

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 assets as of October 31, 2018 and 2017, 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.



Houston, Texas  
November 6, 2018



5633 Richmond Avenue, Houston, TX 77057

ph: 281.564.4444 | fax: 281.564.4442 | [thncpa.com](http://thncpa.com)

**Houston Downtown Management District  
Governmental Fund Balance Sheets and  
Statement of Net Assets  
October 31, 2018 and October 31, 2017**

	2018				2017			
	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)
<b>Assets</b>								
Cash	\$ 10,789,003	\$ 3,190,603	\$ 1,415,184	\$ 15,394,790	\$ 9,096,867	\$ 2,197,040	\$ 1,564,613	\$ 12,858,520
Assessments Due, Net	-	-	-	-	-	-	-	-
Accounts Receivable	27,618	-	-	27,618	35,614	48,550	153,533	237,697
Prepaid Expense	43,250	-	-	43,250	43,250	-	-	43,250
Inventory	-	-	80,448	80,448	-	-	101,033	101,033
Property & Equipment, Net	60,886	110,326	1,395,500	1,566,712	82,283	80,039	1,645,439	1,807,761
Intercompany Rec/Pay	(4,368)	4,368	-	-	(1,658)	1,658	-	-
<b>Total Assets</b>	<u>\$ 10,916,390</u>	<u>\$ 3,305,297</u>	<u>\$ 2,891,132</u>	<u>\$ 17,112,819</u>	<u>\$ 9,256,356</u>	<u>\$ 2,327,288</u>	<u>\$ 3,464,618</u>	<u>\$ 15,048,262</u>
<b>Liabilities</b>								
Accounts Payable & Accrued Expenses	\$ 649,736	\$ 161,669	\$ 242,017	\$ 1,053,421	\$ 547,482	\$ 228,512	\$ 97,297	\$ 873,291
Deferred Revenue & Reserve for Refunds	34,559	4,494	75,000	114,053	1,098,800	139,284	75,000	1,313,084
<b>Total Liabilities &amp; Deferred Revenue</b>	<u>684,295</u>	<u>166,162</u>	<u>317,017</u>	<u>1,167,474</u>	<u>1,646,282</u>	<u>367,797</u>	<u>172,297</u>	<u>2,186,375</u>
<b>Fund Balances</b>								
Unreserved, Undesignated	9,432,095			9,432,095	6,810,074			6,810,074
Unreserved, Designated for Catastrophy	800,000			800,000	800,000			800,000
Reserved for Capital Projects		3,139,135	2,574,115	5,713,250		1,959,491	3,292,321	5,251,813
	<u>10,232,095</u>	<u>3,139,135</u>	<u>2,574,115</u>	<u>15,945,345</u>	<u>7,610,074</u>	<u>1,959,491</u>	<u>3,292,321</u>	<u>12,861,887</u>
<b>Total Liabilities, Deferred Revenue &amp; Fund Balances</b>	<u>\$ 10,916,390</u>	<u>\$ 3,305,297</u>	<u>\$ 2,891,132</u>	<u>\$ 17,112,819</u>	<u>\$ 9,256,356</u>	<u>\$ 2,327,288</u>	<u>\$ 3,464,618</u>	<u>\$ 15,048,262</u>

