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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To Management
Houston Downtown Management District
Houston, Texas

I have compiled the accompanying financial statements of the governmental activities and each major fund of Houston Downtown Management District as of April 30, 2016, including the governmental fund balance sheets and statements of net assets as of April 30, 2016 and April 30, 2015, and the statements of activities for the four (4) months ended April 30, 2016 and April 30, 2015. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures, the statement of cash flows, and the effect of GASB 34 required by accounting principles generally accepted in the United States of America. If the omitted disclosures, statement of cash flows, and the effect of GASB 34 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, these financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in the accompanying variance analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Dean C. Corbett, P.C.

May 10, 2016

**Houston Downtown Management District
Governmental Fund Balance Sheets and
Statement of Net Assets
April 30, 2016 and April 30, 2015**

	2016				2015			
	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	\$ 13,828,921	\$ 1,813,310	\$ 1,476,514	\$ 17,118,744	\$ 8,245,734	\$ 4,573,403	\$ 1,245,364	\$ 14,064,500
Assessments Due, Net	-	-	-	-	-	-	-	-
Accounts Receivable	39,516	-	-	39,516	49,798	-	-	49,798
Prepaid Expense	36,750	-	-	36,750	36,750	-	-	36,750
Inventory	-	-	104,564	104,564	-	-	104,564	104,564
Property & Equipment, Net	90,174	11,328	2,020,347	2,121,849	100,779	22,137	2,270,287	2,393,203
Intercompany Rec/Pay	(1,159,086)	1,159,086	-	-	1,734	(1,734)	-	-
Total Assets	<u>\$ 12,836,276</u>	<u>\$ 2,983,723</u>	<u>\$ 3,601,425</u>	<u>\$ 19,421,424</u>	<u>\$ 8,434,795</u>	<u>\$ 4,593,806</u>	<u>\$ 3,620,215</u>	<u>\$ 16,648,816</u>
Liabilities								
Accounts Payable & Accrued Expenses	\$ 628,604	\$ 240,086	\$ 83,967	\$ 952,657	\$ 168,877	\$ 300,000	\$ 59,300	\$ 528,177
Deferred Revenue & Reserve for Refunds	1,328,871	168,753	93,750	1,591,374	-	-	93,750	93,750
Total Liabilities & Deferred Revenue	<u>1,957,476</u>	<u>408,839</u>	<u>177,717</u>	<u>2,544,031</u>	<u>168,877</u>	<u>300,000</u>	<u>153,050</u>	<u>621,927</u>
Fund Balances								
Unreserved, Undesignated	10,078,800			10,078,800	7,465,918			7,465,918
Unreserved, Designated for Catastrophy	800,000			800,000	800,000			800,000
Reserved for Capital Projects		2,574,884	3,423,708	5,998,593		4,293,806	3,467,165	7,760,971
	<u>10,878,800</u>	<u>2,574,884</u>	<u>3,423,708</u>	<u>16,877,393</u>	<u>8,265,918</u>	<u>4,293,806</u>	<u>3,467,165</u>	<u>16,026,889</u>
Total Liabilities, Deferred Revenue & Fund Balances	<u>\$ 12,836,276</u>	<u>\$ 2,983,723</u>	<u>\$ 3,601,425</u>	<u>\$ 19,421,424</u>	<u>\$ 8,434,795</u>	<u>\$ 4,593,806</u>	<u>\$ 3,620,215</u>	<u>\$ 16,648,816</u>

