

**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, 2016**

	<b>Fiscal Year 2015-16 Original Budget</b>	<b>Fiscal Year 2015-16 Amended Budget</b>	<b>Fiscal Year 2015-16 Encumbered &amp; Actual To Date (a)</b>	<b>Fiscal Year 2015-16 Projected Actual</b>
<b>BEGINNING FUND BALANCE</b>				
Undesignated Operating Fund Balance	\$ 7,623,997	\$ 7,578,689	\$ 7,578,689	\$ 7,578,689
Designated Fund Balance - Outstanding Projects	-	12,564,488	12,564,488	12,564,488
Reserved Fund Balance	-	-	-	-
<b>TOTAL FUND BALANCE, OCTOBER 1</b>	<b>\$ 7,623,997</b>	<b>\$ 20,143,177</b>	<b>\$ 20,143,177</b>	<b>\$ 20,143,177</b>
<b>REVENUES</b>				
Sales Tax Receipts	\$ 9,024,000	\$ 9,024,000	\$ 6,454,302	\$ 8,206,302
Interest Income	30,000	30,000	63,018	90,000
Miscellaneous Income	24,700	24,700	19,059	24,700
Land Sale Proceeds	-	-	-	-
<b>Total Revenues</b>	<b>\$ 9,078,700</b>	<b>\$ 9,078,700</b>	<b>\$ 6,536,379</b>	<b>\$ 8,321,002</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 16,702,697</b>	<b>\$ 29,221,877</b>	<b>\$ 26,679,556</b>	<b>\$ 28,464,179</b>
<b>EXPENDITURES</b>				
Debt Service	\$ 1,070,825	\$ 1,070,825	\$ 1,070,825	\$ 1,070,825
VEDC Programs	384,000	384,000	384,000	384,000
Administrative & Maintenance Costs	358,500	362,645	62,635	362,645
Utilities Projects	6,041,497	17,885,636	5,014,540	17,085,156
Economic Development Projects	-	25,000	-	25,000
Street, Sidewalk, Drainage & Other Infrastructure	5,148,092	6,089,296	3,010,262	5,906,632
<b>Total Expenditures</b>	<b>\$ 13,002,914</b>	<b>\$ 25,817,402</b>	<b>\$ 9,542,262</b>	<b>\$ 24,834,258</b>
<b>ENDING FUND BALANCE</b>				
Undesignated Operating Fund Balance	\$ -	\$ -	\$ -	\$ 3,629,921
Reserved for Approved Project Balances	-	-	17,137,294	-
Reserved for VSTDC Economic Incentives	3,000,000	3,000,000	-	-
Reserved for Future CIP Program	699,783	404,475	-	-
<b>TOTAL FUND BALANCE, JUNE 30</b>	<b>\$ 3,699,783</b>	<b>\$ 3,404,475</b>	<b>\$ 17,137,294</b>	<b>\$ 3,629,921</b>

(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, 2016**

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The following comments will address the main issues associated to the VSTDC’s financial status as of June 30, 2016:

