

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, 2017

	Fiscal Year 2016-17 Original Budget	Fiscal Year 2016-17 Amended Budget	Fiscal Year 2016-17 Encumbered & Actual To Date (a)	Fiscal Year 2016-17 Projected Actual
BEGINNING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 3,689,722	\$ 3,717,448	\$ 3,717,448	\$ 3,717,448
Designated Fund Balance - Outstanding Projects	-	15,030,253	15,030,253	15,030,253
Reserved Fund Balance	-	-	-	-
TOTAL FUND BALANCE, OCTOBER 1	\$ 3,689,722	\$ 18,747,701	\$ 18,747,701	\$ 18,747,701
REVENUES				
Sales Tax Receipts	\$ 8,077,000	\$ 8,077,000	\$ 5,486,465	\$ 7,228,000
Interest Income	45,000	45,000	65,031	140,000
Miscellaneous Income	25,318	25,318	19,316	25,318
Transfer from Construction	-	-	-	-
Total Revenues	\$ 8,147,318	\$ 8,147,318	\$ 5,570,812	\$ 7,393,318
TOTAL FUNDS AVAILABLE	\$ 11,837,040	\$ 26,895,019	\$ 24,318,512	\$ 26,141,018
EXPENDITURES				
Debt Service	\$ 1,068,963	\$ 1,068,963	\$ 1,069,713	\$ 1,069,713
VEDC Programs	384,000	384,000	384,000	384,000
Administrative & Maintenance Costs	369,360	379,360	79,360	379,360
Utilities Projects	-	12,344,095	6,583,720	12,344,095
Economic Development Projects	-	25,000	-	25,000
Street, Sidewalk, Drainage & Other Infrastructure	7,546,812	10,207,970	2,195,966	10,207,970
Total Expenditures	\$ 9,369,135	\$ 24,409,388	\$ 10,312,758	\$ 24,410,138
ENDING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 1,467,905	\$ 1,485,631	\$ -	\$ 730,881
Reserved for Approved Project Balances	-	-	14,005,754	-
Reserved for VSTDC Economic Incentives	1,000,000	1,000,000	-	1,000,000
TOTAL FUND BALANCE, JUNE 30	\$ 2,467,905	\$ 2,485,631	\$ 14,005,754	\$ 1,730,881

(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, 2017

The following comments will address the main issues associated to the VSTDC's financial status as of June 30, 2017:

- The “audited” Fiscal Year 2016 ending “Undesignated Fund Balance” came in at \$3,717,448 compared to the projected Fiscal Year 2016 ending “Undesignated Fund Balance”, calculated back in mid-September 2016, of \$3,689,722. This equates to an increase of \$27,726, or a favorable variance of 0.75%, due to actual sales tax revenues coming in slightly higher than expected.
- As of June 30, 2017, the Fiscal Year 2017 expenditure budget has been amended by \$15,040,253, of which \$15,030,253 is for the carryover of contract balances outstanding as of September 30, 2016 and \$10,000 is for the VEDC World Petrochemical Conference project.
- As of June 30, 2017, the “Fiscal Year 2016-17 Encumbered & Actual to Date” column for the “Sales Tax Receipts” reflects the first nine payments of the fiscal year. These receipts total \$5,486,465, which is \$433,535 or 7.32% below the budgeted amount of \$5,920,000 through the third quarter.
- As of June 30, 2017, the “Total Fund Balance” is \$14,005,754, which will be reserved for the current outstanding project balances of \$16,191,876, of which \$8,710,064 is currently in progress and the remaining \$7,481,812 should begin later this fiscal year.
- The “Fiscal Year 2016-17 Projected Actual” for total revenue, as of June 30, 2017, is expected to come in at \$7,393,318, which is \$754,000 or 9.25% below the original budget of \$8,147,318 due to the following:
 - a) The projected sales tax receipt revenue is estimated to come in \$849,000 under budget; and,
 - b) The projected interest income is estimated to come in \$95,000 over budget.
- The “Fiscal Year 2016-17 Projected Actual” for total expenditures, as of June 30, 2017, is expected to come in at \$24,410,138 due to the following:
 - a) The full amended expenditure budget of \$24,409,388 will be expensed, which includes the new project in the amount of \$10,000 allocated in Fiscal Year 2016 – 2017 for the VEDC World Petrochemical Conference project; and,
 - b) The Debt Service expenditures will exceed the budgeted amount by \$750 from arbitrage calculations services that weren't budgeted in the original budget for Fiscal Year 2016 – 2017.
- As of June 30, 2017, the projected year-end Fiscal Year 2017 VSTDC total fund balance is estimated to come in at \$1,730,881, which is \$737,024 under the original Fiscal Year 2017 VSTDC total Fund Balance of \$2,467,905 due to the following:
 - a) The Fiscal Year 2016 audited Undesignated Fund Balance came in \$27,726 higher than the original Undesignated Fund Balance; and,
 - b) As of June 30, 2017, the Fiscal Year 2017 projected revenues are expected to come in under the original budget by \$754,000.
 - c) As of June 30, 2017, the Fiscal Year 2017 projected expenditures (net of carryover of contract balances outstanding as of September 30, 2016) are expected to come in over the original budget by \$10,750.

