



# **Annual Comprehensive Financial Report**

Year Ended September 30, 2021

City of Victoria, Texas

**CITY OF VICTORIA, TEXAS**  
*ANNUAL COMPREHENSIVE FINANCIAL REPORT*  
*For the year ended September 30, 2021*

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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April 28, 2022

Honorable Mayor and City Council  
City of Victoria  
Victoria, Texas

The Annual Comprehensive Financial Report of the City of Victoria, Texas (the “City”), as of September 30, 2021, 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 250,000 shoppers.

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, the Victoria Special Events Association, Inc., and the Victoria Housing Finance Corporation 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, except for the Victoria Sales Tax Development Corporation and Victoria Housing Finance Corporation.

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

- |   |   |
|---|---|
| 1. Board of Adjustments & Appeals                       | 11. Victoria Economic Development Corp.   |
| 2. Housing Authority Board                              | 12. Parks and Recreation Commission       |
| 3. Library Board  | 13. Victoria Development Commission       |
| 4. Planning Commission                                  | 14. Victoria Sales Tax Dev. Corp. Board   |
| 5. Food Establishment Appeals Board                     | 15. Victoria Metropolitan Planning Org.   |
| 6. Health Auth. for Victoria County Public Health Dept. | 16. Victoria Health Facilities Dev. Corp. |
| 7. Victoria Housing Finance Corporation Board           | 17. Victoria Special Events Assoc. Board  |
| 8. Building and Standards Commission                    | 18. Victoria Central Appraisal District   |
| 9. Victoria County Public Health Dept. Board of Health  | 19. Golden Crescent Reg. Planning Comm.   |
| 10. Tourism Advisory Board                              | 20. Tax Increment Refinancing Zone Board  |

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.

## **2021 Economic Condition and Outlook**

### **Texas:**

Activity in the Texas service sector picked up sharply 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, increased from 2.8 in January to 21.9 in February.

Labor market indicators point to an acceleration in the pace of growth in hiring and hours worked. The employment index increased from 9.2 to 14.6, while the part-time employment index added three points to rise to 6.5. The hours worked index picked up from 7.4 in January to 10.4 in February.

Perceptions of broader business conditions rebounded in February. The general business activity index surged 16 points to 16.6, while the company outlook index jumped from -0.4 to 14.2. The rise in uncertainty moderated, with the outlook uncertainty index falling from 19.7 to 7.6.

Wage and price pressures remained extremely elevated in February, with indexes holding near historic highs. The wages and benefits index inched down from a record of 37.4 to 34.7, with over one-third of respondents noting month-over-month wage increases. The selling prices index was unchanged at 29.9, while the input prices index held roughly flat at 51.2, with a majority of contacts reporting monthly input price increases for the fifth consecutive month.

Respondents' expectations regarding future business activity reflected strong optimism. The future general business activity index increased from 16.7 to 21.2, while the future revenue index dipped slightly but held well above its long-term average at 51.6. Other future service sector activity indexes such as employment and capital expenditures inched up and remained in firmly positive territory.

February retail sales activity climbed back into positive territory after a decline in January, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, surged 18 points to 10.2 in February—above its average over the past 12 months. Firms noted continued inventory declines, though at a slower pace, as the inventories index increased from -10.0 to -2.1.

Retail labor market indicators were strongly positive in February, with a faster pace of hiring and longer average workweek hours. The employment index added five points to rise to 11.0—its best reading since 2018—while the part-time employment index increased from 1.6 to 8.4. The hours worked index rebounded from negative territory to 10.6, its highest level since before the pandemic.

Retailers' perceptions of broader business conditions were generally optimistic in February. The general business activity index increased from -7.2 to 2.7, while the company outlook index surged by 18 points to 7.8. The rise in outlook uncertainty moderated following a large increase in January, as the relevant index plunged from 24.0 to 2.2.

Retail price pressures escalated further in February, while wage pressures eased modestly. The selling prices index rose six points to 49.9—with nearly 60 percent of contacts noting an increase in their prices compared with January—while the input prices index advanced nine points to 54.3. The wages and benefits index slid from 37.1 to 34.9, though this remains far above its long-term average.

Expectations for future retail activity reflected solid optimism. The future general business activity index picked up from 4.2 to 10.1, while the future sales index slipped from 44.5 to 39.1. Other indexes of future retail activity increased, suggesting further strengthening in retail activity over the next six months.

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

**Victoria:**

Just like the Texas economy, Victoria's economy experienced a decline in economic activity due to COVID-19. Consumer and business spending has rebounded sharply since the early days of the pandemic and remains high as the impacts of inflation are seen in the costs of goods and services. Growth is anticipated to level off as interest rates are increased to bring inflation down to the Federal Reserve's goal rate of 2%.

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.

Zinc Resources, LLC received unanimous approval from Victoria County Commissioners for a tax incentive in anticipation of their \$55 million investment to develop an Electric Arc Furnace (EAF) dust recycling facility on leased property at the Port of Victoria. The new downstream operation of the steel industry expects to bring more than 45 new jobs to the community as they transform the dust produced by the steel operations into two non-hazardous products. Upgrades of rail, electric, and natural gas infrastructure will also be made at the 25-acre site before starting up by 2023.

Victoria Port Power and Victoria City Power represent two natural gas-powered peaking plants in Victoria, Texas established in 2019 with an initial investment of \$125 million. The two sites quickly generate power during times of high demand and serve to balance the power grid. An additional investment in another Victoria County peaker project is currently under construction.

The Port of Victoria is a vital economic engine serving the Victoria region. Port Commissioners recently signed an MOU with the governing officials of Victoria County, the City of Victoria, the Victoria Sales Tax Development Corporation, and the Victoria Regional Airport to demonstrate their cooperation in strengthening economic growth and community development. Commissioners of the Victoria County Navigation District recently invested \$6 million in road infrastructure improvements at the port and have initiated an additional \$6 million in the construction of a 1.9-mile rail loop and 2,000-foot ladder track at the Port's North Property Industrial Park. More than \$14 million in infrastructure to accommodate the growing logistics 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 acres for development along the Victoria Barge Canal.

Diversified Wellness Associates is in the process of developing Springwood Medical Plaza which will include four stand-alone medical facilities located south of the DeTar Hospital North campus. This project is anticipated to create 100 new jobs by the year 2025.

Citizens Medical Center is currently expanding its emergency room to add seven beds and 19,000 square feet. Construction began in October 2021 on this \$10 million project and is anticipated to be completed in 12 to 14 months.

FedEx Ground began moving dirt on their new 217,000 sq ft package distribution center at the Lone Tree II Industrial Park at Loop 463 and U.S. Hwy. 59 (I-69) with an anticipated completion date of mid-2022. Easy access to major highways and a strong local workforce contributed to their decision to expand operations in Victoria.

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus footprint and degree program offerings. More than \$147 million of capital projects have been completed or are currently in progress at the local campus and University officials have future building and improvement projects at the Victoria campus totaling more than \$145 million. The Texas legislature passed a bill in 1983 to give permanent status to UHV as a degree-granting university offering junior-, senior- and graduate-level courses. Legislation signed into law in 2009 allowed UHV to admit its first freshmen and sophomores in fall 2010. Enrollment at the University was 4,350 in Fall 2021 (estimate).

Voters passed a Voter Approved Tax Rate (VATRE) and school bond in November 2021 for the Victoria Independent School District. The VATRE proposition will increase General Fund revenues and go toward competitive wages for school district teachers and staff. A \$25.8 million bond will be used to re-construct an existing elementary school which will provide increased capacity for future growth in enrollment at the campus.

A 150,000 square-foot shopping center located near Home Depot is anticipated to begin construction in early 2022 and be complete during 2022. TxDOT will relocate an offramp near the site to allow commuters access to the new entrance to the shopping center.

A new development at the Navarro Del Norte site is currently under construction. This site is anticipated to be filled with six fast-food restaurants.

The Victoria Housing Finance Corporation (VHFC) was established in 1979, pursuant to the Texas Housing Finance Corporations Act as a separate not-for-profit entity to provide safe, decent and sanitary housing for persons of low and moderate income. It is authorized to issue debt/bonds for the purpose of supporting affordable single-family home mortgages, and issue private activity bonds to provide financing for multifamily housing projects for low and moderate-income owners. It can also serve as a general partner in multi-family housing projects. VHFC has been very active in the past year with three major projects in process:

- *Enchanted Gardens Project*
  - Construction commenced in August 2021
  - \$32 million project primarily financed through VHFC and through Texas Department of Housing and Community Affairs' (TDHCA) noncompetitive 4% housing tax credit program
  - Will create 168 housing units and more than 200 temporary construction jobs
  - Expected completion in October 2022
  - Reserved for residents who earn up to 60% of Victoria median family income, which is about \$43,300 for a family of four
  
- *Odem Street Project*
  - Construction scheduled to begin summer 2022
  - \$57 million project financed by TDHCA noncompetitive 4% housing tax credit program and Private Activity Bonds issued by VHFC
  - 324-unit workforce housing community on the southside of Victoria in Silver City neighborhood
  - Mixed-income community will have rents ranging from market rate to affordable for those individuals and families earning at or below 70% of the area median income
  
- *HFC Land Bank Program*
  - To promote homeownership, an "Infill Development Program", with the objective of acquiring vacant, problem, or distressed properties and return them to productive use for affordable homeownership opportunities
  - Will allow the City to identify existing vacant or under-utilized sites or parcels within the inner-city in order to establish a land bank
  - Hire a land use attorney to create a legal framework to allow infill residential development through the City Code; create a strategy to clear up property title issues and address property liens
  - Evaluate a tax rebate program to promote affordable housing and non-profit development

## **Major Initiatives**

### ***For Fiscal Year 2021 and Into the Future:***

Fiscal year 2021 saw many accomplishments. For example, Phase 1 of the Compensation Program was implemented which impacted Public Safety employees; the Residential Street Construction Program, Preventive Street Maintenance Program, Thoroughfare Street Program, Street Sweeping Program, and various Traffic Signal Projects were implemented. Major park improvements/programs have been implemented, for example, a new soccer field at Riverside Park was constructed and the Parks Master Plan was completed from which projects will be implemented in future fiscal years; and, the City's Golf Course Program is being managed effectively. The Drainage Mowing Program was implemented. The City is on track implementing its 2022 Capital Expenditure Replacement Program; and, the City's Five-Year Capital Improvement Program has been updated. The City met its 2021 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 2021 initiatives and accomplishments. We look forward toward implementing the fiscal year 2022 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 2022 budget, allocating available resources to the various budgetary priorities was a challenge. The top budgetary priorities include:

- *Personnel Services* - The total budgeted positions for fiscal year 2022 is 641, a net increase of two employees from fiscal year 2021. This is the net result of adding one Special Projects Manager, two Grant Specialists, one Training Specialist, one City Secretary position, one Main Street Coordinator, one Custodian, one Project Manager, eliminating one Legal Administrative Assistant, one Police Clerk, one City Engineer, two Library positions, and one Solid Waste Supervisor. The total budgeted personnel cost for fiscal year 2022 is \$47.6 million, an increase of 4.43 percent or \$2.0 million over last year's budget. The increase includes Phase II of the Compensation Pay Program.
- *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 2022 budget:
  - a. Ben Wilson Corridor Project (\$9,192,854) – project consists of redesigning Ben Wilson Street on the University of Houston-Victoria (UHV) campus and involves the reconstruction and rehabilitation of an existing 5-lane roadway between US Business 59 and Airline Road. The improvements include street, drainage, water, wastewater, lighting, and pedestrian features as well as aesthetic and urban design improvements.
  - b. Thoroughfare Streets (\$3,515,985) – program includes mill and overlay maintenance to Airline Road Mill and Overlay, (Sam Houston to John Stockbauer); Mockingbird Mill and Overlay, (Laurent to Navarro). Additional funding for Phase III of the Crestwood Reconstruction project was also included in the FY 2022 budget.
  - c. Residential Street Program (\$7,494,508) – program includes the reconstruction of streets in North Heights Phase VII, Nueces Street between Navarro and Laurent, utilizing geo-grid, limestone base, seal coat and hot-mix overlay; Woodway Phase III Reconstruction, utilizing geo-grid, limestone base, seal coat and hot-mix overlay; Bridle Ridge Phase II Reconstruction, utilizing geo-grid, limestone base, seal coat and hot-mix overlay; and Dairy Road Reconstruction Project, between Salem to Whispering Creek, utilizing a 37' wide hot-mix curb and gutter section including underground drainage and sidewalks.

- *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. *Citywide Street LED Lighting Project (\$250,000)* – this project consists of replacing High Pressure Sodium (HPS) light bulbs with more efficient LED fixtures on streetlights starting with Phase I on the South side of town. This project will take place over a five-year period with an annual cost of \$250,000.
- c. *Facility Improvement Projects (\$3,401,000)* – project consists of Fire Station #1 Remodel Project, carry-forward from fiscal year 2021 and the Sports Facility Improvements to Riverside Park.
- d. *Sidewalk Projects (\$958,850)*- projects include O'Connor Elementary & Stroman Middle School Sidewalk Project, 6,740 feet of 5-foot sidewalk and 30 handicap ramps and Leary Lane Sidewalk Expansion Project, 4- foot sidewalk that involves storm sewer in the existing roadside ditch, between Dean Cook and John Stockbauer.
- e. *Traffic Signal Project (\$175,000)* – this project consists of replacing existing span wire and traffic signals at the intersection of Moody St. and Water St. with new poles, mast arms and traffic lights.
- f. A master plan sets guidelines for how the City will expand and develop its services and may be specific to a department, or it may represent a more narrowly focused topic. Master plans are created based on input from community members, and they are used to ensure that any changes and new initiatives reflect what residents want. The City has developed the following master plans:
  - *The Victoria Parks and Recreation Master Plan* was initiated in late 2020 to establish an updated vision for how the City's system of parks, recreation facilities and recreational programs would meet the evolving long-term needs of Victoria's current and future residents. Initiation of the Plan occurred in conjunction with other long-term planning initiatives commissioned by the City, and the resulting Plan document was drafted to replace the City's original 2012 parks and recreation master plan following consideration of public preferences identified during the planning process. The Victoria Parks and Recreation Master Plan is a blueprint for the maintenance and upkeep of all city parks and recreation facilities, identifies capital park improvement projects, guides the development of new parks and trails, and assists City staff in developing new programs and events. Whether you visit Victoria parks for relaxation, socializing, or play, the new parks and recreation plan will be our roadmap to provide "A Space for All of Us!"
  - *The Downtown Master Plan* is intended to provide an overall strategy and guidelines for what future development could look like in the area. This includes addressing the design of building form, streets, public spaces, and branding strategies. The ultimate goal of this Plan is to present an innovative, yet realistic vision and strategy for strengthening Downtown Victoria as an economic driver for the community.
  - *The Victoria Thoroughfare Master Plan (TMP)* is a long-range planning document adopted by the Victoria City Council on June 15, 2021 for use in guiding the development of the community's transportation network. The purpose of the thoroughfare master plan is to guide the development of transportation infrastructure in a way that preserves right of way and improves connectivity and accommodates growth in Victoria.

- *The updated Storm Drainage Master Plan* will establish a guide to identify and address drainage issues in Victoria, including evaluation of infrastructure, and update the Drainage Criteria Manual to reflect current data and best practices. The Storm Drainage Plan will provide recommendations for drainage & stormwater improvements that will facilitate the City's growth capacity; enhance the City's infrastructure; evaluate and provide solutions to existing undersized drainage facilities; and evaluate and provide recommendations to improve outfalls, storm sewer, and open ditches.
- *Public Safety* – Public Safety is a top priority in our community. The City's Public Safety is made up of the Police Department, Fire Department and Municipal Court, with a combined funding of \$31.8 million. The Police and Fire Departments are the two largest departments in the City making up 52.68% of the General Fund.
- *Park and Recreational Services Improvement Programs* - The fiscal year 2022 budget includes \$4.3 million for various Park & Recreation programs; \$3.3 million budgeted within General Fund includes funding for parks ground maintenance, various recreational programs, vehicle/equipment replacement, acquisition of acreage next to soccer field, parking lot extension for nature trail, fencing, infrastructure and playground equipment for various parks; and Hotel Tax Fund includes \$78K for various sports tournament programs, \$125,000 for improvements to Riverside Stadium, and \$750,000 for sports facility improvements.
- *Hotel Occupancy Tax Program* - For fiscal year 2021-2022, City Council has approved \$135K of Hotel Tax funding to eligible agencies and organizations.
- *Library Programs* - The fiscal year 2022 budget includes \$2.3 million for personnel and various maintenance and program costs; the budget includes \$265K for capital expenditures, mainly for replacing the library's technology equipment and purchasing books/materials.
- *Code Enforcement Programs* - The fiscal year 2022 budget includes \$500,000 for various Code Enforcement Programs.
- *Community Appearance* - The Community Appearance division was reorganized into a new division within the Parks & Recreation Department, then transferred from General Fund to the Environmental Services Fund beginning fiscal year 2021. Budgeted at \$517,000 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; and also developed a Downtown Master Plan. Fiscal year 2022 includes \$306,000 budgeted for the Main Street Program, including Christmas on the Square, lawn and landscaping maintenance and the Downtown Façade Grant program.
- *Bond Debt Program* - The fiscal year 2022 budget includes \$17 million in debt service payments (*General Governmental and Utility Revenue Bonds*), a decrease of \$487,000. The City is calling in \$495,000 in outstanding principal payments on its CO Series 2012 bonds as part of an effort to pay off debt sooner and increase interest savings.
- *Tax Rate* - The budget assumes a property tax rate of 58.82¢, which is 2.33¢ lower than prior year. The tax rate is allocated at 35.06¢ for General Fund maintenance and operating costs, a decrease of 1.52¢ and 23.76¢ for debt service payments, a decrease of 0.08¢. The State's mandated No-New Revenue Tax Rate calculations produce a rate for fiscal year 2022 of 56.52¢ and a Voter-Approval Tax Rate of 59.74¢. The net property tax revenue increased by \$661,707, and includes \$198K in new property values, while implementing a tax rate less than the "Voter-Approval Tax Rate M&O" allowing for a 0.92¢ carryover tax rate, per S.B.2.

- *Sales Tax* - The fiscal year 2022 sales tax revenue budget is \$17,185,000, an increase of \$1.7 million or 10.9 percent compared to last year's original budget. The increase in sales tax is anticipated due to a return to normalcy, pre-COVID19.
- *Fund Balance / Working Capital Balance Reserves* - The fiscal year 2022 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 2022 minimum fund balance (*25% of \$59,709,971 budgeted expenditures*) is projected to be \$14,927,493, which is \$172,573 less than the projected year-end fund balance amount of \$15,100,066.

## **Capital Improvement Program**

### ***Routine Capital Expenditures***

The fiscal year 2022 Budget includes \$5.86 million in capital expenditures, a decrease of 41.9 percent. The decrease is mainly due to a decrease in buildings and improvements, mains and hydrants and machinery and equipment. The \$5.86 million capital expenditure budget will be funded with \$2.49 million of recurring revenue and \$3.38 million of one-time use of fund balance/working capital balance (\$843K General Fund; \$50K Convention & Visitors Bureau Fund; \$125K Motel Tax Fund; \$675K Water/Wastewater Fund; \$10K 700 Main Center Fund; \$342K Community Center Fund; \$552K Environmental Services Fund; and \$770K Building & Equipment Services Fund).

The following table recaps routine capital expenditures for fiscal year 2022, compared to fiscal year 2021.

<b><i>Type of Fund</i></b>	<b><i>FY 2021 Original Budget</i></b>	<b><i>FY 2022 Original Budget</i></b>	<b><i>Increase/ (Decrease)</i></b>	<b><i>% Change</i></b>
Governmental Funds	\$ 1,297,304	\$1,277,342	\$( 19,962)	-1.54%
Special Revenue Funds	2,914,322	307,200	(2,607,122)	-89.46%
Enterprise Funds	4,384,415	2,423,229	(1,961,186)	-44.73%
Internal Service Funds	1,499,281	1,857,034	357,753	23.86%
<b>Total</b>	<b>\$10,095,322</b>	<b>\$5,864,805</b>	<b>\$(4,230,517)</b>	<b>-41.91%</b>

### ***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 2022 Budget includes \$15.0 million in "new" capital improvement projects. The table below recaps the non-routine capital expenditures for fiscal year 2022, compared to fiscal year 2021.

Fiscal year 2022 Capital Improvement Program is as follows:

	<i><b>FY 2021 Original Budget</b></i>	<i><b>FY 2022 Original Budget</b></i>	<i><b>Increase/ (Decrease)</b></i>	<i><b>% Change</b></i>
CIP 3037	\$6,187,090	\$22,662,808	\$16,475,718	266.29%
CIP 3036	4,000,000	3,536,958	(463,042)	-11.58%
TxDOT Overpass Fund	2,796,500	0	(2,796,500)	-100.00%
Utilities 3046	2,514,391	8,727,088	6,212,697	247.09%
<b>Total</b>	<b>\$15,497,981</b>	<b>\$34,926,854</b>	<b>\$19,428,873</b>	<b>125.36%</b>

### **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. Budgets for the General Fund, Debt Service Fund, 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. 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, 2021.

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 financing of 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.

To augment the minimum fund balance reserve policy, the City has also created a Self-Finance/Stabilization Fund, with a current available balance of \$1,000,000. This fund supports the City's pay-as-you-go philosophy for one-time repairs, one-time maintenance, or other one-time programs/expenditures, and major capital projects to reduce or eliminate the use of long-term debt where possible. The funding sources are transfers from the City's funds using excess fund balance or working capital balance. This fund will also be used to offset any governmental fund balance deficits below the reserve policy for each fund. Appropriations from this fund will be made at the discretion of City Council and/or the City Manager during the budget process and fiscal year as needs arise.

### **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 feels 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. Over the next four years, the City's debt service will decrease by approximately \$6.5 million, of which \$3.3 million is related to GO/CO Bonds and \$3.2 million is related to Utility System Revenue Bonds. Debt will be used in the future to address capital improvement needs but will be issued very conservatively. Keeping long-term debt service requirements down will enable the City to remain flexible with capital improvement program funding, while creating less burden on the City and its taxpayers.

### **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 annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the thirty-eighth 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 annual comprehensive 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 annual comprehensive 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

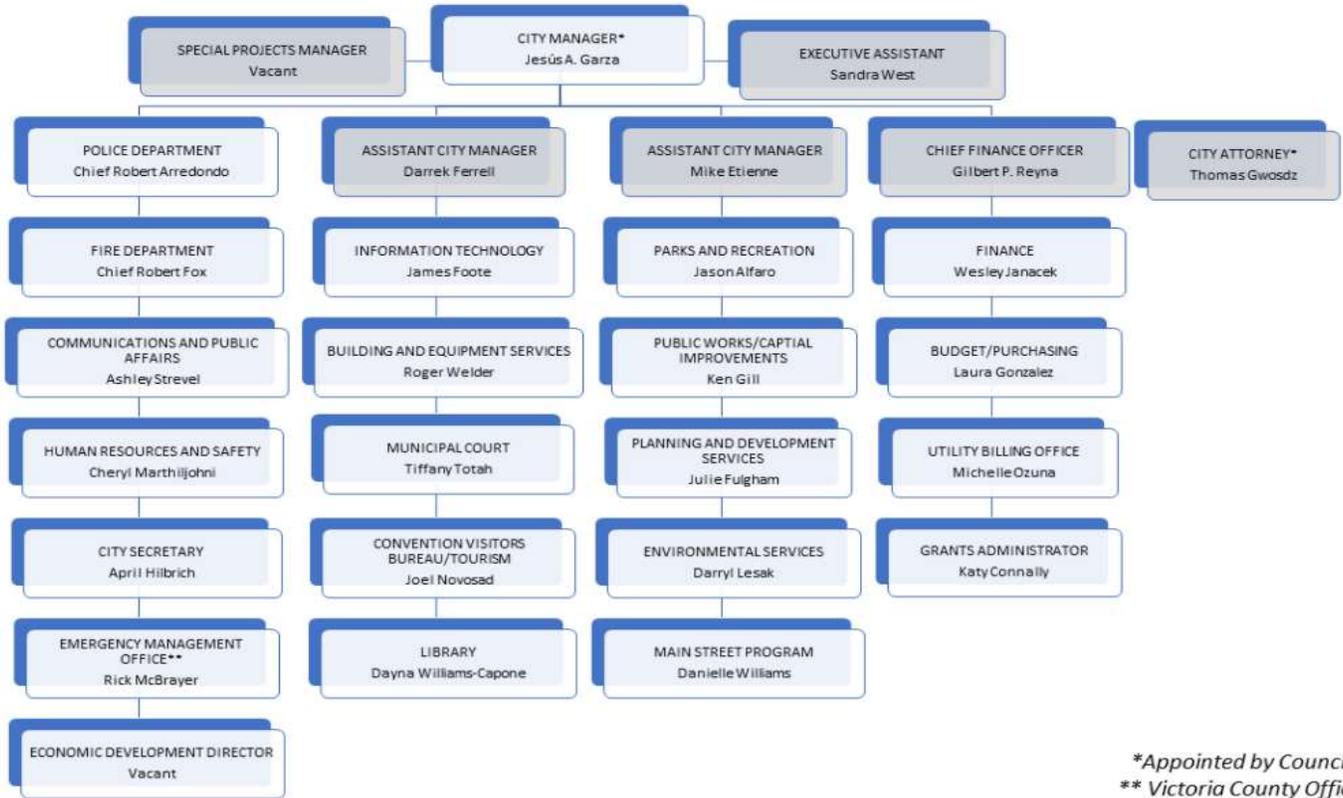
**City of Victoria  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO



*\*Appointed by Council  
\*\* Victoria County Office*

**PRINCIPAL CITY OFFICIALS**

**ELECTED OFFICIALS**



<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Term Expires</u>
<i>Front Row</i>			
Josephine Soliz	Mayor Pro-Tem, District 2	9	May, 2024
Jeff Bauknight	Mayor	8	May, 2022
Jan Scott	Council Member, District 4	6	May, 2024
<i>Back Row</i>			
Dr. Andrew Young	Council Member, Super District 5	8	May, 2022
Mark Loffgren	Council Member, Super District 6	2	May, 2022
Duane Crocker	Council Member, District 3	0	May, 2024
Rafael DeLaGarza, III	Council Member, District 1	5	May, 2024

**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	2	2
Mike Etienne	Assistant City Manager	1	1
Darrek Ferrell	Assistant City Manager	1	1
Gilbert P. Reyna, Jr., CPA	Chief Financial Officer	26	26
Thomas Gwosdz	City Attorney	12	12
Vacant	Director of Economic Development	-	-
Cheryl Marthiljohni	Director of Human Resources	11	11
James Foote	Director of Information Technology	14	9
Julie Fulgham	Director of Development Services	7	4
Robert Arredondo	Police Chief	-	-
Robert "Tracy" Fox	Fire Chief	25	3
Jason Alfaro	Director of Parks and Recreation	1	1
Dayna Williams-Capone	Director of Public Library	14	12
Ken Gill, P.E.	Director of Public Works/City Engineer	30	1
Darryl Lesak	Director of Environmental Services	13	9
Ashley Strelve	Director of Communications and Public Affairs	2	2
Joel Novosad	Director of Convention & Visitor's Bureau	9	2
Roger Welder	Director of Building & Equipment Services	4	2
Danielle Williams	Main Street Executive Director	13	1
April Hilbrich	City Secretary	13	4
Tiffany Totah	Municipal Court Administrator	9	4
Vacant	Special Projects Manager	-	-
Vacant	Executive Assistant to the City Manager	-	-



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

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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, 2021, 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, 2021, 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 April 28, 2022, 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

April 28, 2022

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, 2021. 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.

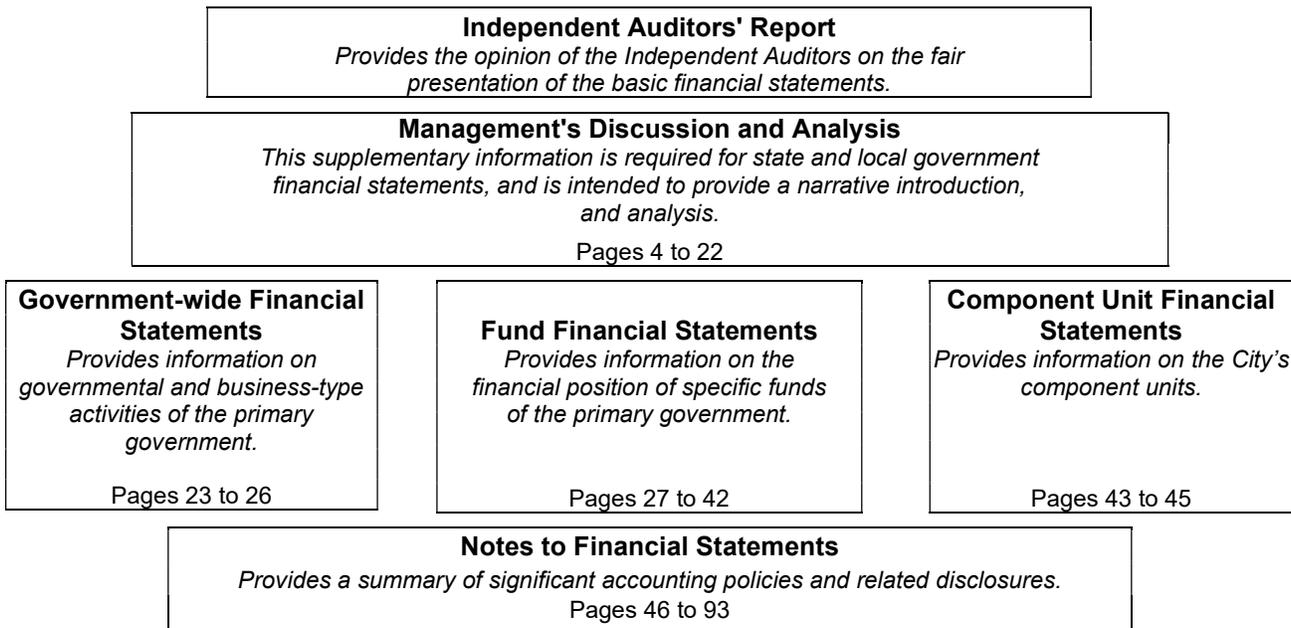
**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2021, by \$214,370,541. Of this amount, \$20,761,910 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors (see page 8 for further detail).
- During the year, the City's general revenues exceeded net expenses of the primary government by \$17,973,451. This represents a 9% increase in net position from the previous fiscal year.
- The total cost of all City activities was \$91,899,252 for the fiscal year. Net cost of all activities was \$34,209,608.
- At September 30, 2021, the City's governmental funds reported combined ending fund balances of \$36,878,547, an increase of \$1,148,577 (3%) in comparison with prior year. The unassigned fund balance is \$22,662,792 (see page 12 for further detail).
- At September 30, 2021, unassigned fund balance for the General Fund was \$23,252,323 or 47% of total General Fund expenditures.
- The City's outstanding long-term debt had a net decrease of \$19,395,133. The main reasons for the net decrease are the City paid \$13,735,000 in principal payments on bonded debt and the net pension liability and OPEB liability balances decreased \$5,543,104 (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**



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## 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 23 through 24.

#### ***Statement of Activities***

The statement of activities presents information showing how the government's net position changed during fiscal year 2021. 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 25 through 26.

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 27 and 28) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 30 and 31) provide reconciliations to facilitate this comparison between governmental funds and governmental activities (pages 29 and 32).

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## **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, American Rescue Plan Fund, Debt Service Fund, 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 building and equipment services, information technology services, radio systems 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 33 through 40).

#### ***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 41 and 42 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 46 through 93 of this report.

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## **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 94 through 109 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 110 through 211 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 \$214,370,541 at the close of the fiscal year ended September 30, 2021.

At the end of fiscal year 2021, 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	
	2021	2020*	2021	2020	2021	2020*
Current assets	\$ 59,410,218	\$ 54,329,627	\$ 28,834,880	\$ 26,860,566	\$ 88,245,098	\$ 81,190,193
Capital assets (net)	<u>150,665,683</u>	<u>146,775,412</u>	<u>129,242,512</u>	<u>136,429,732</u>	<u>279,908,195</u>	<u>283,205,144</u>
Total assets	<u>210,075,901</u>	<u>201,105,039</u>	<u>158,077,392</u>	<u>163,290,298</u>	<u>368,153,293</u>	<u>364,395,337</u>
Deferred outflows of resources	<u>7,433,826</u>	<u>7,858,470</u>	<u>2,106,175</u>	<u>2,214,647</u>	<u>9,540,001</u>	<u>10,073,117</u>
Current and other liabilities	19,563,684	14,822,039	8,081,707	8,633,396	27,645,391	23,455,435
Noncurrent liabilities	<u>80,889,664</u>	<u>92,888,158</u>	<u>46,072,784</u>	<u>53,012,994</u>	<u>126,962,448</u>	<u>145,901,152</u>
Total liabilities	<u>100,453,348</u>	<u>107,710,197</u>	<u>54,154,491</u>	<u>61,646,390</u>	<u>154,607,839</u>	<u>169,356,587</u>
Deferred inflows of resources	<u>6,989,689</u>	<u>7,196,435</u>	<u>1,725,225</u>	<u>1,767,986</u>	<u>8,714,914</u>	<u>8,964,421</u>
Net position:						
Net investment in capital assets	95,978,039	88,120,181	90,327,019	90,964,296	186,305,058	179,084,477
Restricted	7,303,573	8,627,999	-	-	7,303,573	8,627,999
Unrestricted	<u>6,785,078</u>	<u>(2,441,929)</u>	<u>13,976,832</u>	<u>11,126,273</u>	<u>20,761,910</u>	<u>8,684,344</u>
Total net position	<u>\$ 110,066,690</u>	<u>\$ 94,306,251</u>	<u>\$ 104,303,851</u>	<u>\$ 102,090,569</u>	<u>\$ 214,370,541</u>	<u>\$ 196,396,820</u>

\*Net position for 2020 has been restated. See Note 21 of this report.

