



# **Annual Comprehensive Financial Report**

Year Ended September 30, 2023

City of Victoria, Texas

**CITY OF VICTORIA, TEXAS**  
*ANNUAL COMPREHENSIVE FINANCIAL REPORT*  
*For the year ended September 30, 2023*

Prepared by the Finance Department  
City of Victoria, Texas

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## **INTRODUCTORY SECTION**



# CITY OF VICTORIA

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

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April 22, 2024

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, 2023, 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., the Victoria Housing Finance Corporation, and the Tax Increment Reinvestment Zone #1 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
2. Housing Authority Board
3. Library Board
4. Planning Commission
5. Food Establishment Appeals Board
6. Health Auth. for Victoria County Public Health Dept.
7. Victoria Housing Finance Corporation Board
8. Building and Standards Commission
9. Victoria County Public Health Dept. Board of Health
10. Tourism Advisory Board
11. Victoria Economic Development Corp.
12. Parks and Recreation Commission
13. Victoria Development Commission
14. Victoria Sales Tax Dev. Corp. Board
15. Victoria Metropolitan Planning Org.
16. Victoria Health Facilities Dev. Corp.
17. Victoria Special Events Assoc. Board
18. Victoria Central Appraisal District
19. Golden Crescent Reg. Planning Comm.
20. Tax Increment Reinvestment Zone #1
21. Victoria Public Facility Corporation

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

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

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.

## **2023 Economic Condition and Outlook**

### **Texas:**

Texas economic growth remains healthy while gradually reverting to a more historically normal pace of expansion following the pandemic when a bust in the first half of 2020 preceded a subsequent boom.

State job growth decelerated in fourth quarter 2023, and the latest readings from the Texas Business Outlook Surveys (TBOS) suggest that slowing continued in January and was more pronounced in manufacturing than in the service sector.

Labor market tightness is retreating, with fewer firms citing labor shortages as a concern and more reporting an improvement in the availability of applicants and in the ability to retain workers. Texas firms expect wage and cost pressures to ease in 2024 while remaining slightly elevated.

Texas job growth edged lower to 2.4 percent in fourth quarter 2023 from 3.0 percent in the third quarter. The construction and energy sectors continued to post strong gains through year-end, while manufacturing job growth largely abated. In services, fourth-quarter job growth was broad based, led by health care and leisure and hospitality.

In 2023, employment grew 3.1 percent in Texas, down from 4.3 percent in 2022 and well above the U.S. growth of 2.0 percent.

January data from the Texas Service Sector Outlook Survey (TSSOS) show continued employment growth, albeit at a slower pace than last year. Meanwhile, the Texas Manufacturing Outlook Survey (TMOS) employment index (three-month moving average) slipped into contractionary territory in January for the first time since 2020. Other Federal Reserve Banks' regional surveys also reported manufacturing weakness in January. However, upward movement in forward-looking TMOS indexes in January suggests the slump may be short-lived. Additionally, while 20 percent of manufacturers said in December that they were overstaffed, nearly all said they were opting not to undertake layoffs, suggesting they expect to need workers in the near future.

Weakening demand was still the top outlook concern for 2024 among Texas businesses in December. Elevated labor and input costs remain primary concerns, with a sharply higher share of firms citing geopolitical and domestic policy uncertainty. Labor shortages, higher interest rates and supply-chain disruptions are lessening worries.

Texas firms are less apprehensive about labor shortages, which in December were largely contained to health care, retail, and leisure and hospitality.

Also, applicant availability was a retreating hiring impediment; in January, 26 percent of TBOS respondents said availability had improved over the prior month, while 8 percent said it worsened.

A similar share reported better ability to retain existing workers, a positive sign that the "Great Resignation" of 2021 and 2022 has petered out, and the very tight labor market that continued into 2023 is lessening.

Business cost growth—both labor and nonlabor—is likely to decelerate further in 2024, though not as strongly as last year. Wage growth is expected to slip to 4.3 percent in 2024 from 5.6 percent recorded in 2023, according to a TBOS special question. Nonlabor input cost growth is anticipated to fall to 4.2 percent from 6.2 percent in 2023. If these expectations for 2024 are realized, it will mean cost growth will have declined to near 2018–19 levels.

Businesses expect selling-price growth to remain slightly elevated, with only a modest stepdown this year. Selling-price growth of roughly 3.5 percent, if realized, would still exceed 2018–19 average growth of 2.7 percent.



Firms may be hoping relatively higher price growth will help them recapture some margins lost amid dramatic cost surges in the past two years. TBOS firms, particularly smaller businesses, have reported declining margins on net since mid-2022. Some contacts noted a lagging ability to pass on cost increases to customers.

Texas' economic expansion has downshifted but remains healthy moving through 2024. Employment growth is expected to continue in 2024, albeit at a slower pace and closer to the long-term trend.

There are some downside risks, however. Inflation remains a headwind for Texas, as growth in the Consumer Price Index for the state last year outpaced the nation (4.6 percent November/November compared with 3.1 percent for the nation). Among the largest U.S. metros, Dallas and Houston ranked second and seventh, respectively, for year-over-year price increases. Consumer resilience may be ebbing, and geopolitical risk and U.S. election uncertainty are increasing.

The outlook of Texas firms remains mixed and uncertain, as reflected in respondent comments in the latest TBOS. Some were positive, such as one warehousing and storage firm that said, "It's a very stable business environment at the moment." On the other hand, a textile product mill reported, "Overall, uncertainty is high, and I'm feeling less optimistic than I did last quarter."

Still, Texas is expected to experience further growth this year, outpacing the U.S. as it typically does.

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

**Victoria:**

Victoria serves as the center for education, healthcare, retail, and industry in the Golden Crescent, a seven-county region in Texas. Victoria's economy continues to benefit from investments in businesses and industries that provide primary jobs in the region. The revitalization of the historic downtown area, the search for new land for an additional industrial park, and continuous support for developers and local partners are among the investments that contribute to the growth of Victoria's local economy.

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.

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. FedEx Ground opened their new 217,000 SF 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. With all this development, there are only 7 acres left to be purchased and developed.

The Port of Victoria is a vital economic engine serving the Victoria region. Building on the MOU 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 demonstrating their cooperation in strengthening economic growth and community development, \$6 million was pledged by the City of Victoria Sales Tax Development Corporation and Victoria County to partially fund a \$27 million Class 1 duly 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. In September, the Texas Department of Transportation announced an additional \$20.35 million to fully fund the rail project.

Two large Ammonia/Hydrogen projects have been announced at the Port of Victoria / Texas Logistics Center in the past 12 months. First Ammonia and Acme Group have secured acreage and are developing large scale green ammonia/hydrogen projects that will represent capital investments over \$4 billion and create over 200 new high paying jobs. Victoria and the Texas Gulf Coast are at the forefront of leading the country's green chemical transition.

In May, X-Energy and Dow announced Seadrift as the site of a new Small Modular Nuclear Reactor (SMRs) in partnership with the US Department of Energy. The \$2 billion capital investment will replace existing co-generation facilities on site. The project will create 110 new high paying jobs. This will be the first deployment of this technology on an industrial site. Visitors from around the world will be coming to tour the facility and potentially replicate at other industrial installations. The Texas Economic Development Council awarded this project one of their Community and Economic Development Awards (CEDA) at their annual meeting in October. This is the highest annual award in economic development in Texas.

In August, Centerline Technologies announced the corporate relocation of their offices from the DFW Metroplex to Victoria. The \$1 million capital investment will create 45 new local jobs and deploy highway striping teams throughout the state from Victoria.

In August Lynas Rare Earths announced the purchase of property in Seadrift for a Heavy and Light Rare Earth Element Processing Facility that will be the first of its kind outside of China. The project is a partnership with the US Department of Defense to secure a critical supply chain integral to the US economy. The \$550 million project will create 300 new high paying jobs. Once complete, there is the great potential and opportunity to locate metals and magnet manufacturers in proximity to the site multiplying the local economic impact of this new facility.

The Victoria Economic Development Corporation partnered with the Victoria Sales Tax Development Corporation to initiate the Newmark Regional Economic Development Strategic Plan in 2022. VEDC and Victoria College are partnering with VSTDC to commission a targeted market analysis with the study. In addition, Calhoun, Dewitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda and Refugio Counties have joined the study. VEDC facilitated the regional partners participation in the study and the plan was presented in March. All community partners are working to implement recommendations.

VEDC has officially grown to serve both Victoria and regional partners in economic development programming. The City of Edna, Calhoun County, the City of Port Lavaca, the Calhoun County Port Authority, The City of Goliad have joined the City of Victoria, Victoria County and the Victoria County Navigation District as public sector partners in VEDC.

The region has seen extensive prospect activity in 2023, specifically from Mega Projects. The region has hosted multiple site visits and remains on the extreme short list on 4 projects that amount to a combined capital investment of over \$9 billion and the potential to create over 1,100 high paying jobs and has made announcements on projects that total \$7 billion in capital investments and over 400 new high paying jobs.

The Victoria Regional Airport (VRA) completed a Land Use Development Strategic Plan and Governance Study in 2022. The study has provided a map of and guide of how to best market the available land for development. The airport maintains multiple daily flights to and from Houston Intercontinental Airport via Skywest/United Express. In 2022 economic impact of our airport is \$44.7M with 171 jobs supported. The total economic output includes \$1M in indirect and induced economic activity, with approximately 41% (\$4.9M) occurring in the City of Victoria.

In 2023, the Victoria Regional Airport exceeded 10,000 enplanements for the year thus creating more of an economic impact and funding opportunities from the FAA for capital improvements such as improving the main taxiways and primary runway. Along with the enplanements, the Victoria Regional Airport will grow with the addition of Texas A&M Forestry Service. This new addition would provide a space for the forestry service to service their planes that drop the red fire retardant on any fire in the South-Central Texas area.

The City is trying to develop a partnership with Victoria County to jointly fund the operations of the airport which would allow for funding of capital projects and matching funds needed to secure federal grants. Upcoming projects at the airport include terminal reconstruction, hangar construction and refurbishing, runway reconstruction, and parking lot reconstruction totaling approximately \$30-35 million.

The City secured permission from the Texas Commission on Environmental Quality to expand the City-owned landfill, adding 100 years of life to the landfill and allowing the City to safely provide high-demand industrial waste disposal services. The expansion will nearly triple the size of the landfill, covering 293 acres of property that is already owned by the City. The new landfill space will also include cells that are designed to accept Class 1 non-hazardous waste according to TCEQ regulations. This category includes certain types of non-hazardous industrial waste that are produced by plants and factories. Because so few landfills provide this type of service, local plants currently must transport their Class 1 waste up to 100 miles away. The City will now be able to accept business from plants in Victoria County and throughout the region who currently send their waste to landfills outside of the area. The project won't just attract new customers to the landfill; it might attract new businesses to Victoria. The additional space, combined with the ability to accept Class 1 waste, will make Victoria an attractive prospect for industries that produce Class 1 waste or large amounts of ordinary trash.

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.

A VA Facility is under construction in the Springwood Medical Plaza area. The project is anticipated to open in Spring of 2024. The 25,000 square foot facility will bring 25 full-time jobs to the City.

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 from the Parks Master Plan.

The Duck Pond and Dog Park were opened to the public in December 2023 in the award winning Riverside Park (Lone Star Legacy Park). A designation as a Lone Star Legacy is one of the highest honors that can be bestowed on a park.

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus foot print and degree program offerings. More than \$147MM 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 \$145MM. 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).

The university nears completion of the pedestrian safe street on campus and broke ground on the new health and wellness center in the fall of 2023. The new UHV Health & Wellness Center will be a 38,864 square-foot building including a 5,599 square-foot walk-in clinic run by DeTar Healthcare System. The building is projected to be completed in the spring of 2025 and has an estimated cost of \$29.2 million.

Other projects UHV has planned include renovation of existing buildings, demolition of unrenovated space at its University West site, parking lot construction, and facilities storage. Estimated costs for these projects total \$18.5 million.

On February 13, 2023 the Victoria College Board of Trustees unanimously voted in support of a May 6 bond election in the amount of \$10 million for construction of a Student Success Center. The three-story expansion and renovation of an existing facility will increase accessibility to resources under one roof. This new facility will provide students with resources - including a library, admissions, advising, financial aid, testing, veteran services and tutoring - in one, central campus location.

On May 6, 2023 voters approved the college's \$10 million bond. The bond measure received a total of 2,462 "for" votes, or 54 percent of total votes. The total cost of the construction and renovations for the Student Success Center is \$36.5 million, with nearly 75 percent of funding already committed through grants, gifts and institutional funds. The bond resulted in a tax rate increase of approximately 0.21 cents per \$100 of valuation for three years - from 3.20 cents to 3.41 cents - for debt service portion of property taxes used to pay bonds.

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 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
  
- *FishPond at Victoria Project*
  - Construction scheduled to begin Spring 2024
  - \$13.4 million project financed by TDHCA 2022 competitive 9% housing tax credit program
  - 75-unit housing community for seniors aged 55 and over.
  - Mixed-income community will have rents ranging from market rate to affordable for those individuals and families earning at or below 60% of the area median income
  
- *The Victorian Project*
  - Construction scheduled to begin Spring 2024
  - \$14.7 million project financed by TDHCA 2023 competitive 9% housing tax credit program
  - 68-unit housing community for seniors aged 55 and over.
  - Mixed-income community will have rents ranging from market rate to affordable for those individuals and families earning at or below 60% 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 2023 and Into the Future:***

Fiscal year 2023 saw many accomplishments. For example, Phase 3 of the Compensation Program has been implemented which impacted employees in several City departments; the Residential Street Construction Program, Preventive Street Maintenance Program, Thoroughfare Street Program, Street Sweeping Program, and various Traffic Signal Projects are being implemented or will be awarded by year-end. Major park improvements/programs have been or will be implemented by year-end, for example, Duck Pond and Dog Park construction are nearly completed; and, the City's Golf Course Program is being managed effectively. The Drainage Mowing Program has been implemented. City is on track implementing its 2023 Capital Expenditure Replacement Program; and, the City's Four-Year Capital Improvement Program has been updated. The City met its 2023 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. Renovation of Fire Station No. 1 to harden and make other improvements to the facility was completed in 2023. Several master plans have begun which will guide the City in future improvements to recreation and transportation. Construction on DeLeon Plaza was started in 2023 and is on track to be completed in time for the City's Bicentennial event in 2024. Design of the new Public Safety Headquarters is underway and construction is anticipated to begin in 2024.

The previous mentioned accomplishments are just some of the fiscal year 2023 initiatives and accomplishments. We look forward to implementing the fiscal year 2024 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 2024 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 2024 is 654, the same as fiscal year 2023. The total budgeted personnel cost for fiscal year 2024 is \$50.9 million, an increase of 3.3 percent or \$1.6 million over last year's budget. The increase includes Phase IV of the Compensation Pay Program and Step Pay Program for Fire and Police.
- *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. Public Safety Headquarters Building (\$51.56 million) – project consists of construction of a new facility for Police, Fire, 911/Dispatch, and Municipal Court employees.
  - b. Lone Tree Acres Drainage (\$4.29 million) – project consists of drainage improvements from the Southeast corner of Lone Tree Acres to Lone Tree Creek, re-shaping portions of the roadside ditches in the subdivision and reconstruction of the streets with stabilized subgrade, limestone base, seal-coat and HMA.
  - c. Thoroughfare Streets (\$7.11 million) – program includes Magruder Drive, Lingo Lane, Vine Street, Mockingbird (Stockbauer to Loop 463), Ben Jordan (Airline to Red River), Pleasant Green (Callis to S. Laurent), Delmar (Laurent to Port Lavaca Hwy), and East Larkspur (Navarro to Placido Benavides).
  - d. Residential Street Program (\$22.62 million) – program includes maintenance to various residential streets, Country Club (Navarro to Magruder), Tanglewood Phase I, College Park, Bon Aire, Bridle Ridge Phase III and IV, and Vista Del Sol.

- *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 third year of funding.
  - c. *Utility Projects (\$11.75 million)* – projects include design for utility reconstruction, sewer line replacements, water line replacements, and SCADA System.
  - d. 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 \$33.8 million. The Police and Fire Departments are the two largest departments in the City making up 56.6% of the General Fund.
- Park and Recreational Services Improvement Programs* - The fiscal year 2023 budget includes \$4.0 million for various Park & Recreation programs; \$3.5 million budgeted within General Fund includes funding for parks ground maintenance, various recreational programs, vehicle/equipment replacement, and playground equipment for various parks; and Hotel Tax Fund includes \$80,000 for various sports tournament programs, \$170,500 for equipment for the Youth Sports Complex, and \$217,000 for the Bicentennial Celebration.
- Hotel Occupancy Tax Program* - For fiscal year 2023-2024, City Council has approved \$135K of Hotel Tax funding to eligible agencies and organizations.
- Library Programs* - The fiscal year 2023 budget includes \$2.45 million for personnel and various maintenance and program costs; the budget includes \$259K for capital expenditures, mainly for replacing the library's technology equipment, HVAC, and purchasing books/materials.
- Code Enforcement Programs* - The fiscal year 2023 budget includes \$560,000 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 \$658,000 the division is dedicated to visually enhancing the overall landscape of our community with quality and attention. The goal with each task performed is to inspire others to be involved in the future beautification of our City.
- Main Street Program* – During fiscal year 2020, the City of Victoria assumed management of the Victoria Texas Main Street Program. Through leadership and the use of the Main Street Program, the Victoria Main Street Program will ensure that downtown contributes to the community's overall quality of life by providing opportunities for economic growth as well as for entertainment and personal enjoyment. During fiscal year 2021, the Main Street Program, in partnership with HEB, purchased a 30' animated Christmas tree for the enjoyment of the entire community; and also developed a Downtown Master Plan. Fiscal year 2024 includes \$376,000 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 2024 budget includes \$10.99 million in debt service payments (*General Governmental and Utility Revenue Bonds*), an increase of \$925,000. The City is calling in \$231,000 in outstanding principal payments as part of an effort to pay off debt sooner and increase interest savings.
- Tax Rate* - The budget assumes a property tax rate of 48.98¢, which is 6.84¢ lower than prior year. The tax rate is allocated at 29.95¢ for General Fund maintenance and operating costs, a decrease of 4.60¢ and 19.03¢ for debt service payments, a decrease of 2.24¢. The State's mandated No-New Revenue Tax Rate calculations produce a rate for fiscal year 2024 of 46.48¢ and a Voter-Approval Tax Rate of 48.98¢. The net property tax revenue increased by \$1,471,165, and includes \$220K in new property values, while implementing a tax rate less than the "Voter-Approval Tax Rate M&O", per S.B.2.



- *Sales Tax* - The fiscal year 2024 sales tax revenue budget is \$18,300,000, an increase of \$940K or 5.4 percent compared to last year's original budget. The increase in sales tax is anticipated due to inflation that has caused a permanent increase in the price of goods and services.
- *Fund Balance / Working Capital Balance Reserves* - The fiscal year 2024 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 2024 minimum fund balance (25% of \$59,753,570 budgeted expenditures) is projected to be \$14,938,393, which is \$2,184,228 less than the projected year-end fund balance amount of \$17,122,621.

**Capital Improvement Program**

***Routine Capital Expenditures***

The fiscal year 2024 Budget includes \$5.90 million in capital expenditures, an increase of 16.3 percent. The increase is mainly due to the net effect of an increase in buildings and improvements, machinery & equipment, and other equipment and a decrease in other structures and vehicles. The \$5.90 million capital expenditure budget will be funded with \$2.90 million of recurring revenue and \$3.00 million of one-time use of fund balance/working capital balance (\$834K General Fund; \$141K Special Revenue Funds; \$171K Motel Tax Fund; \$1.62 million Water/Wastewater Fund; \$3K 700 Main Center Fund; \$43K Community Center Fund; \$65K Environmental Services Fund; \$85K Riverside Park Golf Course; \$11K Radio Systems Fund; and \$29K Print Shop Fund).

The following table recaps routine capital expenditures for fiscal year 2024, compared to fiscal year 2023.

<i>Type of Fund</i>	<i>FY 2023 Original Budget</i>	<i>FY 2024 Original Budget</i>	<i>Increase/ (Decrease)</i>	<i>% Change</i>
General Fund	\$1,617,876	\$1,265,917	\$(351,959)	-21.75%
Special Revenue Funds	474,748	366,700	(108,048)	-22.76%
Enterprise Funds	1,152,679	2,638,407	1,485,728	-128.89%
Internal Service Funds	1,824,300	1,625,354	(198,946)	-10.91%
<b>Total</b>	<b>\$5,069,603</b>	<b>\$5,896,378</b>	<b>\$826,775</b>	<b>16.31%</b>

***Non-Routine Capital Expenditures***

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

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

The CIP is a plan that can be revised and amended in response to changing circumstances and funding availability. The City of Victoria is in the process of establishing a more comprehensive and proactive Capital Improvement Program, Policies and Procedures. All projects require final approval based on the City's Fiscal and Budgetary Policy and applicable administrative directives based on each individual project. This Budget is proactive in supporting the City's Capital Improvement Program (CIP). The fiscal year 2024 Budget includes \$97.6 million in "new" capital improvement projects. The table below recaps the non-routine capital expenditures for fiscal year 2024, compared to fiscal year 2023.



Fiscal year 2024 Capital Improvement Program is as follows:

	<i>FY 2023 Original Budget</i>	<i>FY 2024 Original Budget</i>	<i>Increase/ (Decrease)</i>	<i>% Change</i>
CIP 3037	\$23,853,597	\$83,240,638	\$59,387,041	248.96%
Utilities 3044	0	2,596,655	2,596,655	0.00%
Utilities 3046	22,247,271	11,747,899	(10,499,372)	-47.19%
<b>Total</b>	<b>\$46,100,868</b>	<b>\$97,585,192</b>	<b>\$51,484,324</b>	<b>111.68%</b>

### ***Financial Policies***

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

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

### ***Fiscal and Budgetary Policies***

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

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

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

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

### ***Budgetary Management***

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budgets approved by the Mayor and Council. Budgets for the General Fund, Debt Service Fund, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year. Budget comparisons are presented in the accompanying financial statements for these funds with appropriated budgets. The level of budgetary control includes expenditures that cannot legally exceed the appropriated amount and is established by departments within an individual governmental fund and proprietary fund.

Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of subfunction balances are not released until additional appropriations are made available.

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 \$1,048,538. 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 \$3.0 million, of which \$2.56 million is related to GO/CO Bonds and \$460K 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.

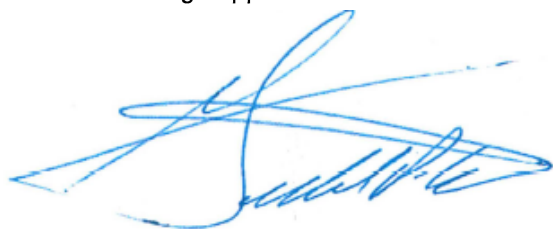
## **Certificate of Achievement**

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, 2022. This was the fortieth 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.

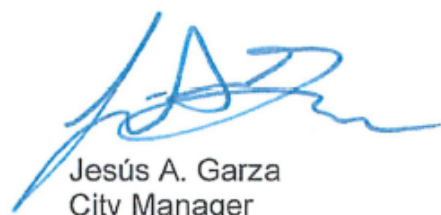
A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **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**

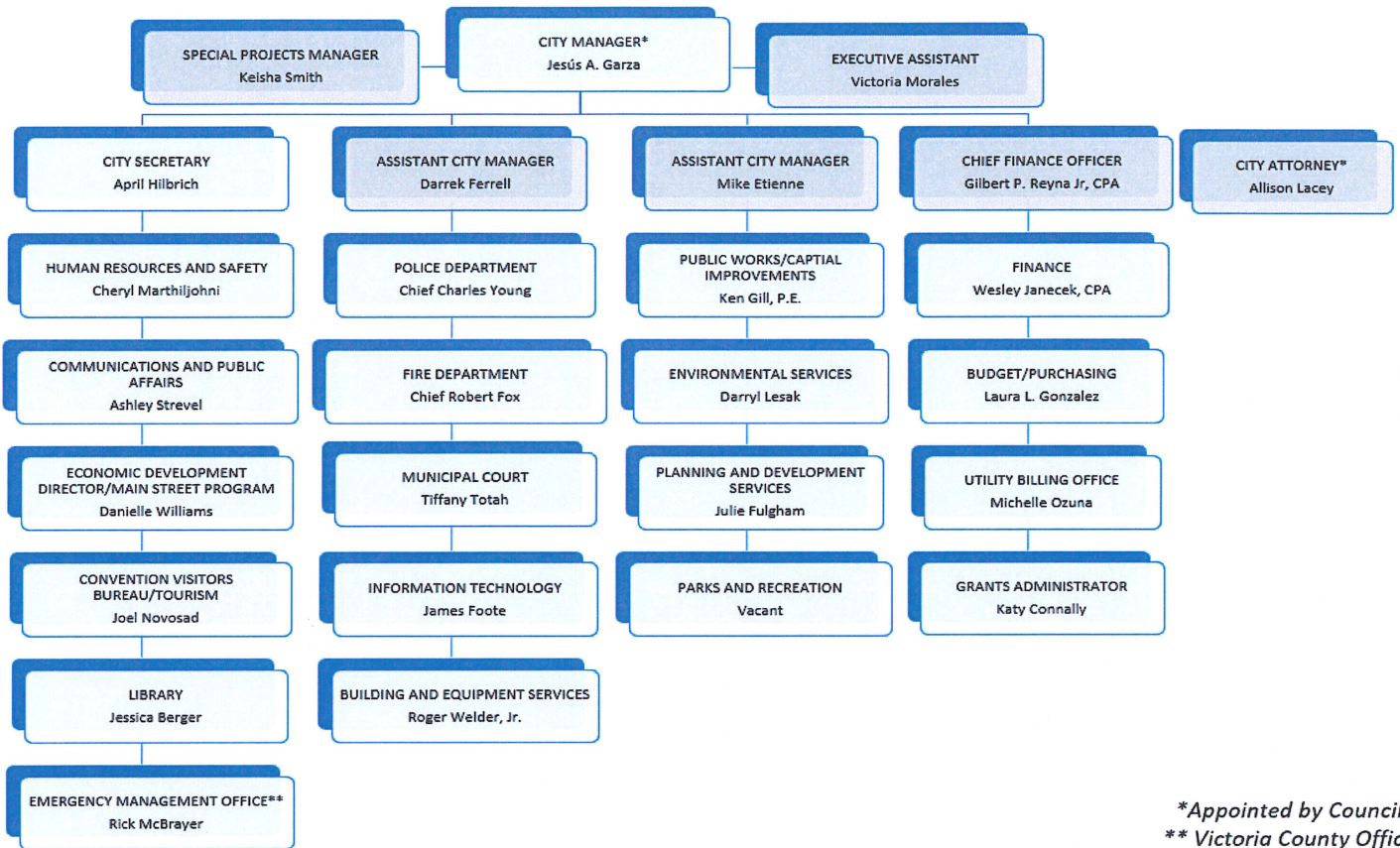
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO





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

**PRINCIPAL CITY OFFICIALS**

**ELECTED OFFICIALS**



<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	<u>Term Expires</u>
<i>Front Row</i>			
Josephine Soliz	Mayor Pro-Tem, District 2	11	May, 2024
Jeff Bauknight	Mayor	10	May, 2025
Jan Scott	Council Member, District 4	8	May, 2024
<i>Back Row</i>			
Dr. Andrew Young	Council Member, Super District 5	10	May, 2025
Mark Loffgren	Council Member, Super District 6	4	May, 2025
Duane Crocker	Council Member, District 3	4	May, 2024
Rafael DeLaGarza, III	Council Member, District 1	7	May, 2024

**EXECUTIVE LEADERSHIP**

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>	
		<u>Current With City</u>	<u>Position</u>
Jesús A. Garza	City Manager	4	4
Mike Etienne	Assistant City Manager	3	3
Darrek Ferrell	Assistant City Manager	3	3
Gilbert P. Reyna, Jr., CPA	Chief Financial Officer	28	28
Allison Lacey	City Attorney	8	1
Danielle Williams	Director of Economic Development	15	1
Cheryl Marthiljohni	Director of Human Resources	13	13
James Foote	Director of Information Technology	16	11
Julie Fulgham	Director of Development Services	9	6
Charles "Chuck" Young	Police Chief	2	0
Robert "Tracy" Fox	Fire Chief	27	5
Jessica Berger	Director of Public Library	21	0
Ken Gill, P.E.	Director of Public Works/City Engineer	32	3
Darryl Lesak	Director of Environmental Services	15	11
Ashley Strevel	Director of Communications and Public Affairs	4	4
Joel Novosad	Director of Convention & Visitor's Bureau	11	4
Roger Welder	Director of Building & Equipment Services	6	4
April Hilbrich	City Secretary	15	6
Tiffany Totah	Municipal Court Administrator	11	6
Keisha Smith	Special Projects Manager	2	1
Victoria Rocha	Executive Assistant to the City Manager	2	1

## **FINANCIAL SECTION**



CERTIFIED PUBLIC ACCOUNTANTS  
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VICTORIA, TEXAS 77901-8142

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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, 2023, 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, 2023 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, Downtown Tax Increment Reinvestment Zone No. 1, 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.



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

### 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 and state 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 and state 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 22, 2024, 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 22, 2024

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, 2023. 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.

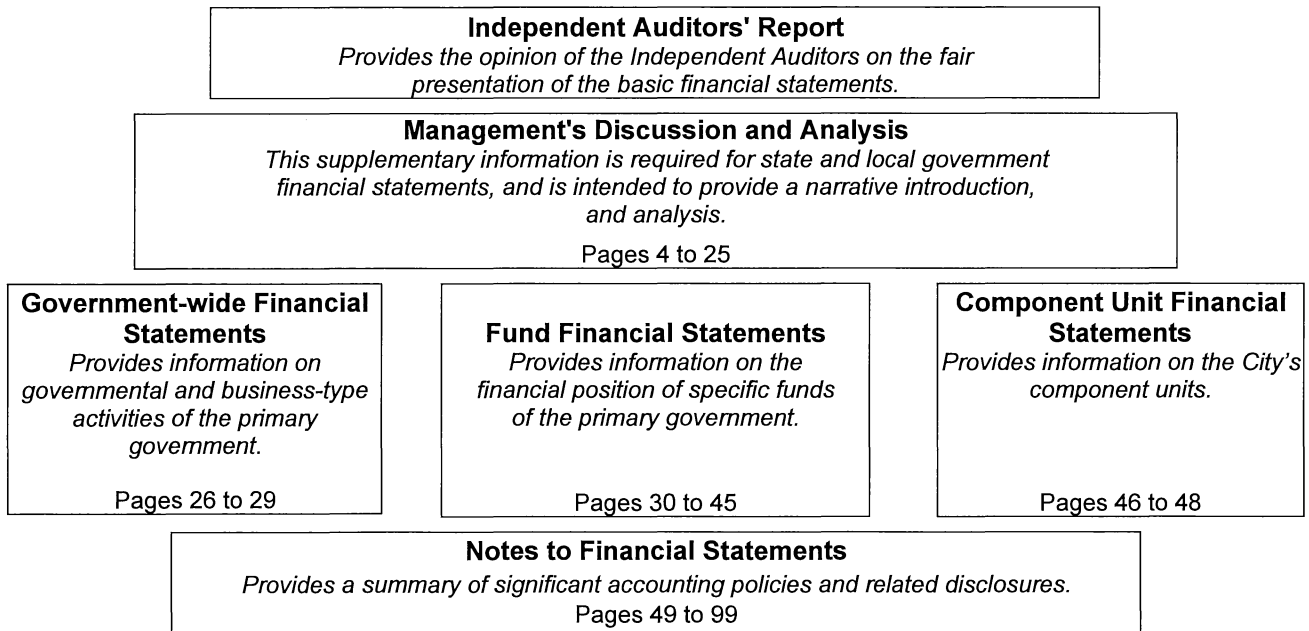
**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2023, by \$264,072,162. Of this amount, \$37,742,631 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 \$25,962,753. This represents a 11% increase in net position from the previous fiscal year.
- The total cost of all City activities was \$106,671,307 for the fiscal year. Net cost of all activities was \$36,162,976.
- At September 30, 2023, the City's governmental funds reported combined ending fund balances of \$42,787,151, a decrease of \$3,356,425 (7%) in comparison with prior year. The unassigned fund balance is \$22,731,022 (see page 12 for further detail).
- At September 30, 2023, unassigned fund balance for the General Fund was \$22,854,263 or 44% of total General Fund expenditures.
- The City's outstanding long-term debt had a net increase of \$31,160,494. The main reasons for the net increase are the City paid \$13,075,000 in principal payments on bonded debt, City issued \$2,265,000 and \$11,615,000 in certificates of obligation and revenue bonds, respectively, and the net pension liability balance increased \$29,124,114 (see page 16 for further detail).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Organization and Flow of Financial Section Information**



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## OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

### Government-wide Financial Statements

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

#### *Statement of Net Position*

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position can be found on pages 26 through 27.

#### *Statement of Activities*

The statement of activities presents information showing how the government's net position changed during fiscal year 2023. 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 28 through 29.

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, Downtown TIRZ No.1, 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 30 and 31) and the governmental fund statement of revenues, expenditures, and changes in fund balances (pages 33 and 34) provide reconciliations to facilitate this comparison between governmental funds and governmental activities (pages 32 and 35).

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## **OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)**

### **Fund Financial Statements - (Continued)**

#### ***Governmental Funds - (Continued)***

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

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

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

#### ***Proprietary Funds***

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

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

The basic proprietary fund financial statements follow the governmental fund financial statements (pages 36 through 43).

#### ***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 44 and 45 of this report.

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## **OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)**

### ***Discretely Presented Component Units***

The City's three discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government. These statements can be found on pages 46 through 48 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 49 through 102 of this report.

### **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 103 through 119 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 120 through 218 of this report.

Individual data for the component units that are reported as a governmental fund type (Sales Tax Development Corporation and Downtown TIRZ #1) is provided in the form of combining statements and follow the required supplementary information on pages 219 and 220 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 \$264,072,162 at the close of the fiscal year ended September 30, 2023.

At the end of fiscal year 2023, 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	
	2023	2022*	2023	2022*	2023	2022
Current assets	\$ 70,262,252	\$ 74,092,404	\$ 47,302,583	\$ 35,858,278	\$ 117,564,835	\$ 109,950,682
Capital assets (net)	171,124,828	150,669,427	126,466,355	125,119,983	297,591,183	275,789,410
Total assets	<u>241,387,080</u>	<u>224,761,831</u>	<u>173,768,938</u>	<u>160,978,261</u>	<u>415,156,018</u>	<u>385,740,092</u>
Deferred outflows of resources	20,803,695	9,080,367	3,593,834	2,208,753	24,397,529	11,289,120
Long-term liabilities	94,807,102	74,835,934	60,586,756	49,397,430	155,393,858	124,233,364
Other liabilities	14,289,621	17,381,363	3,600,510	2,816,659	17,890,131	20,198,022
Total liabilities	<u>109,096,723</u>	<u>92,217,297</u>	<u>64,187,266</u>	<u>52,214,089</u>	<u>173,283,989</u>	<u>144,431,386</u>
Deferred inflows of resources	1,606,575	11,769,926	590,821	2,718,491	2,197,396	14,488,417
Net position:						
Net investment in capital assets	127,343,821	102,097,409	90,423,430	90,560,879	217,767,251	192,658,288
Restricted	8,562,280	7,161,050	-	-	8,562,280	7,161,050
Unrestricted	15,581,376	20,596,516	22,161,255	17,693,555	37,742,631	38,290,071
Total net position	<u>\$ 151,487,477</u>	<u>\$ 129,854,975</u>	<u>\$ 112,584,685</u>	<u>\$ 108,254,434</u>	<u>\$ 264,072,162</u>	<u>\$ 238,109,409</u>

\*Net position for 2022 has been restated. See Note 22 of this report.

The largest portion of the City's fiscal year 2023 net position (82% or \$217,767,251) consists of investment in capital assets (e.g., land, buildings, streets, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has restricted net position of \$8,562,280 consisting of \$2,065,096 for debt service, \$4,306,836 for special programs related to recreation, \$1,407,564 for public safety programs, and \$782,784 for housing development. The remaining balance of \$37,742,631 may be used to meet the government's ongoing obligations to citizens and creditors; overall, the City's net position increased by \$25,962,753, which consists of an increase of \$21,632,502 in governmental net position and an increase of \$4,330,251 in business-type net position.

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

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022*	2023	2022*	2023	2022
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 9,762,623	\$ 8,501,876	\$ 34,607,229	\$ 34,754,725	\$ 44,369,852	\$ 43,256,601
Operating grants and contributions	12,610,488	5,055,707	-	-	12,610,488	5,055,707
Capital grants and contributions	11,596,863	11,980,487	1,931,128	-	13,527,991	11,980,487
General revenues:						
Property taxes	28,708,867	27,007,985	-	-	28,708,867	27,007,985
Other taxes	28,348,041	27,080,244	-	-	28,348,041	27,080,244
Other	3,410,001	1,243,730	1,658,820	221,624	5,068,821	1,243,730
<b>Total revenues</b>	<b>94,436,883</b>	<b>80,870,029</b>	<b>38,197,177</b>	<b>34,976,349</b>	<b>132,634,060</b>	<b>115,624,754</b>
<b>EXPENSES</b>						
General government	10,188,588	7,848,396	-	-	10,188,588	7,848,396
Public safety	36,324,114	30,846,792	-	-	36,324,114	30,846,792
Development	20,473,744	17,366,423	-	-	20,473,744	17,366,423
Recreation	7,077,856	6,585,244	-	-	7,077,856	6,585,244
Interest on long-term debt	1,710,900	1,850,886	-	-	1,710,900	1,850,886
Water/wastewater	-	-	22,772,587	20,915,429	22,772,587	20,915,429
Environmental services	-	-	6,008,920	4,512,471	6,008,920	4,512,471
Other	-	-	2,114,598	2,181,599	2,114,598	2,181,599
<b>Total expenses</b>	<b>75,775,202</b>	<b>64,497,741</b>	<b>30,896,105</b>	<b>27,609,499</b>	<b>106,671,307</b>	<b>92,107,240</b>
Change in net position before transfers	18,661,681	16,372,288	7,301,072	7,366,850	25,962,753	23,739,138
Transfers	2,970,821	3,415,997	( 2,970,821)	( 3,415,997)	-	-
Change in net position	21,632,502	19,788,285	4,330,251	3,950,853	25,962,753	23,739,138
<b>Net position - October 1, as restated</b>	<b>129,854,975</b>	<b>110,066,690</b>	<b>108,254,434</b>	<b>104,303,581</b>	<b>238,109,409</b>	<b>214,370,271</b>
<b>Net position - September 30</b>	<b>\$ 151,487,477</b>	<b>\$ 129,854,975</b>	<b>\$ 112,584,685</b>	<b>\$ 108,254,434</b>	<b>\$ 264,072,162</b>	<b>\$ 238,109,409</b>

\*Net position for 2022 has been restated. See Note 22 of this report.