- The “audited” Fiscal Year 2015 ending “Undesignated Fund Balance” came in at \$7,578,689 compared to the projected Fiscal Year 2015 ending “Undesignated Fund Balance”, calculated back in mid-September 2015, of \$7,623,997. This equates to a decrease of \$45,308, or an unfavorable variance of 0.59%, as a result of actual sales tax revenues coming in slightly lower than expected.
- As of June 30, 2016, the Fiscal Year 2016 expenditure budget has been amended by a total of \$12,814,488, of which \$12,564,488 is for the carryover of contract balances outstanding as of September 30, 2015 and \$250,000 is for the Fire Station # 5 Relocation Project.
- As of June 30, 2016, the “Fiscal Year 2015-16 Encumbered & Actual to Date” column for the “Sales Tax Receipts” reflects the first nine payments of the fiscal year. These receipts total \$6,454,302, which is \$323,698 or 4.78% below the budgeted amount of \$6,778,000 through the third quarter.
- As of June 30, 2016, the “Total Fund Balance” is \$17,137,294, which will be reserved for the current outstanding project balances of \$19,221,162, of which \$15,247,615 is currently in progress and the remaining \$3,973,547 should begin later this fiscal year.
- The “Fiscal Year 2015-16 Projected Actual” for total revenue, as of June 30, 2016, is expected to come in at \$8,321,002, which is \$757,698 or 8.35% below the original budget of \$9,078,700 due to the following:
  - a) The projected sales tax receipt revenue is estimated to come in \$817,698 lower than budgeted.
  - b) The projected interest income is estimated to come in \$60,000 higher than budgeted.
- The “Fiscal Year 2015-16 Projected Actual” for total expenditures (net of carryover of contract balances outstanding as of September 30, 2015), as of June 30, 2016, is expected to come in at \$12,269,770, which is \$733,144 below the original budget due to the following:
  - a) The Fiscal Year 2016 expenditure budget has been amended by \$250,000 for the relocation of Fire Station # 5;
  - b) The Downtown Utility Phase IV Projects # 4, 5 & 6 Engineering project will come in \$50,480 under budget;
  - c) The Guy Grant Sanitary Sewer Replacement project will come in \$60,000 under budget;
  - d) The Navarro Street Utilities Extension project will come in \$550,000 under budget;
  - e) The Water Plant # 3 Equipment project will come in \$140,000 under budget;
  - f) The Traffic Signal – Business 59 & Loop 463 project will come in \$46,515 under budget;
  - g) The Fire Station # 6 project will come in \$136,149 under budget;
- As of June 30, 2016, the projected year-end Fiscal Year 2016 VSTDC total fund balance is estimated to come in at \$3,629,921, which is \$69,862 under the original Fiscal Year 2016 VSTDC total Fund Balance of \$3,699,783 due to the following:
  - a) The Fiscal Year 2015 audited Undesignated Fund Balance came in \$45,308 lower than the original Undesignated Fund Balance;
  - b) As of June 30, 2016, the Fiscal Year 2016 projected revenues are expected to come in under the original budget by \$757,698; and,
  - c) As of June 30, 2016, the Fiscal Year 2016 projected expenditures (net of carryover of contract balances outstanding as of September 30, 2015) are expected to come in under the original budget by \$733,144.

Over all, the Victoria Sales Tax Development Corporation’s financial position is healthy as of June 30, 2016.

Comments addressing the budgeted revenue and expenditure “variances”, as of June 30, 2016, 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, 2016**

	Fiscal Year 2015-16 Original Budget	Fiscal Year 2015-16 Amended Budget	Fiscal Year 2015-16 Actual Year to Date	Percent of Amended Budget Collected	Benchmark Amount / Percentage	Amount Over (Under) Benchmark Amount		Fiscal Year 2015-16 Projected Actual
<b>REVENUES:</b>								
Sales Tax Receipts	\$ 9,024,000	\$ 9,024,000	\$ 6,454,302	71.52%	\$ 6,778,000	\$ (323,698)	(a)	\$ 8,206,302
Interest Income	30,000	30,000	63,018	210.06%	22,500	40,518	(b)	90,000
Miscellaneous Income	24,700	24,700	19,059	77.16%	18,525	534	(c)	24,700
<b>Total</b>	<b>\$ 9,078,700</b>	<b>\$ 9,078,700</b>	<b>\$ 6,536,379</b>		<b>\$ 6,819,025</b>	<b>\$ (282,646)</b>		<b>\$ 8,321,002</b>

**Note: Items highlighted in yellow are explained below.**

(a) The sales tax revenue is coming in under budget by \$323,698 through the third quarter of FY 2016. As of June 30, 2016, the projected revenue for FY 2016 assumes a decrease of \$817,698 under the FY 2016 budgeted sales tax revenue amount of \$9,024,000.

(b) This favorable variance indicates the investment income is slightly above 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.

(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, 2016**

VSTDC Projects	Fiscal Year 2015-16 Original Budget	Fiscal Year 2015-16 Amended Budget	Fiscal Year 2015-16 Encumbered & Actual to Date	Percent of Amended Budget Expended	Benchmark Amount / Percentage	Amount (Over) Under Benchmark Amount	Fiscal Year 2015-16 Projected Expense
<b>Debt Service &amp; Administrative Expenditures:</b>							
<b>Debt Service</b>							
Debt Service Payments	\$ 1,070,825	\$ 1,070,825	\$ 1,070,825	100.00%	\$ 803,119	\$ (267,706) (a)	\$ 1,070,825
<b>Administrative &amp; Maintenance Costs</b>							
Lone Tree Business Park I Maintenance	4,300	5,245	5,235	99.81%	3,934	(1,301) (b)	5,245
Lone Tree Business Park II Maintenance	19,200	22,400	22,400	100.00%	16,800	(5,600) (b)	22,400
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
<b>Total Debt Service &amp; Administrative Expenditures:</b>	<b>\$ 1,813,325</b>	<b>\$ 1,817,470</b>	<b>\$ 1,517,460</b>		<b>\$ 1,363,103</b>	<b>\$ (154,358)</b>	<b>\$ 1,817,470</b>

**Note: Items highlighted in yellow are explained below.**

(a) This unfavorable variance exists since the payments of debt service are due in December (interest of \$42,712.50) and June (principal of \$985,000 and interest \$42,712.50) of each year. As of June 30, 2016, both the December 2015 and June 2016 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 Parks 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 2016) 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.

