



To Management
Houston Downtown Management District

Management is responsible for the accompanying financial statements of the Houston Downtown Management District (the District), which comprise the governmental fund balance sheets and statements of net position as of June 30, 2019 and 2018, and the related statements of activities for the months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America and the required supplementary information that the Government Accounting Standards Board (GASB) requires to be presented to supplement the basic financial statements. If the omitted disclosures, and GASB required supplementary information were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The Variance Analysis on page 7 is presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements. The Variance Analysis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

TNC CPAS

Houston, Texas
July 30, 2019

**Houston Downtown Management District
Governmental Fund Balance Sheets and
Statement of Net Position
June 30, 2019 and June 30, 2018**

	2019				2018			
	HDMD Operating Year to Date	HDMD Capital Year to Date	GreenLink Year to Date	Total (Memo Only)	HDMD Operating Year to Date	HDMD Capital Year to Date	GreenLink Year to Date	Total (Memo Only)
Assets								
Cash	\$ 13,854,248	\$ 3,721,924	\$ 1,555,878	\$ 19,132,050	\$ 14,609,511	\$ 3,584,973	\$ 1,499,830	\$ 19,694,313
Assessments Due	-	-	-	-	-	-	-	-
Accounts Receivable	558,067	-	-	558,067	479,022	3,015	171,100	653,137
Prepaid Expense	426,235	-	-	426,235	78,350	-	-	78,350
Inventory	-	-	79,148	79,148	-	-	101,033	101,033
Property & Equipment, Net	799,619	88,253	1,228,874	2,116,746	68,126	121,362	1,478,813	1,668,301
Intercompany Rec/Pay	(2,541)	2,541	-	-	(80,316)	80,316	-	-
Total Assets	<u>\$ 15,635,628</u>	<u>\$ 3,812,719</u>	<u>\$ 2,863,900</u>	<u>\$ 22,312,247</u>	<u>\$ 15,154,693</u>	<u>\$ 3,789,666</u>	<u>\$ 3,250,776</u>	<u>\$ 22,195,134</u>
Liabilities								
Accounts Payable & Accrued Expenses	\$ 765,654	\$ 188,022	\$ 274,274	\$ 1,227,950	\$ 1,233,883	\$ 161,669	\$ 279,911	\$ 1,675,462
Deferred Revenue & Reserve for Refunds	67,785	8,807	500,000	576,592	46,954	6,103	150,000	203,056
Total Liabilities & Deferred Revenue	<u>833,439</u>	<u>196,829</u>	<u>774,274</u>	<u>1,804,542</u>	<u>1,280,837</u>	<u>167,771</u>	<u>429,911</u>	<u>1,878,518</u>
Fund Balances								
Unreserved, Undesignated	14,002,189			14,002,189	13,073,856			13,073,856
Unreserved, Designated for Catastrophy	800,000			800,000	800,000			800,000
Reserved for Capital Projects		3,615,890	2,089,625	5,705,515		3,621,895	2,820,865	6,442,760
	<u>14,802,189</u>	<u>3,615,890</u>	<u>2,089,625</u>	<u>20,507,705</u>	<u>13,873,856</u>	<u>3,621,895</u>	<u>2,820,865</u>	<u>20,316,616</u>
Total Liabilities, Deferred Revenue & Fund Balances	<u>\$ 15,635,628</u>	<u>\$ 3,812,719</u>	<u>\$ 2,863,900</u>	<u>\$ 22,312,247</u>	<u>\$ 15,154,693</u>	<u>\$ 3,789,666</u>	<u>\$ 3,250,776</u>	<u>\$ 22,195,134</u>