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

**Governmental Activities**

The increase in the governmental activities is mainly due to a \$13.6M increase in overall revenues. Specifically, charges for services increased \$1.3M, operating grants and contributions increased \$7.6M, property taxes increased \$1.7M, other taxes increased \$1.3M, and other revenues increased \$2.2M. Explanations for the increase in revenues include the following:

- 1) Capital grants and contributions includes \$10.9M in capital asset contributions from the Victoria Sales Tax Development Corporation for various street projects and \$621K from the Texas Parks and Wildlife Department for the Duck Pond Project. Operating grants and contributions increased due to the Flood Gate Project which reported grant revenue of \$4.6M in FY 2023; in addition, there was an increase of \$2.1M in American Rescue Plan Act grant funds recorded as revenue in FY 2023 compared to FY 2022.
- 2) The increase in property taxes and other taxes relates primarily to an increase in property values of 11% and a decrease in the property tax rate of 5% for FY 2023. 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  
2023 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	\$ 10,188,588	13.44%	\$ 5,919,150	17.42%	(\$ 4,269,438)
Public safety	36,324,114	47.94%	14,278,579	42.03%	( 22,045,535)
Development	20,473,744	27.02%	12,628,779	37.18%	( 7,844,965)
Recreation	7,077,856	9.34%	1,143,466	3.37%	( 5,934,390)
Interest on long-term debt	1,710,900	2.26%	-	0.00%	( 1,710,900)
	<u>\$ 75,775,202</u>		<u>\$ 33,969,974</u>		<u>(\$ 41,805,228)</u>

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

<u>Description</u>	<u>Revenues</u>		<u>Revenues</u>	
	<u>2023</u>	<u>% of Total</u>	<u>2022</u>	<u>% of Total</u>
Charges for services	\$ 9,991,030	10.26%	\$ 8,501,876	10.15%
Operating grants and contributions	13,003,590	13.35%	5,055,707	6.03%
Capital grants and contributions	10,975,354	11.27%	11,980,487	14.30%
Property taxes	28,708,867	29.47%	27,007,985	32.23%
Sales taxes	20,361,685	20.90%	19,291,123	23.02%
Franchise taxes	5,977,262	6.14%	5,761,674	6.88%
Other taxes	2,009,094	2.06%	2,027,447	2.42%
Unrestricted investment earnings	3,153,227	3.24%	477,201	0.57%
Gain on sale of capital assets	-	0.00%	14,391	0.02%
Miscellaneous	256,774	0.26%	752,138	0.90%
Transfers	2,970,821	3.05%	2,915,997	3.48%
<b>Total</b>	<u>\$ 97,407,704</u>		<u>\$ 83,786,026</u>	

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

**Business-type Activities**

Fiscal year 2023 business-type activities increased the City's net position by \$4.3M. The net position increase is due to an increase in capital grants and contributions of \$1.9M, an increase in investment earnings by \$1.4M, an increase in Water/wastewater expenses of \$1.4M primarily in personnel costs (including pension and OPEB expense), and an increase in Environmental services operating expenses of \$1.5M.

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**City of Victoria, Texas**  
**2023 Expenses and Program Revenues - Business-type Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>% of Total</u>	<u>Program Revenues</u>	<u>% of Total</u>	<u>Net (Expense) Revenue</u>
Water/wastewater	\$22,772,587	73.71%	\$28,544,264	78.12%	\$5,771,677
Environmental services	6,008,920	19.45%	6,179,454	16.91%	170,534
Other	<u>2,114,598</u>	6.84%	<u>1,814,639</u>	4.97%	<u>(299,959)</u>
	<u>\$30,896,105</u>		<u>\$36,538,357</u>		<u>\$5,642,252</u>

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

<u>Description</u>	<u>Revenues</u> <u>2023</u>	<u>% of Total</u>	<u>Revenues</u> <u>2022</u>	<u>% of Total</u>
Charges for services	\$34,607,229	98.24%	\$34,754,725	108.40%
Capital grants and contributions	1,931,128	5.48%	-	0.00%
Unrestricted investment earnings	1,658,820	4.71%	215,075	0.67%
Miscellaneous	-	0.00%	6,549	0.02%
Transfers	( <u>2,970,821</u> )	( 8.43% )	( <u>2,915,997</u> )	( 9.09% )
<b>Total</b>	<u>\$35,226,356</u>		<u>\$32,060,352</u>	

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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### Governmental Funds

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

As of the end of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$42,787,151, a decrease of \$3,356,425. The main reasons for the net decrease in the City's combined governmental ending fund balances is due to the spending of funds received in prior fiscal years by the Capital Construction Funds in FY 2023.

The City's governmental funds combined fund balance of \$42,787,151 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 2023, unassigned fund balance of the General Fund was \$22,854,263 while total General Fund fund balance was \$23,259,561. 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 44% of the total General Fund expenditures, while total fund balance also represents 45% of that same amount.

The General Fund fund balance increased by \$2,460,022, which was mainly due to an increase in taxes by \$2.5M and an increase in total expenditures by \$2.3M in comparison with the prior year. Revenues and other financing sources came in over budget by \$5.8M and expenditures and other financing uses were under budget by \$2.3M; the City had planned to draw down fund balance for one-time capital projects, but due to the increase in revenues, fund balance increased.

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. \$5,698,424 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 2023, fund balance of the Debt Service Fund was \$1,413,076. The main reason for the \$306,459 increase in the Debt Service Fund fund balance is due to an increase in delinquent property tax collections and interest income, which were \$68K and \$132K, respectively, over the budgeted amounts.
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 2023 the combined fund balances for the two major capital construction funds was \$11,460,822. The decrease in their fund balances from the prior year was \$6,705,817 and was mainly due to encumbrances carried over from the prior fiscal year being paid out in the current fiscal year; these projects include the Duck Pond Project (\$1.2M), Fire Station #1 Remodel (\$1.2M), North Heights Phase VII (\$1.8M), and the University of Houston-Victoria Ben Wilson Corridor Project (\$4.8M).

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

### Proprietary Funds

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

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

<u>Fund</u>	<u>2023</u> <u>Unrestricted</u> <u>Net Position</u>	<u>2022</u> <u>Unrestricted</u> <u>Net Position</u>
Water and Wastewater	\$ 15,296,449	\$ 10,977,801
Environmental Services	4,982,731	5,452,007
Other	<u>1,882,075</u>	<u>1,763,747</u>
Total	<u>\$22,161,255</u>	<u>\$18,193,555</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 2023 General Fund original budget and fiscal year 2023 General Fund final amended budget for expenditures (including transfers) was \$1,302,189 which represents fiscal year 2022 carryover encumbrances of \$1,087,916 and a budget amendment amounting to \$214,273 (PTO Payout).
- The original fiscal year 2023 budget included approximately \$5,805,308 of "one-time" expenditures mainly consisting of capital acquisition and improvement projects.
- For fiscal year 2023, the General Fund revenues came in \$3,934,859 higher than the General Fund amended 2023 budget, primarily due to sales tax revenue coming in \$3M over budget, franchise tax revenue coming in \$206K over budget, and interest revenue coming in \$734K over budget.
- For fiscal year 2023, the General Fund actual expenditures, including encumbrances, came in approximately \$2.2M lower than the General Fund amended fiscal year 2023 budget or \$923K lower than the General Fund original 2023 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, 2023, amounts to \$297,591,183 (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 increase in the City's investment in capital assets for the current fiscal year was \$21,801,773 or 8% (a \$20,455,401 or 14% increase for governmental activities and \$1,346,372 or 1% increase for business-type activities).

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

#### City of Victoria, Texas Capital Asset Investment Activity Schedule

Capital Asset Description	Additions Governmental Activities	Deletions Governmental Activities	Additions Business-type Activities	Deletions Business-type Activities	Net Total
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	90,515	1,294,007	334,021	77,954	(947,425)
Other structure improvements	2,514,033	74,754	224,193	-	2,663,472
Infrastructure - streets, drainage, traffic, and sidewalks, etc.	11,728,583	-	-	-	11,728,583
Construction in progress	24,284,926	8,289,744	9,459,895	2,848,174	22,606,903
Machinery, equipment, and vehicles	4,141,997	6,443,645	341,169	120,685	(2,081,164)
Right-to-Use lease assets	821,573	-	461,296	-	1,282,869
Water and wastewater distribution system	-	-	<u>2,957,808</u>	-	<u>2,957,808</u>
Total	<u>\$ 43,581,627</u>	<u>\$ 16,102,150</u>	<u>\$ 13,778,382</u>	<u>\$ 3,046,813</u>	38,211,046
					FY 2023 depreciation and amortization expense ( 23,877,045)
					FY 2023 accumulated depreciation and amortization deletions 7,467,772
					Primary government beginning capital assets balance <u>275,789,410</u>
					Primary government ending capital assets balance <u>\$297,591,183</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, 2023:

<b>City of Victoria, Texas</b>						
<b>Capital Assets</b>						
<b>(Net of Depreciation and Amortization)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 5,120,362	\$ 5,120,362	\$ 5,569,177	\$ 5,569,177	\$ 10,689,539	\$ 10,689,539
Construction in progress	23,313,044	7,317,862	9,131,752	2,520,031	32,444,796	9,837,893
Machinery and equipment	10,676,237	10,901,290	1,215,692	1,414,784	11,891,929	12,316,074
Buildings	4,633,784	5,779,172	18,537,563	20,004,555	23,171,347	25,783,727
Improvements other than buildings	5,526,640	3,375,441	2,422,881	2,217,026	7,949,521	5,592,467
Infrastructure	120,906,464	117,787,969	182,005	203,915	121,088,469	117,991,884
Right-to-Use lease assets	948,297	387,331	606,892	226,579	1,555,189	613,910
Water and wastewater distribution system	-	-	<u>88,800,393</u>	<u>92,963,916</u>	<u>88,800,393</u>	<u>92,963,916</u>
Total	<u>\$171,124,828</u>	<u>\$150,669,427</u>	<u>\$126,466,355</u>	<u>\$125,119,983</u>	<u>\$297,591,183</u>	<u>\$275,789,410</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 2023, the City had total bonded debt outstanding of \$79,755,000. Of this amount, \$37,490,000 comprises debt backed by the full faith and credit of the government and \$42,265,000 secured solely by specific revenue sources (i.e., revenue bonds). In addition, the City had outstanding \$2,042,524 in financed purchases, \$1,576,659 in right-to-use leases, \$1,614,970 in compensated absences, \$9,541,176 in OPEB liability, \$48,463,830 in net pension liability, \$4,642,769 in estimated landfill closure and post-closure care cost; and \$7,756,930 in net bond premium as of September 30, 2023.

### City of Victoria, Texas Outstanding Debt and Net Bond Premium

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 26,835,000	\$ 34,380,000	\$ -	\$ -	\$ 26,835,000	\$ 34,380,000
Certificates of obligation	10,655,000	9,165,000	-	-	10,655,000	9,165,000
Revenue bonds	-	-	42,265,000	35,405,000	42,265,000	35,405,000
Financed purchases	1,958,209	967,039	84,315	30,329	2,042,524	997,368
Right-to-Use leases	965,603	392,712	611,056	227,727	1,576,659	620,439
Compensated absences	1,378,727	1,053,777	236,243	165,768	1,614,970	1,219,545
OPEB liability	8,148,165	8,905,308	1,393,011	1,849,895	9,541,176	10,755,203
Net pension liability	41,388,111	16,013,285	7,075,719	3,326,431	48,463,830	19,339,716
Estimated landfill closure and post-closure care cost	-	-	4,642,769	4,541,724	4,642,769	4,541,724
Net bond premium	<u>3,478,287</u>	<u>3,958,813</u>	<u>4,278,643</u>	<u>3,850,556</u>	<u>7,756,930</u>	<u>7,809,369</u>
<b>Total</b>	<b><u>\$ 94,807,102</u></b>	<b><u>\$ 74,835,934</u></b>	<b><u>\$ 60,586,756</u></b>	<b><u>\$ 49,397,430</u></b>	<b><u>\$ 155,393,858</u></b>	<b><u>\$ 124,233,364</u></b>

The City's debt had a net increase of \$31,160,494 or 25%. The key factors to this net increase are the following:

- Debt payments of \$8,320,000 in governmental activities bonds and \$4,755,000 in business-type activities bonds were made during fiscal year 2023,
- The City issued \$2,265,000 in certificates of obligation and \$11,615,000 in revenue bonds during fiscal year 2023,
- The City entered into financed purchases in the governmental and business-type activities in the amount of \$1,299,260 and \$83,852, respectively and made principal payments of \$308,090 and \$29,866 on them in the governmental and business-type activities, respectively in fiscal year 2023,
- Right-to-Use leases had a net increase of \$956,220,
- Net pension liability increased by \$29,124,114,
- Total OPEB liability decreased by \$1,214,027,
- Landfill closure/post-closure care cost had a net increase of \$101,045,
- Bond premium had a net decrease of \$52,439 and,
- Compensated absences increased by \$395,425.

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

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

### *Texas Economy*

Texas economic growth remains healthy while gradually reverting to a more historically normal pace of expansion following the pandemic when a bust in the first half of 2020 preceded a subsequent boom.

State job growth decelerated in fourth quarter 2023, and the latest readings from the Texas Business Outlook Surveys (TBOS) suggest that slowing continued in January and was more pronounced in manufacturing than in the service sector.

Labor market tightness is retreating, with fewer firms citing labor shortages as a concern and more reporting an improvement in the availability of applicants and in the ability to retain workers. Texas firms expect wage and cost pressures to ease in 2024 while remaining slightly elevated.

Texas job growth edged lower to 2.4 percent in fourth quarter 2023 from 3.0 percent in the third quarter. The construction and energy sectors continued to post strong gains through year-end, while manufacturing job growth largely abated. In services, fourth-quarter job growth was broad based, led by health care and leisure and hospitality.

In 2023, employment grew 3.1 percent in Texas, down from 4.3 percent in 2022 and well above the U.S. growth of 2.0 percent.

January data from the Texas Service Sector Outlook Survey (TSSOS) show continued employment growth, albeit at a slower pace than last year. Meanwhile, the Texas Manufacturing Outlook Survey (TMOS) employment index (three-month moving average) slipped into contractionary territory in January for the first time since 2020. Other Federal Reserve Banks' regional surveys also reported manufacturing weakness in January. However, upward movement in forward-looking TMOS indexes in January suggests the slump may be short-lived. Additionally, while 20 percent of manufacturers said in December that they were overstaffed, nearly all said they were opting not to undertake layoffs, suggesting they expect to need workers in the near future.

Weakening demand was still the top outlook concern for 2024 among Texas businesses in December. Elevated labor and input costs remain primary concerns, with a sharply higher share of firms citing geopolitical and domestic policy uncertainty. Labor shortages, higher interest rates and supply-chain disruptions are lessening worries.

Texas firms are less apprehensive about labor shortages, which in December were largely contained to health care, retail, and leisure and hospitality.

Also, applicant availability was a retreating hiring impediment; in January, 26 percent of TBOS respondents said availability had improved over the prior month, while 8 percent said it worsened.

A similar share reported better ability to retain existing workers, a positive sign that the "Great Resignation" of 2021 and 2022 has petered out, and the very tight labor market that continued into 2023 is lessening.

Business cost growth—both labor and nonlabor—is likely to decelerate further in 2024, though not as strongly as last year. Wage growth is expected to slip to 4.3 percent in 2024 from 5.6 percent recorded in 2023, according to a TBOS special question. Nonlabor input cost growth is anticipated to fall to 4.2 percent from 6.2 percent in 2023. If these expectations for 2024 are realized, it will mean cost growth will have declined to near 2018–19 levels.



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

### *Texas Economy - Continued*

Businesses expect selling-price growth to remain slightly elevated, with only a modest stepdown this year. Selling-price growth of roughly 3.5 percent, if realized, would still exceed 2018–19 average growth of 2.7 percent.

Firms may be hoping relatively higher price growth will help them recapture some margins lost amid dramatic cost surges in the past two years. TBOS firms, particularly smaller businesses, have reported declining margins on net since mid-2022. Some contacts noted a lagging ability to pass on cost increases to customers.

Texas' economic expansion has downshifted but remains healthy moving through 2024. Employment growth is expected to continue in 2024, albeit at a slower pace and closer to the long-term trend.

There are some downside risks, however. Inflation remains a headwind for Texas, as growth in the Consumer Price Index for the state last year outpaced the nation (4.6 percent November/November compared with 3.1 percent for the nation). Among the largest U.S. metros, Dallas and Houston ranked second and seventh, respectively, for year-over-year price increases. Consumer resilience may be ebbing, and geopolitical risk and U.S. election uncertainty are increasing.

The outlook of Texas firms remains mixed and uncertain, as reflected in respondent comments in the latest TBOS. Some were positive, such as one warehousing and storage firm that said, "It's a very stable business environment at the moment." On the other hand, a textile product mill reported, "Overall, uncertainty is high, and I'm feeling less optimistic than I did last quarter."

Still, Texas is expected to experience further growth this year, outpacing the U.S. as it typically does.

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

### *Victoria Economy*

Victoria serves as the center for education, healthcare, retail, and industry in the Golden Crescent, a seven-county region in Texas. Victoria's economy continues to benefit from investments in businesses and industries that provide primary jobs in the region. The revitalization of the historic downtown area, the search for new land for an additional industrial park, and continuous support for developers and local partners are among the investments that contribute to the growth of Victoria's local economy.

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.

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. FedEx Ground opened their new 217,000 SF 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. With all this development, there are only 7 acres left to be purchased and developed.

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

### *Victoria Economy - Continued*

The Port of Victoria is a vital economic engine serving the Victoria region. Building on the MOU 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 demonstrating their cooperation in strengthening economic growth and community development, \$6M was pledged by the City of Victoria Sales Tax Development Corporation and Victoria County to partially fund a \$27M Class 1 duly 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. In September, the Texas Department of Transportation announced an additional \$20.35M to fully fund the rail project.

Two large Ammonia/Hydrogen projects have been announced at the Port of Victoria / Texas Logistics Center in the past 12 months. First Ammonia and Acme Group have secured acreage and are developing large scale green ammonia/hydrogen projects that will represent capital investments over \$4 billion and create over 200 new high paying jobs. Victoria and the Texas Gulf Coast are at the forefront of leading the country's green chemical transition.

In May, X-Energy and Dow announced Seadrift as the site of a new Small Modular Nuclear Reactor (SMRs) in partnership with the US Department of Energy. The \$2 billion capital investment will replace existing co-generation facilities on site. The project will create 110 new high paying jobs. This will be the first deployment of this technology on an industrial site. Visitors from around the world will be coming to tour the facility and potentially replicate at other industrial installations. The Texas Economic Development Council awarded this project one of their Community and Economic Development Awards (CEDA) at their annual meeting in October. This is the highest annual award in economic development in Texas.

In August, Centerline Technologies announced the corporate relocation of their offices from the DFW Metroplex to Victoria. The \$1M capital investment will create 45 new local jobs and deploy highway striping teams throughout the state from Victoria.

In August Lynas Rare Earths announced the purchase of property in Seadrift for a Heavy and Light Rare Earth Element Processing Facility that will be the first of its kind outside of China. The project is a partnership with the US Department of Defense to secure a critical supply chain integral to the US economy. The \$550M project will create 300 new high paying jobs. Once complete, there is the great potential and opportunity to locate metals and magnet manufacturers in proximity to the site multiplying the local economic impact of this new facility.

The Victoria Economic Development Corporation partnered with the Victoria Sales Tax Development Corporation to initiate the Newmark Regional Economic Development Strategic Plan in 2022. VEDC and Victoria College are partnering with VSTDC to commission a targeted market analysis with the study. In addition, Calhoun, Dewitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda and Refugio Counties have joined the study. VEDC facilitated the regional partners participation in the study and the plan was presented in March. All community partners are working to implement recommendations.

VEDC has officially grown to serve both Victoria and regional partners in economic development programming. The City of Edna, Calhoun County, the City of Port Lavaca, the Calhoun County Port Authority, The City of Goliad have joined the City of Victoria, Victoria County and the Victoria County Navigation District as public sector partners in VEDC.

The region has seen extensive prospect activity in 2023, specifically from Mega Projects. The region has hosted multiple site visits and remains on the extreme short list on 4 projects that amount to a combined capital investment of over \$9 billion and the potential to create over 1,100 high paying jobs and has made announcements on projects that total \$7 billion in capital investments and over 400 new high paying jobs.

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

### *Victoria Economy - Continued*

The Victoria Regional Airport (VRA) completed a Land Use Development Strategic Plan and Governance Study in 2022. The study has provided a map of and guide of how to best market the available land for development. The airport maintains multiple daily flights to and from Houston Intercontinental Airport via Skywest/United Express. In 2022 economic impact of our airport is \$44.7M with 171 jobs supported. The total economic output includes \$1M in indirect and induced economic activity, with approximately 41% (\$4.9M) occurring in the City of Victoria.

In 2023, the Victoria Regional Airport exceeded 10,000 enplanements for the year thus creating more of an economic impact and funding opportunities from the FAA for capital improvements such as improving the main taxiways and primary runway. Along with the enplanements, the Victoria Regional Airport will grow with the addition of Texas A&M Forestry Service. This new addition would provide a space for the forestry service to service their planes that drop the red fire retardant on any fire in the South-Central Texas area.

The City is trying to develop a partnership with Victoria County to jointly fund the operations of the airport which would allow for funding of capital projects and matching funds needed to secure federal grants. Upcoming projects at the airport include terminal reconstruction, hangar construction and refurbishing, runway reconstruction, and parking lot reconstruction totaling approximately \$30-35M.

The City secured permission from the Texas Commission on Environmental Quality to expand the City-owned landfill, adding 100 years of life to the landfill and allowing the City to safely provide high-demand industrial waste disposal services. The expansion will nearly triple the size of the landfill, covering 293 acres of property that is already owned by the City. The new landfill space will also include cells that are designed to accept Class 1 non-hazardous waste according to TCEQ regulations. This category includes certain types of non-hazardous industrial waste that are produced by plants and factories. Because so few landfills provide this type of service, local plants currently must transport their Class 1 waste up to 100 miles away. The City will now be able to accept business from plants in Victoria County and throughout the region who currently send their waste to landfills outside of the area. The project won't just attract new customers to the landfill; it might attract new businesses to Victoria. The additional space, combined with the ability to accept Class 1 waste, will make Victoria an attractive prospect for industries that produce Class 1 waste or large amounts of ordinary trash.

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 \$10M state of the art new Emergency Room in June 2022. The new ER is 20,000 sf with 25 individual rooms and two trauma rooms.

A VA Facility is under construction in the Springwood Medical Plaza area. The project is anticipated to open in Spring of 2024. The 25,000 square foot facility will bring 25 full-time jobs to the City.

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 from the Parks Master Plan.

The Duck Pond and Dog Park were opened to the public in December 2023 in the award winning Riverside Park (Lone Star Legacy Park). A designation as a Lone Star Legacy is one of the highest honors that can be bestowed on a park.

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

### *Victoria Economy - Continued*

University of Houston-Victoria continues to grow their residential student population by significantly investing in their campus foot print and degree program offerings. More than \$147M 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 \$145M. 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).

The university nears completion of the pedestrian safe street on campus and broke ground on the new health and wellness center in the fall of 2023. The new UHV Health & Wellness Center will be a 38,864 square-foot building including a 5,599 square-foot walk-in clinic run by DeTar Healthcare System. The building is projected to be completed in the spring of 2025 and has an estimated cost of \$29.2M.

Other projects UHV has planned include renovation of existing buildings, demolition of unrenovated space at its University West site, parking lot construction, and facilities storage. Estimated costs for these projects total \$18.5M.

On February 13, 2023 the Victoria College Board of Trustees unanimously voted in support of a May 6 bond election in the amount of \$10M for construction of a Student Success Center. The three-story expansion and renovation of an existing facility will increase accessibility to resources under one roof. This new facility will provide students with resources - including a library, admissions, advising, financial aid, testing, veteran services and tutoring - in one, central campus location.

On May 6, 2023 voters approved the college's \$10M bond. The bond measure received a total of 2,462 "for" votes, or 54 percent of total votes. The total cost of the construction and renovations for the Student Success Center is \$36.5M, with nearly 75 percent of funding already committed through grants, gifts and institutional funds. The bond resulted in a tax rate increase of approximately \$0.21 cents per \$100 of valuation for three years - from \$3.20 cents to \$3.41 cents - for debt service portion of property taxes used to pay bonds.

Voters passed a Voter Approved Tax Rate (VATRE) and school bond in November 2021 for the Victoria Independent School District. The VATRE proposition will increase General Fund revenues and go toward competitive wages for school district teachers and staff. A \$25.8M 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 Victoria Housing Finance Corporation (VHFC) was established in 1979, pursuant to the Texas Housing Finance Corporations Act as a separate not-for-profit entity to provide safe, decent and sanitary housing for persons of low and moderate income. It is authorized to issue debt/bonds for the purpose of supporting affordable single-family home mortgages, and issue private activity bonds to provide financing for multifamily housing projects for low and moderate-income owners. It can also serve as a general partner in multi-family housing projects. VHFC has been very active in the past year with three major projects in process:

- *Enchanted Gardens Project*
  - Construction commenced in August 2021
  - \$32M 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

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

- *FishPond at Victoria Project*
  - Construction scheduled to begin Spring 2024
  - \$13.4M project financed by TDHCA 2022 competitive 9% housing tax credit program
  - 75-unit housing community for seniors aged 55 and over.
  - Mixed-income community will have rents ranging from market rate to affordable for those individuals and families earning at or below 60% of the area median income
  
- The Victorian Project
  - Construction scheduled to begin Spring 2024
  - \$14.7M project financed by TDHCA 2023 competitive 9% housing tax credit program
  - 68-unit housing community for seniors aged 55 and over.
  - Mixed-income community will have rents ranging from market rate to affordable for those individuals and families earning at or below 60% 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 remained steady over the past year. Victoria's rig count for February 16, 2024, was 20 (average price of oil \$79.19), a decrease of 1 rig compared to February 10, 2023 (average price of oil \$76.34).

Victoria's unemployment rate for January 2024 was 4.2 percent, compared to the U.S. 3.7 percent rate and Texas 3.9 percent rate; and is 0.1 percent lower than a year ago.

The total building permit value (i.e. new construction for commercial, multi-family units and single-family units) decreased by 38.7 percent or \$36M, comparing September 2023 to September 2022 values; the decrease is due to rising interest rates which has made it more expensive to borrow funds for construction projects which has primarily impacted residential construction. As of September 2023, total commercial permit value was \$38.4M, an increase of 32.5 percent or \$9.4M from last year's values.

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## **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 25.2M gallon per day surface water treatment plant.

As an emergency supply, the City also maintains 9 of its original 15 water wells that can supply ground water from the Gulf Coast Aquifer. The aquifer is within the corporate limits of the City and varies in thickness from approximately 400 feet to approximately 900 feet. Another option available to the City is a contractual arrangement with the Guadalupe-Blanco River Authority, which allows access to a five-year rolling annual average of 1,240 acre/feet of surface water stored in Canyon Reservoir, with no more than 3,600 acre/feet to be used in any given year.

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

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

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

### *Other Economic Factors*

- The City of Victoria, with a population of about 65,377, 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 (2013 thru 2023), the City's population has grown approximately 0.6 percent. The population is projected to grow by 3 percent over the next five years.
- As of the first five months of fiscal year 2024, actual sales tax revenues are exceeding the fiscal year 2024 budget by \$540,000. The City expects sales tax revenue collections to continue coming in over budget but less than prior year actuals.
- 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, 2023. The fiscal year 2023-2024 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 \$6,191,361,001, an increase of 32.7% or \$1.686 billion from last year's tax roll (adjusted for frozen taxable appraised values) of \$5,150,095,746.
- The ad valorem tax rate for fiscal year 2024 was set at 48.98¢, a decrease of 6.84¢ from last year's tax rate. The tax rate is allocated at 29.95¢ for General Fund maintenance and operating costs (a decrease of 4.60¢), and 19.03¢ for Debt Service Fund (a decrease of 2.24¢).
- The General Fund unassigned fund balance, at September 30, 2023, came in \$9,078,258 above the fiscal year 2023 minimum required unassigned fund balance of \$14,181,303, 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 2024 budget includes \$5,280,964 of General Fund one-time expenditures and \$7,208,648 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/FY 2025.
- The water and sewer customer base has been relatively stable over the past ten fiscal years with an average annual growth rate of 0.15 percent and -0.61 percent, respectively. The City did not raise its water and sewer rates but changed the variable rate schedule in FY 2019 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 FY 2023 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 \$138,885,794: in progress - FY 2024 - \$97,585,192, FY 2025 - \$24,173,127, and FY 2026 - \$17,127,475 (more detailed information on this subject can be found in the City's FY2024-2026 Capital Improvement Program document).

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**Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Office of the Chief Financial Officer, 105 West Juan Linn, Victoria, Texas 77901.



## **Basic Financial Statements**

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 38,717,648	\$ 27,784,691	\$ 66,502,339	\$ 4,228,669
Investments	19,308,118	12,905,065	32,213,183	17,114,981
Receivables (net)	11,386,116	2,966,482	14,352,598	898,470
Internal balances	243,029	(243,029)	-	-
Due from primary government	-	-	-	587,012
Due from component unit	-	80,000	80,000	-
Inventory	392,844	463,336	856,180	-
Returned checks	26,595	1,490	28,085	-
Prepaid items	152,902	-	152,902	-
Restricted assets				
Cash and cash equivalents	35,000	1,820,156	1,855,156	-
Investments	-	1,524,392	1,524,392	-
<b>Total current assets</b>	<b>70,262,252</b>	<b>47,302,583</b>	<b>117,564,835</b>	<b>22,829,132</b>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated or amortized	28,433,406	14,700,929	43,134,335	5,203,775
Buildings, improvements, and equipment (net)	141,743,125	111,158,534	252,901,659	1,021,309
Right-to-Use lease assets (net)	948,297	606,892	1,555,189	-
<b>Net capital assets</b>	<b>171,124,828</b>	<b>126,466,355</b>	<b>297,591,183</b>	<b>6,225,084</b>
<b>Total noncurrent assets</b>	<b>171,124,828</b>	<b>126,466,355</b>	<b>297,591,183</b>	<b>6,225,084</b>
<b>Total assets</b>	<b>241,387,080</b>	<b>173,768,938</b>	<b>415,156,018</b>	<b>29,054,216</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	1,690,528	511,216	2,201,744	-
Deferred outflow related to pension	17,086,957	2,667,933	19,754,890	-
Deferred outflow related to OPEB	2,026,210	414,685	2,440,895	-
<b>Total deferred outflows of resources</b>	<b>20,803,695</b>	<b>3,593,834</b>	<b>24,397,529</b>	<b>-</b>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,195,310	\$ 768,566	\$ 4,963,876	\$ 614,233
Accounts payable (payable from restricted assets)	-	1,721,711	1,721,711	-
Accrued expenses	2,539,491	311,539	2,851,030	-
Due to other governments	49,421	43,628	93,049	-
Due to primary government	-	-	-	80,000
Due to component unit	507,879	79,133	587,012	-
Customer deposits	-	60,988	60,988	-
Claims payable	566,181	-	566,181	-
Unearned revenue	6,204,333	-	6,204,333	-
Accrued compensated absences	59,370	10,174	69,544	-
Accrued interest payable	227,006	614,945	841,951	-
Current portion of long-term obligations	5,898,620	3,457,006	9,355,626	-
Total current liabilities	<u>20,247,611</u>	<u>7,067,690</u>	<u>27,315,301</u>	<u>694,233</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	37,993,479	43,782,008	81,775,487	-
Accrued compensated absences	1,319,357	226,069	1,545,426	-
Net pension liability	41,388,111	7,075,719	48,463,830	-
OPEB liability	8,148,165	1,393,011	9,541,176	-
Estimated landfill closure and postclosure care cost	-	4,642,769	4,642,769	-
Total noncurrent liabilities	<u>88,849,112</u>	<u>57,119,576</u>	<u>145,968,688</u>	<u>-</u>
<b>Total liabilities</b>	<u>109,096,723</u>	<u>64,187,266</u>	<u>173,283,989</u>	<u>694,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pension	-	245,246	245,246	-
Deferred inflow related to OPEB	1,606,575	345,575	1,952,150	-
<b>Total deferred inflows of resources</b>	<u>1,606,575</u>	<u>590,821</u>	<u>2,197,396</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	127,343,821	90,423,430	217,767,251	6,092,821
Restricted for:				
Debt service	2,065,096	-	2,065,096	-
Public safety	1,407,564	-	1,407,564	-
Development	782,784	-	782,784	-
Recreation	4,306,836	-	4,306,836	-
Unrestricted	15,581,376	22,161,255	37,742,631	22,267,162
<b>Total net position</b>	<u>\$ 151,487,477</u>	<u>\$ 112,584,685</u>	<u>\$ 264,072,162</u>	<u>\$ 28,359,983</u>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2023

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 10,188,588	\$ 2,156,065	\$ 3,763,085	\$ -
Public safety	36,324,114	7,327,855	6,950,724	-
Development	20,473,744	-	1,680,341	11,176,845
Recreation	7,077,856	278,703	216,338	420,018
Interest on long-term debt	1,710,900	-	-	-
Total governmental activities	<u>75,775,202</u>	<u>9,762,623</u>	<u>12,610,488</u>	<u>11,596,863</u>
Business-type activities				
Water/wastewater	22,772,587	26,613,136	-	1,931,128
Environmental services	6,008,920	6,179,454	-	-
Community Center	793,969	259,823	-	-
700 Main Center	162,343	151,077	-	-
Golf Course	1,158,286	1,403,739	-	-
Total business-type activities	<u>30,896,105</u>	<u>34,607,229</u>	<u>-</u>	<u>1,931,128</u>
Total primary government	<u>\$ 106,671,307</u>	<u>\$ 44,369,852</u>	<u>\$ 12,610,488</u>	<u>\$ 13,527,991</u>
<b>Component Units</b>	<u>\$ 16,793,611</u>	<u>\$ 11,000</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

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			
Governmental Activities	Business- type Activities	Total	Component Units
\$ (4,269,438)	\$ -	\$ (4,269,438)	\$ -
(22,045,535)	-	(22,045,535)	-
(7,616,558)	-	(7,616,558)	-
(6,162,797)	-	(6,162,797)	-
(1,710,900)	-	(1,710,900)	-
<u>(41,805,228)</u>	<u>-</u>	<u>(41,805,228)</u>	<u>-</u>
-	5,771,677	5,771,677	-
-	170,534	170,534	-
-	(534,146)	(534,146)	-
-	(11,266)	(11,266)	-
-	245,453	245,453	-
<u>-</u>	<u>5,642,252</u>	<u>5,642,252</u>	<u>-</u>
<u>(41,805,228)</u>	<u>5,642,252</u>	<u>(36,162,976)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,782,611)</u>
18,819,317	-	18,819,317	-
9,889,550	-	9,889,550	-
20,361,685	-	20,361,685	10,205,731
5,977,262	-	5,977,262	-
2,009,094	-	2,009,094	-
3,153,227	1,658,820	4,812,047	973,111
256,774	-	256,774	559,437
<u>2,970,821</u>	<u>(2,970,821)</u>	<u>-</u>	<u>-</u>
<u>63,437,730</u>	<u>(1,312,001)</u>	<u>62,125,729</u>	<u>11,738,279</u>
21,632,502	4,330,251	25,962,753	(5,044,332)
<u>129,854,975</u>	<u>108,254,434</u>	<u>238,109,409</u>	<u>33,404,315</u>
<u>\$ 151,487,477</u>	<u>\$ 112,584,685</u>	<u>\$ 264,072,162</u>	<u>\$ 28,359,983</u>

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

September 30, 2023

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	<u>General</u>	<u>American Rescue Plan</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 8,611,901	\$ 5,626,938	\$ 1,413,076
Investments	14,196,357	-	-
Receivables (net)	8,293,040	-	875,428
Due from other funds	874,996	572,907	-
Inventory	255,532	-	-
Returned checks	26,595	-	-
Prepaid items	149,766	-	-
<b>Total assets</b>	<u>\$ 32,408,187</u>	<u>\$ 6,199,845</u>	<u>\$ 2,288,504</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 906,217	\$ 75,332	\$ -
Accrued expenditures	2,447,123	-	-
Accrued compensated absences	9,459	-	-
Due to other governments	49,421	-	-
Due to other funds	532,434	-	-
Due to component unit	17,967	-	-
Unearned revenue	5,236	5,698,424	-
<b>Total liabilities</b>	<u>3,967,857</u>	<u>5,773,756</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	5,180,769	-	875,428
<b>Total deferred inflows of resources</b>	<u>5,180,769</u>	<u>-</u>	<u>875,428</u>
<b>FUND BALANCES</b>			
Nonspendable			
Inventory	255,532	-	-
Prepaid items	149,766	-	-
Restricted	-	426,089	1,413,076
Committed	-	-	-
Unassigned	22,854,263	-	-
<b>Total fund balances</b>	<u>23,259,561</u>	<u>426,089</u>	<u>1,413,076</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 32,408,187</u>	<u>\$ 6,199,845</u>	<u>\$ 2,288,504</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>
\$ 3,413,661	\$ 8,749,351	\$ 5,994,670	\$ 33,809,597
1,031,920	1,017,306	524,104	16,769,687
228,407	-	1,808,615	11,205,490
72,465	530,000	12,690	2,063,058
-	-	-	255,532
-	-	-	26,595
-	-	-	149,766
<u>\$ 4,746,453</u>	<u>\$ 10,296,657</u>	<u>\$ 8,340,079</u>	<u>\$ 64,279,725</u>
\$ 174,639	\$ 1,773,981	\$ 942,478	\$ 3,872,647
-	-	25,501	2,472,624
-	-	-	9,459
-	-	-	49,421
-	623,167	395,624	1,551,225
-	489,912	-	507,879
292,182	-	208,491	6,204,333
<u>466,821</u>	<u>2,887,060</u>	<u>1,572,094</u>	<u>14,667,588</u>
228,407	-	540,382	6,824,986
<u>228,407</u>	-	<u>540,382</u>	<u>6,824,986</u>
-	-	-	255,532
-	-	-	149,766
4,051,225	7,409,597	5,302,306	18,602,293
-	-	1,048,538	1,048,538
-	-	(123,241)	22,731,022
<u>4,051,225</u>	<u>7,409,597</u>	<u>6,227,603</u>	<u>42,787,151</u>
<u>\$ 4,746,453</u>	<u>\$ 10,296,657</u>	<u>\$ 8,340,079</u>	<u>\$ 64,279,725</u>

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

September 30, 2023

<b>Total governmental fund balances</b>		<b>\$ 42,787,151</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Internal service funds are used by the City to charge the costs of certain activities, such as insurance and vehicle and equipment services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		10,611,908
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are "unavailable" in the funds.		2,193,843
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.		4,631,143
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	\$ 422,782,606	
Accumulated depreciation of governmental capital assets	<u>(257,982,709)</u>	164,799,897
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	1,690,528	
Deferred outflow related to pension	17,086,957	
Deferred outflow related to OPEB	<u>2,026,210</u>	20,803,695
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	(37,490,000)	
Financed purchases payable	(697,037)	
Premiums on bonds payable	(3,478,287)	
Accrued interest on long-term debt	(223,408)	
Compensated absences	(1,308,577)	
Net pension liability	(41,388,111)	
OPEB liability	<u>(8,148,165)</u>	(92,733,585)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to OPEB	<u>(1,606,575)</u>	<u>(1,606,575)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 151,487,477</u></b>

The accompanying notes are an integral part of this statement.



