year	<u>\$ 12,463,371</u>	<u>\$ 10,214,539</u>	<u>\$ 1,683,904</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	Governmental Activities Internal Service Funds
\$ 33,446,401	\$ 15,328,892
(10,133,915)	(11,814,045)
<u>(7,783,390)</u>	<u>(1,210,046)</u>
15,529,096	2,304,801
817	-
4,113,907	-
(74,576)	-
109,140	1,280,000
<u>(3,412,184)</u>	<u>(202,000)</u>
737,104	1,078,000
(2,880,590)	(2,429,633)
108,117	2,736
200,000	-
(7,509,812)	-
<u>(1,827,576)</u>	<u>-</u>
<u>(11,909,861)</u>	<u>(2,426,897)</u>
-	-
1,773,500	-
248,041	28,784
<u>2,021,541</u>	<u>28,784</u>
6,377,880	984,688
<u>17,983,934</u>	<u>3,392,200</u>
<u>\$ 24,361,814</u>	<u>\$ 4,376,888</u>

(continued)

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2020

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 3,474,433	\$ 582,621	\$ (641,588)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	8,975,838	274,308	492,688
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	220,764	10,042	-
(Increase) decrease in other receivables	4,770	1,587	(4,817)
(Increase) decrease in returned checks	-	-	(1,993)
(Increase) decrease in prepaid items	-	-	141
(Increase) decrease in inventory	37,321	-	1,424
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in deferred outflows related to pension	959,354	231,942	-
(Increase) decrease in deferred outflows related to OPEB	(52,381)	(8,561)	-
Increase (decrease) in accounts payable	122,892	73,081	24,035
Increase (decrease) in accrued expenses	41,198	13,683	20,004
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	4,701	1,776	56
Increase (decrease) in due to other governments	-	5,989	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in net pension liability	(907,184)	(289,953)	-
Increase (decrease) in OPEB liability	141,483	5,672	-
Increase (decrease) in landfill closure and postclosure care cost	-	101,045	-
Increase (decrease) in deferred inflows related to pension	1,175,892	238,135	-
Increase (decrease) in deferred inflows related to OPEB	163,468	35,230	-
Total adjustments	<u>10,888,116</u>	<u>693,976</u>	<u>531,538</u>
Net cash provided (used) by operating activities	<u>\$ 14,362,549</u>	<u>\$ 1,276,597</u>	<u>\$ (110,050)</u>
Reconciliation of cash and cash equivalents			
Unrestricted			
Cash and cash equivalents	\$ 12,104,878	\$ 7,386,093	\$ 1,036,539
Restricted			
Cash and cash equivalents	<u>358,493</u>	<u>2,828,446</u>	<u>647,365</u>
Total	<u>\$ 12,463,371</u>	<u>\$ 10,214,539</u>	<u>\$ 1,683,904</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 3,415,466	\$ (743,286)
9,742,834	2,703,103
230,806	-
1,540	141,557
(1,993)	-
141	(83,631)
38,745	56,255
-	101,029
1,191,296	-
(60,942)	-
220,008	81,712
74,885	13,962
-	(12,594)
6,533	11,519
5,989	-
-	35,175
(1,197,137)	-
147,155	-
101,045	-
1,414,027	-
<u>198,698</u>	<u>-</u>
<u>12,113,630</u>	<u>3,048,087</u>
<u>\$ 15,529,096</u>	<u>\$ 2,304,801</u>
\$ -	\$ 4,352,888
-	<u>24,000</u>
<u>\$ -</u>	<u>\$ 4,376,888</u>

(concluded)

CITY OF VICTORIA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2020

	Retiree Health Care Plan Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 9,974	\$ 357,573
Investments	2,364,726	-
Receivables (net)	21	7
Prepaid items	-	488
Total assets	<u>2,374,721</u>	<u>\$ 358,068</u>
LIABILITIES		
Liabilities		
Accounts payable	-	\$ 1,162
Due to other agencies	-	356,906
Total liabilities	<u>-</u>	<u>\$ 358,068</u>
NET POSITION		
Restricted for OPEB	<u>\$ 2,374,721</u>	

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS***For the year ended September 30, 2020*

	<u>Retiree Health Care Plan Trust</u>
ADDITIONS	
Miscellaneous	
Employer contributions	\$ 1,387,013
Investment income	
Net appreciation (depreciation) in fair value of investments	336,497
Dividends	54,321
Interest income	387
Other	<u>2</u>
Total additions	<u>1,778,220</u>
DEDUCTIONS	
Benefit payments	1,187,013
OPEB Plan administrative expense	9,544
Other	<u>1,204</u>
Total deductions	<u>1,197,761</u>
Changes in net position	580,459
Net position - beginning	<u>1,794,262</u>
Net position - ending	<u>\$ 2,374,721</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2020

	Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 18,684,265	\$ 1,000	\$ 18,685,265
Receivables (net)			
Sales taxes	627,234	-	627,234
Due from primary government	46,384	-	46,384
Total current assets	<u>19,357,883</u>	<u>1,000</u>	<u>19,358,883</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	10,253,936	-	10,253,936
Buildings, improvements, and equipment (net)	<u>1,278,421</u>	<u>20,776</u>	<u>1,299,197</u>
Total noncurrent assets	<u>11,532,357</u>	<u>20,776</u>	<u>11,553,133</u>
Total assets	<u>30,890,240</u>	<u>21,776</u>	<u>30,912,016</u>
LIABILITIES			
Current liabilities			
Accounts payable	987,326	-	987,326
Due to primary government	<u>179,346</u>	<u>-</u>	<u>179,346</u>
Total liabilities	<u>1,166,672</u>	<u>-</u>	<u>1,166,672</u>
NET POSITION			
Net investment in capital assets	11,532,357	20,776	11,553,133
Unrestricted	<u>18,191,211</u>	<u>1,000</u>	<u>18,192,211</u>
Total net position	<u>\$ 29,723,568</u>	<u>\$ 21,776</u>	<u>\$ 29,745,344</u>

The accompanying notes are an integral part of this statement.



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CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended September 30, 2020

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units				
Sales Tax Development Corporation	\$ 1,163,029	\$ -	\$ -	\$ -
Victoria Special Events Assoc., Inc.	<u>28,319</u>	<u>9,500</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 1,191,348</u>	<u>\$ 9,500</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Taxes:
 Sales taxes
 Unrestricted investment earnings
 Miscellaneous
 Total general revenues
 Change in net position
 Net position - beginning
 Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Changes
in Net Position

Component Units		
Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
\$ (1,163,029)	\$ -	\$ (1,163,029)
-	(18,819)	(18,819)
(1,163,029)	(18,819)	(1,181,848)
8,199,237	-	8,199,237
308,637	-	308,637
249,403	-	249,403
8,757,277	-	8,757,277
7,594,248	(18,819)	7,575,429
22,129,320	40,595	22,169,915
\$ 29,723,568	\$ 21,776	\$ 29,745,344

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Excluded from the reporting entity:

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

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

Included in the reporting entity:

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

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

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

A. Reporting Entity - (Continued)

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

These component units are discretely presented in the financial statements. Complete financial statements of the individual component units can be obtained from the City's Finance Department, 700 Main Center, Suite 100, Victoria, Texas 77901.

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The City reports the following major governmental funds:

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

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

The Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities or other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. Two of the City's three Capital Project Funds, Capital Construction Fund (3036) and Capital Construction Fund (3037) are reported as major funds as of September 30, 2020.

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The Water and Wastewater Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgets and Budgetary Accounting

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

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. No funds may be expended or encumbered which will exceed appropriations; however, the City Manager is authorized to transfer budgeted amounts within any department or agency. Any revisions that alter the total expenditures of any department or agency must be approved by the City Council. There were supplemental appropriations made during the year. The encumbrances outstanding at September 30, 2019 were carried forward to fiscal year 2020 through a supplemental budgetary allocation which amounted to \$883,786.
5. Budgets for the General, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year. Budget comparisons are presented in the accompanying financial statements for these funds with appropriated budgets.
6. The Debt Service Fund is budgeted by debt service issues.
7. The Capital Project Funds are budgeted on a project basis. Annually the City Council budgets only those portions of projects that have not been previously appropriated, along with new appropriations for new projects.

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

D. Budgets and Budgetary Accounting - (Continued)

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

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Project Funds. Encumbrances outstanding at year-end in the General Fund are reported as commitments of fund balance since they do not constitute expenditures or liabilities.

F. Deposits and Investments

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

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

Investments for the City, as well as the component units, are recorded at amortized cost, which as of September 30, 2020, approximates fair value. Because the fair value of the City's investments did not materially differ from cost, no adjustments were made to the City's reporting amounts. See Note 3 for further discussion.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

H. Inventory and Prepaid Items

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

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

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on capital assets of business-type activities when acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the period of construction until completion of the project with interest earned on invested proceeds over the same period.

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

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

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All compensated absence pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

L. Long-Term Obligations

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

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

M. Deferred Outflows/Inflows of Resources

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

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

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

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

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

N. Pensions

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

O. Supplemental Death Benefit (OPEB)

For purposes of measuring the total OPEB liability for the supplemental death benefit plan, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 75.

P. Fund Balance Policies

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

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

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

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

P. Fund Balance Policies - (Continued)

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

The City Council delegates the responsibility to assign funds not to exceed \$50,000 to the City Manager or their designee to be used for specific purposes. City Council shall have the authority to assign any amount of funds to be used for specific purposes pursuant to the City's fund balance policy. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The assignments may occur subsequent to fiscal year-end.

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

Q. Net Position Flow Assumptions

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

R. Minimum Fund Balance Policy

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

S. Use of Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Compliance

Budgetary compliance is monitored at the departmental level in the General Fund and at the fund level in the Debt Service Fund and the Capital Project Funds. There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2019-2020.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Non-departmental	\$ 1,015,812	\$ 1,091,618	\$ 75,806
Debt Service Fund	12,742,083	12,815,265	73,182

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

Encumbrances

Encumbrances are reported in the financial statements as committed in the governmental funds. As of September 30, 2020, encumbrances in the amount of \$1,252,469 were reported as committed fund balance in the General Fund.

Deficit Fund Equity

As of September 30, 2020, the CDBG Hazard Mitigation Fund and the COVID-19 Grant Fund (nonmajor special revenue funds) had deficit fund equity balances of \$255,807 and \$218,345, respectively. These deficits will be eliminated in the 2021 fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTSDeposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the Reporting Entity that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral by the Federal Reserve Bank in the City's name under a tri-party collateral agreement between Wells Fargo Bank, N.A. and The Bank of New York Mellon. The market value of the collateral held at the Federal Reserve Bank in the City's name at fiscal year-end was \$11,481,999.

At September 30, 2020, the carrying amount of the City's deposits was \$9,417,780 and the respective bank balances totaled \$9,003,090. The City's cash on hand totaled \$5,200.

Investments

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

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

As of September 30, 2020, the Reporting Entity had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>	<u>Portfolio %age</u>
Public Funds Investment Pool				
LOGIC	\$ 29,625,866	52	AAAm	40%
Texas CLASS	30,242,298	55	AAAm	40%
Texas Fixed Income Trust (FIT)	13,510,603	104	AAAf/S1	18%
Texas TERM / DAILY	95	59	AAAm	0%
TexPool	<u>1,587,676</u>	49	AAAm	2%
	<u>\$ 74,966,538</u>			

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

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool uses amortized cost and the remaining investment pools use the fair value method to value portfolio assets. The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. Investments in the pools are classified as cash and cash equivalents for reporting purposes.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2020, and for the year then ended, the City was not exposed to any custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at September 30, 2020 consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Wastewater</u>	<u>Environmental Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables:						
Accounts	\$ -	\$ -	\$ 2,181,175	\$ 254,124	\$ -	\$ 2,435,299
Ad valorem taxes	1,912,585	769,647	-	-	-	2,682,232
Franchise taxes	631,791	-	-	-	-	631,791
Sales taxes	1,254,469	-	-	-	-	1,254,469
Weedy lots	3,236,419	-	-	-	-	3,236,419
Ambulance	2,424,367	-	-	-	-	2,424,367
Fines	1,605,489	-	-	-	-	1,605,489
Grants	2,962,344	-	-	-	1,323,160	4,285,504
Other	1,018,315	-	40,131	13,835	572,568	1,644,849
Total gross receivables	15,045,779	769,647	2,221,306	267,959	1,895,728	20,200,419
Less: allowances	5,839,110	38,482	-	-	-	5,877,592
Total net receivables	<u>\$ 9,206,669</u>	<u>\$ 731,165</u>	<u>\$ 2,221,306</u>	<u>\$ 267,959</u>	<u>\$ 1,895,728</u>	<u>\$ 14,322,827</u>

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

The City is permitted by a local charter to levy taxes up to \$2.00 per \$100 of assessed valuation. The combined tax rate for the year ended September 30, 2020, was \$0.6115 per \$100, which means that the City has a tax margin of \$1.3885 per \$100 and could raise up to \$58,733,454 on \$4,229,993,084 before the limit is reached.

NOTE 4: RECEIVABLES - (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,505,621	\$ -	\$ 1,505,621
Weedy lots	478,287	-	478,287
Ambulance	927,180	-	927,180
Fines	583,309	-	583,309
Franchise fees	-	933,076	933,076
Grants	2,962,344	-	2,962,344
Debt Service Fund			
Ad valorem taxes receivable	731,165	-	731,165
Nonmajor Funds			
Grants	<u>239,540</u>	<u>121,569</u>	<u>361,109</u>
	<u>\$ 7,427,446</u>	<u>\$ 1,054,645</u>	<u>\$ 8,482,091</u>

NOTE 5: JOINT VENTURE

The South Texas Zoo is a cooperative effort funded by the City of Victoria's General Fund and the South Texas Zoological Society. The South Texas Zoological Society operates and maintains the South Texas Zoo located in the City-owned Riverside Park. The City does not appoint any of the directors of the Society. As of the last financial statement, September 30, 2019, total assets were \$402,739, total liabilities were \$29,208, total fund net position was \$372,932, total support and revenues were \$700,214 and total expenses were \$658,410. Excess revenue over expenses resulted in a net income of \$41,804. The amount contributed by the City for years ended September 30, 2020 and 2019, was \$125,000 and \$125,000, respectively. Complete audited financial statements for the South Texas Zoo may be obtained at 110 Memorial Drive, Victoria, Texas 77901.

NOTE 6: CAPITAL ASSETS

The City's capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,116,871	\$ -	\$ -	\$ 5,116,871
Construction in progress	9,155,800	6,487,141	4,049,987	11,592,954
Total capital assets not being depreciated	<u>14,272,671</u>	<u>6,487,141</u>	<u>4,049,987</u>	<u>16,709,825</u>
Capital assets, being depreciated				
Machinery and equipment	61,601,802	3,803,654	3,646,999	61,758,457
Buildings	21,344,758	243,832	411,268	21,177,322
Improvements other than buildings	8,365,137	340,768	21,110	8,684,795
Infrastructure	289,528,425	4,049,987	-	293,578,412
Total capital assets being depreciated	<u>380,840,122</u>	<u>8,438,241</u>	<u>4,079,377</u>	<u>385,198,986</u>
Less accumulated depreciation for				
Machinery and equipment	48,539,772	4,173,450	3,587,479	49,125,743
Buildings	12,598,540	1,235,411	173,098	13,660,853
Improvements other than buildings	5,198,816	331,630	13,510	5,516,936
Infrastructure	179,450,435	7,379,432	-	186,829,867
Total accumulated depreciation	<u>245,787,563</u>	<u>13,119,923</u>	<u>3,774,087</u>	<u>255,133,399</u>
Total capital assets being depreciated, net	<u>135,052,559</u>	<u>(4,681,682)</u>	<u>305,290</u>	<u>130,065,587</u>
Governmental activities capital assets, net	<u>\$149,325,230</u>	<u>\$ 1,805,459</u>	<u>\$ 4,355,277</u>	<u>\$146,775,412</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,569,177	\$ -	\$ -	\$ 5,569,177
Construction in progress	3,672,263	357,217	3,924,219	105,261
Total capital assets not being depreciated	<u>9,241,440</u>	<u>357,217</u>	<u>3,924,219</u>	<u>5,674,438</u>
Capital assets, being depreciated				
Machinery and equipment	7,382,513	281,391	281,825	7,382,079
Buildings	48,374,614	788,505	93,430	49,069,689
Improvements other than buildings	4,053,919	79,391	-	4,133,310
Infrastructure	1,793,382	-	-	1,793,382
Water and wastewater distribution system	<u>206,746,413</u>	<u>4,918,196</u>	<u>-</u>	<u>211,664,609</u>
Total capital assets being depreciated	<u>268,350,841</u>	<u>6,067,483</u>	<u>375,255</u>	<u>274,043,069</u>
Less accumulated depreciation for				
Machinery and equipment	5,481,610	589,953	269,731	5,801,832
Buildings	25,220,275	1,748,087	81,764	26,886,598
Improvements other than buildings	1,912,732	15	-	1,912,747
Infrastructure	1,398,011	147,651	-	1,545,662
Water and wastewater distribution system	<u>99,883,808</u>	<u>7,257,128</u>	<u>-</u>	<u>107,140,936</u>
Total accumulated depreciation	<u>133,896,436</u>	<u>9,742,834</u>	<u>351,495</u>	<u>143,287,775</u>
Total capital assets being depreciated, net	<u>134,454,405</u>	<u>(3,675,351)</u>	<u>23,760</u>	<u>130,755,294</u>
Business-type activities capital assets, net	<u>\$143,695,845</u>	<u>\$ (3,318,134)</u>	<u>\$ 3,947,979</u>	<u>\$136,429,732</u>

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

Governmental activities

General government	\$ 24,552
Public safety	1,565,129
Development	8,015,209
Building services	45,444
Recreation	766,486
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,703,103</u>
Total depreciation expense - governmental activities	<u>\$ 13,119,923</u>

Business-type activities

Water/wastewater	\$ 8,975,838
Environmental services	274,308
Other	<u>492,688</u>
Total depreciation expense - business-type activities	<u>\$ 9,742,834</u>

NOTE 6: CAPITAL ASSETS - (Continued)**Discretely Presented Component Units:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sales Tax Development Corporation				
Capital assets, not being depreciated				
Land	\$ 3,928,244	\$ -	\$ -	\$ 3,928,244
Construction in progress	<u>731,882</u>	<u>5,593,810</u>	<u>-</u>	<u>6,325,692</u>
Total capital assets not being depreciated	<u>4,660,126</u>	<u>5,593,810</u>	<u>-</u>	<u>10,253,936</u>
Capital assets, being depreciated				
Improvements other than buildings	9,913,733	-	-	9,913,733
Infrastructure	<u>1,714,085</u>	<u>-</u>	<u>-</u>	<u>1,714,085</u>
Total capital assets being depreciated	<u>11,627,818</u>	<u>-</u>	<u>-</u>	<u>11,627,818</u>
Less accumulated depreciation for				
Improvements other than buildings	<u>10,251,097</u>	<u>98,300</u>	<u>-</u>	<u>10,349,397</u>
Total accumulated depreciation	<u>10,251,097</u>	<u>98,300</u>	<u>-</u>	<u>10,349,397</u>
Total capital assets being depreciated, net	<u>1,376,721</u>	<u>(98,300)</u>	<u>-</u>	<u>1,278,421</u>
Sales Tax Development Corporation capital assets, net	<u>6,036,847</u>	<u>5,495,510</u>	<u>-</u>	<u>11,532,357</u>
Victoria Special Events Assoc., Inc.				
Capital assets, being depreciated				
Machinery and equipment	30,009	-	19,560	10,449
Improvements other than buildings	<u>461,588</u>	<u>-</u>	<u>-</u>	<u>461,588</u>
Total capital assets being depreciated	<u>491,597</u>	<u>-</u>	<u>19,560</u>	<u>472,037</u>
Less accumulated depreciation for				
Machinery and equipment	30,009	-	19,560	10,449
Improvements other than buildings	<u>421,993</u>	<u>18,819</u>	<u>-</u>	<u>440,812</u>
Total accumulated depreciation	<u>452,002</u>	<u>18,819</u>	<u>19,560</u>	<u>451,261</u>
Total capital assets being depreciated, net	<u>39,595</u>	<u>(18,819)</u>	<u>-</u>	<u>20,776</u>
Victoria Special Events Assoc., Inc. capital assets, net	<u>39,595</u>	<u>(18,819)</u>	<u>19,560</u>	<u>20,776</u>
Discretely presented component units capital assets, net	<u>\$ 6,076,442</u>	<u>\$ 5,476,691</u>	<u>\$ 19,560</u>	<u>\$ 11,553,133</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2020 were as follows:

Employee deposit rate	6.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100.0% - transfers; 1993 - Auto Readoption
COLA (for retirees)	70.0%; 1993 - Auto Readoption
Military service credit	Yes, adopted 11-1984
Restricted prior service credit	Yes, adopted 1-1992
Buy back last adopted	8-1982

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	485
Inactive employees entitled to but not yet receiving benefits	433
Active employees	<u>579</u>
	<u>1,497</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Contributions

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

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.59% and 16.30% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$5,107,288, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability - (Continued)***Actuarial Assumptions - (Continued)*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
Total	<u>100.00%</u>	

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 200,973,541	\$ 154,103,600	\$ 46,869,941
Changes for the year:			
Service cost	4,210,086	-	4,210,086
Interest	13,346,677	-	13,346,677
Difference between expected and actual experience	(1,623,832)	-	(1,623,832)
Change of assumptions	471,557	-	471,557
Contributions - Employer	-	5,131,905	(5,131,905)
Contributions - Employee	-	1,856,026	(1,856,026)
Net investment income	-	23,813,296	(23,813,296)
Benefit payments, including refunds of employee contributions	(10,700,070)	(10,700,070)	-
Administrative expense	-	(134,617)	134,617
Other changes	-	(4,045)	4,045
Net changes	<u>5,704,418</u>	<u>19,962,495</u>	<u>(14,258,077)</u>
Balance at 12/31/2019	<u>\$ 206,677,959</u>	<u>\$ 174,066,095</u>	<u>\$ 32,611,864</u>

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

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

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's Net Pension Liability:	\$62,204,317	\$32,611,864	\$8,538,618

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

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

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

For the year ended September 30, 2020 the City recognized pension expense of \$4,826,546.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,447,270
Changes in actuarial assumptions	342,363	-
Difference between projected and actual investment earnings	-	5,363,858
Contributions subsequent to the measurement date	3,687,722	-
Total	\$ 4,030,085	\$ 7,811,128

\$3,687,722 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the City's financial statements for the year ending September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2020	\$ (2,646,868)
2021	(2,414,662)
2022	275,022
2023	(2,682,259)
2024	-
Thereafter	-
Total	\$ (7,468,767)

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)Plan Description and Benefits Provided

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

Membership

At the December 31, 2019 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	385
Inactive employees entitled to but not yet receiving benefits	130
Active employees	<u>579</u>
Total	<u>1,094</u>

Contributions

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

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

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2017	0.17%	0.06%
2018	0.18%	0.07%
2019	0.19%	0.07%
2020	0.19%	0.07%

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

Total OPEB Liability

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

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Inflation	2.5%
Salary increases	3.5% to 11.5 % including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

- The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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

Total OPEB Liability - (Continued)

Changes in Total OPEB Liability

The following details the changes in the Total OPEB liability:

Balance at 9/30/19	\$ 2,244,045
Changes for the year:	
Service cost	52,587
Interest	83,828
Change of benefit terms	-
Difference between expected and actual experience	(177,564)
Change of assumptions	416,038
Benefit payments	(21,654)
Net changes	<u>353,235</u>
Balance at 09/30/20	<u>\$ 2,597,280</u>

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 2.75%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1.0% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1.0% Increase in Discount Rate (3.75%)
City's Total OPEB Liability:	\$3,152,008	\$2,597,280	\$2,171,220

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$206,611.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,153	\$ 141,474
Changes in actuarial assumptions	401,650	93,061
Contributions subsequent to the measurement date	15,837	-
Total	\$ 471,640	\$ 234,535

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

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

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

Year ended December 31:	OPEB Expense Amount
2020	\$ 70,196
2021	70,196
2022	36,669
2023	44,207
Thereafter	-
Total	\$ 221,268

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB)

Plan Description and Funding Policy

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

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

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

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

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

Plan Description and Funding Policy - (Continued)

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

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

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

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

At the December 31, 2019 valuation and December 31, 2019 measurement date, the following represents the participants in the plan:

Inactive plan members or beneficiaries	
currently receiving benefits	157
Inactive plan members entitled to but not	
yet receiving benefits	-
Active plan members	<u>564</u>
Total plan members	<u>721</u>

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

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

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

There were no changes in the plan's investment policy during this reporting period. Fair value of the investments was determined by using the market approach and level one inputs were obtained to determine fair value under this approach. The internal rate of return on the plan investments was 23.59%. As of December 31, 2019, the plan had investments in one domestic equity mutual fund, three international equity mutual funds, and three fixed income mutual funds that exceeded 5% of the plan's fiduciary net position.

Net OPEB Liability*Actuarial Methods and Assumptions*

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. The actuarial methods and assumptions used in the December 31, 2019 valuation are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.50% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation

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

Net OPEB Liability - (Continued)

Actuarial Methods and Assumptions - (Continued)

Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Participation Rates	It was assumed that retirees would choose to receive retiree health care benefits through the City of Victoria according to the schedule below:

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

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

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

Net OPEB Liability - (Continued)

Changes in Net OPEB Liability

The following details the changes in the Net OPEB liability:

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 12,091,644	\$ 1,794,262	\$ 10,297,382
Changes for the year:			
Service cost	120,216	-	120,216
Interest	751,286	-	751,286
Difference between expected and actual experience	(863,361)	-	(863,361)
Change of assumptions	(16,625)	-	(16,625)
Employer contributions	-	1,387,013	(1,387,013)
Net investment income	-	391,205	(391,205)
Benefit payments	(1,187,013)	(1,187,013)	-
Administrative expense	-	(9,544)	9,544
Other changes	-	(1,201)	1,201
Net changes	(1,195,497)	580,460	(1,775,957)
Balance at 12/31/2019	<u>\$ 10,896,147</u>	<u>\$ 2,374,722</u>	<u>\$ 8,521,425</u>

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

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

	1.0% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1.0% Increase in Discount Rate (7.5%)
City's Net OPEB Liability:	\$9,353,882	\$8,521,425	\$7,784,383

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

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

	1.0% Decrease in Trend Rate	Trend Rate	1.0% Increase in Trend Rate
City's Net OPEB Liability:	\$8,176,089	\$8,521,425	\$8,916,641

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

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$596,599.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 768,495
Changes in actuarial assumptions	-	14,324
Differences between projected and actual investments	-	135,939
Contributions subsequent to the measurement date	-	-
Total	\$ 1,037,315	\$ 918,758

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

Year ended September 30:	OPEB Expense Amount
2021	\$ (162,871)
2022	(162,871)
2023	(135,950)
2024	(180,167)
2025	(126,480)
Thereafter	(150,419)
Total	\$ (918,758)

Summary of OPEB Accounts

Plan	OPEB Liability (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Reduction)
TMRS Supplemental Death Benefit	\$ 2,597,280	\$ 471,640	\$ 234,535	\$ 206,611
Retiree Health Benefit	<u>8,521,425</u>	<u>1,037,315</u>	<u>918,758</u>	<u>596,599</u>
Totals	<u>\$ 11,118,705</u>	<u>\$ 1,508,955</u>	<u>\$ 1,153,293</u>	<u>\$ 803,210</u>

NOTE 10: SELF-INSURANCE

The City maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumed all risk up to \$175,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. The reinsurance premiums were \$576,013 and \$484,819 for the fiscal years ended September 30, 2020 and 2019, respectively. Premiums are charged to the individual funds based on a predetermined cost per employee and dependent. These amounts are recorded as operating revenue in the internal service fund and as operating expenditures/expenses in the respective funds. Any claims that have been incurred, but not reported, as of the balance sheet date are shown as current liabilities in the internal service fund and have been charged as an operating expense for that period. This amount was determined by an actuary through the City's health plan administrator. During the fiscal years ended September 30, 2020 and 2019, the City paid health claims of \$5,552,868 and \$6,726,041. The fund incurred a net income for the year of \$489,583 compared to a net loss of \$190,184 for the prior year.

