



City of Victoria

Sales Tax Revenue Analysis Report

**March 2018 Report for
January 2018 Sales**

INTRODUCTION

The following reports will provide detailed analysis on the sales tax rebates received by the City of Victoria, which includes the actual receipts for both the City of Victoria's General Fund and the Victoria Sales Tax Development Corporation, from Fiscal Year 2015-2016 thru Fiscal Year 2017-2018 (year-to-date).

The City of Victoria (City) and CityBase.Net, Inc. (LFM) entered into a service agreement for Sales Tax Analysis and Reporting System (not software) during Fiscal Year 2016-2017. This service is a critical component of the overall revenue base; and, the revenue base of an organization needs to be continually evaluated for accuracy and performance. Left alone, there is almost a certainty that opportunities will be missed and errors will be introduced into a revenue system. There is not a revenue source with more significance, complexities, seasonal variations, economic fluctuations and constant changes as the sales tax revenue data. The purpose of these proposed and agreed upon services is to analyze and report confidential sales tax data for the City to better understand internal shifts in the sales tax base. The service provided by LFM will help the City recognize sales tax revenue vulnerabilities and to better explain current and historical data as well as to forecast future sales tax revenues.

The City provides LFM with monthly confidential sales tax data provided by the State Comptroller's Office. LFM prepares a detailed analysis and various reports from the confidential sales tax data, which contain various Industry Codes (sales tax data from various market categories), for the City. In turn, City staff reviews the detail analysis and various reports and condenses LFM detail analysis into twelve different sales tax categories, which accurately reflect / summarize the City's economic trends and status.

The State Comptroller Office uses the North American Industry Classification System (NAICS) to assign an industry code that indicates the general type of business operating in Texas. The NAICS is the standard code used by the State and Federal statistical agencies in classifying business establishments for collecting, analyzing, and publishing statistical data related to the State and U.S. business economy. As previously mentioned, staff has condensed the State Comptroller's NAICS industry codes into twelve different industry market categories; while the categorization of the data was subjective, the grouping of codes from one category to another should not materially affect the results of these reports. The following are the twelve market categories identified by staff with examples of the NAICS general market descriptors as well as relevant merchants that are currently reporting within each category:

1. **Arts, Amusements & Sports** – categories such as theaters, fitness and recreational sports centers, and golf courses (*Cinemark, Country Clubs, Gyms*)
2. **Construction** – categories such as plumbing, HVAC, electrical, and other general construction contractors (*Alamo Concrete, Ingram Readymix, Brannan Paving, Lauger Companies*)
3. **Finance, Insurance, & Leasing** – categories such as equipment rental & leasing, financial institutions, investments, and insurance companies (*United Rentals, Sunbelt Rentals, Netflix, Redbox*)
4. **Restaurants & Food Services** – categories such as restaurants or other food services contractors, and hotels (*Whataburger, McDonald's, Chick-Fil-A, Texas Roadhouse, Olive Garden*)
5. **Information, Publishing & Media** – categories such as cable programming, telecommunication, radio networks, and publishers (*AT&T, Sprint, T-Mobile, Verizon, Suddenlink*)
6. **Manufacturing & Warehousing** – categories such as machinery & equipment manufacturing and material manufacturing (*Holt Equipment, Mueller Supply, Superior Carports*)
7. **Oil & Gas** – categories such as drilling, oil & gas extraction, pipeline and mining (*MW Rentals, Baker Hughes/Petrolite, Quail Tools, Multi-Chem, Energy Transfer Partners/Sunoco*)
8. **Professional & Other Services** – categories such as general & administrative services, engineering, attorney, and repair and maintenance contractors (*Bugmobiles, Victoria Communications Services, Custom Tinting, Calvo's Janitorial*)
9. **Retail Trade** – categories such as automotive dealerships, clothing stores, building and general use supply stores, electronics stores, convenience stores, and gasoline stations (*Wal-Mart, Sam's Club, HEB, Lowe's, Home Depot, Academy*)
10. **Transportation** – categories such as ground transportation, motor vehicle towing, general freight trucking and transportation related to oil & gas (*UPS, FedEx, Allan's Wrecker, CW&A*)
11. **Utilities & Waste Management** – categories such as electric power & natural gas distribution & generation, sewage treatment & collection facilities and water supply & irrigation systems (*AEP, VEC, TXU Energy, Waste Management*)
12. **Wholesale Trade** – merchants classified as wholesalers of product (building, material, agricultural, manufacturing, motor vehicles and parts, and medical) (*Performance Food Group, Mid-Coast Electric, Ferguson Plumbing, Harbor Freight*)

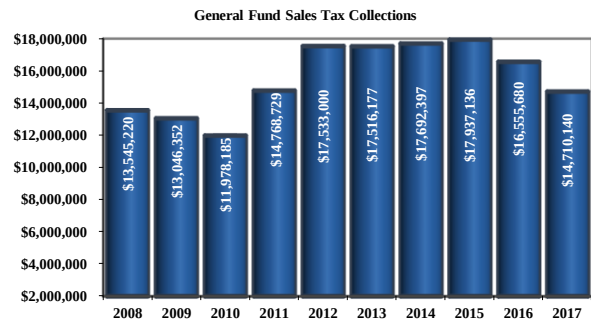
EXECUTIVE SUMMARY

General Fund Sales Tax Revenue

The last ten fiscal years, sales tax revenue was the largest single revenue source for the General Fund, accounting for an average of approximately 34.5 percent of General Fund revenues; however, due to the past recession, sales tax revenue, which experienced a decline of 8.2 percent or \$1.1 million, became the second largest single revenue source for the General Fund in Fiscal Year 2010, trailing only ad valorem tax revenue.

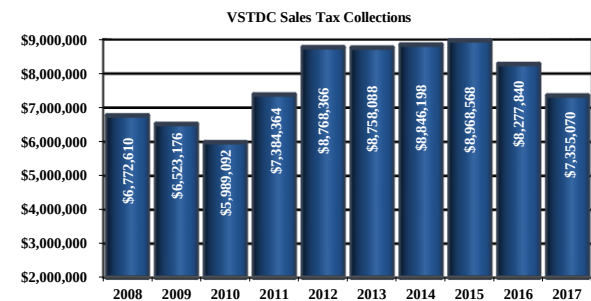
Due primarily to the oil and gas industry activity, i.e. Eagle Ford Shale, the Fiscal Year 2011 sales tax revenue increased by 23.3 percent or \$2.8 million; and, Fiscal Year 2012 thru Fiscal Year 2015, the General Fund experienced an average annual growth rate of 5.3 percent. In Fiscal Year 2016, due to the lower oil/gas prices and Victoria's oil and natural gas industry contracting, i.e. Eagle Ford Shale, sales tax revenue decreased by 7.7 percent or \$1.4 million compared to Fiscal Year 2015. For Fiscal Year 2017, the General Fund sales tax revenue was below the Fiscal Year 2017 budget by 9.2 percent or \$1.49 million; and, below the Fiscal Year 2016 actuals by 11.1 percent or \$1.8 million.

For Fiscal Year 2018, after five months of collected sales tax receipts, General Fund sales tax revenue is above the Fiscal Year 2018 budget by 15.8 percent or \$988K; and, above the Fiscal Year 2017 actuals by 17.8 percent or \$1.1 million for the same time frame.



Victoria Sales Tax Development Corporation Sales Tax Revenue

The last ten fiscal years, sales tax revenue has been the largest single revenue source for the Victoria Sales Tax Development Corporation (VSTDC), accounting for an average of approximately 89.9 percent of Victoria Sales Tax Corporation actual revenues. Prior to the 2010 recession, VSTDC experienced modest growth in its sales tax revenue; however, in Fiscal Year 2010, sales tax revenue declined by 8.2 percent or \$534K. In Fiscal Year 2011, sales tax revenue increased by 23.3 percent or \$1.4 million; and, Fiscal Year 2012 thru Fiscal Year 2015, VSTDC experienced an average annual growth rate of 5.3 percent; all due primarily to the oil and gas industry growth, i.e. Eagle Ford Shale activity. In Fiscal Year 2016, due to the lower oil/gas prices and Victoria's oil and natural gas industry contracting, i.e. Eagle Ford Shale, sales tax revenue decreased by 7.7 percent or \$691K compared to Fiscal Year 2015. For Fiscal Year 2017, the VSTDC sales tax revenue was below the Fiscal Year 2017 budget by 8.9 percent or \$723K; and, below the Fiscal Year 2016 actuals by 11.1 percent or \$923K.



For Fiscal Year 2018, after five months of collected sales tax receipts, VSTDC sales tax revenue is above the Fiscal Year 2018 budget by 14.1 percent or \$447K; and, above the Fiscal Year 2017 actuals by 17.9 percent or \$548K for the same time frame.

OVERALL

Prior to Fiscal Year 2016, sales tax revenue growth was primarily due to the oil and natural gas industry activity (i.e. Eagle Ford Shale), especially in Fiscal Year 2011 where the combined (City and VSTDC) sales tax revenue increased by 23.3 percent or \$4.2 million. However, as noted above, the Fiscal Year 2016 combined sales tax revenue decline of \$2.1 million and the combined sales tax revenue short-fall in Fiscal Year 2017 of \$2.2 million, the City's combined sales tax revenue declined by a net of \$4.3 million, erasing the original Fiscal Year 2011 sales tax revenue growth of \$4.2 million.

For Fiscal Year 2018 to date, the combined (City and VSTDC) sales tax revenue is above the Fiscal Year 2018 budget by 15.3 percent or \$1.44 million.

In reviewing the attached Sales Tax Revenue Analysis Reports, you will note that the fluctuations in the oil and gas industry activity has a major influence in various sales tax revenue categories.

SALES TAX REVENUE ANALYSIS REPORT

The following pages include the following tables and related graphs:

1. **Monthly Sales Tax Revenue by Fiscal Year** – table includes sales tax receipts collected by month for Fiscal Year 2015-2016 thru Fiscal Year 2017-2018 along with Fiscal Year 2017-2018 monetary and percent variances, compared to Fiscal Year 2015-2016 and Fiscal Year 2016-2017.

After five months of collected sales tax receipts, Fiscal Year 2017-2018 sales tax receipts are \$1.64 million or 17.8 percent above and -\$546K or -4.8 percent below the Fiscal Year 2016-2017 and Fiscal Year 2015-2016, respectively.

2. **Year-to-Date Sales Tax Revenue by Category** – table includes year-to-date sales tax receipts, by market category, for Fiscal Year 2015-2016 thru Fiscal Year 2017-2018.

After five months of collected sales tax receipts, the top two categories for Fiscal Year 2017-2018 (Retail Trade and Restaurants & Food Services, 47.54% and 9.93%, respectively), account for 57.47% of sales tax revenue to date in Fiscal Year 2017-2018. For the same timeframe, the top two categories for Fiscal Year 2016-2017 were Retail Trade and Restaurants & Food Services, accounting for a total of sales tax revenue to date of 59.29%. For the same timeframe, the top two categories for Fiscal Year 2015-2016 were Retail Trade and Oil & Gas, accounting for a total of sales tax revenue to date of 59.77%.

3. **Year-to-Date Sales Tax Revenue Comparison by Category & Fiscal Year** – table includes a comparison of Fiscal Year 2017-2018 year-to-date sales tax receipts, by market category, to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 along with monetary and percent variances.

After five months of collected sales tax receipts, the following categories are showing improvement comparing Fiscal Year 2017-2018 sales tax receipts to both Fiscal Year 2016-2017 and Fiscal Year 2015-2016:

- The Fiscal Year 2017-2018 *Construction* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$219K and \$155K, respectively;
- The Fiscal Year 2017-2018 *Finance/Insurance/Leasing* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$56K and \$28K, respectively;
- The Fiscal Year 2017-2018 *Professional & Other Services* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$61K and \$38K, respectively;
- The Fiscal Year 2017-2018 *Restaurants & Food Services* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$103K and \$32K, respectively;
- The Fiscal Year 2017-2018 *Retail Trade* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$672K and \$414K, respectively;
- The Fiscal Year 2017-2018 *Utilities & Waste Management* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$67K and \$151K, respectively; and,
- The Fiscal Year 2017-2018 *Wholesale Trade* sales tax revenue category compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016 is greater by \$235K and \$134K, respectively.

