

UPTOWN DEVELOPMENT AUTHORITY

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**Year Ended June 30, 2012
with Report of Independent Auditors**

UPTOWN DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Year Ended June 30, 2012

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Uptown Development Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of Uptown Development Authority (the "Authority") as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and other supplementary information, which consists of the Combined Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balances and the Operating Expenses, Capital Expenditures and Project Plan Reconciliation, on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
October 31, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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UPTOWN DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2012

As management of the Uptown Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2012.

The Authority is a special-purpose government engaged in a single governmental program. It is also a component unit of the City of Houston, Texas. The Authority reports its financial activities in accordance with required reporting standards for special-purpose governments engaged in a single governmental program. The Authority's single governmental program involves improving the general mobility in the Uptown Houston area.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Uptown Development Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator regarding the financial position of the Authority. Other factors that are not included in the financial statements, such as increased tax base in the Authority's boundaries, should also be considered in evaluating the condition of the Authority's overall financial position.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by incremental tax revenues received from the City of Houston and Houston Independent School District. The governmental activities of the Authority are restricted to those objectives outlined in its project plan. The prominent activities include improving streets and intersections and creating a street grid network.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Year Ended June 30, 2012

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Uptown Development Authority are considered governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains five individual governmental funds for both infrastructure and affordable housing. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the Affordable Housing Special Revenue Fund, the Capital Projects Fund, the Affordable Housing Capital Projects Fund, the Debt Service Fund and the Affordable Housing Debt Service Fund. All are considered to be major funds.

The Authority adopts an annual appropriated budget for all of its funds combined, which is approved by the City of Houston. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Year Ended June 30, 2012

Government-wide Financial Analysis

In the government-wide statements, the difference between assets and liabilities is called net assets. Net assets are categorized based on their availability to provide financial resources for the Authority. Net assets that are "Invested in capital assets" represent the District's investments in capital assets. "Restricted" net assets represent amounts that are restricted for future debt service requirements. "Unrestricted" net assets represent amounts available to meet the Authority's future obligations.

As noted earlier, changes in net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, net assets were negative as of June 30, 2012. The Authority continues to have net asset deficits because the Authority incurs long-term debt for general mobility improvements that are ultimately conveyed to the City of Houston. The Authority then continues to accumulate resources for repayment of this long-term debt over an extended period of years until the debt is repaid.

A comparative schedule of net assets at June 30, 2012 and 2011 follows:

| | <u>2012</u> | <u>2011</u> |
|---|------------------------|------------------------|
| Current and other assets | \$ 26,165,062 | \$ 24,107,036 |
| Capital assets | 4,298,261 | 4,819,155 |
| Land | 9,081,040 | 9,081,040 |
| Total Assets | <u>39,544,363</u> | <u>38,007,231</u> |
| Accounts payable and other liabilities | 12,686,644 | 15,649,256 |
| Long-term liabilities | 65,938,866 | 69,403,000 |
| Total Liabilities | <u>78,625,510</u> | <u>85,052,256</u> |
| Net assets | | |
| Invested in capital assets, net of related debt | 13,379,301 | 13,900,195 |
| Restricted for capital projects | 3,073,936 | - |
| Restricted | 12,583,100 | 12,714,374 |
| Unrestricted | (68,117,484) | (73,659,592) |
| Total Net Assets (Deficit) | <u>\$ (39,081,147)</u> | <u>\$ (47,045,023)</u> |

Total assets increased by \$1,537,132 from the prior year. Liabilities decreased \$6,426,746 which includes funds to the District for a short-term line of credit.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Year Ended June 30, 2012

The total net deficit of the Authority decreased by \$7,963,876 during the current fiscal year. A comparative summary of the Authority's statement of activities for the past two years is as follows:

| | <u>2012</u> | <u>2011</u> |
|---|-------------------------------|-------------------------------|
| Revenues | | |
| Program Revenues: | | |
| Capital grants and contributions | \$ 6,326,733 | \$ 3,930,000 |
| General Revenues: | | |
| Contract tax increment | 22,816,773 | 15,607,540 |
| Investment earnings | 46,189 | 56,070 |
| Miscellaneous | (26,507) | - |
| Total Revenues | <u>29,163,188</u> | <u>19,593,610</u> |
| | | |
| Expenses | | |
| General government | 1,256,814 | 589,143 |
| Affordable housing | 6,250,000 | 5,075,495 |
| Educational Facilities | 3,744,055 | - |
| Interest on long-term debt | 3,548,977 | 4,208,766 |
| Capital outlay on behalf of City of Houston | 5,801,305 | 8,811,186 |
| Depreciation and amortization | 598,161 | 426,723 |
| Total Expenses | <u>21,199,312</u> | <u>19,111,313</u> |
| | | |
| Increase (decrease) in net assets | 7,963,876 | 482,297 |
| | | |
| Net assets - beginning | <u>(47,045,023)</u> | <u>(47,527,320)</u> |
| | | |
| Net Assets - ending | <u><u>\$ (39,081,147)</u></u> | <u><u>\$ (47,045,023)</u></u> |

Contract tax increment revenues increased by \$7,209,233 from the previous year. This was due primarily to an adjustment to record the tax increment that is set aside for educational facilities as well as administration fees that are retained by the City of Houston. There was also an increase due to increased property values. Total expenses were \$21,199,312 in the current year. This is an increase of \$2,087,999 from the previous year.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Year Ended June 30, 2012

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$16,658,537, a \$4,656,010 increase in comparison with the prior year. Approximately \$13.6 million is restricted for debt service. The Capital Projects fund balance at the end of the fiscal year was \$3,055,028. This is due to an increase in grant revenues and reduced expenditures/expenses/accruals for the capital program as some costs for the Post Oak Repair project were accrued in the previous year.

The following is a comparative summary of changes in fund balances for the prior two fiscal years:

| | 2012 | Increase (Decrease) | 2011 | Increase (Decrease) | 2010 |
|------------------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|
| Capital Projects | \$ 3,055,028 | \$ 5,043,556 | \$(1,988,528) | \$(4,300,621) | \$ 2,312,093 |
| Debt Service | 11,278,762 | (377,221) | 11,655,983 | 621,732 | 11,034,251 |
| Affordable Housing Special Revenue | 18,908 | (739) | 19,647 | (10,356) | 30,003 |
| Affordable Housing Debt Service | 2,305,839 | (9,586) | 2,315,425 | 7,646 | 2,307,779 |
| | <u>\$16,658,537</u> | <u>\$ 4,656,010</u> | <u>\$12,002,527</u> | <u>\$(3,681,599)</u> | <u>\$15,684,126</u> |

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Year Ended June 30, 2012

Capital Asset and Debt Administration

Capital assets held by the Authority at the end of the current and previous fiscal years are summarized as follows:

| | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|
| Capital assets not being depreciated: | | |
| Land and improvements | \$ 9,081,040 | \$ 9,081,040 |
| Capital assets being depreciated: | | |
| ATIS Equipment | 459,715 | 459,715 |
| Pedestrian Lights | <u>5,117,275</u> | <u>5,117,275</u> |
| | 5,576,990 | 5,576,990 |
| Less accumulated depreciation | <u>(1,278,729)</u> | <u>(757,835)</u> |
| | <u>4,298,261</u> | <u>4,819,155</u> |
| Capital assets, net of accumulated depreciation | <u>\$ 13,379,301</u> | <u>\$ 13,900,195</u> |

During the year, no additional assets were purchased.