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

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
Fiscal Year 2016	\$ 446,330	\$ 5,619,836	\$ 5,336,043	\$ 730,123
Fiscal Year 2017	730,123	6,792,828	6,235,428	1,287,523
Fiscal Year 2018	1,287,523	6,765,715	7,382,617	670,621
Fiscal Year 2019	670,621	6,726,041	6,976,408	420,254
Fiscal Year 2020	420,254	5,552,868	5,484,937	488,185

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

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

The claim liability of \$210,108 and \$242,864, for the fiscal years 2019-2020 and 2018-2019, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As a result of this, the Workers' Compensation Fund incurred a fund loss of \$115,512 in fiscal year 2020 compared to a net loss of \$112,032 in fiscal year 2019. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

NOTE 10: SELF-INSURANCE - (Continued)

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
Fiscal Year 2016	\$ 263,609	\$ 410,121	\$ 399,367	\$ 274,363
Fiscal Year 2017	274,363	149,049	218,509	204,903
Fiscal Year 2018	204,903	106,315	166,428	144,790
Fiscal Year 2019	144,790	332,589	234,515	242,864
Fiscal Year 2020	242,864	142,934	175,690	210,108

The City was insured in the area of general liability, police liability, and public officials liability for the fiscal year ending September 30, 1988. On September 26, 1988, by Council resolution, the City decided to purchase insurance coverage for all risk areas; and created an internal service fund, the Safety Management Fund, to account for liability and casualty insurance premiums as well as for any claim payments made in areas of self-insurance. Under this program, the City is insured up to a combined single limit that ranges from \$5,000,000 to \$1,000,000 with various deductible amounts. For the fiscal years 2020 and 2019, total contributions from the various City funds totaled \$892,320 and \$849,150, respectively. During the fiscal years 2020 and 2019, the City paid \$688,593 and \$659,236 in reinsurance premiums and \$388 and \$6,461 in legal fees and claims. In addition to this, the fund incurred a net income of \$74,411, compared to a net income of \$54,019 for the prior year. Full insurance coverage was in effect for the year ended September 30, 2020. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

The City purchases commercial insurance coverage for fleet liability, contractors' equipment, comprehensive property damage, comprehensive general liability, police professional liability, public official errors and omissions, electronic data processing physical damage, employee benefits liability, radio towers, boilers and machinery, and employee dishonesty coverage. There have been no significant reductions in insurance coverage during the fiscal year 2020. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

NOTE 11: DEFERRED COMPENSATION PLAN

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

NOTE 12: LONG-TERM DEBT**A. Changes In Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2020, 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	\$ 16,555,000	\$ 1,960,000	\$ 6,830,000	\$ 11,685,000	\$ 995,000
General obligation bonds	50,380,000	9,440,000	12,755,000	47,065,000	6,250,000
Less deferred amounts:					
Issuance premiums	<u>4,987,027</u>	<u>930,355</u>	<u>652,857</u>	<u>5,264,525</u>	<u>-</u>
Net bonds and certificates payable	71,922,027	12,330,355	20,237,857	64,014,525	7,245,000
Direct borrowings					
Capital lease payable	739,556	-	739,556	-	-
Net pension liability	39,300,446	-	13,060,940	26,239,506	-
OPEB liability	10,515,987	-	1,569,877	8,946,110	-
Compensated absences	<u>953,598</u>	<u>1,726,649</u>	<u>1,697,192</u>	<u>983,055</u>	<u>50,038</u>
Total governmental activity					
long-term liabilities	<u>\$ 123,431,614</u>	<u>\$ 14,057,004</u>	<u>\$ 37,305,422</u>	<u>\$ 100,183,196</u>	<u>\$ 7,295,038</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 49,760,000	\$ -	\$ 7,425,000	\$ 42,335,000	\$ 6,490,000
Less deferred amounts:					
Issuance premiums	<u>4,542,370</u>	<u>-</u>	<u>524,495</u>	<u>4,017,875</u>	<u>-</u>
Net bonds payable	54,302,370	-	7,949,495	46,352,875	6,490,000
Direct borrowings					
Capital lease payable	286,819	-	84,813	202,006	87,825
Estimated landfill closure and postclosure care cost	4,238,589	101,045	-	4,339,634	-
Net pension liability	7,569,496	-	1,197,138	6,372,358	-
OPEB liability	2,025,440	147,155	-	2,172,595	-
Compensated absences	<u>152,935</u>	<u>361,734</u>	<u>355,201</u>	<u>159,468</u>	<u>8,117</u>
Total business-type activity					
long-term liabilities	<u>\$ 68,575,649</u>	<u>\$ 609,934</u>	<u>\$ 9,586,647</u>	<u>\$ 59,598,936</u>	<u>\$ 6,585,942</u>

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

Bonds and certificates payable at September 30, 2020, are comprised of the following individual issues:

\$3,910,000 2012 General Obligation Refunding Bonds due in annual installments ranging from \$320,000 to \$385,000 through August 15, 2023; interest varying between 2.00% and 2.25%.	\$ 1,140,000
\$3,810,000 2012 Certificates of Obligation due in annual installments ranging from \$145,000 to \$250,000 through August 15, 2032; interest varying between 2.00% and 3.75%.	2,545,000
\$9,075,000 2013A General Obligation Refunding Bonds due in annual installments ranging from \$170,000 to \$1,000,000 through August 15, 2026; interest varying between 2.00% and 3.00%.	5,575,000
\$15,940,000 2013B General Obligation Refunding Bonds due in annual installments ranging from \$260,000 to \$1,250,000 through August 15, 2023; interest varying between 3.00% and 4.49%.	3,650,000
\$9,095,000 2013 Certificates of Obligation due in annual installments ranging from \$325,000 to \$455,000 through August 15, 2025; interest varying between 3.00% and 4.49%.	790,000
\$5,945,000 2014 Certificates of Obligation due in annual installments ranging from \$235,000 to \$400,000 through August 15, 2034; interest varying between 2.00% and 4.00%.	4,470,000
\$11,770,000 2015 General Obligation Refunding Bonds due in annual installments ranging from \$90,000 to \$1,480,000 through August 15, 2027; interest varying between 2.00% and 4.00%.	8,850,000
\$2,445,000 2015 Certificates of Obligation due in annual installments ranging from \$85,000 to \$170,000 through August 15, 2035; interest varying between 3.00% and 5.00%.	2,000,000
\$21,880,000 2017 General Obligation Refunding Bonds due in annual installments ranging from \$840,000 to \$2,280,000 through August 15, 2030; interest varying between 4.00% and 5.00%.	18,440,000
\$1,960,000 2019 Certificates of Obligation due in annual installments ranging from \$75,000 to \$125,000 through August 15, 2039; interest varying between 2.50% and 4.00%.	1,880,000
\$5,750,000 2019 General Obligation Refunding Bonds due in annual installments ranging from \$420,000 to \$675,000 through August 15, 2033; interest varying between 4.14% and 5.27%.	5,720,000
\$3,690,000 2020 General Obligation Refunding Bonds due in annual installments ranging from \$1,210,000 to \$1,240,000 through August 15, 2023; interest at 1.09%.	<u>3,690,000</u>
Total General Obligation Certificates and Bonds	<u>\$ 58,750,000</u>

NOTE 12: LONG-TERM DEBT - (Continued)

B. General Obligation Certificates and Bonds - (Continued)

The City generally issues general obligation certificates and bonds to provide funds for the construction of improvements to various City infrastructures and for the payment of related contractual obligations for professional services. The proceeds from the 2011 Pass-Through Toll Revenue and Limited Tax Bonds will be used for the purpose of paying the City's obligations arising under the agreement for improvements to the State Highway Loop 463 and costs associated with issuing the bonds. Payments on these bonds will be reimbursed by the Texas Department of Transportation through a pass-through toll contract as well as funds pledged by the County of Victoria, Texas over an eleven-year period beginning with 2014. In fiscal year 2020, the City redeemed the outstanding principal maturities of the toll bonds totaling \$3,155,000.

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

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 7,245,000	\$ 2,161,157	\$ 9,406,157
2022	7,465,000	1,927,867	9,392,867
2023	7,695,000	1,683,366	9,378,366
2024	5,130,000	1,438,188	6,568,188
2025	5,365,000	1,224,144	6,589,144
2026-2030	20,240,000	3,132,056	23,372,056
2031-2035	5,125,000	495,751	5,620,751
2036-2039	485,000	36,900	521,900
Total	<u>\$ 58,750,000</u>	<u>\$ 12,099,429</u>	<u>\$ 70,849,429</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$29,205 of internal service funds' compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences and other post employment benefits are generally liquidated by the General Fund.

NOTE 12: LONG-TERM DEBT - (Continued)

C. Revenue Bonds

Revenue bonds payable are comprised of the following individual issues:

\$24,590,000 2009 Utility System Revenue Refunding Bonds, Series 2009 due in annual installments ranging from \$1,390,000 to \$3,695,000 through December 1, 2023; interest varying between 3.00% and 5.00%.	\$ 2,630,000
\$7,550,000 2010 Utility System Revenue Bonds, Series 2010 due in annual installments ranging from \$270,000 to \$530,000 through December 1, 2031; interest varying between 2.00% and 4.00%.	735,000
\$9,155,000 2012 Utility System Revenue Bonds, Series 2012 due in annual installments ranging from \$245,000 to \$410,000 through December 1, 2032; interest varying between 2.00% and 3.75%.	5,305,000
\$19,425,000 2014 Utility System Revenue Bonds, Series 2014 due in annual installments ranging from \$625,000 to \$1,430,000 through December 1, 2034; interest varying between 2.00% and 5.00%.	3,945,000
\$4,620,000 2015 Utility System Revenue Refunding Bonds, Series 2015 due in annual installments ranging from \$50,000 to \$750,000 through December 1, 2027; interest varying between 3.00% and 4.00%.	3,635,000
\$7,880,000 2015 Utility System Revenue Refunding Bonds, Series B 2015 due in annual installments ranging from \$115,000 to \$2,135,000 through December 1, 2021; interest at 4.00%.	1,095,000
\$9,150,000 2016 Utility System Revenue Refunding Bonds, Series 2016 due in annual installments ranging from \$80,000 to \$2,285,000 through December 1, 2027; interest varying between 2.00% and 4.00%.	8,735,000
\$16,760,000 2017 Utility System Revenue Refunding Bonds, Series 2017 due in annual installments ranging from \$235,000 to \$1,665,000 through December 1, 2034; interest varying between 4.00% and 5.00%.	<u>16,255,000</u>
Total Revenue Bonds	<u>\$ 42,335,000</u>

NOTE 12: LONG-TERM DEBT - (Continued)

C. Revenue Bonds - (Continued)

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

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2021	\$ 6,490,000	\$ 1,546,338	\$ 8,036,338
2022	5,785,000	1,335,087	7,120,087
2023	4,585,000	1,174,212	5,759,212
2024	2,785,000	1,054,488	3,839,488
2025	2,890,000	945,006	3,835,006
2026-2030	12,520,000	2,904,210	15,424,210
2031-2035	<u>7,280,000</u>	<u>736,866</u>	<u>8,016,866</u>
Total	<u>\$ 42,335,000</u>	<u>\$ 9,696,207</u>	<u>\$ 52,031,207</u>

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

The City has pledged future water customer revenues, net of specified operating expenses to repay \$42.3 million in utility system revenue bonds issued. Proceeds from the bonds provided financing for improvements to the City's utility system. The bonds are payable from Water and Wastewater Fund net revenues and are payable through 2035. Average annual principal and interest payments on the bonds (\$3,468,747) are expected to require approximately 23 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$9,234,494 and \$15,245,427, respectively. The total principal and interest remaining to be paid on the bonds is \$52,031,206.

The revenue bond debt agreements contain certain requirements regarding the establishment and funding of a debt service fund and a reserve fund. The City complied in all respects as of September 30, 2020.

D. Capital Leases

Capital leases payable (direct borrowings) at September 30, 2020, are comprised of the following leases:

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

\$ 202,006

\$ 202,006

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

The assets acquired through the capital leases are as follows:

	<u>Business-type Activities</u>
Machinery and equipment	\$ 278,394
	278,394
Less: Accumulated depreciation	<u>(239,131)</u>
	<u>\$ 39,263</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, are as follows:

<u>Year Ending September 30</u>	<u>Business-type Activities</u>
2021	\$ 93,489
2022	93,489
2023	23,372
Thereafter	<u>-</u>
Total minimum lease payments	210,350
Less: Amount representing interest	<u>(8,344)</u>
Present value of minimum lease payments	<u>\$ 202,006</u>

E. Rebatable Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The rebatable arbitrage liability is \$0 at September 30, 2020.

NOTE 12: LONG-TERM DEBT - (Continued)

F. Refunding Bonds

In October 2019 the City issued General Obligation Refunding Bonds, Series 2019 of \$5,750,000, due in annual installments ranging from \$30,000 to \$620,000 through 2033, and interest varying between 3.00% and 5.00% to advance refund \$5,860,000 of the City's Certificates of Obligation, Taxable Series 2013 Bonds, which were still outstanding in the amount of \$7,025,000, with interest rates ranging from 3.00% to 4.49%. The refunding proceeds also provided funding for costs of issuance. As a result, the bonds are considered defeased and the refunded portion of the liability has been removed from the governmental-type activities column of the statement of net position. The net proceeds available for refunding bonds in the amount of \$6,434,290 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded issue. The refunding of the bonds resulted in an economic gain of \$858,272 and an increase in cash flow of \$981,923.

In September 2020 the City issued General Obligation Refunding Bonds, Series 2020 of \$3,690,000, with an interest rate of 1.09% to advance refund \$3,635,000 of the City's General Obligation Refunding bonds Series 2010 which were still outstanding in the amount of \$3,635,000 with an interest rate of 4.00%. The refunding proceeds also provided funding for costs of issuance. As a result, the bonds are considered defeased and the refunded portion of the liability has been removed from the governmental-type activities column of the statement of net position. The net proceeds available for refunding bonds in the amount of \$3,642,270 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded issue. The refunding of the bonds resulted in an economic gain of \$158,285 and an increase in cash flow of \$161,130.

NOTE 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. Interfund receivable and payable balances as of September 30, 2020, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 1,482,895
Capital Construction (3036)	Water and Wastewater	120,000
Capital Construction (3037)	Capital Construction (3036)	78,632
	Water and Wastewater	9,726
Environmental Services	Nonmajor Governmental	5,365
Nonmajor Governmental	General	183,460
	Nonmajor Governmental	125,160
Nonmajor Business-type	General	975
Internal Service	General	527,643
	Water and Wastewater	111,255
	Environmental Services	18,398
	Nonmajor Governmental	481
	Nonmajor Business-type	2,585
	Other	17,794
		<u>\$ 2,684,369</u>

B. Interfund Transfers

Each year various funds of the City transfer funds to other funds. The most significant of these are the planned transfers from the City's enterprise funds to specified governmental funds. These transfers are intended to provide the necessary resources to meet the operating and debt service obligations of the receiving funds. During the current fiscal year, transfers between funds consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>									<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Construction (3036)</u>	<u>Capital Construction (3037)</u>	<u>Nonmajor Govt.</u>	<u>Water and Wwater</u>	<u>Environ-mental Svcs.</u>	<u>Nonmajor Bus.-type</u>	<u>Other</u>	
General	\$ -	\$ -	\$ -	\$ 2,267,711	\$ 174,717	\$ -	\$ -	\$ -	\$ 54,000	\$ 2,496,428
Capital Const. (3036)	-	3,210,929	-	78,632	23,501	-	-	-	1,158,000	4,471,062
Nonmajor Govt.	7,264	-	-	-	923,184	-	-	37,500	2,000	969,948
Water and Wwater.	2,594,900	-	120,000	9,726	-	1,461	-	-	44,000	2,770,087
Environmental Svcs.	587,167	-	-	-	-	-	-	-	16,000	603,167
Nonmajor Bus.-type	34,930	-	-	-	-	-	-	-	4,000	38,930
Other	129,821	-	-	-	-	22,822	47,357	-	2,000	202,000
	<u>\$ 3,354,082</u>	<u>\$ 3,210,929</u>	<u>\$ 120,000</u>	<u>\$ 2,356,069</u>	<u>\$ 1,121,402</u>	<u>\$ 24,283</u>	<u>\$ 47,357</u>	<u>\$ 37,500</u>	<u>\$ 1,280,000</u>	<u>\$ 11,551,622</u>

NOTE 14: RELATED PARTY TRANSACTIONS

During fiscal year 2020, the Sales Tax Development Corporation, a discretely presented component unit of the City, contributed \$200,000 to the City's Water and Wastewater Capital Construction Fund. In addition to cash transfers, the Sales Tax Development Corporation paid \$5,340,870 towards the Red River Utility and Rehab Overlay Project, Crestwood Utility and Reconstruction Project, Houston Highway Sidewalk Project (TxDOT), Navarro Sidewalk Project (TxDOT), and the Airline Road Utility and Mill Overlay Project.

NOTE 15: PRIOR YEAR DEFEASANCE OF DEBT

In prior years the City defeased certain general obligation bonds and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the bonds are not included in the City's financial statements. At September 30, 2020, \$21,475,000 of bonds outstanding is considered defeased.

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

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2020, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 17: CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the useful life of the landfill. The estimated remaining useful life of the entire landfill at September 30, 2020, is 20 years.

As of September 30, 2020, the City is in compliance with state and federal laws and regulations concerning "financial assurances". The City currently has a contract with Republic Waste Services of Texas, Ltd., which is currently operating the landfill for the City. As per the contract agreement, Republic Waste Services of Texas, Ltd. "will be responsible for completing, at its cost, closure and post closure of any area of the landfill in which new waste disposal cells are constructed by operator and which is filled to the final grades authorized in the permit by operator during the operating term." The City will be responsible for prior existing cells, and has established a closure/post-closure fund to accommodate those future liabilities. The total permitted landfill acres is 135.6. The landfill acres allocation for closure and post-closure liability responsibility is as follows:

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

- City of Victoria – 72.7 acres:
 - 46.6 acres (100%) was “capped” (final cover) in fiscal year 2015:
 - Closure cost liability, as of September 30, 2020: \$0
 - Post-closure liability, as of September 30, 2020: \$1,712,460
 - 26.1 acres (50%) has approximately 7 years useful life left.
 - Closure cost liability, as of September 30, 2020: \$1,680,975
 - Post-closure liability, as of September 30, 2020: \$946,199
- Republic Waste Services of Texas, Ltd. - 62.9 acres, responsible for closure and post-closure cost.

The City’s estimated liability for landfill closure and post-closure care costs has a balance of \$4,339,634, \$4,238,589, and \$4,137,543 as of September 30, 2020, 2019, and 2018 respectively, determined by calculating the lapsed portion of the landfill’s life. In fiscal year 2015, the City capped 46.6 acres at a cost of \$3.2 million. It is estimated that an additional \$900k will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the City’s landfill acres is expected to be filled to capacity. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 18: LITIGATION

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

NOTE 19: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2020:

	Governmental Fund Balances				Total
	Nonspendable	Restricted	Committed	Unassigned	
General					
Inventory	\$ 414,641	\$ -	\$ -	\$ -	\$ 414,641
Outstanding encumbrances					
General government (Finance; PIO)	-	-	14,320	-	14,320
Public safety (Police; Fire)	-	-	467,000	-	467,000
Development (Streets; Traffic Control; GIS; Code Enforcement)	-	-	594,813	-	594,813
Building services (Building services)	-	-	2,961	-	2,961
Parks and recreation (Library; Parks)	-	-	173,375	-	173,375
Unassigned	-	-	-	18,461,342	18,461,342
Debt Service					
Retirement of long-term debt	-	1,140,781	-	-	1,140,781
Capital Construction (3036)					
Various capital projects	-	6,774,177	-	-	6,774,177
Capital Construction (3037)					
Various capital projects	-	3,863,866	-	-	3,863,866
Nonmajor Governmental					
Arts, tourism and conventions	-	3,264,524	-	-	3,264,524
Police department	-	277,929	-	-	277,929
Fire department	-	30,349	-	-	30,349
Emergency management	-	46,702	-	-	46,702
Various public safety measures	-	321,280	-	-	321,280
Municipal court security and technology	-	106,553	-	-	106,553
Various capital projects	-	135	-	-	135
Unassigned	-	-	-	(474,152)	(474,152)
	<u>\$ 414,641</u>	<u>\$ 15,826,296</u>	<u>\$ 1,252,469</u>	<u>\$ 17,987,190</u>	<u>\$ 35,480,596</u>

NOTE 20: RESTATEMENT OF BEGINNING BALANCES

The City's governmental activities financial statements for the fiscal year September 30, 2019 have been restated to properly reflect the capital asset and net investment in capital asset balances for fiscal year ending September 30, 2019. The result of the restatement was to increase the capital asset accounts and the net investment in capital assets of the governmental activities by \$640,949. There were no adjustments made to the fund financial statements.

Required Supplementary Information

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	2020			Variance Positive (Negative)	2019 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes	\$ 38,528,016	\$ 38,528,016	\$ 38,046,114	\$ (481,902)	\$ 38,919,875
Licenses and permits	900,875	900,875	903,703	2,828	1,054,913
Intergovernmental	2,358,920	2,358,920	3,192,157	833,237	2,312,733
Charges for services	2,685,175	2,696,175	2,788,246	92,071	2,523,737
Fines and forfeitures	1,049,000	1,038,000	668,242	(369,758)	933,149
Investment income	400,000	400,000	377,748	(22,252)	617,488
Miscellaneous	289,350	289,350	294,079	4,729	353,909
Total revenues	<u>46,211,336</u>	<u>46,211,336</u>	<u>46,270,289</u>	<u>58,953</u>	<u>46,715,804</u>
EXPENDITURES					
General government	3,922,456	3,939,274	3,973,890	(34,616)	3,718,044
Public safety	30,532,719	30,690,072	29,235,217	1,454,855	30,901,431
Development	9,136,661	9,730,056	8,073,839	1,656,217	7,456,399
Building services	644,812	644,812	553,205	91,607	630,312
Recreation	5,960,105	6,076,327	5,350,986	725,341	5,665,057
Total expenditures	<u>50,196,753</u>	<u>51,080,541</u>	<u>47,187,137</u>	<u>3,893,404</u>	<u>48,371,243</u>
Excess (deficiency) of revenues over expenditures	(3,985,417)	(4,869,205)	(916,848)	3,952,357	(1,655,439)
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	1,479,113
Transfers in	3,346,818	3,346,818	3,354,082	7,264	3,222,660
Transfers out	(3,947,100)	(3,947,100)	(2,496,428)	1,450,672	(3,736,894)
Total other financing sources (uses)	<u>(600,282)</u>	<u>(600,282)</u>	<u>857,654</u>	<u>1,457,936</u>	<u>964,879</u>
Change in fund balance	(4,585,699)	(5,469,487)	(59,194)	5,410,293	(690,560)
Fund balance at beginning of year	<u>20,187,646</u>	<u>20,187,646</u>	<u>20,187,646</u>	<u>-</u>	<u>20,878,206</u>
Fund balance at end of year	<u>\$ 15,601,947</u>	<u>\$ 14,718,159</u>	<u>\$ 20,128,452</u>	<u>\$ 5,410,293</u>	<u>\$ 20,187,646</u>

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION

Last ten years

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

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

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

Measurement Year		
2017	2018	2019
\$ 4,100,496	\$ 4,150,267	\$ 4,210,086
12,600,532	13,054,511	13,346,677
(325,250)	(2,541,589)	(1,623,832)
-	-	471,557
<u>(9,320,736)</u>	<u>(10,029,363)</u>	<u>(10,700,070)</u>
7,055,042	4,633,826	5,704,418
<u>189,284,673</u>	<u>196,339,715</u>	<u>200,973,541</u>
<u>\$ 196,339,715</u>	<u>\$ 200,973,541</u>	<u>\$ 206,677,959</u>
\$ 4,928,367	\$ 5,010,611	\$ 5,131,905
1,793,220	1,817,635	1,856,026
20,080,623	(4,859,666)	23,813,296
(9,320,736)	(10,029,363)	(10,700,070)
(104,070)	(93,938)	(134,617)
<u>(5,275)</u>	<u>(4,907)</u>	<u>(4,045)</u>
17,372,129	(8,159,628)	19,962,495
<u>144,891,099</u>	<u>162,263,228</u>	<u>154,103,600</u>
<u>\$ 162,263,228</u>	<u>\$ 154,103,600</u>	<u>\$ 174,066,095</u>
<u>\$ 34,076,487</u>	<u>\$ 46,869,941</u>	<u>\$ 32,611,864</u>
82.64%	76.68%	84.22%
\$ 29,887,001	\$ 30,293,918	\$ 30,933,773
114.02%	154.72%	105.42%

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

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

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

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

Fiscal Year		
2018	2019	2020
\$ 4,967,335	\$ 5,128,686	\$ 5,107,288
<u>(5,020,606)</u>	<u>(5,187,133)</u>	<u>(5,166,531)</u>
<u>\$ (53,271)</u>	<u>\$ (58,447)</u>	<u>\$ (59,243)</u>
\$ 30,057,425	\$ 30,940,128	\$ 31,180,817
16.70%	16.77%	16.57%

CITY OF VICTORIA, TEXAS

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

	Measurement Year		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 50,808	\$ 60,588	\$ 52,587
Interest (on the total OPEB liability)	73,051	73,337	83,828
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	89,898	(177,564)
Change of assumptions	173,869	(154,486)	416,038
Benefit payments	(17,932)	(21,206)	(21,654)
Net Change in Total OPEB Liability	279,796	48,131	353,235
Total OPEB Liability - Beginning	1,916,118	2,195,914	2,244,045
Total OPEB Liability - Ending	\$ 2,195,914	\$ 2,244,045	\$ 2,597,280
Covered Payroll	\$ 29,887,001	\$ 30,293,918	\$ 30,933,773
Total OPEB Liability as a Percentage of Covered Payroll	7.35%	7.41%	8.40%

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

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT

Last ten fiscal years

	Fiscal Year		
	2018	2019	2020
Actuarially Determined Contribution	\$ 20,208	\$ 21,658	\$ 21,827
Contribution in relation to the actuarially determined contribution	<u>(20,208)</u>	<u>(21,658)</u>	<u>(21,827)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 30,057,425	\$ 30,940,128	\$ 31,180,817
Contributions as a percentage of covered payroll	0.0672%	0.0700%	0.0700%

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

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTHCARE

Last ten years

	Measurement Year		
	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 124,247	\$ 127,975	\$ 120,216
Interest (on the total OPEB liability)	769,282	766,878	751,286
Difference between expected and actual experience	-	(34,004)	(863,361)
Change of assumptions	-	-	(16,625)
Benefit payments	<u>(858,080)</u>	<u>(1,006,672)</u>	<u>(1,187,013)</u>
Net Change in Total OPEB Liability	35,449	(145,823)	(1,195,497)
Total OPEB Liability - Beginning	<u>12,202,018</u>	<u>12,237,467</u>	<u>12,091,644</u>
Total OPEB Liability - Ending (a)	<u>\$ 12,237,467</u>	<u>\$ 12,091,644</u>	<u>\$ 10,896,147</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,000,080	\$ 1,064,672	\$ 1,387,013
OPEB plan net investment income	234,929	(99,554)	391,205
Benefit payments	(858,080)	(1,006,672)	(1,187,013)
OPEB plan administrative expense	(8,160)	(8,579)	(9,544)
Other	<u>-</u>	<u>(903)</u>	<u>(1,201)</u>
Net Change in Plan Fiduciary Net Position	368,769	(51,036)	580,460
Plan Fiduciary Net Position - Beginning	<u>1,476,529</u>	<u>1,845,298</u>	<u>1,794,262</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,845,298</u>	<u>\$ 1,794,262</u>	<u>\$ 2,374,722</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 10,392,169</u>	<u>\$ 10,297,382</u>	<u>\$ 8,521,425</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	15.08%	14.84%	21.79%
Covered Payroll	\$ 30,181,968	\$ 30,702,381	\$ 31,242,478
Net OPEB Liability as a Percentage of Covered Payroll	34.43%	33.54%	27.28%

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

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

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

	Fiscal Year		
	2018	2019	2020
Actuarially Determined Contribution	\$ 1,050,147	\$ 1,054,239	\$ 1,058,453
Contribution in relation to the actuarially determined contribution	<u>(1,192,162)</u>	<u>(1,440,166)</u>	<u>(1,272,852)</u>
Contribution deficiency (excess)	<u>\$ (142,015)</u>	<u>\$ (385,927)</u>	<u>\$ (214,399)</u>
Covered payroll	\$ 30,414,370	\$ 31,186,941	\$ 31,749,423
Contributions as a percentage of covered payroll	3.9197%	4.6178%	4.0091%

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

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

NOTE 1: BUDGETARY INFORMATION

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

NOTE 2: BUDGETARY LEGAL COMPLIANCE

Budgetary compliance is monitored at the departmental level in the General Fund. There were several situations of expenditures exceeding the amounts appropriated during the fiscal year 2019-2020.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund Non-departmental	\$ 1,015,812	\$ 1,091,618	\$ 75,806

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

NOTE 3: DEFINED BENEFIT PENSION PLAN

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety tables used for males and the General employee tables used for females. The rates are projected on a fully generational basis with scale UMP.