After four months of collected sales tax receipts, the remaining Fiscal Year 2017-2018 sales tax revenue categories are above Fiscal Year 2016-2017 but lagging Fiscal Year 2015-2016 and the noticeable sales tax revenue category variances are as follows:

- The Fiscal Year 2017-2018 *Manufacturing & Warehousing* sales tax revenue category is \$55K greater than Fiscal Year 2016-2017 but is still lagging Fiscal Year 2015-2016 by \$122K; and,
- The Fiscal Year 2017-2018 *Oil & Gas* sales tax revenue category is \$171K greater than Fiscal Year 2016-2017 but is still lagging Fiscal Year 2015-2016 by \$1.4 million.

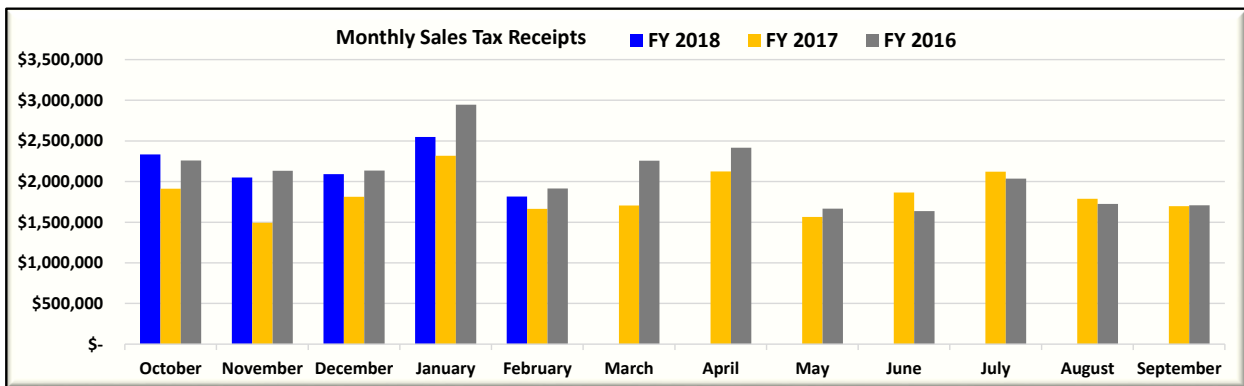
4. **City of Victoria Fiscal Year 2017-2018 Sales Tax Receipts Analysis** – table includes seven-year history (FY 2011 thru 2017) of sales tax receipts and Fiscal Year 2017-2018 budget and actual sales tax receipts, with monetary and percent variances, for the following:

- *City of Victoria General Fund*
- *Victoria Sales Tax Development Corporation (VSTDC)*
- *Combined – City of Victoria General Fund & VSTDC*

Monthly Sales Tax Revenue by Fiscal Year

The following table is a recap of the monthly sales tax receipts from Fiscal Year 2015-16 thru Fiscal Year 2017-18

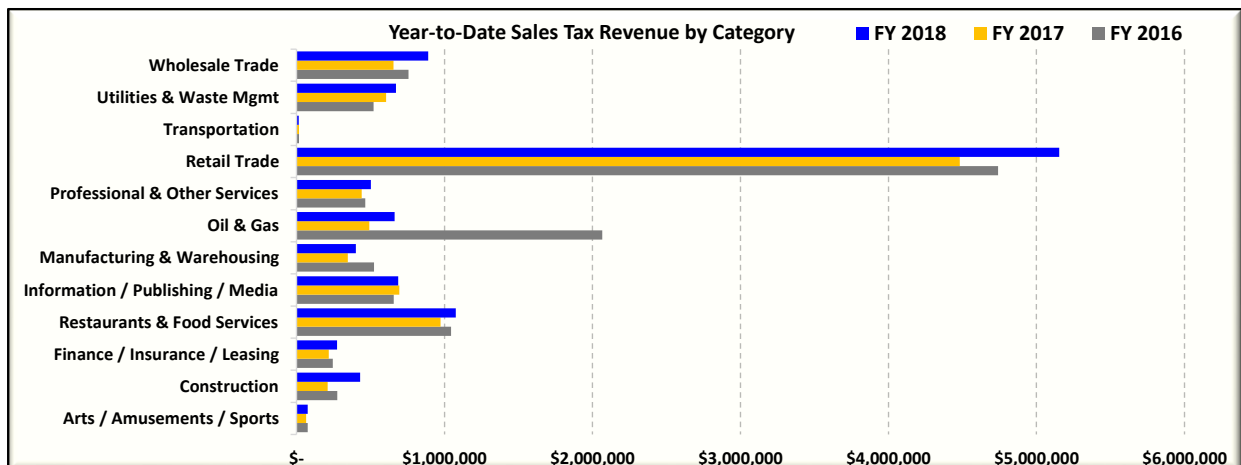
All Categories	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 2,260,025	\$ 1,913,202	\$ 2,333,747	\$ 420,545	22.0%	\$ 73,722	3.3%
November	2,131,557	1,494,471	2,050,732	556,261	37.2%	(80,825)	-3.8%
December	2,134,929	1,811,784	2,090,082	278,298	15.4%	(44,847)	-2.1%
January	2,945,176	2,316,481	2,549,310	232,829	10.1%	(395,866)	-13.4%
February	1,915,637	1,664,524	1,816,967	152,442	9.2%	(98,670)	-5.2%
March	2,255,169	1,705,315	-				
April	2,416,372	2,124,539	-				
May	1,667,019	1,565,025	-				
June	1,637,022	1,864,053	-				
July	2,037,182	2,120,669	-				
August	1,725,841	1,788,963	-				
September	1,707,591	1,696,184	-				
Grand Total:	\$ 24,833,520	\$ 22,065,210	\$ 10,840,838	\$ 1,640,376	17.8%	\$ (546,486)	-4.8%



Year-to-Date Sales Tax Revenue by Category

*The following table is a recap of the monthly fiscal year sales tax receipts by "Sales Tax Revenue Category":
October thru February*

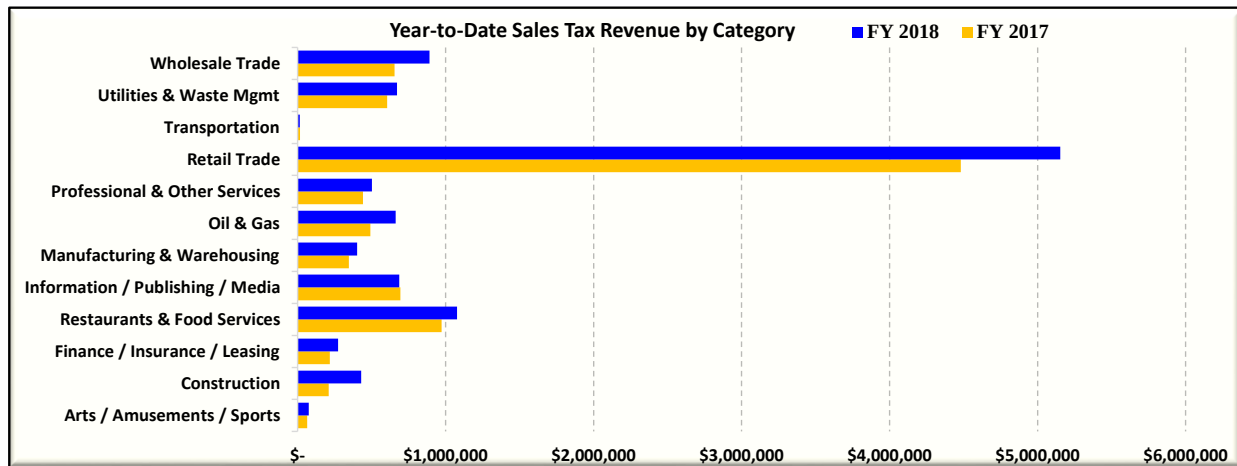
Category	FY 2016 - Oct. thru Feb.		FY 2017 - Oct. thru Feb.		FY 2018 - Oct. thru Feb.	
Arts / Amusements / Sports	\$ 75,432	0.66%	\$ 65,412	0.71%	\$ 75,690	0.70%
Construction	275,772	2.42%	210,796	2.29%	430,276	3.97%
Finance / Insurance / Leasing	245,554	2.16%	217,316	2.36%	273,604	2.52%
Restaurants & Food Services	1,044,843	9.18%	973,402	10.58%	1,076,714	9.93%
Information / Publishing / Media	657,101	5.77%	694,844	7.55%	686,661	6.33%
Manufacturing & Warehousing	523,780	4.60%	346,859	3.77%	401,547	3.70%
Oil & Gas	2,066,406	18.15%	492,114	5.35%	662,963	6.12%
Professional & Other Services	464,575	4.08%	441,154	4.79%	502,152	4.63%
Retail Trade	4,739,948	41.62%	4,481,616	48.71%	5,153,557	47.54%
Transportation	16,850	0.15%	16,110	0.18%	15,203	0.14%
Utilities & Waste Mgmt	520,883	4.57%	605,172	6.58%	672,032	6.20%
Wholesale Trade	756,180	6.64%	655,667	7.13%	890,438	8.21%
Grand Total:	\$ 11,387,324		\$ 9,200,462		\$ 10,840,838	



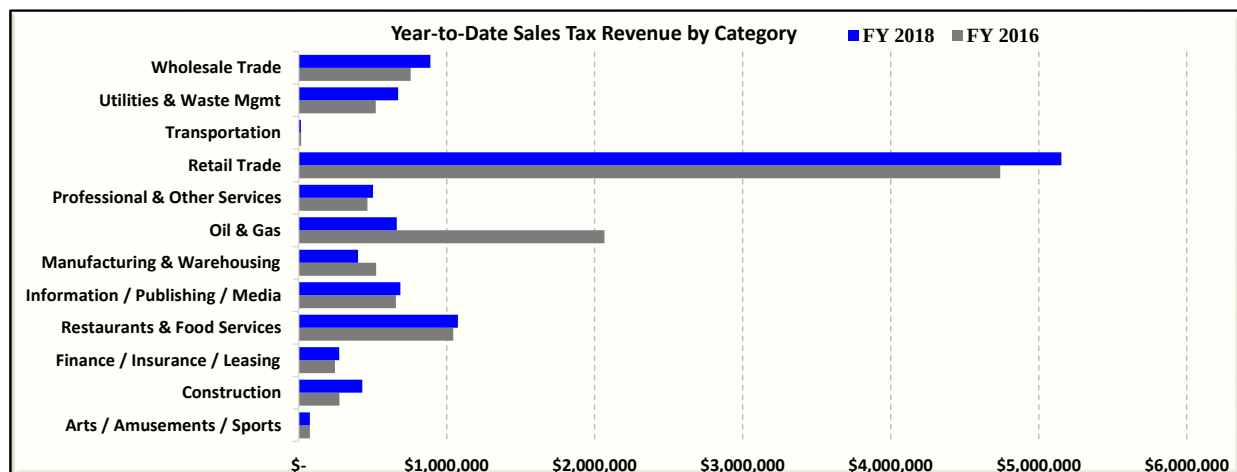
Year-to-Date Sales Tax Revenue Comparison by Category & Fiscal Years

*The following table is a recap of the monthly fiscal year sales tax receipts by "Sales Tax Revenue Category":
October thru February*

Category	FY 2017 - Oct. thru Feb.		FY 2018 - Oct. thru Feb.		FY 2018 vs. FY 2017	
Arts / Amusements / Sports	\$ 65,412	0.71%	\$ 75,690	0.70%	\$ 10,277	15.71%
Construction	210,796	2.29%	430,276	3.97%	219,481	104.12%
Finance / Insurance / Leasing	217,316	2.36%	273,604	2.52%	56,288	25.90%
Restaurants & Food Services	973,402	10.58%	1,076,714	9.93%	103,313	10.61%
Information / Publishing / Media	694,844	7.55%	686,661	6.33%	(8,184)	-1.18%
Manufacturing & Warehousing	346,859	3.77%	401,547	3.70%	54,689	15.77%
Oil & Gas	492,114	5.35%	662,963	6.12%	170,849	34.72%
Professional & Other Services	441,154	4.79%	502,152	4.63%	60,998	13.83%
Retail Trade	4,481,616	48.71%	5,153,557	47.54%	671,941	14.99%
Transportation	16,110	0.18%	15,203	0.14%	(907)	-5.63%
Utilities & Waste Mgmt	605,172	6.58%	672,032	6.20%	66,860	11.05%
Wholesale Trade	655,667	7.13%	890,438	8.21%	234,771	35.81%
Grand Total:	\$ 9,200,462		\$ 10,840,838		\$ 1,640,376	17.83%