The largest portion of the City's fiscal year 2021 net position (87% or \$186,305,058) 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 \$7,303,573 consisting of \$1,474,724 for debt service, \$4,390,055 for special programs related to recreation, and \$1,438,794 for public safety programs. The remaining balance of \$20,761,910 may be used to meet the government's ongoing obligations to citizens and creditors; overall, the City's net position increased by \$17,973,451, which consists of an increase of \$15,760,439 in governmental net position and an increase of \$2,213,012 in business-type net position.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020*	2021	2020	2021	2020*
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 8,638,423	\$ 7,546,126	\$ 33,463,924	\$ 33,216,048	\$42,102,347	\$40,762,174
Operating grants and contributions	8,045,958	7,344,600	184,000	-	8,229,958	7,344,600
Capital grants and contributions	7,357,339	62,500	-	200,000	7,357,339	262,500
General revenues:						
Property taxes	25,846,497	24,642,379	-	-	25,846,497	24,642,379
Other taxes	25,297,135	23,643,637	-	-	25,297,135	23,643,637
Other	1,009,345	962,606	30,082	332,396	1,039,427	1,295,002
<b>Total revenues</b>	<b>76,194,697</b>	<b>64,201,848</b>	<b>33,678,006</b>	<b>33,748,444</b>	<b>109,872,703</b>	<b>97,950,292</b>
<b>EXPENSES</b>						
General government	7,179,180	4,935,675	-	-	7,179,180	4,935,675
Public safety	32,643,567	29,227,156	-	-	32,643,567	29,227,156
Development	15,165,253	17,366,704	-	-	15,165,253	17,366,704
Building services	-	565,689	-	-	-	565,689
Recreation	5,985,618	6,376,828	-	-	5,985,618	6,376,828
Interest on long-term debt	2,071,171	2,670,591	-	-	2,071,171	2,670,591
Water/wastewater	-	-	22,226,051	24,268,652	22,226,051	24,268,652
Environmental services	-	-	4,585,211	4,967,876	4,585,211	4,967,876
Other	-	-	2,043,201	1,970,956	2,043,201	1,970,956
<b>Total expenses</b>	<b>63,044,789</b>	<b>61,142,643</b>	<b>28,854,463</b>	<b>31,207,484</b>	<b>91,899,252</b>	<b>92,350,127</b>
Change in net position before transfers	13,149,908	3,059,205	4,823,543	2,540,960	17,973,451	5,600,165
Transfers	2,610,531	3,303,044	( 2,610,531)	( 3,303,044)	-	-
Change in net position	15,760,439	6,362,249	2,213,012	( 762,084)	17,973,451	5,600,165
<b>Net position - October 1, as restated</b>	<b>94,306,251</b>	<b>87,944,002</b>	<b>102,090,569</b>	<b>102,852,653</b>	<b>196,396,820</b>	<b>190,796,655</b>
<b>Net position - September 30</b>	<b>\$ 110,066,690</b>	<b>\$ 94,306,251</b>	<b>\$ 104,303,581</b>	<b>\$ 102,090,569</b>	<b>\$214,370,271</b>	<b>\$196,396,820</b>

\*Net position for 2020 has been restated. See Note 21 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Governmental Activities**

The increase in the governmental activities is mainly due to a \$12M increase in overall revenues. Specifically, capital grants and contributions increased \$7.3M, property taxes increased \$1.2M, and other taxes increased \$1.6M. Explanations for the increase in revenues include the following:

- 1) Capital grants and contributions includes \$7.2M in capital asset contributions from the Victoria Sales Tax Development Corporation for various street projects and \$130,450 from the University of Houston-Victoria for the Ben Wilson Corridor Project. There were no similar transactions in FY2020.
- 2) The increase in property taxes and other taxes relates primarily to an increase in property values and property tax rate for FY2021. In addition, sales tax receipts for the City increased beyond pre-pandemic levels due to continued stimulus efforts from the federal government.

**City of Victoria, Texas**  
**2021 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	\$ 7,179,180	11.39%	\$ 7,151,783	29.75%	(\$ 27,397)
Public safety	32,643,567	51.78%	7,894,528	32.83%	( 24,749,039)
Development	15,165,253	24.05%	8,683,785	36.12%	( 6,481,468)
Recreation	5,985,618	9.49%	311,624	1.30%	( 5,673,994)
Interest on long-term debt	2,071,171	3.29%	-	0.00%	( 2,071,171)
	<u>\$ 63,044,789</u>		<u>\$ 24,041,720</u>		<u>(\$ 39,003,069)</u>

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

<u>Description</u>	<u>Revenues</u>		<u>Revenues</u>	
	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>
Charges for services	\$ 8,638,423	10.96%	\$ 7,546,126	11.18%
Operating grants and contributions	8,045,958	10.21%	7,344,600	10.88%
Capital grants and contributions	7,357,339	9.34%	62,500	0.09%
Property taxes	25,846,497	32.80%	24,642,379	36.51%
Sales taxes	17,744,035	22.52%	16,337,766	24.20%
Franchise taxes	5,602,297	7.11%	5,652,152	8.37%
Other taxes	1,950,803	2.47%	1,653,719	2.45%
Unrestricted investment earnings	42,091	0.05%	669,969	0.99%
Miscellaneous	967,254	1.23%	292,637	0.44%
Transfers	2,610,531	3.31%	3,303,044	4.89%
<b>Total</b>	<u>\$ 78,805,228</u>		<u>\$ 67,504,892</u>	

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Business-type Activities**

Fiscal year 2021 business-type activities increased the City's net position by \$2,213,012. The net position increase is due to a decrease in Water/wastewater expenses of \$2M primarily in personnel costs (\$1.7M) and heat, lights, and power costs (\$125K).

**City of Victoria, Texas  
2021 Expenses and Program Revenues - Business-type Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Program Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
Water/wastewater	\$22,226,051	77.03%	\$26,359,348	78.34%	\$4,133,297
Environmental services	4,585,211	15.89%	5,727,278	17.02%	1,142,067
Other	<u>2,043,201</u>	7.08%	<u>1,561,298</u>	4.64%	<u>(481,903)</u>
	<u>\$28,854,463</u>		<u>\$33,647,924</u>		<u>\$4,793,461</u>

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

<u>Description</u>	<u>Revenues</u>		<u>Revenues</u>	
	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>
Charges for services	\$33,463,924	107.71%	\$33,216,048	109.10%
Operating grants and contributions	184,000	0.59%	-	0.00%
Capital grants and contributions	-	0.00%	200,000	0.66%
Unrestricted investment earnings	21,876	0.07%	248,041	0.81%
Miscellaneous	8,206	0.03%	84,355	0.28%
Transfers	( <u>2,610,531</u> )	( 8.40% )	( <u>3,303,044</u> )	( 10.85% )
<b>Total</b>	<u>\$31,067,475</u>		<u>\$30,445,400</u>	

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## 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 2021, the City's governmental funds reported combined ending fund balances of \$36,878,547, an increase of \$1,148,577. The main reasons for the net increase in the City's combined governmental ending fund balance is due to an increase in General Fund revenues of \$4.5M, a decrease in debt service revenues of \$46K, and a decrease of \$348K in revenues in the Capital Construction Funds.

The City's governmental funds combined fund balance of \$36,878,547 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 2021, unassigned fund balance of the General Fund was \$23,252,323 while total General Fund fund balance was \$23,584,418. 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 47% of the total General Fund expenditures, while total fund balance also represents 47% of that same amount.  
  
The General Fund fund balance increased by \$3,455,966, which was mainly due to an increase in revenues by \$4.5M in comparison with the prior year.
2. The American Rescue Plan Fund is a special revenue fund used to account for the \$14,508,296 of funds the City will be allocated over two years through the American Rescue Plan Act of 2021. \$4,185,691 of the funds at fiscal year-end were reported as unearned revenue as the City plans to spend the funds in future fiscal years.
3. 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 2021, fund balance of the Debt Service Fund was \$1,048,730. The main reason for the \$92,051 decrease in the Debt Service Fund fund balance is due to an increase in debt service payments paid on the outstanding debt issues.
4. 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 2021 the combined fund balances for the two major capital construction funds was \$7,601,927. The decrease in their fund balances from the prior year was \$3,247,116 and was mainly due to the current year capital outlay spending and a decrease in revenues and other financing sources.

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## 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>2021 Unrestricted Net Position</u>	<u>2020 Unrestricted Net Position</u>
Water and Wastewater	\$ 7,746,350	\$ 5,399,220
Environmental Services	4,520,041	4,145,477
Other	<u>1,710,171</u>	<u>1,581,576</u>
Total	<u>\$13,976,562</u>	<u>\$11,126,273</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 2021 General Fund original budget and fiscal year 2021 General Fund final amended budget for expenditures (including transfers) was \$3,504,580 which represents fiscal year 2021 carryover encumbrances of \$1,252,469 and budget amendments amounting to \$2,252,111 (Public Safety COVID-19 Hazard Pay Program, EOC funding, Fire Station No. 1 Remodel).
- The original fiscal year 2021 budget included approximately \$3,441,577 of "one-time" expenditures mainly consisting of capital acquisition and improvement projects.
- For fiscal year 2021, the General Fund revenues came in \$4,768,219 higher than the General Fund amended 2021 budget, primarily due to sales tax revenue coming in \$2.3M over budget, franchise revenue coming in \$196K under budget, ambulance revenue coming in \$287K over budget, municipal court revenue coming in \$247K under budget, interest revenue coming in \$400K under budget, salvage sales coming in \$363K over budget, and federal grant proceeds coming in \$2.2M over budget.
- For fiscal year 2021, the General Fund actual expenditures, including encumbrances, came in approximately \$1.4M lower than the General Fund amended fiscal year 2021 budget or \$271K lower than the General Fund projected 2021 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, 2021, amounts to \$279,908,195 (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 \$3,296,949 or 1% (a \$3,890,271 or 3% increase for governmental activities and \$7,187,220 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	352,845	682	1,058,853	7,982	1,403,034
Other structure improvements	587,066	11,828	-	-	575,238
Infrastructure - streets, drainage, traffic, and sidewalks, etc.	17,973,942	-	-	-	17,973,942
Construction in progress	6,657,469	11,584,206	55,557	4,350	(4,875,530)
Machinery, equipment, and vehicles	3,334,717	1,727,026	427,292	115,034	1,919,949
Water and wastewater distribution system	<u>-</u>	<u>-</u>	<u>763,903</u>	<u>7,585</u>	<u>756,318</u>
Total	<u>\$ 28,906,039</u>	<u>\$ 13,323,742</u>	<u>\$ 2,305,608</u>	<u>\$ 134,954</u>	17,752,951
					FY 2021 depreciation expense ( 22,757,572)
					FY 2021 accumulated depreciation deletions 1,707,672
					Primary government beginning capital assets balance <u>283,205,144</u>
					Primary government ending capital assets balance <u>\$279,908,195</u>

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

The following financial table represents the City's total capital assets as of September 30, 2021:

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	<b>City of Victoria, Texas</b>					
	<b>Capital Assets</b>					
	<b>(Net of Depreciation)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 5,116,871	\$ 5,116,871	\$ 5,569,177	\$ 5,569,177	\$ 10,686,048	\$ 10,686,048
Construction in progress	6,666,217	11,592,954	156,468	105,261	6,822,685	11,698,215
Machinery and equipment	11,541,114	12,632,714	1,457,249	1,580,247	12,998,363	14,212,961
Buildings	6,607,244	7,516,469	21,497,881	22,183,091	28,105,125	29,699,560
Improvements other than buildings	3,395,524	3,167,859	2,218,787	2,220,563	5,614,311	5,388,422
Infrastructure	117,338,713	106,748,545	225,825	247,720	117,564,538	106,996,265
Water and wastewater distribution system	<u>          -</u>	<u>          -</u>	<u>98,117,125</u>	<u>104,523,673</u>	<u>98,117,125</u>	<u>104,523,673</u>
Total	<u>\$150,665,683</u>	<u>\$146,775,412</u>	<u>\$129,242,512</u>	<u>\$136,429,732</u>	<u>\$279,908,195</u>	<u>\$283,205,144</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 2021, the City had total bonded debt outstanding of \$87,350,000. Of this amount, \$51,505,000 comprises debt backed by the full faith and credit of the government and \$35,845,000 secured solely by specific revenue sources (i.e., revenue bonds). In addition, the City had outstanding \$123,254 in capital lease payable, \$1,180,551 in compensated absences, \$10,277,445 in OPEB liability, \$28,910,020 in net pension liability, \$4,440,679 in estimated landfill closure and post-closure care cost; and \$8,105,049 in net bond premium (discount) as of September 30, 2021.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 40,815,000	\$ 47,065,000	\$ -	\$ -	\$ 40,815,000	\$ 47,065,000
Certificates of obligation	10,690,000	11,685,000	-	-	10,690,000	11,685,000
Revenue bonds	-	-	35,845,000	42,335,000	35,845,000	42,335,000
Capital lease payable	-	-	123,254	202,006	123,254	202,006
Compensated absences	1,012,062	983,055	168,489	159,468	1,180,551	1,142,523
OPEB liability	8,034,907	8,946,110	2,242,538	2,172,595	10,277,445	11,118,705
Net pension liability	23,261,002	26,239,506	5,649,018	6,372,358	28,910,020	32,611,864
Estimated landfill closure and post-closure care cost	-	-	4,440,679	4,339,634	4,440,679	4,339,634
Net bond premium (discount)	<u>4,611,669</u>	<u>5,264,525</u>	<u>3,493,380</u>	<u>4,017,875</u>	<u>8,105,049</u>	<u>9,282,400</u>
Total	<u>\$88,424,640</u>	<u>\$100,183,196</u>	<u>\$ 51,962,358</u>	<u>\$ 59,598,936</u>	<u>\$ 140,386,998</u>	<u>\$ 159,782,132</u>

The City's debt had a net decrease of \$19,395,134 or 12%. The key factors to this net decrease are the following:

- Debt payments of \$7,245,000 in governmental activities bonds and \$6,490,000 in business-type activities bonds were made during fiscal year 2021,
- The City entered into a capital lease in the business-type activities in fiscal year 2021 in the amount of \$9,074,
- Net pension liability decreased by \$3,701,844,
- Total OPEB liability decreased by \$1,841,260,
- Landfill closure/post-closure care cost had a net increase of \$101,045,
- Bond premium had a net decrease of \$1,177,351 and,
- Compensated absences increased by \$38,028.

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

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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

### *Texas Economy*

The Texas economy, paced by expansion within the service sector, grew strongly in February as the impact of the omicron variant of COVID-19 faded, data from the Texas Business Outlook Surveys (TBOS) indicated. Wage and price pressures continued and, together with recent geopolitical events, challenge firms' outlooks.

Manufacturing activity decelerated slightly in February but still exhibited above-average output growth. Texas employment grew at a 3.6 percent month-over-month annualized rate in January, considerably above Texas' average long-run job growth of 2 percent but slower than the 5.4 percent pace in 2021. Goods-producing employment fell slightly as construction jobs declined 5.3 percent and manufacturing employment increased just 0.9 percent. Energy employment grew an impressive 18.1 percent.

Service sector employment grew 4.2 percent in January, up from 2.5 percent in December. The expansion was widespread, with leisure and hospitality rising 7.9 percent and trade and transportation up 5.4 percent. The Federal Reserve Bank of Dallas employment forecast for 2022 (December to December) estimates the number of jobs in Texas will increase 2.9 percent in 2022, amounting to 382,000 new positions. However, increasing uncertainty due to persistent supply-chain woes, high inflation and the prospect of additional problems arising from Russia's invasion of Ukraine may present future challenges.

Supply-chain issues continue, respondents to February's TBOS special questions indicated. There was improvement within the service sector, as 55 percent of respondents experienced supply-chain disruptions or delays compared with 62 percent in November. However, manufacturers indicated no improvement—92 percent of respondents continue to experience supply-chain disruptions or delays.

Texas firms with international supply chains are more exposed to disruptions—93 percent of TBOS firms with foreign suppliers are experiencing supply-chain disruptions, compared with 34 percent of firms with only domestic suppliers.

Affected companies are attempting to broaden their supply base, looking domestically for alternatives, substituting other inputs and increasing inventories. Several respondents noted that costs will rise as a result. The expected timeline for supply-chain normalization continues to lengthen. Only 30 percent of firms anticipate that their supply chains will return to normal within the next six months; 43 percent expect the process will require seven to 12 months, and 27 percent say it will take more than a year. In June 2021, 41 percent of respondents expected normalcy within six months, 35 percent in seven to 12 months and 22 percent in more than a year.

Supply-chain disruptions are likely to worsen because of the Ukraine–Russia conflict and will push prices higher. Risk factors include further disruptions to global manufacturing logistics networks affecting, among other items, supplies for wire and plastics, coils, capacitors and ignition systems. As a result, Texas' electronics-related production may continue slowing. Deliveries of electronics represent about 25 percent of the state's total exports. Conversely, Texas energy-related production and oil and gas exports may increase if global demand for U.S. energy products rises because of the conflict in Ukraine and reduced Russian oil and gas exports.

Supply-chain disruptions and labor shortages continue pushing prices and wages higher. Selling-price and input-price pressures again increased in February for manufacturing and remained near record levels for services. Wage and benefit growth also remained elevated.

High regional inflation has accompanied persistently rising prices and wages. However, price growth in Texas is not evenly distributed across regions. While Consumer Price Index inflation in the Dallas–Fort Worth area is higher than in the nation, inflation in Houston is lower.

Housing and housing-related costs are largely responsible for the price growth differential between DFW and Houston. Overall housing costs—which includes shelter, utilities and rent—represents about one-third of overall household expenditures. Year-over-year housing inflation was 6.8 percent in DFW and 4.2 percent in Houston in January.

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

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

### *Victoria Economy*

Just like the global economy, Victoria's economy experienced a decline in economic activity due to COVID-19. Restaurants and the tourism industry were hit the hardest but have seen improvement as restrictions are being lifted. Retail sales managed to perform strongly as multiple stimulus packages helped buoy consumers and even provide additional spending power for some during the pandemic. Victoria's economy is resilient, and the outlook remains optimistic that it will continue its recovery as businesses resume normal operations.

The Lone Tree Industrial Park was purchased by the Victoria Sales Tax Development Corporation (VSTDC) in phases between 2002 and 2011. It is currently the home to Caterpillar, Federal Express, Gemco, and the University of Houston-Victoria Emerging Technology Center. VSTDC, in conjunction with the Victoria Economic Development Corporation, are seeking new businesses to move into the industrial park. VSTDC is also continuously seeking real estate for new business parks; VSTDC plans to hire a consultant to delineate what real estate would be best suited for an industrial park.

Zinc Resources, LLC received unanimous approval from Victoria County Commissioner's for a tax incentive in anticipation of their \$55 million investment to develop an Electric Arc Furnace (EAF) dust recycling facility on leased property at the Port of Victoria. The new downstream operation of the steel industry expects to bring more than 45 new jobs to the community as they transform the dust produced by the steel operations into two non-hazardous products. Upgrades of rail, electric, and natural gas infrastructure will also be made at the 25 acre site before starting up by 2023.

Victoria Port Power and Victoria City Power represent two natural gas powered peaking plants in Victoria, Texas established in 2019 with an initial investment of \$125 million. The two sites quickly generate power during times of high demand and serve to balance the power grid. An additional investment in another Victoria County peaker project is currently under construction.

The Port of Victoria is a vital economic engine serving the Victoria region. Port Commissioners recently signed an MOU with the governing officials of Victoria County, the City of Victoria, the Victoria Sales Tax Development Corporation, and the Victoria Regional Airport to demonstrate their cooperation in strengthening economic growth and community development. Commissioners of the Victoria County Navigation District recently invested \$6 million in road infrastructure improvements at the port and have initiated an additional \$6 million in the construction of a 1.9 mile rail loop and 2,000 ft ladder track at the Port's North Property Industrial Park. More than \$14 million in infrastructure to accommodate the growing logistics 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 acres for development along the Victoria Barge Canal.

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, creating 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 petro-chemical manufacturer, initiated a \$250 million upgrade to their manufacturing technology to increase production of adiponitrile (ADN) and has completed the project early. The investment further strengthens the site's competitive position in the global market. VEDC continues to work closely with INVISTA leaders as they make additional capital investments in improvements at the site for the long-term viability of the local operation.

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

### *Victoria Economy - (Continued)*

The Calhoun Port Authority entered into a binding agreement with Max Midstream Texas in July 2021 for funding of the Matagorda Ship Channel expansion project. The company said that investment would include \$225 million for the ship channel expansion, which will enable the company to build out its oil exportation operation, which is already underway.

Dubai, United Arab Emirates-based NAFFCO signed a 50-year lease agreement with the Bee Development Authority (BDA) to build its first U.S. manufacturing facility at the Chase Field Industrial and Air Complex just outside of Beeville. NAFFCO is among the world's leading producers and suppliers of firefighting equipment, trucks and vehicles, fire protection systems, HDPE pipe and fittings, fire alarms, and security. The project is estimated to bring between 300-400 jobs to Bee County. The company will produce fire trucks, ambulances, steel pipe, high-density polyethylene (HDPE) pipe and fire pumps at the facility. The company plans to be operating in some capacity by the end of 2021, and could be at full operating capacity within two to three years.

Gulf Coast Growth Ventures, the joint venture formed by Exxon and Saudi Basic Industries Corp., or SABIC, broke ground on a petrochemical plant in the third quarter of 2019. The \$7 billion petrochemical complex developed by Exxon Mobil and Saudi Arabia's state-owned petrochemical company is expected to begin operations here before the end of the year. The plant is expected to create 600 permanent jobs.

Diversified Wellness Associates is in the process of developing Springwood Medical Plaza which will include four stand-alone medical facilities located south of the DeTar Hospital North campus. This project is anticipated to create 100 new jobs by the year 2025.

Citizens Medical Center is currently expanding its emergency room to add seven beds and 19,000 square feet. Construction began in October 2021 on this \$10 million project and is anticipated to be completed in 12 to 14 months.

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus foot print and degree program offerings. More than \$147 million of capital projects have been completed or are currently in progress at the local campus and University officials have future building and improvement projects at the Victoria campus totaling more than \$145 million. The Texas legislature passed a bill in 1983 to give permanent status to UHV as a degree-granting university offering junior-, senior- and graduate-level courses. Legislation signed into law in 2009 allowed UHV to admit its first freshmen and sophomores in fall 2010. Enrollment at the University was 4,350 in Fall 2021 (estimate).

Voters passed a Voter Approved Tax Rate (VATRE) and school bond in November 2021 for the Victoria Independent School District. The VATRE proposition will increase General Fund revenues and go toward competitive wages for school district teachers and staff. A \$25.8 million bond will be used to re-construct an existing elementary school which will provide increased capacity for future growth in enrollment at the campus.

A 150,000 square-foot shopping center located near Home Depot is anticipated to begin construction in January 2022 and be complete during 2022. TxDOT will relocate an offramp near the site to allow commuters access to the new entrance to the shopping center.

A new development at the Navarro Del Norte site is currently under construction. This site is anticipated to be filled with six fast-food restaurants.

The Victoria Sales Tax Development Corporation (VSTDC) has committed to providing \$500,000 annually since FY 2021 to the City of Victoria for future CIP projects to enhance livability in the community including projects such as a splashpad, a dog park, and other Parks projects from the Parks Master Plan.

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

### *Victoria Economy - (Continued)*

Due to the increase in oil prices, Victoria's oil and natural gas industry (i.e. Eagle Ford Shale) has picked up over the past year. Victoria's rig count for April 8, 2022 was 26 (average price of oil \$96.03), an increase of 9 rigs compared to April 9, 2021 (average price of oil \$59.60).

Victoria's unemployment rate for February 2022 was 5.4 percent, compared to the U.S. 3.8 percent rate and Texas 4.7 percent rate; and is 2.3 percent lower than a year ago, due to restrictions being lifted on businesses as well as the expiration of certain stimulus programs.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) increased by 111.4 percent or \$49.5 million, comparing September 2021 to September 2020 values; the increase is due to inflationary pressure on labor and materials costs as well as an increase in construction activity. As of September 2021, total commercial permit value is \$33.4 million, an increase of 134 percent or \$19.2 million from last year's values.

### *Water Supply*

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

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. 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.

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

### *Other Economic Factors*

- The City of Victoria, with a population of about 65,534, 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 4.7 percent. The population is projected to grow by 3 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 2022 budget by \$790,000. The City expects sales tax revenue growth to continue in the short-term due to inflationary pressures.
- 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, 2021. The fiscal year 2021-2022 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 \$4,678,294,583; an increase of 7.9% or \$344.1 million from last year's tax roll (adjusted for frozen taxable appraised values) of \$4,334,155,538.
- The ad valorem tax rate for fiscal year 2020 was set at 58.82¢, a decrease of 2.33¢ from last year's tax rate. The tax rate is allocated at 35.06¢ for General Fund maintenance and operating costs (a decrease of 1.52¢), and 23.76¢ for Debt Service Fund (a decrease of 0.81¢).
- The General Fund unassigned fund balance, at September 30, 2021, came in \$10,777,121 above the fiscal year 2021 minimum required unassigned fund balance of \$12,475,203, 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 2022 Budget includes \$9,529,615 of General Fund one-time expenditures and \$3,494,227 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 2020 to continue in the next two fiscal years with a relatively flat increase in its customer base, anywhere from 0.5 to 1 percent.
- The City's Capital Improvement Program Projects through FY 2026 consist of approximately \$153,806,099: in progress - \$29,104,532, FY 2023 - \$41,362,859, FY 2024 - \$52,276,513, FY 2025 - \$17,454,720, and FY 2026 - \$13,607,475 (more detailed information on this subject can be found in the City's FY2022-2026 Capital Improvement Program document).

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**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.



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**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 48,175,020	\$ 22,927,901	\$ 71,102,921	\$ 17,062,914
Investments	-	-	-	6,663,181
Receivables (net)	10,028,357	2,432,081	12,460,438	763,997
Internal balances	189,053	(189,053)	-	-
Due from primary government	-	-	-	31,875
Inventory	467,137	216,513	683,650	-
Returned checks	26,651	3,637	30,288	-
Deposits	500,000	-	500,000	-
Restricted assets				
Cash and cash equivalents	24,000	3,443,801	3,467,801	-
<b>Total current assets</b>	<b>59,410,218</b>	<b>28,834,880</b>	<b>88,245,098</b>	<b>24,521,967</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	11,783,088	5,725,645	17,508,733	5,361,701
Buildings, improvements, and equipment (net)	138,882,595	123,516,867	262,399,462	1,194,674
Net capital assets	150,665,683	129,242,512	279,908,195	6,556,375
<b>Total noncurrent assets</b>	<b>150,665,683</b>	<b>129,242,512</b>	<b>279,908,195</b>	<b>6,556,375</b>
<b>Total assets</b>	<b>210,075,901</b>	<b>158,077,392</b>	<b>368,153,293</b>	<b>31,078,342</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	2,857,832	891,303	3,749,135	-
Deferred outflow related to pension	3,268,406	849,003	4,117,409	-
Deferred outflow related to OPEB	1,307,588	365,869	1,673,457	-
<b>Total deferred outflows of resources</b>	<b>7,433,826</b>	<b>2,106,175</b>	<b>9,540,001</b>	<b>-</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 2,616,391	\$ 986,976	\$ 3,603,367	\$ 473,985
Accounts payable (payable from restricted assets)	-	4,400	4,400	-
Accrued expenses	3,203,802	599,667	3,803,469	-
Due to other governments	95,909	41,134	137,043	-
Due to component unit	-	31,875	31,875	-
Customer deposits	-	45,994	45,994	-
Claims payable	635,228	-	635,228	-
Unearned revenue	5,237,521	7,200	5,244,721	-
Accrued compensated absences	69,976	11,649	81,625	-
Accrued interest payable	239,857	474,887	714,744	-
Current portion of long-term obligations	7,465,000	5,877,925	13,342,925	-
Total current liabilities	19,563,684	8,081,707	27,645,391	473,985
Noncurrent liabilities				
Noncurrent portion of long-term obligations	48,651,669	33,583,709	82,235,378	-
Accrued compensated absences	942,086	156,840	1,098,926	-
Net pension liability	23,261,002	5,649,018	28,910,020	-
OPEB liability	8,034,907	2,242,538	10,277,445	-
Estimated landfill closure and postclosure care cost	-	4,440,679	4,440,679	-
Total noncurrent liabilities	80,889,664	46,072,784	126,962,448	-
<b>Total liabilities</b>	<b>100,453,348</b>	<b>54,154,491</b>	<b>154,607,839</b>	<b>473,985</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pension	5,846,883	1,442,643	7,289,526	-
Deferred inflow related to OPEB	1,142,806	282,582	1,425,388	-
<b>Total deferred inflows of resources</b>	<b>6,989,689</b>	<b>1,725,225</b>	<b>8,714,914</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	95,978,039	90,327,019	186,305,058	6,410,452
Restricted for:				
Debt service	1,474,724	-	1,474,724	-
Public safety	1,438,794	-	1,438,794	-
Recreation	4,390,055	-	4,390,055	-
Unrestricted	6,785,078	13,976,832	20,761,910	24,193,905
<b>Total net position</b>	<b>\$ 110,066,690</b>	<b>\$ 104,303,851</b>	<b>\$ 214,370,541</b>	<b>\$ 30,604,357</b>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2021

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 7,179,180	\$ 2,015,738	\$ 5,136,045	\$ -
Public safety	32,643,567	5,969,046	1,900,482	25,000
Development	15,165,253	367,000	984,446	7,332,339
Recreation	5,985,618	286,639	24,985	-
Interest on long-term debt	2,071,171	-	-	-
Total governmental activities	<u>63,044,789</u>	<u>8,638,423</u>	<u>8,045,958</u>	<u>7,357,339</u>
Business-type activities				
Water/wastewater	22,226,051	26,209,348	150,000	-
Environmental services	4,585,211	5,719,278	8,000	-
Community Center	827,600	151,463	26,000	-
700 Main Center	189,060	151,352	-	-
Golf Course	1,026,541	1,232,483	-	-
Total business-type activities	<u>28,854,463</u>	<u>33,463,924</u>	<u>184,000</u>	<u>-</u>
Total primary government	<u>\$ 91,899,252</u>	<u>\$ 42,102,347</u>	<u>\$ 8,229,958</u>	<u>\$ 7,357,339</u>
<b>Component Units</b>	<u>\$ 9,474,604</u>	<u>\$ 57,000</u>	<u>\$ 386,984</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
\$ (27,397)	\$ -	\$ (27,397)	\$ -
(24,749,039)	-	(24,749,039)	-
(6,481,468)	-	(6,481,468)	-
(5,673,994)	-	(5,673,994)	-
(2,071,171)	-	(2,071,171)	-
<u>(39,003,069)</u>	<u>-</u>	<u>(39,003,069)</u>	<u>-</u>
-	4,133,297	4,133,297	-
-	1,142,067	1,142,067	-
-	(650,137)	(650,137)	-
-	(37,708)	(37,708)	-
-	205,942	205,942	-
-	<u>4,793,461</u>	<u>4,793,461</u>	<u>-</u>
<u>(39,003,069)</u>	<u>4,793,461</u>	<u>(34,209,608)</u>	<u>-</u>
-	-	-	<u>(9,030,620)</u>
16,647,638	-	16,647,638	-
9,198,859	-	9,198,859	-
17,744,035	-	17,744,035	8,903,892
5,602,297	-	5,602,297	-
1,950,803	-	1,950,803	-
42,091	21,876	63,967	20,148
967,254	8,206	975,460	965,593
<u>2,610,531</u>	<u>(2,610,531)</u>	<u>-</u>	<u>-</u>
<u>54,763,508</u>	<u>(2,580,449)</u>	<u>52,183,059</u>	<u>9,889,633</u>
15,760,439	2,213,012	17,973,451	859,013
<u>94,306,251</u>	<u>102,090,569</u>	<u>196,396,820</u>	<u>29,745,344</u>
<u>\$ 110,066,690</u>	<u>\$ 104,303,581</u>	<u>\$ 214,370,271</u>	<u>\$ 30,604,357</u>

**CITY OF VICTORIA, TEXAS****BALANCE SHEET****GOVERNMENTAL FUNDS**

September 30, 2021

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	<u>General</u>	<u>American Rescue Plan</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 24,147,000	\$ 4,255,665	\$ 1,048,730
Receivables (net)	6,959,108	-	665,851
Due from other funds	1,301,667	-	-
Inventory	332,095	-	-
Deposit	-	-	-
Returned checks	26,651	-	-
<b>Total assets</b>	<u>\$ 32,766,521</u>	<u>\$ 4,255,665</u>	<u>\$ 1,714,581</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 755,207	\$ 727	\$ -
Accrued expenditures	3,078,014	-	-
Accrued compensated absences	11,240	-	-
Due to other governments	95,909	-	-
Due to other funds	267,558	67,730	-
Unearned revenue	918,373	4,185,691	-
<b>Total liabilities</b>	<u>5,126,301</u>	<u>4,254,148</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	4,055,802	-	665,851
<b>Total deferred inflows of resources</b>	<u>4,055,802</u>	<u>-</u>	<u>665,851</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventory	332,095	-	-
Restricted	-	1,517	1,048,730
Unassigned	23,252,323	-	-
<b>Total fund balances</b>	<u>23,584,418</u>	<u>1,517</u>	<u>1,048,730</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 32,766,521</u>	<u>\$ 4,255,665</u>	<u>\$ 1,714,581</u>

The accompanying notes are an integral part of this statement.

<u>Capital Construction Fund (3036)</u>	<u>Capital Construction Fund (3037)</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,431,221	\$ 2,451,139	\$ 5,319,180	\$ 42,652,935
-	22,639	2,218,939	9,866,537
-	-	-	1,301,667
-	-	-	332,095
500,000	-	-	500,000
-	-	-	26,651
<u>\$ 5,931,221</u>	<u>\$ 2,473,778</u>	<u>\$ 7,538,119</u>	<u>\$ 54,679,885</u>
\$ 1,814	\$ 801,258	\$ 627,347	\$ 2,186,353
-	-	20,217	3,098,231
-	-	-	11,240
-	-	-	95,909
-	-	1,239,708	1,574,996
-	-	133,457	5,237,521
<u>1,814</u>	<u>801,258</u>	<u>2,020,729</u>	<u>12,204,250</u>
-	-	875,435	5,597,088
-	-	875,435	5,597,088
-	-	-	332,095
5,929,407	1,672,520	5,231,486	13,883,660
-	-	(589,531)	22,662,792
<u>5,929,407</u>	<u>1,672,520</u>	<u>4,641,955</u>	<u>36,878,547</u>
<u>\$ 5,931,221</u>	<u>\$ 2,473,778</u>	<u>\$ 7,538,119</u>	<u>\$ 54,679,885</u>

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

September 30, 2021

<b>Total governmental fund balances</b>		<b>\$ 36,878,547</b>
<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.		11,778,955
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.		2,052,938
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.		3,544,150
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	\$ 385,594,603	
Accumulated depreciation of governmental capital assets	<u>(241,610,078)</u>	143,984,525
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	2,857,832	
Deferred outflow related to pension	3,268,406	
Deferred outflow related to OPEB	<u>1,307,588</u>	7,433,826
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	(51,505,000)	
Premiums on bonds payable	(4,611,669)	
Accrued interest on the bonds	(239,857)	
Compensated absences	(964,127)	
Net pension liability	(23,261,002)	
OPEB liability	<u>(8,034,907)</u>	(88,616,562)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to pension	(5,846,883)	
Deferred inflow related to OPEB	<u>(1,142,806)</u>	<u>(6,989,689)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 110,066,690</u></b>

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, 2021

	General	American Rescue Plan	Debt Service
<b>REVENUES</b>			
Taxes	\$ 40,474,693	\$ -	\$ 9,313,039
Licenses and permits	1,093,992	-	-
Intergovernmental	4,716,823	3,068,457	-
Charges for services	3,089,554	-	-
Fines and forfeitures	635,757	-	-
Investment income	20,378	1,517	5,668
Miscellaneous	775,016	-	-
<b>Total revenues</b>	<u>50,806,213</u>	<u>3,069,974</u>	<u>9,318,707</u>
<b>EXPENDITURES</b>			
Current			
General government	4,618,118	455,443	-
Public safety	32,146,575	-	-
Development	7,978,545	-	-
Recreation	5,157,572	-	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	7,245,000
Interest and fiscal charges	-	-	2,161,158
Paying agents' fees, issue costs, and arbitrage rebate premiums	-	-	4,600
<b>Total expenditures</b>	<u>49,900,810</u>	<u>455,443</u>	<u>9,410,758</u>
Excess (deficiency) of revenues over expenditures	905,403	2,614,531	(92,051)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,968,805	-	-
Transfers out	<u>(2,418,242)</u>	<u>(2,613,014)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>2,550,563</u>	<u>(2,613,014)</u>	<u>-</u>
Change in fund balances	3,455,966	1,517	(92,051)
Fund balances at beginning of year, as restated	<u>20,128,452</u>	<u>-</u>	<u>1,140,781</u>
<b>Fund balances at end of year</b>	<u>\$ 23,584,418</u>	<u>\$ 1,517</u>	<u>\$ 1,048,730</u>

The accompanying notes are an integral part of this statement.