NOTE 3: DEFINED BENEFIT PENSION PLAN - (Continued)

Other Information

There were no benefit changes during the year.

NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB

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

There were no changes in plan provisions during the year.

Changes in Assumptions

- Salary increases changed to 3.5% to 11.5% including inflation from 3.5% to 10.5% including inflation.
- Discount rate decreased to 2.75% from 3.71%.
- Changed to using the 2019 Municipal Retirees of Texas Mortality Tables from the RP2000 Combined Mortality Table along with a change in projected rates.

NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB

Valuation Date

December 31, 2019

Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Closed, 18 years as of FYE20
Asset Valuation	Market Value
Investment Rate of Return	6.50 %, net of investment expenses, including inflation
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for TMRS.

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

Methods and Assumptions - (Continued)

Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Participation Rates	It was assumed that retirees would choose to receive retiree health care benefits through the City of Victoria according to the schedule below:

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

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

Combining and Individual Fund Statements and Schedules

CITY OF VICTORIA, TEXAS
ALL NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,400,083	\$ 135	\$ 4,400,218
Receivables (net)	1,568,761	-	1,571,761
Due from other funds	308,618	-	308,618
Total assets	<u>\$ 6,277,462</u>	<u>\$ 135</u>	<u>\$ 6,280,597</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 715,535	\$ -	\$ 715,535
Accrued expenditures	16,732	-	16,732
Due to other funds	1,613,901	-	1,613,901
Unearned revenue	121,569	-	121,569
Total liabilities	<u>2,467,737</u>	<u>-</u>	<u>2,467,737</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	239,540	-	239,540
Total deferred inflows of resources	<u>239,540</u>	<u>-</u>	<u>239,540</u>
Fund balances			
Restricted			
Arts, tourism and conventions	3,264,524	-	3,264,524
Public safety	676,260	-	676,260
Municipal court	106,553	-	106,553
Various capital projects	-	135	135
Unassigned	(474,152)	-	(474,152)
Total fund balances	<u>3,573,185</u>	<u>135</u>	<u>3,573,320</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,280,462</u>	<u>\$ 135</u>	<u>\$ 6,280,597</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR GOVERNMENTAL FUNDS

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

For the year ended September 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,504,505	\$ -	\$ 1,504,505
Intergovernmental	2,394,340	-	2,394,340
Fines and forfeitures	103,249	-	103,249
Investment income	39,227	135	39,362
Miscellaneous	435,327	-	435,327
Total revenues	<u>4,476,648</u>	<u>135</u>	<u>4,476,783</u>
EXPENDITURES			
Current			
General government	667,169	-	667,169
Public safety	1,373,634	-	1,373,634
Development	1,195,124	-	1,195,124
Recreation	1,071,795	-	1,071,795
Capital outlay	-	74,954	74,954
Total expenditures	<u>4,307,722</u>	<u>74,954</u>	<u>4,382,676</u>
Excess (deficiency) of revenues over expenditures	168,926	(74,819)	94,107
OTHER FINANCING SOURCES (USES)			
Transfers in	1,121,402	-	1,121,402
Transfers out	(969,948)	-	(969,948)
Total other financing sources (uses)	<u>151,454</u>	<u>-</u>	<u>151,454</u>
Change in fund balances	320,380	(74,819)	245,561
Fund balances at beginning of year	<u>3,252,805</u>	<u>74,954</u>	<u>3,327,759</u>
Fund balances at end of year	<u>\$ 3,573,185</u>	<u>\$ 135</u>	<u>\$ 3,573,320</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The City's Special Revenue Funds consist of the following:

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

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

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

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

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

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

TCEQ Grant - Used to account for funds received in order for the City to conduct air quality planning activities within the City/County of Victoria. This includes the identifying, inventorying, and monitoring of current air pollution levels; the modeling of future air pollution levels; and the identification and quantitation of potential pollution reduction through voluntary controls.

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

Motel Tax - State legislation allows Texas cities to impose a maximum of seven percent room charge tax on hotels and motels operating within their city limits. This tax is used to promote the arts, tourism and conventions. The City currently imposes a seven percent tax. In fiscal year 2020, \$1,678,431 was budgeted as follows: for payroll and professional services \$100,204; for Community Center building improvements not to exceed \$150,000; to the Convention and Visitors Bureau, funding not to exceed \$695,566; to the Main Street Program, funding not to exceed \$99,561; and for other programs and various outside agencies, not to exceed \$633,100. Due to the effects of COVID-19, many budgeted projects/programs were placed on hold.

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

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

Hurricane Program Grant - Used to account for funds received from the Federal Emergency Management Agency and passed through the Texas Department of Public Safety Division of Emergency Management to allow cities to respond to disasters and to recover from their impact.

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

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

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

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

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

COVID-19 Grant - Used to account for funds received from the Coronavirus Relief Fund which was established by the CARES Act. These funds may only be used to cover costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019.

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

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

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2020

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	NRCS River Erosion Project	LEOSE Training Grant
ASSETS					
Cash and cash equivalents	\$ 8,796	\$ 126,806	\$ 13,229	\$ -	\$ 24,756
Receivables (net)					
Other	-	-	-	674,275	-
Due from other funds	-	-	-	177,618	-
Total assets	<u>\$ 8,796</u>	<u>\$ 126,806</u>	<u>\$ 13,229</u>	<u>\$ 851,893</u>	<u>\$ 24,756</u>
LIABILITIES					
Accounts payable	\$ 4,773	\$ 75,524	\$ -	\$ -	\$ 1,000
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	851,893	-
Unearned revenue	4,023	51,282	13,229	-	23,756
Total liabilities	<u>8,796</u>	<u>126,806</u>	<u>13,229</u>	<u>851,893</u>	<u>24,756</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal court	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,796</u>	<u>\$ 126,806</u>	<u>\$ 13,229</u>	<u>\$ 851,893</u>	<u>\$ 24,756</u>

Auto Theft Grant	TCEQ Grant	MPO Grant	Motel Tax	Forfeiture Fund	Justice Assistance Grant	K-9 Unit Program	Hurricane Program Grant
\$ -	\$ 132,791	\$ -	\$ 1,767,719	\$ 277,929	\$ -	\$ 829	\$ 499,434
54,167	-	25,379	174,924	-	9,555	-	12,317
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 54,167</u>	<u>\$ 132,791</u>	<u>\$ 25,379</u>	<u>\$ 1,942,643</u>	<u>\$ 277,929</u>	<u>\$ 9,555</u>	<u>\$ 829</u>	<u>\$ 511,751</u>
\$ 1,814	\$ 105,113	\$ 60	\$ 47,928	\$ -	\$ 3,453	\$ -	\$ 536
-	-	-	-	-	-	-	-
52,353	5,365	25,319	-	-	6,102	-	177,618
<u>-</u>	<u>22,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829</u>	<u>-</u>
<u>54,167</u>	<u>132,791</u>	<u>25,379</u>	<u>47,928</u>	<u>-</u>	<u>9,555</u>	<u>829</u>	<u>178,154</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,317</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,317</u>
-	-	-	1,894,715	-	-	-	-
-	-	-	-	277,929	-	-	321,280
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,894,715</u>	<u>277,929</u>	<u>-</u>	<u>-</u>	<u>321,280</u>
<u>\$ 54,167</u>	<u>\$ 132,791</u>	<u>\$ 25,379</u>	<u>\$ 1,942,643</u>	<u>\$ 277,929</u>	<u>\$ 9,555</u>	<u>\$ 829</u>	<u>\$ 511,751</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2020

	Victoria Kids Recycle	Gulf Bend Mental Health Task Force	Fire Academy	Municipal Court Special Revenue	Public, Educational, and Governmental (PEG) Fund
ASSETS					
Cash and cash equivalents	\$ 2,750	\$ -	\$ 31,314	\$ 101,493	\$ 719,288
Receivables					
Other	-	28,460	600	5,612	36,032
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,750</u>	<u>\$ 28,460</u>	<u>\$ 31,914</u>	<u>\$ 107,105</u>	<u>\$ 755,320</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,565	\$ 552	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	-	25,073	-	-	-
Unearned revenue	<u>2,750</u>	<u>3,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,750</u>	<u>28,460</u>	<u>1,565</u>	<u>552</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	-	-	755,320
Public safety	-	-	30,349	-	-
Municipal court	-	-	-	106,553	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>30,349</u>	<u>106,553</u>	<u>755,320</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,750</u>	<u>\$ 28,460</u>	<u>\$ 31,914</u>	<u>\$ 107,105</u>	<u>\$ 755,320</u>

<u>Community Development Block Grant</u>	<u>CDBG Hazard Mitigation</u>	<u>Homeland Security Grant</u>	<u>COVID-19 Grant</u>	<u>Emergency Management</u>	<u>Convention and Visitors Bureau</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 52,542	\$ 640,407	\$ 4,400,083
304,173	227,223	16,071	22	-	2,951	1,571,761
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,000</u>	<u>-</u>	<u>308,618</u>
<u>\$ 304,173</u>	<u>\$ 227,223</u>	<u>\$ 16,071</u>	<u>\$ 22</u>	<u>\$ 183,542</u>	<u>\$ 643,358</u>	<u>\$ 6,280,462</u>
\$ 91,617	\$ 226,548	\$ -	\$ 6,556	\$ 136,840	\$ 11,656	\$ 715,535
-	-	-	-	-	16,732	16,732
212,556	29,259	16,071	211,811	-	481	1,613,901
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,569</u>
<u>304,173</u>	<u>255,807</u>	<u>16,071</u>	<u>218,367</u>	<u>136,840</u>	<u>28,869</u>	<u>2,467,737</u>
<u>-</u>	<u>227,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,540</u>
<u>-</u>	<u>227,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,540</u>
-	-	-	-	-	614,489	3,264,524
-	-	-	-	46,702	-	676,260
-	-	-	-	-	-	106,553
<u>-</u>	<u>(255,807)</u>	<u>-</u>	<u>(218,345)</u>	<u>-</u>	<u>-</u>	<u>(474,152)</u>
<u>-</u>	<u>(255,807)</u>	<u>-</u>	<u>(218,345)</u>	<u>46,702</u>	<u>614,489</u>	<u>3,573,185</u>
<u>\$ 304,173</u>	<u>\$ 227,223</u>	<u>\$ 16,071</u>	<u>\$ 22</u>	<u>\$ 183,542</u>	<u>\$ 643,358</u>	<u>\$ 6,280,462</u>

(concluded)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE

For the year ended September 30, 2020

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	NRCS River Erosion Project	LEOSE Training Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	79,722	7,843	983,038	1,099
Fines and forfeitures	-	-	-	-	-
Investment income	-	193	-	-	-
Miscellaneous	20,071	-	-	-	-
Total revenues	<u>20,071</u>	<u>79,915</u>	<u>7,843</u>	<u>983,038</u>	<u>1,099</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	20,071	79,915	8,088	-	1,099
Development	-	-	-	1,065,993	-
Recreation	-	-	-	-	-
Total expenditures	<u>20,071</u>	<u>79,915</u>	<u>8,088</u>	<u>1,065,993</u>	<u>1,099</u>
Excess (deficiency) of revenues over expenditures	-	-	(245)	(82,955)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	245	177,618	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>245</u>	<u>177,618</u>	<u>-</u>
Change in fund balances	-	-	-	94,663	-
Fund balance at beginning of year	-	-	-	(94,663)	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Auto Theft Grant	TCEQ Grant	MPO Grant	Motel Tax	Forfeiture Fund	Justice Assistance Grant	Hurricane Program Grant	Gulf Bend Mental Health Task Force
\$ -	\$ -	\$ -	\$ 1,504,505	\$ -	\$ -	\$ -	\$ -
145,932	118,312	129,131	-	-	21,205	143,303	-
-	-	-	-	29,298	-	-	-
-	-	-	13,796	2,508	-	22,669	-
<u>372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468</u>	<u>138,799</u>
<u>146,304</u>	<u>118,312</u>	<u>129,131</u>	<u>1,518,301</u>	<u>31,806</u>	<u>21,205</u>	<u>166,440</u>	<u>138,799</u>
-	118,312	-	-	-	-	-	-
205,033	-	-	-	19,709	25,432	-	135,531
-	-	129,131	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>311,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>205,033</u>	<u>118,312</u>	<u>129,131</u>	<u>311,112</u>	<u>19,709</u>	<u>25,432</u>	<u>-</u>	<u>135,531</u>
(58,729)	-	-	1,207,189	12,097	(4,227)	166,440	3,268
58,729	-	-	-	-	4,227	-	3,996
<u>-</u>	<u>-</u>	<u>-</u>	<u>(783,066)</u>	<u>-</u>	<u>-</u>	<u>(177,618)</u>	<u>(7,264)</u>
<u>58,729</u>	<u>-</u>	<u>-</u>	<u>(783,066)</u>	<u>-</u>	<u>4,227</u>	<u>(177,618)</u>	<u>(3,268)</u>
-	-	-	424,123	12,097	-	(11,178)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,470,592</u>	<u>265,832</u>	<u>-</u>	<u>332,458</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,894,715</u>	<u>\$ 277,929</u>	<u>\$ -</u>	<u>\$ 321,280</u>	<u>\$ -</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE

For the year ended September 30, 2020

	DSHS Hurricane Recovery Grant	Fire Academy	Municipal Court Special Revenue	Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,900	-	-	-	524,880
Fines and forfeitures	-	-	73,951	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	24,850	7,802	143,061	-
Total revenues	<u>1,900</u>	<u>24,850</u>	<u>81,753</u>	<u>143,061</u>	<u>524,880</u>
EXPENDITURES					
General government	1,900	-	-	22,077	524,880
Public safety	-	13,362	44,100	-	-
Development	-	-	-	-	-
Recreation	-	-	-	-	-
Total expenditures	<u>1,900</u>	<u>13,362</u>	<u>44,100</u>	<u>22,077</u>	<u>524,880</u>
Excess (deficiency) of revenues over expenditures	-	11,488	37,653	120,984	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	11,488	37,653	120,984	-
Fund balance at beginning of year	-	18,861	68,900	634,336	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 30,349</u>	<u>\$ 106,553</u>	<u>\$ 755,320</u>	<u>\$ -</u>

CDBG Hazard Mitigation	Homeland Security Grant	COVID-19 Grant	Emergency Management	Convention and Visitors Bureau	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,504,505
-	172,671	65,304	-	-	2,394,340
-	-	-	-	-	103,249
-	-	-	-	61	39,227
-	-	-	-	99,904	435,327
-	172,671	65,304	-	99,965	4,476,648
-	-	-	-	-	667,169
227,223	172,692	283,649	137,730	-	1,373,634
-	-	-	-	-	1,195,124
-	-	-	-	760,683	1,071,795
227,223	172,692	283,649	137,730	760,683	4,307,722
(227,223)	(21)	(218,345)	(137,730)	(660,718)	168,926
-	21	-	131,000	745,566	1,121,402
-	-	-	-	(2,000)	(969,948)
-	21	-	131,000	743,566	151,454
(227,223)	-	(218,345)	(6,730)	82,848	320,380
(28,584)	-	-	53,432	531,641	3,252,805
\$ (255,807)	\$ -	\$ (218,345)	\$ 46,702	\$ 614,489	\$ 3,573,185

(concluded)

GENERAL FUND

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

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

September 30, 2020

With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 20,528,872	\$ 17,564,928
Investments	-	2,142,111
Receivables (net)		
Ad valorem taxes (prior years)	1,505,621	1,929,295
Franchise taxes	631,791	681,425
Sales taxes	1,254,469	1,354,455
Ambulance	927,180	758,397
Fines	583,309	589,973
Other	4,304,299	1,008,292
Due from other funds	1,482,895	2,305,940
Inventory	414,641	454,055
Returned checks	26,511	26,427
Total assets	<u>\$ 31,659,588</u>	<u>\$ 28,815,298</u>
LIABILITIES		
Accounts payable	\$ 689,215	\$ 662,420
Accrued expenditures	2,692,323	2,577,975
Accrued compensated absences	8,092	7,806
Due to other governments	39,611	84,728
Due to other funds	712,078	620,250
Unearned revenue	933,076	961,098
Total liabilities	<u>5,074,395</u>	<u>4,914,277</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	6,456,741	3,713,375
Total deferred inflows of resources	<u>6,456,741</u>	<u>3,713,375</u>
FUND BALANCES		
Nonspendable		
Inventory	414,641	454,055
Committed	1,252,469	883,786
Unassigned	18,461,342	18,849,805
Total fund balances	<u>20,128,452</u>	<u>20,187,646</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,659,588</u>	<u>\$ 28,815,298</u>

CITY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
Taxes				
Ad valorem taxes	\$ 16,251,139	\$ 15,807,141	\$ (443,998)	\$ 15,558,516
Penalty and interest	220,000	140,938	(79,062)	295,275
Franchise tax	5,740,877	5,652,152	(88,725)	5,881,880
Sales tax	16,256,000	16,337,766	81,766	17,111,735
Other	60,000	108,117	48,117	72,469
Total taxes	38,528,016	38,046,114	(481,902)	38,919,875
Licenses and permits				
Building	300,000	337,934	37,934	390,304
Electrical	50,000	59,394	9,394	59,930
Mechanical	48,000	56,583	8,583	53,852
Liquor	264,000	220,010	(43,990)	274,998
Plumbing	45,000	45,383	383	48,000
Vital statistics	124,000	136,779	12,779	164,114
Miscellaneous	69,875	47,620	(22,255)	63,715
Total licenses and permits	900,875	903,703	2,828	1,054,913
Intergovernmental	2,358,920	3,192,157	833,237	2,312,733
Charges for services				
Ambulance	2,390,000	2,525,683	135,683	2,159,211
Victoria Public Library	56,000	39,449	(16,551)	56,491
Parks and recreation	80,700	61,065	(19,635)	103,203
Miscellaneous	169,475	162,049	(7,426)	204,832
Total charges for services	2,696,175	2,788,246	92,071	2,523,737
Fines and forfeitures				
Court costs	87,000	56,553	(30,447)	76,772
Criminal and traffic court	950,000	611,493	(338,507)	855,720
Parking violations	1,000	196	(804)	657
Total fines and forfeitures	1,038,000	668,242	(369,758)	933,149
Investment income				
Interest	400,000	377,748	(22,252)	617,488
Miscellaneous				
Rents	1,750	2,000	250	2,375
Salvage and asset sales	80,000	135,476	55,476	96,414
Contributions and miscellaneous	207,600	156,603	(50,997)	255,120
Total miscellaneous	289,350	294,079	4,729	353,909
Total revenues	\$ 46,211,336	\$ 46,270,289	\$ 58,953	\$ 46,715,804

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
General government				
City manager and council				
Personnel	\$ 686,824	\$ 706,312	\$ (19,488)	\$ 585,904
Maintenance and operations	61,407	50,255	11,152	78,841
Capital outlay	16,288	13,295	2,993	-
Total city manager and council	764,519	769,862	(5,343)	664,745
Finance				
Personnel	554,855	571,819	(16,964)	532,506
Maintenance and operations	121,699	103,827	17,872	119,669
Capital outlay	3,900	1,180	2,720	9,126
Total finance	680,454	676,826	3,628	661,301
Legal				
Personnel	376,948	374,321	2,627	372,443
Maintenance and operations	89,308	89,501	(193)	82,866
Capital outlay	11,800	3,559	8,241	3,992
Total legal	478,056	467,381	10,675	459,301
Human resources				
Personnel	321,827	324,547	(2,720)	327,313
Maintenance and operations	134,841	116,874	17,967	113,653
Capital outlay	6,685	4,654	2,031	2,298
Total human resources	463,353	446,075	17,278	443,264
City secretary				
Personnel	161,942	166,437	(4,495)	155,505
Maintenance and operations	49,803	35,851	13,952	93,009
Capital outlay	25,275	25,019	256	2,154
Total city secretary	237,020	227,307	9,713	250,668
Public information office				
Personnel	244,507	248,692	(4,185)	193,865
Maintenance and operations	55,553	46,129	9,424	32,603
Total public information office	300,060	294,821	5,239	226,468

(continued)

CITY OF VICTORIA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF EXPENDITURES****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
General government - (continued)				
Non-departmental				
Personnel	\$ 1,000	\$ 40,111	\$ (39,111)	\$ 10,536
Maintenance and operations	1,014,812	1,051,507	(36,695)	1,001,761
Total non-departmental	1,015,812	1,091,618	(75,806)	1,012,297
Total general government	3,939,274	3,973,890	(34,616)	3,718,044
Public safety				
Police				
Personnel	12,267,600	12,275,840	(8,240)	12,308,677
Maintenance and operations	2,708,806	2,086,084	622,722	2,573,042
Capital outlay	1,015,688	495,641	520,047	1,147,305
Debt service	-	480,712	(480,712)	480,712
Total police	15,992,094	15,338,277	653,817	16,509,736
Fire				
Personnel	11,005,592	10,917,053	88,539	10,783,836
Maintenance and operations	2,205,404	2,235,547	(30,143)	2,354,625
Capital outlay	1,115,233	124,875	990,358	638,797
Debt service	-	258,844	(258,844)	258,844
Total fire	14,326,229	13,536,319	789,910	14,036,102
Municipal court				
Personnel	257,598	253,015	4,583	252,334
Maintenance and operations	104,783	99,970	4,813	103,259
Capital outlay	9,368	7,636	1,732	-
Total municipal court	371,749	360,621	11,128	355,593
Total public safety	30,690,072	29,235,217	1,454,855	30,901,431

(continued)

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
Development				
Development svcs. administration				
Personnel	\$ 189,220	\$ 188,683	\$ 537	\$ 187,759
Maintenance and operations	16,810	9,727	7,083	11,106
Capital outlay	3,600	3,500	100	-
Total development svcs. administration	209,630	201,910	7,720	198,865
Planning services				
Personnel	211,979	181,823	30,156	197,701
Maintenance and operations	356,114	284,218	71,896	258,236
Capital outlay	-	-	-	5,427
Total planning services	568,093	466,041	102,052	461,364
Development center/inspections				
Personnel	694,565	597,993	96,572	701,819
Maintenance and operations	163,314	134,149	29,165	149,670
Capital outlay	6,900	5,994	906	4,819
Total development center/inspections	864,779	738,136	126,643	856,308
Code enforcement				
Personnel	268,211	267,430	781	270,015
Maintenance and operations	200,663	142,496	58,167	124,755
Capital outlay	14,650	8,843	5,807	-
Total code enforcement	483,524	418,769	64,755	394,770
Geographic information system (GIS)				
Personnel	266,322	265,939	383	257,345
Maintenance and operations	101,210	30,004	71,206	43,427
Capital outlay	1,600	1,490	110	12,936
Total geographic information system	369,132	297,433	71,699	313,708
Engineering				
Personnel	638,386	456,306	182,080	573,814
Maintenance and operations	117,069	98,560	18,509	93,840
Capital outlay	5,100	5,003	97	4,309
Total engineering	760,555	559,869	200,686	671,963

(continued)

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
Development - (continued)				
Streets and drainage				
Personnel	\$ 1,563,810	\$ 1,427,453	\$ 136,357	\$ 1,259,078
Maintenance and operations	2,331,917	1,830,733	501,184	1,483,935
Capital outlay	16,100	13,469	2,631	1,985
Total streets and drainage	3,911,827	3,271,655	640,172	2,744,998
Traffic control				
Personnel	499,493	413,880	85,613	465,786
Maintenance and operations	2,058,104	1,701,245	356,859	1,347,111
Capital outlay	4,919	4,901	18	1,526
Total traffic control	2,562,516	2,120,026	442,490	1,814,423
Total development	9,730,056	8,073,839	1,656,217	7,456,399
Building services				
Building services				
Personnel	289,198	241,918	47,280	227,185
Maintenance and operations	135,008	119,946	15,062	166,476
Capital outlay	15,975	13,151	2,824	25,353
Total building services	440,181	375,015	65,166	419,014
Custodial				
Personnel	164,714	144,100	20,614	156,230
Maintenance and operations	39,917	34,090	5,827	55,068
Total custodial	204,631	178,190	26,441	211,298
Total building services	644,812	553,205	91,607	630,312
Recreation				
Parks and recreation				
Personnel	1,817,841	1,638,212	179,629	1,719,738
Maintenance and operations	1,448,209	1,152,257	295,952	1,135,650
Capital outlay	352,321	222,831	129,490	666,603
Total parks and recreation	3,618,371	3,013,300	605,071	3,521,991

(continued)

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
Recreation - (continued)				
Library				
Personnel	\$ 1,345,149	\$ 1,306,322	\$ 38,827	\$ 1,277,924
Maintenance and operations	632,260	596,334	35,926	609,698
Capital outlay	480,547	435,030	45,517	255,444
	<u>2,457,956</u>	<u>2,337,686</u>	<u>120,270</u>	<u>2,143,066</u>
Total library				
	<u>2,457,956</u>	<u>2,337,686</u>	<u>120,270</u>	<u>2,143,066</u>
Total recreation	<u>6,076,327</u>	<u>5,350,986</u>	<u>725,341</u>	<u>5,665,057</u>
Total expenditures	<u>\$ 51,080,541</u>	<u>\$ 47,187,137</u>	<u>\$ 3,893,404</u>	<u>\$ 48,371,243</u>

(concluded)

DEBT SERVICE FUND

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

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

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

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

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

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

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

DEBT SERVICE FUND - (Continued)

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

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

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

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

2019 Certificates of Obligation Issue - To accumulate monies for payment of the 2019 \$1,960,000 3.00% - 4.00% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2039. Property tax is levied to finance debt service. Proceeds will be used (1) to construct, improve and repair City streets and sidewalks, together with landscape, drainage, utility line replacement, traffic and street signalization and lighting improvements, and (2) to pay costs of issuance of the Certificates.

2019 General Obligation Refunding Issue - To accumulate monies for payment of the 2019 advance refunding issue of \$5,750,000 3.00% - 5.00% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2033. Property tax is levied to finance debt service. The \$6,434,290 of the proceeds was deposited into an escrow account to pay off \$5,860,000 of the maturities of the 2013 Certificates of Obligations as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

2020 General Obligation Refunding Issue - To accumulate monies for payment of the 2020 advance refunding issue of \$3,690,000 1.09% Refunding General Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2023. Property tax is levied to finance debt service. The \$3,642,270 of the proceeds was deposited into an escrow account to pay off \$3,635,000 of the maturities of the 2010 General Obligation Refunding Bonds as they become due. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt.