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

For the year ended September 30, 2023

	<u>General</u>	<u>American Rescue Plan</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Taxes	\$ 45,139,651	\$ -	\$ 10,084,827
Licenses and permits	1,080,175	-	-
Intergovernmental	2,644,181	3,938,476	-
Charges for services	3,106,323	-	-
Fines and forfeitures	585,266	-	-
Investment earnings net of change in fair value of investments	1,114,478	347,696	251,931
Miscellaneous	373,093	-	-
<b>Total revenues</b>	<u>54,043,167</u>	<u>4,286,172</u>	<u>10,336,758</u>
<b>EXPENDITURES</b>			
Current			
General government	5,724,258	2,751,865	-
Public safety	32,473,259	-	-
Development	7,968,942	-	-
Recreation	5,571,809	-	-
Capital outlay	-	154,940	-
Debt service			
Principal retirement	-	-	8,320,000
Interest and fiscal charges	-	-	1,705,049
Paying agents' fees, issue costs, and arbitrage rebate premiums	-	-	5,250
<b>Total expenditures</b>	<u>51,738,268</u>	<u>2,906,805</u>	<u>10,030,299</u>
Excess (deficiency) of revenues over expenditures	2,304,899	1,379,367	306,459
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	578,013	-	-
Premium on debt issued	-	-	-
Transfers in	4,564,054	-	-
Transfers out	<u>(4,986,944)</u>	<u>(1,031,671)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>155,123</u>	<u>(1,031,671)</u>	<u>-</u>
Change in fund balances	2,460,022	347,696	306,459
Fund balances at beginning of year, as restated	<u>20,799,539</u>	<u>78,393</u>	<u>1,106,617</u>
<b>Fund balances at end of year</b>	<u>\$ 23,259,561</u>	<u>\$ 426,089</u>	<u>\$ 1,413,076</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
\$ -	\$ -	\$ 1,863,391	\$ 57,087,869
-	-	-	1,080,175
685,284	-	7,342,576	14,610,517
-	-	-	3,106,323
-	-	226,019	811,285
248,904	740,490	204,081	2,907,580
-	6,466,614	816,145	7,655,852
<u>934,188</u>	<u>7,207,104</u>	<u>10,452,212</u>	<u>87,259,601</u>
-	-	859,570	9,335,693
-	-	6,141,441	38,614,700
135,877	498,986	1,550,893	10,154,698
-	-	1,319,440	6,891,249
1,328,398	19,816,837	-	21,300,175
-	-	-	8,320,000
-	-	-	1,705,049
-	74,211	-	79,461
<u>1,464,275</u>	<u>20,390,034</u>	<u>9,871,344</u>	<u>96,401,025</u>
(530,087)	(13,182,930)	580,868	(9,141,424)
-	2,265,000	-	2,843,013
-	171,165	-	171,165
72,465	7,521,393	1,367,970	13,525,882
<u>(1,772,760)</u>	<u>(1,250,063)</u>	<u>(1,713,623)</u>	<u>(10,755,061)</u>
<u>(1,700,295)</u>	<u>8,707,495</u>	<u>(345,653)</u>	<u>5,784,999</u>
(2,230,382)	(4,475,435)	235,215	(3,356,425)
<u>6,281,607</u>	<u>11,885,032</u>	<u>5,992,388</u>	<u>46,143,576</u>
<u>\$ 4,051,225</u>	<u>\$ 7,409,597</u>	<u>\$ 6,227,603</u>	<u>\$ 42,787,151</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, 2023*

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**Total net change in fund balances - governmental funds** **\$ (3,356,425)**

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

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

(438,329)

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

\$ 27,685,301

Depreciation expense

(11,700,865)15,984,436

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

4,223,317

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

Bonds and certificates at par value

(2,265,000)

Financed purchase

(578,013)

(Premium) discount

(171,165)(3,014,178)

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

8,320,000

Financed purchase principal retirement

36,4738,356,473

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

235,168

Other revenues

2,028,2862,263,454

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

(309,356)

Decrease in accrued interest

2,421

Decrease in loss on bond refunding

(580,502)

Decrease in bond premium

651,691

Net pension costs

(2,591,317)

Net OPEB costs

440,817(2,386,246)**Change in net position of governmental activities****\$ 21,632,502**

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2023

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 25,498,918	\$ 782,327	\$ 1,503,446	\$ 27,784,691	\$ 4,908,051
Investments	5,661,604	7,243,461	-	12,905,065	2,538,431
Receivables (net)	2,539,031	353,073	74,378	2,966,482	180,626
Due from other funds	17,614	-	14,393	32,007	266,877
Due from component unit	-	80,000	-	80,000	-
Inventory	434,540	-	28,796	463,336	137,312
Returned checks	-	-	1,490	1,490	-
Prepaid items	-	-	-	-	3,136
Restricted assets					
Cash and cash equivalents	-	1,343,521	476,635	1,820,156	35,000
Investments	-	1,524,392	-	1,524,392	-
<b>Total current assets</b>	<b>34,151,707</b>	<b>11,326,774</b>	<b>2,099,138</b>	<b>47,577,619</b>	<b>8,069,433</b>
Noncurrent assets					
Capital assets					
Land and other assets not being depreciated	12,322,698	834,981	1,543,250	14,700,929	173,175
Buildings, improvements, and equipment (net)	106,887,618	1,634,405	2,636,511	111,158,534	5,203,459
Right-to-Use lease assets (net)	-	-	606,892	606,892	948,297
<b>Total noncurrent assets</b>	<b>119,210,316</b>	<b>2,469,386</b>	<b>4,786,653</b>	<b>126,466,355</b>	<b>6,324,931</b>
<b>Total assets</b>	<b>153,362,023</b>	<b>13,796,160</b>	<b>6,885,791</b>	<b>174,043,974</b>	<b>14,394,364</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	511,216	-	-	511,216	-
Deferred outflow related to pension	1,982,384	685,549	-	2,667,933	-
Deferred outflow related to OPEB	330,628	84,057	-	414,685	-
<b>Total deferred outflows of resources</b>	<b>2,824,228</b>	<b>769,606</b>	<b>-</b>	<b>3,593,834</b>	<b>-</b>

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Water and Wastewater	Environmental Services	Other Enterprise Funds		
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 485,445	\$ 188,836	\$ 94,285	\$ 768,566	\$ 322,663
Accounts payable (payable from restricted assets)	1,721,711	-	-	1,721,711	-
Accrued expenses	208,296	68,273	34,970	311,539	66,867
Accrued compensated absences	7,692	2,007	475	10,174	2,616
Due to other governments	-	43,628	-	43,628	-
Due to other funds	215,656	45,858	13,522	275,036	535,681
Due to component unit	45,021	34,112	-	79,133	-
Customer deposits	-	-	60,988	60,988	-
Claims payable	-	-	-	-	566,181
Accrued interest payable	612,667	-	2,278	614,945	3,598
Current portion of revenue bonds	3,305,000	-	-	3,305,000	-
Current portion of right-to-use lease liability	-	-	134,919	134,919	303,081
Current portion of financed purchases	-	-	17,087	17,087	248,524
<b>Total current liabilities</b>	<b>6,601,488</b>	<b>382,714</b>	<b>358,524</b>	<b>7,342,726</b>	<b>2,049,211</b>
Noncurrent liabilities					
Revenue bonds (net of unamortized deferred amounts)	43,238,643	-	-	43,238,643	-
Right-to-use lease liability	-	-	476,137	476,137	662,522
Financed purchases	-	-	67,228	67,228	1,012,649
Accrued compensated absences	170,934	44,590	10,545	226,069	58,074
Net pension liability	5,452,181	1,623,538	-	7,075,719	-
OPEB liability	1,073,382	319,629	-	1,393,011	-
Estimated landfill closure and postclosure care cost	-	4,642,769	-	4,642,769	-
<b>Total noncurrent liabilities</b>	<b>49,935,140</b>	<b>6,630,526</b>	<b>553,910</b>	<b>57,119,576</b>	<b>1,733,245</b>
<b>Total liabilities</b>	<b>56,536,628</b>	<b>7,013,240</b>	<b>912,434</b>	<b>64,462,302</b>	<b>3,782,456</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow related to pension	212,571	32,675	-	245,246	-
Deferred inflow related to OPEB	277,841	67,734	-	345,575	-
<b>Total deferred inflows of resources</b>	<b>490,412</b>	<b>100,409</b>	<b>-</b>	<b>590,821</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	83,862,762	2,469,386	4,091,282	90,423,430	4,098,155
Unrestricted net position	15,296,449	4,982,731	1,882,075	22,161,255	6,513,753
<b>Total net position</b>	<b>\$ 99,159,211</b>	<b>\$ 7,452,117</b>	<b>\$ 5,973,357</b>	<b>\$ 112,584,685</b>	<b>\$ 10,611,908</b>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**

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

*PROPRIETARY FUNDS*

*For the year ended September 30, 2023*

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 26,564,243	\$ 4,982,640	\$ 1,803,176
Miscellaneous	48,893	1,196,779	11,463
<b>Total operating revenues</b>	<u>26,613,136</u>	<u>6,179,419</u>	<u>1,814,639</u>
<b>OPERATING EXPENSES</b>			
Personnel	5,240,095	1,942,468	926,900
Materials and supplies	2,134,329	388,943	264,376
Maintenance	972,291	1,653	74,679
Heat, lights and power	1,017,580	15,171	147,531
Reinsurance premiums	-	-	-
Miscellaneous services	1,906,514	1,909,776	164,739
Contractual services	880,304	240,162	41,793
Computer services	207,142	86,618	24,619
Court costs, judgments and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Tipping fees	-	1,022,371	-
Landfill closure and postclosure care cost	-	237,085	-
Depreciation and amortization	8,866,118	164,673	455,821
<b>Total operating expenses</b>	<u>21,224,373</u>	<u>6,008,920</u>	<u>2,100,458</u>
Operating income (loss) before nonoperating revenues (expenses), transfers	5,388,763	170,499	(285,819)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings net of change in fair value of investments	1,133,231	493,016	32,573
Interest and fiscal charges	(1,526,119)	-	(13,109)
Gain (loss) on disposition of capital assets	(22,095)	35	(1,031)
Net nonoperating revenues (expenses)	<u>(414,983)</u>	<u>493,051</u>	<u>18,433</u>
Income before contributions and transfers	4,973,780	663,550	(267,386)
Contributions and transfers			
Capital contributions	1,931,128	-	-
Transfers in	245,832	-	450,000
Transfers out	(2,784,556)	(845,167)	(36,930)
Total contributions and transfers	<u>(607,596)</u>	<u>(845,167)</u>	<u>413,070</u>
Change in net position	4,366,184	(181,617)	145,684
Total net position at beginning of year, as restated	<u>94,793,027</u>	<u>7,633,734</u>	<u>5,827,673</u>
<b>Total net position at end of year</b>	<u>\$ 99,159,211</u>	<u>\$ 7,452,117</u>	<u>\$ 5,973,357</u>

The accompanying notes are an integral part of this statement.

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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 33,350,059	\$ 18,075,143
1,257,135	143,628
<u>34,607,194</u>	<u>18,218,771</u>
8,109,463	1,836,182
2,787,648	1,608,725
1,048,623	2,231,747
1,180,282	107,889
-	1,475,394
3,981,029	894,909
1,162,259	1,783,995
318,379	104,208
-	45,748
-	5,816,087
-	200,000
-	28,657
-	71,983
1,022,371	-
237,085	-
9,486,612	2,689,568
<u>29,333,751</u>	<u>18,895,092</u>
5,273,443	(676,321)
1,658,820	245,647
(1,539,228)	(57,672)
(23,091)	(149,983)
<u>96,501</u>	<u>37,992</u>
5,369,944	(638,329)
1,931,128	-
695,832	200,000
(3,666,653)	-
<u>(1,039,693)</u>	<u>200,000</u>
4,330,251	(438,329)
108,254,434	11,050,237
<u>\$ 112,584,685</u>	<u>\$ 10,611,908</u>

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2023

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers/other funds	\$ 26,509,824	\$ 6,140,975	\$ 1,803,807
Cash paid to suppliers for goods and services	(7,647,688)	(3,864,580)	(694,702)
Cash paid to employees for services	(5,679,800)	(1,834,298)	(924,752)
<b>Net cash provided (used) by operating activities</b>	<u>13,182,336</u>	<u>442,097</u>	<u>184,353</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase (decrease) in customer deposits	-	-	6,163
Borrowings from (to) other funds	-	(8,437)	(20,198)
Borrowings from (to) component unit	-	(14,372)	-
Transfers in from other funds	245,832	-	450,000
Transfers out to other funds	(2,784,556)	(845,167)	(36,930)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(2,538,724)</u>	<u>(867,976)</u>	<u>399,035</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(6,628,369)	(202,366)	(376,087)
Proceeds from sale of capital assets	36,822	-	-
Proceeds from issuance of revenue bonds	12,342,507	-	-
Principal paid on long-term debt	(4,755,000)	-	(107,833)
Interest and debt costs paid	(1,722,350)	-	(11,590)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(726,390)</u>	<u>(202,366)</u>	<u>(495,510)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale and maturities of investments	3,500,000	8,000,000	-
Purchase of investments	(7,565,702)	(9,656,192)	-
Investment income	1,038,786	394,557	32,573
<b>Net cash provided (used) by investing activities</b>	<u>(3,026,916)</u>	<u>(1,261,635)</u>	<u>32,573</u>
Net increase (decrease) in cash and cash equivalents	6,890,306	(1,889,880)	120,451
Cash and cash equivalents at beginning of year	<u>18,608,612</u>	<u>4,015,728</u>	<u>1,859,630</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 25,498,918</u>	<u>\$ 2,125,848</u>	<u>\$ 1,980,081</u>

The accompanying notes are an integral part of this statement.



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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 34,454,606	\$ 19,029,639
(12,206,970)	(14,654,080)
<u>(8,438,850)</u>	<u>(1,812,349)</u>
 13,808,786	 2,563,210
 6,163	 -
(28,635)	-
(14,372)	-
695,832	200,000
<u>(3,666,653)</u>	<u>-</u>
 <u>(3,007,665)</u>	 <u>200,000</u>
 (7,206,822)	 (1,555,018)
36,822	10,644
12,342,507	-
(4,862,833)	(520,298)
<u>(1,733,940)</u>	<u>(56,018)</u>
 <u>(1,424,266)</u>	 <u>(2,120,690)</u>
 11,500,000	 1,500,000
(17,221,894)	(2,499,515)
1,465,916	218,961
<u>(4,255,978)</u>	<u>(780,554)</u>
 5,120,877	 (138,034)
 <u>24,483,970</u>	 <u>5,081,085</u>
 <u>\$ 29,604,847</u>	 <u>\$ 4,943,051</u>

(continued)

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2023

	Business-type Activities		
	Water and Wastewater	Environmental Services	Other Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 5,388,763	\$ 170,499	\$ (285,819)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	8,866,118	164,673	455,821
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	(124,440)	(7,434)	-
(Increase) decrease in other receivables	21,128	(31,010)	(12,979)
(Increase) decrease in returned checks	-	-	2,147
(Increase) decrease in prepaid items	-	-	1,753
(Increase) decrease in inventory	(222,784)	-	(10,178)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in deferred outflows related to pension/OPEB	(1,083,042)	(485,229)	-
Increase (decrease) in accounts payable	(306,744)	(67,476)	31,460
Increase (decrease) in accrued expenses	4,813	6,447	(7,585)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	47,432	13,310	9,733
Increase (decrease) in due to other governments	-	3,630	-
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in net pension liability	2,750,423	998,865	-
Increase (decrease) in OPEB liability	(429,120)	(27,764)	-
Increase (decrease) in landfill closure and postclosure care cost	-	101,045	-
Increase (decrease) in deferred inflows related to pension/OPEB	(1,730,211)	(397,459)	-
Total adjustments	<u>7,793,573</u>	<u>271,598</u>	<u>470,172</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 13,182,336</u>	<u>\$ 442,097</u>	<u>\$ 184,353</u>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents - Unrestricted	\$ 25,498,918	\$ 782,327	\$ 1,503,446
Cash and cash equivalents - Restricted	<u>-</u>	<u>1,343,521</u>	<u>476,635</u>
Total	<u>\$ 25,498,918</u>	<u>\$ 2,125,848</u>	<u>\$ 1,980,081</u>
<b>Noncash capital and related financing activities</b>			
Assets acquired from financed purchases	\$ -	\$ -	\$ 83,852
Assets acquired from initiation of Right-to-Use lease	<u>-</u>	<u>-</u>	<u>461,296</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,148</u>

The accompanying notes are an integral part of this statement.

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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 5,273,443	\$ (676,321)
9,486,612	2,689,568
(131,874)	-
(22,861)	192,089
2,147	-
1,753	24,172
(232,962)	(10,545)
-	353,729
(1,568,271)	-
(342,760)	(449,207)
3,675	5,957
-	265,050
70,475	17,876
3,630	-
-	150,842
3,749,288	-
(456,884)	-
101,045	-
<u>(2,127,670)</u>	<u>-</u>
<u>8,535,343</u>	<u>3,239,531</u>
<u>\$ 13,808,786</u>	<u>\$ 2,563,210</u>
\$ 27,784,691	\$ 4,908,051
<u>1,820,156</u>	<u>35,000</u>
<u>\$ 29,604,847</u>	<u>\$ 4,943,051</u>
\$ 83,852	\$ 721,247
<u>461,296</u>	<u>821,573</u>
<u>\$ 545,148</u>	<u>\$ 1,542,820</u>

(concluded)

**CITY OF VICTORIA, TEXAS**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUND*  
*September 30, 2023*

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	Retiree Health Care Plan Trust
<b>ASSETS</b>	
Cash and cash equivalents	\$ 193,712
Investments	
Mutual funds - equity	1,973,839
Mutual funds - fixed income	1,153,007
Accrued income	<u>6,422</u>
<b>Total assets</b>	<u>3,326,980</u>
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted for OPEB	<u>\$ 3,326,980</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, 2023*

	<u>Retiree Health Care Plan Trust</u>
<b>ADDITIONS</b>	
Miscellaneous	
Employer contributions	\$ 1,135,117
Investment income	
Net appreciation (depreciation) in fair value of investments	(724,700)
Dividends	97,936
Interest	<u>1,700</u>
<b>Total additions</b>	<u>510,053</u>
<b>DEDUCTIONS</b>	
Benefit payments	735,117
OPEB Plan administrative expense	14,444
Other	<u>2,123</u>
<b>Total deductions</b>	<u>751,684</u>
Changes in net position	(241,631)
Net position - beginning	<u>3,568,611</u>
<b>Net position - ending</b>	<u>\$ 3,326,980</u>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
September 30, 2023

	Sales Tax Development Corporation	Downtown Tax Increment Reinvestment Zone No. 1	Victoria Special Events Assoc., Inc.	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 4,225,529	\$ 2,140	\$ 1,000	\$ 4,228,669
Investments	17,114,981	-	-	17,114,981
Receivables (net)	898,470	-	-	898,470
Due from primary government	569,045	17,967	-	587,012
<b>Total current assets</b>	<u>22,808,025</u>	<u>20,107</u>	<u>1,000</u>	<u>22,829,132</u>
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	5,203,775	-	-	5,203,775
Buildings, improvements, and equipment (net)	1,021,309	-	-	1,021,309
<b>Total noncurrent assets</b>	<u>6,225,084</u>	<u>-</u>	<u>-</u>	<u>6,225,084</u>
<b>Total assets</b>	<u>29,033,109</u>	<u>20,107</u>	<u>1,000</u>	<u>29,054,216</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	612,995	1,238	-	614,233
Due to primary government	80,000	-	-	80,000
<b>Total liabilities</b>	<u>692,995</u>	<u>1,238</u>	<u>-</u>	<u>694,233</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,092,821	-	-	6,092,821
Unrestricted	22,247,293	18,869	1,000	22,267,162
<b>Total net position</b>	<u>\$ 28,340,114</u>	<u>\$ 18,869</u>	<u>\$ 1,000</u>	<u>\$ 28,359,983</u>

The accompanying notes are an integral part of this statement.

**CITY OF VICTORIA, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the year ended September 30, 2023*

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units</b>				
Sales Tax Development Corporation	\$ 16,780,351	\$ -	\$ -	\$ -
Downtown TIRZ No. 1	2,238	-	-	-
Victoria Special Events Assoc., Inc.	11,022	11,000	-	-
Total component units	\$ 16,793,611	\$ 11,000	\$ -	\$ -

General revenues:  
Taxes:  
    Sales taxes  
    Unrestricted investment earnings net of change  
    in fair value of investments  
    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	Downtown Tax Increment Reinvestment Zone No. 1	Victoria Special Events Assoc., Inc.	Total
\$ (16,780,351)	\$ -	\$ -	\$ (16,780,351)
-	(2,238)	-	(2,238)
-	-	(22)	(22)
<u>(16,780,351)</u>	<u>(2,238)</u>	<u>(22)</u>	<u>(16,782,611)</u>
10,205,731	-	-	10,205,731
973,111	-	-	973,111
<u>538,330</u>	<u>21,107</u>	<u>-</u>	<u>559,437</u>
<u>11,717,172</u>	<u>21,107</u>	<u>-</u>	<u>11,738,279</u>
(5,063,179)	18,869	(22)	(5,044,332)
<u>33,403,293</u>	<u>-</u>	<u>1,022</u>	<u>33,404,315</u>
<u>\$ 28,340,114</u>	<u>\$ 18,869</u>	<u>\$ 1,000</u>	<u>\$ 28,359,983</u>



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

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

A. Reporting Entity

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

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

Excluded from the reporting entity:

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

Advisory Boards and Commissions - The City Council uses an extensive network of advisory boards and commissions in order to ensure public input to the City's decision-making process. These boards and commissions are: Board of Adjustments and Appeals, Board of Health, Library Board, Food Establishment Appeals Board, Housing Authority, Parks and Recreation Commission, Planning Commission, Building and Standards Commission, Victoria 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, and Victoria Public Facility Corporation 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 three component units. These component units are reported in a separate column to emphasize that they are legally separate from the City. The component unit column is made of the following:

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

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

A. Reporting Entity - (Continued)

2. The Reinvestment Zone Number One, Victoria Texas (TIRZ #1) was created in December 2021, under the authority of the Tax Increment Financing Act, as codified as Chapter 311 of the Texas Tax Code. TIRZ #1 is a financing and management tool for the City that allows future ad valorem tax revenue to be set aside to be spent within the geographic boundaries of the TIRZ #1 which is a 210.9 acre area located within the City's downtown. The participants include the Victoria County Navigation District, Victoria Junior College District and the City at 100% of incremental value. The Board of Directors consists of seven individuals with one slot assigned for each partner and the City appointing any remaining Board members. The City Council has the authority to approve or disapprove TIRZ #1 projects. This entity is reported as a governmental fund type.
3. 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.

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

B. Government-wide and Fund Financial Statements - (Continued)

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

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

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

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

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.

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

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

The City reports the following major 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, 2023. This fund is used to account for monies received through the American Rescue Plan Act of 2021 (ARPA). ARPA is a \$1.9 trillion economic stimulus bill passed by the 117<sup>th</sup> U.S. Congress and signed into law by the president on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The City was allocated \$14,508,296 to be paid out over two years. Funds can be used to support public health; address negative economic impacts caused by the public health emergency; replace lost revenue; provide premium pay for essential workers; and invest in water, sewer, and broadband infrastructure.

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

The Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities or other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The Capital Project Funds, Capital Construction Fund (3036) and Capital Construction Fund (3037) are reported as major funds as of September 30, 2023.

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.

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

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

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.

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.

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

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.
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.

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**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. The outstanding encumbrances for the governmental funds as of September 30, 2023 are \$13,181,191.

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.



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**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, 2023, 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.

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**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.

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**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.

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**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.

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

Q. 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.

R. 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.

S. 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.

T. Stabilization Arrangement

On October 6, 2020, the Council adopted a Ordinance No. 2020-193 establishing a Self Finance/Stabilization Fund by transferring excess fund balance or working capital balance from various City's funds. The Fund is to be maintained to provide for emergencies, contingencies, revenue shortfalls, or budgetary imbalances that may occur from time to time. Appropriations from the Fund will be made at the discretion of City Council and the City Manager during the budget process and fiscal year end as needs arise. The Stabilization Fund is reported as a nonmajor special revenue fund and the fund balance is reported as committed at fiscal year-end. The balance as of September 30, 2023 was \$1,048,538.

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

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 2022-2023.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City manager and council	\$ 1,179,920	\$ 1,214,732	\$ 34,812
Human resources	658,503	666,927	8,424
Public information office	647,537	652,232	4,695
Non-departmental	1,350,614	1,570,479	219,865
Fire	14,699,133	15,574,946	875,813
Development center/inspections	911,844	942,030	30,186

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

Deficit Fund Equity

As of September 30, 2023, CDBG Hazard Mitigation Fund (a nonmajor special revenue fund) had a deficit fund equity balance of \$123,241. The fund deficit is the result of unavailable revenue at September 30, 2023 and will be eliminated upon receipt of the reimbursements in the upcoming year.

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**NOTE 3: DEPOSITS AND INVESTMENTS**Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. All deposits of the Reporting Entity that exceeded the federal depository insurance coverage level of \$250,000 per account were covered by collateral by the Federal Reserve Bank in the City's name under a tri-party collateral agreement between Wells Fargo Bank, N.A. and The Bank of New York Mellon. The market value of the collateral held at the Federal Reserve Bank in the City's name at fiscal year-end was \$10,346,457.

At September 30, 2023, the carrying amount of the City's deposits was \$8,471,631 and the respective bank balances totaled \$7,329,025. The City's cash on hand totaled \$5,200.

Investments

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

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

As of September 30, 2023, the City has certificates of deposit and municipal bonds valued using quoted prices for similar assets in active markets (Level 2 inputs).



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

As of September 30, 2023, 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	\$ 33,206,268	39	AAAm	29%
Texas CLASS	17,182,835	49	AAAm	15%
Texas Fixed Income Trust (FIT)	11,448,130	25	AAAf/S1	10%
Texas TERM	40,938,070	111	AAAf	35%
Texas DAILY	1,569	30	AAAmmf	0%
TexPool Prime	2,220,530	39	AAAm	2%
Certificates of Deposit	947,419	178	N/A	1%
Agency Bonds	8,967,069	202	AA+/A-1+	8%
	<u>\$ 114,911,890</u>			

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool uses amortized cost and the remaining investment pools use the fair value method to value portfolio assets. The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pools is the State of Texas. The investment pools transact at a net asset value of \$1.00 per share and are classified as cash and cash equivalents for reporting purposes.

*Interest Rate Risk*

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

*Credit Risk*

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

*Concentration of Credit Risk*

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

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**NOTE 3: DEPOSITS AND INVESTMENTS**

Investments - (Continued)

*Custodial Credit Risk - Investments*

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2023, and for the year then ended, the City was not exposed to any custodial credit risk.

Deposits and Investments - Retiree Health Care Plan Trust Fund

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>	<u>Portfolio %age</u>
Mutual Funds - Equity	\$ 1,973,839	N/A	N/A	63%
Mutual Funds - Fixed Income	<u>1,153,007</u>	N/A	N/A	38%
	<u>\$ 3,126,846</u>			

**NOTE 4: RECEIVABLES**

Receivables are aggregated into a single accounts receivable (net of an allowance for estimated uncollectible accounts) line on the financial statements. Receivables at September 30, 2023 consist of the following:

**Governmental activities**

	General	Debt Service	Capital Construction (3036)	Nonmajor Governmental	Total	Internal Service
Gross receivables:						
Accounts	\$ -	\$ -	\$ -	\$ 205,130	\$ 205,130	\$ -
Ad valorem taxes	1,623,374	1,077,922	-	-	2,701,296	-
Franchise taxes	809,588	-	-	-	809,588	-
Sales taxes	1,760,143	-	-	-	1,760,143	-
Weedy lots	3,879,729	-	-	-	3,879,729	-
Ambulance	3,818,738	-	-	-	3,818,738	-
Fines	1,656,136	-	-	-	1,656,136	-
Interest	13,208	-	-	-	13,208	-
Grants	-	-	228,407	1,443,035	1,671,442	-
Other	704,765	-	-	160,450	865,215	180,626
Total gross receivables	14,265,681	1,077,922	228,407	1,808,615	17,380,625	180,626
Less: allowances	5,972,641	202,494	-	-	6,175,135	-
Total net receivables	<u>\$ 8,293,040</u>	<u>\$ 875,428</u>	<u>\$ 228,407</u>	<u>\$ 1,808,615</u>	<u>\$ 11,205,490</u>	<u>\$ 180,626</u>

**Business-type activities**

	Water and Wastewater	Environmental Services	Other Enterprise	Total
Gross receivables:				
Accounts	\$ 2,542,299	\$ 318,722	\$ 73,734	\$ 2,934,755
Interest	-	13,481	-	13,481
Other	74,828	48,547	644	124,019
Total gross receivables	2,617,127	380,750	74,378	3,072,255
Less: allowances	78,096	27,677	-	105,773
Total net receivables	<u>\$ 2,539,031</u>	<u>\$ 353,073</u>	<u>\$ 74,378</u>	<u>\$ 2,966,482</u>

**NOTE 4: RECEIVABLES - (Continued)**

**Discretely Presented Component Units**

	Sales Tax Development Corporation	Total
Gross receivables:		
Sales taxes	\$ 880,072	\$ 880,072
Other	<u>18,398</u>	<u>18,398</u>
Total gross receivables	898,470	898,470
Less: allowances	-	-
Total net receivables	<u>\$ 898,470</u>	<u>\$ 898,470</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, 2023, was \$0.5582 per \$100, which means that the City has a tax margin of \$1.4418 per \$100 and could raise up to \$74,432,626 on \$5,162,479,258 before the limit is reached.

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:

	Unavailable	Unearned	Total
General Fund			
Ad valorem taxes receivable	\$ 1,318,415	\$ -	\$ 1,318,415
Weedy lots	563,404	-	563,404
Ambulance	2,673,369	-	2,673,369
Fines	625,581	-	625,581
Grants and contributions	-	5,236	5,236
American Rescue Plan			
Grants	-	5,698,424	5,698,424
Debt Service Fund			
Ad valorem taxes receivable	875,428	-	875,428
Capital Construction Fund (3036)			
Grants and contributions	228,407	292,182	520,589
Nonmajor Funds			
Grants and contributions	<u>540,382</u>	<u>208,491</u>	<u>748,873</u>
	<u>\$ 6,824,986</u>	<u>\$ 6,204,333</u>	<u>\$ 13,029,319</u>

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**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, 2023, was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,120,362	\$ -	\$ -	\$ 5,120,362
Construction in progress	7,317,862	24,284,926	8,289,744	23,313,044
Total capital assets not being depreciated	<u>12,438,224</u>	<u>24,284,926</u>	<u>8,289,744</u>	<u>28,433,406</u>
Capital assets, being depreciated				
Machinery and equipment	66,259,683	4,141,997	6,443,645	63,958,035
Buildings	21,714,272	90,515	1,294,007	20,510,780
Improvements other than buildings	9,504,094	2,514,033	74,754	11,943,373
Infrastructure	320,279,249	11,728,583	-	332,007,832
Total capital assets being depreciated	<u>417,757,298</u>	<u>18,475,128</u>	<u>7,812,406</u>	<u>428,420,020</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	503,547	821,573	-	1,325,120
Total right-to-use lease assets being amortized	<u>503,547</u>	<u>821,573</u>	<u>-</u>	<u>1,325,120</u>
Less accumulated depreciation and amortization for				
Capital assets, being depreciated				
Machinery and equipment	55,358,393	4,192,882	6,269,477	53,281,798
Buildings	15,935,100	964,324	1,022,428	15,876,996
Improvements other than buildings	6,128,653	362,532	74,452	6,416,733
Infrastructure	202,491,280	8,610,088	-	211,101,368
Right-to-Use lease assets, being amortized				
Machinery and equipment	116,216	260,607	-	376,823
Total accumulated depreciation and amortization	<u>280,029,642</u>	<u>14,390,433</u>	<u>7,366,357</u>	<u>287,053,718</u>
Total capital assets being depreciated and right-to-use lease assets being amortized, net	<u>138,231,203</u>	<u>4,906,268</u>	<u>446,049</u>	<u>142,691,422</u>
Governmental activities capital assets, net	<u>\$ 150,669,427</u>	<u>\$29,191,194</u>	<u>\$8,735,793</u>	<u>\$ 171,124,828</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,569,177	\$ -	\$ -	\$ 5,569,177
Construction in progress	<u>2,520,031</u>	<u>9,459,895</u>	<u>2,848,174</u>	<u>9,131,752</u>
Total capital assets not being depreciated	<u>8,089,208</u>	<u>9,459,895</u>	<u>2,848,174</u>	<u>14,700,929</u>
Capital assets, being depreciated				
Machinery and equipment	8,152,762	341,169	120,685	8,373,246
Buildings	50,354,744	334,021	77,954	50,610,811
Improvements other than buildings	4,133,310	224,193	-	4,357,503
Infrastructure	1,793,382	-	-	1,793,382
Water and wastewater distribution system	<u>214,407,709</u>	<u>2,957,808</u>	<u>-</u>	<u>217,365,517</u>
Total capital assets being depreciated	<u>278,841,907</u>	<u>3,857,191</u>	<u>198,639</u>	<u>282,500,459</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	<u>303,832</u>	<u>461,296</u>	<u>-</u>	<u>765,128</u>
Total right-to-use lease assets being amortized	<u>303,832</u>	<u>461,296</u>	<u>-</u>	<u>765,128</u>
Less accumulated depreciation and amortization for				
Capital assets, being depreciated				
Machinery and equipment	6,737,978	500,657	81,081	7,157,554
Buildings	30,350,189	1,743,393	20,334	32,073,248
Improvements other than buildings	1,916,284	18,338	-	1,934,622
Infrastructure	1,589,467	21,910	-	1,611,377
Water and wastewater distribution system	<u>121,443,793</u>	<u>7,121,331</u>	<u>-</u>	<u>128,565,124</u>
Right-to-Use lease assets, being amortized				
Machinery and equipment	<u>77,253</u>	<u>80,983</u>	<u>-</u>	<u>158,236</u>
Total accumulated depreciation and amortization	<u>162,114,964</u>	<u>9,486,612</u>	<u>101,415</u>	<u>171,500,161</u>
Total capital assets being depreciated and right-to-use lease assets being amortized, net	<u>117,030,775</u>	<u>(5,168,125)</u>	<u>97,224</u>	<u>111,765,426</u>
Business-type activities capital assets, net	<u>\$ 125,119,983</u>	<u>\$ 4,291,770</u>	<u>\$ 2,945,398</u>	<u>\$ 126,466,355</u>

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

**Governmental activities**

General government	\$ 73,641
Public safety	1,585,562
Development	9,338,920
Recreation	702,742
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,689,568</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 14,390,433</u>

**Business-type activities**

Water/wastewater	\$ 8,866,118
Environmental services	164,673
Other	455,821
Total depreciation and amortization expense - business-type activities	<u>\$ 9,486,612</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Sales Tax Development Corporation</b>				
Capital assets, not being depreciated				
Land	\$ 3,928,244	\$ -	\$ -	\$ 3,928,244
Construction in progress	3,590,213	2,193,481	4,508,163	1,275,531
Total capital assets not being depreciated	<u>7,518,457</u>	<u>2,193,481</u>	<u>4,508,163</u>	<u>5,203,775</u>
Capital assets, being depreciated				
Improvements other than buildings	9,913,733	-	-	9,913,733
Infrastructure	1,714,085	-	-	1,714,085
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	10,520,805	85,704	-	10,606,509
Total accumulated depreciation	<u>10,520,805</u>	<u>85,704</u>	<u>-</u>	<u>10,606,509</u>
Total capital assets being depreciated, net	<u>1,107,013</u>	<u>(85,704)</u>	<u>-</u>	<u>1,021,309</u>
Sales Tax Development Corporation capital assets, net	<u>8,625,470</u>	<u>2,107,777</u>	<u>4,508,163</u>	<u>6,225,084</u>
<b>Victoria Special Events Assoc., Inc.</b>				
Capital assets, being depreciated				
Machinery and equipment	10,449	-	-	10,449
Improvements other than buildings	461,588	-	-	461,588
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	461,566	22	-	461,588
Total accumulated depreciation	<u>472,015</u>	<u>22</u>	<u>-</u>	<u>472,037</u>
Total capital assets being depreciated, net	<u>22</u>	<u>(22)</u>	<u>-</u>	<u>-</u>
Victoria Special Events Assoc., Inc. capital assets, net	<u>22</u>	<u>(22)</u>	<u>-</u>	<u>-</u>
Discretely presented component units capital assets, net	<u>\$ 8,625,492</u>	<u>\$ 2,107,755</u>	<u>\$ 4,508,163</u>	<u>\$ 6,225,084</u>

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**NOTE 7: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual report) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

Benefits Provided

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

At retirement, the member's benefit is calculated based on 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 2023 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	544
Inactive employees entitled to but not yet receiving benefits	460
Active employees	553
	<u>1,557</u>



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**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 6.00% of their annual gross earnings during the fiscal year, unchanged from the prior year. The contribution rates for the City were 15.71% and 16.11% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$5,496,814, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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 are 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. The assumptions 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 to satisfy the short-term and long-term funding needs of TMRS.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2023 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%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
<b>Total</b>	<u>100.00%</u>	

**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

Net Pension Liability - (Continued)

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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.

