



Annual Comprehensive Financial Report

Year Ended September 30, 2022

City of Victoria, Texas

CITY OF VICTORIA, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2022

Prepared by the Finance Department
City of Victoria, Texas

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
City Administrators' Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	xiv
Organizational Chart	xv
Principal City Officials	xvi
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position.....	25
Statement of Activities.....	27
Fund Financial Statements	
Balance Sheet - Governmental Funds	29
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.....	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	34
Statement of Net Position - Proprietary Funds.....	35
Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds.....	37
Statement of Cash Flows - Proprietary Funds	39
Statement of Fiduciary Net Position - Fiduciary Funds	43
Statement of Changes in Fiduciary Net Position Fiduciary Funds.....	44
Statement of Net Position - Component Units	45
Statement of Activities - Component Units.....	46
Notes to Financial Statements.....	48
<u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (GAAP Basis) and Actual - General Fund	98
Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System - Pension	99
Schedule of Employer Contributions Texas Municipal Retirement System - Pension	101
Schedule of Changes in Total OPEB Liability and Related Ratios Texas Municipal Retirement System - Supplemental Death Benefit	103
Schedule of Employer Contributions Texas Municipal Retirement System - Supplemental Death Benefit	105
Schedule of Changes in Net OPEB Liability and Related Ratios Retiree Healthcare	107
Schedule of Employer Contributions Retiree Healthcare	109
Notes to Required Supplementary Information.....	111

FINANCIAL SECTION - (Continued)

Combining and Individual Fund Statements and Schedules

Governmental Funds

Combining Statements

Nonmajor Special Revenue Funds	114
Combining Balance Sheet - Nonmajor Special Revenue Funds	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds	122

Individual Statements and Schedules

General Fund	127
Balance Sheet	128
Schedule of Revenues - Budget (GAAP Basis) and Actual	129
Schedule of Expenditures - Budget (GAAP Basis) and Actual	130

Debt Service Fund	134
Balance Sheet	136
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	137

Capital Project Funds	139
Capital Construction Fund (3036) Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	140

Capital Construction Fund (3037) Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	141
---	-----

Proprietary Funds

Nonmajor Enterprise Funds	142
---------------------------------	-----

Combining Statements

Combining Statement of Net Position - All Nonmajor Enterprise Funds	143
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - All Nonmajor Enterprise Funds	144
Combining Statement of Cash Flows - All Nonmajor Enterprise Funds	145

FINANCIAL SECTION - (Continued)

Combining and Individual Fund Statements and Schedules - (Continued)

Proprietary Funds - (Continued)

Individual Statements

Enterprise Funds

Water and Wastewater Fund.....	147
Balance Sheet.....	148
Statement of Revenues, Expenses, and Changes in Fund Net Position	150
Statement of Cash Flows	151

Community Center Fund	153
Balance Sheet.....	154
Statement of Revenues, Expenses, and Changes in Fund Net Position	155
Statement of Cash Flows	156

700 Main Center Fund.....	157
Balance Sheet.....	158
Statement of Revenues, Expenses, and Changes in Fund Net Position	159
Statement of Cash Flows	160

Environmental Services Fund	161
Balance Sheet.....	162
Statement of Revenues, Expenses, and Changes in Fund Net Position	164
Statement of Cash Flows	165

Golf Course Fund	167
Balance Sheet.....	168
Statement of Revenues, Expenses, and Changes in Fund Net Position	169
Statement of Cash Flows	170

Internal Service Funds	171
------------------------------	-----

Combining Statements

Combining Statement of Net Position - Internal Service Funds.....	172
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds.....	174
Combining Statement of Cash Flows - Internal Service Funds	176

Individual Statements

Building and Equipment Services Fund	180
Balance Sheet.....	181
Statement of Revenues, Expenses, and Changes in Fund Net Position	182
Statement of Cash Flows.....	183

Information Technology Fund	184
Balance Sheet.....	185
Statement of Revenues, Expenses, and Changes in Fund Net Position	186
Statement of Cash Flows.....	187

Radio Systems Fund.....	188
Balance Sheet.....	189
Statement of Revenues, Expenses, and Changes in Fund Net Position	190
Statement of Cash Flows.....	191

FINANCIAL SECTION - (Continued)

Combining and Individual Fund Statements and Schedules - (Continued)

Proprietary Funds - (Continued)

Internal Service Funds - (Continued)

Individual Statements - (Continued)

Purchasing Fund	192
Balance Sheet.....	193
Statement of Revenues, Expenses, and Changes in Fund Net Position	194
Statement of Cash Flows.....	195

Safety Management Fund	196
Balance Sheet.....	197
Statement of Revenues, Expenses, and Changes in Fund Net Position	198
Statement of Cash Flows.....	199

Workers' Compensation Fund	200
Balance Sheet.....	201
Statement of Revenues, Expenses, and Changes in Fund Net Position	202
Statement of Cash Flows.....	203

Print Shop Fund	204
Balance Sheet.....	205
Statement of Revenues, Expenses, and Changes in Fund Net Position	206
Statement of Cash Flows.....	207

Employee Health Plan Fund	208
Balance Sheet.....	209
Statement of Revenues, Expenses, and Changes in Fund Net Position	210
Statement of Cash Flows.....	211

STATISTICAL SECTION..... 212

Financial Trends

Net Position by Component.....	213
Changes in Net Position	215
Program Revenues by Function/Program	219
Fund Balances, Governmental Funds	221
Changes in Fund Balances, Governmental Funds.....	223
Tax Revenues by Source, Governmental Funds	225

STATISTICAL SECTION - (Continued)

Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property	227
Direct and Overlapping Property Tax Rates	229
Principal Property Taxpayers (Unaudited).....	231
Property Tax Levies and Collections	232
Water Produced and Consumed and Wastewater Treated.....	234
Water and Sewer Rates.....	236
Ten Largest Water Customers (Unaudited).....	238

Debt Capacity

Ratios of Outstanding Debt by Type.....	239
Ratios of Net General Bonded Debt Outstanding	241
Direct and Overlapping Governmental Activities Debt (Unaudited)	243
Legal Debt Margin Information	244
Pledged-Revenue Coverage	246

Demographic and Economic Information

Demographic and Economic Statistics (Unaudited)	248
Principal Employers (Unaudited).....	249

Operating Information

Full-Time-Equivalent City Government Employees by Function/Program	250
Operating Indicators by Function/Program.....	252
Capital Asset Statistics by Function/Program.....	254

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 256

Independent Auditors' Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by the Uniform Guidance..... 258

Schedule of Expenditures of Federal and State Awards 261

Notes to Schedule of Expenditures of Federal and State Awards..... 265

Schedule of Findings and Questioned Cost..... 266

Summary Schedule of Prior Audit Findings 267



CITY OF VICTORIA

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

Finance Department, 700 Main Center, Suite 100
P.O. Box 1758, Victoria, Texas 77902-1758
(361) 485-3080, Fax (361) 485-3085

April 28, 2023

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, 2022, 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. This gives Victoria a retail trade of more than 130,000 shoppers with retail sales totaling more than \$1.93 billion dollars and an expected growth in the range of 3%. 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.

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 | 12. Parks and Recreation Commission |
| 2. Housing Authority Board | 13. Victoria Development Commission |
| 3. Library Board | 14. Victoria Sales Tax Dev. Corp. Board |
| 4. Planning Commission | 15. Victoria Metropolitan Planning Org. |
| 5. Food Establishment Appeals Board | 16. Victoria Health Facilities Dev. Corp. |
| 6. Health Auth. for Victoria County Public Health Dept. | 17. Victoria Special Events Assoc. Board |
| 7. Victoria Housing Finance Corporation Board | 18. Victoria Central Appraisal District |
| 8. Building and Standards Commission | 19. Golden Crescent Reg. Planning Comm. |
| 9. Victoria County Public Health Dept. Board of Health | 20. Tax Increment Refinancing Zone Board |
| 10. Tourism Advisory Board | 21. Victoria Public Facility Corporation |
| 11. Victoria Economic Development Corp. | |

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, Recycling, and 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.

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.

2022 Economic Condition and Outlook

Texas:

Texas firms reported below-average output growth to start 2023, while employment and wage gains remained elevated despite indications of a softening labor market. Price and wage inflation are expected to slow this year but remain above historical averages. Given the current economic headwinds, employment growth is expected to slow across the state in 2023, although Texas will likely avoid going into recession this year.

Coming into the new year, services and manufacturing were both barely in expansionary territory. The Dallas Fed's Texas Business Outlook Surveys (TBOS) manufacturing production index—calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase—has been near 0 since mid-2022. This suggests overall weak growth but not outright contraction. The manufacturing new orders index posted an eighth consecutive negative reading in January, but advanced from -11.0 to -4.0, indicating the pace at which new orders declined has eased. The services revenue index trended down throughout 2022, falling to zero at year-end before picking up slightly in January. Most services industries noted weakening revenues, with contacts citing high inflation and rising interest rates.

The TBOS employment indexes remain elevated—advancing in January—despite slower-than-normal growth in services and manufacturing, a product of worker shortages and a still-tight labor market. Firms are still hiring to backfill open positions and remain hesitant to let go of workers because of difficulties recruiting candidates. Nevertheless, the share of firms looking to hire fell to 50 percent in January from 68 percent a year prior. Still, a majority of firms remain understaffed, though an increasing share are opting not to hire at this time.

There was also an uptick in the share of firms reporting they are overstaffed but not laying off, indicative of labor hoarding. “We are likely overstaffed by about 15 percent right now but are not willing to lay off or cut hours, as we’re unsure if things will pick up,” a manufacturing contact reported.

A lack of applicants remains a primary impediment to hiring. But when asked how the availability of job seekers has changed over the past month, more firms noted an improvement rather than a worsening for the first time since this question was added to the survey in June 2021.

Firms normally do not raise wages frequently—three-quarters of TBOS respondents typically report no wage change in any given month. Amid surging wage pressure in 2022, the share of firms increasing wages month to month reached 40 percent.

While still elevated, wage growth has trended lower since mid-2022. “We provided significant (10 percent or more) raises in December after a mid-year raise in July 2022,” a manufacturing contact said. “We felt that this was essential in order to keep our employees, and we have successfully retained everyone we wanted to keep. We hope not to need to do another round of raises mid-year.”

TBOS firms reported lower expected wage growth in 2023 than in 2022, the December special questions indicated. Overall, TBOS firms on average expect 5.6 percent wage growth in 2023, down from 7.6 percent recorded in 2022. Even with the anticipated deceleration, wage growth is projected to remain elevated. One technology services contact said, “Wage demands are higher than ever,” while an apartment management firm noted that “workers are holding us hostage for higher wages.”

Texas employment grew 3.4 percent in the fourth quarter 2022, though job gains may be revised downward following benchmarking, which adjusts payroll survey data to better quantify actual job growth. Data for the first half of 2022 were sharply lowered following such a revision.

Employment growth was led by increases in information services, energy, health care, leisure and hospitality, trade, transportation and utilities. Job losses occurred in professional and business services, and construction.

Texas outpaced the nation in job growth in 2022, even after the benchmark revisions, which also reduced employment numbers nationwide. Those revisions, which will be folded into the Bureau of Labor Statistics' state payroll employment data in March, were historically large and indicate a cooler labor market than initially suggested (national benchmark revisions, in contrast, are not incorporated into official data until January 2024).

With slower momentum heading into 2023, lower oil prices and declines in both the U.S. and Texas leading indexes, the Dallas Fed's Texas employment forecast for 2023 December-over-December job growth is 1.4 percent, with an 80 percent confidence interval of 0.7 percent to 2.2 percent.

This would mean growth below the state's 2 percent long-term trend, but not a recession. Risks are weighted to the downside, with Texas businesses voicing concern over weakening demand, labor market tightness, inflation and rising interest rates.

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 have 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.

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 held their grand opening 10/24 on their new Electric Arc Furnace (EAF) dust recycling facility on lease property at the Port of Victoria. The project received unanimous approval from Victoria County Commissioner's for a tax incentive in 2021 on the \$55 million investment. 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 have been made at the 25 acre site.

The Port of Victoria is a vital economic engine serving the Victoria region. Building on the Memorandum of Understanding signed in 2021 between the Port Commissioners and the governing officials of Victoria County, the City of Victoria, the Victoria Sales Tax Development Corporation (VSTDC), and the Victoria Regional Airport which demonstrated their cooperation in strengthening economic growth and community development, an additional \$6 million was pledged by the City of Victoria Sales Tax Development Corporation and Victoria County to partially fund a \$27 million Class 1 dually served rail loop to the newly branded Texas Logistics Center at the Port of Victoria. The Texas Logistics Center, announced in the Spring of 2022, is the 2,200 acre greenfield site served with utilities, direct barge canal access, a fleeting area, heavy haul road and the planned rail loop.

The \$6 million 1.9 mile rail loop and 2,000 ft ladder track at the Port's North Property Industrial Park opened in 2022. More than \$20 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.

The Victoria Sales Tax Development Corporation sold two tracts of land in the Lone Tree II Industrial Park. The first was to a Caterpillar Supplier, VictTec. The company purchased 20 acres to develop a campus of facilities that will supply plastic materials to the Victoria Caterpillar facility and create 30 new jobs. SelecTransportation Resources purchased 14 acres along US 59, also in Lone Tree II, to establish a big rig sales and fleet services facility.

Prairie Energy Partners is exploring constructing a \$5.6 billion oil refinery in Victoria County. The project would bring in 1,250 new construction jobs and a permanent workforce of over 400 people once production begins. The refinery could open some time in 2026. The plant would be the first new oil refinery in the United States in over 40 years. The facility would have the capacity to refine around 250,000 barrels of oil per day.

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 began operations in January 2022. The plant is expected to create 600 permanent jobs.

The Victoria Regional Airport (VRA) completed a Land Use Development Strategic Plan and Governance Study in 2022. The studies will guide efforts to strengthen VRA's position in the region as an economic development asset. The airport maintains multiple daily flights to and from Houston Intercontinental Airport via Skywest/United Express.

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 opened their \$10 million state of the art new Emergency Room in June 2022. The new ER is 20,000 square feet with 25 individual rooms and two trauma rooms.

A Veteran's Affairs Facility is undergoing planning for construction in the Springwood Medical Plaza area. The project is anticipated to begin February 2023 and be completed in 8-12 months. The 25,000 square foot facility will bring 25 full-time jobs to the City.

FedEx Ground opened their new 217,000 square foot package distribution center at the Lone Tree II Industrial Park at Loop 463 and U.S. Hwy. 59 (I-69) in summer 2022. Access to major highways and a strong local workforce contributed to their decision to expand operations in Victoria.

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

Victoria Economic Development Corporation (VEDC) has helped attract two Caterpillar suppliers to the area. Bo/Gar Enterprises of Illinois recently purchased the former Burnett Customs building at 5416 SW Moody St. and will use the 12,000-square-foot facility to maintain its relationship as a parts supplier for Caterpillar. In August, VictTec, another Caterpillar supplier, broke ground across from the heavy-equipment manufacturer on Lone Tree Road.

VEDC has also helped connect the Port of Victoria's new Texas Logistics Center with First Ammonia. First Ammonia plans to develop one of the world's first commercial-scale green ammonia production facilities at the port. In addition, the nonprofit also worked with Caterpillar to hold the annual supplier summit conference in Victoria, where businesses from around the world gathered.

VEDC is currently involved with three "mega" projects which could potentially bring over 1,000 jobs to the region with a capital investment totaling just over \$5 billion. Announcements are anticipated to be made later this year.

University of Houston-Victoria (UHV) 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 Election (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 reconstruct an existing elementary school which will provide increased capacity for future growth in enrollment at the campus.

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 reconstruction of the duck pond, a dog park, and other Parks projects from the Parks Master Plan. The City is also in the process of renovating Deleon Plaza which is expected to be completed in time for the City's bicentennial celebration in April 2024.

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 multi-family 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 April 2023
 - 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 2023
 - \$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 2022 and Into the Future:

Fiscal year 2022 saw many accomplishments. For example, Phase II of the Compensation Program was implemented which impacted employees in various City departments; 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 started, for example, improvements were made to Riverside Park Stadium and the Duck Pond reconstruction project was started, and the City’s Golf Course Program is being managed effectively. The Drainage Mowing Program was continued to ensure proper maintenance of drainage ditches. The City is on track implementing its 2023 Capital Expenditure Replacement Program; and, the City’s Three-Year Capital Improvement Program has been updated. The City met its 2022 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 2022 initiatives and accomplishments. We look forward to implementing the fiscal year 2023 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 2023 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 2023 is 654, a net increase of thirteen employees from fiscal year 2022. This is the net result of adding one Budget Analyst, three Administrative Assistants, one Design Engineer, one Licensed Police Sergeant, one Clubhouse Supervisor, two Street Sweepers, one Automated Driver, two Right-of-Way Workers, and one SCADA Technician. The total budgeted personnel cost for fiscal year 2023 is \$49.3 million, an increase of 3.6 percent or \$1.7 million over last year’s budget. The increase includes Phase III 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 2023 budget:
 - a. Lone Tree Acres Drainage (\$4,290,000) – project consists of drainage improvements from the Southeast corner of Lone Tree Acres to Lone Tree Creek, re-shaping portions of the roadside ditches in the subdivision and reconstruction of the streets with stabilized subgrade, limestone base, seal-coat and Hot Mix Asphalt Concrete (HMAC).
 - b. Thoroughfare Streets (\$2,402,998) – program includes John Stock Mill and Overlay (Rio Grande to Airline).

- c. Residential Street Program (\$8,712,915) – program includes maintenance to various residential streets, Spring Creek Reconstruction (Main to Country Club), Dairy Road Reconstruction (Salem to Whispering Creek), and Will Heard Road.
- *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. This is the second year of funding.
 - c. Facility Improvement Projects (\$3,633,780) – project consists of land purchase and design of the Public Safety Headquarters facility.
 - d. Parks Projects (\$5,140,000) – projects include the DeLeon Plaza Improvement Project and the Dog Park Project.
 - e. Utility Projects (\$15,676,600) – projects include design for residential utility reconstruction, sewer line replacements, water line replacements, and the Water Meter Replacement Program.
 - 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, 2022 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 \$32.2 million. The Police and Fire Departments are the two largest departments in the City making up 54.7% of the General Fund.
- *Park and Recreational Services Improvement Programs* - The fiscal year 2023 budget includes \$4.2 million for various Park & Recreation programs: \$3.9 million budgeted within General Fund includes funding for parks ground maintenance, various recreational programs, vehicle/equipment replacement, Duck Pond Project, and playground equipment for various parks; and Hotel Tax Fund includes \$64K for various sports tournament programs, \$70,000 for improvements to Deleon Plaza, and \$200,000 for the Bicentennial Celebration.
- *Hotel Occupancy Tax Program* - For fiscal year 2022-2023, City Council has approved \$135K of Hotel Tax funding to eligible agencies and organizations.
- *Library Programs* - The fiscal year 2023 budget includes \$2.3 million for personnel and various maintenance and program costs; the budget includes \$212K for capital expenditures, mainly for replacing the library's technology equipment and purchasing books/materials.
- *Code Enforcement Programs* - The fiscal year 2023 budget includes \$523,000 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 2022. Budgeted at \$652,000 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 developed a Downtown Master Plan. Fiscal year 2023 includes \$348,000 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 2023 budget includes \$16 million in debt service payments (*General Governmental and Utility Revenue Bonds*), a decrease of \$885,000. The City is calling in \$500,000 in outstanding principal payments on its CO Series 2013A 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 55.82¢, which is 3.00¢ lower than prior year. The tax rate is allocated at 34.55¢ for General Fund maintenance and operating costs, a decrease of 0.51¢ and 21.27¢ for debt service payments, a decrease of 2.49¢. The State's mandated No-New Revenue Tax Rate calculations produce a rate for fiscal year 2023 of 54.61¢ and a Voter-Approval Tax Rate of 55.95¢. The net property tax revenue increased by \$1,373,703, and includes \$663K in new property values, while implementing a tax rate less than the "Voter-Approval Tax Rate M&O" allowing for a 0.13¢ carryover tax rate, per S.B.2.

- **Sales Tax** - The fiscal year 2023 sales tax revenue budget is \$17,360,000, an increase of \$175K or 1.0 percent compared to last year's original budget. The increase in sales tax is anticipated due to an anticipated recession in the second half of 2023.
- **Fund Balance / Working Capital Balance Reserves** - The fiscal year 2023 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 2023 minimum fund balance (*25% of \$58,067,560 budgeted expenditures*) is projected to be \$14,516,890, which is \$383,869 less than the projected year-end fund balance amount of \$14,900,759.

Capital Improvement Program

Routine Capital Expenditures

The fiscal year 2023 Budget includes \$5.07 million in capital expenditures, a decrease of 13.6 percent. The decrease is mainly due to the net effect of a decrease in buildings and improvements, HVAC, computer hardware and machinery and equipment and an increase in other structures. The \$5.07 million capital expenditure budget will be funded with \$3.36 million of recurring revenue and \$1.71 million of one-time use of fund balance/working capital balance (\$1.14 million General Fund; \$125K Convention & Visitors Bureau Fund; \$325K Motel Tax Fund; \$3.5K Water/Wastewater Fund; \$20K 700 Main Center Fund; \$47K Community Center Fund; \$69K Environmental Services Fund; \$86K Riverside Park Golf Course; and \$13K Building & Equipment Services Fund).

The following table recaps routine capital expenditures for fiscal year 2023, compared to fiscal year 2022.

Type of Fund	FY 2022 Original Budget	FY 2023 Original Budget	Increase/ (Decrease)	% Change
General Fund	\$1,277,342	\$1,617,876	\$ 340,534	26.66%
Special Revenue Funds	307,200	474,748	167,548	54.54%
Enterprise Funds	2,423,229	1,152,679	(1,270,550)	-52.43%
Internal Service Funds	1,857,034	1,824,300	(32,734)	-1.76%
Total	\$5,864,805	\$5,069,603	\$(795,202)	-13.56%

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 2023 Budget includes \$15.0 million in "new" capital improvement projects. The table below recaps the non-routine capital expenditures for fiscal year 2023, compared to fiscal year 2022.

Fiscal year 2023 Capital Improvement Program is as follows:

	<i>FY 2022 Original Budget</i>	<i>FY 2023 Original Budget</i>	<i>Increase/ (Decrease)</i>	<i>% Change</i>
CIP 3037	\$22,662,808	\$23,853,597	\$1,190,789	5.25%
CIP 3036	3,378,958	5,193,228	1,814,270	53.69%
Utilities 3046	8,727,088	22,247,271	13,520,183	154.92%
Total	\$34,768,854	\$51,294,096	\$16,525,242	47.53%

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, 2022.

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 \$5.8 million, of which \$4.6 million is related to GO/CO Bonds and \$1.2 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, 2021. This was the thirty-ninth 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

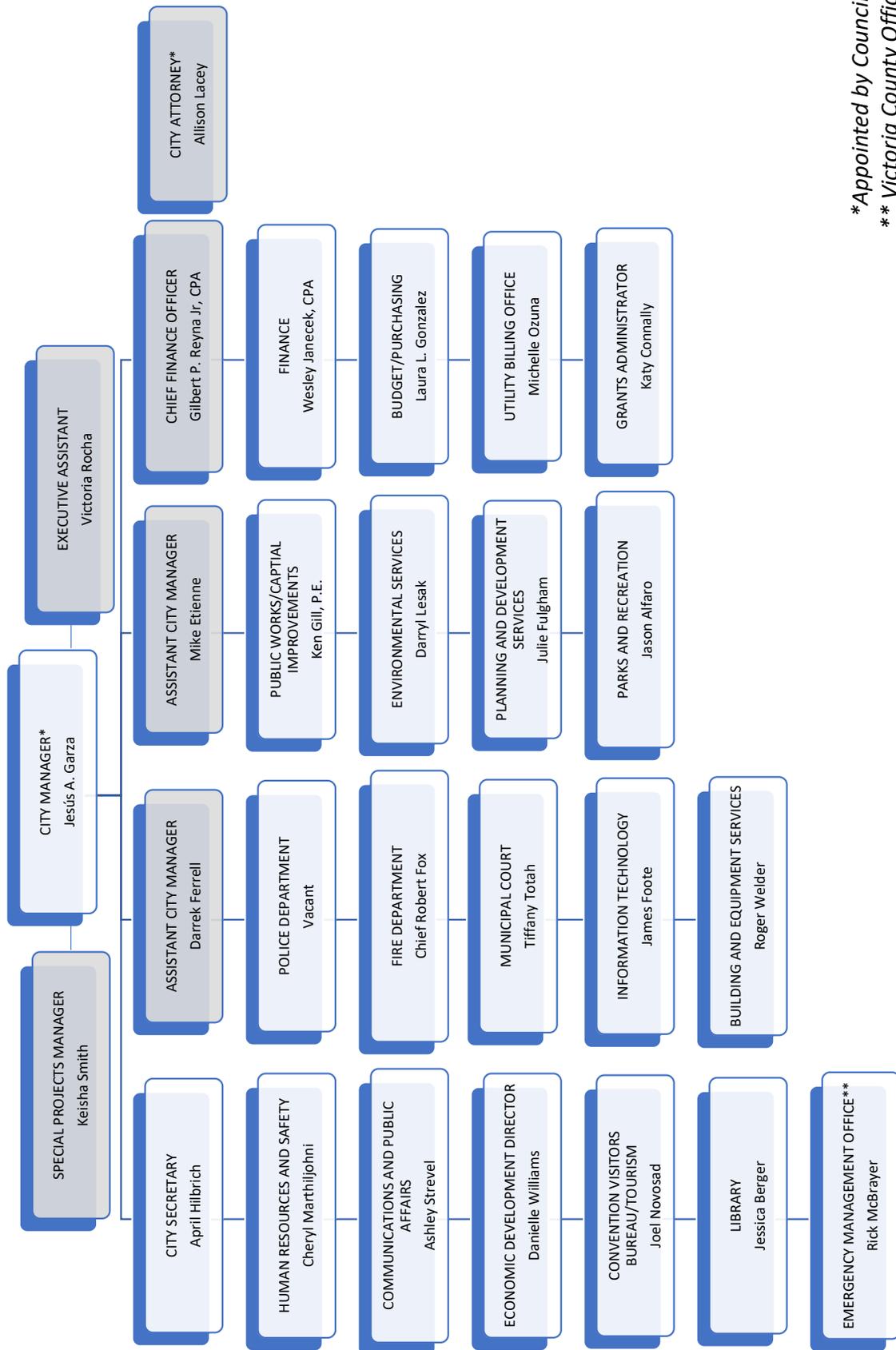
**City of Victoria
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

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>
Jeff Bauknight	Mayor	9	May, 2025
Rafael DeLaGarza, III	Council Member, District 1	6	May, 2024
Josephine Soliz	Council Member, District 2	10	May, 2024
Duane Crocker	Council Member, District 3	1	May, 2024
Jan Scott	Council Member, District 4	7	May, 2024
Dr. Andrew Young	Mayor Pro-Tem, Super District 5	9	May, 2025
Mark Loffgren	Council Member, Super District 6	3	May, 2025

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	3	3
Mike Etienne	Assistant City Manager	2	2
Darrek Ferrell	Assistant City Manager	2	2
Gilbert P. Reyna, Jr., CPA	Chief Financial Officer	27	27
Allison Lacey	City Attorney	6	0
Danielle Williams	Director of Economic Development	14	0
Cheryl Marthiljohni	Director of Human Resources	12	12
James Foote	Director of Information Technology	15	10
Julie Fulgham	Director of Development Services	8	5
Robert Arredondo	Police Chief	1	1
Robert "Tracy" Fox	Fire Chief	26	4
Jason Alfaro	Director of Parks and Recreation	2	2
Dayna Williams-Capone	Director of Public Library	15	13
Ken Gill, P.E.	Director of Public Works/City Engineer	31	2
Darryl Lesak	Director of Environmental Services	14	10
Ashley Strelve	Director of Communications and Public Affairs	3	3
Joel Novosad	Director of Convention & Visitor's Bureau	10	3
Roger Welder	Director of Building & Equipment Services	5	3
Danielle Williams	Main Street Executive Director	14	2
April Hilbrich	City Secretary	14	5
Tiffany Totah	Municipal Court Administrator	10	5
Keisha Smith	Special Projects Manager	0	0
Victoria Rocha	Executive Assistant to the City Manager	0	0



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

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

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022 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.

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2023, 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 solely 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 effectiveness of the City's 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 12, 2023

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, 2022. 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.

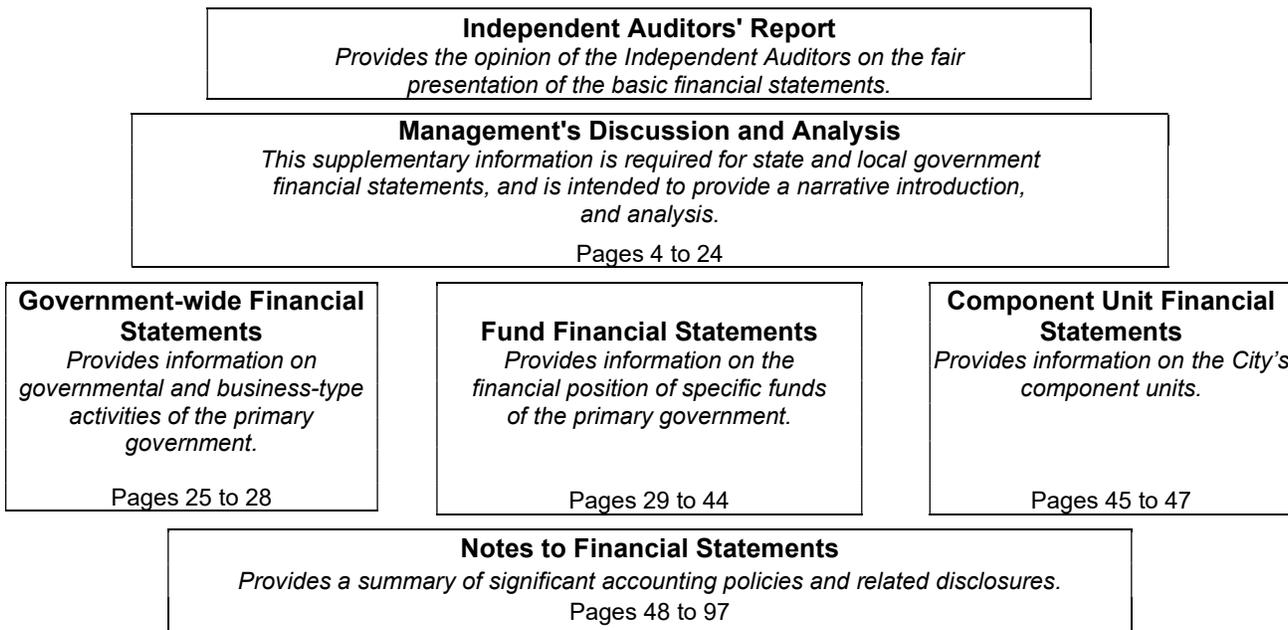
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2022, by \$238,109,409. Of this amount, \$38,290,071 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 \$23,739,138. This represents a 11% increase in net position from the previous fiscal year.
- The total cost of all City activities was \$92,107,240 for the fiscal year. Net cost of all activities was \$31,814,445.
- At September 30, 2022, the City's governmental funds reported combined ending fund balances of \$45,643,576, an increase of \$8,765,029 (24%) in comparison with prior year. The unassigned fund balance is \$20,739,315 (see page 12 for further detail).
- At September 30, 2022, unassigned fund balance for the General Fund was \$20,950,998 or 43% of total General Fund expenditures.
- The City's outstanding long-term debt had a net decrease of \$16,153,634. The main reasons for the net decrease are the City paid \$17,945,000 in principal payments on bonded debt, City issued \$5,970,000 in revenue bonds, and the net pension liability balance decreased \$9,570,304 (see page 16 for further detail).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Organization and Flow of Financial Section Information



OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

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

Statement of Net Position

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position can be found on pages 25 through 26.

Statement of Activities

The statement of activities presents information showing how the government's net position changed during fiscal year 2022. 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 27 through 28.

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 29 and 30) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 32 and 33) provide reconciliations to facilitate this comparison between governmental funds and governmental activities (pages 31 and 34).

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 35 through 42).

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 43 and 44 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 48 through 97 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in liability and related ratios for the TMRS Defined Benefit Pension Plan, a schedule of employer contributions for the TMRS Defined Benefit Pension Plan, a schedule of changes in Total OPEB liability and related ratios for the TMRS Supplemental Death Benefit Plan, a schedule of employer contributions for the TMRS Supplemental Death Benefit Plan, a schedule of changes in Net OPEB liability and related ratios for the Retiree Healthcare Plan, and a schedule of employer contributions for the Retiree Healthcare Plan. Required supplementary information can be found on pages 98 through 113 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 117 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 \$238,109,409 at the close of the fiscal year ended September 30, 2022.

At the end of fiscal year 2022, 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	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 73,592,404	\$ 59,410,218	\$ 36,358,278	\$ 28,834,880	\$ 109,950,682	\$ 88,245,098
Capital assets (net)	<u>150,669,427</u>	<u>150,665,683</u>	<u>125,119,983</u>	<u>129,242,512</u>	<u>275,789,410</u>	<u>279,908,195</u>
Total assets	<u>224,261,831</u>	<u>210,075,901</u>	<u>161,478,261</u>	<u>158,077,392</u>	<u>385,740,092</u>	<u>368,153,293</u>
Deferred outflows of resources	<u>9,080,367</u>	<u>7,433,826</u>	<u>2,208,753</u>	<u>2,106,175</u>	<u>11,289,120</u>	<u>9,540,001</u>
Long-term liabilities	74,835,934	88,424,640	49,397,430	51,962,358	124,233,364	140,386,998
Other liabilities	<u>17,381,363</u>	<u>12,028,708</u>	<u>2,816,659</u>	<u>2,192,133</u>	<u>20,198,022</u>	<u>14,220,841</u>
Total liabilities	<u>92,217,297</u>	<u>100,453,348</u>	<u>52,214,089</u>	<u>54,154,491</u>	<u>144,431,386</u>	<u>154,607,839</u>
Deferred inflows of resources	<u>11,769,926</u>	<u>6,989,689</u>	<u>2,718,491</u>	<u>1,725,495</u>	<u>14,488,417</u>	<u>8,715,184</u>
Net position:						
Net investment in capital assets	102,097,409	95,978,039	90,560,879	90,327,019	192,658,288	186,305,058
Restricted	7,161,050	7,303,573	-	-	7,161,050	7,303,573
Unrestricted	<u>20,096,516</u>	<u>6,785,078</u>	<u>18,193,555</u>	<u>13,976,562</u>	<u>38,290,071</u>	<u>20,761,640</u>
Total net position	<u>\$ 129,354,975</u>	<u>\$ 110,066,690</u>	<u>\$ 108,754,434</u>	<u>\$ 104,303,581</u>	<u>\$ 238,109,409</u>	<u>\$ 214,370,271</u>

The largest portion of the City's fiscal year 2022 net position (81% or \$192,658,288) 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 \$7,161,050 consisting of \$1,653,697 for debt service, \$4,089,790 for special programs related to recreation, \$1,119,105 for public safety programs, and \$298,458 for housing development. The remaining balance of \$38,290,071 may be used to meet the government's ongoing obligations to citizens and creditors; overall, the City's net position increased by \$23,739,138, which consists of an increase of \$19,288,285 in governmental net position and an increase of \$4,450,853 in business-type net position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 8,501,876	\$ 8,638,423	\$ 34,754,725	\$ 33,463,924	\$43,256,601	\$42,102,347
Operating grants and contributions	5,055,707	8,045,958	-	184,000	5,055,707	8,229,958
Capital grants and contributions	11,980,487	7,357,339	-	-	11,980,487	7,357,339
General revenues:						
Property taxes	27,007,985	25,846,497	-	-	27,007,985	25,846,497
Other taxes	27,080,244	25,297,135	-	-	27,080,244	25,297,135
Other	1,243,730	1,009,345	221,624	30,082	1,243,730	1,039,427
Total revenues	<u>80,870,029</u>	<u>76,194,697</u>	<u>34,976,349</u>	<u>33,678,006</u>	<u>115,624,754</u>	<u>109,872,703</u>
EXPENSES						
General government	7,848,396	7,179,180	-	-	7,848,396	7,179,180
Public safety	30,846,792	32,643,567	-	-	30,846,792	32,643,567
Development	17,366,423	15,165,253	-	-	17,366,423	15,165,253
Recreation	6,585,244	5,985,618	-	-	6,585,244	5,985,618
Interest on long-term debt	1,850,886	2,071,171	-	-	1,850,886	2,071,171
Water/wastewater	-	-	20,915,429	22,226,051	20,915,429	22,226,051
Environmental services	-	-	4,512,471	4,585,211	4,512,471	4,585,211
Other	-	-	2,181,599	2,043,201	2,181,599	2,043,201
Total expenses	<u>64,497,741</u>	<u>63,044,789</u>	<u>27,609,499</u>	<u>28,854,463</u>	<u>92,107,240</u>	<u>91,899,252</u>
Change in net position before transfers	16,372,288	13,149,908	7,366,850	4,823,543	23,739,138	17,973,451
Transfers	<u>2,915,997</u>	<u>2,610,531</u>	<u>(2,915,997)</u>	<u>(2,610,531)</u>	-	-
Change in net position	19,288,285	15,760,439	4,450,853	2,213,012	23,739,138	17,973,451
Net position - October 1	<u>110,066,690</u>	<u>94,306,251</u>	<u>104,303,581</u>	<u>102,090,569</u>	<u>214,370,271</u>	<u>196,396,820</u>
Net position - September 30	<u>\$ 129,354,975</u>	<u>\$ 110,066,690</u>	<u>\$ 108,754,434</u>	<u>\$ 104,303,581</u>	<u>\$238,109,409</u>	<u>\$ 214,370,271</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Governmental Activities

The increase in the governmental activities is mainly due to a \$5M increase in overall revenues. Specifically, capital grants and contributions increased \$4.6M, property taxes increased \$1.2M, other taxes increased \$1.8M, and operating grants and contributions decreased \$3.0 million. Explanations for the increase in revenues include the following:

- 1) Capital grants and contributions includes \$3.4M in capital asset contributions from the Victoria Sales Tax Development Corporation for various street projects and \$7.2M from the University of Houston-Victoria for the Ben Wilson Corridor Project. Operating grants and contributions decreased due to the Coronavirus Relief Fund allocation of \$2.2 million in FY 2021; in addition, there was a decrease of \$1.2 million in American Rescue Plan Act grant funds recorded as revenue in FY 2022 compared to FY 2021.
- 2) The increase in property taxes and other taxes relates primarily to an increase in property values of 8.7% and a decrease in the property tax rate of 3.8% for FY 2022. In addition, sales tax receipts for the City increased primarily because of inflation and increased oil and gas activity in the area.