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

September 30, 2020

With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,140,781	\$ 660,306
Receivables (net)		
Ad valorem taxes (prior years)	731,165	917,853
Due from other funds	<u>-</u>	<u>536,213</u>
Total assets	<u>\$ 1,871,946</u>	<u>\$ 2,114,372</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>731,165</u>	<u>917,853</u>
Total deferred inflows of resources	<u>731,165</u>	<u>917,853</u>
FUND BALANCE		
Restricted	<u>1,140,781</u>	<u>1,196,519</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,871,946</u>	<u>\$ 2,114,372</u>

CITY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2020**With comparative totals for the year ended September 30, 2019*

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Ad valorem - current				
2010 Issue	\$ 171,272	\$ 170,984	\$ (288)	\$ 173,441
2012 Issues	644,446	640,731	(3,715)	646,157
2013 Issues	4,046,166	4,028,241	(17,925)	4,612,188
2014 Issue	399,947	398,044	(1,903)	402,857
2015 Issues	1,679,280	1,672,152	(7,128)	1,686,183
2017 Issue	2,152,561	2,143,738	(8,823)	1,764,430
2019 Issues	139,893	138,810	(1,083)	-
Ad valorem - delinquent	110,000	72,447	(37,553)	142,764
Penalty and interest	-	43,675	43,675	-
Investment income - interest	100,000	56,313	(43,687)	127,226
Total revenues	<u>9,443,565</u>	<u>9,365,135</u>	<u>(78,430)</u>	<u>9,555,246</u>
EXPENDITURES				
Debt service				
Principal retirement				
2010 Issue	30,000	30,000	-	30,000
2011 Issue	3,155,000	3,155,000	-	1,070,000
2012 Issues	540,000	540,000	-	525,000
2013 Issues	3,410,000	3,440,000	(30,000)	3,845,000
2014 Issue	250,000	250,000	-	245,000
2015 Issues	1,270,000	1,270,000	-	1,215,000
2017 Issue	1,295,000	1,295,000	-	840,000
2019 Issues	105,000	110,000	(5,000)	-
Interest				
2010 Issue	146,300	146,300	-	147,200
2011 Issue	71,463	55,629	15,834	146,558
2012 Issues	123,364	123,363	1	135,513
2013 Issues	534,025	434,161	99,864	867,244
2014 Issue	161,688	161,688	-	166,588
2015 Issues	458,576	458,575	1	508,075
2017 Issue	920,750	920,750	-	962,750
2019 Issues	259,917	241,396	18,521	-
Paying agents' fees and issue costs	5,500	180,353	(174,853)	4,800
Arbitrage rebate premiums	5,500	3,050	2,450	4,710
Total expenditures	<u>12,742,083</u>	<u>12,815,265</u>	<u>(73,182)</u>	<u>10,713,438</u>

	2020			2019 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Excess (deficiency) of revenues over expenditures	\$ (3,298,518)	\$ (3,450,130)	\$ (151,612)	\$ (1,158,192)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	9,440,000	9,440,000	-
Premium on debt issued	-	820,023	820,023	-
Payment to escrow	-	(10,076,560)	(10,076,560)	-
Transfer in	<u>3,226,463</u>	<u>3,210,929</u>	<u>(15,534)</u>	<u>1,216,558</u>
Total other financing sources (uses)	<u>3,226,463</u>	<u>3,394,392</u>	<u>167,929</u>	<u>1,216,558</u>
Change in fund balance	(72,055)	(55,738)	16,317	58,366
Fund balance at beginning of year	<u>1,196,519</u>	<u>1,196,519</u>	-	<u>1,138,153</u>
Fund balance at end of year	<u>\$ 1,124,464</u>	<u>\$ 1,140,781</u>	<u>\$ 16,317</u>	<u>\$ 1,196,519</u>

CAPITAL PROJECT FUNDS

CITY OF VICTORIA, TEXAS*NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**CAPITAL CONSTRUCTION FUND (3035)**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2020**With comparative totals for the year ended September 30, 2019*

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES				
Investment income				
Interest	\$ 135	\$ 135	\$ -	\$ 76
Miscellaneous	-	-	-	74,954
Total revenues	<u>135</u>	<u>135</u>	<u>-</u>	<u>75,030</u>
EXPENDITURES				
Current				
Recreation	-	-	-	15,913
Capital outlay	<u>74,954</u>	<u>74,954</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>74,954</u>	<u>74,954</u>	<u>-</u>	<u>15,913</u>
Excess (deficiency) of revenues over expenditures	(74,819)	(74,819)	-	59,117
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(135)</u>	<u>-</u>	<u>135</u>	<u>(76)</u>
Total other financing sources (uses)	<u>(135)</u>	<u>-</u>	<u>135</u>	<u>(76)</u>
Change in fund balance	(74,954)	(74,819)	135	59,041
Fund balance at beginning of year	<u>74,954</u>	<u>74,954</u>	<u>-</u>	<u>15,913</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ 135</u>	<u>\$ 74,954</u>

CITY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**CAPITAL CONSTRUCTION FUND (3036)**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2020**With comparative totals for the year ended September 30, 2019*

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ 292,182	\$ 292,182	\$ -	\$ 11,421,084
Investment income				
Interest	114,457	105,614	(8,843)	57,334
Miscellaneous	62,500	62,500	-	-
Total revenues	<u>469,139</u>	<u>460,296</u>	<u>(8,843)</u>	<u>11,478,418</u>
EXPENDITURES				
Current				
Development	424,000	186,180	237,820	-
Capital outlay	250,000	140,681	109,319	-
Total expenditures	<u>674,000</u>	<u>326,861</u>	<u>347,139</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(204,861)	133,435	(355,982)	11,478,418
OTHER FINANCING SOURCES (USES)				
Transfers in	400,482	120,000	(280,482)	-
Transfers out	(5,511,525)	(4,471,062)	1,040,463	(1,374,558)
Total other financing sources (uses)	<u>(5,111,043)</u>	<u>(4,351,062)</u>	<u>759,981</u>	<u>(1,374,558)</u>
Change in fund balance	(5,315,904)	(4,217,627)	403,999	10,103,860
Fund balance at beginning of year	10,991,804	10,991,804	-	887,944
Fund balance at end of year	<u>\$ 5,675,900</u>	<u>\$ 6,774,177</u>	<u>\$ 403,999</u>	<u>\$ 10,991,804</u>

CITY OF VICTORIA, TEXAS*MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**CAPITAL CONSTRUCTION FUND (3037)**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**BUDGET (GAAP BASIS) AND ACTUAL**For the year ended September 30, 2020**With comparative totals for the year ended September 30, 2019*

	2020		Variance Positive (Negative)	2019 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ 400,482	\$ -	\$ (400,482)	\$ -
Investment income				
Interest	63,597	62,148	(1,449)	52,492
Miscellaneous	23,491	780,266	756,775	10,387,271
Total revenues	<u>487,570</u>	<u>842,414</u>	<u>354,844</u>	<u>10,439,763</u>
EXPENDITURES				
Current				
Development	-	48,986	(48,986)	-
Capital outlay	11,554,795	6,370,889	5,183,906	10,557,087
Debt service				
Bond issuance costs	-	64,503	(64,503)	-
Total expenditures	<u>11,554,795</u>	<u>6,484,378</u>	<u>5,070,417</u>	<u>10,557,087</u>
Excess (deficiency) of revenues over expenditures	(11,067,225)	(5,641,964)	5,425,261	(117,324)
OTHER FINANCING SOURCES (USES)				
Debt issued	2,005,829	1,960,000	(45,829)	-
Premium on debt issued	-	110,332	110,332	-
Transfers in	4,051,877	2,356,069	(1,695,808)	2,785,288
Transfers out	(400,482)	-	400,482	-
Total other financing sources (uses)	<u>5,657,224</u>	<u>4,426,401</u>	<u>(1,230,823)</u>	<u>2,785,288</u>
Change in fund balance	(5,410,001)	(1,215,563)	4,194,438	2,667,964
Fund balance at beginning of year	<u>5,079,429</u>	<u>5,079,429</u>	-	<u>2,411,465</u>
Fund balance at end of year	<u>\$ (330,572)</u>	<u>\$ 3,863,866</u>	<u>\$ 4,194,438</u>	<u>\$ 5,079,429</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF VICTORIA, TEXAS
ALL NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2020

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 513,607	\$ 100,583	\$ 422,349	\$ 1,036,539
Receivables (net)	644	2,299	60,239	63,182
Due from other funds	-	-	975	975
Inventory	-	-	13,960	13,960
Returned checks	3,637	-	-	3,637
Prepaid items	-	-	2,519	2,519
Restricted assets				
Cash and cash equivalents	647,365	-	-	647,365
Total current assets	<u>1,165,253</u>	<u>102,882</u>	<u>500,042</u>	<u>1,768,177</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	175,160	224,598	1,143,492	1,543,250
Buildings, improvements, and equipment (net)	2,087,474	862,646	237,900	3,188,020
Total noncurrent assets	<u>2,262,634</u>	<u>1,087,244</u>	<u>1,381,392</u>	<u>4,731,270</u>
Total assets	<u>3,427,887</u>	<u>1,190,126</u>	<u>1,881,434</u>	<u>6,499,447</u>
LIABILITIES				
Current liabilities				
Accounts payable	47,251	9,189	23,122	79,562
Accrued expenses	19,863	-	45,620	65,483
Due to other funds	2,038	-	547	2,585
Accrued compensated absences	47	-	-	47
Customer deposits	38,056	-	-	38,056
Current portion of capital lease payable	-	-	87,825	87,825
Total current liabilities	<u>107,255</u>	<u>9,189</u>	<u>157,114</u>	<u>273,558</u>
Noncurrent liabilities				
Accrued compensated absences	868	-	-	868
Capital lease payable	-	-	114,181	114,181
Total noncurrent liabilities	<u>868</u>	<u>-</u>	<u>114,181</u>	<u>115,049</u>
Total liabilities	<u>108,123</u>	<u>9,189</u>	<u>271,295</u>	<u>388,607</u>
NET POSITION				
Net investment in capital assets	2,262,634	1,087,244	1,179,386	4,529,264
Unrestricted net position	1,057,130	93,693	430,753	1,581,576
Total net position	<u>\$ 3,319,764</u>	<u>\$ 1,180,937</u>	<u>\$ 1,610,139</u>	<u>\$ 6,110,840</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR ENTERPRISE FUNDS

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

For the year ended September 30, 2020

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 102,199	\$ 151,511	\$ 1,061,465	\$ 1,315,175
Miscellaneous	1,252	-	4,265	5,517
Total operating revenues	<u>103,451</u>	<u>151,511</u>	<u>1,065,730</u>	<u>1,320,692</u>
OPERATING EXPENSES				
Personnel	330,417	-	529,908	860,325
Materials and supplies	20,312	1,832	151,263	173,407
Maintenance	23,595	12,987	42,275	78,857
Heat, lights and power	63,781	39,506	44,011	147,298
Miscellaneous services	35,094	18,609	78,565	132,268
Contractual services	22,632	21,450	16,799	60,881
Computer services	16,556	-	-	16,556
Depreciation	313,368	83,975	95,345	492,688
Total operating expenses	<u>825,755</u>	<u>178,359</u>	<u>958,166</u>	<u>1,962,280</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(722,304)	(26,848)	107,564	(641,588)
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,969	-	-	13,969
Interest and fiscal charges	-	-	(8,676)	(8,676)
Gain (loss) on disposition of capital assets	(1,406)	-	-	(1,406)
Net nonoperating revenues (expenses)	<u>12,563</u>	<u>-</u>	<u>(8,676)</u>	<u>3,887</u>
Income before transfers	(709,741)	(26,848)	98,888	(637,701)
Transfers				
Transfers in	37,500	-	-	37,500
Transfers out	(23,800)	(15,130)	-	(38,930)
Total transfers	<u>13,700</u>	<u>(15,130)</u>	<u>-</u>	<u>(1,430)</u>
Change in net position	(696,041)	(41,978)	98,888	(639,131)
Total net position at beginning of year	<u>4,015,805</u>	<u>1,222,915</u>	<u>1,511,251</u>	<u>6,749,971</u>
Total net position at end of year	<u>\$ 3,319,764</u>	<u>\$ 1,180,937</u>	<u>\$ 1,610,139</u>	<u>\$ 6,110,840</u>

CITY OF VICTORIA, TEXAS**ALL NONMAJOR ENTERPRISE FUNDS****COMBINING STATEMENT OF CASH FLOWS**

For the year ended September 30, 2020

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 101,065	\$ 149,212	\$ 1,063,605	\$ 1,313,882
Cash paid to suppliers for goods and services	(156,565)	(94,174)	(332,928)	(583,667)
Cash paid to employees for services	(327,881)	-	(512,384)	(840,265)
Net cash provided (used) by operating activities	<u>(383,381)</u>	<u>55,038</u>	<u>218,293</u>	<u>(110,050)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in customer deposits	817	-	-	817
Borrowings from (to) other funds	(564)	-	(3,498)	(4,062)
Transfers in from other funds	37,500	-	-	37,500
Transfers out to other funds	(23,800)	(15,130)	-	(38,930)
Net cash provided (used) by noncapital financing activities	<u>13,953</u>	<u>(15,130)</u>	<u>(3,498)</u>	<u>(4,675)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(35,995)	(44,121)	-	(80,116)
Principal paid on capital lease	-	-	(84,812)	(84,812)
Interest paid on capital lease	-	-	(8,676)	(8,676)
Net cash provided (used) by capital and related financing activities	<u>(35,995)</u>	<u>(44,121)</u>	<u>(93,488)</u>	<u>(173,604)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>13,969</u>	<u>-</u>	<u>-</u>	<u>13,969</u>
Net cash provided (used) by investing activities	<u>13,969</u>	<u>-</u>	<u>-</u>	<u>13,969</u>
Net increase (decrease) in cash and cash equivalents	(391,454)	(4,213)	121,307	(274,360)
Cash and cash equivalents at beginning of year	<u>1,552,426</u>	<u>104,796</u>	<u>301,042</u>	<u>1,958,264</u>
Cash and cash equivalents at end of year	<u>\$ 1,160,972</u>	<u>\$ 100,583</u>	<u>\$ 422,349</u>	<u>\$ 1,683,904</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

	<u>Community Center</u>	<u>700 Main Center</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (722,304)	\$ (26,848)	\$ 107,564	\$ (641,588)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	313,368	83,975	95,345	492,688
Changes in assets and liabilities				
(Increase) decrease in receivables	(269)	(2,299)	(2,249)	(4,817)
(Increase) decrease in returned checks	(2,117)	-	124	(1,993)
(Increase) decrease in prepaid items	-	-	141	141
(Increase) decrease in inventory	-	-	1,424	1,424
Increase (decrease) in accounts payable	25,405	210	(1,580)	24,035
Increase (decrease) in accrued expenses	2,480	-	17,524	20,004
Increase (decrease) in compensated absences	56	-	-	56
Total adjustments	<u>338,923</u>	<u>81,886</u>	<u>110,729</u>	<u>531,538</u>
Net cash provided (used) by operating activities	<u>\$ (383,381)</u>	<u>\$ 55,038</u>	<u>\$ 218,293</u>	<u>\$ (110,050)</u>

WATER AND WASTEWATER FUND

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
WATER AND WASTEWATER FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,104,878	\$ 9,068,328
Investments	-	521,250
Receivables (net)		
Accounts	2,181,175	2,401,939
Other	40,131	44,901
Due from other funds	-	1,500,000
Inventory	181,813	219,134
Restricted assets		
Cash and cash equivalents	<u>358,493</u>	<u>1,254,594</u>
 Total current assets	 <u>14,866,490</u>	 <u>15,010,146</u>
Noncurrent assets		
Capital assets		
Buildings	39,524,945	38,820,555
Water and wastewater distribution system	211,664,607	206,746,411
Improvements other than buildings	2,621,194	2,621,194
Machinery and equipment	<u>4,875,801</u>	<u>4,773,088</u>
Total capital assets	258,686,547	252,961,248
Less accumulated depreciation	<u>132,337,640</u>	<u>123,502,351</u>
Subtotal	126,348,907	129,458,897
Land and water rights	3,190,946	3,190,946
Construction in progress	<u>105,261</u>	<u>3,672,263</u>
Net capital assets	<u>129,645,114</u>	<u>136,322,106</u>
 Total noncurrent assets	 <u>129,645,114</u>	 <u>136,322,106</u>
 Total assets	 <u>144,511,604</u>	 <u>151,332,252</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	1,089,445	1,287,588
Deferred outflow related to pension	679,643	1,638,997
Deferred outflow related to OPEB	<u>241,007</u>	<u>188,626</u>
 Total deferred outflows of resources	 <u>2,010,095</u>	 <u>3,115,211</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
WATER AND WASTEWATER FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 615,702	\$ 492,810
Accounts payable (payable from restricted assets)	19,514	399,621
Accrued expenses	333,880	292,682
Accrued compensated absences	6,855	6,584
Due to other funds	240,981	119,375
Due to component unit	16,030	91,102
Accrued interest payable	556,004	650,326
Current portion of waterworks and sewer system revenue bonds	<u>6,490,000</u>	<u>7,425,000</u>
Total current liabilities	<u>8,278,966</u>	<u>9,477,500</u>
Noncurrent liabilities		
Waterworks and sewer system revenue bonds (net of unamortized deferred amounts)	39,862,875	46,877,370
Net pension liability	5,237,465	6,144,649
OPEB liability	1,785,664	1,644,181
Accrued compensated absences	<u>127,823</u>	<u>123,393</u>
Total noncurrent liabilities	<u>47,013,827</u>	<u>54,789,593</u>
Total liabilities	<u>55,292,793</u>	<u>64,267,093</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	1,264,464	88,572
Deferred inflow related to OPEB	<u>183,538</u>	<u>20,070</u>
Total deferred inflows of resources	<u>1,448,002</u>	<u>108,642</u>
NET POSITION		
Net investment in capital assets	84,381,684	83,307,324
Unrestricted	<u>5,399,220</u>	<u>6,764,404</u>
Total net position	<u>\$ 89,780,904</u>	<u>\$ 90,071,728</u>

CITY OF VICTORIA, TEXAS**MAJOR ENTERPRISE FUND****WATER AND WASTEWATER FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water sales	\$ 13,900,741	\$ 14,075,950
Sewer service	12,078,139	12,030,787
Tap and connection fees	222,217	240,860
Miscellaneous	<u>143,762</u>	<u>16,189</u>
Total operating revenues	<u>26,344,859</u>	<u>26,363,786</u>
OPERATING EXPENSES		
Personnel	7,160,674	5,962,904
Materials and supplies	1,336,736	1,356,145
Maintenance	1,228,053	1,055,769
Heat, lights, and power	1,022,459	1,033,642
Miscellaneous services	2,195,361	1,509,015
Contractual services	811,999	701,618
Computer services	139,306	139,306
Depreciation	<u>8,975,838</u>	<u>8,847,886</u>
Total operating expenses	<u>22,870,426</u>	<u>20,606,285</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	3,474,433	5,757,501
NONOPERATING REVENUES (EXPENSES)		
Investment income	107,959	220,840
Interest and fiscal charges	(1,398,226)	(1,686,117)
Noncapital grants and contributions	-	73,931
Gain (loss) on disposition of capital assets	<u>70,814</u>	<u>62,872</u>
Net nonoperating revenues (expenses)	<u>(1,219,453)</u>	<u>(1,328,474)</u>
Income before contributions and transfers	2,254,980	4,429,027
Contributions and transfers		
Capital contributions	200,000	2,884,235
Transfers in	24,283	-
Transfers out	<u>(2,770,087)</u>	<u>(2,958,235)</u>
Total contributions and transfers	<u>(2,545,804)</u>	<u>(74,000)</u>
Change in net position	(290,824)	4,355,027
Net position at beginning of year	<u>90,071,728</u>	<u>85,716,701</u>
Total net position at end of year	<u>\$ 89,780,904</u>	<u>\$ 90,071,728</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 26,570,393	\$ 26,207,204
Cash paid to suppliers for goods and services	(6,573,701)	(5,854,493)
Cash paid to employees for services	(5,634,143)	(5,607,432)
Net cash provided (used) by operating activities	<u>14,362,549</u>	<u>14,745,279</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	1,621,606	1,228,025
Borrowings from (to) component unit	(75,072)	91,102
Noncapital grants and contributions	-	73,931
Transfers in from other funds	24,283	-
Transfers out to other funds	(2,770,087)	(2,958,235)
Total operating expenses	<u>(1,199,270)</u>	<u>(1,565,177)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,691,605)	(9,072,612)
Proceeds from sale of capital assets	83,466	63,228
Proceeds from capital grants and contributions	200,000	4,169,119
Principal paid on revenue bonds	(7,425,000)	(7,155,000)
Interest paid on revenue bonds	(1,818,900)	(2,111,146)
Net cash provided (used) by capital and related financing activities	<u>(11,652,039)</u>	<u>(14,106,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(521,250)
Proceeds from sales and maturities of investments	521,250	250,239
Investment income	107,959	220,840
Net cash provided (used) by investing activities	<u>629,209</u>	<u>(50,171)</u>
Net increase (decrease) in cash and cash equivalents	2,140,449	(976,480)
Cash and cash equivalents at beginning of year	<u>10,322,922</u>	<u>11,299,402</u>
Cash and cash equivalents at end of year	<u>\$ 12,463,371</u>	<u>\$ 10,322,922</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 3,474,433	\$ 8,941,940
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	8,975,838	7,099,157
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	220,764	(125,552)
(Increase) decrease in other receivables	4,770	(31,030)
(Increase) decrease in inventory	37,321	(76,271)
(Increase) decrease in deferred outflows related to pension	959,354	(1,123,180)
(Increase) decrease in deferred outflows related to OPEB	(52,381)	(68,276)
Increase (decrease) in accounts payable	122,892	17,273
Increase (decrease) in accrued expenses	41,198	663
Increase (decrease) in compensated absences	4,701	(63,952)
Increase (decrease) in net pension liability	(907,184)	1,847,604
Increase (decrease) in OPEB liability	141,483	56,824
Increase (decrease) in deferred inflows related to pension	1,175,892	(300,702)
Increase (decrease) in deferred inflows related to OPEB	<u>163,468</u>	<u>6,491</u>
Total adjustments	<u>10,888,116</u>	<u>7,239,049</u>
Net cash provided (used) by operating activities	\$ <u>14,362,549</u>	\$ <u>16,180,989</u>
Noncash capital and related financing activities		
Assets acquired from contributions	<u>\$ -</u>	<u>\$ 1,264,535</u>

COMMUNITY CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 513,607	\$ 1,061,163
Receivables (net)		
Other	644	375
Returned checks	3,637	1,520
Restricted assets		
Cash and cash equivalents	<u>647,365</u>	<u>491,263</u>
Total current assets	<u>1,165,253</u>	<u>1,554,321</u>
Noncurrent assets		
Capital assets		
Buildings	5,484,832	5,448,837
Infrastructure	288,581	288,581
Machinery and equipment	<u>367,294</u>	<u>371,138</u>
Total capital assets	6,140,707	6,108,556
Less accumulated depreciation	<u>4,053,233</u>	<u>3,742,303</u>
Subtotal	2,087,474	2,366,253
Land	<u>175,160</u>	<u>175,160</u>
Net capital assets	<u>2,262,634</u>	<u>2,541,413</u>
Total noncurrent assets	<u>2,262,634</u>	<u>2,541,413</u>
Total assets	<u>3,427,887</u>	<u>4,095,734</u>
LIABILITIES		
Current liabilities		
Accounts payable	47,251	21,846
Accrued expenses	19,863	17,383
Due to other funds	2,038	2,602
Accrued compensated absences	47	44
Customer deposits	<u>38,056</u>	<u>37,239</u>
Total current liabilities	<u>107,255</u>	<u>79,114</u>
Noncurrent liabilities		
Accrued compensated absences	<u>868</u>	<u>815</u>
Total liabilities	<u>108,123</u>	<u>79,929</u>
NET POSITION		
Net investment in capital assets	2,262,634	2,541,413
Unrestricted	<u>1,057,130</u>	<u>1,474,392</u>
Total net position	<u>\$ 3,319,764</u>	<u>\$ 4,015,805</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Rental fees	\$ 102,199	\$ 265,394
Miscellaneous	1,252	6,325
Total operating revenues	<u>103,451</u>	<u>271,719</u>
OPERATING EXPENSES		
Personnel	330,417	300,522
Materials and supplies	20,312	23,191
Maintenance	23,595	23,725
Heat, lights, and power	63,781	76,562
Miscellaneous services	35,094	48,471
Contractual services	22,632	24,452
Computer services	16,556	16,556
Depreciation	313,368	318,894
Total operating expenses	<u>825,755</u>	<u>832,373</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(722,304)	(560,654)
NONOPERATING REVENUES (EXPENSES)		
Investment income	13,969	22,740
Gain (loss) on disposition of capital assets	(1,406)	1,392
Net nonoperating revenues (expenses)	<u>12,563</u>	<u>24,132</u>
Income (loss) before transfers	(709,741)	(536,522)
Transfers		
Transfers in	37,500	450,000
Transfers out	(23,800)	(21,800)
Total transfers	<u>13,700</u>	<u>428,200</u>
Change in net position	(696,041)	(108,322)
Total net position at beginning of year	<u>4,015,805</u>	<u>4,124,127</u>
Total net position at end of year	<u>\$ 3,319,764</u>	<u>\$ 4,015,805</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 101,065	\$ 272,450
Cash paid to suppliers for goods and services	(156,565)	(217,424)
Cash paid to employees for services	(327,881)	(301,273)
Net cash provided (used) by operating activities	<u>(383,381)</u>	<u>(246,247)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase (decrease) in customer deposits	817	8,145
Borrowings from (to) other funds	(564)	101,311
Transfers in from other funds	37,500	450,000
Transfers out to other funds	(23,800)	(21,800)
Net cash provided (used) by noncapital financing activities	<u>13,953</u>	<u>537,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(35,995)	(35,961)
Proceeds from sale of capital assets	-	1,392
Net cash provided (used) by capital and related financing activities	<u>(35,995)</u>	<u>(34,569)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	13,969	22,740
Net cash provided (used) by investing activities	<u>13,969</u>	<u>22,740</u>
Net increase (decrease) in cash and cash equivalents	(391,454)	279,580
Cash and cash equivalents at beginning of year	1,552,426	1,272,846
Cash and cash equivalents at end of year	<u>\$ 1,160,972</u>	<u>\$ 1,552,426</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (722,304)	\$ (560,654)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	313,368	318,894
Changes in assets and liabilities		
(Increase) decrease in receivables	(269)	731
(Increase) decrease in returned checks	(2,117)	-
Increase (decrease) in accounts payable	25,405	(4,467)
Increase (decrease) in accrued expenses	2,480	2,182
Increase (decrease) in compensated absences	56	(2,933)
Total adjustments	<u>338,923</u>	<u>314,407</u>
Net cash provided (used) by operating activities	<u>\$ (383,381)</u>	<u>\$ (246,247)</u>