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2021</b>	\$ 222,587,891	\$ 203,248,175	\$ 19,339,716
Changes for the year:			
Service cost	4,540,765	-	4,540,765
Interest	14,757,322	-	14,757,322
Changes of benefit terms	-	-	-
Difference between expected and actual experience	2,217,361	-	2,217,361
Change of assumptions	-	-	-
Contributions - Employer	-	5,199,373	(5,199,373)
Contributions - Employee	-	1,985,757	(1,985,757)
Net investment income	-	(14,818,613)	14,818,613
Benefit payments, including refunds of employee contributions	(12,462,554)	(12,462,554)	-
Administrative expense	-	(128,385)	128,385
Other changes	-	153,202	(153,202)
Net changes	<u>9,052,894</u>	<u>(20,071,220)</u>	<u>29,124,114</u>
<b>Balance at 12/31/2022</b>	<u>\$ 231,640,785</u>	<u>\$ 183,176,955</u>	<u>\$ 48,463,830</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:	\$81,236,479	\$48,463,830	\$21,823,125

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**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

*Pension Plan Fiduciary Net Position*

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

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

For the year ended September 30, 2023 the City recognized pension expense of \$8,063,034.

At September 30, 2023, 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	\$ 2,833,675	\$ 245,246
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	12,659,526	-
Contributions subsequent to the measurement date	4,261,689	-
Total	\$ 19,754,890	\$ 245,246

\$4,261,689 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, 2024. 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
2023	\$ 1,755,714
2024	4,177,798
2025	3,606,876
2026	5,707,573
2027	-
Thereafter	-
Total	\$ 15,247,961

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**NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)**

Plan Description and Benefits Provided

TMRS administers an optional death benefit plan known as the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active members, with optional coverage for their retirees. A City may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF had 800 participating cities on December 31, 2022.

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, 2022 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	426
Inactive employees entitled to but not yet receiving benefits	141
Active employees	<u>553</u>
Total	<u>1,120</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)
2019	0.19%	0.07%
2020	0.19%	0.07%
2021	0.30%	0.22%
2022	0.30%	0.22%
2023	0.43%	0.26%

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

Total OPEB Liability

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

*Actuarial Assumptions*

The actuarial assumptions used in the December 31, 2022 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	4.05%*
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, 2022.

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

Total OPEB Liability - (Continued)

*Changes in Total OPEB Liability*

The following details the changes in the Total OPEB liability:

<b>Balance at 12/31/21</b>	\$ 3,269,063
Changes for the year:	
Service cost	102,597
Interest	60,425
Change of benefit terms	-
Difference between expected and actual experience	(25,975)
Change of assumptions	(1,104,584)
Benefit payments	(72,811)
Net changes	<u>(1,040,348)</u>
<b>Balance at 12/31/22</b>	<u>\$ 2,228,715</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 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1.0% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1.0% Increase in Discount Rate (5.05%)
City's Total OPEB Liability:	\$2,649,342	\$2,228,715	\$1,901,417

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$48,903.

At September 30, 2023, 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	\$ 539	\$ 80,536
Changes in actuarial assumptions	291,485	864,855
Contributions subsequent to the measurement date	68,780	-
Total	\$ 360,804	\$ 945,391

\$68,780 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, 2024.

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

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

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

Year ended December 31:	OPEB Expense Amount
2023	\$ (106,581)
2024	(167,947)
2025	(233,524)
2026	(145,315)
2027	-
Thereafter	-
Total	\$ (653,367)

**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, without Medicare, HDHP1-\$162.36 or HDHP2-\$146.58; with 20 to 29 years of service and with Medicare coverage pay a monthly health premium of HDHP1-\$162.36 or HDHP2-\$146.58, without Medicare, HDHP1-\$324.72 or HDHP2-\$293.15.

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



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

Plan Description and Funding Policy - (Continued)

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

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

The City is under no obligation, statutory or otherwise, to pay any portion of the cost of 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 valuation date, the following represents the participants in the plan:

Inactive plan members or beneficiaries currently receiving benefits	153
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>540</u>
Total plan members	<u>693</u>

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

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

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

There were no changes in the plan's investment policy during this reporting period. Fair value of the investments was determined by using the market approach and level one inputs were obtained to determine fair value under this approach. The internal rate of return on the plan investments was 11.79%. As of September 30, 2023, the plan had investments in two domestic equity mutual fund, eight international equity mutual funds, and eight 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, 2022
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:

	<b>Increase (Decrease)</b>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2021</b>	\$ 11,054,751	\$ 3,568,611	\$ 7,486,140
Changes for the year:			
Service cost	125,403	-	125,403
Interest	698,743	-	698,743
Difference between expected and actual experience	(504,339)	-	(504,339)
Change of assumptions	-	-	-
Employer contributions	-	1,135,117	(1,135,117)
Net investment income	-	(625,064)	625,064
Benefit payments	(735,117)	(735,117)	-
Administrative expense	-	(14,444)	14,444
Other changes	-	(2,123)	2,123
Net changes	(415,310)	(241,631)	(173,679)
<b>Balance at 12/31/2022</b>	<u>\$ 10,639,441</u>	<u>\$ 3,326,980</u>	<u>\$ 7,312,461</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:	\$8,077,042	\$7,312,461	\$6,633,031

*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:	\$7,003,798	\$7,312,461	\$7,666,541

**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, 2023, the City recognized OPEB expense of \$588,066.

At September 30, 2023, 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	\$ 687,278	\$ 999,338
Changes in actuarial assumptions	121,175	7,421
Differences between projected and actual investments	418,341	-
Contributions subsequent to the measurement date	853,297	-
Total	\$ 2,080,091	\$ 1,006,759

\$853,297 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, 2024. 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
2024	\$ (52,443)
2025	1,244
2026	58,845
2027	192,807
2028	80,751
Thereafter	(61,169)
Total	\$ 220,035

Summary of OPEB Accounts

<u>Plan</u>	<u>OPEB Liability (Asset)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense (Reduction)</u>
TMRS Supplemental Death Benefit	\$ 2,228,715	\$ 360,804	\$ 945,391	\$ 48,903
Retiree Health Benefit	7,312,461	2,080,091	1,006,759	588,066
Totals	<u>\$ 9,541,176</u>	<u>\$ 2,440,895</u>	<u>\$ 1,952,150</u>	<u>\$ 636,969</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 \$677,131 and \$660,847 for the fiscal years ended September 30, 2023 and 2022, 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, 2023 and 2022, the City paid health claims of \$5,543,164 and \$4,126,070. The fund incurred a net income for the year of \$475,850 compared to a net income of \$1,551,142 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 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
Fiscal Year 2023	318,965	5,543,164	5,460,178	401,951

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 \$164,230 and \$96,374, for the fiscal years 2022-2023 and 2021-2022, 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 loss of \$57,114 in fiscal year 2023 compared to a net income of \$133,034 in fiscal year 2022. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

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

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
Fiscal Year 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
Fiscal Year 2023	96,374	272,923	205,067	164,230

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 2023 and 2022, total contributions from the various City funds totaled \$875,900 and \$809,801, respectively. During the fiscal years 2023 and 2022, the City paid \$798,263 and \$723,443 in reinsurance premiums and \$45,748 and \$2,922 in legal fees and claims. In addition to this, the fund incurred a net loss of \$117,971, compared to a net loss of \$52,095 for the prior year. Full insurance coverage was in effect for the year ended September 30, 2023. 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 2023. Settlements of claims did not exceed insurance coverage for any of the past three fiscal years.

**NOTE 11: DEFERRED COMPENSATION PLAN**

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

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

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 9,165,000	\$ 2,265,000	\$ 775,000	\$ 10,655,000	\$ 740,000
General obligation bonds	34,380,000	-	7,545,000	26,835,000	4,460,000
Less deferred amounts:					
Issuance premiums	<u>3,958,813</u>	<u>171,165</u>	<u>651,691</u>	<u>3,478,287</u>	<u>-</u>
Net bonds and certificates payable	47,503,813	2,436,165	8,971,691	40,968,287	5,200,000
Direct borrowings					
Financed purchases	967,039	1,299,260	308,090	1,958,209	395,539
Right-to-Use leases	392,712	821,573	248,682	965,603	303,081
Net pension liability	16,013,285	25,374,826	-	41,388,111	-
OPEB liability	8,905,308	-	757,143	8,148,165	-
Compensated absences	<u>1,053,777</u>	<u>2,463,243</u>	<u>2,138,293</u>	<u>1,378,727</u>	<u>59,370</u>
Total governmental activity					
long-term liabilities	<u>\$ 74,835,934</u>	<u>\$ 32,395,067</u>	<u>\$ 12,423,899</u>	<u>\$ 94,807,102</u>	<u>\$ 5,957,990</u>
<b>Business-type activities</b>					
Bonds payable					
Revenue bonds	\$ 35,405,000	\$ 11,615,000	\$ 4,755,000	\$ 42,265,000	\$ 3,305,000
Less deferred amounts:					
Issuance premiums	<u>3,850,556</u>	<u>939,275</u>	<u>511,188</u>	<u>4,278,643</u>	<u>-</u>
Net bonds payable	39,255,556	12,554,275	5,266,188	46,543,643	3,305,000
Direct borrowings					
Financed purchases	30,329	83,852	29,866	84,315	17,087
Right-to-Use leases	227,727	461,296	77,967	611,056	134,919
Estimated landfill closure and postclosure care cost	4,541,724	101,045	-	4,642,769	-
Net pension liability	3,326,431	3,749,288	-	7,075,719	-
OPEB liability	1,849,895	-	456,884	1,393,011	-
Compensated absences	<u>165,768</u>	<u>440,223</u>	<u>369,748</u>	<u>236,243</u>	<u>10,174</u>
Total business-type activity					
long-term liabilities	<u>\$ 49,397,430</u>	<u>\$ 17,389,979</u>	<u>\$ 6,200,653</u>	<u>\$ 60,586,756</u>	<u>\$ 3,467,180</u>



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

B. General Obligation Certificates and Bonds

Bonds and certificates payable at September 30, 2023, are comprised of the following individual issues:

\$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%.	\$ 1,500,000
\$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%.	2,410,000
\$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%.	3,680,000
\$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%.	5,035,000
\$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%.	1,685,000
\$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%.	14,085,000
\$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%.	1,650,000
\$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%.	5,305,000
\$2,265,000 2023 Certificates of Obligation due in annual installments ranging from \$70,000 to \$165,000 through August 15, 2042; interest varying between 4.00% and 5.00%.	<u>2,140,000</u>
Total General Obligation Certificates and Bonds	<u>\$ 37,490,000</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	
2024	\$ 740,000	\$ 393,026	\$ 1,133,026	\$ 4,460,000	\$ 1,111,050	\$ 5,571,050	\$ 6,704,076
2025	770,000	366,082	1,136,082	4,170,000	920,450	5,090,450	6,226,532
2026	795,000	337,232	1,132,232	4,870,000	735,550	5,605,550	6,737,782
2027	825,000	306,908	1,131,908	3,290,000	526,850	3,816,850	4,948,758
2028	855,000	278,196	1,133,196	2,645,000	377,850	3,022,850	4,156,046
2029-2033	3,980,000	949,282	4,929,282	7,400,000	538,450	7,938,450	12,867,732
2034-2038	1,950,000	321,252	2,271,252	-	-	-	2,271,252
2039-2042	740,000	66,550	806,550	-	-	-	806,550
Total	<u>\$ 10,655,000</u>	<u>\$ 3,018,528</u>	<u>\$ 13,673,528</u>	<u>\$ 26,835,000</u>	<u>\$ 4,210,200</u>	<u>\$ 31,045,200</u>	<u>\$ 44,718,728</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$60,690 of internal service funds' compensated absences, \$965,603 of right-to-use lease liabilities, and \$1,261,173 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.

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**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%.	\$ 1,690,000
\$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%.	1,825,000
\$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%.	3,775,000
\$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%.	14,560,000
\$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%.	3,455,000
\$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%.	5,345,000
\$11,615,000 2023 Utility System Revenue Bonds, Series 2023 due in annual installments ranging from \$350,000 to \$385,000 through December 1, 2042; interest varying between 4.00% and 5.00%.	<u>11,615,000</u>
Total Revenue Bonds	<u>\$ 42,265,000</u>

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**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
2024	\$ 3,305,000	\$ 1,779,400	\$ 5,084,400
2025	3,435,000	1,646,350	5,081,350
2026	3,590,000	1,494,350	5,084,350
2027	3,750,000	1,335,750	5,085,750
2028	3,445,000	1,178,700	4,623,700
2029-2033	11,810,000	4,046,300	15,856,300
2034-2038	7,455,000	1,707,500	9,162,500
2039-2043	5,475,000	502,800	5,977,800
Total	<u>\$ 42,265,000</u>	<u>\$ 13,691,150</u>	<u>\$ 55,956,150</u>

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

The City has pledged future water customer revenues, net of specified operating expenses to repay \$42.3 million in utility system revenue bonds issued. Proceeds from the bonds provided financing for improvements to the City's utility system. The bonds are payable from Water and Wastewater Fund net revenues and are payable through 2043. Average annual principal and interest payments on the bonds (\$2,797,808) are expected to require approximately 19 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$4,755,000 and \$14,521,395, respectively. The total principal and interest remaining to be paid on the bonds is \$42,265,000.

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, 2023.

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

D. Financed Purchases

Financed purchases payable (direct borrowings) at September 30, 2023, are comprised of the following leases:

Financed purchase agreement on copier for the Print Shop. The original amount of the financed purchase, entered into in 2022, was \$54,064. The financed purchase is payable in monthly installments of \$1,502 and bears interest at a rate of 0.00%.	\$ 27,032
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%.	4,830
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%.	119,024
Financed purchase agreement on a utility vehicles for the Golf Course. The original amount of the financed purchase, entered into in 2023, was \$9,074. The financed purchase is payable in monthly installments of \$508 and bears interest at a rate of 6.95%.	24,228
Financed purchase agreement on a tractor and backhoe for the Golf Course. The original amount of the financed purchase, entered into in 2023, was \$58,026. The financed purchase is payable in monthly installments of \$1,141 and bears interest at a rate of 6.95%.	55,257
Financed purchase agreement on defibrillators for the Fire Department. The original amount of the financed purchase, entered into in 2023, was \$578,013. The financed purchase is payable in annual installments of \$131,546 and bears interest at a rate of 4.764%.	578,013
Financed purchase agreement on street sweepers for the Public Works Department. The original amount of the financed purchase, entered into in 2023, was \$676,194. The financed purchase is payable in annual installments of \$63,083 and bears interest at a rate of 4.75%.	550,028
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%.	<u>684,112</u>
	<u>\$ 2,042,524</u>

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

D. Financed Purchases - (Continued)

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	
2024	\$ 395,539	\$ 70,035	\$ 465,574	\$ 17,087	\$ 5,223	\$ 22,310	\$ 487,884
2025	396,218	60,346	456,564	18,248	4,062	22,310	478,874
2026	402,272	45,299	447,571	16,914	2,872	19,786	467,357
2027	374,838	29,618	404,456	18,127	1,658	19,785	424,241
2028	389,342	15,114	404,456	13,939	393	14,332	418,788
Total	<u>\$ 1,958,209</u>	<u>\$ 220,412</u>	<u>\$ 2,178,621</u>	<u>\$ 84,315</u>	<u>\$ 14,208</u>	<u>\$ 98,523</u>	<u>\$ 2,277,144</u>

E. Right-to-Use Leases

Right-to-Use leases payable at September 30, 2023, are comprised of the following leases:

Multiple lease agreements under a master lease agreement for various vehicles. The lease liabilities are recorded 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.	\$ 944,450
Lease agreement for an LED system. The lease liability is recorded in the Radio Systems Internal Service Fund. The lease is payable in fixed monthly installments over 60 months.	21,153
Multiple lease agreements for various golf equipment for the Golf Course. The lease liabilities are recorded in the Golf Course Enterprise Fund. The leases are payable in fixed monthly installments over terms ranging from 48 to 60 months.	<u>611,056</u>
	<u>\$ 1,576,659</u>

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**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
2024	\$ 303,081	\$ 37,143	\$ 340,224	\$ 134,919	\$ 24,630	\$ 159,549	\$ 499,773
2025	273,383	24,108	297,491	140,987	18,563	159,550	457,041
2026	228,292	12,829	241,121	128,769	12,481	141,250	382,371
2027	134,651	4,149	138,800	123,735	6,796	130,531	269,331
2028	26,196	238	26,434	82,646	1,758	84,404	110,838
Total	<u>\$ 965,603</u>	<u>\$ 78,467</u>	<u>\$ 1,044,070</u>	<u>\$ 611,056</u>	<u>\$ 64,228</u>	<u>\$ 675,284</u>	<u>\$ 1,719,354</u>

F. 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, 2023.

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**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, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Construction (3037)	\$ 10,837
	Nonmajor Governmental	384,894
	Water and Wastewater	32,112
	Other	447,153
American Rescue Plan	Capital Construction (3037)	572,907
Capital Construction (3036)	Water and Wastewater	72,465
Capital Construction (3037)	General	530,000
Nonmajor Governmental	General	1,459
	Other	11,231
Water and Wastewater	Capital Construction (3037)	17,614
Nonmajor Business-type	General	975
	Other	13,418
Internal Service	Water and Wastewater	132,887
	Environmental Services	45,858
	Nonmajor Governmental	10,731
	Nonmajor Business-type	13,522
	Other	63,879
		<u>\$ 2,361,942</u>



**NOTE 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Continued)**

**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:

Transfers Out	Transfers In						Total	
	General	Capital Construction (3036)	Capital Construction (3037)	Nonmajor Govt.	Water and Wwater	Nonmajor Bus.-type		Other
General	\$ -	\$ -	\$ 4,728,291	\$ 258,653	\$ -	\$ -	\$ -	\$ 4,986,944
American Rescue Plan	-	-	1,031,671	-	-	-	-	1,031,671
Capital Const. (3036)	-	-	1,368,928	-	245,832	-	158,000	1,772,760
Capital Const. (3037)	1,228,254	21,809	-	-	-	-	-	1,250,063
Nonmajor Govt.	9,803	-	142,503	1,109,317	-	450,000	2,000	1,713,623
Water and Wwater	2,703,900	50,656	-	-	-	-	30,000	2,784,556
Environmental Svcs.	587,167	-	250,000	-	-	-	8,000	845,167
Nonmajor Bus.-type	34,930	-	-	-	-	-	2,000	36,930
	<u>\$ 4,564,054</u>	<u>\$ 72,465</u>	<u>\$ 7,521,393</u>	<u>\$ 1,367,970</u>	<u>\$ 245,832</u>	<u>\$ 450,000</u>	<u>\$ 200,000</u>	<u>\$ 14,421,714</u>

**NOTE 14: RELATED PARTY TRANSACTIONS**

During fiscal year 2023, the Sales Tax Development Corporation, a discretely presented component unit of the City paid \$8,416,424 towards the Riverside Park Dog Park, LED Street Lighting Project, Public Safety Headquarters Project, John Stockbauer Mill & Overlay Project, North Street Project, Nursery Drive Project, Guy Grant Project, Dairy Road Reconstruction Project, Airline/Ben Jordan Emergency Repairs Project, US59 Water Line Extension Project, Laurent Street Water Line Project, and Deleon Plaza Construction 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, 2023, \$22,325,000 of bonds outstanding is considered defeased.

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**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, 2023, 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.

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.

Sales Tax Development Corporation Contribution in Aid of Construction Agreement

On March 30, 2022, the Victoria Sales Tax Development Corporation (VSTDC) entered into a Mutual Contribution in Aid of Construction Agreement with the Victoria County Navigation District (District). Under this agreement, the District will receive funding from the VSTDC to be used for the development of the Texas Logistics Center which will expand rail access to the inland port. VSTDC will contribute a total of \$3,000,000, payable in \$1,000,000 annual installments beginning on April 30, 2022. VSTDC has contributed \$1,000,000 each in FY2022 and FY2023 relating to this agreement. The remaining \$1,000,000 will be paid out in FY2024.

Axon Master Services and Purchasing Agreement

The City entered into an agreement with Axon Enterprise, Inc. in October 2022 to consolidate contracts for tasers, body worn cameras, in-car cameras, and software for digital recording storage for the police department. The agreement is for a five year period ending September 2027 and will be paid in five annual installments as follows:

Year ended September 30:	
2024	\$ 225,000
2025	232,000
2026	241,000
2027	251,000
Thereafter	-
Total	\$ 949,000

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**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, 2023, is 20 years.

As of September 30, 2023, 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:

- 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, 2023: \$0
    - Post-closure liability, as of September 30, 2023: \$1,712,460
  - 26.1 acres (50%) has approximately 7 years useful life left.
    - Closure cost liability, as of September 30, 2023: \$1,874,934
    - Post-closure liability, as of September 30, 2023: \$1,055,375
- 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 \$4,642,769, \$4,541,724, and \$4,440,679 as of September 30, 2023, 2022, and 2021 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 \$101k 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: FUND BALANCES**

The following is a detail of the governmental fund balances as of September 30, 2023:

	Governmental Fund Balances				Total
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	
General					
Inventory	\$ 255,532	\$ -	\$ -	\$ -	\$ 255,532
Prepaid items	149,766	-	-	-	149,766
Unassigned	-	-	-	22,854,263	22,854,263
American Rescue Plan					
General government	-	426,089	-	-	426,089
Debt Service					
Retirement of long-term debt	-	1,413,076	-	-	1,413,076
Capital Construction (3036)					
Various capital projects	-	4,051,225	-	-	4,051,225
Capital Construction (3037)					
Various capital projects	-	7,409,597	-	-	7,409,597
Nonmajor Governmental					
Arts, tourism and conventions	-	3,849,997	-	-	3,849,997
Police department	-	372,851	-	-	372,851
Fire department	-	103,975	-	-	103,975
Emergency management	-	68,151	-	-	68,151
Municipal court security and technology	-	322,205	-	-	322,205
City parks	-	228,432	-	-	228,432
Development	-	356,695	-	-	356,695
Special projects	-	-	1,048,538	-	1,048,538
Unassigned	-	-	-	(123,241)	(123,241)
	<u>\$ 405,298</u>	<u>\$ 18,602,293</u>	<u>\$ 1,048,538</u>	<u>\$ 22,731,022</u>	<u>\$ 42,787,151</u>

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**NOTE 19: 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.

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 2022. These companies comprise \$203.2 million in real and personal property values. They also provide \$4.6 million in property and inventory values not subject to tax abatement. In tax year 2022, the City abated \$41.3 million in improvements and personal property value, and the revenue received for real and personal property from these companies was \$428,309 for tax year 2022.

**NOTE 20: SUBSEQUENT EVENTS**

In November 2023, the City secured permission from the Texas Commission on Environmental Quality (TCEQ) to expand the City-owned landfill, adding 100 years of life to the landfill and allowing the City to safely provide high-demand industrial waste disposal services. The expansion will nearly triple the size of the landfill, covering 293 acres of property that is already owned by the City. The new landfill space will also include cells that are designed to accept Class 1 non-hazardous waste according to TCEQ regulations. This category includes certain types of non-hazardous industrial waste that are produced by plants and factories.

In February 2024, the City issued Certificates of Obligation, Series 2024 of \$53,645,000. The certificates are due in annual installments ranging from \$2,035,000 to \$3,425,000 through 2043 with interest varying from 4.00% to 5.00%. The proceeds from the sale of the certificates will be used to construct a new public safety facility, reconstruct and extend City residential streets, and to pay costs of issuance of the certificates.

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**NOTE 21: IMPLEMENTATION OF NEW STANDARD**

During fiscal year 2023, the City adopted GASB Statement No. 96 (GASB 96), Subscription-Based Information Technology Agreements (SBITA). The objective of this Statement was to establish standards for recognizing and measuring right to use subscription assets and liabilities related to contracts conveying control of the right to use another party's (a SBITA vendor's) information technology software. As of September 30, 2023, the City did not have any items required to be recorded as right to use subscription assets or liabilities as a result of implementing GASB 96.

**NOTE 22: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The City's government wide financial statements for the fiscal year September 30, 2022 have been restated to properly reflect the net position balances for fiscal year ending September 30, 2022. The result of the restatement was to increase the net position of the governmental activities by \$500,000 and decrease the net position of the business-type activities by \$500,000. The fund financial statements were also restated as follows: Decrease General Fund unassigned fund balance by \$500,000, increase Stabilization Fund (a nonmajor special revenue fund) committed fund balance by \$1,000,000, decrease Water and Wastewater Fund unrestricted net position by \$250,000, and decrease Environmental Services unrestricted net position by \$250,000. The restatements were all due to the establishment of the Stabilization Fund as of September 30, 2022.

**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, 2023

With comparative totals for the year ended September 30, 2022

	2023			Variance Positive (Negative)	2022 Actual
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Taxes	\$ 42,141,859	\$ 42,141,859	\$ 45,139,651	\$ 2,997,792	\$ 42,573,025
Licenses and permits	995,310	995,310	1,080,175	84,865	1,124,895
Intergovernmental	2,570,129	2,570,129	2,644,181	74,052	2,679,607
Charges for services	3,148,534	3,040,110	3,106,323	66,213	3,149,540
Fines and forfeitures	665,650	665,650	585,266	(80,384)	653,189
Investment earnings net of change in fair value of investments	380,000	380,000	1,114,478	734,478	153,801
Miscellaneous	315,250	315,250	373,093	57,843	751,273
<b>Total revenues</b>	<u>50,216,732</u>	<u>50,108,308</u>	<u>54,043,167</u>	<u>3,934,859</u>	<u>51,085,330</u>
<b>EXPENDITURES</b>					
General government	5,379,662	5,506,336	5,724,258	(217,922)	5,103,861
Public safety	31,847,787	32,409,464	32,473,259	(63,795)	31,097,781
Development	9,170,768	9,505,238	7,968,942	1,536,296	7,539,666
Recreation	6,263,104	6,542,472	5,571,809	970,663	5,105,692
<b>Total expenditures</b>	<u>52,661,321</u>	<u>53,963,510</u>	<u>51,738,268</u>	<u>2,225,242</u>	<u>48,847,000</u>
Excess (deficiency) of revenues over expenditures	(2,444,589)	(3,855,202)	2,304,899	6,160,101	2,238,330
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	-	111,627
Financed purchase issued	-	-	578,013	578,013	291,991
Transfers in	3,325,997	3,325,997	4,564,054	1,238,057	3,392,066
Transfers out	(5,061,115)	(5,061,115)	(4,986,944)	74,171	(8,818,893)
<b>Total other financing sources (uses)</b>	<u>(1,735,118)</u>	<u>(1,735,118)</u>	<u>155,123</u>	<u>1,890,241</u>	<u>(5,023,209)</u>
Change in fund balance	(4,179,707)	(5,590,320)	2,460,022	8,050,342	(2,784,879)
Fund balance at beginning of year, as restated	<u>20,799,539</u>	<u>20,799,539</u>	<u>20,799,539</u>	<u>-</u>	<u>23,584,418</u>
<b>Fund balance at end of year</b>	<u>\$ 16,619,832</u>	<u>\$ 15,209,219</u>	<u>\$ 23,259,561</u>	<u>\$ 8,050,342</u>	<u>\$ 20,799,539</u>

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



**CITY OF VICTORIA, TEXAS**

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

*TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION*

*Last ten years*

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

NOTE: Information for the prior year was not readily available. The City will compile the respective information over the next year 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	2022
\$ 4,100,496	\$ 4,150,267	\$ 4,210,086	\$ 4,408,740	\$ 4,585,667	\$ 4,540,765
12,600,532	13,054,511	13,346,677	13,729,057	14,100,643	14,757,322
-	-	-	-	-	-
(325,250)	(2,541,589)	(1,623,832)	(1,527,546)	3,000,834	2,217,361
-	-	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>	<u>(12,462,554)</u>
7,055,042	4,633,826	5,704,418	5,632,460	10,277,472	9,052,894
<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>222,587,891</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>	<u>\$ 231,640,785</u>
\$ 4,928,367	\$ 5,010,611	\$ 5,131,905	\$ 5,260,786	\$ 5,466,619	\$ 5,199,373
1,793,220	1,817,635	1,856,026	1,936,489	2,009,788	1,985,757
20,080,623	(4,859,666)	23,813,296	13,203,652	23,890,909	(14,818,613)
(9,320,736)	(10,029,363)	(10,700,070)	(10,977,791)	(11,409,672)	(12,462,554)
(104,070)	(93,938)	(134,617)	(85,496)	(110,626)	(128,385)
<u>(5,275)</u>	<u>(4,907)</u>	<u>(4,045)</u>	<u>(3,336)</u>	<u>758</u>	<u>153,202</u>
17,372,129	(8,159,628)	19,962,495	9,334,304	19,847,776	(20,071,220)
<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>203,248,175</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>\$ 183,176,955</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>	<u>\$ 48,463,830</u>
82.64%	76.68%	84.22%	86.38%	91.31%	79.08%
\$ 29,887,001	\$ 30,293,918	\$ 30,933,773	\$ 32,274,814	\$ 33,496,469	\$ 33,095,956
114.02%	154.72%	105.42%	89.57%	57.74%	146.43%

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

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

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

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 4,967,335	\$ 5,128,686	\$ 5,107,288	\$ 5,477,304	\$ 5,526,626	\$ 5,496,814
<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>(5,634,151)</u>
<u>\$ (53,271)</u>	<u>\$ (58,447)</u>	<u>\$ (59,243)</u>	<u>\$ (90,105)</u>	<u>\$ (104,422)</u>	<u>\$ (137,337)</u>
\$ 30,057,425	\$ 30,940,128	\$ 31,180,817	\$ 33,573,739	\$ 34,807,311	\$ 34,315,719
16.70%	16.77%	16.57%	16.58%	16.18%	16.42%

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

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

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

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

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Measurement Year		
2020	2021	2022
\$ 77,460	\$ 100,489	\$ 102,597
72,180	62,212	60,425
-	-	-
(43,056)	(19,030)	(25,975)
415,927	101,885	(1,104,584)
<u>(22,592)</u>	<u>(73,692)</u>	<u>(72,811)</u>
499,919	171,864	(1,040,348)
<u>2,597,280</u>	<u>3,097,199</u>	<u>3,269,063</u>
<u>\$ 3,097,199</u>	<u>\$ 3,269,063</u>	<u>\$ 2,228,715</u>
\$ 32,274,814	\$ 33,496,469	\$ 33,095,956
9.60%	9.76%	6.73%

**CITY OF VICTORIA, TEXAS****SCHEDULE OF EMPLOYER CONTRIBUTIONS****TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT***Last ten fiscal years*

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

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

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

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Fiscal Year		
2021	2022	2023
\$ 59,386	\$ 76,576	\$ 86,076
<u>(59,386)</u>	<u>(76,576)</u>	<u>(86,076)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,573,739	\$ 34,807,311	\$ 34,315,719
0.1769%	0.2200%	0.2508%



**CITY OF VICTORIA, TEXAS**

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

*RETIREE HEALTHCARE*

*Last ten years*

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

NOTE: Information for the prior four years was not readily available. The City will compile the respective information over the next four 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	2022
\$ 92,605	\$ 85,602	\$ 125,403
672,383	632,762	698,743
(292,558)	956,182	(504,339)
-	168,585	-
<u>(1,196,197)</u>	<u>(960,760)</u>	<u>(735,117)</u>
(723,767)	882,371	(415,310)
<u>10,896,147</u>	<u>10,172,380</u>	<u>11,054,751</u>
<u>\$ 10,172,380</u>	<u>\$ 11,054,751</u>	<u>\$ 10,639,441</u>
\$ 1,396,197	\$ 1,160,760	\$ 1,135,117
430,797	392,811	(625,064)
(1,196,197)	(960,760)	(735,117)
(11,303)	(14,712)	(14,444)
<u>(2,083)</u>	<u>(1,621)</u>	<u>(2,123)</u>
617,411	576,478	(241,631)
<u>2,374,722</u>	<u>2,992,133</u>	<u>3,568,611</u>
<u>\$ 2,992,133</u>	<u>\$ 3,568,611</u>	<u>\$ 3,326,980</u>
<u>\$ 7,180,247</u>	<u>\$ 7,486,140</u>	<u>\$ 7,312,461</u>
29.41%	32.28%	31.27%
\$ 32,784,223	\$ 34,311,990	\$ 33,714,715
21.90%	21.82%	21.69%

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

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	Fiscal Year		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
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 four years was not readily available. The City will compile the respective information over the next four years as provided by actuaries.

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

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Fiscal Year		
<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 890,640	\$ 894,322	\$ 898,115
<u>(1,331,993)</u>	<u>(805,911)</u>	<u>(1,370,152)</u>
<u>\$ (441,353)</u>	<u>\$ 88,411</u>	<u>\$ (472,037)</u>
\$ 34,421,447	\$ 34,113,003	\$ 34,492,918
3.8697%	2.3625%	3.9723%

**CITY OF VICTORIA, TEXAS**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*

September 30, 2023

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**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 2022-2023.

<u>Fund/Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City manager and council	\$ 1,179,920	\$ 1,214,732	\$ 34,812
Human resources	658,503	666,927	8,424
Public information office	647,537	652,232	4,695
Non-departmental	1,350,614	1,570,479	219,865
Fire	14,699,133	15,574,946	875,813
Development center/inspections	911,844	942,030	30,186

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

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 increased to 4.05% from 1.84%.

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

Valuation Date

The actuarially determined contribution for fiscal year ending September 30, 2023 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, 15 years as of FYE23
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.
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:

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

Methods and Assumptions - (Continued)

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:

**Stabilization** - Used to account for funds received from other City funds using excess fund balance or working capital balance. Appropriations from this fund will be made at the discretion of City Council during the budget process and during the fiscal year as needs arise on one-time programs/expenditures and major capital projects to reduce the use of long-term debt where possible.

**GCRAC EMS/Trauma System Grant** - Used to account for funds received to purchase additional supplies and equipment for local fire and EMS services. It also includes funds for EMS recruitment and retention under Senate Bill 8.

**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 and solid waste projects.

**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.

**Bicentennial** - Used to account for funds received for the DeLeon statue and other Bicentennial programs.

**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.

## NONMAJOR SPECIAL REVENUE FUNDS - (Continued)

**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 2023, \$2,275,161 was budgeted as follows: for payroll and professional services \$147,148; for Community Center operations not to exceed \$450,000; to the Convention and Visitors Bureau, funding not to exceed \$761,000; to the Main Street Program, funding not to exceed \$348,318; for construction and other structures not to exceed \$270,000; and for other programs and various outside agencies, not to exceed \$298,695.

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

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

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

**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.

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

**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.

**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.

**Opioid Abatement Grant** - Used to account for funds received from the State of Texas through statewide opioid settlement agreements and disbursements for opioid remediation strategies.

**Economic Development**- Used to account for funds received from hotel occupancy tax and the Victoria Sales Tax Development Corporation to help retain, attract, and expand the business community and overall enhance the quality of life in Victoria.