**Houston Downtown Management District
Statement of Activities
Six Months Ended June 30, 2019**

	Operating YTD Actual	Capital YTD Actual	Total YTD Actual	YTD Budget	Fav (Unfav) Variance
Revenues					
Assessment Revenue	\$ (16,915)	\$ (3,482)	\$ (20,396)	\$ -	\$ (20,396)
Operations Revenue	235,250	-	235,250	245,900	(10,650)
Project Revenue	30,783	-	30,783	70,000	(39,217)
Salary Reimbursements	39,885	-	39,885	-	39,885
Interest Income	178,286	33,832	212,118	170,000	42,118
Total Revenues	\$ 467,290	\$ 30,350	\$ 497,641	\$ 485,900	\$ 11,741
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 1,042,622	\$ -	\$ 1,042,622	\$ 1,349,150	\$ 306,528
Reduced Presence of Homeless & Street Persons	250,581	-	250,581	569,000	318,419
Downtown Sidewalks are Comfortably Lighted	46,640	-	46,640	67,750	21,110
Downtown Clean & Well-Kept Appearance	1,768,793	-	1,768,793	1,715,850	(52,943)
Remove Signs of Disorder in Downtown	18,137	-	18,137	15,000	(3,137)
Prepare for Emergencies	44,410	-	44,410	55,000	10,590
	3,171,183	-	3,171,183	3,771,750	600,567
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	158,541	-	158,541	214,750	56,209
Public Spaces Managed, Programmed, & Delightful	556,277	-	556,277	517,283	(38,993)
Place of Civic Celebration	445,828	-	445,828	280,750	(165,078)
	1,160,646	-	1,160,646	1,012,783	(147,862)
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	5,541	-	5,541	5,500	(41)
Convenient Circulation Without Personal Vehicle	310,926	-	310,926	336,750	25,824
Easy To Find Way Around	18,733	-	18,733	61,500	42,767
Connect Neighbors & Districts Inside/Outside Downtown	16,931	-	16,931	16,750	(181)
Convenient, Understandable & Managed Parking	7,270	-	7,270	7,500	230
	359,403	-	359,403	428,000	68,598
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	141,675	-	141,675	141,675	-
Exciting Neighborhoods to Live In	156,383	-	156,383	488,750	332,367
Competitive Shopping Place	23,792	-	23,792	524,000	500,208
Remarkable Destination for Visitors	25,565	-	25,565	33,500	7,935
	347,415	-	347,415	1,187,925	840,510
Downtown's Vision & Offering Understood By All					
Market to Region	466,673	-	466,673	578,740	112,067
Promote Downtown's Ease of Use	12,263	-	12,263	12,500	237
Vision/Development Framework Understood By All	439,910	-	439,910	609,500	169,590
Tools to Assist Continued Redevelopment	41,328	-	41,328	42,000	672
Develop & Maintain Information to Support Downtown	14,524	-	14,524	18,500	3,976
	974,698	-	974,698	1,261,240	286,542
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	309,794	-	309,794	321,500	11,706
Communications to Owners, Tenants & Others	8,527	-	8,527	15,250	6,723
Preservation of Districts' Capital Assets	35,225	-	35,225	34,550	(675)
	353,545	-	353,545	371,300	17,755
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	329,100	329,100	1,153,000	823,900
Public Realm is Charming, Inviting, & Beautiful	-	-	-	75,000	75,000
Accessible to Region & Easy to Get Around	-	273,623	273,623	957,000	683,377
Vibrant, Sustainable Mixed-Use Place	-	13,506	13,506	99,000	85,494
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	144,878	144,878	184,000	39,122
	-	761,108	761,108	2,468,000	1,706,892
Total Expenses	\$ 6,366,889	\$ 761,108	\$ 7,127,996	\$ 10,500,998	\$ 3,373,002
Depreciation Expense	38,823	16,554	55,377	59,714	4,337
Excess of Revenue Over Expenses GAAP Basis	\$ (5,938,421)	\$ (747,311)	\$ (6,685,732)	\$ (10,074,813)	\$ 3,389,080