**Houston Downtown Management District
Statement of Activities
Four Months Ended April 30, 2016**

	<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					
Assessments, Net	\$ 11,658,856	\$ 1,477,882	\$ 13,136,738	\$ 13,144,108	\$ (7,370)
Operations Revenue	60,453	-	60,453	135,000	(74,547)
Project Revenue	32,938	-	32,938	192,750	(159,812)
Salary Reimbursements	26,634	-	26,634	20,000	6,634
Interest Income	19,227	3,315	22,542	3,750	18,792
Total Revenues	\$ 11,798,108	\$ 1,481,197	\$ 13,279,305	\$ 13,495,608	\$ (216,303)
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 560,578	\$ -	\$ 560,578	\$ 760,961	\$ 200,383
Reduced Presence of Homeless & Street Persons	162,762	-	162,762	158,333	(4,429)
Downtown Sidewalks are Comfortably Lighted	31,944	-	31,944	31,667	(278)
Downtown Clean & Well-Kept Appearance	718,114	-	718,114	891,400	173,286
Remove Signs of Disorder in Downtown	10,397	-	10,397	18,533	8,136
Prepare for Emergencies	24,319	-	24,319	38,333	14,014
	<u>1,508,114</u>	<u>-</u>	<u>1,508,114</u>	<u>1,899,227</u>	<u>391,113</u>
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	39,003	-	39,003	95,833	56,830
Public Spaces Managed, Programmed, & Delightful	169,353	-	169,353	241,000	71,647
Place of Civic Celebration	424,163	-	424,163	521,333	97,170
	<u>632,519</u>	<u>-</u>	<u>632,519</u>	<u>858,167</u>	<u>225,647</u>
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	3,313	-	3,313	3,333	21
Convenient Circulation Without Personal Vehicle	154,759	-	154,759	156,667	1,908
Easy To Find Way Around	18,235	-	18,235	49,167	30,931
Connect Neighbors & Districts Inside/Outside Downtown	32,070	-	32,070	30,000	(2,070)
Convenient, Understandable & Managed Parking	8,882	-	8,882	25,000	16,118
	<u>217,259</u>	<u>-</u>	<u>217,259</u>	<u>264,167</u>	<u>46,908</u>
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	75,164	-	75,164	75,167	3
Exciting Neighborhoods to Live In	30,337	-	30,337	29,833	(504)
Competitive Shopping Place	65,560	-	65,560	102,333	36,773
Remarkable Destination for Visitors	2,876	-	2,876	3,333	458
	<u>173,938</u>	<u>-</u>	<u>173,938</u>	<u>210,667</u>	<u>36,729</u>
Downtown's Vision & Offering Understood By All					
Market to Region	233,367	-	233,367	252,333	18,966
Promote Downtown's Ease of Use	7,070	-	7,070	7,000	(70)
Vision/Development Framework Understood By All	45,747	-	45,747	250,167	204,419
Tools to Assist Continued Redevelopment	28,367	-	28,367	30,000	1,633
Develop & Maintain Information to Support Downtown	10,607	-	10,607	19,400	8,793
	<u>325,158</u>	<u>-</u>	<u>325,158</u>	<u>558,900</u>	<u>233,741</u>
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	187,897	-	187,897	225,533	37,636
Communications to Owners, Tenants & Others	3,078	-	3,078	4,833	1,755
Preservation of Districts' Capital Assets	30,497	-	30,497	38,200	7,703
	<u>221,472</u>	<u>-</u>	<u>221,472</u>	<u>268,567</u>	<u>47,094</u>
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	-	-	30,000	30,000
Public Realm is Charming, Inviting, & Beautiful	-	134,116	134,116	228,750	94,634
Accessible to Region & Easy to Get Around	-	871,314	871,314	1,700,000	828,686
Vibrant, Sustainable Mixed-Use Place	-	25,000	25,000	83,333	58,333
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	(33,139)	(33,139)	123,000	156,139
	<u>-</u>	<u>997,291</u>	<u>997,291</u>	<u>2,165,083</u>	<u>1,167,792</u>
Total Expenses	\$ 3,078,461	\$ 997,291	\$ 4,075,752	\$ 6,224,777	\$ 2,149,026
Depreciation Expense	7,552	3,603	11,156	12,063	908
Excess of Revenue Over Expenses GAAP Basis	\$ 8,712,095	\$ 480,302	\$ 9,192,397	\$ 7,258,767	\$ 1,933,630