**City of Victoria, Texas
2022 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	\$ 7,848,396	12.17%	\$ 5,029,190	29.75%	(\$ 2,819,206)
Public safety	30,846,792	47.83%	7,151,543	32.83%	(23,695,249)
Development	17,366,423	26.92%	12,942,506	36.12%	(4,423,917)
Recreation	6,585,244	10.21%	414,831	1.30%	(6,170,413)
Interest on long-term debt	1,850,886	2.87%	-	0.00%	(1,850,886)
	<u>\$ 64,497,741</u>		<u>\$ 25,538,070</u>		<u>(\$ 38,959,671)</u>

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

<u>Description</u>	<u>Revenues 2022</u>	<u>% of Total</u>	<u>Revenues 2021</u>	<u>% of Total</u>
Charges for services	\$ 8,501,876	10.15%	\$ 8,638,423	10.96%
Operating grants and contributions	5,055,707	6.03%	8,045,958	10.21%
Capital grants and contributions	11,980,487	14.30%	7,357,339	9.34%
Property taxes	27,007,985	32.23%	25,846,497	32.80%
Sales taxes	19,291,123	23.02%	17,744,035	22.52%
Franchise taxes	5,761,674	6.88%	5,602,297	7.11%
Other taxes	2,027,447	2.42%	1,950,803	2.47%
Unrestricted investment earnings	477,201	0.57%	42,091	0.05%
Gain on sale of capital assets	14,391	0.02%	-	0.00%
Miscellaneous	752,138	0.90%	967,254	1.23%
Transfers	2,915,997	3.48%	2,610,531	3.31%
Total	<u>\$ 83,786,026</u>		<u>\$ 78,805,228</u>	

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type Activities

Fiscal year 2022 business-type activities increased the City's net position by \$4,450,853. The net position increase is due to an increase in Water/wastewater operating revenues of \$842K, a decrease in Water/wastewater expenses of \$1.4M primarily in personnel costs (including pension and OPEB expense) (\$1.5M), and vehicle equipment charges (\$689K) - this was due to vehicles ordered in the current year not being received because of supply chain issues.

**City of Victoria, Texas
2022 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	\$20,915,429	75.76%	\$27,051,814	77.83%	\$6,136,385
Environmental services	4,512,471	16.34%	6,070,752	17.47%	1,558,281
Other	<u>2,181,599</u>	7.90%	<u>1,632,159</u>	4.70%	<u>(549,440)</u>
	<u>\$27,609,499</u>		<u>\$34,754,725</u>		<u>\$7,145,226</u>

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

<u>Description</u>	<u>Revenues 2022</u>	<u>% of Total</u>	<u>Revenues 2021</u>	<u>% of Total</u>
Charges for services	\$34,754,725	108.40%	\$33,463,924	107.71%
Operating grants and contributions	-	0.00%	184,000	0.59%
Unrestricted investment earnings	215,075	0.67%	21,876	0.07%
Miscellaneous	6,549	0.02%	8,206	0.03%
Transfers	(2,915,997)	(9.09%)	(2,610,531)	(8.40%)
Total	<u>\$32,060,352</u>		<u>\$31,067,475</u>	

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$45,643,576, an increase of \$8,765,029. The main reasons for the net increase in the City's combined governmental ending fund balance is due to an increase in General Fund transfers to other funds of \$5.9M, an increase in debt service revenues of \$630K, and an increase of \$17M in revenues and other financing sources in the Capital Construction Funds.

The City's governmental funds combined fund balance of \$45,643,576 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 2022, unassigned fund balance of the General Fund was \$20,950,998 while total General Fund fund balance was \$21,299,539. 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 43% of the total General Fund expenditures, while total fund balance also represents 44% of that same amount.

The General Fund fund balance decreased by \$2,284,879, which was mainly due to an increase in transfers to other funds by \$5.9M in comparison with the prior year. This decrease in fund balance was budgeted due to funds in excess of the minimum fund balance policy (25% of budgeted expenditures). These funds were used on capital projects for which expenditures are considered one-time in nature.

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. \$9,636,900 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 2022, fund balance of the Debt Service Fund was \$1,106,617. The main reason for the \$57,887 increase in the Debt Service Fund fund balance is due to an increase in delinquent property tax collections which were \$35K over the budgeted amount.
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 2022 the combined fund balances for the two major capital construction funds was \$18,166,639. The increase in their fund balances from the prior year was \$10,564,712 and was mainly due to the transfers and contributions from General Fund, UHV, and STDC. Projects include the Riverside Park Duck Pond Project (\$1.2 million), Fire Station #1 Remodel (\$1.7 million), North Heights Phase VII Street Project (\$3.2 million), and UHV Ben Wilson Corridor Project (\$6.5 million).

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>2022 Unrestricted Net Position</u>	<u>2021 Unrestricted Net Position</u>
Water and Wastewater	\$ 10,977,801	\$ 7,746,350
Environmental Services	5,452,007	4,520,041
Other	<u>1,763,747</u>	<u>1,710,171</u>
Total	<u>\$18,193,555</u>	<u>\$13,976,562</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 2022 General Fund original budget and fiscal year 2022 General Fund final amended budget for expenditures (including transfers) was \$1,216,587 which represents fiscal year 2021 carryover encumbrances of \$812,081, budget amendments amounting to \$112,515 (Ambulance equipment), and \$291,991 (recording of leased equipment).
- The original fiscal year 2022 budget included approximately \$9,529,615 of "one-time" expenditures mainly consisting of capital acquisition and improvement projects.
- For fiscal year 2022, the General Fund revenues came in \$3,159,029 higher than the General Fund amended 2022 budget, primarily due to sales tax revenue coming in \$2.1M over budget, ambulance revenue coming in \$296K over budget, development services revenue coming in \$170K over budget, interest revenue coming in \$122K over budget, property sales coming in \$112K over budget, and miscellaneous coming in \$359K over budget primarily due to insurance reimbursements.
- For fiscal year 2022, the General Fund actual expenditures, including encumbrances, came in approximately \$1.7M lower than the General Fund amended fiscal year 2022 budget or \$476K lower than the General Fund original 2022 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, 2022, amounts to \$275,789,410 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, office equipment, machinery and equipment, improvements other than buildings, streets and bridges, right-to-use lease assets, 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 \$4,118,785 or 1% (a \$3,744 or <1% increase for governmental activities and \$4,122,529 or 3% 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	\$ 730,525	\$ 727,034	\$ -	\$ -	\$ 3,491
Buildings	208,083	23,296	234,184	-	418,971
Other structure improvements	283,445	39,384	-	-	244,061
Infrastructure - streets, drainage, traffic, and sidewalks, etc.	8,726,895	-	-	-	8,726,895
Construction in progress	8,548,386	7,896,741	2,695,098	331,535	3,015,208
Machinery, equipment, and vehicles	3,932,339	1,038,804	516,042	57,617	3,351,960
Right-to-Use lease assets	503,547	-	303,832	-	807,379
Water and wastewater distribution system	-	-	<u>1,986,782</u>	-	<u>1,986,782</u>
Total	<u>\$ 22,933,220</u>	<u>\$ 9,725,259</u>	<u>\$ 5,735,938</u>	<u>\$ 389,152</u>	18,554,747
					FY 2022 depreciation and amortization expense (23,473,491)
					FY 2022 accumulated depreciation and amortization deletions 799,959
					Primary government beginning capital assets balance <u>279,908,195</u>
					Primary government ending capital assets balance <u>\$275,789,410</u>

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)

Capital Assets - (Continued)

The following financial table represents the City's total capital assets as of September 30, 2022:

City of Victoria, Texas						
Capital Assets						
(Net of Depreciation and Amortization)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,120,362	\$ 5,116,871	\$ 5,569,177	\$ 5,569,177	\$ 10,689,539	\$ 10,686,048
Construction in progress	7,317,862	6,666,217	2,520,031	156,468	9,837,893	6,822,685
Machinery and equipment	10,901,290	11,541,114	1,414,784	1,457,249	12,316,074	12,998,363
Buildings	5,779,172	6,607,244	20,004,555	21,497,881	25,783,727	28,105,125
Improvements other than buildings	3,375,441	3,395,524	2,217,026	2,218,787	5,592,467	5,614,311
Infrastructure	117,787,969	117,338,713	203,915	225,825	117,991,884	117,564,538
Right-to-Use lease assets	387,331	-	226,579	-	613,910	-
Water and wastewater distribution system	<u>-</u>	<u>-</u>	<u>92,963,916</u>	<u>98,117,125</u>	<u>92,963,916</u>	<u>98,117,125</u>
Total	<u>\$150,669,427</u>	<u>\$150,665,683</u>	<u>\$125,119,983</u>	<u>\$129,242,512</u>	<u>\$275,789,410</u>	<u>\$279,908,195</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 2022, the City had total bonded debt outstanding of \$78,950,000. Of this amount, \$43,545,000 comprises debt backed by the full faith and credit of the government and \$35,405,000 secured solely by specific revenue sources (i.e., revenue bonds). In addition, the City had outstanding \$997,368 in financed purchases, \$620,439 in right-to-use leases, \$1,219,545 in compensated absences, \$10,755,203 in OPEB liability, \$19,339,716 in net pension liability, \$4,541,724 in estimated landfill closure and post-closure care cost; and \$7,809,369 in net bond premium as of September 30, 2022.

City of Victoria, Texas
Outstanding Debt and Net Bond Premium

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 34,380,000	\$ 40,815,000	\$ -	\$ -	\$ 34,380,000	\$ 40,815,000
Certificates of obligation	9,165,000	10,690,000	-	-	9,165,000	10,690,000
Revenue bonds	-	-	35,405,000	35,845,000	35,405,000	35,845,000
Financed purchases	967,039	-	30,329	123,254	997,368	123,254
Right-to-Use leases	392,712	-	227,727	-	620,439	-
Compensated absences	1,053,777	1,012,062	165,768	168,489	1,219,545	1,180,551
OPEB liability	8,905,308	8,034,907	1,849,895	2,242,538	10,755,203	10,277,445
Net pension liability	16,013,285	23,261,002	3,326,431	5,649,018	19,339,716	28,910,020
Estimated landfill closure and post-closure care cost	-	-	4,541,724	4,440,679	4,541,724	4,440,679
Net bond premium	<u>3,958,813</u>	<u>4,611,669</u>	<u>3,850,556</u>	<u>3,493,380</u>	<u>7,809,369</u>	<u>8,105,049</u>
Total	<u>\$ 74,835,934</u>	<u>\$ 88,424,640</u>	<u>\$ 49,397,430</u>	<u>\$ 51,962,358</u>	<u>\$ 124,233,364</u>	<u>\$ 140,386,998</u>

The City's debt had a net decrease of \$16,153,634 or 12%. The key factors to this net decrease are the following:

- Debt payments of \$7,960,000 in governmental activities bonds and \$9,985,000 in business-type activities bonds were made during fiscal year 2022,
- The City issued \$5,970,000 in revenue bonds and \$4,025,000 in utility system revenue refunding bonds to refund \$4,200,000 of old debt during fiscal year 2022,
- The City entered into financed purchases in the governmental activities in the amount of \$1,228,002 and made principal payments of \$260,963 on them in fiscal year 2022 and principal payments of \$92,925 on the financed purchase in the business-type activities in fiscal year 2022,
- Net pension liability decreased by \$9,570,304,
- Total OPEB liability increased by \$477,758,
- Landfill closure/post-closure care cost had a net increase of \$101,045,
- Bond premium had a net decrease of \$295,680 and,
- Compensated absences increased by \$38,994.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Texas Economy

Texas firms reported below-average output growth to start 2023, while employment and wage gains remained elevated despite indications of a softening labor market. Price and wage inflation are expected to slow this year but remain above historical averages. Given the current economic headwinds, employment growth is expected to slow across the state in 2023, although Texas will likely avoid going into recession this year.

Coming into the new year, services and manufacturing were both barely in expansionary territory. The Dallas Fed's Texas Business Outlook Surveys (TBOS) manufacturing production index—calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase—has been near 0 since mid-2022. This suggests overall weak growth but not outright contraction. The manufacturing new orders index posted an eighth consecutive negative reading in January, but advanced from -11.0 to -4.0, indicating the pace at which new orders declined has eased. The services revenue index trended down throughout 2022, falling to zero at year-end before picking up slightly in January. Most services industries noted weakening revenues, with contacts citing high inflation and rising interest rates.

The TBOS employment indexes remain elevated—advancing in January—despite slower-than-normal growth in services and manufacturing, a product of worker shortages and a still-tight labor market. Firms are still hiring to backfill open positions and remain hesitant to let go of workers because of difficulties recruiting candidates. Nevertheless, the share of firms looking to hire fell to 50 percent in January from 68 percent a year prior. Still, a majority of firms remain understaffed, though an increasing share are opting not to hire at this time.

There was also an uptick in the share of firms reporting they are overstaffed but not laying off, indicative of labor hoarding. “We are likely overstaffed by about 15 percent right now but are not willing to lay off or cut hours, as we're unsure if things will pick up,” a manufacturing contact reported.

A lack of applicants remains a primary impediment to hiring. But when asked how the availability of job seekers has changed over the past month, more firms noted an improvement rather than a worsening for the first time since this question was added to the survey in June 2021.

Firms normally do not raise wages frequently—three-quarters of TBOS respondents typically report no wage change in any given month. Amid surging wage pressure in 2022, the share of firms increasing wages month to month reached 40 percent.

While still elevated, wage growth has trended lower since mid-2022. “We provided significant (10 percent or more) raises in December after a mid-year raise in July 2022,” a manufacturing contact said. “We felt that this was essential in order to keep our employees, and we have successfully retained everyone we wanted to keep. We hope not to need to do another round of raises mid-year.”

TBOS firms reported lower expected wage growth in 2023 than in 2022, the December special questions indicated. Overall, TBOS firms on average expect 5.6 percent wage growth in 2023, down from 7.6 percent recorded in 2022. Even with the anticipated deceleration, wage growth is projected to remain elevated. One technology services contact said, “Wage demands are higher than ever,” while an apartment management firm noted that “workers are holding us hostage for higher wages.”

Texas employment grew 3.4 percent in the fourth quarter 2022, though job gains may be revised downward following benchmarking, which adjusts payroll survey data to better quantify actual job growth. Data for the first half of 2022 were sharply lowered following such a revision.

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

Texas Economy - Continued

Employment growth was led by increases in information services, energy, health care, leisure and hospitality, trade, transportation and utilities. Job losses occurred in professional and business services, and construction.

Texas outpaced the nation in job growth in 2022, even after the benchmark revisions, which also reduced employment numbers nationwide. Those revisions, which will be folded into the Bureau of Labor Statistics' state payroll employment data in March, were historically large and indicate a cooler labor market than initially suggested (national benchmark revisions, in contrast, are not incorporated into official data until January 2024).

With slower momentum heading into 2023, lower oil prices and declines in both the U.S. and Texas leading indexes, the Dallas Fed's Texas employment forecast for 2023 December-over-December job growth is 1.4 percent, with an 80 percent confidence interval of 0.7 percent to 2.2 percent.

This would mean growth below the state's 2 percent long-term trend, but not a recession. Risks are weighted to the downside, with Texas businesses voicing concern over weakening demand, labor market tightness, inflation and rising interest rates.

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

Victoria Economy

Just like the Texas economy, Victoria's economy experienced a decline in economic activity due to COVID-19. Consumer and business spending have 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.

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 held their grand opening 10/24 on their new Electric Arc Furnace (EAF) dust recycling facility on lease property at the Port of Victoria. The project received unanimous approval from Victoria County Commissioner's for a tax incentive in 2021 on the \$55 million investment. 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 have been made at the 25 acre site.

The Port of Victoria is a vital economic engine serving the Victoria region. Building on the Memorandum of Understanding signed in 2021 between the Port Commissioners and the governing officials of Victoria County, the City of Victoria, the VSTDC, and the Victoria Regional Airport which demonstrated their cooperation in strengthening economic growth and community development, an additional \$6 million was pledged by the City of Victoria Sales Tax Development Corporation and Victoria County to partially fund a \$27 million Class 1 dually served rail loop to the newly branded Texas Logistics Center at the Port of Victoria. The Texas Logistics Center, announced in the Spring of 2022, is the 2,200 acre greenfield site served with utilities, direct barge canal access, a fleeting area, heavy haul road and the planned rail loop.

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

Victoria Economy - Continued

The \$6 million 1.9 mile rail loop and 2,000 ft ladder track at the Port's North Property Industrial Park opened in 2022. More than \$20 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.

The VSTDC sold two tracts of land in the Lone Tree II Industrial Park. The first was to a Caterpillar Supplier, VictTec. The company purchased 20 acres to develop a campus of facilities that will supply plastic materials to the Victoria Caterpillar facility and create 30 new jobs. SelecTransportation Resources purchased 14 acres along US 59, also in Lone Tree II, to establish a big rig sales and fleet services facility.

Prairie Energy Partners is exploring constructing a \$5.6 billion oil refinery in Victoria County. The project would bring in 1,250 new construction jobs and a permanent workforce of over 400 people once production begins. The refinery could open some time in 2026. The plant would be the first new oil refinery in the United States in over 40 years. The facility would have the capacity to refine around 250,000 barrels of oil per day.

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 began operations in January 2022. The plant is expected to create 600 permanent jobs.

The Victoria Regional Airport (VRA) completed a Land Use Development Strategic Plan and Governance Study in 2022. The studies will guide efforts to strengthen VRA's position in the region as an economic development asset. The airport maintains multiple daily flights to and from Houston Intercontinental Airport via Skywest/United Express.

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 opened their \$10 million state of the art new Emergency Room in June 2022. The new ER is 20,000 square feet with 25 individual rooms and two trauma rooms.

A Veteran's Affair Facility is undergoing planning for construction in the Springwood Medical Plaza area. The project is anticipated to begin February 2023 and be completed in 8-12 months. The 25,000 square foot facility will bring 25 full-time jobs to the City.

FedEx Ground opened their new 217,000 square foot package distribution center at the Lone Tree II Industrial Park at Loop 463 and U.S. Hwy. 59 (I-69) in summer 2022. Access to major highways and a strong local workforce contributed to their decision to expand operations in Victoria.

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

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

Victoria Economy - Continued

Victoria Economic Development Corporation (VEDC) has helped attract two Caterpillar suppliers to the area. Bo/Gar Enterprises of Illinois recently purchased the former Burnett Customs building at 5416 SW Moody St. and will use the 12,000-square-foot facility to maintain its relationship as a parts supplier for Caterpillar. In August, VictTec, another Caterpillar supplier, broke ground across from the heavy-equipment manufacturer on Lone Tree Road.

VEDC has also helped connect the Port of Victoria's new Texas Logistics Center with First Ammonia. First Ammonia plans to develop one of the world's first commercial-scale green ammonia production facilities at the port. In addition, the nonprofit also worked with Caterpillar to hold the annual supplier summit conference in Victoria, where businesses from around the world gathered.

VEDC is currently involved with three "mega" projects which could potentially bring over 1,000 jobs to the region with a capital investment totaling just over \$5 billion. Announcements are anticipated to be made later this year.

University of Houston-Victoria (UHV) 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 Election (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.

The 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 reconstruction of the duck pond, a dog park, and other parks projects from the Parks Master Plan. The City is also in the process of renovating Deleon Plaza which is expected to be completed in time for the City's bicentennial celebration in April 2024.

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 multi-family 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 April 2023
 - Reserved for residents who earn up to 60% of Victoria median family income, which is about \$43,300 for a family of four

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

Victoria Economy - Continued

- *Odem Street Project*
 - *Construction scheduled to begin summer 2023*
 - *\$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*

Victoria's oil and natural gas industry (i.e. Eagle Ford Shale) has picked up over the past year. Victoria's rig count for March 24, 2023, was 29 (average price of oil \$69.96), an increase of 4 rigs compared to March 25, 2022 (average price of oil \$112.34).

Victoria's unemployment rate for January 2023 was 4.3 percent, compared to the U.S. 3.4 percent rate and Texas 3.9 percent rate; and is 1.3 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) decreased by 0.01 percent or \$6K, comparing September 2022 to September 2021 values; the decrease is due to rising interest rates which has made it more expensive to borrow funds for construction projects. As of September 2022, total commercial permit value was \$28.96 million, a decrease of 13.4 percent or \$4.5 million from last year's values.

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

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.

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

Other Economic Factors

- The City of Victoria, with a population of about 65,377, 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 (2012 thru 2022), the City's population has grown approximately 4.4 percent. The population is projected to grow by 3 percent over the next five years.
- As of the first five months of fiscal year 2023, actual sales tax revenues are exceeding the fiscal year 2023 budget by \$1,179,000. 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, 2022. The fiscal year 2022-2023 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 \$5,150,095,746; an increase of 17.8% or \$830.1 million from last year's tax roll (adjusted for frozen taxable appraised values) of \$4,678,294,583.
- The ad valorem tax rate for fiscal year 2023 was set at 55.82¢, a decrease of 3.00¢ from last year's tax rate. The tax rate is allocated at 34.55¢ for General Fund maintenance and operating costs (a decrease of 0.51¢), and 21.27¢ for Debt Service Fund (a decrease of 2.49¢).
- The General Fund unassigned fund balance, at September 30, 2022, came in \$6,439,104 above the fiscal year 2022 minimum required unassigned fund balance of \$14,860,435, 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 2023 budget includes \$5,805,308 of General Fund one-time expenditures and \$4,744,007 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 City is planning to update this study in FY 2024.
- The water and sewer customer base has been relatively stable over the past ten fiscal years with an average annual growth rate of 0.41 percent and 0.69 percent, respectively. The City did not raise its water and sewer rates but changed the variable rate schedule in FY2019 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 2022 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 \$124,701,567: in progress - 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 FY2023-2026 Capital Improvement Program document).

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, 105 West Juan Linn, Victoria, Texas 77901.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 53,324,905	\$ 20,018,602	\$ 73,343,507	\$ 17,265,544
Investments	10,452,202	2,999,271	13,451,473	7,438,327
Receivables (net)	9,009,293	2,811,747	11,821,040	856,505
Internal balances	252,793	(252,793)	-	-
Due from primary government	-	-	-	33,484
Due from component unit	-	65,000	65,000	-
Inventory	475,308	230,374	705,682	-
Returned checks	26,595	3,637	30,232	-
Prepaid items	27,308	1,753	29,061	-
Restricted assets				
Cash and cash equivalents	24,000	9,480,930	9,504,930	-
Investments	-	999,757	999,757	-
Total current assets	73,592,404	36,358,278	109,950,682	25,593,860
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	12,438,224	8,089,208	20,527,432	7,518,457
Buildings, improvements, and equipment (net)	137,843,872	116,804,196	254,648,068	1,107,035
Net capital assets	150,282,096	124,893,404	275,175,500	8,625,492
Right-to-Use lease assets (net)	387,331	226,579	613,910	-
Total noncurrent assets	150,669,427	125,119,983	275,789,410	8,625,492
Total assets	224,261,831	161,478,261	385,740,092	34,219,352
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	2,271,030	694,406	2,965,436	-
Deferred outflow related to pension	5,066,969	1,112,281	6,179,250	-
Deferred outflow related to OPEB	1,742,368	402,066	2,144,434	-
Total deferred outflows of resources	9,080,367	2,208,753	11,289,120	-

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 4,587,144	\$ 1,111,434	\$ 5,698,578	\$ 750,037
Accounts payable (payable from restricted assets)	-	787,395	787,395	-
Accrued expenses	2,354,697	307,864	2,662,561	-
Due to other governments	60,460	39,998	100,458	-
Due to primary government	-	-	-	65,000
Due to component unit	-	33,484	33,484	-
Customer deposits	-	54,825	54,825	-
Claims payable	415,339	-	415,339	-
Unearned revenue	9,735,950	-	9,735,950	-
Accrued compensated absences	73,434	11,552	84,986	-
Accrued interest payable	227,773	481,659	709,432	-
Current portion of long-term obligations	7,984,619	4,841,947	12,826,566	-
Total current liabilities	<u>25,439,416</u>	<u>7,670,158</u>	<u>33,109,574</u>	<u>815,037</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	40,878,945	34,671,665	75,550,610	-
Accrued compensated absences	980,343	154,216	1,134,559	-
Net pension liability	16,013,285	3,326,431	19,339,716	-
OPEB liability	8,905,308	1,849,895	10,755,203	-
Estimated landfill closure and postclosure care cost	-	4,541,724	4,541,724	-
Total noncurrent liabilities	<u>66,777,881</u>	<u>44,543,931</u>	<u>111,321,812</u>	<u>-</u>
Total liabilities	<u>92,217,297</u>	<u>52,214,089</u>	<u>144,431,386</u>	<u>815,037</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension	10,763,521	2,463,974	13,227,495	-
Deferred inflow related to OPEB	<u>1,006,405</u>	<u>254,517</u>	<u>1,260,922</u>	<u>-</u>
Total deferred inflows of resources	<u>11,769,926</u>	<u>2,718,491</u>	<u>14,488,417</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	102,097,409	90,560,879	192,658,288	8,383,602
Restricted for:				
Debt service	1,653,697	-	1,653,697	-
Public safety	1,119,105	-	1,119,105	-
Development	298,458	-	298,458	-
Recreation	4,089,790	-	4,089,790	-
Unrestricted	<u>20,096,516</u>	<u>18,193,555</u>	<u>38,290,071</u>	<u>25,020,713</u>
Total net position	<u>\$ 129,354,975</u>	<u>\$ 108,754,434</u>	<u>\$ 238,109,409</u>	<u>\$ 33,404,315</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2022

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 7,848,396	\$ 2,447,726	\$ 2,581,464	\$ -
Public safety	30,846,792	5,720,556	1,430,987	-
Development	17,366,423	80,000	882,019	11,980,487
Recreation	6,585,244	253,594	161,237	-
Interest on long-term debt	1,850,886	-	-	-
Total governmental activities	<u>64,497,741</u>	<u>8,501,876</u>	<u>5,055,707</u>	<u>11,980,487</u>
Business-type activities				
Water/wastewater	20,915,429	27,051,814	-	-
Environmental services	4,512,471	6,070,752	-	-
Community Center	846,570	216,978	-	-
700 Main Center	162,151	132,913	-	-
Golf Course	1,172,878	1,282,268	-	-
Total business-type activities	<u>27,609,499</u>	<u>34,754,725</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 92,107,240</u>	<u>\$ 43,256,601</u>	<u>\$ 5,055,707</u>	<u>\$ 11,980,487</u>
Component Units	<u>\$ 8,978,070</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Other taxes

Unrestricted investment earnings net of change in fair value of investments

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (2,819,206)	\$ -	\$ (2,819,206)	\$ -
(23,695,249)	-	(23,695,249)	-
(4,423,917)	-	(4,423,917)	-
(6,170,413)	-	(6,170,413)	-
(1,850,886)	-	(1,850,886)	-
<u>(38,959,671)</u>	<u>-</u>	<u>(38,959,671)</u>	<u>-</u>
-	6,136,385	6,136,385	-
-	1,558,281	1,558,281	-
-	(629,592)	(629,592)	-
-	(29,238)	(29,238)	-
-	109,390	109,390	-
-	<u>7,145,226</u>	<u>7,145,226</u>	<u>-</u>
<u>(38,959,671)</u>	<u>7,145,226</u>	<u>(31,814,445)</u>	<u>-</u>
-	-	-	<u>(8,936,070)</u>
17,273,487	-	17,273,487	-
9,734,498	-	9,734,498	-
19,291,123	-	19,291,123	9,670,482
5,761,674	-	5,761,674	-
2,027,447	-	2,027,447	-
477,201	215,075	692,276	193,012
14,391	6,549	20,940	679,170
752,138	-	752,138	1,193,364
<u>2,915,997</u>	<u>(2,915,997)</u>	<u>-</u>	<u>-</u>
<u>58,247,956</u>	<u>(2,694,373)</u>	<u>55,553,583</u>	<u>11,736,028</u>
19,288,285	4,450,853	23,739,138	2,799,958
<u>110,066,690</u>	<u>104,303,581</u>	<u>214,370,271</u>	<u>30,604,357</u>
<u>\$ 129,354,975</u>	<u>\$ 108,754,434</u>	<u>\$ 238,109,409</u>	<u>\$ 33,404,315</u>

CITY OF VICTORIA, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	<u>General</u>	<u>American Rescue Plan</u>	<u>Debt Service</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,467,611	\$ 10,338,618	\$ 1,106,617
Investments	10,452,202	-	-
Receivables (net)	6,273,701	-	772,909
Due from other funds	661,522	-	-
Inventory	348,541	-	-
Returned checks	26,595	-	-
Total assets	<u>\$ 28,230,172</u>	<u>\$ 10,338,618</u>	<u>\$ 1,879,526</u>
LIABILITIES			
Accounts payable	\$ 935,808	\$ 559,867	\$ -
Accrued expenditures	2,285,489	-	-
Accrued compensated absences	11,742	-	-
Due to other governments	60,460	-	-
Due to other funds	87,684	63,458	-
Unearned revenue	5,096	9,636,900	-
Total liabilities	<u>3,386,279</u>	<u>10,260,225</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>3,544,354</u>	<u>-</u>	<u>772,909</u>
Total deferred inflows of resources	<u>3,544,354</u>	<u>-</u>	<u>772,909</u>
FUND BALANCES			
Nonspendable			
Inventory	348,541	-	-
Restricted	-	78,393	1,106,617
Unassigned	<u>20,950,998</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>21,299,539</u>	<u>78,393</u>	<u>1,106,617</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,230,172</u>	<u>\$ 10,338,618</u>	<u>\$ 1,879,526</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>
\$ 6,397,146	\$ 13,052,216	\$ 5,393,382	\$ 46,755,590
-	-	-	10,452,202
-	-	1,589,968	8,636,578
-	-	-	661,522
-	-	-	348,541
-	-	-	26,595
<u>\$ 6,397,146</u>	<u>\$ 13,052,216</u>	<u>\$ 6,983,350</u>	<u>\$ 66,881,028</u>
\$ 115,539	\$ 1,167,184	\$ 1,036,877	\$ 3,815,275
-	-	8,298	2,293,787
-	-	-	11,742
-	-	-	60,460
-	-	607,562	758,704
-	-	93,954	9,735,950
<u>115,539</u>	<u>1,167,184</u>	<u>1,746,691</u>	<u>16,675,918</u>
-	-	244,271	4,561,534
-	-	244,271	4,561,534
-	-	-	348,541
6,281,607	11,885,032	5,204,071	24,555,720
-	-	(211,683)	20,739,315
<u>6,281,607</u>	<u>11,885,032</u>	<u>4,992,388</u>	<u>45,643,576</u>
<u>\$ 6,397,146</u>	<u>\$ 13,052,216</u>	<u>\$ 6,983,350</u>	<u>\$ 66,881,028</u>

CITY OF VICTORIA, TEXAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION
OF GOVERNMENTAL ACTIVITIES**

September 30, 2022

Total governmental fund balances		\$ 45,643,576
<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.		11,050,237
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.		1,958,675
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		2,602,859
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	\$ 396,910,049	
Accumulated depreciation of governmental capital assets	<u>(252,317,909)</u>	144,592,140
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	2,271,030	
Deferred outflow related to pension	5,066,969	
Deferred outflow related to OPEB	<u>1,742,368</u>	9,080,367
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	(43,545,000)	
Financed purchases payable	(155,497)	
Premiums on bonds payable	(3,958,813)	
Accrued interest on long-term debt	(225,829)	
Compensated absences	(999,221)	
Net pension liability	(16,013,285)	
OPEB liability	<u>(8,905,308)</u>	(73,802,953)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to pension	(10,763,521)	
Deferred inflow related to OPEB	<u>(1,006,405)</u>	<u>(11,769,926)</u>
Net position of governmental activities		<u>\$ 129,354,975</u>

The accompanying notes are an integral part of this statement.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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