**Houston Downtown Management District
Statement of Activities
Six Months Ended June 30, 2019 and June 30, 2018**

	Operating YTD Actual	Capital YTD Actual	2019 Total YTD Actual	2018 Total YTD Actual	Fav (Unfav) Variance
Revenues					
Assessment Revenue	\$ (16,915)	\$ (3,482)	\$ (20,396)	\$ 33,491	\$ (53,888)
Operations Revenue	235,250	-	235,250	260,971	(25,721)
Project Revenue	30,783	-	30,783	31,152	(368)
Salary Reimbursements	39,885	-	39,885	68,076	(28,191)
Interest Income	178,286	33,832	212,118	163,415	48,704
Total Revenues	\$ 467,290	\$ 30,350	\$ 497,641	\$ 557,105	\$ (59,464)
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 1,042,622	\$ -	\$ 1,042,622	\$ 829,688	\$ (212,934)
Reduced Presence of Homeless & Street Persons	250,581	-	250,581	213,926	(36,655)
Downtown Sidewalks are Comfortably Lighted	46,640	-	46,640	77,696	31,056
Downtown Clean & Well-Kept Appearance	1,768,793	-	1,768,793	1,494,554	(274,239)
Remove Signs of Disorder in Downtown	18,137	-	18,137	13,769	(4,368)
Prepare for Emergencies	44,410	-	44,410	45,913	1,503
	3,171,183	-	3,171,183	2,675,545	(495,637)
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	158,541	-	158,541	170,952	12,412
Public Spaces Managed, Programmed, & Delightful	556,277	-	556,277	356,430	(199,846)
Place of Civic Celebration	445,828	-	445,828	249,469	(196,359)
	1,160,646	-	1,160,646	776,852	(383,794)
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	5,541	-	5,541	5,421	(121)
Convenient Circulation Without Personal Vehicle	310,926	-	310,926	259,095	(51,831)
Easy To Find Way Around	18,733	-	18,733	75,814	57,080
Connect Neighbors & Districts Inside/Outside Downtown	16,931	-	16,931	23,418	6,487
Convenient, Understandable & Managed Parking	7,270	-	7,270	7,326	56
	359,403	-	359,403	371,073	11,671
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	141,675	-	141,675	141,080	(595)
Exciting Neighborhoods to Live In	156,383	-	156,383	305,996	149,613
Competitive Shopping Place	23,792	-	23,792	23,257	(535)
Remarkable Destination for Visitors	25,565	-	25,565	20,951	(4,614)
	347,415	-	347,415	491,284	143,869
Downtown's Vision & Offering Understood By All					
Market to Region	466,673	-	466,673	295,925	(170,748)
Promote Downtown's Ease of Use	12,263	-	12,263	10,259	(2,004)
Vision/Development Framework Understood By All	439,910	-	439,910	483,480	43,570
Tools to Assist Continued Redevelopment	41,328	-	41,328	39,953	(1,375)
Develop & Maintain Information to Support Downtown	14,524	-	14,524	15,598	1,075
	974,698	-	974,698	845,215	(129,483)
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	309,794	-	309,794	283,057	(26,737)
Communications to Owners, Tenants & Others	8,527	-	8,527	13,736	5,209
Preservation of Districts' Capital Assets	35,225	-	35,225	31,599	(3,625)
	353,545	-	353,545	328,392	(25,154)
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	329,100	329,100	12,884	(316,217)
Public Realm is Charming, Inviting, & Beautiful	-	-	-	62,395	62,395
Accessible to Region & Easy to Get Around	-	273,623	273,623	157,215	(116,408)
Vibrant, Sustainable Mixed-Use Place	-	13,506	13,506	32,001	18,495
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	144,878	144,878	55,142	(89,736)
	-	761,108	761,108	319,636	(441,471)
Total Expenses	\$ 6,366,889	\$ 761,108	\$ 7,127,996	\$ 5,807,998	\$ (1,319,999)
Depreciation Expense	38,823	16,554	55,377	26,294	(29,083)
Excess of Revenue Over Expenses GAAP Basis	\$ (5,938,421)	\$ (747,311)	\$ (6,685,732)	\$ (5,277,187)	\$ (1,408,545)

Greenlink-Downtown Circulator Fund
Statement of Activities
Six Months Ended June 30, 2019

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>Total YTD Actual</u>	<u>YTD Budget</u>	<u>Fav (Unfav) Variance</u>
Revenues					
HDMD Operations Sponsorship	\$ 275,000	\$ -	\$ 275,000	\$ 300,000	\$ (25,000)
Houston First Operations Sponsorship	275,000		275,000	300,000	(25,000)
Corporate Sponsorship	-		-	240,000	(240,000)
TCEQ Grant Revenue	-		-	-	-
Interest Income	17,110		17,110	12,000	5,110
Total Revenues	\$ 567,110	\$ -	\$ 567,110	\$ 852,000	\$ (284,890)
Expenses					
Vehicle Operator Expense	724,859		724,859	774,000	49,141
Fuel Expense	49,544		49,544	52,500	2,956
Marketing Expense	1,380		1,380	5,000	3,620
Operating Administrative Expense	5,270		5,270	5,500	230
Miscellaneous Expense	-		-	-	-
	781,053	-	781,053	837,000	55,947
Total Expenses	\$ 781,053	\$ -	\$ 781,053	\$ 837,000	\$ 55,947
Depreciation Expense	124,970		124,970	124,968	(2)
Excess of Revenue Over Expenses GAAP Basis	\$ (338,913)	\$ -	\$ (338,913)	\$ (109,968)	\$ (228,945)

Greenlink-Downtown Circulator Fund
Statement of Activities
Six Months Ended June 30, 2019 and June 30, 2018

