



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 July 31, 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 6 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  
August 06, 2019

**Houston Downtown Management District  
Governmental Fund Balance Sheets and  
Statement of Net Position  
July 31, 2019 and July 31, 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)
<b>Assets</b>								
Cash	\$ 12,744,142	\$ 3,282,681	\$ 1,284,427	\$ 17,311,250	\$ 13,444,666	\$ 3,577,182	\$ 1,356,599	\$ 18,378,448
Assessments Due	-	-	-	-	-	-	-	-
Accounts Receivable	527,530	-	-	527,530	52,293	-	211,100	263,393
Prepaid Expense	376,235	-	-	376,235	43,250	-	-	43,250
Inventory	-	-	79,148	79,148	-	-	80,448	80,448
Property & Equipment, Net	793,149	85,494	1,208,045	2,086,688	66,316	118,603	1,457,984	1,642,904
Intercompany Rec/Pay	(3,249)	3,249	-	-	507	(507)	-	-
<b>Total Assets</b>	<u>\$ 14,437,807</u>	<u>\$ 3,371,425</u>	<u>\$ 2,571,620</u>	<u>\$ 20,380,852</u>	<u>\$ 13,607,032</u>	<u>\$ 3,695,278</u>	<u>\$ 3,106,132</u>	<u>\$ 20,408,443</u>
<b>Liabilities</b>								
Accounts Payable & Accrued Expenses	\$ 772,595	\$ 118,022	\$ 144,000	\$ 1,034,616	\$ 836,008	\$ 161,669	\$ 270,340	\$ 1,268,016
Deferred Revenue & Reserve for Refunds	67,785	8,807	400,000	476,592	34,559	4,494	75,000	114,053
<b>Total Liabilities &amp; Deferred Revenue</b>	<u>840,380</u>	<u>126,829</u>	<u>544,000</u>	<u>1,511,209</u>	<u>870,567</u>	<u>166,162</u>	<u>345,340</u>	<u>1,382,069</u>
<b>Fund Balances</b>								
Unreserved, Undesignated	12,797,427			12,797,427	11,936,465			11,936,465
Unreserved, Designated for Catastrophy	800,000			800,000	800,000			800,000
Reserved for Capital Projects		3,244,596	2,027,620	5,272,216		3,529,116	2,760,792	6,289,909
	<u>13,597,427</u>	<u>3,244,596</u>	<u>2,027,620</u>	<u>18,869,643</u>	<u>12,736,465</u>	<u>3,529,116</u>	<u>2,760,792</u>	<u>19,026,374</u>
<b>Total Liabilities, Deferred Revenue &amp; Fund Balances</b>	<u>\$ 14,437,807</u>	<u>\$ 3,371,425</u>	<u>\$ 2,571,620</u>	<u>\$ 20,380,852</u>	<u>\$ 13,607,032</u>	<u>\$ 3,695,278</u>	<u>\$ 3,106,132</u>	<u>\$ 20,408,443</u>