The Authority issues debt or other financing to finance the capital improvement plan adopted by the City of Houston. In accordance with the Authority's agreement with the City of Houston, infrastructure improvements financed with this debt are the property of the City. All costs incurred by the Authority are primarily capital costs to execute the plan. Accordingly, street improvements and other infrastructure assets are not carried on the Authority's statements. This year, the Authority refunded the 2001A and 2002A issues for \$10,755,000.

A comparative summary of the Authority's long-term liabilities as of June 30, 2012 and 2011, is as follows:

| | <u>2012</u> | <u>2011</u> |
|--|----------------------|----------------------|
| Tax increment contract revenue bonds payable | \$ 70,345,000 | \$ 73,330,000 |
| Note payable to Harris County | <u>-</u> | <u>313,660</u> |
| | 70,345,000 | 73,643,660 |
| Less: unamortized loss on refunding bonds | (388,608) | - |
| Less unamortized discount on bonds payable | <u>(512,526)</u> | <u>(737,000)</u> |
| | <u>\$ 69,443,866</u> | <u>\$ 72,906,660</u> |

Additional information on the Authority's long-term debt can be found in Note 6.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Year Ended June 30, 2012

Economic Factors

The Authority administers the operations of the Tax Increment Reinvestment Zone (“TIRZ”) on behalf of the City of Houston (the “City”). The TIRZ is one of the nation’s largest suburban districts, which boasts a unique blend of office, retail, hotel and residential sectors. The TIRZ includes approximately 1,010 acres of land within its original boundaries and approximately an additional 18 acres of land annexed in January 2008. All land lies within the boundaries of the City.

Office Space

Uptown Houston is one of the largest business districts outside a historic core in the United States. It is the 14th largest business district in the United States: comparable to Denver and Cleveland. With over 23 million square feet of total office space, Uptown accounts for 15% of Houston’s total ‘Class A’ office space with almost 17 million square feet. This is second to only Downtown Houston. At the end of the fiscal year, class A office was 90.5% leased.

Overall, 2012 ad valorem values for the office sector posted a healthy 14% increase compared to a 5% increase in the previous year. There are currently two Class A office buildings under construction in Uptown. The Redstone Group’s office development on Post Oak Boulevard is a 22-story building with approximately 308,000 square feet. Skanska USA is constructing a 20-story office tower at 3009 Post Oak Boulevard with 302,000 square feet.

Retail

Uptown is synonymous with shopping and is known as a world-renowned center for retail. Ad valorem values for the retail sector increased 18% in 2012. Retail was 99% leased as of the fiscal year-end. This market maintained as The Galleria is now the fourth largest retail center in the United States. In early 2008, a 22-acre mixed-use development known as BLVD broke ground in the heart of Uptown. To date, approximately 70,000 square feet of retail and commercial construction has been completed. Tenants include the acclaimed RDG and Bar Annie restaurant as well as Festari, New Balance and Pickles & Ice Cream. This year, Whole Foods Market was announced as part of the development and construction is underway. The project is expected to open in the summer of 2014.

Hotel

Uptown currently has 31 first quality hotels in the area, offering more than 7,100 rooms for guests. Ad valorem values for this sector increased 14% in 2012.

The area’s RevPAR (revenues per available room) is the highest in the region at \$98.43 compared to \$86.62 for the Houston Central Business District and \$60.06 for Houston City-wide. Uptown Houston also boasts one of the highest occupancy rates in the city at 74.5%, while the Houston City-wide occupancy rate was 63% at the end of the second quarter, 2011.

UPTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

Year Ended June 30, 2012

Residential

Seven new high-rise residential towers have been built in Uptown in the past eight years. Single-family properties are holding values with some properties increasing slightly. Multi-family properties have increased approximately 8% this year. There has been a resurgence of residential activity in the area. As of June 2012, there were four residential projects under construction. Three luxury apartment developments and one Class A development adding approximately 1,130 residential units to the area. Uptown Houston is one of the most prestigious and desirable areas to live.

The economic picture is promising in Uptown. In 2012, the ad valorem values were up 11% from the previous year. There are new projects underway and Uptown remains a viable district. The capital budget for the Authority is based on the increment value received from the City of Houston and new bond issues. While economic factors (property values, vacancy rates, future development, etc.) impact the size of debt issues, management takes a conservative approach to ensure that adequate resources are available to support the projects within the mandates of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Uptown Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 1980 Post Oak Boulevard #1580, Houston, Texas 77056.

BASIC FINANCIAL STATEMENTS

UPTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES

June 30, 2012

Assets

| | |
|--------------------------------------|----------------------|
| Cash and investments | \$ 22,764,058 |
| Due from other governmental agencies | 2,074,622 |
| Deferred issue costs, net | 1,326,382 |
| Land | 9,081,040 |
| Other Capital assets, net | 4,298,261 |
| Total Assets | <u>\$ 39,544,363</u> |

Liabilities

| | |
|---------------------------------------|----------------------|
| Accounts payable and accrued expenses | \$ 1,930,143 |
| Due to other governments | 6,250,000 |
| Accrued interest | 1,001,501 |
| Long-term liabilities: | |
| Due within one year | 3,505,000 |
| Due in more than one year | 65,938,866 |
| Total liabilities | <u>\$ 78,625,510</u> |

Net Assets

| | |
|---------------------------------|------------------------|
| Invested in capital assets | \$ 13,379,301 |
| Restricted for capital projects | 3,073,936 |
| Restricted for debt service | 12,583,100 |
| Unrestricted (deficit) | (68,117,484) |
| Total net assets (deficit) | <u>\$ (39,081,147)</u> |

See Notes to Financial Statements

UPTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

| Functions/Programs | Expenses | Program Revenue Capital Grants and Contributions | Net Expense |
|---|-----------------------------|---|----------------------------|
| General government | \$ 1,256,814 | \$ | \$ (1,256,814) |
| Affordable housing | 6,250,000 | | (6,250,000) |
| Education Facilities | 3,744,055 | | (3,744,055) |
| Interest | 3,548,977 | | (3,548,977) |
| Depreciation and amortization | 598,161 | | (598,161) |
| Capital outlay on behalf of the City of Houston | 5,801,305 | 6,326,733 | 525,428 |
| Totals | <u>\$ 21,199,312</u> | <u>6,326,733</u> | <u>(14,872,579)</u> |
| | | | |
| General revenues | | | |
| Contract tax increment revenues | | | 22,816,773 |
| Unrestricted investment earnings | | | 46,189 |
| Miscellaneous | | | (26,507) |
| | | | <u>22,836,455</u> |
| | | | |
| Change in net assets | | | 7,963,876 |
| Net assets (deficit) - beginning | | | (47,045,023) |
| Net assets (deficit) - ending | | | <u>\$ (39,081,147)</u> |

