

MEMORANDUM

TO: CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

FROM: BOBBY PENNINGTON, DIRECTOR OF FINANCE

DATE: APRIL 25, 2016

SUBJECT: MARCH 2016 FINANCIAL STATEMENTS

Attached are the financial statements (balance sheet and income statement) for the Corporation through March 2016, which is the 6th month of the fiscal year 2015-2016. Beginning balances are audited.

Highlights are below:

BALANCE SHEET:

ASSETS/LIABILITIES & EQUITY: \$2,041,255

- Cash and investments total \$1,034,943, of which \$899,359 is considered operating and available. A reserve of \$107,815 is set aside with Prosperity Bank to secure annual debt service requirements, and \$25,971 is restricted for future improvements to the Municipal Sports Park, which is expedited for current capital improvement project.
- Land acquisitions for industrial development total \$814,410. A change in land value was booked in December after the sale of land to South Central Sands; the parcel sold (10.01 Acres) had an original book value of \$30,238; a net gain from this transaction is \$48,575 was credited to cash in December.
- Land dedicated to the Municipal Parks remains unchanged with a booked value of \$180,853.
- Liabilities total \$222,420 mainly due to the note payment on the Industrial Park loan.
- Total Beginning Equity is \$1,754,303.

REVENUES:

Total: \$335,095

- Total sales tax through March is \$278,201, 55.2% of the annual adopted budget of \$504,000, and is \$26,406 or 10.5% greater than last year due to collections greater than projected trend. Year-end sales tax are likely to be \$27,000 higher than budget, unless sales tax growth starts to deteriorate in the remaining months.
- Miscellaneous Revenue totals \$8,320.
 - Revenue of \$4,988 has been received from interest revenue, \$1,313 increase from this time last year.
 - Revenue of \$3,124 has been received for the Municipal Sports Park operations, \$6,800 decrease from this time last year. Staff and Council re-visited the fee schedule as well as other options to improve activity at the municipal park.

- Non-Operating Revenue of \$200,000 was budgeted as income for a pipeline easement in the Industrial Park. This income was received in FY15, earlier than anticipated and is accounted for in the beginning fund balance. Due to the timing of this revenue, the projected budget will show a use of fund balance, as this source will be used for improvements to the Industrial Park.
- A net gain of \$48,575 on the sale of the land to South Central Sands is shown as non-operating revenue. Staff does not anticipate collecting the remaining \$151,425 budgeted as Non-Operating Income in FY16.

EXPENSES:

Total: \$270,564

- Operating expenses of \$25,093 include Professional Services, Other Services and Supplies. Legal expenses are \$1,945. Dues and Memberships remain at \$1,350.
 - The Legal/General line item is anticipated to go over budget since legal fees over the last four fiscal years have ranged from \$5K to \$28K, depending on need for services.
 - Dues and Memberships include \$1,350 for annual renewal to North Houston Association and \$100 for ICSC.
 - Credit card fee charges are associated with business services at the Sports Park.
- Total infrastructure improvement is \$54,279, of which \$23,923 is related to the industrial park and \$30,356 is considered maintenance and operation for the Municipal Sports Park.
 - Industrial Park improvements include:
 - Sam Houston Electric Bill.
 - HR Green engineering for the utility crossing at FM 787 connecting the North and South Business Park to the new water well facility.
 - A change-order may be required due to complications on the water line crossing.
 - Additional funds will be needed to properly complete the roadway into the south industrial park due to the length, and expanded right-of-way of the street project. The Board only dedicated \$100,000 towards road improvements for the industrial project. Current estimate to clear the ROW is \$20,000. Drainage is another challenge that must be address as part of the road improvements. This project is on a tight schedule with likely unknown additions to cost of completion.
 - Park Maintenance includes:
 - Monthly billings for Precision Lawns to maintain the Municipal Sports Park.
 - Miscellaneous City/EDC reimbursements associated with the Sports Park operation.
- Business incentives are budgeted at \$45,000. Through March \$45,000 remains available for incentives.

- Loans & bond principal, interest, and fiscal agent fees are budgeted at \$262,050. Payment toward obligations total \$191,192 through March, 73.0% of budget due to the Business Park land note. An annual interest payment for Series 2012 is scheduled later in the fiscal year.

FUND BALANCE:

- The Beginning Net Position of \$1,754,303 is audited. Audited financials were presented to Council in February.
- Ending Net Position is \$1,818,835 and is \$64,531 greater than at 9/30/15 due to sales tax performance and savings dedicated to economic incentives.

