

MEMORANDUM

TO: CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

FROM: BOBBY PENNINGTON, DIRECTOR OF FINANCE

DATE: JANUARY 25, 2016

SUBJECT: DECEMBER 2015 FINANCIAL STATEMENTS

Attached are the financial statements (balance sheet and income statement) for the Corporation through December 2015, which is the third month of the fiscal year 2015-2016. Beginning balances are unaudited and may change slightly.

Highlights are below:

BALANCE SHEET:

ASSETS/LIABILITIES & EQUITY: \$2,104,446

- Cash and investments total \$1,098,134, an increase of \$107,218 from the prior month, of which \$685,386 is considered operating and available. A reserve of \$385,027 is set aside with Prosperity Bank to secure payment of debt service requirements, and \$25,923 is restricted to future capital improvements to the Municipal Sports Park.
- Land acquisitions for industrial development total \$814,410, a decrease of \$30,238.
 - The change in land value is due to booking the sale of land to South Central Sands; the parcel sold (10.01 Acres) has a book value of \$30,238.33, a net gain from this transaction is \$48,575 and credited to cash.
 - The purpose of the land sale is to boost job creation within the South Airport Industrial Business Park.
- Land dedicated to the Municipal Parks remains unchanged with a booked value of \$180,853.
- Liabilities total \$221,270.
- Total Beginning Equity is \$1,754,303, with \$1,740,814 unrestricted.

REVENUES:

Total: \$181,551

- Total sales tax through December is \$129,905, 25.8% of the annual adopted budget of \$504,000, and is \$4,388 or 3.5% greater than last year. Although sales tax shows growth over last year, there is some concern that collections could flatten toward the end of the fiscal year due to the price of oil and its influence on regional economy. Staff will continue to monitor.
- Miscellaneous Revenue totals \$3,067.
 - Revenue of \$2,427 has been received from interest revenue, \$553 increase from this time last year.
 - Staff has transferred the \$78,813 from the sale of property and deposited the total in the EDC Money Market Account.

- Staff also transferred \$250,000 to the same Money Market from the EDC operational account just prior fiscal year end, to improve earnings in interest revenue.
- Revenue of \$640 has been received for the Municipal Sports Park operations, \$5,044 decrease from this time last year.
- 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.

EXPENSES:

Total: \$52,679

- Operating expenses of \$8,164 include Professional Services, Other Services and Supplies. Legal expenses are \$1,600 at 53% of budget. Dues and Memberships are \$1,350 at 59% of budget.
 - 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.
 - Payment was made to Public Management for \$2,320, for services related to business prospects and industrial park.
 - EDC pays \$600 per month for city administrative services.
 - Dues and Memberships include \$1,250 for annual renewal to North Houston Association and \$100 for ICSC.
 - Other Professional Services of \$552 is for bid publication of FM787 utility project.
 - Credit card charges are associated with business services at the Sports Park.
 - Other Operational Supplies are supplies for Allies Day.
- Total infrastructure improvement is \$31,338, of which \$18,407 is related to the industrial park and \$12,931 is considered maintenance and operation for the Municipal Sports Park.
 - Industrial Park improvements include \$18,407:
 - Sam Houston Electric Bill is being coded to this line item.
 - HR Green engineering for the utility crossing at FM 787 connecting the North and South Business Park to the new water well facility.
 - Park Maintenance of \$12,931 includes:
 - Three \$4,010 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 December \$45,000 remains available for incentives.

- Loans & bond principal, interest, and fiscal agent fees are budgeted at \$262,050. Payment toward obligations total \$13,177 through December, 5.0% of budget due to the Business Park land note. An annual principal payment of \$120,000 for Series 2012 is scheduled later in the fiscal year.

FUND BALANCE:

- The Beginning Net Position of \$1,754,303 is unaudited.
- Ending Net Position is \$1,883,176 (unaudited) and is \$128,873 greater than at 9/30/15 due to sales tax performance and savings dedicated to economic incentives.
- Audited financials will be presented in February; however no changes are expected to beginning balance presented in this report.