See Notes to Financial Statements

UPTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

| | <u>Affordable Housing</u> | | | | |
|---|-----------------------------|----------------------|----------------------------|---------------------|---------------------------------------|
| | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Govern- mental Funds</u> |
| Assets | | | | | |
| Cash and temporary investments | \$ 2,925,261 | \$ 11,264,050 | \$ 6,268,908 | \$ 2,305,839 | \$ 22,764,058 |
| Due from other funds | - | 14,712 | - | - | 14,712 |
| Due from other governments | 2,074,622 | - | - | - | 2,074,622 |
| Total assets | <u>\$ 4,999,883</u> | <u>\$ 11,278,762</u> | <u>\$ 6,268,908</u> | <u>\$ 2,305,839</u> | <u>\$ 24,853,392</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,930,143 | \$ - | \$ - | \$ - | \$ 1,930,143 |
| Due to other funds | 14,712 | - | - | - | 14,712 |
| Due to other governments | - | - | 6,250,000 | - | 6,250,000 |
| Total liabilities | <u>1,944,855</u> | <u>-</u> | <u>6,250,000</u> | <u>-</u> | <u>8,194,855</u> |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Debt service | - | 11,278,762 | - | 2,305,839 | 13,584,601 |
| Assigned | - | - | 18,908 | - | 18,908 |
| Unassigned | 3,055,028 | - | - | - | 3,055,028 |
| Total fund balances | <u>3,055,028</u> | <u>11,278,762</u> | <u>18,908</u> | <u>2,305,839</u> | <u>16,658,537</u> |
| Total liabilities and fund balances | <u>\$ 4,999,883</u> | <u>\$ 11,278,762</u> | <u>\$ 6,268,908</u> | <u>\$ 2,305,839</u> | <u>\$ 24,853,393</u> |

See Notes to Financial Statements

UPTOWN DEVELOPMENT AUTHORITY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2012

Total fund balance, governmental funds \$ 16,658,537

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

| | | |
|-------------------------------|--------------------|------------|
| Land | 9,081,040 | |
| Other capital assets | 5,576,990 | |
| Less accumulated depreciation | <u>(1,278,729)</u> | |
| Change due to capital assets | | 13,379,301 |

Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included on the Statement of Net Assets. These are as follows:

| | | |
|--|----------------|---------------------|
| Bonds payable | (70,345,000) | |
| Deferred charge for loss on 2012 refunding | 388,607 | |
| Additional accrued interest | (1,001,501) | |
| Deferred charge for issuance costs | 1,326,382 | |
| Unamortized bond discount | <u>512,526</u> | |
| Change due to long term debt | | <u>(69,118,986)</u> |

Net Assets of Governmental Activities in the Statement of Net Assets \$ (39,081,147)

See Notes to Financial Statements

UPTOWN DEVELOPMENT AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

| | <u>Affordable Housing</u> | | | | |
|--|-----------------------------|----------------------|----------------------------|-------------------------|---------------------------------------|
| | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Govern- mental Funds</u> |
| Revenues | | | | | |
| Incremental tax revenue | \$ 9,838,296 | \$ 5,583,779 | \$ 6,259,535 | \$ 1,135,164 | \$ 22,816,774 |
| Investment earnings | 46,189 | - | - | - | 46,189 |
| Grant proceeds | 6,326,733 | - | - | - | 6,326,733 |
| Total revenues | <u>16,211,218</u> | <u>5,583,779</u> | <u>6,259,535</u> | <u>1,135,164</u> | <u>29,189,696</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Administration salaries | 60,000 | - | - | - | 60,000 |
| Office expenses | 10,008 | - | - | - | 10,008 |
| Insurance | 73,260 | - | - | - | 73,260 |
| Accounting | 15,000 | - | - | - | 15,000 |
| Auditor | 13,975 | - | - | - | 13,975 |
| City of Houston, Municipal charge | 446,000 | - | - | - | 446,000 |
| Legal | 13,132 | - | - | - | 13,132 |
| Legal, in-house | 15,000 | - | - | - | 15,000 |
| Educational facilities cost, transfer to other government | 3,744,055 | - | - | - | 3,744,055 |
| Other Zone Administration Cost | 605,680 | - | - | - | 605,680 |
| Capital Outlay | 6,109,451 | - | 6,250,000 | - | 12,359,451 |
| Debt Service: | | | | | |
| Principal | - | 2,600,000 | - | 590,000 | 3,190,000 |
| Interest and other charges | 40,455 | 3,173,299 | 10,274 | 554,750 | 3,778,778 |
| Total expenditures | <u>11,146,016</u> | <u>5,773,299</u> | <u>6,260,274</u> | <u>1,144,750</u> | <u>24,324,339</u> |
| Excess of revenues over / (under) expenditures | 5,065,202 | (189,520) | (739) | (9,586) | 4,865,357 |
| Other Financing Sources/Uses | | | | | |
| Proceeds from issuance of debt | - | 10,755,000 | - | - | 10,755,000 |
| Repayment of refunded debt | - | (10,740,288) | - | - | (10,740,288) |
| Bond issue costs | (224,059) | - | - | - | (224,059) |
| Transfers in | 202,413 | - | - | - | 202,413 |
| Transfers out | - | (202,413) | - | - | (202,413) |
| Total other financing sources/uses | <u>(21,646)</u> | <u>(187,701)</u> | <u>-</u> | <u>-</u> | <u>(209,347)</u> |
| Net change in fund balances | 5,043,556 | (377,221) | (739) | (9,586) | 4,656,010 |
| Fund balances - beginning of year | <u>(1,988,528)</u> | <u>11,655,983</u> | <u>19,647</u> | <u>2,315,425</u> | <u>12,002,527</u> |
| Fund balances - end of year | <u>\$ 3,055,028</u> | <u>\$ 11,278,762</u> | <u>\$ 18,908</u> | <u>\$ 2,305,839</u> | <u>\$ 16,658,537</u> |

See Notes to Financial Statements

UPTOWN DEVELOPMENT AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds: \$ 4,656,010

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets are allocated over their estimated lives as depreciation expense.

| | | |
|------------------------------|------------------|-----------|
| Depreciation expense | <u>(520,894)</u> | |
| Change due to capital assets | | (520,894) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. Also governmental funds report issuance costs, premiums and discounts when the related debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

| | | |
|---|-----------------|--|
| Note payable | 313,660 | |
| Principal payments on debt | 3,190,000 | |
| Proceeds from issuance of refunding bonds | 10,755,000 | |
| Repayment of refunded debt | (10,740,288) | |
| Bond issuance costs are amortized over the life of the bond | 90,860 | |
| Accrued interest payable | 255,534 | |
| Discounts are amortized over the life of the bond | <u>(36,006)</u> | |

| | | |
|---|--|----------------------------|
| Change in net assets of governmental activities | | <u>3,828,760</u> |
| | | <u><u>\$ 7,963,876</u></u> |

UPTOWN DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Creation of Authority

The Uptown Development Authority (the "Authority") of the City of Houston, Texas, (the "City") a not-for-profit local government corporation, was created under Chapter 394 of the Texas Local Government Code and Chapter 431 of the Texas Transportation Code and the general laws of the State of Texas. The Authority was created to aid and assist in the development of the Uptown area by providing improvements for general mobility. These projects include an emphasis on minimizing traffic congestion through the financing of improvements to existing streets, a street grid network, improvements to intersections, a parking management program and a pedestrian network. The Authority is empowered to act on behalf of the City with respect to administering Reinvestment Zone Number Sixteen, City of Houston, Texas (the "Zone"). The purpose of the Zone is to provide funding for these mobility improvements.

Property within the Zone is located on the west side of Houston, near the interchange of the I-610 and US 59 freeways. The Authority is governed by a nine member Board of Directors, five of whom are appointed by the City.