**Houston Downtown Management District  
Statement of Activities  
Ten Months Ended October 31, 2018**

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>Total YTD Actual</u>	<u>YTD Budget</u>	<u>Fav (Unfav) Variance</u>
<b>Revenues</b>					
Assessments, Net	\$ 69,840	\$ 8,050	\$ 77,891	\$ -	\$ 77,891
Operations Revenue	416,763	-	416,763	403,227	13,537
Project Revenue	60,363	-	60,363	100,000	(39,637)
Salary Reimbursements	55,807	41,760	97,567	36,166	61,401
Interest Income	228,158	49,981	278,139	116,667	161,472
<b>Total Revenues</b>	<b>\$ 830,932</b>	<b>\$ 99,792</b>	<b>\$ 930,724</b>	<b>\$ 656,059</b>	<b>\$ 274,664</b>
<b>Expenses</b>					
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>					
Collaboration to Maintain Low Crime Rate	\$ 1,469,263	\$ -	\$ 1,469,263	\$ 2,084,000	\$ 614,736
Reduced Presence of Homeless & Street Persons	413,199	-	413,199	429,167	15,967
Downtown Sidewalks are Comfortably Lighted	104,125	-	104,125	116,667	12,542
Downtown Clean & Well-Kept Appearance	2,695,127	-	2,695,127	2,798,750	103,623
Remove Signs of Disorder in Downtown	21,788	-	21,788	30,417	8,629
Prepare for Emergencies	83,350	-	83,350	91,667	8,316
	4,786,852	-	4,786,852	5,550,666	763,814
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>					
Key Pedestrian Streets are Inviting	299,368	-	299,368	293,917	(5,451)
Public Spaces Managed, Programmed, & Delightful	609,749	-	609,749	797,917	188,168
Place of Civic Celebration	685,121	-	685,121	589,167	(95,954)
	1,594,238	-	1,594,238	1,681,000	86,763
<b>Accessible to Region &amp; Easy to Get Around</b>					
Effective Transit Access More Places, More Hours	9,007	-	9,007	9,167	160
Convenient Circulation Without Personal Vehicle	433,397	-	433,397	432,917	(480)
Easy To Find Way Around	117,980	-	117,980	144,583	26,603
Connect Neighbors & Districts Inside/Outside Downtown	40,147	-	40,147	39,583	(564)
Convenient, Understandable & Managed Parking	12,705	-	12,705	12,500	(205)
	613,236	-	613,236	638,750	25,514
<b>Vibrant, Sustainable Mixed-Use Place</b>					
Best Place to Work in Region	232,747	-	232,747	229,167	(3,580)
Exciting Neighborhoods to Live In	351,280	-	351,280	621,650	270,370
Competitive Shopping Place	39,136	-	39,136	39,167	31
Remarkable Destination for Visitors	39,127	-	39,127	55,833	16,706
	662,291	-	662,291	945,817	283,526
<b>Downtown's Vision &amp; Offering Understood By All</b>					
Market to Region	544,354	-	544,354	823,167	278,813
Promote Downtown's Ease of Use	17,411	-	17,411	17,500	89
Vision/Development Framework Understood By All	619,661	-	619,661	757,500	137,839
Tools to Assist Continued Redevelopment	67,459	-	67,459	66,667	(793)
Develop & Maintain Information to Support Downtown	26,251	-	26,251	26,667	416
	1,275,135	-	1,275,135	1,691,500	416,364
<b>District Governance &amp; Service Known for Excellence</b>					
Engage Stakeholders in Decision Making	486,697	-	486,697	528,500	41,803
Communications to Owners, Tenants & Others	19,676	-	19,676	22,750	3,074
Preservation of Districts' Capital Assets	32,649	-	32,649	34,550	1,901
	539,022	-	539,022	585,800	46,778
<b>Capital Improvement &amp; Expenditures</b>					
Downtown Feels Safe & Comfortable	-	160,940	160,940	640,000	479,060
Public Realm is Charming, Inviting, & Beautiful	-	76,234	76,234	400,000	323,766
Accessible to Region & Easy to Get Around	-	467,401	467,401	1,415,000	947,599
Vibrant, Sustainable Mixed-Use Place	-	32,175	32,175	110,136	77,961
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	80,338	80,338	308,000	227,662
	-	817,087	817,087	2,873,136	2,056,048
<b>Total Expenses</b>	<b>\$ 9,470,775</b>	<b>\$ 817,087</b>	<b>\$ 10,287,862</b>	<b>\$ 13,966,669</b>	<b>\$ 3,678,807</b>
Depreciation Expense	18,100	26,470	44,570	35,256	(9,314)
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>\$ (8,657,943)</b>	<b>\$ (743,766)</b>	<b>\$ (9,401,708)</b>	<b>\$ (13,345,865)</b>	<b>\$ 3,944,157</b>

**Houston Downtown Management District**  
**Statement of Activities**  
**Ten Months Ended October 31, 2018 and October 31, 2017**