Capital Construction Fund (3036)	Capital Construction Fund (3037)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,778,022	\$ 51,565,754
-	-	-	1,093,992
792,182	-	3,542,499	12,119,961
-	-	-	3,089,554
-	-	160,020	795,777
5,527	3,829	2,411	39,330
-	153,089	838,122	1,766,227
<u>797,709</u>	<u>156,918</u>	<u>6,321,074</u>	<u>70,470,595</u>
-	-	1,918,330	6,991,891
-	-	2,410,827	34,557,402
487,314	128,082	302,640	8,896,581
-	-	1,070,698	6,228,270
349,492	5,298,155	-	5,647,647
-	-	-	7,245,000
-	-	-	2,161,158
-	-	-	4,600
<u>836,806</u>	<u>5,426,237</u>	<u>5,702,495</u>	<u>71,732,549</u>
(39,097)	(5,269,319)	618,579	(1,261,954)
158,000	3,319,423	1,856,933	10,303,161
<u>(1,174,673)</u>	<u>(241,450)</u>	<u>(1,445,251)</u>	<u>(7,892,630)</u>
<u>(1,016,673)</u>	<u>3,077,973</u>	<u>411,682</u>	<u>2,410,531</u>
(1,055,770)	(2,191,346)	1,030,261	1,148,577
<u>6,985,177</u>	<u>3,863,866</u>	<u>3,611,694</u>	<u>35,729,970</u>
<u>\$ 5,929,407</u>	<u>\$ 1,672,520</u>	<u>\$ 4,641,955</u>	<u>\$ 36,878,547</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, 2021

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<b>Total net change in fund balances - governmental funds</b>		<b>\$ 1,148,577</b>
<i>Amounts reported for governmental activities in the statement of activities 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 net activity of the internal service funds are reported with governmental activities.		(182,209)
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	\$ 8,334,155	
Depreciation expense	<u>(10,483,287)</u>	(2,149,132)
The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.		7,193,733
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Bond principal retirement		7,245,000
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	(204,422)	
Other revenues	<u>(1,625,933)</u>	(1,830,355)
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	(18,369)	
Decrease in accrued interest	28,532	
Decrease in loss on bond refunding	(586,802)	
Decrease in bond premium	652,856	
Net pension costs	3,468,444	
Net OPEB costs	<u>790,164</u>	<u>4,334,825</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 15,760,439</u></b>

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, 2021

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 13,897,648	\$ 7,722,204	\$ 1,308,049	\$ 22,927,901	\$ 5,522,085
Receivables (net)	2,103,617	262,505	65,959	2,432,081	161,820
Due from other funds	-	-	975	975	493,203
Inventory	198,870	-	17,643	216,513	135,042
Returned checks	-	-	3,637	3,637	-
Restricted assets					
Cash and cash equivalents	113,565	2,832,278	497,958	3,443,801	24,000
Total current assets	16,313,700	10,816,987	1,894,221	29,024,908	6,336,150
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	3,347,414	834,981	1,543,250	5,725,645	173,175
Buildings, improvements, and equipment (net)	119,037,632	1,648,548	2,830,687	123,516,867	6,507,983
Net capital assets	122,385,046	2,483,529	4,373,937	129,242,512	6,681,158
Total noncurrent assets	122,385,046	2,483,529	4,373,937	129,242,512	6,681,158
<b>Total assets</b>	<b>138,698,746</b>	<b>13,300,516</b>	<b>6,268,158</b>	<b>158,267,420</b>	<b>13,017,308</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	891,303	-	-	891,303	-
Deferred outflow related to pension	693,667	155,336	-	849,003	-
Deferred outflow related to OPEB	306,472	59,397	-	365,869	-
<b>Total deferred outflows of resources</b>	<b>1,891,442</b>	<b>214,733</b>	<b>-</b>	<b>2,106,175</b>	<b>-</b>

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 647,884	\$ 272,517	\$ 66,575	\$ 986,976	\$ 430,038
Accounts payable (payable from restricted assets)	4,400	-	-	4,400	-
Accrued expenses	408,073	124,591	67,003	599,667	105,571
Unearned revenue	-	7,200	-	7,200	-
Accrued compensated absences	9,510	2,041	98	11,649	2,536
Due to other governments	-	41,134	-	41,134	-
Due to other funds	134,620	50,043	5,365	190,028	30,821
Due to component unit	-	31,875	-	31,875	-
Customer deposits	-	-	45,994	45,994	-
Claims payable	-	-	-	-	635,228
Accrued interest payable	474,887	-	-	474,887	-
Current portion of revenue bonds	5,785,000	-	-	5,785,000	-
Current portion of capital lease	-	-	92,925	92,925	-
<b>Total current liabilities</b>	<b>7,464,374</b>	<b>529,401</b>	<b>277,960</b>	<b>8,271,735</b>	<b>1,204,194</b>
Noncurrent liabilities					
Revenue bonds (net of unamortized deferred amounts)	33,553,380	-	-	33,553,380	-
Capital lease payable	-	-	30,329	30,329	-
Accrued compensated absences	128,037	27,481	1,322	156,840	34,159
Net pension liability	4,642,949	1,006,069	-	5,649,018	-
OPEB liability	1,881,800	360,738	-	2,242,538	-
Estimated landfill closure and postclosure care cost	-	4,440,679	-	4,440,679	-
<b>Total noncurrent liabilities</b>	<b>40,206,166</b>	<b>5,834,967</b>	<b>31,651</b>	<b>46,072,784</b>	<b>34,159</b>
<b>Total liabilities</b>	<b>47,670,540</b>	<b>6,364,368</b>	<b>309,611</b>	<b>54,344,519</b>	<b>1,238,353</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow related to pension	1,180,695	261,948	-	1,442,643	-
Deferred inflow related to OPEB	233,408	49,444	-	282,852	-
<b>Total deferred inflows of resources</b>	<b>1,414,103</b>	<b>311,392</b>	<b>-</b>	<b>1,725,495</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	83,759,195	2,319,448	4,248,376	90,327,019	6,665,768
Unrestricted net position	7,746,350	4,520,041	1,710,171	13,976,562	5,113,187
<b>Total net position</b>	<b>\$ 91,505,545</b>	<b>\$ 6,839,489</b>	<b>\$ 5,958,547</b>	<b>\$ 104,303,581</b>	<b>\$ 11,778,955</b>

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, 2021

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 26,052,539	\$ 4,737,828	\$ 1,534,656
Miscellaneous	156,809	981,450	642
<b>Total operating revenues</b>	<u>26,209,348</u>	<u>5,719,278</u>	<u>1,535,298</u>
<b>OPERATING EXPENSES</b>			
Personnel	5,425,484	1,467,480	924,176
Materials and supplies	1,349,487	279,532	221,126
Maintenance	1,356,991	2,064	36,958
Heat, lights and power	897,130	13,230	137,213
Reinsurance premiums	-	-	-
Miscellaneous services	2,226,248	974,550	170,820
Contractual services	756,315	370,728	57,214
Computer services	194,900	88,133	22,287
Court costs, judgments and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Tipping fees	-	1,144,944	-
Landfill closure and postclosure care cost	-	101,045	-
Depreciation	8,877,227	143,505	467,743
<b>Total operating expenses</b>	<u>21,083,782</u>	<u>4,585,211</u>	<u>2,037,537</u>
Operating income (loss) before nonoperating revenues (expenses), contributions and transfers	5,125,566	1,134,067	(502,239)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	8,759	12,199	918
Interest and fiscal charges	(1,142,269)	-	(5,664)
Noncapital grants and contributions	150,000	8,000	26,000
Gain (loss) on disposition of capital assets	8,206	-	-
Net nonoperating revenues (expenses)	<u>(975,304)</u>	<u>20,199</u>	<u>21,254</u>
Income before contributions and transfers	4,150,262	1,154,266	(480,985)
Contributions and transfers			
Transfers in	308,279	81,565	365,622
Transfers out	<u>(2,733,900)</u>	<u>(595,167)</u>	<u>(36,930)</u>
Total contributions and transfers	<u>(2,425,621)</u>	<u>(513,602)</u>	<u>328,692</u>
Change in net position	1,724,641	640,664	(152,293)
Total net position at beginning of year	<u>89,780,904</u>	<u>6,198,825</u>	<u>6,110,840</u>
<b>Total net position at end of year</b>	<u>\$ 91,505,545</u>	<u>\$ 6,839,489</u>	<u>\$ 5,958,547</u>

The accompanying notes are an integral part of this statement.

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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 32,325,023	\$ 16,172,545
1,138,901	84,531
<u>33,463,924</u>	<u>16,257,076</u>
7,817,140	1,655,531
1,850,145	1,109,895
1,396,013	981,133
1,047,573	64,058
-	1,337,115
3,371,618	1,521,019
1,184,257	1,955,147
305,320	91,328
-	865
-	4,853,835
-	200,000
-	20,420
-	4,940
1,144,944	-
101,045	-
9,488,475	2,785,810
<u>27,706,530</u>	<u>16,581,096</u>
5,757,394	(324,020)
21,876	2,761
(1,147,933)	-
184,000	92,872
8,206	(153,822)
<u>(933,851)</u>	<u>(58,189)</u>
4,823,543	(382,209)
755,466	200,000
<u>(3,365,997)</u>	<u>-</u>
<u>(2,610,531)</u>	<u>200,000</u>
2,213,012	(182,209)
<u>102,090,569</u>	<u>11,961,164</u>
<u>\$ 104,303,581</u>	<u>\$ 11,778,955</u>

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2021

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers/other funds	\$ 26,327,037	\$ 5,731,932	\$ 1,532,521
Cash paid to suppliers for goods and services	(6,765,946)	(2,768,972)	(659,769)
Cash paid to employees for services	(5,960,190)	(1,594,459)	(922,151)
<b>Net cash provided (used) by operating activities</b>	<u>13,600,901</u>	<u>1,368,501</u>	<u>(49,399)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase (decrease) in customer deposits	-	-	7,938
Noncapital grants and contributions	150,000	8,000	26,000
Borrowings from (to) other funds	(106,361)	37,010	2,780
Borrowings from (to) component unit	(16,030)	1,521	-
Transfers in from other funds	308,279	81,565	365,622
Transfers out to other funds	(2,733,900)	(595,167)	(36,930)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(2,398,012)</u>	<u>(467,071)</u>	<u>365,410</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,632,274)	(573,686)	(101,336)
Proceeds from sale of capital assets	8,206	-	-
Principal paid on capital debt	(6,490,000)	-	(87,826)
Interest paid on capital debt	(1,549,738)	-	(5,664)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(9,663,806)</u>	<u>(573,686)</u>	<u>(194,826)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	8,759	12,199	918
<b>Net cash provided (used) by investing activities</b>	<u>8,759</u>	<u>12,199</u>	<u>918</u>
Net increase (decrease) in cash and cash equivalents	1,547,842	339,943	122,103
Cash and cash equivalents at beginning of year	<u>12,463,371</u>	<u>10,214,539</u>	<u>1,683,904</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 14,011,213</u>	<u>\$ 10,554,482</u>	<u>\$ 1,806,007</u>

The accompanying notes are an integral part of this statement.

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<u>Total</u>	Governmental Activities Internal Service Funds
\$ 33,591,490	\$ 16,565,310
(10,194,687)	(12,274,831)
<u>(8,476,800)</u>	<u>(1,631,612)</u>
14,920,003	2,658,867
7,938	-
184,000	92,872
(66,571)	-
(14,509)	-
755,466	200,000
<u>(3,365,997)</u>	<u>-</u>
(2,499,673)	292,872
(2,307,296)	(1,785,791)
8,206	488
(6,577,826)	-
<u>(1,555,402)</u>	<u>-</u>
(10,432,318)	(1,785,303)
21,876	2,761
<u>21,876</u>	<u>2,761</u>
2,009,888	1,169,197
<u>24,361,814</u>	<u>4,376,888</u>
<u>\$ 26,371,702</u>	<u>\$ 5,546,085</u>

(continued)

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2021

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 5,125,566	\$ 1,134,067	\$ (502,239)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	8,877,227	143,505	467,743
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	180,625	9,012	-
(Increase) decrease in other receivables	(62,936)	(3,558)	(2,777)
(Increase) decrease in prepaid items	-	-	2,519
(Increase) decrease in inventory	(17,057)	-	(3,683)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in deferred outflows related to pension	(14,024)	(3,039)	-
(Increase) decrease in deferred outflows related to OPEB	(65,465)	(7,142)	-
Increase (decrease) in accounts payable	32,182	110,626	(12,987)
Increase (decrease) in accrued expenses	74,193	41,164	1,520
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	2,869	5,647	505
Increase (decrease) in due to other governments	-	(6,417)	-
Increase (decrease) in unearned revenue	-	7,200	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in net pension liability	(594,516)	(128,824)	-
Increase (decrease) in OPEB liability	96,136	(26,193)	-
Increase (decrease) in landfill closure and postclosure care cost	-	101,045	-
Increase (decrease) in deferred inflows related to pension	(83,769)	(18,152)	-
Increase (decrease) in deferred inflows related to OPEB	49,870	9,560	-
Total adjustments	<u>8,475,335</u>	<u>234,434</u>	<u>452,840</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 13,600,901</u>	<u>\$ 1,368,501</u>	<u>\$ (49,399)</u>
<b>Reconciliation of cash and cash equivalents</b>			
Unrestricted			
Cash and cash equivalents	\$ 13,897,648	\$ 7,722,204	\$ 1,308,049
Restricted			
Cash and cash equivalents	<u>113,565</u>	<u>2,832,278</u>	<u>497,958</u>
Total	<u>\$ 14,011,213</u>	<u>\$ 10,554,482</u>	<u>\$ 1,806,007</u>
<b>Noncash capital and related financing activities</b>			
Assets acquired from capital lease obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,074</u>

The accompanying notes are an integral part of this statement.

---

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 5,757,394	\$ (324,020)
9,488,475	2,785,810
189,637	-
(69,271)	98,965
2,519	83,631
(20,740)	(70,415)
-	184,955
(17,063)	-
(72,607)	-
129,821	(85,227)
116,877	27,716
-	24,314
9,021	(3,797)
(6,417)	-
7,200	-
-	(63,065)
(723,340)	-
69,943	-
101,045	-
(101,921)	-
59,430	-
<u>9,162,609</u>	<u>2,982,887</u>
<u>\$ 14,920,003</u>	<u>\$ 2,658,867</u>
\$ 22,927,901	\$ 5,522,085
<u>3,443,801</u>	<u>24,000</u>
<u>\$ 26,371,702</u>	<u>\$ 5,546,085</u>
<u>\$ 9,074</u>	<u>\$ -</u>

(concluded)

**CITY OF VICTORIA, TEXAS**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUND*  
*September 30, 2021*

---

	Retiree Health Care Plan Trust
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,317
Investments	
Mutual funds - equity	1,903,836
Mutual funds - fixed income	<u>1,072,980</u>
<b>Total assets</b>	<u>2,992,133</u>
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted for OPEB	<u>\$ 2,992,133</u>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUND**

For the year ended September 30, 2021

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	<u>Retiree Health Care Plan Trust</u>
<b>ADDITIONS</b>	
Miscellaneous	
Employer contributions	\$ 1,396,197
Investment income	
Net appreciation (depreciation) in fair value of investments	372,689
Dividends	57,956
Interest	152
Other	<u>(20)</u>
<b>Total additions</b>	<u>1,826,974</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,196,197
OPEB Plan administrative expense	11,303
Other	<u>2,062</u>
<b>Total deductions</b>	<u>1,209,562</u>
Changes in net position	617,412
Net position - beginning	<u>2,374,721</u>
<b>Net position - ending</b>	<u><u>\$ 2,992,133</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
*September 30, 2021*

	Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 17,061,914	\$ 1,000	\$ 17,062,914
Investments	6,663,181	-	6,663,181
Receivables (net)			
Sales taxes	718,986	-	718,986
Other	45,011	-	45,011
Due from primary government	31,875	-	31,875
<b>Total current assets</b>	<u>24,520,967</u>	<u>1,000</u>	<u>24,521,967</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	5,361,701	-	5,361,701
Buildings, improvements, and equipment (net)	1,192,717	1,957	1,194,674
<b>Total noncurrent assets</b>	<u>6,554,418</u>	<u>1,957</u>	<u>6,556,375</u>
<b>Total assets</b>	<u>31,075,385</u>	<u>2,957</u>	<u>31,078,342</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	473,985	-	473,985
<b>Total liabilities</b>	<u>473,985</u>	<u>-</u>	<u>473,985</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,408,495	1,957	6,410,452
Unrestricted	24,192,905	1,000	24,193,905
<b>Total net position</b>	<u>\$ 30,601,400</u>	<u>\$ 2,957</u>	<u>\$ 30,604,357</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, 2021*

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
Sales Tax Development Corporation	\$ 9,443,785	\$ 45,000	\$ 386,984	\$ -
Victoria Special Events Assoc., Inc.	<u>30,819</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 9,474,604</u>	<u>\$ 57,000</u>	<u>\$ 386,984</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
\$ (9,011,801)	\$ -	\$ (9,011,801)
<u>-</u>	<u>(18,819)</u>	<u>(18,819)</u>
<u>(9,011,801)</u>	<u>(18,819)</u>	<u>(9,030,620)</u>
8,903,892	-	8,903,892
20,148	-	20,148
<u>965,593</u>	<u>-</u>	<u>965,593</u>
<u>9,889,633</u>	<u>-</u>	<u>9,889,633</u>
877,832	(18,819)	859,013
<u>29,723,568</u>	<u>21,776</u>	<u>29,745,344</u>
<u>\$ 30,601,400</u>	<u>\$ 2,957</u>	<u>\$ 30,604,357</u>

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting Entity

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

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

Excluded from the reporting entity:

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

Advisory Boards and Commissions - The City Council uses an extensive network of advisory boards and commissions in order to ensure public input to the City's decision-making process. These boards and commissions are: Board of Adjustments and Appeals, Board of Health, Library Board, Food Establishment Appeals Board, Housing Authority, Parks and Recreation Commission, Planning Commission, Building and Standards Commission, Victoria Housing Finance Corporation Board, Victoria Central Appraisal District, Golden Crescent Regional Planning Commission, Victoria Economic Development Corporation, Victoria Metropolitan Planning Organization, Victoria Development Commission, Victoria Health Facilities Development Corporation, Health Authority for Victoria County Public Health Department, and Tourism Advisory Board. 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.

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**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.

In accordance with GAAP, the City's financial statements also include the following entity in the financial statements as a blended component unit.

1. The Victoria Housing Finance Corporation was established in 1979, pursuant to the Texas Housing Finance Corporations Act as a separate not-for-profit entity for the exclusive purpose of benefitting and accomplishing public purposes of, and on behalf of, the City. It is authorized to issue debt/bonds for the purpose of supporting affordable single-family home mortgages, and issue private activity bonds to provide financing for multifamily housing projects for low and moderate income owners. It can serve as a general partner in multifamily housing projects. The City Council constitutes the Board of Directors.

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.

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

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.

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 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 American Rescue Plan Fund is reported as a major special revenue fund as of September 30, 2021. This fund is used to account for monies received through the American Rescue Plan Act of 2021 (ARPA). ARPA is a \$1.9 trillion economic stimulus bill passed by the 117<sup>th</sup> U.S. Congress and signed into law by the president on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The City was allocated \$14,508,296 to be paid out over two years. Funds can be used to support public health; address negative economic impacts caused by the public health emergency; replace lost revenue; provide premium pay for essential workers; and invest in water, sewer, and broadband infrastructure.

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, 2021.

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**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 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: Building and Equipment Services, Information Technology, Radio Systems, Purchasing, Safety Management, Workers' Compensation, Print Shop, and Employee Health Plan.

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, 2020 were carried forward to fiscal year 2021 through a supplemental budgetary allocation which amounted to \$1,252,469.
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.

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**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, 2021, 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.

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**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 assets that applies to future periods 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 assets that applies to future periods 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.

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**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.

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**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.

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

T. Upcoming GASB Implementations

The City plans to implement GASB Statement No. 87 (GASB 87), *Leases*, in fiscal year ended September 30, 2022. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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**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 2020-2021.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City secretary	\$ 293,996	\$ 315,096	\$ 21,100
Police	16,676,347	17,239,979	563,632
Geographic information system	378,026	381,565	3,539

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, 2021, encumbrances in the amount of \$776,881 were included in unassigned fund balance in the General Fund.

Deficit Fund Equity

As of September 30, 2021, the CDBG Hazard Mitigation Fund and the COVID-19 Grant Fund (nonmajor special revenue funds) had deficit fund equity balances of \$330,123 and \$259,408, respectively. These deficits will be eliminated in the 2022 fiscal year.

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**NOTE 3: DEPOSITS AND INVESTMENTS**Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the 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 \$19,730,298.

At September 30, 2021, the carrying amount of the City's deposits was \$18,942,940 and the respective bank balances totaled \$17,703,789. The City's cash on hand totaled \$5,200.

Investments

The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements. For additional information see the City of Victoria investment policy at [www.victoriatx.gov](http://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, 2021, the City has commercial paper and municipal bonds valued using quoted prices for similar assets in active markets (Level 2 inputs).

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

As of September 30, 2021, 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	\$ 24,841,840	55	AAAm	31%
Texas CLASS	22,023,488	41	AAAm	28%
Texas Fixed Income Trust (FIT)	23,330,851	54	AAAmf	29%
Texas TERM / DAILY	95	48	AAAm	0%
TexPool	2,489,222	34	AAAm	3%
Commercial Paper	5,994,225	218	A1/P1	8%
Negotiable Certificates of Deposits	489,759	315	N/A	1%
Municipal Bonds	179,197	274	A	0%
	<u>\$ 79,348,677</u>			

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 pools is the State of Texas. The investment pools transact at a net asset value of \$1.00 per share and 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.

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**NOTE 3: DEPOSITS AND INVESTMENTS**Investments - (Continued)*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, 2021, and for the year then ended, the City was not exposed to any custodial credit risk.

Deposits and Investments - Retiree Health Care Plan Trust Fund

The deposits and investments of the Retiree Health Care (OPEB) Plan Trust Fund ("Trust Fund") are maintained separately from the City's cash and investments, and are subject to a separate investment policy. Accordingly, the required disclosures for these deposits and investments are presented separately. The Trust Fund's cash equivalents reported in the Statement of Fiduciary Net Position is composed entirely of short-term investments in a money market fund.

The OPEB Plan's Committee has the responsibility and authority to oversee the investment portfolio. PFM Asset Management, LLC is contracted to manage the Trust Fund's assets. All investment decisions are subject to Texas law and the investment policy established by the OPEB Plan's Committee. The mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs).

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>	<u>Portfolio %age</u>
Mutual Funds - Equity	\$ 1,903,836	N/A	N/A	64%
Mutual Funds - Fixed Income	<u>1,072,980</u>	N/A	N/A	36%
	<u>\$ 2,976,816</u>			

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**NOTE 4: RECEIVABLES**

Receivables at September 30, 2021 consist of the following:

	General	Debt Service	Capital Construction (3037)	Water and Wastewater	Environmental Services	Nonmajor and Other Funds	Total
Gross receivables:							
Accounts	\$ -	\$ -	\$ -	\$ 2,092,809	\$ 271,330	\$ 288,951	\$ 2,653,090
Ad valorem taxes	1,807,301	700,895	-	-	-	-	2,508,196
Franchise taxes	619,535	-	-	-	-	-	619,535
Sales taxes	1,437,973	-	-	-	-	-	1,437,973
Weedy lots	3,540,880	-	-	-	-	-	3,540,880
Ambulance	1,685,960	-	-	-	-	-	1,685,960
Fines	1,653,954	-	-	-	-	-	1,653,954
Grants	260,942	-	-	-	-	1,846,313	2,107,255
Other	1,061,301	-	22,639	103,067	17,393	311,454	1,515,854
Total gross receivables	12,067,846	700,895	22,639	2,195,876	288,723	2,446,718	17,722,697
Less: allowances	5,108,738	35,044	-	92,259	26,218	-	5,262,259
Total net receivables	<u>\$ 6,959,108</u>	<u>\$ 665,851</u>	<u>\$ 22,639</u>	<u>\$ 2,103,617</u>	<u>\$ 262,505</u>	<u>\$ 2,446,718</u>	<u>\$ 12,460,438</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, 2021, was \$0.6115 per \$100, which means that the City has a tax margin of \$1.3885 per \$100 and could raise up to \$59,689,715 on \$4,298,863,136 before the limit is reached.

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**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	\$ 1,387,087	\$ -	\$ 1,387,087
Weedy lots	520,591	-	520,591
Ambulance	1,226,932	-	1,226,932
Fines	611,250	-	611,250
Franchise fees	-	917,223	917,223
Grants and contributions	309,942	1,150	311,092
American Rescue Plan			
Grants	-	4,185,691	4,185,691
Debt Service Fund			
Ad valorem taxes receivable	665,851	-	665,851
Nonmajor Funds			
Grants and contributions	<u>875,435</u>	<u>133,457</u>	<u>1,008,892</u>
	<u>\$ 5,597,088</u>	<u>\$ 5,237,521</u>	<u>\$ 10,834,609</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, 2021, total assets were \$281,058, total liabilities were \$186,342, total fund net position was \$94,716, total support and revenues were \$699,311 and total expenses were \$745,754. Excess expenses over revenue resulted in a net loss of \$46,443. The amount contributed by the City for years ended September 30, 2021 and 2020, 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.

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**NOTE 6: CAPITAL ASSETS**

The City's capital asset activity for the year ended September 30, 2021, was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,116,871	\$ -	\$ -	\$ 5,116,871
Construction in progress	11,592,954	6,657,469	11,584,206	6,666,217
Total capital assets not being depreciated	<u>16,709,825</u>	<u>6,657,469</u>	<u>11,584,206</u>	<u>11,783,088</u>
Capital assets, being depreciated				
Machinery and equipment	61,758,457	3,334,717	1,727,026	63,366,148
Buildings	21,177,322	352,845	682	21,529,485
Improvements other than buildings	8,684,795	587,066	11,828	9,260,033
Infrastructure	293,578,412	17,973,942	-	311,552,354
Total capital assets being depreciated	<u>385,198,986</u>	<u>22,248,570</u>	<u>1,739,536</u>	<u>405,708,020</u>
Less accumulated depreciation for				
Machinery and equipment	49,125,743	4,264,266	1,564,975	51,825,034
Buildings	13,660,853	1,261,656	268	14,922,241
Improvements other than buildings	5,516,936	359,401	11,828	5,864,509
Infrastructure	186,829,867	7,383,774	-	194,213,641
Total accumulated depreciation	<u>255,133,399</u>	<u>13,269,097</u>	<u>1,577,071</u>	<u>266,825,425</u>
Total capital assets being depreciated, net	<u>130,065,587</u>	<u>8,979,473</u>	<u>162,465</u>	<u>138,882,595</u>
Governmental activities capital assets, net	<u>\$146,775,412</u>	<u>\$ 15,636,942</u>	<u>\$11,746,671</u>	<u>\$150,665,683</u>

**NOTE 6: CAPITAL ASSETS - (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,569,177	\$ -	\$ -	\$ 5,569,177
Construction in progress	105,261	55,557	4,350	156,468
Total capital assets not being depreciated	<u>5,674,438</u>	<u>55,557</u>	<u>4,350</u>	<u>5,725,645</u>
Capital assets, being depreciated				
Machinery and equipment	7,382,079	427,292	115,034	7,694,337
Buildings	49,069,689	1,058,853	7,982	50,120,560
Improvements other than buildings	4,133,310	-	-	4,133,310
Infrastructure	1,793,382	-	-	1,793,382
Water and wastewater distribution system	211,664,609	763,903	7,585	212,420,927
Total capital assets being depreciated	<u>274,043,069</u>	<u>2,250,048</u>	<u>130,601</u>	<u>276,162,516</u>
Less accumulated depreciation for				
Machinery and equipment	5,801,832	550,290	115,034	6,237,088
Buildings	26,886,598	1,744,063	7,982	28,622,679
Improvements other than buildings	1,912,747	1,776	-	1,914,523
Infrastructure	1,545,662	21,895	-	1,567,557
Water and wastewater distribution system	107,140,936	7,170,451	7,585	114,303,802
Total accumulated depreciation	<u>143,287,775</u>	<u>9,488,475</u>	<u>130,601</u>	<u>152,645,649</u>
Total capital assets being depreciated, net	<u>130,755,294</u>	<u>(7,238,427)</u>	<u>-</u>	<u>123,516,867</u>
Business-type activities capital assets, net	<u>\$ 136,429,732</u>	<u>\$ (7,182,870)</u>	<u>\$ 4,350</u>	<u>\$ 129,242,512</u>

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

**Governmental activities**

General government	\$ 57,115
Public safety	1,575,494
Development	8,043,356
Recreation	807,322
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,785,810</u>
Total depreciation expense - governmental activities	<u>\$ 13,269,097</u>

**Business-type activities**

Water/wastewater	\$ 8,877,227
Environmental services	143,505
Other	467,743
Total depreciation expense - business-type activities	<u>\$ 9,488,475</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Sales Tax Development Corporation</b>				
Capital assets, not being depreciated				
Land	\$ 3,928,244	\$ -	\$ -	\$ 3,928,244
Construction in progress	<u>6,325,692</u>	<u>2,309,654</u>	<u>7,201,889</u>	<u>1,433,457</u>
Total capital assets not being depreciated	<u>10,253,936</u>	<u>2,309,654</u>	<u>7,201,889</u>	<u>5,361,701</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>10,349,397</u>	<u>85,704</u>	<u>-</u>	<u>10,435,101</u>
Total accumulated depreciation	<u>10,349,397</u>	<u>85,704</u>	<u>-</u>	<u>10,435,101</u>
Total capital assets being depreciated, net	<u>1,278,421</u>	<u>(85,704)</u>	<u>-</u>	<u>1,192,717</u>
Sales Tax Development Corporation capital assets, net	<u>11,532,357</u>	<u>2,223,950</u>	<u>7,201,889</u>	<u>6,554,418</u>
<b>Victoria Special Events Assoc., Inc.</b>				
Capital assets, being depreciated				
Machinery and equipment	10,449	-	-	10,449
Improvements other than buildings	<u>461,588</u>	<u>-</u>	<u>-</u>	<u>461,588</u>
Total capital assets being depreciated	<u>472,037</u>	<u>-</u>	<u>-</u>	<u>472,037</u>
Less accumulated depreciation for				
Machinery and equipment	30,009	-	19,560	10,449
Improvements other than buildings	<u>440,812</u>	<u>18,819</u>	<u>-</u>	<u>459,631</u>
Total accumulated depreciation	<u>470,821</u>	<u>18,819</u>	<u>19,560</u>	<u>470,080</u>
Total capital assets being depreciated, net	<u>1,216</u>	<u>(18,819)</u>	<u>(19,560)</u>	<u>1,957</u>
Victoria Special Events Assoc., Inc. capital assets, net	<u>1,216</u>	<u>(18,819)</u>	<u>19,560</u>	<u>1,957</u>
Discretely presented component units capital assets, net	<u>\$ 11,533,573</u>	<u>\$ 2,205,131</u>	<u>\$ 7,221,449</u>	<u>\$ 6,556,375</u>

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**NOTE 7: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the TMRS. TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual report) that can be obtained at [www.tmr.com](http://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 member's benefit is calculated as if the sum of the member's contributions, with interest, and the City-financed monetary credits with interest. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions 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 2021 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	Last adopted 1993 - Auto Readoption - 100% - Transfers
COLA (for retirees)	Last adopted 1993 - Auto Readoption - 70%
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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	507
Inactive employees entitled to but not yet receiving benefits	445
Active employees	<u>585</u>
	<u>1,537</u>

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**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 16.30% and 16.32% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$5,477,304, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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.

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**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 2021 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%
<b>Total</b>	<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.

	<b>Increase (Decrease)</b>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2019</b>	\$ 206,677,959	\$ 174,066,095	\$ 32,611,864
Changes for the year:			
Service cost	4,408,740	-	4,408,740
Interest	13,729,057	-	13,729,057
Difference between expected and actual experience	(1,527,546)	-	(1,527,546)
Change of assumptions	-	-	-
Contributions - Employer	-	5,260,786	(5,260,786)
Contributions - Employee	-	1,936,489	(1,936,489)
Net investment income	-	13,203,652	(13,203,652)
Benefit payments, including refunds of employee contributions	(10,977,791)	(10,977,791)	-
Administrative expense	-	(85,496)	85,496
Other changes	-	(3,336)	3,336
Net changes	<u>5,632,460</u>	<u>9,334,304</u>	<u>(3,701,844)</u>
<b>Balance at 12/31/2020</b>	<u>\$ 212,310,419</u>	<u>\$ 183,400,399</u>	<u>\$ 28,910,020</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:	\$59,302,697	\$28,910,020	\$4,202,434

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**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](http://www.tmr.com).

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

For the year ended September 30, 2021 the City recognized pension expense of \$1,166,531.

At September 30, 2021, 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	\$ -	\$ 2,344,270
Changes in actuarial assumptions	213,170	-
Difference between projected and actual investment earnings	-	4,945,256
Contributions subsequent to the measurement date	3,904,240	-
Total	\$ 4,117,410	\$ 7,289,526

\$3,904,240 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. 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
2021	\$ (3,141,942)
2022	(452,258)
2023	(3,191,317)
2024	(290,839)
2025	-
Thereafter	-
Total	\$ (7,076,356)

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

TMRS administers an optional death benefit plan known as the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active members, with optional coverage for their retirees. A City may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF had 777 participating cities on December 31, 2020.

Benefits payable from SDBF become due after the death of a covered active member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active members provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the member'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, single-employer OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2020 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	401
Inactive employees entitled to but not yet receiving benefits	135
Active employees	<u>585</u>
Total	<u>1,121</u>

Contributions

Contributions to the SDBF are made monthly based on the payroll of covered members of the cities participating in the SDBF. The required contribution rate is actuarially determined annually for each City participating in the SDBF. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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%
2021	0.30%	0.22%

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**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	2.00%*
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, 2020.

**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:

<b>Balance at 9/30/20</b>	<b>\$ 2,597,280</b>
Changes for the year:	
Service cost	77,460
Interest	72,180
Change of benefit terms	-
Difference between expected and actual experience	(43,056)
Change of assumptions	415,927
Benefit payments	(22,592)
Net changes	<u>499,919</u>
<b>Balance at 09/30/21</b>	<b><u>\$ 3,097,199</u></b>

*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 2.00%, 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 (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1.0% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1.0% Increase in Discount Rate (3.00%)
City's Total OPEB Liability:	\$3,803,543	\$3,097,199	\$2,560,465

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$297,8452.

