

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 DECEMBER 31, 2014

	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	\$ 4,530,653	\$ 4,530,653	\$ 4,530,653
Designated Fund Balance - Outstanding Projects	-	12,190,717	12,190,717	12,190,717
Reserved Fund Balance	-	-	-	-
TOTAL FUND BALANCE, OCTOBER 1	<u>\$ 4,460,481</u>	<u>\$ 16,721,369</u>	<u>\$ 16,721,369</u>	<u>\$ 16,721,369</u>
REVENUES				
Sales Tax Receipts	\$ 8,859,756	\$ 8,859,756	\$ 2,308,451	\$ 8,934,660
Interest Income	25,000	25,000	8,789	25,000
Miscellaneous Income	24,700	24,700	6,206	24,700
Land Sale Proceeds	-	-	-	-
Total Revenues	<u>\$ 8,909,456</u>	<u>\$ 8,909,456</u>	<u>\$ 2,323,446</u>	<u>\$ 8,984,360</u>
TOTAL FUNDS AVAILABLE	<u>\$ 13,369,937</u>	<u>\$ 25,630,825</u>	<u>\$ 19,044,815</u>	<u>\$ 25,705,729</u>
EXPENDITURES				
Debt Service	\$ 1,070,588	\$ 1,070,588	\$ 62,794	\$ 1,070,588
VEDC Programs	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	1,005,182	15,422,369
Economic Development Projects	-	25,000	-	25,000
Street, Sidewalk, Drainage & Other Infrastructure	250,000	4,180,047	1,934,790	4,180,047
Total Expenditures	<u>\$ 9,251,716</u>	<u>\$ 21,442,433</u>	<u>\$ 3,063,194</u>	<u>\$ 21,442,433</u>
ENDING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Reserved for Approved Project Balances	-	-	15,981,621	-
Reserved for VSTDC Economic Incentives	2,765,000	2,765,000	-	2,765,000
Reserved for Future CIP Program	353,221	423,393	-	498,297
TOTAL FUND BALANCE, DECEMBER 31	<u>\$ 4,118,221</u>	<u>\$ 4,188,393</u>	<u>\$ 15,981,621</u>	<u>\$ 4,263,297</u>

(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 DECEMBER 31, 2014

The following comments will address the main issues associated to the VSTDC's financial status as of December 31, 2014:

- The “audited” Fiscal Year 2014 ending “Undesignated Fund Balance” came in at \$4,530,653 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 \$70,172, or a favorable variance of 1.57%, as a result of actual sales tax revenues coming in slightly higher than expected.
- As of December 31, 2014, 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 December 31, 2014, the “Fiscal Year 2014-15 Encumbered & Actual to Date” column for the “Sales Tax Receipts” reflects the first three payments of the fiscal year. These receipts total \$2,308,451, which is \$204,451 or 9.72% above the budgeted amount of \$2,104,000 through the first quarter.
- As of December 31, 2014, the “Total Fund Balance” is \$15,981,621, which will be reserved for the current outstanding project balances of \$21,030,648, of which \$16,637,860 is currently in progress and the remaining \$4,392,788 should begin later this fiscal year.
- The “Fiscal Year 2014-15 Projected Actual” for total revenue, as of December 31, 2014, is expected to come in at \$8,984,360, which is \$74,904 or 0.84% above the budgeted amount due to the projected sales tax receipt revenue. Even though the first three months of sales tax receipts are coming in above budget, there is still nine months of collections remaining as well as some uncertainty as to what effect decreasing oil prices will have on the local economy.
- The “Fiscal Year 2014-15 Projected Actual” for total expenditures, as of December 31, 2014, assumes the full amended expenditure budget will be expensed with no variations through the first quarter.
- As of December 31, 2014, the projected year-end Fiscal Year 2015 VSTDC total fund balance is estimated to come in at \$4,263,297, which is \$145,076 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 \$70,172 higher than the original Undesignated Fund Balance; and,
 - b) As of December 31, 2014, the Fiscal Year 2015 projected revenues are expected to come in over the original budget by \$74,904.