Category	FY 2016 - Oct. thru Feb.		FY 2018 - Oct. thru Feb.		FY 2018 vs. FY 2016	
Arts / Amusements / Sports	\$ 75,432	0.66%	\$ 75,690	0.70%	\$ 257	0.34%
Construction	275,772	2.42%	430,276	4.68%	154,504	56.03%
Finance / Insurance / Leasing	245,554	2.16%	273,604	2.97%	28,050	11.42%
Restaurants & Food Services	1,044,843	9.18%	1,076,714	11.70%	31,871	3.05%
Information / Publishing / Media	657,101	5.77%	686,661	7.46%	29,560	4.50%
Manufacturing & Warehousing	523,780	4.60%	401,547	4.36%	(122,232)	-23.34%
Oil & Gas	2,066,406	18.15%	662,963	7.21%	(1,403,442)	-67.92%
Professional & Other Services	464,575	4.08%	502,152	5.46%	37,577	8.09%
Retail Trade	4,739,948	41.62%	5,153,557	56.01%	413,609	8.73%
Transportation	16,850	0.15%	15,203	0.17%	(1,646)	-9.77%
Utilities & Waste Mgmt	520,883	4.57%	672,032	7.30%	151,149	29.02%
Wholesale Trade	756,180	6.64%	890,438	9.68%	134,257	17.75%
Grand Total:	\$ 11,387,324		\$ 10,840,838		\$ (546,486)	-4.80%

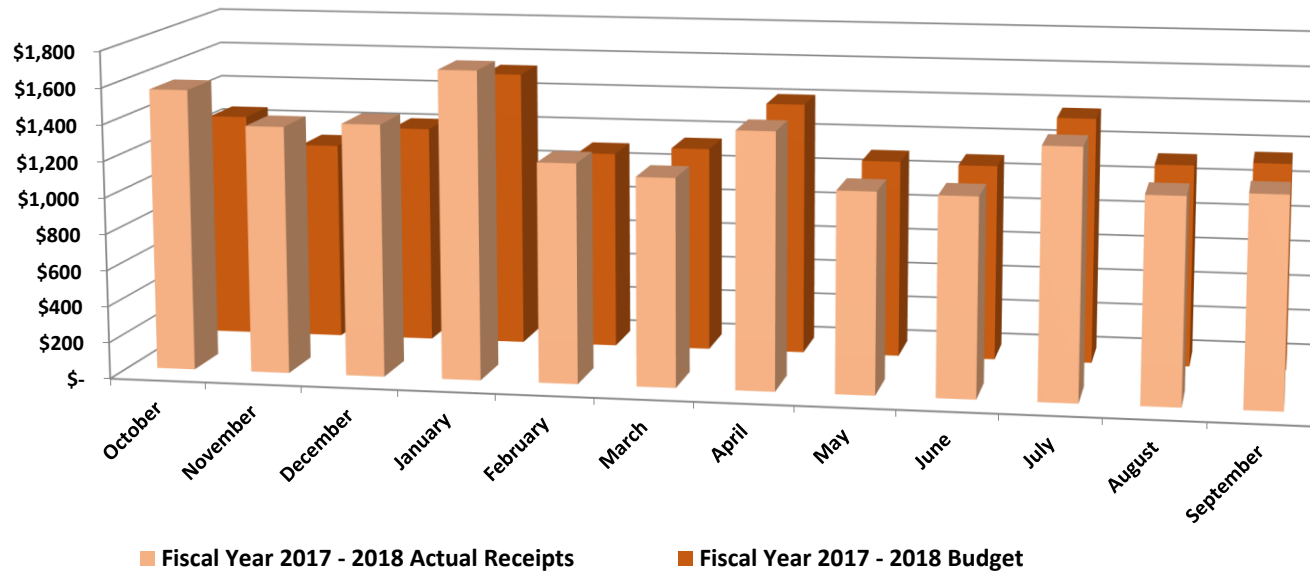


City of Victoria General Fund
Sales Tax Receipts Analysis

DATE	Actual Receipts FY 10-11	Actual Receipts FY 11-12	Actual Receipts FY 12-13	Actual Receipts FY 13-14	Actual Receipts FY 14-15	Actual Receipts FY 15-16	(A) Actual Receipts FY 16-17	Fiscal Year 2017 - 2018					Previous Year Monthly % Change COL: C / A	Previous Year Cumulative % Change COL: C / A
								(B) Budgeted Receipts FY 17-18	(C) Actual / <i>Estimate</i> Receipts FY 17-18	Current Year Monthly % Change COL: C / B	Current Year Cumulative % Change COL: C / B	FY 17-18 Budget Collected \$14,654		
October	\$ 1,241	\$ 1,544	\$ 1,541	\$ 1,292	\$ 1,707	\$ 1,507	\$ 1,275	\$ 1,262	\$ 1,556	23.30%	23.30%	10.62%	22.04%	22.04%
November	834	1,275	1,426	1,323	1,481	1,421	996	1,108	1,367	23.38%	23.33%	19.95%	37.25%	28.71%
December	1,051	1,350	1,334	1,336	1,429	1,423	1,208	1,219	1,393	14.27%	20.26%	29.45%	15.31%	24.06%
January	1,540	1,884	1,753	1,866	2,066	1,963	1,544	1,545	1,700	10.03%	17.18%	41.05%	10.10%	19.77%
February	1,061	1,290	1,310	1,258	1,270	1,277	1,110	1,105	1,211	9.59%	15.84%	49.32%	9.10%	17.84%
March	1,039	1,370	1,395	1,338	1,367	1,503	1,137	1,147	1,147					
April	1,376	1,712	1,698	1,647	1,647	1,611	1,416	1,413	1,413					
May	1,200	1,347	1,420	1,456	1,353	1,111	1,043	1,105	1,105					
June	1,181	1,380	1,255	1,542	1,429	1,091	1,243	1,095	1,095					
July	1,528	1,651	1,653	1,662	1,581	1,358	1,414	1,374	1,374					
August	1,307	1,329	1,381	1,475	1,321	1,151	1,193	1,129	1,129					
September	1,409	1,400	1,350	1,498	1,287	1,138	1,131	1,152	1,152					
	<u>\$ 14,767</u>	<u>\$ 17,532</u>	<u>\$ 17,516</u>	<u>\$ 17,693</u>	<u>\$ 17,938</u>	<u>\$ 16,554</u>	<u>\$ 14,710</u>	<u>\$ 14,654</u>	<u>\$ 15,642</u>					

In 1000's

Sales Tax Rebate Analysis

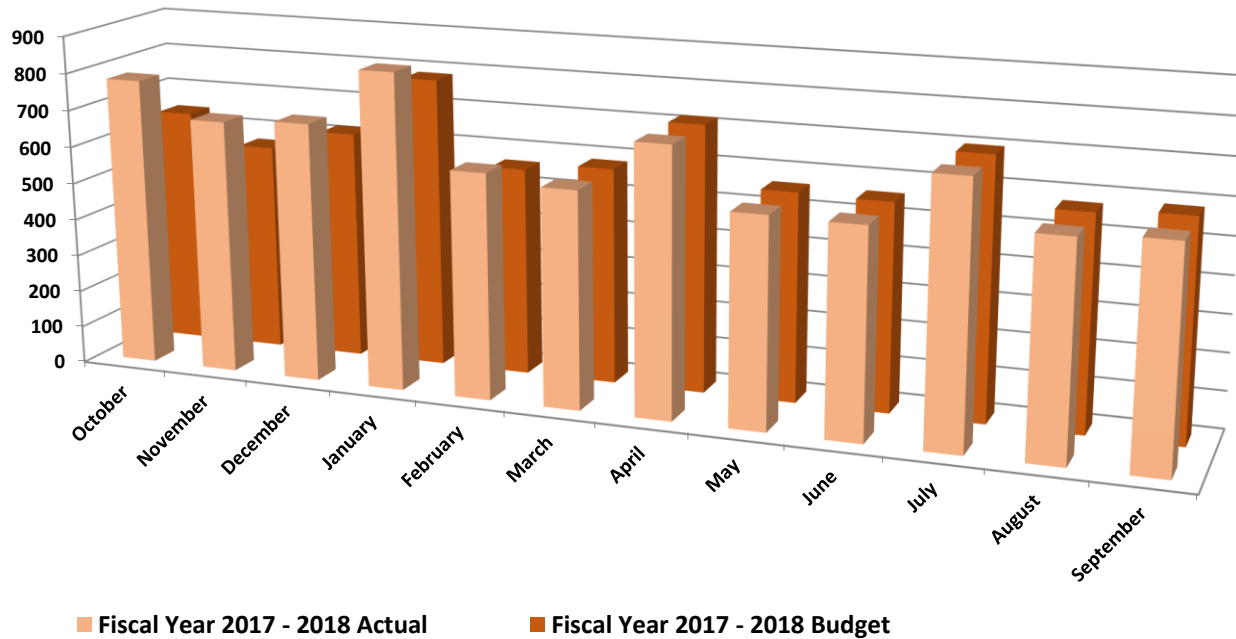


Victoria Sales Tax Development Corporation
Sales Tax Receipts Analysis

DATE	Actual Receipts FY 10-11	Actual Receipts FY 11-12	Actual Receipts FY 12-13	Actual Receipts FY 13-14	Actual Receipts FY 14-15	Actual Receipts FY 15-16	(A) Actual Receipts FY 16-17	Fiscal Year 2017 - 2018					Previous Year Monthly % Change COL: C / A	Previous Year Cumulative % Change COL: C / A
								(B) Budgeted Receipts FY 17-18	(C) Actual / <i>Estimate</i> Receipts FY 17-18	Current Year Monthly % Change COL: C / B	Current Year Cumulative % Change COL: C / B	FY 17-18 % of Budget Collected \$7,442		
October	\$ 621	\$ 771	\$ 770	\$ 646	\$ 853	\$ 753	\$ 638	\$ 641	\$ 778	21.37%	21.37%	10.45%	21.94%	21.94%
November	417	637	713	662	740	710	498	563	684	21.49%	21.43%	19.65%	37.35%	28.70%
December	525	675	667	668	715	712	604	619	697	12.60%	18.43%	29.01%	15.40%	24.08%
January	770	944	877	933	1,033	982	772	784	850	8.42%	15.42%	40.43%	10.10%	19.79%
February	531	646	655	629	635	638	555	561	606	8.02%	14.11%	48.58%	9.19%	17.87%
March	520	685	698	669	684	752	568	582	582					
April	688	856	849	823	823	805	708	718	718					
May	600	674	710	728	677	556	522	561	561					
June	591	690	627	771	714	546	621	557	557					
July	764	826	827	831	791	679	707	698	698					
August	654	665	691	737	660	575	596	573	573					
September	704	700	675	749	644	569	565	585	585					
	<u>\$ 7,385</u>	<u>\$ 8,769</u>	<u>\$ 8,759</u>	<u>\$ 8,846</u>	<u>\$ 8,969</u>	<u>\$ 8,277</u>	<u>\$ 7,354</u>	<u>\$ 7,442</u>	<u>\$ 7,889</u>					