The Authority's project and financing plan was amended in 2008 to annex North and South Wynden, Huntley Street and adjacent properties to be redeveloped. The annexed area has several of the same characteristics as property in the existing boundaries. Additionally, the amendment provides for the acquisition and development of parks and public space within the original TIRZ boundaries to be added to the Plan's list of proposed improvements and estimated project costs of the Local Mobility Improvement Plan.

Reporting Entity

The Authority's financial statements include the accounts of all the Authority's operations. In conformity with generally accepted accounting principles, the Authority is considered a component unit of the City of Houston.

Additionally, as required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the Authority's financial reporting entity. Based on these considerations, no other entities, organizations or functions have been included in the Authority's financial reporting entity.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Note 1 - Summary of Significant Accounting Policies *(continued)*

Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information about the Authority as a whole. These statements focus on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. For the most part, the effect of interfund activity has been removed from these statements.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. These fund financial statements are the *Governmental Funds- Balance Sheet* and the *Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances*.

The Authority reports the following major governmental funds:

The ***Capital Projects Fund*** is used to account for construction of the Authority's general mobility improvement projects. The principal source of revenue is contract tax increment revenues. Expenditures include administrative costs, as well as infrastructure improvement expenditures.

The ***Debt Service Fund*** is used to account for the payment of interest and principal on the infrastructure improvement long-term debt of the Authority. The primary source of revenue is provided by contract tax increment revenues. Expenditures are principal and interest payments.

The ***Affordable Housing Special Revenue Fund*** is used to account for the receipt of contract tax revenues for the City's affordable housing program. Expenditures consist of transfers to the City of Houston.

The ***Affordable Housing Capital Projects Fund*** is used to account for capital activity related to the Authority's affordable housing program. The principal source of revenue is bond proceeds in the event of a bond offering.

The ***Affordable Housing Debt Service Fund*** is used to account for the payment of principal and interest on the Authority's affordable housing bonds. The principal source of revenue is contract tax increment revenue. Expenditures are principal and interest payments.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contract tax increment revenues are recognized as revenues in the year for which they are levied

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

Note 1 - Summary of Significant Accounting Policies (*continued*)

Measurement Focus and Basis of Accounting (*continued*)

The Authority's government-wide net assets are categorized as follows:

- Invested in capital assets - This component of net assets consists of capital assets net of accumulated depreciation.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted."

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Cash and Investments

The Authority's cash and investments consist of demand deposits and funds maintained by a trustee in a no-load money market mutual fund, as mandated by the Authority's Bond Indentures and Resolutions.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Authority's receivables consist of amounts due from the City of Houston and Houston Independent School District for contract tax increment revenues. These amounts are considered collectible and, accordingly, an allowance for uncollectible accounts has not been recorded.

Capital Assets

Capital assets are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated over their remaining useful lives (i.e., five years) using the straight-line method.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

Note 1 - Summary of Significant Accounting Policies (*continued*)

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Fund Equity / Restricted Assets

The Authority records restrictions for all or portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unassigned fund balance indicates the portion of fund balance which is available for appropriation in future periods. The restricted fund balances for governmental funds represent the amount that has been identified for specific purposes.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Beginning with fiscal year 2011, the Authority implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet.

Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e. the Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the Authority takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity / Restricted Assets (continued)

The Authority establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds. The Authority has only restricted, assigned, and unassigned fund balances as of June 30, 2012.

Note 2 - Deposits and Investments

At year end, the Authority's cash was comprised of the following:

| | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Affordable Housing</u> | | <u>Total</u> |
|--------------------|-----------------------------|---------------------|----------------------------|-------------------------|-------------------|
| | | | <u>Special Revenue</u> | <u>Debt Service</u> | |
| Money market funds | \$ 198,336 | | | | \$ 198,336 |
| Total | <u>\$ 198,336</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 198,336</u> |

At year end the Authority's investments was comprised of the following:

| | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Affordable Housing</u> | | <u>Total</u> |
|---------------------------|-----------------------------|----------------------|----------------------------|-------------------------|----------------------|
| | | | <u>Special Revenue</u> | <u>Debt Service</u> | |
| Money market mutual funds | \$ 2,726,925 | \$ 11,264,050 | \$ 6,268,908 | \$ 2,305,839 | \$ 22,565,722 |
| Total | <u>\$ 2,726,925</u> | <u>\$ 11,264,050</u> | <u>\$ 6,268,908</u> | <u>\$ 2,305,839</u> | <u>\$ 22,565,722</u> |

The Authority's investments in money market mutual funds have a weighted average maturity of 43 days and are rated AAAM by Standard and Poor's.

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The Public Funds Collateral Act (Chapter 2257, Texas Government Code) requires that all of the Authority's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The Authority has adopted a written investment policy, which establishes additional requirements for collateralization of deposits.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Note 2 - Deposits and Investments (continued)

Authorized Investments

The Authority is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The Authority has adopted a written investment policy to establish the principles by which the Authority's investment program should be managed. This policy further restricts the Authority's allowable investments.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The Authority's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 3 - Deferred Charges

Deferred charges consist of issuance costs associated with the Authority's tax increment contract revenue bonds. These costs are being amortized over the life of the bonds. Total amortization expense for the year was \$77,267. In addition, more issuance costs associated with the 2012 Refunding bonds were deferred in the amount of \$187,700.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4 - Capital Assets

During the year, the Authority capital assets changed as follows:

| | <u>Beginning Balances</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balances</u> |
|---------------------------------------|-------------------------------|---------------------|--------------------|----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,081,040 | \$ - | \$ - | \$ 9,081,040 |
| Capital assets being depreciated: | | | | |
| Equipment | \$ 5,576,990 | \$ - | \$ - | \$ 5,576,990 |
| Less accumulated depreciation | (757,835) | (520,894) | - | (1,278,729) |
| | <u>4,819,155</u> | <u>(520,894)</u> | <u>-</u> | <u>4,298,261</u> |
| Capital assets, net | <u>\$ 13,900,195</u> | <u>\$ (520,894)</u> | <u>\$ -</u> | <u>\$ 13,379,301</u> |

Depreciation expense in the amount of \$520,894 has been recorded in the government wide statements.

In accordance with an agreement between the Authority and the City of Houston (“the City”), the Authority conveys all of its infrastructure improvements to the City. However, some long-lived capital assets, primarily pedestrian lights, are recorded with the Authority. In this fiscal year, there were no capital assets purchased.

Note 5 - Current Liabilities

During the year, the Authority entered into a Finance Agreement with the Harris County Improvement District #1(The District) in which the Authority could borrow up to \$3.5 million dollars which was to be repaid by the Authority’s fiscal year-end (June 30, 2012). During the 2012 fiscal year, the Authority was advanced, \$2,072,000 and repaid that advance on June 28, 2012. This agreement is reviewed and approved annually by both Boards of Directors.