Over all, the Victoria Sales Tax Development Corporation's financial position is healthy as of December 31, 2014.

Comments addressing the budgeted revenue and expenditure “variances”, as of December 31, 2014, 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 DECEMBER 31, 2014

	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	\$ 2,308,451	26.06%	\$ 2,104,000	\$ 204,451	(a)	\$ 8,934,660
Interest Income	25,000	25,000	8,789	35.16%	6,250	2,539	(b)	25,000
Miscellaneous Income	24,700	24,700	6,206	25.13%	6,175	31	(c)	24,700
Total	\$ 8,909,456	\$ 8,909,456	\$ 2,323,446		\$ 2,116,425	\$ 207,021		\$ 8,984,360

Note: Items highlighted in yellow are explained below.

(a) The sales tax revenue is coming in over budget through the first quarter of FY 2015 by \$204,451. As of December 31, 2014, the projected revenue for FY 2015 assumes a 1% increase over FY 2014 actual sales tax revenue of \$8,846,198. Should the upward trend continue for sales tax receipt, the projected sales tax revenue could also increase.

(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. Note: this category continues to experience low interest earning rates as seen over the last couple of years.

(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 DECEMBER 31, 2014

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	\$ 62,794	5.87%	\$ 267,647	\$ 204,853	(a) \$ 1,070,588
Administrative & Maintenance Costs							
Lone Tree Business Park I Maintenance	4,290	6,228	6,228	100.00%	1,557	(4,671)	(b) 6,228
Lone Tree Business Park II Maintenance	19,200	19,200	19,200	100.00%	4,800	(14,400)	(b) 19,200
VEDC Programs	384,000	384,000	-	0.00%	96,000	96,000	(c) 384,000
Contract Management & Engineering Oversight	300,000	300,000	-	0.00%	75,000	75,000	(d) 300,000
Retail Gap and Opportunity Analysis	35,000	35,000	35,000	100.00%	8,750	(26,250)	(e) 35,000
Total Debt Service & Administrative Expenditures:	\$ 1,813,078	\$ 1,815,016	\$ 123,222		\$ 453,754	\$ 330,532	\$ 1,815,016

Note: Items highlighted in yellow are explained below.

(a) This favorable 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 December 31, 2014, only the December 2014 interest amount has 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 favorable variance is due to the VEDC Programs coming in under budget for the first quarter. The project is being 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 first 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 DECEMBER 31, 2014

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 Dec 31, 2014	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 2nd quarter	133,916
Downtown Utility-Ph IV Project # 1 & 2 Construction	1,928,102	1,928,102	-	1,928,102	Eng should begin in 2nd quarter	1,928,102
Downtown Utility-Ph IV Project # 3 Construction	2,330,770	2,330,770	-	2,330,770	Eng should begin in 2nd quarter	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	0% complete/eng in progress	445,850
Downtown Utility-Ph IV Project # 1 & 2 Engineering	-	289,215	-	289,215	0% complete/eng in progress	289,215
Downtown Utility-Ph IV Project # 3 Engineering	-	349,616	-	349,616	0% complete/eng in progress	349,616
Rehab Water Tower # 5	-	985,950	985,950	-	100% complete	985,950
Downtown Utility-Ph III Project # 7 & 8 Construction	-	2,490,319	-	2,490,319	100% complete	2,490,319
Downtown Utility-Ph III Project # 9 Construction	-	1,385,685	-	1,385,685	100% 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	In progress	250,000
Traffic Signal - Carriage Dr & Mockingbird	-	165,882	76,523	89,359	100% complete	165,882
Traffic Signal - Business 59 & Loop 463	-	135,000	-	135,000	In progress	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	100% complete	1,960,507
Total Contractual Expenditures:	\$ 7,438,638	\$ 19,627,417	\$ 2,939,972	\$ 16,687,444		\$ 19,627,417
Total Expenditures:	\$ 9,251,716	\$ 21,442,433	\$ 3,063,194	\$ 16,687,444		\$ 21,442,433

(1) The construction of the overpasses is 100% complete as of Dec 31, 2014. 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. 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.