**Houston Downtown Management District**  
**Statement of Activities**  
**Seven Months Ended July 31, 2019**

	<b>Operating YTD Actual</b>	<b>Capital YTD Actual</b>	<b>Total YTD Actual</b>	<b>YTD Budget</b>	<b>Fav (Unfav) Variance</b>
<b>Revenues</b>					
Assessment Revenue	\$ (12,093)	\$ (2,774)	\$ (14,867)	\$ -	\$ (14,867)
Operations Revenue	291,638	-	291,638	299,467	(7,829)
Project Revenue	34,981	-	34,981	76,250	(41,269)
Salary Reimbursements	49,048	-	49,048	-	49,048
Interest Income	205,860	40,701	246,561	198,333	48,228
<b>Total Revenues</b>	<b>\$ 569,433</b>	<b>\$ 37,927</b>	<b>\$ 607,361</b>	<b>\$ 574,050</b>	<b>\$ 33,311</b>
<b>Expenses</b>					
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>					
Collaboration to Maintain Low Crime Rate	\$ 1,239,274	\$ -	\$ 1,239,274	\$ 1,573,675	\$ 334,401
Reduced Presence of Homeless & Street Persons	268,374	-	268,374	663,833	395,459
Downtown Sidewalks are Comfortably Lighted	53,406	-	53,406	79,042	25,636
Downtown Clean & Well-Kept Appearance	2,034,837	-	2,034,837	2,023,658	(11,178)
Remove Signs of Disorder in Downtown	20,080	-	20,080	17,500	(2,580)
Prepare for Emergencies	58,518	-	58,518	64,167	5,648
	3,674,489	-	3,674,489	4,421,875	747,385
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>					
Key Pedestrian Streets are Inviting	196,114	-	196,114	250,542	54,428
Public Spaces Managed, Programmed, & Delightful	619,066	-	619,066	631,275	12,209
Place of Civic Celebration	492,437	-	492,437	359,208	(133,228)
	1,307,617	-	1,307,617	1,241,025	(66,592)
<b>Accessible to Region &amp; Easy to Get Around</b>					
Effective Transit Access More Places, More Hours	6,465	-	6,465	6,417	(48)
Convenient Circulation Without Personal Vehicle	367,007	-	367,007	392,875	25,868
Easy To Find Way Around	48,039	-	48,039	71,750	23,711
Connect Neighbors & Districts Inside/Outside Downtown	19,793	-	19,793	19,542	(251)
Convenient, Understandable & Managed Parking	8,493	-	8,493	8,750	257
	449,797	-	449,797	499,333	49,536
<b>Vibrant, Sustainable Mixed-Use Place</b>					
Best Place to Work in Region	165,288	-	165,288	165,288	-
Exciting Neighborhoods to Live In	505,383	-	505,383	498,542	(6,841)
Competitive Shopping Place	27,790	-	27,790	611,333	583,544
Remarkable Destination for Visitors	29,306	-	29,306	39,083	9,777
	727,766	-	727,766	1,314,246	586,480
<b>Downtown's Vision &amp; Offering Understood By All</b>					
Market to Region	563,794	-	563,794	654,197	90,403
Promote Downtown's Ease of Use	14,537	-	14,537	14,583	46
Vision/Development Framework Understood By All	460,660	-	460,660	711,083	250,423
Tools to Assist Continued Redevelopment	47,647	-	47,647	49,000	1,353
Develop & Maintain Information to Support Downtown	17,466	-	17,466	21,583	4,117
	1,104,104	-	1,104,104	1,450,447	346,342
<b>District Governance &amp; Service Known for Excellence</b>					
Engage Stakeholders in Decision Making	358,086	-	358,086	388,083	29,998
Communications to Owners, Tenants & Others	10,239	-	10,239	17,125	6,886
Preservation of Districts' Capital Assets	35,225	-	35,225	34,550	(675)
	403,549	-	403,549	439,758	36,209
<b>Capital Improvement &amp; Expenditures</b>					
Downtown Feels Safe & Comfortable	-	495,165	495,165	1,153,000	657,835
Public Realm is Charming, Inviting, & Beautiful	-	-	-	75,000	75,000
Accessible to Region & Easy to Get Around	-	370,681	370,681	1,032,000	661,319
Vibrant, Sustainable Mixed-Use Place	-	57,941	57,941	104,833	46,893
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	213,433	213,433	216,000	2,567
	-	1,137,220	1,137,220	2,580,833	1,443,614
<b>Total Expenses</b>	<b>\$ 7,667,323</b>	<b>\$ 1,137,220</b>	<b>\$ 8,804,543</b>	<b>\$ 11,947,517</b>	<b>\$ 3,142,974</b>
Depreciation Expense	45,293	19,313	64,607	69,667	5,060
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>\$ (7,143,183)</b>	<b>\$ (1,118,606)</b>	<b>\$ (8,261,789)</b>	<b>\$ (11,443,134)</b>	<b>\$ 3,181,345</b>