Note 6 - Long Term Liabilities

As of June 30, 2012, the Authority’s long term liabilities are comprised of the following:

| | <u>Total</u> | <u>Due Within One Year</u> | <u>Due Over One Year</u> |
|--|----------------------|--------------------------------|------------------------------|
| Tax increment contract revenue bonds payable | \$ 70,345,000 | \$ 3,505,000 | \$ 66,840,000 |
| Unamortized discounts on bonds payable | (512,526) | - | (512,526) |
| Unamortized loss on refunding bonds | (388,608) | - | (388,608) |
| | <u>\$ 69,443,866</u> | <u>\$ 3,505,000</u> | <u>\$ 65,938,866</u> |

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 - Long Term Liabilities (continued)

During the year, the Authority's long-term liabilities changed as follows:

| | Beginning Balances | Additions | Reductions | Ending Balances |
|--|-------------------------------|---------------------|------------------------|----------------------------|
| Tax increment contract revenue bonds payable | \$ 73,330,000 | \$10,755,000 | \$ (13,740,000) | \$ 70,345,000 |
| Unamortized discounts on bonds payable* | (737,000) | - | 224,474 | (512,526) |
| Unamortized loss on refunding bonds | - | (388,608) | - | (388,608) |
| Note payable to Harris County | 313,660 | - | (313,660) | - |
| | <u>\$ 72,906,660</u> | <u>\$10,366,392</u> | <u>\$ (13,829,186)</u> | <u>\$ 69,443,866</u> |

*Includes \$335,151 premium on the 2009A issue

Tax Increment Contract Revenue Bonds

The Authority issues Tax Increment Contract Revenue bonds in order to construct infrastructure improvement facilities and the City of Houston's affordable housing facilities. The City of Houston has authorized the Authority to issue bonds and notes with aggregate principal amounts not to exceed \$75,000,000 outstanding at any time. The maximum authorization for short-term debt is \$27,000,000 outstanding at any time.

Bonds payable are comprised of the following individual issues:

| Series | Amount Outstanding | Original Issue | Interest Rates | Beginning/Ending Maturity Dates | Interest Payment Dates | Call Dates |
|---------------|-------------------------------|---------------------------|-----------------------|--|-----------------------------------|-------------------|
| 2001B | \$ 2,970,000 | \$ 4,670,000 | 4.25% - 6.25% | Sep 1, 2002 - 2021 | Mar 1, Sep 1 | Sep 1, 2011 |
| 2002A | 330,000 | 7,280,000 | 3.00% - 6.00% | Sep 1, 2003 - 2022 | Mar 1, Sep 1 | Sep 1, 2012 |
| 2002B | 2,475,000 | 3,665,000 | 3.00% - 6.00% | Sep 1, 2003 - 2022 | Mar 1, Sep 1 | Sep 1, 2012 |
| 2004A | 7,075,000 | 9,000,000 | 2.60% - 5.375% | Sep 1, 2006 - 2025 | Mar 1, Sep 1 | Sep 1, 2014 |
| 2004B | 3,540,000 | 4,500,000 | 2.60% - 5.50% | Sep 1, 2006 - 2025 | Mar 1, Sep 1 | Sep 1, 2014 |
| 2004C | 1,580,000 | 2,000,000 | 3.30% - 5.30% | Sep 1, 2006 - 2025 | Mar 1, Sep 1 | |
| 2004D | 790,000 | 1,000,000 | 3.30% - 5.30% | Sep 1, 2006 - 2025 | Mar 1, Sep 1 | |
| 2009A | 40,830,000 | 42,260,000 | 2.90% - 5.50% | Sep 1, 2011 - 2029 | Mar 1, Sep 1 | |
| 2012A | 10,755,000 | 10,755,000 | 2.750% | Sep 1, 2012 - 2022 | Mar 1, Sep 1 | |
| | <u>\$ 70,345,000</u> | | | | | |

The Series 2002A, 2004A and 2004C were issued in order to construct infrastructure improvement facilities. The Series 2001B, 2002B, 2004B and 2004D were issued for the City of Houston's affordable housing facilities. All of the Authority's bonds are secured by the Authority's pledge of certain tax increment payments received from the City and Houston Independent School District.

On May 5, 2012, The Authority issued Tax Increment Contract Revenue Refunding Bonds, Series 2012A, totaling \$10,755,000. This issue refunded series 2001A and 2002A. An economic gain of \$1,468,523 resulted. Interest rates on the bonds are 2.75 percent. The UDA paid \$187,700 in bond issuance costs. The reacquisition price exceeded the net carrying amount of the old debt by \$388,608. This amount is being netted against and amortized over the life of the new debt.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Note 6 - Long Term Liabilities *(continued)*

The bond indentures and resolutions stipulate the Authority will establish separate reserve funds for the infrastructure improvement facilities Tax Increment Contract Revenue Bonds and the affordable housing Tax Increment Contract Revenue Bonds. Each reserve fund will be maintained in an amount equal to the lesser of (1) 1.25 times the average annual debt service requirements, (2) maximum annual debt service or (3) 10% of the stated principal amount of the bonds or 10% of the issue price of the bonds if they were issued with more than a minimum amount of original issue discount. These reserves are maintained within the Debt Service Fund. The Authority was in compliance with these reserve requirements.

Annual debt service requirements to retire these outstanding bonds are as follows:

| Year | Infrastructure Bonds, All Series | | | | | | | | | | Total |
|------|----------------------------------|-----------------|--------------------|---------------------|--------------------|-------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | 2002A | | 2004A | | 2004C | | 2009A | | 2012A | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2013 | \$ 330,000 | \$ 8,663 | \$ 360,000 | \$ 348,945 | \$ 80,000 | \$ 78,070 | \$ 1,475,000 | \$ 2,021,321 | \$ 650,000 | \$ 231,780 | \$ 5,583,779 |
| 2014 | - | - | 380,000 | 333,073 | 85,000 | 74,294 | 1,535,000 | 1,960,084 | 960,000 | 264,688 | 5,592,139 |
| 2015 | - | - | 395,000 | 315,873 | 90,000 | 70,180 | 1,605,000 | 1,893,220 | 990,000 | 237,875 | 5,597,148 |
| 2016 | - | - | 415,000 | 297,388 | 95,000 | 65,763 | 1,670,000 | 1,824,781 | 1,015,000 | 210,306 | 5,593,238 |
| 2017 | - | - | 435,000 | 277,351 | 95,000 | 61,155 | 1,745,000 | 1,749,931 | 1,050,000 | 181,913 | 5,595,350 |
| 2018 | - | - | 455,000 | 255,536 | 100,000 | 56,328 | 1,830,000 | 1,669,281 | 1,075,000 | 152,694 | 5,593,839 |
| 2019 | - | - | 480,000 | 232,161 | 105,000 | 51,203 | 1,920,000 | 1,575,681 | 1,100,000 | 122,788 | 5,586,833 |
| 2020 | - | - | 505,000 | 207,221 | 115,000 | 45,703 | 2,020,000 | 1,477,481 | 1,135,000 | 92,056 | 5,597,461 |
| 2021 | - | - | 530,000 | 180,500 | 120,000 | 39,738 | 2,120,000 | 1,377,311 | 1,165,000 | 60,431 | 5,592,980 |
| 2022 | - | - | 560,000 | 152,160 | 125,000 | 33,429 | 2,225,000 | 1,271,866 | 1,195,000 | 27,981 | 5,590,436 |
| 2023 | - | - | 590,000 | 121,744 | 130,000 | 26,765 | 2,340,000 | 1,157,741 | 420,000 | 5,775 | 4,792,025 |
| 2024 | - | - | 620,000 | 89,225 | 140,000 | 19,610 | 2,460,000 | 1,036,511 | - | - | 4,365,346 |
| 2025 | - | - | 655,000 | 54,959 | 145,000 | 12,058 | 2,590,000 | 905,794 | - | - | 4,362,811 |
| 2026 | - | - | 695,000 | 18,678 | 155,000 | 4,108 | 2,735,000 | 764,303 | - | - | 4,372,089 |
| 2027 | - | - | - | - | - | - | 2,885,000 | 611,463 | - | - | 3,496,463 |
| 2028 | - | - | - | - | - | - | 3,050,000 | 448,250 | - | - | 3,498,250 |
| 2029 | - | - | - | - | - | - | 3,220,000 | 275,825 | - | - | 3,495,825 |
| 2030 | - | - | - | - | - | - | 3,405,000 | 93,638 | - | - | 3,498,638 |
| | <u>\$ 330,000</u> | <u>\$ 8,663</u> | <u>\$7,075,000</u> | <u>\$ 2,884,814</u> | <u>\$1,580,000</u> | <u>\$ 638,404</u> | <u>\$40,830,000</u> | <u>\$ 22,114,482</u> | <u>\$ 10,755,000</u> | <u>\$ 1,588,287</u> | <u>\$ 87,804,649</u> |