For the year ended September 30, 2022

	General	American Rescue Plan	Debt Service
REVENUES			
Taxes	\$ 42,573,025	\$ -	\$ 9,909,883
Licenses and permits	1,124,895	-	-
Intergovernmental	2,679,607	1,802,939	-
Charges for services	3,149,540	-	-
Fines and forfeitures	653,189	-	-
Investment earnings net of change in fair value of investments	153,801	76,877	38,973
Miscellaneous	751,273	-	-
Total revenues	<u>51,085,330</u>	<u>1,879,816</u>	<u>9,948,856</u>
EXPENDITURES			
Current			
General government	5,103,861	1,279,151	-
Public safety	31,097,781	316,006	-
Development	7,539,666	-	-
Recreation	5,105,692	-	-
Capital outlay	-	207,783	-
Debt service			
Principal retirement	-	-	7,960,000
Interest and fiscal charges	-	-	1,918,514
Paying agents' fees, issue costs, and arbitrage rebate premiums	-	-	12,455
Total expenditures	<u>48,847,000</u>	<u>1,802,940</u>	<u>9,890,969</u>
Excess (deficiency) of revenues over expenditures	2,238,330	76,876	57,887
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	111,627	-	-
Financed purchase issued	291,991	-	-
Transfers in	3,392,066	-	-
Transfers out	(8,318,893)	-	-
Total other financing sources (uses)	<u>(4,523,209)</u>	<u>-</u>	<u>-</u>
Change in fund balances	(2,284,879)	76,876	57,887
Fund balances at beginning of year	<u>23,584,418</u>	<u>1,517</u>	<u>1,048,730</u>
Fund balances at end of year	<u>\$ 21,299,539</u>	<u>\$ 78,393</u>	<u>\$ 1,106,617</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
\$ -	\$ -	\$ 1,884,608	\$ 54,367,516
-	-	-	1,124,895
1,275,320	-	2,701,036	8,458,902
-	-	-	3,149,540
-	-	139,743	792,932
44,750	102,691	21,738	438,830
-	10,611,367	875,416	12,238,056
<u>1,320,070</u>	<u>10,714,058</u>	<u>5,622,541</u>	<u>80,570,671</u>
-	-	1,024,155	7,407,167
-	-	2,109,520	33,523,307
413,320	1,220,241	153,955	9,327,182
-	-	1,449,327	6,555,019
105,250	8,689,105	-	9,002,138
-	-	-	7,960,000
-	-	-	1,918,514
-	-	-	12,455
<u>518,570</u>	<u>9,909,346</u>	<u>4,736,957</u>	<u>75,705,782</u>
801,500	804,712	885,584	4,864,889
-	730,525	-	842,152
-	-	-	291,991
15,700	8,699,493	1,209,672	13,316,931
(465,000)	(22,218)	(1,744,823)	(10,550,934)
<u>(449,300)</u>	<u>9,407,800</u>	<u>(535,151)</u>	<u>3,900,140</u>
352,200	10,212,512	350,433	8,765,029
<u>5,929,407</u>	<u>1,672,520</u>	<u>4,641,955</u>	<u>36,878,547</u>
<u>\$ 6,281,607</u>	<u>\$ 11,885,032</u>	<u>\$ 4,992,388</u>	<u>\$ 45,643,576</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, 2022*

Total net change in fund balances - governmental funds		\$ 8,765,029
<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.		(728,718)
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	\$ 11,967,313	
Depreciation expense	<u>(11,149,124)</u>	818,189
The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.		(210,572)
Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Financed purchase		(291,991)
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	7,960,000	
Financed purchase principal retirement	<u>136,494</u>	8,096,494
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	(97,097)	
Other revenues	<u>(938,461)</u>	(1,035,558)
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	(35,094)	
Decrease in accrued interest	14,029	
Decrease in loss on bond refunding	(586,802)	
Decrease in bond premium	652,856	
Net pension costs	4,129,643	
Net OPEB costs	<u>(299,220)</u>	<u>3,875,412</u>
Change in net position of governmental activities		\$ <u>19,288,285</u>

The accompanying notes are an integral part of this statement.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 12,374,738	\$ 6,286,332	\$ 1,357,532	\$ 20,018,602	\$ 6,569,315
Investments	999,757	1,999,514	-	2,999,271	-
Receivables (net)	2,435,719	314,629	61,399	2,811,747	372,715
Due from other funds	-	-	975	975	399,460
Due from component unit	-	65,000	-	65,000	-
Inventory	211,756	-	18,618	230,374	126,767
Returned checks	-	-	3,637	3,637	-
Prepaid items	-	-	1,753	1,753	27,308
Restricted assets					
Cash and cash equivalents	6,985,574	1,993,258	502,098	9,480,930	24,000
Investments	-	999,757	-	999,757	-
Total current assets	23,007,544	11,658,490	1,946,012	36,612,046	7,519,565
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	5,710,977	834,981	1,543,250	8,089,208	173,175
Buildings, improvements, and equipment (net)	112,655,009	1,596,746	2,552,441	116,804,196	5,516,781
Net capital assets	118,365,986	2,431,727	4,095,691	124,893,404	5,689,956
Right-to-Use lease assets (net)	-	-	226,579	226,579	387,331
Total noncurrent assets	118,365,986	2,431,727	4,322,270	125,119,983	6,077,287
Total assets	141,373,530	14,090,217	6,268,282	161,732,029	13,596,852
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	694,406	-	-	694,406	-
Deferred outflow related to pension	900,108	212,173	-	1,112,281	-
Deferred outflow related to OPEB	329,862	72,204	-	402,066	-
Total deferred outflows of resources	1,924,376	284,377	-	2,208,753	-

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
LIABILITIES					
Current liabilities					
Accounts payable	\$ 792,297	\$ 256,312	\$ 62,825	\$ 1,111,434	\$ 771,869
Accounts payable (payable from restricted assets)	787,395	-	-	787,395	-
Accrued expenses	203,483	61,826	42,555	307,864	60,910
Accrued compensated absences	9,142	2,320	90	11,552	2,984
Due to other governments	-	39,998	-	39,998	-
Due to other funds	179,171	54,295	20,302	253,768	49,485
Due to component unit	-	33,484	-	33,484	-
Customer deposits	-	-	54,825	54,825	-
Claims payable	-	-	-	-	415,339
Accrued interest payable	480,900	-	759	481,659	1,944
Current portion of revenue bonds	4,755,000	-	-	4,755,000	-
Current portion of right-to-use lease liability	-	-	61,448	61,448	125,716
Current portion of financed purchases	-	-	25,499	25,499	127,430
Total current liabilities	7,207,388	448,235	268,303	7,923,926	1,555,677
Noncurrent liabilities					
Revenue bonds (net of unamortized deferred amounts)	34,500,556	-	-	34,500,556	-
Right-to-use lease liability	-	-	166,279	166,279	266,996
Financed purchases	-	-	4,830	4,830	684,112
Accrued compensated absences	122,052	30,967	1,197	154,216	39,830
Net pension liability	2,701,758	624,673	-	3,326,431	-
OPEB liability	1,502,502	347,393	-	1,849,895	-
Estimated landfill closure and postclosure care cost	-	4,541,724	-	4,541,724	-
Total noncurrent liabilities	38,826,868	5,544,757	172,306	44,543,931	990,938
Total liabilities	46,034,256	5,992,992	440,609	52,467,857	2,546,615
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pension	2,010,229	453,745	-	2,463,974	-
Deferred inflow related to OPEB	210,394	44,123	-	254,517	-
Total deferred inflows of resources	2,220,623	497,868	-	2,718,491	-
NET POSITION					
Net investment in capital assets	84,065,226	2,431,727	4,063,926	90,560,879	4,873,033
Unrestricted net position	10,977,801	5,452,007	1,763,747	18,193,555	6,177,204
Total net position	\$ 95,043,027	\$ 7,883,734	\$ 5,827,673	\$ 108,754,434	\$ 11,050,237

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, 2022

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 27,025,589	\$ 4,850,925	\$ 1,621,634
Miscellaneous	26,225	1,219,827	10,525
Total operating revenues	<u>27,051,814</u>	<u>6,070,752</u>	<u>1,632,159</u>
OPERATING EXPENSES			
Personnel	3,890,336	1,453,011	981,084
Materials and supplies	1,765,296	406,920	264,163
Maintenance	1,538,836	1,998	36,299
Heat, lights and power	958,676	14,139	156,890
Reinsurance premiums	-	-	-
Miscellaneous services	1,659,029	979,735	153,891
Contractual services	799,368	217,258	48,568
Computer services	174,900	73,133	20,787
Court costs, judgments and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Tipping fees	-	1,015,574	-
Landfill closure and postclosure care cost	-	205,660	-
Depreciation and amortization	8,868,543	145,043	511,203
Total operating expenses	<u>19,654,984</u>	<u>4,512,471</u>	<u>2,172,885</u>
Operating income (loss) before nonoperating revenues (expenses), transfers	7,396,830	1,558,281	(540,726)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings net of change in fair value of investments	128,251	81,328	5,496
Interest and fiscal charges	(1,260,445)	-	(8,714)
Gain (loss) on disposition of capital assets	6,746	(197)	-
Net nonoperating revenues (expenses)	<u>(1,125,448)</u>	<u>81,131</u>	<u>(3,218)</u>
Income before transfers	6,271,382	1,639,412	(543,944)
Transfers			
Transfers in	-	-	450,000
Transfers out	(2,733,900)	(595,167)	(36,930)
Total transfers	<u>(2,733,900)</u>	<u>(595,167)</u>	<u>413,070</u>
Change in net position	3,537,482	1,044,245	(130,874)
Total net position at beginning of year	<u>91,505,545</u>	<u>6,839,489</u>	<u>5,958,547</u>
Total net position at end of year	<u>\$ 95,043,027</u>	<u>\$ 7,883,734</u>	<u>\$ 5,827,673</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 33,498,148	\$ 15,383,217
<u>1,256,577</u>	<u>155,142</u>
<u>34,754,725</u>	<u>15,538,359</u>
6,324,431	1,735,246
2,436,379	1,758,826
1,577,133	1,564,353
1,129,705	87,405
-	1,384,290
2,792,655	973,411
1,065,194	1,612,938
268,820	91,328
-	2,922
-	4,150,685
-	200,000
-	27,499
-	32,492
1,015,574	-
205,660	-
<u>9,524,789</u>	<u>2,799,579</u>
<u>26,340,340</u>	<u>16,420,974</u>
8,414,385	(882,615)
215,075	38,371
(1,269,159)	(37,953)
<u>6,549</u>	<u>3,479</u>
<u>(1,047,535)</u>	<u>3,897</u>
7,366,850	(878,718)
450,000	200,000
<u>(3,365,997)</u>	<u>(50,000)</u>
<u>(2,915,997)</u>	<u>150,000</u>
4,450,853	(728,718)
<u>104,303,581</u>	<u>11,778,955</u>
<u>\$ 108,754,434</u>	<u>\$ 11,050,237</u>

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2022

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers/other funds	\$ 26,719,712	\$ 6,011,428	\$ 1,636,719
Cash paid to suppliers for goods and services	(6,801,786)	(2,830,713)	(687,076)
Cash paid to employees for services	(5,845,079)	(1,789,920)	(1,005,665)
Net cash provided (used) by operating activities	<u>14,072,847</u>	<u>1,390,795</u>	<u>(56,022)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in customer deposits	-	-	8,831
Borrowings from (to) other funds	44,551	5,861	14,937
Borrowings from (to) component unit	-	(65,000)	-
Transfers in from other funds	-	-	450,000
Transfers out to other funds	(2,733,900)	(595,167)	(36,930)
Net cash provided (used) by noncapital financing activities	<u>(2,689,349)</u>	<u>(654,306)</u>	<u>436,838</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,774,245)	(93,437)	(155,706)
Proceeds from sale of capital assets	6,746	-	-
Proceeds from issuance of revenue bonds	5,972,828	-	-
Principal paid on long-term debt	(5,785,000)	-	(169,030)
Interest and debt costs paid	(1,583,222)	-	(7,953)
Net cash provided (used) by capital and related financing activities	<u>(5,162,893)</u>	<u>(93,437)</u>	<u>(332,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturities of investments	2,486,921	1,492,288	-
Purchase of investments	(3,486,678)	(4,491,560)	-
Investment earnings	128,251	81,328	5,496
Net cash provided (used) by investing activities	<u>(871,506)</u>	<u>(2,917,944)</u>	<u>5,496</u>
Net increase (decrease) in cash and cash equivalents	5,349,099	(2,274,892)	53,623
Cash and cash equivalents at beginning of year	<u>14,011,213</u>	<u>10,554,482</u>	<u>1,806,007</u>
Cash and cash equivalents at end of year	<u>\$ 19,360,312</u>	<u>\$ 8,279,590</u>	<u>\$ 1,859,630</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	Governmental Activities Internal Service Funds
\$ 34,367,859	\$ 15,439,871
(10,319,575)	(11,783,240)
<u>(8,640,664)</u>	<u>(1,773,788)</u>
15,407,620	1,882,843
8,831	-
65,349	-
(65,000)	-
450,000	200,000
<u>(3,365,997)</u>	<u>(50,000)</u>
<u>(2,906,817)</u>	<u>150,000</u>
(4,023,388)	(763,490)
6,746	10,819
5,972,828	-
(5,954,030)	(235,304)
<u>(1,591,175)</u>	<u>(36,009)</u>
<u>(5,589,019)</u>	<u>(1,023,984)</u>
3,979,209	-
(7,978,238)	-
215,075	38,371
<u>(3,783,954)</u>	<u>38,371</u>
3,127,830	1,047,230
<u>26,371,702</u>	<u>5,546,085</u>
<u>\$ 29,499,532</u>	<u>\$ 6,593,315</u>

(continued)

CITY OF VICTORIA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2022

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 7,396,830	\$ 1,558,281	\$ (540,726)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	8,868,543	145,043	511,203
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(339,213)	(38,499)	-
(Increase) decrease in other receivables	7,111	(13,625)	4,560
(Increase) decrease in prepaid items	-	-	(1,753)
(Increase) decrease in inventory	(12,886)	-	(975)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in deferred outflows	(206,441)	(56,837)	-
(Increase) decrease in deferred outflows related to OPEB	(23,390)	(12,807)	-
Increase (decrease) in accounts payable	107,205	(16,205)	(3,750)
Increase (decrease) in accrued expenses	(204,590)	(62,765)	(24,448)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	(6,353)	3,765	(133)
Increase (decrease) in due to other governments	-	(1,136)	-
Increase (decrease) in unearned revenue	-	(7,200)	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in net pension liability	(1,941,191)	(381,396)	-
Increase (decrease) in OPEB liability	(379,298)	(13,345)	-
Increase (decrease) in landfill closure and postclosure care cost	-	101,045	-
Increase (decrease) in deferred inflows related to pension	829,534	191,797	-
Increase (decrease) in deferred inflows related to OPEB	(23,014)	(5,321)	-
Total adjustments	<u>6,676,017</u>	<u>(167,486)</u>	<u>484,704</u>
Net cash provided (used) by operating activities	<u>\$ 14,072,847</u>	<u>\$ 1,390,795</u>	<u>\$ (56,022)</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents - Unrestricted	\$ 12,374,738	\$ 6,286,332	\$ 1,357,532
Cash and cash equivalents - Restricted	<u>6,985,574</u>	<u>1,993,258</u>	<u>502,098</u>
Total	<u>\$ 19,360,312</u>	<u>\$ 8,279,590</u>	<u>\$ 1,859,630</u>
Noncash capital and related financing activities			
Assets acquired from financed purchases	\$ -	\$ -	\$ -
Assets acquired from initiation of Right-to-Use lease	<u>-</u>	<u>-</u>	<u>303,832</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,832</u>

The accompanying notes are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 8,414,385	\$ (882,615)
9,524,789	2,799,579
(377,712)	-
(1,954)	(210,895)
(1,753)	(27,308)
(13,861)	8,275
-	93,743
(263,278)	-
(36,197)	-
87,250	341,831
(291,803)	(44,661)
-	18,664
(2,721)	6,119
(1,136)	-
(7,200)	-
-	(219,889)
(2,322,587)	-
(392,643)	-
101,045	-
1,021,331	-
(28,335)	-
<u>6,993,235</u>	<u>2,765,458</u>
<u>\$ 15,407,620</u>	<u>\$ 1,882,843</u>
\$ 20,018,602	\$ 6,569,315
<u>9,480,930</u>	<u>24,000</u>
<u>\$ 29,499,532</u>	<u>\$ 6,593,315</u>
\$ -	\$ 936,011
<u>303,832</u>	<u>503,547</u>
<u>\$ 303,832</u>	<u>\$ 1,439,558</u>

(concluded)

CITY OF VICTORIA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2022

	<u>Retiree Health Care Plan Trust</u>
ASSETS	
Cash and cash equivalents	\$ 48,002
Investments	
Mutual funds - equity	2,294,306
Mutual funds - fixed income	1,038,370
Other	187,932
Accrued income	<u>1</u>
Total assets	<u>3,568,611</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for OPEB	<u>\$ 3,568,611</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, 2022

	<u>Retiree Health Care Plan Trust</u>
ADDITIONS	
Miscellaneous	
Employer contributions	\$ 1,160,760
Investment income	
Net appreciation (depreciation) in fair value of investments	321,011
Dividends	71,796
Interest	<u>4</u>
Total additions	<u>1,553,571</u>
DEDUCTIONS	
Benefit payments	960,760
OPEB Plan administrative expense	14,712
Other	<u>1,621</u>
Total deductions	<u>977,093</u>
Changes in net position	576,478
Net position - beginning	<u>2,992,133</u>
Net position - ending	<u>\$ 3,568,611</u>

The accompanying notes are an integral part of this statement.

CITY OF VICTORIA, TEXAS
STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2022

	Sales Tax Development Corporation	Victoria Special Events Assoc., Inc.	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,264,544	\$ 1,000	\$ 17,265,544
Investments	7,438,327	-	7,438,327
Receivables (net)			
Sales taxes	841,505	-	841,505
Other	15,000	-	15,000
Due from primary government	33,484	-	33,484
Total current assets	<u>25,592,860</u>	<u>1,000</u>	<u>25,593,860</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	7,518,457	-	7,518,457
Buildings, improvements, and equipment (net)	<u>1,107,013</u>	<u>22</u>	<u>1,107,035</u>
Total noncurrent assets	<u>8,625,470</u>	<u>22</u>	<u>8,625,492</u>
Total assets	<u>34,218,330</u>	<u>1,022</u>	<u>34,219,352</u>
LIABILITIES			
Current liabilities			
Accounts payable	750,037	-	750,037
Due to primary government	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Total liabilities	<u>815,037</u>	<u>-</u>	<u>815,037</u>
NET POSITION			
Net investment in capital assets	8,383,580	22	8,383,602
Unrestricted	<u>25,019,713</u>	<u>1,000</u>	<u>25,020,713</u>
Total net position	<u>\$ 33,403,293</u>	<u>\$ 1,022</u>	<u>\$ 33,404,315</u>

The accompanying notes are an integral part of this statement.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

CITY OF VICTORIA, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended September 30, 2022

		Program Revenues		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
Sales Tax Development Corporation	\$ 8,964,135	\$ 30,000	\$ -	\$ -
Victoria Special Events Assoc., Inc.	<u>13,935</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 8,978,070</u>	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Sales taxes

Unrestricted investment earnings net of change
in fair value of investments

Gain on sale of capital assets

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
\$ (8,934,135)	\$ -	\$ (8,934,135)
-	(1,935)	(1,935)
(8,934,135)	(1,935)	(8,936,070)
9,670,482	-	9,670,482
193,012	-	193,012
679,170	-	679,170
1,193,364	-	1,193,364
11,736,028	-	11,736,028
2,801,893	(1,935)	2,799,958
30,601,400	2,957	30,604,357
\$ 33,403,293	\$ 1,022	\$ 33,404,315

INDEX

<u>Note</u>		<u>Page</u>
1	Summary of Significant Accounting Policies.....	49
2	Stewardship, Compliance, and Accountability.....	61
3	Deposits and Investments.....	62
4	Receivables	65
5	Joint Venture.....	66
6	Capital Assets	67
7	Defined Benefit Pension Plan	70
8	Supplemental Death Benefit Plan (OPEB).....	75
9	Retiree Health Benefit Plan (OPEB).....	78
10	Self-insurance	84
11	Deferred Compensation Plan	85
12	Long-term Debt	86
13	Interfund Receivables, Payables, and Transfers.....	93
14	Related Party Transactions.....	94
15	Prior Year Defeasance of Debt.....	94
16	Commitments and Contingencies.....	94
17	Closure and Post-closure Care Costs	94
18	Litigation.....	95
19	Fund Balances	96
20	Tax Abatements	96
21	Subsequent Events.....	97
22	Implementation of New Standard	97

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 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, Tourism Advisory Board, Victoria Public Facility Corporation Board, and Tax Increment Reinvestment Zone #1 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.

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.

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, 2022. 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 117th 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. The Capital Project Funds, Capital Construction Fund (3036) and Capital Construction Fund (3037) are reported as major funds as of September 30, 2022.

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, 2021 were carried forward to fiscal year 2022 through a supplemental budgetary allocation which amounted to \$1,087,916.
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.
8. All appropriations lapse at year-end except for that portion related to encumbered amounts.

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

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. Leases

City as Lessee

With the exception of short-term leases, when the City is a lessee in noncancellable lease arrangements the City recognizes a right-to-use lease liability (lease liability) and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value that would be material to the government-wide financial statements. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract. See Note 12 for details of the City's leasing arrangements as lessee.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

F. Leases - (Continued)

City as Lessor

With the exception of short-term leases and certain regulated leases, when the City is a lessor in noncancellable lease arrangements the City recognizes a right-to-use lease receivable (lease receivable) and a deferred inflow of resources in the government-wide and governmental fund financial statements. The City recognizes lease receivables with an initial, individual value that would be material to the governmental financial statements. The City does not recognize any such leases as of September 30, 2022. For leases not meeting these criteria, lease revenues are recognized as inflows of resources based on the payment provisions of the contract.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

G. 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, 2022, 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.

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

H. 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.

I. 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.

J. 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 post-closure 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.

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

K. 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

L. 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)

M. 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.

N. 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.

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

O. 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.

P. 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.

Q. Fund Balance Policies

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

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

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

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

R. 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.

S. 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.

T. 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.

U. Use of Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Compliance

Budgetary compliance is monitored at the departmental level in the General Fund and at the fund level in the Debt Service Fund and the Capital Project Funds. There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2021-2022.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Legal	\$ 560,028	\$ 564,579	\$ 4,551
Public information office	496,653	499,081	2,428
Fire	14,220,000	14,325,671	105,671
Development svcs. administration	209,460	210,528	1,068
Development center/inspections	868,493	895,172	26,679
Code enforcement	532,532	551,187	18,655

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

Deficit Fund Equity

As of September 30, 2022, the TCEQ Grant Fund, CDBG Hazard Mitigation Fund and the COVID-19 Grant Fund (nonmajor special revenue funds) had deficit fund equity balances of \$19,382, \$122,030 and \$70,271, respectively. These deficits will be eliminated in the 2023 fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTSDeposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the Reporting Entity that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral by the Federal Reserve Bank in the City's name under a tri-party collateral agreement between Wells Fargo Bank, N.A. and The Bank of New York Mellon. The market value of the collateral held at the Federal Reserve Bank in the City's name at fiscal year-end was \$16,676,244.

At September 30, 2022, the carrying amount of the City's deposits was \$10,636,674 and the respective bank balances totaled \$10,055,101. The City's cash on hand totaled \$5,200.

Investments

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

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

As of September 30, 2022, the City has commercial paper and municipal bonds valued using quoted prices for similar assets in active markets (Level 2 inputs).

NOTE 3: DEPOSITS AND INVESTMENTSInvestments - (Continued)

As of September 30, 2022, 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	\$ 36,167,100	19	AAAm	32%
Texas CLASS	17,802,299	31	AAAm	16%
Texas Fixed Income Trust (FIT)	9,030,070	8	AAAf	8%
Texas TERM	24,112,313	202	AAAf	22%
Texas DAILY	96	21	AAAmmf	0%
TexPool Prime	2,310,144	13	AAAm	2%
Commercial Paper	19,916,014	74	A1/P1	18%
Agency Bonds	<u>1,973,542</u>	365	AA+	2%
	<u>\$ 111,311,578</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.

NOTE 3: DEPOSITS AND INVESTMENTSInvestments - (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, 2022, 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	\$ 2,294,306	N/A	N/A	65%
Mutual Funds - Fixed Income	1,038,370	N/A	N/A	30%
Other	<u>187,932</u>	N/A	N/A	5%
	<u>\$ 3,520,608</u>			

NOTE 4: RECEIVABLES

Receivables at September 30, 2022 consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Wastewater</u>	<u>Environmental Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Gross receivables:						
Accounts	\$ -	\$ -	\$ 2,430,941	\$ 305,293	\$ 339,823	\$ 3,076,057
Ad valorem taxes	1,459,996	951,658	-	-	-	2,411,654
Franchise taxes	629,000	-	-	-	-	629,000
Sales taxes	1,683,009	-	-	-	-	1,683,009
Weedy lots	3,717,104	-	-	-	-	3,717,104
Ambulance	1,775,016	-	-	-	-	1,775,016
Fines	1,645,538	-	-	-	-	1,645,538
Grants	-	-	-	-	1,303,170	1,303,170
Other	590,824	-	95,956	31,019	381,089	1,098,888
Total gross receivables	11,500,487	951,658	2,526,897	336,312	2,024,082	17,339,436
Less: allowances	<u>5,226,786</u>	<u>178,749</u>	<u>91,178</u>	<u>21,683</u>	-	<u>5,518,396</u>
Total net receivables	<u>\$ 6,273,701</u>	<u>\$ 772,909</u>	<u>\$ 2,435,719</u>	<u>\$ 314,629</u>	<u>\$ 2,024,082</u>	<u>\$ 11,821,040</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, 2022, was \$0.5882 per \$100, which means that the City has a tax margin of \$1.4118 per \$100 and could raise up to \$65,717,541 on \$4,654,876,084 before the limit is reached.

NOTE 4: RECEIVABLES - (Continued)

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes receivable	\$ 1,185,766	\$ -	\$ 1,185,766
Weedy lots	545,197	-	545,197
Ambulance	1,198,808	-	1,198,808
Fines	614,583	-	614,583
Grants and contributions	-	5,096	5,096
American Rescue Plan			
Grants	-	9,636,900	9,636,900
Debt Service Fund			
Ad valorem taxes receivable	772,909	-	772,909
Nonmajor Funds			
Grants and contributions	<u>244,271</u>	<u>93,954</u>	<u>338,225</u>
	<u>\$ 4,561,534</u>	<u>\$ 9,735,950</u>	<u>\$ 14,297,484</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, 2022, total assets were \$242,902, total liabilities were \$108,850, total fund net position was \$134,052, total support and revenues were \$745,861 and total expenses were \$767,497. Excess expenses over revenue resulted in a net loss of \$21,636. The amount contributed by the City for years ended September 30, 2022 and 2021, was \$125,000 and \$125,000, respectively. Complete audited financial statements for the South Texas Zoo may be obtained at 110 Memorial Drive, Victoria, Texas 77901.

NOTE 6: CAPITAL ASSETS

The City's capital asset activity for the year ended September 30, 2022, was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,116,871	\$ 730,525	\$ 727,034	\$ 5,120,362
Construction in progress	6,666,217	8,548,386	7,896,741	7,317,862
Total capital assets not being depreciated	<u>11,783,088</u>	<u>9,278,911</u>	<u>8,623,775</u>	<u>12,438,224</u>
Capital assets, being depreciated				
Machinery and equipment	63,366,148	3,932,339	1,038,804	66,259,683
Buildings	21,529,485	208,083	23,296	21,714,272
Improvements other than buildings	9,260,033	283,445	39,384	9,504,094
Infrastructure	<u>311,552,354</u>	<u>8,726,895</u>	<u>-</u>	<u>320,279,249</u>
Total capital assets being depreciated	<u>405,708,020</u>	<u>13,150,762</u>	<u>1,101,484</u>	<u>417,757,298</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	-	503,547	-	503,547
Total right-to-use lease assets being amortized	<u>-</u>	<u>503,547</u>	<u>-</u>	<u>503,547</u>
Less accumulated depreciation and amortization for				
Capital assets, being depreciated				
Machinery and equipment	51,825,034	4,228,789	695,430	55,358,393
Buildings	14,922,241	1,028,507	15,648	15,935,100
Improvements other than buildings	5,864,509	297,551	33,407	6,128,653
Infrastructure	<u>194,213,641</u>	<u>8,277,639</u>	<u>-</u>	<u>202,491,280</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	-	116,216	-	116,216
Total accumulated depreciation and amortization	<u>266,825,425</u>	<u>13,948,702</u>	<u>744,485</u>	<u>280,029,642</u>
Total capital assets being depreciated and right-to-use lease assets being amortized, net	<u>138,882,595</u>	<u>(294,393)</u>	<u>356,999</u>	<u>138,231,203</u>
Governmental activities capital assets, net	<u>\$ 150,665,683</u>	<u>\$ 8,984,518</u>	<u>\$ 8,980,774</u>	<u>\$ 150,669,427</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,569,177	\$ -	\$ -	\$ 5,569,177
Construction in progress	156,468	2,695,098	331,535	2,520,031
Total capital assets not being depreciated	<u>5,674,438</u>	<u>2,695,098</u>	<u>331,535</u>	<u>8,089,208</u>
Capital assets, being depreciated				
Machinery and equipment	7,694,337	516,042	57,617	8,152,762
Buildings	50,120,560	234,184	-	50,354,744
Improvements other than buildings	4,133,310	-	-	4,133,310
Infrastructure	1,793,382	-	-	1,793,382
Water and wastewater distribution system	212,420,927	1,986,782	-	214,407,709
Total capital assets being depreciated	<u>276,162,516</u>	<u>2,737,008</u>	<u>57,617</u>	<u>278,841,907</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	-	303,832	-	303,832
Total right-to-use lease assets being amortized	<u>-</u>	<u>303,832</u>	<u>-</u>	<u>303,832</u>
Less accumulated depreciation and amortization for				
Capital assets, being depreciated				
Machinery and equipment	6,237,088	556,364	55,474	6,737,978
Buildings	28,622,679	1,727,510	-	30,350,189
Improvements other than buildings	1,914,523	1,761	-	1,916,284
Infrastructure	1,567,557	21,910	-	1,589,467
Water and wastewater distribution system	114,303,802	7,139,991	-	121,443,793
Right-to-Use lease assets, being amortized				
Machinery and equipment	-	77,253	-	77,253
Total accumulated depreciation and amortization	<u>152,645,649</u>	<u>9,524,789</u>	<u>55,474</u>	<u>162,114,964</u>
Total capital assets being depreciated and right-to-use lease assets being amortized, net	<u>123,516,867</u>	<u>(6,483,949)</u>	<u>2,143</u>	<u>117,030,775</u>
Business-type activities capital assets, net	<u>\$ 129,191,305</u>	<u>\$ (3,788,851)</u>	<u>\$ 333,678</u>	<u>\$ 125,119,983</u>

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

Governmental activities

General government	\$ 58,681
Public safety	1,430,628
Development	8,932,571
Recreation	727,243
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,799,579</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 13,948,702</u>

Business-type activities

Water/wastewater	\$ 8,868,543
Environmental services	145,043
Other	511,203
Total depreciation and amortization expense - business-type activities	<u>\$ 9,524,789</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sales Tax Development Corporation				
Capital assets, not being depreciated				
Land	\$ 3,928,244	\$ -	\$ -	\$ 3,928,244
Construction in progress	<u>1,433,457</u>	<u>2,989,909</u>	<u>833,153</u>	<u>3,590,213</u>
Total capital assets not being depreciated	<u>5,361,701</u>	<u>2,989,909</u>	<u>833,153</u>	<u>7,518,457</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>10,435,101</u>	<u>85,704</u>	<u>-</u>	<u>10,520,805</u>
Total accumulated depreciation	<u>10,435,101</u>	<u>85,704</u>	<u>-</u>	<u>10,520,805</u>
Total capital assets being depreciated, net	<u>1,192,717</u>	<u>(85,704)</u>	<u>-</u>	<u>1,107,013</u>
Sales Tax Development Corporation capital assets, net	<u>6,554,418</u>	<u>2,904,205</u>	<u>833,153</u>	<u>8,625,470</u>
Victoria Special Events Assoc., Inc.				
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	10,449	-	-	10,449
Improvements other than buildings	<u>459,631</u>	<u>1,935</u>	<u>-</u>	<u>461,566</u>
Total accumulated depreciation	<u>470,080</u>	<u>1,935</u>	<u>-</u>	<u>472,015</u>
Total capital assets being depreciated, net	<u>1,957</u>	<u>(1,935)</u>	<u>-</u>	<u>22</u>
Victoria Special Events Assoc., Inc. capital assets, net	<u>1,957</u>	<u>(1,935)</u>	<u>-</u>	<u>22</u>
Discretely presented component units capital assets, net	<u>\$ 6,556,375</u>	<u>\$ 2,902,270</u>	<u>\$ 833,153</u>	<u>\$ 8,625,492</u>

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.

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 2022 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	524
Inactive employees entitled to but not yet receiving benefits	458
Active employees	<u>560</u>
	<u>1,542</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Contributions

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

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.32% and 15.71% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were \$5,526,626, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 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 Public Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	<u>10.00%</u>	10.00%
Total	<u>100.00%</u>	

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Discount Rate

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

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 212,310,419	\$ 183,400,399	\$ 28,910,020
Changes for the year:			
Service cost	4,585,667	-	4,585,667
Interest	14,100,643	-	14,100,643
Difference between expected and actual experience	3,000,834	-	3,000,834
Change of assumptions	-	-	-
Contributions - Employer	-	5,466,619	(5,466,619)
Contributions - Employee	-	2,009,788	(2,009,788)
Net investment income	-	23,890,909	(23,890,909)
Benefit payments, including refunds of employee contributions	(11,409,672)	(11,409,672)	-
Administrative expense	-	(110,626)	110,626
Other changes	-	758	(758)
Net changes	<u>10,277,472</u>	<u>19,847,776</u>	<u>(9,570,304)</u>
Balance at 12/31/2021	<u>\$ 222,587,891</u>	<u>\$ 203,248,175</u>	<u>\$ 19,339,716</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:	\$51,015,303	\$19,339,716	(\$6,419,359)

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

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

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

For the year ended September 30, 2022 the City recognized pension expense of (\$167,549).

At September 30, 2022, 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	\$ 2,131,027	\$ 943,838
Changes in actuarial assumptions	83,976	-
Difference between projected and actual investment earnings	-	12,283,657
Contributions subsequent to the measurement date	3,964,247	-
Total	\$ 6,179,250	\$ 13,227,495

\$3,964,247 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, 2023. 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
2022	\$ (1,884,728)
2023	(4,623,787)
2024	(2,201,703)
2025	(2,302,274)
2026	-
Thereafter	-
Total	\$ (11,012,492)

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, 2021.

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 post-employment 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, 2021 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	410
Inactive employees entitled to but not yet receiving benefits	140
Active employees	<u>560</u>
Total	<u>1,110</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)
2018	0.18%	0.07%
2019	0.19%	0.07%
2020	0.19%	0.07%
2021	0.30%	0.22%
2022	0.30%	0.22%

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, 2021 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	1.84%*
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, 2021.

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

Total OPEB Liability - (Continued)

Changes in Total OPEB Liability

The following details the changes in the Total OPEB liability:

Balance at 9/30/21	\$ 3,097,199
Changes for the year:	
Service cost	100,489
Interest	62,212
Change of benefit terms	-
Difference between expected and actual experience	(19,030)
Change of assumptions	101,885
Benefit payments	(73,692)
Net changes	<u>171,864</u>
Balance at 09/30/22	<u>\$ 3,269,063</u>

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1.0% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1.0% Increase in Discount Rate (2.84%)
City's Total OPEB Liability:	\$4,017,822	\$3,269,063	\$2,701,171

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$328,420.

At September 30, 2022, 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	\$ 18,409	\$ 109,341
Changes in actuarial assumptions	485,637	31,634
Contributions subsequent to the measurement date	55,517	-
Total	\$ 559,563	\$ 140,975

\$55,517 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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
2022	\$ 132,192
2023	139,730
2024	78,364
2025	12,787
2026	-
Thereafter	-
Total	\$ 363,073

NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB)

Plan Description and Funding Policy

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

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

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

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

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

Plan Description and Funding Policy - (Continued)

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

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

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

Other post-employment 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, 2021 measurement date, the following represents the participants in the plan:

Inactive plan members or beneficiaries	
currently receiving benefits	158
Inactive plan members entitled to but not	
yet receiving benefits	-
Active plan members	<u>537</u>
Total plan members	<u>695</u>

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

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

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

There were no changes in the plan's investment policy during this reporting period. Fair value of the investments was determined by using the market approach and level one inputs were obtained to determine fair value under this approach. The internal rate of return on the plan investments was 12.38%. As of December 31, 2021, the plan had investments in three domestic equity mutual fund, six international equity mutual funds, three other growth assets, 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, 2021 valuation were as follows.