Over all, the Victoria Sales Tax Development Corporation's financial position is stable as of June 30, 2017.

Comments addressing the budgeted revenue and expenditure “variances”, as of June 30, 2017, 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, 2017

	Fiscal Year 2016-17 Original Budget	Fiscal Year 2016-17 Amended Budget	Fiscal Year 2016-17 Actual Year to Date	Percent of Amended Budget Collected	Benchmark Amount / Percentage	Amount Over (Under) Benchmark Amount		Fiscal Year 2016-17 Projected Actual
REVENUES:								
Sales Tax Receipts	\$ 8,077,000	\$ 8,077,000	\$ 5,486,465	67.93%	\$ 5,920,000	\$ (433,535)	(a)	\$ 7,228,000
Interest Income	45,000	45,000	65,031	144.51%	33,750	31,281	(b)	140,000
Miscellaneous Income	25,318	25,318	19,316	76.29%	18,989	327	(c)	25,318
Transfer from Construction	-	-	-	#DIV/0!	-	-	(c)	-
Total	\$ 8,147,318	\$ 8,147,318	\$ 5,570,812		\$ 5,972,739	\$ (401,927)		\$ 7,393,318

Note: Items highlighted in yellow are explained below.

(a) The sales tax revenue is coming in under budget through the third quarter of FY 2017. As of June 30, 2017, the projected revenue for FY 2017 is \$7,228,000, which is \$849,000 or 10.51% under the budgeted sales tax revenue amount of \$8,077,000. Note: the FY 2017 projected sales tax revenue will be revised prior to year end.

(b) This favorable variance indicates the investment income is 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, 2017

VSTDC Projects	Fiscal Year 2016-17 Original Budget	Fiscal Year 2016-17 Amended Budget	Fiscal Year 2016-17 Encumbered & Actual to Date	Percent of Amended Budget Expended	Benchmark Amount / Percentage	Amount (Over) Under Benchmark Amount	Fiscal Year 2016-17 Projected Expense
Debt Service & Administrative Expenditures:							
Debt Service							
Debt Service Payments	\$ 1,068,963	\$ 1,068,963	\$ 1,069,713	100.07%	\$ 801,722	\$ (267,990) (a)	\$ 1,069,713
Administrative & Maintenance Costs							
Lone Tree Business Park I Maintenance	5,620	5,620	5,620	100.00%	4,215	(1,405) (b)	5,620
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
Sales Tax Analysis and Reporting System	9,540	9,540	9,540	100.00%	7,155	(2,385) (f)	9,540
VEDC World Petrochemical Conference	-	10,000	10,000	100.00%	7,500	(2,500) (g)	10,000
Total Debt Service & Administrative Expenditures:	\$ 1,822,323	\$ 1,832,323	\$ 1,533,073		\$ 1,374,242	\$ (158,830)	\$ 1,833,073

Note: Items highlighted in yellow are explained below.