700 MAIN CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 100,583	\$ 104,796
Receivables (net)		
Other	<u>2,299</u>	<u>-</u>
Total current assets	<u>102,882</u>	<u>104,796</u>
Noncurrent assets		
Capital assets		
Buildings	2,806,364	2,763,407
Improvements other than buildings	78,216	78,216
Machinery and equipment	<u>30,229</u>	<u>29,065</u>
Total capital assets	2,914,809	2,870,688
Less accumulated depreciation	<u>2,052,163</u>	<u>1,968,188</u>
Subtotal	862,646	902,500
Land	<u>224,598</u>	<u>224,598</u>
Net capital assets	<u>1,087,244</u>	<u>1,127,098</u>
Total assets	<u>1,190,126</u>	<u>1,231,894</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>9,189</u>	<u>8,979</u>
NET POSITION		
Net investment in capital assets	1,087,244	1,127,098
Unrestricted	<u>93,693</u>	<u>95,817</u>
Total net position	<u>\$ 1,180,937</u>	<u>\$ 1,222,915</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Rental fees	\$ 151,511	\$ 151,455
OPERATING EXPENSES		
Materials and supplies	1,832	791
Maintenance	12,987	16,365
Heat, lights, and power	39,506	38,383
Miscellaneous services	18,609	18,435
Contractual services	21,450	25,740
Depreciation	<u>83,975</u>	<u>85,950</u>
Total operating expenses	<u>178,359</u>	<u>185,664</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(26,848)	(34,209)
NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>
Income (loss) before transfers	(26,848)	(34,209)
Transfers		
Transfers out	<u>(15,130)</u>	<u>(15,130)</u>
Change in net position	(41,978)	(49,339)
Total net position at beginning of year	<u>1,222,915</u>	<u>1,272,254</u>
Total net position at end of year	<u>\$ 1,180,937</u>	<u>\$ 1,222,915</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2020
With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 149,212	\$ 153,751
Cash paid to suppliers for goods and services	<u>(94,174)</u>	<u>(103,784)</u>
Net cash provided (used) by operating activities	<u>55,038</u>	<u>49,967</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	<u>(15,130)</u>	<u>(15,130)</u>
Net cash provided (used) by noncapital financing activities	<u>(15,130)</u>	<u>(15,130)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(44,121)</u>	<u>(12,134)</u>
Net cash provided (used) by capital and related financing activities	<u>(44,121)</u>	<u>(12,134)</u>
Net increase (decrease) in cash and cash equivalents	(4,213)	22,703
Cash and cash equivalents at beginning of year	<u>104,796</u>	<u>82,093</u>
Cash and cash equivalents at end of year	<u>\$ 100,583</u>	<u>\$ 104,796</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (26,848)	\$ (34,209)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	83,975	85,950
Changes in assets and liabilities		
(Increase) decrease in other receivables	(2,299)	2,296
Increase (decrease) in accounts payable	<u>210</u>	<u>(4,070)</u>
Total adjustments	<u>81,886</u>	<u>84,176</u>
Net cash provided (used) by operating activities	<u>\$ 55,038</u>	<u>\$ 49,967</u>

ENVIRONMENTAL SERVICES FUND

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,386,093	\$ 3,617,483
Investments	-	521,250
Receivables (net)		
Accounts	254,124	264,166
Other	13,835	15,422
Due from other funds	5,365	2,500,000
Restricted assets		
Cash and cash equivalents	2,828,446	2,085,265
Investments	-	731,000
Total current assets	<u>10,487,863</u>	<u>9,734,586</u>
Noncurrent assets		
Capital assets		
Buildings	936,536	1,024,804
Infrastructure	1,504,801	1,504,801
Improvements other than buildings	1,221,485	1,142,094
Machinery and equipment	1,637,199	1,737,665
Total capital assets	5,300,021	5,409,364
Less accumulated depreciation	4,081,654	4,015,854
Subtotal	1,218,367	1,393,510
Land	834,981	834,981
Net capital assets	<u>2,053,348</u>	<u>2,228,491</u>
Total noncurrent assets	<u>2,053,348</u>	<u>2,228,491</u>
Total assets	<u>12,541,211</u>	<u>11,963,077</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension	152,297	384,239
Deferred outflow related to OPEB	52,255	43,694
Total deferred outflows of resources	<u>204,552</u>	<u>427,933</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 161,891	\$ 88,810
Accrued expenses	83,427	69,744
Accrued compensated absences	1,215	1,119
Due to other funds	18,398	16,670
Due to other governments	47,551	41,562
Due to component unit	<u>30,354</u>	<u>29,858</u>
Total current liabilities	<u>342,836</u>	<u>247,763</u>
Noncurrent liabilities		
Accrued compensated absences	22,660	20,980
Net pension liability	1,134,893	1,424,846
OPEB liability	386,931	381,259
Estimated landfill closure and postclosure care cost	<u>4,339,634</u>	<u>4,238,589</u>
Total noncurrent liabilities	<u>5,884,118</u>	<u>6,065,674</u>
Total liabilities	<u>6,226,954</u>	<u>6,313,437</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	280,100	41,965
Deferred inflow related to OPEB	<u>39,884</u>	<u>4,654</u>
Total deferred inflows of resources	<u>319,984</u>	<u>46,619</u>
NET POSITION		
Net investment in capital assets	2,053,348	2,228,491
Unrestricted	<u>4,145,477</u>	<u>3,802,463</u>
Total net position	<u>\$ 6,198,825</u>	<u>\$ 6,030,954</u>

CITY OF VICTORIA, TEXAS**MAJOR ENTERPRISE FUND****ENVIRONMENTAL SERVICES FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Garbage fees	\$ 3,336,388	\$ 3,417,953
Other garbage fees	1,242,928	1,236,219
Miscellaneous	971,181	984,656
Total operating revenues	<u>5,550,497</u>	<u>5,638,828</u>
OPERATING EXPENSES		
Personnel	1,536,906	1,469,608
Materials and supplies	235,670	226,895
Maintenance	2,401	2,257
Heat, lights, and power	13,761	14,901
Miscellaneous services	1,430,883	1,095,475
Contractual services	252,202	271,988
Computer services	55,024	55,024
Tipping fees	1,045,073	1,032,703
Landfill closure and postclosure care cost	121,648	107,573
Depreciation	274,308	280,748
Total operating expenses	<u>4,967,876</u>	<u>4,557,172</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	582,621	1,081,656
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposition of capital assets	14,947	48,933
Investment income	126,113	148,170
Net nonoperating revenues (expenses)	<u>141,060</u>	<u>197,103</u>
Income before transfers	723,681	1,278,759
Transfers		
Transfers in	47,357	-
Transfers out	(603,167)	(928,500)
Total transfers	<u>(555,810)</u>	<u>(928,500)</u>
Change in net position	167,871	350,259
Net position at beginning of year	<u>6,030,954</u>	<u>5,680,695</u>
Total net position at end of year	<u>\$ 6,198,825</u>	<u>\$ 6,030,954</u>

CITY OF VICTORIA, TEXAS**MAJOR ENTERPRISE FUND****ENVIRONMENTAL SERVICES FUND****STATEMENT OF CASH FLOWS**

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,562,126	\$ 5,616,459
Cash paid to suppliers for goods and services	(2,976,547)	(2,797,028)
Cash paid to employees for services	<u>(1,308,982)</u>	<u>(1,317,977)</u>
Net cash provided (used) by operating activities	<u>1,276,597</u>	<u>1,501,454</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	2,496,363	(3,696)
Borrowings from (to) component unit	496	1,282
Transfers in from other funds	47,357	-
Transfers out to other funds	<u>(603,167)</u>	<u>(928,500)</u>
Net cash provided (used) by noncapital financing activities	<u>1,941,049</u>	<u>(930,914)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(108,869)	(372,538)
Proceeds from sale of capital assets	<u>24,651</u>	<u>48,933</u>
Net cash provided (used) by capital and related financing activities	<u>(84,218)</u>	<u>(323,605)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(1,252,250)
Proceeds from sales and maturities of investments	1,252,250	-
Investment income	<u>126,113</u>	<u>148,170</u>
Net cash provided (used) by investing activities	<u>1,378,363</u>	<u>(1,104,080)</u>
Net increase (decrease) in cash and cash equivalents	4,511,791	(857,145)
Cash and cash equivalents at beginning of year	<u>5,702,748</u>	<u>6,559,893</u>
Cash and cash equivalents at end of year	<u>\$ 10,214,539</u>	<u>\$ 5,702,748</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 582,621	\$ 1,081,656
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	274,308	280,748
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	10,042	(26,397)
(Increase) decrease in other receivables	1,587	4,028
(Increase) decrease in deferred outflows related to pension	231,942	(271,539)
(Increase) decrease in deferred outflows related to OPEB	(8,561)	(17,162)
Increase (decrease) in accounts payable	73,081	(96,225)
Increase (decrease) in due to other governments	5,989	4,967
Increase (decrease) in accrued expenses	13,683	5,396
Increase (decrease) in compensated absences	1,776	(11,740)
Increase (decrease) in net pension liability	(289,953)	477,520
Increase (decrease) in OPEB liability	5,672	31,310
Increase (decrease) in landfill closure and postclosure care cost	101,045	101,046
Increase (decrease) in deferred inflows related to pension	238,135	(63,814)
Increase (decrease) in deferred inflows related to OPEB	<u>35,230</u>	<u>1,660</u>
Total adjustments	<u>693,976</u>	<u>419,798</u>
Net cash provided (used) by operating activities	<u>\$ 1,276,597</u>	<u>\$ 1,501,454</u>

GOLF COURSE FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
GOLF COURSE FUND
BALANCE SHEET
September 30, 2020
With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 422,349	\$ 301,042
Receivables (net)	60,239	57,990
Due from other funds	975	975
Inventory	13,960	15,384
Returned checks	-	124
Prepaid items	<u>2,519</u>	<u>2,660</u>
Total current assets	<u>500,042</u>	<u>378,175</u>
Noncurrent assets		
Capital assets		
Buildings	317,013	317,013
Improvements other than buildings	212,415	212,415
Machinery and equipment	<u>471,557</u>	<u>471,557</u>
Total capital assets	1,000,985	1,000,985
Less accumulated depreciation	<u>763,085</u>	<u>667,740</u>
Subtotal	237,900	333,245
Land	<u>1,143,492</u>	<u>1,143,492</u>
Net capital assets	<u>1,381,392</u>	<u>1,476,737</u>
Total assets	<u>1,881,434</u>	<u>1,854,912</u>
LIABILITIES		
Current liabilities		
Accounts payable	23,122	24,702
Accrued expenses	45,620	28,096
Due to other funds	547	4,044
Current portion of capital lease payable	<u>87,825</u>	<u>84,812</u>
Total current liabilities	<u>157,114</u>	<u>141,654</u>
Noncurrent liabilities		
Capital lease payable	<u>114,181</u>	<u>202,007</u>
Total liabilities	<u>271,295</u>	<u>343,661</u>
NET POSITION		
Net investment in capital assets	1,179,386	1,189,918
Unrestricted	<u>430,753</u>	<u>321,333</u>
Total net position	<u>\$ 1,610,139</u>	<u>\$ 1,511,251</u>

CITY OF VICTORIA, TEXAS

NONMAJOR ENTERPRISE FUND

GOLF COURSE FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Golf course sales	\$ 206,896	\$ 161,263
Fees and memberships	854,569	729,254
Miscellaneous	<u>4,265</u>	<u>178</u>
Total operating revenues	<u>1,065,730</u>	<u>890,695</u>
OPERATING EXPENSES		
Personnel	529,908	510,744
Materials and supplies	151,263	156,373
Maintenance	42,275	23,033
Heat, lights, and power	44,011	43,550
Miscellaneous services	78,565	72,837
Contractual services	16,799	12,412
Depreciation	<u>95,345</u>	<u>95,345</u>
Total operating expenses	<u>958,166</u>	<u>914,294</u>
Operating income (loss) before nonoperating revenues (expenses)	107,564	(23,599)
NONOPERATING REVENUES (EXPENSES)		
Interest and fiscal charges	<u>(8,676)</u>	<u>(11,587)</u>
Change in net position	98,888	(35,186)
Total net position at beginning of year	<u>1,511,251</u>	<u>1,546,437</u>
Total net position at end of year	<u>\$ 1,610,139</u>	<u>\$ 1,511,251</u>

CITY OF VICTORIA, TEXAS

NONMAJOR ENTERPRISE FUND

GOLF COURSE FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,063,605	\$ 881,098
Cash paid to suppliers for goods and services	(332,928)	(305,713)
Cash paid to employees for services	(512,384)	(509,972)
Net cash provided (used) by operating activities	<u>218,293</u>	<u>65,413</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	(3,498)	(10,740)
Net cash provided (used) by noncapital financing activities	<u>(3,498)</u>	<u>(10,740)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(7,902)
Principal paid on capital lease	(84,812)	(81,902)
Interest paid on capital lease	(8,676)	(11,587)
Net cash provided (used) by capital and related financing activities	<u>(93,488)</u>	<u>(101,391)</u>
Net increase (decrease) in cash and cash equivalents	121,307	(46,718)
Cash and cash equivalents at beginning of year	301,042	347,760
Cash and cash equivalents at end of year	<u>\$ 422,349</u>	<u>\$ 301,042</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 107,564	\$ (23,599)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	95,345	95,345
Changes in assets and liabilities		
(Increase) decrease in other receivables	(2,249)	(9,473)
(Increase) decrease in returned checks	124	(124)
(Increase) decrease in prepaid items	141	(2,660)
(Increase) decrease in inventory	1,424	2,118
Increase (decrease) in accounts payable	(1,580)	3,034
Increase (decrease) in accrued expenses	17,524	772
Total adjustments	<u>110,729</u>	<u>89,012</u>
Net cash provided (used) by operating activities	<u>\$ 218,293</u>	<u>\$ 65,413</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2020

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,130,347	\$ 484,867	\$ 295,473
Receivables (net)			
Other	41,012	53	17,672
Due from other funds	-	-	-
Inventory	27,202	-	-
Prepaid items	83,631	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
Total current assets	<u>1,282,192</u>	<u>484,920</u>	<u>313,145</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	134,007	-	39,168
Buildings, improvements, and equipment (net)	<u>7,170,339</u>	<u>331,867</u>	<u>121,586</u>
Total noncurrent assets	<u>7,304,346</u>	<u>331,867</u>	<u>160,754</u>
Total assets	<u>8,586,538</u>	<u>816,787</u>	<u>473,899</u>
LIABILITIES			
Current liabilities			
Accounts payable	440,133	49,215	3,274
Accrued expenses	17,200	40,024	-
Due to other funds	-	12,534	-
Accrued compensated absences	-	1,247	-
Claims payable	-	-	-
Total current liabilities	<u>457,333</u>	<u>103,020</u>	<u>3,274</u>
Noncurrent liabilities			
Accrued compensated absences	-	23,246	-
Total noncurrent liabilities	<u>-</u>	<u>23,246</u>	<u>-</u>
Total liabilities	<u>457,333</u>	<u>126,266</u>	<u>3,274</u>
NET POSITION			
Net investment in capital assets	7,304,346	331,867	160,754
Unrestricted	<u>824,859</u>	<u>358,654</u>	<u>309,871</u>
Total net position	<u>\$ 8,129,205</u>	<u>\$ 690,521</u>	<u>\$ 470,625</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 184,478	\$ 126,387	\$ 439,511	\$ 56,657	\$ 1,635,168	\$ 4,352,888
24	4,975	12,101	3,088	181,860	260,785
-	-	-	-	678,158	678,158
26,194	-	-	11,231	-	64,627
-	-	-	-	-	83,631
-	-	24,000	-	-	24,000
<u>210,696</u>	<u>131,362</u>	<u>475,612</u>	<u>70,976</u>	<u>2,495,186</u>	<u>5,464,089</u>
-	-	-	-	-	173,175
<u>30,934</u>	<u>1,658</u>	<u>-</u>	<u>5,928</u>	<u>-</u>	<u>7,662,312</u>
<u>30,934</u>	<u>1,658</u>	<u>-</u>	<u>5,928</u>	<u>-</u>	<u>7,835,487</u>
<u>241,630</u>	<u>133,020</u>	<u>475,612</u>	<u>76,904</u>	<u>2,495,186</u>	<u>13,299,576</u>
4,526	538	7,820	1,569	8,190	515,265
11,458	6,207	-	2,966	-	77,855
1,670	1,223	-	2,367	-	17,794
240	-	-	-	-	1,487
-	-	210,108	-	488,185	698,293
<u>17,894</u>	<u>7,968</u>	<u>217,928</u>	<u>6,902</u>	<u>496,375</u>	<u>1,310,694</u>
<u>4,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,718</u>
<u>4,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,718</u>
<u>22,366</u>	<u>7,968</u>	<u>217,928</u>	<u>6,902</u>	<u>496,375</u>	<u>1,338,412</u>
30,934	1,658	-	5,928	-	7,835,487
<u>188,330</u>	<u>123,394</u>	<u>257,684</u>	<u>64,074</u>	<u>1,998,811</u>	<u>4,125,677</u>
<u>\$ 219,264</u>	<u>\$ 125,052</u>	<u>\$ 257,684</u>	<u>\$ 70,002</u>	<u>\$ 1,998,811</u>	<u>\$ 11,961,164</u>

CITY OF VICTORIA, TEXAS*INTERNAL SERVICE FUNDS**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**FUND NET POSITION**For the year ended September 30, 2020*

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
OPERATING REVENUES			
Charges for services	\$ 5,873,656	\$ 1,296,198	\$ 506,555
Miscellaneous	<u>70,537</u>	<u>509</u>	<u>1,587</u>
Total operating revenues	<u>5,944,193</u>	<u>1,296,707</u>	<u>508,142</u>
OPERATING EXPENSES			
Personnel	173,970	692,194	8,452
Materials and supplies	825,693	14,950	71
Maintenance	11,083	289,677	407,592
Heat, lights, and power	17,951	-	-
Reinsurance premiums	-	-	-
Miscellaneous services	1,062,036	121,872	17,928
Contractual services	1,330,574	110,463	67,827
Computer services	16,556	-	7,003
Court costs, judgments, and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
HSA expense	-	-	-
Wellness program	-	-	-
Depreciation	<u>2,320,071</u>	<u>189,357</u>	<u>180,978</u>
Total operating expenses	<u>5,757,934</u>	<u>1,418,513</u>	<u>689,851</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	186,259	(121,806)	(181,709)
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,527	3,814	1,492
Gain (loss) on disposition of capital assets	<u>(40,521)</u>	<u>30</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(37,994)</u>	<u>3,844</u>	<u>1,492</u>
Income (loss) before transfers	148,265	(117,962)	(180,217)
Transfers			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	148,265	(117,962)	(180,217)
Total net position at beginning of year	<u>7,980,940</u>	<u>808,483</u>	<u>650,842</u>
Total net position at end of year	<u>\$ 8,129,205</u>	<u>\$ 690,521</u>	<u>\$ 470,625</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 233,584	\$ 892,320	\$ 210,702	\$ 146,867	\$ 5,791,784	\$ 14,951,666
28,317	4,975	12,100	-	29,209	147,234
<u>261,901</u>	<u>897,295</u>	<u>222,802</u>	<u>146,867</u>	<u>5,820,993</u>	<u>15,098,900</u>
174,944	104,116	-	81,851	-	1,235,527
2,715	640	-	4,956	-	849,025
947	-	-	15,128	-	724,427
2,393	-	-	-	-	20,344
-	688,593	-	-	576,013	1,264,606
25,229	10,487	-	37,732	-	1,275,284
-	11,390	-	-	235,618	1,755,872
18,093	7,003	-	7,003	-	55,658
-	388	-	-	-	388
-	-	142,934	-	5,552,868	5,695,802
-	-	-	-	200,000	200,000
-	-	-	-	54,750	54,750
-	-	-	-	7,400	7,400
<u>5,737</u>	<u>421</u>	<u>-</u>	<u>6,539</u>	<u>-</u>	<u>2,703,103</u>
<u>230,058</u>	<u>823,038</u>	<u>142,934</u>	<u>153,209</u>	<u>6,626,649</u>	<u>15,842,186</u>
31,843	74,257	79,868	(6,342)	(805,656)	(743,286)
938	154	4,620	-	15,239	28,784
<u>80</u>	<u>-</u>	<u>-</u>	<u>(932)</u>	<u>-</u>	<u>(41,343)</u>
<u>1,018</u>	<u>154</u>	<u>4,620</u>	<u>(932)</u>	<u>15,239</u>	<u>(12,559)</u>
32,861	74,411	84,488	(7,274)	(790,417)	(755,845)
-	-	-	-	1,280,000	1,280,000
<u>(2,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(202,000)</u>
<u>(2,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>1,280,000</u>	<u>1,078,000</u>
30,861	74,411	(115,512)	(7,274)	489,583	322,155
<u>188,403</u>	<u>50,641</u>	<u>373,196</u>	<u>77,276</u>	<u>1,509,228</u>	<u>11,639,009</u>
<u>\$ 219,264</u>	<u>\$ 125,052</u>	<u>\$ 257,684</u>	<u>\$ 70,002</u>	<u>\$ 1,998,811</u>	<u>\$ 11,961,164</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2020

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 5,924,151	\$ 1,290,009	\$ 501,237
Cash paid to suppliers for goods and services	(3,225,607)	(533,273)	(498,882)
Cash paid to employees for services	<u>(165,468)</u>	<u>(677,208)</u>	<u>(8,452)</u>
Net cash provided (used) by operating activities	<u>2,533,076</u>	<u>79,528</u>	<u>(6,097)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	-	-	-
Transfers out to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,339,976)	(71,001)	(15,113)
Proceeds from sale of capital assets	<u>2,625</u>	<u>30</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,337,351)</u>	<u>(70,971)</u>	<u>(15,113)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>2,527</u>	<u>3,814</u>	<u>1,492</u>
Net cash provided (used) by investing activities	<u>2,527</u>	<u>3,814</u>	<u>1,492</u>
Net increase (decrease) in cash and cash equivalents	198,252	12,371	(19,718)
Cash and cash equivalents at beginning of year	<u>932,095</u>	<u>472,496</u>	<u>315,191</u>
Cash and cash equivalents at end of year	<u>\$ 1,130,347</u>	<u>\$ 484,867</u>	<u>\$ 295,473</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 257,845	\$ 888,208	\$ 217,376	\$ 147,994	\$ 6,102,072	\$ 15,328,892
(39,261)	(723,965)	(176,462)	(57,379)	(6,559,216)	(11,814,045)
<u>(169,318)</u>	<u>(103,531)</u>	<u>-</u>	<u>(86,069)</u>	<u>-</u>	<u>(1,210,046)</u>
<u>49,266</u>	<u>60,712</u>	<u>40,914</u>	<u>4,546</u>	<u>(457,144)</u>	<u>2,304,801</u>
-	-	-	-	1,280,000	1,280,000
<u>(2,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(202,000)</u>
<u>(2,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>1,280,000</u>	<u>1,078,000</u>
(2,416)	(1,127)	-	-	-	(2,429,633)
<u>80</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>2,736</u>
<u>(2,336)</u>	<u>(1,127)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(2,426,897)</u>
<u>938</u>	<u>154</u>	<u>4,620</u>	<u>-</u>	<u>15,239</u>	<u>28,784</u>
<u>938</u>	<u>154</u>	<u>4,620</u>	<u>-</u>	<u>15,239</u>	<u>28,784</u>
45,868	59,739	(154,466)	4,547	838,095	984,688
<u>138,610</u>	<u>66,648</u>	<u>617,977</u>	<u>52,110</u>	<u>797,073</u>	<u>3,392,200</u>
<u>\$ 184,478</u>	<u>\$ 126,387</u>	<u>\$ 463,511</u>	<u>\$ 56,657</u>	<u>\$ 1,635,168</u>	<u>\$ 4,376,888</u>

(continued)

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2020

	<u>V.E.S.</u>	<u>Information Technology</u>	<u>Communications</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 186,259	\$ (121,806)	\$ (181,709)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	2,320,071	189,357	180,978
Changes in assets and liabilities			
(Increase) decrease in other receivables	(20,042)	(53)	(6,905)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventory	40,040	-	-
(Increase) decrease in prepaid items	(83,631)	-	-
Increase (decrease) in accounts payable	81,877	3,689	1,539
Increase (decrease) in accrued expenses	8,502	3,714	-
Increase (decrease) in due to other funds	-	(6,645)	-
Increase (decrease) in compensated absences	-	11,272	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>2,346,817</u>	<u>201,334</u>	<u>175,612</u>
Net cash provided (used) by operating activities	<u>\$ 2,533,076</u>	<u>\$ 79,528</u>	<u>\$ (6,097)</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 31,843	\$ 74,257	\$ 79,868	\$ (6,342)	\$ (805,656)	\$ (743,286)
5,737	421	-	6,539	-	2,703,103
148	(4,975)	(5,426)	(1,240)	180,050	141,557
-	-	-	-	101,029	101,029
8,742	-	-	7,473	-	56,255
-	-	-	-	-	(83,631)
1,374	(5,464)	(772)	(33)	(498)	81,712
4,606	585	-	(3,445)	-	13,962
(4,204)	(4,112)	-	2,367	-	(12,594)
1,020	-	-	(773)	-	11,519
-	-	(32,756)	-	67,931	35,175
<u>17,423</u>	<u>(13,545)</u>	<u>(38,954)</u>	<u>10,888</u>	<u>348,512</u>	<u>3,048,087</u>
<u>\$ 49,266</u>	<u>\$ 60,712</u>	<u>\$ 40,914</u>	<u>\$ 4,546</u>	<u>\$ (457,144)</u>	<u>\$ 2,304,801</u>

(concluded)

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

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
V.E.S. FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,130,347	\$ 932,095
Receivables		
Other	41,012	20,970
Inventory	27,202	67,242
Prepaid items	83,631	-
	<u>1,282,192</u>	<u>1,020,307</u>
Total current assets		
Noncurrent assets		
Capital assets		
Buildings	425,876	425,876
Infrastructure	93,179	93,179
Improvements other than buildings	10,659	10,659
Machinery and equipment	23,526,466	23,291,582
Total capital assets	24,056,180	23,821,296
Less accumulated depreciation	16,885,841	16,627,716
Subtotal	7,170,339	7,193,580
Land	134,007	134,007
	<u>7,304,346</u>	<u>7,327,587</u>
Net capital assets		
	<u>8,586,538</u>	<u>8,347,894</u>
Total assets		
LIABILITIES		
Current liabilities		
Accounts payable	440,133	358,256
Accrued expenses	17,200	8,698
	<u>457,333</u>	<u>366,954</u>
Total liabilities		
NET POSITION		
Net investment in capital assets	7,304,346	7,327,587
Unrestricted	824,859	653,353
	<u>8,129,205</u>	<u>7,980,940</u>
Total net position	<u>\$ 8,129,205</u>	<u>\$ 7,980,940</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

V.E.S. FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 5,873,656	\$ 5,144,936
Miscellaneous	<u>70,537</u>	<u>76,910</u>
Total operating revenues	<u>5,944,193</u>	<u>5,221,846</u>
OPERATING EXPENSES		
Personnel	173,970	112,200
Materials and supplies	825,693	1,054,823
Maintenance	11,083	24,184
Heat, lights, and power	17,951	18,424
Miscellaneous services	1,062,036	634,336
Contractual services	1,330,574	1,287,997
Computer services	16,556	16,556
Depreciation	<u>2,320,071</u>	<u>2,004,752</u>
Total operating expenses	<u>5,757,934</u>	<u>5,153,272</u>
Operating income (loss) before nonoperating revenues (expenses)	186,259	68,574
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,527	4,999
Gain (loss) on disposition of capital assets	<u>(40,521)</u>	<u>(64,535)</u>
Net nonoperating revenues (expenses)	<u>(37,994)</u>	<u>(59,536)</u>
Change in net position	148,265	9,038
Total net position at beginning of year	<u>7,980,940</u>	<u>7,971,902</u>
Total net position at end of year	<u>\$ 8,129,205</u>	<u>\$ 7,980,940</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