In 1000's

Sales Tax Rebate Analysis

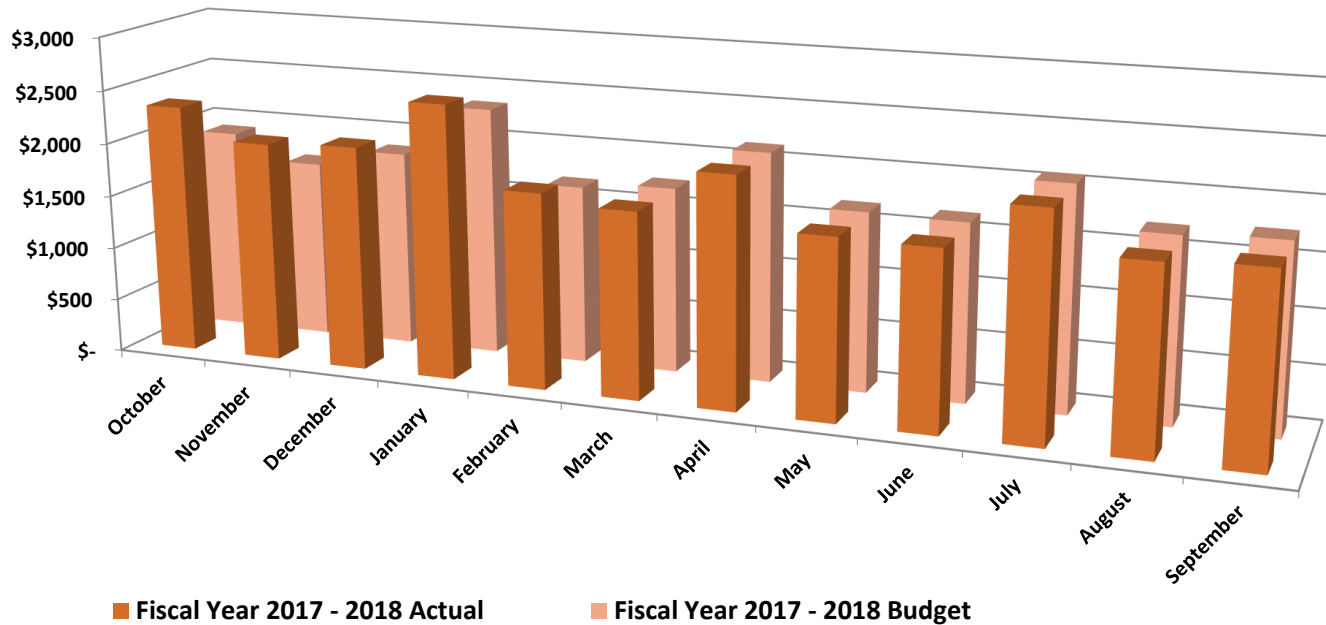


City of Victoria & VSTDC Combined
Sales Tax Receipts Analysis

DATE	Actual Receipts FY 10-11	Actual Receipts FY 11-12	Actual Receipts FY 12-13	Actual Receipts FY 13-14	Actual Receipts FY 14-15	(A) Actual Receipts FY 15-16	(A) Actual Receipts FY 16-17	Fiscal Year 2017 - 2018					Previous Year Monthly % Change COL: C / A	Previous Year Cumulative % Change COL: C / A
								(B) Budgeted Receipts FY 17-18	(C) Actual / <i>Estimate</i> Receipts FY 17-18	Current Year Monthly % Change COL: C / B	Current Year Cumulative % Change COL: C / B	FY 17-18 % of Budget Collected \$22,096		
October	\$ 1,862	\$ 2,315	\$ 2,311	\$ 1,938	\$ 2,560	\$ 2,260	\$ 1,913	\$ 1,903	\$ 2,334	22.65%	22.65%	10.56%	22.01%	22.01%
November	1,251	1,912	2,139	1,985	2,221	2,131	1,494	1,671	2,051	22.74%	22.69%	19.85%	37.28%	28.71%
December	1,576	2,025	2,001	2,004	2,144	2,135	1,812	1,838	2,090	13.71%	19.64%	29.30%	15.34%	24.07%
January	2,310	2,828	2,630	2,799	3,099	2,945	2,316	2,329	2,550	9.49%	16.59%	40.84%	10.10%	19.77%
February	1,592	1,936	1,965	1,887	1,905	1,915	1,665	1,666	1,817	9.06%	15.25%	49.07%	9.13%	17.85%
March	1,559	2,055	2,093	2,007	2,051	2,255	1,705	1,729	1,729					
April	2,064	2,568	2,547	2,470	2,470	2,416	2,124	2,131	2,131					
May	1,800	2,021	2,130	2,184	2,030	1,667	1,565	1,666	1,666					
June	1,772	2,070	1,882	2,313	2,143	1,637	1,864	1,652	1,652					
July	2,292	2,477	2,480	2,493	2,372	2,037	2,121	2,072	2,072					
August	1,961	1,994	2,072	2,212	1,981	1,726	1,789	1,702	1,702					
September	2,113	2,100	2,025	2,247	1,931	1,707	1,696	1,737	1,737					
	<u>\$ 22,152</u>	<u>\$ 26,301</u>	<u>\$ 26,275</u>	<u>\$ 26,539</u>	<u>\$ 26,907</u>	<u>\$ 24,831</u>	<u>\$ 22,064</u>	<u>\$ 22,096</u>	<u>\$ 23,531</u>					

In 1000's

Sales Tax Rebate Analysis



SALES TAX REVENUE ANALYSIS REPORT

The following pages include the *Monthly Sales Tax Revenue by Category and Fiscal Year* reports and related graphs. Each sales tax revenue category table includes monthly sales tax receipts for Fiscal Year 2015-2016 thru Fiscal Year 2017-2018 along with Fiscal Year 2017-2018 monetary and percent variances, compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016.

After five months of sales tax receipts collected for Fiscal Year 2017-2018, the twelve sales tax revenue categories are reflecting the following variances, compared to Fiscal Year 2016-2017 and Fiscal Year 2015-2016, respectively.

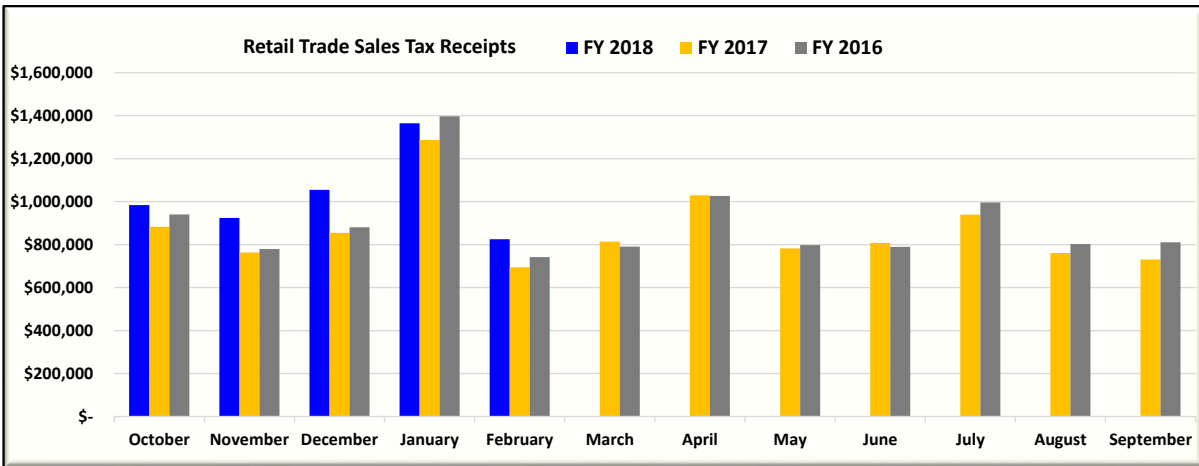
Each sector is listed below and shown on the following pages in descending order (largest sector to smallest sector).

1. **Retail Trade** sales tax revenue category is \$672K or 15.0 percent and \$414K or 8.7 percent;
2. **Restaurants and Food Services** sales tax revenue category is \$103K or 10.6 percent and \$32K or 3.1 percent;
3. **Wholesale Trade** sales tax revenue category is \$235K or 35.8 percent and \$134K or 17.8 percent;
4. **Information, Publishing & Media** sales tax revenue category is -\$8k or -1.2 percent and \$30K or 4.5 percent;
5. **Utilities and Waste Management** sales tax revenue category is \$67K or 11.0 percent and \$151K or 29.0 percent;
6. **Oil & Gas** sales tax revenue category is \$171K or 34.7 percent and -\$1.40 million or -67.9 percent;
7. **Professional & Other Services** sales tax revenue category is \$61K or 13.8 percent and \$38K or 8.1 percent;
8. **Construction** sales tax revenue category is \$219K or 104.1 percent and \$155K or 56.0 percent;
9. **Manufacturing and Warehousing** sales tax revenue category is \$55K or 15.8 percent and -\$122K or -23.3 percent;
10. **Finance, Insurance & Leasing** sales tax revenue category is \$56K or 25.9 percent and \$28.1K or 11.4 percent;
11. **Arts, Amusements & Sports** sales tax revenue category is \$10K or 15.7 percent and \$257 or 0.3 percent; and,
12. **Transportation** sales tax revenue category is -\$1K or -5.6 percent and -\$2K or -9.8 percent.

Monthly Sales Tax Revenue by Category and Fiscal Year

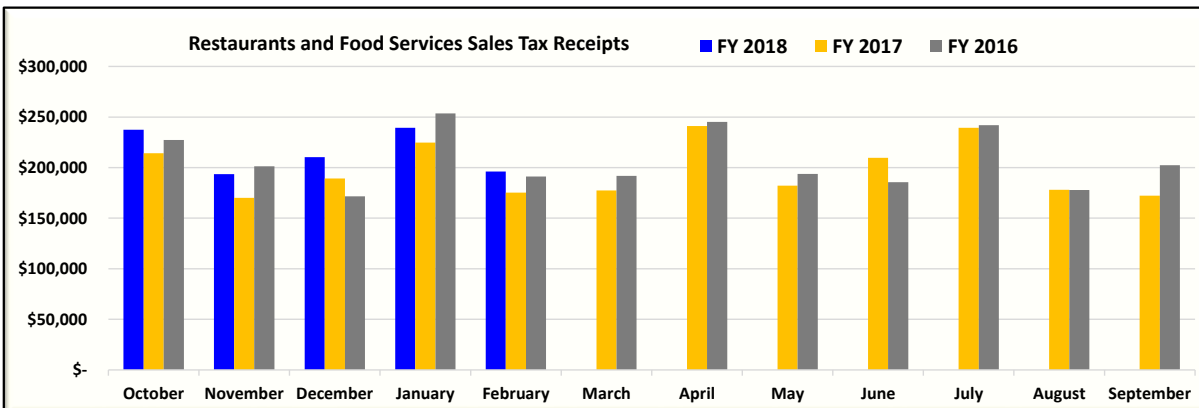
Retail Trade - Categories such as Automotive Dealerships, Clothing Stores, Building & General Use Supply Stores, Electronics Stores, Convenience Stores and Gasoline Stations

Retail Trade	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 940,750	\$ 883,117	\$ 984,543	\$ 101,426	11.5%	\$ 43,794	4.7%
November	779,337	762,952	924,066	161,115	21.1%	144,730	18.6%
December	880,399	854,249	1,055,005	200,757	23.5%	174,606	19.8%
January	1,397,663	1,287,377	1,365,314	77,937	6.1%	(32,349)	-2.3%
February	741,800	693,922	824,628	130,707	18.8%	82,828	11.2%
March	790,128	814,136					
April	1,026,741	1,029,197					
May	797,254	782,662					
June	789,872	807,385					
July	996,482	939,470					
August	803,114	761,313					
September	810,402	731,272					
Grand Total:	\$ 10,753,941	\$ 10,347,050	\$ 5,153,557	\$ 671,941	15.0%	\$ 413,609	8.7%



Restaurants and Food Services - Categories such as Restaurants, Food Service Contractors, and Hotels