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.50% as of December 31, 2021
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 13 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	50%
20+	75%

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

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

Net OPEB Liability - (Continued)

Changes in Net OPEB Liability

The following details the changes in the Net OPEB liability:

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 10,172,380	\$ 2,992,133	\$ 7,180,247
Changes for the year:			
Service cost	85,602	-	85,602
Interest	632,762	-	632,762
Difference between expected and actual experience	956,182	-	956,182
Change of assumptions	168,585	-	168,585
Employer contributions	-	1,160,760	(1,160,760)
Net investment income	-	392,811	(392,811)
Benefit payments	(960,760)	(960,760)	-
Administrative expense	-	(14,712)	14,712
Other changes	-	(1,621)	1,621
Net changes	882,371	576,478	305,893
Balance at 12/31/2021	<u>\$ 11,054,751</u>	<u>\$ 3,568,611</u>	<u>\$ 7,486,140</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:	\$8,284,152	\$7,486,140	\$6,777,430

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:	\$7,206,499	\$7,486,140	\$7,805,896

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, 2022, the City recognized OPEB expense of \$396,112.

At September 30, 2022, 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	\$ 821,730	\$ 730,961
Changes in actuarial assumptions	144,880	9,722
Differences between projected and actual investments	-	379,264
Contributions subsequent to the measurement date	618,262	-
Total	\$ 1,584,872	\$ 1,119,947

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
2023	\$ (111,206)
2024	(155,423)
2025	(101,736)
2026	(44,135)
2027	89,827
Thereafter	169,336
Total	\$ (153,337)

Summary of OPEB Accounts

Plan	OPEB Liability (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Reduction)
TMRS Supplemental Death Benefit	\$ 3,269,063	\$ 559,563	\$ 140,975	\$ 328,420
Retiree Health Benefit	<u>7,486,140</u>	<u>1,584,872</u>	<u>1,119,947</u>	<u>396,112</u>
Totals	<u>\$ 10,755,203</u>	<u>\$ 2,144,435</u>	<u>\$ 1,260,922</u>	<u>\$ 724,532</u>

NOTE 10: SELF-INSURANCE

The City maintains a self-insurance internal service fund designed to pay comprehensive health benefits incurred by its participants. The fund assumed all risk up to \$175,000 of claims per participant annually; after this a reinsurance policy pays any remaining claims for the remainder of the year. The reinsurance premiums were \$660,847 and \$677,487 for the fiscal years ended September 30, 2022 and 2021, 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, 2022 and 2021, the City paid health claims of \$4,126,070 and \$4,516,995. The fund incurred a net income for the year of \$1,551,142 compared to a net income of \$1,257,082 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 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
Fiscal Year 2022	326,004	4,126,070	4,133,109	318,965

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 \$96,374 and \$309,224, for the fiscal years 2021-2022 and 2020-2021, 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 net income of \$133,034 in fiscal year 2022 compared to a net loss of \$125,006 in fiscal year 2021. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

NOTE 10: SELF-INSURANCE - (Continued)

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
Fiscal Year 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
Fiscal Year 2022	309,224	24,615	237,465	96,374

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 2022 and 2021, total contributions from the various City funds totaled \$809,801 and \$880,500, respectively. During the fiscal years 2022 and 2021, the City paid \$723,443 and \$659,628 in reinsurance premiums and \$2,922 and \$865 in legal fees and claims. In addition to this, the fund incurred a net loss of \$52,095, compared to a net income of \$89,938 for the prior year. Full insurance coverage was in effect for the year ended September 30, 2022. 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 2022. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

NOTE 11: DEFERRED COMPENSATION PLAN

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

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

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds and certificates payable					
Certificates of obligation	\$ 10,690,000	\$ -	\$ 1,525,000	\$ 9,165,000	\$ 650,000
General obligation bonds	40,815,000	-	6,435,000	34,380,000	7,045,000
Less deferred amounts:					
Issuance premiums	<u>4,611,669</u>	<u>-</u>	<u>652,856</u>	<u>3,958,813</u>	<u>-</u>
Net bonds and certificates payable	56,116,669	-	8,612,856	47,503,813	7,695,000
Direct borrowings					
Financed purchases	-	1,228,002	260,963	967,039	163,903
Right-to-Use leases	-	503,547	110,835	392,712	125,716
Net pension liability	23,261,002	-	7,247,717	16,013,285	-
OPEB liability	8,034,907	870,401	-	8,905,308	-
Compensated absences	<u>1,012,062</u>	<u>2,302,301</u>	<u>2,260,586</u>	<u>1,053,777</u>	<u>73,434</u>
Total governmental activity					
long-term liabilities	<u>\$ 88,424,640</u>	<u>\$ 4,904,251</u>	<u>\$ 18,492,957</u>	<u>\$ 74,835,934</u>	<u>\$ 8,058,053</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 35,845,000	\$ 9,545,000	\$ 9,985,000	\$ 35,405,000	\$ 4,755,000
Less deferred amounts:					
Issuance premiums	<u>3,493,380</u>	<u>951,420</u>	<u>594,244</u>	<u>3,850,556</u>	<u>-</u>
Net bonds payable	39,338,380	10,496,420	10,579,244	39,255,556	4,755,000
Direct borrowings					
Financed purchases	123,254	-	92,925	30,329	25,499
Right-to-Use leases	-	303,832	76,105	227,727	61,448
Estimated landfill closure and postclosure care cost	4,440,679	101,045	-	4,541,724	-
Net pension liability	5,649,018	-	2,322,587	3,326,431	-
OPEB liability	2,242,538	-	392,643	1,849,895	-
Compensated absences	<u>168,489</u>	<u>380,439</u>	<u>383,160</u>	<u>165,768</u>	<u>11,552</u>
Total business-type activity					
long-term liabilities	<u>\$ 51,962,358</u>	<u>\$ 11,281,736</u>	<u>\$ 13,846,664</u>	<u>\$ 49,397,430</u>	<u>\$ 4,853,499</u>

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

Bonds and certificates payable at September 30, 2022, 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%.	\$ 385,000
\$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%.	1,690,000
\$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%.	3,825,000
\$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%.	1,250,000
\$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%.	3,950,000
\$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%.	6,355,000
\$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%.	1,795,000
\$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%.	15,605,000
\$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%.	1,730,000
\$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>1,240,000</u>
Total General Obligation Certificates and Bonds	<u>\$ 43,545,000</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	
2023	\$ 650,000	\$ 315,276	\$ 965,276	\$ 7,045,000	\$ 1,349,528	\$ 8,394,528	\$ 9,359,804
2024	670,000	293,576	963,576	4,460,000	1,126,050	5,586,050	6,549,626
2025	695,000	270,132	965,132	4,670,000	935,450	5,605,450	6,570,582
2026	715,000	245,032	960,032	4,870,000	735,550	5,605,550	6,565,582
2027	745,000	218,708	963,708	3,290,000	526,850	3,816,850	4,780,558
2028-2032	3,605,000	718,202	4,323,202	9,425,000	897,700	10,322,700	14,645,902
2033-2037	1,835,000	172,078	2,007,078	620,000	18,600	638,600	2,645,678
2038-2039	250,000	11,250	261,250	-	-	-	261,250
Total	\$ 9,165,000	\$ 2,244,254	\$ 11,409,254	\$ 34,380,000	\$ 5,589,728	\$ 39,969,728	\$ 51,378,982

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, \$42,814 of internal service funds' compensated absences, \$392,712 of right-to-use lease liabilities, and \$811,542 of financed purchases are included in the above amounts. Also, for the governmental activities, compensated absences and other post-employment benefits are generally liquidated by the General Fund.

NOTE 12: LONG-TERM DEBT - (Continued)

C. Revenue Bonds

Revenue bonds payable are comprised of the following individual issues:

\$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%.	\$ 2,475,000
\$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%.	2,155,000
\$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%.	6,060,000
\$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%.	15,170,000
\$4,025,000 2021 Utility System Revenue Refunding Bonds, Series 2021 due in annual installments ranging from \$190,000 to \$640,000 through December 1, 2031; interest varying between 2.00% and 3.00%.	4,025,000
\$5,520,000 2022 Utility System Revenue Bonds, Series 2022 due in annual installments ranging from \$175,000 to \$385,000 through December 1, 2041; interest varying between 3.00% and 5.00%.	<u>5,520,000</u>
Total Revenue Bonds	<u>\$ 35,405,000</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
2023	\$ 4,755,000	\$ 1,369,950	\$ 6,124,950
2024	2,955,000	1,247,350	4,202,350
2025	3,065,000	1,132,300	4,197,300
2026	3,205,000	999,175	4,204,175
2027	3,345,000	860,325	4,205,325
2028-2032	10,800,000	2,598,475	13,398,475
2033-2037	5,460,000	694,275	6,154,275
2038-2042	1,820,000	141,500	1,961,500
Total	\$ 35,405,000	\$ 9,043,350	\$ 44,448,350

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 \$35.4 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 (\$2,836,522) are expected to require approximately 22 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$7,104,603 and \$16,400,370, respectively. The total principal and interest remaining to be paid on the bonds is \$44,448,350.

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, 2022.

D. Financed Purchases

Financed purchases payable (direct borrowings) at September 30, 2022, are comprised of the following leases:

Financed purchase agreement on turf equipment for the Golf Course. The original amount of the financed purchase, entered into in 2018, was \$428,298. The financed purchase is payable in monthly installments of \$7,791 and bears interest at a rate of 3.496%. \$ 23,235

Financed purchase agreement on a utility vehicle for the Golf Course. The original amount of the financed purchase, entered into in 2021, was \$9,074. The financed purchase is payable in monthly installments of \$210 and bears interest at a rate of 4.305%. 7,094

NOTE 12: LONG-TERM DEBT - (Continued)

D. Financed Purchases - (Continued)

Financed purchase agreement on defibrillators for the Fire Department. The original amount of the financed purchase, entered into in 2022, was \$291,991. The financed purchase is payable in annual installments of \$43,097 and bears interest at a rate of 4.26%.

\$ 155,497

Financed purchase agreement on pumper/brush truck for the Fire Department. The original amount of the financed purchase, entered into in 2022, was \$936,011. The financed purchase is payable in annual installments of \$146,745 and bears interest at a rate of 2.38%.

811,542

\$ 997,368

Annual requirements to maturity for the financed purchases are as follows:

Year Ending September 30	Governmental Activities			Business-type Activities			Combined Total
	Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 163,903	\$ 25,939	\$ 189,842	\$ 25,499	\$ 397	\$ 25,896	\$ 215,738
2024	168,489	21,352	189,841	2,363	162	2,525	192,366
2025	173,214	16,628	189,842	2,467	57	2,524	192,366
2026	178,099	11,760	189,859	-	-	-	189,859
2027	140,001	6,743	146,744	-	-	-	146,744
Thereafter	<u>143,333</u>	<u>3,411</u>	<u>146,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,744</u>
Total	<u>\$ 967,039</u>	<u>\$ 85,833</u>	<u>\$ 1,052,872</u>	<u>\$ 30,329</u>	<u>\$ 616</u>	<u>\$ 30,945</u>	<u>\$ 1,083,817</u>

E. Right-to-Use Leases

Right-to-Use leases payable at September 30, 2022, are comprised of the following leases:

Multiple lease agreements under a master lease agreement for various vehicles. The initial lease liabilities were recorded at \$467,826 in the Building and Equipment Services Internal Service Fund. The leases are payable in fixed monthly installments over terms of either 48 or 60 months.

\$ 364,190

Lease agreement for an LED system. The initial lease liability was recorded at \$32,721 in the Radio Systems Internal Service Fund. The lease is payable in fixed monthly installments over 60 months.

28,522

Multiple lease agreements for various golf equipment for the Golf Course. The initial lease liabilities were recorded at \$303,832. The leases are payable in fixed monthly installments over terms ranging from 48 to 60 months.

227,727

\$ 620,439

NOTE 12: LONG-TERM DEBT - (Continued)**E. Right-to-Use Leases - (Continued)**

Annual requirements to maturity for the right-to-use lease liabilities are as follows:

Year Ending September 30	Governmental Activities			Business-type Activities			Combined
	Principal	Interest	Total	Principal	Interest	Total	Total
2023	\$ 125,716	\$ 13,421	\$ 139,137	\$ 61,448	\$ 7,796	\$ 69,244	\$ 208,381
2024	130,838	8,299	139,137	50,588	5,730	56,318	195,455
2025	92,957	3,445	96,402	52,650	3,669	56,319	152,721
2026	39,296	737	40,033	36,235	1,783	38,018	78,051
2027	3,905	52	3,957	26,806	494	27,300	31,257
Total	<u>\$ 392,712</u>	<u>\$ 25,954</u>	<u>\$ 418,666</u>	<u>\$ 227,727</u>	<u>\$ 19,472</u>	<u>\$ 247,199</u>	<u>\$ 665,865</u>

F. Refunding Bonds

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.

G. 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, 2022.

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, 2022, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	American Rescue Plan	\$ 63,458
	Nonmajor Governmental	598,064
Nonmajor Business-type	General	975
Internal Service	General	86,709
	Water and Wastewater	179,171
	Environmental Services	54,295
	Nonmajor Governmental	9,498
	Nonmajor Business-type	20,302
	Other	49,485
		<u>\$ 1,061,957</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>Nonmajor Bus.-type</u>	<u>Other</u>	
General	\$ -	\$ -	\$ 7,811,305	\$ 507,588	\$ -	\$ -	\$ 8,318,893
Capital Const. (3036)	-	-	307,000	-	-	158,000	465,000
Capital Const. (3037)	-	15,700	-	6,518	-	-	22,218
Nonmajor Govt.	16,069	-	581,188	695,566	450,000	2,000	1,744,823
Water and Wwater.	2,703,900	-	-	-	-	30,000	2,733,900
Environmental Svcs.	587,167	-	-	-	-	8,000	595,167
Nonmajor Bus.-type	34,930	-	-	-	-	2,000	36,930
Other	50,000	-	-	-	-	-	50,000
	<u>\$ 3,392,066</u>	<u>\$ 15,700</u>	<u>\$ 8,699,493</u>	<u>\$ 1,209,672</u>	<u>\$ 450,000</u>	<u>\$ 200,000</u>	<u>\$ 13,966,931</u>

NOTE 14: RELATED PARTY TRANSACTIONS

During fiscal year 2022, the Sales Tax Development Corporation, a discretely presented component unit of the City paid \$3,878,239 towards the Riverside Park Splashpad Project, Dog Park, Mockingbird Lane Mill Overlay Project, Airline Road Utility and Mill Overlay Project, LED Street Lighting Project, and Fire Station #1 Renovation 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, 2022, \$22,715,000 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, 2022, 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 POST-CLOSURE 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, 2022, is 20 years.

As of September 30, 2022, the City is in compliance with state and federal laws and regulations concerning "financial assurances". The City currently has a contract with Republic Waste Services of Texas, Ltd., which is currently operating the landfill for the City. As per the contract agreement, Republic Waste Services of Texas, Ltd. "will be responsible for completing, at its cost, closure and post- closure of any area of the landfill in which new waste disposal cells are constructed by operator and which is filled to the final grades authorized in the permit by operator during the operating term." The City will be responsible for prior existing cells, and has established a closure/post-closure fund to accommodate those future liabilities. The total permitted landfill acres is 135.6. The landfill acres allocation for closure and post-closure liability responsibility is as follows:

NOTE 17: CLOSURE AND POST-CLOSURE 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, 2022: \$0
 - Post-closure liability, as of September 30, 2022: \$1,712,460
 - 26.1 acres (50%) has approximately 7 years useful life left.
 - Closure cost liability, as of September 30, 2022: \$1,810,280
 - Post-closure liability, as of September 30, 2022: \$1,018,984
- 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 \$4,541,724, \$4,440,679, and \$4,339,634 as of September 30, 2022, 2021, and 2020 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 \$202k will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the City’s landfill acres is expected to be filled to capacity. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 18: LITIGATION

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

NOTE 19: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2022:

	Governmental Fund Balances			Total
	Nonspendable	Restricted	Unassigned	
General				
Inventory	\$ 348,541	\$ -	\$ -	\$ 348,541
Unassigned	-	-	20,950,998	20,950,998
American Rescue Plan				
General government	-	78,393	-	78,393
Debt Service				
Retirement of long-term debt	-	1,106,617	-	1,106,617
Capital Construction (3036)				
Various capital projects	-	6,281,607	-	6,281,607
Capital Construction (3037)				
Various capital projects	-	11,885,032	-	11,885,032
Nonmajor Governmental				
Arts, tourism and conventions	-	3,975,254	-	3,975,254
Police department	-	277,255	-	277,255
Fire department	-	229,241	-	229,241
Emergency management	-	23,381	-	23,381
Municipal court security and technology	-	285,946	-	285,946
City parks	-	114,536	-	114,536
Housing development	-	298,458	-	298,458
Unassigned	-	-	(211,683)	(211,683)
	<u>\$ 348,541</u>	<u>\$ 24,555,720</u>	<u>\$ 20,739,315</u>	<u>\$ 45,643,576</u>

NOTE 20: TAX ABATEMENTS

In June 1990, the Victoria City Council approved Resolution No. 90-73R, as required by Chapter 312 of the Texas Tax Code, to strengthen minimum guidelines and criteria governing tax abatement agreements in the City. The City has an ad valorem tax abatement program that abates property taxes on new value created as a result of the proposed project, with possible abatements available from the City, Victoria County, and as applicable, other taxing jurisdictions. Tax abatement guidelines were renewed in 2021. Tax abatements benefit the City as the abatements are temporary, and result in investment in the City that would otherwise not occur.

To be eligible to receive a tax abatement the guidelines stipulate that the company must add, at minimum, a value of \$500,000 to the tax rolls, with the exact abatement percentage determined by a tiered structure related to the cumulative value of improvements and personal property. The City's maximum abatement duration is 10 years with abatement percentages ranging from 40% to 100%. To receive their abatement each year, companies must submit compliance documentation to the City as outlined in their respective tax abatement agreements. Compliance criteria may typically include, but are not limited to, the following requirements: minimum employee count, minimum average annual salary, minimum real, personal, and / or inventory value on tax roll, construction material / improvement receipts, minimum taxable sales, occupancy / lease requirements, and LEED certifications.

NOTE 20: TAX ABATEMENTS - (Continued)

Additionally, each company is required to submit their tax abatement application to the Victoria Central Appraisal District (“VCAD”) by April 30th of each year to receive their abatement. The VCAD will apply the abatement after confirming with the City that no deductions need to occur, which would only happen if a company did not meet a certain requirement of their tax abatement agreement. Each agreement outlines how deductions will be calculated if the noncompliance does not automatically result in a default for that year. The City typically includes a recapture clause in tax abatement agreements that requires the company to return all property taxes abated under the agreement with interest and penalties to the City should the City have to terminate the agreement due to noncompliance issues. The City’s Legal Department performs an annual assessment of the compliance performance for companies receiving tax abatements.

Currently, the City has 3 active tax abatement agreements under contract for tax year 2021. These companies comprise \$157 million in real and personal property values. They also provide \$7.8 million in property and inventory values not subject to tax abatement. In tax year 2021, the City abated \$154.1 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$62,428 for tax year 2021.

NOTE 21: SUBSEQUENT EVENTS

In March 2023, the City issued Utility System Revenue Bonds, Series 2023 of \$11,615,000. The bonds are due in annual installments ranging from \$350,000 to \$865,000 through 2042 with interest varying from 4.00% to 5.00%. The proceeds from the sale of the bonds will be used to reconstruct City residential utilities and to pay costs of issuance of the bonds.

In March 2023, the City issued Certificates of Obligation, Series 2023 of \$2,265,000. The certificates are due in annual installments ranging from \$70,000 to \$800,000 through 2042 with interest varying from 4.00% to 5.00%. The proceeds from the sale of the certificates will be used to reconstruct and extend City residential streets and to pay costs of issuance of the certificates.

In January 2023, the City entered into a master equipment lease purchase agreement with Community First National Bank for defibrillators to be used by the City’s Fire Department in the amount of \$578,013. There will be five annual installments of \$131,546 through November 1, 2027 and bears interest at a rate of 4.764%.

NOTE 22: IMPLEMENTATION OF NEW STANDARD

The City implemented GASB Statement No. 87, *Leases* (“GASB 87”) during the fiscal year ended September 30, 2022. GASB 87 requires recognition of certain lease assets, liabilities, and deferred inflows of resources for leases that previously were classified as operating leases and were previously 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 assets. 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. The City implemented GASB 87 as of the beginning of the fiscal year, resulting in the recognition of \$807,379 in both right-to-use lease liabilities and intangible right-to-use lease assets, related to leasing arrangements under which the City is the lessee, upon implementation. Implementation of GASB 87 had no impact on the net position or the change in net position previously reported prior to implementation.

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, 2022
With comparative totals for the year ended September 30, 2021

	2022			Variance Positive (Negative)	2021 Actual
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes	\$ 40,511,694	\$ 40,511,694	\$ 42,573,025	\$ 2,061,331	\$ 40,474,693
Licenses and permits	961,090	961,090	1,124,895	163,805	1,093,992
Intergovernmental	2,753,167	2,753,167	2,679,607	(73,560)	4,716,823
Charges for services	2,692,500	2,696,500	3,149,540	453,040	3,089,554
Fines and forfeitures	650,050	646,050	653,189	7,139	635,757
Investment earnings net of change in fair value of investments	50,000	50,000	153,801	103,801	20,378
Miscellaneous	307,800	307,800	751,273	443,473	775,016
Total revenues	<u>47,926,301</u>	<u>47,926,301</u>	<u>51,085,330</u>	<u>3,159,029</u>	<u>50,806,213</u>
EXPENDITURES					
General government	5,154,927	5,249,512	5,103,861	145,651	4,618,118
Public safety	30,399,866	31,287,753	31,097,781	189,972	32,146,575
Development	8,126,147	8,236,803	7,539,666	697,137	7,978,545
Recreation	5,641,786	5,765,245	5,105,692	659,553	5,157,572
Total expenditures	<u>49,322,726</u>	<u>50,539,313</u>	<u>48,847,000</u>	<u>1,692,313</u>	<u>49,900,810</u>
Excess (deficiency) of revenues over expenditures	(1,396,425)	(2,613,012)	2,238,330	4,851,342	905,403
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	111,627	111,627	-
Financed purchase issued	-	-	291,991	291,991	-
Transfers in	3,375,997	3,375,997	3,392,066	16,069	4,968,805
Transfers out	(10,119,015)	(10,119,015)	(8,318,893)	1,800,122	(2,418,242)
Total other financing sources (uses)	<u>(6,743,018)</u>	<u>(6,743,018)</u>	<u>(4,523,209)</u>	<u>2,219,809</u>	<u>2,550,563</u>
Change in fund balance	(8,139,443)	(9,356,030)	(2,284,879)	7,071,151	3,455,966
Fund balance at beginning of year	<u>23,584,418</u>	<u>23,584,418</u>	<u>23,584,418</u>	-	<u>20,128,452</u>
Fund balance at end of year	<u>\$ 15,444,975</u>	<u>\$ 14,228,388</u>	<u>\$ 21,299,539</u>	<u>\$ 7,071,151</u>	<u>\$ 23,584,418</u>

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

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION

Last ten years

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

NOTE: Information for the prior two years was not readily available. The City will compile the respective information over the next two 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	2021
\$ 4,100,496	\$ 4,150,267	\$ 4,210,086	\$ 4,408,740	\$ 4,585,667
12,600,532	13,054,511	13,346,677	13,729,057	14,100,643
(325,250)	(2,541,589)	(1,623,832)	(1,527,546)	3,000,834
-	-	471,557	-	-
<u>(9,320,736)</u>	<u>(10,029,363)</u>	<u>(10,700,070)</u>	<u>(10,977,791)</u>	<u>(11,409,672)</u>
7,055,042	4,633,826	5,704,418	5,632,460	10,277,472
<u>189,284,673</u>	<u>196,339,715</u>	<u>200,973,541</u>	<u>206,677,959</u>	<u>212,310,419</u>
<u>\$ 196,339,715</u>	<u>\$ 200,973,541</u>	<u>\$ 206,677,959</u>	<u>\$ 212,310,419</u>	<u>\$ 222,587,891</u>
\$ 4,928,367	\$ 5,010,611	\$ 5,131,905	\$ 5,260,786	\$ 5,466,619
1,793,220	1,817,635	1,856,026	1,936,489	2,009,788
20,080,623	(4,859,666)	23,813,296	13,203,652	23,890,909
(9,320,736)	(10,029,363)	(10,700,070)	(10,977,791)	(11,409,672)
(104,070)	(93,938)	(134,617)	(85,496)	(110,626)
<u>(5,275)</u>	<u>(4,907)</u>	<u>(4,045)</u>	<u>(3,336)</u>	<u>758</u>
17,372,129	(8,159,628)	19,962,495	9,334,304	19,847,776
<u>144,891,099</u>	<u>162,263,228</u>	<u>154,103,600</u>	<u>174,066,095</u>	<u>183,400,399</u>
<u>\$ 162,263,228</u>	<u>\$ 154,103,600</u>	<u>\$ 174,066,095</u>	<u>\$ 183,400,399</u>	<u>\$ 203,248,175</u>
<u>\$ 34,076,487</u>	<u>\$ 46,869,941</u>	<u>\$ 32,611,864</u>	<u>\$ 28,910,020</u>	<u>\$ 19,339,716</u>
82.64%	76.68%	84.22%	86.38%	91.31%
\$ 29,887,001	\$ 30,293,918	\$ 30,933,773	\$ 32,274,814	\$ 33,496,469
114.02%	154.72%	105.42%	89.57%	57.74%

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 two fiscal years was not readily available. The City will compile the respective information over the next two fiscal years.

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

Fiscal Year				
2018	2019	2020	2021	2022
\$ 4,967,335	\$ 5,128,686	\$ 5,107,288	\$ 5,477,304	\$ 5,526,626
<u>(5,020,606)</u>	<u>(5,187,133)</u>	<u>(5,166,531)</u>	<u>(5,567,409)</u>	<u>(5,631,048)</u>
<u>\$ (53,271)</u>	<u>\$ (58,447)</u>	<u>\$ (59,243)</u>	<u>\$ (90,105)</u>	<u>\$ (104,422)</u>
\$ 30,057,425	\$ 30,940,128	\$ 31,180,817	\$ 33,573,739	\$ 34,807,311
16.70%	16.77%	16.57%	16.58%	16.18%

CITY OF VICTORIA, TEXAS

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

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

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

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

Measurement Year	
2020	2021
\$ 77,460	\$ 100,489
72,180	62,212
-	-
(43,056)	(19,030)
415,927	101,885
<u>(22,592)</u>	<u>(73,692)</u>
499,919	171,864
<u>2,597,280</u>	<u>3,097,199</u>
<u>\$ 3,097,199</u>	<u>\$ 3,269,063</u>
\$ 32,274,814	\$ 33,496,469
9.60%	9.76%

CITY OF VICTORIA, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT

Last ten fiscal years

	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 five years was not readily available. The City will compile the respective information over the next five years.

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

Fiscal Year	
2021	2022
\$ 59,386	\$ 76,576
<u>(59,386)</u>	<u>(76,576)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 33,573,739	\$ 34,807,311
0.1769%	0.2200%

CITY OF VICTORIA, TEXAS

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTHCARE

Last ten years

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

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

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

Measurement Year	
2020	2021
\$ 92,605	\$ 85,602
672,383	632,762
(292,558)	956,182
-	168,585
<u>(1,196,197)</u>	<u>(960,760)</u>
(723,767)	882,371
<u>10,896,147</u>	<u>10,172,380</u>
<u>\$ 10,172,380</u>	<u>\$ 11,054,751</u>
\$ 1,396,197	\$ 1,160,760
430,797	392,811
(1,196,197)	(960,760)
(11,303)	(14,712)
<u>(2,083)</u>	<u>(1,621)</u>
617,411	576,478
<u>2,374,722</u>	<u>2,992,133</u>
<u>\$ 2,992,133</u>	<u>\$ 3,568,611</u>
<u>\$ 7,180,247</u>	<u>\$ 7,486,140</u>
29.41%	32.28%
\$ 32,784,223	\$ 34,311,990
21.90%	21.82%

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	\$ 31,269,773	\$ 31,749,423
Contributions as a percentage of covered payroll	3.9197%	4.6056%	4.0091%

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

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

Fiscal Year	
<u>2021</u>	<u>2022</u>
\$ 890,640	\$ 894,322
<u>(1,331,993)</u>	<u>(805,911)</u>
<u>\$ (441,353)</u>	<u>\$ 88,411</u>
\$ 34,421,447	\$ 34,113,003
3.8697%	2.3625%

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 2021-2022.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Legal	\$ 560,028	\$ 564,579	\$ 4,551
Public information office	496,653	499,081	2,428
Fire	14,220,000	14,325,671	105,671
Development svcs. administration	209,460	210,528	1,068
Development center/inspections	868,493	895,172	26,679
Code enforcement	532,532	551,187	18,655

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	24 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>
-----------	--

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 1.84% from 2.00%.

NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB

Valuation Date

The actuarially determined contribution for fiscal year ending September 30, 2022 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, 16 years as of FYE22
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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

GCRPC Grant - Used to account for funds received from the Golden Crescent Regional Planning Commission ("GCRPC") to be used for 911 Center facilities and personnel.

Police Grants - Used to account for funds received from the Texas Department of Transportation for the Selective Traffic Enforcement Program and funds received from the Victoria 100 Club and the disbursement of such on public safety equipment, etc.

HOME Grant - Used to account for funds received from the Texas Department of Housing and Community Affairs (TDHCA) to reconstruct substandard owner-occupied single-family residential units.

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 2022, \$2,754,122 was budgeted as follows: for payroll and professional services \$114,825; for Community Center operations not to exceed \$450,000; to the Convention and Visitors Bureau, funding not to exceed \$795,566; to the Main Street Program, funding not to exceed \$306,031; for construction and other structures not to exceed \$875,000; and for other programs and various outside agencies, not to exceed \$212,700.

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

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

NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

K-9 Unit Program - Used to track the expenditures related to the Police Department K-9 Unit.

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.

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.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

CITY OF VICTORIA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2022

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	HOME Grant	Library Grants
ASSETS					
Cash and cash equivalents	\$ 185	\$ 47,552	\$ -	\$ -	\$ 26,478
Receivables (net)					
Other	-	-	5,056	11,829	-
Total assets	<u>\$ 185</u>	<u>\$ 47,552</u>	<u>\$ 5,056</u>	<u>\$ 11,829</u>	<u>\$ 26,478</u>
LIABILITIES					
Accounts payable	\$ -	\$ 20,317	\$ -	\$ -	\$ 16,854
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	2,009	11,829	-
Unearned revenue	185	27,235	3,047	-	9,624
Total liabilities	<u>185</u>	<u>47,552</u>	<u>5,056</u>	<u>11,829</u>	<u>26,478</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal court	-	-	-	-	-
Development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 185</u>	<u>\$ 47,552</u>	<u>\$ 5,056</u>	<u>\$ 11,829</u>	<u>\$ 26,478</u>

LEOSE Training Grant	Auto Theft Grant	TCEQ Grant	MPO Grant	Motel Tax	Forfeiture Fund	K-9 Unit Program	Environmental Services Grant
\$ 30,878	\$ -	\$ -	\$ -	\$2,164,017	\$ 270,383	\$ 129	\$ 11,650
-	44,136	82,960	22,700	248,342	-	-	-
<u>\$ 30,878</u>	<u>\$ 44,136</u>	<u>\$ 82,960</u>	<u>\$ 22,700</u>	<u>\$2,412,359</u>	<u>\$ 270,383</u>	<u>\$ 129</u>	<u>\$ 11,650</u>
\$ -	\$ 95	\$ 40,168	\$ 399	\$ 47,205	\$ -	\$ -	\$ 5,714
-	-	-	-	-	-	-	-
-	41,557	42,792	22,301	-	-	-	-
<u>30,878</u>	<u>2,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129</u>	<u>-</u>
<u>30,878</u>	<u>44,136</u>	<u>82,960</u>	<u>22,700</u>	<u>47,205</u>	<u>-</u>	<u>129</u>	<u>5,714</u>
-	-	19,382	-	-	-	-	-
-	-	19,382	-	-	-	-	-
-	-	-	-	2,365,154	-	-	-
-	-	-	-	-	270,383	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,936
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(19,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(19,382)</u>	<u>-</u>	<u>2,365,154</u>	<u>270,383</u>	<u>-</u>	<u>5,936</u>
<u>\$ 30,878</u>	<u>\$ 44,136</u>	<u>\$ 82,960</u>	<u>\$ 22,700</u>	<u>\$2,412,359</u>	<u>\$ 270,383</u>	<u>\$ 129</u>	<u>\$ 11,650</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2022

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ 134,536	\$ 76,944	\$ 289,052	\$ -
Receivables					
Other	<u>17,050</u>	<u>-</u>	<u>13,650</u>	<u>6,731</u>	<u>71,701</u>
Total assets	<u>\$ 17,050</u>	<u>\$ 134,536</u>	<u>\$ 90,594</u>	<u>\$ 295,783</u>	<u>\$ 71,701</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 14,000	\$ 9,837	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	17,050	-	-	-	71,701
Unearned revenue	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>17,050</u>	<u>20,000</u>	<u>14,000</u>	<u>9,837</u>	<u>71,701</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	76,594	-	-
Municipal court	-	-	-	285,946	-
Development	-	-	-	-	-
Parks and recreation	-	114,536	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>114,536</u>	<u>76,594</u>	<u>285,946</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,050</u>	<u>\$ 134,536</u>	<u>\$ 90,594</u>	<u>\$ 295,783</u>	<u>\$ 71,701</u>

<u>Fire Department Grants</u>	<u>Public, Educational, and Governmental (PEG) Fund</u>	<u>Community Development Block Grant</u>	<u>CDBG Hazard Mitigation</u>	<u>Homeland Security Grant</u>	<u>COVID-19 Grant</u>	<u>Police Department Grants</u>
\$ 178,019	\$ 925,723	\$ -	\$ -	\$ -	\$ -	\$ 6,872
<u>-</u>	<u>30,737</u>	<u>53,453</u>	<u>786,904</u>	<u>123,460</u>	<u>70,271</u>	<u>-</u>
<u>\$ 178,019</u>	<u>\$ 956,460</u>	<u>\$ 53,453</u>	<u>\$ 786,904</u>	<u>\$ 123,460</u>	<u>\$ 70,271</u>	<u>\$ 6,872</u>
\$ 25,000	\$ 11,498	\$ 35,245	\$ 587,430	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	18,208	166,886	123,460	70,271	-
<u>372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,372</u>	<u>11,498</u>	<u>53,453</u>	<u>754,316</u>	<u>123,460</u>	<u>70,271</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>154,618</u>	<u>-</u>	<u>70,271</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>154,618</u>	<u>-</u>	<u>70,271</u>	<u>-</u>
-	944,962	-	-	-	-	-
-	-	-	-	-	-	6,872
-	-	-	-	-	-	-
-	-	-	-	-	-	-
152,647	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,030)</u>	<u>-</u>	<u>(70,271)</u>	<u>-</u>
<u>152,647</u>	<u>944,962</u>	<u>-</u>	<u>(122,030)</u>	<u>-</u>	<u>(70,271)</u>	<u>6,872</u>
<u>\$ 178,019</u>	<u>\$ 956,460</u>	<u>\$ 53,453</u>	<u>\$ 786,904</u>	<u>\$ 123,460</u>	<u>\$ 70,271</u>	<u>\$ 6,872</u>

(continued)