| Year | Affordable Housing Bonds, All Series | | | | | | | | Total |
|------|--------------------------------------|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|----------------------|
| | 2001B | | 2002B | | 2004B | | 2004D | | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2011 | - | - | - | - | - | - | - | - | - |
| 2012 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | \$ 225,000 | \$ 171,335 | \$ 165,000 | \$ 140,176 | \$ 180,000 | \$ 174,603 | \$ 40,000 | \$ 39,050 | \$ 1,135,164 |
| 2014 | 240,000 | 158,428 | 175,000 | 131,120 | 190,000 | 166,666 | 40,000 | 37,220 | 1,138,434 |
| 2015 | 250,000 | 144,583 | 185,000 | 121,308 | 200,000 | 158,010 | 45,000 | 35,221 | 1,139,122 |
| 2016 | 265,000 | 129,773 | 195,000 | 110,760 | 205,000 | 148,769 | 45,000 | 33,073 | 1,132,375 |
| 2017 | 285,000 | 113,538 | 205,000 | 99,150 | 215,000 | 138,869 | 50,000 | 30,768 | 1,137,325 |
| 2018 | 300,000 | 95,988 | 220,000 | 86,400 | 230,000 | 127,959 | 50,000 | 28,293 | 1,138,640 |
| 2019 | 320,000 | 77,188 | 235,000 | 72,750 | 240,000 | 116,209 | 55,000 | 25,668 | 1,141,815 |
| 2020 | 340,000 | 56,975 | 250,000 | 58,200 | 255,000 | 103,674 | 55,000 | 22,918 | 1,141,767 |
| 2021 | 360,000 | 35,313 | 265,000 | 42,750 | 265,000 | 90,250 | 60,000 | 19,998 | 1,138,311 |
| 2022 | 385,000 | 12,031 | 280,000 | 26,400 | 280,000 | 76,080 | 65,000 | 16,779 | 1,141,290 |
| 2023 | - | - | 300,000 | 9,000 | 295,000 | 60,872 | 65,000 | 13,383 | 743,255 |
| 2024 | - | - | - | - | 310,000 | 44,613 | 70,000 | 9,805 | 434,418 |
| 2025 | - | - | - | - | 330,000 | 27,413 | 75,000 | 5,963 | 438,376 |
| 2026 | - | - | - | - | 345,000 | 9,272 | 75,000 | 1,988 | 431,260 |
| | <u>\$ 2,970,000</u> | <u>\$ 995,152</u> | <u>\$2,475,000</u> | <u>\$ 898,014</u> | <u>\$3,540,000</u> | <u>\$1,443,259</u> | <u>\$ 790,000</u> | <u>\$ 320,127</u> | <u>\$ 13,431,552</u> |

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6 - Long Term Liabilities (continued)

Defeased Debt

Certain outstanding revenue bonds of the Authority have been defeased by placing the proceeds of refunding bonds in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the Authority's financial statements. The defeased bonds outstanding at June 30, 2012 considered extinguished are as follows:

| | | |
|-------------------------------------|---|---------------------|
| Uptown Development Authority | | |
| Infrastructure Capital Projects | | |
| | 2002A Series Tax Increment Contract Revenue | \$ 4,595,000 |
| Total | | <u>\$ 4,595,000</u> |

Note Payable to Harris County

In January 2003, the Authority executed an agreement with Harris County (the "County") which required the Authority to reimburse the County \$1,738,191 for costs related to the Westpark Tollway. The amount was due to the County upon completion of construction and a review of project costs by the County Auditor. In March 2007 the Authority executed a note payable with the County for payment of the amount due. An initial payment of \$350,000 was made upon execution of the note. The note bears interest at the rate of six and one-half percent (6.5%). The final payment was made this year.

Annual debt service requirements to maturity are:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|--------------|
| 2012 | \$ 313,660 | \$ 20,388 | \$ 334,048 |

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Note 7 - Contract Tax Increment Revenues

On December 15, 1999, the City of Houston (the "City") acting under provisions of Chapter 311, Texas Tax Code, created the Tax Increment Reinvestment Zone No. 16 (the "Zone") to promote development of the Uptown area. The Zone terminates December 31, 2029, or earlier, if all outstanding debt has been paid in full. Incremental ad valorem taxes on property located in the Zone are deposited into a "Tax Increment Fund" at the City. These funds are used to repay bonds sold to fund improvements that will significantly enhance the values of taxable real property in the Zone. The City, on behalf of the Zone, remits all monies in the Tax Increment Fund less administrative fees to the Authority by July 1st of each year.

During the year ended June 30, 2012, the Authority received \$22,816,773 in tax increment revenues as follows:

Tax Increment Revenues

| | City of Houston | Houston ISD | Total |
|--------------------------------------|----------------------|---------------------|----------------------|
| Total tax increments | \$ 11,613,610 | \$ 11,203,163 | \$ 22,816,773 |
| Retainage for administrative costs | (580,680) | (25,000) | (605,680) |
| Set-aside for educational facilities | - | (3,744,055) | (3,744,055) |
| Net received | <u>\$ 11,032,930</u> | <u>\$ 7,434,110</u> | <u>\$ 18,467,039</u> |

As required by statute, the City dedicates one-third of the tax increments for affordable housing in other areas of the City during the term of the Zone. This affordable housing activity is considered a part of the general mobility plan of the Authority.

The Authority is dependent upon the tax increments revenues.

Note 8 - Contracts

The Authority has entered into various contracts in the course of performing its duties. Summaries of the Authority's significant contracts follow:

Tri Party Agreement

In 1999 an agreement between the City, the Zone and the Authority was approved and executed by each of the parties. This agreement sets forth the duties and responsibilities of each party. The Authority agrees to manage the affairs and activities of the Zone. It also has the authority to acquire and develop land and to issue bonds, notes or other obligations. The Authority is required to use all monies received from the Zone to 1) pay principal and interest on any obligations and 2) pay administrative costs. The City and the Zone are required to establish a Tax Increment Fund and deposit into it appropriate tax increment revenues. These funds are required to be remitted to the Authority no later than July 1st of each year.

UPTOWN DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Note 8 - Contracts (continued)

Agreement with Harris County Improvement District No. 1

The Authority and the Harris County Improvement District No. 1 (the “District”) have entered into an agreement whereby the District provides administrative, management and special services to the Zone and the Authority. During the year ended June 30, 2012, the Authority remitted \$455,216 to the District. This amount consisted of \$100,008 for operating and administrative costs, \$200,000 for traffic control and mobility and \$155,207 for project management.