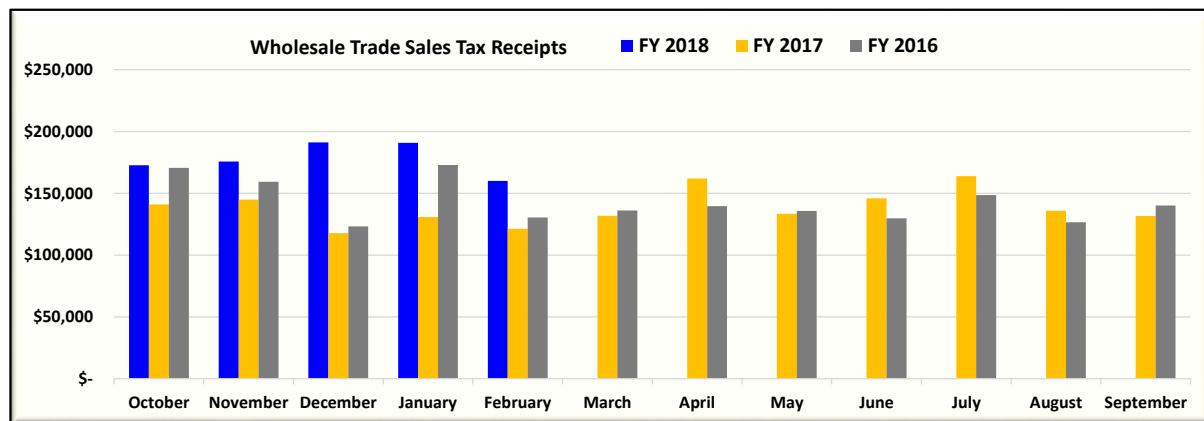
Restaurants and Food Services	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 227,275	\$ 214,091	\$ 237,461	\$ 23,370	10.9%	\$ 10,186	4.5%
November	201,322	170,155	193,514	23,359	13.7%	(7,808)	-3.9%
December	171,567	189,161	210,278	21,117	11.2%	38,711	22.6%
January	253,471	224,778	239,369	14,591	6.5%	(14,103)	-5.6%
February	191,209	175,218	196,093	20,875	11.9%	4,884	2.6%
March	191,925	177,437					
April	245,203	241,118					
May	193,841	182,201					
June	185,593	209,776					
July	242,036	239,326					
August	177,742	177,990					
September	202,459	172,266					
Grand Total:	\$ 2,483,642	\$ 2,373,514	\$ 1,076,714	\$ 103,313	10.6%	\$ 31,871	3.1%



Monthly Sales Tax Revenue by Category and Fiscal Year

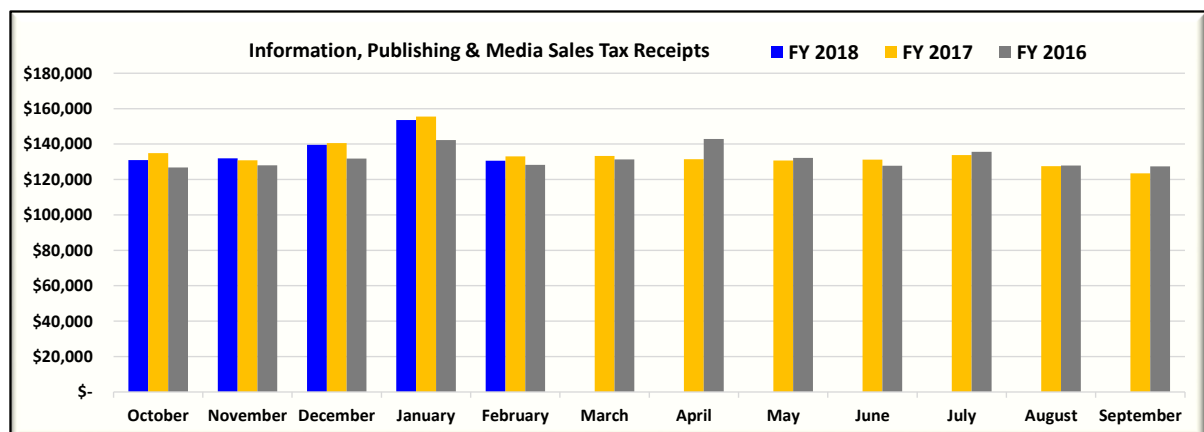
Wholesale Trade - Merchants classified as Wholesale of product (building material, agricultural, manufacturing, motor vehicles & parts and medical)

Wholesale Trade	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 170,628	\$ 140,963	\$ 172,751	\$ 31,788	22.6%	\$ 2,122	1.2%
November	159,292	144,864	175,578	30,714	21.2%	16,286	10.2%
December	123,156	117,775	191,213	73,438	62.4%	68,057	55.3%
January	172,758	130,771	190,844	60,073	45.9%	18,085	10.5%
February	130,345	121,294	160,052	38,758	32.0%	29,706	22.8%
March	136,056	131,781					
April	139,623	161,945					
May	135,775	133,435					
June	129,777	145,945					
July	148,515	163,783					
August	126,588	135,935					
September	140,061	131,703					
Grand Total: \$ 1,712,575 \$ 1,660,194 \$ 890,438 \$ 234,771 35.8% \$ 134,257 17.8%							



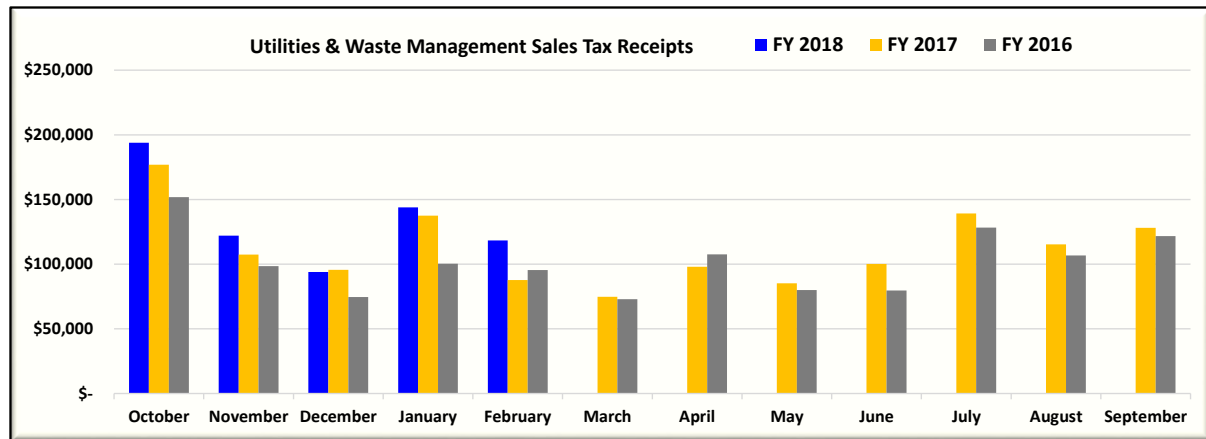
Information, Publishing & Media - Categories such as Cable Prog., Telecommunications, Radio Networks & Publishers

Information, Publishing & Media	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 126,740	\$ 134,943	\$ 130,968	\$ (3,975)	-2.9%	\$ 4,228	3.3%
November	127,977	130,781	131,936	1,156	0.9%	3,960	3.1%
December	131,862	140,565	139,543	(1,022)	-0.7%	7,681	5.8%
January	142,287	155,540	153,604	(1,936)	-1.2%	11,317	8.0%
February	128,235	133,016	130,609	(2,406)	-1.8%	2,374	1.9%
March	131,372	133,254					
April	142,906	131,481					
May	132,217	130,655					
June	127,712	131,182					
July	135,673	133,784					
August	127,944	127,469					
September	127,358	123,467					
Grand Total: \$ 1,582,284 \$ 1,606,136 \$ 686,661 \$ (8,184) -1.2% \$ 29,560 4.5%							



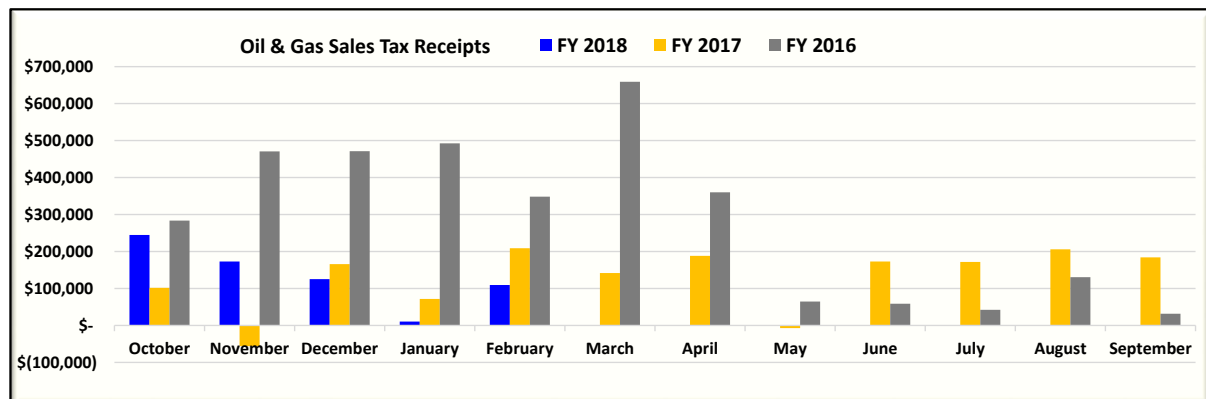
Monthly Sales Tax Revenue by Category and Fiscal Year

Utilities & Waste Management - Categories such as Electric Power & Natural Gas Distribution & Generation, Sewage Treatment Facilities and Water Supply & Irrigation Systems							
Utilities and Waste Management	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 151,787	\$ 176,846	\$ 193,864	\$ 17,017	9.6%	\$ 42,077	27.7%
November	98,538	107,441	121,976	14,535	13.5%	23,438	23.8%
December	74,640	95,689	93,913	(1,777)	-1.9%	19,273	25.8%
January	100,395	137,519	143,994	6,475	4.7%	43,599	43.4%
February	95,523	87,676	118,286	30,610	34.9%	22,763	23.8%
March	72,860	74,699					
April	107,529	98,028					
May	79,946	85,212					
June	79,727	100,254					
July	128,288	139,137					
August	106,802	115,241					
September	121,775	128,068					
Grand Total:	\$ 1,217,810	\$ 1,345,811	\$ 672,032	\$ 66,860	11.0%	\$ 151,149	29.0%



Oil & Gas - Categories such as Drilling, Oil & Gas Extraction, Pipeline and Mining							
Oil & Gas	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 283,791	\$ 101,752	\$ 244,984	\$ 143,232	140.8%	\$ (38,807)	-13.7%
November	470,536	(55,973)	173,148	229,121	-409.3%	(297,388)	-63.2%
December	471,273	166,024	124,987	(41,037)	-24.7%	(346,287)	-73.5%
January	492,254	71,490	10,257	(61,233)	-85.7%	(481,997)	-97.9%
February	348,551	208,821	109,588	(99,233)	-47.5%	(238,963)	-68.6%
March	659,349	141,789					
April	359,976	188,215					
May	64,698	(7,058)					
June	59,019	172,977					
July	42,035	171,766					
August	130,350	206,022					
September	31,670	184,089					
Grand Total:	\$ 3,413,503	\$ 1,549,914	\$ 662,963	\$ 170,849	34.7%	\$ (1,403,442)	-67.9%

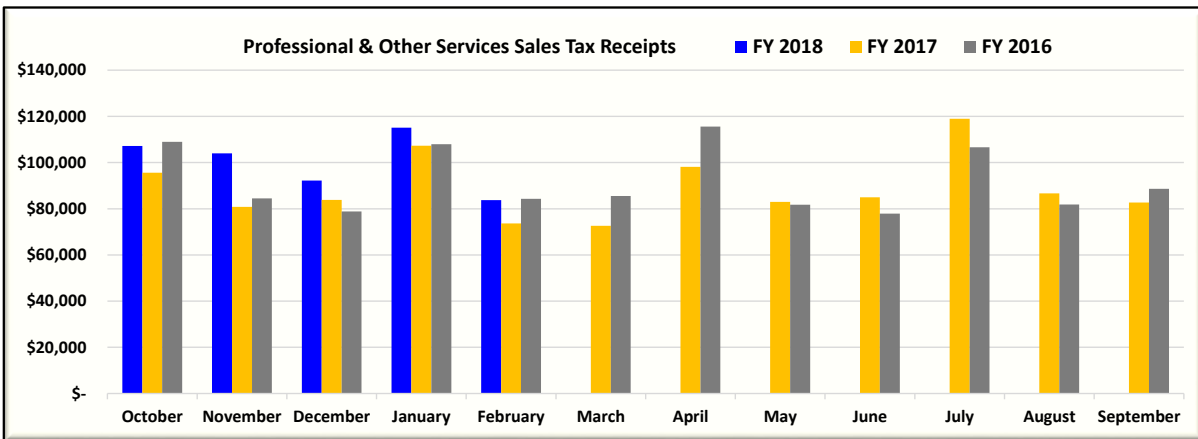
Note: Negative values are due to Audit Adjustments included in totals above - Nov 2016 (\$158,355) & May 2017 (\$83,444)