CITY OF VICTORIA, TEXAS

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2022

	Emergency Management	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
ASSETS				
Cash and cash equivalents	\$ 226,282	\$ 698,365	\$ 306,317	\$ 5,393,382
Receivables				
Other	-	988	-	1,589,968
Total assets	<u>\$ 226,282</u>	<u>\$ 699,353</u>	<u>\$ 306,317</u>	<u>\$ 6,983,350</u>
LIABILITIES				
Accounts payable	\$ 202,901	\$ 16,419	\$ 3,795	\$ 1,036,877
Accrued expenditures	-	8,298	-	8,298
Due to other funds	-	9,498	10,000	607,562
Unearned revenue	-	-	-	93,954
Total liabilities	<u>202,901</u>	<u>34,215</u>	<u>13,795</u>	<u>1,746,691</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	244,271
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,271</u>
FUND BALANCES				
Restricted				
Arts, tourism and conventions	-	665,138	-	3,975,254
Public safety	23,381	-	-	377,230
Municipal court	-	-	-	285,946
Development	-	-	292,522	298,458
Parks and recreation	-	-	-	267,183
Unassigned	-	-	-	(211,683)
Total fund balances	<u>23,381</u>	<u>665,138</u>	<u>292,522</u>	<u>4,992,388</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 226,282</u>	<u>\$ 699,353</u>	<u>\$ 306,317</u>	<u>\$ 6,983,350</u>

(concluded)



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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, 2022

	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	HOME Grant	Library Grants
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	20,213	14,471	11,829	15,680
Fines and forfeitures	-	-	-	-	-
Investment income	-	136	-	-	-
Miscellaneous	15,907	-	-	-	22,001
Total revenues	<u>15,907</u>	<u>20,349</u>	<u>14,471</u>	<u>11,829</u>	<u>37,681</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	15,907	20,349	19,018	-	-
Development	-	-	-	11,829	-
Recreation	-	-	-	-	37,681
Total expenditures	<u>15,907</u>	<u>20,349</u>	<u>19,018</u>	<u>11,829</u>	<u>37,681</u>
Excess (deficiency) of revenues over expenditures	-	-	(4,547)	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	4,547	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,547</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LEOSE Training Grant	Auto Theft Grant	TCEQ Grant	MPO Grant	Motel Tax	Forfeiture Fund	Justice Assistance Grant	K-9 Unit Program	Environmental Services
\$ -	\$ -	\$ -	\$ -	\$ 1,884,608	\$ -	\$ -	\$ -	\$ -
6,855	123,329	148,634	94,870	-	-	11,156	-	-
-	-	-	-	-	7,473	-	-	-
-	-	-	-	15,545	1,759	-	-	-
-	24,800	-	-	12,361	-	-	700	31,660
<u>6,855</u>	<u>148,129</u>	<u>148,634</u>	<u>94,870</u>	<u>1,912,514</u>	<u>9,232</u>	<u>11,156</u>	<u>700</u>	<u>31,660</u>
-	-	168,016	-	-	-	-	-	-
6,855	189,035	-	-	-	25,747	11,263	700	-
-	-	-	94,870	-	-	-	-	25,724
-	-	-	-	638,149	-	-	-	-
<u>6,855</u>	<u>189,035</u>	<u>168,016</u>	<u>94,870</u>	<u>638,149</u>	<u>25,747</u>	<u>11,263</u>	<u>700</u>	<u>25,724</u>
-	(40,906)	(19,382)	-	1,274,365	(16,515)	(107)	-	5,936
-	40,906	-	-	6,518	-	107	-	-
-	-	-	-	(1,726,754)	-	-	-	-
-	40,906	-	-	(1,720,236)	-	107	-	-
-	-	(19,382)	-	(445,871)	(16,515)	-	-	5,936
-	-	-	-	2,811,025	286,898	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,382)</u>	<u>\$ -</u>	<u>\$ 2,365,154</u>	<u>\$ 270,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,936</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, 2022

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	269,697
Fines and forfeitures	-	-	-	132,270	-
Investment income	-	-	-	-	-
Miscellaneous	<u>165,154</u>	<u>98,774</u>	<u>69,708</u>	<u>9,645</u>	<u>-</u>
Total revenues	<u>165,154</u>	<u>98,774</u>	<u>69,708</u>	<u>141,915</u>	<u>269,697</u>
EXPENDITURES					
General government	-	-	-	-	-
Public safety	149,640	-	37,152	109,260	269,697
Development	-	-	-	-	-
Recreation	-	<u>22,612</u>	-	-	-
Total expenditures	<u>149,640</u>	<u>22,612</u>	<u>37,152</u>	<u>109,260</u>	<u>269,697</u>
Excess (deficiency) of revenues over expenditures	15,514	76,162	32,556	32,655	-
OTHER FINANCING SOURCES (USES)					
Transfers in	555	-	-	62,966	-
Transfers out	<u>(16,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,514)</u>	<u>-</u>	<u>-</u>	<u>62,966</u>	<u>-</u>
Change in fund balances	-	76,162	32,556	95,621	-
Fund balance at beginning of year	<u>-</u>	<u>38,374</u>	<u>44,038</u>	<u>190,325</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 114,536</u>	<u>\$ 76,594</u>	<u>\$ 285,946</u>	<u>\$ -</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	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	796,474	958,555	229,273	-	-	-
-	-	-	-	-	-	-	-
-	4,159	-	-	-	-	-	-
<u>162,535</u>	<u>130,041</u>	<u>-</u>	<u>7,500</u>	<u>18,000</u>	<u>411</u>	<u>22,216</u>	<u>-</u>
<u>162,535</u>	<u>134,200</u>	<u>796,474</u>	<u>966,055</u>	<u>247,273</u>	<u>411</u>	<u>22,216</u>	<u>-</u>
-	49,884	796,474	-	-	9,781	-	-
9,888	-	-	757,962	247,273	-	21,588	218,186
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,888</u>	<u>49,884</u>	<u>796,474</u>	<u>757,962</u>	<u>247,273</u>	<u>9,781</u>	<u>21,588</u>	<u>218,186</u>
152,647	84,316	-	208,093	-	(9,370)	628	(218,186)
-	-	-	-	-	198,507	-	200,000
<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>198,507</u>	<u>-</u>	<u>200,000</u>
152,647	84,316	-	208,093	-	189,137	628	(18,186)
<u>-</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>
<u>\$ 152,647</u>	<u>\$ 944,962</u>	<u>\$ -</u>	<u>\$ (122,030)</u>	<u>\$ -</u>	<u>\$ (70,271)</u>	<u>\$ 6,872</u>	<u>\$ 23,381</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, 2022

	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
REVENUES			
Taxes	\$ -	\$ -	\$ 1,884,608
Intergovernmental	-	-	2,701,036
Fines and forfeitures	-	-	139,743
Investment income	70	69	21,738
Miscellaneous	<u>4,003</u>	<u>80,000</u>	<u>875,416</u>
Total revenues	<u>4,073</u>	<u>80,069</u>	<u>5,622,541</u>
EXPENDITURES			
General government	-	-	1,024,155
Public safety	-	-	2,109,520
Development	-	21,532	153,955
Recreation	<u>750,885</u>	<u>-</u>	<u>1,449,327</u>
Total expenditures	<u>750,885</u>	<u>21,532</u>	<u>4,736,957</u>
Excess (deficiency) of revenues over expenditures	(746,812)	58,537	885,584
OTHER FINANCING SOURCES (USES)			
Transfers in	695,566	-	1,209,672
Transfers out	<u>(2,000)</u>	<u>-</u>	<u>(1,744,823)</u>
Total other financing sources (uses)	<u>693,566</u>	<u>-</u>	<u>(535,151)</u>
Change in fund balances	(53,246)	58,537	350,433
Fund balance at beginning of year	<u>718,384</u>	<u>233,985</u>	<u>4,641,955</u>
Fund balance at end of year	<u>\$ 665,138</u>	<u>\$ 292,522</u>	<u>\$ 4,992,388</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, 2022

With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 10,467,611	\$ 24,147,000
Investments	10,452,202	-
Receivables (net)		
Ad valorem taxes (prior years)	1,185,766	1,387,087
Franchise taxes	629,000	619,535
Sales taxes	1,683,009	1,437,973
Ambulance	1,198,808	1,226,932
Fines	614,583	611,250
Other	962,535	1,676,331
Due from other funds	661,522	1,301,667
Inventory	348,541	332,095
Returned checks	<u>26,595</u>	<u>26,651</u>
Total assets	<u>\$ 28,230,172</u>	<u>\$ 32,766,521</u>
LIABILITIES		
Accounts payable	\$ 935,808	\$ 755,207
Accrued expenditures	2,285,489	3,078,014
Accrued compensated absences	11,742	11,240
Due to other governments	60,460	95,909
Due to other funds	87,684	267,558
Unearned revenue	<u>5,096</u>	<u>918,373</u>
Total liabilities	<u>3,386,279</u>	<u>5,126,301</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>3,544,354</u>	<u>4,055,802</u>
Total deferred inflows of resources	<u>3,544,354</u>	<u>4,055,802</u>
FUND BALANCES		
Nonspendable		
Inventory	348,541	332,095
Unassigned	<u>20,950,998</u>	<u>23,252,323</u>
Total fund balances	<u>21,299,539</u>	<u>23,584,418</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 28,230,172</u>	<u>\$ 32,766,521</u>

CITY OF VICTORIA, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
Taxes				
Ad valorem taxes	\$ 17,379,816	\$ 17,295,199	\$ (84,617)	\$ 16,737,879
Penalty and interest	124,000	115,783	(8,217)	280,390
Franchise tax	5,737,878	5,761,674	23,796	5,602,297
Sales tax	17,185,000	19,291,123	2,106,123	17,744,035
Other	85,000	109,246	24,246	110,092
Total taxes	40,511,694	42,573,025	2,061,331	40,474,693
Licenses and permits				
Building	330,000	411,781	81,781	407,344
Electrical	55,000	104,524	49,524	84,689
Mechanical	50,000	69,280	19,280	66,616
Liquor	274,000	285,462	11,462	268,668
Plumbing	45,000	64,424	19,424	61,139
Vital statistics	120,000	117,954	(2,046)	124,126
Miscellaneous	87,090	71,470	(15,620)	81,410
Total licenses and permits	961,090	1,124,895	163,805	1,093,992
Intergovernmental	2,753,167	2,679,607	(73,560)	4,716,823
Charges for services				
Ambulance	2,412,000	2,708,476	296,476	2,703,998
Victoria Public Library	35,000	40,171	5,171	42,360
Parks and recreation	84,625	87,081	2,456	86,991
Miscellaneous	164,875	313,812	148,937	256,205
Total charges for services	2,696,500	3,149,540	453,040	3,089,554
Fines and forfeitures				
Court costs	45,900	62,699	16,799	58,901
Criminal and traffic court	600,000	590,332	(9,668)	576,650
Parking violations	150	158	8	206
Total fines and forfeitures	646,050	653,189	7,139	635,757
Investment income				
Investment earnings net of change in fair value of investments	50,000	153,801	103,801	20,378
Miscellaneous				
Rents	1,750	2,402	652	1,875
Salvage and asset sales	100,000	176,452	76,452	442,758
Contributions and miscellaneous	206,050	572,419	366,369	330,383
Total miscellaneous	307,800	751,273	443,473	775,016
Total revenues	\$ 47,926,301	\$ 51,085,330	\$ 3,159,029	\$ 50,806,213

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
General government				
City manager and council				
Personnel	\$ 1,014,739	\$ 1,002,343	\$ 12,396	\$ 882,021
Maintenance and operations	160,707	104,873	55,834	49,101
Capital outlay	43,000	43,000	-	-
Total city manager and council	1,218,446	1,150,216	68,230	931,122
Finance				
Personnel	475,589	472,604	2,985	429,213
Maintenance and operations	152,036	124,584	27,452	101,416
Capital outlay	5,337	5,337	-	1,596
Total finance	632,962	602,525	30,437	532,225
Legal				
Personnel	459,396	469,046	(9,650)	452,741
Maintenance and operations	100,632	95,533	5,099	110,833
Total legal	560,028	564,579	(4,551)	563,574
Human resources				
Personnel	400,341	381,582	18,759	341,915
Maintenance and operations	128,201	128,094	107	99,890
Capital outlay	73,496	4,002	69,494	-
Total human resources	602,038	513,678	88,360	441,805
City secretary				
Personnel	265,530	240,398	25,132	175,946
Maintenance and operations	118,725	121,702	(2,977)	137,706
Capital outlay	-	-	-	1,444
Total city secretary	384,255	362,100	22,155	315,096
Public information office				
Personnel	370,943	376,141	(5,198)	370,183
Maintenance and operations	125,710	122,940	2,770	108,192
Total public information office	496,653	499,081	(2,428)	478,375

(continued)

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
General government - (continued)				
Non-departmental				
Personnel	\$ 2,500	\$ 15,992	\$ (13,492)	\$ -
Maintenance and operations	1,352,630	1,395,690	(43,060)	1,355,921
Total non-departmental	1,355,130	1,411,682	(56,552)	1,355,921
Total general government	5,249,512	5,103,861	145,651	4,618,118
Public safety				
Police				
Personnel	13,312,792	13,559,569	(246,777)	14,096,421
Maintenance and operations	2,884,809	2,476,621	408,188	2,851,096
Capital outlay	426,666	331,878	94,788	292,462
Total police	16,624,267	16,368,068	256,199	17,239,979
Fire				
Personnel	11,165,101	11,381,518	(216,417)	12,165,914
Maintenance and operations	2,330,532	2,314,729	15,803	2,232,615
Capital outlay	724,367	521,753	202,614	195,237
Debt service	-	107,671	(107,671)	-
Total fire	14,220,000	14,325,671	(105,671)	14,593,766
Municipal court				
Personnel	346,920	314,432	32,488	238,452
Maintenance and operations	92,041	85,924	6,117	70,893
Capital outlay	4,525	3,686	839	3,485
Total municipal court	443,486	404,042	39,444	312,830
Total public safety	31,287,753	31,097,781	189,972	32,146,575

(continued)

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
Development				
Development svcs. administration				
Personnel	\$ 193,610	\$ 200,555	\$ (6,945)	\$ 192,638
Maintenance and operations	15,850	9,973	5,877	6,915
Total development svcs. administration	209,460	210,528	(1,068)	199,553
Planning services				
Personnel	211,969	158,924	53,045	187,643
Maintenance and operations	75,013	51,695	23,318	80,634
Total planning services	286,982	210,619	76,363	268,277
Development center/inspections				
Personnel	698,957	726,072	(27,115)	648,101
Maintenance and operations	169,536	169,100	436	158,331
Capital outlay	-	-	-	1,778
Total development center/inspections	868,493	895,172	(26,679)	808,210
Code enforcement				
Personnel	293,395	311,091	(17,696)	277,271
Maintenance and operations	234,255	235,214	(959)	165,664
Capital outlay	4,882	4,882	-	-
Total code enforcement	532,532	551,187	(18,655)	442,935
Geographic information system (GIS)				
Personnel	281,999	287,695	(5,696)	280,755
Maintenance and operations	40,507	32,781	7,726	100,810
Capital outlay	10,975	10,875	100	-
Total geographic information system	333,481	331,351	2,130	381,565
Engineering				
Personnel	491,740	437,045	54,695	395,567
Maintenance and operations	126,345	117,977	8,368	108,638
Capital outlay	4,315	2,852	1,463	4,725
Total engineering	622,400	557,874	64,526	508,930

(continued)

CITY OF VICTORIA, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
Development - (continued)				
Streets and drainage				
Personnel	\$ 1,588,939	\$ 1,483,681	\$ 105,258	\$ 1,636,547
Maintenance and operations	1,595,267	1,487,829	107,438	1,678,760
Capital outlay	<u>12,010</u>	<u>5,749</u>	<u>6,261</u>	<u>18,670</u>
Total streets and drainage	<u>3,196,216</u>	<u>2,977,259</u>	<u>218,957</u>	<u>3,333,977</u>
Traffic control				
Personnel	531,139	391,458	139,681	434,968
Maintenance and operations	1,637,179	1,391,534	245,645	1,579,710
Capital outlay	<u>18,921</u>	<u>22,684</u>	<u>(3,763)</u>	<u>20,420</u>
Total traffic control	<u>2,187,239</u>	<u>1,805,676</u>	<u>381,563</u>	<u>2,035,098</u>
Total development	<u>8,236,803</u>	<u>7,539,666</u>	<u>697,137</u>	<u>7,978,545</u>
Recreation				
Parks and recreation				
Personnel	1,829,251	1,691,555	137,696	1,521,559
Maintenance and operations	1,291,509	1,064,016	227,493	1,045,807
Capital outlay	<u>288,944</u>	<u>89,315</u>	<u>199,629</u>	<u>433,690</u>
Total parks and recreation	<u>3,409,704</u>	<u>2,844,886</u>	<u>564,818</u>	<u>3,001,056</u>
Library				
Personnel	1,401,005	1,353,297	47,708	1,249,450
Maintenance and operations	665,609	629,885	35,724	666,535
Capital outlay	<u>288,927</u>	<u>277,624</u>	<u>11,303</u>	<u>240,531</u>
Total library	<u>2,355,541</u>	<u>2,260,806</u>	<u>94,735</u>	<u>2,156,516</u>
Total recreation	<u>5,765,245</u>	<u>5,105,692</u>	<u>659,553</u>	<u>5,157,572</u>
Total expenditures	<u>\$ 50,539,313</u>	<u>\$ 48,847,000</u>	<u>\$ 1,692,313</u>	<u>\$ 49,900,810</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:

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.

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.

DEBT SERVICE FUND - (Continued)

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, 2022

With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,106,617	\$ 1,048,730
Receivables (net)		
Ad valorem taxes (prior years)	<u>772,909</u>	<u>665,851</u>
Total assets	<u>\$ 1,879,526</u>	<u>\$ 1,714,581</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>772,909</u>	<u>665,851</u>
Total deferred inflows of resources	<u>772,909</u>	<u>665,851</u>
FUND BALANCE		
Restricted	<u>1,106,617</u>	<u>1,048,730</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,879,526</u>	<u>\$ 1,714,581</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, 2022

With comparative totals for the year ended September 30, 2021

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
REVENUES				
Taxes				
Ad valorem - current				
2012 Issues	\$ 1,134,503	\$ 1,134,503	\$ -	\$ 638,848
2013 Issues	2,658,808	2,658,808	-	2,660,496
2014 Issue	405,096	405,096	-	397,566
2015 Issues	1,685,323	1,685,323	-	1,672,520
2017 Issue	2,181,729	2,181,729	-	2,166,051
2019 Issues	348,194	348,194	-	347,299
2020 Issue	1,235,865	1,235,865	-	1,256,675
Ad valorem - delinquent	125,000	160,365	35,365	173,584
Penalty and interest	100,000	100,000	-	-
Investment income - interest	50,000	38,973	(11,027)	5,668
Total revenues	9,924,518	9,948,856	24,338	9,318,707
EXPENDITURES				
Debt service				
Principal retirement				
2012 Issues	1,065,000	1,060,000	5,000	550,000
2013 Issues	2,495,000	2,495,000	-	2,445,000
2014 Issue	265,000	265,000	-	255,000
2015 Issues	1,375,000	1,375,000	-	1,325,000
2017 Issue	1,450,000	1,450,000	-	1,385,000
2019 Issues	75,000	75,000	-	75,000
2020 Issue	1,240,000	1,240,000	-	1,210,000
Interest				
2012 Issues	98,113	88,832	9,281	110,862
2013 Issues	230,860	230,860	-	307,486
2014 Issue	150,312	150,313	(1)	156,688
2015 Issues	352,825	352,825	-	406,825
2017 Issue	786,750	786,750	-	856,000
2019 Issues	281,975	168,175	113,800	284,975
2020 Issue	27,032	140,759	(113,727)	38,322
Paying agents' fees and issue costs	6,000	4,600	1,400	4,600
Arbitrage rebate premiums	6,000	7,855	(1,855)	-
Total expenditures	9,904,867	9,890,969	13,898	9,410,758

	2022			2021 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Excess (deficiency) of revenues over expenditures	\$ 19,651	\$ 57,887	\$ 38,236	\$ (92,051)
OTHER FINANCING SOURCES (USES)	-	-	-	-
Change in fund balance	19,651	57,887	38,236	(92,051)
Fund balance at beginning of year	<u>1,048,730</u>	<u>1,048,730</u>	<u>-</u>	<u>1,140,781</u>
Fund balance at end of year	<u>\$ 1,068,381</u>	<u>\$ 1,106,617</u>	<u>\$ 38,236</u>	<u>\$ 1,048,730</u>

CAPITAL PROJECT FUNDS

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, 2022**With comparative totals for the year ended September 30, 2021*

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ 1,193,440	\$ 1,275,320	\$ 81,880	\$ 792,182
Investment income				
Interest	14,828	44,750	29,922	5,527
Total revenues	<u>1,208,268</u>	<u>1,320,070</u>	<u>111,802</u>	<u>797,709</u>
EXPENDITURES				
Current				
Development	605,690	413,320	192,370	487,314
Capital outlay	974,067	105,250	868,817	349,492
Total expenditures	<u>1,579,757</u>	<u>518,570</u>	<u>1,061,187</u>	<u>836,806</u>
Excess (deficiency) of revenues over expenditures	(371,489)	801,500	(949,385)	(39,097)
OTHER FINANCING SOURCES (USES)				
Transfers in	89,000	15,700	(73,300)	158,000
Transfers out	(465,000)	(465,000)	-	(1,174,673)
Total other financing sources (uses)	<u>(376,000)</u>	<u>(449,300)</u>	<u>(73,300)</u>	<u>(1,016,673)</u>
Change in fund balance	(747,489)	352,200	(1,022,685)	(1,055,770)
Fund balance at beginning of year	<u>5,929,407</u>	<u>5,929,407</u>	<u>-</u>	<u>6,985,177</u>
Fund balance at end of year	<u>\$ 5,181,918</u>	<u>\$ 6,281,607</u>	<u>\$ (1,022,685)</u>	<u>\$ 5,929,407</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, 2022**With comparative totals for the year ended September 30, 2021*

	2022		Variance Positive (Negative)	2021 Actual
	Final Budget	Actual		
REVENUES				
Investment income				
Interest	\$ 97,138	\$ 102,691	\$ 5,553	\$ 3,829
Miscellaneous	11,511,367	10,611,367	(900,000)	153,089
Total revenues	<u>11,608,505</u>	<u>10,714,058</u>	<u>(894,447)</u>	<u>156,918</u>
EXPENDITURES				
Current				
Development	-	1,220,241	(1,220,241)	128,082
Capital outlay	24,609,832	8,689,105	15,920,727	5,298,155
Total expenditures	<u>24,609,832</u>	<u>9,909,346</u>	<u>14,700,486</u>	<u>5,426,237</u>
Excess (deficiency) of revenues over expenditures	(13,001,327)	804,712	13,806,039	(5,269,319)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	628,036	730,525	102,489	-
Transfers in	11,958,716	8,699,493	(3,259,223)	3,319,423
Transfers out	-	(22,218)	(22,218)	(241,450)
Total other financing sources (uses)	<u>12,586,752</u>	<u>9,407,800</u>	<u>(3,178,952)</u>	<u>3,077,973</u>
Change in fund balance	(414,575)	10,212,512	10,627,087	(2,191,346)
Fund balance at beginning of year	<u>1,672,520</u>	<u>1,672,520</u>	-	<u>3,863,866</u>
Fund balance at end of year	<u>\$ 1,257,945</u>	<u>\$ 11,885,032</u>	<u>\$ 10,627,087</u>	<u>\$ 1,672,520</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, 2022

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 494,368	\$ 126,761	\$ 736,403	\$ 1,357,532
Receivables (net)	655	-	60,744	61,399
Due from other funds	-	-	975	975
Inventory	-	-	18,618	18,618
Returned checks	3,637	-	-	3,637
Prepaid items	-	-	1,753	1,753
Restricted assets				
Cash and cash equivalents	502,098	-	-	502,098
Total current assets	<u>1,000,758</u>	<u>126,761</u>	<u>818,493</u>	<u>1,946,012</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)	1,750,811	740,603	61,027	2,552,441
Right-to-Use lease assets (net)	-	-	226,579	226,579
Total noncurrent assets	<u>1,925,971</u>	<u>965,201</u>	<u>1,431,098</u>	<u>4,322,270</u>
Total assets	<u>2,926,729</u>	<u>1,091,962</u>	<u>2,249,591</u>	<u>6,268,282</u>
LIABILITIES				
Current liabilities				
Accounts payable	26,669	8,231	27,925	62,825
Accrued expenses	12,574	-	29,981	42,555
Accrued compensated absences	90	-	-	90
Due to other funds	12,903	-	7,399	20,302
Customer deposits	54,825	-	-	54,825
Accrued interest payable	-	-	759	759
Current portion on right-to-use lease liability	-	-	61,448	61,448
Current portion of financed purchases	-	-	25,499	25,499
Total current liabilities	<u>107,061</u>	<u>8,231</u>	<u>153,011</u>	<u>268,303</u>
Noncurrent liabilities				
Accrued compensated absences	1,197	-	-	1,197
Right-to-use lease liability	-	-	166,279	166,279
Financed purchases	-	-	4,830	4,830
Total noncurrent liabilities	<u>1,197</u>	<u>-</u>	<u>171,109</u>	<u>172,306</u>
Total liabilities	<u>108,258</u>	<u>8,231</u>	<u>324,120</u>	<u>440,609</u>
NET POSITION				
Net investment in capital assets	1,925,683	965,201	1,173,042	4,063,926
Unrestricted net position	892,788	118,530	752,429	1,763,747
Total net position	<u>\$ 2,818,471</u>	<u>\$ 1,083,731</u>	<u>\$ 1,925,471</u>	<u>\$ 5,827,673</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, 2022

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 206,550	\$ 132,913	\$ 1,282,171	\$ 1,621,634
Miscellaneous	10,428	-	97	10,525
Total operating revenues	<u>216,978</u>	<u>132,913</u>	<u>1,282,268</u>	<u>1,632,159</u>
OPERATING EXPENSES				
Personnel	357,379	-	623,705	981,084
Materials and supplies	27,363	242	236,558	264,163
Maintenance	11,824	-	24,475	36,299
Heat, lights and power	74,433	40,298	42,159	156,890
Miscellaneous services	69,223	37,038	47,630	153,891
Contractual services	35,254	-	13,314	48,568
Computer services	20,787	-	-	20,787
Depreciation and amortization	250,307	84,573	176,323	511,203
Total operating expenses	<u>846,570</u>	<u>162,151</u>	<u>1,164,164</u>	<u>2,172,885</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(629,592)	(29,238)	118,104	(540,726)
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,496	-	-	5,496
Interest and fiscal charges	-	-	(8,714)	(8,714)
Net nonoperating revenues (expenses)	<u>5,496</u>	<u>-</u>	<u>(8,714)</u>	<u>(3,218)</u>
Income before transfers	(624,096)	(29,238)	109,390	(543,944)
Transfers				
Transfers in	450,000	-	-	450,000
Transfers out	(21,800)	(15,130)	-	(36,930)
Total transfers	<u>428,200</u>	<u>(15,130)</u>	<u>-</u>	<u>413,070</u>
Change in net position	(195,896)	(44,368)	109,390	(130,874)
Total net position at beginning of year	<u>3,014,367</u>	<u>1,128,099</u>	<u>1,816,081</u>	<u>5,958,547</u>
Total net position at end of year	<u>\$ 2,818,471</u>	<u>\$ 1,083,731</u>	<u>\$ 1,925,471</u>	<u>\$ 5,827,673</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 216,967	\$ 135,232	\$ 1,284,520	\$ 1,636,719
Cash paid to suppliers for goods and services	(247,040)	(77,206)	(362,830)	(687,076)
Cash paid to employees for services	(368,909)	-	(636,756)	(1,005,665)
Net cash provided (used) by operating activities	<u>(398,982)</u>	<u>58,026</u>	<u>284,934</u>	<u>(56,022)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in customer deposits	8,831	-	-	8,831
Borrowings from (to) other funds	8,389	-	6,548	14,937
Transfers in from other funds	450,000	-	-	450,000
Transfers out to other funds	(21,800)	(15,130)	-	(36,930)
Net cash provided (used) by noncapital financing activities	<u>445,420</u>	<u>(15,130)</u>	<u>6,548</u>	<u>436,838</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(136,971)	(12,925)	(5,810)	(155,706)
Principal paid on long-term debt	-	-	(169,030)	(169,030)
Interest and debt costs paid	-	-	(7,953)	(7,953)
Net cash provided (used) by capital and related financing activities	<u>(136,971)</u>	<u>(12,925)</u>	<u>(182,793)</u>	<u>(332,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	5,496	-	-	5,496
Net cash provided (used) by investing activities	<u>5,496</u>	<u>-</u>	<u>-</u>	<u>5,496</u>
Net increase (decrease) in cash and cash equivalents	(85,037)	29,971	108,689	53,623
Cash and cash equivalents at beginning of year	<u>1,081,503</u>	<u>96,790</u>	<u>627,714</u>	<u>1,806,007</u>
Cash and cash equivalents at end of year	<u>\$ 996,466</u>	<u>\$ 126,761</u>	<u>\$ 736,403</u>	<u>\$ 1,859,630</u>

CITY OF VICTORIA, TEXAS

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (629,592)	\$ (29,238)	\$ 118,104	\$ (540,726)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation and amortization	250,307	84,573	176,323	511,203
Changes in assets and liabilities				
(Increase) decrease in receivables	(11)	2,319	2,252	4,560
(Increase) decrease in prepaid items	-	-	(1,753)	(1,753)
(Increase) decrease in inventory	-	-	(975)	(975)
Increase (decrease) in accounts payable	(8,156)	372	4,034	(3,750)
Increase (decrease) in accrued expenses	(11,397)	-	(13,051)	(24,448)
Increase (decrease) in compensated absences	(133)	-	-	(133)
Total adjustments	<u>230,610</u>	<u>87,264</u>	<u>166,830</u>	<u>484,704</u>
Net cash provided (used) by operating activities	<u>\$ (398,982)</u>	<u>\$ 58,026</u>	<u>\$ 284,934</u>	<u>\$ (56,022)</u>
Reconciliation of cash and cash equivalents				
Unrestricted				
Cash and cash equivalents	\$ 494,368	\$ 126,761	\$ 736,403	\$ 1,357,532
Restricted				
Cash and cash equivalents	<u>502,098</u>	<u>-</u>	<u>-</u>	<u>502,098</u>
Total	<u>\$ 996,466</u>	<u>\$ 126,761</u>	<u>\$ 736,403</u>	<u>\$ 1,859,630</u>
Noncash capital and related financing activities				
Assets acquired from initiation of				
Right-to-Use lease	\$ -	\$ -	\$ 303,832	\$ 303,832
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,832</u>	<u>\$ 303,832</u>

WATER AND WASTEWATER FUND

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
WATER AND WASTEWATER FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,374,738	\$ 13,897,648
Investments	999,757	-
Receivables (net)		
Accounts	2,339,763	2,000,550
Other	95,956	103,067
Inventory	211,756	198,870
Restricted assets		
Cash and cash equivalents	<u>6,985,574</u>	<u>113,565</u>
 Total current assets	 <u>23,007,544</u>	 <u>16,313,700</u>
Noncurrent assets		
Capital assets		
Buildings	40,089,968	39,997,426
Water and wastewater distribution system	214,407,709	212,420,925
Improvements other than buildings	2,621,194	2,621,194
Machinery and equipment	<u>5,461,109</u>	<u>5,090,332</u>
Total capital assets	262,579,980	260,129,877
Less accumulated depreciation	<u>149,924,971</u>	<u>141,092,245</u>
Subtotal	112,655,009	119,037,632
Land and water rights	3,190,946	3,190,946
Construction in progress	<u>2,520,031</u>	<u>156,468</u>
Net capital assets	<u>118,365,986</u>	<u>122,385,046</u>
 Total noncurrent assets	 <u>118,365,986</u>	 <u>122,385,046</u>
 Total assets	 <u>141,373,530</u>	 <u>138,698,746</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	694,406	891,303
Deferred outflow related to pension	900,108	693,667
Deferred outflow related to OPEB	<u>329,862</u>	<u>306,472</u>
 Total deferred outflows of resources	 <u>1,924,376</u>	 <u>1,891,442</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
WATER AND WASTEWATER FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 792,297	\$ 647,884
Accounts payable (payable from restricted assets)	787,395	4,400
Accrued expenses	203,483	408,073
Accrued compensated absences	9,142	9,510
Due to other funds	179,171	134,620
Accrued interest payable	480,900	474,887
Current portion of waterworks and sewer system revenue bonds	<u>4,755,000</u>	<u>5,785,000</u>
Total current liabilities	<u>7,207,388</u>	<u>7,464,374</u>
Noncurrent liabilities		
Waterworks and sewer system revenue bonds (net of unamortized deferred amounts)	34,500,556	33,553,380
Net pension liability	2,701,758	4,642,949
OPEB liability	1,502,502	1,881,800
Accrued compensated absences	<u>122,052</u>	<u>128,037</u>
Total noncurrent liabilities	<u>38,826,868</u>	<u>40,206,166</u>
Total liabilities	<u>46,034,256</u>	<u>47,670,540</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	2,010,229	1,180,695
Deferred inflow related to OPEB	<u>210,394</u>	<u>233,408</u>
Total deferred inflows of resources	<u>2,220,623</u>	<u>1,414,103</u>
NET POSITION		
Net investment in capital assets	84,065,226	83,759,195
Unrestricted	<u>10,977,801</u>	<u>7,746,350</u>
Total net position	<u>\$ 95,043,027</u>	<u>\$ 91,505,545</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, 2022**With comparative totals for the year ended September 30, 2021*

	2022	2021
OPERATING REVENUES		
Water sales	\$ 14,311,688	\$ 13,431,090
Sewer service	12,466,325	12,364,289
Tap and connection fees	247,576	257,160
Miscellaneous	26,225	156,809
Total operating revenues	<u>27,051,814</u>	<u>26,209,348</u>
OPERATING EXPENSES		
Personnel	5,634,135	6,037,252
Pension and OPEB expense	(1,743,799)	(611,768)
Materials and supplies	1,765,296	1,349,487
Maintenance	1,538,836	1,356,991
Heat, lights, and power	958,676	897,130
Miscellaneous services	1,659,029	1,537,054
Vehicle equipment charges	-	689,194
Contractual services	799,368	756,315
Computer services	174,900	194,900
Depreciation and amortization	8,868,543	8,877,227
Total operating expenses	<u>19,654,984</u>	<u>21,083,782</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	7,396,830	5,125,566
NONOPERATING REVENUES (EXPENSES)		
Investment income	128,251	8,759
Interest and fiscal charges	(1,260,445)	(1,142,269)
Noncapital grants and contributions	-	150,000
Gain (loss) on disposition of capital assets	6,746	8,206
Net nonoperating revenues (expenses)	<u>(1,125,448)</u>	<u>(975,304)</u>
Income before transfers	6,271,382	4,150,262
Transfers		
Transfers in	-	308,279
Transfers out	(2,733,900)	(2,733,900)
Total transfers	<u>(2,733,900)</u>	<u>(2,425,621)</u>
Change in net position	3,537,482	1,724,641
Net position at beginning of year	<u>91,505,545</u>	<u>89,780,904</u>
Total net position at end of year	<u>\$ 95,043,027</u>	<u>\$ 91,505,545</u>