At September 30, 2021, 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	\$ 36,281	\$ 139,432
Changes in actuarial assumptions	611,434	62,346
Contributions subsequent to the measurement date	52,631	-
Total	<b>\$ 700,346</b>	<b>\$ 201,778</b>

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**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
2021	\$ 148,202
2022	114,675
2023	122,213
2024	60,847
2025	-
Thereafter	-
Total	\$ 445,937

**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.

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**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, 2020 measurement date, the following represents the participants in the plan:

Inactive plan members or beneficiaries	
currently receiving benefits	160
Inactive plan members entitled to but not	
yet receiving benefits	-
Active plan members	<u>505</u>
Total plan members	<u>665</u>

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**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 were as follows. Update procedures were used to roll forward the total OPEB liability to December 31, 2020.

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:

	<b>Increase (Decrease)</b>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2019</b>	\$ 10,896,147	\$ 2,374,721	\$ 8,521,426
Changes for the year:			
Service cost	92,605	-	92,605
Interest	672,383	-	672,383
Difference between expected and actual experience	(292,558)	-	(292,558)
Change of assumptions	-	-	-
Employer contributions	-	1,396,197	(1,396,197)
Net investment income	-	430,797	(430,797)
Benefit payments	(1,196,197)	(1,196,197)	-
Administrative expense	-	(11,303)	11,303
Other changes	-	(2,082)	2,082
Net changes	(723,767)	617,412	(1,341,179)
<b>Balance at 12/31/2020</b>	<u>\$ 10,172,380</u>	<u>\$ 2,992,133</u>	<u>\$ 7,180,247</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:	\$7,914,408	\$7,180,247	\$6,529,526

*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:	\$6,909,520	\$7,180,247	\$7,492,774

**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, 2021, the City recognized OPEB expense of \$360,138.

At September 30, 2021, 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	\$ -	\$ 896,007
Changes in actuarial assumptions	-	12,023
Differences between projected and actual investments	-	315,848
Contributions subsequent to the measurement date	973,111	-
Total	\$ 973,111	\$ 1,223,878

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
2022	\$ (257,813)
2023	(230,892)
2024	(275,109)
2025	(221,422)
2026	(163,823)
Thereafter	(74,819)
Total	\$ (1,223,878)

Summary of OPEB Accounts

Plan	OPEB Liability (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Reduction)
TMRS Supplemental Death Benefit	\$ 3,097,199	\$ 700,346	\$ 201,778	\$ 297,842
Retiree Health Benefit	<u>7,180,247</u>	<u>973,111</u>	<u>1,223,878</u>	<u>360,138</u>
Totals	<u>\$ 10,277,446</u>	<u>\$ 1,673,457</u>	<u>\$ 1,425,656</u>	<u>\$ 657,980</u>

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**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 \$677,487 and \$576,013 for the fiscal years ended September 30, 2021 and 2020, 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, 2021 and 2020, the City paid health claims of \$4,516,995 and \$5,552,868. The fund incurred a net income for the year of \$1,257,082 compared to a net income of \$489,583 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 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
Fiscal Year 2021	488,185	4,516,995	4,679,176	326,004

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 \$309,224 and \$210,108, for the fiscal years 2020-2021 and 2019-2020, 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 \$125,006 in fiscal year 2021 compared to a net loss of \$115,512 in fiscal year 2020. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

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**NOTE 10: SELF-INSURANCE - (Continued)**

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
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
Fiscal Year 2021	210,108	336,840	237,724	309,224

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 2021 and 2020, total contributions from the various City funds totaled \$880,500 and \$892,320, respectively. During the fiscal years 2021 and 2020, the City paid \$659,628 and \$688,593 in reinsurance premiums and \$865 and \$388 in legal fees and claims. In addition to this, the fund incurred a net income of \$89,938, compared to a net income of \$74,411 for the prior year. Full insurance coverage was in effect for the year ended September 30, 2021. 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 2021. 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.

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

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 11,685,000	\$ -	\$ 995,000	\$ 10,690,000	\$ 1,030,000
General obligation bonds	47,065,000	-	6,250,000	40,815,000	6,435,000
Less deferred amounts:					
Issuance premiums	<u>5,264,525</u>	<u>-</u>	<u>652,856</u>	<u>4,611,669</u>	<u>-</u>
Net bonds and certificates payable	64,014,525	-	7,897,856	56,116,669	7,465,000
Net pension liability	26,239,506	-	2,978,504	23,261,002	-
OPEB liability	8,946,110	-	911,203	8,034,907	-
Compensated absences	<u>983,055</u>	<u>1,748,118</u>	<u>1,719,111</u>	<u>1,012,062</u>	<u>69,976</u>
Total governmental activity					
long-term liabilities	<u>\$ 100,183,196</u>	<u>\$ 1,748,118</u>	<u>\$ 13,506,674</u>	<u>\$ 88,424,640</u>	<u>\$ 7,534,976</u>
<b>Business-type activities</b>					
Bonds payable					
Revenue bonds	\$ 42,335,000	\$ -	\$ 6,490,000	\$ 35,845,000	\$ 5,785,000
Less deferred amounts:					
Issuance premiums	<u>4,017,875</u>	<u>-</u>	<u>524,495</u>	<u>3,493,380</u>	<u>-</u>
Net bonds payable	46,352,875	-	7,014,495	39,338,380	5,785,000
Direct borrowings					
Capital lease payable	202,006	9,074	87,826	123,254	92,925
Estimated landfill closure and postclosure care cost	4,339,634	101,045	-	4,440,679	-
Net pension liability	6,372,358	-	723,340	5,649,018	-
OPEB liability	2,172,595	69,943	-	2,242,538	-
Compensated absences	<u>159,468</u>	<u>370,783</u>	<u>361,762</u>	<u>168,489</u>	<u>11,649</u>
Total business-type activity					
long-term liabilities	<u>\$ 59,598,936</u>	<u>\$ 550,845</u>	<u>\$ 8,187,423</u>	<u>\$ 51,962,358</u>	<u>\$ 5,889,574</u>

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

Bonds and certificates payable at September 30, 2021, 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%.	\$ 765,000
\$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%.	2,370,000
\$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%.	4,685,000
\$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%.	2,485,000
\$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%.	400,000
\$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%.	4,215,000
\$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%.	7,625,000
\$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%.	1,900,000
\$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%.	17,055,000
\$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%.	1,805,000
\$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>2,480,000</u>
Total General Obligation Certificates and Bonds	<u>\$ 51,505,000</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.

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

Year Ending September 30	Governmental Activities						Combined Total
	Certificates of Obligation			General Obligation Bonds			
	Principal	Interest	Total	Principal	Interest	Total	
2022	\$ 1,030,000	\$ 370,600	\$ 1,400,600	\$ 6,435,000	\$ 1,557,270	\$ 7,992,270	\$ 9,392,870
2023	650,000	333,840	983,840	7,045,000	1,349,528	8,394,528	9,378,368
2024	670,000	312,140	982,140	4,460,000	1,126,050	5,586,050	6,568,190
2025	695,000	288,696	983,696	4,670,000	935,450	5,605,450	6,589,146
2026	715,000	263,596	978,596	4,870,000	735,550	5,605,550	6,584,146
2027-2031	3,970,000	934,412	4,904,412	12,115,000	1,387,950	13,502,950	18,407,362
2032-2036	2,590,000	265,668	2,855,668	1,220,000	55,200	1,275,200	4,130,868
2037-2039	370,000	22,350	392,350	-	-	-	392,350
<b>Total</b>	<b>\$ 10,690,000</b>	<b>\$ 2,791,302</b>	<b>\$ 13,481,302</b>	<b>\$ 40,815,000</b>	<b>\$ 7,146,998</b>	<b>\$ 47,961,998</b>	<b>\$ 61,443,300</b>

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, \$36,695 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.

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**NOTE 12: LONG-TERM DEBT - (Continued)**

C. Revenue Bonds

Revenue bonds payable are comprised of the following individual issues:

\$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%.	\$ 375,000
\$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%.	4,760,000
\$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%.	3,225,000
\$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%.	2,905,000
\$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%.	560,000
\$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%.	8,295,000
\$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>15,725,000</u>
Total Revenue Bonds	<u>\$ 35,845,000</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
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	3,020,000	820,013	3,840,013
2027-2031	11,400,000	2,369,169	13,769,169
2032-2035	5,380,000	451,894	5,831,894
Total	<u>\$ 35,845,000</u>	<u>\$ 8,149,869</u>	<u>\$ 43,994,869</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 \$35.8 million in utility system revenue bonds issued. Proceeds from the bonds provided financing for improvements to the City's utility system. The bonds are payable from Water and Wastewater Fund net revenues and are payable through 2035. Average annual principal and interest payments on the bonds (\$3,117,300) are expected to require approximately 22 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$8,039,738 and \$14,201,645, respectively. The total principal and interest remaining to be paid on the bonds is \$43,994,869.

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, 2021.

D. Capital Leases

Capital leases payable (direct borrowings) at September 30, 2021, 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%. \$ 114,180

Lease purchase agreement on a utility vehicle for the Golf Course. The original amount of the lease, entered into in 2021, was \$9,074. The lease is payable in monthly installments of \$210 and bears interest at a rate of 4.305%. 9,074

\$ 123,254

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**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>	<u>Total</u>
Machinery and equipment	\$ 437,372	\$ 437,372
	437,372	437,372
Less: Accumulated depreciation	<u>(321,602)</u>	<u>(321,602)</u>
	<u>\$ 115,770</u>	<u>\$ 115,770</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, are as follows:

<u>Year Ending September 30</u>	<u>Business-type Activities</u>	<u>Total</u>
2022	\$ 96,013	96,013
2023	25,896	25,896
2024	2,525	2,525
2025	2,524	2,524
Thereafter	<u>-</u>	<u>-</u>
Total minimum lease payments	126,958	\$ 126,958
Less: Amount representing interest	<u>(3,704)</u>	<u>(3,704)</u>
Present value of minimum lease payments	<u>\$ 123,254</u>	<u>\$ 123,254</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, 2021.

**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, 2021, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	American Rescue Plan	\$ 67,730
	Nonmajor Governmental	1,233,937
Nonmajor Business-type	General	975
Internal Service	General	266,583
	Water and Wastewater	134,620
	Environmental Services	50,043
	Nonmajor Governmental	5,771
	Nonmajor Business-type	5,365
	Other	30,821
		<u>\$ 1,795,845</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>Capital Construction (3036)</u>	<u>Capital Construction (3037)</u>	<u>Nonmajor Govt.</u>	<u>Water and Wwater</u>	<u>Environ-mental Srvcs.</u>	<u>Nonmajor Bus.-type</u>	<u>Other</u>	
General	\$ -	\$ -	\$ 2,219,300	\$ 198,942	\$ -	\$ -	\$ -	\$ -	\$ 2,418,242
American Rescue Plan	1,633,170	-	-	424,378	308,279	81,565	165,622	-	2,613,014
Capital Const. (3036)	-	-	1,016,673	-	-	-	-	158,000	1,174,673
Capital Const. (3037)	-	158,000	-	83,450	-	-	-	-	241,450
Nonmajor Govt.	9,638	-	83,450	1,150,163	-	-	200,000	2,000	1,445,251
Water and Wwater.	2,703,900	-	-	-	-	-	-	30,000	2,733,900
Environmental Srvs.	587,167	-	-	-	-	-	-	8,000	595,167
Nonmajor Bus.-type	34,930	-	-	-	-	-	-	2,000	36,930
	<u>\$ 4,968,805</u>	<u>\$ 158,000</u>	<u>\$ 3,319,423</u>	<u>\$ 1,856,933</u>	<u>\$ 308,279</u>	<u>\$ 81,565</u>	<u>\$ 365,622</u>	<u>\$ 200,000</u>	<u>\$ 11,258,627</u>

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**NOTE 14: RELATED PARTY TRANSACTIONS**

During fiscal year 2021, the Sales Tax Development Corporation, a discretely presented component unit of the City paid \$2,538,451 towards the Red River Utility and Rehab Overlay Project, Crestwood Utility and Reconstruction Project, 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, 2021, \$23,955,000 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, 2021, 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, 2021, is 20 years.

As of September 30, 2021, 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:

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**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, 2021: \$0
    - Post-closure liability, as of September 30, 2021: \$1,712,460
  - 26.1 acres (50%) has approximately 7 years useful life left.
    - Closure cost liability, as of September 30, 2021: \$1,745,628
    - Post-closure liability, as of September 30, 2021: \$982,591
- 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 \$4,440,679, \$4,339,634, and \$4,238,589 as of September 30, 2021, 2020, and 2019 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 \$303k 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.

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**NOTE 19: FUND BALANCES**

The following is a detail of the governmental fund balances as of September 30, 2021:

	Governmental Fund Balances			Total
	Nonspendable	Restricted	Unassigned	
General				
Inventory	\$ 332,095	\$ -	\$ -	\$ 332,095
Unassigned	-	-	23,252,323	23,252,323
American Rescue Plan				
General government	-	1,517	-	1,517
Debt Service				
Retirement of long-term debt	-	1,048,730	-	1,048,730
Capital Construction (3036)				
Various capital projects	-	5,929,407	-	5,929,407
Capital Construction (3037)				
Various capital projects	-	1,672,520	-	1,672,520
Nonmajor Governmental				
Arts, tourism and conventions	-	4,390,055	-	4,390,055
Police department	-	293,142	-	293,142
Fire department	-	44,038	-	44,038
Emergency management	-	41,567	-	41,567
Municipal court security and technology	-	190,325	-	190,325
City parks	-	38,374	-	38,374
Housing development	-	233,985	-	233,985
Unassigned	-	-	(589,531)	(589,531)
	<u>\$ 332,095</u>	<u>\$ 13,883,660</u>	<u>\$ 22,662,792</u>	<u>\$ 36,878,547</u>

**NOTE 20: SUBSEQUENT EVENTS**

In November 2021 the City issued Utility System Revenue Refunding Bonds, Series 2021 of \$4,025,000, due in annual installments ranging from \$190,000 to \$640,000 through 2031, and interest varying between 2.00% and 3.00% to advance refund \$4,200,000 of the City's Utility System Revenue Bonds Series 2012, which were still outstanding in the amount of \$4,200,000, with interest rates ranging from 3.00% to 3.75%. 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 business-type activities column of the statement of net position. The net proceeds available for refunding bonds in the amount of \$4,268,556 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 \$177,664 and an increase in cash flow of \$352,664.

In February 2022, the City issued Utility System Revenue Bonds, Series 2022 of \$5,970,000. The bonds are due in annual installments ranging from \$175,000 to \$385,000 through 2041 with interest varying from 0.97% to 3.04%. The proceeds from the sale of the bonds will be used to design, construct, improve and repair City water and sewer line utility infrastructure and to pay costs of issuance of the bonds.

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**NOTE 21: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

In fiscal year 2021, the City implemented GASB Statement No. 84 (GASB 84), *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria for identifying fiduciary activities generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The effect on the City implementing GASB 84 was the previously reported Agency Fund was reclassified into the Capital Construction Fund (3036) and various Nonmajor Special Revenue Funds. The beginning fund balance of the Capital Construction Fund (3036) and the various Nonmajor Special Revenue Funds increased \$211,000 and \$38,374, respectively. The beginning net position for the City's governmental activities increased \$249,374.

**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, 2021  
With comparative totals for the year ended September 30, 2020

	2021			Variance Positive (Negative)	2020 Actual
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Taxes	\$ 38,296,586	\$ 38,296,586	\$ 40,474,693	\$ 2,178,107	\$ 38,046,114
Licenses and permits	644,640	944,640	1,093,992	149,352	903,703
Intergovernmental	2,480,303	2,480,303	4,716,823	2,236,520	3,192,157
Charges for services	2,724,675	2,724,675	3,089,554	364,879	2,788,246
Fines and forfeitures	882,500	882,500	635,757	(246,743)	668,242
Investment income	420,000	420,000	20,378	(399,622)	377,748
Miscellaneous	289,290	289,290	775,016	485,726	294,079
<b>Total revenues</b>	<u>45,737,994</u>	<u>46,037,994</u>	<u>50,806,213</u>	<u>4,768,219</u>	<u>46,270,289</u>
<b>EXPENDITURES</b>					
General government	4,800,512	4,887,793	4,618,118	269,675	3,973,890
Public safety	29,652,098	32,298,248	32,146,575	151,673	29,235,217
Development	8,004,849	8,599,663	7,978,545	621,118	8,073,839
Building services	-	2,960	-	2,960	553,205
Recreation	5,400,013	5,573,388	5,157,572	415,816	5,350,986
<b>Total expenditures</b>	<u>47,857,472</u>	<u>51,362,052</u>	<u>49,900,810</u>	<u>1,461,242</u>	<u>47,187,137</u>
Excess (deficiency) of revenues over expenditures	(2,119,478)	(5,324,058)	905,403	6,229,461	(916,848)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,925,997	4,809,108	4,968,805	159,697	3,354,082
Transfers out	(2,514,089)	(2,583,089)	(2,418,242)	164,847	(2,496,428)
<b>Total other financing sources (uses)</b>	<u>1,411,908</u>	<u>2,226,019</u>	<u>2,550,563</u>	<u>324,544</u>	<u>857,654</u>
Change in fund balance	(707,570)	(3,098,039)	3,455,966	6,554,005	(59,194)
Fund balance at beginning of year	<u>20,128,452</u>	<u>20,128,452</u>	<u>20,128,452</u>	-	<u>20,187,646</u>
<b>Fund balance at end of year</b>	<u>\$ 19,420,882</u>	<u>\$ 17,030,413</u>	<u>\$ 23,584,418</u>	<u>\$ 6,554,005</u>	<u>\$ 20,128,452</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
<b>Total Pension Liability</b>			
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>
<b>Net Change in Total Pension Liability</b>	4,859,042	7,266,951	8,365,813
<b>Total Pension Liability - Beginning</b>	<u>168,792,867</u>	<u>173,651,909</u>	<u>180,918,860</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 173,651,909</u>	<u>\$ 180,918,860</u>	<u>\$ 189,284,673</u>
<b>Plan Fiduciary Net Position</b>			
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>
<b>Net Change in Plan Fiduciary Net Position</b>	5,302,148	(1,318,714)	7,573,502
<b>Plan Fiduciary Net Position - Beginning</b>	<u>133,334,163</u>	<u>138,636,311</u>	<u>137,317,597</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 138,636,311</u>	<u>\$ 137,317,597</u>	<u>\$ 144,891,099</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 35,015,598</u>	<u>\$ 43,601,263</u>	<u>\$ 44,393,574</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.84%	75.90%	76.55%
<b>Covered Employee Payroll</b>	\$ 27,030,262	\$ 29,535,465	\$ 30,165,336
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	129.54%	147.62%	147.17%

NOTE: Information for the prior three years was not readily available. The City will compile the respective information over the next three 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	2020
\$ 4,100,496	\$ 4,150,267	\$ 4,210,086	\$ 4,408,740
12,600,532	13,054,511	13,346,677	13,729,057
(325,250)	(2,541,589)	(1,623,832)	(1,527,546)
-	-	471,557	-
<u>(9,320,736)</u>	<u>(10,029,363)</u>	<u>(10,700,070)</u>	<u>(10,977,791)</u>
7,055,042	4,633,826	5,704,418	5,632,460
<u>189,284,673</u>	<u>196,339,715</u>	<u>200,973,541</u>	<u>206,677,959</u>
<u>\$ 196,339,715</u>	<u>\$ 200,973,541</u>	<u>\$ 206,677,959</u>	<u>\$ 212,310,419</u>
\$ 4,928,367	\$ 5,010,611	\$ 5,131,905	\$ 5,260,786
1,793,220	1,817,635	1,856,026	1,936,489
20,080,623	(4,859,666)	23,813,296	13,203,652
(9,320,736)	(10,029,363)	(10,700,070)	(10,977,791)
(104,070)	(93,938)	(134,617)	(85,496)
<u>(5,275)</u>	<u>(4,907)</u>	<u>(4,045)</u>	<u>(3,336)</u>
17,372,129	(8,159,628)	19,962,495	9,334,304
<u>144,891,099</u>	<u>162,263,228</u>	<u>154,103,600</u>	<u>174,066,095</u>
<u>\$ 162,263,228</u>	<u>\$ 154,103,600</u>	<u>\$ 174,066,095</u>	<u>\$ 183,400,399</u>
<u>\$ 34,076,487</u>	<u>\$ 46,869,941</u>	<u>\$ 32,611,864</u>	<u>\$ 28,910,020</u>
82.64%	76.68%	84.22%	86.38%
\$ 29,887,001	\$ 30,293,918	\$ 30,933,773	\$ 32,274,814
114.02%	154.72%	105.42%	89.57%

**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 employee payroll	\$ 27,967,308	\$ 29,953,292	\$ 29,977,506
Contributions as a percentage of covered employee payroll	17.61%	17.05%	16.72%

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

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

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Fiscal Year			
2018	2019	2020	2021
\$ 4,967,335	\$ 5,128,686	\$ 5,107,288	\$ 5,477,304
<u>(5,020,606)</u>	<u>(5,187,133)</u>	<u>(5,166,531)</u>	<u>(5,567,409)</u>
<u>\$ (53,271)</u>	<u>\$ (58,447)</u>	<u>\$ (59,243)</u>	<u>\$ (90,105)</u>
\$ 30,057,425	\$ 30,940,128	\$ 31,180,817	\$ 33,573,739
16.70%	16.77%	16.57%	16.58%

**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
<b>Total OPEB Liability</b>			
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)
<b>Net Change in Total OPEB Liability</b>	279,796	48,131	353,235
<b>Total OPEB Liability - Beginning</b>	1,916,118	2,195,914	2,244,045
<b>Total OPEB Liability - Ending</b>	<u>\$ 2,195,914</u>	<u>\$ 2,244,045</u>	<u>\$ 2,597,280</u>
<b>Covered Employee Payroll</b>	\$ 29,887,001	\$ 30,293,918	\$ 30,933,773
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	7.35%	7.41%	8.40%

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

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

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Measurement  
Year  
2020

\$ 77,460  
72,180  
-  
(43,056)  
415,927  
(22,592)

499,919

2,597,280

\$ 3,097,199

\$ 32,274,814

9.60%

**CITY OF VICTORIA, TEXAS**

*SCHEDULE OF EMPLOYER CONTRIBUTIONS*

*TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT*

*Last ten fiscal years*

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	Fiscal Year		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
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 employee payroll	\$ 30,057,425	\$ 30,940,128	\$ 31,180,817
Contributions as a percentage of covered employee payroll	0.0672%	0.0700%	0.0700%

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

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

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Fiscal  
Year  
2021

\$ 59,386

(59,386)

\$ -

\$ 33,573,739

0.1769%

**CITY OF VICTORIA, TEXAS**

*SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS*

*RETIREE HEALTHCARE*

*Last ten years*

	Measurement Year		
	2017	2018	2019
<b>Total OPEB Liability</b>			
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	(858,080)	(1,006,672)	(1,187,013)
<b>Net Change in Total OPEB Liability</b>	35,449	(145,823)	(1,195,497)
<b>Total OPEB Liability - Beginning</b>	12,202,018	12,237,467	12,091,644
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 12,237,467</u>	<u>\$ 12,091,644</u>	<u>\$ 10,896,147</u>
<b>Plan Fiduciary Net Position</b>			
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	-	(903)	(1,201)
<b>Net Change in Plan Fiduciary Net Position</b>	368,769	(51,036)	580,460
<b>Plan Fiduciary Net Position - Beginning</b>	1,476,529	1,845,298	1,794,262
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,845,298</u>	<u>\$ 1,794,262</u>	<u>\$ 2,374,722</u>
<b>Net OPEB Liability - Ending (a) - (b)</b>	<u>\$ 10,392,169</u>	<u>\$ 10,297,382</u>	<u>\$ 8,521,425</u>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	15.08%	14.84%	21.79%
<b>Covered Payroll</b>	\$ 30,181,968	\$ 30,702,381	\$ 31,242,478
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	34.43%	33.54%	27.28%

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

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

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Measurement  
Year  
2020

\$ 92,605  
672,383  
(292,558)  
-  
(1,196,197)

(723,767)

10,896,147

\$ 10,172,380

\$ 1,396,197  
430,797  
(1,196,197)  
(11,303)  
(2,083)

617,411

2,374,722

\$ 2,992,133

\$ 7,180,247

29.41%

\$ 32,784,223

21.90%

**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 six years was not readily available. The City will compile the respective information over the next six years as provided by actuaries.

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

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Fiscal  
Year  
2021

\$ 890,640

(1,334,993)

\$ (444,353)

\$ 34,421,447

3.8784%

**NOTE 1: BUDGETARY INFORMATION**

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

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

**NOTE 2: BUDGETARY LEGAL COMPLIANCE**

Budgetary compliance is monitored at the departmental level in the General Fund. There were several situations of expenditures exceeding the amounts appropriated during the fiscal year 2020-2021.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City secretary	\$ 293,996	\$ 315,096	\$ 21,100
Police	16,676,347	17,239,979	563,632
Geographic information system	378,026	381,565	3,539

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	25 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

**NOTE 3: DEFINED BENEFIT PENSION PLAN - (Continued)**

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

Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>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.</p>
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Other Information

There were no benefit changes during the year.

**NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB**

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

There were no changes in plan provisions during the year.

Changes in Assumptions

- Discount rate decreased to 2.00% from 2.75%.

**NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB**

Valuation Date

The actuarially determined contribution for fiscal year ending September 30, 2021 was developed in the December 31, 2019 valuation.

Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Closed, 17 years as of FYE21
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, 2021*

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,319,180	\$ -	\$ 5,319,180
Receivables (net)	2,218,939	-	2,218,939
<b>Total assets</b>	<u>\$ 7,538,119</u>	<u>\$ -</u>	<u>\$ 7,538,119</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 627,347	\$ -	\$ 627,347
Accrued expenditures	20,217	-	20,217
Due to other funds	1,239,708	-	1,239,708
Unearned revenue	133,457	-	133,457
<b>Total liabilities</b>	<u>2,020,729</u>	<u>-</u>	<u>2,020,729</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	875,435	-	875,435
<b>Total deferred inflows of resources</b>	<u>875,435</u>	<u>-</u>	<u>875,435</u>
<b>Fund balances</b>			
Restricted			
Arts, tourism and conventions	4,390,055	-	4,390,055
Public safety	378,747	-	378,747
Municipal court	190,325	-	190,325
Development	233,985	-	233,985
Parks and recreation	38,374	-	38,374
Unassigned	(589,531)	-	(589,531)
<b>Total fund balances</b>	<u>4,641,955</u>	<u>-</u>	<u>4,641,955</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 7,538,119</u>	<u>\$ -</u>	<u>\$ 7,538,119</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, 2021*

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,778,022	\$ -	\$ 1,778,022
Intergovernmental	3,542,499	-	3,542,499
Fines and forfeitures	160,020	-	160,020
Investment income	2,411	-	2,411
Miscellaneous	<u>838,122</u>	-	<u>838,122</u>
<b>Total revenues</b>	<u>6,321,074</u>	-	<u>6,321,074</u>
<b>EXPENDITURES</b>			
Current			
General government	1,918,330	-	1,918,330
Public safety	2,410,827	-	2,410,827
Development	302,640	-	302,640
Recreation	<u>1,070,698</u>	-	<u>1,070,698</u>
<b>Total expenditures</b>	<u>5,702,495</u>	-	<u>5,702,495</u>
Excess (deficiency) of revenues over expenditures	618,579	-	618,579
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,856,933	-	1,856,933
Transfers out	<u>(1,445,116)</u>	<u>(135)</u>	<u>(1,445,251)</u>
<b>Total other financing sources (uses)</b>	<u>411,817</u>	<u>(135)</u>	<u>411,682</u>
Change in fund balances	1,030,396	(135)	1,030,261
Fund balances at beginning of year, as restated	<u>3,611,559</u>	<u>135</u>	<u>3,611,694</u>
<b>Fund balances at end of year</b>	<u>\$ 4,641,955</u>	<u>\$ -</u>	<u>\$ 4,641,955</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:

**Winter Storm Uri** - Used to account for expenses associated with Winter Storm Uri that occurred in February 2021 which received a disaster declaration for all 254 counties in the state of Texas.

**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 be used for 911 Center 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.

**Library Grants** - Used to account for funds received from the Texas State Library and Archives Commission (TSLAC), including the TSLAC CARES Grant Program which funds the expansion of digital access in areas of Texas where such access is lacking, including the purchase of internet-enabled devices and provisions for technical support services in response to the disruption of schooling and other community services during the COVID-19 emergency, and fund efforts that prevent, prepare for, and respond to situations arising from the COVID-19 emergency. Other local funds and donations specifically for the library are also accounted for in this fund.

**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 2021, \$1,568,020 was budgeted as follows: for payroll and professional services \$103,114; for Community Center operations not to exceed \$200,000; to the Convention and Visitors Bureau, funding not to exceed \$795,566; to the Main Street Program, funding not to exceed \$257,540; and for other programs and various outside agencies, not to exceed \$211,800. 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.

**Environmental Services Grant** - Used to account for funds received to be used for various programs which educate students and the public and provide curricular experiences that give rise to lifelong learning, citizenship and environmental stewardship, which enhance the livability of Victoria by beautification through a sense of pride and ownership.

**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.

**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.

**Parks Grant** - Used to account for funds received through grants, local proceeds and donations specifically for use for programs, projects and improvements to the City's parks and recreational facilities.

**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. The Local Consolidated Fee that is collected may only be used for the purposes provided by Local Government Code 134.151(a): Municipal Court Building Security Fund may only be used for security purposes; Local Truancy Prevention and Diversion Fund may only be used to finance expenses relating to the position of juvenile case manager; Municipal Court Technology Fund may only be used to finance technological enhancements; Municipal Jury Fund may only be used to fund juror reimbursements and otherwise finance jury services. Also accounted for in this fund is the Child Safety Fine; a fine collected on all Rules of the Road violations occurring within an active school zone and may be used for programs designed to enhance child safety, health, or nutrition or for programs designed to enhance public safety and security. In addition, Victoria County has elected to collect an optional child safety fee for registering a vehicle in the county. A portion of this fee is sent to the City of Victoria for use under the same guidelines as the Child Safety Fine.

**COPS (Community Oriented Policing Services) Grant** - Used to account for funds received from the U.S. Department of Justice to provide funds to law enforcement agencies to hire career law enforcement officers for the advancement of public safety through an increase in their community policing capacity and crime prevention efforts.

**Fire Department Grants** - Used to account for funds received through grants, local proceeds and donations specifically to use for programs and equipment for the Fire Department.

**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.

## **NONMAJOR SPECIAL REVENUE FUNDS - (Continued)**

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

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

**Homeland Security Grant** - Used to support the implementation of Homeland Security strategies to address the identified planning, organization, equipment, training and exercise needs for acts of terrorism and other catastrophic events. Funds have recently been used to purchase portable radios as well as supplies and equipment to prevent, prepare for, and answer to the pandemic of the coronavirus.

**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.

**Police Department Grants** - Used to account for funds received through grants, local proceeds and donations specifically to use for programs and equipment for the Police Department.

**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.

**Victoria Housing Finance Corporation** - Used to account for funds received to facilitate the purpose of the Corporation which is to facilitate financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at prices they can afford.