Monthly Sales Tax Revenue by Category and Fiscal Year

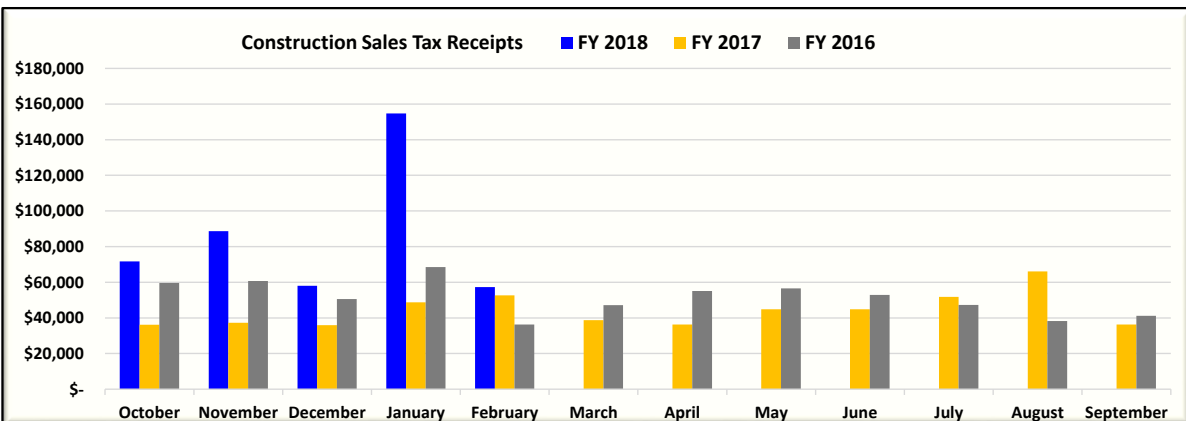
Professional & Other Services - Categories such as Administrative Serv., Eng., Atty., and Repair & Maint. Contractors

Professional & Other Services	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 109,013	\$ 95,635	\$ 107,174	\$ 11,539	12.1%	\$ (1,839)	-1.7%
November	84,461	80,853	103,981	23,128	28.6%	19,520	23.1%
December	78,860	83,793	92,202	8,409	10.0%	13,341	16.9%
January	107,939	107,253	115,105	7,852	7.3%	7,166	6.6%
February	84,302	73,620	83,690	10,070	13.7%	(612)	-0.7%
March	85,509	72,587					
April	115,579	98,098					
May	81,757	82,999					
June	77,861	84,981					
July	106,589	118,970					
August	81,851	86,694					
September	88,612	82,649					
Grand Total:	\$ 1,102,333	\$ 1,068,133	\$ 502,152	\$ 60,998	13.8%	\$ 37,577	8.1%



Construction - Categories such as Plumbing, HVAC, Electrical, & other General Construction Contractors

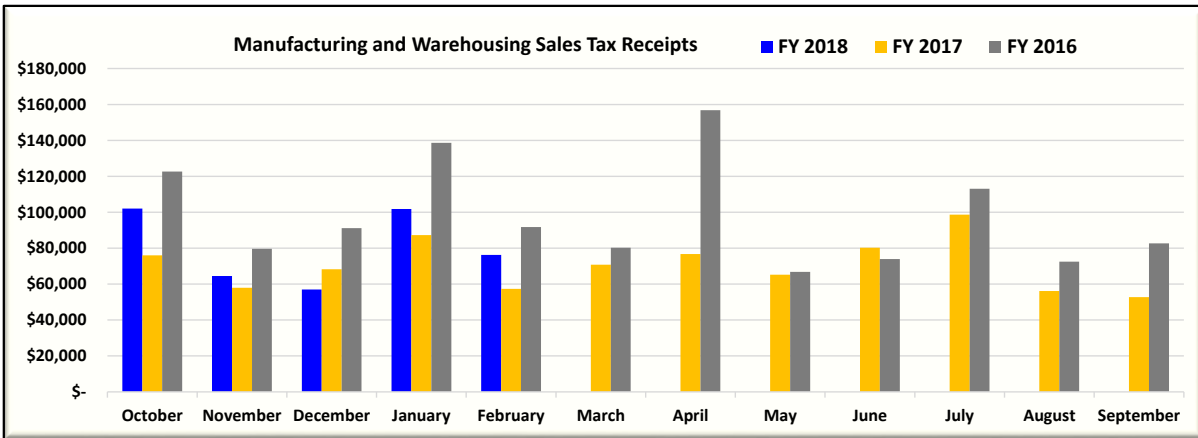
Construction	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 59,662	\$ 36,192	\$ 71,664	\$ 35,471	98.0%	\$ 12,002	20.1%
November	60,655	37,279	88,698	51,420	137.9%	28,044	46.2%
December	50,569	35,938	57,988	22,050	61.4%	7,418	14.7%
January	68,542	48,709	154,686	105,977	217.6%	86,144	125.7%
February	36,343	52,678	57,241	4,563	8.7%	20,897	57.5%
March	47,126	38,775					
April	55,107	36,337					
May	56,567	44,821					
June	52,902	44,797					
July	47,311	51,786					
August	38,236	66,049					
September	41,150	36,330					
Grand Total:	\$ 614,172	\$ 529,691	\$ 430,276	\$ 219,481	104.1%	\$ 154,504	56.0%



Monthly Sales Tax Revenue by Category and Fiscal Year

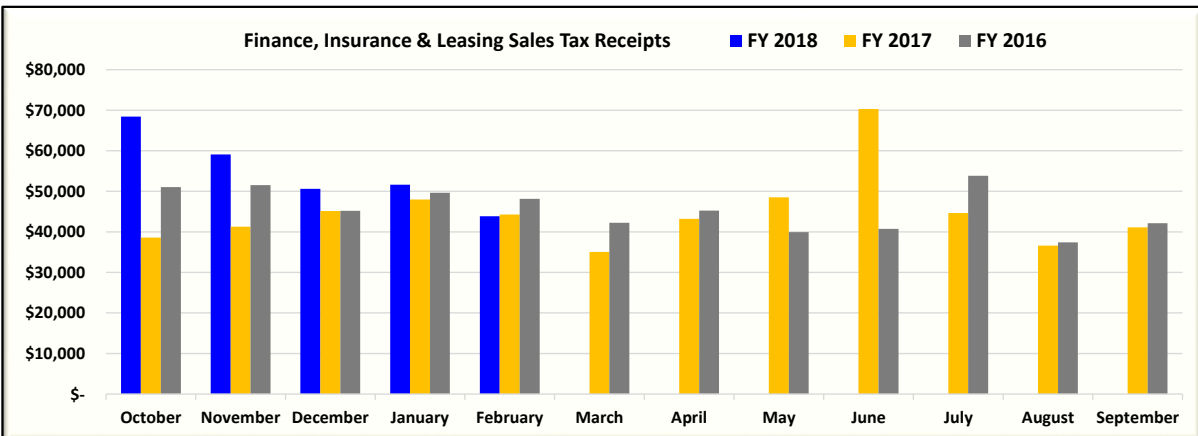
Manufacturing and Warehousing - Categories such as Mach. & Equip. Mfg. and Bldg. Material Mfg.

Manufacturing and Warehousing	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 122,623	\$ 75,993	\$ 102,064	\$ 26,071	34.3%	\$ (20,558)	-16.8%
November	79,676	57,980	64,443	6,464	11.1%	(15,233)	-19.1%
December	91,166	68,264	57,018	(11,246)	-16.5%	(34,148)	-37.5%
January	138,573	87,270	101,802	14,532	16.7%	(36,771)	-26.5%
February	91,742	57,351	76,220	18,869	32.9%	(15,522)	-16.9%
March	80,254	70,814					
April	156,852	76,754					
May	66,857	65,276					
June	73,899	80,188					
July	113,022	98,605					
August	72,524	56,114					
September	82,639	52,723					
Grand Total:	\$ 1,169,826	\$ 847,333	\$ 401,547	\$ 54,689	15.8%	\$ (122,232)	-23.3%



Finance, Insurance & Leasing - Categories such as Equipment Rental & Leasing, Financial Institutions, Investments and Insurance Companies

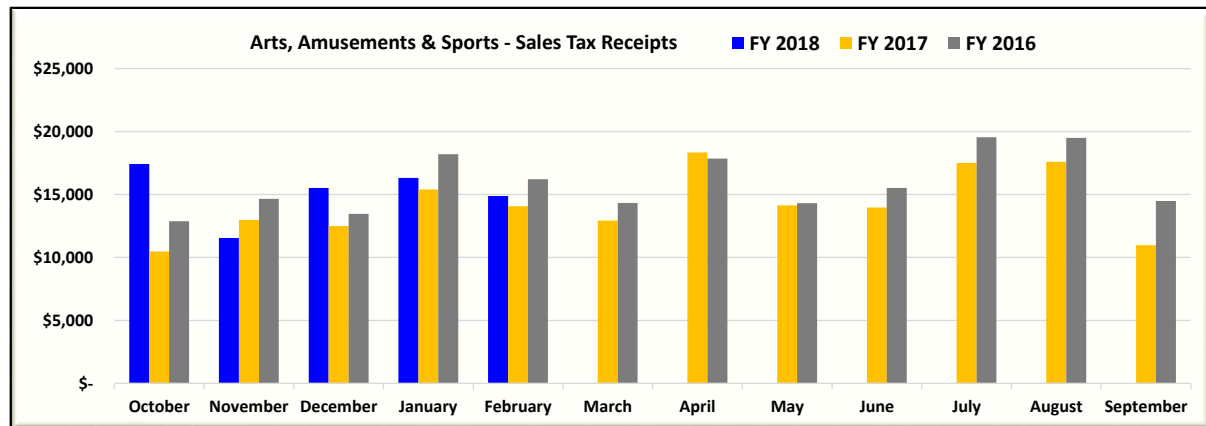
Finance, Insurance & Leasing	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 51,027	\$ 38,577	\$ 68,422	\$ 29,846	77.4%	\$ 17,396	34.1%
November	51,551	41,297	59,077	17,780	43.1%	7,526	14.6%
December	45,209	45,160	50,615	5,455	12.1%	5,406	12.0%
January	49,635	48,004	51,630	3,626	7.6%	1,995	4.0%
February	48,132	44,278	43,859	(418)	-0.9%	(4,273)	-8.9%
March	42,217	35,027					
April	45,250	43,190					
May	39,946	48,517					
June	40,725	70,306					
July	53,851	44,633					
August	37,409	36,617					
September	42,158	41,106					
Grand Total:	\$ 547,110	\$ 536,712	\$ 273,604	\$ 56,288	25.9%	\$ 28,050	11.4%



Monthly Sales Tax Revenue by Category and Fiscal Year

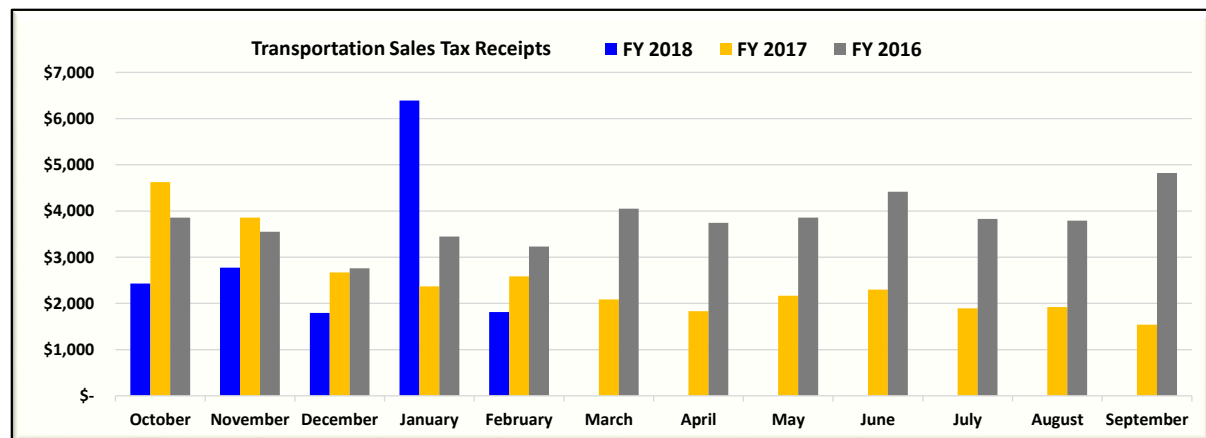
Arts, Amusements & Sports - Categories such as Motion Picture, Theater, Fitness & Recreation Sports Centers & Golf Courses

