

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 MARCH 31, 2014

	Fiscal Year 2013-14 Original Budget	Fiscal Year 2013-14 Amended Budget	Fiscal Year 2013-14 Encumbered & Actual To Date (a)	Fiscal Year 2013-14 Projected Actual
BEGINNING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 4,828,011	\$ 4,774,738	\$ 4,774,738	\$ 4,774,738
Designated Fund Balance - Outstanding Projects	-	6,818,631	6,818,631	6,818,631
Deallocated Project Balances	-	-	-	-
Reserved Fund Balance	-	-	-	-
TOTAL FUND BALANCE, OCTOBER 1	<u>\$ 4,828,011</u>	<u>\$ 11,593,369</u>	<u>\$ 11,593,369</u>	<u>\$ 11,593,369</u>
REVENUES				
Sales Tax Receipts	\$ 8,844,849	\$ 8,844,849	\$ 4,206,305	\$ 8,436,000
Interest Income	45,000	45,000	8,703	27,500
Miscellaneous Income	24,000	24,000	12,332	24,500
Land Sale Proceeds	229,343	229,343	227,501	227,501
Total Revenues	<u>\$ 9,143,192</u>	<u>\$ 9,143,192</u>	<u>\$ 4,454,840</u>	<u>\$ 8,715,501</u>
TOTAL FUNDS AVAILABLE	<u>\$ 13,971,203</u>	<u>\$ 20,736,561</u>	<u>\$ 16,048,209</u>	<u>\$ 20,308,870</u>
EXPENDITURES				
Debt Service	\$ 1,069,450	\$ 1,069,450	\$ 82,425	\$ 1,069,450
VEDC Programs	384,000	384,000	384,000	384,000
Administrative & Maintenance Costs	363,000	368,304	67,544	368,304
Utilities Projects	6,096,236	10,303,681	1,985,628	10,303,681
Economic Development Projects	-	25,000	-	25,000
Street, Sidewalk, Drainage & Other Infrastructure	820,576	3,401,458	1,173,378	3,401,458
Total Expenditures	<u>\$ 8,733,262</u>	<u>\$ 15,551,893</u>	<u>\$ 3,692,976</u>	<u>\$ 15,551,893</u>
ENDING FUND BALANCE				
Undesignated Operating Fund Balance	\$ 1,672,941	\$ 1,619,668	\$ -	\$ 1,191,977
Designated Fund Balance - Outstanding Projects	-	-	12,355,234	-
Reserved for VSTDC Economic Incentives	2,765,000	2,765,000	-	2,765,000
Reserved for Future CIP Program	800,000	800,000	-	800,000
TOTAL FUND BALANCE, MARCH 31	<u>\$ 5,237,941</u>	<u>\$ 5,184,668</u>	<u>\$ 12,355,234</u>	<u>\$ 4,756,977</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 MARCH 31, 2014

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

- The “audited” Fiscal Year 2013 ending “Undesignated Fund Balance” came in at \$4,774,738 compared to the projected Fiscal Year 2013 ending “Undesignated Fund Balance”, calculated back in mid-September 2013, of \$4,828,011. This equates to a decrease of \$53,273, or an unfavorable variance of 1.10%, as a result of actual sales tax revenues coming in slightly lower than expected.
- As of March 31, 2014, the Fiscal Year 2014 revenue budget has not been amended.
- As of March 31, 2014, the Fiscal Year 2014 expenditure budget has been amended by \$6,818,631, which is the carryover of contract balances outstanding as of September 30, 2013.
- As of March 31, 2014, the “Fiscal Year 2013-14 Encumbered & Actual to Date” column for the “Sales Tax Receipts” reflects the first six payments of the fiscal year. These receipts total \$4,206,305, which is \$189,695 or 4.32% below the budgeted amount of \$4,396,000 through the second quarter.
- As of March 31, 2014, the “Total Fund Balance” is \$12,355,234 and will be reserved for current outstanding project balances.
- The “Fiscal Year 2013-14 Projected Actual” for total revenue, as of March 31, 2014, is expected to come in at \$8,715,501, which is \$427,691 or 4.68% below the budgeted amount. The reasons for the projected decrease are the following:
 - a) As of March 31, 2014, the Fiscal Year 2014 projected sales tax receipt revenue is expected to come in \$408,849 under the original budget;
 - b) As of March 31, 2014, the Fiscal Year 2014 projected interest income revenue is expected to come in \$17,500 under the original budget;
 - c) As of March 31, 2014, the Fiscal Year 2014 projected miscellaneous income revenue is expected to come in \$500 over the original budget; and,
 - d) As of March 31, 2014, the Fiscal Year 2014 actual land sale proceeds revenue came in \$1,843 under the original budget, which is a result of VSTDC paying \$1,843 of the closing costs.
- The “Fiscal Year 2013-14 Projected Actual” for total expenditures, as of March 31, 2014, assumes the full amended expenditure budget will be expensed with no variations through the second quarter.
- As of March 31, 2014, the projected year-end Fiscal Year 2014 VSTDC total fund balance is estimated to come in at \$4,756,977, which is \$480,964 under the original Fiscal Year 2014 VSTDC total Fund Balance of \$5,237,941. The reasons for the decrease are the following:
 - a) The Fiscal Year 2013 audited Undesignated Fund Balance came in \$53,273 lower than the original Undesignated Fund Balance; and,
 - b) As of March 31, 2014, the Fiscal Year 2014 projected revenues are expected to come in under the original budget by \$427,691.