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

**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.

**CITY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*COMBINING BALANCE SHEET*

*September 30, 2023*

	<u>Stabilization</u>	<u>GCRAC EMS/Trauma System Grant</u>	<u>Police Grants</u>	<u>Bicentennial</u>	<u>Library Grants</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 524,434	\$ 9,574	\$ 2,242	\$ 71,000	\$ 21,360
Investments	524,104	-	-	-	-
Receivables (net)					
Other	-	-	850	-	-
Due from other funds	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,048,538</u>	<u>\$ 9,574</u>	<u>\$ 3,092</u>	<u>\$ 71,000</u>	<u>\$ 21,360</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,050
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	9,574	3,092	71,000	20,310
<b>Total liabilities</b>	-	9,574	3,092	71,000	21,360
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	-	-	-	-	-
<b>FUND BALANCES</b>					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal court	-	-	-	-	-
Development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed	1,048,538	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>1,048,538</u>	-	-	-	-
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,048,538</u>	<u>\$ 9,574</u>	<u>\$ 3,092</u>	<u>\$ 71,000</u>	<u>\$ 21,360</u>

<u>LEOSE Training Grant</u>	<u>Auto Theft Grant</u>	<u>TCEQ Grant</u>	<u>MPO Grant</u>	<u>Motel Tax</u>	<u>Forfeiture</u>	<u>Justice Assistance Grant</u>	<u>Environmental Services Grant</u>
\$ 20,344	\$ -	\$ -	\$ -	\$ 2,063,986	\$ 373,898	\$ -	\$ 20,789
-	-	-	-	-	-	-	-
-	52,700	60,070	37,359	205,130	-	12,615	-
-	-	-	-	-	-	-	-
<u>\$ 20,344</u>	<u>\$ 52,700</u>	<u>\$ 60,070</u>	<u>\$ 37,359</u>	<u>\$ 2,269,116</u>	<u>\$ 373,898</u>	<u>\$ 12,615</u>	<u>\$ 20,789</u>
\$ -	\$ -	\$ 20,817	\$ 3,576	\$ 52,922	\$ 8,040	\$ -	\$ 2,724
-	-	-	-	-	-	-	-
-	29,453	39,253	33,783	4,131	-	12,615	-
<u>20,344</u>	<u>23,247</u>	-	-	-	-	-	<u>12,129</u>
<u>20,344</u>	<u>52,700</u>	<u>60,070</u>	<u>37,359</u>	<u>57,053</u>	<u>8,040</u>	<u>12,615</u>	<u>14,853</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,212,063	-	-	-
-	-	-	-	-	365,858	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,936
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,212,063	365,858	-	5,936
<u>\$ 20,344</u>	<u>\$ 52,700</u>	<u>\$ 60,070</u>	<u>\$ 37,359</u>	<u>\$ 2,269,116</u>	<u>\$ 373,898</u>	<u>\$ 12,615</u>	<u>\$ 20,789</u>

(continued)

**CITY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*COMBINING BALANCE SHEET*

*September 30, 2023*

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 228,432	\$ 79,427	\$ 320,245	\$ -
Investments	-	-	-	-	-
Receivables					
Other	21,640	-	24,600	8,279	3,958
Due from other funds	<u>1,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 23,099</u>	<u>\$ 228,432</u>	<u>\$ 104,027</u>	<u>\$ 328,524</u>	<u>\$ 3,958</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 52	\$ 6,319	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	23,099	-	-	-	3,958
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>23,099</u>	<u>-</u>	<u>52</u>	<u>6,319</u>	<u>3,958</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted					
Arts, tourism and conventions	-	-	-	-	-
Public safety	-	-	103,975	-	-
Municipal court	-	-	-	322,205	-
Development	-	-	-	-	-
Parks and recreation	-	228,432	-	-	-
Committed	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>-</u>	<u>228,432</u>	<u>103,975</u>	<u>322,205</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 23,099</u>	<u>\$ 228,432</u>	<u>\$ 104,027</u>	<u>\$ 328,524</u>	<u>\$ 3,958</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>Police Department Grants</u>	<u>Opioid Abatement Grant</u>
\$ 26,627	\$ 1,028,175	\$ -	\$ 23,172	\$ -	\$ 6,993	\$ 26,557
-	-	-	-	-	-	-
-	27,833	39,818	719,791	494,234	-	-
-	-	-	-	-	-	-
<u>\$ 26,627</u>	<u>\$ 1,056,008</u>	<u>\$ 39,818</u>	<u>\$ 742,963</u>	<u>\$ 494,234</u>	<u>\$ 6,993</u>	<u>\$ 26,557</u>
\$ 4,389	\$ 135	\$ 18,062	\$ 611,351	\$ 5,248	\$ -	\$ -
-	-	-	-	-	-	-
-	-	21,756	-	203,457	-	-
<u>22,238</u>	-	-	-	-	-	<u>26,557</u>
<u>26,627</u>	<u>135</u>	<u>39,818</u>	<u>611,351</u>	<u>208,705</u>	<u>-</u>	<u>26,557</u>
-	-	-	254,853	285,529	-	-
-	-	-	254,853	285,529	-	-
-	1,055,873	-	-	-	-	-
-	-	-	-	-	6,993	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(123,241)	-	-	-
-	1,055,873	-	(123,241)	-	6,993	-
<u>\$ 26,627</u>	<u>\$ 1,056,008</u>	<u>\$ 39,818</u>	<u>\$ 742,963</u>	<u>\$ 494,234</u>	<u>\$ 6,993</u>	<u>\$ 26,557</u>

(continued)

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
September 30, 2023

	Economic Development	Emergency Management	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,140	\$ 222,930	\$ 611,064	\$ 301,281	\$ 5,994,670
Investments	-	-	-	-	524,104
Receivables					
Other	98,787	-	951	-	1,808,615
Due from other funds	-	-	11,231	-	12,690
<b>Total assets</b>	<b>\$ 110,927</b>	<b>\$ 222,930</b>	<b>\$ 623,246</b>	<b>\$ 301,281</b>	<b>\$ 8,340,079</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 25,190	\$ 154,779	\$ 27,824	\$ -	\$ 942,478
Accrued expenditures	12,140	-	13,361	-	25,501
Due to other funds	14,119	-	-	10,000	395,624
Unearned revenue	-	-	-	-	208,491
<b>Total liabilities</b>	<b>51,449</b>	<b>154,779</b>	<b>41,185</b>	<b>10,000</b>	<b>1,572,094</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	540,382
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>540,382</b>
<b>FUND BALANCES</b>					
Restricted					
Arts, tourism and conventions	-	-	582,061	-	3,849,997
Public safety	-	68,151	-	-	544,977
Municipal court	-	-	-	-	322,205
Development	59,478	-	-	291,281	356,695
Parks and recreation	-	-	-	-	228,432
Committed	-	-	-	-	1,048,538
Unassigned	-	-	-	-	(123,241)
<b>Total fund balances</b>	<b>59,478</b>	<b>68,151</b>	<b>582,061</b>	<b>291,281</b>	<b>6,227,603</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 110,927</b>	<b>\$ 222,930</b>	<b>\$ 623,246</b>	<b>\$ 301,281</b>	<b>\$ 8,340,079</b>

(concluded)

**CITY OF VICTORIA, TEXAS**

*NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS*

*COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND*

*CHANGES IN FUND BALANCE*

*For the year ended September 30, 2023*

	Stabilization	GCRAC EMS/Trauma System Grant	GCRPC Grant	Police Grants	HOME Grant	Library Grants
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	39,531	11,804	776,190	12,528
Fines and forfeitures	-	-	-	-	-	-
Investment income	48,538	-	803	-	-	-
Miscellaneous	-	48,029	-	16,016	-	15,457
<b>Total revenues</b>	<u>48,538</u>	<u>48,029</u>	<u>40,334</u>	<u>27,820</u>	<u>776,190</u>	<u>27,985</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Public safety	-	48,029	50,700	31,313	-	-
Development	-	-	-	-	776,190	-
Recreation	-	-	-	-	-	27,985
<b>Total expenditures</b>	<u>-</u>	<u>48,029</u>	<u>50,700</u>	<u>31,313</u>	<u>776,190</u>	<u>27,985</u>
Excess (deficiency) of revenues over expenditures	48,538	-	(10,366)	(3,493)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	10,366	3,493	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>10,366</u>	<u>3,493</u>	<u>-</u>	<u>-</u>
Change in fund balances	48,538	-	-	-	-	-
Fund balance at beginning of year, as restated	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 1,048,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>LEOSE Training Grant</u>	<u>Auto Theft Grant</u>	<u>TCEQ Grant</u>	<u>MPO Grant</u>	<u>Motel Tax</u>	<u>Forfeiture</u>	<u>Justice Assistance Grant</u>	<u>K-9 Unit Program</u>	<u>Environmental Services Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,863,391	\$ -	\$ -	\$ -	\$ -
17,229	136,986	148,765	259,444	-	-	12,616	-	-
-	-	-	-	-	103,222	-	-	-
-	-	-	-	101,914	10,422	-	-	-
-	5,000	-	-	918	43,838	-	7,629	14,807
<u>17,229</u>	<u>141,986</u>	<u>148,765</u>	<u>259,444</u>	<u>1,966,223</u>	<u>157,482</u>	<u>12,616</u>	<u>7,629</u>	<u>14,807</u>
-	-	129,383	-	-	-	-	-	-
17,229	176,124	-	-	-	62,007	12,671	7,629	-
-	-	-	259,444	-	-	-	-	14,807
-	-	-	-	417,494	-	-	-	-
<u>17,229</u>	<u>176,124</u>	<u>129,383</u>	<u>259,444</u>	<u>417,494</u>	<u>62,007</u>	<u>12,671</u>	<u>7,629</u>	<u>14,807</u>
-	(34,138)	19,382	-	1,548,729	95,475	(55)	-	-
-	34,138	-	-	-	-	55	-	-
-	-	-	-	(1,701,820)	-	-	-	-
-	34,138	-	-	(1,701,820)	-	55	-	-
-	-	19,382	-	(153,091)	95,475	-	-	-
-	-	(19,382)	-	2,365,154	270,383	-	-	5,936
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,212,063</u>	<u>\$ 365,858</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, 2023*

	Gulf Bend Mental Health Task Force	Parks Grant	Fire Academy	Municipal Court Special Revenue	COPS Grant	Fire Department Grants
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	5,317	-
Fines and forfeitures	-	-	-	122,797	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	<u>137,269</u>	<u>145,694</u>	<u>47,673</u>	<u>10,296</u>	<u>-</u>	<u>385</u>
<b>Total revenues</b>	<u>137,269</u>	<u>145,694</u>	<u>47,673</u>	<u>133,093</u>	<u>5,317</u>	<u>385</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Public safety	128,925	-	20,292	100,837	5,317	153,032
Development	-	-	-	-	-	-
Recreation	<u>-</u>	<u>31,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>128,925</u>	<u>31,798</u>	<u>20,292</u>	<u>100,837</u>	<u>5,317</u>	<u>153,032</u>
Excess (deficiency) of revenues over expenditures	8,344	113,896	27,381	32,256	-	(152,647)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,459	-	-	4,003	-	-
Transfers out	<u>(9,803)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(8,344)</u>	<u>-</u>	<u>-</u>	<u>4,003</u>	<u>-</u>	<u>-</u>
Change in fund balances	-	113,896	27,381	36,259	-	(152,647)
Fund balance at beginning of year, as restated	<u>-</u>	<u>114,536</u>	<u>76,594</u>	<u>285,946</u>	<u>-</u>	<u>152,647</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 228,432</u>	<u>\$ 103,975</u>	<u>\$ 322,205</u>	<u>\$ -</u>	<u>\$ -</u>

Public, Educational, and Governmental (PEG) Fund	Community Development Block Grant	CDBG Hazard Mitigation	Homeland Security Grant	COVID-19 Grant	Police Department Grants	Economic Development	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	695,543	4,871,785	284,567	70,271	-	-	-
-	-	-	-	-	-	-	-
29,532	-	-	-	-	-	-	-
116,023	-	-	-	-	9,526	197,585	-
<u>145,555</u>	<u>695,543</u>	<u>4,871,785</u>	<u>284,567</u>	<u>70,271</u>	<u>9,526</u>	<u>197,585</u>	<u>-</u>
34,644	695,543	-	-	-	-	-	-
-	-	4,872,996	289,705	-	9,405	-	155,230
-	-	-	-	-	-	486,425	-
-	-	-	-	-	-	-	-
<u>34,644</u>	<u>695,543</u>	<u>4,872,996</u>	<u>289,705</u>	<u>-</u>	<u>9,405</u>	<u>486,425</u>	<u>155,230</u>
110,911	-	(1,211)	(5,138)	70,271	121	(288,840)	(155,230)
-	-	-	5,138	-	-	348,318	200,000
-	-	-	-	-	-	-	-
-	-	-	5,138	-	-	348,318	200,000
110,911	-	(1,211)	-	70,271	121	59,478	44,770
<u>944,962</u>	<u>-</u>	<u>(122,030)</u>	<u>-</u>	<u>(70,271)</u>	<u>6,872</u>	<u>-</u>	<u>23,381</u>
<u>\$ 1,055,873</u>	<u>\$ -</u>	<u>\$ (123,241)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,993</u>	<u>\$ 59,478</u>	<u>\$ 68,151</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, 2023*

	Convention and Visitors Bureau	Victoria Housing Finance Corporation	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,863,391
Intergovernmental	-	-	7,342,576
Fines and forfeitures	-	-	226,019
Investment income	86	12,786	204,081
Miscellaneous	-	-	816,145
<b>Total revenues</b>	<u>86</u>	<u>12,786</u>	<u>10,452,212</u>
<b>EXPENDITURES</b>			
General government	-	-	859,570
Public safety	-	-	6,141,441
Development	-	14,027	1,550,893
Recreation	842,163	-	1,319,440
<b>Total expenditures</b>	<u>842,163</u>	<u>14,027</u>	<u>9,871,344</u>
Excess (deficiency) of revenues over expenditures	(842,077)	(1,241)	580,868
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	761,000	-	1,367,970
Transfers out	(2,000)	-	(1,713,623)
<b>Total other financing sources (uses)</b>	<u>759,000</u>	<u>-</u>	<u>(345,653)</u>
Change in fund balances	(83,077)	(1,241)	235,215
Fund balance at beginning of year, as restated	<u>665,138</u>	<u>292,522</u>	<u>5,992,388</u>
<b>Fund balance at end of year</b>	<u>\$ 582,061</u>	<u>\$ 291,281</u>	<u>\$ 6,227,603</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, 2023  
With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,611,901	\$ 10,467,611
Investments	14,196,357	10,452,202
Receivables (net)		
Ad valorem taxes (prior years)	1,318,415	1,185,766
Franchise taxes	809,588	629,000
Sales taxes	1,760,143	1,683,009
Ambulance	2,673,369	1,198,808
Fines	625,581	614,583
Other	1,105,944	962,535
Due from other funds	874,996	661,522
Inventory	255,532	348,541
Returned checks	26,595	26,595
Prepaid items	149,766	-
<b>Total assets</b>	<u>\$ 32,408,187</u>	<u>\$ 28,230,172</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 906,217	\$ 935,808
Accrued expenditures	2,447,123	2,285,489
Accrued compensated absences	9,459	11,742
Due to other governments	49,421	60,460
Due to other funds	532,434	87,684
Due to component unit	17,967	-
Unearned revenue	5,236	5,096
<b>Total liabilities</b>	<u>3,967,857</u>	<u>3,386,279</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	5,180,769	3,544,354
<b>Total deferred inflows of resources</b>	<u>5,180,769</u>	<u>3,544,354</u>
<b>FUND BALANCES</b>		
Nonspendable		
Inventory	255,532	348,541
Prepaid items	149,766	-
Unassigned	22,854,263	20,950,998
<b>Total fund balances</b>	<u>23,259,561</u>	<u>21,299,539</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 32,408,187</u>	<u>\$ 28,230,172</u>

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023			2022 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>Taxes</b>				
Ad valorem taxes	\$ 18,801,859	\$ 18,556,330	\$ (245,529)	\$ 17,295,199
Penalty and interest	124,000	126,881	2,881	115,783
Franchise tax	5,771,000	5,977,262	206,262	5,761,674
Sales tax	17,360,000	20,361,685	3,001,685	19,291,123
Other	85,000	117,493	32,493	109,246
<b>Total taxes</b>	<b>42,141,859</b>	<b>45,139,651</b>	<b>2,997,792</b>	<b>42,573,025</b>
<b>Licenses and permits</b>				
Building	350,000	359,595	9,595	411,781
Electrical	60,000	89,216	29,216	104,524
Mechanical	55,000	67,604	12,604	69,280
Liquor	280,000	295,302	15,302	285,462
Plumbing	50,000	61,865	11,865	64,424
Vital statistics	120,000	132,336	12,336	117,954
Miscellaneous	80,310	74,257	(6,053)	71,470
<b>Total licenses and permits</b>	<b>995,310</b>	<b>1,080,175</b>	<b>84,865</b>	<b>1,124,895</b>
<b>Intergovernmental</b>	<b>2,570,129</b>	<b>2,644,181</b>	<b>74,052</b>	<b>2,679,607</b>
<b>Charges for services</b>				
Ambulance	2,700,000	2,678,351	(21,649)	2,708,476
Victoria Public Library	35,000	45,232	10,232	40,171
Parks and recreation	145,200	80,629	(64,571)	87,081
Miscellaneous	159,910	302,111	142,201	313,812
<b>Total charges for services</b>	<b>3,040,110</b>	<b>3,106,323</b>	<b>66,213</b>	<b>3,149,540</b>
<b>Fines and forfeitures</b>				
Court costs	51,000	42,352	(8,648)	62,699
Criminal and traffic court	614,500	542,914	(71,586)	590,332
Parking violations	150	-	(150)	158
<b>Total fines and forfeitures</b>	<b>665,650</b>	<b>585,266</b>	<b>(80,384)</b>	<b>653,189</b>
<b>Investment income</b>				
Investment earnings net of change in fair value of investments	380,000	1,114,478	734,478	153,801
<b>Miscellaneous</b>				
Rents	1,750	3,234	1,484	2,402
Salvage and asset sales	100,000	64,053	(35,947)	176,452
Contributions and miscellaneous	213,500	305,806	92,306	572,419
<b>Total miscellaneous</b>	<b>315,250</b>	<b>373,093</b>	<b>57,843</b>	<b>751,273</b>
<b>Total revenues</b>	<b>\$ 50,108,308</b>	<b>\$ 54,043,167</b>	<b>\$ 3,934,859</b>	<b>\$ 51,085,330</b>

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023		Variance Positive (Negative)	2022 Actual
	Final Budget	Actual		
<b>General government</b>				
City manager and council				
Personnel	\$ 1,093,526	\$ 1,123,454	\$ (29,928)	\$ 1,002,343
Maintenance and operations	86,394	91,278	(4,884)	104,873
Capital outlay	-	-	-	43,000
Total city manager and council	<u>1,179,920</u>	<u>1,214,732</u>	<u>(34,812)</u>	<u>1,150,216</u>
Finance				
Personnel	538,204	547,769	(9,565)	472,604
Maintenance and operations	159,905	148,696	11,209	124,584
Capital outlay	-	-	-	5,337
Total finance	<u>698,109</u>	<u>696,465</u>	<u>1,644</u>	<u>602,525</u>
Legal				
Personnel	437,107	472,377	(35,270)	469,046
Maintenance and operations	117,893	74,943	42,950	95,533
Capital outlay	18,500	18,500	-	5,337
Total legal	<u>573,500</u>	<u>565,820</u>	<u>7,680</u>	<u>569,916</u>
Human resources				
Personnel	423,078	445,817	(22,739)	381,582
Maintenance and operations	161,978	148,054	13,924	128,094
Capital outlay	73,447	73,056	391	4,002
Total human resources	<u>658,503</u>	<u>666,927</u>	<u>(8,424)</u>	<u>513,678</u>
City secretary				
Personnel	262,926	270,051	(7,125)	240,398
Maintenance and operations	124,627	77,363	47,264	121,702
Capital outlay	10,600	10,189	411	-
Total city secretary	<u>398,153</u>	<u>357,603</u>	<u>40,550</u>	<u>362,100</u>
Public information office				
Personnel	507,878	521,322	(13,444)	376,141
Maintenance and operations	139,659	130,910	8,749	122,940
Total public information office	<u>647,537</u>	<u>652,232</u>	<u>(4,695)</u>	<u>499,081</u>

(continued)

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023			2022 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>General government - (continued)</b>				
Non-departmental				
Personnel	\$ 2,500	\$ 25,629	\$ (23,129)	\$ 15,992
Maintenance and operations	1,348,114	1,544,850	(196,736)	1,395,690
Total non-departmental	1,350,614	1,570,479	(219,865)	1,411,682
<b>Total general government</b>	<b>5,506,336</b>	<b>5,724,258</b>	<b>(217,922)</b>	<b>5,109,198</b>
<b>Public safety</b>				
Police				
Personnel	13,821,293	13,523,056	298,237	13,559,569
Maintenance and operations	3,189,912	2,730,035	459,877	2,476,621
Capital outlay	228,976	187,990	40,986	331,878
Total police	17,240,181	16,441,081	799,100	16,368,068
Fire				
Personnel	11,506,107	11,916,936	(410,829)	11,381,518
Maintenance and operations	2,784,892	2,794,169	(9,277)	2,314,729
Capital outlay	365,037	820,744	(455,707)	521,753
Debt service	43,097	43,097	-	107,671
Total fire	14,699,133	15,574,946	(875,813)	14,325,671
Municipal court				
Personnel	348,945	342,703	6,242	314,432
Maintenance and operations	117,894	111,440	6,454	85,924
Capital outlay	3,311	3,089	222	3,686
Total municipal court	470,150	457,232	12,918	404,042
<b>Total public safety</b>	<b>32,409,464</b>	<b>32,473,259</b>	<b>(63,795)</b>	<b>31,097,781</b>

(continued)

**CITY OF VICTORIA, TEXAS**

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023		Variance Positive (Negative)	2022 Actual
	Final Budget	Actual		
<b>Development</b>				
Development svcs. administration				
Personnel	\$ 206,967	\$ 212,006	\$ (5,039)	\$ 200,555
Maintenance and operations	15,050	6,308	8,742	9,973
Total development svcs. administration	222,017	218,314	3,703	210,528
Planning services				
Personnel	194,116	185,387	8,729	158,924
Maintenance and operations	128,989	102,437	26,552	51,695
Total planning services	323,105	287,824	35,281	210,619
Development center/inspections				
Personnel	724,675	753,095	(28,420)	726,072
Maintenance and operations	187,169	188,935	(1,766)	169,100
Total development center/inspections	911,844	942,030	(30,186)	895,172
Code enforcement				
Personnel	293,556	293,955	(399)	311,091
Maintenance and operations	226,489	221,904	4,585	235,214
Capital outlay	3,000	2,356	644	4,882
Total code enforcement	523,045	518,215	4,830	551,187
Geographic information system (GIS)				
Personnel	313,473	322,033	(8,560)	287,695
Maintenance and operations	117,457	107,183	10,274	32,781
Capital outlay	-	-	-	10,875
Total geographic information system	430,930	429,216	1,714	331,351
Engineering				
Personnel	681,289	605,711	75,578	437,045
Maintenance and operations	148,540	134,474	14,066	117,977
Capital outlay	9,862	9,858	4	2,852
Total engineering	839,691	750,043	89,648	557,874

(continued)

**CITY OF VICTORIA, TEXAS**  
**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
*For the year ended September 30, 2023*  
*With comparative totals for the year ended September 30, 2022*

	2023		Variance Positive (Negative)	2022 Actual
	Final Budget	Actual		
<b>Development - (continued)</b>				
Streets and drainage				
Personnel	\$ 1,634,698	\$ 1,443,780	\$ 190,918	\$ 1,483,681
Maintenance and operations	1,857,900	1,473,847	384,053	1,487,829
Capital outlay	<u>59,242</u>	<u>44,967</u>	<u>14,275</u>	<u>5,749</u>
Total streets and drainage	<u>3,551,840</u>	<u>2,962,594</u>	<u>589,246</u>	<u>2,977,259</u>
Traffic control				
Personnel	524,733	332,540	192,193	391,458
Maintenance and operations	2,140,325	1,507,454	632,871	1,391,534
Capital outlay	<u>37,708</u>	<u>20,712</u>	<u>16,996</u>	<u>22,684</u>
Total traffic control	<u>2,702,766</u>	<u>1,860,706</u>	<u>842,060</u>	<u>1,805,676</u>
<b>Total development</b>	<u>9,505,238</u>	<u>7,968,942</u>	<u>1,536,296</u>	<u>7,539,666</u>
<b>Recreation</b>				
Parks and recreation				
Personnel	1,887,269	1,610,936	276,333	1,691,555
Maintenance and operations	1,678,470	1,223,010	455,460	1,064,016
Capital outlay	<u>628,001</u>	<u>473,603</u>	<u>154,398</u>	<u>89,315</u>
Total parks and recreation	<u>4,193,740</u>	<u>3,307,549</u>	<u>886,191</u>	<u>2,844,886</u>
Library				
Personnel	1,409,843	1,341,172	68,671	1,353,297
Maintenance and operations	729,340	717,071	12,269	629,885
Capital outlay	<u>209,549</u>	<u>206,017</u>	<u>3,532</u>	<u>277,624</u>
Total library	<u>2,348,732</u>	<u>2,264,260</u>	<u>84,472</u>	<u>2,260,806</u>
<b>Total recreation</b>	<u>6,542,472</u>	<u>5,571,809</u>	<u>970,663</u>	<u>5,105,692</u>
<b>Total expenditures</b>	<u>\$ 53,963,510</u>	<u>\$ 51,738,268</u>	<u>\$ 2,225,242</u>	<u>\$ 48,852,337</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.

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

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

## **DEBT SERVICE FUND - (Continued)**

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

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

**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.

**2023 Certificates of Obligation Issue** - To accumulate monies for payment of the 2023 \$2,265,000 4.00% - 5.00% Certificates of Obligation Bonds which are serial bonds due in annual installments of various amounts plus interest until maturity in 2042. Property tax is levied to finance debt service. Proceeds will be used (1) to reconstruct and extend City residential streets, and (2) to pay costs of issuance of the Certificates.



**CITY OF VICTORIA, TEXAS***MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUND**BALANCE SHEET**September 30, 2023**With comparative totals for September 30, 2022*

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,413,076	\$ 1,106,617
Receivables (net)		
Ad valorem taxes (prior years)	<u>875,428</u>	<u>772,909</u>
<b>Total assets</b>	<u>\$ 2,288,504</u>	<u>\$ 1,879,526</u>
<b>LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>875,428</u>	<u>772,909</u>
<b>Total deferred inflows of resources</b>	<u>875,428</u>	<u>772,909</u>
<b>FUND BALANCE</b>		
Restricted	<u>1,413,076</u>	<u>1,106,617</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 2,288,504</u>	<u>\$ 1,879,526</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, 2023

With comparative totals for the year ended September 30, 2022

	2023		Variance Positive (Negative)	2022 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
Taxes				
Ad valorem - current				
2012 Issues	\$ 612,124	\$ 621,644	\$ 9,520	\$ 1,134,503
2013 Issues	2,690,657	2,246,914	(443,743)	2,658,808
2014 Issue	393,833	399,512	5,679	405,096
2015 Issues	1,649,184	1,673,998	24,814	1,685,323
2017 Issue	2,133,854	2,165,132	31,278	2,181,729
2019 Issues	739,914	750,316	10,402	348,194
2020 Issue	1,197,189	1,215,069	17,880	1,235,865
2023 Issue	184,422	671,380	486,958	-
Ad valorem - delinquent	150,000	217,839	67,839	160,365
Penalty and interest	100,000	123,023	23,023	100,000
Investment income - interest	120,000	251,931	131,931	38,973
<b>Total revenues</b>	<u>9,971,177</u>	<u>10,336,758</u>	<u>365,581</u>	<u>9,948,856</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement				
2012 Issues	575,000	575,000	-	1,060,000
2013 Issues	2,665,000	2,665,000	-	2,495,000
2014 Issue	270,000	270,000	-	265,000
2015 Issues	1,430,000	1,430,000	-	1,375,000
2017 Issue	1,520,000	1,520,000	-	1,450,000
2019 Issues	495,000	495,000	-	75,000
2020 Issue	1,240,000	1,240,000	-	1,240,000
2023 Issue	193,099	125,000	68,099	-
Interest				
2012 Issues	65,924	65,925	(1)	88,832
2013 Issues	152,250	144,750	7,500	230,860
2014 Issue	142,362	142,362	-	150,313
2015 Issues	296,776	296,775	1	352,825
2017 Issue	714,250	714,250	-	786,750
2019 Issues	279,726	279,725	1	168,175
2020 Issue	13,516	13,403	113	140,759
2023 Issue	-	47,859	(47,859)	-
Paying agents' fees and issue costs	6,500	4,200	2,300	4,600
Arbitrage rebate premiums	5,500	1,050	4,450	7,855
<b>Total expenditures</b>	<u>10,064,903</u>	<u>10,030,299</u>	<u>34,604</u>	<u>9,890,969</u>

	2023			2022 Actual
	Final Budget	Actual	Variance Positive (Negative)	
Excess (deficiency) of revenues over expenditures	\$ (93,726)	\$ 306,459	\$ 400,185	\$ 57,887
<b>OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
Change in fund balance	(93,726)	306,459	400,185	57,887
Fund balance at beginning of year	<u>1,106,617</u>	<u>1,106,617</u>	-	<u>1,048,730</u>
<b>Fund balance at end of year</b>	<u>\$ 1,012,891</u>	<u>\$ 1,413,076</u>	<u>\$ 400,185</u>	<u>\$ 1,106,617</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, 2023**With comparative totals for the year ended September 30, 2022*

	2023			2022 Actual
	Final Budget	Actual	Variance Positive (Negative)	
<b>REVENUES</b>				
Intergovernmental	\$ 913,691	\$ 685,284	\$ (228,407)	\$ 1,275,320
Investment income				
Interest	<u>243,938</u>	<u>248,904</u>	<u>4,966</u>	<u>44,750</u>
<b>Total revenues</b>	<u>1,157,629</u>	<u>934,188</u>	<u>(223,441)</u>	<u>1,320,070</u>
<b>EXPENDITURES</b>				
Current				
Development	144,258	135,877	8,381	413,320
Capital outlay	<u>1,686,710</u>	<u>1,328,398</u>	<u>358,312</u>	<u>105,250</u>
<b>Total expenditures</b>	<u>1,830,968</u>	<u>1,464,275</u>	<u>366,693</u>	<u>518,570</u>
Excess (deficiency) of revenues over expenditures	(673,339)	(530,087)	(143,252)	801,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	135,273	72,465	(62,808)	15,700
Transfers out	<u>(1,826,928)</u>	<u>(1,772,760)</u>	<u>54,168</u>	<u>(465,000)</u>
<b>Total other financing sources (uses)</b>	<u>(1,691,655)</u>	<u>(1,700,295)</u>	<u>(8,640)</u>	<u>(449,300)</u>
Change in fund balance	(2,364,994)	(2,230,382)	134,612	352,200
Fund balance at beginning of year	<u>6,281,607</u>	<u>6,281,607</u>	<u>-</u>	<u>5,929,407</u>
<b>Fund balance at end of year</b>	<u>\$ 3,916,613</u>	<u>\$ 4,051,225</u>	<u>\$ 134,612</u>	<u>\$ 6,281,607</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, 2023

With comparative totals for the year ended September 30, 2022

	2023		Variance Positive (Negative)	2022 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
Investment income				
Interest	\$ 531,830	\$ 740,490	\$ 208,660	\$ 102,691
Miscellaneous	5,853,459	6,466,614	613,155	10,611,367
<b>Total revenues</b>	<u>6,385,289</u>	<u>7,207,104</u>	<u>821,815</u>	<u>10,714,058</u>
<b>EXPENDITURES</b>				
Current				
Development	-	498,986	(498,986)	1,220,241
Capital outlay	29,896,359	19,816,837	10,079,522	8,689,105
Debt service				
Debt issuance costs	-	74,211	(74,211)	-
<b>Total expenditures</b>	<u>29,896,359</u>	<u>20,390,034</u>	<u>9,506,325</u>	<u>9,909,346</u>
Excess (deficiency) of revenues over expenditures	(23,511,070)	(13,182,930)	10,328,140	804,712
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	730,525
Debt issued	2,265,000	2,265,000	-	-
Premium on debt issued	96,954	171,165	74,211	-
Transfers in	10,868,875	7,521,393	(3,347,482)	8,699,493
Transfers out	(947,067)	(1,250,063)	(302,996)	(22,218)
<b>Total other financing sources (uses)</b>	<u>12,283,762</u>	<u>8,707,495</u>	<u>(3,576,267)</u>	<u>9,407,800</u>
Change in fund balance	(11,227,308)	(4,475,435)	6,751,873	10,212,512
Fund balance at beginning of year	11,885,032	11,885,032	-	1,672,520
<b>Fund balance at end of year</b>	<u>\$ 657,724</u>	<u>\$ 7,409,597</u>	<u>\$ 6,751,873</u>	<u>\$ 11,885,032</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.

**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, 2023**

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 454,712	\$ 163,627	\$ 885,107	\$ 1,503,446
Receivables (net)	644	-	73,734	74,378
Due from other funds	-	-	14,393	14,393
Inventory	-	-	28,796	28,796
Returned checks	1,490	-	-	1,490
Restricted assets				
Cash and cash equivalents	476,635	-	-	476,635
<b>Total current assets</b>	<u>933,481</u>	<u>163,627</u>	<u>1,002,030</u>	<u>2,099,138</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)	1,754,994	677,601	203,916	2,636,511
Right-to-Use lease assets (net)	-	-	606,892	606,892
<b>Total noncurrent assets</b>	<u>1,930,154</u>	<u>902,199</u>	<u>1,954,300</u>	<u>4,786,653</u>
<b>Total assets</b>	<u>2,863,635</u>	<u>1,065,826</u>	<u>2,956,330</u>	<u>6,885,791</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	30,362	8,491	55,432	94,285
Accrued expenses	10,154	-	24,816	34,970
Accrued compensated absences	151	-	324	475
Due to other funds	13,522	-	-	13,522
Customer deposits	60,988	-	-	60,988
Accrued interest payable	-	-	2,278	2,278
Current portion on right-to-use lease liability	-	-	134,919	134,919
Current portion of financed purchases	-	-	17,087	17,087
<b>Total current liabilities</b>	<u>115,177</u>	<u>8,491</u>	<u>234,856</u>	<u>358,524</u>
Noncurrent liabilities				
Accrued compensated absences	3,360	-	7,185	10,545
Right-to-use lease liability	-	-	476,137	476,137
Financed purchases	-	-	67,228	67,228
<b>Total noncurrent liabilities</b>	<u>3,360</u>	<u>-</u>	<u>550,550</u>	<u>553,910</u>
<b>Total liabilities</b>	<u>118,537</u>	<u>8,491</u>	<u>785,406</u>	<u>912,434</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,930,154	902,199	1,258,929	4,091,282
Unrestricted net position	814,944	155,136	911,995	1,882,075
<b>Total net position</b>	<u>\$ 2,745,098</u>	<u>\$ 1,057,335</u>	<u>\$ 2,170,924</u>	<u>\$ 5,973,357</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, 2023*

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 254,454	\$ 151,077	\$ 1,397,645	\$ 1,803,176
Miscellaneous	5,369	-	6,094	11,463
<b>Total operating revenues</b>	<u>259,823</u>	<u>151,077</u>	<u>1,403,739</u>	<u>1,814,639</u>
<b>OPERATING EXPENSES</b>				
Personnel	306,249	-	620,651	926,900
Materials and supplies	26,436	-	237,940	264,376
Maintenance	3,051	-	71,628	74,679
Heat, lights and power	69,367	42,713	35,451	147,531
Miscellaneous services	84,199	35,028	45,512	164,739
Contractual services	30,023	-	11,770	41,793
Computer services	24,619	-	-	24,619
Depreciation and amortization	248,994	84,602	122,225	455,821
<b>Total operating expenses</b>	<u>792,938</u>	<u>162,343</u>	<u>1,145,177</u>	<u>2,100,458</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(533,115)	(11,266)	258,562	(285,819)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	32,573	-	-	32,573
Interest and fiscal charges	-	-	(13,109)	(13,109)
Gain (loss) on disposition of capital assets	(1,031)	-	-	(1,031)
Net nonoperating revenues (expenses)	<u>31,542</u>	<u>-</u>	<u>(13,109)</u>	<u>18,433</u>
Income before transfers	(501,573)	(11,266)	245,453	(267,386)
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	(73,373)	(26,396)	245,453	145,684
Total net position at beginning of year	<u>2,818,471</u>	<u>1,083,731</u>	<u>1,925,471</u>	<u>5,827,673</u>
<b>Total net position at end of year</b>	<u>\$ 2,745,098</u>	<u>\$ 1,057,335</u>	<u>\$ 2,170,924</u>	<u>\$ 5,973,357</u>

**CITY OF VICTORIA, TEXAS**  
**ALL NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
*For the year ended September 30, 2023*

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 261,981	\$ 151,077	\$ 1,390,749	\$ 1,803,807
Cash paid to suppliers for goods and services	(234,002)	(77,481)	(383,219)	(694,702)
Cash paid to employees for services	(306,445)	-	(618,307)	(924,752)
<b>Net cash provided (used) by operating activities</b>	<u>(278,466)</u>	<u>73,596</u>	<u>389,223</u>	<u>184,353</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) in customer deposits	6,163	-	-	6,163
Borrowings from (to) other funds	619	-	(20,817)	(20,198)
Transfers in from other funds	450,000	-	-	450,000
Transfers out to other funds	(21,800)	(15,130)	-	(36,930)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>434,982</u>	<u>(15,130)</u>	<u>(20,817)</u>	<u>399,035</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(254,208)	(21,600)	(100,279)	(376,087)
Principal paid on long-term debt	-	-	(107,833)	(107,833)
Interest and debt costs paid	-	-	(11,590)	(11,590)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(254,208)</u>	<u>(21,600)</u>	<u>(219,702)</u>	<u>(495,510)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	32,573	-	-	32,573
<b>Net cash provided (used) by investing activities</b>	<u>32,573</u>	<u>-</u>	<u>-</u>	<u>32,573</u>
Net increase (decrease) in cash and cash equivalents	(65,119)	36,866	148,704	120,451
Cash and cash equivalents at beginning of year	996,466	126,761	736,403	1,859,630
<b>Cash and cash equivalents at end of year</b>	<u>\$ 931,347</u>	<u>\$ 163,627</u>	<u>\$ 885,107</u>	<u>\$ 1,980,081</u>

**CITY OF VICTORIA, TEXAS**

ALL NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

	Community Center	700 Main Center	Golf Course	Total Nonmajor Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (533,115)	\$ (11,266)	\$ 258,562	\$ (285,819)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation and amortization	248,994	84,602	122,225	455,821
Changes in assets and liabilities				
(Increase) decrease in receivables	11	-	(12,990)	(12,979)
(Increase) decrease in returned checks	2,147	-	-	2,147
(Increase) decrease in prepaid items	-	-	1,753	1,753
(Increase) decrease in inventory	-	-	(10,178)	(10,178)
Increase (decrease) in accounts payable	3,693	260	27,507	31,460
Increase (decrease) in accrued expenses	(2,420)	-	(5,165)	(7,585)
Increase (decrease) in compensated absences	2,224	-	7,509	9,733
Total adjustments	<u>254,649</u>	<u>84,862</u>	<u>130,661</u>	<u>470,172</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (278,466)</u>	<u>\$ 73,596</u>	<u>\$ 389,223</u>	<u>\$ 184,353</u>
<b>Reconciliation of cash and cash equivalents</b>				
Unrestricted				
Cash and cash equivalents	\$ 454,712	\$ 163,627	\$ 885,107	\$ 1,503,446
Restricted				
Cash and cash equivalents	<u>476,635</u>	<u>-</u>	<u>-</u>	<u>476,635</u>
Total	<u>\$ 931,347</u>	<u>\$ 163,627</u>	<u>\$ 885,107</u>	<u>\$ 1,980,081</u>
<b>Noncash capital and related financing activities</b>				
Assets acquired from financed purchases	\$ -	\$ -	\$ 83,852	\$ 83,852
Assets acquired from initiation of Right-to-Use lease	<u>-</u>	<u>-</u>	<u>461,296</u>	<u>461,296</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,148</u>	<u>\$ 545,148</u>

**WATER AND WASTEWATER FUND**

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**WATER AND WASTEWATER FUND**  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 25,498,918	\$ 11,623,038
Investments	5,661,604	1,501,457
Receivables (net)		
Accounts	2,464,203	2,339,763
Other	74,828	95,956
Due from other funds	17,614	-
Inventory	434,540	211,756
Restricted assets		
Cash and cash equivalents	<u>-</u>	<u>6,985,574</u>
 Total current assets	 <u>34,151,707</u>	 <u>22,757,544</u>
Noncurrent assets		
Capital assets		
Buildings	40,072,031	40,089,968
Water and wastewater distribution system	217,365,517	214,407,709
Improvements other than buildings	2,621,194	2,621,194
Machinery and equipment	<u>5,531,592</u>	<u>5,461,109</u>
Total capital assets	265,590,334	262,579,980
Less accumulated depreciation	<u>158,702,716</u>	<u>149,924,971</u>
Subtotal	106,887,618	112,655,009
Land and water rights	3,190,946	3,190,946
Construction in progress	<u>9,131,752</u>	<u>2,520,031</u>
Net capital assets	<u>119,210,316</u>	<u>118,365,986</u>
 Total noncurrent assets	 <u>119,210,316</u>	 <u>118,365,986</u>
 <b>Total assets</b>	 <u>153,362,023</u>	 <u>141,123,530</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding	511,216	694,406
Deferred outflow related to pension	1,982,384	900,108
Deferred outflow related to OPEB	<u>330,628</u>	<u>329,862</u>
 <b>Total deferred outflows of resources</b>	 <u>2,824,228</u>	 <u>1,924,376</u>