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**CITY OF VICTORIA, TEXAS**

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2021

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	Library Grants	LEOSE Training Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ 185	\$ 47,417	\$ -	\$ 7,997	\$ 30,929
Receivables (net)					
Other	-	-	3,403	-	-
<b>Total assets</b>	<u>\$ 185</u>	<u>\$ 47,417</u>	<u>\$ 3,403</u>	<u>\$ 7,997</u>	<u>\$ 30,929</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	356	-	-
Unearned revenue	185	47,417	3,047	7,997	30,929
<b>Total liabilities</b>	<u>185</u>	<u>47,417</u>	<u>3,403</u>	<u>7,997</u>	<u>30,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal court	-	-	-	-	-
Development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 185</u>	<u>\$ 47,417</u>	<u>\$ 3,403</u>	<u>\$ 7,997</u>	<u>\$ 30,929</u>

Auto Theft Grant	TCEQ Grant	MPO Grant	Motel Tax	Forfeiture Fund	K-9 Unit Program	Environmental Services Grant
\$ -	\$ -	\$ -	\$ 2,609,855	\$ 299,425	\$ 829	\$ 4,496
<u>87,765</u>	<u>49,024</u>	<u>29,229</u>	<u>288,951</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 87,765</u>	<u>\$ 49,024</u>	<u>\$ 29,229</u>	<u>\$ 2,898,806</u>	<u>\$ 299,425</u>	<u>\$ 829</u>	<u>\$ 4,496</u>
\$ 510	\$ 11,063	\$ 154	\$ 84,139	\$ 12,527	\$ -	\$ -
-	-	-	-	-	-	-
82,979	37,961	29,075	3,642	-	-	-
4,276	-	-	-	-	829	4,496
<u>87,765</u>	<u>49,024</u>	<u>29,229</u>	<u>87,781</u>	<u>12,527</u>	<u>829</u>	<u>4,496</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	2,811,025	-	-	-
-	-	-	-	286,898	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,811,025</u>	<u>286,898</u>	<u>-</u>	<u>-</u>
<u>\$ 87,765</u>	<u>\$ 49,024</u>	<u>\$ 29,229</u>	<u>\$ 2,898,806</u>	<u>\$ 299,425</u>	<u>\$ 829</u>	<u>\$ 4,496</u>

(continued)

**CITY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*COMBINING BALANCE SHEET*

*September 30, 2021*

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 63,683	\$ 43,575	\$ 183,605	\$ -
Receivables					
Other	<u>18,939</u>	<u>-</u>	<u>7,800</u>	<u>6,720</u>	<u>54,905</u>
<b>Total assets</b>	<u>\$ 18,939</u>	<u>\$ 63,683</u>	<u>\$ 51,375</u>	<u>\$ 190,325</u>	<u>\$ 54,905</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,692	\$ -	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	16,247	-	7,337	-	54,905
Unearned revenue	<u>-</u>	<u>25,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>18,939</u>	<u>25,309</u>	<u>7,337</u>	<u>-</u>	<u>54,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	44,038	-	-
Municipal court	-	-	-	190,325	-
Development	-	-	-	-	-
Parks and recreation	-	38,374	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>-</u>	<u>38,374</u>	<u>44,038</u>	<u>190,325</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 18,939</u>	<u>\$ 63,683</u>	<u>\$ 51,375</u>	<u>\$ 190,325</u>	<u>\$ 54,905</u>

Fire Department Grants	Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant	CDBG Hazard Mitigation	Homeland Security Grant	COVID-19 Grant	Police Department Grants
\$ 12,100	\$ 826,423	\$ -	\$ -	\$ -	\$ -	\$ 6,244
-	34,223	563,236	797,392	1,951	259,408	-
<u>\$ 12,100</u>	<u>\$ 860,646</u>	<u>\$ 563,236</u>	<u>\$ 797,392</u>	<u>\$ 1,951</u>	<u>\$ 259,408</u>	<u>\$ 6,244</u>
\$ 3,128	\$ -	\$ 40,946	\$ 289,542	\$ -	\$ 518	\$ -
-	-	-	-	-	-	-
-	-	522,290	221,946	1,951	258,890	-
<u>8,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,100</u>	<u>-</u>	<u>563,236</u>	<u>511,488</u>	<u>1,951</u>	<u>259,408</u>	<u>-</u>
-	-	-	616,027	-	259,408	-
-	-	-	616,027	-	259,408	-
-	860,646	-	-	-	-	-
-	-	-	-	-	-	6,244
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(330,123)	-	(259,408)	-
-	860,646	-	(330,123)	-	(259,408)	6,244
<u>\$ 12,100</u>	<u>\$ 860,646</u>	<u>\$ 563,236</u>	<u>\$ 797,392</u>	<u>\$ 1,951</u>	<u>\$ 259,408</u>	<u>\$ 6,244</u>

(continued)

**CITY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*COMBINING BALANCE SHEET*

*September 30, 2021*

	Emergency Management	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 177,439	\$ 770,993	\$ 233,985	\$ 5,319,180
Receivables				
Other	<u>15,000</u>	<u>993</u>	<u>-</u>	<u>2,218,939</u>
<b>Total assets</b>	<u>\$ 192,439</u>	<u>\$ 771,986</u>	<u>\$ 233,985</u>	<u>\$ 7,538,119</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 150,872	\$ 31,256	\$ -	\$ 627,347
Accrued expenditures	-	20,217	-	20,217
Due to other funds	-	2,129	-	1,239,708
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,457</u>
<b>Total liabilities</b>	<u>150,872</u>	<u>53,602</u>	<u>-</u>	<u>2,020,729</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,435</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,435</u>
<b>FUND BALANCES</b>				
Restricted				
Arts, tourism and conventions	-	718,384	-	4,390,055
Public safety	41,567	-	-	378,747
Municipal court	-	-	-	190,325
Development	-	-	233,985	233,985
Parks and recreation	-	-	-	38,374
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(589,531)</u>
<b>Total fund balances</b>	<u>41,567</u>	<u>718,384</u>	<u>233,985</u>	<u>4,641,955</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 192,439</u>	<u>\$ 771,986</u>	<u>\$ 233,985</u>	<u>\$ 7,538,119</u>

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**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, 2021

	Winter Storm Uri	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	Library Grants
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,834	15,143	24,985
Fines and forfeitures	-	-	-	-	-
Investment income	-	-	16	-	-
Miscellaneous	-	18,400	-	62,507	-
<b>Total revenues</b>	<u>-</u>	<u>18,400</u>	<u>3,850</u>	<u>77,650</u>	<u>24,985</u>
<b>EXPENDITURES</b>					
General government	48,781	-	-	-	-
Public safety	-	18,400	3,850	81,635	-
Development	-	-	-	-	-
Recreation	-	-	-	-	24,985
<b>Total expenditures</b>	<u>48,781</u>	<u>18,400</u>	<u>3,850</u>	<u>81,635</u>	<u>24,985</u>
Excess (deficiency) of revenues over expenditures	(48,781)	-	-	(3,985)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	48,781	-	-	3,985	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>48,781</u>	<u>-</u>	<u>-</u>	<u>3,985</u>	<u>-</u>
Change in fund balances	-	-	-	-	-
Fund balance at beginning of year, as restated	-	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>LEOSE Training Grant</u>	<u>Auto Theft Grant</u>	<u>TCEQ Grant</u>	<u>MPO Grant</u>	<u>Motel Tax</u>	<u>Forfeiture Fund</u>	<u>Justice Assistance Grant</u>	<u>Hurricane Program Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,778,022	\$ -	\$ -	\$ -
270	145,864	142,920	169,625	-	-	8,644	195
-	-	-	-	-	33,721	-	-
-	-	-	-	1,577	209	-	355
-	-	-	-	63,890	-	-	535
<u>270</u>	<u>145,864</u>	<u>142,920</u>	<u>169,625</u>	<u>1,843,489</u>	<u>33,930</u>	<u>8,644</u>	<u>1,085</u>
-	-	142,920	-	-	-	-	-
270	195,311	-	-	-	24,961	13,082	-
-	-	-	169,625	-	-	-	-
-	-	-	-	455,992	-	-	-
<u>270</u>	<u>195,311</u>	<u>142,920</u>	<u>169,625</u>	<u>455,992</u>	<u>24,961</u>	<u>13,082</u>	<u>-</u>
-	(49,447)	-	-	1,387,497	8,969	(4,438)	1,085
-	49,447	-	-	424,379	-	4,438	83,450
-	-	-	-	(895,566)	-	-	(405,815)
-	49,447	-	-	(471,187)	-	4,438	(322,365)
-	-	-	-	916,310	8,969	-	(321,280)
-	-	-	-	1,894,715	277,929	-	321,280
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,811,025</u>	<u>\$ 286,898</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

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

For the year ended September 30, 2021

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	172,861
Fines and forfeitures	-	-	-	126,299	-
Investment income	-	-	-	-	-
Miscellaneous	137,608	-	33,203	8,906	-
<b>Total revenues</b>	<u>137,608</u>	<u>-</u>	<u>33,203</u>	<u>135,205</u>	<u>172,861</u>
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Public safety	138,177	-	19,514	51,433	172,861
Development	-	-	-	-	-
Recreation	-	-	-	-	-
<b>Total expenditures</b>	<u>138,177</u>	<u>-</u>	<u>19,514</u>	<u>51,433</u>	<u>172,861</u>
Excess (deficiency) of revenues over expenditures	(569)	-	13,689	83,772	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,072	-	-	-	-
Transfers out	(9,503)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	-	13,689	83,772	-
Fund balance at beginning of year, as restated	-	38,374	30,349	106,553	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 38,374</u>	<u>\$ 44,038</u>	<u>\$ 190,325</u>	<u>\$ -</u>

Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant	CDBG Hazard Mitigation	Homeland Security Grant	COVID-19 Grant	Police Department Grants	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,691,967	1,009,501	141,690	-	-	15,000
-	-	-	-	-	-	-
159	-	45	-	-	-	-
<u>139,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,244</u>	<u>-</u>
<u>139,988</u>	<u>1,691,967</u>	<u>1,009,546</u>	<u>141,690</u>	<u>-</u>	<u>6,244</u>	<u>15,000</u>
34,662	1,691,967	-	-	-	-	-
-	-	1,357,445	141,690	41,063	-	151,135
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,662</u>	<u>1,691,967</u>	<u>1,357,445</u>	<u>141,690</u>	<u>41,063</u>	<u>-</u>	<u>151,135</u>
105,326	-	(347,899)	-	(41,063)	6,244	(136,135)
-	-	405,815	-	-	-	131,000
<u>-</u>	<u>-</u>	<u>(132,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>273,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,000</u>
105,326	-	(74,316)	-	(41,063)	6,244	(5,135)
<u>755,320</u>	<u>-</u>	<u>(255,807)</u>	<u>-</u>	<u>(218,345)</u>	<u>-</u>	<u>46,702</u>
<u>\$ 860,646</u>	<u>\$ -</u>	<u>\$ (330,123)</u>	<u>\$ -</u>	<u>\$ (259,408)</u>	<u>\$ 6,244</u>	<u>\$ 41,567</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, 2021

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	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,778,022
Intergovernmental	-	-	3,542,499
Fines and forfeitures	-	-	160,020
Investment income	50	-	2,411
Miscellaneous	-	367,000	838,122
<b>Total revenues</b>	<u>50</u>	<u>367,000</u>	<u>6,321,074</u>
<b>EXPENDITURES</b>			
General government	-	-	1,918,330
Public safety	-	-	2,410,827
Development	-	133,015	302,640
Recreation	589,721	-	1,070,698
<b>Total expenditures</b>	<u>589,721</u>	<u>133,015</u>	<u>5,702,495</u>
Excess (deficiency) of revenues over expenditures	(589,671)	233,985	618,579
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	695,566	-	1,856,933
Transfers out	(2,000)	-	(1,445,116)
<b>Total other financing sources (uses)</b>	<u>693,566</u>	<u>-</u>	<u>411,817</u>
Change in fund balances	103,895	233,985	1,030,396
Fund balance at beginning of year, as restated	<u>614,489</u>	<u>-</u>	<u>3,611,559</u>
<b>Fund balance at end of year</b>	<u>\$ 718,384</u>	<u>\$ 233,985</u>	<u>\$ 4,641,955</u>

(concluded)

## **GENERAL FUND**

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

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

September 30, 2021

With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,147,000	\$ 20,528,872
Receivables (net)		
Ad valorem taxes (prior years)	1,387,087	1,505,621
Franchise taxes	619,535	631,791
Sales taxes	1,437,973	1,254,469
Ambulance	1,226,932	927,180
Fines	611,250	583,309
Other	1,676,331	4,304,299
Due from other funds	1,301,667	1,482,895
Inventory	332,095	414,641
Returned checks	<u>26,651</u>	<u>26,511</u>
<b>Total assets</b>	<u>\$ 32,766,521</u>	<u>\$ 31,659,588</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 755,207	\$ 689,215
Accrued expenditures	3,078,014	2,692,323
Accrued compensated absences	11,240	8,092
Due to other governments	95,909	39,611
Due to other funds	267,558	712,078
Unearned revenue	<u>918,373</u>	<u>933,076</u>
<b>Total liabilities</b>	<u>5,126,301</u>	<u>5,074,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>4,055,802</u>	<u>6,456,741</u>
<b>Total deferred inflows of resources</b>	<u>4,055,802</u>	<u>6,456,741</u>
<b>FUND BALANCES</b>		
Nonspendable		
Inventory	332,095	414,641
Unassigned	<u>23,252,323</u>	<u>19,713,811</u>
<b>Total fund balances</b>	<u>23,584,418</u>	<u>20,128,452</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 32,766,521</u>	<u>\$ 31,659,588</u>

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

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>Taxes</b>				
Ad valorem taxes	\$ 16,718,109	\$ 16,737,879	\$ 19,770	\$ 15,807,141
Penalty and interest	220,000	280,390	60,390	140,938
Franchise tax	5,798,477	5,602,297	(196,180)	5,652,152
Sales tax	15,490,000	17,744,035	2,254,035	16,337,766
Other	70,000	110,092	40,092	108,117
<b>Total taxes</b>	<b>38,296,586</b>	<b>40,474,693</b>	<b>2,178,107</b>	<b>38,046,114</b>
<b>Licenses and permits</b>				
Building	315,000	407,344	92,344	337,934
Electrical	50,000	84,689	34,689	59,394
Mechanical	48,000	66,616	18,616	56,583
Liquor	274,000	268,668	(5,332)	220,010
Plumbing	45,000	61,139	16,139	45,383
Vital statistics	125,000	124,126	(874)	136,779
Miscellaneous	87,640	81,410	(6,230)	47,620
<b>Total licenses and permits</b>	<b>944,640</b>	<b>1,093,992</b>	<b>149,352</b>	<b>903,703</b>
<b>Intergovernmental</b>	<b>2,480,303</b>	<b>4,716,823</b>	<b>2,236,520</b>	<b>3,192,157</b>
<b>Charges for services</b>				
Ambulance	2,417,000	2,703,998	286,998	2,525,683
Victoria Public Library	56,000	42,360	(13,640)	39,449
Parks and recreation	92,400	86,991	(5,409)	61,065
Miscellaneous	159,275	256,205	96,930	162,049
<b>Total charges for services</b>	<b>2,724,675</b>	<b>3,089,554</b>	<b>364,879</b>	<b>2,788,246</b>
<b>Fines and forfeitures</b>				
Court costs	82,000	58,901	(23,099)	56,553
Criminal and traffic court	800,000	576,650	(223,350)	611,493
Parking violations	500	206	(294)	196
<b>Total fines and forfeitures</b>	<b>882,500</b>	<b>635,757</b>	<b>(246,743)</b>	<b>668,242</b>
<b>Investment income</b>				
Interest	420,000	20,378	(399,622)	377,748
<b>Miscellaneous</b>				
Rents	1,750	1,875	125	2,000
Salvage and asset sales	80,000	442,758	362,758	135,476
Contributions and miscellaneous	207,540	330,383	122,843	156,603
<b>Total miscellaneous</b>	<b>289,290</b>	<b>775,016</b>	<b>485,726</b>	<b>294,079</b>
<b>Total revenues</b>	<b>\$ 46,037,994</b>	<b>\$ 50,806,213</b>	<b>\$ 4,768,219</b>	<b>\$ 46,270,289</b>

**CITY OF VICTORIA, TEXAS**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
*For the year ended September 30, 2021*  
*With comparative totals for the year ended September 30, 2020*

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>General government</b>				
City manager and council				
Personnel	\$ 962,344	\$ 882,021	\$ 80,323	\$ 706,312
Maintenance and operations	153,405	49,101	104,304	50,255
Capital outlay	-	-	-	13,295
Total city manager and council	<u>1,115,749</u>	<u>931,122</u>	<u>184,627</u>	<u>769,862</u>
Finance				
Personnel	428,686	429,213	(527)	571,819
Maintenance and operations	138,845	101,416	37,429	103,827
Capital outlay	<u>1,800</u>	<u>1,596</u>	<u>204</u>	<u>1,180</u>
Total finance	<u>569,331</u>	<u>532,225</u>	<u>37,106</u>	<u>676,826</u>
Legal				
Personnel	451,934	452,741	(807)	374,321
Maintenance and operations	113,913	110,833	3,080	89,501
Capital outlay	-	-	-	3,559
Total legal	<u>565,847</u>	<u>563,574</u>	<u>2,273</u>	<u>467,381</u>
Human resources				
Personnel	335,989	341,915	(5,926)	324,547
Maintenance and operations	129,724	99,890	29,834	116,874
Capital outlay	-	-	-	4,654
Total human resources	<u>465,713</u>	<u>441,805</u>	<u>23,908</u>	<u>446,075</u>
City secretary				
Personnel	176,846	175,946	900	166,437
Maintenance and operations	115,338	137,706	(22,368)	35,851
Capital outlay	<u>1,812</u>	<u>1,444</u>	<u>368</u>	<u>25,019</u>
Total city secretary	<u>293,996</u>	<u>315,096</u>	<u>(21,100)</u>	<u>227,307</u>
Public information office				
Personnel	379,100	370,183	8,917	248,692
Maintenance and operations	115,882	108,192	7,690	46,129
Capital outlay	<u>7,030</u>	-	<u>7,030</u>	-
Total public information office	<u>502,012</u>	<u>478,375</u>	<u>23,637</u>	<u>294,821</u>

(continued)

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>General government - (continued)</b>				
Non-departmental				
Personnel	\$ 2,900	\$ -	\$ 2,900	\$ 40,111
Maintenance and operations	1,372,245	1,355,921	16,324	1,051,507
Total non-departmental	1,375,145	1,355,921	19,224	1,091,618
<b>Total general government</b>	<b>4,887,793</b>	<b>4,618,118</b>	<b>269,675</b>	<b>3,973,890</b>
<b>Public safety</b>				
Police				
Personnel	13,079,369	14,096,421	(1,017,052)	12,275,840
Maintenance and operations	3,220,706	2,851,096	369,610	2,086,084
Capital outlay	376,272	292,462	83,810	495,641
Debt service	-	-	-	480,712
Total police	16,676,347	17,239,979	(563,632)	15,338,277
Fire				
Personnel	11,572,707	12,165,914	(593,207)	10,917,053
Maintenance and operations	2,176,786	2,232,615	(55,829)	2,235,547
Capital outlay	1,510,707	195,237	1,315,470	124,875
Debt service	-	-	-	258,844
Total fire	15,260,200	14,593,766	666,434	13,536,319
Municipal court				
Personnel	276,417	238,452	37,965	253,015
Maintenance and operations	80,244	70,893	9,351	99,970
Capital outlay	5,040	3,485	1,555	7,636
Total municipal court	361,701	312,830	48,871	360,621
<b>Total public safety</b>	<b>32,298,248</b>	<b>32,146,575</b>	<b>151,673</b>	<b>29,235,217</b>

(continued)

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>Development</b>				
Development svcs. administration				
Personnel	\$ 193,550	\$ 192,638	\$ 912	\$ 188,683
Maintenance and operations	17,130	6,915	10,215	9,727
Capital outlay	-	-	-	3,500
Total development svcs. administration	210,680	199,553	11,127	201,910
Planning services				
Personnel	203,123	187,643	15,480	181,823
Maintenance and operations	102,514	80,634	21,880	284,218
Total planning services	305,637	268,277	37,360	466,041
Development center/inspections				
Personnel	656,437	648,101	8,336	597,993
Maintenance and operations	172,480	158,331	14,149	134,149
Capital outlay	1,800	1,778	22	5,994
Total development center/inspections	830,717	808,210	22,507	738,136
Code enforcement				
Personnel	279,257	277,271	1,986	267,430
Maintenance and operations	219,513	165,664	53,849	142,496
Capital outlay	-	-	-	8,843
Total code enforcement	498,770	442,935	55,835	418,769
Geographic information system (GIS)				
Personnel	272,569	280,755	(8,186)	265,939
Maintenance and operations	103,157	100,810	2,347	30,004
Capital outlay	2,300	-	2,300	1,490
Total geographic information system	378,026	381,565	(3,539)	297,433
Engineering				
Personnel	594,815	395,567	199,248	456,306
Maintenance and operations	122,875	108,638	14,237	98,560
Capital outlay	5,300	4,725	575	5,003
Total engineering	722,990	508,930	214,060	559,869

(continued)

**CITY OF VICTORIA, TEXAS**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
*For the year ended September 30, 2021*  
*With comparative totals for the year ended September 30, 2020*

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>Development - (continued)</b>				
Streets and drainage				
Personnel	\$ 1,551,966	\$ 1,636,547	\$ (84,581)	\$ 1,427,453
Maintenance and operations	1,880,322	1,678,760	201,562	1,830,733
Capital outlay	21,940	18,670	3,270	13,469
Total streets and drainage	3,454,228	3,333,977	120,251	3,271,655
Traffic control				
Personnel	473,848	434,968	38,880	413,880
Maintenance and operations	1,686,667	1,579,710	106,957	1,701,245
Capital outlay	38,100	20,420	17,680	4,901
Total traffic control	2,198,615	2,035,098	163,517	2,120,026
<b>Total development</b>	<b>8,599,663</b>	<b>7,978,545</b>	<b>621,118</b>	<b>8,073,839</b>
<b>Building services</b>				
Building services				
Personnel	-	-	-	241,918
Maintenance and operations	2,960	-	2,960	119,946
Capital outlay	-	-	-	13,151
Total building services	2,960	-	2,960	375,015
Custodial				
Personnel	-	-	-	144,100
Maintenance and operations	-	-	-	34,090
Total custodial	-	-	-	178,190
<b>Total building services</b>	<b>2,960</b>	<b>-</b>	<b>2,960</b>	<b>553,205</b>
<b>Recreation</b>				
Parks and recreation				
Personnel	1,620,514	1,521,559	98,955	1,638,212
Maintenance and operations	1,123,497	1,045,807	77,690	1,152,257
Capital outlay	477,555	433,690	43,865	222,831
Total parks and recreation	3,221,566	3,001,056	220,510	3,013,300

(continued)

**CITY OF VICTORIA, TEXAS**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
*For the year ended September 30, 2021*  
*With comparative totals for the year ended September 30, 2020*

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>Recreation - (continued)</b>				
Library				
Personnel	\$ 1,354,329	\$ 1,249,450	\$ 104,879	\$ 1,306,322
Maintenance and operations	727,898	666,535	61,363	596,334
Capital outlay	<u>269,595</u>	<u>240,531</u>	<u>29,064</u>	<u>435,030</u>
Total library	<u>2,351,822</u>	<u>2,156,516</u>	<u>195,306</u>	<u>2,337,686</u>
<b>Total recreation</b>	<u>5,573,388</u>	<u>5,157,572</u>	<u>415,816</u>	<u>5,350,986</u>
<b>Total expenditures</b>	<u>\$ 51,362,052</u>	<u>\$ 49,900,810</u>	<u>\$ 1,461,242</u>	<u>\$ 47,187,137</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, 2021

With comparative totals for September 30, 2020

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	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,048,730	\$ 1,140,781
Receivables (net)		
Ad valorem taxes (prior years)	<u>665,851</u>	<u>731,165</u>
<b>Total assets</b>	<u>\$ 1,714,581</u>	<u>\$ 1,871,946</u>
<b>LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>665,851</u>	<u>731,165</u>
<b>Total deferred inflows of resources</b>	<u>665,851</u>	<u>731,165</u>
<b>FUND BALANCE</b>		
Restricted	<u>1,048,730</u>	<u>1,140,781</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 1,714,581</u>	<u>\$ 1,871,946</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, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
Taxes				
Ad valorem - current				
2010 Issue	\$ -	\$ -	\$ -	\$ 170,984
2012 Issues	641,530	638,848	(2,682)	640,731
2013 Issues	2,671,962	2,660,496	(11,466)	4,028,241
2014 Issue	399,644	397,566	(2,078)	398,044
2015 Issues	1,681,162	1,672,520	(8,642)	1,672,152
2017 Issue	2,175,440	2,166,051	(9,389)	2,143,738
2019 Issues	349,445	347,299	(2,146)	138,810
2020 Issue	1,262,359	1,256,675	(5,684)	-
Ad valorem - delinquent	110,000	173,584	63,584	72,447
Penalty and interest	-	-	-	43,675
Investment income - interest	100,000	5,668	(94,332)	56,313
<b>Total revenues</b>	<b>9,391,542</b>	<b>9,318,707</b>	<b>(72,835)</b>	<b>9,365,135</b>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement				
2010 Issue	-	-	-	30,000
2011 Issue	-	-	-	3,155,000
2012 Issues	550,000	550,000	-	540,000
2013 Issues	2,445,000	2,445,000	-	3,440,000
2014 Issue	255,000	255,000	-	250,000
2015 Issues	1,325,000	1,325,000	-	1,270,000
2017 Issue	1,385,000	1,385,000	-	1,295,000
2019 Issues	75,000	75,000	-	110,000
2020 Issue	1,157,918	1,210,000	(52,082)	-
Interest				
2010 Issue	-	-	-	146,300
2011 Issue	-	-	-	55,629
2012 Issues	110,864	110,862	2	123,363
2013 Issues	307,486	307,486	-	434,161
2014 Issue	156,688	156,688	-	161,688
2015 Issues	406,826	406,825	1	458,575
2017 Issue	856,000	856,000	-	920,750
2019 Issues	284,976	284,975	1	241,396
2020 Issue	90,400	38,322	52,078	-
Paying agents' fees and issue costs	6,000	4,600	1,400	180,353
Arbitrage rebate premiums	5,000	-	5,000	3,050
<b>Total expenditures</b>	<b>9,417,158</b>	<b>9,410,758</b>	<b>6,400</b>	<b>12,815,265</b>

	2021			2020 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Excess (deficiency) of revenues over expenditures	\$ (25,616)	\$ (92,051)	\$ (66,435)	\$ (3,450,130)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	9,440,000
Premium on debt issued	-	-	-	820,023
Payment to escrow	-	-	-	(10,076,560)
Transfer in	-	-	-	3,210,929
<b>Total other financing sources (uses)</b>	-	-	-	3,394,392
Change in fund balance	(25,616)	(92,051)	(66,435)	(55,738)
Fund balance at beginning of year	1,140,781	1,140,781	-	1,196,519
<b>Fund balance at end of year</b>	<u>\$ 1,115,165</u>	<u>\$ 1,048,730</u>	<u>\$ (66,435)</u>	<u>\$ 1,140,781</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, 2021

With comparative totals for the year ended September 30, 2020

	2021			2020 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Investment income				
Interest	\$ -	\$ -	\$ -	\$ 135
<b>Total revenues</b>	-	-	-	135
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	74,954
<b>Total expenditures</b>	-	-	-	74,954
Excess (deficiency) of revenues over expenditures	-	-	-	(74,819)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(135)	(135)	-	-
<b>Total other financing sources (uses)</b>	(135)	(135)	-	-
Change in fund balance	(135)	(135)	-	(74,819)
Fund balance at beginning of year	135	135	-	74,954
<b>Fund balance at end of year</b>	\$ -	\$ -	\$ -	\$ 135

**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, 2021**With comparative totals for the year ended September 30, 2020*

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
Intergovernmental	\$ 1,413,691	\$ 792,182	\$ (621,509)	\$ 292,182
Investment income				
Interest	6,356	5,527	(829)	105,614
Miscellaneous	-	-	-	62,500
<b>Total revenues</b>	<u>1,420,047</u>	<u>797,709</u>	<u>(622,338)</u>	<u>460,296</u>
<b>EXPENDITURES</b>				
Current				
Development	535,365	487,314	48,051	186,180
Capital outlay	<u>192,180</u>	<u>349,492</u>	<u>(157,312)</u>	<u>140,681</u>
<b>Total expenditures</b>	<u>727,545</u>	<u>836,806</u>	<u>(109,261)</u>	<u>326,861</u>
Excess (deficiency) of revenues over expenditures	692,502	(39,097)	(513,077)	133,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,059,258	158,000	(901,258)	120,000
Transfers out	<u>(3,575,948)</u>	<u>(1,174,673)</u>	<u>2,401,275</u>	<u>(4,471,062)</u>
<b>Total other financing sources (uses)</b>	<u>(2,516,690)</u>	<u>(1,016,673)</u>	<u>1,500,017</u>	<u>(4,351,062)</u>
Change in fund balance	(1,824,188)	(1,055,770)	986,940	(4,217,627)
Fund balance at beginning of year, as restated	<u>6,985,177</u>	<u>6,985,177</u>	-	<u>11,202,804</u>
<b>Fund balance at end of year</b>	<u>\$ 5,160,989</u>	<u>\$ 5,929,407</u>	<u>\$ 986,940</u>	<u>\$ 6,985,177</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, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
Intergovernmental	\$ 401,258	\$ -	\$ (401,258)	\$ -
Investment income				
Interest	3,244	3,829	585	62,148
Miscellaneous	-	153,089	153,089	780,266
<b>Total revenues</b>	<u>404,502</u>	<u>156,918</u>	<u>(247,584)</u>	<u>842,414</u>
<b>EXPENDITURES</b>				
Current				
Development	-	128,082	(128,082)	48,986
Capital outlay	10,730	5,298,155	(5,287,425)	6,370,889
Debt service				
Bond issuance costs	-	-	-	64,503
<b>Total expenditures</b>	<u>10,730</u>	<u>5,426,237</u>	<u>(5,415,507)</u>	<u>6,484,378</u>
Excess (deficiency) of revenues over expenditures	393,772	(5,269,319)	(5,663,091)	(5,641,964)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	1,960,000
Premium on debt issued	-	-	-	110,332
Transfers in	3,380,673	3,319,423	(61,250)	2,356,069
Transfers out	(6,383,672)	(241,450)	6,142,222	-
<b>Total other financing sources (uses)</b>	<u>(3,002,999)</u>	<u>3,077,973</u>	<u>6,080,972</u>	<u>4,426,401</u>
Change in fund balance	(2,609,227)	(2,191,346)	417,881	(1,215,563)
Fund balance at beginning of year	<u>3,863,866</u>	<u>3,863,866</u>	-	<u>5,079,429</u>
<b>Fund balance at end of year</b>	<u>\$ 1,254,639</u>	<u>\$ 1,672,520</u>	<u>\$ 417,881</u>	<u>\$ 3,863,866</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, 2021**

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 583,545	\$ 96,790	\$ 627,714	\$ 1,308,049
Receivables (net)	644	2,319	62,996	65,959
Due from other funds	-	-	975	975
Inventory	-	-	17,643	17,643
Returned checks	3,637	-	-	3,637
Prepaid items	-	-	-	-
Restricted assets				
Cash and cash equivalents	497,958	-	-	497,958
<b>Total current assets</b>	<u>1,085,784</u>	<u>99,109</u>	<u>709,328</u>	<u>1,894,221</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)	1,864,147	812,251	154,289	2,830,687
<b>Total noncurrent assets</b>	<u>2,039,307</u>	<u>1,036,849</u>	<u>1,297,781</u>	<u>4,373,937</u>
<b>Total assets</b>	<u>3,125,091</u>	<u>1,135,958</u>	<u>2,007,109</u>	<u>6,268,158</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	34,825	7,859	23,891	66,575
Accrued expenses	23,971	-	43,032	67,003
Accrued compensated absences	98	-	-	98
Due to other funds	4,514	-	851	5,365
Customer deposits	45,994	-	-	45,994
Current portion of capital lease payable	-	-	92,925	92,925
<b>Total current liabilities</b>	<u>109,402</u>	<u>7,859</u>	<u>160,699</u>	<u>277,960</u>
Noncurrent liabilities				
Accrued compensated absences	1,322	-	-	1,322
Capital lease payable	-	-	30,329	30,329
<b>Total noncurrent liabilities</b>	<u>1,322</u>	<u>-</u>	<u>30,329</u>	<u>31,651</u>
<b>Total liabilities</b>	<u>110,724</u>	<u>7,859</u>	<u>191,028</u>	<u>309,611</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,037,000	1,036,849	1,174,527	4,248,376
Unrestricted net position	977,367	91,250	641,554	1,710,171
<b>Total net position</b>	<u>\$ 3,014,367</u>	<u>\$ 1,128,099</u>	<u>\$ 1,816,081</u>	<u>\$ 5,958,547</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, 2021*

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 150,912	\$ 151,352	\$ 1,232,392	\$ 1,534,656
Miscellaneous	551	-	91	642
<b>Total operating revenues</b>	<u>151,463</u>	<u>151,352</u>	<u>1,232,483</u>	<u>1,535,298</u>
<b>OPERATING EXPENSES</b>				
Personnel	372,193	-	551,983	924,176
Materials and supplies	19,586	130	201,410	221,126
Maintenance	3,353	3,139	30,466	36,958
Heat, lights and power	60,564	39,062	37,587	137,213
Miscellaneous services	38,799	45,161	86,860	170,820
Contractual services	25,200	15,773	16,241	57,214
Computer services	22,287	-	-	22,287
Depreciation	285,618	85,795	96,330	467,743
<b>Total operating expenses</b>	<u>827,600</u>	<u>189,060</u>	<u>1,020,877</u>	<u>2,037,537</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(676,137)	(37,708)	211,606	(502,239)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	918	-	-	918
Interest and fiscal charges	-	-	(5,664)	(5,664)
Noncapital grants and contributions	26,000	-	-	26,000
Net nonoperating revenues (expenses)	<u>26,918</u>	<u>-</u>	<u>(5,664)</u>	<u>21,254</u>
Income before transfers	(649,219)	(37,708)	205,942	(480,985)
Transfers				
Transfers in	365,622	-	-	365,622
Transfers out	(21,800)	(15,130)	-	(36,930)
Total transfers	<u>343,822</u>	<u>(15,130)</u>	<u>-</u>	<u>328,692</u>
Change in net position	(305,397)	(52,838)	205,942	(152,293)
Total net position at beginning of year	<u>3,319,764</u>	<u>1,180,937</u>	<u>1,610,139</u>	<u>6,110,840</u>
<b>Total net position at end of year</b>	<u>\$ 3,014,367</u>	<u>\$ 1,128,099</u>	<u>\$ 1,816,081</u>	<u>\$ 5,958,547</u>

**CITY OF VICTORIA, TEXAS**

*ALL NONMAJOR ENTERPRISE FUNDS*

*COMBINING STATEMENT OF CASH FLOWS*

*For the year ended September 30, 2021*

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 151,463	\$ 151,332	\$ 1,229,726	\$ 1,532,521
Cash paid to suppliers for goods and services	(182,215)	(104,595)	(372,959)	(659,769)
Cash paid to employees for services	(367,580)	-	(554,571)	(922,151)
<b>Net cash provided (used) by operating activities</b>	<u>(398,332)</u>	<u>46,737</u>	<u>302,196</u>	<u>(49,399)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) in customer deposits	7,938	-	-	7,938
Borrowings from (to) other funds	2,476	-	304	2,780
Noncapital grants and contributions	26,000	-	-	26,000
Transfers in from other funds	365,622	-	-	365,622
Transfers out to other funds	(21,800)	(15,130)	-	(36,930)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>380,236</u>	<u>(15,130)</u>	<u>304</u>	<u>365,410</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(62,291)	(35,400)	(3,645)	(101,336)
Principal paid on capital lease	-	-	(87,826)	(87,826)
Interest paid on capital lease	-	-	(5,664)	(5,664)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(62,291)</u>	<u>(35,400)</u>	<u>(97,135)</u>	<u>(194,826)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	918	-	-	918
<b>Net cash provided (used) by investing activities</b>	<u>918</u>	<u>-</u>	<u>-</u>	<u>918</u>
Net increase (decrease) in cash and cash equivalents	(79,469)	(3,793)	205,365	122,103
Cash and cash equivalents at beginning of year	<u>1,160,972</u>	<u>100,583</u>	<u>422,349</u>	<u>1,683,904</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,081,503</u>	<u>\$ 96,790</u>	<u>\$ 627,714</u>	<u>\$ 1,806,007</u>

**CITY OF VICTORIA, TEXAS**

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

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	<u>Community Center</u>	<u>700 Main Center</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (676,137)	\$ (37,708)	\$ 211,606	\$ (502,239)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	285,618	85,795	96,330	467,743
Changes in assets and liabilities				
(Increase) decrease in receivables	-	(20)	(2,757)	(2,777)
(Increase) decrease in prepaid items	-	-	2,519	2,519
(Increase) decrease in inventory	-	-	(3,683)	(3,683)
Increase (decrease) in accounts payable	(12,426)	(1,330)	769	(12,987)
Increase (decrease) in accrued expenses	4,108	-	(2,588)	1,520
Increase (decrease) in compensated absences	<u>505</u>	<u>-</u>	<u>-</u>	<u>505</u>
Total adjustments	<u>277,805</u>	<u>84,445</u>	<u>90,590</u>	<u>452,840</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (398,332)</u>	<u>\$ 46,737</u>	<u>\$ 302,196</u>	<u>\$ (49,399)</u>

**WATER AND WASTEWATER FUND**

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**WATER AND WASTEWATER FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 13,897,648	\$ 12,104,878
Receivables (net)		
Accounts	2,000,550	2,181,175
Other	103,067	40,131
Inventory	198,870	181,813
Restricted assets		
Cash and cash equivalents	<u>113,565</u>	<u>358,493</u>
 Total current assets	 <u>16,313,700</u>	 <u>14,866,490</u>
Noncurrent assets		
Capital assets		
Buildings	39,997,426	39,524,945
Water and wastewater distribution system	212,420,925	211,664,607
Improvements other than buildings	2,621,194	2,621,194
Machinery and equipment	<u>5,090,332</u>	<u>4,875,801</u>
Total capital assets	260,129,877	258,686,547
Less accumulated depreciation	<u>141,092,245</u>	<u>132,337,640</u>
Subtotal	119,037,632	126,348,907
Land and water rights	3,190,946	3,190,946
Construction in progress	<u>156,468</u>	<u>105,261</u>
Net capital assets	<u>122,385,046</u>	<u>129,645,114</u>
 Total noncurrent assets	 <u>122,385,046</u>	 <u>129,645,114</u>
 <b>Total assets</b>	 <u>138,698,746</u>	 <u>144,511,604</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding	891,303	1,089,445
Deferred outflow related to pension	693,667	679,643
Deferred outflow related to OPEB	<u>306,472</u>	<u>241,007</u>
 <b>Total deferred outflows of resources</b>	 <u>1,891,442</u>	 <u>2,010,095</u>