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

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 26,719,712	\$ 26,327,037
Cash paid to suppliers for goods and services	(6,801,786)	(6,765,946)
Cash paid to employees for services	(5,845,079)	(5,960,190)
Net cash provided (used) by operating activities	<u>14,072,847</u>	<u>13,600,901</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	44,551	(106,361)
Borrowings from (to) component unit	-	(16,030)
Noncapital grants and contributions		150,000
Transfers in from other funds	-	308,279
Transfers out to other funds	(2,733,900)	(2,733,900)
Total operating expenses	<u>(2,689,349)</u>	<u>(2,398,012)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,774,245)	(1,632,274)
Proceeds from sale of capital assets	6,746	8,206
Proceeds from issue of revenue bonds	5,972,828	-
Principal paid on revenue bonds	(5,785,000)	(6,490,000)
Interest paid on revenue bonds	(1,583,222)	(1,549,738)
Net cash provided (used) by capital and related financing activities	<u>(5,162,893)</u>	<u>(9,663,806)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,486,921	-
Purchase of investments	(3,486,678)	-
Investment income	128,251	8,759
Net cash provided (used) by investing activities	<u>(871,506)</u>	<u>8,759</u>
Net increase (decrease) in cash and cash equivalents	5,349,099	1,547,842
Cash and cash equivalents at beginning of year	<u>14,011,213</u>	<u>12,463,371</u>
Cash and cash equivalents at end of year	<u>\$ 19,360,312</u>	<u>\$ 14,011,213</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 7,396,830	\$ 5,125,566
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	8,868,543	8,877,227
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(339,213)	180,625
(Increase) decrease in other receivables	7,111	(62,936)
(Increase) decrease in inventory	(12,886)	(17,057)
(Increase) decrease in deferred outflows related to pension	(206,441)	(14,024)
(Increase) decrease in deferred outflows related to OPEB	(23,390)	(65,465)
Increase (decrease) in accounts payable	107,205	32,182
Increase (decrease) in accrued expenses	(204,590)	74,193
Increase (decrease) in compensated absences	(6,353)	2,869
Increase (decrease) in net pension liability	(1,941,191)	(594,516)
Increase (decrease) in OPEB liability	(379,298)	96,136
Increase (decrease) in deferred inflows related to pension	829,534	(83,769)
Increase (decrease) in deferred inflows related to OPEB	(23,014)	49,870
Total adjustments	<u>6,676,017</u>	<u>8,475,335</u>
Net cash provided (used) by operating activities	<u>\$ 14,072,847</u>	<u>\$ 13,600,901</u>

COMMUNITY CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 494,368	\$ 583,545
Receivables (net)		
Other	655	644
Returned checks	3,637	3,637
Restricted assets		
Cash and cash equivalents	<u>502,098</u>	<u>497,958</u>
Total current assets	<u>1,000,758</u>	<u>1,085,784</u>
Noncurrent assets		
Capital assets		
Buildings	5,649,467	5,544,816
Infrastructure	288,581	288,581
Machinery and equipment	<u>401,922</u>	<u>369,601</u>
Total capital assets	6,339,970	6,202,998
Less accumulated depreciation	<u>4,589,159</u>	<u>4,338,851</u>
Subtotal	1,750,811	1,864,147
Land	<u>175,160</u>	<u>175,160</u>
Net capital assets	<u>1,925,971</u>	<u>2,039,307</u>
Total noncurrent assets	<u>1,925,971</u>	<u>2,039,307</u>
Total assets	<u>2,926,729</u>	<u>3,125,091</u>
LIABILITIES		
Current liabilities		
Accounts payable	26,669	34,825
Accrued expenses	12,574	23,971
Accrued compensated absences	90	98
Due to other funds	12,903	4,514
Customer deposits	<u>54,825</u>	<u>45,994</u>
Total current liabilities	<u>107,061</u>	<u>109,402</u>
Noncurrent liabilities		
Accrued compensated absences	<u>1,197</u>	<u>1,322</u>
Total liabilities	<u>108,258</u>	<u>110,724</u>
NET POSITION		
Net investment in capital assets	1,925,683	2,037,000
Unrestricted	<u>892,788</u>	<u>977,367</u>
Total net position	<u>\$ 2,818,471</u>	<u>\$ 3,014,367</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, 2022
With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Rental fees	\$ 206,550	\$ 150,912
Miscellaneous	10,428	551
Total operating revenues	<u>216,978</u>	<u>151,463</u>
OPERATING EXPENSES		
Personnel	357,379	372,193
Materials and supplies	27,363	19,586
Maintenance	11,824	3,353
Heat, lights, and power	74,433	60,564
Miscellaneous services	69,223	38,799
Contractual services	35,254	25,200
Computer services	20,787	22,287
Depreciation and amortization	250,307	285,618
Total operating expenses	<u>846,570</u>	<u>827,600</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(629,592)	(676,137)
NONOPERATING REVENUES (EXPENSES)		
Investment income	5,496	918
Noncapital grants and contributions	<u>-</u>	<u>26,000</u>
Net nonoperating revenues (expenses)	<u>5,496</u>	<u>26,918</u>
Income (loss) before transfers	(624,096)	(649,219)
Transfers		
Transfers in	450,000	365,622
Transfers out	<u>(21,800)</u>	<u>(21,800)</u>
Total transfers	<u>428,200</u>	<u>343,822</u>
Change in net position	(195,896)	(305,397)
Total net position at beginning of year	<u>3,014,367</u>	<u>3,319,764</u>
Total net position at end of year	<u>\$ 2,818,471</u>	<u>\$ 3,014,367</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
COMMUNITY CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 216,967	\$ 151,463
Cash paid to suppliers for goods and services	(247,040)	(182,215)
Cash paid to employees for services	<u>(368,909)</u>	<u>(367,580)</u>
Net cash provided (used) by operating activities	<u>(398,982)</u>	<u>(398,332)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase (decrease) in customer deposits	8,831	7,938
Borrowings from (to) other funds	8,389	2,476
Noncapital grants and contributions	-	26,000
Transfers in from other funds	450,000	365,622
Transfers out to other funds	<u>(21,800)</u>	<u>(21,800)</u>
Net cash provided (used) by noncapital financing activities	<u>445,420</u>	<u>380,236</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(136,971)</u>	<u>(62,291)</u>
Net cash provided (used) by capital and related financing activities	<u>(136,971)</u>	<u>(62,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>5,496</u>	<u>918</u>
Net cash provided (used) by investing activities	<u>5,496</u>	<u>918</u>
Net increase (decrease) in cash and cash equivalents	(85,037)	(79,469)
Cash and cash equivalents at beginning of year	<u>1,081,503</u>	<u>1,160,972</u>
Cash and cash equivalents at end of year	<u>\$ 996,466</u>	<u>\$ 1,081,503</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (629,592)	\$ (676,137)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	250,307	285,618
Changes in assets and liabilities		
(Increase) decrease in receivables	(11)	-
Increase (decrease) in accounts payable	(8,156)	(12,426)
Increase (decrease) in accrued expenses	(11,397)	4,108
Increase (decrease) in compensated absences	<u>(133)</u>	<u>505</u>
Total adjustments	<u>230,610</u>	<u>277,805</u>
Net cash provided (used) by operating activities	<u>\$ (398,982)</u>	<u>\$ (398,332)</u>

700 MAIN CENTER FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 126,761	\$ 96,790
Receivables (net)		
Other	<u>-</u>	<u>2,319</u>
Total current assets	<u>126,761</u>	<u>99,109</u>
Noncurrent assets		
Capital assets		
Buildings	2,846,707	2,833,782
Improvements other than buildings	78,216	78,216
Machinery and equipment	<u>30,229</u>	<u>30,229</u>
Total capital assets	2,955,152	2,942,227
Less accumulated depreciation	<u>2,214,549</u>	<u>2,129,976</u>
Subtotal	740,603	812,251
Land	<u>224,598</u>	<u>224,598</u>
Net capital assets	<u>965,201</u>	<u>1,036,849</u>
Total assets	<u>1,091,962</u>	<u>1,135,958</u>
LIABILITIES		
Current liabilities		
Accounts payable	<u>8,231</u>	<u>7,859</u>
NET POSITION		
Net investment in capital assets	965,201	1,036,849
Unrestricted	<u>118,530</u>	<u>91,250</u>
Total net position	<u>\$ 1,083,731</u>	<u>\$ 1,128,099</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, 2022
With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Rental fees	\$ 132,913	\$ 151,352
OPERATING EXPENSES		
Materials and supplies	242	130
Maintenance	-	3,139
Heat, lights, and power	40,298	39,062
Miscellaneous services	37,038	45,161
Contractual services	-	15,773
Depreciation and amortization	<u>84,573</u>	<u>85,795</u>
Total operating expenses	<u>162,151</u>	<u>189,060</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(29,238)	(37,708)
NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>
Income (loss) before transfers	(29,238)	(37,708)
Transfers		
Transfers out	<u>(15,130)</u>	<u>(15,130)</u>
Change in net position	(44,368)	(52,838)
Total net position at beginning of year	<u>1,128,099</u>	<u>1,180,937</u>
Total net position at end of year	<u>\$ 1,083,731</u>	<u>\$ 1,128,099</u>

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
700 MAIN CENTER FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 135,232	\$ 151,332
Cash paid to suppliers for goods and services	<u>(77,206)</u>	<u>(104,595)</u>
Net cash provided (used) by operating activities	<u>58,026</u>	<u>46,737</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	<u>(15,130)</u>	<u>(15,130)</u>
Net cash provided (used) by noncapital financing activities	<u>(15,130)</u>	<u>(15,130)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(12,925)</u>	<u>(35,400)</u>
Net cash provided (used) by capital and related financing activities	<u>(12,925)</u>	<u>(35,400)</u>
Net increase (decrease) in cash and cash equivalents	29,971	(3,793)
Cash and cash equivalents at beginning of year	<u>96,790</u>	<u>100,583</u>
Cash and cash equivalents at end of year	<u>\$ 126,761</u>	<u>\$ 96,790</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (29,238)	\$ (37,708)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	84,573	85,795
Changes in assets and liabilities		
(Increase) decrease in other receivables	2,319	(20)
Increase (decrease) in accounts payable	<u>372</u>	<u>(1,330)</u>
Total adjustments	<u>87,264</u>	<u>84,445</u>
Net cash provided (used) by operating activities	<u>\$ 58,026</u>	<u>\$ 46,737</u>

ENVIRONMENTAL SERVICES FUND

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,286,332	\$ 7,722,204
Investments	1,999,514	-
Receivables (net)		
Accounts	283,611	245,112
Other	31,018	17,393
Due from component unit	65,000	-
Restricted assets		
Cash and cash equivalents	1,993,258	2,832,278
Investments	999,757	-
Total current assets	<u>11,658,490</u>	<u>10,816,987</u>
Noncurrent assets		
Capital assets		
Buildings	1,445,781	1,427,524
Infrastructure	1,504,801	1,504,801
Improvements other than buildings	1,221,485	1,221,485
Machinery and equipment	1,778,432	1,719,898
Total capital assets	5,950,499	5,873,708
Less accumulated depreciation	4,353,753	4,225,160
Subtotal	1,596,746	1,648,548
Land	834,981	834,981
Net capital assets	<u>2,431,727</u>	<u>2,483,529</u>
Total noncurrent assets	<u>2,431,727</u>	<u>2,483,529</u>
Total assets	<u>14,090,217</u>	<u>13,300,516</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pension	212,173	155,336
Deferred outflow related to OPEB	72,204	59,397
Total deferred outflows of resources	<u>284,377</u>	<u>214,733</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 256,312	\$ 272,517
Accrued expenses	61,826	124,591
Unearned revenue	-	7,200
Accrued compensated absences	2,320	2,041
Due to other governments	39,998	41,134
Due to other funds	54,295	50,043
Due to component unit	33,484	31,875
Total current liabilities	<u>448,235</u>	<u>529,401</u>
Noncurrent liabilities		
Accrued compensated absences	30,967	27,481
Net pension liability	624,673	1,006,069
OPEB liability	347,393	360,738
Estimated landfill closure and postclosure care cost	4,541,724	4,440,679
Total noncurrent liabilities	<u>5,544,757</u>	<u>5,834,967</u>
Total liabilities	<u>5,992,992</u>	<u>6,364,368</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	453,745	261,948
Deferred inflow related to OPEB	44,123	49,444
Total deferred inflows of resources	<u>497,868</u>	<u>311,392</u>
NET POSITION		
Net investment in capital assets	2,431,727	2,319,448
Unrestricted	5,452,007	4,520,041
Total net position	<u>\$ 7,883,734</u>	<u>\$ 6,839,489</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Garbage fees	\$ 3,480,096	\$ 3,386,242
Other garbage fees	1,370,829	1,351,586
Miscellaneous	<u>1,219,827</u>	<u>981,450</u>
Total operating revenues	<u>6,070,752</u>	<u>5,719,278</u>
OPERATING EXPENSES		
Personnel	1,453,011	1,467,480
Materials and supplies	406,920	279,532
Maintenance	1,998	2,064
Heat, lights, and power	14,139	13,230
Miscellaneous services	979,735	974,550
Contractual services	217,258	370,728
Computer services	73,133	88,133
Tipping fees	1,015,574	1,144,944
Landfill closure and postclosure care cost	205,660	101,045
Depreciation and amortization	<u>145,043</u>	<u>143,505</u>
Total operating expenses	<u>4,512,471</u>	<u>4,585,211</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	1,558,281	1,134,067
NONOPERATING REVENUES (EXPENSES)		
Investment income	81,328	12,199
Noncapital grants and contributions	-	8,000
Gain (loss) on disposition of capital assets	<u>(197)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>81,131</u>	<u>20,199</u>
Income before transfers	1,639,412	1,154,266
Transfers		
Transfers in	-	81,565
Transfers out	<u>(595,167)</u>	<u>(595,167)</u>
Total transfers	<u>(595,167)</u>	<u>(513,602)</u>
Change in net position	1,044,245	640,664
Net position at beginning of year	<u>6,839,489</u>	<u>6,198,825</u>
Total net position at end of year	<u>\$ 7,883,734</u>	<u>\$ 6,839,489</u>

CITY OF VICTORIA, TEXAS
MAJOR ENTERPRISE FUND
ENVIRONMENTAL SERVICES FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2022
With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 6,011,428	\$ 5,731,932
Cash paid to suppliers for goods and services	(2,830,713)	(2,768,972)
Cash paid to employees for services	<u>(1,789,920)</u>	<u>(1,594,459)</u>
Net cash provided (used) by operating activities	<u>1,390,795</u>	<u>1,368,501</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	5,861	37,010
Borrowings from (to) component unit	(65,000)	1,521
Noncapital grants and contributions	-	8,000
Transfers in from other funds	-	81,565
Transfers out to other funds	<u>(595,167)</u>	<u>(595,167)</u>
Net cash provided (used) by noncapital financing activities	<u>(654,306)</u>	<u>(467,071)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	<u>(93,437)</u>	<u>(573,686)</u>
Net cash provided (used) by capital and related financing activities	<u>(93,437)</u>	<u>(573,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,492,288	-
Purchase of investments	(4,491,560)	-
Investment income	<u>81,328</u>	<u>12,199</u>
Net cash provided (used) by investing activities	<u>(2,917,944)</u>	<u>12,199</u>
Net increase (decrease) in cash and cash equivalents	(2,274,892)	339,943
Cash and cash equivalents at beginning of year	<u>10,554,482</u>	<u>10,214,539</u>
Cash and cash equivalents at end of year	<u>\$ 8,279,590</u>	<u>\$ 10,554,482</u>

CITY OF VICTORIA, TEXAS

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,558,281	\$ 1,134,067
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	145,043	143,505
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	(38,499)	9,012
(Increase) decrease in other receivables	(13,625)	(3,558)
(Increase) decrease in deferred outflows related to pension	(56,837)	(3,039)
(Increase) decrease in deferred outflows related to OPEB	(12,807)	(7,142)
Increase (decrease) in accounts payable	(16,205)	110,626
Increase (decrease) in due to other governments	(1,136)	(6,417)
Increase (decrease) in unearned revenue	(7,200)	7,200
Increase (decrease) in accrued expenses	(62,765)	41,164
Increase (decrease) in compensated absences	3,765	5,647
Increase (decrease) in net pension liability	(381,396)	(128,824)
Increase (decrease) in OPEB liability	(13,345)	(26,193)
Increase (decrease) in landfill closure and postclosure care cost	101,045	101,045
Increase (decrease) in deferred inflows related to pension	191,797	(18,152)
Increase (decrease) in deferred inflows related to OPEB	(5,321)	9,560
Total adjustments	<u>(167,486)</u>	<u>234,434</u>
Net cash provided (used) by operating activities	<u>\$ 1,390,795</u>	<u>\$ 1,368,501</u>

GOLF COURSE FUND

CITY OF VICTORIA, TEXAS
NONMAJOR ENTERPRISE FUND
GOLF COURSE FUND
BALANCE SHEET
September 30, 2022
With comparative totals for the year ended September 30, 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 736,403	\$ 627,714
Receivables (net)	60,744	62,996
Due from other funds	975	975
Inventory	18,618	17,643
Prepaid items	1,753	-
Total current assets	<u>818,493</u>	<u>709,328</u>
Noncurrent assets		
Capital assets		
Buildings	322,821	317,013
Improvements other than buildings	212,415	212,415
Machinery and equipment	481,069	484,276
Total capital assets	1,016,305	1,013,704
Less accumulated depreciation	955,278	859,415
Subtotal	61,027	154,289
Land	1,143,492	1,143,492
Net capital assets	<u>1,204,519</u>	<u>1,297,781</u>
Right-to-Use lease assts		
Machinery and equipment	303,832	-
Total right-to-use lease assets	303,832	-
Less accumulated amortization	77,253	-
Net right-to-use lease assets	<u>226,579</u>	<u>-</u>
Total noncurrent assets	<u>1,431,098</u>	<u>1,297,781</u>
Total assets	<u>2,249,591</u>	<u>2,007,109</u>
LIABILITIES		
Current liabilities		
Accounts payable	27,925	23,891
Accrued expenses	29,981	43,032
Due to other funds	7,399	851
Accrued interest payable	759	-
Current portion of right-to-use lease liability	61,448	-
Current portion of financed purchases	25,499	92,925
Total current liabilities	<u>153,011</u>	<u>160,699</u>
Noncurrent liabilities		
Right-to-use lease liability	166,279	-
Financed purchases	4,830	30,329
Total noncurrent liabilities	<u>171,109</u>	<u>30,329</u>
Total liabilities	<u>324,120</u>	<u>191,028</u>
NET POSITION		
Net investment in capital assets	1,173,042	1,174,527
Unrestricted	752,429	641,554
Total net position	<u>\$ 1,925,471</u>	<u>\$ 1,816,081</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Golf course sales	\$ 258,797	\$ 237,496
Fees and memberships	1,023,374	994,896
Miscellaneous	<u>97</u>	<u>91</u>
Total operating revenues	<u>1,282,268</u>	<u>1,232,483</u>
OPERATING EXPENSES		
Personnel	623,705	551,983
Materials and supplies	236,558	201,410
Maintenance	24,475	30,466
Heat, lights, and power	42,159	37,587
Miscellaneous services	47,630	86,860
Contractual services	13,314	16,241
Depreciation and amortization	<u>176,323</u>	<u>96,330</u>
Total operating expenses	<u>1,164,164</u>	<u>1,020,877</u>
Operating income (loss) before nonoperating revenues (expenses)	118,104	211,606
NONOPERATING REVENUES (EXPENSES)		
Interest and fiscal charges	<u>(8,714)</u>	<u>(5,664)</u>
Change in net position	109,390	205,942
Total net position at beginning of year	<u>1,816,081</u>	<u>1,610,139</u>
Total net position at end of year	<u>\$ 1,925,471</u>	<u>\$ 1,816,081</u>

CITY OF VICTORIA, TEXAS

NONMAJOR ENTERPRISE FUND

GOLF COURSE FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,284,520	\$ 1,229,726
Cash paid to suppliers for goods and services	(362,830)	(372,959)
Cash paid to employees for services	(636,756)	(554,571)
Net cash provided (used) by operating activities	<u>284,934</u>	<u>302,196</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Borrowings from (to) other funds	6,548	304
Net cash provided (used) by noncapital financing activities	<u>6,548</u>	<u>304</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(5,810)	(3,645)
Principal paid on long-term debt	(169,030)	(87,826)
Interest and debt costs paid	(7,953)	(5,664)
Net cash provided (used) by capital and related financing activities	<u>(182,793)</u>	<u>(97,135)</u>
Net increase (decrease) in cash and cash equivalents	108,689	205,365
Cash and cash equivalents at beginning of year	627,714	422,349
Cash and cash equivalents at end of year	<u>\$ 736,403</u>	<u>\$ 627,714</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 118,104	\$ 211,606
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	176,323	96,330
Changes in assets and liabilities		
(Increase) decrease in other receivables	2,252	(2,757)
(Increase) decrease in prepaid items	(1,753)	2,519
(Increase) decrease in inventory	(975)	(3,683)
Increase (decrease) in accounts payable	4,034	769
Increase (decrease) in accrued expenses	(13,051)	(2,588)
Total adjustments	<u>166,830</u>	<u>90,590</u>
Net cash provided (used) by operating activities	<u>\$ 284,934</u>	<u>\$ 302,196</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, 2022

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 377,433	\$ 644,304	\$ 173,490
Receivables (net)			
Other	321,566	2	17,806
Due from other funds	20,659	-	-
Inventory	76,320	-	-
Prepaid items	-	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
Total current assets	<u>795,978</u>	<u>644,306</u>	<u>191,296</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	134,007	-	39,168
Buildings, improvements, and equipment (net)	<u>5,158,124</u>	<u>290,588</u>	<u>37,773</u>
Net capital assets	<u>5,292,131</u>	<u>290,588</u>	<u>76,941</u>
Right-to-Use lease assts			
Machinery and equipment (net)	<u>359,264</u>	-	<u>28,067</u>
Net right-to-use lease assets	<u>359,264</u>	-	<u>28,067</u>
Total noncurrent assets	<u>5,651,395</u>	<u>290,588</u>	<u>105,008</u>
Total assets	<u>6,447,373</u>	<u>934,894</u>	<u>296,304</u>
LIABILITIES			
Current liabilities			
Accounts payable	700,122	52,827	1,584
Accrued expenses	24,333	26,055	-
Due to other funds	-	27,005	1,677
Accrued compensated absences	664	1,709	-
Claims payable	-	-	-
Accrued interest payable	1,214	-	730
Current portion of right-to-use lease liability	118,347	-	7,369
Current portion of financed purchases	<u>127,430</u>	-	-
Total current liabilities	<u>972,110</u>	<u>107,596</u>	<u>11,360</u>
Noncurrent liabilities			
Accrued compensated absences	8,866	22,810	-
Right-to-use lease liability	245,843	-	21,153
Financed purchases	<u>684,112</u>	-	-
Total noncurrent liabilities	<u>938,821</u>	<u>22,810</u>	<u>21,153</u>
Total liabilities	<u>1,910,931</u>	<u>130,406</u>	<u>32,513</u>
NET POSITION			
Net investment in capital assets	4,475,663	290,588	76,486
Unrestricted	<u>60,779</u>	<u>513,900</u>	<u>187,305</u>
Total net position	<u>\$ 4,536,442</u>	<u>\$ 804,488</u>	<u>\$ 263,791</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 144,081	\$ 161,387	\$ 338,086	\$ 29,421	\$ 4,701,113	\$ 6,569,315
49	4,975	-	4,166	24,151	372,715
-	2,924	-	-	375,877	399,460
34,344	-	-	16,103	-	126,767
-	-	-	-	27,308	27,308
-	-	24,000	-	-	24,000
<u>178,474</u>	<u>169,286</u>	<u>362,086</u>	<u>49,690</u>	<u>5,128,449</u>	<u>7,519,565</u>
-	-	-	-	-	173,175
<u>27,105</u>	<u>776</u>	<u>-</u>	<u>2,415</u>	<u>-</u>	<u>5,516,781</u>
<u>27,105</u>	<u>776</u>	<u>-</u>	<u>2,415</u>	<u>-</u>	<u>5,689,956</u>
-	-	-	-	-	387,331
-	-	-	-	-	387,331
<u>27,105</u>	<u>776</u>	<u>-</u>	<u>2,415</u>	<u>-</u>	<u>6,077,287</u>
<u>205,579</u>	<u>170,062</u>	<u>362,086</u>	<u>52,105</u>	<u>5,128,449</u>	<u>13,596,852</u>
8,560	2,277	-	4,050	2,449	771,869
7,978	2,544	-	-	-	60,910
15,790	-	-	5,013	-	49,485
447	164	-	-	-	2,984
-	-	96,374	-	318,965	415,339
-	-	-	-	-	1,944
-	-	-	-	-	125,716
-	-	-	-	-	127,430
<u>32,775</u>	<u>4,985</u>	<u>96,374</u>	<u>9,063</u>	<u>321,414</u>	<u>1,555,677</u>
5,972	2,182	-	-	-	39,830
-	-	-	-	-	266,996
-	-	-	-	-	684,112
<u>5,972</u>	<u>2,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>990,938</u>
<u>38,747</u>	<u>7,167</u>	<u>96,374</u>	<u>9,063</u>	<u>321,414</u>	<u>2,546,615</u>
27,105	776	-	2,415	-	4,873,033
<u>139,727</u>	<u>162,119</u>	<u>265,712</u>	<u>40,627</u>	<u>4,807,035</u>	<u>6,177,204</u>
<u>\$ 166,832</u>	<u>\$ 162,895</u>	<u>\$ 265,712</u>	<u>\$ 43,042</u>	<u>\$ 4,807,035</u>	<u>\$ 11,050,237</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, 2022*

	Building and Equipment Svcs.	Information Technology	Radio Systems
OPERATING REVENUES			
Charges for services	\$ 5,340,193	\$ 1,627,407	\$ 439,355
Miscellaneous	47,780	242	3
Total operating revenues	<u>5,387,973</u>	<u>1,627,649</u>	<u>439,358</u>
OPERATING EXPENSES			
Personnel	686,399	688,895	10,500
Materials and supplies	1,744,355	9,510	830
Maintenance	496,241	625,779	422,277
Heat, lights, and power	83,011	-	-
Reinsurance premiums	-	-	-
Miscellaneous services	763,042	120,753	22,247
Contractual services	1,215,880	33,405	1,070
Computer services	42,233	-	8,793
Court costs, judgments, and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Depreciation and amortization	2,623,018	152,473	19,711
Total operating expenses	<u>7,654,179</u>	<u>1,630,815</u>	<u>485,428</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(2,266,206)	(3,166)	(46,070)
NONOPERATING REVENUES (EXPENSES)			
Investment income	48	787	585
Interest and fiscal charges	(36,681)	-	(1,272)
Gain (loss) on disposition of capital assets	10,205	602	(7,340)
Net nonoperating revenues (expenses)	<u>(26,428)</u>	<u>1,389</u>	<u>(8,027)</u>
Income (loss) before transfers	(2,292,634)	(1,777)	(54,097)
Transfers			
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(2,292,634)	(1,777)	(54,097)
Total net position at beginning of year	<u>6,829,076</u>	<u>806,265</u>	<u>317,888</u>
Total net position at end of year	<u>\$ 4,536,442</u>	<u>\$ 804,488</u>	<u>\$ 263,791</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 266,546	\$ 809,801	\$ 205,000	\$ 52,085	\$ 6,642,830	\$ 15,383,217
30,817	4,975	-	-	71,325	155,142
<u>297,363</u>	<u>814,776</u>	<u>205,000</u>	<u>52,085</u>	<u>6,714,155</u>	<u>15,538,359</u>
237,185	101,286	-	10,981	-	1,735,246
2,830	589	-	712	-	1,758,826
-	275	-	19,781	-	1,564,353
4,394	-	-	-	-	87,405
-	723,443	-	-	660,847	1,384,290
27,329	16,304	-	23,736	-	973,411
-	13,326	-	-	349,257	1,612,938
22,716	8,793	-	8,793	-	91,328
-	2,922	-	-	-	2,922
-	-	24,615	-	4,126,070	4,150,685
-	-	-	-	200,000	200,000
-	-	-	-	27,499	27,499
-	-	-	-	32,492	32,492
<u>3,518</u>	<u>441</u>	<u>-</u>	<u>418</u>	<u>-</u>	<u>2,799,579</u>
<u>297,972</u>	<u>867,379</u>	<u>24,615</u>	<u>64,421</u>	<u>5,396,165</u>	<u>16,420,974</u>
(609)	(52,603)	180,385	(12,336)	1,317,990	(882,615)
642	508	2,649	-	33,152	38,371
-	-	-	-	-	(37,953)
-	-	-	12	-	3,479
<u>642</u>	<u>508</u>	<u>2,649</u>	<u>12</u>	<u>33,152</u>	<u>3,897</u>
33	(52,095)	183,034	(12,324)	1,351,142	(878,718)
-	-	-	-	200,000	200,000
-	-	(50,000)	-	-	(50,000)
-	-	(50,000)	-	200,000	150,000
33	(52,095)	133,034	(12,324)	1,551,142	(728,718)
<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>
<u>\$ 166,832</u>	<u>\$ 162,895</u>	<u>\$ 265,712</u>	<u>\$ 43,042</u>	<u>\$ 4,807,035</u>	<u>\$ 11,050,237</u>

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2022

	Building and Equipment Svcs.	Information Technology	Radio Systems
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 5,085,588	\$ 1,643,856	\$ 455,507
Cash paid to suppliers for goods and services	(3,910,675)	(764,246)	(481,946)
Cash paid to employees for services	(704,564)	(700,894)	(10,500)
Net cash provided (used) by operating activities	<u>470,349</u>	<u>178,716</u>	<u>(36,939)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	-	-	-
Transfers out to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(704,372)	(55,388)	(3,730)
Proceeds from sale of capital assets	10,205	602	-
Principal paid on long-term debt	(228,105)	-	(7,199)
Interest and debt costs paid	(35,467)	-	(542)
Net cash provided (used) by capital and related financing activities	<u>(957,739)</u>	<u>(54,786)</u>	<u>(11,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	48	787	585
Net cash provided (used) by investing activities	<u>48</u>	<u>787</u>	<u>585</u>
Net increase (decrease) in cash and cash equivalents	(487,342)	124,717	(47,825)
Cash and cash equivalents at beginning of year	864,775	519,587	221,315
Cash and cash equivalents at end of year	<u>\$ 377,433</u>	<u>\$ 644,304</u>	<u>\$ 173,490</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 293,243	\$ 811,813	\$ 205,000	\$ 57,062	\$ 6,887,802	\$ 15,439,871
(49,897)	(764,794)	(265,457)	(56,213)	(5,490,012)	(11,783,240)
<u>(243,400)</u>	<u>(103,449)</u>	<u>-</u>	<u>(10,981)</u>	<u>-</u>	<u>(1,773,788)</u>
(54)	(56,430)	(60,457)	(10,132)	1,397,790	1,882,843
-	-	-	-	200,000	200,000
<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
-	-	(50,000)	-	200,000	150,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(763,490)</u>
-	-	-	12	-	10,819
-	-	-	-	-	(235,304)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,009)</u>
-	-	-	12	-	(1,023,984)
<u>642</u>	<u>508</u>	<u>2,649</u>	<u>-</u>	<u>33,152</u>	<u>38,371</u>
<u>642</u>	<u>508</u>	<u>2,649</u>	<u>-</u>	<u>33,152</u>	<u>38,371</u>
588	(55,922)	(107,808)	(10,120)	1,630,942	1,047,230
<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>
<u>\$ 144,081</u>	<u>\$ 161,387</u>	<u>\$ 362,086</u>	<u>\$ 29,421</u>	<u>\$ 4,701,113</u>	<u>\$ 6,593,315</u>

(continued)

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended September 30, 2022

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (2,266,206)	\$ (3,166)	\$ (46,070)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	2,623,018	152,473	19,711
Changes in assets and liabilities			
(Increase) decrease in other receivables	(281,641)	14	14,472
(Increase) decrease in due from other funds	(20,659)	-	-
(Increase) decrease in inventory	8,727	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	425,360	25,201	(26,729)
Increase (decrease) in accrued expenses	(18,809)	(13,325)	-
Increase (decrease) in due to other funds	(85)	16,193	1,677
Increase (decrease) in compensated absences	644	1,326	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>2,736,555</u>	<u>181,882</u>	<u>9,131</u>
Net cash provided (used) by operating activities	<u>\$ 470,349</u>	<u>\$ 178,716</u>	<u>\$ (36,939)</u>
Reconciliation of cash and cash equivalents			
Unrestricted			
Cash and cash equivalents	\$ 377,433	\$ 644,304	\$ 173,490
Restricted			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 377,433</u>	<u>\$ 644,304</u>	<u>\$ 173,490</u>
Noncash capital and related financing activities			
Assets acquired from financed purchases	\$ 936,011	\$ -	\$ -
Assets acquired from initiation of Right-to-Use lease	<u>467,826</u>	<u>-</u>	<u>35,721</u>
Total	<u>\$ 1,403,837</u>	<u>\$ -</u>	<u>\$ 35,721</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ (609)	\$ (52,603)	\$ 180,385	\$ (12,336)	\$ 1,317,990	\$ (882,615)
3,518	441	-	418	-	2,799,579
(25)	-	-	(36)	56,321	(210,895)
-	(2,924)	-	-	117,326	93,743
4,183	-	-	(4,635)	-	8,275
-	-	-	-	(27,308)	(27,308)
3,189	858	(27,992)	1,444	(59,500)	341,831
(8,018)	(4,509)	-	-	-	(44,661)
(4,095)	(39)	-	5,013	-	18,664
1,803	2,346	-	-	-	6,119
-	-	(212,850)	-	(7,039)	(219,889)
<u>555</u>	<u>(3,827)</u>	<u>(240,842)</u>	<u>2,204</u>	<u>79,800</u>	<u>2,765,458</u>
<u>\$ (54)</u>	<u>\$ (56,430)</u>	<u>\$ (60,457)</u>	<u>\$ (10,132)</u>	<u>\$ 1,397,790</u>	<u>\$ 1,882,843</u>
\$ 144,081	\$ 161,387	\$ 338,086	\$ 29,421	\$ 4,701,113	\$ 6,569,315
-	-	24,000	-	-	24,000
<u>\$ 144,081</u>	<u>\$ 161,387</u>	<u>\$ 362,086</u>	<u>\$ 29,421</u>	<u>\$ 4,701,113</u>	<u>\$ 6,593,315</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 936,011
-	-	-	-	-	503,547
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,439,558</u>

(concluded)

BUILDING AND EQUIPMENT SERVICES FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
BUILDING AND EQUIPMENT SERVICES FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 377,433	\$ 864,775
Receivables		
Other	321,566	39,925
Due from other funds	20,659	-
Inventory	76,320	85,047
Total current assets	<u>795,978</u>	<u>989,747</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>25,603,662</u>	<u>24,125,938</u>
Total capital assets	26,133,376	24,655,652
Less accumulated depreciation	<u>20,975,252</u>	<u>18,623,455</u>
Subtotal	5,158,124	6,032,197
Land	<u>134,007</u>	<u>134,007</u>
Net capital assets	<u>5,292,131</u>	<u>6,166,204</u>
Right-to-Use lease assts		
Machinery and equipment	<u>467,826</u>	<u>-</u>
Total right-to-use lease assets	<u>467,826</u>	<u>-</u>
Less accumulated amortization	<u>108,562</u>	<u>-</u>
Net right-to-use lease assets	<u>359,264</u>	<u>-</u>
Total noncurrent assets	<u>5,651,395</u>	<u>6,166,204</u>
Total assets	<u>6,447,373</u>	<u>7,155,951</u>
LIABILITIES		
Current liabilities		
Accounts payable	700,122	274,762
Accrued expenses	24,333	43,142
Due to other funds	-	85
Accrued interest payable	1,214	-
Accrued compensated absences	664	614
Current portion of right-to-use lease liability	118,347	-
Current portion of financed purchases	<u>127,430</u>	<u>-</u>
Total current liabilities	<u>972,110</u>	<u>318,603</u>
Noncurrent liabilities		
Accrued compensated absences	8,866	8,272
Right-to-use lease liability	245,843	-
Financed purchases	<u>684,112</u>	<u>-</u>
Total noncurrent liabilities	<u>938,821</u>	<u>8,272</u>
Total liabilities	<u>1,910,931</u>	<u>326,875</u>
NET POSITION		
Net investment in capital assets	4,475,663	6,164,608
Unrestricted	<u>60,779</u>	<u>664,468</u>
Total net position	<u>\$ 4,536,442</u>	<u>\$ 6,829,076</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 5,340,193	\$ 5,817,412
Miscellaneous	<u>47,780</u>	<u>1,570</u>
Total operating revenues	<u>5,387,973</u>	<u>5,818,982</u>
OPERATING EXPENSES		
Personnel	686,399	641,730
Materials and supplies	1,744,355	1,086,478
Maintenance	496,241	9,136
Heat, lights, and power	83,011	62,654
Miscellaneous services	763,042	1,318,125
Contractual services	1,215,880	1,350,269
Computer services	42,233	42,233
Depreciation and amortization	<u>2,623,018</u>	<u>2,513,100</u>
Total operating expenses	<u>7,654,179</u>	<u>7,023,725</u>
Operating income (loss) before nonoperating revenues (expenses)	(2,266,206)	(1,204,743)
NONOPERATING REVENUES (EXPENSES)		
Investment income	48	211
Interest and fiscal charges	(36,681)	-
Noncapital grants and contributions	-	57,313
Gain (loss) on disposition of capital assets	<u>10,205</u>	<u>(152,910)</u>
Net nonoperating revenues (expenses)	<u>(26,428)</u>	<u>(95,386)</u>
Change in net position	(2,292,634)	(1,300,129)
Total net position at beginning of year	<u>6,829,076</u>	<u>8,129,205</u>
Total net position at end of year	<u>\$ 4,536,442</u>	<u>\$ 6,829,076</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