Arts, Amusement & Sports	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 12,872	\$ 10,466	\$ 17,423	\$ 6,957	66.5%	\$ 4,551	35.4%
November	14,662	12,984	11,541	(1,443)	-11.11%	(3,121)	-21.29%
December	13,468	12,497	15,525	3,028	24.23%	2,057	15.27%
January	18,209	15,399	16,314	915	5.94%	(1,895)	-10.41%
February	16,221	14,066	14,887	821	5.83%	(1,334)	-8.23%
March	14,325	12,929					
April	17,860	18,345					
May	14,305	14,139					
June	15,514	13,962					
July	19,548	17,515					
August	19,491	17,600					
September	14,484	10,972					
Grand Total:	\$ 190,959	\$ 170,874	\$ 75,690	\$ 10,277	15.7%	\$ 257	0.3%



Transportation - Categories such as Ground Transportation, Motor Vehicle Towing & General Freight Trucking

Transportation	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	FY 18 vs. FY 17		FY 18 vs. FY 16	
				\$ Variance	% Variance	\$ Variance	% Variance
October	\$ 3,857	\$ 4,627	\$ 2,429	\$ (2,198)	-47.5%	\$ (1,429)	-37.0%
November	3,551	3,858	2,773	(1,085)	-28.1%	(778)	-21.9%
December	2,760	2,670	1,796	(873)	-32.7%	(963)	-34.9%
January	3,450	2,371	6,392	4,021	169.6%	2,942	85.3%
February	3,232	2,585	1,814	(771)	-29.8%	(1,418)	-43.9%
March	4,048	2,088					
April	3,745	1,831					
May	3,857	2,165					
June	4,420	2,300					
July	3,831	1,895					
August	3,792	1,920					
September	4,823	1,539					
Grand Total:	\$ 45,366	\$ 29,848	\$ 15,203	\$ (907)	-5.6%	\$ (1,646)	-9.8%



SALES TAX REVENUE ANALYSIS REPORT

The following pages include a ***Twenty-five-year Rolling 12 Month Sales Tax Receipts History*** for the State of Texas, Texas Municipal League Region 11 (Coastal Bend – Corpus Christi, which includes City of Victoria) and City of Victoria. Additionally, County of Victoria, City of Cuero, and City of Port Lavaca were included for comparison.

A Rolling 12 (R12) Monthly Trend Report is a valuable tool for any organization to use to track its progress and to show trends. Actual sales tax values are important for many reasons but do not lend well to forward looking trend analysis (i.e. growth, flattening or declining). The most valuable way to understand sales tax trends is to look at the R12 Monthly totals over a long period. Recessions can be spotted easily and in fact, you can see the very month that peaks end as well as when recoveries start. This is important as sales taxes received for the current month are based on actual business sales from two months earlier.

The Rolling 12-month report uses the running total of the values of the last 12 months. Each month, the indicator that is 13 months old is dropped from the total and the new month's value is added to determine the Current R12 value.

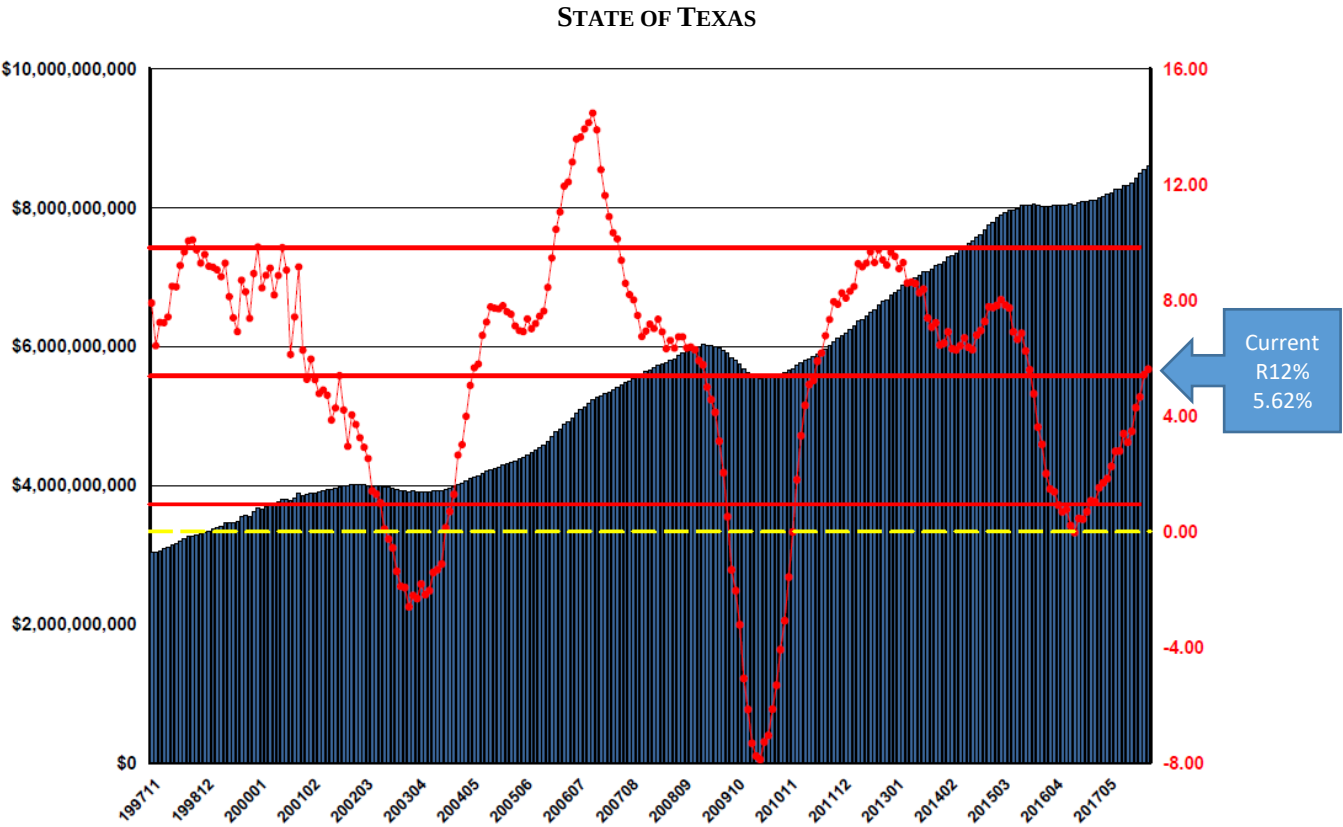
The Current R12 value (April 2017 to March 2018) is then compared to the same 12-month period one year prior to determine the Prior Year R12 value (April 2016 to March 2017). The change between the Current R12 and Prior Year R12 is the Current R12 percentage.

HIGHLIGHTS FOR TEXAS R12 – AS OF FEBRUARY 2018:

- 1) Twenty-Five-Year R12 Monthly Sales Tax Collection History Report Trend for **State of Texas**:
 - The recent declining trend in sales tax receipts “bottomed- out” around September 2016.
 - State’s current R12 percentage is 5.62, **up** from last month’s R12 percentage of 5.43.
- 2) Twenty-Five Year R12 Monthly Sales Tax Collection History Report Trend for **Texas Municipal League Region 11**:
 - The recent declining trend in sales tax receipts “bottomed-out” around September 2016.
 - TML Region 11’s current R12 percentage is 5.82, **up** from last month’s R12 percentage of 3.17.
- 3) Twenty-Five-Year R12 Monthly Sales Tax Collection History Report Trend for **City of Victoria**:
 - The recent declining trend in sales tax receipts appears to have “bottomed-out” around May 2017.
 - City’s current R12 month percentage is 4.67, **up** from last month’s R12 percentage of 2.86.
- 4) Twenty-Five Year R12 Monthly Sales Tax Collection History Report Trend for **County of Victoria**:
 - The recent declining trend in sales tax receipts appears to have “bottomed-out” around May 2017.
 - County’s current R12 month percentage is 9.57, **up** from last month’s R12 percentage of 3.46.
- 5) Twenty-Five Year R12 Monthly Sales Tax Collection History Report Trend for **City of Cuero**:
 - The declining trend in sales tax receipts “bottomed-out” around September 2016.
 - City of Cuero’s current R12 percentage is -2.04, **down** from last month’s R12 percentage of -1.69.
- 6) Twenty-Five Year R12 Monthly Sales Tax Collection History Report Trend for **City of Port Lavaca**:
 - The declining trend in sales tax receipts “bottomed-out” around November 2016.
 - City of Port Lavaca’s current R12 month percentage is 12.95, **up** from last month’s R12 percentage of 12.06.

ROLLING 12 MONTH REPORT – STATE OF TEXAS

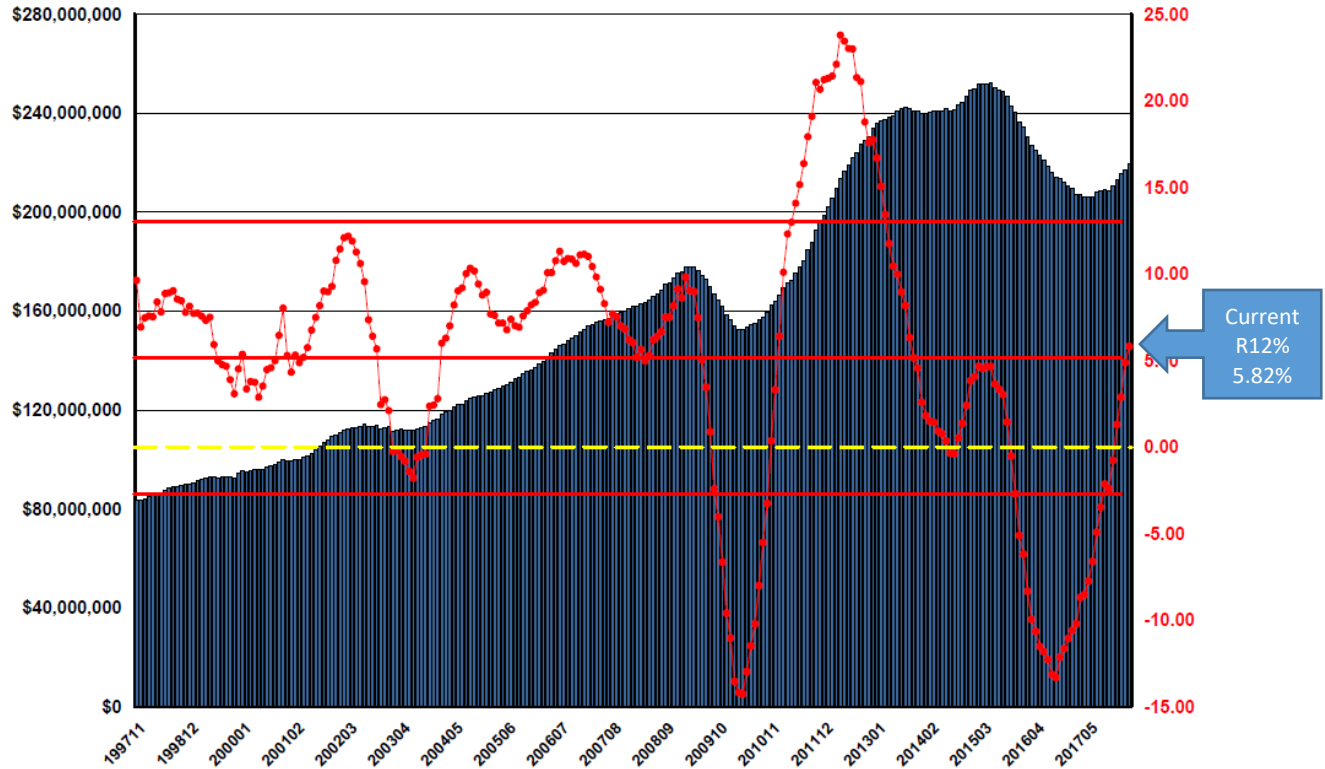
The following chart includes a *Twenty-Five-Year Rolling 12 Month Sales Tax Collection History* for the State of Texas.