**Houston Downtown Management District
Statement of Activities
Four Months Ended April 30, 2016 and April 30, 2015**

	Operating YTD Actual	Capital YTD Actual	2016 Total YTD Actual	2015 Total YTD Actual	Fav (Unfav) Variance
Revenues					
Assessments, Net	\$ 11,658,856	\$ 1,477,882	\$ 13,136,738	\$ 8,833,149	\$ 4,303,589
Operations Revenue	60,453	-	60,453	56,165	4,288
Project Revenue	32,938	-	32,938	47,847	(14,909)
Salary Reimbursements	26,634	-	26,634	27,987	(1,353)
Interest Income	19,227	3,315	22,542	3,160	19,381
Total Revenues	\$ 11,798,108	\$ 1,481,197	\$ 13,279,305	\$ 8,968,308	\$ 4,310,996
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 560,578	\$ -	\$ 560,578	\$ 194,070	\$ (366,508)
Reduced Presence of Homeless & Street Persons	162,762	-	162,762	203,182	40,420
Downtown Sidewalks are Comfortably Lighted	31,944	-	31,944	15,450	(16,494)
Downtown Clean & Well-Kept Appearance	718,114	-	718,114	618,192	(99,922)
Remove Signs of Disorder in Downtown	10,397	-	10,397	1,005	(9,393)
Prepare for Emergencies	24,319	-	24,319	24,517	198
	<u>1,508,114</u>	<u>-</u>	<u>1,508,114</u>	<u>1,056,415</u>	<u>(451,699)</u>
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	39,003	-	39,003	53,705	14,702
Public Spaces Managed, Programmed, & Delightful	169,353	-	169,353	79,747	(89,606)
Place of Civic Celebration	424,163	-	424,163	61,554	(362,610)
	<u>632,519</u>	<u>-</u>	<u>632,519</u>	<u>195,005</u>	<u>(437,514)</u>
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	3,313	-	3,313	3,204	(109)
Convenient Circulation Without Personal Vehicle	154,759	-	154,759	149,680	(5,079)
Easy To Find Way Around	18,235	-	18,235	14,087	(4,148)
Connect Neighbors & Districts Inside/Outside Downtown	32,070	-	32,070	19,498	(12,572)
Convenient, Understandable & Managed Parking	8,882	-	8,882	8,332	(551)
	<u>217,259</u>	<u>-</u>	<u>217,259</u>	<u>194,800</u>	<u>(22,459)</u>
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	75,164	-	75,164	80,000	4,836
Exciting Neighborhoods to Live In	30,337	-	30,337	24,885	(5,453)
Competitive Shopping Place	65,560	-	65,560	56,759	(8,802)
Remarkable Destination for Visitors	2,876	-	2,876	1,282	(1,594)
	<u>173,938</u>	<u>-</u>	<u>173,938</u>	<u>162,925</u>	<u>(11,012)</u>
Downtown's Vision & Offering Understood By All					
Market to Region	233,367	-	233,367	125,503	(107,864)
Promote Downtown's Ease of Use	7,070	-	7,070	6,617	(453)
Vision/Development Framework Understood By All	45,747	-	45,747	94,410	48,662
Tools to Assist Continued Redevelopment	28,367	-	28,367	25,523	(2,844)
Develop & Maintain Information to Support Downtown	10,607	-	10,607	9,786	(821)
	<u>325,158</u>	<u>-</u>	<u>325,158</u>	<u>261,838</u>	<u>(63,320)</u>
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	187,897	-	187,897	201,925	14,028
Communications to Owners, Tenants & Others	3,078	-	3,078	3,606	528
Preservation of Districts' Capital Assets	30,497	-	30,497	29,265	(1,232)
	<u>221,472</u>	<u>-</u>	<u>221,472</u>	<u>234,796</u>	<u>13,324</u>
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	-	-	75,023	75,023
Public Realm is Charming, Inviting, & Beautiful	-	134,116	134,116	-	(134,116)
Accessible to Region & Easy to Get Around	-	871,314	871,314	34,936	(836,378)
Vibrant, Sustainable Mixed-Use Place	-	25,000	25,000	-	(25,000)
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	(33,139)	(33,139)	65,951	99,090
	<u>-</u>	<u>997,291</u>	<u>997,291</u>	<u>175,911</u>	<u>(821,381)</u>
Total Expenses	\$ 3,078,461	\$ 997,291	\$ 4,075,752	\$ 2,281,691	\$ (1,794,061)
Depreciation Expense	7,552	3,603	11,156	14,476	3,320
Excess of Revenue Over Expenses GAAP Basis	\$ 8,712,095	\$ 480,302	\$ 9,192,397	\$ 6,672,142	\$ 2,520,255

Greenlink-Downtown Circulator Fund
Statement of Activities
Four Months Ended April 30, 2016

	<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	\$ 125,000	\$ -	\$ 125,000	\$ 125,000	\$ -
Houston First Operations Sponsorship	125,000		125,000	125,000	-
BG Group Operations Sponsorship	125,000		125,000	125,000	-
Advertising Revenue	-		-	-	-
Interest Income	2,059		2,059	400	1,659
Total Revenues	<u>\$ 377,059</u>	<u>\$ -</u>	<u>\$ 377,059</u>	<u>\$ 375,400</u>	<u>\$ 1,659</u>
Expenses					
Vehicle Operator Expense	261,000		261,000	372,000	111,000
Fuel Expense	25,300		25,300	36,500	11,200
Marketing Expense	-		-	23,000	23,000
Operating Administrative Expense	26,610		26,610	20,000	(6,610)
Miscellaneous Expense	-		-	-	-
	<u>312,910</u>	<u>-</u>	<u>312,910</u>	<u>451,500</u>	<u>138,590</u>
Total Expenses	<u>\$ 312,910</u>	<u>\$ -</u>	<u>\$ 312,910</u>	<u>\$ 451,500</u>	<u>\$ 138,590</u>
Depreciation Expense	83,313		83,313	83,312	(1)
Excess of Revenue Over Expenses GAAP Basis	<u>\$ (19,164)</u>	<u>\$ -</u>	<u>\$ (19,164)</u>	<u>\$ (159,412)</u>	<u>\$ 140,248</u>

Greenlink-Downtown Circulator Fund
Statement of Activities
Four Months Ended April 30, 2016 and April 30, 2015