BUILDING AND EQUIPMENT SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 5,085,588	\$ 5,820,154
Cash paid to suppliers for goods and services	(3,910,675)	(4,008,480)
Cash paid to employees for services	(704,564)	(606,902)
Net cash provided (used) by operating activities	<u>470,349</u>	<u>1,204,772</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	-	57,313
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>57,313</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(704,372)	(1,527,868)
Proceeds from sale of capital assets	10,205	-
Principal paid on long-term debt	(228,105)	-
Interest and debt costs paid	(35,467)	-
Net cash provided (used) by capital and related financing activities	<u>(957,739)</u>	<u>(1,527,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	48	211
Net increase (decrease) in cash and cash equivalents	<u>(487,342)</u>	<u>(265,572)</u>
Cash and cash equivalents at beginning of year	864,775	1,130,347
Cash and cash equivalents at end of year	<u>\$ 377,433</u>	<u>\$ 864,775</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,266,206)	\$ (1,204,743)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	2,623,018	2,513,100
Changes in assets and liabilities		
(Increase) decrease in other receivables	(281,641)	1,087
(Increase) decrease in due from other funds	(20,659)	-
(Increase) decrease in inventory	8,727	(57,845)
(Increase) decrease in prepaid items	-	83,631
Increase (decrease) in accounts payable	425,360	(165,371)
Increase (decrease) in accrued expenses	(18,809)	25,942
Increase (decrease) in due to other funds	(85)	85
Increase (decrease) in compensated absences	644	8,886
Total adjustments	<u>2,736,555</u>	<u>2,409,515</u>
Net cash provided (used) by operating activities	<u>\$ 470,349</u>	<u>\$ 1,204,772</u>

INFORMATION TECHNOLOGY FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
INFORMATION TECHNOLOGY FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 644,304	\$ 519,587
Receivables		
Other	<u>2</u>	<u>16</u>
Total current assets	<u>644,306</u>	<u>519,603</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	<u>2,940,330</u>	<u>2,999,007</u>
Total capital assets	<u>2,940,330</u>	<u>2,999,007</u>
Less accumulated depreciation	<u>2,649,742</u>	<u>2,611,334</u>
Net capital assets	<u>290,588</u>	<u>387,673</u>
Total assets	<u>934,894</u>	<u>907,276</u>
LIABILITIES		
Current liabilities		
Accounts payable	52,827	27,626
Accrued expenses	26,055	39,380
Due to other funds	27,005	10,812
Accrued compensated absences	<u>1,709</u>	<u>1,603</u>
Total current liabilities	<u>107,596</u>	<u>79,421</u>
Noncurrent liabilities		
Accrued compensated absences	<u>22,810</u>	<u>21,590</u>
Total noncurrent liabilities	<u>22,810</u>	<u>21,590</u>
Total liabilities	<u>130,406</u>	<u>101,011</u>
NET POSITION		
Net investment in capital assets	290,588	384,519
Unrestricted	<u>513,900</u>	<u>421,746</u>
Total net position	<u>\$ 804,488</u>	<u>\$ 806,265</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 1,627,407	\$ 1,727,407
Miscellaneous	<u>242</u>	<u>1,348</u>
Total operating revenues	<u>1,627,649</u>	<u>1,728,755</u>
OPERATING EXPENSES		
Personnel	688,895	654,428
Materials and supplies	9,510	11,495
Maintenance	625,779	542,750
Miscellaneous services	120,753	112,600
Contractual services	33,405	139,137
Depreciation and amortization	<u>152,473</u>	<u>171,867</u>
Total operating expenses	<u>1,630,815</u>	<u>1,632,277</u>
Operating income (loss) before nonoperating revenues (expenses)	(3,166)	96,478
NONOPERATING REVENUES (EXPENSES)		
Investment income	787	278
Noncapital grants and contributions	-	20,000
Gain (loss) on disposition of capital assets	<u>602</u>	<u>(1,012)</u>
Net nonoperating revenues (expenses)	<u>1,389</u>	<u>19,266</u>
Change in net position	(1,777)	115,744
Total net position at beginning of year	<u>806,265</u>	<u>690,521</u>
Total net position at end of year	<u>\$ 804,488</u>	<u>\$ 806,265</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

INFORMATION TECHNOLOGY FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 1,643,856	\$ 1,738,357
Cash paid to suppliers for goods and services	(764,246)	(827,571)
Cash paid to employees for services	(700,894)	(667,659)
Net cash provided (used) by operating activities	<u>178,716</u>	<u>243,127</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	-	20,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>20,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(55,388)	(229,073)
Proceeds from sale of capital assets	602	388
Net cash provided (used) by capital and related financing activities	<u>(54,786)</u>	<u>(228,685)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	787	278
Net cash provided (used) by investing activities	<u>787</u>	<u>278</u>
Net increase (decrease) in cash and cash equivalents	124,717	34,720
Cash and cash equivalents at beginning of year	519,587	484,867
Cash and cash equivalents at end of year	<u>\$ 644,304</u>	<u>\$ 519,587</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (3,166)	\$ 96,478
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	152,473	171,867
Changes in assets and liabilities		
(Increase) decrease in other receivables	14	37
Increase (decrease) in accounts payable	25,201	(21,589)
Increase (decrease) in accrued expenses	(13,325)	(644)
Increase (decrease) in due to other funds	16,193	9,565
Increase (decrease) in compensated absences	1,326	(12,587)
Total adjustments	<u>181,882</u>	<u>146,649</u>
Net cash provided (used) by operating activities	<u>\$ 178,716</u>	<u>\$ 243,127</u>

RADIO SYSTEMS FUND

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

BALANCE SHEET

September 30, 2022

With comparative totals for September 30, 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 173,490	\$ 221,315
Receivables		
Other	17,806	32,278
Total current assets	191,296	253,593
Noncurrent assets		
Capital assets		
Buildings	29,130	43,263
Infrastructure	2,501	2,501
Machinery and equipment	3,745,131	3,761,079
Total capital assets	3,776,762	3,806,843
Less accumulated depreciation	3,738,989	3,753,403
Subtotal	37,773	53,440
Land	39,168	39,168
Net capital assets	76,941	92,608
Right-to-Use lease assts		
Machinery and equipment	35,721	-
Total right-to-use lease assets	35,721	-
Less accumulated amortization	7,654	-
Net right-to-use lease assets	28,067	-
Total noncurrent assets	105,008	92,608
Total assets	296,304	346,201
LIABILITIES		
Current liabilities		
Accounts payable	1,584	28,313
Due to other funds	1,677	-
Accrued interest payable	730	-
Current portion of right-to-use lease liability	7,369	-
Total current liabilities	11,360	28,313
Noncurrent liabilities		
Right-to-use lease liability	21,153	-
Total noncurrent liabilities	21,153	-
Total liabilities	32,513	28,313
NET POSITION		
Net investment in capital assets	76,486	81,968
Unrestricted	187,305	235,920
Total net position	\$ 263,791	\$ 317,888

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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 439,355	\$ 436,704
Miscellaneous	<u>3</u>	<u>3</u>
Total operating revenues	<u>439,358</u>	<u>436,707</u>
OPERATING EXPENSES		
Personnel	10,500	10,640
Materials and supplies	830	1,324
Maintenance	422,277	413,059
Miscellaneous services	22,247	36,430
Contractual services	1,070	25,130
Computer services	8,793	8,793
Depreciation and amortization	<u>19,711</u>	<u>94,286</u>
Total operating expenses	<u>485,428</u>	<u>589,662</u>
Operating income (loss) before nonoperating revenues (expenses)	(46,070)	(152,955)
NONOPERATING REVENUES (EXPENSES)		
Investment income	585	218
Interest and fiscal charges	(1,272)	-
Gain (loss) on disposition of capital assets	<u>(7,340)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(8,027)</u>	<u>218</u>
Change in net position	(54,097)	(152,737)
Total net position at beginning of year	<u>317,888</u>	<u>470,625</u>
Total net position at end of year	<u>\$ 263,791</u>	<u>\$ 317,888</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 455,507	\$ 422,101
Cash paid to suppliers for goods and services	(481,946)	(459,697)
Cash paid to employees for services	(10,500)	(10,640)
Net cash provided (used) by operating activities	<u>(36,939)</u>	<u>(48,236)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,730)	(26,140)
Principal paid on long-term debt	(7,199)	-
Interest and debt costs paid	(542)	-
Net cash provided (used) by capital and related financing activities	<u>(11,471)</u>	<u>(26,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	585	218
Net cash provided (used) by investing activities	<u>585</u>	<u>218</u>
Net increase (decrease) in cash and cash equivalents	(47,825)	(74,158)
Cash and cash equivalents at beginning of year	221,315	295,473
Cash and cash equivalents at end of year	<u>\$ 173,490</u>	<u>\$ 221,315</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (46,070)	\$ (152,955)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	19,711	94,286
Changes in assets and liabilities		
(Increase) decrease in other receivables	14,472	(14,606)
Increase (decrease) in accounts payable	(26,729)	25,039
Increase (decrease) in due to other funds	1,677	-
Total adjustments	<u>9,131</u>	<u>104,719</u>
Net cash provided (used) by operating activities	<u>\$ (36,939)</u>	<u>\$ (48,236)</u>

PURCHASING FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PURCHASING FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 144,081	\$ 143,493
Receivables		
Other	49	24
Inventory	<u>34,344</u>	<u>38,527</u>
Total current assets	<u>178,474</u>	<u>182,044</u>
Noncurrent assets		
Capital assets		
Buildings	147,110	147,110
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	190,242
Less accumulated depreciation	<u>163,137</u>	<u>159,619</u>
Net capital assets	<u>27,105</u>	<u>30,623</u>
Total assets	<u>205,579</u>	<u>212,667</u>
LIABILITIES		
Current liabilities		
Accounts payable	8,560	5,371
Accrued expenses	7,978	15,996
Due to other funds	15,790	19,885
Accrued compensated absences	<u>447</u>	<u>319</u>
Total current liabilities	<u>32,775</u>	<u>41,571</u>
Noncurrent liabilities		
Accrued compensated absences	<u>5,972</u>	<u>4,297</u>
Total noncurrent liabilities	<u>5,972</u>	<u>4,297</u>
Total liabilities	<u>38,747</u>	<u>45,868</u>
NET POSITION		
Net investment in capital assets	27,105	30,623
Unrestricted	<u>139,727</u>	<u>136,176</u>
Total net position	<u>\$ 166,832</u>	<u>\$ 166,799</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 266,546	\$ 202,213
Miscellaneous	<u>30,817</u>	<u>33,317</u>
Total operating revenues	<u>297,363</u>	<u>235,530</u>
OPERATING EXPENSES		
Personnel	237,185	231,165
Materials and supplies	2,830	3,169
Heat, lights, and power	4,394	1,404
Miscellaneous services	27,329	27,415
Contractual services	-	231
Computer services	22,716	22,716
Depreciation and amortization	<u>3,518</u>	<u>3,021</u>
Total operating expenses	<u>297,972</u>	<u>289,121</u>
Operating income (loss) before nonoperating revenues (expenses)	(609)	(53,591)
NONOPERATING REVENUES (EXPENSES)		
Investment income	642	126
Noncapital grants and contributions	<u>-</u>	<u>1,000</u>
Net nonoperating revenues (expenses)	<u>642</u>	<u>1,126</u>
Change in net position	33	(52,465)
Total net position at beginning of year	<u>166,799</u>	<u>219,264</u>
Total net position at end of year	<u>\$ 166,832</u>	<u>\$ 166,799</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PURCHASING FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 293,243	\$ 253,745
Cash paid to suppliers for goods and services	(49,897)	(66,423)
Cash paid to employees for services	(243,400)	(226,723)
Net cash provided (used) by operating activities	(54)	(39,401)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	-	1,000
Net cash provided (used) by noncapital financing activities	-	1,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(2,710)
Net cash provided (used) by capital and related financing activities	-	(2,710)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	642	126
Net cash provided (used) by investing activities	642	126
Net increase (decrease) in cash and cash equivalents	588	(40,985)
Cash and cash equivalents at beginning of year	143,493	184,478
Cash and cash equivalents at end of year	<u>\$ 144,081</u>	<u>\$ 143,493</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (609)	\$ (53,591)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	3,518	3,021
Changes in assets and liabilities		
(Increase) decrease in other receivables	(25)	-
(Increase) decrease in inventory	4,183	(12,333)
Increase (decrease) in accounts payable	3,189	845
Increase (decrease) in accrued expenses	(8,018)	4,538
Increase (decrease) in due to other funds	(4,095)	18,215
Increase (decrease) in compensated absences	1,803	(96)
Total adjustments	555	14,190
Net cash provided (used) by operating activities	<u>\$ (54)</u>	<u>\$ (39,401)</u>

SAFETY MANAGEMENT FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
SAFETY MANAGEMENT FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 161,387	\$ 217,309
Receivables		
Other	4,975	4,975
Due from other funds	<u>2,924</u>	<u>-</u>
Total current assets	<u>169,286</u>	<u>222,284</u>
Noncurrent assets		
Capital assets		
Buildings	973	973
Machinery and equipment	<u>3,287</u>	<u>3,287</u>
Total capital assets	4,260	4,260
Less accumulated depreciation	<u>3,484</u>	<u>3,043</u>
Net capital assets	<u>776</u>	<u>1,217</u>
Total assets	<u>170,062</u>	<u>223,501</u>
LIABILITIES		
Current liabilities		
Accounts payable	2,277	1,419
Accrued expenses	2,544	7,053
Due to other funds	-	39
Accrued compensated absences	<u>164</u>	<u>-</u>
Total current liabilities	<u>4,985</u>	<u>8,511</u>
Noncurrent liabilities		
Accrued compensated absences	<u>2,182</u>	<u>-</u>
Total noncurrent liabilities	<u>2,182</u>	<u>-</u>
Total liabilities	<u>7,167</u>	<u>8,511</u>
NET POSITION		
Net investment in capital assets	776	1,217
Unrestricted	<u>162,119</u>	<u>213,773</u>
Total net position	<u>\$ 162,895</u>	<u>\$ 214,990</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 809,801	\$ 880,500
Miscellaneous	<u>4,975</u>	<u>4,975</u>
Total operating revenues	<u>814,776</u>	<u>885,475</u>
OPERATING EXPENSES		
Personnel	101,286	111,504
Materials and supplies	589	201
Maintenance	275	-
Reinsurance premiums	723,443	659,628
Miscellaneous services	16,304	11,722
Contractual services	13,326	12,002
Computer services	8,793	8,793
Court costs, judgments, and damages	2,922	865
Depreciation and amortization	<u>441</u>	<u>441</u>
Total operating expenses	<u>867,379</u>	<u>805,156</u>
Operating income (loss) before nonoperating revenues (expenses)	(52,603)	80,319
NONOPERATING REVENUES (EXPENSES)		
Investment income	508	60
Noncapital grants and contributions	<u>-</u>	<u>9,559</u>
Net nonoperating revenues (expenses)	<u>508</u>	<u>9,619</u>
Change in net position	(52,095)	89,938
Total net position at beginning of year	<u>214,990</u>	<u>125,052</u>
Total net position at end of year	<u>\$ 162,895</u>	<u>\$ 214,990</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

SAFETY MANAGEMENT FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 811,813	\$ 884,291
Cash paid to suppliers for goods and services	(764,794)	(692,330)
Cash paid to employees for services	(103,449)	(110,658)
Net cash provided (used) by operating activities	<u>(56,430)</u>	<u>81,303</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	-	9,559
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>9,559</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	508	60
Net cash provided (used) by investing activities	<u>508</u>	<u>60</u>
Net increase (decrease) in cash and cash equivalents	(55,922)	90,922
Cash and cash equivalents at beginning of year	217,309	126,387
Cash and cash equivalents at end of year	<u>\$ 161,387</u>	<u>\$ 217,309</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (52,603)	\$ 80,319
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	441	441
Changes in assets and liabilities		
(Increase) decrease in due from other funds	(2,924)	-
Increase (decrease) in accounts payable	858	881
Increase (decrease) in accrued expenses	(4,509)	846
Increase (decrease) in compensated absences	2,346	-
Increase (decrease) in due to other funds	(39)	(1,184)
Total adjustments	<u>(3,827)</u>	<u>984</u>
Net cash provided (used) by operating activities	<u>\$ (56,430)</u>	<u>\$ 81,303</u>

WORKERS' COMPENSATION FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
WORKERS' COMPENSATION FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 338,086	\$ 445,894
Restricted assets		
Cash and cash equivalents	<u>24,000</u>	<u>24,000</u>
Total assets	<u>362,086</u>	<u>469,894</u>
LIABILITIES		
Current liabilities		
Accounts payable	-	27,992
Claims payable	<u>96,374</u>	<u>309,224</u>
Total liabilities	<u>96,374</u>	<u>337,216</u>
NET POSITION		
Unrestricted	<u>265,712</u>	<u>132,678</u>
Total net position	<u>\$ 265,712</u>	<u>\$ 132,678</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 205,000	\$ 210,702
Miscellaneous	<u>-</u>	<u>810</u>
Total operating revenues	<u>205,000</u>	<u>211,512</u>
OPERATING EXPENSES		
Claims expense	<u>24,615</u>	<u>336,840</u>
Total operating expenses	<u>24,615</u>	<u>336,840</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	180,385	(125,328)
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>2,649</u>	<u>322</u>
Income (loss) before transfers	183,034	(125,006)
Transfers		
Transfers out	<u>(50,000)</u>	<u>-</u>
Change in net position	133,034	(125,006)
Total net position at beginning of year	<u>132,678</u>	<u>257,684</u>
Total net position at end of year	<u>\$ 265,712</u>	<u>\$ 132,678</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 205,000	\$ 223,613
Cash paid to suppliers for goods and services	<u>(265,457)</u>	<u>(217,552)</u>
Net cash provided (used) by operating activities	<u>(60,457)</u>	<u>6,061</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out to other funds	<u>(50,000)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(50,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>2,649</u>	<u>322</u>
Net cash provided (used) by investing activities	<u>2,649</u>	<u>322</u>
Net increase (decrease) in cash and cash equivalents	(107,808)	6,383
Cash and cash equivalents at beginning of year	<u>469,894</u>	<u>463,511</u>
Cash and cash equivalents at end of year	<u>\$ 362,086</u>	<u>\$ 469,894</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 180,385	\$ (125,328)
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
Increase (decrease) in accounts payable	(27,992)	20,172
Increase (decrease) in claims payable	<u>(212,850)</u>	<u>99,116</u>
Total adjustments	<u>(240,842)</u>	<u>131,389</u>
Net cash provided (used) by operating activities	<u>\$ (60,457)</u>	<u>\$ 6,061</u>

PRINT SHOP FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
PRINT SHOP FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 29,421	\$ 39,541
Receivables		
Other	4,166	4,130
Inventory	<u>16,103</u>	<u>11,468</u>
Total current assets	<u>49,690</u>	<u>55,139</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	67,324	67,324
Less accumulated depreciation	<u>64,909</u>	<u>64,491</u>
Net capital assets	<u>2,415</u>	<u>2,833</u>
Total assets	<u>52,105</u>	<u>57,972</u>
LIABILITIES		
Current liabilities		
Accounts payable	4,050	2,606
Due to other funds	<u>5,013</u>	<u>-</u>
Total liabilities	<u>9,063</u>	<u>2,606</u>
NET POSITION		
Net investment in capital assets	2,415	2,833
Unrestricted	<u>40,627</u>	<u>52,533</u>
Total net position	<u>\$ 43,042</u>	<u>\$ 55,366</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, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 52,085	\$ 36,359
Total operating revenues	<u>52,085</u>	<u>36,359</u>
OPERATING EXPENSES		
Personnel	10,981	6,064
Materials and supplies	712	7,228
Maintenance	19,781	16,188
Miscellaneous services	23,736	14,727
Computer services	8,793	8,793
Depreciation and amortization	<u>418</u>	<u>3,095</u>
Total operating expenses	<u>64,421</u>	<u>56,095</u>
Operating income (loss) before nonoperating revenues (expenses)	(12,336)	(19,736)
NONOPERATING REVENUES (EXPENSES)		
Noncapital grants and contributions	-	5,000
Gain (loss) on disposition of capital assets	<u>12</u>	<u>100</u>
Net nonoperating revenues (expenses)	<u>12</u>	<u>5,100</u>
Change in net position	(12,324)	(14,636)
Total net position at beginning of year	<u>55,366</u>	<u>70,002</u>
Total net position at end of year	<u>\$ 43,042</u>	<u>\$ 55,366</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

PRINT SHOP FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 57,062	\$ 32,950
Cash paid to suppliers for goods and services	(56,213)	(46,136)
Cash paid to employees for services	(10,981)	(9,030)
Net cash provided (used) by operating activities	<u>(10,132)</u>	<u>(22,216)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants and contributions	-	5,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>5,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	12	100
Net cash provided (used) by capital and related financing activities	<u>12</u>	<u>100</u>
Net increase (decrease) in cash and cash equivalents	(10,120)	(17,116)
Cash and cash equivalents at beginning of year	39,541	56,657
Cash and cash equivalents at end of year	<u>\$ 29,421</u>	<u>\$ 39,541</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (12,336)	\$ (19,736)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	418	3,095
Changes in assets and liabilities		
(Increase) decrease in other receivables	(36)	(1,042)
(Increase) decrease in inventory	(4,635)	(237)
Increase (decrease) in accounts payable	1,444	1,037
Increase (decrease) in accrued expenses	-	(2,966)
Increase (decrease) in due to other funds	5,013	(2,367)
Total adjustments	<u>2,204</u>	<u>(2,480)</u>
Net cash provided (used) by operating activities	<u>\$ (10,132)</u>	<u>\$ (22,216)</u>

EMPLOYEE HEALTH PLAN FUND

CITY OF VICTORIA, TEXAS
INTERNAL SERVICE FUND
EMPLOYEE HEALTH PLAN FUND
BALANCE SHEET
September 30, 2022
With comparative totals for September 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,701,113	\$ 3,070,171
Receivables		
Other	24,151	80,472
Due from other funds	375,877	493,203
Prepaid items	<u>27,308</u>	<u>-</u>
Total assets	<u>5,128,449</u>	<u>3,643,846</u>
LIABILITIES		
Current liabilities		
Accounts payable	2,449	61,949
Claims payable	<u>318,965</u>	<u>326,004</u>
Total liabilities	<u>321,414</u>	<u>387,953</u>
NET POSITION		
Unrestricted	<u>4,807,035</u>	<u>3,255,893</u>
Total net position	<u>\$ 4,807,035</u>	<u>\$ 3,255,893</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, 2022

With comparative totals for year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 6,642,830	\$ 6,861,248
Miscellaneous	71,325	42,508
Total operating revenues	<u>6,714,155</u>	<u>6,903,756</u>
OPERATING EXPENSES		
Reinsurance premiums	660,847	677,487
Contractual services	349,257	428,378
Claims expense	4,126,070	4,516,995
OPEB trust expense	200,000	200,000
Life insurance expense	27,499	20,420
Wellness program	32,492	4,940
Total operating expenses	<u>5,396,165</u>	<u>5,848,220</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	1,317,990	1,055,536
NONOPERATING REVENUES (EXPENSES)		
Investment income	33,152	1,546
Net nonoperating revenues (expenses)	<u>33,152</u>	<u>1,546</u>
Income (loss) before transfers	1,351,142	1,057,082
Transfers		
Transfers in	200,000	200,000
Change in net position	1,551,142	1,257,082
Total net position at beginning of year	<u>3,255,893</u>	<u>1,998,811</u>
Total net position at end of year	<u>\$ 4,807,035</u>	<u>\$ 3,255,893</u>

CITY OF VICTORIA, TEXAS

INTERNAL SERVICE FUND

EMPLOYEE HEALTH PLAN FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the year ended September 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from other funds	\$ 6,887,802	\$ 7,190,099
Cash paid to suppliers for goods and services	<u>(5,490,012)</u>	<u>(5,956,642)</u>
Net cash provided (used) by operating activities	<u>1,397,790</u>	<u>1,233,457</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	<u>200,000</u>	<u>200,000</u>
Net cash provided (used) by noncapital financing activities	<u>200,000</u>	<u>200,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>33,152</u>	<u>1,546</u>
Net cash provided (used) by investing activities	<u>33,152</u>	<u>1,546</u>
Net increase (decrease) in cash and cash equivalents	1,630,942	1,435,003
Cash and cash equivalents at beginning of year	<u>3,070,171</u>	<u>1,635,168</u>
Cash and cash equivalents at end of year	<u>\$ 4,701,113</u>	<u>\$ 3,070,171</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,317,990	\$ 1,055,536
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	56,321	101,388
(Increase) decrease in due from other funds	117,326	184,955
(Increase) decrease in prepaid items	(27,308)	-
Increase (decrease) in accounts payable	(59,500)	53,759
Increase (decrease) in claims payable	<u>(7,039)</u>	<u>(162,181)</u>
Total adjustments	<u>79,800</u>	<u>177,921</u>
Net cash provided (used) by operating activities	<u>\$ 1,397,790</u>	<u>\$ 1,233,457</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	213
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues	227
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	239
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments	248
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs	250



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 94,905,320	\$ 88,654,073	\$ 83,609,268	\$ 84,007,457
Restricted	3,500,017	3,524,554	3,547,378	2,985,524
Unrestricted	18,196,626	21,472,040	(794,827)	(2,351,962)
Total governmental activities net position	<u>\$ 116,601,963</u>	<u>\$ 113,650,667</u>	<u>\$ 86,361,819</u>	<u>\$ 84,641,019</u>
Business-type activities				
Net investment in capital assets	\$ 53,705,125	\$ 60,853,934	\$ 65,123,880	\$ 71,351,401
Unrestricted	17,552,820	14,140,873	9,021,633	9,468,882
Total business-type activities net position	<u>\$ 71,257,945</u>	<u>\$ 74,994,807</u>	<u>\$ 74,145,513</u>	<u>\$ 80,820,283</u>
Primary Government				
Net investment in capital assets	\$ 148,610,445	\$ 149,508,007	\$ 148,733,148	\$ 155,358,858
Restricted	3,500,017	3,524,554	3,547,378	2,985,524
Unrestricted	35,749,446	35,612,913	8,226,806	7,116,920
Total primary government activities net position	<u>\$ 187,859,908</u>	<u>\$ 188,645,474</u>	<u>\$ 160,507,332</u>	<u>\$ 165,461,302</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					
2017	2018	2019	2020	2021	2022
\$ 79,038,575	\$ 78,478,161	\$ 82,634,844	\$ 88,120,181	\$ 95,978,039	\$ 102,097,409
3,666,390	4,998,958	16,382,796	8,627,999	7,303,573	7,161,050
<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>20,096,516</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>	<u>\$ 129,354,975</u>
\$ 79,039,267	\$ 82,376,715	\$ 90,394,244	\$ 90,964,296	\$ 90,327,019	\$ 90,560,879
12,827,560	15,963,499	12,458,409	11,126,273	13,976,562	18,193,555
<u>\$ 91,866,827</u>	<u>\$ 98,340,214</u>	<u>\$ 102,852,653</u>	<u>\$ 102,090,569</u>	<u>\$ 104,303,581</u>	<u>\$ 108,754,434</u>
\$ 158,077,842	\$ 160,854,876	\$ 173,029,088	\$ 179,084,477	\$ 186,305,058	\$ 192,658,288
3,666,390	4,998,958	16,382,796	8,627,999	7,303,573	7,161,050
5,962,166	2,413,022	494,448	8,684,344	20,761,640	38,290,071
<u>\$ 167,706,398</u>	<u>\$ 168,266,856</u>	<u>\$ 189,906,332</u>	<u>\$ 196,396,820</u>	<u>\$ 214,370,271</u>	<u>\$ 238,109,409</u>

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Expenses				
General government	\$ 5,709,668	\$ 6,094,985	\$ 5,630,383	\$ 5,702,892
Public safety	25,215,002	25,286,282	27,620,120	29,460,858
Development	19,282,345	20,425,736	19,636,633	20,668,698
Building services	622,921	608,534	673,904	707,411
Recreation	7,025,377	7,602,241	7,611,173	8,463,045
Interest on long-term debt	3,971,377	4,282,847	4,402,538	4,042,068
Total expenses	<u>61,826,690</u>	<u>64,300,625</u>	<u>65,574,751</u>	<u>69,044,972</u>
Program revenues				
Charges for services				
General government	2,216,473	2,088,907	1,979,444	1,923,867
Public safety	4,009,925	4,573,392	5,075,992	4,990,585
Development	-	10,440	-	-
Recreation	575,059	451,590	515,531	526,245
Operating grants and contributions	2,580,598	3,255,156	3,961,463	4,066,404
Capital grants and contributions	4,749,721	-	407,335	4,711,910
Total program revenues	<u>14,131,776</u>	<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>
Total governmental activities net program (expense) revenue	(47,694,914)	(53,921,140)	(53,634,986)	(52,825,961)
General revenues and other changes in net position				
Taxes				
Property taxes	20,848,132	22,403,124	23,339,865	23,811,469
Sales taxes	17,516,177	17,692,397	17,937,136	16,555,680
Franchise taxes	5,136,247	5,308,414	5,410,432	5,175,796
Other taxes	1,993,357	2,037,318	1,933,140	1,460,082
Unrestricted investment earnings	92,079	130,688	115,633	219,846
Miscellaneous	829,767	809,043	972,716	1,124,591
Transfers	2,561,760	2,588,860	2,694,491	2,757,697
Total general revenues and other changes in net position	<u>48,977,519</u>	<u>50,969,844</u>	<u>52,403,413</u>	<u>51,105,161</u>
Total governmental activities change in net position	<u>\$ 1,282,605</u>	<u>\$ (2,951,296)</u>	<u>\$ (1,231,573)</u>	<u>\$ (1,720,800)</u>

(1) Accrual basis of accounting

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,632,467	\$ 4,812,954	\$ 5,073,976	\$ 4,935,675	\$ 7,179,180	\$ 7,848,396
35,228,278	38,271,170	33,066,249	29,227,156	32,643,567	30,846,792
20,187,191	18,376,562	19,554,498	17,366,704	15,165,253	17,366,423
727,816	624,243	681,464	565,689	-	-
7,765,906	6,763,442	6,968,869	6,376,828	5,985,618	6,585,244
3,751,404	3,045,618	2,862,536	2,670,591	2,071,171	1,850,886
<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>	<u>64,497,741</u>
1,968,473	2,449,863	1,895,259	1,769,093	2,015,738	2,447,726
4,960,530	5,359,693	5,066,704	5,521,700	5,969,046	5,720,556
-	-	-	-	367,000	80,000
378,505	440,168	386,484	255,333	286,639	253,594
6,829,229	10,042,225	12,634,326	7,344,600	8,045,958	5,055,707
437,611	2,562,205	10,355,581	62,500	7,357,339	11,980,487
<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>	<u>25,538,070</u>
(58,718,714)	(51,039,835)	(37,869,238)	(46,189,417)	(39,003,069)	(38,959,671)
24,399,108	24,869,711	24,583,509	24,642,379	25,846,497	27,007,985
14,710,140	16,879,223	17,111,735	16,337,766	17,744,035	19,291,123
5,467,551	6,064,289	5,881,880	5,652,152	5,602,297	5,761,674
1,618,032	2,050,204	2,045,859	1,653,719	1,950,803	2,027,447
340,450	588,901	1,049,927	669,969	42,091	477,201
1,046,988	2,683,043	849,700	292,637	967,254	766,529
2,334,997	2,699,588	3,473,665	3,303,044	2,610,531	2,915,997
<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>58,247,956</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>	<u>\$ 19,288,285</u>

(continued)

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

	Fiscal Year			
	2013	2014	2015	2016
Business-type activities				
Expenses				
Water/wastewater	\$ 19,313,776	\$ 20,553,362	\$ 20,960,979	\$ 20,894,040
Environmental services	4,135,237	4,212,510	3,743,052	5,376,450
Other	926,599	923,786	1,000,683	945,557
Total expenses	<u>24,375,612</u>	<u>25,689,658</u>	<u>25,704,714</u>	<u>27,216,047</u>
Program revenues				
Charges for services				
Water/wastewater	24,816,749	25,151,264	26,180,265	25,893,148
Environmental services	4,996,129	5,043,783	5,096,308	5,354,136
Other	397,968	395,088	365,058	408,127
Operating grants and contributions	-	-	-	-
Capital grants and contributions	6,099,555	1,374,311	1,630,985	4,741,062
Total program revenues	<u>36,310,401</u>	<u>31,964,446</u>	<u>33,272,616</u>	<u>36,396,473</u>
Total business-type activities net program (expense) revenue	11,934,789	6,274,788	7,567,902	9,180,426
General revenues and other changes in net position				
Unrestricted investment earnings	57,555	50,934	78,774	114,836
Miscellaneous	629,420	-	-	137,205
Transfers	<u>(2,561,760)</u>	<u>(2,588,860)</u>	<u>(2,694,491)</u>	<u>(2,757,697)</u>
Total general revenues and other changes in net position	<u>(1,874,785)</u>	<u>(2,537,926)</u>	<u>(2,615,717)</u>	<u>(2,505,656)</u>
Total business-type activities change in net position	<u>\$ 10,060,004</u>	<u>\$ 3,736,862</u>	<u>\$ 4,952,185</u>	<u>\$ 6,674,770</u>
Total primary government change in net position	<u>\$ 11,342,609</u>	<u>\$ 785,566</u>	<u>\$ 3,720,612</u>	<u>\$ 4,953,970</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					
2017	2018	2019	2020	2021	2022
\$ 20,860,229	\$ 19,229,647	\$ 22,292,402	\$ 24,268,652	\$ 22,226,051	\$ 20,915,429
4,003,842	4,476,014	4,557,172	4,967,876	4,585,211	4,512,471
1,146,250	1,823,340	1,943,918	1,970,956	2,043,201	2,181,599
<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>	<u>27,609,499</u>
25,630,998	25,941,351	26,363,786	26,344,859	26,209,348	27,051,814
5,520,698	5,504,057	5,638,828	5,550,497	5,719,278	6,070,752
418,957	1,185,929	1,313,869	1,320,692	1,535,298	1,632,159
-	-	73,931	-	184,000	-
<u>7,592,120</u>	<u>3,433,015</u>	<u>2,884,235</u>	<u>200,000</u>	<u>-</u>	<u>-</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>34,754,725</u>
13,152,452	10,535,351	7,481,157	2,208,564	4,793,461	7,145,226
229,089	295,333	391,750	248,041	21,876	215,075
-	366,382	113,197	84,355	8,206	6,549
<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>(2,915,997)</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>(2,694,373)</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>\$ 4,450,853</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>	<u>\$ 23,739,138</u>

