

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL REPORT
PRO FORMA SCHEDULE OF WORKING CAPITAL POSITION
FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF JUNE 30, 2015

	Fiscal Year 2014-15 Original Budget	Fiscal Year 2014-15 Amended Budget	Fiscal Year 2014-15 Encumbered & Actual To Date (a)	Fiscal Year 2014-15 Projected Actual
BEGINNING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 4,460,481	\$ 4,543,400	\$ 4,543,400	\$ 4,543,400
Designated Fund Balance - Outstanding Projects	-	12,190,717	12,190,717	12,190,717
Reserved Fund Balance	-	-	-	-
TOTAL FUND BALANCE, OCTOBER 1	\$ 4,460,481	\$ 16,734,116	\$ 16,734,116	\$ 16,734,116
REVENUES				
Sales Tax Receipts	\$ 8,859,756	\$ 8,859,756	\$ 6,874,141	\$ 9,108,141
Interest Income	25,000	25,000	17,237	35,000
Miscellaneous Income	24,700	24,700	18,683	24,700
Transfer from City of Victoria CIP	-	-	669,226	669,226
Total Revenues	\$ 8,909,456	\$ 8,909,456	\$ 7,579,287	\$ 9,837,067
TOTAL FUNDS AVAILABLE	\$ 13,369,937	\$ 25,643,572	\$ 24,313,403	\$ 26,571,183
EXPENDITURES				
Debt Service	\$ 1,070,588	\$ 1,070,588	\$ 1,070,988	\$ 1,070,988
VEDC Programs	384,000	384,000	384,000	384,000
Administrative & Maintenance Costs	358,490	360,428	60,428	360,428
Utilities Projects	7,188,638	15,422,369	3,427,611	15,269,901
Economic Development Projects	-	25,000	-	25,000
Street, Sidewalk, Drainage & Other Infrastructure	250,000	4,180,047	1,931,041	4,086,939
Total Expenditures	\$ 9,251,716	\$ 21,442,433	\$ 6,874,067	\$ 21,197,256
ENDING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Reserved for Approved Project Balances	-	-	15,649,618	-
Reserved for VSTDC Economic Incentives	2,765,000	2,765,000	1,789,717	2,765,000
Reserved for Future CIP Program	353,221	436,140	-	1,608,927
TOTAL FUND BALANCE, DECEMBER 31	\$ 4,118,221	\$ 4,201,140	\$ 17,439,335	\$ 5,373,927

(a) "Encumbered & Actual to Date" includes both encumbered amounts and actual expenditures. Encumbrances include purchase orders, contracts and other commitments for the expenditure of monies and are recorded in order to reserve that portion of the applicable appropriation.

Comments on the VSTDC's Pro Forma Schedule of Working Capital can be found on the following page.

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION (VSTDC)
VSTDC QUARTERLY FINANCIAL REPORT – EXECUTIVE SUMMARY
AS OF JUNE 30, 2015

The following comments will address the main issues associated to the VSTDC's financial status as of June 30, 2015:

- The “audited” Fiscal Year 2014 ending “Undesignated Fund Balance” came in at \$4,543,400 compared to the projected Fiscal Year 2014 ending “Undesignated Fund Balance”, calculated back in mid-September 2014, of \$4,460,481. This equates to an increase of \$82,919, or a favorable variance of 1.86%, as a result of actual sales tax revenues coming in slightly higher than expected.
- As of June 30, 2015, the Fiscal Year 2015 expenditure budget has been amended by \$12,190,717 for the carryover of contract balances outstanding as of September 30, 2014.
- As of June 30, 2015, the “Fiscal Year 2014-15 Encumbered & Actual to Date” column for the “Sales Tax Receipts” reflects the first nine payments of the fiscal year. These receipts total \$6,874,141, which is \$280,141 or 4.25% above the budgeted amount of \$6,594,000 through the third quarter.
- As of June 30, 2015, the “Total Fund Balance” is \$17,439,335, of which \$15,649,618 will be reserved for the current outstanding project balances and the remaining \$1,789,717 will be reserved for future VSTDC Economic Incentives.
- The “Fiscal Year 2014-15 Projected Actual” for total revenue, as of June 30, 2015, is expected to come in at \$9,837,067, which is \$927,611 or 10.41% above the budgeted amount due to the following:
 - a) The projected sales tax receipt revenue is estimated to come in \$248,385 higher than budgeted. Even though the first nine months of sales tax receipts are coming in above budget, most of the positive variance was experienced in the first couple of months of the Fiscal Year while the more recent months have either been around the budgeted number or even below. The projection includes the remaining three months of receipts hitting the average of the last three years’ actual receipt amount for each month.
 - b) The projected interest income is estimated to come in \$10,000 higher than budgeted.
 - c) The Transfers from Construction revenue is expected to come in \$669,226 over budget. The following projects were approved in prior years and have been closed out this fiscal year so the remaining VSTDC funds will be returned for future reallocation.
 - \$239,239 from the Lone Tree Road – Stockbauer to Lone Tree Creek Reconstruction project
 - \$429,987 from the Downtown Utility Phase III Projects # 3 & 4 Construction project
- The “Fiscal Year 2014-15 Projected Actual” for total expenses, as of June 30, 2015, is expected to come in at \$21,197,256, which is \$245,177 or 1.14% below the amended budget due to the following:
 - a) The total Debt Service costs for Fiscal Year 2014 – 2015 is expected to come in \$400 higher than budgeted. The original budget of \$1,070,588 included the principal and interest payments but did not account for the annual paying agent fees paid to Wells Fargo to facilitate the distribution of debt service payments.
 - b) The Downtown Utility Phase IV Projects # 1, 2 & 3 Engineering project will come in \$152,469 lower than budgeted. This current year project has been completed and the leftover funds can be reallocated for future projects.
 - c) The Traffic Signal – Carriage Drive and Mockingbird project will come in \$93,108 lower than budgeted. This current year project has been completed and the leftover funds can be reallocated for future projects.

**CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION (VSTDC)
VSTDC QUARTERLY FINANCIAL REPORT – EXECUTIVE SUMMARY
AS OF JUNE 30, 2015 - CONTINUED**

The following comments will address the main issues associated to the VSTDC’s financial status as of June 30, 2015:

- As of June 30, 2015, the projected year-end Fiscal Year 2015 VSTDC total fund balance is estimated to come in at \$5,373,927, which is \$1,255,706 over the original Fiscal Year 2015 VSTDC total Fund Balance of \$4,118,221. The reasons for the increase are the following:
 - a) The Fiscal Year 2014 audited Undesignated Fund Balance came in \$82,919 higher than the original Undesignated Fund Balance,
 - b) As of June 30, 2015, the Fiscal Year 2015 projected revenues are expected to come in over the original budget by \$927,611; and,
 - c) As of June 30, 2015, the Fiscal Year 2015 projected expenses are expected to come in under the amended budget by \$245,177.

Over all, the Victoria Sales Tax Development Corporation’s financial position is healthy as of June 30, 2015.

Comments addressing the budgeted revenue and expenditure “variances”, as of June 30, 2015, are addressed on the following pages of the VSTDC Quarterly Financial Report.

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL REVENUE REPORT
FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF JUNE 30, 2015

	Fiscal Year 2014-15 Original Budget	Fiscal Year 2014-15 Amended Budget	Fiscal Year 2014-15 Actual Year to Date	Percent of Amended Budget Collected	Benchmark Amount / Percentage	Amount Over (Under) Benchmark Amount		Fiscal Year 2014-15 Projected Actual
REVENUES:								
Sales Tax Receipts	\$ 8,859,756	\$ 8,859,756	\$ 6,874,141	77.59%	\$ 6,594,000	\$ 280,141	(a)	\$ 9,108,141
Interest Income	25,000	25,000	17,237	68.95%	18,750	(1,513)	(b)	35,000
Miscellaneous Income	24,700	24,700	18,683	75.64%	18,525	158	(c)	24,700
Transfer from Construction	-	-	669,226	0.00%	-	-		669,226
Total	\$ 8,909,456	\$ 8,909,456	\$ 7,579,287		\$ 6,631,275	\$ 278,785		\$ 9,837,067

Note: Items highlighted in yellow are explained below.

(a) The sales tax revenue is coming in over budget through the third quarter of FY 2015 by \$280,141. As of June 30, 2015, the projected revenue for FY 2015 includes the nine collections to date and the average of the last three fiscal year actual receipts for the remaining three months this Fiscal Year.

(b) This unfavorable variance indicates the investment income is slightly below the budgeted amount for the year. The actual amount does not include accrued interest on investments, which will be recorded prior to the fiscal year being completed and should produce a favorable variance in this line item at the end of the Fiscal Year.

(c) This favorable variance indicates the miscellaneous income is slightly above the budgeted amount for the year.

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL EXPENDITURE REPORT
FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF JUNE 30, 2015

VSTDC Projects	Fiscal Year 2014-15 Original Budget	Fiscal Year 2014-15 Amended Budget	Fiscal Year 2014-15 Encumbered & Actual to Date	Percent of Amended Budget Expended	Benchmark Amount / Percentage	Amount (Over) Under Benchmark Amount	Fiscal Year 2014-15 Projected Expense
Debt Service & Administrative Expenditures:							
Debt Service							
Debt Service Payments	\$ 1,070,588	\$ 1,070,588	\$ 1,070,988	100.04%	\$ 802,941	\$ (268,047) (a)	\$ 1,070,988
Administrative & Maintenance Costs							
Lone Tree Business Park I Maintenance	4,290	6,228	6,228	100.00%	4,671	(1,557) (b)	6,228
Lone Tree Business Park II Maintenance	19,200	19,200	19,200	100.00%	14,400	(4,800) (b)	19,200
VEDC Programs	384,000	384,000	384,000	100.00%	288,000	(96,000) (c)	384,000
Contract Management & Engineering Oversight	300,000	300,000	-	0.00%	225,000	225,000 (d)	300,000
Retail Gap and Opportunity Analysis	35,000	35,000	35,000	100.00%	26,250	(8,750) (e)	35,000
Total Debt Service & Administrative Expenditures:	\$ 1,813,078	\$ 1,815,016	\$ 1,515,416		\$ 1,361,262	\$ (154,154)	\$ 1,815,416

Note: Items highlighted in yellow are explained below.