	Operating YTD Actual	Capital YTD Actual	2018 Total YTD Actual	2017 Total YTD Actual	Fav (Unfav) Variance
<b>Revenues</b>					
Assessments, Net	\$ 69,840	\$ 8,050	\$ 77,891	\$ 77,409	\$ 482
Operations Revenue	416,763	-	416,763	365,805	50,958
Project Revenue	60,363	-	60,363	341,027	(280,664)
Salary Reimbursements	55,807	41,760	97,567	166,115	(68,548)
Interest Income	228,158	49,981	278,139	128,534	149,605
<b>Total Revenues</b>	<b>\$ 830,932</b>	<b>\$ 99,792</b>	<b>\$ 930,724</b>	<b>\$ 1,078,890</b>	<b>\$ (148,166)</b>
<b>Expenses</b>					
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>					
Collaboration to Maintain Low Crime Rate	\$ 1,469,263	\$ -	\$ 1,469,263	\$ 1,520,535	\$ 51,271
Reduced Presence of Homeless & Street Persons	413,199	-	413,199	327,288	(85,911)
Downtown Sidewalks are Comfortably Lighted	104,125	-	104,125	117,159	13,035
Downtown Clean & Well-Kept Appearance	2,695,127	-	2,695,127	2,646,172	(48,955)
Remove Signs of Disorder in Downtown	21,788	-	21,788	29,080	7,292
Prepare for Emergencies	83,350	-	83,350	79,011	(4,339)
	4,786,852	-	4,786,852	4,719,245	(67,607)
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>					
Key Pedestrian Streets are Inviting	299,368	-	299,368	298,086	(1,281)
Public Spaces Managed, Programmed, & Delightful	609,749	-	609,749	639,655	29,906
Place of Civic Celebration	685,121	-	685,121	384,777	(300,344)
	1,594,238	-	1,594,238	1,322,519	(271,719)
<b>Accessible to Region &amp; Easy to Get Around</b>					
Effective Transit Access More Places, More Hours	9,007	-	9,007	8,779	(228)
Convenient Circulation Without Personal Vehicle	433,397	-	433,397	443,781	10,384
Easy To Find Way Around	117,980	-	117,980	41,472	(76,509)
Connect Neighbors & Districts Inside/Outside Downtown	40,147	-	40,147	74,404	34,257
Convenient, Understandable & Managed Parking	12,705	-	12,705	15,824	3,119
	613,236	-	613,236	584,258	(28,978)
<b>Vibrant, Sustainable Mixed-Use Place</b>					
Best Place to Work in Region	232,747	-	232,747	163,245	(69,502)
Exciting Neighborhoods to Live In	351,280	-	351,280	162,896	(188,385)
Competitive Shopping Place	39,136	-	39,136	74,815	35,679
Remarkable Destination for Visitors	39,127	-	39,127	8,675	(30,452)
	662,291	-	662,291	409,631	(252,660)
<b>Downtown's Vision &amp; Offering Understood By All</b>					
Market to Region	544,354	-	544,354	653,074	108,721
Promote Downtown's Ease of Use	17,411	-	17,411	17,580	169
Vision/Development Framework Understood By All	619,661	-	619,661	1,023,307	403,646
Tools to Assist Continued Redevelopment	67,459	-	67,459	80,436	12,977
Develop & Maintain Information to Support Downtown	26,251	-	26,251	27,266	1,015
	1,275,135	-	1,275,135	1,801,663	526,528
<b>District Governance &amp; Service Known for Excellence</b>					
Engage Stakeholders in Decision Making	486,697	-	486,697	491,191	4,494
Communications to Owners, Tenants & Others	19,676	-	19,676	11,871	(7,805)
Preservation of Districts' Capital Assets	32,649	-	32,649	32,649	-
	539,022	-	539,022	535,711	(3,312)
<b>Capital Improvement &amp; Expenditures</b>					
Downtown Feels Safe & Comfortable	-	160,940	160,940	-	(160,940)
Public Realm is Charming, Inviting, & Beautiful	-	76,234	76,234	547,982	471,747
Accessible to Region & Easy to Get Around	-	467,401	467,401	200,740	(266,661)
Vibrant, Sustainable Mixed-Use Place	-	32,175	32,175	188,251	156,076
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	80,338	80,338	286,559	206,221
	-	817,087	817,087	1,223,532	406,444
<b>Total Expenses</b>	<b>\$ 9,470,775</b>	<b>\$ 817,087</b>	<b>\$ 10,287,862</b>	<b>\$ 10,596,559</b>	<b>\$ 308,697</b>
Depreciation Expense	18,100	26,470	44,570	35,903	(8,667)
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>\$ (8,657,943)</b>	<b>\$ (743,766)</b>	<b>\$ (9,401,708)</b>	<b>\$ (9,553,572)</b>	<b>\$ 151,863</b>