V.E.S. FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 5,924,151	\$ 5,222,184
Cash paid to suppliers for goods and services	(3,225,607)	(3,028,446)
Cash paid to employees for services	(165,468)	(108,407)
Net cash provided (used) by operating activities	<u>2,533,076</u>	<u>2,085,331</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,339,976)	(2,022,458)
Proceeds from sale of capital assets	2,625	-
Net cash provided (used) by capital and related financing activities	<u>(2,337,351)</u>	<u>(2,022,458)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	2,527	4,999
Net increase (decrease) in cash and cash equivalents	198,252	67,872
Cash and cash equivalents at beginning of year	932,095	864,223
Cash and cash equivalents at end of year	<u>\$ 1,130,347</u>	<u>\$ 932,095</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 186,259	\$ 68,574
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	2,320,071	2,004,752
Changes in assets and liabilities		
(Increase) decrease in other receivables	(20,042)	1,285
(Increase) decrease in inventory	40,040	(10,209)
(Increase) decrease in prepaid items	(83,631)	-
Increase (decrease) in accounts payable	81,877	18,083
Increase (decrease) in accrued expenses	8,502	3,793
Increase (decrease) in due to other funds	-	(947)
Total adjustments	<u>2,346,817</u>	<u>2,016,757</u>
Net cash provided (used) by operating activities	<u>\$ 2,533,076</u>	<u>\$ 2,085,331</u>

INFORMATION TECHNOLOGY FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
INFORMATION TECHNOLOGY FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 484,867	\$ 472,496
Receivables		
Other	<u>53</u>	<u>-</u>
Total current assets	<u>484,920</u>	<u>472,496</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	<u>2,813,525</u>	<u>2,893,537</u>
Total capital assets	<u>2,813,525</u>	<u>2,893,537</u>
Less accumulated depreciation	<u>2,481,658</u>	<u>2,443,314</u>
Net capital assets	<u>331,867</u>	<u>450,223</u>
Total assets	<u>816,787</u>	<u>922,719</u>
LIABILITIES		
Current liabilities		
Accounts payable	49,215	45,526
Accrued expenses	40,024	36,310
Due to other funds	12,534	7,892
Accrued compensated absences	<u>1,247</u>	<u>24,508</u>
Total current liabilities	<u>103,020</u>	<u>114,236</u>
Noncurrent liabilities		
Accrued compensated absences	<u>23,246</u>	<u>-</u>
Total noncurrent liabilities	<u>23,246</u>	<u>-</u>
Total liabilities	<u>126,266</u>	<u>114,236</u>
NET POSITION		
Net investment in capital assets	331,867	450,223
Unrestricted	<u>358,654</u>	<u>358,260</u>
Total net position	<u>\$ 690,521</u>	<u>\$ 808,483</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

INFORMATION TECHNOLOGY FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 1,296,198	\$ 1,296,198
Miscellaneous	<u>509</u>	<u>321</u>
Total operating revenues	<u>1,296,707</u>	<u>1,296,519</u>
OPERATING EXPENSES		
Personnel	692,194	647,744
Materials and supplies	14,950	9,430
Maintenance	289,677	223,885
Miscellaneous services	121,872	117,899
Contractual services	110,463	64,878
Depreciation	<u>189,357</u>	<u>326,023</u>
Total operating expenses	<u>1,418,513</u>	<u>1,389,859</u>
Operating income (loss) before nonoperating revenues (expenses)	(121,806)	(93,340)
NONOPERATING REVENUES (EXPENSES)		
Investment income	3,814	7,499
Gain on disposition of capital assets	<u>30</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>3,844</u>	<u>7,499</u>
Change in net position	(117,962)	(85,841)
Total net position at beginning of year	<u>808,483</u>	<u>894,324</u>
Total net position at end of year	<u>\$ 690,521</u>	<u>\$ 808,483</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

INFORMATION TECHNOLOGY FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 1,290,009	\$ 1,292,678
Cash paid to suppliers for goods and services	(533,273)	(420,844)
Cash paid to employees for services	(677,208)	(647,678)
Net cash provided (used) by operating activities	<u>79,528</u>	<u>224,156</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(71,001)	(127,399)
Proceeds from sale of capital assets	<u>30</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(70,971)</u>	<u>(127,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>3,814</u>	<u>7,499</u>
Net cash provided (used) by investing activities	<u>3,814</u>	<u>7,499</u>
Net increase (decrease) in cash and cash equivalents	12,371	104,256
Cash and cash equivalents at beginning of year	<u>472,496</u>	<u>368,240</u>
Cash and cash equivalents at end of year	<u>\$ 484,867</u>	<u>\$ 472,496</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (121,806)	\$ (93,340)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	189,357	326,023
Changes in assets and liabilities		
(Increase) decrease in other receivables	(53)	-
Increase (decrease) in accounts payable	3,689	(4,752)
Increase (decrease) in accrued expenses	3,714	3,551
Increase (decrease) in due to other funds	(6,645)	(3,841)
Increase (decrease) in compensated absences	<u>11,272</u>	<u>(3,485)</u>
Total adjustments	<u>201,334</u>	<u>317,496</u>
Net cash provided (used) by operating activities	<u>\$ 79,528</u>	<u>\$ 224,156</u>

COMMUNICATIONS FUND

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

COMMUNICATIONS FUND

BALANCE SHEET

September 30, 2020

With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 295,473	\$ 315,191
Receivables		
Other	<u>17,672</u>	<u>10,767</u>
Total current assets	<u>313,145</u>	<u>325,958</u>
Noncurrent assets		
Capital assets		
Buildings	32,623	32,623
Infrastructure	2,501	2,501
Machinery and equipment	<u>3,745,579</u>	<u>3,730,466</u>
Total capital assets	3,780,703	3,765,590
Less accumulated depreciation	<u>3,659,117</u>	<u>3,478,139</u>
Subtotal	121,586	287,451
Land	<u>39,168</u>	<u>39,168</u>
Net capital assets	<u>160,754</u>	<u>326,619</u>
Total assets	<u>473,899</u>	<u>652,577</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>3,274</u>	<u>1,735</u>
Total liabilities	<u>3,274</u>	<u>1,735</u>
NET POSITION		
Net investment in capital assets	160,754	326,619
Unrestricted	<u>309,871</u>	<u>324,223</u>
Total net position	<u>\$ 470,625</u>	<u>\$ 650,842</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

COMMUNICATIONS FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 506,555	\$ 517,146
Miscellaneous	<u>1,587</u>	<u>-</u>
Total operating revenues	<u>508,142</u>	<u>517,146</u>
OPERATING EXPENSES		
Personnel	8,452	8,452
Materials and supplies	71	285
Maintenance	407,592	404,878
Miscellaneous services	17,928	19,205
Contractual services	67,827	13,818
Computer services	7,003	7,003
Depreciation	<u>180,978</u>	<u>178,042</u>
Total operating expenses	<u>689,851</u>	<u>631,683</u>
Operating income (loss) before nonoperating revenues (expenses)	(181,709)	(114,537)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>1,492</u>	<u>2,348</u>
Net nonoperating revenues (expenses)	<u>1,492</u>	<u>2,348</u>
Change in net position	(180,217)	(112,189)
Total net position at beginning of year	<u>650,842</u>	<u>763,031</u>
Total net position at end of year	<u>\$ 470,625</u>	<u>\$ 650,842</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

COMMUNICATIONS FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 501,237	\$ 513,445
Cash paid to suppliers for goods and services	(498,882)	(452,816)
Cash paid to employees for services	<u>(8,452)</u>	<u>(8,452)</u>
Net cash provided (used) by operating activities	<u>(6,097)</u>	<u>52,177</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(15,113)</u>	<u>(13,831)</u>
Net cash provided (used) by capital and related financing activities	<u>(15,113)</u>	<u>(13,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>1,492</u>	<u>2,348</u>
Net cash provided (used) by investing activities	<u>1,492</u>	<u>2,348</u>
Net increase (decrease) in cash and cash equivalents	(19,718)	40,694
Cash and cash equivalents at beginning of year	<u>315,191</u>	<u>274,497</u>
Cash and cash equivalents at end of year	<u>\$ 295,473</u>	<u>\$ 315,191</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (181,709)	\$ (114,537)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	180,978	178,042
Changes in assets and liabilities		
(Increase) decrease in other receivables	(6,905)	(3,701)
Increase (decrease) in accounts payable	<u>1,539</u>	<u>(7,627)</u>
Total adjustments	<u>175,612</u>	<u>166,714</u>
Net cash provided (used) by operating activities	<u>\$ (6,097)</u>	<u>\$ 52,177</u>

PURCHASING FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PURCHASING FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 184,478	\$ 138,610
Receivables		
Other	24	172
Inventory	<u>26,194</u>	<u>34,936</u>
Total current assets	<u>210,696</u>	<u>173,718</u>
Noncurrent assets		
Capital assets		
Buildings	144,400	144,400
Infrastructure	7,827	7,827
Improvements other than buildings	5,840	5,840
Machinery and equipment	<u>29,465</u>	<u>39,328</u>
Total capital assets	187,532	197,395
Less accumulated depreciation	<u>156,598</u>	<u>163,140</u>
Net capital assets	<u>30,934</u>	<u>34,255</u>
Total assets	<u>241,630</u>	<u>207,973</u>
LIABILITIES		
Current liabilities		
Accounts payable	4,526	3,152
Accrued expenses	11,458	6,852
Due to other funds	1,670	5,874
Accrued compensated absences	<u>240</u>	<u>3,692</u>
Total current liabilities	<u>17,894</u>	<u>19,570</u>
Noncurrent liabilities		
Accrued compensated absences	<u>4,472</u>	<u>-</u>
Total noncurrent liabilities	<u>4,472</u>	<u>-</u>
Total liabilities	<u>22,366</u>	<u>19,570</u>
NET POSITION		
Net investment in capital assets	30,934	34,255
Unrestricted	<u>188,330</u>	<u>154,148</u>
Total net position	<u>\$ 219,264</u>	<u>\$ 188,403</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PURCHASING FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 233,584	\$ 283,630
Miscellaneous	<u>28,317</u>	<u>38,675</u>
Total operating revenues	<u>261,901</u>	<u>322,305</u>
OPERATING EXPENSES		
Personnel	174,944	155,843
Materials and supplies	2,715	16,672
Maintenance	947	817
Heat, lights, and power	2,393	2,944
Miscellaneous services	25,229	20,371
Computer services	18,093	18,093
Depreciation	<u>5,737</u>	<u>5,382</u>
Total operating expenses	<u>230,058</u>	<u>220,122</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	31,843	102,183
NONOPERATING REVENUES (EXPENSES)		
Investment income	938	1,098
Gain on disposition of capital assets	<u>80</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>1,018</u>	<u>1,098</u>
Income (loss) before transfers	32,861	103,281
Transfers		
Transfers out	<u>(2,000)</u>	<u>-</u>
Change in net position	30,861	103,281
Total net position at beginning of year	<u>188,403</u>	<u>85,122</u>
Total net position at end of year	<u>\$ 219,264</u>	<u>\$ 188,403</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PURCHASING FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 257,845	\$ 319,656
Cash paid to suppliers for goods and services	(39,261)	(10,507)
Cash paid to employees for services	(169,318)	(167,356)
Net cash provided (used) by operating activities	<u>49,266</u>	<u>141,793</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	(2,000)	-
Net cash provided (used) by noncapital financing activities	<u>(2,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,416)	(4,281)
Proceeds from sale of capital assets	80	-
Net cash provided (used) by capital and related financing activities	<u>(2,336)</u>	<u>(4,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	938	1,098
Net cash provided (used) by investing activities	<u>938</u>	<u>1,098</u>
Net increase (decrease) in cash and cash equivalents	45,868	138,610
Cash and cash equivalents at beginning of year	138,610	-
Cash and cash equivalents at end of year	<u>\$ 184,478</u>	<u>\$ 138,610</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 31,843	\$ 102,183
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	5,737	5,382
Changes in assets and liabilities		
(Increase) decrease in other receivables	148	(148)
(Increase) decrease in inventory	8,742	53,831
Increase (decrease) in accounts payable	1,374	(5,441)
Increase (decrease) in accrued expenses	4,606	(2,931)
Increase (decrease) in due to other funds	(4,204)	(2,501)
Increase (decrease) in compensated absences	1,020	(8,582)
Total adjustments	<u>17,423</u>	<u>39,610</u>
Net cash provided (used) by operating activities	<u>\$ 49,266</u>	<u>\$ 141,793</u>

SAFETY MANAGEMENT FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
SAFETY MANAGEMENT FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 126,387	\$ 66,648
Receivables		
Other	<u>4,975</u>	<u>-</u>
Total current assets	<u>131,362</u>	<u>66,648</u>
Noncurrent assets		
Capital assets		
Buildings	973	973
Machinery and equipment	<u>4,637</u>	<u>3,509</u>
Total capital assets	5,610	4,482
Less accumulated depreciation	<u>3,952</u>	<u>3,530</u>
Net capital assets	<u>1,658</u>	<u>952</u>
Total assets	<u>133,020</u>	<u>67,600</u>
LIABILITIES		
Current liabilities		
Accounts payable	538	6,002
Accrued expenses	6,207	5,622
Due to other funds	<u>1,223</u>	<u>5,335</u>
Total liabilities	<u>7,968</u>	<u>16,959</u>
NET POSITION		
Net investment in capital assets	1,658	952
Unrestricted	<u>123,394</u>	<u>49,689</u>
Total net position	<u>\$ 125,052</u>	<u>\$ 50,641</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

SAFETY MANAGEMENT FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 892,320	\$ 849,150
Miscellaneous	<u>4,975</u>	<u>3,998</u>
Total operating revenues	<u>897,295</u>	<u>853,148</u>
OPERATING EXPENSES		
Personnel	104,116	101,180
Materials and supplies	640	833
Reinsurance premiums	688,593	659,236
Miscellaneous services	10,487	10,954
Contractual services	11,390	13,342
Computer services	7,003	7,003
Court costs, judgments, and damages	388	6,461
Depreciation	<u>421</u>	<u>378</u>
Total operating expenses	<u>823,038</u>	<u>799,387</u>
Operating income (loss) before nonoperating revenues (expenses)	74,257	53,761
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>154</u>	<u>258</u>
Net nonoperating revenues (expenses)	<u>154</u>	<u>258</u>
Change in net position	74,411	54,019
Total net position at beginning of year	<u>50,641</u>	<u>(3,378)</u>
Total net position at end of year	<u>\$ 125,052</u>	<u>\$ 50,641</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

SAFETY MANAGEMENT FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 888,208	\$ 851,463
Cash paid to suppliers for goods and services	(723,965)	(694,265)
Cash paid to employees for services	(103,531)	(102,256)
Net cash provided (used) by operating activities	<u>60,712</u>	<u>54,942</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,127)	(1,078)
Net cash provided (used) by capital and related financing activities	<u>(1,127)</u>	<u>(1,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	154	258
Net cash provided (used) by investing activities	<u>154</u>	<u>258</u>
Net increase (decrease) in cash and cash equivalents	59,739	54,122
Cash and cash equivalents at beginning of year	66,648	12,526
Cash and cash equivalents at end of year	<u>\$ 126,387</u>	<u>\$ 66,648</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 74,257	\$ 53,761
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	421	378
Changes in assets and liabilities		
(Increase) decrease in other receivables	(4,975)	-
Increase (decrease) in accounts payable	(5,464)	3,564
Increase (decrease) in accrued expenses	585	5,622
Increase (decrease) in due to other funds	(4,112)	(1,685)
Increase (decrease) in compensated absences	-	(6,698)
Total adjustments	<u>(13,545)</u>	<u>1,181</u>
Net cash provided (used) by operating activities	<u>\$ 60,712</u>	<u>\$ 54,942</u>

WORKERS' COMPENSATION FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
WORKERS' COMPENSATION FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 439,511	\$ 586,977
Receivables		
Other	12,101	6,675
Restricted assets		
Cash and cash equivalents	<u>24,000</u>	<u>31,000</u>
Total assets	<u>475,612</u>	<u>624,652</u>
LIABILITIES		
Current liabilities		
Accounts payable	7,820	8,592
Claims payable	<u>210,108</u>	<u>242,864</u>
Total liabilities	<u>217,928</u>	<u>251,456</u>
NET POSITION		
Unrestricted	<u>257,684</u>	<u>373,196</u>
Total net position	<u>\$ 257,684</u>	<u>\$ 373,196</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 210,702	\$ 205,000
Miscellaneous	<u>12,100</u>	<u>6,675</u>
Total operating revenues	<u>222,802</u>	<u>211,675</u>
OPERATING EXPENSES		
Claims expense	<u>142,934</u>	<u>332,589</u>
Total operating expenses	<u>142,934</u>	<u>332,589</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	79,868	(120,914)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>4,620</u>	<u>8,882</u>
Income (loss) before transfers	84,488	(112,032)
Transfers		
Transfers out	<u>(200,000)</u>	<u>-</u>
Change in net position	(115,512)	(112,032)
Total net position at beginning of year	<u>373,196</u>	<u>485,228</u>
Total net position at end of year	<u>\$ 257,684</u>	<u>\$ 373,196</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 217,376	\$ 228,616
Cash paid to suppliers for goods and services	<u>(176,462)</u>	<u>(233,472)</u>
Net cash provided (used) by operating activities	<u>40,914</u>	<u>(4,856)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	<u>(200,000)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(200,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>4,620</u>	<u>8,882</u>
Net cash provided (used) by investing activities	<u>4,620</u>	<u>8,882</u>
Net increase (decrease) in cash and cash equivalents	(154,466)	4,026
Cash and cash equivalents at beginning of year	<u>617,977</u>	<u>613,951</u>
Cash and cash equivalents at end of year	<u>\$ 463,511</u>	<u>\$ 617,977</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 79,868	\$ (120,914)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	(5,426)	16,941
Increase (decrease) in accounts payable	(772)	1,043
Increase (decrease) in claims payable	<u>(32,756)</u>	<u>98,074</u>
Total adjustments	<u>(38,954)</u>	<u>116,058</u>
Net cash provided (used) by operating activities	<u>\$ 40,914</u>	<u>\$ (4,856)</u>

PRINT SHOP FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PRINT SHOP FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 56,657	\$ 52,110
Receivables		
Other	3,088	1,848
Inventory	<u>11,231</u>	<u>18,704</u>
Total current assets	<u>70,976</u>	<u>72,662</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	74,919	87,985
Less accumulated depreciation	<u>68,991</u>	<u>74,585</u>
Net capital assets	<u>5,928</u>	<u>13,400</u>
Total assets	<u>76,904</u>	<u>86,062</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,569	1,602
Accrued expenses	2,966	6,411
Due to other funds	2,367	-
Accrued compensated absences	<u>-</u>	<u>773</u>
Total liabilities	<u>6,902</u>	<u>8,786</u>
NET POSITION		
Net investment in capital assets	5,928	13,400
Unrestricted	<u>64,074</u>	<u>63,876</u>
Total net position	<u>\$ 70,002</u>	<u>\$ 77,276</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PRINT SHOP FUND

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

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 146,867	\$ 142,976
Miscellaneous	<u>-</u>	<u>5</u>
Total operating revenues	<u>146,867</u>	<u>142,981</u>
OPERATING EXPENSES		
Personnel	81,851	104,560
Materials and supplies	4,956	3,907
Maintenance	15,128	15,657
Miscellaneous services	37,732	15,566
Computer services	7,003	7,003
Depreciation	<u>6,539</u>	<u>6,561</u>
Total operating expenses	<u>153,209</u>	<u>153,254</u>
Operating income (loss) before nonoperating revenues (expenses)	(6,342)	(10,273)
NONOPERATING REVENUES (EXPENSES)		
Gain (loss) on disposition of capital assets	<u>(932)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(932)</u>	<u>-</u>
Change in net position	(7,274)	(10,273)
Total net position at beginning of year	<u>77,276</u>	<u>87,549</u>
Total net position at end of year	<u>\$ 70,002</u>	<u>\$ 77,276</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PRINT SHOP FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 147,994	\$ 142,232
Cash paid to suppliers for goods and services	(57,379)	(41,583)
Cash paid to employees for services	<u>(86,069)</u>	<u>(104,093)</u>
Net cash provided (used) by operating activities	<u>4,546</u>	<u>(3,444)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(2,335)
Proceeds from sale of capital assets	<u>1</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>1</u>	<u>(2,335)</u>
Net increase (decrease) in cash and cash equivalents	4,547	(5,779)
Cash and cash equivalents at beginning of year	<u>52,110</u>	<u>57,889</u>
Cash and cash equivalents at end of year	<u>\$ 56,657</u>	<u>\$ 52,110</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (6,342)	\$ (10,273)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	6,539	6,561
Changes in assets and liabilities		
(Increase) decrease in other receivables	(1,240)	(749)
(Increase) decrease in inventory	7,473	953
Increase (decrease) in accounts payable	(33)	(403)
Increase (decrease) in accrued expenses	(3,445)	1,480
Increase (decrease) in due to other funds	2,367	-
Increase (decrease) in compensated absences	<u>(773)</u>	<u>(1,013)</u>
Total adjustments	<u>10,888</u>	<u>6,829</u>
Net cash provided (used) by operating activities	<u>\$ 4,546</u>	<u>\$ (3,444)</u>

EMPLOYEE HEALTH PLAN FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
EMPLOYEE HEALTH PLAN FUND
BALANCE SHEET
September 30, 2020
With comparative totals for September 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,635,168	\$ 797,073
Receivables		
Other	181,860	361,910
Due from other funds	<u>678,158</u>	<u>779,187</u>
Total assets	<u>2,495,186</u>	<u>1,938,170</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,190	8,688
Claims payable	<u>488,185</u>	<u>420,254</u>
Total liabilities	<u>496,375</u>	<u>428,942</u>
NET POSITION		
Unrestricted	<u>1,998,811</u>	<u>1,509,228</u>
Total net position	<u>\$ 1,998,811</u>	<u>\$ 1,509,228</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

EMPLOYEE HEALTH PLAN FUND

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

For the year ended September 30, 2020

With comparative totals for year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 5,791,784	\$ 6,184,129
Miscellaneous	<u>29,209</u>	<u>32,396</u>
Total operating revenues	<u>5,820,993</u>	<u>6,216,525</u>
OPERATING EXPENSES		
Reinsurance premiums	576,013	484,819
Contractual services	235,618	210,871
Claims expense	5,552,868	6,726,041
OPEB trust expense	200,000	200,000
HSA expense	54,750	429,000
Wellness program	<u>7,400</u>	<u>12,152</u>
Total operating expenses	<u>6,626,649</u>	<u>8,062,883</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(805,656)	(1,846,358)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>15,239</u>	<u>27,174</u>
Net nonoperating revenues (expenses)	<u>15,239</u>	<u>27,174</u>
Income (loss) before transfers	(790,417)	(1,819,184)
Transfers		
Transfers in	<u>1,280,000</u>	<u>1,629,000</u>
Change in net position	489,583	(190,184)
Total net position at beginning of year	<u>1,509,228</u>	<u>1,699,412</u>
Total net position at end of year	<u>\$ 1,998,811</u>	<u>\$ 1,509,228</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

EMPLOYEE HEALTH PLAN FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the year ended September 30, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 6,102,072	\$ 5,724,720
Cash paid to suppliers for goods and services	<u>(6,559,216)</u>	<u>(8,319,794)</u>
Net cash provided (used) by operating activities	<u>(457,144)</u>	<u>(2,595,074)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	<u>1,280,000</u>	<u>1,629,000</u>
Net cash provided (used) by noncapital financing activities	<u>1,280,000</u>	<u>1,629,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	989,000
Investment income	<u>15,239</u>	<u>27,174</u>
Net cash provided (used) by investing activities	<u>15,239</u>	<u>1,016,174</u>
Net increase (decrease) in cash and cash equivalents	838,095	50,100
Cash and cash equivalents at beginning of year	<u>797,073</u>	<u>746,973</u>
Cash and cash equivalents at end of year	<u>\$ 1,635,168</u>	<u>\$ 797,073</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (805,656)	\$ (1,846,358)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	180,050	(338,785)
(Increase) decrease in due from other funds	101,029	(153,020)
Increase (decrease) in accounts payable	(498)	(6,544)
Increase (decrease) in claims payable	<u>67,931</u>	<u>(250,367)</u>
Total adjustments	<u>348,512</u>	<u>(748,716)</u>
Net cash provided (used) by operating activities	<u>\$ (457,144)</u>	<u>\$ (2,595,074)</u>

AGENCY FUND

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

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

CITY OF VICTORIA, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

For the year ended September 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
AGENCY FUND				
Assets				
Cash and cash equivalents	\$ 180,647	\$ 267,816	\$ 90,890	\$ 357,573
Receivables (net)	-	70	63	7
Prepaid items	<u>488</u>	<u>-</u>	<u>-</u>	<u>488</u>
Total assets	<u>\$ 181,135</u>	<u>\$ 267,886</u>	<u>\$ 90,953</u>	<u>\$ 358,068</u>
Liabilities				
Accounts payable	\$ 1,221	\$ 10,759	\$ 10,818	\$ 1,162
Due to other agencies	<u>179,914</u>	<u>266,645</u>	<u>89,653</u>	<u>356,906</u>
Total liabilities	<u>\$ 181,135</u>	<u>\$ 277,404</u>	<u>\$ 100,471</u>	<u>\$ 358,068</u>

STATISTICAL SECTION

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

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



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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 96,662,568	\$ 92,513,084	\$ 94,905,320	\$ 88,654,073
Restricted	4,685,266	2,919,609	3,500,017	3,524,554
Unrestricted	19,134,765	21,378,976	18,196,626	21,472,040
Total governmental activities net position	<u>\$ 120,482,599</u>	<u>\$ 116,811,669</u>	<u>\$ 116,601,963</u>	<u>\$ 113,650,667</u>
Business-type activities				
Net investment in capital assets	\$ 42,657,025	\$ 47,433,497	\$ 53,705,125	\$ 60,853,934
Unrestricted	17,370,233	18,648,788	17,552,820	14,140,873
Total business-type activities net position	<u>\$ 60,027,258</u>	<u>\$ 66,082,285</u>	<u>\$ 71,257,945</u>	<u>\$ 74,994,807</u>
Primary Government				
Net investment in capital assets	\$ 139,319,593	\$ 139,946,581	\$ 148,610,445	\$ 149,508,007
Restricted	4,685,266	2,919,609	3,500,017	3,524,554
Unrestricted	36,504,998	40,027,764	35,749,446	35,612,913
Total primary government activities net position	<u>\$ 180,509,857</u>	<u>\$ 182,893,954</u>	<u>\$ 187,859,908</u>	<u>\$ 188,645,474</u>