**Houston Downtown Management District  
Statement of Activities  
Seven Months Ended July 31, 2019 and July 31, 2018**

	<b>Operating YTD Actual</b>	<b>Capital YTD Actual</b>	<b>2019 Total YTD Actual</b>	<b>2018 Total YTD Actual</b>	<b>Fav (Unfav) Variance</b>
<b>Revenues</b>					
Assessment Revenue	\$ (12,093)	\$ (2,774)	\$ (14,867)	\$ 34,474	\$ (49,341)
Operations Revenue	291,638	-	291,638	310,721	(19,083)
Project Revenue	34,981	-	34,981	35,447	(466)
Salary Reimbursements	49,048	-	49,048	79,395	(30,347)
Interest Income	205,860	40,701	246,561	194,223	52,338
<b>Total Revenues</b>	<b>\$ 569,433</b>	<b>\$ 37,927</b>	<b>\$ 607,361</b>	<b>\$ 654,259</b>	<b>\$ (46,899)</b>
<b>Expenses</b>					
<b>Downtown Feels Safe &amp; Comfortable at All Times</b>					
Collaboration to Maintain Low Crime Rate	\$ 1,239,274	\$ -	\$ 1,239,274	\$ 1,026,866	\$ (212,408)
Reduced Presence of Homeless & Street Persons	268,374	-	268,374	264,700	(3,675)
Downtown Sidewalks are Comfortably Lighted	53,406	-	53,406	82,314	28,908
Downtown Clean & Well-Kept Appearance	2,034,837	-	2,034,837	1,788,636	(246,200)
Remove Signs of Disorder in Downtown	20,080	-	20,080	16,018	(4,062)
Prepare for Emergencies	58,518	-	58,518	59,162	644
	<u>3,674,489</u>	<u>-</u>	<u>3,674,489</u>	<u>3,237,696</u>	<u>(436,793)</u>
<b>Public Realm is Charming, Inviting, Beautiful &amp; Celebrates the Life of the City</b>					
Key Pedestrian Streets are Inviting	196,114	-	196,114	203,866	7,752
Public Spaces Managed, Programmed, & Delightful	619,066	-	619,066	402,552	(216,514)
Place of Civic Celebration	492,437	-	492,437	610,287	117,850
	<u>1,307,617</u>	<u>-</u>	<u>1,307,617</u>	<u>1,216,705</u>	<u>(90,912)</u>
<b>Accessible to Region &amp; Easy to Get Around</b>					
Effective Transit Access More Places, More Hours	6,465	-	6,465	6,317	(148)
Convenient Circulation Without Personal Vehicle	367,007	-	367,007	302,497	(64,510)
Easy To Find Way Around	48,039	-	48,039	79,773	31,734
Connect Neighbors & Districts Inside/Outside Downtown	19,793	-	19,793	27,479	7,686
Convenient, Understandable & Managed Parking	8,493	-	8,493	8,617	124
	<u>449,797</u>	<u>-</u>	<u>449,797</u>	<u>424,683</u>	<u>(25,114)</u>
<b>Vibrant, Sustainable Mixed-Use Place</b>					
Best Place to Work in Region	165,288	-	165,288	163,997	(1,291)
Exciting Neighborhoods to Live In	505,383	-	505,383	318,343	(187,040)
Competitive Shopping Place	27,790	-	27,790	27,181	(609)
Remarkable Destination for Visitors	29,306	-	29,306	25,467	(3,839)
	<u>727,766</u>	<u>-</u>	<u>727,766</u>	<u>534,987</u>	<u>(192,779)</u>
<b>Downtown's Vision &amp; Offering Understood By All</b>					
Market to Region	563,794	-	563,794	318,467	(245,327)
Promote Downtown's Ease of Use	14,537	-	14,537	12,014	(2,523)
Vision/Development Framework Understood By All	460,660	-	460,660	507,844	47,184
Tools to Assist Continued Redevelopment	47,647	-	47,647	46,730	(917)
Develop & Maintain Information to Support Downtown	17,466	-	17,466	18,307	841
	<u>1,104,104</u>	<u>-</u>	<u>1,104,104</u>	<u>903,362</u>	<u>(200,742)</u>
<b>District Governance &amp; Service Known for Excellence</b>					
Engage Stakeholders in Decision Making	358,086	-	358,086	352,703	(5,383)
Communications to Owners, Tenants & Others	10,239	-	10,239	15,194	4,955
Preservation of Districts' Capital Assets	35,225	-	35,225	32,649	(2,575)
	<u>403,549</u>	<u>-</u>	<u>403,549</u>	<u>400,546</u>	<u>(3,003)</u>
<b>Capital Improvement &amp; Expenditures</b>					
Downtown Feels Safe & Comfortable	-	495,165	495,165	87,814	(407,351)
Public Realm is Charming, Inviting, & Beautiful	-	-	-	71,699	71,699
Accessible to Region & Easy to Get Around	-	370,681	370,681	162,806	(207,875)
Vibrant, Sustainable Mixed-Use Place	-	57,941	57,941	32,175	(25,765)
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	213,433	213,433	58,278	(155,155)
	<u>-</u>	<u>1,137,220</u>	<u>1,137,220</u>	<u>412,773</u>	<u>(724,446)</u>
<b>Total Expenses</b>	<b>\$ 7,667,323</b>	<b>\$ 1,137,220</b>	<b>\$ 8,804,543</b>	<b>\$ 7,130,753</b>	<b>\$ (1,673,790)</b>
Depreciation Expense	45,293	19,313	64,607	30,863	(33,744)
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b>\$ (7,143,183)</b>	<b>\$ (1,118,606)</b>	<b>\$ (8,261,789)</b>	<b>\$ (6,507,357)</b>	<b>\$ (1,754,432)</b>