Note 9 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage and no settlements.

Note 10 - Commitments

At year-end, the Authority had commitments outstanding in the form of contracts of approximately \$5 million for construction projects including Guilford Street reconstruction, new intersections on Post Oak Boulevard and pedestrian improvements.

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OTHER SUPPLEMENTARY INFORMATION

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UPTOWN DEVELOPMENT AUTHORITY

BUDGET TO ACTUAL

June 30, 2012

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over/(Under)</u> |
|---|----------------------|----------------------|----------------------------------|
| Budgetary fund balance, beginning of the year | \$ 13,175,577 | \$ 12,002,527 | \$ (1,173,050) |
| Resources | | | |
| Incremental property tax | 21,317,668 | 22,816,774 | 1,499,106 |
| Miscellaneous | 60,000 | 46,189 | (13,811) |
| Grant proceeds | 5,389,174 | 6,326,733 | 937,559 |
| Line of credit (HCID #1 to UDA) | <u>3,500,000</u> | <u>2,072,000</u> | <u>(1,428,000)</u> |
| Total revenues/other resources | 43,442,419 | 43,264,223 | (178,196) |
| Expenditures: | | | |
| Management and consulting services | 648,000 | 646,375 | (1,625) |
| Project costs and capital expenditures | 8,960,616 | 6,109,451 | (2,851,165) |
| Zone Administration | 565,001 | 605,680 | 40,679 |
| Debt service | | | |
| Principal | 3,190,000 | 3,190,000 | - |
| Interest | 3,728,048 | 3,752,269 | 24,221 |
| Line of credit | 3,500,000 | 2,072,000 | (1,428,000) |
| Educational facilities transfer | 3,513,600 | 3,744,055 | 230,455 |
| Affordable housing transfer | <u>5,961,140</u> | <u>6,250,000</u> | <u>288,860</u> |
| Total use of resources | <u>30,066,405</u> | <u>26,369,830</u> | <u>(3,696,575)</u> |
| Budgetary fund balance, end of year | <u>\$ 13,376,014</u> | <u>\$ 16,894,393</u> | <u>\$ 3,518,379</u> |

Explanation of Differences between Budgetary Inflows and GAAP Revenues

Sources/Inflows of Resources:

| | |
|---|----------------------|
| Actual Amounts (Budgetary Basis) | \$ 43,264,223 |
| Differences - Budget to GAAP: | |
| The Fund Balance at the Beginning of the Year is a Budgetary Resource but is not a Current Year Revenue for Financial Reporting Purposes | (12,002,527) |
| Budgetary Revenues include Line of Credit from Harris County Improvement District #1 while the Authority's Funds Report Revenues Net of This Transfer | <u>(2,072,000)</u> |
| Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Total Governmental Funds | <u>\$ 29,189,696</u> |

Uses/Outflows of Resources:

| | |
|---|----------------------|
| Actual Amounts (Budgetary Basis) | \$ 26,369,830 |
| Differences - Budget to GAAP: | |
| Debt Servicing Fees | 26,509 |
| Budgetary Expenditures include Line of Credit from Harris County Improvement District #1 while the Authority's Funds Report Expenditures Net of This Transfer | <u>(2,072,000)</u> |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Total Governmental Funds | <u>\$ 24,324,339</u> |

UPTOWN DEVELOPMENT AUTHORITY

**OPERATING EXPENSES, CAPITAL EXPENDITURES AND PROJECT PLAN
RECONCILIATION**

For the Year Ended June 30, 2012

TIRZ #16 Uptown Development Authority

FY12 OPERATING EXPENSES

| <u>Category</u> | <u>Vendor</u> | <u>Budget</u> | <u>Actual Expenditure</u> | <u>Variance</u> |
|---|---------------------|-------------------|-------------------------------|-------------------|
| TIRZ ADMINISTRATION AND OVERHEAD | | | | |
| Administration (salary and benefits) | HCID No. 1 | \$ 60,000 | \$ 60,000 | \$ - |
| Office Expenses | HCID No. 1 | 10,000 | 10,008 | 8 |
| Insurance | Highpoint Insurance | 75,000 | 73,260 | (1,740) |
| Accounting | HCID No. 1 | 15,000 | 15,000 | - |
| Auditor | Whitley Penn, LLP | 12,000 | 13,975 | 1,975 |
| COH Municipal Charge | | 446,000 | 446,000 | - |
| Financial Advisor | | - | - | - |
| Subtotal | | \$ 618,000 | \$ 618,243 | \$ 243 |
| PROGRAM AND PROJECT CONSULTANTS | | | | |
| Legal | Seachrist & Duckers | 25,000 | 13,132 | (11,868) |
| In-House Legal Counsel | | - | 15,000 | 15,000 |
| Construction Audits | | 5,000 | - | (5,000) |
| Subtotal | | \$ 30,000 | \$ 28,132 | \$ (1,868) |
| Total Management Consulting Services | | \$ 648,000 | \$ 646,375 | \$ (1,625) |

UPTOWN DEVELOPMENT AUTHORITY

**OPERATING EXPENSES, CAPITAL EXPENDITURES AND PROJECT PLAN
RECONCILIATION (continued)**

For the Year Ended June 30, 2012

| <i>Project</i> | <i>Vendor</i> | FY12 CAPITAL EXPENDITURES | | |
|---|---------------------|----------------------------------|-------------------------------|-------------------|
| | | <i>Budget</i> | <i>Actual Expenditure</i> | <i>Variance</i> |
| Project 1: Advance Traveler Information System | | | | |
| Construction Management | Walter P Moore | | 13,999 | \$ |
| Subtotal | | \$ - | \$ 13,999 | \$ 13,999 |
| Project 2: Area Intersection and Signalization | | | | |
| | | 1,200,000 | - | |
| Engineering Services | Gerry DeCamp | - | 21,564 | |
| | TEAL Engineering | - | 16,470 | |
| | Lina T. Ramey | - | 31,515 | |
| | SWA Group | - | 34,592 | |
| Architectural Services | | | | |
| Construction Management | Gunda | - | 392,540 | |
| Construction Costs | Reytec Construction | - | 1,404,205 | |
| | Pfieffer Ltd | - | 174,548 | |
| Project Management | HCID No. 1 | | 111,652 | |
| Subtotal | | \$ 1,200,000 | \$ 2,187,085 | \$ 987,085 |
| Project 3: Construction related Traffic Management and Communication | | | | |
| Other Professional Services | HCID No. 1 | | 200,000 | |
| Subtotal | | \$ - | \$ 200,000 | \$ 200,000 |