**CITY OF VICTORIA, TEXAS****MAJOR ENTERPRISE FUND****WATER AND WASTEWATER FUND****BALANCE SHEET**

September 30, 2023

With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 485,445	\$ 792,297
Accounts payable (payable from restricted assets)	1,721,711	787,395
Accrued expenses	208,296	203,483
Accrued compensated absences	7,692	9,142
Due to other funds	215,656	179,171
Due to component unit	45,021	-
Accrued interest payable	612,667	480,900
Current portion of waterworks and sewer system revenue bonds	<u>3,305,000</u>	<u>4,755,000</u>
Total current liabilities	<u>6,601,488</u>	<u>7,207,388</u>
Noncurrent liabilities		
Waterworks and sewer system revenue bonds (net of unamortized deferred amounts)	43,238,643	34,500,556
Net pension liability	5,452,181	2,701,758
OPEB liability	1,073,382	1,502,502
Accrued compensated absences	<u>170,934</u>	<u>122,052</u>
Total noncurrent liabilities	<u>49,935,140</u>	<u>38,826,868</u>
<b>Total liabilities</b>	<u>56,536,628</u>	<u>46,034,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pension	212,571	2,010,229
Deferred inflow related to OPEB	<u>277,841</u>	<u>210,394</u>
<b>Total deferred inflows of resources</b>	<u>490,412</u>	<u>2,220,623</u>
<b>NET POSITION</b>		
Net investment in capital assets	83,862,762	84,065,226
Unrestricted	<u>15,296,449</u>	<u>10,727,801</u>
<b>Total net position</b>	<u>\$ 99,159,211</u>	<u>\$ 94,793,027</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, 2023**With comparative totals for the year ended September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Water sales	\$ 13,971,022	\$ 14,311,688
Sewer service	12,407,342	12,466,325
Tap and connection fees	185,879	247,576
Miscellaneous	<u>48,893</u>	<u>26,225</u>
<b>Total operating revenues</b>	<u>26,613,136</u>	<u>27,051,814</u>
<b>OPERATING EXPENSES</b>		
Personnel	5,732,045	5,634,135
Pension and OPEB expense	(491,950)	(1,743,799)
Materials and supplies	2,134,329	1,765,296
Maintenance	972,291	1,538,836
Heat, lights, and power	1,017,580	958,676
Miscellaneous services	1,906,514	1,659,029
Contractual services	880,304	799,368
Computer services	207,142	174,900
Depreciation and amortization	<u>8,866,118</u>	<u>8,868,543</u>
<b>Total operating expenses</b>	<u>21,224,373</u>	<u>19,654,984</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	5,388,763	7,396,830
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	1,133,231	128,251
Interest and fiscal charges	(1,526,119)	(1,260,445)
Gain (loss) on disposition of capital assets	<u>(22,095)</u>	<u>6,746</u>
Net nonoperating revenues (expenses)	<u>(414,983)</u>	<u>(1,125,448)</u>
Income before contributions and transfers	4,973,780	6,271,382
Contributions and transfers		
Capital contributions	1,931,128	-
Transfers in	245,832	-
Transfers out	<u>(2,784,556)</u>	<u>(2,983,900)</u>
Total contributions and transfers	<u>(607,596)</u>	<u>(2,983,900)</u>
Change in net position	4,366,184	3,287,482
Net position at beginning of year, as restated	<u>94,793,027</u>	<u>91,505,545</u>
<b>Total net position at end of year</b>	<u>\$ 99,159,211</u>	<u>\$ 94,793,027</u>

**CITY OF VICTORIA, TEXAS***MAJOR ENTERPRISE FUND**WATER AND WASTEWATER FUND**STATEMENT OF CASH FLOWS**For the year ended September 30, 2023**With comparative totals for the year ended September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 26,509,824	\$ 26,719,712
Cash paid to suppliers for goods and services	(7,647,688)	(6,801,786)
Cash paid to employees for services	<u>(5,679,800)</u>	<u>(5,845,079)</u>
<b>Net cash provided (used) by operating activities</b>	<u>13,182,336</u>	<u>14,072,847</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	-	44,551
Transfers in from other funds	245,832	-
Transfers out to other funds	<u>(2,784,556)</u>	<u>(2,983,900)</u>
<b>Total operating expenses</b>	<u>(2,538,724)</u>	<u>(2,939,349)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(6,628,369)	(3,774,245)
Proceeds from sale of capital assets	36,822	6,746
Proceeds from issue of revenue bonds	12,342,507	5,972,828
Principal paid on revenue bonds	(4,755,000)	(5,785,000)
Interest paid on revenue bonds	<u>(1,722,350)</u>	<u>(1,583,222)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(726,390)</u>	<u>(5,162,893)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	3,500,000	2,486,921
Purchase of investments	(7,565,702)	(3,988,378)
Investment income	<u>1,038,786</u>	<u>128,251</u>
<b>Net cash provided (used) by investing activities</b>	<u>(3,026,916)</u>	<u>(1,373,206)</u>
Net increase (decrease) in cash and cash equivalents	6,890,306	4,597,399
Cash and cash equivalents at beginning of year	<u>18,608,612</u>	<u>14,011,213</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 25,498,918</u>	<u>\$ 18,608,612</u>



**CITY OF VICTORIA, TEXAS**

MAJOR ENTERPRISE FUND

WATER AND WASTEWATER FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

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	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 5,388,763	\$ 7,396,830
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	8,866,118	8,868,543
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(124,440)	(339,213)
(Increase) decrease in other receivables	21,128	7,111
(Increase) decrease in inventory	(222,784)	(12,886)
(Increase) decrease in deferred outflows related to pension/OPEB	(1,083,042)	(229,831)
Increase (decrease) in accounts payable	(306,744)	107,205
Increase (decrease) in accrued expenses	4,813	(204,590)
Increase (decrease) in compensated absences	47,432	(6,353)
Increase (decrease) in net pension liability	2,750,423	(1,941,191)
Increase (decrease) in OPEB liability	(429,120)	(379,298)
Increase (decrease) in deferred inflows related to pension/OPEB	<u>(1,730,211)</u>	<u>806,520</u>
Total adjustments	<u>7,793,573</u>	<u>6,676,017</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 13,182,336</u>	<u>\$ 14,072,847</u>

**COMMUNITY CENTER FUND**

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**COMMUNITY CENTER FUND**  
**BALANCE SHEET**  
September 30, 2023  
With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 454,712	\$ 494,368
Receivables (net)		
Other	644	655
Returned checks	1,490	3,637
Restricted assets		
Cash and cash equivalents	<u>476,635</u>	<u>502,098</u>
Total current assets	<u>933,481</u>	<u>1,000,758</u>
Noncurrent assets		
Capital assets		
Buildings	5,901,870	5,649,467
Infrastructure	288,581	288,581
Machinery and equipment	<u>397,542</u>	<u>401,922</u>
Total capital assets	6,587,993	6,339,970
Less accumulated depreciation	<u>4,832,999</u>	<u>4,589,159</u>
Subtotal	1,754,994	1,750,811
Land	<u>175,160</u>	<u>175,160</u>
Net capital assets	<u>1,930,154</u>	<u>1,925,971</u>
Total noncurrent assets	<u>1,930,154</u>	<u>1,925,971</u>
<b>Total assets</b>	<u>2,863,635</u>	<u>2,926,729</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	30,362	26,669
Accrued expenses	10,154	12,574
Accrued compensated absences	151	90
Due to other funds	13,522	12,903
Customer deposits	<u>60,988</u>	<u>54,825</u>
Total current liabilities	<u>115,177</u>	<u>107,061</u>
Noncurrent liabilities		
Accrued compensated absences	<u>3,360</u>	<u>1,197</u>
<b>Total liabilities</b>	<u>118,537</u>	<u>108,258</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,930,154	1,925,683
Unrestricted	<u>814,944</u>	<u>892,788</u>
<b>Total net position</b>	<u>\$ 2,745,098</u>	<u>\$ 2,818,471</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, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Rental fees	\$ 254,454	\$ 206,550
Miscellaneous	5,369	10,428
<b>Total operating revenues</b>	<u>259,823</u>	<u>216,978</u>
<b>OPERATING EXPENSES</b>		
Personnel	306,249	357,379
Materials and supplies	26,436	27,363
Maintenance	3,051	11,824
Heat, lights, and power	69,367	74,433
Miscellaneous services	84,199	69,223
Contractual services	30,023	35,254
Computer services	24,619	20,787
Depreciation and amortization	248,994	250,307
<b>Total operating expenses</b>	<u>792,938</u>	<u>846,570</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(533,115)	(629,592)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	32,573	5,496
Gain (loss) on disposition of capital assets	(1,031)	-
Net nonoperating revenues (expenses)	<u>31,542</u>	<u>5,496</u>
Income (loss) before transfers	(501,573)	(624,096)
Transfers		
Transfers in	450,000	450,000
Transfers out	(21,800)	(21,800)
Total transfers	<u>428,200</u>	<u>428,200</u>
Change in net position	(73,373)	(195,896)
Total net position at beginning of year	<u>2,818,471</u>	<u>3,014,367</u>
<b>Total net position at end of year</b>	<u>\$ 2,745,098</u>	<u>\$ 2,818,471</u>

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**COMMUNITY CENTER FUND**  
**STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2023  
With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 261,981	\$ 216,967
Cash paid to suppliers for goods and services	(234,002)	(247,040)
Cash paid to employees for services	(306,445)	(368,909)
<b>Net cash provided (used) by operating activities</b>	<u>(278,466)</u>	<u>(398,982)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Increase (decrease) in customer deposits	6,163	8,831
Borrowings from (to) other funds	619	8,389
Transfers in from other funds	450,000	450,000
Transfers out to other funds	(21,800)	(21,800)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>434,982</u>	<u>445,420</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(254,208)	(136,971)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(254,208)</u>	<u>(136,971)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	32,573	5,496
<b>Net cash provided (used) by investing activities</b>	<u>32,573</u>	<u>5,496</u>
Net increase (decrease) in cash and cash equivalents	(65,119)	(85,037)
Cash and cash equivalents at beginning of year	996,466	1,081,503
<b>Cash and cash equivalents at end of year</b>	<u>\$ 931,347</u>	<u>\$ 996,466</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (533,115)	\$ (629,592)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	248,994	250,307
Changes in assets and liabilities		
(Increase) decrease in receivables	11	(11)
(Increase) decrease in returned checks	2,147	-
Increase (decrease) in accounts payable	3,693	(8,156)
Increase (decrease) in accrued expenses	(2,420)	(11,397)
Increase (decrease) in compensated absences	2,224	(133)
Total adjustments	<u>254,649</u>	<u>230,610</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (278,466)</u>	<u>\$ (398,982)</u>

**700 MAIN CENTER FUND**

**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**700 MAIN CENTER FUND**  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 163,627	\$ 126,761
Total current assets	<u>163,627</u>	<u>126,761</u>
Noncurrent assets		
Capital assets		
Buildings	2,868,307	2,846,707
Improvements other than buildings	78,216	78,216
Machinery and equipment	<u>30,229</u>	<u>30,229</u>
Total capital assets	2,976,752	2,955,152
Less accumulated depreciation	<u>2,299,151</u>	<u>2,214,549</u>
Subtotal	677,601	740,603
Land	<u>224,598</u>	<u>224,598</u>
Net capital assets	<u>902,199</u>	<u>965,201</u>
<b>Total assets</b>	<u>1,065,826</u>	<u>1,091,962</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>8,491</u>	<u>8,231</u>
<b>NET POSITION</b>		
Net investment in capital assets	902,199	965,201
Unrestricted	<u>155,136</u>	<u>118,530</u>
<b>Total net position</b>	<u>\$ 1,057,335</u>	<u>\$ 1,083,731</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, 2023

With comparative totals for the year ended September 30, 2022

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	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Rental fees	\$ 151,077	\$ 132,913
<b>OPERATING EXPENSES</b>		
Materials and supplies	-	242
Heat, lights, and power	42,713	40,298
Miscellaneous services	35,028	37,038
Depreciation and amortization	<u>84,602</u>	<u>84,573</u>
<b>Total operating expenses</b>	<u>162,343</u>	<u>162,151</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(11,266)	(29,238)
<b>NONOPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>-</u>
Income (loss) before transfers	(11,266)	(29,238)
Transfers		
Transfers out	<u>(15,130)</u>	<u>(15,130)</u>
Change in net position	(26,396)	(44,368)
Total net position at beginning of year	<u>1,083,731</u>	<u>1,128,099</u>
<b>Total net position at end of year</b>	<u>\$ 1,057,335</u>	<u>\$ 1,083,731</u>



**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**700 MAIN CENTER FUND**  
**STATEMENT OF CASH FLOWS**  
For the year ended September 30, 2023  
With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 151,077	\$ 135,232
Cash paid to suppliers for goods and services	<u>(77,481)</u>	<u>(77,206)</u>
<b>Net cash provided (used) by operating activities</b>	<u>73,596</u>	<u>58,026</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	<u>(15,130)</u>	<u>(15,130)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(15,130)</u>	<u>(15,130)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(21,600)</u>	<u>(12,925)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(21,600)</u>	<u>(12,925)</u>
Net increase (decrease) in cash and cash equivalents	36,866	29,971
Cash and cash equivalents at beginning of year	<u>126,761</u>	<u>96,790</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 163,627</u>	<u>\$ 126,761</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (11,266)	\$ (29,238)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	84,602	84,573
Changes in assets and liabilities		
(Increase) decrease in other receivables	-	2,319
Increase (decrease) in accounts payable	<u>260</u>	<u>372</u>
Total adjustments	<u>84,862</u>	<u>87,264</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 73,596</u>	<u>\$ 58,026</u>

**ENVIRONMENTAL SERVICES FUND**

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**ENVIRONMENTAL SERVICES FUND**  
**BALANCE SHEET**  
September 30, 2023  
With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 782,327	\$ 2,022,470
Investments	7,243,461	6,013,376
Receivables (net)		
Accounts	291,045	283,611
Other	62,028	31,018
Due from component unit	80,000	65,000
Restricted assets		
Cash and cash equivalents	1,343,521	1,993,258
Investments	<u>1,524,392</u>	<u>999,757</u>
Total current assets	<u>11,326,774</u>	<u>11,408,490</u>
Noncurrent assets		
Capital assets		
Buildings	1,445,781	1,445,781
Infrastructure	1,504,801	1,504,801
Improvements other than buildings	1,345,400	1,221,485
Machinery and equipment	<u>1,848,961</u>	<u>1,778,432</u>
Total capital assets	6,144,943	5,950,499
Less accumulated depreciation	<u>4,510,538</u>	<u>4,353,753</u>
Subtotal	1,634,405	1,596,746
Land	<u>834,981</u>	<u>834,981</u>
Net capital assets	<u>2,469,386</u>	<u>2,431,727</u>
Total noncurrent assets	<u>2,469,386</u>	<u>2,431,727</u>
<b>Total assets</b>	<u>13,796,160</u>	<u>13,840,217</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pension	685,549	212,173
Deferred outflow related to OPEB	<u>84,057</u>	<u>72,204</u>
<b>Total deferred outflows of resources</b>	<u>769,606</u>	<u>284,377</u>

**CITY OF VICTORIA, TEXAS**  
**MAJOR ENTERPRISE FUND**  
**ENVIRONMENTAL SERVICES FUND**  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 188,836	\$ 256,312
Accrued expenses	68,273	61,826
Accrued compensated absences	2,007	2,320
Due to other governments	43,628	39,998
Due to other funds	45,858	54,295
Due to component unit	<u>34,112</u>	<u>33,484</u>
Total current liabilities	<u>382,714</u>	<u>448,235</u>
Noncurrent liabilities		
Accrued compensated absences	44,590	30,967
Net pension liability	1,623,538	624,673
OPEB liability	319,629	347,393
Estimated landfill closure and postclosure care cost	<u>4,642,769</u>	<u>4,541,724</u>
Total noncurrent liabilities	<u>6,630,526</u>	<u>5,544,757</u>
<b>Total liabilities</b>	<u>7,013,240</u>	<u>5,992,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pension	32,675	453,745
Deferred inflow related to OPEB	<u>67,734</u>	<u>44,123</u>
<b>Total deferred inflows of resources</b>	<u>100,409</u>	<u>497,868</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,469,386	3,431,727
Unrestricted	<u>4,982,731</u>	<u>4,202,007</u>
<b>Total net position</b>	<u>\$ 7,452,117</u>	<u>\$ 7,633,734</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, 2023**With comparative totals for the year ended September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Garbage fees	\$ 3,503,949	\$ 3,480,096
Other garbage fees	1,478,691	1,370,829
Miscellaneous	<u>1,196,779</u>	<u>1,219,827</u>
<b>Total operating revenues</b>	<u>6,179,419</u>	<u>6,070,752</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,942,468	1,453,011
Materials and supplies	388,943	406,920
Maintenance	1,653	1,998
Heat, lights, and power	15,171	14,139
Miscellaneous services	1,170,289	979,735
Capital replacement charges	739,487	-
Contractual services	240,162	217,258
Computer services	86,618	73,133
Tipping fees	1,022,371	1,015,574
Landfill closure and postclosure care cost	237,085	205,660
Depreciation and amortization	<u>164,673</u>	<u>145,043</u>
<b>Total operating expenses</b>	<u>6,008,920</u>	<u>4,512,471</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	170,499	1,558,281
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	493,016	81,328
Gain (loss) on disposition of capital assets	<u>35</u>	<u>(197)</u>
Net nonoperating revenues (expenses)	<u>493,051</u>	<u>81,131</u>
Income before transfers	663,550	1,639,412
Transfers		
Transfers out	<u>(845,167)</u>	<u>(845,167)</u>
Total transfers	<u>(845,167)</u>	<u>(845,167)</u>
Change in net position	(181,617)	794,245
Net position at beginning of year, as restated	<u>7,633,734</u>	<u>6,839,489</u>
<b>Total net position at end of year</b>	<u>\$ 7,452,117</u>	<u>\$ 7,633,734</u>

**CITY OF VICTORIA, TEXAS**

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 6,140,975	\$ 6,011,428
Cash paid to suppliers for goods and services	(3,864,580)	(2,830,713)
Cash paid to employees for services	<u>(1,834,298)</u>	<u>(1,789,920)</u>
<b>Net cash provided (used) by operating activities</b>	<u>442,097</u>	<u>1,390,795</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	(8,437)	5,861
Borrowings from (to) component unit	(14,372)	(65,000)
Transfers out to other funds	<u>(845,167)</u>	<u>(845,167)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(867,976)</u>	<u>(904,306)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	<u>(202,366)</u>	<u>(93,437)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(202,366)</u>	<u>(93,437)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	8,000,000	1,492,288
Purchase of investments	(9,656,192)	(8,505,422)
Investment income	<u>394,557</u>	<u>81,328</u>
<b>Net cash provided (used) by investing activities</b>	<u>(1,261,635)</u>	<u>(6,931,806)</u>
Net increase (decrease) in cash and cash equivalents	(1,889,880)	(6,538,754)
Cash and cash equivalents at beginning of year	<u>4,015,728</u>	<u>10,554,482</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 2,125,848</u>	<u>\$ 4,015,728</u>

**CITY OF VICTORIA, TEXAS**

MAJOR ENTERPRISE FUND

ENVIRONMENTAL SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 170,499	\$ 1,558,281
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	164,673	145,043
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	(7,434)	(38,499)
(Increase) decrease in other receivables	(31,010)	(13,625)
(Increase) decrease in deferred outflows related to pension/OPEB	(485,229)	(69,644)
Increase (decrease) in accounts payable	(67,476)	(16,205)
Increase (decrease) in due to other governments	3,630	(1,136)
Increase (decrease) in unearned revenue	-	(7,200)
Increase (decrease) in accrued expenses	6,447	(62,765)
Increase (decrease) in compensated absences	13,310	3,765
Increase (decrease) in net pension liability	998,865	(381,396)
Increase (decrease) in OPEB liability	(27,764)	(13,345)
Increase (decrease) in landfill closure and postclosure care cost	101,045	101,045
Increase (decrease) in deferred inflows related to pension/OPEB	<u>(397,459)</u>	<u>186,476</u>
Total adjustments	<u>271,598</u>	<u>(167,486)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 442,097</u>	<u>\$ 1,390,795</u>

**GOLF COURSE FUND**



**CITY OF VICTORIA, TEXAS**  
**NONMAJOR ENTERPRISE FUND**  
**GOLF COURSE FUND**  
**BALANCE SHEET**  
September 30, 2023  
With comparative totals for the year ended September 30, 2022

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 885,107	\$ 736,403
Receivables (net)	73,734	60,744
Due from other funds	14,393	975
Inventory	28,796	18,618
Prepaid items	-	1,753
Total current assets	<u>1,002,030</u>	<u>818,493</u>
Noncurrent assets		
Capital assets		
Buildings	322,821	322,821
Improvements other than buildings	312,693	212,415
Machinery and equipment	564,921	481,069
	<u>1,200,435</u>	<u>1,016,305</u>
Less accumulated depreciation	996,519	955,278
Net depreciable capital assets	<u>203,916</u>	<u>61,027</u>
Right-to-Use lease assets		
Machinery and equipment	765,128	303,832
Less accumulated amortization	158,236	77,253
Net amortizable capital assets	<u>606,892</u>	<u>226,579</u>
Land	1,143,492	1,143,492
Total noncurrent assets	<u>1,954,300</u>	<u>1,431,098</u>
<b>Total assets</b>	<u>2,956,330</u>	<u>2,249,591</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	55,432	27,925
Accrued expenses	24,816	29,981
Accrued compensated absences	324	-
Due to other funds	-	7,399
Accrued interest payable	2,278	759
Current portion of right-to-use lease liability	134,919	61,448
Current portion of financed purchases	17,087	25,499
Total current liabilities	<u>234,856</u>	<u>153,011</u>
Noncurrent liabilities		
Right-to-use lease liability	476,137	166,279
Financed purchases	67,228	4,830
Accrued compensated absences	7,185	-
Total noncurrent liabilities	<u>550,550</u>	<u>171,109</u>
<b>Total liabilities</b>	<u>785,406</u>	<u>324,120</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,258,929	1,173,042
Unrestricted	911,995	752,429
<b>Total net position</b>	<u>\$ 2,170,924</u>	<u>\$ 1,925,471</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, 2023

With comparative totals for the year ended September 30, 2022

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	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Golf course sales	\$ 281,811	\$ 258,797
Fees and memberships	1,115,834	1,023,374
Miscellaneous	<u>6,094</u>	<u>97</u>
<b>Total operating revenues</b>	<u>1,403,739</u>	<u>1,282,268</u>
<b>OPERATING EXPENSES</b>		
Personnel	620,651	623,705
Materials and supplies	237,940	236,558
Maintenance	71,628	24,475
Heat, lights, and power	35,451	42,159
Miscellaneous services	45,512	47,630
Contractual services	11,770	13,314
Depreciation and amortization	<u>122,225</u>	<u>176,323</u>
<b>Total operating expenses</b>	<u>1,145,177</u>	<u>1,164,164</u>
Operating income (loss) before nonoperating revenues (expenses)	258,562	118,104
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and fiscal charges	<u>(13,109)</u>	<u>(8,714)</u>
Change in net position	245,453	109,390
Total net position at beginning of year	<u>1,925,471</u>	<u>1,816,081</u>
<b>Total net position at end of year</b>	<u>\$ 2,170,924</u>	<u>\$ 1,925,471</u>

**CITY OF VICTORIA, TEXAS**

NONMAJOR ENTERPRISE FUND

GOLF COURSE FUND

## STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,390,749	\$ 1,284,520
Cash paid to suppliers for goods and services	(383,219)	(362,830)
Cash paid to employees for services	(618,307)	(636,756)
<b>Net cash provided (used) by operating activities</b>	<u>389,223</u>	<u>284,934</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Borrowings from (to) other funds	(20,817)	6,548
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(20,817)</u>	<u>6,548</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(100,279)	(5,810)
Principal paid on long-term debt	(107,833)	(169,030)
Interest and debt costs paid	(11,590)	(7,953)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(219,702)</u>	<u>(182,793)</u>
Net increase (decrease) in cash and cash equivalents	148,704	108,689
Cash and cash equivalents at beginning of year	<u>736,403</u>	<u>627,714</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 885,107</u>	<u>\$ 736,403</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 258,562	\$ 118,104
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	122,225	176,323
Changes in assets and liabilities		
(Increase) decrease in other receivables	(12,990)	2,252
(Increase) decrease in prepaid items	1,753	(1,753)
(Increase) decrease in inventory	(10,178)	(975)
Increase (decrease) in accounts payable	27,507	4,034
Increase (decrease) in accrued expenses	(5,165)	(13,051)
Increase (decrease) in accrued compensated absences	7,509	-
Total adjustments	<u>130,661</u>	<u>166,830</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 389,223</u>	<u>\$ 284,934</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, 2023

	Building and Equipment Svcs.	Information Technology	Radio Systems
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 242,329	\$ 600,651	\$ 155,143
Investments	-	-	-
Receivables (net)			
Other	67,170	6	20,929
Due from other funds	41,479	-	-
Inventory	98,894	-	-
Prepaid items	-	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
<b>Total current assets</b>	<u>449,872</u>	<u>600,657</u>	<u>176,072</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated or amortized	134,007	-	39,168
Buildings, improvements, and equipment (net of depreciation)	4,811,583	302,974	26,772
Right-to-Use lease assets			
Machinery and equipment (net of amortization)	927,885	-	20,412
<b>Net capital assets</b>	<u>5,873,475</u>	<u>302,974</u>	<u>86,352</u>
<b>Total noncurrent assets</b>	<u>5,873,475</u>	<u>302,974</u>	<u>86,352</u>
<b>Total assets</b>	<u>6,323,347</u>	<u>903,631</u>	<u>262,424</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	290,195	19,588	2,109
Accrued expenses	26,876	26,876	-
Due to other funds	-	2,711	4,224
Accrued compensated absences	789	1,320	-
Claims payable	-	-	-
Accrued interest payable	3,527	-	71
Current portion of right-to-use lease liability	295,412	-	7,669
Current portion of financed purchases	230,503	-	-
<b>Total current liabilities</b>	<u>847,302</u>	<u>50,495</u>	<u>14,073</u>
Noncurrent liabilities			
Accrued compensated absences	17,514	29,299	-
Right-to-use lease liability	649,038	-	13,484
Financed purchases	1,003,638	-	-
<b>Total noncurrent liabilities</b>	<u>1,670,190</u>	<u>29,299</u>	<u>13,484</u>
<b>Total liabilities</b>	<u>2,517,492</u>	<u>79,794</u>	<u>27,557</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,694,884	302,974	65,199
Unrestricted	110,971	520,863	169,668
<b>Total net position</b>	<u>\$ 3,805,855</u>	<u>\$ 823,837</u>	<u>\$ 234,867</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 151,412	\$ 39,983	\$ 337,828	\$ 22,174	\$ 3,358,531	\$ 4,908,051
-	-	-	-	2,538,431	2,538,431
24	6,137	-	2,099	84,261	180,626
-	4,252	-	-	221,146	266,877
20,201	-	-	18,217	-	137,312
-	3,136	-	-	-	3,136
-	-	35,000	-	-	35,000
<u>171,637</u>	<u>53,508</u>	<u>372,828</u>	<u>42,490</u>	<u>6,202,369</u>	<u>8,069,433</u>
-	-	-	-	-	173,175
23,534	337	-	38,259	-	5,203,459
-	-	-	-	-	948,297
<u>23,534</u>	<u>337</u>	<u>-</u>	<u>38,259</u>	<u>-</u>	<u>6,324,931</u>
<u>23,534</u>	<u>337</u>	<u>-</u>	<u>38,259</u>	<u>-</u>	<u>6,324,931</u>
<u>195,171</u>	<u>53,845</u>	<u>372,828</u>	<u>80,749</u>	<u>6,202,369</u>	<u>14,394,364</u>
5,277	1,678	-	3,816	-	322,663
8,218	4,897	-	-	-	66,867
11,213	-	-	-	517,533	535,681
406	101	-	-	-	2,616
-	-	164,230	-	401,951	566,181
-	-	-	-	-	3,598
-	-	-	-	-	303,081
-	-	-	18,021	-	248,524
<u>25,114</u>	<u>6,676</u>	<u>164,230</u>	<u>21,837</u>	<u>919,484</u>	<u>2,049,211</u>
9,016	2,245	-	-	-	58,074
-	-	-	-	-	662,522
-	-	-	9,011	-	1,012,649
<u>9,016</u>	<u>2,245</u>	<u>-</u>	<u>9,011</u>	<u>-</u>	<u>1,733,245</u>
<u>34,130</u>	<u>8,921</u>	<u>164,230</u>	<u>30,848</u>	<u>919,484</u>	<u>3,782,456</u>
23,534	337	-	11,227	-	4,098,155
<u>137,507</u>	<u>44,587</u>	<u>208,598</u>	<u>38,674</u>	<u>5,282,885</u>	<u>6,513,753</u>
<u>\$ 161,041</u>	<u>\$ 44,924</u>	<u>\$ 208,598</u>	<u>\$ 49,901</u>	<u>\$ 5,282,885</u>	<u>\$ 10,611,908</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, 2023*

	Building and Equipment Svcs.	Information Technology	Radio Systems
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,299,413	\$ 1,923,453	\$ 443,078
Miscellaneous	45	1,327	-
<b>Total operating revenues</b>	<u>7,299,458</u>	<u>1,924,780</u>	<u>443,078</u>
<b>OPERATING EXPENSES</b>			
Personnel	722,420	741,225	9,412
Materials and supplies	1,594,548	9,687	4
Maintenance	912,195	876,053	423,598
Heat, lights, and power	100,898	-	-
Reinsurance premiums	-	-	-
Miscellaneous services	704,800	108,040	16,501
Contractual services	1,225,781	34,793	330
Computer services	46,065	-	10,413
Court costs, judgments, and damages	-	-	-
Claims expense	-	-	-
OPEB trust expense	-	-	-
Life insurance expense	-	-	-
Wellness program	-	-	-
Depreciation and amortization	2,510,018	147,746	18,656
<b>Total operating expenses</b>	<u>7,816,725</u>	<u>1,917,544</u>	<u>478,914</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(517,267)	7,236	(35,836)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	-	11,994	7,894
Interest and fiscal charges	(56,690)	-	(982)
Gain (loss) on disposition of capital assets	(156,630)	119	-
Net nonoperating revenues (expenses)	<u>(213,320)</u>	<u>12,113</u>	<u>6,912</u>
Income (loss) before transfers	(730,587)	19,349	(28,924)
Transfers			
Transfers in	-	-	-
Total transfers	-	-	-
Change in net position	(730,587)	19,349	(28,924)
Total net position at beginning of year	<u>4,536,442</u>	<u>804,488</u>	<u>263,791</u>
<b>Total net position at end of year</b>	<u>\$ 3,805,855</u>	<u>\$ 823,837</u>	<u>\$ 234,867</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 266,544	\$ 875,900	\$ 205,000	\$ 64,978	\$ 6,996,777	\$ 18,075,143
26,521	6,137	-	-	109,598	143,628
<u>293,065</u>	<u>882,037</u>	<u>205,000</u>	<u>64,978</u>	<u>7,106,375</u>	<u>18,218,771</u>
234,595	122,466	-	6,064	-	1,836,182
3,701	780	-	5	-	1,608,725
2,200	-	-	17,701	-	2,231,747
6,991	-	-	-	-	107,889
-	798,263	-	-	677,131	1,475,394
29,536	21,305	-	14,727	-	894,909
1,800	13,939	-	-	507,352	1,783,995
26,904	10,413	-	10,413	-	104,208
-	45,748	-	-	-	45,748
-	-	272,923	-	5,543,164	5,816,087
-	-	-	-	200,000	200,000
-	-	-	-	28,657	28,657
-	-	-	-	71,983	71,983
3,500	439	-	9,209	-	2,689,568
<u>309,227</u>	<u>1,013,353</u>	<u>272,923</u>	<u>58,119</u>	<u>7,028,287</u>	<u>18,895,092</u>
(16,162)	(131,316)	(67,923)	6,859	78,088	(676,321)
10,443	6,745	10,809	-	197,762	245,647
-	-	-	-	-	(57,672)
(72)	6,600	-	-	-	(149,983)
<u>10,371</u>	<u>13,345</u>	<u>10,809</u>	<u>-</u>	<u>197,762</u>	<u>37,992</u>
(5,791)	(117,971)	(57,114)	6,859	275,850	(638,329)
-	-	-	-	200,000	200,000
-	-	-	-	200,000	200,000
(5,791)	(117,971)	(57,114)	6,859	475,850	(438,329)
<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>
<u>\$ 161,041</u>	<u>\$ 44,924</u>	<u>\$ 208,598</u>	<u>\$ 49,901</u>	<u>\$ 5,282,885</u>	<u>\$ 10,611,908</u>



**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUNDS*  
**COMBINING STATEMENT OF CASH FLOWS**  
*For the year ended September 30, 2023*

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from other funds	\$ 7,533,034	\$ 1,900,482	\$ 442,502
Cash paid to suppliers for goods and services	(5,016,788)	(1,061,812)	(450,321)
Cash paid to employees for services	<u>(711,104)</u>	<u>(734,304)</u>	<u>(9,412)</u>
<b>Net cash provided (used) by operating activities</b>	<u>1,805,142</u>	<u>104,366</u>	<u>(17,231)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in from other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,394,886)	(160,132)	-
Proceeds from sale of capital assets	3,925	119	-
Principal paid on long-term debt	(494,908)	-	(7,369)
Interest and debt costs paid	<u>(54,377)</u>	<u>-</u>	<u>(1,641)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,940,246)</u>	<u>(160,013)</u>	<u>(9,010)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	-	-	-
Purchase of investments	-	-	-
Investment income	<u>-</u>	<u>11,994</u>	<u>7,894</u>
<b>Net cash provided (used) by investing activities</b>	<u>-</u>	<u>11,994</u>	<u>7,894</u>
Net increase (decrease) in cash and cash equivalents	(135,104)	(43,653)	(18,347)
Cash and cash equivalents at beginning of year	<u>377,433</u>	<u>644,304</u>	<u>173,490</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 242,329</u>	<u>\$ 600,651</u>	<u>\$ 155,143</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ 288,513	\$ 879,547	\$ 205,000	\$ 62,032	\$ 7,718,529	\$ 19,029,639
(60,273)	(894,183)	(205,067)	(45,194)	(6,920,442)	(14,654,080)
<u>(231,352)</u>	<u>(120,113)</u>	<u>-</u>	<u>(6,064)</u>	<u>-</u>	<u>(1,812,349)</u>
(3,112)	(134,749)	(67)	10,774	798,087	2,563,210
-	-	-	-	200,000	200,000
-	-	-	-	200,000	200,000
-	-	-	-	-	(1,555,018)
-	6,600	-	-	-	10,644
-	-	-	(18,021)	-	(520,298)
-	-	-	-	-	<u>(56,018)</u>
-	6,600	-	(18,021)	-	<u>(2,120,690)</u>
-	-	-	-	1,500,000	1,500,000
-	-	-	-	(2,499,515)	(2,499,515)
<u>10,443</u>	<u>6,745</u>	<u>10,809</u>	<u>-</u>	<u>171,076</u>	<u>218,961</u>
<u>10,443</u>	<u>6,745</u>	<u>10,809</u>	<u>-</u>	<u>(828,439)</u>	<u>(780,554)</u>
7,331	(121,404)	10,742	(7,247)	169,648	(138,034)
<u>144,081</u>	<u>161,387</u>	<u>362,086</u>	<u>29,421</u>	<u>3,188,883</u>	<u>5,081,085</u>
<u>\$ 151,412</u>	<u>\$ 39,983</u>	<u>\$ 372,828</u>	<u>\$ 22,174</u>	<u>\$ 3,358,531</u>	<u>\$ 4,943,051</u>

(continued)

**CITY OF VICTORIA, TEXAS**  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the year ended September 30, 2023

	<u>Building and Equipment Svcs.</u>	<u>Information Technology</u>	<u>Radio Systems</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (517,267)	\$ 7,236	\$ (35,836)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	2,510,018	147,746	18,656
Changes in assets and liabilities			
(Increase) decrease in other receivables	254,396	(4)	(3,123)
(Increase) decrease in due from other funds	(20,820)	-	-
(Increase) decrease in inventory	(22,574)	-	-
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	(409,927)	(33,239)	525
Increase (decrease) in accrued expenses	2,543	821	-
Increase (decrease) in due to other funds	-	(24,294)	2,547
Increase (decrease) in compensated absences	8,773	6,100	-
Increase (decrease) in claims payable	-	-	-
Total adjustments	<u>2,322,409</u>	<u>97,130</u>	<u>18,605</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,805,142</u>	<u>\$ 104,366</u>	<u>\$ (17,231)</u>
<b>Reconciliation of cash and cash equivalents</b>			
Unrestricted			
Cash and cash equivalents	\$ 242,329	\$ 600,651	\$ 155,143
Restricted			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 242,329</u>	<u>\$ 600,651</u>	<u>\$ 155,143</u>
<b>Noncash capital and related financing activities</b>			
Assets acquired from financed purchases	\$ 676,194	\$ -	\$ -
Assets acquired from initiation of Right-to-Use lease	<u>821,573</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,497,767</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Purchasing</u>	<u>Safety Management</u>	<u>Workers' Compensation</u>	<u>Print Shop</u>	<u>Employee Health Plan</u>	<u>Total</u>
\$ (16,162)	\$ (131,316)	\$ (67,923)	\$ 6,859	\$ 78,088	\$ (676,321)
3,500	439	-	9,209	-	2,689,568
25	(1,162)	-	2,067	(60,110)	192,089
-	(1,328)	-	-	375,877	353,729
14,143	-	-	(2,114)	-	(10,545)
-	(3,136)	-	-	27,308	24,172
(3,284)	(599)	-	(234)	(2,449)	(449,207)
240	2,353	-	-	-	5,957
(4,577)	-	-	(5,013)	296,387	265,050
3,003	-	-	-	-	17,876
-	-	67,856	-	82,986	150,842
<u>13,050</u>	<u>(3,433)</u>	<u>67,856</u>	<u>3,915</u>	<u>719,999</u>	<u>3,239,531</u>
<u>\$ (3,112)</u>	<u>\$ (134,749)</u>	<u>\$ (67)</u>	<u>\$ 10,774</u>	<u>\$ 798,087</u>	<u>\$ 2,563,210</u>
\$ 151,412	\$ 39,983	\$ 337,828	\$ 22,174	\$ 3,358,531	\$ 4,908,051
-	-	35,000	-	-	35,000
<u>\$ 151,412</u>	<u>\$ 39,983</u>	<u>\$ 372,828</u>	<u>\$ 22,174</u>	<u>\$ 3,358,531</u>	<u>\$ 4,943,051</u>
\$ -	\$ -	\$ -	\$ 45,053	\$ -	\$ 721,247
-	-	-	-	-	821,573
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,053</u>	<u>\$ -</u>	<u>\$ 1,542,820</u>

(concluded)

**BUILDING AND EQUIPMENT SERVICES FUND**

**CITY OF VICTORIA, TEXAS**  
INTERNAL SERVICE FUND  
BUILDING AND EQUIPMENT SERVICES FUND  
BALANCE SHEET  
September 30, 2023  
With comparative totals for September 30, 2022