**Greenlink-Downtown Circulator Fund**  
**Statement of Activities**  
**Seven Months Ended July 31, 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>
<b>Revenues</b>					
HDMD Operations Sponsorship	\$ 325,000	\$ -	\$ 325,000	\$ 350,000	\$ (25,000)
Houston First Operations Sponsorship	325,000		325,000	350,000	(25,000)
Corporate Sponsorship	-		-	280,000	(280,000)
TCEQ Grant Revenue	-		-	-	-
Interest Income	19,933		19,933	14,000	5,933
<b>Total Revenues</b>	<b><u>\$ 669,933</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 669,933</u></b>	<b><u>\$ 994,000</u></b>	<b><u>\$ (324,067)</u></b>
<b>Expenses</b>					
Vehicle Operator Expense	859,859		859,859	908,000	48,141
Fuel Expense	58,544		58,544	61,250	2,706
Marketing Expense	1,380		1,380	5,000	3,620
Operating Administrative Expense	5,270		5,270	5,500	230
Miscellaneous Expense	-		-	-	-
	<u>925,053</u>	<u>-</u>	<u>925,053</u>	<u>979,750</u>	<u>54,697</u>
<b>Total Expenses</b>	<b><u>\$ 925,053</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 925,053</u></b>	<b><u>\$ 979,750</u></b>	<b><u>\$ 54,697</u></b>
Depreciation Expense	145,798		145,798	145,796	(2)
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b><u>\$ (400,917)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (400,917)</u></b>	<b><u>\$ (131,546)</u></b>	<b><u>\$ (269,371)</u></b>

**Greenlink-Downtown Circulator Fund**  
**Statement of Activities**  
**Seven Months Ended July 31, 2019 and July 31, 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>
<b>Revenues</b>					
HDMD Operations Sponsorship	\$ 325,000		\$ 325,000	\$ 262,500	\$ 62,500
Houston First Operations Sponsorship	325,000		325,000	262,500	62,500
Corporate Sponsorship	-		-	-	-
TCEQ Grant Revenue	-		-	285,706	(285,706)
Interest Income	19,933		19,933	14,305	5,628
<b>Total Revenues</b>	<b><u>\$ 669,933</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 669,933</u></b>	<b><u>\$ 825,011</u></b>	<b><u>\$ (155,078)</u></b>
<b>Expenses</b>					
Vehicle Operator Expense	859,859		859,859	869,352	9,493
Fuel Expense	58,544		58,544	59,844	1,300
Marketing Expense	1,380		1,380	72,029	70,648
Operating Administrative Expense	5,270		5,270	4,216	(1,054)
Miscellaneous Expense	-		-	-	-
	<u>925,053</u>	<u>-</u>	<u>925,053</u>	<u>1,005,440</u>	<u>80,388</u>
<b>Total Expenses</b>	<b><u>\$ 925,053</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 925,053</u></b>	<b><u>\$ 1,005,440</u></b>	<b><u>\$ 80,388</u></b>
Depreciation Expense	145,798		145,798	145,798	-
<b>Excess of Revenue Over Expenses GAAP Basis</b>	<b><u>\$ (400,917)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (400,917)</u></b>	<b><u>\$ (326,227)</u></b>	<b><u>\$ (74,690)</u></b>

