

MEMORANDUM

TO: CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

FROM: BOBBY PENNINGTON, DIRECTOR OF FINANCE

DATE: JULY 25, 2016

SUBJECT: JUNE 2016 FINANCIAL REPORT

Attached are the financial statements (balance sheet and income statement) for the Corporation through June 2016, which is the 9th month of the fiscal year 2015-2016. Beginning balances are audited.

Highlights are below:

BALANCE SHEET:

ASSETS/LIABILITIES & EQUITY: \$2,057,091

- Cash and investments total \$1,050,779, a use of \$34,337 from the prior month, of which \$862,674 is considered operating and available.
 - A cash reserve of \$160,288 is set to secure annual debt service requirements.
 - A restricted account of \$26,020 is for the Municipal Sports Park, which \$25,000 is allocated as capital improvements to the current sports park project and accounted for in July. With other financing sources, the Board voted to use \$25,000 of the \$26,020 for toward the following improvements:
 - Playground Furniture Fixtures & Equipment (estimated at \$79,000).
 - Improvements to Field #4 modified as a Baseball Field (estimated at \$42,000+).
 - Shade structure, preferably near Field #4 (Possible Donation)
 - Basketball Court (Possible Donation)
- 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 \$221,220 mainly due to the note payment on the Industrial Park loan.
- Total Beginning Equity is \$1,754,303.

REVENUES:

Total: \$478,337

- Total sales tax through April is \$416,394, 82.6% of the annual adopted budget of \$504,000, and is \$36,987 or 9.7% greater than last year due to collections greater than projected trend. Year-end estimates for sales tax is likely to be 7% to 10% higher than

budget by year-end, unless a significant change in sales tax trend occurs within in the last quarter.

- Miscellaneous Revenue totals \$13,368.
 - Revenue interest on cash deposits total \$7,570, \$2,233 increase from this time last year.
 - Municipal Sports Park operation revenue total \$5,574, 24.8% of budget. Municipal Park revenues will not meet original budget expectations; however revenue from sales tax will offset park revenue limitation mainly from weather during peak season.
 - 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 due to its actual collection in FY15.
 - Total expenses will exceed total revenues in FY17 due only to the earlier than anticipated booking of pipeline easement revenue. Operational revenues will exceed operational expenditures up to approximately \$170K.

EXPENSES:

Total: \$396,769

- Operating expenses of \$42,432 include Professional Services, Other Services and Supplies.
 - Legal expenses are \$9,737 and were stated early in the year for the Board to anticipate higher than budgeted legal fees based on activity and historical trend.
- Total infrastructure improvement is \$149,967, of which \$95,703 is related to the industrial park and \$54,264 is considered maintenance and operation for the Municipal Sports Park.
- Business incentives are budgeted at \$45,000. Through June, \$45,000 remains available for incentives.
- Loans & bond principal, interest, and fiscal agent fees are budgeted at \$262,050. Payment toward obligations total \$204,370 through June, 78.0%. An annual interest payment for Series 2012 is scheduled later in the fiscal year.

CAPITAL IMPROVEMENT:

- Staff has received bids on ballfield fencing and the Committee has made a recommendation on installer.
- Staff has purchased playground equipment with Kraftsman Playground and awaiting installation.

FUND BALANCE:

- The beginning net position of \$1,754,303 is audited.
- Ending net position is \$1,835,871 and is \$51,108 greater than at 9/30/15 due to sales tax performance and savings dedicated to economic incentives.
- Risks to fund balance include status of TDA / Earth Energy Agreement, final cost to of waterline crossing FM 787 and final cost for improvements to Industrial/Pelican Road.
- Reduction in cash balance of \$25,000 is anticipated for participation in sports park improvements.

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

FOR THE MONTH ENDED JUNE 30, 2016

ASSETS

OPERATING CASH	79,753
MMA-PROSPERITY	782,920
SPORTS & RECREATIONAL FACILITY	26,020
RESERVE-PROSPERITY	160,288
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	\$ 2,057,091

LIABILITIES

ACCOUNTS PAYABLE-Y/E ADJ.	23,752
N/P FB&T-LAND	197,468
TOTAL LIABILITIES	221,220

EQUITY

FUND BALANCE	1,740,814
FUNDRAISERS FOR MUNICIPAL PARK	13,489
TOTAL BEGINNING EQUITY	1,754,303
TOTAL REVENUE	478,337
TOTAL EXPENSES	(396,769)
TOTAL SURPLUS/(DEFICIT)	81,568
TOTAL EQUITY & SURPLUS/(DEFICIT)	1,835,871
TOTAL LIABILITIES, EQUITY & SURPLUS/DEFICIT	\$ 2,057,091

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES & EXPENDITURES
FOR THE MONTH ENDED JUNE 30, 2016**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
REVENUES					
SALES TAX REVENUES	379,408	504,000	44,177	416,394	82.6%
STRUCTURE DEMO LIENS	3,584	3,500	0	0	0.0%
OTHER PROCEEDS	0	0	0	188	
CREDIT CARD FEES	88	200	6	36	18.0%
INTEREST	5,337	7,650	872	7,570	98.9%
SPORTS PARK	13,738	22,500	2,170	5,574	24.8%
TOTAL OPERATING REVENUE	402,154	537,850	47,225	429,762	79.9%
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	\$402,154	\$737,850	\$47,225	\$478,337	64.8%
EXPENSES					
LEGAL/GENERAL	1,712	3,000	4,452	9,737	324.6%
ACCOUNTING/AUDIT	2,500	3,500	0	0	0.0%
ADMINISTRATIVE-CONTRACT	6,800	18,000	1,703	14,755	82.0%
ADMINISTRATIVE-CITY	5,400	7,200	600	5,400	75.0%
OTHER PROFESSIONAL SERVICES	0	0	0	920	
TOTAL PROFESSIONAL SERVICES	16,412	31,700	6,755	30,812	97.2%
MARKETING	14,809	10,000	0	5,386	53.9%
TRAVEL/MEALS/ENTERTAIN	2,731	6,000	60	3,412	56.9%
DUES & MEMBERSHIP	2,240	2,300	0	1,745	75.9%
CREDIT CARD FEE CHARGES	259	400	11	147	36.8%
TRAINING	0	1,500	0	0	0.0%
TOTAL OTHER SERVICES	20,039	20,200	71	10,690	52.9%
OFFICE	8	100	0	0	0.0%
POSTAGE	0	100	0	0	0.0%
OTHER OPERATIONAL SUPPLIES	1,127	1,200	180	930	77.5%
TOTAL SUPPLIES	1,135	1,400	180	930	66.4%
INDUSTRIAL PARK	1,826	281,840	60,146	95,703	34.0%
PARK IMPROVEMENTS	7,583	0	0	0	
PARK MAINTENANCE	69,760	55,200	10,019	54,264	98.3%
TOTAL INFRASTRUCTURE	79,169	337,040	70,164	149,967	44.5%
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 JUNE 30, 2016**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
PRINCIPAL ON LAND NOTE	30,938	43,627	3,662	32,522	74.5%
INTEREST ON LAND NOTE	8,594	9,082	730	7,010	77.2%
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	201,330	262,050	4,392	204,370	78.0%
TOTAL EXPENSES	\$337,465	\$707,390	\$81,562	\$396,769	56.1%
REVENUE OVER/(UNDER) EXPENDITURES	\$64,689	\$30,460	(\$34,336)	\$81,568	267.8%
BEGINNING NET POSITION		1,754,303		1,754,303	
ENDING NET POSITION		1,784,763		1,835,871	