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

FOR THE MONTH ENDED MARCH 31, 2016

ASSETS

OPERATING CASH	118,382
MMA-PROSPERITY	780,977
SPORTS & RECREATIONAL FACILITY	25,971
RESERVE-PROSPERITY	107,815
TEXPOOL	1,798
CIP WATER FACILITY	11,049
LAND ACQ AIRPT IND PARK SOUTH	432,411
LAND ACQ AIRPT IND PARK NORTH	264,324
LAND ACQ FM 1010 IND PARK	117,675
LAND ACQ - REC PARK HWY 321	180,853
TOTAL ASSETS	\$ 2,041,255

LIABILITIES

ACCOUNTS PAYABLE-Y/E ADJ.	23,752
DUE TO GENERAL FUND	1,200
N/P FB&T-LAND	197,468
TOTAL LIABILITIES	222,420

EQUITY

FUND BALANCE	1,740,814
FUNDRAISERS FOR MUNICIPAL PARK	13,489
TOTAL BEGINNING EQUITY	1,754,303
TOTAL REVENUE	335,095
TOTAL EXPENSES	(270,564)
TOTAL SURPLUS/(DEFICIT)	64,531
TOTAL EQUITY & SURPLUS/(DEFICIT)	1,818,835
TOTAL LIABILITIES, EQUITY & SURPLUS/DEFICIT	\$ 2,041,255

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES & EXPENDITURES
FOR THE MONTH ENDED MARCH 31, 2016**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
REVENUES					
SALES TAX REVENUES	251,795	504,000	39,684	278,201	55.2%
STRUCTURE DEMO LIENS	3,584	3,500	0	0	0.0%
OTHER PROCEEDS	0	0	188	188	
CREDIT CARD FEES	56	200	4	20	10.0%
INTEREST	3,674	7,650	839	4,988	65.2%
SPORTS PARK	9,924	22,500	768	3,124	13.9%
TOTAL OPERATING REVENUE	269,033	537,850	41,484	286,521	53.3%
NON-OPERATING REVENUE	0	200,000	0	48,575	24.3%
TOTAL NON-OPERATING REVENUE	0	200,000	0	48,575	24.3%
TOTAL REVENUES	\$269,033	\$737,850	\$41,484	\$335,095	45.4%
EXPENSES					
LEGAL/GENERAL	992	3,000	210	1,945	64.8%
ACCOUNTING/AUDIT	2,500	3,500	0	0	0.0%
ADMINISTRATIVE-CONTRACT	1,813	18,000	0	8,116	45.1%
ADMINISTRATIVE-CITY	3,600	7,200	600	3,600	50.0%
OTHER PROFESSIONAL SERVICES	0	0	0	920	
TOTAL PROFESSIONAL SERVICES	8,905	31,700	810	14,581	46.0%
MARKETING	2,021	10,000	628	4,985	49.8%
TRAVEL/MEALS/ENTERTAIN	2,731	6,000	3,276	3,326	55.4%
DUES & MEMBERSHIP	1,845	2,300	0	1,350	58.7%
CREDIT CARD FEE CHARGES	136	400	24	101	25.1%
TRAINING	0	1,500	0	0	0.0%
TOTAL OTHER SERVICES	6,734	20,200	3,929	9,761	48.3%
OFFICE	0	100	0	0	0.0%
POSTAGE	0	100	0	0	0.0%
OTHER OPERATIONAL SUPPLIES	1,114	1,200	56	750	62.5%
TOTAL SUPPLIES	1,114	1,400	56	750	53.6%
INDUSTRIAL PARK	900	281,840	2,234	23,923	8.5%
PARK IMPROVEMENTS	7,260	0	0	0	
PARK MAINTENANCE	52,102	55,200	7,128	30,356	55.0%
TOTAL INFRASTRUCTURE	60,263	337,040	9,362	54,279	16.1%
DEMO/NEW HOUSING	4,381	10,000	0	0	0.0%
TOTAL DEMOLITION	4,381	10,000	0	0	0.0%
INCENTIVES	0	30,000	0	0	0.0%
JOB TRAINING (LCWA/CISD)	15,000	15,000	0	0	0.0%
TOTAL INCENTIVES	15,000	45,000	0	0	0.0%

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES & EXPENDITURES
FOR THE MONTH ENDED MARCH 31, 2016**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
PRINCIPAL ON LAND NOTE	20,524	43,627	3,665	21,559	49.4%
INTEREST ON LAND NOTE	5,831	9,082	728	4,796	52.8%
PRINCIPAL ON 2012 SERIES	115,000	120,000	0	120,000	100.0%
INTEREST ON 2012 SERIES	45,988	88,475	0	44,838	50.7%
FISCAL AGENT FEES	810	866	0	0	0.0%
TOTAL OBLIGATIONS	188,152	262,050	4,392	191,192	73.0%
TOTAL EXPENSES	\$284,548	\$707,390	\$18,549	\$270,564	38.2%
REVENUE OVER/(UNDER) EXPENDITURES	(\$15,515)	\$30,460	\$22,935	\$64,531	211.9%
BEGINNING NET POSITION		1,754,303		1,754,303	
ENDING NET POSITION		1,784,763		1,818,835	