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 242,329	\$ 377,433
Receivables		
Other	67,170	321,566
Due from other funds	41,479	20,659
Inventory	98,894	76,320
Total current assets	<u>449,872</u>	<u>795,978</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	26,363,102	25,603,662
	<u>26,892,816</u>	<u>26,133,376</u>
Less accumulated depreciation	22,081,233	20,975,252
Net depreciable capital assets	<u>4,811,583</u>	<u>5,158,124</u>
Right-to-Use lease assets		
Machinery and equipment	1,289,399	467,826
Less accumulated amortization	361,514	108,562
Net amortizable capital assets	<u>927,885</u>	<u>359,264</u>
Land	134,007	134,007
Net capital assets	<u>5,873,475</u>	<u>5,651,395</u>
Total noncurrent assets	<u>5,873,475</u>	<u>5,651,395</u>
<b>Total assets</b>	<u>6,323,347</u>	<u>6,447,373</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	290,195	700,122
Accrued expenses	26,876	24,333
Accrued interest payable	3,527	1,214
Accrued compensated absences	789	664
Current portion of right-to-use lease liability	295,412	118,347
Current portion of financed purchases	230,503	127,430
Total current liabilities	<u>847,302</u>	<u>972,110</u>
Noncurrent liabilities		
Accrued compensated absences	17,514	8,866
Right-to-use lease liability	649,038	245,843
Financed purchases	1,003,638	684,112
Total noncurrent liabilities	<u>1,670,190</u>	<u>938,821</u>
<b>Total liabilities</b>	<u>2,517,492</u>	<u>1,910,931</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,694,884	4,475,663
Unrestricted	110,971	60,779
<b>Total net position</b>	<u>\$ 3,805,855</u>	<u>\$ 4,536,442</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, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 7,299,413	\$ 5,340,193
Miscellaneous	<u>45</u>	<u>47,780</u>
<b>Total operating revenues</b>	<u>7,299,458</u>	<u>5,387,973</u>
<b>OPERATING EXPENSES</b>		
Personnel	722,420	686,399
Materials and supplies	1,594,548	1,744,355
Maintenance	912,195	496,241
Heat, lights, and power	100,898	83,011
Miscellaneous services	704,800	763,042
Contractual services	1,225,781	1,215,880
Computer services	46,065	42,233
Depreciation and amortization	<u>2,510,018</u>	<u>2,623,018</u>
<b>Total operating expenses</b>	<u>7,816,725</u>	<u>7,654,179</u>
Operating income (loss) before nonoperating revenues (expenses)	(517,267)	(2,266,206)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	-	48
Interest and fiscal charges	(56,690)	(36,681)
Noncapital grants and contributions	-	-
Gain (loss) on disposition of capital assets	<u>(156,630)</u>	<u>10,205</u>
Net nonoperating revenues (expenses)	<u>(213,320)</u>	<u>(26,428)</u>
Change in net position	(730,587)	(2,292,634)
Total net position at beginning of year	<u>4,536,442</u>	<u>6,829,076</u>
<b>Total net position at end of year</b>	<u>\$ 3,805,855</u>	<u>\$ 4,536,442</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

BUILDING AND EQUIPMENT SERVICES FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 7,533,034	\$ 5,085,588
Cash paid to suppliers for goods and services	(5,016,788)	(3,910,675)
Cash paid to employees for services	(711,104)	(704,564)
<b>Net cash provided (used) by operating activities</b>	<u>1,805,142</u>	<u>470,349</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,394,886)	(704,372)
Proceeds from sale of capital assets	3,925	10,205
Principal paid on long-term debt	(494,908)	(228,105)
Interest and debt costs paid	(54,377)	(35,467)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(1,940,246)</u>	<u>(957,739)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>-</u>	<u>48</u>
Net increase (decrease) in cash and cash equivalents	(135,104)	(487,342)
Cash and cash equivalents at beginning of year	<u>377,433</u>	<u>864,775</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 242,329</u>	<u>\$ 377,433</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (517,267)	\$ (2,266,206)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	2,510,018	2,623,018
Changes in assets and liabilities		
(Increase) decrease in other receivables	254,396	(281,641)
(Increase) decrease in due from other funds	(20,820)	(20,659)
(Increase) decrease in inventory	(22,574)	8,727
Increase (decrease) in accounts payable	(409,927)	425,360
Increase (decrease) in accrued expenses	2,543	(18,809)
Increase (decrease) in due to other funds	-	(85)
Increase (decrease) in compensated absences	8,773	644
Total adjustments	<u>2,322,409</u>	<u>2,736,555</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,805,142</u>	<u>\$ 470,349</u>



**INFORMATION TECHNOLOGY FUND**

**CITY OF VICTORIA, TEXAS**  
INTERNAL SERVICE FUND  
INFORMATION TECHNOLOGY FUND  
BALANCE SHEET  
September 30, 2023  
With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 600,651	\$ 644,304
Receivables		
Other	<u>6</u>	<u>2</u>
Total current assets	<u>600,657</u>	<u>644,306</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	<u>3,021,122</u>	<u>2,940,330</u>
Total capital assets	<u>3,021,122</u>	<u>2,940,330</u>
Less accumulated depreciation	<u>2,718,148</u>	<u>2,649,742</u>
Net capital assets	<u>302,974</u>	<u>290,588</u>
<b>Total assets</b>	<u>903,631</u>	<u>934,894</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	19,588	52,827
Accrued expenses	26,876	26,055
Due to other funds	2,711	27,005
Accrued compensated absences	<u>1,320</u>	<u>1,709</u>
Total current liabilities	<u>50,495</u>	<u>107,596</u>
Noncurrent liabilities		
Accrued compensated absences	<u>29,299</u>	<u>22,810</u>
Total noncurrent liabilities	<u>29,299</u>	<u>22,810</u>
<b>Total liabilities</b>	<u>79,794</u>	<u>130,406</u>
<b>NET POSITION</b>		
Net investment in capital assets	302,974	290,588
Unrestricted	<u>520,863</u>	<u>513,900</u>
<b>Total net position</b>	<u>\$ 823,837</u>	<u>\$ 804,488</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, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,923,453	\$ 1,627,407
Miscellaneous	<u>1,327</u>	<u>242</u>
<b>Total operating revenues</b>	<u>1,924,780</u>	<u>1,627,649</u>
<b>OPERATING EXPENSES</b>		
Personnel	741,225	688,895
Materials and supplies	9,687	9,510
Maintenance	876,053	625,779
Miscellaneous services	108,040	120,753
Contractual services	34,793	33,405
Depreciation and amortization	<u>147,746</u>	<u>152,473</u>
<b>Total operating expenses</b>	<u>1,917,544</u>	<u>1,630,815</u>
Operating income (loss) before nonoperating revenues (expenses)	7,236	(3,166)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	11,994	787
Gain (loss) on disposition of capital assets	<u>119</u>	<u>602</u>
Net nonoperating revenues (expenses)	<u>12,113</u>	<u>1,389</u>
Change in net position	19,349	(1,777)
Total net position at beginning of year	<u>804,488</u>	<u>806,265</u>
<b>Total net position at end of year</b>	<u>\$ 823,837</u>	<u>\$ 804,488</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

INFORMATION TECHNOLOGY FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 1,900,482	\$ 1,643,856
Cash paid to suppliers for goods and services	(1,061,812)	(764,246)
Cash paid to employees for services	<u>(734,304)</u>	<u>(700,894)</u>
<b>Net cash provided (used) by operating activities</b>	<u>104,366</u>	<u>178,716</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(160,132)	(55,388)
Proceeds from sale of capital assets	<u>119</u>	<u>602</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(160,013)</u>	<u>(54,786)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>11,994</u>	<u>787</u>
<b>Net cash provided (used) by investing activities</b>	<u>11,994</u>	<u>787</u>
Net increase (decrease) in cash and cash equivalents	(43,653)	124,717
Cash and cash equivalents at beginning of year	<u>644,304</u>	<u>519,587</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 600,651</u>	<u>\$ 644,304</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 7,236	\$ (3,166)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	147,746	152,473
Changes in assets and liabilities		
(Increase) decrease in other receivables	(4)	14
Increase (decrease) in accounts payable	(33,239)	25,201
Increase (decrease) in accrued expenses	821	(13,325)
Increase (decrease) in due to other funds	(24,294)	16,193
Increase (decrease) in compensated absences	<u>6,100</u>	<u>1,326</u>
Total adjustments	<u>97,130</u>	<u>181,882</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 104,366</u>	<u>\$ 178,716</u>

**RADIO SYSTEMS FUND**

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

BALANCE SHEET

September 30, 2023

With comparative totals for September 30, 2022

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 155,143	\$ 173,490
Receivables		
Other	20,929	17,806
Total current assets	<u>176,072</u>	<u>191,296</u>
Noncurrent assets		
Capital assets		
Buildings	29,130	29,130
Infrastructure	2,501	2,501
Machinery and equipment	3,653,778	3,745,131
	3,685,409	3,776,762
Less accumulated depreciation	<u>3,658,637</u>	<u>3,738,989</u>
Net depreciable capital assets	<u>26,772</u>	<u>37,773</u>
Right-to-Use lease assets		
Machinery and equipment	35,721	35,721
Less accumulated amortization	<u>15,309</u>	<u>7,654</u>
Net amortizable capital assets	<u>20,412</u>	<u>28,067</u>
Land	<u>39,168</u>	<u>39,168</u>
Net capital assets	<u>86,352</u>	<u>105,008</u>
Total noncurrent assets	<u>86,352</u>	<u>105,008</u>
<b>Total assets</b>	<u>262,424</u>	<u>296,304</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,109	1,584
Due to other funds	4,224	1,677
Accrued interest payable	71	730
Current portion of right-to-use lease liability	<u>7,669</u>	<u>7,369</u>
Total current liabilities	<u>14,073</u>	<u>11,360</u>
Noncurrent liabilities		
Right-to-use lease liability	<u>13,484</u>	<u>21,153</u>
Total noncurrent liabilities	<u>13,484</u>	<u>21,153</u>
<b>Total liabilities</b>	<u>27,557</u>	<u>32,513</u>
<b>NET POSITION</b>		
Net investment in capital assets	65,199	76,486
Unrestricted	<u>169,668</u>	<u>187,305</u>
<b>Total net position</b>	<u>\$ 234,867</u>	<u>\$ 263,791</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

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

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 443,078	\$ 439,355
Miscellaneous	<u>-</u>	<u>3</u>
<b>Total operating revenues</b>	<u>443,078</u>	<u>439,358</u>
<b>OPERATING EXPENSES</b>		
Personnel	9,412	10,500
Materials and supplies	4	830
Maintenance	423,598	422,277
Miscellaneous services	16,501	22,247
Contractual services	330	1,070
Computer services	10,413	8,793
Depreciation and amortization	<u>18,656</u>	<u>19,711</u>
<b>Total operating expenses</b>	<u>478,914</u>	<u>485,428</u>
Operating income (loss) before nonoperating revenues (expenses)	(35,836)	(46,070)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	7,894	585
Interest and fiscal charges	(982)	(1,272)
Gain (loss) on disposition of capital assets	<u>-</u>	<u>(7,340)</u>
Net nonoperating revenues (expenses)	<u>6,912</u>	<u>(8,027)</u>
Change in net position	(28,924)	(54,097)
Total net position at beginning of year	<u>263,791</u>	<u>317,888</u>
<b>Total net position at end of year</b>	<u>\$ 234,867</u>	<u>\$ 263,791</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

RADIO SYSTEMS FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 442,502	\$ 455,507
Cash paid to suppliers for goods and services	(450,321)	(481,946)
Cash paid to employees for services	(9,412)	(10,500)
<b>Net cash provided (used) by operating activities</b>	<u>(17,231)</u>	<u>(36,939)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(3,730)
Principal paid on long-term debt	(7,369)	(7,199)
Interest and debt costs paid	(1,641)	(542)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(9,010)</u>	<u>(11,471)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	7,894	585
<b>Net cash provided (used) by investing activities</b>	<u>7,894</u>	<u>585</u>
Net increase (decrease) in cash and cash equivalents	(18,347)	(47,825)
Cash and cash equivalents at beginning of year	173,490	221,315
<b>Cash and cash equivalents at end of year</b>	<u>\$ 155,143</u>	<u>\$ 173,490</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (35,836)	\$ (46,070)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	18,656	19,711
Changes in assets and liabilities		
(Increase) decrease in other receivables	(3,123)	14,472
Increase (decrease) in accounts payable	525	(26,729)
Increase (decrease) in due to other funds	2,547	1,677
Total adjustments	<u>18,605</u>	<u>9,131</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (17,231)</u>	<u>\$ (36,939)</u>



**PURCHASING FUND**

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PURCHASING FUND

BALANCE SHEET

September 30, 2023

With comparative totals for September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 151,412	\$ 144,081
Receivables		
Other	24	49
Inventory	<u>20,201</u>	<u>34,344</u>
Total current assets	<u>171,637</u>	<u>178,474</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>20,886</u>	<u>29,465</u>
Total capital assets	181,663	190,242
Less accumulated depreciation	<u>158,129</u>	<u>163,137</u>
Net capital assets	<u>23,534</u>	<u>27,105</u>
<b>Total assets</b>	<u>195,171</u>	<u>205,579</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	5,277	8,560
Accrued expenses	8,218	7,978
Due to other funds	11,213	15,790
Accrued compensated absences	<u>406</u>	<u>447</u>
Total current liabilities	<u>25,114</u>	<u>32,775</u>
Noncurrent liabilities		
Accrued compensated absences	<u>9,016</u>	<u>5,972</u>
Total noncurrent liabilities	<u>9,016</u>	<u>5,972</u>
<b>Total liabilities</b>	<u>34,130</u>	<u>38,747</u>
<b>NET POSITION</b>		
Net investment in capital assets	23,534	27,105
Unrestricted	<u>137,507</u>	<u>139,727</u>
<b>Total net position</b>	<u>\$ 161,041</u>	<u>\$ 166,832</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, 2023

With comparative totals for the year ended September 30, 2022

---

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 266,544	\$ 266,546
Miscellaneous	<u>26,521</u>	<u>30,817</u>
<b>Total operating revenues</b>	<u>293,065</u>	<u>297,363</u>
<b>OPERATING EXPENSES</b>		
Personnel	234,595	237,185
Materials and supplies	3,701	2,830
Maintenance	2,200	-
Heat, lights, and power	6,991	4,394
Miscellaneous services	29,536	27,329
Contractual services	1,800	-
Computer services	26,904	22,716
Depreciation and amortization	<u>3,500</u>	<u>3,518</u>
<b>Total operating expenses</b>	<u>309,227</u>	<u>297,972</u>
Operating income (loss) before nonoperating revenues (expenses)	(16,162)	(609)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	10,443	642
Gain (loss) on disposition of capital assets	<u>(72)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>10,371</u>	<u>642</u>
Change in net position	(5,791)	33
Total net position at beginning of year	<u>166,832</u>	<u>166,799</u>
<b>Total net position at end of year</b>	<u>\$ 161,041</u>	<u>\$ 166,832</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PURCHASING FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 288,513	\$ 293,243
Cash paid to suppliers for goods and services	(60,273)	(49,897)
Cash paid to employees for services	(231,352)	(243,400)
<b>Net cash provided (used) by operating activities</b>	<u>(3,112)</u>	<u>(54)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	10,443	642
<b>Net cash provided (used) by investing activities</b>	<u>10,443</u>	<u>642</u>
Net increase (decrease) in cash and cash equivalents	7,331	588
Cash and cash equivalents at beginning of year	144,081	143,493
<b>Cash and cash equivalents at end of year</b>	<u>\$ 151,412</u>	<u>\$ 144,081</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (16,162)	\$ (609)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	3,500	3,518
Changes in assets and liabilities		
(Increase) decrease in other receivables	25	(25)
(Increase) decrease in inventory	14,143	4,183
Increase (decrease) in accounts payable	(3,284)	3,189
Increase (decrease) in accrued expenses	240	(8,018)
Increase (decrease) in due to other funds	(4,577)	(4,095)
Increase (decrease) in compensated absences	3,003	1,803
Total adjustments	<u>13,050</u>	<u>555</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (3,112)</u>	<u>\$ (54)</u>

**SAFETY MANAGEMENT FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*SAFETY MANAGEMENT FUND*  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,983	\$ 161,387
Receivables		
Other	6,137	4,975
Due from other funds	4,252	2,924
Prepaid items	<u>3,136</u>	<u>-</u>
Total current assets	<u>53,508</u>	<u>169,286</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>3,923</u>	<u>3,484</u>
Net capital assets	<u>337</u>	<u>776</u>
<b>Total assets</b>	<u>53,845</u>	<u>170,062</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,678	2,277
Accrued expenses	4,897	2,544
Accrued compensated absences	<u>101</u>	<u>164</u>
Total current liabilities	<u>6,676</u>	<u>4,985</u>
Noncurrent liabilities		
Accrued compensated absences	<u>2,245</u>	<u>2,182</u>
Total noncurrent liabilities	<u>2,245</u>	<u>2,182</u>
<b>Total liabilities</b>	<u>8,921</u>	<u>7,167</u>
<b>NET POSITION</b>		
Net investment in capital assets	337	776
Unrestricted	<u>44,587</u>	<u>162,119</u>
<b>Total net position</b>	<u>\$ 44,924</u>	<u>\$ 162,895</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, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 875,900	\$ 809,801
Miscellaneous	<u>6,137</u>	<u>4,975</u>
<b>Total operating revenues</b>	<u>882,037</u>	<u>814,776</u>
<b>OPERATING EXPENSES</b>		
Personnel	122,466	101,286
Materials and supplies	780	589
Maintenance	-	275
Reinsurance premiums	798,263	723,443
Miscellaneous services	21,305	16,304
Contractual services	13,939	13,326
Computer services	10,413	8,793
Court costs, judgments, and damages	45,748	2,922
Depreciation and amortization	<u>439</u>	<u>441</u>
<b>Total operating expenses</b>	<u>1,013,353</u>	<u>867,379</u>
Operating income (loss) before nonoperating revenues (expenses)	(131,316)	(52,603)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	6,745	508
Gain (loss) on disposition of capital assets	<u>6,600</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>13,345</u>	<u>508</u>
Change in net position	(117,971)	(52,095)
Total net position at beginning of year	<u>162,895</u>	<u>214,990</u>
<b>Total net position at end of year</b>	<u>\$ 44,924</u>	<u>\$ 162,895</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

SAFETY MANAGEMENT FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 879,547	\$ 811,813
Cash paid to suppliers for goods and services	(894,183)	(764,794)
Cash paid to employees for services	(120,113)	(103,449)
<b>Net cash provided (used) by operating activities</b>	<u>(134,749)</u>	<u>(56,430)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	6,600	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>6,600</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	6,745	508
<b>Net cash provided (used) by investing activities</b>	<u>6,745</u>	<u>508</u>
Net increase (decrease) in cash and cash equivalents	(121,404)	(55,922)
Cash and cash equivalents at beginning of year	161,387	217,309
<b>Cash and cash equivalents at end of year</b>	<u>\$ 39,983</u>	<u>\$ 161,387</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (131,316)	\$ (52,603)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	439	441
Changes in assets and liabilities		
(Increase) decrease in other receivables	(1,162)	-
(Increase) decrease in due from other funds	(1,328)	(2,924)
(Increase) decrease in prepaid items	(3,136)	-
Increase (decrease) in accounts payable	(599)	858
Increase (decrease) in accrued expenses	2,353	(4,509)
Increase (decrease) in compensated absences	-	2,346
Increase (decrease) in due to other funds	-	(39)
Total adjustments	<u>(3,433)</u>	<u>(3,827)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (134,749)</u>	<u>\$ (56,430)</u>



**WORKERS' COMPENSATION FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*WORKERS' COMPENSATION FUND*  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 337,828	\$ 338,086
Restricted assets		
Cash and cash equivalents	<u>35,000</u>	<u>24,000</u>
<b>Total assets</b>	<u>372,828</u>	<u>362,086</u>
<b>LIABILITIES</b>		
Current liabilities		
Claims payable	<u>164,230</u>	<u>96,374</u>
<b>Total liabilities</b>	<u>164,230</u>	<u>96,374</u>
<b>NET POSITION</b>		
Unrestricted	<u>208,598</u>	<u>265,712</u>
<b>Total net position</b>	<u>\$ 208,598</u>	<u>\$ 265,712</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, 2023

With comparative totals for the year ended September 30, 2022

---

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 205,000	\$ 205,000
<b>Total operating revenues</b>	<u>205,000</u>	<u>205,000</u>
<b>OPERATING EXPENSES</b>		
Claims expense	<u>272,923</u>	<u>24,615</u>
<b>Total operating expenses</b>	<u>272,923</u>	<u>24,615</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	(67,923)	180,385
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	<u>10,809</u>	<u>2,649</u>
Income (loss) before transfers	(57,114)	183,034
Transfers		
Transfers out	<u>-</u>	<u>(50,000)</u>
Change in net position	(57,114)	133,034
Total net position at beginning of year	<u>265,712</u>	<u>132,678</u>
<b>Total net position at end of year</b>	<u>\$ 208,598</u>	<u>\$ 265,712</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

WORKERS' COMPENSATION FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 205,000	\$ 205,000
Cash paid to suppliers for goods and services	<u>(205,067)</u>	<u>(265,457)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(67)</u>	<u>(60,457)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out to other funds	<u>-</u>	<u>(50,000)</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>(50,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>10,809</u>	<u>2,649</u>
<b>Net cash provided (used) by investing activities</b>	<u>10,809</u>	<u>2,649</u>
Net increase (decrease) in cash and cash equivalents	10,742	(107,808)
Cash and cash equivalents at beginning of year	<u>362,086</u>	<u>469,894</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 372,828</u>	<u>\$ 362,086</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (67,923)	\$ 180,385
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
Increase (decrease) in accounts payable	-	(27,992)
Increase (decrease) in claims payable	<u>67,856</u>	<u>(212,850)</u>
Total adjustments	<u>67,856</u>	<u>(240,842)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (67)</u>	<u>\$ (60,457)</u>

**PRINT SHOP FUND**

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PRINT SHOP FUND

BALANCE SHEET

September 30, 2023

With comparative totals for September 30, 2022

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 22,174	\$ 29,421
Receivables		
Other	2,099	4,166
Inventory	<u>18,217</u>	<u>16,103</u>
Total current assets	<u>42,490</u>	<u>49,690</u>
Noncurrent assets		
Capital assets		
Machinery and equipment	112,375	67,324
Less accumulated depreciation	<u>74,116</u>	<u>64,909</u>
Net capital assets	<u>38,259</u>	<u>2,415</u>
<b>Total assets</b>	<u>80,749</u>	<u>52,105</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	3,816	4,050
Due to other funds	-	5,013
Current portion of financed purchase	<u>18,021</u>	<u>-</u>
Total current liabilities	<u>21,837</u>	<u>9,063</u>
Noncurrent liabilities		
Financed purchase	<u>9,011</u>	<u>-</u>
Total noncurrent liabilities	<u>9,011</u>	<u>-</u>
<b>Total liabilities</b>	<u>30,848</u>	<u>9,063</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,227	2,415
Unrestricted	<u>38,674</u>	<u>40,627</u>
<b>Total net position</b>	<u>\$ 49,901</u>	<u>\$ 43,042</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, 2023

With comparative totals for the year ended September 30, 2022

---

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 64,978	\$ 52,085
<b>Total operating revenues</b>	<u>64,978</u>	<u>52,085</u>
<b>OPERATING EXPENSES</b>		
Personnel	6,064	10,981
Materials and supplies	5	712
Maintenance	17,701	19,781
Miscellaneous services	14,727	23,736
Computer services	10,413	8,793
Depreciation and amortization	<u>9,209</u>	<u>418</u>
<b>Total operating expenses</b>	<u>58,119</u>	<u>64,421</u>
Operating income (loss) before nonoperating revenues (expenses)	6,859	(12,336)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on disposition of capital assets	<u>-</u>	<u>12</u>
Net nonoperating revenues (expenses)	<u>-</u>	<u>12</u>
Change in net position	6,859	(12,324)
Total net position at beginning of year	<u>43,042</u>	<u>55,366</u>
<b>Total net position at end of year</b>	<u>\$ 49,901</u>	<u>\$ 43,042</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

PRINT SHOP FUND

## STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 62,032	\$ 57,062
Cash paid to suppliers for goods and services	(45,194)	(56,213)
Cash paid to employees for services	(6,064)	(10,981)
<b>Net cash provided (used) by operating activities</b>	<u>10,774</u>	<u>(10,132)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	-	12
Principal paid on long-term debt	(18,021)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(18,021)</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	(7,247)	(10,120)
Cash and cash equivalents at beginning of year	29,421	39,541
<b>Cash and cash equivalents at end of year</b>	<u>\$ 22,174</u>	<u>\$ 29,421</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 6,859	\$ (12,336)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	9,209	418
Changes in assets and liabilities		
(Increase) decrease in other receivables	2,067	(36)
(Increase) decrease in inventory	(2,114)	(4,635)
Increase (decrease) in accounts payable	(234)	1,444
Increase (decrease) in due to other funds	(5,013)	5,013
Total adjustments	<u>3,915</u>	<u>2,204</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 10,774</u>	<u>\$ (10,132)</u>



**EMPLOYEE HEALTH PLAN FUND**

**CITY OF VICTORIA, TEXAS**  
*INTERNAL SERVICE FUND*  
*EMPLOYEE HEALTH PLAN FUND*  
**BALANCE SHEET**  
*September 30, 2023*  
*With comparative totals for September 30, 2022*

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,358,531	\$ 4,701,113
Investments	2,538,431	-
Receivables		
Other	84,261	24,151
Due from other funds	221,146	375,877
Prepaid items	-	27,308
<b>Total assets</b>	<u>6,202,369</u>	<u>5,128,449</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	-	2,449
Due to other funds	517,533	-
Claims payable	401,951	318,965
<b>Total liabilities</b>	<u>919,484</u>	<u>321,414</u>
<b>NET POSITION</b>		
Unrestricted	<u>5,282,885</u>	<u>4,807,035</u>
<b>Total net position</b>	<u>\$ 5,282,885</u>	<u>\$ 4,807,035</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, 2023

With comparative totals for year ended September 30, 2022

---

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 6,996,777	\$ 6,642,830
Miscellaneous	<u>109,598</u>	<u>71,325</u>
<b>Total operating revenues</b>	<u>7,106,375</u>	<u>6,714,155</u>
<b>OPERATING EXPENSES</b>		
Reinsurance premiums	677,131	660,847
Contractual services	507,352	349,257
Claims expense	5,543,164	4,126,070
OPEB trust expense	200,000	200,000
Life insurance expense	28,657	27,499
Wellness program	<u>71,983</u>	<u>32,492</u>
<b>Total operating expenses</b>	<u>7,028,287</u>	<u>5,396,165</u>
Operating income (loss) before nonoperating revenues (expenses) and transfers	78,088	1,317,990
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	<u>197,762</u>	<u>33,152</u>
Net nonoperating revenues (expenses)	<u>197,762</u>	<u>33,152</u>
Income (loss) before transfers	275,850	1,351,142
Transfers		
Transfers in	<u>200,000</u>	<u>200,000</u>
Change in net position	475,850	1,551,142
Total net position at beginning of year	<u>4,807,035</u>	<u>3,255,893</u>
<b>Total net position at end of year</b>	<u>\$ 5,282,885</u>	<u>\$ 4,807,035</u>

**CITY OF VICTORIA, TEXAS**

INTERNAL SERVICE FUND

EMPLOYEE HEALTH PLAN FUND

STATEMENT OF CASH FLOWS

For the year ended September 30, 2023

With comparative totals for the year ended September 30, 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from other funds	\$ 7,718,529	\$ 6,887,802
Cash paid to suppliers for goods and services	<u>(6,920,442)</u>	<u>(5,490,012)</u>
<b>Net cash provided (used) by operating activities</b>	<u>798,087</u>	<u>1,397,790</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in from other funds	<u>200,000</u>	<u>200,000</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>200,000</u>	<u>200,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	1,500,000	-
Purchase of investments	(2,499,515)	(1,500,000)
Investment income	<u>171,076</u>	<u>20,922</u>
<b>Net cash provided (used) by investing activities</b>	<u>(828,439)</u>	<u>(1,479,078)</u>
Net increase (decrease) in cash and cash equivalents	169,648	118,712
Cash and cash equivalents at beginning of year	<u>3,188,883</u>	<u>3,070,171</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,358,531</u>	<u>\$ 3,188,883</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 78,088	\$ 1,317,990
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Changes in assets and liabilities		
(Increase) decrease in other receivables	(60,110)	56,321
(Increase) decrease in due from other funds	375,877	117,326
(Increase) decrease in prepaid items	27,308	(27,308)
Increase (decrease) in accounts payable	(2,449)	(59,500)
Increase (decrease) in due to other funds	296,387	-
Increase (decrease) in claims payable	<u>82,986</u>	<u>(7,039)</u>
Total adjustments	<u>719,999</u>	<u>79,800</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 798,087</u>	<u>\$ 1,397,790</u>

**CITY OF VICTORIA, TEXAS**  
DISCRETELY PRESENTED COMPONENT UNITS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2023

	Sales Tax Development Corporation	Downtown Tax Increment Reinvestment Zone No. 1	Total Governmental Component Units
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 4,225,529	\$ 2,140	\$ 4,227,669
Investments	17,114,981	-	17,114,981
Receivables (net)			
Sales taxes	880,072	-	880,072
Other	18,398	-	18,398
Due from primary government	<u>569,045</u>	<u>17,967</u>	<u>587,012</u>
<b>Total assets</b>	<u>\$ 22,808,025</u>	<u>\$ 20,107</u>	<u>\$ 22,828,132</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 612,995	\$ 1,238	\$ 614,233
Due to primary government	<u>80,000</u>	<u>-</u>	<u>80,000</u>
<b>Total liabilities</b>	<u>692,995</u>	<u>1,238</u>	<u>694,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Unrestricted	<u>22,115,030</u>	<u>18,869</u>	<u>22,133,899</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 22,808,025</u>	<u>\$ 20,107</u>	<u>\$ 22,828,132</u>
Reconciliation from fund balance to net position			
Fund balance	\$ 22,115,030	\$ 18,869	\$ 22,133,899
Plus capital assets	<u>6,225,084</u>	<u>-</u>	<u>6,225,084</u>
<b>NET POSITION</b>	<u>\$ 28,340,114</u>	<u>\$ 18,869</u>	<u>\$ 28,358,983</u>

**CITY OF VICTORIA, TEXAS**

DISCRETELY PRESENTED COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the year ended September 30, 2023

	Sales Tax Development Corporation	Downtown Tax Increment Reinvestment Zone No. 1	Total Governmental Component Units
<b>REVENUES</b>			
Taxes	\$ 10,205,731	\$ -	\$ 10,205,731
Investment income	973,111	-	973,111
Miscellaneous	538,330	21,107	559,437
<b>Total revenues</b>	<u>11,717,172</u>	<u>21,107</u>	<u>11,738,279</u>
<b>EXPENDITURES</b>			
Current			
General government	1,487,375	-	1,487,375
Development	2,282,106	2,238	2,284,344
Capital outlay	10,610,483	-	10,610,483
<b>Total expenditures</b>	<u>14,379,964</u>	<u>2,238</u>	<u>14,382,202</u>
Excess (deficiency) of revenues over expenditures	(2,662,792)	18,869	(2,643,923)
<b>OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	(2,662,792)	18,869	(2,643,923)
Fund balance at beginning of year	<u>24,777,822</u>	<u>-</u>	<u>24,777,822</u>
<b>Fund balance at end of year</b>	<u>\$ 22,115,030</u>	<u>\$ 18,869</u>	<u>\$ 22,133,899</u>
Reconciliation from change in fund balance to change in net position			
Change in fund balance	\$ (2,662,792)	\$ 18,869	\$ (2,643,923)
Plus (less) change in capital assets	(2,400,387)	-	(2,400,387)
<b>CHANGE IN NET POSITION</b>	<u>\$ (5,063,179)</u>	<u>\$ 18,869</u>	<u>\$ (5,044,310)</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

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These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	236
<b>Debt Capacity</b>	
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 .....	248
<b>Demographic and Economic Information</b>	
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 .....	257
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**CITY OF VICTORIA, TEXAS****NET POSITION BY COMPONENT (1)***Last ten fiscal years*

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ 88,654,073	\$ 83,609,268	\$ 84,007,457	\$ 79,038,575
Restricted	3,524,554	3,547,378	2,985,524	3,666,390
Unrestricted	<u>21,472,040</u>	<u>(794,827)</u>	<u>(2,351,962)</u>	<u>(6,865,394)</u>
<b>Total governmental activities net position</b>	<u>\$ 113,650,667</u>	<u>\$ 86,361,819</u>	<u>\$ 84,641,019</u>	<u>\$ 75,839,571</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 60,853,934	\$ 65,123,880	\$ 71,351,401	\$ 79,039,267
Unrestricted	<u>14,140,873</u>	<u>9,021,633</u>	<u>9,468,882</u>	<u>12,827,560</u>
<b>Total business-type activities net position</b>	<u>\$ 74,994,807</u>	<u>\$ 74,145,513</u>	<u>\$ 80,820,283</u>	<u>\$ 91,866,827</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 149,508,007	\$ 148,733,148	\$ 155,358,858	\$ 158,077,842
Restricted	3,524,554	3,547,378	2,985,524	3,666,390
Unrestricted	<u>35,612,913</u>	<u>8,226,806</u>	<u>7,116,920</u>	<u>5,962,166</u>
<b>Total primary government activities net position</b>	<u>\$ 188,645,474</u>	<u>\$ 160,507,332</u>	<u>\$ 165,461,302</u>	<u>\$ 167,706,398</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					
2018	2019	2020	2021	2022	2023
\$ 78,478,161	\$ 82,634,844	\$ 88,120,181	\$ 95,978,039	\$ 102,097,409	\$ 127,343,821
4,998,958	16,382,796	8,627,999	7,303,573	7,161,050	8,562,280
<u>(13,550,477)</u>	<u>(11,963,961)</u>	<u>(2,441,929)</u>	<u>6,785,078</u>	<u>20,596,516</u>	<u>15,581,376</u>
<u>\$ 69,926,642</u>	<u>\$ 87,053,679</u>	<u>\$ 94,306,251</u>	<u>\$ 110,066,690</u>	<u>\$ 129,854,975</u>	<u>\$ 151,487,477</u>
\$ 82,376,715	\$ 90,394,244	\$ 90,964,296	\$ 90,327,019	\$ 90,560,879	\$ 90,423,430
15,963,499	12,458,409	11,126,273	13,976,562	17,693,555	22,161,255
<u>\$ 98,340,214</u>	<u>\$ 102,852,653</u>	<u>\$ 102,090,569</u>	<u>\$ 104,303,581</u>	<u>\$ 108,254,434</u>	<u>\$ 112,584,685</u>
\$ 160,854,876	\$ 173,029,088	\$ 179,084,477	\$ 186,305,058	\$ 192,658,288	\$ 217,767,251
4,998,958	16,382,796	8,627,999	7,303,573	7,161,050	8,562,280
2,413,022	494,448	8,684,344	20,761,640	38,290,071	37,742,631
<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>	<u>\$ 264,072,162</u>

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental activities</b>				
Expenses				
General government	\$ 6,094,985	\$ 5,630,383	\$ 5,702,892	\$ 5,632,467
Public safety	25,286,282	27,620,120	29,460,858	35,228,278
Development	20,425,736	19,636,633	20,668,698	20,187,191
Building services	608,534	673,904	707,411	727,816
Recreation	7,602,241	7,611,173	8,463,045	7,765,906
Interest on long-term debt	4,282,847	4,402,538	4,042,068	3,751,404
Total expenses	<u>64,300,625</u>	<u>65,574,751</u>	<u>69,044,972</u>	<u>73,293,062</u>
Program revenues				
Charges for services				
General government	2,088,907	1,979,444	1,923,867	1,968,473
Public safety	4,573,392	5,075,992	4,990,585	4,960,530
Development	10,440	-	-	-
Recreation	451,590	515,531	526,245	378,505
Operating grants and contributions	3,255,156	3,961,463	4,066,404	6,829,229
Capital grants and contributions	-	407,335	4,711,910	437,611
Total program revenues	<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>
Total governmental activities net program (expense) revenue	(53,921,140)	(53,634,986)	(52,825,961)	(58,718,714)
General revenues and other changes in net position				
Taxes				
Property taxes	22,403,124	23,339,865	23,811,469	24,399,108
Sales taxes	17,692,397	17,937,136	16,555,680	14,710,140
Franchise taxes	5,308,414	5,410,432	5,175,796	5,467,551
Other taxes	2,037,318	1,933,140	1,460,082	1,618,032
Unrestricted investment earnings	130,688	115,633	219,846	340,450
Miscellaneous	809,043	972,716	1,124,591	1,046,988
Transfers	2,588,860	2,694,491	2,757,697	2,334,997
Total general revenues and other changes in net position	<u>50,969,844</u>	<u>52,403,413</u>	<u>51,105,161</u>	<u>49,917,266</u>
<b>Total governmental activities change in net position</b>	<u>\$ (2,951,296)</u>	<u>\$ (1,231,573)</u>	<u>\$ (1,720,800)</u>	<u>\$ (8,801,448)</u>

(1) Accrual basis of accounting

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 4,812,954	\$ 5,073,976	\$ 4,935,675	\$ 7,179,180	\$ 7,848,396	\$ 10,188,588
38,271,170	33,066,249	29,227,156	32,643,567	30,846,792	36,324,114
18,376,562	19,554,498	17,366,704	15,165,253	17,366,423	20,473,744
624,243	681,464	565,689	-	-	-
6,763,442	6,968,869	6,376,828	5,985,618	6,585,244	7,077,856
3,045,618	2,862,536	2,670,591	2,071,171	1,850,886	1,710,900
<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>	<u>75,775,202</u>
2,449,863	1,895,259	1,769,093	2,015,738	2,447,726	2,156,065
5,359,693	5,066,704	5,521,700	5,969,046	5,720,556	7,327,855
-	-	-	367,000	80,000	-
440,168	386,484	255,333	286,639	253,594	278,703
10,042,225	12,634,326	7,344,600	8,045,958	5,055,707	12,610,488
2,562,205	10,355,581	62,500	7,357,339	11,980,487	11,596,863
<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>	<u>33,969,974</u>
(51,039,835)	(37,869,238)	(46,189,417)	(39,003,069)	(38,959,671)	(41,805,228)
24,869,711	24,583,509	24,642,379	25,846,497	27,007,985	28,708,867
16,879,223	17,111,735	16,337,766	17,744,035	19,291,123	20,361,685
6,064,289	5,881,880	5,652,152	5,602,297	5,761,674	5,977,262
2,050,204	2,045,859	1,653,719	1,950,803	2,027,447	2,009,094
588,901	1,049,927	669,969	42,091	477,201	3,153,227
2,683,043	849,700	292,637	967,254	766,529	256,774
<u>2,699,588</u>	<u>3,473,665</u>	<u>3,303,044</u>	<u>2,610,531</u>	<u>3,415,997</u>	<u>2,970,821</u>
<u>55,834,959</u>	<u>54,996,275</u>	<u>52,551,666</u>	<u>54,763,508</u>	<u>58,747,956</u>	<u>63,437,730</u>
<u>\$ 4,795,124</u>	<u>\$ 17,127,037</u>	<u>\$ 6,362,249</u>	<u>\$ 15,760,439</u>	<u>\$ 19,788,285</u>	<u>\$ 21,632,502</u>

(continued)