# Houston Downtown Management District

## Variance Analysis

### Seven Months Ended July 31, 2019

#### Operating Budget

- 1) Revenue-Assessment revenue (\$15K) behind budget due to additional reserve for properties in litigation, operations revenue (\$8K) behind budget, Market Square kiosk rent (\$16K) behind budget, marketing partnerships behind budget (\$6K), salary reimbursements \$30K ahead of budget due to refunds of vendor overpayment and CHI true-up, \$48K ahead of budget in interest income.
- 2) Goal 1a-Collaboration to Maintain Low Crime Rate-Ahead of budget \$280K in Safety Guides, ahead \$67K in Off-Duty program, and ahead \$11K in the PIT team, behind (\$24K) private security program not budgeted.
- 3) Goal 1b- Reduced Presence of Homeless & Street Persons-Ahead of budget \$395K in homeless program support due to delay in "surge" housing program.
- 4) Goal 1c-Downtown's Sidewalks Comfortably Lighted-Ahead of budget \$25K in lighting maintenance.
- 5) Goal 1d-Downtown Clean & Well-kept Appearance-Behind budget (\$6K) in paver repairs, ahead \$111K in landscaping and tree maintenance, over budget (\$18K) in Street Team personnel, over budget (\$124K) in office operations due to buy-out of Milam lease, and ahead \$26K in irrigation repairs.
- 6) Goal 2a-Key Pedestrian Streets are Inviting-Ahead \$54K in floral accent planting.
- 7) Goal 2b-Key Public Spaces Programmed and Delightful-Ahead of budget in Main Street Square maintenance \$38K, ahead of budget in Market Square Park maintenance \$24K, and over budget in programming (\$50K) due to timing of events.
- 8) Goal 2c-Place of Civic Celebration-Ahead \$27K on banner/pole/pot maintenance, \$67K in ArtBlocks, and over (\$208K) in Holiday Décor installation/de-installation because the item was budgeted for August, over (\$19K) for Allen Parkway maintenance to be reimbursed by DRA.
- 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 \$24K in wayfinding maintenance and new maps.
- 11) Goal 4c-Competitive Shopping Place-Ahead of budget \$583K in retail/attraction-program not yet developed.
- 12) Goal 5a-Market to Region-Ahead of budget \$90K on media & advertising expenditures.
- 13) Goal 5c-Vision/Development Framework Understood by All-Ahead of budget \$250K in planning expenditures.
- 14) Goal 6a-Engage Stakeholders in Decision Making-Ahead of budget \$46K in legal and professional fees and over (\$16K) due to write-off of remaining assets at the Milam operations center.

#### Capital Budget

- 15) Ahead of budget \$433K in street lighting infill due to timing of project start and \$225K-downtown signal timing project on hold.
- 16) Ahead of budget \$75K delay in new playground equipment purchase for Market Square Park.
- 17) Ahead of budget \$632K due to delay in SE Sidewalks project, over budget (\$166K) in parking lot edge projects due to phase I budgeted in 2018, ahead \$45K in bike rack projects, and \$150K in sidewalk infill work on hold.
- 18) Ahead of budget \$40K in retail grants and \$6K due to timing of DLI reimbursement requests.

#### Greenlink Budget

- 19) Greenlink-Behind revenue budget (\$280K) corporate sponsor not yet secured, ahead in operating expense \$55K.