(a) This unfavorable variance exists since the payments of debt service are due in December 2014 (interest of \$62,793.75) and June 2015 (principal of \$945,000 and interest \$62,793.75) of each year. As of June 30, 2015, both the December 2014 and June 2015 amounts have been paid. Note: the final debt service payment is June 2017.

(b) This unfavorable variance exists since the contract for maintenance mowing of the Lone Tree Business Park was encumbered in the first quarter and will be paid out as the mowing occurs during the fiscal year.

(c) This unfavorable variance is due to the VEDC Programs coming in over budget for the third quarter. The project was paid out completely in the second quarter of the fiscal year (January 2015) per the terms of the agreement.

(d) This favorable variance is due to the Contract Management and Project Oversight Fees Paid to City coming in under budget through the third quarter. This type of expense account is not expensed evenly throughout the fiscal year and will not be paid until after the end of the fiscal year based on actual payments made on various projects.

(e) This unfavorable variance exists since the contract for the Retail Gap & Opportunity Analysis was encumbered in the first quarter and will be paid as the work is incurred and billed by the consultant during the fiscal year.

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FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF JUNE 30, 2015

VSTDC Projects	Fiscal Year 2014-15 Original Budget	Fiscal Year 2014-15 Amended Budget	Fiscal Year 2014-15 Encumbered & Actual to Date	Fiscal Year 2014-15 Outstanding Balance	Project Status as of June 30, 2015	Fiscal Year 2014-15 Projected Expense
Contractual Expenditures:						
Utilities Projects						
Downtown Utility-Ph IV Project # 4 Engineering	133,916	133,916	-	133,916	Eng should begin in 4th quarter	133,916
Downtown Utility-Ph IV Project # 1 & 2 Construction	1,928,102	1,928,102	-	1,928,102	5% complete	1,928,102
Downtown Utility-Ph IV Project # 3 Construction	2,330,770	2,330,770	-	2,330,770	5% complete	2,330,770
Northside Road Annexation Ph I (Berkman Diversion)	2,350,000	2,350,000	-	2,350,000	0% complete/eng in progress	2,350,000
Water Plant # 3 Equipment	445,850	445,850	-	445,850	5% complete	445,850
Downtown Utility-Ph IV Project # 1 & 2 Engineering	-	289,215	289,215	-	5% complete	289,215
Downtown Utility-Ph IV Project # 3 Engineering	-	349,616	197,147	152,469	5% complete	197,147
Rehab Water Tower # 5	-	985,950	984,014	1,936	95% complete	985,950
Downtown Utility-Ph III Project # 7 & 8 Construction	-	2,490,319	1,938,002	552,317	25% complete	2,490,319
Downtown Utility-Ph III Project # 9 Construction	-	1,385,685	-	1,385,685	25% complete	1,385,685
Navarro Street Utilities Extension Construction	-	2,713,714	-	2,713,714	0% complete/eng in progress	2,713,714
Water Storage Study	-	19,232	19,232	-	100% complete	19,232
Economic Development						
2012 Business Park 3 Development Project	-	25,000	-	25,000	In progress	25,000
Street, Sidewalk, Drainage & Other Infrastructure						
Ball Airport Rd (Tuscany Subdivision & Northside Rd)	250,000	250,000	-	250,000	65% complete	250,000
Traffic Signal - Carriage Dr & Mockingbird	-	165,882	72,774	93,108	100% complete	72,774
Traffic Signal - Business 59 & Loop 463	-	135,000	-	135,000	25% complete	135,000
TxDOT Overpass Project	-	1,668,658	-	1,668,658	100% complete (1)	1,668,658
Fire Station No. 6	-	1,960,507	1,858,267	102,240	60% complete	1,960,507
Total Contractual Expenditures:	\$ 7,438,638	\$ 19,627,417	\$ 5,358,652	\$ 14,268,765		\$ 19,381,840
Total Expenditures:	\$ 9,251,716	\$ 21,442,433	\$ 6,874,067	\$ 14,268,765		\$ 21,197,256

(1) The construction of the overpasses is 100% complete as of June 30, 2015. In addition, the planned reimbursements from the County of Victoria and TxDOT are being received by the City and are covering the annual debt service payments of the bonds used for the overpass construction. Furthermore, in accordance with the City's initial financial plan, excess funds from these reimbursements will be used to "call in" bonds and shorten the payoff of the debt associated to this project, which began in June 2015. It is expected that the VSTDC funds remaining for this project will be returned to the VSTDC Fund Balance to make it available for future project needs.