**Greenlink-Downtown Circulator Fund**  
**Statement of Activities**  
**Ten Months Ended October 31, 2018**

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>Total YTD Actual</u>	<u>YTD Budget</u>	<u>Fav (Unfav) Variance</u>
<b>Revenues</b>					
HDMD Operations Sponsorship	\$ 375,000	\$ -	\$ 375,000	\$ 375,000	\$ -
Houston First Operations Sponsorship	375,000		375,000	375,000	-
BG Group Operations Sponsorship	-		-	-	-
TCEQ Grant Revenue	299,924		299,924	300,000	(76)
Interest Income	20,649		20,649	8,333	12,315
<b>Total Revenues</b>	<b><u>\$ 1,070,573</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,070,573</u></b>	<b><u>\$ 1,058,333</u></b>	<b><u>\$ 12,239</u></b>
<b>Expenses</b>					
Vehicle Operator Expense	1,213,352		1,213,352	1,125,000	(88,352)
Fuel Expense	84,544		84,544	89,167	4,623
Marketing Expense	72,029		72,029	75,000	2,971
Operating Administrative Expense	5,270		5,270	10,000	4,730
Miscellaneous Expense	-		-	-	-
	<u>1,375,194</u>	<u>-</u>	<u>1,375,194</u>	<u>1,299,167</u>	<u>(76,028)</u>
<b>Total Expenses</b>	<b><u>\$ 1,375,194</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,375,194</u></b>	<b><u>\$ 1,299,167</u></b>	<b><u>\$ (76,028)</u></b>
Depreciation Expense	208,283		208,283	208,280	(3)
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b><u>\$ (512,904)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (512,904)</u></b>	<b><u>\$ (449,113)</u></b>	<b><u>\$ (63,791)</u></b>

**Greenlink-Downtown Circulator Fund**  
**Statement of Activities**  
**Ten Months Ended October 31, 2018 and October 31, 2017**

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>2018 Total YTD Actual</u>	<u>2017 Total YTD Actual</u>	<u>Fav (Unfav) Variance</u>
<b>Revenues</b>					
HDMD Operations Sponsorship	\$ 375,000		\$ 375,000	\$ 375,000	\$ -
Houston First Operations Sponsorship	375,000		375,000	375,000	-
BG Group Operations Sponsorship	-		-	-	-
TCEQ Grant Revenue	299,924		299,924	427,122	(127,198)
Interest Income	20,649		20,649	10,595	10,053
<b>Total Revenues</b>	<b><u>\$ 1,070,573</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,070,573</u></b>	<b><u>\$ 1,187,717</u></b>	<b><u>\$ (117,145)</u></b>
<b>Expenses</b>					
Vehicle Operator Expense	1,213,352		1,213,352	886,211	(327,141)
Fuel Expense	84,544		84,544	69,271	(15,273)
Marketing Expense	72,029		72,029	10,324	(61,705)
Operating Administrative Expense	5,270		5,270	5,000	(270)
Miscellaneous Expense	-		-	-	-
	<u>1,375,194</u>	<u>-</u>	<u>1,375,194</u>	<u>970,806</u>	<u>(404,388)</u>
<b>Total Expenses</b>	<b><u>\$ 1,375,194</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,375,194</u></b>	<b><u>\$ 970,806</u></b>	<b><u>\$ (404,388)</u></b>
Depreciation Expense	208,283		208,283	208,283	-
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b><u>\$ (512,904)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (512,904)</u></b>	<b><u>\$ 8,629</u></b>	<b><u>\$ (521,533)</u></b>