**CITY OF VICTORIA, TEXAS**  
**VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL EXPENDITURE REPORT**  
**FOR THE CORRESPONDING FISCAL YEAR PRESENTED**  
**AS OF JUNE 30, 2016**

VSTDC Projects	Fiscal Year 2015-16 Original Budget	Fiscal Year 2015-16 Amended Budget	Fiscal Year 2015-16 Encumbered & Actual to Date	Fiscal Year 2015-16 Outstanding Balance	Project Status as of June 30, 2016	Fiscal Year 2015-16 Projected Expense
<b>Contractual Expenditures:</b>						
<b>Utilities Projects</b>						
Downtown Utility-Ph IV Project # 4, 5 & 6 Engineering	344,078	344,078	110,624	233,454	0% complete/eng in progress	293,598
Downtown Utility-Ph IV Project # 4, 5 & 6 Construction	3,186,631	3,186,631	-	3,186,631	0% complete/eng in progress	3,186,631
Salem Crossing Oversizing Reimbursement Agreement	255,700	255,700	-	255,700	In progress	255,700
Tower # 5 Pump Station	1,750,000	1,750,000	269,693	1,480,307	0% complete/eng in progress	1,750,000
Guy Grant Sanitary Sewer Replacement	505,088	505,088	400,000	105,088	0% complete/eng in progress	445,088
Downtown Utility-Ph III Project # 7 & 8 Construction	-	552,317	552,317	-	50% complete	552,317
Downtown Utility-Ph III Project # 9 Construction	-	1,385,685	447,683	938,002	50% complete	1,385,685
Navarro Street Utilities Extension Construction	-	2,713,714	1,000,000	1,713,714	50% complete	2,163,714
Downtown Utility-Ph IV Project # 4 Engineering	-	133,916	-	133,916	0% complete/eng in progress	133,916
Downtown Utility-Ph IV Project # 1 & 2 Construction	-	1,928,102	1,000,000	928,102	5% complete/eng in progress	1,928,102
Downtown Utility-Ph IV Project # 3 Construction	-	2,330,770	-	2,330,770	5% complete/eng in progress	2,330,770
Northside Rd Annexation Ph I (Berkman Sewer Diversion)	-	2,350,000	1,230,438	1,119,563	0% complete/eng in progress	2,350,000
Rehab Tower # 5	-	3,785	3,785	-	90% complete	3,785
Water Plant # 3 Equipment	-	445,850	-	445,850	50% complete	305,850
<b>Economic Development</b>						
2012 Business Park 3 Development Project	-	25,000	-	25,000	In progress	25,000
<b>Street, Sidewalk, Drainage &amp; Other Infrastructure</b>						
Red River - Ben Jordan to Laurent	2,261,547	2,261,547	38,000	2,223,547	0% complete/eng in progress	2,261,547
Placido Benavides - Engineering & ROW	983,111	983,111	795,500	187,611	0% complete/eng in progress	983,111
Lone Tree Road and Sparkman Road	598,000	598,000	598,000	-	In progress	598,000
Holt Road and Hartman Road	659,321	659,321	659,321	-	In progress	659,321
Bottom Street	646,113	646,113	646,113	-	In progress	646,113
Traffic Signal - Business 59 & Loop 463	-	135,000	60,000	75,000	95% complete	88,484
Fire Station No. 6	-	556,204	213,328	342,876	95% complete	420,055
Fire Station No. 5 Relocation	-	250,000	-	250,000	In progress	250,000
<b>Total Contractual Expenditures:</b>	<b>\$ 11,189,589</b>	<b>\$ 23,999,932</b>	<b>\$ 8,024,802</b>	<b>\$ 15,975,130</b>		<b>\$ 23,016,788</b>
<b>Total Expenditures:</b>	<b>\$ 13,002,914</b>	<b>\$ 25,817,402</b>	<b>\$ 9,542,262</b>	<b>\$ 15,975,130</b>		<b>\$ 24,834,258</b>