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

Comments addressing the budgeted revenue and expenditure “variances”, as of March 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 MARCH 31, 2014

	Fiscal Year 2013-14 Original Budget	Fiscal Year 2013-14 Amended Budget	Fiscal Year 2013-14 Actual Year to Date	Percent of Amended Budget Collected	Benchmark Amount / Percentage	Amount Over (Under) Benchmark Amount		Fiscal Year 2013-14 Projected Actual
REVENUES:								
Sales Tax Receipts	\$ 8,844,849	\$ 8,844,849	\$ 4,206,305	47.56%	\$ 2,101,000	\$ 2,105,305	(a)	\$ 8,436,000
Interest Income	45,000	45,000	8,703	19.34%	22,500	(13,797)	(b)	27,500
Miscellaneous Income	24,000	24,000	12,332	51.38%	12,000	332	(c)	24,500
Land Sale Proceeds	229,343	229,343	227,501	0.00%	114,672	112,830	(d)	227,501
Total	\$ 9,143,192	\$ 9,143,192	\$ 4,454,840		\$ 2,250,172	\$ 2,204,669		\$ 8,715,501

Note: Items highlighted in yellow are explained below.

(a) The sales tax revenue is coming in under budget through the second quarter of FY 2014. Note: the original FY 2014 sales tax revenue budget includes a 1.0% increase over the FY 2013 projected sales tax revenue and is 2.33% less than the FY 2013 original sales tax revenue budget of \$9,056,000. As of March 31, 2014, the FY 2014 sales tax revenue is projected to come in approximately 4.62% under the budgeted level for the current 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. 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.

(d) This favorable variance exists since the sale of the land to Ken Garner Manufacturing occurred in the first quarter. VSTDC approved an Inducement Agreement with Ken Garner Manufacturing in April 2013. The agreement provided for the sale of approximately 16 acres of land in the Lone Tree Industrial Park # 2.

CITY OF VICTORIA, TEXAS
VICTORIA SALES TAX DEVELOPMENT CORPORATION QUARTERLY FINANCIAL EXPENDITURE REPORT
FOR THE CORRESPONDING FISCAL YEAR PRESENTED
AS OF MARCH 31, 2014

VSTDC Projects	Fiscal Year 2013-14 Original Budget	Fiscal Year 2013-14 Amended Budget	Fiscal Year 2013-14 Encumbered & Actual to Date	Percent of Amended Budget Expended	Benchmark Amount / Percentage	Amount (Over) Under Benchmark Amount	Fiscal Year 2013-14 Projected Expense
Debt Service & Administrative Expenditures:							
Debt Service							
Debt Service Payments	\$ 1,069,450	\$ 1,069,450	\$ 82,425	7.71%	\$ 534,725	\$ 452,300 (a)	\$ 1,069,450
VEDC Program Costs							
VEDC Programs	384,000	384,000	384,000	100.00%	192,000	(192,000) (b)	384,000
Administrative & Maintenance Costs							
Lone Tree Business Park Maintenance	10,000	15,304	13,176	86.10%	7,652	(5,524) (c)	15,304
Contract Management & Engineering Oversight	300,000	300,000	1,368	0.46%	150,000	148,632 (d)	300,000
Retail Gap and Opportunity Analysis	53,000	53,000	53,000	100.00%	26,500	(26,500) (e)	53,000
Total Debt Service & Administrative Expenditures:	\$ 1,816,450	\$ 1,821,754	\$ 533,969		\$ 910,877	\$ 376,908	\$ 1,821,754

Note: Items highlighted in yellow are explained below.