(1) Accrual basis of accounting

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

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 83,609,268	\$ 84,007,457	\$ 79,038,575	\$ 78,478,161	\$ 82,634,844	\$ 88,120,181
3,547,378	2,985,524	3,666,390	4,998,958	16,382,796	8,378,625
<u>(794,827)</u>	<u>(2,351,962)</u>	<u>(6,865,394)</u>	<u>(13,550,477)</u>	<u>(11,963,961)</u>	<u>(2,441,929)</u>
<u>\$ 86,361,819</u>	<u>\$ 84,641,019</u>	<u>\$ 75,839,571</u>	<u>\$ 69,926,642</u>	<u>\$ 87,053,679</u>	<u>\$ 94,056,877</u>
\$ 65,123,880	\$ 71,351,401	\$ 79,039,267	\$ 82,376,715	\$ 90,394,244	\$ 90,964,296
9,021,633	9,468,882	12,827,560	15,963,499	12,458,409	11,126,273
<u>\$ 74,145,513</u>	<u>\$ 80,820,283</u>	<u>\$ 91,866,827</u>	<u>\$ 98,340,214</u>	<u>\$ 102,852,653</u>	<u>\$ 102,090,569</u>
\$ 148,733,148	\$ 155,358,858	\$ 158,077,842	\$ 160,854,876	\$ 173,029,088	\$ 179,084,477
3,547,378	2,985,524	3,666,390	4,998,958	16,382,796	8,378,625
8,226,806	7,116,920	5,962,166	2,413,022	494,448	8,684,344
<u>\$ 160,507,332</u>	<u>\$ 165,461,302</u>	<u>\$ 167,706,398</u>	<u>\$ 168,266,856</u>	<u>\$ 189,906,332</u>	<u>\$ 196,147,446</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Expenses				
General government	\$ 8,885,981	\$ 7,882,287	\$ 5,709,668	\$ 6,094,985
Public safety	24,668,502	26,018,770	25,215,002	25,286,282
Development	26,226,457	17,974,898	19,282,345	20,425,736
Building services	-	-	622,921	608,534
Recreation	5,579,848	6,366,709	7,025,377	7,602,241
Interest on long-term debt	4,187,138	4,465,314	3,971,377	4,282,847
Total expenses	<u>69,547,926</u>	<u>62,707,978</u>	<u>61,826,690</u>	<u>64,300,625</u>
Program revenues				
Charges for services				
General government	2,571,837	3,086,126	2,216,473	2,088,907
Public safety	3,720,774	4,055,811	4,009,925	4,573,392
Development	-	-	-	10,440
Recreation	375,573	422,205	575,059	451,590
Operating grants and contributions	3,961,041	2,419,230	2,580,598	3,255,156
Capital grants and contributions	2,598,637	1,307,549	4,749,721	-
Total program revenues	<u>13,227,862</u>	<u>11,290,921</u>	<u>14,131,776</u>	<u>10,379,485</u>
Total governmental activities net program (expense) revenue	(56,320,064)	(51,417,057)	(47,694,914)	(53,921,140)
General revenues and other changes in net position				
Taxes				
Property taxes	20,330,192	20,855,303	20,848,132	22,403,124
Sales taxes	14,768,729	17,533,000	17,516,177	17,692,397
Franchise taxes	4,761,009	4,981,674	5,136,247	5,308,414
Other taxes	1,661,740	2,116,093	1,993,357	2,037,318
Unrestricted investment earnings	128,013	98,042	92,079	130,688
Miscellaneous	1,113,342	742,520	829,767	809,043
Transfers	2,545,944	2,481,540	2,561,760	2,588,860
Total general revenues and other changes in net position	<u>45,308,969</u>	<u>48,808,172</u>	<u>48,977,519</u>	<u>50,969,844</u>
Total governmental activities change in net position	<u>\$ (11,011,095)</u>	<u>\$ (2,608,885)</u>	<u>\$ 1,282,605</u>	<u>\$ (2,951,296)</u>

(1) Accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,630,383	\$ 5,702,892	\$ 5,632,467	\$ 4,812,954	\$ 5,073,976	\$ 4,935,675
27,620,120	29,460,858	35,228,278	38,271,170	33,066,249	29,227,156
19,636,633	20,668,698	20,187,191	18,376,562	19,554,498	17,366,704
673,904	707,411	727,816	624,243	681,464	565,689
7,611,173	8,463,045	7,765,906	6,763,442	6,968,869	6,376,828
4,402,538	4,042,068	3,751,404	3,045,618	2,862,536	2,670,591
<u>65,574,751</u>	<u>69,044,972</u>	<u>73,293,062</u>	<u>71,893,989</u>	<u>68,207,592</u>	<u>61,142,643</u>
1,979,444	1,923,867	1,968,473	2,449,863	1,895,259	1,769,093
5,075,992	4,990,585	4,960,530	5,359,693	5,066,704	5,521,700
-	-	-	-	-	-
515,531	526,245	378,505	440,168	386,484	255,333
3,961,463	4,066,404	6,829,229	10,042,225	12,634,326	7,344,600
407,335	4,711,910	437,611	2,562,205	10,355,581	62,500
<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>	<u>20,854,154</u>	<u>30,338,354</u>	<u>14,953,226</u>
(53,634,986)	(52,825,961)	(58,718,714)	(51,039,835)	(37,869,238)	(46,189,417)
23,339,865	23,811,469	24,399,108	24,869,711	24,583,509	24,642,379
17,937,136	16,555,680	14,710,140	16,879,223	17,111,735	16,337,766
5,410,432	5,175,796	5,467,551	6,064,289	5,881,880	5,652,152
1,933,140	1,460,082	1,618,032	2,050,204	2,045,859	1,653,719
115,633	219,846	340,450	588,901	1,049,927	669,969
972,716	1,124,591	1,046,988	2,683,043	849,700	292,637
2,694,491	2,757,697	2,334,997	2,699,588	3,473,665	3,303,044
<u>52,403,413</u>	<u>51,105,161</u>	<u>49,917,266</u>	<u>55,834,959</u>	<u>54,996,275</u>	<u>52,551,666</u>
<u>\$ (1,231,573)</u>	<u>\$ (1,720,800)</u>	<u>\$ (8,801,448)</u>	<u>\$ 4,795,124</u>	<u>\$ 17,127,037</u>	<u>\$ 6,362,249</u>

(continued)

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

	Fiscal Year			
	2011	2012	2013	2014
Business-type activities				
Expenses				
Water/wastewater	\$ 18,628,230	\$ 18,694,233	\$ 19,313,776	\$ 20,553,362
Environmental services	3,219,898	3,849,208	4,135,237	4,212,510
Other	813,330	848,712	926,599	923,786
Total expenses	<u>22,661,458</u>	<u>23,392,153</u>	<u>24,375,612</u>	<u>25,689,658</u>
Program revenues				
Charges for services				
Water/wastewater	24,086,400	24,029,096	24,816,749	25,151,264
Environmental services	4,462,994	4,799,682	4,996,129	5,043,783
Other	339,623	397,531	397,968	395,088
Operating grants and contributions	-	-	-	-
Capital grants and contributions	3,127,754	2,875,295	6,099,555	1,374,311
Total program revenues	<u>32,016,771</u>	<u>32,101,604</u>	<u>36,310,401</u>	<u>31,964,446</u>
Total business-type activities net program (expense) revenue	9,355,313	8,709,451	11,934,789	6,274,788
General revenues and other changes in net position				
Unrestricted investment earnings	43,714	60,423	57,555	50,934
Miscellaneous	-	-	629,420	-
Transfers	<u>(2,545,944)</u>	<u>(2,481,540)</u>	<u>(2,561,760)</u>	<u>(2,588,860)</u>
Total general revenues and other changes in net position	<u>(2,502,230)</u>	<u>(2,421,117)</u>	<u>(1,874,785)</u>	<u>(2,537,926)</u>
Total business-type activities change in net position	<u>\$ 6,853,083</u>	<u>\$ 6,288,334</u>	<u>\$ 10,060,004</u>	<u>\$ 3,736,862</u>
Total primary government change in net position	<u>\$ (4,158,012)</u>	<u>\$ 3,679,449</u>	<u>\$ 11,342,609</u>	<u>\$ 785,566</u>

(1) Accrual basis of accounting

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

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 20,960,979	\$ 20,894,040	\$ 20,860,229	\$ 19,229,647	\$ 22,292,402	\$ 24,268,652
3,743,052	5,376,450	4,003,842	4,476,014	4,557,172	4,967,876
1,000,683	945,557	1,146,250	1,823,340	1,943,918	1,970,956
<u>25,704,714</u>	<u>27,216,047</u>	<u>26,010,321</u>	<u>25,529,001</u>	<u>28,793,492</u>	<u>31,207,484</u>
26,180,265	25,893,148	25,630,998	25,941,351	26,363,786	26,344,859
5,096,308	5,354,136	5,520,698	5,504,057	5,638,828	5,550,497
365,058	408,127	418,957	1,185,929	1,313,869	1,320,692
-	-	-	-	73,931	-
<u>1,630,985</u>	<u>4,741,062</u>	<u>7,592,120</u>	<u>3,433,015</u>	<u>2,884,235</u>	<u>200,000</u>
<u>33,272,616</u>	<u>36,396,473</u>	<u>39,162,773</u>	<u>36,064,352</u>	<u>36,274,649</u>	<u>33,416,048</u>
7,567,902	9,180,426	13,152,452	10,535,351	7,481,157	2,208,564
78,774	114,836	229,089	295,333	391,750	248,041
-	137,205	-	366,382	113,197	84,355
<u>(2,694,491)</u>	<u>(2,757,697)</u>	<u>(2,334,997)</u>	<u>(2,699,588)</u>	<u>(3,473,665)</u>	<u>(3,303,044)</u>
<u>(2,615,717)</u>	<u>(2,505,656)</u>	<u>(2,105,908)</u>	<u>(2,037,873)</u>	<u>(2,968,718)</u>	<u>(2,970,648)</u>
\$ <u>4,952,185</u>	\$ <u>6,674,770</u>	\$ <u>11,046,544</u>	\$ <u>8,497,478</u>	\$ <u>4,512,439</u>	\$ <u>(762,084)</u>
\$ <u>3,720,612</u>	\$ <u>4,953,970</u>	\$ <u>2,245,096</u>	\$ <u>13,292,602</u>	\$ <u>21,639,476</u>	\$ <u>5,600,165</u>

(concluded)

CITY OF VICTORIA, TEXAS

PROGRAM REVENUES BY FUNCTION/PROGRAM (1)

Last ten fiscal years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
General government	\$ 4,165,588	\$ 4,061,019	\$ 3,390,820	\$ 3,346,359
Public safety				
Police	1,104,800	1,110,570	1,608,173	1,912,010
Fire	1,673,163	1,649,689	1,400,000	1,400,000
Ambulance	2,022,130	1,960,248	1,530,652	1,511,622
Other	173,514	81,830	47,314	57,182
Development	3,297,208	1,381,185	5,392,128	1,645,959
Recreation				
Parks	639,063	655,488	257,374	76,836
Library	87,526	74,431	75,429	88,191
Other	64,870	316,461	429,886	341,326
Subtotal governmental activities	<u>13,227,862</u>	<u>11,290,921</u>	<u>14,131,776</u>	<u>10,379,485</u>
Business-type activities				
Water/wastewater	27,214,154	26,904,391	30,916,304	26,525,575
Environmental services	4,462,994	4,799,682	4,996,129	5,043,783
Community center	240,429	245,895	246,453	243,548
700 main center	99,194	151,636	151,515	151,540
Golf course	-	-	-	-
Subtotal business-type activities	<u>32,016,771</u>	<u>32,101,604</u>	<u>36,310,401</u>	<u>31,964,446</u>
Total primary government	<u>\$ 45,244,633</u>	<u>\$ 43,392,525</u>	<u>\$ 50,442,177</u>	<u>\$ 42,343,931</u>

(1) Accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,205,473	\$ 3,469,295	\$ 3,169,811	\$ 3,159,712	\$ 2,445,907	\$ 2,557,246
1,675,433	1,635,613	1,444,494	1,463,912	1,305,519	900,168
1,500,000	3,409,358	1,585,000	1,732,125	1,867,458	1,998,758
2,081,337	1,924,875	2,537,593	2,469,653	2,169,884	2,714,537
214,987	151,495	2,849,624	6,751,443	(10,419)	4,388,721
2,681,860	5,010,613	2,544,567	4,283,121	22,125,063	2,128,463
93,088	84,456	76,762	594,452	236,430	131,404
83,410	103,093	91,657	70,360	56,491	39,449
404,177	430,213	274,840	329,376	142,021	94,480
<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>	<u>20,854,154</u>	<u>30,338,354</u>	<u>14,953,226</u>
27,964,535	30,634,210	32,079,626	29,374,366	29,321,952	26,544,859
5,124,448	5,354,136	5,520,698	5,504,057	5,638,828	5,550,497
211,541	256,542	263,440	288,857	271,719	103,451
153,517	151,585	151,437	151,730	151,455	151,511
-	-	1,147,572	745,342	890,695	1,065,730
<u>33,454,041</u>	<u>36,396,473</u>	<u>39,162,773</u>	<u>36,064,352</u>	<u>36,274,649</u>	<u>33,416,048</u>
<u>\$ 45,393,806</u>	<u>\$ 52,615,484</u>	<u>\$ 53,737,121</u>	<u>\$ 56,918,506</u>	<u>\$ 66,613,003</u>	<u>\$ 48,369,274</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable				
Inventory	\$ 315,614	\$ 314,846	\$ 240,214	\$ 268,964
Committed	1,570,456	1,961,362	2,331,578	2,689,089
Unassigned	<u>14,342,229</u>	<u>16,846,702</u>	<u>15,289,711</u>	<u>15,330,199</u>
Total general fund	<u>\$ 16,228,299</u>	<u>\$ 19,122,910</u>	<u>\$ 17,861,503</u>	<u>\$ 18,288,252</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ 953,394	\$ 977,452	\$ 1,222,778	\$ 1,091,077
Various capital projects	16,102,523	4,323,282	2,729,133	8,566,369
City parks	352,694	110,486	46,195	25,614
Arts, tourism and conventions	1,029,173	1,619,141	1,835,515	1,880,440
Public safety	135,328	226,919	257,161	225,488
Municipal court	96,783	66,220	53,884	94,264
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 18,669,895</u>	<u>\$ 7,323,500</u>	<u>\$ 6,144,666</u>	<u>\$ 11,883,252</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 271,491	\$ 245,932	\$ 406,945	\$ 430,111	\$ 454,055	\$ 414,641
950,019	1,052,259	867,206	1,172,590	883,786	1,252,469
<u>16,650,305</u>	<u>15,483,910</u>	<u>15,150,384</u>	<u>19,275,505</u>	<u>18,849,805</u>	<u>18,461,342</u>
<u>\$ 17,871,815</u>	<u>\$ 16,782,101</u>	<u>\$ 16,424,535</u>	<u>\$ 20,878,206</u>	<u>\$ 20,187,646</u>	<u>\$ 20,128,452</u>
\$ 1,102,779	\$ 1,093,523	\$ 1,146,765	\$ 1,138,153	\$ 1,196,519	\$ 1,140,781
12,456,055	8,306,325	3,829,436	3,315,322	16,146,187	10,638,178
25,614	-	-	-	-	-
1,804,432	1,124,613	1,392,546	2,116,452	2,636,569	3,264,524
207,063	239,608	290,386	312,294	670,583	676,260
96,496	89,620	83,640	77,126	68,900	106,553
-	-	(1,628,821)	(280,773)	(123,247)	(474,152)
<u>\$ 15,692,439</u>	<u>\$ 10,853,689</u>	<u>\$ 5,113,952</u>	<u>\$ 6,678,574</u>	<u>\$ 20,595,511</u>	<u>\$ 15,352,144</u>

CITY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 41,747,689	\$ 45,781,292	\$ 45,431,594	\$ 47,356,786
Licenses and permits	654,829	842,050	962,217	1,134,453
Intergovernmental	5,568,731	4,740,048	4,312,719	3,721,314
Charges for services	2,108,045	2,261,037	2,066,070	2,162,871
Fines and forfeitures	871,159	1,216,786	906,199	1,600,630
Investment income	113,446	78,076	76,251	112,300
Miscellaneous	3,512,629	1,470,793	5,688,203	2,003,817
Total revenues	<u>54,576,528</u>	<u>56,390,082</u>	<u>59,443,253</u>	<u>58,092,171</u>
Expenditures				
Current				
General government	7,691,966	6,600,564	4,741,811	5,309,532
Public safety	25,970,544	26,151,196	25,097,350	25,206,138
Development	17,378,572	9,134,802	10,209,543	10,704,794
Building services	-	-	751,312	606,761
Recreation	5,473,792	6,564,863	7,586,352	7,632,206
Capital outlay	18,889,663	13,249,019	7,707,932	4,516,213
Debt service				
Principal retirement	3,715,000	3,990,000	4,665,000	5,410,000
Interest and fiscal charges	4,037,313	4,340,073	3,567,975	4,103,190
Paying agents' fees and issue costs	203,809	205,798	393,724	162,207
Total expenditures	<u>83,360,659</u>	<u>70,236,315</u>	<u>64,720,999</u>	<u>63,651,041</u>
Excess (deficiency) of revenues over expenditures	<u>(28,784,131)</u>	<u>(13,846,233)</u>	<u>(5,277,746)</u>	<u>(5,558,870)</u>
Other financing sources (uses)				
Debt issued	9,740,000	7,720,000	25,015,000	9,095,000
Premium on debt issued	97,204	71,752	2,163,159	50,222
Payment to escrow	-	(3,867,191)	(26,781,924)	-
Transfers in	10,568,226	5,207,042	5,540,057	5,984,682
Transfers out	(7,842,309)	(2,699,610)	(3,098,787)	(3,405,699)
Total other financing sources (uses)	<u>12,563,121</u>	<u>6,431,993</u>	<u>2,837,505</u>	<u>11,724,205</u>
Change in fund balances	<u>\$ (16,221,010)</u>	<u>\$ (7,414,240)</u>	<u>\$ (2,440,241)</u>	<u>\$ 6,165,335</u>
Debt service as a percentage of noncapital expenditures	<u>12.85%</u>	<u>16.05%</u>	<u>15.98%</u>	<u>17.46%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 48,542,609	\$ 46,935,424	\$ 46,180,387	\$ 49,832,219	\$ 50,276,779	\$ 48,859,441
959,596	993,929	962,162	1,569,257	1,054,913	903,703
5,607,497	5,884,971	6,715,742	12,768,065	15,194,658	5,878,679
2,259,027	2,310,974	2,858,658	2,814,566	2,523,737	2,788,246
1,432,225	1,382,718	1,310,473	1,151,330	1,006,535	771,491
95,883	193,779	301,599	539,947	997,669	641,185
1,107,333	3,951,250	1,863,789	3,260,642	11,382,448	1,572,172
<u>60,004,170</u>	<u>61,653,045</u>	<u>60,192,810</u>	<u>71,936,026</u>	<u>82,436,739</u>	<u>61,414,917</u>
4,565,527	4,978,458	4,539,491	4,066,845	4,151,807	4,641,059
27,001,802	27,679,581	30,569,480	35,206,421	31,749,967	30,608,851
8,058,818	9,469,796	7,812,905	6,616,191	7,804,797	9,504,129
621,326	675,935	612,441	534,738	630,312	553,205
7,147,774	7,855,287	7,114,163	5,990,263	6,926,732	6,422,781
6,397,159	11,042,655	6,770,342	5,070,953	10,557,087	6,586,524
7,505,000	7,020,000	7,285,000	8,070,000	7,770,000	10,090,000
3,993,868	3,908,294	3,709,168	2,853,773	2,933,928	2,541,862
316,999	91,745	12,120	286,440	9,510	247,906
<u>65,608,273</u>	<u>72,721,751</u>	<u>68,425,110</u>	<u>68,695,624</u>	<u>72,534,140</u>	<u>71,196,317</u>
(5,604,103)	(11,068,706)	(8,232,300)	3,240,402	9,902,599	(9,781,400)
17,715,000	2,445,000	-	21,880,000	1,479,113	11,400,000
1,400,250	137,545	-	3,261,804	-	930,355
(12,812,888)	-	-	(24,863,501)	-	(10,076,560)
11,012,236	8,654,033	8,991,599	8,714,852	8,109,346	10,162,482
(8,317,745)	(6,096,336)	(6,856,602)	(6,215,264)	(6,264,681)	(7,937,438)
<u>8,996,853</u>	<u>5,140,242</u>	<u>2,134,997</u>	<u>2,777,891</u>	<u>3,323,778</u>	<u>4,478,839</u>
\$ <u>3,392,750</u>	\$ <u>(5,928,464)</u>	\$ <u>(6,097,303)</u>	\$ <u>6,018,293</u>	\$ <u>13,226,377</u>	\$ <u>(5,302,561)</u>
<u>20.46%</u>	<u>18.42%</u>	<u>18.05%</u>	<u>17.34%</u>	<u>17.92%</u>	<u>20.13%</u>

CITY OF VICTORIA, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Franchise</u>	<u>Sales</u>	<u>Occupancy</u>
2011	\$ 20,355,447	\$ 234,705	\$ 4,761,009	\$ 14,768,729	\$ 1,565,067
2012	20,938,687	236,838	4,981,674	17,533,000	2,019,642
2013	20,614,474	211,062	5,136,247	17,516,177	1,881,129
2014	22,123,371	220,286	5,308,414	17,692,397	1,936,667
2015	23,092,499	217,368	5,410,432	17,937,136	1,809,554
2016	23,551,572	217,294	5,175,796	16,555,680	1,365,952
2017	24,200,385	256,045	5,467,551	14,710,140	1,490,041
2018	24,670,202	219,019	6,064,289	16,879,223	1,935,552
2019	24,986,536	295,275	5,881,880	17,111,735	1,928,884
2020	25,072,288	184,613	5,652,152	16,337,766	1,504,505
Change 2011-2020	23.17%	-21.34%	18.72%	10.62%	-3.87%

(1) Modified accrual basis of accounting

NOTES:

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

Occupancy tax revenues increased in fiscal years 2011 and 2012 due mainly to the addition of new hotels within the City of Victoria, as well as increase in occupancy rates due largely to the Eagle Ford Shale activity in the area. Fiscal year 2013 ended with a decrease due mainly to the leveling off of the Eagle Ford Shale activity; with companies utilizing other long-term options of lodging. Fiscal year 2014 ended with a slight increase over fiscal year 2013 with the addition of three hotels. Fiscal year 2015 and 2016 saw a decrease mainly due to the slowdown of Eagle Ford Shale activity in the area and economic downturn. The decrease from 2019 to 2020 was the effect of the COVID-19 pandemic.

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

<u>Other</u>	<u>Total</u>
\$ 62,732	\$ 41,747,689
71,451	45,781,292
72,505	45,431,594
75,651	47,356,786
75,620	48,542,609
69,130	46,935,424
56,225	46,180,387
63,934	49,832,219
72,469	50,276,779
108,117	48,859,441
72.35%	17.04%

CITY OF VICTORIA, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last ten fiscal years

Fiscal Year	Tax Roll	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural-Underdeveloped Property	Business	Other
2011	2010	\$ 1,994,921,555	\$ 1,065,424,422	\$ 36,528,546	\$ 491,583,480	\$ 86,389,180
2012	2011	2,022,466,829	1,094,141,142	46,713,519	502,831,290	90,219,830
2013	2012	2,078,252,831	892,656,818	40,818,468	979,758,910	14,320,720
2014	2013	2,317,499,266	936,587,850	39,292,957	1,160,993,128	15,070,980
2015	2014	2,507,681,585	991,303,214	38,469,909	1,203,884,134	16,667,530
2016	2015	2,650,912,234	1,010,440,545	40,375,739	1,246,748,493	12,411,010
2017	2016	2,704,992,447	1,049,149,864	39,564,530	1,092,493,149	13,542,170
2018	2017	2,769,376,557	1,409,981,243	39,281,803	727,940,428	14,204,250
2019	2018	2,755,957,196	1,264,113,626	38,656,434	667,686,360	115,091,370
2020	2019	2,939,434,473	1,332,629,180	39,297,536	723,850,210	91,786,760

(1) Includes tax-exempt property

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

SOURCE: Victoria County Appraisal District

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
\$ 547,481,141	\$ 3,127,366,042	\$ 0.650	\$ 3,127,366,042	100.00%
548,030,240	3,208,342,370	0.645	3,208,342,370	100.00%
572,496,198	3,433,311,549	0.6056	3,433,311,549	100.00%
733,221,635	3,736,222,546	0.5996	3,736,222,546	100.00%
778,151,269	3,979,855,103	0.584	3,979,855,103	100.00%
782,065,651	4,178,822,370	0.5711	4,178,822,370	100.00%
725,592,638	4,174,149,522	0.5892	4,174,149,522	100.00%
730,814,583	4,229,969,698	0.5952	4,229,969,698	100.00%
757,973,880	4,083,531,106	0.6224	4,083,531,106	100.00%
897,005,075	4,229,993,084	0.6115	4,229,993,084	100.00%

CITY OF VICTORIA, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

PER \$100 OF ASSESSED VALUE

Last ten fiscal years

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>		
	<u>Debt Service</u>	<u>General Fund</u>	<u>Total</u>	<u>School District</u>	<u>Junior College</u>	<u>Navigation District</u>
2011	\$ 0.2554	\$ 0.3946	\$ 0.6500	\$ 1.3226	\$ 0.1531	\$ 0.0304
2012	0.2554	0.3896	0.6450	1.3226	0.1606	0.0296
2013	0.2506	0.3550	0.6056	1.3090	0.1606	0.0285
2014	0.2506	0.3490	0.5996	1.2896	0.1823	0.0277
2015	0.2506	0.3334	0.5840	1.2744	0.1875	0.0240
2016	0.2446	0.3265	0.5711	1.2663	0.1925	0.0240
2017	0.2507	0.3385	0.5892	1.2663	0.2065	0.0266
2018	0.2526	0.3426	0.5952	1.2663	0.2170	0.0286
2019	0.2627	0.3597	0.6224	1.3763	0.2235	0.0305
2020	0.2498	0.3617	0.6115	1.1935	0.2206	0.0308

SOURCE: Victoria County Appraisal District

Overlapping Rates			
Victoria County	Road and Bridge	Ground Water District	Total
\$ 0.3436	\$ 0.0550	\$ 0.0095	\$ 1.9142
0.3436	0.0550	0.0092	1.9206
0.3436	0.0550	0.0092	1.9059
0.3386	0.0600	0.0088	1.9070
0.3386	0.0600	0.0088	1.8933
0.3309	0.0650	0.0088	1.8875
0.3299	0.0660	0.0088	1.9041
0.3329	0.0630	0.0084	1.9162
0.3329	0.0630	0.0084	2.0346
0.3329	0.0630	0.0084	1.8492

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

2020		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Central Co.	\$ 50,899,820	1.20%
Victoria WLE, L.P.	49,986,450	1.18%
Victoria of Texas, L.P.	26,765,590	0.63%
Caterpillar Inc.	16,911,720	0.40%
James A. Wayne	16,181,341	0.38%
Victoria Texas Apartments, LLC	15,343,620	0.36%
Performance Food Group	15,086,690	0.36%
Berry Plastics Corporation	14,981,340	0.35%
HEB Grocery Company	14,622,280	0.35%
FMFD Victoria 264 Ltd.	14,071,360	0.33%
	<u>\$ 234,850,211</u>	<u>5.54%</u>

2011		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
AEP Texas Central Co.	\$ 27,746,800	0.89%
Victoria Hospital, L.L.C.	22,939,210	0.73%
James A. Wayne	20,281,260	0.65%
HEB Grocery Company	17,560,440	0.56%
VMRC Limited Partnership	16,220,380	0.52%
H.E.B. Grocery Company, L.P.	15,443,860	0.49%
HS Victoria, L.P.	14,398,550	0.46%
Berry Plastics Corporation	12,920,210	0.41%
First Victoria National Bank	12,735,150	0.41%
Dragon Rig Sales & Services, LT	12,647,770	0.40%
	<u>\$ 172,893,630</u>	<u>5.52%</u>

SOURCE: Victoria County Tax Assessor/Collector



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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2011	\$ 20,327,879	\$ -	\$ 20,327,879	\$ 19,938,819	98.09%
2012	20,693,808	(339)	20,693,470	20,470,591	98.92%
2013	20,792,135	(258,092)	20,534,043	20,338,256	99.05%
2014	22,402,390	(44,167)	22,358,223	21,877,717	97.85%
2015	23,242,354	(80,535)	23,161,819	22,715,220	98.07%
2016	23,865,255	(45,257)	23,819,998	23,314,997	97.88%
2017	24,514,099	(26,854)	24,487,245	23,848,271	97.39%
2018	25,162,007	(345,386)	24,816,621	24,428,977	98.44%
2019	25,403,924	(31,087)	25,372,837	24,645,630	97.13%
2020	26,066,642	(326,155)	25,740,487	25,226,949	98.00%

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

SOURCE: City of Victoria
Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 347,354	\$ 20,286,172	99.79%
176,334	20,646,925	99.78%
153,926	20,492,181	99.80%
426,240	22,303,957	99.76%
372,769	23,087,989	99.68%
392,394	23,707,391	99.53%
467,844	24,316,114	99.30%
222,140	24,651,117	99.33%
484,339	25,129,969	99.04%
-	25,226,949	98.00%