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Business-type activities</b>				
Expenses				
Water/wastewater	\$ 20,553,362	\$ 20,960,979	\$ 20,894,040	\$ 20,860,229
Environmental services	4,212,510	3,743,052	5,376,450	4,003,842
Other	923,786	1,000,683	945,557	1,146,250
Total expenses	<u>25,689,658</u>	<u>25,704,714</u>	<u>27,216,047</u>	<u>26,010,321</u>
Program revenues				
Charges for services				
Water/wastewater	25,151,264	26,180,265	25,893,148	25,630,998
Environmental services	5,043,783	5,096,308	5,354,136	5,520,698
Other	395,088	365,058	408,127	418,957
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,374,311	1,630,985	4,741,062	7,592,120
Total program revenues	<u>31,964,446</u>	<u>33,272,616</u>	<u>36,396,473</u>	<u>39,162,773</u>
Total business-type activities net program (expense) revenue	6,274,788	7,567,902	9,180,426	13,152,452
General revenues and other changes in net position				
Unrestricted investment earnings	50,934	78,774	114,836	229,089
Miscellaneous	-	-	137,205	-
Transfers	(2,588,860)	(2,694,491)	(2,757,697)	(2,334,997)
Total general revenues and other changes in net position	<u>(2,537,926)</u>	<u>(2,615,717)</u>	<u>(2,505,656)</u>	<u>(2,105,908)</u>
<b>Total business-type activities change in net position</b>	<u>\$ 3,736,862</u>	<u>\$ 4,952,185</u>	<u>\$ 6,674,770</u>	<u>\$ 11,046,544</u>
<b>Total primary government change in net position</b>	<u>\$ 785,566</u>	<u>\$ 3,720,612</u>	<u>\$ 4,953,970</u>	<u>\$ 2,245,096</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					
2018	2019	2020	2021	2022	2023
\$ 19,229,647	\$ 22,292,402	\$ 24,268,652	\$ 22,226,051	\$ 20,915,429	\$ 22,772,587
4,476,014	4,557,172	4,967,876	4,585,211	4,512,471	6,008,920
1,823,340	1,943,918	1,970,956	2,043,201	2,181,599	2,114,598
<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>	<u>30,896,105</u>
25,941,351	26,363,786	26,344,859	26,209,348	27,051,814	26,613,136
5,504,057	5,638,828	5,550,497	5,719,278	6,070,752	6,179,454
1,185,929	1,313,869	1,320,692	1,535,298	1,632,159	1,814,639
-	73,931	-	184,000	-	-
3,433,015	2,884,235	200,000	-	-	1,931,128
<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>	<u>36,538,357</u>
10,535,351	7,481,157	2,208,564	4,793,461	7,145,226	5,642,252
295,333	391,750	248,041	21,876	215,075	1,658,820
366,382	113,197	84,355	8,206	6,549	-
<u>(2,699,588)</u>	<u>(3,473,665)</u>	<u>(3,303,044)</u>	<u>(2,610,531)</u>	<u>(3,415,997)</u>	<u>(2,970,821)</u>
<u>(2,037,873)</u>	<u>(2,968,718)</u>	<u>(2,970,648)</u>	<u>(2,580,449)</u>	<u>(3,194,373)</u>	<u>(1,312,001)</u>
<u>\$ 8,497,478</u>	<u>\$ 4,512,439</u>	<u>\$ (762,084)</u>	<u>\$ 2,213,012</u>	<u>\$ 3,950,853</u>	<u>\$ 4,330,251</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>	<u>\$ 25,962,753</u>

(concluded)

**CITY OF VICTORIA, TEXAS**

*PROGRAM REVENUES BY FUNCTION/PROGRAM (1)*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental activities</b>				
General government	\$ 3,346,359	\$ 3,205,473	\$ 3,469,295	\$ 3,169,811
Public safety				
Police	1,912,010	1,675,433	1,635,613	1,444,494
Fire	1,400,000	1,500,000	3,409,358	1,585,000
Ambulance	1,511,622	2,081,337	1,924,875	2,537,593
Other	57,182	214,987	151,495	2,849,624
Development	1,645,959	2,681,860	5,010,613	2,544,567
Recreation				
Parks	76,836	93,088	84,456	76,762
Library	88,191	83,410	103,093	91,657
Other	341,326	404,177	430,213	274,840
Subtotal governmental activities	<u>10,379,485</u>	<u>11,939,765</u>	<u>16,219,011</u>	<u>14,574,348</u>
<b>Business-type activities</b>				
Water/wastewater	26,525,575	27,964,535	30,634,210	32,079,626
Environmental services	5,043,783	5,124,448	5,354,136	5,520,698
Community center	243,548	211,541	256,542	263,440
700 main center	151,540	153,517	151,585	151,437
Golf course	-	-	-	1,147,572
Subtotal business-type activities	<u>31,964,446</u>	<u>33,454,041</u>	<u>36,396,473</u>	<u>39,162,773</u>
<b>Total primary government</b>	<u>\$ 42,343,931</u>	<u>\$ 45,393,806</u>	<u>\$ 52,615,484</u>	<u>\$ 53,737,121</u>

(1) Accrual basis of accounting

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,159,712	\$ 2,445,907	\$ 2,557,246	\$ 7,151,783	\$ 5,029,190	\$ 5,919,150
1,463,912	1,305,519	900,168	508,364	472,524	258,851
1,732,125	1,867,458	1,998,758	2,030,856	2,308,761	2,202,087
2,469,653	2,169,884	2,714,537	3,003,750	2,724,383	2,678,351
6,751,443	(10,419)	4,388,721	2,351,558	1,645,875	9,139,290
4,283,121	22,125,063	2,128,463	8,683,785	12,942,506	12,857,186
594,452	236,430	131,404	160,185	185,855	718,732
70,360	56,491	39,449	24,985	102,634	115,876
<u>329,376</u>	<u>142,021</u>	<u>94,480</u>	<u>126,454</u>	<u>126,342</u>	<u>80,451</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>	<u>33,969,974</u>
29,374,366	29,321,952	26,544,859	26,359,348	27,051,814	28,544,264
5,504,057	5,638,828	5,550,497	5,727,278	6,070,752	6,179,454
288,857	271,719	103,451	177,463	216,978	259,823
151,730	151,455	151,511	151,352	132,913	151,077
<u>745,342</u>	<u>890,695</u>	<u>1,065,730</u>	<u>1,232,483</u>	<u>1,282,268</u>	<u>1,403,739</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>	<u>36,538,357</u>
<u>\$ 56,918,506</u>	<u>\$ 66,613,003</u>	<u>\$ 48,369,274</u>	<u>\$ 57,689,644</u>	<u>\$ 60,292,795</u>	<u>\$ 70,508,331</u>



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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable				
Inventory	\$ 268,964	\$ 271,491	\$ 245,932	\$ 406,945
Prepaid items	-	-	-	-
Unassigned	<u>18,019,288</u>	<u>17,600,324</u>	<u>16,536,169</u>	<u>16,017,590</u>
Total general fund	<u>\$ 18,288,252</u>	<u>\$ 17,871,815</u>	<u>\$ 16,782,101</u>	<u>\$ 16,424,535</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ 1,091,077	\$ 1,102,779	\$ 1,093,523	\$ 1,146,765
Various capital projects	8,566,369	12,456,055	8,306,325	3,829,436
General government	-	-	-	-
Development	-	-	-	-
City parks	25,614	25,614	-	-
Arts, tourism and conventions	1,880,440	1,804,432	1,124,613	1,392,546
Public safety	225,488	207,063	239,608	290,386
Municipal court	94,264	96,496	89,620	83,640
Committed - special projects	-	-	-	-
Unassigned	-	-	-	(1,628,821)
Total all other governmental funds	<u>\$ 11,883,252</u>	<u>\$ 15,692,439</u>	<u>\$ 10,853,689</u>	<u>\$ 5,113,952</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 430,111	\$ 454,055	\$ 414,641	\$ 332,095	\$ 348,541	\$ 255,532
-	-	-	-	-	149,766
<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>22,854,263</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>	<u>\$ 23,259,561</u>
\$ 1,138,153	\$ 1,196,519	\$ 1,140,781	\$ 1,048,730	\$ 1,106,617	\$ 1,413,076
3,315,322	16,146,187	10,638,178	7,601,927	18,166,639	11,460,822
-	-	-	1,517	-	426,089
-	-	-	233,985	298,458	356,695
-	-	-	38,374	267,183	228,432
2,116,452	2,636,569	3,264,524	4,390,055	3,975,254	3,849,997
312,294	670,583	676,260	378,747	455,623	544,977
77,126	68,900	106,553	190,325	285,946	322,205
-	-	-	-	-	1,048,538
<u>(280,773)</u>	<u>(123,247)</u>	<u>(474,152)</u>	<u>(589,531)</u>	<u>(211,683)</u>	<u>(123,241)</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>	<u>\$ 19,527,590</u>

**CITY OF VICTORIA, TEXAS**

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

*Last ten fiscal years*

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 47,356,786	\$ 48,542,609	\$ 46,935,424	\$ 46,180,387
Licenses and permits	1,134,453	959,596	993,929	962,162
Intergovernmental	3,721,314	5,607,497	5,884,971	6,715,742
Charges for services	2,162,871	2,259,027	2,310,974	2,858,658
Fines and forfeitures	1,600,630	1,432,225	1,382,718	1,310,473
Investment earnings net of change in fair value of investments	112,300	95,883	193,779	301,599
Miscellaneous	2,003,817	1,107,333	3,951,250	1,863,789
Total revenues	<u>58,092,171</u>	<u>60,004,170</u>	<u>61,653,045</u>	<u>60,192,810</u>
Expenditures				
Current				
General government	5,309,532	4,565,527	4,978,458	4,539,491
Public safety	25,206,138	27,001,802	27,679,581	30,569,480
Development	10,704,794	8,058,818	9,469,796	7,812,905
Building services	606,761	621,326	675,935	612,441
Recreation	7,632,206	7,147,774	7,855,287	7,114,163
Capital outlay	4,516,213	6,397,159	11,042,655	6,770,342
Debt service				
Principal retirement	5,410,000	7,505,000	7,020,000	7,285,000
Interest and fiscal charges	4,103,190	3,993,868	3,908,294	3,709,168
Paying agents' fees and issue costs	162,207	316,999	91,745	12,120
Total expenditures	<u>63,651,041</u>	<u>65,608,273</u>	<u>72,721,751</u>	<u>68,425,110</u>
Excess (deficiency) of revenues over expenditures	(5,558,870)	(5,604,103)	(11,068,706)	(8,232,300)
Other financing sources (uses)				
Debt issued	9,095,000	17,715,000	2,445,000	-
Premium on issuance of bonds	50,222	1,400,250	137,545	-
Payment to escrow	-	(12,812,888)	-	-
Sale of capital assets	-	-	-	-
Transfers in	5,984,682	11,012,236	8,654,033	8,991,599
Transfers out	(3,405,699)	(8,317,745)	(6,096,336)	(6,856,602)
Total other financing sources (uses)	<u>11,724,205</u>	<u>8,996,853</u>	<u>5,140,242</u>	<u>2,134,997</u>
Change in fund balances	<u>\$ 6,165,335</u>	<u>\$ 3,392,750</u>	<u>\$ (5,928,464)</u>	<u>\$ (6,097,303)</u>
Debt service as a percentage of noncapital expenditures	<u>17.46%</u>	<u>20.46%</u>	<u>18.42%</u>	<u>18.05%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 49,832,219	\$ 50,276,779	\$ 48,859,441	\$ 51,565,754	\$ 54,367,516	\$ 57,087,869
1,569,257	1,054,913	903,703	1,093,992	1,124,895	1,080,175
12,768,065	15,194,658	5,878,679	12,119,961	8,458,902	14,610,517
2,814,566	2,523,737	2,788,246	3,089,554	3,149,540	3,106,323
1,151,330	1,006,535	771,491	795,777	792,932	811,285
539,947	997,669	641,185	39,330	438,830	2,907,580
3,260,642	11,382,448	1,572,172	1,766,227	12,238,056	7,655,852
<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>	<u>87,259,601</u>
4,066,845	4,151,807	4,641,059	6,991,891	7,407,167	9,335,693
35,206,421	31,749,967	30,608,851	34,557,402	33,523,307	38,614,700
6,616,191	7,804,797	9,504,129	8,896,581	9,327,182	10,154,698
534,738	630,312	553,205	-	-	-
5,990,263	6,926,732	6,422,781	6,228,270	6,555,019	6,891,249
5,070,953	10,557,087	6,586,524	5,647,647	9,002,138	21,300,175
8,070,000	7,770,000	10,090,000	7,245,000	7,960,000	8,320,000
2,853,773	2,933,928	2,541,862	2,161,158	1,918,514	1,705,049
286,440	9,510	247,906	4,600	12,455	79,461
<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>	<u>96,401,025</u>
3,240,402	9,902,599	(9,781,400)	(1,261,954)	4,864,889	(9,141,424)
21,880,000	1,479,113	11,400,000	-	291,991	2,843,013
3,261,804	-	930,355	-	-	171,165
(24,863,501)	-	(10,076,560)	-	-	-
-	-	-	-	842,152	-
8,714,852	8,109,346	10,162,482	10,303,161	13,316,931	13,525,882
<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>(10,755,061)</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>5,784,999</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>\$ (3,356,425)</u>
<u>17.34%</u>	<u>17.92%</u>	<u>20.13%</u>	<u>14.84%</u>	<u>15.50%</u>	<u>14.59%</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>
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
2023	28,518,134	249,904	5,977,262	20,361,685	1,863,391
Change 2014-2023	28.91%	13.45%	12.60%	15.09%	-3.78%

(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 FY2015 and FY2016 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 since FY2020 but not yet to pre-pandemic levels.

Sales tax revenue decreased in FY2016 and FY2017 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. From FY2021 to FY2023, the City experienced an increase in sales tax receipts due to re-opening of businesses, various stimulus programs, and inflation.

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<u>Other</u>	<u>Total</u>
\$ 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
117,493	57,087,869
55.31%	20.55%

**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
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
2023	2022	3,679,243,899	1,445,674,356	46,671,734	865,911,400	116,012,700

(1) Includes tax-exempt property

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

SOURCE: Victoria County Appraisal District

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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
\$ 733,221,635	\$ 3,736,222,546	\$ 0.5996	\$ 3,736,222,546	100.00%
778,151,269	3,979,855,103	0.5840	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%
991,034,831	5,162,479,258	0.5582	5,162,479,258	100.00%



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

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Fiscal Year	City Direct Rates			Overlapping Rates		
	Debt Service	General Fund	Total	School District	Junior College	Navigation District
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
2023	0.2127	0.3455	0.5582	1.0542	0.1959	0.0288

SOURCE: Victoria County Appraisal District

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Overlapping Rates			
Victoria County	Road and Bridge	Ground Water District	Total
\$ 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
0.3329	0.0605	0.0080	1.6803

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

2023		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Haliburton Manufacturing & LC	\$ 125,978,670	2.44%
AEP Texas Central Co.	64,225,530	1.24%
Caterpillar, Inc.	58,438,970	1.12%
Victoria of Texas, L.P.	31,956,210	0.62%
Victoria WLE, L.P.	30,537,080	0.59%
Haliburton Energy Services	25,767,490	0.50%
Victoria City Power, LLC	25,665,000	0.50%
Performance Food Group	21,078,340	0.41%
Victoria Texas Apartments, LLC	20,430,610	0.40%
Berry Global Inc	19,582,260	0.38%
	<u>\$ 423,660,160</u>	<u>8.20%</u>

2014		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Victoria WLE, L.P.	\$ 39,533,798	1.06%
EES Leasing, L.L.C	31,869,530	0.85%
Integrated Production Services	29,430,890	0.79%
Halliburton Energy Services	29,277,230	0.78%
AEP Texas Central Co.	25,608,520	0.69%
Victoria Hospital, L.L.C.	20,332,630	0.54%
Remington Apartments	18,848,370	0.50%
Wal-Mart Stores Texas LP	17,891,850	0.48%
Caterpillar, Inc.	17,021,840	0.46%
James A. Wayne	16,958,690	0.45%
	<u>\$ 246,773,348</u>	<u>6.60%</u>

SOURCE: Victoria County Tax Assessor/Collector

**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>
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%
2023	28,747,834	(41,416)	28,706,418	28,298,386	98.58%

NOTE: The information above is presented to illustrate the City's ability to collect the amount it levies for fiscal

SOURCE: City of Victoria  
 Victoria County Tax Assessor/Collector

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 331,295	\$ 22,209,012	99.81%
117,692	22,832,912	99.74%
298,583	23,613,580	99.61%
418,012	24,266,283	99.44%
445,118	24,874,095	99.59%
943,756	25,589,386	99.50%
837,560	26,064,509	99.49%
937,253	26,566,685	99.49%
485,559	27,473,221	99.20%
-	28,298,386	98.58%

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


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<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>
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
2023	4,077,394,000	3,374,953,000	702,441,000	17.23%	2,063,900,000

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
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
18.21	2.25	22.68	2.50

**CITY OF VICTORIA, TEXAS**

**WATER AND SEWER RATES**

*Last ten fiscal years*

	Fiscal Year			
	2014	2015	2016	2017
<b>Water Rates (per 2,000 gallons)</b>				
Base Rate (meter size)				
¾"	\$ 17.96	\$ 18.21	\$ 18.21	\$ 18.21
1"	44.92	45.55	45.55	45.55
1½"	89.82	91.07	91.07	91.07
2"	143.72	145.72	145.72	145.72
3"	287.44	291.44	291.44	291.44
4"	449.12	455.37	455.37	455.37
6"	898.23	910.73	910.73	910.73
8"	2,874.33	2,913.33	2,913.33	2,913.33
10"	4,491.14	4,553.64	4,553.64	4,553.64
<b>Water usage rate (1,000 gallons increments)</b>				
0-2	-	-	-	-
3-7	1.67	1.92	1.92	1.92
3-10	-	-	-	-
8-18	1.83	2.08	2.08	2.08
11-25	-	-	-	-
19-50	2.15	2.40	2.40	2.40
>25	-	-	-	-
51-75	2.40	2.65	2.65	2.65
76-100	2.55	2.80	2.80	2.80
>100	2.70	2.95	2.95	2.95
<b>Sewer Rates (per 2,000 gallons)</b>				
¾"	22.43	22.68	22.68	22.68
1"	56.08	56.71	56.71	56.71
1½"	112.19	113.44	113.44	113.44
2"	179.48	181.48	181.48	181.48
3"	358.97	362.97	362.97	362.97
4"	560.88	567.13	567.13	567.13
6"	1,121.75	1,134.25	1,134.25	1,134.25
8"	3,589.61	3,629.61	3,629.61	3,629.61
10"	5,608.77	5,670.27	5,670.27	5,670.27
<b>Sewer usage rate (1,000 gallons increments)</b>				
0-2	-	-	-	-
3-7	2.22	2.47	2.47	2.47
3-10	-	-	-	-
8-18	2.27	2.52	2.52	2.52
11-25	-	-	-	-
19-50	2.32	2.57	2.57	2.57
>25	-	-	-	-
51-75	2.37	2.62	2.62	2.62
76-100	2.52	2.77	2.77	2.77
>100,000	2.67	2.92	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					
		2018	2019	2020	2021	2022	2023
\$	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		-		-		-
	-		2.25		2.25		2.25
	2.08		-		-		-
	-		2.50		2.50		2.50
	2.40		-		-		-
	-		3.15		3.15		3.15
	2.65		-		-		-
	2.80		-		-		-
	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		-		-		-
	-		2.50		2.50		2.50
	2.52		-		-		-
	-		2.55		2.55		2.55
	2.57		-		-		-
	-		2.75		2.75		2.75
	2.62		-		-		-
	2.77		-		-		-
	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*

2023			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Citizens Medical Center	Hospital	34,318	0.37%
Autumn Park	Apartment Complex	35,186	0.27%
Victoria County Jail	Government	23,309	0.25%
Creekstone Ranch	Apartment Complex	22,285	0.24%
Mockingbird Apartments	Apartment Complex	16,519	0.18%
Caterpillar	Facility	16,243	0.18%
Detar Hospital	Hospital	15,809	0.17%
Pinnacle Pointe	Apartment Complex	15,382	0.17%
Silvermine Apartments	Apartment Complex	14,999	0.16%
Victoria Station	Apartment Complex	13,392	0.15%
2014			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Citizens Medical Center	Hospital	46,677	1.33%
Caterpillar	Factory	31,449	89.00%
Detar Hospital	Hospital	26,591	0.76%
Victoria County Jail	Government	20,463	0.58%
Autumn Park	Apartments	20,361	0.58%
University of Houston	School	18,056	0.51%
Pinnacle Pointe	Apartments	17,261	0.49%
Creekstone	Apartments	16,611	0.47%
Victoria College	School	14,460	0.41%
Mockingbird Apartments	Apartments	14,065	0.40%

SOURCE: City of Victoria Utility Billing Office

**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
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
2023	10,655,000	26,835,000	3,478,287	1,958,209	965,603

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</u>	<u>Percentage</u>	<u>Per</u>
<u>Revenue</u>	<u>Plus:</u>	<u>Financed</u>	<u>Right-to-Use</u>	<u>Primary</u>	<u>of Personal</u>	<u>Capita</u>
<u>Bonds</u>	<u>Issuance</u>	<u>Purchases</u>	<u>Leases</u>	<u>Government</u>	<u>Income</u>	
	<u>Premiums</u>					
\$ 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	1.64%	1,352
42,265,000	4,278,643	84,315	611,056	91,131,113	N/A	1,396

**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	
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
2023	10,655,000	26,835,000	3,478,287	40,968,287	1,413,076

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

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

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

N/A denotes information not available.

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

SOURCE: City of Victoria

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<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 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
39,555,211	0.77%	606

**CITY OF VICTORIA, TEXAS***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**(UNAUDITED)**September 30, 2023*


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	<u>Gross Debt Outstanding</u>		<u>Percentage</u>	<u>Amount</u>
	<u>Date</u>	<u>Amount</u>	<u>Applicable</u>	<u>Applicable</u>
			<u>To City</u>	<u>To City</u>
Direct Debt:				
City of Victoria	9/30/2023	<u>\$ 43,892,099</u>	100.00%	<u>\$ 43,892,099</u>
Overlapping Debt:				
Victoria County	9/30/2023	35,720,000	60.16%	21,489,152
Victoria County Junior College District	9/30/2023	25,530,000	60.16%	15,358,848
Victoria Independent School District	9/30/2023	<u>104,535,000</u>	66.35%	<u>69,358,973</u>
Total Overlapping Debt		<u>165,785,000</u>		<u>106,206,973</u>
Total		<u>\$ 209,677,099</u>		<u>\$ 150,099,072</u>

(1) Includes general obligation bonds, certificates of obligation, issuance premiums, financed purchases, and Right-to-Use leases.

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

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

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 186,811,127	\$ 198,992,755	\$ 208,941,119	\$ 208,707,476
Total net debt applicable to limit	<u>96,348,923</u>	<u>94,657,221</u>	<u>90,091,477</u>	<u>90,038,235</u>
Legal debt margin	<u>\$ 90,462,204</u>	<u>\$ 104,335,534</u>	<u>\$ 118,849,642</u>	<u>\$ 118,669,241</u>
Total net debt applicable to the limit as a percentage of debt limit	51.58%	47.57%	43.12%	43.14%

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 211,498,485	\$ 204,176,555	\$ 211,499,654	\$ 214,943,157	\$ 232,743,804	\$ 258,123,963
<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>36,076,924</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>	<u>\$ 222,047,039</u>
34.78%	32.20%	27.24%	23.47%	18.23%	13.98%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 5,162,479,258
Debt limit	258,123,963
Debt applicable to limit	
General obligation bonds	37,490,000
Less: Debt Service Fund Balance	<u>1,413,076</u>
Total amount of debt applicable to debt limit	<u>36,076,924</u>
Legal debt margin	<u>\$ 222,047,039</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
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
2023	27,746,367	12,358,255	15,388,112	2,737,194

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

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

"Direct Operating Expenses" is defined as all operating expenses of the Water and Wastewater Fund (which does not include capital outlays or interest expense) less depreciation and amortization.

SOURCE: City of Victoria

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Water and Sewer Revenue Bonds

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Subordinate Bonds			
Average Debt			
<u>Service</u>		<u>Priority Bonds</u>	<u>Subordinate Bonds</u>
<u>Requirements</u>		<u>Coverage</u>	<u>Coverage</u>
\$	-	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
	-	5.62	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>
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	5,375,580	59,030	13,193	4.2%
2023	65,297	N/A	N/A	13,301	4.1%

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  
(4) U.S. Department of Labor

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

2023		
Employer	Employees	Percentage of Total Area Employment
Formosa Plastics	3,400	8.21%
Victoria Independent School District	2,025	4.89%
The Inteplast Group	1,248	3.01%
Citizens Medical Center	1,220	2.94%
DeTar Healthcare System	775	1.87%
City of Victoria	654	1.58%
Calhoun Independent School District	634	1.53%
Invista	600	1.45%
Caterpillar - NAHEX Victoria	600	1.45%
DOW - Seadrift Operations	587	1.42%
	<u>11,743</u>	<u>28.35%</u>

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

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			
	2014	2015	2016	2017
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	3	3	3	3
Public safety				
Police	158	156	159	159
Fire	117	129	130	130
Inspections	10	10	10	10
Code enforcement	5	5	5	5
Traffic control	9	9	9	9
Highways and streets				
Engineering	9	9	9	9
Streets and drainage	31	28	27	27
Culture and recreation				
Parks and recreation	41	40	39	39
Public library	27	27	27	27
Main Street				
Main Street program	-	-	-	-
Economic development	-	-	-	-
Water/wastewater	95	95	95	95
Riverside Park Golf Course	-	-	-	-
Community center	7	6	7	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	4	4	4	4
<b>Total</b>	<b><u>613</u></b>	<b><u>618</u></b>	<b><u>621</u></b>	<b><u>621</u></b>

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

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

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

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

\* 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					
2018	2019	2020	2021	2022	2023
10	10	11	13	14	13
4	4	4	4	3	3
6	7	7	7	9	10
5	5	5	5	5	5
4	4	4	4	5	5
5	5	5	5	5	5
2	2	3	2	2	2
4	4	4	4	4	4
10	10	10	-	-	-
3	3	3	3	4	4
3	3	3	5	5	7
161	162	162	168	167	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
8	8	8	7	6	7
27	27	29	29	29	29
38	36	36	30	30	31
27	27	27	27	25	25
-	-	-	1	2	2
-	-	-	-	-	2
95	95	95	95	95	97
-	10	10	10	10	11
7	7	7	7	7	7
24	23	23	29	28	31
2	1	1	1	2	2
-	-	-	10	11	11
10	10	10	10	10	11
1	-	-	-	-	-
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	-	-	-
4	4	4	4	4	4
<u>621</u>	<u>628</u>	<u>632</u>	<u>639</u>	<u>641</u>	<u>654</u>

\* 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.

\* Fiscal year 2022 includes the addition of 1 Specials Project City manager, 1 HR training specialist, 1 City Secretary Administrative Assistant, reorganized police officer to assistant deputy chief, 1 downtown coordinator Reorganized public works specialist into assistant director, 1 Building services project manager, 1 custodian, and 2 grant specialists Eliminated 1 legal administrative assistant, 1 police clerk, 1 city engineer, 1 library assistant and 1 clerk, and 1 solid waste manager

\*Fiscal Year 2023 Economic Development: Reorganized (1) Director from City Manager. Added (1) Budget Analyst, (2) Administrative Assistants, (1) Design Engineer, (1) Licensed Police Sergeant, (1) Clubhouse Supervisor (2) Street Sweepers, (1) Automated Driver, (2) Right-of-Way Workers, and (1) SCADA Technician Reorganized (1) part-time admin to full-time, (1) Public Records Supervisor to Communications and Public Affairs, and (1) Telecommunications Operator from Civilian Dispatch to Civilian Police Crime Scene Unit Supervisor

**CITY OF VICTORIA, TEXAS**

*OPERATING INDICATORS BY FUNCTION/PROGRAM*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2014	2015	2016	2017
General government				
Building permits issued	2,376	2,029	1,565	2,207
Building inspections conducted	10,380	8,438	6,799	4,354
Birth certificates registered	2,142	2,386	2,181	2,054
Death certificates registered	968	1,046	1,002	970
Birth certificates issued	5,475	6,035	6,104	5,820
Death certificates issued	981	945	878	729
Public safety				
Police				
Physical arrests	4,095	3,948	3,257	3,005
Parking violations	409	129	202	293
Traffic violations	13,061	9,391	8,255	8,867
Warrants issued	3,608	2,717	2,364	2,223
Fire				
Total Incidents	9,042	9,796	9,773	11,179
Fires	204	166	163	209
Rescue/Emergency Medical	8,838	9,630	9,610	6,591
False Alarms	358	398	315	428
Inspections	1,906	1,917	2,747	2,006
Fire Investigations	-	-	-	-
Streets and highways				
Street resurfacing (linear feet)	66,000	42,155	107,000	45,000
Culture and recreation				
Community center admissions (event contracts)				
Dome	118	112	104	95
Annex	96	94	90	85
Arena	58	43	57	45
Library				
Number of items	148,232	154,109	143,551	130,920
Circulation	373,153	363,927	375,587	352,956
Gate count	232,196	225,689	245,477	214,278
Water and wastewater				
Water				
Active water connections	22,923	23,136	22,802	22,966
Active sewer connections	21,230	21,395	21,254	21,455
Active garbage accounts	19,490	19,674	19,630	19,668
Average daily consumption (pumped) (in 000's)	9,629	8,972	8,972	8,672
Peak monthly consumption (in 000's)	434,515	382,831	403,289	369,898
Wastewater				
Average daily sewage treatment	5,842,333	7,100,000	7,130,000	6,620,500
Environmental services				
Refuse collection				
Refuse collected (tons per month)	N/A	N/A	N/A	N/A
Landfill tonnage accepted	140,102	143,081	148,578	162,324
Recyclables collected (tons per year)	3,191.00	3,141.00	2,796.00	2,330.00

NOTES: 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.

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.

N/A denotes information not available

SOURCE: Various City departments



Fiscal Year					
2018	2019	2020	2021	2022	2023
5,920	2,109	1,885	3,073	2,040	3,646
6,984	6,293	2,109	5,308	8,068	6,916
1,956	1,933	1,906	1,906	1,964	1,921
1,036	1,118	1,272	1,272	1,219	1,128
6,478	7,432	6,371	7,182	6,694	7,247
1,216	1,607	1,432	1,723	1,838	2,887
2,862	3,336	2,591	2,190	2,374	2,712
243	317	127	191	113	31
8,650	7,888	3,497	4,193	3,807	3,533
2,069	1,977	2,013	2,038	2,355	2,030
11,046	11,248	11,561	5,063	12,845	13,235
186	415	394	212	510	401
6,370	7,873	8,179	4,384	8,915	9,517
383	616	657	297	745	663
2,329	2,008	1,774	1,774	1,186	2,165
75	67	115	101	78	41
119,722	75,600	340,240	340,215	361,800	78,300
120	126	54	85	126	111
85	105	62	119	132	145
48	49	7	24	28	40
135,487	151,382	117,185	102,368	148,295	262,124
327,394	368,526	25,800	276,009	233,700	374,500
198,207	196,602	133,907	93,181	90,500	140,238
22,919	22,989	23,135	23,252	23,392	23,558
21,397	21,468	21,586	21,912	22,371	22,195
19,665	19,828	19,864	22,408	20,087	20,189
8,224	9,457	9,713	8,814	9,228	11,171
401,860	423,127	360,905	310,896	284,747	465,730
5,874,750	6,158,000	5,500,000	6,364,789	8,661,083	5,684,561
N/A	N/A	N/A	N/A	1,990	1,966
212,231	180,243	172,945	160,716	182,654	234,684
553.00	450.00	1,028	1,452	1,721	684

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.

2023 Library is reaching pre covid statistics due to implementation of Texas Cloud Link, increased use of meeting rooms, and increased programs and initiatives. Sewage treatment is lower due to average weather.

**CITY OF VICTORIA, TEXAS**

*CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2014	2015	2016	2017
General government				
Buildings	3	3	3	3
Public safety				
Police				
Stations	1	1	1	1
Patrol units	36	33	32	32
Fire stations	5	6	6	6
Highways and streets				
Streets (miles)	314.51	321.81	322.35	325.80
Streetlights	4550	4676	4763	4788
Traffic signals	86	88	89	88
School zone flashers	61	61	61	61
Culture and recreation				
Acreage	888.0	888.0	888.0	888.0
Playgrounds	16	16	16	16
Splashpads	1	1	2	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	380	386.2	389.9
Wastewater				
Sanitary sewers (miles)	349.2	349.2	349.2	355.3
Storm sewers (miles)	452	452	452	452
Environmental services				
Refuse collection				
Garbage collection trucks	8	9	9	9
Brush and large item collection trucks	4	4	4	4
Yard waste collection trucks	4	4	4	4
Recycling collection trucks	1	1	1	1

NOTE: N/A denotes information not available

SOURCE: Various City departments

Fiscal Year						
2018	2019	2020	2021	2022	2023	
3	3	3	3	3	3	3
1	1	1	1	1	1	1
39	34	36	36	36	36	36
6	6	6	6	6	6	6
323.83	323.83	323.83	323.83	323.83	342.40	342.40
4598	4686	4686	4686	4765	4767	4767
89	90	90	92	92	92	92
61	51	51	58	58	58	58
888.0	888.0	888.0	888.0	900.0	900.0	900.0
12	13	12	11	11	16	16
3	3	3	3	3	3	3
19	19	19	19	19	19	19
1	1	1	1	1	1	1
1	1	1	1	1	1	1
394.08	397.19	400.26	401.42	404.28	407.81	407.81
355.3	358	355.3	359.79	361.02	351.35	351.35
452	452	452	452	452	452	452
9	9	8	8	9	10	10
4	5	4	3	4	4	4
4	4	4	4	4	4	4
1	1	2	2	2	2	2

**SINGLE AUDIT SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Victoria, Texas (the "City") as of and for the year ended September 30, 2023, 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 22, 2024. The financial statements of the Sales Tax Development Corporation, Downtown Tax Increment Reinvestment Zone No. 1, 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 22, 2024



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

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

Report on Compliance for Each Major Federal Program

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, 2023. 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, 2023.

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.

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

### 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.

*Harrison, Waldrop & Uherek, LLP*

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

April 22, 2024

**CITY OF VICTORIA, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended September 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Other Award Number
<b>FEDERAL EXPENDITURES</b>		
<b>U. S. Department of Housing and Urban Development</b>		
<i>Direct Program</i>		
Community Development Block Grant	14.218	B-22-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
<i>Passed Through the Texas General Land Office</i>		
Community Development Block Grant	14.228	20-066-007-C041
Community Development Block Grant	14.228	20-065-055-C165
Total passed through Texas General Land Office		
<i>Subtotal Federal Assistance Listing No. 14.228</i>		
<i>Passed through the Texas Department of Housing and Community Affairs</i>		
Home Investment Partnerships Program	14.239	M-19-SG-48-0100
Total U.S. Department of Housing and Urban Development		
<b>U. S. Department of Transportation</b>		
<i>Passed Through the Texas Department of Transportation</i>		
Highway Planning and Construction	20.205	50-23XF0023
State and Community Highway Safety	20.600	2023-VictoriaPD-S-1YG-00138
Total U.S. Department of Transportation		
<b>U. S. Department of the Treasury</b>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19
Total U.S. Department of the Treasury		
<b>U. S. Department of Justice</b>		
<i>Direct Program</i>		
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0219
<i>Passed Through the Office of the Governor</i>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02660-JAGX
Total U.S. Department of Justice		
<b>TOTAL FEDERAL EXPENDITURES</b>		

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ -	\$ 677,504	\$ 677,504	\$ -	CDBG-Entitlement Grants Cluster	
18,039	-	18,039	-		
313,430	-	313,430	-		
4,559,566	-	4,559,566	-		
4,872,996	-	4,872,996	-		
4,891,035	-	4,891,035	-		
776,190	-	776,190	-		
5,667,225	677,504	6,344,729	-		
259,444	-	259,444	-	Highway Planning and Construction Cluster	
11,804	-	11,804	-	Highway Safety Cluster	
271,248	-	271,248	-		
-	3,938,475	3,938,475	-		
-	3,938,475	3,938,475	-		
-	5,317	5,317	-		
12,616	-	12,616	-		
12,616	5,317	17,933	-		
5,951,089	4,621,296	10,572,385	-		

(continued)

**CITY OF VICTORIA, TEXAS**

*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS*

*For the year ended September 30, 2023*

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Other Award Number
<b>STATE EXPENDITURES</b>		
<b>Operation Lone Star</b>		
Operation Lone Star	N/A	4383701
Operation Lone Star	N/A	4383702
Total Operation Lone Star		
<b>Local Border Security Program</b>		
Local Border Security Program	N/A	4497801
<b>Law Enforcement Officers Standards and Education</b>		
Training Grant	N/A	N/A
<b>Texas Department of Motor Vehicles</b>		
<i>Passed Through the Motor Vehicle Crime Prevention Authority</i>		
Automobile Theft Grant	N/A	608-23-2350100
Automobile Theft Grant	N/A	608-24-2350100
Total Texas Department of Motor Vehicles		
<b>Texas Commission on Environmental Quality</b>		
Rider 7 Local Air Quality Planning Grant	N/A	582-20-11975
<b>Texas State Library and Archives Commission</b>		
Humanities Grant	N/A	2021-6520
<b>Texas Parks and Wildlife</b>		
Local Parks Grant Program	N/A	50-000518
<b>TOTAL STATE EXPENDITURES</b>		
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>		

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

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 240,183	\$ -	\$ 240,183	\$ -		
15,388	-	15,388	-		
<u>255,571</u>	<u>-</u>	<u>255,571</u>	<u>-</u>		
10,000	-	10,000	-		
17,229	-	17,229	-		
125,702	-	125,702	-		
11,284	-	11,284	-		
<u>136,986</u>	<u>-</u>	<u>136,986</u>	<u>-</u>		
-	129,383	129,383	-		
-	15,680	15,680	-		
-	621,509	621,509	-		
419,786	766,572	1,186,358	-		
<u>\$ 6,370,875</u>	<u>\$ 5,387,868</u>	<u>\$ 11,758,743</u>	<u>\$ -</u>		

(concluded)

**CITY OF VICTORIA, TEXAS**

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

*For the year ended September 30, 2023*

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the City, under programs of the federal government for the year ended September 30, 2023 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, 2023

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes  no

Identification of major programs:

*Federal Assistance*

<i>Listing No.(s)</i>	<i>Name of Major Programs or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.239	Home Investment Partnerships Program

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

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted

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

None noted

**CITY OF VICTORIA, TEXAS**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*For the year ended September 30, 2023*

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None were reported.