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>2019 Total YTD Actual</u>	<u>2018 Total YTD Actual</u>	<u>Fav (Unfav) Variance</u>
Revenues					
HDMD Operations Sponsorship	\$ 275,000		\$ 275,000	\$ 225,000	\$ 50,000
Houston First Operations Sponsorship	275,000		275,000	225,000	50,000
Corporate Sponsorship	-		-	-	-
TCEQ Grant Revenue	-		-	245,706	(245,706)
Interest Income	17,110		17,110	12,248	4,862
Total Revenues	\$ 567,110	\$ -	\$ 567,110	\$ 707,954	\$ (140,845)
Expenses					
Vehicle Operator Expense	724,859		724,859	726,767	1,908
Fuel Expense	49,544		49,544	50,344	800
Marketing Expense	1,380		1,380	72,029	70,648
Operating Administrative Expense	5,270		5,270	-	(5,270)
Miscellaneous Expense	-		-	-	-
	<u>781,053</u>	<u>-</u>	<u>781,053</u>	<u>849,139</u>	<u>68,087</u>
Total Expenses	\$ 781,053	\$ -	\$ 781,053	\$ 849,139	\$ 68,087
Depreciation Expense	124,970		124,970	124,970	-
Excess of Revenue Over Expenses GAAP Basis	\$ (338,913)	\$ -	\$ (338,913)	\$ (266,155)	\$ (72,758)

Houston Downtown Management District

Variance Analysis

Six Months Ended June 30, 2019

Operating Budget

- 1) Revenue-Assessment revenue (\$20K) behind budget due to additional reserve for properties in litigation, operations revenue (\$11K) behind budget, Market Square kiosk rent (\$14K) behind budget, marketing partnerships (\$9K) behind budget, salary reimbursements \$24K ahead of budget due to refunds of vendor overpayment and CHI true-up, \$42K ahead of budget in interest income.
- 2) Goal 1a-Collaboration to Maintain Low Crime Rate-Ahead of budget \$220K in Safety Guides, ahead \$54K in Off-Duty program, and ahead \$32K in the PIT team due to delay in invoicing.
- 3) Goal 1b- Reduced Presence of Homeless & Street Persons-Ahead of budget \$318K in homeless program support due to delay in "surge" housing program.
- 4) Goal 1c-Downtown's Sidewalks Comfortably Lighted-Ahead of budget \$21K in lighting maintenance.
- 5) Goal 1d-Downtown Clean & Well-kept Appearance-Behind budget (\$18K) in paver repairs, ahead \$108K in landscaping and tree maintenance, over budget (\$24K) in Street Team personnel, over budget (\$133K) in office operations due to buy-out of Milam lease, and ahead \$15K in irrigation repairs.
- 6) Goal 2a-Key Pedestrian Streets are Inviting-Ahead \$56K in floral accent planting.
- 7) Goal 2b-Key Public Spaces Programmed and Delightful-Ahead of budget in Main Street Square maintenance \$12K, over budget in Market Square Park maintenance (\$5K), and over budget in programming (\$46K) due to timing of events.
- 8) Goal 2c-Place of Civic Celebration-Ahead \$28K on banner/pole/pot maintenance, \$15K in ArtBlocks, and over (\$208K) in Holiday Décor installation/de-installation because the item was budgeted for July.
- 9) Goal 3b-Accessible to Entire Region-Ahead of budget \$25K in Greenlink contributions due to timing of increased sponsorship.
- 10) Goal 3c-Maintain Wayfinding System-Ahead of budget \$43K in wayfinding maintenance.
- 11) Goal 4b-Exciting Neighborhoods to Live-Ahead of budget \$332K due to timing of DLI reimbursement requests.
- 12) Goal 4c-Competitive Shopping Place-Ahead of budget \$500K in retail/attraction-program not yet developed.
- 13) Goal 5a-Market to Region-Ahead of budget \$112K on media & advertising expenditures.
- 14) Goal 5c-Vision/Development Framework Understood by All-Ahead of budget \$169K in planning expenditures.
- 15) Goal 6a-Engage Stakeholders in Decision Making-Ahead of budget \$28K in legal and professional fees and over (\$16K) due to write-off of remaining assets at the Milam operations center.

Capital Budget

- 16) Ahead of budget \$599K in street lighting infill due to timing of project start and \$225K-downtown signal timing project on hold.
- 17) Ahead of budget \$75K delay in new playground equipment purchase for Market Square Park.
- 18) Ahead of budget \$632K due to delay in SE Sidewalks project, over budget (\$69K) in parking lot edge projects due to phase I budgeted in 2018, ahead \$45K in bike rack projects, and \$75K in sidewalk infill work on hold.
- 19) Ahead of budget \$35K in retail grants and \$50K due to timing of DLI reimbursement requests.
- 20) Ahead of budget \$39K in capital replacements.

Greenlink Budget

- 21) Greenlink-Behind revenue budget (\$240K) corporate sponsor not yet secured, ahead in operating expense \$56K.