ROLLING 12 MONTH REPORT – TML REGION 11 (COASTAL BEND)

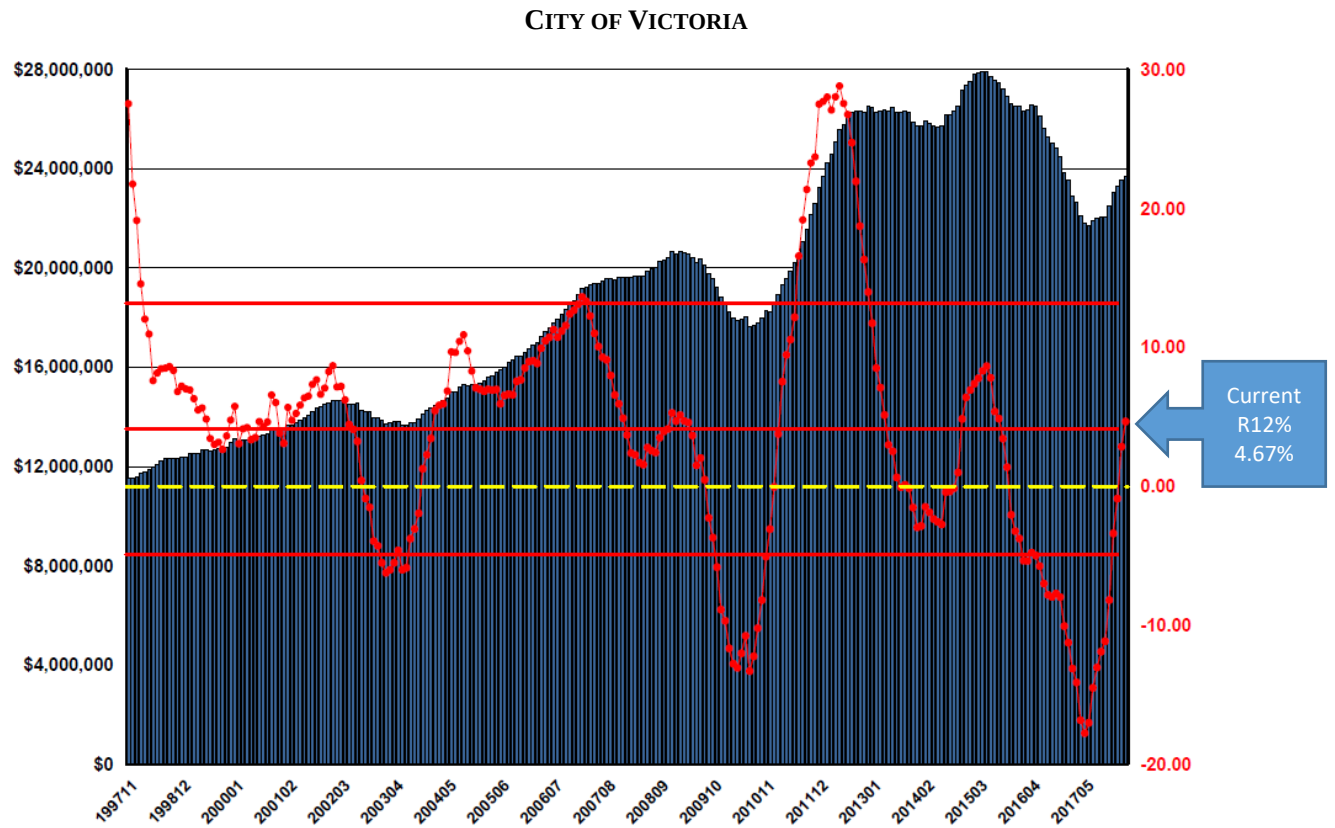
The following chart includes a ***Twenty-Five-Year Rolling 12 Month Sales Tax Collection History*** for the Texas Municipal League Region 11 (Coastal Bend – Corpus Christi, which includes City of Victoria).

TML REGION 11



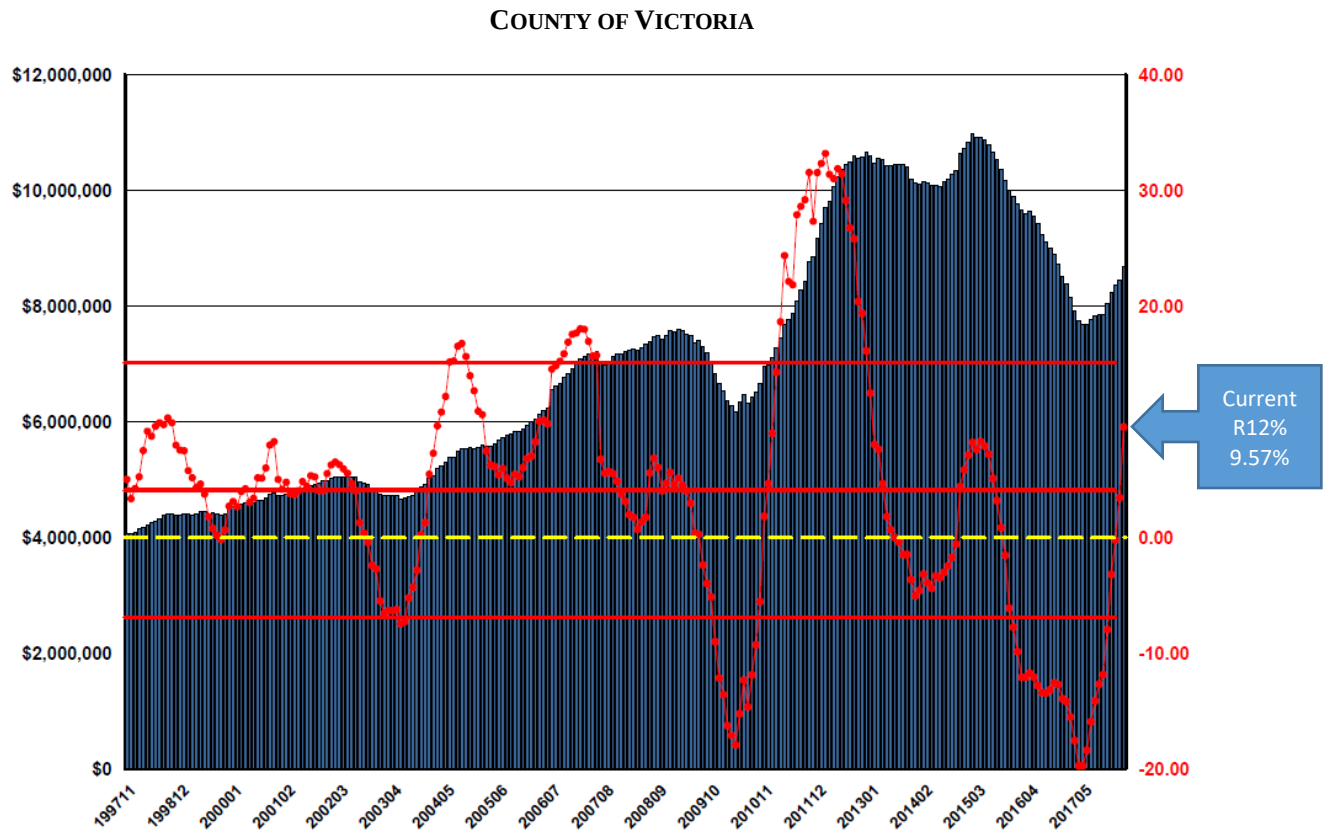
ROLLING 12 MONTH REPORT – CITY OF VICTORIA

The following chart includes a *Twenty-Five-Year Rolling 12 Month Sales Tax Collection History* for the City of Victoria.



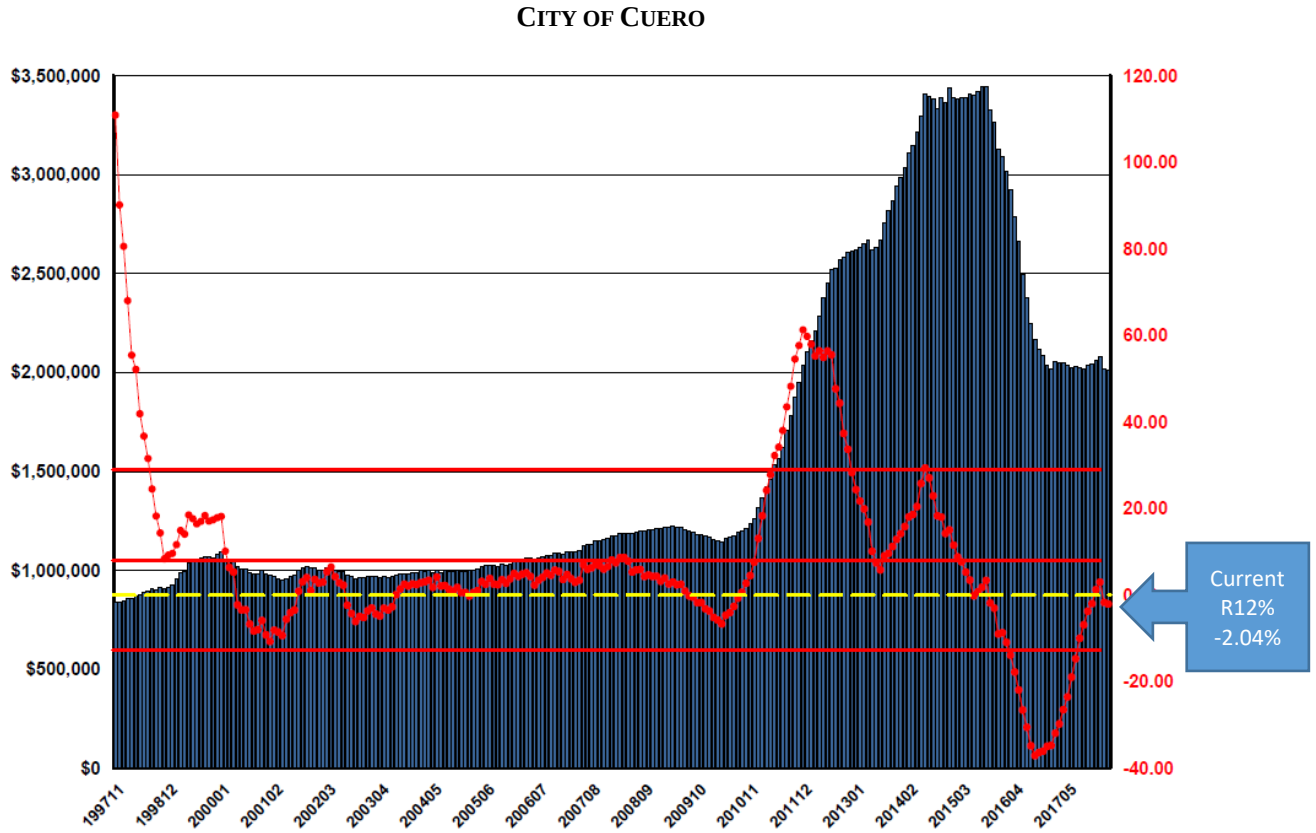
ROLLING 12 MONTH REPORT – COUNTY OF VICTORIA

The following chart includes a *Twenty-Five-Year Rolling 12 Month Sales Tax Collection History* for the County of Victoria.



ROLLING 12 MONTH REPORT – CITY OF CUERO

The following chart includes a *Twenty-Five-Year Rolling 12 Month Sales Tax Collection History* for the City of Cuero.



ROLLING 12 MONTH REPORT – CITY OF PORT LAVACA

The following chart includes a *Twenty-Five-Year Rolling 12 Month Sales Tax Collection History* for the City of Port Lavaca.