# **Houston Downtown Management District**

## **Variance Analysis**

### **Ten Months Ended October 31, 2018**

#### **Operating Budget**

- 1) Revenue-Assessment revenue \$78K ahead of budget, operations revenue \$14K ahead of budget, marketing partnership revenue (\$39K) behind budget, salary reimbursements \$28K ahead of budget from developer reimbursements of repairs, \$17K ahead from Market Square Park event revenue, \$6K ahead on METRO capital reimbursement and \$10K ahead of budget due to receivable from 2017 CHI true-up, \$161K ahead on interest income.
  
- 2) Goal 1a-Collaboration to Maintain Low Crime Rate-Ahead of budget \$383K in Safety Guides due to open positions, ahead \$115K in Off-Duty program, and ahead \$111K in the PIT team due to delay in expansion of the program.
  
- 3) Goal 1b- Reduced Presence of Homeless & Street Persons-Ahead of Budget \$23K due to delay in invoicing from Search and Harris Health.
  
- 4) Goal 1d-Downtown Clean & Well-kept Appearance-Ahead of budget \$34K in paver maintenance, ahead \$44K in landscaping and tree maintenance, over budget (\$74K) in Street Team, over budget (\$36K) in irrigation repair reimbursed by developers, ahead \$154K in operations center expenses due to delay in space expansion, over (\$26K) for bird abatement services not budgeted.
  
- 5) Goal 2b-Public Spaces Programmed & Delightful-Ahead \$47K in Market Square Park and \$66K Main Street Square maintenance, ahead \$72K in programming due to timing of events.
  
- 6) Goal 2c-Place of Civic Celebration-Ahead \$48K on pole/pot maintenance and over (\$18K) in ArtBlocks program due to some funds that were budgeted but not used in 2017, and over (\$125K) due to deposit on new Holiday Décor.
  
- 7) Goal 3c-Easy to Find Way Around-Ahead of budget \$27K above/below and hike/bike maps delayed.
  
- 8) Goal 4b-Exciting Neighborhoods to Live In-Ahead of budget \$20K in contributions to Learn Central, ahead of budget \$242K due to timing of District DLI grant payments..
  
- 9) Goal 4d-Remarkable Destination for Visitors-Ahead of budget \$16K in personnel.
  
- 10) Goal 5a-Market to Region-Ahead of budget \$279K on media & advertising expenditures.
  
- 11) Goal 5c-Vision/Development Framework Understood by All-Ahead of budget \$138K on planning consulting expenditures due to timing of HNTB rail alignment invoices.
  
- 12) Goal 6a-District Governance Known for Excellence-Ahead of Budget \$20K in collection expense, \$6K in admin contractor fee, \$3K in insurance and \$13K in miscellaneous department expenses.

#### **Capital Budget**

- 13) Ahead of budget \$50K Chartres Fence delayed pending COH decision, ahead \$211K in lighting infill due to timing and ahead \$218K irrigation infill due to delay in project.
  
- 14) Ahead of budget \$149K in Market Square Park lighting project, ahead \$175K on holiday lighting - will put toward installation in November.
  
- 15) Over budget (\$122K) in vehicular wayfinding project budgeted in 2017, ahead \$350K in sidewalk infill project on hold, ahead \$86K delay in installation of bike racks, ahead \$283K on parking lot edge/landscaping projects not yet invoiced, ahead \$350K on illuminated street signs project not started.
  
- 16) Ahead of budget \$58K in grants for retail and ahead \$20K due to timing of District DLI grant payments.
  
- 17) Ahead of budget \$228K in capital replacements.

#### **Greenlink Budget**

- 18) Greenlink Vehicle Operator Expense-Over budget (\$84K) due to METRO adding one additional bus to the Green Route. Will receive reimbursement of \$13K per month from METRO through year end.