(a) This favorable variance exists since the payments of debt service due in December 2013 (interest of \$82,025.00) and June 2014 (principal of \$905,000 and interest \$82,025.00) of each year. As of March 31, 2014, only the December 2013 interest amount has been paid.

(b) This unfavorable variance is due to the VEDC Programs coming in over budget for the second quarter. The project was paid out completely in the second quarter of the fiscal year (January 2014) per the terms of the agreement.

(c) 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.

(d) This favorable variance is due to the Contract Management and Project Oversight Fees Paid to City coming in under budget through the second 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 MARCH 31, 2014

VSTDC Projects	Fiscal Year 2013-14 Original Budget	Fiscal Year 2013-14 Amended Budget	Fiscal Year 2013-14 Encumbered & Actual to Date	Fiscal Year 2013-14 Outstanding Balance	Project Status	Fiscal Year 2013-14 Projected Expense
Contractual Expenditures:						
Utilities Projects						
Downtown Utility-Ph III Project # 7 & 8 Engineering	373,548	373,548	373,548	-	0% complete/eng in progress	373,548
Downtown Utility-Ph III Project # 7 & 8 Construction	2,490,319	2,490,319	-	2,490,319	0% complete/eng in progress	2,490,319
Downtown Utility-Ph III Project # 9 Engineering	207,853	207,853	82,114	125,739	0% complete/eng in progress	207,853
Downtown Utility-Ph III Project # 9 Construction	1,385,685	1,385,685	-	1,385,685	0% complete/eng in progress	1,385,685
Downtown Utility-Ph IV Project # 1 & 2 Engineering	289,215	289,215	-	289,215	Eng should begin in 4th quarter	289,215
Downtown Utility-Ph IV Project # 3 Engineering	349,616	349,616	-	349,616	Eng should begin in 4th quarter	349,616
Rehab Water Tower # 5	1,000,000	1,000,000	96,235	903,765	0% complete/eng in progress	1,000,000
Downtown Utility-Ph III Project # 3 & 4 Construction	-	876,360	876,360	-	50% complete	876,360
Downtown Utility-Ph III Project # 5 Construction	-	557,371	557,371	-	5% complete	557,371
Navarro Street Utilities Extension Construction	-	2,713,714	-	2,713,714	0% complete/eng in progress	2,713,714
Water Storage Study	-	60,000	-	60,000	In progress	60,000
Economic Development						
2012 Business Park 3 Development Project	-	25,000	-	25,000	In progress	25,000
Street, Sidewalk, Drainage & Other Infrastructure						
Traffic Signal - Carriage Drive & Mockingbird	350,576	350,576	261,217	89,359	0% complete/eng in progress	350,576
Traffic Signal - Business 59 & Loop 463	135,000	135,000	-	135,000	0% complete/eng in progress	135,000
Fire Station No. 6	335,000	335,000	-	335,000	0% complete/eng in progress	335,000
TxDOT Overpass Project	-	1,668,658	-	1,668,658	100% complete (1)	1,668,658
Lone Tree Industrial Park # 2 Project	-	912,224	912,162	62	90% complete (2)	912,224
Total Contractual Expenditures:	\$ 6,916,812	\$ 13,730,139	\$ 3,159,006	\$ 10,571,132		\$ 13,730,139
Total Expenditures:	\$ 8,733,262	\$ 15,551,893	\$ 3,692,976	\$ 10,571,132		\$ 15,551,893

(1) The full allocation of VSTDC funds has not been transferred to the City's Construction fund for this project; however, the project is 100% complete as of March 31, 2014. The remaining funds will be used to pay the debt service on the TxDOT bonds until the County and TxDOT start making their reimbursements to the City.

(2) The engineering and construction contracts are included in the "Encumbered & Actual to Date" amount. The "Project Status" indicates the actual amount paid as March 31, 2014.

Note: all Capital Improvement projects are accounted for in the City's Construction funds. Funding sources for these projects include transfers from VSTDC and other sources.