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

FOR THE MONTH ENDED DECEMBER 31, 2015

ASSETS

OPERATING CASH	131,219
MMA-PROSPERITY	554,167
SPORTS & RECREATIONAL FACILITY	25,923
RESERVE-PROSPERITY	385,027
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	\$ 2,104,446

LIABILITIES

ACCOUNTS PAYABLE-Y/E ADJ.	23,752
DUE TO GENERAL FUND	50
N/P FB&T-LAND	197,468
TOTAL LIABILITIES	221,270

EQUITY

FUND BALANCE	1,740,814
FUNDRAISERS FOR MUNICIPAL PARK	13,489
TOTAL BEGINNING EQUITY	1,754,303
TOTAL REVENUE	181,551
TOTAL EXPENSES	(52,679)
TOTAL SURPLUS/(DEFICIT)	128,873
TOTAL EQUITY & SURPLUS/(DEFICIT)	1,883,176
TOTAL LIABILITIES, EQUITY & SURPLUS/DEFICIT	\$ 2,104,446

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES & EXPENDITURES
FOR THE MONTH ENDED DECEMBER 31, 2015**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
REVENUES					
SALES TAX REVENUES	125,517	504,000	41,609	129,905	25.8%
STRUCTURE DEMO LIENS	1,329	3,500	0	0	0.0%
CREDIT CARD FEES	24	200	2	4	2.0%
INTEREST	1,874	7,650	857	2,427	31.7%
SPORTS PARK	5,684	22,500	319	640	2.8%
TOTAL OPERATING REVENUE	134,429	537,850	42,787	132,977	24.7%
NON-OPERATING REVENUE	0	200,000	48,575	48,575	24.3%
TOTAL NON-OPERATING REVENUE	0	200,000	48,575	48,575	24.3%
TOTAL REVENUES	\$134,429	\$737,850	\$91,361	\$181,551	24.6%
EXPENSES					
LEGAL/GENERAL	40	3,000	0	1,600	53.3%
ACCOUNTING/AUDIT	0	3,500	0	0	0.0%
ADMINISTRATIVE-CONTRACT	1,305	18,000	0	2,320	12.9%
ADMINISTRATIVE-CITY	2,400	7,200	600	1,800	25.0%
OTHER PROFESSIONAL SERVICES	0	0	552	552	
TOTAL PROFESSIONAL SERVICES	3,745	31,700	1,152	6,272	19.8%
MARKETING	0	10,000	0	0	0.0%
TRAVEL/MEALS/ENTERTAIN	2,431	6,000	50	50	0.8%
DUES & MEMBERSHIP	1,845	2,300	100	1,350	58.7%
CREDIT CARD FEE CHARGES	27	400	0	41	10.4%
TRAINING	0	1,500	0	0	0.0%
TOTAL OTHER SERVICES	4,303	20,200	150	1,442	7.1%
OFFICE	0	100	0	0	0.0%
POSTAGE	0	100	0	0	0.0%
OTHER OPERATIONAL SUPPLIES	349	1,200	3	450	37.5%
TOTAL SUPPLIES	349	1,400	3	450	32.1%
INDUSTRIAL PARK	0	281,840	2,694	18,407	6.5%
PARK IMPROVEMENTS	3,877	0	0	0	
PARK MAINTENANCE	31,365	55,200	4,440	12,931	23.4%
TOTAL INFRASTRUCTURE	35,241	337,040	7,135	31,338	9.3%
DEMO/NEW HOUSING	0	10,000	0	0	0.0%
TOTAL DEMOLITION	0	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 DECEMBER 31, 2015**

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
PRINCIPAL ON LAND NOTE	10,182	43,627	3,595	10,712	24.6%
INTEREST ON LAND NOTE	2,995	9,082	798	2,466	27.1%
PRINCIPAL ON 2012 SERIES	0	120,000	0	0	0.0%
INTEREST ON 2012 SERIES	0	88,475	0	0	0.0%
FISCAL AGENT FEES	810	866	0	0	0.0%
TOTAL OBLIGATIONS	13,987	262,050	4,392	13,177	5.0%
TOTAL EXPENSES	\$72,626	\$707,390	\$12,832	\$52,679	7.4%
REVENUE OVER/(UNDER) EXPENDITURES	\$61,803	\$30,460	\$78,529	\$128,873	423.1%
BEGINNING NET POSITION		1,754,303		1,754,303	
ENDING NET POSITION		1,784,763		1,883,176	