(a) This unfavorable variance exists since the debt service payments were paid in December 2016 (interest of \$21,781.25) and June 2017 (principal of \$1,025,000 and interest of \$21,781.25). Note: the final debt service payment was made in 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 under budget for the third quarter. The project was paid out completely in the second quarter of the fiscal year (January 2017) 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 over 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.

(f) This unfavorable variance exists since the contract for the Sales Tax Analysis and Reporting System was encumbered in the first quarter. The project is being paid out completely in the second quarter of the fiscal year (January 2017) per the terms of the agreement.

(g) This unfavorable variance is due to the VEDC World Petrochemical Conference coming in under budget for the third quarter. The project was paid out completely in the second quarter of the fiscal year (March 2017) per the terms of the agreement.

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL EXPENDITURE REPORT
FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF JUNE 30, 2017

VSTDC Projects	Fiscal Year 2016-17 Original Budget	Fiscal Year 2016-17 Amended Budget	Fiscal Year 2016-17 Encumbered & Actual to Date	Fiscal Year 2016-17 Outstanding Balance	Project Status as of June 30, 2017	Fiscal Year 2016-17 Projected Expense
Contractual Expenditures:						
Utilities Projects						
Downtown Utility-Ph III Project # 9 Construction	\$ -	\$ 938,002	\$ 500,000	\$ 438,002	80% complete	\$ 938,002
Downtown Utility-Ph IV Project # 1 & 2 Construction	-	928,102	928,102	-	50% complete	928,102
Downtown Utility-Ph IV Project # 3 Construction	-	2,330,770	1,071,898	1,258,872	50% complete	2,330,770
Downtown Utility-Ph IV Project # 4 Engineering	-	133,916	133,916	-	Engineering complete	133,916
Downtown Utility-Ph IV Project # 4, 5 & 6 Engineering	-	182,974	182,974	-	Engineering complete	182,974
Downtown Utility-Ph IV Project # 4, 5 & 6 Construction	-	3,186,631	1,000,000	2,186,631	Engineering complete	3,186,631
Guy Grant Sanitary Sewer Replacement	-	45,088	45,088	-	Project complete	45,088
Navarro Street Utilities Extension Construction	-	1,163,714	1,163,714	-	Project complete	1,163,714
Water Plant # 3 Equipment	-	305,850	305,850	-	Project complete	305,850
Northside Rd Annexation Ph I (Berkman Sewer Diversion)	-	1,119,563	-	1,119,563	50% complete	1,119,563
Tower # 5 Pump Station	-	1,750,000	1,248,393	501,607	Engineering complete	1,750,000
Rehab Tower # 5	-	3,785	3,785	-	Project complete	3,785
Salem Crossing Oversizing Reimbursement Agreement	-	255,700	-	255,700	In progress	255,700
Economic Development						
2012 Business Park 3 Development Project	-	25,000	-	25,000	In progress	25,000
Street, Sidewalk, Drainage & Other Infrastructure						
Placido Benavides - Construction	7,481,812	7,481,812	-	7,481,812	0% complete/eng in progress	7,481,812
Traffic Signal Design - Mallette and Loop 463	65,000	65,000	42,000	23,000	In progress	65,000
Red River - Ben Jordan to Laurent	-	2,223,547	1,716,355	507,193	30% complete	2,223,547
Placido Benavides - Engineering & ROW	-	187,611	187,611	-	0% complete/eng in progress	187,611
Fire Station No. 5 Relocation	-	250,000	250,000	-	Project complete	250,000
Total Contractual Expenditures:	\$ 7,546,812	\$ 22,577,065	\$ 8,779,686	\$ 13,797,379		\$ 22,577,065
Total Expenditures:	\$ 9,369,135	\$ 24,409,388	\$ 10,312,758	\$ 13,797,379		\$ 24,410,138