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**WATER AND WASTEWATER FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 647,884	\$ 615,702
Accounts payable (payable from restricted assets)	4,400	19,514
Accrued expenses	408,073	333,880
Accrued compensated absences	9,510	6,855
Due to other funds	134,620	240,981
Due to component unit	-	16,030
Accrued interest payable	474,887	556,004
Current portion of waterworks and sewer system revenue bonds	<u>5,785,000</u>	<u>6,490,000</u>
Total current liabilities	<u>7,464,374</u>	<u>8,278,966</u>
Noncurrent liabilities		
Waterworks and sewer system revenue bonds (net of unamortized deferred amounts)	33,553,380	39,862,875
Net pension liability	4,642,949	5,237,465
OPEB liability	1,881,800	1,785,664
Accrued compensated absences	<u>128,037</u>	<u>127,823</u>
Total noncurrent liabilities	<u>40,206,166</u>	<u>47,013,827</u>
<b>Total liabilities</b>	<u>47,670,540</u>	<u>55,292,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pension	1,180,695	1,264,464
Deferred inflow related to OPEB	<u>233,408</u>	<u>183,538</u>
<b>Total deferred inflows of resources</b>	<u>1,414,103</u>	<u>1,448,002</u>
<b>NET POSITION</b>		
Net investment in capital assets	83,759,195	84,381,684
Unrestricted	<u>7,746,350</u>	<u>5,399,220</u>
<b>Total net position</b>	<u>\$ 91,505,545</u>	<u>\$ 89,780,904</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, 2021**With comparative totals for the year ended September 30, 2020*

	2021	2020
<b>OPERATING REVENUES</b>		
Water sales	\$ 13,431,090	\$ 13,900,741
Sewer service	12,364,289	12,078,139
Tap and connection fees	257,160	222,217
Miscellaneous	156,809	143,762
<b>Total operating revenues</b>	<u>26,209,348</u>	<u>26,344,859</u>
<b>OPERATING EXPENSES</b>		
Personnel	5,425,484	7,160,674
Materials and supplies	1,349,487	1,336,736
Maintenance	1,356,991	1,228,053
Heat, lights, and power	897,130	1,022,459
Miscellaneous services	2,226,248	2,195,361
Contractual services	756,315	811,999
Computer services	194,900	139,306
Depreciation	8,877,227	8,975,838
<b>Total operating expenses</b>	<u>21,083,782</u>	<u>22,870,426</u>
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	5,125,566	3,474,433
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	8,759	107,959
Interest and fiscal charges	(1,142,269)	(1,398,226)
Noncapital grants and contributions	150,000	-
Gain (loss) on disposition of capital assets	8,206	70,814
Net nonoperating revenues (expenses)	<u>(975,304)</u>	<u>(1,219,453)</u>
Income before contributions and transfers	4,150,262	2,254,980
Contributions and transfers		
Capital contributions	-	200,000
Transfers in	308,279	24,283
Transfers out	(2,733,900)	(2,770,087)
Total contributions and transfers	<u>(2,425,621)</u>	<u>(2,545,804)</u>
Change in net position	1,724,641	(290,824)
Net position at beginning of year	<u>89,780,904</u>	<u>90,071,728</u>
<b>Total net position at end of year</b>	<u>\$ 91,505,545</u>	<u>\$ 89,780,904</u>

**CITY OF VICTORIA, TEXAS****MAJOR ENTERPRISE FUND****WATER AND WASTEWATER FUND****STATEMENT OF CASH FLOWS**

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 26,327,037	\$ 26,570,393
Cash paid to suppliers for goods and services	(6,765,946)	(6,573,701)
Cash paid to employees for services	(5,960,190)	(5,634,143)
<b>Net cash provided (used) by operating activities</b>	<u>13,600,901</u>	<u>14,362,549</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	(106,361)	1,621,606
Borrowings from (to) component unit	(16,030)	(75,072)
Noncapital grants and contributions	150,000	-
Transfers in from other funds	308,279	24,283
Transfers out to other funds	(2,733,900)	(2,770,087)
<b>Total operating expenses</b>	<u>(2,398,012)</u>	<u>(1,199,270)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,632,274)	(2,691,605)
Proceeds from sale of capital assets	8,206	83,466
Proceeds from capital grants and contributions	-	200,000
Principal paid on revenue bonds	(6,490,000)	(7,425,000)
Interest paid on revenue bonds	(1,549,738)	(1,818,900)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(9,663,806)</u>	<u>(11,652,039)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	521,250
Investment income	8,759	107,959
<b>Net cash provided (used) by investing activities</b>	<u>8,759</u>	<u>629,209</u>
Net increase (decrease) in cash and cash equivalents	1,547,842	2,140,449
Cash and cash equivalents at beginning of year	<u>12,463,371</u>	<u>10,322,922</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 14,011,213</u>	<u>\$ 12,463,371</u>

**CITY OF VICTORIA, TEXAS**

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

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	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 5,125,566	\$ 3,474,433
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	8,877,227	8,975,838
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	180,625	220,764
(Increase) decrease in other receivables	(62,936)	4,770
(Increase) decrease in inventory	(17,057)	37,321
(Increase) decrease in deferred outflows related to pension	(14,024)	959,354
(Increase) decrease in deferred outflows related to OPEB	(65,465)	(52,381)
Increase (decrease) in accounts payable	32,182	122,892
Increase (decrease) in accrued expenses	74,193	41,198
Increase (decrease) in compensated absences	2,869	4,701
Increase (decrease) in net pension liability	(594,516)	(907,184)
Increase (decrease) in OPEB liability	96,136	141,483
Increase (decrease) in deferred inflows related to pension	(83,769)	1,175,892
Increase (decrease) in deferred inflows related to OPEB	49,870	163,468
Total adjustments	<u>8,475,335</u>	<u>10,888,116</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 13,600,901</u>	<u>\$ 14,362,549</u>

**COMMUNITY CENTER FUND**

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**COMMUNITY CENTER FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 583,545	\$ 513,607
Receivables (net)		
Other	644	644
Returned checks	3,637	3,637
Restricted assets		
Cash and cash equivalents	<u>497,958</u>	<u>647,365</u>
Total current assets	<u>1,085,784</u>	<u>1,165,253</u>
Noncurrent assets		
Capital assets		
Buildings	5,544,816	5,484,832
Infrastructure	288,581	288,581
Machinery and equipment	<u>369,601</u>	<u>367,294</u>
Total capital assets	6,202,998	6,140,707
Less accumulated depreciation	<u>4,338,851</u>	<u>4,053,233</u>
Subtotal	1,864,147	2,087,474
Land	<u>175,160</u>	<u>175,160</u>
Net capital assets	<u>2,039,307</u>	<u>2,262,634</u>
Total noncurrent assets	<u>2,039,307</u>	<u>2,262,634</u>
<b>Total assets</b>	<u>3,125,091</u>	<u>3,427,887</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	34,825	47,251
Accrued expenses	23,971	19,863
Accrued compensated absences	98	47
Due to other funds	4,514	2,038
Customer deposits	<u>45,994</u>	<u>38,056</u>
Total current liabilities	<u>109,402</u>	<u>107,255</u>
Noncurrent liabilities		
Accrued compensated absences	<u>1,322</u>	<u>868</u>
<b>Total liabilities</b>	<u>110,724</u>	<u>108,123</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,037,000	2,262,634
Unrestricted	<u>977,367</u>	<u>1,057,130</u>
<b>Total net position</b>	<u>\$ 3,014,367</u>	<u>\$ 3,319,764</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, 2021*  
*With comparative totals for the year ended September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Rental fees	\$ 150,912	\$ 102,199
Miscellaneous	551	1,252
<b>Total operating revenues</b>	<u>151,463</u>	<u>103,451</u>
<b>OPERATING EXPENSES</b>		
Personnel	372,193	330,417
Materials and supplies	19,586	20,312
Maintenance	3,353	23,595
Heat, lights, and power	60,564	63,781
Miscellaneous services	38,799	35,094
Contractual services	25,200	22,632
Computer services	22,287	16,556
Depreciation	285,618	313,368
<b>Total operating expenses</b>	<u>827,600</u>	<u>825,755</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(676,137)	(722,304)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	918	13,969
Noncapital grants and contributions	26,000	-
Gain (loss) on disposition of capital assets	-	(1,406)
Net nonoperating revenues (expenses)	<u>26,918</u>	<u>12,563</u>
Income (loss) before transfers	(649,219)	(709,741)
Transfers		
Transfers in	365,622	37,500
Transfers out	(21,800)	(23,800)
Total transfers	<u>343,822</u>	<u>13,700</u>
Change in net position	(305,397)	(696,041)
Total net position at beginning of year	<u>3,319,764</u>	<u>4,015,805</u>
<b>Total net position at end of year</b>	<u>\$ 3,014,367</u>	<u>\$ 3,319,764</u>

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**COMMUNITY CENTER FUND**  
**STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2021  
With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 151,463	\$ 101,065
Cash paid to suppliers for goods and services	(182,215)	(156,565)
Cash paid to employees for services	<u>(367,580)</u>	<u>(327,881)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(398,332)</u>	<u>(383,381)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase (decrease) in customer deposits	7,938	817
Borrowings from (to) other funds	2,476	(564)
Noncapital grants and contributions	26,000	-
Transfers in from other funds	365,622	37,500
Transfers out to other funds	<u>(21,800)</u>	<u>(23,800)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>380,236</u>	<u>13,953</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(62,291)</u>	<u>(35,995)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(62,291)</u>	<u>(35,995)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>918</u>	<u>13,969</u>
<b>Net cash provided (used) by investing activities</b>	<u>918</u>	<u>13,969</u>
Net increase (decrease) in cash and cash equivalents	(79,469)	(391,454)
Cash and cash equivalents at beginning of year	<u>1,160,972</u>	<u>1,552,426</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,081,503</u>	<u>\$ 1,160,972</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (676,137)	\$ (722,304)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	285,618	313,368
Changes in assets and liabilities		
(Increase) decrease in receivables	-	(269)
(Increase) decrease in returned checks	-	(2,117)
Increase (decrease) in accounts payable	(12,426)	25,405
Increase (decrease) in accrued expenses	4,108	2,480
Increase (decrease) in compensated absences	<u>505</u>	<u>56</u>
Total adjustments	<u>277,805</u>	<u>338,923</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (398,332)</u>	<u>\$ (383,381)</u>

**700 MAIN CENTER FUND**

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**700 MAIN CENTER FUND**  
**BALANCE SHEET**  
**September 30, 2021**  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 96,790	\$ 100,583
Receivables (net)		
Other	<u>2,319</u>	<u>2,299</u>
Total current assets	<u>99,109</u>	<u>102,882</u>
Noncurrent assets		
Capital assets		
Buildings	2,833,782	2,806,364
Improvements other than buildings	78,216	78,216
Machinery and equipment	<u>30,229</u>	<u>30,229</u>
Total capital assets	2,942,227	2,914,809
Less accumulated depreciation	<u>2,129,976</u>	<u>2,052,163</u>
Subtotal	812,251	862,646
Land	<u>224,598</u>	<u>224,598</u>
Net capital assets	<u>1,036,849</u>	<u>1,087,244</u>
<b>Total assets</b>	<u>1,135,958</u>	<u>1,190,126</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>7,859</u>	<u>9,189</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,036,849	1,087,244
Unrestricted	<u>91,250</u>	<u>93,693</u>
<b>Total net position</b>	<u>\$ 1,128,099</u>	<u>\$ 1,180,937</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, 2021*  
*With comparative totals for the year ended September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Rental fees	\$ <u>151,352</u>	\$ <u>151,511</u>
<b>OPERATING EXPENSES</b>		
Materials and supplies	130	1,832
Maintenance	3,139	12,987
Heat, lights, and power	39,062	39,506
Miscellaneous services	45,161	18,609
Contractual services	15,773	21,450
Depreciation	<u>85,795</u>	<u>83,975</u>
<b>Total operating expenses</b>	<u>189,060</u>	<u>178,359</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(37,708)	(26,848)
<b>NONOPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(37,708)	(26,848)
Transfers		
Transfers out	<u>(15,130)</u>	<u>(15,130)</u>
Change in net position	(52,838)	(41,978)
Total net position at beginning of year	<u>1,180,937</u>	<u>1,222,915</u>
<b>Total net position at end of year</b>	<u>\$ 1,128,099</u>	<u>\$ 1,180,937</u>

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**700 MAIN CENTER FUND**  
**STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2021  
With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 151,332	\$ 149,212
Cash paid to suppliers for goods and services	<u>(104,595)</u>	<u>(94,174)</u>
<b>Net cash provided (used) by operating activities</b>	<u>46,737</u>	<u>55,038</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	<u>(15,130)</u>	<u>(15,130)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(15,130)</u>	<u>(15,130)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(35,400)</u>	<u>(44,121)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(35,400)</u>	<u>(44,121)</u>
Net increase (decrease) in cash and cash equivalents	(3,793)	(4,213)
Cash and cash equivalents at beginning of year	<u>100,583</u>	<u>104,796</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 96,790</u>	<u>\$ 100,583</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (37,708)	\$ (26,848)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	85,795	83,975
Changes in assets and liabilities		
(Increase) decrease in other receivables	(20)	(2,299)
Increase (decrease) in accounts payable	<u>(1,330)</u>	<u>210</u>
Total adjustments	<u>84,445</u>	<u>81,886</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 46,737</u>	<u>\$ 55,038</u>

**ENVIRONMENTAL SERVICES FUND**

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**ENVIRONMENTAL SERVICES FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7,722,204	\$ 7,386,093
Receivables (net)		
Accounts	245,112	254,124
Other	17,393	13,835
Due from other funds	-	5,365
Restricted assets		
Cash and cash equivalents	<u>2,832,278</u>	<u>2,828,446</u>
Total current assets	<u>10,816,987</u>	<u>10,487,863</u>
Noncurrent assets		
Capital assets		
Buildings	1,427,524	936,536
Infrastructure	1,504,801	1,504,801
Improvements other than buildings	1,221,485	1,221,485
Machinery and equipment	<u>1,719,898</u>	<u>1,637,199</u>
Total capital assets	5,873,708	5,300,021
Less accumulated depreciation	<u>4,225,160</u>	<u>4,081,654</u>
Subtotal	1,648,548	1,218,367
Land	<u>834,981</u>	<u>834,981</u>
Net capital assets	<u>2,483,529</u>	<u>2,053,348</u>
Total noncurrent assets	<u>2,483,529</u>	<u>2,053,348</u>
<b>Total assets</b>	<u>13,300,516</u>	<u>12,541,211</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pension	155,336	152,297
Deferred outflow related to OPEB	<u>59,397</u>	<u>52,255</u>
<b>Total deferred outflows of resources</b>	<u>214,733</u>	<u>204,552</u>

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**ENVIRONMENTAL SERVICES FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 272,517	\$ 161,891
Accrued expenses	124,591	83,427
Unearned revenue	7,200	-
Accrued compensated absences	2,041	1,215
Due to other governments	41,134	47,551
Due to other funds	50,043	18,398
Due to component unit	31,875	30,354
Total current liabilities	<u>529,401</u>	<u>342,836</u>
Noncurrent liabilities		
Accrued compensated absences	27,481	22,660
Net pension liability	1,006,069	1,134,893
OPEB liability	360,738	386,931
Estimated landfill closure and postclosure care cost	4,440,679	4,339,634
Total noncurrent liabilities	<u>5,834,967</u>	<u>5,884,118</u>
<b>Total liabilities</b>	<u>6,364,368</u>	<u>6,226,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pension	261,948	280,100
Deferred inflow related to OPEB	49,444	39,884
<b>Total deferred inflows of resources</b>	<u>311,392</u>	<u>319,984</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,319,448	2,053,348
Unrestricted	4,520,041	4,145,477
<b>Total net position</b>	<u>\$ 6,839,489</u>	<u>\$ 6,198,825</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, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Garbage fees	\$ 3,386,242	\$ 3,336,388
Other garbage fees	1,351,586	1,242,928
Miscellaneous	<u>981,450</u>	<u>971,181</u>
<b>Total operating revenues</b>	<u>5,719,278</u>	<u>5,550,497</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,467,480	1,536,906
Materials and supplies	279,532	235,670
Maintenance	2,064	2,401
Heat, lights, and power	13,230	13,761
Miscellaneous services	974,550	1,430,883
Contractual services	370,728	252,202
Computer services	88,133	55,024
Tipping fees	1,144,944	1,045,073
Landfill closure and postclosure care cost	101,045	121,648
Depreciation	<u>143,505</u>	<u>274,308</u>
<b>Total operating expenses</b>	<u>4,585,211</u>	<u>4,967,876</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	1,134,067	582,621
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	12,199	126,113
Noncapital grants and contributions	8,000	-
Gain (loss) on disposition of capital assets	<u>-</u>	<u>14,947</u>
Net nonoperating revenues (expenses)	<u>20,199</u>	<u>141,060</u>
Income before transfers	1,154,266	723,681
Transfers		
Transfers in	81,565	47,357
Transfers out	<u>(595,167)</u>	<u>(603,167)</u>
Total transfers	<u>(513,602)</u>	<u>(555,810)</u>
Change in net position	640,664	167,871
Net position at beginning of year	<u>6,198,825</u>	<u>6,030,954</u>
<b>Total net position at end of year</b>	<u>\$ 6,839,489</u>	<u>\$ 6,198,825</u>

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

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 5,731,932	\$ 5,562,126
Cash paid to suppliers for goods and services	(2,768,972)	(2,976,547)
Cash paid to employees for services	<u>(1,594,459)</u>	<u>(1,308,982)</u>
<b>Net cash provided (used) by operating activities</b>	<u>1,368,501</u>	<u>1,276,597</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	37,010	2,496,363
Borrowings from (to) component unit	1,521	496
Noncapital grants and contributions	8,000	-
Transfers in from other funds	81,565	47,357
Transfers out to other funds	<u>(595,167)</u>	<u>(603,167)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(467,071)</u>	<u>1,941,049</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(573,686)	(108,869)
Proceeds from sale of capital assets	<u>-</u>	<u>24,651</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(573,686)</u>	<u>(84,218)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	-	1,252,250
Investment income	<u>12,199</u>	<u>126,113</u>
<b>Net cash provided (used) by investing activities</b>	<u>12,199</u>	<u>1,378,363</u>
Net increase (decrease) in cash and cash equivalents	339,943	4,511,791
Cash and cash equivalents at beginning of year	<u>10,214,539</u>	<u>5,702,748</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 10,554,482</u>	<u>\$ 10,214,539</u>

**CITY OF VICTORIA, TEXAS**

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,134,067	\$ 582,621
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	143,505	274,308
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	9,012	10,042
(Increase) decrease in other receivables	(3,558)	1,587
(Increase) decrease in deferred outflows related to pension	(3,039)	231,942
(Increase) decrease in deferred outflows related to OPEB	(7,142)	(8,561)
Increase (decrease) in accounts payable	110,626	73,081
Increase (decrease) in due to other governments	(6,417)	5,989
Increase (decrease) in unearned revenue	7,200	-
Increase (decrease) in accrued expenses	41,164	13,683
Increase (decrease) in compensated absences	5,647	1,776
Increase (decrease) in net pension liability	(128,824)	(289,953)
Increase (decrease) in OPEB liability	(26,193)	5,672
Increase (decrease) in landfill closure and postclosure care cost	101,045	101,045
Increase (decrease) in deferred inflows related to pension	(18,152)	238,135
Increase (decrease) in deferred inflows related to OPEB	9,560	35,230
Total adjustments	<u>234,434</u>	<u>693,976</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,368,501</u>	<u>\$ 1,276,597</u>

**GOLF COURSE FUND**

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**GOLF COURSE FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 627,714	\$ 422,349
Receivables (net)	62,996	60,239
Due from other funds	975	975
Inventory	17,643	13,960
Prepaid items	<u>-</u>	<u>2,519</u>
Total current assets	<u>709,328</u>	<u>500,042</u>
Noncurrent assets		
Capital assets		
Buildings	317,013	317,013
Improvements other than buildings	212,415	212,415
Machinery and equipment	<u>484,276</u>	<u>471,557</u>
Total capital assets	1,013,704	1,000,985
Less accumulated depreciation	<u>859,415</u>	<u>763,085</u>
Subtotal	154,289	237,900
Land	<u>1,143,492</u>	<u>1,143,492</u>
Net capital assets	<u>1,297,781</u>	<u>1,381,392</u>
<b>Total assets</b>	<u>2,007,109</u>	<u>1,881,434</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	23,891	23,122
Accrued expenses	43,032	45,620
Due to other funds	851	547
Current portion of capital lease payable	<u>92,925</u>	<u>87,825</u>
Total current liabilities	<u>160,699</u>	<u>157,114</u>
Noncurrent liabilities		
Capital lease payable	<u>30,329</u>	<u>114,181</u>
<b>Total liabilities</b>	<u>191,028</u>	<u>271,295</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,174,527	1,179,386
Unrestricted	<u>641,554</u>	<u>430,753</u>
<b>Total net position</b>	<u>\$ 1,816,081</u>	<u>\$ 1,610,139</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, 2021

With comparative totals for the year ended September 30, 2020

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	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Golf course sales	\$ 237,496	\$ 206,896
Fees and memberships	994,896	854,569
Miscellaneous	<u>91</u>	<u>4,265</u>
<b>Total operating revenues</b>	<u>1,232,483</u>	<u>1,065,730</u>
<b>OPERATING EXPENSES</b>		
Personnel	551,983	529,908
Materials and supplies	201,410	151,263
Maintenance	30,466	42,275
Heat, lights, and power	37,587	44,011
Miscellaneous services	86,860	78,565
Contractual services	16,241	16,799
Depreciation	<u>96,330</u>	<u>95,345</u>
<b>Total operating expenses</b>	<u>1,020,877</u>	<u>958,166</u>
Operating income (loss) before nonoperating revenues (expenses)	211,606	107,564
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and fiscal charges	<u>(5,664)</u>	<u>(8,676)</u>
Change in net position	205,942	98,888
Total net position at beginning of year	<u>1,610,139</u>	<u>1,511,251</u>
<b>Total net position at end of year</b>	<u>\$ 1,816,081</u>	<u>\$ 1,610,139</u>

**CITY OF VICTORIA, TEXAS**

NONMAJOR ENTERPRISE FUND

GOLF COURSE FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,229,726	\$ 1,063,605
Cash paid to suppliers for goods and services	(372,959)	(332,928)
Cash paid to employees for services	(554,571)	(512,384)
<b>Net cash provided (used) by operating activities</b>	<u>302,196</u>	<u>218,293</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	<u>304</u>	<u>(3,498)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>304</u>	<u>(3,498)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(3,645)	-
Principal paid on capital lease	(87,826)	(84,812)
Interest paid on capital lease	(5,664)	(8,676)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(97,135)</u>	<u>(93,488)</u>
Net increase (decrease) in cash and cash equivalents	205,365	121,307
Cash and cash equivalents at beginning of year	<u>422,349</u>	<u>301,042</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 627,714</u>	<u>\$ 422,349</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 211,606	\$ 107,564
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	96,330	95,345
Changes in assets and liabilities		
(Increase) decrease in other receivables	(2,757)	(2,249)
(Increase) decrease in returned checks	-	124
(Increase) decrease in prepaid items	2,519	141
(Increase) decrease in inventory	(3,683)	1,424
Increase (decrease) in accounts payable	769	(1,580)
Increase (decrease) in accrued expenses	(2,588)	17,524
Total adjustments	<u>90,590</u>	<u>110,729</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 302,196</u>	<u>\$ 218,293</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: Building and Equipment Services, Information Technology, Radio Systems, Purchasing, Safety Management, Workers' Compensation, Print Shop, and Employee Health Plan.

**Building and Equipment Services Fund** - This fund is to account for the cost of operating a central maintenance facility for all City-owned automotive equipment, maintain equipment that the fund does not own, i.e., non-automotive equipment owned by other City departments and automotive equipment owned by outside agencies, perform maintenance on City facilities, and maintain a high standard of cleanliness in all work and public areas of City buildings. Prior to fiscal year 2021, building services and custodial services were part of General Fund.

**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.

**Radio Systems 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, 2021**

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 864,775	\$ 519,587	\$ 221,315
Receivables (net)			
Other	39,925	16	32,278
Due from other funds	-	-	-
Inventory	85,047	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
Total current assets	<u>989,747</u>	<u>519,603</u>	<u>253,593</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	134,007	-	39,168
Buildings, improvements, and equipment (net)	<u>6,032,197</u>	<u>387,673</u>	<u>53,440</u>
Total noncurrent assets	<u>6,166,204</u>	<u>387,673</u>	<u>92,608</u>
<b>Total assets</b>	<u>7,155,951</u>	<u>907,276</u>	<u>346,201</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	274,762	27,626	28,313
Accrued expenses	43,142	39,380	-
Due to other funds	85	10,812	-
Accrued compensated absences	614	1,603	-
Claims payable	-	-	-
Total current liabilities	<u>318,603</u>	<u>79,421</u>	<u>28,313</u>
Noncurrent liabilities			
Accrued compensated absences	<u>8,272</u>	<u>21,590</u>	<u>-</u>
Total noncurrent liabilities	<u>8,272</u>	<u>21,590</u>	<u>-</u>
<b>Total liabilities</b>	<u>326,875</u>	<u>101,011</u>	<u>28,313</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,164,608	384,519	81,968
Unrestricted	<u>664,468</u>	<u>421,746</u>	<u>235,920</u>
<b>Total net position</b>	<u>\$ 6,829,076</u>	<u>\$ 806,265</u>	<u>\$ 317,888</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 143,493	\$ 217,309	\$ 445,894	\$ 39,541	\$ 3,070,171	\$ 5,522,085
24	4,975	-	4,130	80,472	161,820
-	-	-	-	493,203	493,203
38,527	-	-	11,468	-	135,042
-	-	24,000	-	-	24,000
<u>182,044</u>	<u>222,284</u>	<u>469,894</u>	<u>55,139</u>	<u>3,643,846</u>	<u>6,336,150</u>
-	-	-	-	-	173,175
<u>30,623</u>	<u>1,217</u>	<u>-</u>	<u>2,833</u>	<u>-</u>	<u>6,507,983</u>
<u>30,623</u>	<u>1,217</u>	<u>-</u>	<u>2,833</u>	<u>-</u>	<u>6,681,158</u>
<u>212,667</u>	<u>223,501</u>	<u>469,894</u>	<u>57,972</u>	<u>3,643,846</u>	<u>13,017,308</u>
5,371	1,419	27,992	2,606	61,949	430,038
15,996	7,053	-	-	-	105,571
19,885	39	-	-	-	30,821
319	-	-	-	-	2,536
-	-	309,224	-	326,004	635,228
<u>41,571</u>	<u>8,511</u>	<u>337,216</u>	<u>2,606</u>	<u>387,953</u>	<u>1,204,194</u>
<u>4,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,159</u>
<u>4,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,159</u>
<u>45,868</u>	<u>8,511</u>	<u>337,216</u>	<u>2,606</u>	<u>387,953</u>	<u>1,238,353</u>
30,623	1,217	-	2,833	-	6,665,768
<u>136,176</u>	<u>213,773</u>	<u>132,678</u>	<u>52,533</u>	<u>3,255,893</u>	<u>5,113,187</u>
<u>\$ 166,799</u>	<u>\$ 214,990</u>	<u>\$ 132,678</u>	<u>\$ 55,366</u>	<u>\$ 3,255,893</u>	<u>\$ 11,778,955</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, 2021*

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,817,412	\$ 1,727,407	\$ 436,704
Miscellaneous	<u>1,570</u>	<u>1,348</u>	<u>3</u>
<b>Total operating revenues</b>	<u>5,818,982</u>	<u>1,728,755</u>	<u>436,707</u>
<b>OPERATING EXPENSES</b>			
Personnel	641,730	654,428	10,640
Materials and supplies	1,086,478	11,495	1,324
Maintenance	9,136	542,750	413,059
Heat, lights, and power	62,654	-	-
Reinsurance premiums	-	-	-
Miscellaneous services	1,318,125	112,600	36,430
Contractual services	1,350,269	139,137	25,130
Computer services	42,233	-	8,793
Court costs, judgments, and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Depreciation	<u>2,513,100</u>	<u>171,867</u>	<u>94,286</u>
<b>Total operating expenses</b>	<u>7,023,725</u>	<u>1,632,277</u>	<u>589,662</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(1,204,743)	96,478	(152,955)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	211	278	218
Noncapital grants and contributions	57,313	20,000	-
Gain (loss) on disposition of capital assets	<u>(152,910)</u>	<u>(1,012)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(95,386)</u>	<u>19,266</u>	<u>218</u>
Income (loss) before transfers	(1,300,129)	115,744	(152,737)
Transfers			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(1,300,129)	115,744	(152,737)
Total net position at beginning of year	<u>8,129,205</u>	<u>690,521</u>	<u>470,625</u>
<b>Total net position at end of year</b>	<u>\$ 6,829,076</u>	<u>\$ 806,265</u>	<u>\$ 317,888</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 202,213	\$ 880,500	\$ 210,702	\$ 36,359	\$ 6,861,248	\$ 16,172,545
33,317	4,975	810	-	42,508	84,531
<u>235,530</u>	<u>885,475</u>	<u>211,512</u>	<u>36,359</u>	<u>6,903,756</u>	<u>16,257,076</u>
231,165	111,504	-	6,064	-	1,655,531
3,169	201	-	7,228	-	1,109,895
-	-	-	16,188	-	981,133
1,404	-	-	-	-	64,058
-	659,628	-	-	677,487	1,337,115
27,415	11,722	-	14,727	-	1,521,019
231	12,002	-	-	428,378	1,955,147
22,716	8,793	-	8,793	-	91,328
-	865	-	-	-	865
-	-	336,840	-	4,516,995	4,853,835
-	-	-	-	200,000	200,000
-	-	-	-	20,420	20,420
-	-	-	-	4,940	4,940
<u>3,021</u>	<u>441</u>	<u>-</u>	<u>3,095</u>	<u>-</u>	<u>2,785,810</u>
<u>289,121</u>	<u>805,156</u>	<u>336,840</u>	<u>56,095</u>	<u>5,848,220</u>	<u>16,581,096</u>
(53,591)	80,319	(125,328)	(19,736)	1,055,536	(324,020)
126	60	322	-	1,546	2,761
1,000	9,559	-	5,000	-	92,872
-	-	-	100	-	(153,822)
<u>1,126</u>	<u>9,619</u>	<u>322</u>	<u>5,100</u>	<u>1,546</u>	<u>(58,189)</u>
(52,465)	89,938	(125,006)	(14,636)	1,057,082	(382,209)
-	-	-	-	200,000	200,000
-	-	-	-	200,000	200,000
(52,465)	89,938	(125,006)	(14,636)	1,257,082	(182,209)
<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>
<u>\$ 166,799</u>	<u>\$ 214,990</u>	<u>\$ 132,678</u>	<u>\$ 55,366</u>	<u>\$ 3,255,893</u>	<u>\$ 11,778,955</u>

**CITY OF VICTORIA, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2021

	Building and Equipment Svcs.	Information Technology	Radio Systems
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from other funds	\$ 5,820,154	\$ 1,738,357	\$ 422,101
Cash paid to suppliers for goods and services	(4,008,480)	(827,571)	(459,697)
Cash paid to employees for services	(606,902)	(667,659)	(10,640)
<b>Net cash provided (used) by operating activities</b>	<u>1,204,772</u>	<u>243,127</u>	<u>(48,236)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Noncapital grants and contributions	57,313	20,000	-
Transfers in from other funds	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>57,313</u>	<u>20,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,527,868)	(229,073)	(26,140)
Proceeds from sale of capital assets	-	388	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,527,868)</u>	<u>(228,685)</u>	<u>(26,140)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	211	278	218
<b>Net cash provided (used) by investing activities</b>	<u>211</u>	<u>278</u>	<u>218</u>
Net increase (decrease) in cash and cash equivalents	(265,572)	34,720	(74,158)
Cash and cash equivalents at beginning of year	1,130,347	484,867	295,473
<b>Cash and cash equivalents at end of year</b>	<u>\$ 864,775</u>	<u>\$ 519,587</u>	<u>\$ 221,315</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 253,745	\$ 884,291	\$ 223,613	\$ 32,950	\$ 7,190,099	\$ 16,565,310
(66,423)	(692,330)	(217,552)	(46,136)	(5,956,642)	(12,274,831)
<u>(226,723)</u>	<u>(110,658)</u>	<u>-</u>	<u>(9,030)</u>	<u>-</u>	<u>(1,631,612)</u>
(39,401)	81,303	6,061	(22,216)	1,233,457	2,658,867
1,000	9,559	-	5,000	-	92,872
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
1,000	9,559	-	5,000	200,000	292,872
(2,710)	-	-	-	-	(1,785,791)
<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>488</u>
(2,710)	-	-	100	-	(1,785,303)
126	60	322	-	1,546	2,761
<u>126</u>	<u>60</u>	<u>322</u>	<u>-</u>	<u>1,546</u>	<u>2,761</u>
(40,985)	90,922	6,383	(17,116)	1,435,003	1,169,197
<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>
<u>\$ 143,493</u>	<u>\$ 217,309</u>	<u>\$ 469,894</u>	<u>\$ 39,541</u>	<u>\$ 3,070,171</u>	<u>\$ 5,546,085</u>

(continued)

**CITY OF VICTORIA, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
*For the year ended September 30, 2021*

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (1,204,743)	\$ 96,478	\$ (152,955)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	2,513,100	171,867	94,286
Changes in assets and liabilities			
(Increase) decrease in other receivables	1,087	37	(14,606)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventory	(57,845)	-	-
(Increase) decrease in prepaid items	83,631	-	-
Increase (decrease) in accounts payable	(165,371)	(21,589)	25,039
Increase (decrease) in accrued expenses	25,942	(644)	-
Increase (decrease) in due to other funds	85	9,565	-
Increase (decrease) in compensated absences	8,886	(12,587)	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>2,409,515</u>	<u>146,649</u>	<u>104,719</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,204,772</u>	<u>\$ 243,127</u>	<u>\$ (48,236)</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ (53,591)	\$ 80,319	\$ (125,328)	\$ (19,736)	\$ 1,055,536	\$ (324,020)
3,021	441	-	3,095	-	2,785,810
-	-	12,101	(1,042)	101,388	98,965
-	-	-	-	184,955	184,955
(12,333)	-	-	(237)	-	(70,415)
-	-	-	-	-	83,631
845	881	20,172	1,037	53,759	(85,227)
4,538	846	-	(2,966)	-	27,716
18,215	(1,184)	-	(2,367)	-	24,314
(96)	-	-	-	-	(3,797)
-	-	99,116	-	(162,181)	(63,065)
<u>14,190</u>	<u>984</u>	<u>131,389</u>	<u>(2,480)</u>	<u>177,921</u>	<u>2,982,887</u>
<u>\$ (39,401)</u>	<u>\$ 81,303</u>	<u>\$ 6,061</u>	<u>\$ (22,216)</u>	<u>\$ 1,233,457</u>	<u>\$ 2,658,867</u>

(concluded)

**BUILDING AND EQUIPMENT SERVICES FUND**

**CITY OF VICTORIA, TEXAS**  
**INTERNAL SERVICE FUND**  
**BUILDING AND EQUIPMENT SERVICES FUND**  
**BALANCE SHEET**  
September 30, 2021  
With comparative totals for September 30, 2020