(concluded)

CITY OF VICTORIA, TEXAS

PROGRAM REVENUES BY FUNCTION/PROGRAM (1)

Last ten fiscal years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
General government	\$ 3,390,820	\$ 3,346,359	\$ 3,205,473	\$ 3,469,295
Public safety				
Police	1,608,173	1,912,010	1,675,433	1,635,613
Fire	1,400,000	1,400,000	1,500,000	3,409,358
Ambulance	1,530,652	1,511,622	2,081,337	1,924,875
Other	47,314	57,182	214,987	151,495
Development	5,392,128	1,645,959	2,681,860	5,010,613
Recreation				
Parks	257,374	76,836	93,088	84,456
Library	75,429	88,191	83,410	103,093
Other	429,886	341,326	404,177	430,213
Subtotal governmental activities	<u>14,131,776</u>	<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>
Business-type activities				
Water/wastewater	30,916,304	26,525,575	27,964,535	30,634,210
Environmental services	4,996,129	5,043,783	5,124,448	5,354,136
Community center	246,453	243,548	211,541	256,542
700 main center	151,515	151,540	153,517	151,585
Golf course	-	-	-	-
Subtotal business-type activities	<u>36,310,401</u>	<u>31,964,446</u>	<u>33,454,041</u>	<u>36,396,473</u>
Total primary government	<u>\$ 50,442,177</u>	<u>\$ 42,343,931</u>	<u>\$ 45,393,806</u>	<u>\$ 52,615,484</u>

(1) Accrual basis of accounting

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 3,169,811	\$ 3,159,712	\$ 2,445,907	\$ 2,557,246	\$ 7,151,783	\$ 5,029,190
1,444,494	1,463,912	1,305,519	900,168	508,364	472,524
1,585,000	1,732,125	1,867,458	1,998,758	2,030,856	2,308,761
2,537,593	2,469,653	2,169,884	2,714,537	3,003,750	2,724,383
2,849,624	6,751,443	(10,419)	4,388,721	2,351,558	1,645,875
2,544,567	4,283,121	22,125,063	2,128,463	8,683,785	12,942,506
76,762	594,452	236,430	131,404	160,185	185,855
91,657	70,360	56,491	39,449	24,985	102,634
274,840	329,376	142,021	94,480	126,454	126,342
14,574,348	20,854,154	30,338,354	14,953,226	24,041,720	25,538,070
32,079,626	29,374,366	29,321,952	26,544,859	26,359,348	27,051,814
5,520,698	5,504,057	5,638,828	5,550,497	5,727,278	6,070,752
263,440	288,857	271,719	103,451	177,463	216,978
151,437	151,730	151,455	151,511	151,352	132,913
1,147,572	745,342	890,695	1,065,730	1,232,483	1,282,268
39,162,773	36,064,352	36,274,649	33,416,048	33,647,924	34,754,725
\$ 53,737,121	\$ 56,918,506	\$ 66,613,003	\$ 48,369,274	\$ 57,689,644	\$ 60,292,795

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

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable				
Inventory	\$ 240,214	\$ 268,964	\$ 271,491	\$ 245,932
Unassigned	17,621,289	18,019,288	17,600,324	16,536,169
Total general fund	<u>\$ 17,861,503</u>	<u>\$ 18,288,252</u>	<u>\$ 17,871,815</u>	<u>\$ 16,782,101</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ 1,222,778	\$ 1,091,077	\$ 1,102,779	\$ 1,093,523
Various capital projects	2,729,133	8,566,369	12,456,055	8,306,325
General government	-	-	-	-
Housing development	-	-	-	-
City parks	46,195	25,614	25,614	-
Arts, tourism and conventions	1,835,515	1,880,440	1,804,432	1,124,613
Public safety	257,161	225,488	207,063	239,608
Municipal court	53,884	94,264	96,496	89,620
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,144,666</u>	<u>\$ 11,883,252</u>	<u>\$ 15,692,439</u>	<u>\$ 10,853,689</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 406,945	\$ 430,111	\$ 454,055	\$ 414,641	\$ 332,095	\$ 348,541
<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>20,950,998</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>	<u>\$ 21,299,539</u>
\$ 1,146,765	\$ 1,138,153	\$ 1,196,519	\$ 1,140,781	\$ 1,048,730	\$ 1,106,617
3,829,436	3,315,322	16,146,187	10,638,178	7,601,927	18,166,639
-	-	-	-	1,517	-
-	-	-	-	233,985	298,458
-	-	-	-	38,374	267,183
1,392,546	2,116,452	2,636,569	3,264,524	4,390,055	3,975,254
290,386	312,294	670,583	676,260	378,747	455,623
83,640	77,126	68,900	106,553	190,325	285,946
<u>(1,628,821)</u>	<u>(280,773)</u>	<u>(123,247)</u>	<u>(474,152)</u>	<u>(589,531)</u>	<u>(211,683)</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>	<u>\$ 24,344,037</u>

CITY OF VICTORIA, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 45,431,594	\$ 47,356,786	\$ 48,542,609	\$ 46,935,424
Licenses and permits	962,217	1,134,453	959,596	993,929
Intergovernmental	4,312,719	3,721,314	5,607,497	5,884,971
Charges for services	2,066,070	2,162,871	2,259,027	2,310,974
Fines and forfeitures	906,199	1,600,630	1,432,225	1,382,718
Investment earnings net of change in fair value of investments	76,251	112,300	95,883	193,779
Miscellaneous	5,688,203	2,003,817	1,107,333	3,951,250
Total revenues	59,443,253	58,092,171	60,004,170	61,653,045
Expenditures				
Current				
General government	4,741,811	5,309,532	4,565,527	4,978,458
Public safety	25,097,350	25,206,138	27,001,802	27,679,581
Development	10,209,543	10,704,794	8,058,818	9,469,796
Building services	751,312	606,761	621,326	675,935
Recreation	7,586,352	7,632,206	7,147,774	7,855,287
Capital outlay	7,707,932	4,516,213	6,397,159	11,042,655
Debt service				
Principal retirement	4,665,000	5,410,000	7,505,000	7,020,000
Interest and fiscal charges	3,567,975	4,103,190	3,993,868	3,908,294
Paying agents' fees and issue costs	393,724	162,207	316,999	91,745
Total expenditures	64,720,999	63,651,041	65,608,273	72,721,751
Excess (deficiency) of revenues over expenditures	(5,277,746)	(5,558,870)	(5,604,103)	(11,068,706)
Other financing sources (uses)				
Debt issued	25,015,000	9,095,000	17,715,000	2,445,000
Premium on issuance of bonds	2,163,159	50,222	1,400,250	137,545
Payment to escrow	(26,781,924)	-	(12,812,888)	-
Sale of capital assets	-	-	-	-
Transfers in	5,540,057	5,984,682	11,012,236	8,654,033
Transfers out	(3,098,787)	(3,405,699)	(8,317,745)	(6,096,336)
Total other financing sources (uses)	2,837,505	11,724,205	8,996,853	5,140,242
Change in fund balances	\$ (2,440,241)	\$ 6,165,335	\$ 3,392,750	\$ (5,928,464)
Debt service as a percentage of noncapital expenditures	15.98%	17.46%	20.46%	18.42%

(1) Modified accrual basis of accounting

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 46,180,387	\$ 49,832,219	\$ 50,276,779	\$ 48,859,441	\$ 51,565,754	\$ 54,367,516
962,162	1,569,257	1,054,913	903,703	1,093,992	1,124,895
6,715,742	12,768,065	15,194,658	5,878,679	12,119,961	8,458,902
2,858,658	2,814,566	2,523,737	2,788,246	3,089,554	3,149,540
1,310,473	1,151,330	1,006,535	771,491	795,777	792,932
301,599	539,947	997,669	641,185	39,330	438,830
<u>1,863,789</u>	<u>3,260,642</u>	<u>11,382,448</u>	<u>1,572,172</u>	<u>1,766,227</u>	<u>12,238,056</u>
<u>60,192,810</u>	<u>71,936,026</u>	<u>82,436,739</u>	<u>61,414,917</u>	<u>70,470,595</u>	<u>80,570,671</u>
4,539,491	4,066,845	4,151,807	4,641,059	6,991,891	7,407,167
30,569,480	35,206,421	31,749,967	30,608,851	34,557,402	33,523,307
7,812,905	6,616,191	7,804,797	9,504,129	8,896,581	9,327,182
612,441	534,738	630,312	553,205	-	-
7,114,163	5,990,263	6,926,732	6,422,781	6,228,270	6,555,019
6,770,342	5,070,953	10,557,087	6,586,524	5,647,647	9,002,138
7,285,000	8,070,000	7,770,000	10,090,000	7,245,000	7,960,000
3,709,168	2,853,773	2,933,928	2,541,862	2,161,158	1,918,514
<u>12,120</u>	<u>286,440</u>	<u>9,510</u>	<u>247,906</u>	<u>4,600</u>	<u>12,455</u>
<u>68,425,110</u>	<u>68,695,624</u>	<u>72,534,140</u>	<u>71,196,317</u>	<u>71,732,549</u>	<u>75,705,782</u>
(8,232,300)	3,240,402	9,902,599	(9,781,400)	(1,261,954)	4,864,889
-	21,880,000	1,479,113	11,400,000	-	291,991
-	3,261,804	-	930,355	-	-
-	(24,863,501)	-	(10,076,560)	-	-
-	-	-	-	-	842,152
8,991,599	8,714,852	8,109,346	10,162,482	10,303,161	13,316,931
<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>(10,550,934)</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>3,900,140</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>8,765,029</u>
<u>18.05%</u>	<u>17.34%</u>	<u>17.92%</u>	<u>20.13%</u>	<u>14.84%</u>	<u>15.50%</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>
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
2022	27,105,082	215,783	5,761,674	19,291,123	1,884,608
Change 2013-2022	31.49%	2.24%	12.18%	10.13%	0.18%

(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 decreased in FY2013 due mainly to the leveling off of the Eagle Ford Shale activity; with companies utilizing other long-term options of lodging. FY2014 ended with a slight increase over FY2013 with the addition of three hotels. FY2015 and FY2016 saw a decrease mainly due to the slowdown of Eagle Ford Shale activity in the area and economic downturn. COVID-19 travel and business restrictions impacted receipts in FY2020. Occupancy tax revenues have recovered some in FY2021 and FY2022 but not yet to pre-pandemic levels.

Sales tax revenue in FY2011 through FY2015 had 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. In FY2018 and FY2019, the City experienced growth in sales tax due to recovery efforts from Hurricane Harvey. In FY2020, the COVID pandemic forced the shutdown of businesses and resulted in a decline in sales tax receipts. In FY2021 and FY2022, the City experienced an increase in sales tax receipts due to re-opening of businesses. The local economy was also impacted through various stimulus programs and inflation.

<u>Other</u>	<u>Total</u>
\$ 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
109,246	54,367,516
50.67%	19.67%

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
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
2022	2021	3,277,680,433	1,382,966,830	41,952,107	707,159,720	147,998,130

(1) Includes tax-exempt property

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

SOURCE: Victoria County Appraisal District

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
\$ 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%
902,881,136	4,654,876,084	0.5882	4,654,876,084	100.00%

CITY OF VICTORIA, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

PER \$100 OF ASSESSED VALUE

Last ten fiscal years

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>		
	<u>Debt Service</u>	<u>General Fund</u>	<u>Total</u>	<u>School District</u>	<u>Junior College</u>	<u>Navigation District</u>
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
2022	0.2376	0.3506	0.5882	1.1682	0.2076	0.0297

SOURCE: Victoria County Appraisal District

Overlapping Rates			
Victoria County	Road and Bridge	Ground Water District	Total
\$ 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
0.3329	0.0630	0.0080	1.8094

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

2022		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Haliburton Manufacturing & LC	\$ 125,978,670	2.71%
AEP Texas Central Co.	64,225,530	1.38%
Caterpillar, Inc.	58,438,970	1.25%
Victoria of Texas, L.P.	31,956,210	0.69%
Victoria WLE, L.P.	30,537,080	0.66%
Haliburton Energy Services	25,767,490	0.55%
Victoria City Power, LLC	25,665,000	0.55%
Performance Food Group	21,078,340	0.45%
Victoria Texas Apartments, LLC	20,430,610	0.44%
Berry Global Inc	19,582,260	0.42%
	<u>\$ 423,660,160</u>	<u>9.10%</u>

2013		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
EES Leasing, L.L.C.	\$ 31,868,440	0.93%
Haliburton Energy Services	31,718,450	0.92%
Victoria WLE, L.P.	27,560,582	0.80%
Intergrated Production Services	26,788,330	0.78%
Victoria Hospital,L.L.C.	22,214,700	0.65%
AEP Texas Central Co.	21,735,580	0.63%
Caterpillar, Inc.	18,966,650	0.55%
Berry Plastics Corporation	18,177,610	0.53%
James A. Wayne	17,990,950	0.52%
H.E.B. Grocery Company	16,252,540	0.47%
	<u>\$ 233,273,832</u>	<u>6.79%</u>

SOURCE: Victoria County Tax Assessor/Collector



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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>
2013	\$ 20,792,135	\$ (363,381)	\$ 20,428,754	\$ 20,338,256	99.56%
2014	22,402,390	(150,139)	22,252,251	21,877,717	98.32%
2015	23,242,354	(349,531)	22,892,823	22,715,220	99.22%
2016	23,865,255	(159,753)	23,705,502	23,314,997	98.35%
2017	24,514,099	(110,614)	24,403,485	23,848,271	97.72%
2018	25,162,007	(184,445)	24,977,562	24,428,977	97.80%
2019	25,403,924	313,981	25,717,905	24,645,630	95.83%
2020	26,066,642	130,303	26,196,945	25,226,949	96.30%
2021	26,503,361	200,724	26,704,085	25,629,432	95.98%
2022	27,517,729	175,800	27,693,529	26,987,662	97.45%

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

SOURCE: City of Victoria
Victoria County Tax Assessor/Collector

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 54,129	\$ 20,392,385	99.82%
329,200	22,206,917	99.80%
115,345	22,830,565	99.73%
295,283	23,610,280	99.60%
412,746	24,261,017	99.42%
435,038	24,864,015	99.55%
928,991	25,574,621	99.44%
809,674	26,036,623	99.39%
874,885	26,504,317	99.25%
-	26,987,662	97.45%

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>
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
2022	3,967,702,000	3,368,350,000	599,352,000	15.11%	2,104,600,000

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

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
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
18.21	2.25	22.68	2.50

CITY OF VICTORIA, TEXAS

WATER AND SEWER RATES

Last ten fiscal years

	Fiscal Year			
	2013	2014	2015	2016
Water Rates (per 2,000 gallons)				
Base Rate (meter size)				
¾"	\$ 17.96	\$ 17.96	\$ 18.21	\$ 18.21
1"	44.92	44.92	45.55	45.55
1½"	89.82	89.82	91.07	91.07
2"	143.72	143.72	145.72	145.72
3"	287.44	287.44	291.44	291.44
4"	449.12	449.12	455.37	455.37
6"	898.23	898.23	910.73	910.73
8"	2,874.33	2,874.33	2,913.33	2,913.33
10"	4,491.14	4,491.14	4,553.64	4,553.64
Water usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	1.67	1.67	1.92	1.92
8-10	-	-	-	-
8-18	1.83	1.83	2.08	2.08
11-25	-	-	-	-
19-50	2.15	2.15	2.40	2.40
>25	-	-	-	-
51-75	2.40	2.40	2.65	2.65
76-100	2.55	2.55	2.80	2.80
>100	2.70	2.70	2.95	2.95
Sewer Rates (per 2,000 gallons)				
¾"	22.43	22.43	22.68	22.68
1"	56.08	56.08	56.71	56.71
1½"	112.19	112.19	113.44	113.44
2"	179.48	179.48	181.48	181.48
3"	358.97	358.97	362.97	362.97
4"	560.88	560.88	567.13	567.13
6"	1,121.75	1,121.75	1,134.25	1,134.25
8"	3,589.61	3,589.61	3,629.61	3,629.61
10"	5,608.77	5,608.77	5,670.27	5,670.27
Sewer usage rate (1,000 gallons increments)				
0-2	-	-	-	-
3-7	2.22	2.22	2.47	2.47
8-10	-	-	-	-
8-18	2.27	2.27	2.52	2.52
11-25	-	-	-	-
19-50	2.32	2.32	2.57	2.57
>25	-	-	-	-
51-75	2.37	2.37	2.62	2.62
76-100	2.52	2.52	2.77	2.77
>100,000	2.67	2.67	2.92	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					
		2017	2018	2019	2020	2021	2022
\$	18.21	\$	18.21	\$	18.21	\$	18.21
	45.55		45.55		45.55		45.55
	91.07		91.07		91.07		91.07
	145.72		145.72		145.72		145.72
	291.44		291.44		291.44		291.44
	455.37		455.37		455.37		455.37
	910.73		910.73		910.73		910.73
	2,913.33		2,913.33		2,913.33		2,913.33
	4,553.64		4,553.64		4,553.64		4,553.64
	-		-		-		-
	1.92		1.92		-		-
	-		-		2.25		2.25
	2.08		2.08		-		-
	-		-		2.50		2.50
	2.40		2.40		-		-
	-		-		3.15		3.15
	2.65		2.65		-		-
	2.80		2.80		-		-
	2.95		2.95		-		-
	22.68		22.68		22.68		22.68
	56.71		56.71		56.71		56.71
	113.44		113.44		113.44		113.44
	181.48		181.48		181.48		181.48
	362.97		362.97		362.97		362.97
	567.13		567.13		567.13		567.13
	1,134.25		1,134.25		1,134.25		1,134.25
	3,629.61		3,629.61		3,629.61		3,629.61
	5,670.27		5,670.27		5,670.27		5,670.27
	-		-		-		-
	2.47		2.47		-		-
	-		-		2.50		2.50
	2.52		2.52		-		-
	-		-		2.55		2.55
	2.57		2.57		-		-
	-		-		2.75		2.75
	2.62		2.62		-		-
	2.77		2.77		-		-
	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

2022			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption (In Thousands)</u>	<u>Percent of Total Billed</u>
Autumn Park	Apartment Complex	35,274	0.80%
Citizens Medical Center	Hospital	34,477	0.78%
Caterpillar	Facility	24,378	0.55%
Victoria County Jail	Government	22,455	0.51%
Detar Hospital	Hospital	19,942	0.45%
Silvermine Apartments	Apartment Complex	18,294	0.41%
Creekstone Ranch	Apartment Complex	18,017	0.41%
Mockingbird Apartments	Apartment Complex	16,564	0.37%
Duke	Apartment Complex	15,211	0.34%
Pinnacle Pointe	Apartment Complex	14,629	0.33%

2013			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption (In Thousands)</u>	<u>Percent of Total Billed</u>
Citizens Medical Center	Hospital	46,673	1.29%
Detar Hospital	Hospital	33,920	0.93%
Caterpillar	Facility	23,099	0.64%
Autumn Park	Apartment Complex	22,300	0.51%
Victoria County Jail	Government	18,385	0.61%
VISD - East High	School	17,757	0.49%
Victoria Housing	Apartments	16,960	0.47%
University of Houston-Victoria	School	15,915	0.44%
Victoria College	School	15,858	0.44%
VISD - West High	School	14,764	0.41%

SOURCE: City of Victoria Utility Billing Office



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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

Fiscal Year	Governmental Activities				
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Direct Borrowing Financed Purchases	Right-to-Use Leases
2013	\$ 47,385,000 **	\$ 46,370,000 *	\$ 2,741,198	\$ -	\$ -
2014	54,080,000 **	43,360,000 *	2,492,041	-	-
2015	45,280,000 **	50,480,000 *	3,401,983	-	-
2016	44,605,000 **	46,580,000 *	3,195,727	-	-
2017	41,830,000 **	42,070,000 *	2,851,926	-	-
2018	17,420,000	57,285,000 *	5,571,287	-	-
2019	16,555,000	50,380,000 *	4,987,027	739,556	-
2020	11,685,000	47,065,000	5,264,525	-	-
2021	10,690,000	40,815,000	4,611,669	-	-
2022	9,165,000	34,380,000	3,958,813	967,039	392,712

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

<u>Business-type Activities</u>		<u>Direct Borrowing</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
<u>Revenue Bonds</u>	<u>Plus: Issuance Premiums</u>	<u>Financed Purchases</u>		<u>Right-to-Use Leases</u>			
\$ 69,035,000	\$ 2,167,055	\$ -	\$ -	\$ -	\$ 167,698,253	5.82%	\$ 2,617
83,290,000	4,272,165	-	-	-	187,494,206	6.05%	2,888
77,260,000	4,316,780	-	-	-	180,738,763	5.93%	2,735
70,830,000	3,960,228	-	-	-	169,170,955	5.87%	2,503
64,440,000	4,107,453	-	-	-	155,299,379	5.10%	2,295
56,915,000	5,066,864	368,721	-	-	142,626,872	4.44%	2,125
49,760,000	4,542,370	286,819	-	-	127,250,772	3.59%	1,890
42,335,000	4,017,875	202,006	-	-	110,569,406	3.05%	1,642
35,845,000	3,493,380	123,254	-	-	95,578,303	2.44%	1,425
35,405,000	3,850,556	30,329	227,727		88,377,176	N/A	1,352

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	
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
2022	9,165,000	34,380,000	3,958,813	47,503,813	1,106,617

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

<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 95,273,420	2.77%	\$ 1,487
98,840,964	2.65%	1,523
98,059,204	2.46%	1,484
93,287,204	2.23%	1,381
85,605,161	2.05%	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
46,397,196	1.00%	710

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

September 30, 2022

	<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	9/30/2022	<u>\$ 47,503,813</u>	100.00%	<u>\$ 47,503,813</u>
Overlapping Debt:				
Victoria County	9/30/2022	27,390,000	59.91%	16,409,349
Victoria County Junior College District	9/30/2022	17,855,000	59.91%	10,696,931
Victoria Independent School District	9/30/2022	<u>109,805,000</u>	65.73%	<u>72,174,827</u>
Total Overlapping Debt		<u>155,050,000</u>		<u>99,281,106</u>
Total		<u>\$ 202,553,813</u>		<u>\$ 146,784,919</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



THIS PAGE WAS INTENTIONALLY LEFT BLANK.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 171,665,577	\$ 186,811,127	\$ 198,992,755	\$ 208,941,119
Total net debt applicable to limit	<u>92,532,222</u>	<u>96,348,923</u>	<u>94,657,221</u>	<u>90,091,477</u>
Legal debt margin	<u>\$ 79,133,355</u>	<u>\$ 90,462,204</u>	<u>\$ 104,335,534</u>	<u>\$ 118,849,642</u>
Total net debt applicable to the limit as a percentage of debt limit	53.90%	51.58%	47.57%	43.12%

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

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 208,707,476	\$ 211,498,485	\$ 204,176,555	\$ 211,499,654	\$ 214,943,157	\$ 232,743,804
<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>42,438,383</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>	<u>\$ 190,305,421</u>
43.14%	34.78%	32.20%	27.24%	23.47%	18.23%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 4,654,876,084
Debt limit	232,743,804
Debt applicable to limit	
General obligation bonds	43,545,000
Less: Debt Service Fund Balance	<u>1,106,617</u>
Total amount of debt applicable to debt limit	<u>42,438,383</u>
Legal debt margin	<u>\$ 190,305,421</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
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
2022	27,186,811	10,786,441	16,400,370	3,142,491

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

Water and Sewer Revenue Bonds

Subordinate Bonds			
Average Debt		Priority Bonds	Subordinate Bonds
Service		Coverage	Coverage
Requirements			
\$	-	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
	-	5.22	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>
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	3,922,673	58,479	13,239	6.0%
2022	65,377	N/A	N/A	13,193	4.2%

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 2022 is not yet available.
 - (3) Victoria Independent School District as of October 24, 2022
 - (4) U.S. Department of Labor

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

2022		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
Formosa Plastics	2,500	6.15%
Victoria Independent School District	2,500	6.15%
The Inteplast Group	1,300	3.20%
Citizens Medical Center	1,285	3.16%
DeTar Healthcare System	825	2.03%
DOW - Seadrift Operations	800	1.97%
Calhoun Independent School District	634	1.56%
Invista	600	1.47%
Caterpillar - NAHEX Victoria	600	1.47%
City of Victoria	<u>570</u>	<u>1.40%</u>
	<u>11,614</u>	<u>28.56%</u>

2013		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Area Employment</u>
The Inteplast Group	2,300	5.04%
Victoria Independent School District	2,200	4.82%
Formosa Plastics	1,800	3.95%
Citizens Medical Center	1,053	2.31%
DeTar Healthcare System	976	2.14%
Alcoa	650	1.42%
City of Victoria	610	1.34%
Invista	600	1.32%
Calhoun Independent School District	582	1.28%
DOW - Seadrift Operations	<u>564</u>	<u>1.24%</u>
	<u>11,335</u>	<u>24.86%</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			
	2013	2014	2015	2016
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	5	5	5	5
Development services administration	2	2	2	2
Geographic information system (GIS)	4	4	4	4
Building services	10	10	10	10
City secretary	3	3	3	3
Public information office	2	3	3	3
Public safety				
Police	155	158	156	159
Fire	117	117	129	130
Inspections	10	10	10	10
Code enforcement	5	5	5	5
Traffic control	9	9	9	9
Highways and streets				
Engineering	10	9	9	9
Streets and drainage	31	31	28	27
Culture and recreation				
Parks and recreation	41	41	40	39
Public library	27	27	27	27
Main Street	-	-	-	-
Water/wastewater	96	95	95	95
Riverside Park Golf Course	-	-	-	-
Community center	7	7	6	7
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	4	4	4
Total	<u>610</u>	<u>613</u>	<u>618</u>	<u>621</u>

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

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

* 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					
2017	2018	2019	2020	2021	2022
10	10	10	11	13	14
4	4	4	4	4	3
6	6	7	7	7	9
5	5	5	5	5	5
4	4	4	4	4	5
5	5	5	5	5	5
2	2	2	3	2	2
4	4	4	4	4	4
10	10	10	10	-	-
3	3	3	3	3	4
3	3	3	3	5	5
159	161	162	162	168	167
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	8	8	8	7	6
27	27	27	29	29	29
39	38	36	36	30	30
27	27	27	27	27	25
-	-	-	-	1	2
95	95	95	95	95	95
-	-	10	10	10	10
7	7	7	7	7	7
24	24	23	23	29	28
2	2	1	1	1	2
-	-	-	-	10	11
10	10	10	10	10	10
1	1	-	-	-	-
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	-	-
4	4	4	4	4	4
<u>621</u>	<u>621</u>	<u>628</u>	<u>632</u>	<u>639</u>	<u>641</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			
	2013	2014	2015	2016
General government				
Building permits issued	2,342	2,376	2,029	1,565
Building inspections conducted	8,698	10,380	8,438	6,799
Birth certificates registered	1,719	2,142	2,386	2,181
Death certificates registered	754	968	1,046	1,002
Birth certificates issued	5,946	5,475	6,035	6,104
Death certificates issued	1,249	981	945	878
Public safety				
Police				
Physical arrests	3,552	4,095	3,948	3,257
Parking violations	187	409	129	202
Traffic violations	13,181	13,061	9,391	8,255
Warrants issued	N/A	3,608	2,717	2,364
Fire				
Total Incidents	8,669	9,042	9,796	9,773
Fires	202	204	166	163
Rescue/Emergency Medical	8,467	8,838	9,630	9,610
False Alarms	356	358	398	315
Inspections	1,513	1,906	1,917	2,747
Fire Investigations	-	-	-	-
Streets and highways				
Street resurfacing (linear feet)	14,000	66,000	42,155	107,000
Culture and recreation				
Community center admissions (event contracts)				
Dome	92	118	112	104
Annex	75	96	94	90
Arena	27	58	43	57
Library				
Number of items	140,976	148,232	154,109	143,551
Circulation	353,122	373,153	363,927	375,587
Gate count	243,192	232,196	225,689	245,477
Water and wastewater				
Water				
Active water connections	22,660	22,923	23,136	22,802
Active sewer connections	21,068	21,230	21,395	21,254
Active garbage accounts	19,508	19,490	19,674	19,630
Average daily consumption (pumped) (in 000's)	9,950	9,629	8,972	8,972
Peak monthly consumption (in 000's)	374,690	434,515	382,831	403,289
Wastewater				
Average daily sewage treatment	5,469,000	5,842,333	7,100,000	7,130,000
Environmental services				
Refuse collection				
Refuse collected (tons per month)	N/A	N/A	N/A	N/A
Landfill tonnage accepted	154,291	140,102	143,081	148,578
Recyclables collected (tons per year)	3,227.66	3,191.00	3,141.00	2,796.00

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					
2017	2018	2019	2020	2021	2022
2,207	5,920	2,109	1,885	3,073	2,040
4,354	6,984	6,293	2,109	5,308	8,068
2,054	1,956	1,933	1,906	1,906	1,964
970	1,036	1,118	1,272	1,272	1,219
5,820	6,478	7,432	6,371	7,182	6,694
729	1,216	1,607	1,432	1,723	1,838
3,005	2,862	3,336	2,591	2,190	2,374
293	243	317	127	191	113
8,867	8,650	7,888	3,497	4,193	3,807
2,223	2,069	1,977	2,013	2,038	2,355
11,179	11,046	11,248	11,561	5,063	12,845
209	186	415	394	212	510
6,591	6,370	7,873	8,179	4,384	8,915
428	383	616	657	297	745
2,006	2,329	2,008	1,774	1,774	1,186
-	75	67	115	101	78
45,000	119,722	75,600	340,240	340,215	361,800
95	120	126	54	85	126
85	85	105	62	119	132
45	48	49	7	24	28
130,920	135,487	151,382	117,185	102,368	148,295
352,956	327,394	368,526	25,800	276,009	233,700
214,278	198,207	196,602	133,907	93,181	90,500
22,966	22,919	22,989	23,135	23,252	23,392
21,455	21,397	21,468	21,586	21,912	22,371
19,668	19,665	19,828	19,864	22,408	20,087
8,672	8,224	9,457	9,713	8,814	9,228
369,898	401,860	423,127	360,905	310,896	284,747
6,620,500	5,874,750	6,158,000	5,500,000	6,364,789	8,661,083
N/A	N/A	N/A	N/A	N/A	1,990
162,324	212,231	180,243	172,945	160,716	182,654
2,330.00	553.00	450.00	1,028	1,452	1,721

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.

2022 Starting Fiscal Year 22 refuse collected was tracked and average daily sewage treatment increase is due to several heavy rain storms causing a higher intake.

CITY OF VICTORIA, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
General government				
Buildings	3	3	3	3
Public safety				
Police				
Stations	1	1	1	1
Patrol units	36	36	33	32
Fire stations	5	5	6	6
Highways and streets				
Streets (miles)	314.51	314.51	321.81	322.35
Streetlights	4550	4550	4676	4763
Traffic signals	84	86	88	89
School zone flashers	61	61	61	61
Culture and recreation				
Acreage	866.7	888.0	888.0	888.0
Playgrounds	16	16	16	16
Splashpads	1	1	1	2
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)	373	373	380	386.2
Wastewater				
Sanitary sewers (miles)	342	349.2	349.2	349.2
Storm sewers (miles)	452	452	452	452
Environmental services				
Refuse collection				
Garbage collection trucks	7	8	9	9
Brush and large item collection trucks	5	4	4	4
Yard waste collection trucks	6	4	4	4
Recycling collection trucks	1	1	1	1

NOTE: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year					
2017	2018	2019	2020	2021	2022
3	3	3	3	3	3
1	1	1	1	1	1
32	39	34	36	36	36
6	6	6	6	6	6
325.80	323.83	323.83	323.83	323.83	323.83
4788	4598	4686	4686	4686	4765
88	89	90	90	92	92
61	61	51	51	58	58
888.0	888.0	888.0	888.0	888.0	900.0
16	12	13	12	11	11
2	3	3	3	3	3
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
389.9	394.08	397.19	400.26	401.42	404.28
355.3	355.3	358	355.3	359.79	361.02
452	452	452	452	452	452
9	9	9	8	8	9
4	4	5	4	3	4
4	4	4	4	4	4
1	1	1	2	2	2

SINGLE AUDIT SECTION



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

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

VOICE: (361) 573-3255
FAX: (361) 573-9531

**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, 2022, 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 12, 2023. 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*.

Report on 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) as a basis for designing 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 entity's 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 or significant deficiencies may exist that were not identified.

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

Report on 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 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 or other matters 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 12, 2023



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

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

VOICE: (361) 573-3255
FAX: (361) 573-9531

**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

Opinion on Each Major Federal Program

We have audited City of Victoria, Texas (the "City") compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink that reads "Harrison, Waldrop & Uherek, LLP". The signature is written in a cursive, flowing style.

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

April 12, 2023

CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Housing and Urban Development		
<i>Direct Program</i>		
Community Development Block Grant	14.218	B-21-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-MW-48-0510
HOME Investment Partnerships Program	14.239	M-19-SG-48-0100
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
Community Development Block Grant	14.228	20-066-007-C041
Total passed through Texas General Land Office		
Total U.S. Department of Housing and Urban Development		
U. S. Department of Transportation		
<i>Passed Through the Texas Department of Transportation</i>		
Highway Planning and Construction	20.205	50-22XF0023
State and Community Highway Safety	20.600	2022-VictoriaPD-S-1YG-00097
Total U.S. Department of Transportation		
U. S. Department of the Treasury		
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19
Total U.S. Department of the Treasury		
U. S. Department of Homeland Security		
<i>Passed Through the Texas Division of Emergency Management</i>		
Hazard Mitigation Grant	97.039	FEMA-4332-DR-TX
Total U.S. Department of Homeland Security		
U. S. Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0219
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0430
Body-Worn Camera Policy and Implementation Program	16.835	2020-BC-BX-0016
Total U.S. Department of Justice		
TOTAL FEDERAL EXPENDITURES		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 552,752	\$ 552,752	\$ -	CDBG-Entitlement Grants Cluster	
243,722	-	243,722	-		
11,829	-	11,829	-		
255,551	-	255,551	-		
571,941	-	571,941	-		
12,000	-	12,000	-		
583,941	-	583,941	-		
839,492	552,752	1,392,244	-		
94,870	-	94,870	-	Highway Planning and Construction Cluster	
14,471	-	14,471	-	Highway Safety Cluster	
109,341	-	109,341	-		
-	1,802,939	1,802,939	-		
-	1,802,939	1,802,939	-		
89,060	-	89,060	-		
89,060	-	89,060	-		
-	269,697	269,697	-		
-	54,893	54,893	-		
-	38,000	38,000	-		
-	362,590	362,590	-		
1,037,893	2,718,281	3,756,174	-		

(continued)

CITY OF VICTORIA, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>Other Award Number</u>
STATE EXPENDITURES		
Office of the Texas Governor		
Operation Lone Star Grant	N/A	4383701
Law Enforcement Officers Standards and Education		
Training Grant	N/A	N/A
Texas Department of Motor Vehicles		
<i>Passed Through the Motor Vehicle Crime Prevention Authority</i>		
Automobile Theft Grant	N/A	608-22-2350100
Automobile Theft Grant	N/A	608-23-2350100
Total Texas Department of Motor Vehicles		
Texas Commission on Environmental Quality		
Rider 7 Local Air Quality Planning Grant	N/A	582-20-11975
TOTAL STATE EXPENDITURES		
TOTAL FEDERAL AND STATE EXPENDITURES		

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

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 136,380	\$ 136,380	\$ -		
-	6,855	6,855	-		
121,115	-	121,115	-		
2,214	-	2,214	-		
123,329	-	123,329	-		
-	168,016	168,016	-		
123,329	311,251	434,580	-		
\$ 1,161,222	\$ 3,029,532	\$ 4,190,754	\$ -		

(concluded)

CITY OF VICTORIA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended September 30, 2022

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, 2022 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, 2022

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

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, 2022

None were reported.



THIS PAGE WAS INTENTIONALLY LEFT BLANK.