	<u>Operating YTD Actual</u>	<u>Capital YTD Actual</u>	<u>2016 Total YTD Actual</u>	<u>2015 Total YTD Actual</u>	<u>Fav (Unfav) Variance</u>
Revenues					
HDMD Operations Sponsorship	\$ 125,000		\$ 125,000	\$ 125,000	\$ -
Houston First Operations Sponsorship	125,000		125,000	125,000	-
BG Group Operations Sponsorship	125,000		125,000	125,000	-
Advertising Revenue	-		-	-	-
Interest Income	2,059		2,059	271	1,788
Total Revenues	<u>\$ 377,059</u>	<u>\$ -</u>	<u>\$ 377,059</u>	<u>\$ 375,271</u>	<u>\$ 1,788</u>
Expenses					
Vehicle Operator Expense	261,000		261,000	250,000	(11,000)
Fuel Expense	25,300		25,300	22,300	(3,000)
Marketing Expense	-		-	9,144	9,144
Operating Administrative Expense	26,610		26,610	14,793	(11,817)
Miscellaneous Expense	-		-	-	-
	<u>312,910</u>	<u>-</u>	<u>312,910</u>	<u>296,237</u>	<u>(16,673)</u>
Total Expenses	<u>\$ 312,910</u>	<u>\$ -</u>	<u>\$ 312,910</u>	<u>\$ 296,237</u>	<u>\$ (16,673)</u>
Depreciation Expense	83,313		83,313	83,312	(1)
Excess of Revenue Over Expenses GAAP Basis	<u>\$ (19,164)</u>	<u>\$ -</u>	<u>\$ (19,164)</u>	<u>\$ (4,278)</u>	<u>\$ (14,886)</u>

Houston Downtown Management District

Variance Analysis

Four Months Ended April 30, 2016

Operating Budget

- 1) Revenue-Assessment revenue collections (\$7K) behind budget, bus stop cleaning and trash program operations revenue behind budget (\$75K), marketing partnerships behind budget (\$40K), project revenue behind (\$120K) due to delay in International Coffee Building with offsetting ahead of budget in expenditures, ahead in personnel reimbursements \$7K and interest income \$19K.
- 2) Goal 1a-Collaboration to Maintain Low Crime Rate-Under budget \$30K on program for Off-Duty HPD Officers-program not fully staffed up in Jan/Feb. Under budget \$170K on Safety Guide Salaries due to timing of Block by Block invoices.
- 3) Goal 1d-Downtown Clean & Well-Kept Appearance-Ahead of budget \$32K on Street Teams due to timing of Block by Block invoices, \$46K on paver repairs, \$72K on landscaping and tree maintenance, and \$23K in irrigation maintenance and repairs.
- 4) Goal 1f-Prepare for Emergencies-Ahead of budget \$13K on emergency equipment expenditures.
- 5) Goal 2a-Key Pedestrian Streets are Inviting-Ahead of budget \$56K on accent planting due to timing.
- 6) Goal 2b-Public Spaces Managed, Programmed-Ahead of budget \$50K on Main Street Square fountain maintenance, ahead of budget \$6K on Market Square Park Maintenance, and ahead \$8K on programming.
- 7) Goal 2c-Place of Civic Celebration-Ahead of budget \$57K on the Art Program and \$39K on banners and pole/pot maintenance. The Art Program budget reflects timing and will be used in full.
- 8) Goal 3c-Easy to Find Way Around-Ahead of budget \$25K on wayfinding maintenance, new above and below maps in development.
- 9) Goal 3e-Convenient, Understandable, Managed Parking-Ahead of budget \$16K on parking program expenditures.
- 10) Goal 4c-Competitive Shopping Place-Ahead of budget \$36K retail shopping programs due to timing of Fransen Company invoices.
- 11) Goal 5a-Market to Region-Ahead of budget \$18K on media & advertising expenditures.
- 12) Goal 5c-Vision/Development Framework Understood by All-Ahead of budget \$205K on planning consulting expenditures.
- 13) Goal 6a-District Governance Known for Excellence-Ahead of budget \$22K due to timing of audit invoice and \$7K on property insurance, actual cost less than estimate at budget.

Capital Budget

- 14) Under budget \$30K landscaping/tree projects not started yet.
- 15) Over budget (\$60K) in storefront/streetscape project grants, these were budgeted in 2015 but approved in January 2016, delay in International Coffee Building \$120K, ahead \$35K in banners-full expenditures not in as of yet.
- 16) Ahead of budget \$629K in wayfinding projects due to delays in completion of the projects, ahead \$150K due to delay in food cart purchase for Main Street Square, \$20K in bicycle projects and \$30K due to delay in Market Square Park lighting project.
- 16) Ahead \$58K in catalytic retail project grants, no new projects identified.
- 17) Ahead of budget \$156K in capital replacement expenditures.