UPTOWN DEVELOPMENT AUTHORITY

**OPERATING EXPENSES, CAPITAL EXPENDITURES AND PROJECT PLAN
RECONCILIATION (continued)**

For the Year Ended June 30, 2012

| <i>Project</i> | <i>Vendor</i> | FY12 CAPITAL EXPENDITURES | | |
|---|----------------------------|----------------------------------|-------------------------------|---------------------|
| | | <i>Budget</i> | <i>Actual Expenditure</i> | <i>Variance</i> |
| Project 4: Right of Way | | \$ 200,000 | | \$ |
| Engineering Services | | | | |
| Architectural Services | | | | |
| Construction Management | | | | |
| Construction Costs | | | | |
| Program Financing | | | | |
| Other Professional Services | Andrews Kurth | | 83,681 | |
| | HCID No. 1's Staff Counsel | - | - | |
| Subtotal | | \$ 200,000 | \$ 83,681 | \$ (116,319) |
| Project 5: Transit Corridor | | - | | |
| Engineering Services | | | | |
| Architectural Services | | | | |
| Construction Management | | | | |
| Construction Costs | | 334,047 | 334,047 | |
| Other Professional Services | Goodman Corporation | | 60,101 | |
| Subtotal | | \$ 334,047 | \$ 394,148 | \$ 60,101 |
| Project 6: Guilford Reconstruction | | 1,000,000 | | |
| Engineering/Design Services | Lina T Ramey | | 11,384 | |
| | SWA Group | | 2,439 | |
| Subtotal | | \$ 1,000,000 | \$ 13,823 | \$ (986,177) |
| Project 7: Secondary Roadways Lynn Street) | | - | | |
| Planning / Engineering Services | Walter P Moore | | | |
| | TSC Engineering | | | |
| | SWA Group | | 6,507 | |
| | TCB/AECOM | | | |
| | Lina T Ramey | | 31,222 | |
| Subtotal | | \$ - | \$ 37,729 | \$ 37,729 |

UPTOWN DEVELOPMENT AUTHORITY

**OPERATING EXPENSES, CAPITAL EXPENDITURES AND PROJECT PLAN
RECONCILIATION (continued)**

For the Year Ended June 30, 2012

| | | FY12 CAPITAL EXPENDITURES | | |
|---|------------------------------|----------------------------------|-------------------------------|-----------------------|
| <i>Project</i> | <i>Vendor</i> | <i>Budget</i> | <i>Actual Expenditure</i> | <i>Variance</i> |
| Project 8: Area Pedestrian Improvements | | \$ 3,876,569 | | \$ |
| Engineering Services | Kirst Kosmoski | | 57,532 | |
| | Lina T Ramey | | 843 | |
| Construction Management | SWA Group | | 274,532 | |
| | Cobb Fendley | | 91,891 | |
| | Gunda | | 42,385 | |
| | John A Horton | | 2,672 | |
| Construction Costs | Kenmor Electric | | | |
| | Kenmor / Hess (lights) | | | |
| | Reytec Construction | | 1,445,221 | |
| | Tyco Electric | | | |
| | Utility Companies | | 25,310 | |
| Project Management | HCID No. 1 | | 111,652 | |
| Program Financing | | | | |
| Other Professional Services | Season Services | | 11,839 | |
| | Highpoint Insurance (lights) | | | |
| | | | - | |
| | Subtotal | \$ 3,876,569 | \$ 2,063,878 | \$ (1,812,691) |
| Project 9: Post Oak Boulevard Reconstruction | | 1,800,000 | | |
| Construction Design Services | SWA Group | | 28,469 | |
| Architectural Services | | | | |
| Construction Management | Cobb Fendley | | 192,161 | |
| Project Management | HCID No. 1 | | | |
| Construction Costs | Reytec Construction | | 488,714 | |
| Other Professional Services | | | | |
| | Subtotal | \$ 1,800,000 | \$ 709,343 | \$ (1,090,657) |
| Project 10: Woodway Drainage | | 350,000 | | |
| Engineering Services | AECOM | | 6,294 | |
| Architectural Services | | | | |
| Construction Management | Cobb Fendley & Associates | | | |
| | Texas Sterling Construction | | | |
| Construction Costs | LP | | | |
| Project Management | HCID No. 1 | | | |
| Program Financing | | | | |
| Other Professional Services | Kirst Kosmoski | | 60,624 | |
| | Subtotal | \$ 350,000 | \$ 66,918 | \$ (283,082) |

UPTOWN DEVELOPMENT AUTHORITY

**OPERATING EXPENSES, CAPITAL EXPENDITURES AND PROJECT PLAN
RECONCILIATION (continued)**

For the Year Ended June 30, 2012

| <i>Project</i> | <i>Vendor</i> | FY12 CAPITAL EXPENDITURES | | | <i>Notes</i> |
|---|----------------------------------|---------------------------|---------------------------|-------------------------|--------------|
| | | <i>Budget</i> | <i>Actual Expenditure</i> | <i>Variance</i> | |
| Project 11: North and South Wynden | | | | \$ | |
| Engineering Services | Walter P Moore Kirst Kosmoski | | | | |
| Architectural Services | | | | | |
| Construction Management | | | | | |
| Construction Costs | PDV Partners | | 67,746 | | |
| Other Professional Services | SWA Group | | - | | |
| Subtotal | | \$ - | \$ 67,746 | \$ 67,746 | |
| Project 12: Water Wall Operation | | 200,000 | | | |
| Engineering /Design Services | SWA Group Comm Arts | | | | |
| Architectural Services | | | | | |
| Construction Management | | | | | |
| Construction Costs/ Purchase | | | | | |
| Maintenance/Operation | | | 271,101 | | |
| Other Professional Services | | | | | |
| Subtotal | | \$ 200,000 | \$ 271,101 | \$ 71,101 | |
| Total Capital Expenditures | | \$ 8,960,616 | \$ 6,109,451 | * \$ (2,851,165) | |

PROJECT PLAN RECONCILIATION

| | <i>Project Plan Amount</i> | <i>Beginning</i> | <i>Current Year Expenditures</i> | <i>Expenditures to Date</i> | <i>Variance</i> |
|---|----------------------------|-----------------------|----------------------------------|-----------------------------|-----------------------|
| Non-Education Projects | | | | | |
| Improve Existing Streets | \$ 67,000,000 | \$ 64,485,288 | \$ 1,387,172 | \$ 65,872,460 | \$ 1,127,540 |
| Create Street Grid Network | \$ 38,500,000 | \$ 13,824,946 | \$ 186,216 | \$ 14,011,162 | \$ 24,488,838 |
| Improve Intersections | \$ 26,000,000 | \$ 8,946,663 | \$ 2,201,085 | \$ 11,147,748 | \$ 14,852,252 |
| Parking Management Program | \$ 50,000,000 | \$ | \$ | \$ - | \$ 50,000,000 |
| Pedestrian Network | \$ 53,000,000 | \$ 17,447,097 | \$ 2,063,878 | \$ 19,510,975 | \$ 33,489,025 |
| Parks | \$ 8,500,000 | \$ 9,151,023 | \$ 271,101 | \$ 9,422,124 | \$ (922,124) |
| Subtotal | \$ 243,000,000 | \$ 113,855,017 | \$ 6,109,451 | \$ 119,964,468 | \$ 123,035,532 |
| Education Projects | \$ 129,000,000 | \$ 20,298,461 | \$ 3,744,055 | \$ 24,042,516 | \$ 104,957,484 |
| Affordable Housing | \$ 270,000,000 | \$ 53,627,675 | \$ 6,250,000 | \$ 59,877,675 | \$ 210,122,325 |
| Zone Administration / Operations | \$ 6,750,000 | \$ 3,534,108 | \$ 646,375 | \$ 4,180,483 | \$ 2,569,517 |
| Total Project Plan | \$ 648,750,000 | \$ 191,315,261 | \$ 16,749,881 | \$ 208,065,142 | \$ 440,684,858 |

* Principal \$ 313,659
 Interest \$ 20,388
 Capital Outlay \$ 5,775,404
 Total \$ 6,109,451