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

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
2011	4,121,534,000	3,711,082,000	410,452,000	9.96%	2,108,000,000
2012	3,753,223,000	3,124,507,750	628,715,250	16.75%	2,255,000,000
2013	3,631,750,000	3,166,164,000	465,586,000	12.82%	2,147,917,000
2014	3,514,585,000	2,990,317,000	524,268,000	14.92%	2,123,000,000
2015	3,250,871,000	3,022,095,000	228,776,000	7.04%	2,597,000,000
2016	3,291,962,000	3,130,351,428	161,610,572	4.91%	2,600,269,000
2017	3,121,960,200	2,894,679,000	227,281,200	7.28%	2,326,950,000
2018	3,508,602,000	2,970,496,000 *	538,106,000	15.34%	2,173,000,000
2019	3,882,042,000	3,476,583,000	405,459,000	10.44%	2,175,000,000
2020	3,555,008,000	2,856,604,999	698,403,001	19.65%	2,018,700,000

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

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

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

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

SOURCE: City of Victoria Utilities Department

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

CITY OF VICTORIA, TEXAS

WATER AND SEWER RATES

Last ten fiscal years

	Fiscal Year			
	2011	2012	2013	2014
Water Rates (per 2,000 gallons)				
Base Rate (meter size)				
¾"	\$ 17.49	\$ 17.96	\$ 17.96	\$ 17.96
1"	43.73	44.92	44.92	44.92
1½"	87.45	89.82	89.82	89.82
2"	139.93	143.72	143.72	143.72
3"	279.85	287.44	287.44	287.44
4"	437.26	449.12	449.12	449.12
6"	874.51	898.23	898.23	898.23
8"	2,798.43	2,874.33	2,874.33	2,874.33
10"	4,372.55	4,491.14	4,491.14	4,491.14
Water usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	1.67	1.67	1.67	1.67
8-10	-	-	-	-
11-18	1.83	1.83	1.83	1.83
19-25	-	-	-	-
26-50	2.15	2.15	2.15	2.15
>50	-	-	-	-
51-75	2.40	2.40	2.40	2.40
76-100	2.55	2.55	2.55	2.55
>100	2.70	2.70	2.70	2.70
Sewer Rates (per 2,000 gallons)				
¾"	21.85	22.43	22.43	22.43
1"	54.64	56.08	56.08	56.08
1½"	109.30	112.19	112.19	112.19
2"	174.86	179.48	179.48	179.48
3"	349.73	358.97	358.97	358.97
4"	546.45	560.88	560.88	560.88
6"	1,092.89	1,121.75	1,121.75	1,121.75
8"	3,497.26	3,589.61	3,589.61	3,589.61
10"	5,464.47	5,608.77	5,608.77	5,608.77
Sewer usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	2.22	2.22	2.22	2.22
8-10	-	-	-	-
11-18	2.27	2.27	2.27	2.27
19-25	-	-	-	-
26-50	2.32	2.32	2.32	2.32
>50	-	-	-	-
51-75	2.37	2.37	2.37	2.37
76-100	2.52	2.52	2.52	2.52
>100,000	2.67	2.67	2.67	2.67

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

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 18.21	\$ 18.21	\$ 18.21	\$ 18.21	\$ 18.21	\$ 18.21
45.55	45.55	45.55	45.55	45.55	45.55
91.07	91.07	91.07	91.07	91.07	91.07
145.72	145.72	145.72	145.72	145.72	145.72
291.44	291.44	291.44	291.44	291.44	291.44
455.37	455.37	455.37	455.37	455.37	455.37
910.73	910.73	910.73	910.73	910.73	910.73
2,913.33	2,913.33	2,913.33	2,913.33	2,913.33	2,913.33
4,553.64	4,553.64	4,553.64	4,553.64	4,553.64	4,553.64
-	-	-	-	-	-
1.92	1.92	1.92	1.92	-	-
-	-	-	-	2.25	2.25
2.08	2.08	2.08	2.08	-	-
-	-	-	-	2.50	2.50
2.40	2.40	2.40	2.40	-	-
-	-	-	-	3.15	3.15
2.65	2.65	2.65	2.65	-	-
2.80	2.80	2.80	2.80	-	-
2.95	2.95	2.95	2.95	-	-
22.68	22.68	22.68	22.68	22.68	22.68
56.71	56.71	56.71	56.71	56.71	56.71
113.44	113.44	113.44	113.44	113.44	113.44
181.48	181.48	181.48	181.48	181.48	181.48
362.97	362.97	362.97	362.97	362.97	362.97
567.13	567.13	567.13	567.13	567.13	567.13
1,134.25	1,134.25	1,134.25	1,134.25	1,134.25	1,134.25
3,629.61	3,629.61	3,629.61	3,629.61	3,629.61	3,629.61
5,670.27	5,670.27	5,670.27	5,670.27	5,670.27	5,670.27
-	-	-	-	-	-
2.47	2.47	2.47	2.47	-	-
-	-	-	-	2.50	2.50
2.52	2.52	2.52	2.52	-	-
-	-	-	-	2.55	2.55
2.57	2.57	2.57	2.57	-	-
-	-	-	-	2.75	2.75
2.62	2.62	2.62	2.62	-	-
2.77	2.77	2.77	2.77	-	-
2.92	2.92	2.92	2.92	-	-

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

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

2020			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption (In Thousands)</u>	<u>Percent of Total Billed</u>
Citizens Medical Center	Hospital	40,386	1.41%
Caterpillar	Business	39,977	1.40%
Detar Hospital	Hospital	31,097	1.09%
Creekstone Ranch	Apartment Complex	23,550	0.82%
Autumn Park Apartments	Apartment Complex	21,722	0.76%
Victoria County Jail	Government	21,596	0.76%
Silvermine	Apartment Complex	15,020	0.53%
Hawthorne	Apartment Complex	13,583	0.48%
Pinnacle Pointe	Apartment Complex	13,273	0.46%
Caney Run	Apartment Complex	12,933	0.45%

2011			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption (In Thousands)</u>	<u>Percent of Total Billed</u>
Citizens Medical Center	Hospital	51,150	1.24%
Detar Hospital	Hospital	35,713	0.87%
Victoria College	School	19,721	0.48%
Autumn Park	Apartment Complex	19,133	0.46%
Creekstone	Apartment Complex	17,639	0.43%
Victoria County Jail	Government	17,258	0.42%
Victoria East High	School	16,629	0.40%
Victoria West High	School	16,356	0.40%
Twin Pines	Business	15,202	0.37%
Victoria Memorial	School	13,051	0.32%

SOURCE: City of Victoria Utility Billing Office



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

Fiscal Year	Governmental Activities				Business-type Activities	
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Direct Borrowing Capital Lease	Revenue Bonds	Plus: Issuance Premiums
2011	\$ 59,740,000 **	\$ 38,135,000 *	\$ 800,703	\$ -	\$ 69,125,000	\$ 2,516,601
2012	57,835,000 **	39,975,000 *	797,298	-	73,950,000	2,376,581
2013	47,385,000 **	46,370,000 *	2,741,198	-	69,035,000	2,167,055
2014	54,080,000 **	43,360,000 *	2,492,041	-	83,290,000	4,272,165
2015	45,280,000 **	50,480,000 *	3,401,983	-	77,260,000	4,316,780
2016	44,605,000 **	46,580,000 *	3,195,727	-	70,830,000	3,960,228
2017	41,830,000 **	42,070,000 *	2,851,926	-	64,440,000	4,107,453
2018	17,420,000 **	57,285,000 *	5,571,287	-	56,915,000	5,066,864
2019	16,555,000	50,380,000 *	4,987,027	739,556	49,760,000	4,542,370
2020	11,685,000	47,065,000	5,264,525	-	42,335,000	4,017,875

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

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

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

N/A denotes information not available.

SOURCE: City of Victoria

<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
<u>Direct Borrowing</u>	<u>Capital Lease</u>			
\$	-	\$ 170,317,304	6.94%	\$ 2,721
	-	174,933,879	6.57%	2,771
	-	167,698,253	6.02%	2,617
	-	187,494,206	6.29%	2,888
	-	180,738,763	6.08%	2,735
	-	169,170,955	5.97%	2,503
	-	155,299,379	5.18%	2,295
	368,721	142,626,872	4.52%	2,125
	286,819	127,250,772	3.86%	1,890
	202,006	110,569,406	N/A	1,634

CITY OF VICTORIA, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last ten fiscal years

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available (1)
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Total	
2011	\$ 59,740,000 **	\$ 38,135,000 *	\$ 800,703	\$ 98,675,703	\$ 953,394
2012	57,835,000 **	39,975,000 *	797,298	98,607,298	977,452
2013	47,385,000 **	46,370,000 *	2,741,198	96,496,198	1,222,778
2014	54,080,000 **	43,360,000 *	2,492,041	99,932,041	1,091,077
2015	45,280,000 **	50,480,000 *	3,401,983	99,161,983	1,102,779
2016	44,605,000 **	46,580,000 *	3,195,727	94,380,727	1,093,523
2017	41,830,000 **	42,070,000 *	2,851,926	86,751,926	1,146,765
2018	17,420,000 **	57,285,000 *	5,571,287	80,276,287	1,138,153
2019	16,555,000	50,380,000 *	4,987,027	71,922,027	1,196,519
2020	11,685,000	47,065,000	5,264,525	64,014,525	1,140,781

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

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

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

N/A denotes information not available.

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

SOURCE: City of Victoria

<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 97,722,309	3.12%	\$ 1,561
97,629,846	3.04%	1,546
95,273,420	2.77%	1,487
98,840,964	2.65%	1,523
98,059,204	2.35%	1,484
93,287,204	2.21%	1,381
85,605,161	2.10%	1,265
79,138,134	1.87%	1,170
70,725,508	1.73%	1,045
62,873,744	1.49%	929

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

September 30, 2020

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable To City</u>	<u>Amount Applicable To City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of Victoria	9/30/2020	<u>\$ 64,014,525</u>	100.00%	<u>\$ 64,014,525</u>
Overlapping Debt:				
Victoria County	9/30/2020	19,940,000	60.34%	12,031,796
Victoria County Junior College District	9/30/2020	21,745,000	60.34%	13,120,933
Victoria Independent School District	9/30/2020	<u>110,800,000</u>	67.09%	<u>74,335,720</u>
Total Overlapping Debt		<u>152,485,000</u>		<u>99,488,449</u>
Total		<u>\$ 216,499,525</u>		<u>\$ 163,502,974</u>

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

SOURCE: Municipal Advisory Council of Texas



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 156,368,302	\$ 160,417,119	\$ 171,665,577	\$ 186,811,127
Total net debt applicable to limit	<u>96,921,606</u>	<u>96,832,548</u>	<u>92,532,222</u>	<u>96,348,923</u>
Legal debt margin	<u>\$ 59,446,696</u>	<u>\$ 63,584,571</u>	<u>\$ 79,133,355</u>	<u>\$ 90,462,204</u>
Total net debt applicable to the limit as a percentage of debt limit	61.98%	60.36%	53.90%	51.58%

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

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 198,992,755	\$ 208,941,119	\$ 208,707,476	\$ 211,498,485	\$ 204,176,555	\$ 211,499,654
<u>94,657,221</u>	<u>90,091,477</u>	<u>90,038,235</u>	<u>73,566,847</u>	<u>65,738,481</u>	<u>57,609,219</u>
<u>\$ 104,335,534</u>	<u>\$ 118,849,642</u>	<u>\$ 118,669,241</u>	<u>\$ 137,931,638</u>	<u>\$ 138,438,074</u>	<u>\$ 153,890,435</u>
47.57%	43.12%	43.14%	34.78%	32.20%	27.24%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 4,229,993,084
Debt limit	211,499,654
Debt applicable to limit	
General obligation bonds	58,750,000
Less: Debt Service Fund Balance	<u>1,140,781</u>
Total amount of debt applicable to debt limit	<u>57,609,219</u>
Legal debt margin	<u>\$ 153,890,435</u>

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

Fiscal Year	Water and Sewer Revenue Bonds			
	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Priority Bonds Average Debt Service Requirements
2011	\$ 24,108,368	\$ 11,113,257	\$ 12,995,111	\$ 4,683,607
2012	24,062,721	10,907,178	13,155,543	4,570,441
2013	24,849,120	11,444,061	13,405,059	4,798,185
2014	25,180,217	11,241,597	13,938,620	4,631,141
2015	26,241,590	11,550,206	14,691,384	5,259,343
2016	25,969,629	11,580,908	14,388,721	5,017,867
2017	25,779,610	11,877,174	13,902,436	4,748,050
2018	26,483,913	9,900,254	16,583,659	4,431,709
2019	26,721,429	11,758,399	14,963,030	4,148,217
2020	26,523,632	13,894,588	12,629,044	3,829,106

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

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

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

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

SOURCE: City of Victoria

Water and Sewer Revenue Bonds

Subordinate Bonds			
Average Debt		Priority Bonds	Subordinate Bonds
Service		Coverage	Coverage
Requirements			
\$	-	2.77	N/A
	-	2.88	N/A
	-	2.79	N/A
	-	3.01	N/A
	-	2.79	N/A
	-	2.87	N/A
	-	2.93	N/A
	-	3.74	N/A
	-	3.61	N/A
	-	3.30	N/A

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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (000's)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2011	62,592	\$ 2,454,489	\$ 39,214	14,409	6.9%
2012	63,131	2,661,583	42,160	14,543	6.0%
2013	64,072	2,785,542	43,475	14,559	5.4%
2014	64,919	2,979,615	45,897	14,467	4.5%
2015	66,094	2,973,733	44,992	14,427	3.8%
2016	67,574	2,834,449	41,946	14,339	4.9%
2017	67,659	3,000,095	44,341	14,253	5.2%
2018	67,106	3,153,586	46,994	14,253	4.1%
2019	67,326	3,294,806	48,938	13,821	3.5%
2020	67,326	N/A	N/A	13,419	8.8%

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

N/A denotes information not available

- SOURCE:
- (1) Population figures for the years are estimates provided by the Planning Department
 - (2) U.S. Department of Commerce, Bureau of Economic Analysis - Estimates based on Victoria County Area statistical data. Data for 2020 is not yet available.
 - (3) Victoria Independent School District as of October 7, 2020
 - (4) U.S. Department of Labor

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

2020		
Employer	Employees	Percentage of Total Area Employment
Formosa Plastics	3,400	8.28%
Victoria Independent School District	2,000	4.87%
The Inteplast Group	1,248	3.04%
Citizens Medical Center	1,220	2.97%
DeTar Healthcare System	775	1.89%
City of Victoria	632	1.54%
Invista	600	1.46%
Caterpillar - NAHEX Victoria	600 ⁺	1.46%
Dow Seadrift Operations	587 ⁺	1.43%
Calhoun County ISD	570	1.39%
	<u>11,632</u>	<u>28.33%</u>

2011		
Employer	Employees	Percentage of Total Area Employment
Victoria Independent School District	2,165	4.96%
The Inteplast Group	1,975	4.53%
Formosa Plastics	1,663	3.81%
Citizens Medical Center	1,127	2.58%
DeTar Healthcare System	939	2.15%
City of Victoria	605	1.39%
Dow-Seadrift Operations	600	1.38%
Invista	600	1.38%
Ranstad	600	1.38%
Alcoa	599	1.37%
	<u>10,873</u>	<u>24.93%</u>

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

SOURCE: Victoria Economic Development Corporation

CITY OF VICTORIA, TEXAS

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

Last ten fiscal years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General government				
City manager	10	10	10	10
Legal	4	4	4	4
Financial	6	6	6	6
Municipal court	5	5	5	5
Human resources	4	4	4	4
Planning	4	4	5	5
Development services administration	2	2	2	2
Geographic information system (GIS)	3	3	4	4
Building services	10	10	10	10
City secretary	3	3	3	3
Public information office	2	2	2	3
Public safety				
Police	154	154	155	158
Fire	118	118	117	117
Inspections	10	11	10	10
Code enforcement	4	4	5	5
Traffic control	9	9	9	9
Highways and streets				
Engineering	11	11	10	9
Streets and drainage	31	31	31	31
Culture and recreation				
Parks and recreation	41	43	41	41
Public library	27	27	27	27
Water/wastewater	96	96	96	95
Riverside Park Golf Course	-	-	-	-
Community center	7	7	7	7
Environmental services	24	24	24	24
Vehicle and equipment services	2	2	2	2
Information technology	10	10	10	10
Communications	1	1	1	1
Purchasing	3	3	3	3
Safety management	2	2	2	2
Print shop	2	2	2	2
Convention and visitors bureau	-	3	3	4
Total	605	611	610	613

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

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

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

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

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

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
10	10	10	10	10	11
4	4	4	4	4	4
6	6	6	6	7	7
5	5	5	5	5	5
4	4	4	4	4	4
5	5	5	5	5	5
2	2	2	2	2	3
4	4	4	4	4	4
10	10	10	10	10	10
3	3	3	3	3	3
3	3	3	3	3	3
156	159	159	161	162	162
129	130	130	130	130	130
10	10	10	10	10	10
5	5	5	5	5	5
9	9	9	9	9	9
9	9	9	8	8	8
28	27	27	27	27	29
40	39	39	38	36	36
27	27	27	27	27	27
95	95	95	95	95	95
-	-	-	-	10	10
6	7	7	7	7	7
24	24	24	24	23	23
2	2	2	2	1	1
10	10	10	10	10	10
1	1	1	1	-	-
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
4	4	4	4	4	4
<u>618</u>	<u>621</u>	<u>621</u>	<u>621</u>	<u>628</u>	<u>632</u>

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

* Fiscal year 2020 includes the addition of one assistant city manager, one main street program executive director, and two street workers to staff an additional patch crew.

CITY OF VICTORIA, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General government				
Building permits issued	1,484	1,884	2,342	2,376
Building inspections conducted	5,874	7,044	8,698	10,380
Birth certificates registered	2,009	2,112	1,719	2,142
Death certificates registered	924	930	754	968
Birth certificates issued	5,645	5,980	5,946	5,475
Death certificates issued	5,269	1,601	1,249	981
Public safety				
Police				
Physical arrests	3,387	3,427	3,552	4,095
Parking violations	223	334	187	409
Traffic violations	8,756	8,876	13,181	13,061
Warrants issued	1,960	2,139	N/A	3,608
Fire				
Total Incidents	9,072	8,797	8,669	9,042
Fires	554	271	202	204
Rescue/Emergency Medical	6,832	8,526	8,467	8,838
False Alarms	-	364	356	358
Inspections	1,351	2,187	1,513	1,906
Fire Investigations	-	-	-	-
Streets and highways				
Street resurfacing (linear feet)	7,000	12,000	14,000	66,000
Culture and recreation				
Community center admissions (event contracts)				
Dome	89	88	92	118
Annex	85	81	75	96
Arena	22	22	27	58
Library				
Number of items	146,455	137,548	140,976	148,232
Circulation	340,204	340,320	353,122	373,153
Gate count	245,844	249,672	243,192	232,196
Water and wastewater				
Water				
Active water connections	22,312	22,456	22,660	22,923
Active sewer connections	20,720	20,845	21,068	21,230
Active garbage accounts	19,105	19,322	19,508	19,490
Average daily consumption (pumped) (in 000's)	11,292	10,283	9,950	9,629
Peak monthly consumption (in 000's)	407,616	374,666	374,690	434,515
Wastewater				
Average daily sewage treatment	5,800,000	6,180,000	5,469,000	5,842,333
Environmental services				
Refuse collection				
Refuse collected (tons per month)	1,669	1,685	N/A	N/A
Landfill tonnage accepted	202,723	149,137	154,291	140,102
Recyclables collected (tons per year)	389.90	2,235.98	3,227.66	3,191.00

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

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

N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
2,029	1,565	2,207	5,920	2,109	1,885
8,438	6,799	4,354	6,984	6,293	2,109
2,386	2,181	2,054	1,956	1,933	1,906
1,046	1,002	970	1,036	1,118	1,272
6,035	6,104	5,820	6,478	7,432	6,371
945	878	729	1,216	1,607	1,432
3,948	3,257	3,005	2,862	3,336	2,591
129	202	293	243	317	127
9,391	8,255	8,867	8,650	7,888	3,497
2,717	2,364	2,223	2,069	1,977	2,013
9,796	9,773	11,179	11,046	11,248	11,561
166	163	209	186	415	394
9,630	9,610	6,591	6,370	7,873	8,179
398	315	428	383	616	657
1,917	2,747	2,006	2,329	2,008	1,774
-	-	-	75	67	115
42,155	107,000	45,000	119,722	75,600	40,240
112	104	95	120	126	54
94	90	85	85	105	62
43	57	45	48	49	7
154,109	143,551	130,920	135,487	151,382	117,185
363,927	375,587	352,956	327,394	368,526	25,800
225,689	245,477	214,278	198,207	196,602	133,907
23,136	22,802	22,966	22,919	22,989	23,135
21,395	21,254	21,455	21,397	21,468	21,586
19,674	19,630	19,668	19,665	19,828	19,864
8,972	8,972	8,672	8,224	9,457	9,713
382,831	403,289	369,898	401,860	423,127	360,905
7,100,000	7,130,000	6,620,500	5,874,750	6,158,000	5,500,000
N/A	N/A	N/A	N/A	N/A	N/A
143,081	148,578	162,324	212,231	180,243	172,945
3,141.00	2,796.00	2,330.00	553.00	450.00	1,028

2017 Decrease in Library gate count is largely due to the Library being closed for 21 days following Hurricane Harvey; and after opening many citizens were still in recovery and not utilizing the Library.

2017 Increase in landfill tonnage includes 137,000 tons added due to Hurricane Harvey.

2019 Increase in Library items collections is due to including digital items, which previously consisted of only print items.

2020 Decrease in Library and Community Center activity is due to the effects of COVID-19.

CITY OF VICTORIA, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General government				
Buildings	3	3	3	3
Public safety				
Police				
Stations	1	1	1	1
Patrol units	35	37	36	36
Fire stations	5	5	5	5
Highways and streets				
Streets (miles)	312.60	313.23	314.51	314.51
Streetlights	4473	4444	4550	4550
Traffic signals	81	81	84	86
School zone flashers	61	61	61	61
Culture and recreation				
Acreage	876.0	876.0	866.7	888.0
Playgrounds	16	16	16	16
Splashpads	N/A	1	1	1
Baseball/softball diamonds	19	19	19	19
Community centers	1	1	1	1
Libraries	1	1	1	1
Water and wastewater				
Water				
Water mains (miles)	366.8	366.8	373	373
Wastewater				
Sanitary sewers (miles)	342	342	342	349.2
Storm sewers (miles)	452	452	452	452
Environmental services				
Refuse collection				
Garbage collection trucks	7	7	7	8
Brush and large item collection trucks	5	5	5	4
Yard waste collection trucks	4	4	6	4
Recycling collection trucks	1	1	1	1

NOTES: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2015	2016	2017	2018	2019	2020
3	3	3	3	3	3
1	1	1	1	1	1
33	32	32	39	34	36
6	6	6	6	6	6
321.81	322.35	325.80	323.83	323.83	323.83
4676	4763	4788	4598	4686	4686
88	89	88	89	90	90
61	61	61	61	51	51
888.0	888.0	888.0	888.0	888.0	888.0
16	16	16	12	13	12
1	2	2	3	3	3
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
380	386.2	389.9	394.08	397.19	400.26
349.2	349.2	355.3	355.3	358	355.3
452	452	452	452	452	452
9	9	9	9	9	8
4	4	4	4	5	4
4	4	4	4	4	4
1	1	1	1	1	2

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Victoria, Texas (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2021. The financial statements of the Sales Tax Development Corporation and the Victoria Special Events Association, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

March 30, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Victoria, Texas (the "City") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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

Report on Internal Control Over Compliance

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

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

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

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



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

March 30, 2021



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CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Housing and Urban Development		
Community Development Block Grant <i>Passed Through the Texas General Land Office</i>	14.218	B-19-MC-48-0510
Community Development Block Grant Disaster Recovery	14.225	20-065-055-C165
Total U.S. Department of Housing and Urban Development		
U. S. Department of Transportation		
<i>Passed Through the Texas Department of Transportation</i>		
Highway Planning and Construction	20.205	50-20XF0023
State and Community Highway Safety	20.600	2020-VictoriaPD-S-1YG-00108
Total U.S. Department of Transportation		
U. S. Department of the Treasury		
<i>Passed Through the Texas Division of Emergency Management</i>		
Coronavirus Relief Fund	21.019	COVID-19
Total U.S. Department of the Treasury		
U. S. Department of Homeland Security		
<i>Passed Through the Texas Division of Emergency Management</i>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4332-DR-TX
Homeland Security Grant Program	97.067	3616801
Homeland Security Grant Program	97.067	3795101
Total U.S. Department of Homeland Security		
U. S. Department of Agriculture		
<i>Passed Through the Natural Resources Conservation Service</i>		
Emergency Watershed Protection Program	10.923	NR197442XXXXC010
Total U.S. Department of Agriculture		
U. S. Department of Health and Human Services		
Provider Relief Fund	93.498	COVID-19
<i>Passed Through the Texas Department of State Health Services</i>		
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	HHS00037150008
Total U.S. Department of Health and Human Services		

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

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 524,880	\$ 524,880	\$ -	CDBG-Entitlement Grants Cluster	
227,223	-	227,223	-	CDBG-Entitlement Grants Cluster	
227,223	524,880	752,103	-		
129,131	-	129,131	-	Highway Planning and Construction Cluster	
2,643	-	2,643	-	Highway Safety Cluster	
131,774	-	131,774	-		
3,702,930	-	3,702,930	-		
3,702,930	-	3,702,930	-		
143,303	-	143,303	-		4
56,679	-	56,679	-		
59,950	-	59,950	-		
116,629	-	116,629	-		
259,932	-	259,932	-		
888,375	-	888,375	-		
888,375	-	888,375	-		
-	65,304	65,304	-		
1,900	-	1,900	-		
1,900	65,304	67,204	-		

(continued)

CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES - (Continued)		
U. S. Department of Justice		
<i>Passed Through the Office of the Attorney General</i>		
Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	16.800	2018-MC-FX-K065
Total U.S. Department of Justice		
TOTAL FEDERAL EXPENDITURES		
STATE EXPENDITURES		
Law Enforcement Officers Standards and Education		
Training Grant	N/A	N/A
Texas Office of the Governor-Criminal Justice Division (CJD)		
BG-Rifle-Resistant Body Armor Grant Program	N/A	3509002
Texas Department of Motor Vehicles		
<i>Passed Through the Texas Automobile Theft Prevention Authority</i>		
Automobile Theft Grant	N/A	608-20-2350100
Automobile Theft Grant	N/A	608-21-2350100
Total Texas Department of Motor Vehicles		
Texas Commission on Environmental Quality		
Rider 8 Local Air Quality Planning Grant	N/A	582-20-11975
Total Texas Commission on Environmental Quality		
TOTAL STATE EXPENDITURES		
TOTAL FEDERAL AND STATE EXPENDITURES		

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

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 4,700	\$ -	\$ 4,700	\$ -		
4,700	-	4,700	-		
5,216,834	590,184	5,807,018	-		
1,099	-	1,099	-		
27,361	-	27,361	-		
128,936	-	128,936	-		
16,996	-	16,996	-		
145,932	-	145,932	-		
-	118,312	118,312	-		
-	118,312	118,312	-		
174,392	118,312	292,704	-		
\$ 5,391,226	\$ 708,496	\$ 6,099,722	\$ -		

(concluded)

CITY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the City, under programs of the federal government for the year ended September 30, 2020 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable; except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: FEMA DISASTER ASSISTANCE - CFDA 97.036

In accordance with the Uniform Guidance, expenditures of federal Disaster Grants (CFDA 97.036) must be recorded as expenditures on the SEFA when: (1) FEMA has approved the entity's Project Worksheet (PW), and (2) the entity has incurred the eligible expenditures. Expenditures reported on the accompanying schedule of expenditures of federal awards that were incurred in a prior fiscal year total \$143,303.

CITY OF VICTORIA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

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

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

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

yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Major Programs or Cluster</i>
21.019	Coronavirus Relief Fund
10.923	Emergency Watershed Protection Program

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

CITY OF VICTORIA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2020

None were reported.



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