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 864,775	\$ 1,130,347
Receivables		
Other	39,925	41,012
Inventory	85,047	27,202
Prepaid items	-	83,631
Total current assets	<u>989,747</u>	<u>1,282,192</u>
Noncurrent assets		
Capital assets		
Buildings	425,876	425,876
Infrastructure	93,179	93,179
Improvements other than buildings	10,659	10,659
Machinery and equipment	<u>24,125,938</u>	<u>23,526,466</u>
Total capital assets	24,655,652	24,056,180
Less accumulated depreciation	<u>18,623,455</u>	<u>16,885,841</u>
Subtotal	6,032,197	7,170,339
Land	<u>134,007</u>	<u>134,007</u>
Net capital assets	<u>6,166,204</u>	<u>7,304,346</u>
<b>Total assets</b>	<u>7,155,951</u>	<u>8,586,538</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	274,762	440,133
Accrued expenses	43,142	17,200
Due to other funds	85	-
Accrued compensated absences	<u>614</u>	<u>-</u>
Total current liabilities	<u>318,603</u>	<u>457,333</u>
Noncurrent liabilities		
Accrued compensated absences	<u>8,272</u>	<u>-</u>
Total noncurrent liabilities	<u>8,272</u>	<u>-</u>
<b>Total liabilities</b>	<u>326,875</u>	<u>457,333</u>
<b>NET POSITION</b>		
Net investment in capital assets	6,164,608	7,304,346
Unrestricted	<u>664,468</u>	<u>824,859</u>
<b>Total net position</b>	<u>\$ 6,829,076</u>	<u>\$ 8,129,205</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

BUILDING AND EQUIPMENT SERVICES FUND

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

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 5,817,412	\$ 5,873,656
Miscellaneous	<u>1,570</u>	<u>70,537</u>
<b>Total operating revenues</b>	<u>5,818,982</u>	<u>5,944,193</u>
<b>OPERATING EXPENSES</b>		
Personnel	641,730	173,970
Materials and supplies	1,086,478	825,693
Maintenance	9,136	11,083
Heat, lights, and power	62,654	17,951
Miscellaneous services	1,318,125	1,062,036
Contractual services	1,350,269	1,330,574
Computer services	42,233	16,556
Depreciation	<u>2,513,100</u>	<u>2,320,071</u>
<b>Total operating expenses</b>	<u>7,023,725</u>	<u>5,757,934</u>
Operating income (loss) before nonoperating revenues (expenses)	(1,204,743)	186,259
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	211	2,527
Noncapital grants and contributions	57,313	-
Gain (loss) on disposition of capital assets	<u>(152,910)</u>	<u>(40,521)</u>
Net nonoperating revenues (expenses)	<u>(95,386)</u>	<u>(37,994)</u>
Change in net position	(1,300,129)	148,265
Total net position at beginning of year	<u>8,129,205</u>	<u>7,980,940</u>
<b>Total net position at end of year</b>	<u>\$ 6,829,076</u>	<u>\$ 8,129,205</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

BUILDING AND EQUIPMENT SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 5,820,154	\$ 5,924,151
Cash paid to suppliers for goods and services	(4,008,480)	(3,225,607)
Cash paid to employees for services	(606,902)	(165,468)
<b>Net cash provided (used) by operating activities</b>	<u>1,204,772</u>	<u>2,533,076</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital grants and contributions	57,313	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>57,313</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,527,868)	(2,339,976)
Proceeds from sale of capital assets	-	2,625
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,527,868)</u>	<u>(2,337,351)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	211	2,527
Net increase (decrease) in cash and cash equivalents	(265,572)	198,252
Cash and cash equivalents at beginning of year	1,130,347	932,095
<b>Cash and cash equivalents at end of year</b>	<u>\$ 864,775</u>	<u>\$ 1,130,347</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,204,743)	\$ 186,259
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	2,513,100	2,320,071
Changes in assets and liabilities		
(Increase) decrease in other receivables	1,087	(20,042)
(Increase) decrease in inventory	(57,845)	40,040
(Increase) decrease in prepaid items	83,631	(83,631)
Increase (decrease) in accounts payable	(165,371)	81,877
Increase (decrease) in accrued expenses	25,942	8,502
Increase (decrease) in due to other funds	85	-
Increase (decrease) in compensated absences	8,886	-
Total adjustments	<u>2,409,515</u>	<u>2,346,817</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,204,772</u>	<u>\$ 2,533,076</u>

**INFORMATION TECHNOLOGY FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*INFORMATION TECHNOLOGY FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 519,587	\$ 484,867
Receivables		
Other	<u>16</u>	<u>53</u>
Total current assets	<u>519,603</u>	<u>484,920</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	<u>2,999,007</u>	<u>2,813,525</u>
Total capital assets	<u>2,999,007</u>	<u>2,813,525</u>
Less accumulated depreciation	<u>2,611,334</u>	<u>2,481,658</u>
Net capital assets	<u>387,673</u>	<u>331,867</u>
<b>Total assets</b>	<u>907,276</u>	<u>816,787</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	27,626	49,215
Accrued expenses	39,380	40,024
Due to other funds	10,812	12,534
Accrued compensated absences	<u>1,603</u>	<u>1,247</u>
Total current liabilities	<u>79,421</u>	<u>103,020</u>
Noncurrent liabilities		
Accrued compensated absences	<u>21,590</u>	<u>23,246</u>
Total noncurrent liabilities	<u>21,590</u>	<u>23,246</u>
<b>Total liabilities</b>	<u>101,011</u>	<u>126,266</u>
<b>NET POSITION</b>		
Net investment in capital assets	384,519	331,867
Unrestricted	<u>421,746</u>	<u>358,654</u>
<b>Total net position</b>	<u>\$ 806,265</u>	<u>\$ 690,521</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, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,727,407	\$ 1,296,198
Miscellaneous	<u>1,348</u>	<u>509</u>
<b>Total operating revenues</b>	<u>1,728,755</u>	<u>1,296,707</u>
<b>OPERATING EXPENSES</b>		
Personnel	654,428	692,194
Materials and supplies	11,495	14,950
Maintenance	542,750	289,677
Miscellaneous services	112,600	121,872
Contractual services	139,137	110,463
Depreciation	<u>171,867</u>	<u>189,357</u>
<b>Total operating expenses</b>	<u>1,632,277</u>	<u>1,418,513</u>
Operating income (loss) before nonoperating revenues (expenses)	96,478	(121,806)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	278	3,814
Noncapital grants and contributions	20,000	-
Gain (loss) on disposition of capital assets	<u>(1,012)</u>	<u>30</u>
Net nonoperating revenues (expenses)	<u>19,266</u>	<u>3,844</u>
Change in net position	115,744	(117,962)
Total net position at beginning of year	<u>690,521</u>	<u>808,483</u>
<b>Total net position at end of year</b>	<u>\$ 806,265</u>	<u>\$ 690,521</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

INFORMATION TECHNOLOGY FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 1,738,357	\$ 1,290,009
Cash paid to suppliers for goods and services	(827,571)	(533,273)
Cash paid to employees for services	(667,659)	(677,208)
<b>Net cash provided (used) by operating activities</b>	<u>243,127</u>	<u>79,528</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital grants and contributions	20,000	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>20,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(229,073)	(71,001)
Proceeds from sale of capital assets	388	30
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(228,685)</u>	<u>(70,971)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	278	3,814
<b>Net cash provided (used) by investing activities</b>	<u>278</u>	<u>3,814</u>
Net increase (decrease) in cash and cash equivalents	34,720	12,371
Cash and cash equivalents at beginning of year	484,867	472,496
<b>Cash and cash equivalents at end of year</b>	<u>\$ 519,587</u>	<u>\$ 484,867</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 96,478	\$ (121,806)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	171,867	189,357
Changes in assets and liabilities		
(Increase) decrease in other receivables	37	(53)
Increase (decrease) in accounts payable	(21,589)	3,689
Increase (decrease) in accrued expenses	(644)	3,714
Increase (decrease) in due to other funds	9,565	(6,645)
Increase (decrease) in compensated absences	(12,587)	11,272
Total adjustments	<u>146,649</u>	<u>201,334</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 243,127</u>	<u>\$ 79,528</u>

**RADIO SYSTEMS FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*RADIO SYSTEMS FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 221,315	\$ 295,473
Receivables		
Other	<u>32,278</u>	<u>17,672</u>
Total current assets	<u>253,593</u>	<u>313,145</u>
Noncurrent assets		
Capital assets		
Buildings	43,263	32,623
Infrastructure	2,501	2,501
Machinery and equipment	<u>3,761,079</u>	<u>3,745,579</u>
Total capital assets	3,806,843	3,780,703
Less accumulated depreciation	<u>3,753,403</u>	<u>3,659,117</u>
Subtotal	53,440	121,586
Land	<u>39,168</u>	<u>39,168</u>
Net capital assets	<u>92,608</u>	<u>160,754</u>
<b>Total assets</b>	<u>346,201</u>	<u>473,899</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>28,313</u>	<u>3,274</u>
<b>Total liabilities</b>	<u>28,313</u>	<u>3,274</u>
<b>NET POSITION</b>		
Net investment in capital assets	81,968	160,754
Unrestricted	<u>235,920</u>	<u>309,871</u>
<b>Total net position</b>	<u>\$ 317,888</u>	<u>\$ 470,625</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

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

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

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	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 436,704	\$ 506,555
Miscellaneous	<u>3</u>	<u>1,587</u>
<b>Total operating revenues</b>	<u>436,707</u>	<u>508,142</u>
<b>OPERATING EXPENSES</b>		
Personnel	10,640	8,452
Materials and supplies	1,324	71
Maintenance	413,059	407,592
Miscellaneous services	36,430	17,928
Contractual services	25,130	67,827
Computer services	8,793	7,003
Depreciation	<u>94,286</u>	<u>180,978</u>
<b>Total operating expenses</b>	<u>589,662</u>	<u>689,851</u>
Operating income (loss) before nonoperating revenues (expenses)	(152,955)	(181,709)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	<u>218</u>	<u>1,492</u>
Net nonoperating revenues (expenses)	<u>218</u>	<u>1,492</u>
Change in net position	(152,737)	(180,217)
Total net position at beginning of year	<u>470,625</u>	<u>650,842</u>
<b>Total net position at end of year</b>	<u>\$ 317,888</u>	<u>\$ 470,625</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 422,101	\$ 501,237
Cash paid to suppliers for goods and services	(459,697)	(498,882)
Cash paid to employees for services	(10,640)	(8,452)
<b>Net cash provided (used) by operating activities</b>	<u>(48,236)</u>	<u>(6,097)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(26,140)	(15,113)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(26,140)</u>	<u>(15,113)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	218	1,492
<b>Net cash provided (used) by investing activities</b>	<u>218</u>	<u>1,492</u>
Net increase (decrease) in cash and cash equivalents	(74,158)	(19,718)
Cash and cash equivalents at beginning of year	295,473	315,191
<b>Cash and cash equivalents at end of year</b>	<u>\$ 221,315</u>	<u>\$ 295,473</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (152,955)	\$ (181,709)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	94,286	180,978
Changes in assets and liabilities		
(Increase) decrease in other receivables	(14,606)	(6,905)
Increase (decrease) in accounts payable	25,039	1,539
Total adjustments	<u>104,719</u>	<u>175,612</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (48,236)</u>	<u>\$ (6,097)</u>

**PURCHASING FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*PURCHASING FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 143,493	\$ 184,478
Receivables		
Other	24	24
Inventory	<u>38,527</u>	<u>26,194</u>
Total current assets	<u>182,044</u>	<u>210,696</u>
Noncurrent assets		
Capital assets		
Buildings	147,110	144,400
Infrastructure	7,827	7,827
Improvements other than buildings	5,840	5,840
Machinery and equipment	<u>29,465</u>	<u>29,465</u>
Total capital assets	190,242	187,532
Less accumulated depreciation	<u>159,619</u>	<u>156,598</u>
Net capital assets	<u>30,623</u>	<u>30,934</u>
<b>Total assets</b>	<u>212,667</u>	<u>241,630</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	5,371	4,526
Accrued expenses	15,996	11,458
Due to other funds	19,885	1,670
Accrued compensated absences	<u>319</u>	<u>240</u>
Total current liabilities	<u>41,571</u>	<u>17,894</u>
Noncurrent liabilities		
Accrued compensated absences	<u>4,297</u>	<u>4,472</u>
Total noncurrent liabilities	<u>4,297</u>	<u>4,472</u>
<b>Total liabilities</b>	<u>45,868</u>	<u>22,366</u>
<b>NET POSITION</b>		
Net investment in capital assets	30,623	30,934
Unrestricted	<u>136,176</u>	<u>188,330</u>
<b>Total net position</b>	<u>\$ 166,799</u>	<u>\$ 219,264</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, 2021

With comparative totals for the year ended September 30, 2020

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	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 202,213	\$ 233,584
Miscellaneous	<u>33,317</u>	<u>28,317</u>
<b>Total operating revenues</b>	<u>235,530</u>	<u>261,901</u>
<b>OPERATING EXPENSES</b>		
Personnel	231,165	174,944
Materials and supplies	3,169	2,715
Maintenance	-	947
Heat, lights, and power	1,404	2,393
Miscellaneous services	27,415	25,229
Contractual services	231	-
Computer services	22,716	18,093
Depreciation	<u>3,021</u>	<u>5,737</u>
<b>Total operating expenses</b>	<u>289,121</u>	<u>230,058</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(53,591)	31,843
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	126	938
Noncapital grants and contributions	1,000	-
Gain on disposition of capital assets	<u>-</u>	<u>80</u>
Net nonoperating revenues (expenses)	<u>1,126</u>	<u>1,018</u>
Income (loss) before transfers	(52,465)	32,861
Transfers		
Transfers out	<u>-</u>	<u>(2,000)</u>
Change in net position	(52,465)	30,861
Total net position at beginning of year	<u>219,264</u>	<u>188,403</u>
<b>Total net position at end of year</b>	<u>\$ 166,799</u>	<u>\$ 219,264</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PURCHASING FUND

## STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 253,745	\$ 257,845
Cash paid to suppliers for goods and services	(66,423)	(39,261)
Cash paid to employees for services	(226,723)	(169,318)
<b>Net cash provided (used) by operating activities</b>	<u>(39,401)</u>	<u>49,266</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital grants and contributions	1,000	-
Transfers out to other funds	-	(2,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>1,000</u>	<u>(2,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(2,710)	(2,416)
Proceeds from sale of capital assets	-	80
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,710)</u>	<u>(2,336)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	126	938
<b>Net cash provided (used) by investing activities</b>	<u>126</u>	<u>938</u>
Net increase (decrease) in cash and cash equivalents	(40,985)	45,868
Cash and cash equivalents at beginning of year	184,478	138,610
<b>Cash and cash equivalents at end of year</b>	<u>\$ 143,493</u>	<u>\$ 184,478</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (53,591)	\$ 31,843
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	3,021	5,737
Changes in assets and liabilities		
(Increase) decrease in other receivables	-	148
(Increase) decrease in inventory	(12,333)	8,742
Increase (decrease) in accounts payable	845	1,374
Increase (decrease) in accrued expenses	4,538	4,606
Increase (decrease) in due to other funds	18,215	(4,204)
Increase (decrease) in compensated absences	(96)	1,020
Total adjustments	<u>14,190</u>	<u>17,423</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (39,401)</u>	<u>\$ 49,266</u>

**SAFETY MANAGEMENT FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*SAFETY MANAGEMENT FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 217,309	\$ 126,387
Receivables		
Other	<u>4,975</u>	<u>4,975</u>
Total current assets	<u>222,284</u>	<u>131,362</u>
Noncurrent assets		
Capital assets		
Buildings	973	973
Machinery and equipment	<u>3,287</u>	<u>4,637</u>
Total capital assets	4,260	5,610
Less accumulated depreciation	<u>3,043</u>	<u>3,952</u>
Net capital assets	<u>1,217</u>	<u>1,658</u>
<b>Total assets</b>	<u>223,501</u>	<u>133,020</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,419	538
Accrued expenses	7,053	6,207
Due to other funds	<u>39</u>	<u>1,223</u>
<b>Total liabilities</b>	<u>8,511</u>	<u>7,968</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,217	1,658
Unrestricted	<u>213,773</u>	<u>123,394</u>
<b>Total net position</b>	<u>\$ 214,990</u>	<u>\$ 125,052</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, 2021

With comparative totals for the year ended September 30, 2020

---

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 880,500	\$ 892,320
Miscellaneous	<u>4,975</u>	<u>4,975</u>
<b>Total operating revenues</b>	<u>885,475</u>	<u>897,295</u>
<b>OPERATING EXPENSES</b>		
Personnel	111,504	104,116
Materials and supplies	201	640
Reinsurance premiums	659,628	688,593
Miscellaneous services	11,722	10,487
Contractual services	12,002	11,390
Computer services	8,793	7,003
Court costs, judgments, and damages	865	388
Depreciation	<u>441</u>	<u>421</u>
<b>Total operating expenses</b>	<u>805,156</u>	<u>823,038</u>
Operating income (loss) before nonoperating revenues (expenses)	80,319	74,257
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	60	154
Noncapital grants and contributions	<u>9,559</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>9,619</u>	<u>154</u>
Change in net position	89,938	74,411
Total net position at beginning of year	<u>125,052</u>	<u>50,641</u>
<b>Total net position at end of year</b>	<u>\$ 214,990</u>	<u>\$ 125,052</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

SAFETY MANAGEMENT FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 884,291	\$ 888,208
Cash paid to suppliers for goods and services	(692,330)	(723,965)
Cash paid to employees for services	(110,658)	(103,531)
<b>Net cash provided (used) by operating activities</b>	<u>81,303</u>	<u>60,712</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital grants and contributions	<u>9,559</u>	<u>-</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>9,559</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>-</u>	<u>(1,127)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>(1,127)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>60</u>	<u>154</u>
<b>Net cash provided (used) by investing activities</b>	<u>60</u>	<u>154</u>
Net increase (decrease) in cash and cash equivalents	90,922	59,739
Cash and cash equivalents at beginning of year	<u>126,387</u>	<u>66,648</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 217,309</u>	<u>\$ 126,387</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 80,319	\$ 74,257
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	441	421
Changes in assets and liabilities		
(Increase) decrease in other receivables	-	(4,975)
Increase (decrease) in accounts payable	881	(5,464)
Increase (decrease) in accrued expenses	846	585
Increase (decrease) in due to other funds	(1,184)	(4,112)
Total adjustments	<u>984</u>	<u>(13,545)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 81,303</u>	<u>\$ 60,712</u>

**WORKERS' COMPENSATION FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*WORKERS' COMPENSATION FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 445,894	\$ 439,511
Receivables		
Other	-	12,101
Restricted assets		
Cash and cash equivalents	<u>24,000</u>	<u>24,000</u>
<b>Total assets</b>	<u>469,894</u>	<u>475,612</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	27,992	7,820
Claims payable	<u>309,224</u>	<u>210,108</u>
<b>Total liabilities</b>	<u>337,216</u>	<u>217,928</u>
<b>NET POSITION</b>		
Unrestricted	<u>132,678</u>	<u>257,684</u>
<b>Total net position</b>	<u>\$ 132,678</u>	<u>\$ 257,684</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, 2021

With comparative totals for the year ended September 30, 2020

---

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 210,702	\$ 210,702
Miscellaneous	<u>810</u>	<u>12,100</u>
<b>Total operating revenues</b>	<u>211,512</u>	<u>222,802</u>
<b>OPERATING EXPENSES</b>		
Claims expense	<u>336,840</u>	<u>142,934</u>
<b>Total operating expenses</b>	<u>336,840</u>	<u>142,934</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(125,328)	79,868
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	<u>322</u>	<u>4,620</u>
Income (loss) before transfers	(125,006)	84,488
Transfers		
Transfers out	<u>-</u>	<u>(200,000)</u>
Change in net position	(125,006)	(115,512)
Total net position at beginning of year	<u>257,684</u>	<u>373,196</u>
<b>Total net position at end of year</b>	<u>\$ 132,678</u>	<u>\$ 257,684</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 223,613	\$ 217,376
Cash paid to suppliers for goods and services	<u>(217,552)</u>	<u>(176,462)</u>
<b>Net cash provided (used) by operating activities</b>	<u>6,061</u>	<u>40,914</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	<u>-</u>	<u>(200,000)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>(200,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>322</u>	<u>4,620</u>
<b>Net cash provided (used) by investing activities</b>	<u>322</u>	<u>4,620</u>
Net increase (decrease) in cash and cash equivalents	6,383	(154,466)
Cash and cash equivalents at beginning of year	<u>463,511</u>	<u>617,977</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 469,894</u>	<u>\$ 463,511</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (125,328)	\$ 79,868
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	12,101	(5,426)
Increase (decrease) in accounts payable	20,172	(772)
Increase (decrease) in claims payable	<u>99,116</u>	<u>(32,756)</u>
Total adjustments	<u>131,389</u>	<u>(38,954)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 6,061</u>	<u>\$ 40,914</u>

**PRINT SHOP FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*PRINT SHOP FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,541	\$ 56,657
Receivables		
Other	4,130	3,088
Inventory	<u>11,468</u>	<u>11,231</u>
Total current assets	<u>55,139</u>	<u>70,976</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	67,324	74,919
Less accumulated depreciation	<u>64,491</u>	<u>68,991</u>
Net capital assets	<u>2,833</u>	<u>5,928</u>
<b>Total assets</b>	<u>57,972</u>	<u>76,904</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,606	1,569
Accrued expenses	-	2,966
Due to other funds	<u>-</u>	<u>2,367</u>
<b>Total liabilities</b>	<u>2,606</u>	<u>6,902</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,833	5,928
Unrestricted	<u>52,533</u>	<u>64,074</u>
<b>Total net position</b>	<u>\$ 55,366</u>	<u>\$ 70,002</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, 2021

With comparative totals for the year ended September 30, 2020

---

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 36,359	\$ 146,867
<b>Total operating revenues</b>	<u>36,359</u>	<u>146,867</u>
<b>OPERATING EXPENSES</b>		
Personnel	6,064	81,851
Materials and supplies	7,228	4,956
Maintenance	16,188	15,128
Miscellaneous services	14,727	37,732
Computer services	8,793	7,003
Depreciation	<u>3,095</u>	<u>6,539</u>
<b>Total operating expenses</b>	<u>56,095</u>	<u>153,209</u>
Operating income (loss) before nonoperating revenues (expenses)	(19,736)	(6,342)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Noncapital grants and contributions	5,000	-
Gain (loss) on disposition of capital assets	<u>100</u>	<u>(932)</u>
Net nonoperating revenues (expenses)	<u>5,100</u>	<u>(932)</u>
Change in net position	(14,636)	(7,274)
Total net position at beginning of year	<u>70,002</u>	<u>77,276</u>
<b>Total net position at end of year</b>	<u>\$ 55,366</u>	<u>\$ 70,002</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PRINT SHOP FUND

**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 32,950	\$ 147,994
Cash paid to suppliers for goods and services	(46,136)	(57,379)
Cash paid to employees for services	(9,030)	(86,069)
<b>Net cash provided (used) by operating activities</b>	<u>(22,216)</u>	<u>4,546</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital grants and contributions	<u>5,000</u>	<u>-</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>5,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	<u>100</u>	<u>1</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>100</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	(17,116)	4,547
Cash and cash equivalents at beginning of year	<u>56,657</u>	<u>52,110</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 39,541</u>	<u>\$ 56,657</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (19,736)	\$ (6,342)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	3,095	6,539
Changes in assets and liabilities		
(Increase) decrease in other receivables	(1,042)	(1,240)
(Increase) decrease in inventory	(237)	7,473
Increase (decrease) in accounts payable	1,037	(33)
Increase (decrease) in accrued expenses	(2,966)	(3,445)
Increase (decrease) in due to other funds	(2,367)	2,367
Increase (decrease) in compensated absences	<u>-</u>	<u>(773)</u>
Total adjustments	<u>(2,480)</u>	<u>10,888</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (22,216)</u>	<u>\$ 4,546</u>

**EMPLOYEE HEALTH PLAN FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*EMPLOYEE HEALTH PLAN FUND*  
**BALANCE SHEET**  
*September 30, 2021*  
*With comparative totals for September 30, 2020*

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,070,171	\$ 1,635,168
Receivables		
Other	80,472	181,860
Due from other funds	<u>493,203</u>	<u>678,158</u>
<b>Total assets</b>	<u>3,643,846</u>	<u>2,495,186</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	61,949	8,190
Claims payable	<u>326,004</u>	<u>488,185</u>
<b>Total liabilities</b>	<u>387,953</u>	<u>496,375</u>
<b>NET POSITION</b>		
Unrestricted	<u>3,255,893</u>	<u>1,998,811</u>
<b>Total net position</b>	<u>\$ 3,255,893</u>	<u>\$ 1,998,811</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, 2021

With comparative totals for year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 6,861,248	\$ 5,791,784
Miscellaneous	42,508	29,209
<b>Total operating revenues</b>	<u>6,903,756</u>	<u>5,820,993</u>
<b>OPERATING EXPENSES</b>		
Reinsurance premiums	677,487	576,013
Contractual services	428,378	235,618
Claims expense	4,516,995	5,552,868
OPEB trust expense	200,000	200,000
HSA expense	-	54,750
Life insurance expense	20,420	-
Wellness program	4,940	7,400
<b>Total operating expenses</b>	<u>5,848,220</u>	<u>6,626,649</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	1,055,536	(805,656)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	1,546	15,239
Net nonoperating revenues (expenses)	<u>1,546</u>	<u>15,239</u>
Income (loss) before transfers	1,057,082	(790,417)
Transfers		
Transfers in	200,000	1,280,000
Change in net position	1,257,082	489,583
Total net position at beginning of year	<u>1,998,811</u>	<u>1,509,228</u>
<b>Total net position at end of year</b>	<u>\$ 3,255,893</u>	<u>\$ 1,998,811</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

EMPLOYEE HEALTH PLAN FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2021

With comparative totals for the year ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 7,190,099	\$ 6,102,072
Cash paid to suppliers for goods and services	<u>(5,956,642)</u>	<u>(6,559,216)</u>
<b>Net cash provided (used) by operating activities</b>	<u>1,233,457</u>	<u>(457,144)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	<u>200,000</u>	<u>1,280,000</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>200,000</u>	<u>1,280,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>1,546</u>	<u>15,239</u>
<b>Net cash provided (used) by investing activities</b>	<u>1,546</u>	<u>15,239</u>
Net increase (decrease) in cash and cash equivalents	1,435,003	838,095
Cash and cash equivalents at beginning of year	<u>1,635,168</u>	<u>797,073</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,070,171</u>	<u>\$ 1,635,168</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,055,536	\$ (805,656)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	101,388	180,050
(Increase) decrease in due from other funds	184,955	101,029
Increase (decrease) in accounts payable	53,759	(498)
Increase (decrease) in claims payable	<u>(162,181)</u>	<u>67,931</u>
Total adjustments	<u>177,921</u>	<u>348,512</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,233,457</u>	<u>\$ (457,144)</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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**CITY OF VICTORIA, TEXAS****NET POSITION BY COMPONENT (1)***Last ten fiscal years*

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 92,513,084	\$ 94,905,320	\$ 88,654,073	\$ 83,609,268
Restricted	2,919,609	3,500,017	3,524,554	3,547,378
Unrestricted	21,378,976	18,196,626	21,472,040	(794,827)
Total governmental activities net position	<u>\$ 116,811,669</u>	<u>\$ 116,601,963</u>	<u>\$ 113,650,667</u>	<u>\$ 86,361,819</u>
Business-type activities				
Net investment in capital assets	\$ 47,433,497	\$ 53,705,125	\$ 60,853,934	\$ 65,123,880
Unrestricted	18,648,788	17,552,820	14,140,873	9,021,633
Total business-type activities net position	<u>\$ 66,082,285</u>	<u>\$ 71,257,945</u>	<u>\$ 74,994,807</u>	<u>\$ 74,145,513</u>
Primary Government				
Net investment in capital assets	\$ 139,946,581	\$ 148,610,445	\$ 149,508,007	\$ 148,733,148
Restricted	2,919,609	3,500,017	3,524,554	3,547,378
Unrestricted	40,027,764	35,749,446	35,612,913	8,226,806
Total primary government activities net position	<u>\$ 182,893,954</u>	<u>\$ 187,859,908</u>	<u>\$ 188,645,474</u>	<u>\$ 160,507,332</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					
2016	2017	2018	2019	2020	2021
\$ 84,007,457	\$ 79,038,575	\$ 78,478,161	\$ 82,634,844	\$ 88,120,181	\$ 95,978,039
2,985,524	3,666,390	4,998,958	16,382,796	8,627,999	7,303,573
<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>6,785,078</u>
<u>\$ 84,641,019</u>	<u>\$ 75,839,571</u>	<u>\$ 69,926,642</u>	<u>\$ 87,053,679</u>	<u>\$ 94,306,251</u>	<u>\$ 110,066,690</u>
\$ 71,351,401	\$ 79,039,267	\$ 82,376,715	\$ 90,394,244	\$ 90,964,296	\$ 90,327,019
9,468,882	12,827,560	15,963,499	12,458,409	11,126,273	13,976,832
<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>	<u>\$ 104,303,851</u>
\$ 155,358,858	\$ 158,077,842	\$ 160,854,876	\$ 173,029,088	\$ 179,084,477	\$ 186,305,058
2,985,524	3,666,390	4,998,958	16,382,796	8,627,999	7,303,573
7,116,920	5,962,166	2,413,022	494,448	8,684,344	20,761,910
<u>\$ 165,461,302</u>	<u>\$ 167,706,398</u>	<u>\$ 168,266,856</u>	<u>\$ 189,906,332</u>	<u>\$ 196,396,820</u>	<u>\$ 214,370,541</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Governmental activities</b>				
Expenses				
General government	\$ 7,882,287	\$ 5,709,668	\$ 6,094,985	\$ 5,630,383
Public safety	26,018,770	25,215,002	25,286,282	27,620,120
Development	17,974,898	19,282,345	20,425,736	19,636,633
Building services	-	622,921	608,534	673,904
Recreation	6,366,709	7,025,377	7,602,241	7,611,173
Interest on long-term debt	4,465,314	3,971,377	4,282,847	4,402,538
Total expenses	<u>62,707,978</u>	<u>61,826,690</u>	<u>64,300,625</u>	<u>65,574,751</u>
Program revenues				
Charges for services				
General government	3,086,126	2,216,473	2,088,907	1,979,444
Public safety	4,055,811	4,009,925	4,573,392	5,075,992
Development	-	-	10,440	-
Recreation	422,205	575,059	451,590	515,531
Operating grants and contributions	2,419,230	2,580,598	3,255,156	3,961,463
Capital grants and contributions	1,307,549	4,749,721	-	407,335
Total program revenues	<u>11,290,921</u>	<u>14,131,776</u>	<u>10,379,485</u>	<u>11,939,765</u>
Total governmental activities net program (expense) revenue	(51,417,057)	(47,694,914)	(53,921,140)	(53,634,986)
General revenues and other changes in net position				
Taxes				
Property taxes	20,855,303	20,848,132	22,403,124	23,339,865
Sales taxes	17,533,000	17,516,177	17,692,397	17,937,136
Franchise taxes	4,981,674	5,136,247	5,308,414	5,410,432
Other taxes	2,116,093	1,993,357	2,037,318	1,933,140
Unrestricted investment earnings	98,042	92,079	130,688	115,633
Miscellaneous	742,520	829,767	809,043	972,716
Transfers	2,481,540	2,561,760	2,588,860	2,694,491
Total general revenues and other changes in net position	<u>48,808,172</u>	<u>48,977,519</u>	<u>50,969,844</u>	<u>52,403,413</u>
<b>Total governmental activities change in net position</b>	<u>\$ (2,608,885)</u>	<u>\$ 1,282,605</u>	<u>\$ (2,951,296)</u>	<u>\$ (1,231,573)</u>

(1) Accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,702,892	\$ 5,632,467	\$ 4,812,954	\$ 5,073,976	\$ 4,935,675	\$ 7,179,180
29,460,858	35,228,278	38,271,170	33,066,249	29,227,156	32,643,567
20,668,698	20,187,191	18,376,562	19,554,498	17,366,704	15,165,253
707,411	727,816	624,243	681,464	565,689	-
8,463,045	7,765,906	6,763,442	6,968,869	6,376,828	5,985,618
4,042,068	3,751,404	3,045,618	2,862,536	2,670,591	2,071,171
<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>	<u>63,044,789</u>
1,923,867	1,968,473	2,449,863	1,895,259	1,769,093	2,015,738
4,990,585	4,960,530	5,359,693	5,066,704	5,521,700	5,969,046
-	-	-	-	-	367,000
526,245	378,505	440,168	386,484	255,333	286,639
4,066,404	6,829,229	10,042,225	12,634,326	7,344,600	8,045,958
4,711,910	437,611	2,562,205	10,355,581	62,500	7,357,339
<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>	<u>24,041,720</u>
(52,825,961)	(58,718,714)	(51,039,835)	(37,869,238)	(46,189,417)	(39,003,069)
23,811,469	24,399,108	24,869,711	24,583,509	24,642,379	25,846,497
16,555,680	14,710,140	16,879,223	17,111,735	16,337,766	17,744,035
5,175,796	5,467,551	6,064,289	5,881,880	5,652,152	5,602,297
1,460,082	1,618,032	2,050,204	2,045,859	1,653,719	1,950,803
219,846	340,450	588,901	1,049,927	669,969	42,091
1,124,591	1,046,988	2,683,043	849,700	292,637	967,254
2,757,697	2,334,997	2,699,588	3,473,665	3,303,044	2,610,531
<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>54,763,508</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>	<u>\$ 15,760,439</u>

(continued)

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Business-type activities</b>				
Expenses				
Water/wastewater	\$ 18,694,233	\$ 19,313,776	\$ 20,553,362	\$ 20,960,979
Environmental services	3,849,208	4,135,237	4,212,510	3,743,052
Other	848,712	926,599	923,786	1,000,683
Total expenses	<u>23,392,153</u>	<u>24,375,612</u>	<u>25,689,658</u>	<u>25,704,714</u>
Program revenues				
Charges for services				
Water/wastewater	24,029,096	24,816,749	25,151,264	26,180,265
Environmental services	4,799,682	4,996,129	5,043,783	5,096,308
Other	397,531	397,968	395,088	365,058
Operating grants and contributions	-	-	-	-
Capital grants and contributions	2,875,295	6,099,555	1,374,311	1,630,985
Total program revenues	<u>32,101,604</u>	<u>36,310,401</u>	<u>31,964,446</u>	<u>33,272,616</u>
Total business-type activities net program (expense) revenue	8,709,451	11,934,789	6,274,788	7,567,902
General revenues and other changes in net position				
Unrestricted investment earnings	60,423	57,555	50,934	78,774
Miscellaneous	-	629,420	-	-
Transfers	(2,481,540)	(2,561,760)	(2,588,860)	(2,694,491)
Total general revenues and other changes in net position	<u>(2,421,117)</u>	<u>(1,874,785)</u>	<u>(2,537,926)</u>	<u>(2,615,717)</u>
<b>Total business-type activities change in net position</b>	<u>\$ 6,288,334</u>	<u>\$ 10,060,004</u>	<u>\$ 3,736,862</u>	<u>\$ 4,952,185</u>
<b>Total primary government change in net position</b>	<u>\$ 3,679,449</u>	<u>\$ 11,342,609</u>	<u>\$ 785,566</u>	<u>\$ 3,720,612</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					
2016	2017	2018	2019	2020	2021
\$ 20,894,040	\$ 20,860,229	\$ 19,229,647	\$ 22,292,402	\$ 24,268,652	\$ 22,226,051
5,376,450	4,003,842	4,476,014	4,557,172	4,967,876	4,585,211
945,557	1,146,250	1,823,340	1,943,918	1,970,956	2,043,201
<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>	<u>28,854,463</u>
25,893,148	25,630,998	25,941,351	26,363,786	26,344,859	26,209,348
5,354,136	5,520,698	5,504,057	5,638,828	5,550,497	5,719,278
408,127	418,957	1,185,929	1,313,869	1,320,692	1,535,298
-	-	-	73,931	-	184,000
<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>-</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>33,647,924</u>
9,180,426	13,152,452	10,535,351	7,481,157	2,208,564	4,793,461
114,836	229,089	295,333	391,750	248,041	21,876
137,205	-	366,382	113,197	84,355	8,206
<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>(2,610,531)</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>(2,580,449)</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>\$ 2,213,012</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>	<u>\$ 17,973,451</u>

(concluded)

**CITY OF VICTORIA, TEXAS**

*PROGRAM REVENUES BY FUNCTION/PROGRAM (1)*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2012	2013	2014	2015
<b>Governmental activities</b>				
General government	\$ 4,061,019	\$ 3,390,820	\$ 3,346,359	\$ 3,205,473
Public safety				
Police	1,110,570	1,608,173	1,912,010	1,675,433
Fire	1,649,689	1,400,000	1,400,000	1,500,000
Ambulance	1,960,248	1,530,652	1,511,622	2,081,337
Other	81,830	47,314	57,182	214,987
Development	1,381,185	5,392,128	1,645,959	2,681,860
Recreation				
Parks	655,488	257,374	76,836	93,088
Library	74,431	75,429	88,191	83,410
Other	316,461	429,886	341,326	404,177
Subtotal governmental activities	<u>11,290,921</u>	<u>14,131,776</u>	<u>10,379,485</u>	<u>11,939,765</u>
<b>Business-type activities</b>				
Water/wastewater	26,904,391	30,916,304	26,525,575	27,964,535
Environmental services	4,799,682	4,996,129	5,043,783	5,124,448
Community center	245,895	246,453	243,548	211,541
700 main center	151,636	151,515	151,540	153,517
Golf course	-	-	-	-
Subtotal business-type activities	<u>32,101,604</u>	<u>36,310,401</u>	<u>31,964,446</u>	<u>33,454,041</u>
<b>Total primary government</b>	<u>\$ 43,392,525</u>	<u>\$ 50,442,177</u>	<u>\$ 42,343,931</u>	<u>\$ 45,393,806</u>

(1) Accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 3,469,295	\$ 3,169,811	\$ 3,159,712	\$ 2,445,907	\$ 2,557,246	\$ 7,151,783
1,635,613	1,444,494	1,463,912	1,305,519	900,168	508,364
3,409,358	1,585,000	1,732,125	1,867,458	1,998,758	2,030,856
1,924,875	2,537,593	2,469,653	2,169,884	2,714,537	3,003,750
151,495	2,849,624	6,751,443	(10,419)	4,388,721	2,351,558
5,010,613	2,544,567	4,283,121	22,125,063	2,128,463	8,683,785
84,456	76,762	594,452	236,430	131,404	160,185
103,093	91,657	70,360	56,491	39,449	24,985
430,213	274,840	329,376	142,021	94,480	126,454
<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>	<u>24,041,720</u>
30,634,210	32,079,626	29,374,366	29,321,952	26,544,859	26,359,348
5,354,136	5,520,698	5,504,057	5,638,828	5,550,497	5,727,278
256,542	263,440	288,857	271,719	103,451	177,463
151,585	151,437	151,730	151,455	151,511	151,352
-	1,147,572	745,342	890,695	1,065,730	1,232,483
<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>33,647,924</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>	<u>\$ 57,689,644</u>

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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable				
Inventory	\$ 314,846	\$ 240,214	\$ 268,964	\$ 271,491
Unassigned	18,808,064	17,621,289	18,019,288	17,600,324
Total general fund	<u>\$ 19,122,910</u>	<u>\$ 17,861,503</u>	<u>\$ 18,288,252</u>	<u>\$ 17,871,815</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ 977,452	\$ 1,222,778	\$ 1,091,077	\$ 1,102,779
Various capital projects	4,323,282	2,729,133	8,566,369	12,456,055
General government	-	-	-	-
Housing development	-	-	-	-
City parks	110,486	46,195	25,614	25,614
Arts, tourism and conventions	1,619,141	1,835,515	1,880,440	1,804,432
Public safety	226,919	257,161	225,488	207,063
Municipal court	66,220	53,884	94,264	96,496
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,323,500</u>	<u>\$ 6,144,666</u>	<u>\$ 11,883,252</u>	<u>\$ 15,692,439</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 245,932	\$ 406,945	\$ 430,111	\$ 454,055	\$ 414,641	\$ 332,095
<u>16,536,169</u>	<u>16,017,590</u>	<u>20,448,095</u>	<u>19,733,591</u>	<u>19,713,811</u>	<u>23,252,323</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>	<u>\$ 23,584,418</u>
\$ 1,093,523	\$ 1,146,765	\$ 1,138,153	\$ 1,196,519	\$ 1,140,781	\$ 1,048,730
8,306,325	3,829,436	3,315,322	16,146,187	10,638,178	7,601,927
-	-	-	-	-	1,517
-	-	-	-	-	233,985
-	-	-	-	-	38,374
1,124,613	1,392,546	2,116,452	2,636,569	3,264,524	4,390,055
239,608	290,386	312,294	670,583	676,260	378,747
89,620	83,640	77,126	68,900	106,553	190,325
-	(1,628,821)	(280,773)	(123,247)	(474,152)	(589,531)
<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>	<u>\$ 13,294,129</u>

**CITY OF VICTORIA, TEXAS**

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)*

*Last ten fiscal years*

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$ 45,781,292	\$ 45,431,594	\$ 47,356,786	\$ 48,542,609
Licenses and permits	842,050	962,217	1,134,453	959,596
Intergovernmental	4,740,048	4,312,719	3,721,314	5,607,497
Charges for services	2,261,037	2,066,070	2,162,871	2,259,027
Fines and forfeitures	1,216,786	906,199	1,600,630	1,432,225
Investment income	78,076	76,251	112,300	95,883
Miscellaneous	1,470,793	5,688,203	2,003,817	1,107,333
<b>Total revenues</b>	<u>56,390,082</u>	<u>59,443,253</u>	<u>58,092,171</u>	<u>60,004,170</u>
<b>Expenditures</b>				
Current				
General government	6,600,564	4,741,811	5,309,532	4,565,527
Public safety	26,151,196	25,097,350	25,206,138	27,001,802
Development	9,134,802	10,209,543	10,704,794	8,058,818
Building services	-	751,312	606,761	621,326
Recreation	6,564,863	7,586,352	7,632,206	7,147,774
Capital outlay	13,249,019	7,707,932	4,516,213	6,397,159
Debt service				
Principal retirement	3,990,000	4,665,000	5,410,000	7,505,000
Interest and fiscal charges	4,340,073	3,567,975	4,103,190	3,993,868
Paying agents' fees and issue costs	205,798	393,724	162,207	316,999
<b>Total expenditures</b>	<u>70,236,315</u>	<u>64,720,999</u>	<u>63,651,041</u>	<u>65,608,273</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(13,846,233)</u>	<u>(5,277,746)</u>	<u>(5,558,870)</u>	<u>(5,604,103)</u>
<b>Other financing sources (uses)</b>				
Bonds issued	7,720,000	25,015,000	9,095,000	17,715,000
Premium on issuance of bonds	71,752	2,163,159	50,222	1,400,250
Payment to escrow	(3,867,191)	(26,781,924)	-	(12,812,888)
Capital lease proceeds	-	-	-	-
Transfers in	5,207,042	5,540,057	5,984,682	11,012,236
Transfers out	(2,699,610)	(3,098,787)	(3,405,699)	(8,317,745)
<b>Total other financing sources (uses)</b>	<u>6,431,993</u>	<u>2,837,505</u>	<u>11,724,205</u>	<u>8,996,853</u>
<b>Change in fund balances</b>	<u>\$ (7,414,240)</u>	<u>\$ (2,440,241)</u>	<u>\$ 6,165,335</u>	<u>\$ 3,392,750</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>16.05%</u>	<u>15.98%</u>	<u>17.46%</u>	<u>20.46%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 46,935,424	\$ 46,180,387	\$ 49,832,219	\$ 50,276,779	\$ 48,859,441	\$ 51,565,754
993,929	962,162	1,569,257	1,054,913	903,703	1,093,992
5,884,971	6,715,742	12,768,065	15,194,658	5,878,679	11,082,993
2,310,974	2,858,658	2,814,566	2,523,737	2,788,246	3,089,554
1,382,718	1,310,473	1,151,330	1,006,535	771,491	795,777
193,779	301,599	539,947	997,669	641,185	39,330
3,951,250	1,863,789	3,260,642	11,382,448	1,572,172	1,766,227
<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>	<u>69,433,627</u>
4,978,458	4,539,491	4,066,845	4,151,807	4,641,059	5,954,923
27,679,581	30,569,480	35,206,421	31,749,967	30,608,851	34,557,402
9,469,796	7,812,905	6,616,191	7,804,797	9,504,129	8,896,581
675,935	612,441	534,738	630,312	553,205	-
7,855,287	7,114,163	5,990,263	6,926,732	6,422,781	6,228,270
11,042,655	6,770,342	5,070,953	10,557,087	6,586,524	5,647,647
7,020,000	7,285,000	8,070,000	7,770,000	10,090,000	7,245,000
3,908,294	3,709,168	2,853,773	2,933,928	2,541,862	2,161,158
91,745	12,120	286,440	9,510	247,906	4,600
<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>	<u>70,695,581</u>
(11,068,706)	(8,232,300)	3,240,402	9,902,599	(9,781,400)	(1,261,954)
2,445,000	-	21,880,000	-	11,400,000	-
137,545	-	3,261,804	-	930,355	-
-	-	(24,863,501)	-	(10,076,560)	-
-	-	-	1,479,113	-	-
8,654,033	8,991,599	8,714,852	8,109,346	10,162,482	10,303,161
<u>(6,096,336)</u>	<u>(6,856,602)</u>	<u>(6,215,264)</u>	<u>(6,264,681)</u>	<u>(7,937,438)</u>	<u>(7,892,630)</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>2,410,531</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>1,148,577</u>
<u>18.42%</u>	<u>18.05%</u>	<u>17.34%</u>	<u>17.92%</u>	<u>20.13%</u>	<u>15.08%</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>
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
2021	26,050,918	280,390	5,602,297	17,744,035	1,778,022
Change 2012-2021	24.42%	18.39%	12.46%	1.20%	-11.96%

(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.

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.

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<u>Other</u>	<u>Total</u>
\$ 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
110,092	51,565,754
54.08%	12.63%

**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
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
2021	2020	2,981,799,155	1,351,770,296	40,642,260	649,745,200	143,667,070

(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

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<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$ 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%
868,760,845	4,298,863,136	0.6115	4,298,863,136	100.00%

**CITY OF VICTORIA, TEXAS**

*DIRECT AND OVERLAPPING PROPERTY TAX RATES*

*PER \$100 OF ASSESSED VALUE*

*Last ten fiscal years*

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<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>
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
2021	0.2457	0.3658	0.6115	1.1899	0.2203	0.0308

SOURCE: Victoria County Appraisal District

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Overlapping Rates			
Victoria County	Road and Bridge	Ground Water District	Total
\$ 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
0.3436	0.0523	0.0083	1.8452

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

2021		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Victoria WLE, L.P.	\$ 54,706,570	1.27%
AEP Texas Central Co.	51,354,460	1.19%
Victoria of Texas, L.P.	22,863,230	0.53%
Victoria City Power, LLC	20,029,836	0.47%
Haliburton Energy Services	17,148,933	0.40%
Berry Plastics Corporation	16,758,020	0.39%
Victoria Texas Apartments, LLC	16,341,909	0.38%
Performance Food Group	15,910,110	0.37%
H.E.B. Grocery Company	14,985,050	0.35%
Caterpillar, Inc.	12,382,820	0.29%
	<u>\$ 242,480,938</u>	<u>5.64%</u>

2012		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
EES Leasing, L.L.C.	\$ 31,553,870	0.98%
Haliburton Energy Services	24,321,120	0.76%
Victoria Hospital, L.L.C.	22,450,040	0.70%
AEP Texas Central Co.	21,735,580	0.68%
Victoria WLE, L.P.	21,035,398	0.66%
H.E.B. Grocery Company	17,140,190	0.53%
Berry Plastics Corporation	16,789,050	0.52%
James A. Wayne	16,158,750	0.50%
VMRC Limited Partnership	15,814,340	0.49%
H.E.B. Grocery Company, L.P.	15,646,670	0.49%
	<u>\$ 202,645,008</u>	<u>6.31%</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>
2012	\$ 20,693,808	\$ -	\$ 20,693,808	\$ 20,470,591	98.92%
2013	20,792,135	-	20,792,135	20,338,256	97.82%
2014	22,402,390	-	22,402,390	21,877,717	97.66%
2015	23,242,354	-	23,242,354	22,715,220	97.73%
2016	23,865,255	-	23,865,255	23,314,997	97.69%
2017	24,514,099	(2,562)	24,511,537	23,848,271	97.29%
2018	25,162,007	(4,471)	25,157,536	24,428,977	97.10%
2019	25,403,924	(6,919)	25,397,005	24,645,630	97.04%
2020	26,066,642	(11,213)	25,740,487	25,226,949	98.00%
2021	26,503,361	(379,354)	26,124,007	25,629,432	98.11%

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

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 180,221	\$ 20,650,812	99.79%
415,300	20,753,555	99.81%
476,099	22,353,816	99.78%
461,041	23,176,261	99.72%
449,392	23,764,389	99.58%
509,115	24,357,386	99.37%
597,942	25,026,919	99.48%
577,882	25,223,512	99.32%
249,303	25,476,252	98.97%
-	25,629,432	98.11%

**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>
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
2021	3,814,649,000	3,217,235,000	597,414,000	15.66%	2,323,148,000

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 FY 2019 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

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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
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
18.21	2.25	22.68	2.50

**CITY OF VICTORIA, TEXAS**

**WATER AND SEWER RATES**

*Last ten fiscal years*

	Fiscal Year			
	2012	2013	2014	2015
<b>Water Rates (per 2,000 gallons)</b>				
<b>Base Rate (meter size)</b>				
¾"	\$ 17.96	\$ 17.96	\$ 17.96	\$ 18.21
1"	44.92	44.92	44.92	45.55
1½"	89.82	89.82	89.82	91.07
2"	143.72	143.72	143.72	145.72
3"	287.44	287.44	287.44	291.44
4"	449.12	449.12	449.12	455.37
6"	898.23	898.23	898.23	910.73
8"	2,874.33	2,874.33	2,874.33	2,913.33
10"	4,491.14	4,491.14	4,491.14	4,553.64
<b>Water usage rate (1,000 gallons increments)</b>				
0-2	-	-	-	-
3-7	1.67	1.67	1.67	1.92
8-18	-	-	-	-
11-25	1.83	1.83	1.83	2.08
19-50	-	-	-	-
>25	2.15	2.15	2.15	2.40
51-75	-	-	-	-
76-100	2.40	2.40	2.40	2.65
>100	2.55	2.55	2.55	2.80
<b>Sewer Rates (per 2,000 gallons)</b>				
¾"	22.43	22.43	22.43	22.68
1"	56.08	56.08	56.08	56.71
1½"	112.19	112.19	112.19	113.44
2"	179.48	179.48	179.48	181.48
3"	358.97	358.97	358.97	362.97
4"	560.88	560.88	560.88	567.13
6"	1,121.75	1,121.75	1,121.75	1,134.25
8"	3,589.61	3,589.61	3,589.61	3,629.61
10"	5,608.77	5,608.77	5,608.77	5,670.27
<b>Sewer usage rate (1,000 gallons increments)</b>				
0-2	-	-	-	-
3-7	2.22	2.22	2.22	2.47
8-18	-	-	-	-
11-25	2.27	2.27	2.27	2.52
19-50	-	-	-	-
>25	2.32	2.32	2.32	2.57
51-75	-	-	-	-
76-100	2.37	2.37	2.37	2.62
>100,000	2.52	2.52	2.52	2.77
	2.67	2.67	2.67	2.92

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					
2016	2017	2018	2019	2020	2021
\$ 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	-	-	-
-	-	-	2.25	2.25	2.25
2.08	2.08	2.08	-	-	-
-	-	-	2.50	2.50	2.50
2.40	2.40	2.40	-	-	-
-	-	-	3.15	3.15	3.15
2.65	2.65	2.65	-	-	-
2.80	2.80	2.80	-	-	-
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	-	-	-
-	-	-	2.50	2.50	2.50
2.52	2.52	2.52	-	-	-
-	-	-	2.55	2.55	2.55
2.57	2.57	2.57	-	-	-
-	-	-	2.75	2.75	2.75
2.62	2.62	2.62	-	-	-
2.77	2.77	2.77	-	-	-
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*

2021			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Citizens Medical Center	Hospital	33,516	1.04%
Detar Hospital	Hospital	26,130	0.81%
Caterpillar	Facility	23,223	0.72%
Creekstone Ranch	Apartment Complex	22,712	0.71%
Autumn Park	Apartment Complex	20,478	0.64%
Victoria County Jail	Government	20,316	0.63%
Mockingbird Apartments	Apartment Complex	14,225	0.44%
Silvermine Apartments	Apartment Complex	14,140	0.44%
Texas Concrete	Business	12,941	0.40%
Duke	Apartment Complex	12,623	0.39%
2012			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Citizens Medical Center	Hospital	59,420	1.62%
Detar Hospital	Hospital	23,593	0.64%
Blueridge North & South	Apartment Complex	22,062	0.60%
Victoria County Jail	Government	16,397	0.45%
Marbrisa Apartments	Apartment Complex	14,110	0.39%
VISD - Memorial	School	13,281	0.36%
Creekstone Ranch	Apartment Complex	11,383	0.31%
Cintas	Laundry	11,354	0.31%
Mcada Drilling	Oil & Gas	10,435	0.28%
Silvermine Apartments	Apartment Complex	9,543	0.26%

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
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
2021	10,690,000	40,815,000	4,611,669	-	35,845,000	3,493,380

NOTES: \*Payments on the 2011 TxDOT Pass-Through Toll Revenue & Limited Tax Bonds (\$9,740,000 principal) were 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 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

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<u>Business-type Activities</u>			
<u>Direct Borrowing</u>			
<u>Capital Lease</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ -	\$ 174,933,879	6.42%	\$ 2,771
-	167,698,253	5.82%	2,617
-	187,494,206	6.05%	2,888
-	180,738,763	5.93%	2,735
-	169,170,955	5.87%	2,503
-	155,299,379	5.10%	2,295
368,721	142,626,872	4.44%	2,125
286,819	127,250,772	3.59%	1,890
202,006	110,569,406	3.05%	1,642
123,254	95,578,303	N/A	1,425

**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	
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
2021	10,690,000	40,815,000	4,611,669	56,116,669	1,048,730

NOTES: \*Payments on the 2011 TxDOT Pass-Through Toll Revenue & Limited Tax Bonds (\$9,740,000 principal) were 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 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

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<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 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%	1,179
70,725,508	1.73%	1,050
62,873,744	1.49%	934
55,067,939	1.28%	821

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

September 30, 2021

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	<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	9/30/2021	<u>\$ 56,116,669</u>	100.00%	<u>\$ 56,116,669</u>
Overlapping Debt:				
Victoria County	9/30/2021	18,950,000	59.07%	11,193,765
Victoria County Junior College District	9/30/2021	19,835,000	59.07%	11,716,535
Victoria Independent School District	9/30/2021	<u>106,005,000</u>	72.37%	<u>76,715,819</u>
Total Overlapping Debt		<u>144,790,000</u>		<u>99,626,118</u>
Total		<u>\$ 200,906,669</u>		<u>\$ 155,742,787</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 160,417,119	\$ 171,665,577	\$ 186,811,127	\$ 198,992,755
Total net debt applicable to limit	<u>96,832,548</u>	<u>92,532,222</u>	<u>96,348,923</u>	<u>94,657,221</u>
Legal debt margin	<u>\$ 63,584,571</u>	<u>\$ 79,133,355</u>	<u>\$ 90,462,204</u>	<u>\$ 104,335,534</u>
Total net debt applicable to the limit as a percentage of debt limit	60.36%	53.90%	51.58%	47.57%

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.

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 208,941,119	\$ 208,707,476	\$ 211,498,485	\$ 204,176,555	\$ 211,499,654	\$ 214,943,157
<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>50,456,270</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>	<u>\$ 164,486,887</u>
43.12%	43.14%	34.78%	32.20%	27.24%	23.47%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 4,298,863,136
Debt limit	214,943,157
Debt applicable to limit	
General obligation bonds	51,505,000
Less: Debt Service Fund Balance	<u>1,048,730</u>
Total amount of debt applicable to debt limit	<u>50,456,270</u>
Legal debt margin	<u>\$ 164,486,887</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
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
2021	26,376,313	12,206,555	14,169,758	3,468,747

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.

SOURCE: City of Victoria

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Water and Sewer Revenue Bonds

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Subordinate Bonds			
Average Debt		Priority Bonds	Subordinate Bonds
Service		Coverage	Coverage
Requirements			
\$	-	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
	-	4.08	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>
2012	63,131	\$ 2,725,354	\$ 43,170	14,543	6.0%
2013	64,072	2,880,718	44,961	14,559	5.4%
2014	64,919	3,096,666	47,700	14,467	4.5%
2015	66,094	3,046,684	46,096	14,427	3.8%
2016	67,574	2,882,264	42,653	14,339	4.9%
2017	67,659	3,047,292	45,039	14,253	5.2%
2018	67,106	3,209,944	47,834	14,253	4.1%
2019	67,326	3,543,481	52,632	13,821	3.5%
2020	67,326	3,627,620	53,881	13,419	8.8%
2021	67,078	N/A	N/A	13,239	6.0%

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 2021 is not yet available.  
 (3) Victoria Independent School District as of October 18, 2021  
 (4) U.S. Department of Labor

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


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2021		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Formosa Plastics	3,400	8.36%
Victoria Independent School District	2,025	4.98%
The Inteplast Group	1,248	3.07%
Citizens Medical Center	1,220	3.00%
DeTar Healthcare System	775	1.91%
City of Victoria	641	1.58%
Calhoun Independent School District	634	1.56%
Invista	600 <sup>+</sup>	1.47%
Caterpillar - NAHEX Victoria	600 <sup>+</sup>	1.47%
DOW - Seadrift Operations	<u>587</u>	<u>1.44%</u>
	<u>11,730</u>	<u>28.84%</u>

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2012		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Victoria Independent School District	2,148	4.86%
The Inteplast Group	2,000	4.53%
Formosa Plastics	1,750	3.96%
Citizens Medical Center	1,050	2.38%
DeTar Helathcare System	1,030	2.33%
Alcoa	643	1.46%
City of Victoria	611	1.38%
Invista	600	1.36%
Calhoun Independent School District	581	1.32%
DOW - Seadrift Operations	<u>580</u>	<u>1.31%</u>
	<u>10,993</u>	<u>24.89%</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			
	2012	2013	2014	2015
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	5	5	5
Development services administration	2	2	2	2
Geographic information system (GIS)	3	4	4	4
Building services	10	10	10	10
City secretary	3	3	3	3
Public information office	2	2	3	3
Public safety				
Police	154	155	158	156
Fire	118	117	117	129
Inspections	11	10	10	10
Code enforcement	4	5	5	5
Traffic control	9	9	9	9
Highways and streets				
Engineering	11	10	9	9
Streets and drainage	31	31	31	28
Culture and recreation				
Parks and recreation	43	41	41	40
Public library	27	27	27	27
Main Street	-	-	-	-
Water/wastewater	96	96	95	95
Riverside Park Golf Course	-	-	-	-
Community center	7	7	7	6
Environmental services	24	24	24	24
Building and equipment services				
Vehicle and equipment services	2	2	2	2
Building services	-	-	-	-
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	4
<b>Total</b>	<b>611</b>	<b>610</b>	<b>613</b>	<b>618</b>

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 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					
2016	2017	2018	2019	2020	2021
10	10	10	10	11	13
4	4	4	4	4	4
6	6	6	7	7	7
5	5	5	5	5	5
4	4	4	4	4	4
5	5	5	5	5	5
2	2	2	2	3	2
4	4	4	4	4	4
10	10	10	10	10	-
3	3	3	3	3	3
3	3	3	3	3	5
159	159	161	162	162	168
130	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	8	8	8	7
27	27	27	27	29	29
39	39	38	36	36	30
27	27	27	27	27	27
-	-	-	-	-	1
95	95	95	95	95	95
-	-	-	10	10	10
7	7	7	7	7	7
24	24	24	23	23	29
2	2	2	1	1	1
-	-	-	-	-	10
10	10	10	10	10	10
1	1	1	-	-	-
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	-
4	4	4	4	4	4
<u>621</u>	<u>621</u>	<u>621</u>	<u>628</u>	<u>632</u>	<u>639</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 program street executive director, and two street workers to staff an additional patch crew.

\* Fiscal year 2021 includes the addition of Economic Development Director, Grants Administrator, reorganized part-time employee to full-time of one Print Shop employee, added 4 new police officers, eliminated Engineering Inspector. Also, fiscal year 2021 is the first year that Building Services employees were moved from General Fund into the Building & Equipment Services internal service fund.

**CITY OF VICTORIA, TEXAS**

*OPERATING INDICATORS BY FUNCTION/PROGRAM*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General government				
Building permits issued	1,884	2,342	2,376	2,029
Building inspections conducted	7,044	8,698	10,380	8,438
Birth certificates registered	2,112	1,719	2,142	2,386
Death certificates registered	930	754	968	1,046
Birth certificates issued	5,980	5,946	5,475	6,035
Death certificates issued	1,601	1,249	981	945
Public safety				
Police				
Physical arrests	3,427	3,552	4,095	3,948
Parking violations	334	187	409	129
Traffic violations	8,876	13,181	13,061	9,391
Warrants issued	2,139	N/A	3,608	2,717
Fire				
Total Incidents	8,797	8,669	9,042	9,796
Fires	271	202	204	166
Rescue/Emergency Medical	8,526	8,467	8,838	9,630
False Alarms	364	356	358	398
Inspections	2,187	1,513	1,906	1,917
Fire Investigations	-	-	-	-
Streets and highways				
Street resurfacing (linear feet)	12,000	14,000	66,000	42,155
Culture and recreation				
Community center admissions (event contracts)				
Dome	88	92	118	112
Annex	81	75	96	94
Arena	22	27	58	43
Library				
Number of items	137,548	140,976	148,232	154,109
Circulation	340,320	353,122	373,153	363,927
Gate count	249,672	243,192	232,196	225,689
Water and wastewater				
Water				
Active water connections	22,456	22,660	22,923	23,136
Active sewer connections	20,845	21,068	21,230	21,395
Active garbage accounts	19,322	19,508	19,490	19,674
Average daily consumption (pumped) (in 000's)	10,283	9,950	9,629	8,972
Peak monthly consumption (in 000's)	374,666	374,690	434,515	382,831
Wastewater				
Average daily sewage treatment	6,180,000	5,469,000	5,842,333	7,100,000
Environmental services				
Refuse collection				
Refuse collected (tons per month)	1,685	N/A	N/A	N/A
Landfill tonnage accepted	149,137	154,291	140,102	143,081
Recyclables collected (tons per year)	2,235.98	3,227.66	3,191.00	3,141.00

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					
2016	2017	2018	2019	2020	2021
1,565	2,207	5,920	2,109	1,885	3,073
6,799	4,354	6,984	6,293	2,109	5,308
2,181	2,054	1,956	1,933	1,906	1,906
1,002	970	1,036	1,118	1,272	1,272
6,104	5,820	6,478	7,432	6,371	7,182
878	729	1,216	1,607	1,432	1,723
3,257	3,005	2,862	3,336	2,591	2,190
202	293	243	317	127	191
8,255	8,867	8,650	7,888	3,497	4,193
2,364	2,223	2,069	1,977	2,013	2,038
9,773	11,179	11,046	11,248	11,561	5,063
163	209	186	415	394	212
9,610	6,591	6,370	7,873	8,179	4,384
315	428	383	616	657	297
2,747	2,006	2,329	2,008	1,774	1,774
-	-	75	67	115	101
107,000	45,000	119,722	75,600	340,240	340,215
104	95	120	126	54	85
90	85	85	105	62	119
57	45	48	49	7	24
143,551	130,920	135,487	151,382	117,185	102,368
375,587	352,956	327,394	368,526	25,800	276,009
245,477	214,278	198,207	196,602	133,907	93,181
22,802	22,966	22,919	22,989	23,135	23,252
21,254	21,455	21,397	21,468	21,586	21,912
19,630	19,668	19,665	19,828	19,864	22,408
8,972	8,672	8,224	9,457	9,713	8,814
403,289	369,898	401,860	423,127	360,905	310,896
7,130,000	6,620,500	5,874,750	6,158,000	5,500,000	6,364,789
N/A	N/A	N/A	N/A	N/A	N/A
148,578	162,324	212,231	180,243	172,945	160,716
2,796.00	2,330.00	553.00	450.00	1,028	1,452

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			
	2012	2013	2014	2015
General government				
Buildings	3	3	3	3
Public safety				
Police				
Stations	1	1	1	1
Patrol units	37	36	36	33
Fire stations	5	5	5	6
Highways and streets				
Streets (miles)	313.23	314.51	314.51	321.81
Streetlights	4444	4550	4550	4676
Traffic signals	81	84	86	88
School zone flashers	61	61	61	61
Culture and recreation				
Acreage	876.0	866.7	888.0	888.0
Playgrounds	16	16	16	16
Splashpads	1	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	373	373	380
Wastewater				
Sanitary sewers (miles)	342	342	349.2	349.2
Storm sewers (miles)	452	452	452	452
Environmental services				
Refuse collection				
Garbage collection trucks	7	7	8	9
Brush and large item collection trucks	5	5	4	4
Yard waste collection trucks	4	6	4	4
Recycling collection trucks	1	1	1	1

NOTE: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2016	2017	2018	2019	2020	2021
3	3	3	3	3	3
1	1	1	1	1	1
32	32	39	34	36	36
6	6	6	6	6	6
322.35	325.80	323.83	323.83	323.83	323.83
4763	4788	4598	4686	4686	4686
89	88	89	90	90	92
61	61	61	51	51	58
888.0	888.0	888.0	888.0	888.0	888.0
16	16	12	13	12	11
2	2	3	3	3	3
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
386.2	389.9	394.08	397.19	400.26	401.42
349.2	355.3	355.3	358	355.3	359.79
452	452	452	452	452	452
9	9	9	9	8	8
4	4	4	5	4	3
4	4	4	4	4	4
1	1	1	1	2	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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 28, 2022. 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

April 28, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Victoria, Texas (the "City") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. 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, 2021.

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

April 28, 2022



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**CITY OF VICTORIA, TEXAS**

*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS*

*For the year ended September 30, 2021*

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Other Award Number
<b>FEDERAL EXPENDITURES</b>		
<b>U. S. Department of Housing and Urban Development</b>		
<i>Direct Program</i>		
Community Development Block Grant	14.218	B-20-MC-48-0510
<i>Passed through the Texas Department of Housing and Community Affairs</i>		
COVID-19 Community Development Block Grant	14.228	B-20-DW-48-0001
COVID-19 Community Development Block Grant	14.228	B-20-MW-48-0510
Total passed through Texas Department of Housing and Community Affairs		
<i>Passed Through the Texas General Land Office</i>		
Community Development Block Grant	14.228	20-065-055-C165
Total U.S. Department of Housing and Urban Development		
<b>U. S. Department of Transportation</b>		
<i>Passed Through the Texas Department of Transportation</i>		
Highway Planning and Construction	20.205	50-21XF0023
State and Community Highway Safety	20.600	2021-VictoriaPD-S-1YG-00073
Total U.S. Department of Transportation		
<b>U. S. Department of the Treasury</b>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19
Total U.S. Department of the Treasury		
<b>U. S. Department of Homeland Security</b>		
<i>Passed Through the Texas Division of Emergency Management</i>		
Hazard Mitigation Grant	97.039	FEMA-4332-DR-TX
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4485-DR-TX
Total U.S. Department of Homeland Security		
<b>U. S. Department of Justice</b>		
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX029
<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
<i>Passed Through the Office of the Governor</i>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4070101
Coronavirus Emergency Supplemental Funding	16.034	4141701
Total passed through Office of the Governor		
Total U.S. Department of Justice		
<b>TOTAL FEDERAL EXPENDITURES</b>		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 654,999	\$ 654,999	\$ -	CDBG-Entitlement Grants Cluster	
466,363	-	466,363	-		
570,605	-	570,605	-		
1,036,968	-	1,036,968	-		
621,451	-	621,451	-		
1,658,419	654,999	2,313,418	-		
169,625	-	169,625	-	Highway Planning and Construction Cluster	
10,423	-	10,423	-	Highway Safety Cluster	
180,048	-	180,048	-		
-	3,068,457	3,068,457	-		
-	3,068,457	3,068,457	-		
734,416	-	734,416	-		
41,063	-	41,063	-		
775,479	-	775,479	-		
-	172,861	172,861	-		
4,720	-	4,720	-		
24,534	-	24,534	-		
100,000	-	100,000	-		
124,534	-	124,534	-		
129,254	-	129,254	-		
2,743,200	3,896,317	6,639,517	-		

(continued)

**CITY OF VICTORIA, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*For the year ended September 30, 2021*

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>Other Award Number</u>
<b>STATE EXPENDITURES</b>		
<b>Law Enforcement Officers Standards and Education</b>		
Training Grant	N/A	N/A
<b>Texas Department of Motor Vehicles</b>		
<i>Passed Through the Motor Vehicle Crime Prevention Authority</i>		
Automobile Theft Grant	N/A	608-21-2350100
Automobile Theft Grant	N/A	608-22-2350100
Total Texas Department of Motor Vehicles		
<b>Texas Commission on Environmental Quality</b>		
Rider 8 Local Air Quality Planning Grant	N/A	582-20-11975
<b>Texas State Library and Archives Commission</b>		
TSLAC CARES Grant	N/A	CAR2-21025
<b>TOTAL STATE EXPENDITURES</b>		
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>		

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			
\$ 270	\$ -	\$ 270	\$ -		
123,601	-	123,601	-		
22,263	-	22,263	-		
145,864	-	145,864	-		
-	142,920	142,920	-		
-	24,985	24,985	-		
146,133	167,905	314,038	-		
<u>\$ 2,889,334</u>	<u>\$ 4,064,222</u>	<u>\$ 6,953,556</u>	<u>\$ -</u>		

(concluded)

**CITY OF VICTORIA, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*For the year ended September 30, 2021*

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**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, 2021 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.

**CITY OF VICTORIA, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended September 30, 2021*

**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:

*Federal Assistance*

<i>Listing No.(s)</i>	<i>Name of Major Programs or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted

**Section III - Federal Award Findings and Questioned Costs**

None noted

**CITY OF VICTORIA, TEXAS**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*For the year ended September 30, 2021*

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None were reported.



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