

## MEMORANDUM

**TO: CLEVELAND ECONOMIC DEVELOPMENT CORPORATION**

**FROM: BOBBY PENNINGTON, ASSISTANT CITY MANAGER**

**DATE: JANUARY 27, 2020**

**SUBJECT: DECEMBER 2019 FINANCIAL REPORT**

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This report represents a general overview of financial operations through December 2019, which is 3<sup>rd</sup> month of fiscal year 2019-2020. Beginning balances are unaudited; until the City completes the FY 2019 audit. A presentation of this audit is scheduled for February 2020. Budget numbers are the adopted budget and does not include any carryovers or amendments at this time.

### SUMMARY:

	<u>Prior YTD</u>	<u>Budget</u>	<u>Month</u>	<u>YTD</u>
<b>Total Revenues</b>	\$151,648	\$732,833	\$54,593	\$171,842
<b>Total Expenses</b>	\$69,267	\$1,423,201	\$6,089	\$18,555
<b>Over/(Under)</b>	\$82,381	(\$690,368)	\$48,504	\$153,287

1. Total revenues are \$171,842 or 23.4% of the total budgeted.
2. Total expenses are \$18,555 or 1.3% of amended budget. Operational expenses at \$17,545 or 3.0%.
3. Revenue is over expenses by \$153,287 with budgeted expectation scheduled to use retained cash for capital outlay programs.
4. Total cash and investments remains at \$2,029,533, of which \$1,749,152 is considered operating and available. Total cash increased by \$49K from the last report.
5. Total sales tax YTD is \$165,617, 23.1% of the annual adopted and is \$16,586 or 11.1% higher than last year.
6. Expenses include Professional Services of \$3,342 or 6.1% of budget and is \$16,664 less than this time last year as a result of lower legal expenses.
7. The programmed transfer of \$155,000 is the third year annual reimbursement to the City's General Fund which is supporting full repayment of the TDA grant.
8. Final payment on the industrial park loan has been fulfilled.

### HIGHLIGHTS:

9. The City plans to hire a full-time EDC Director. The Director is responsible for developing and implementing an effective business retention and expansion program and develop and produce a local and external marketing and communication activities to promote, facilitate and support the attraction, retention, expansion and formation of businesses in the City of Cleveland. In addition, support formation of partnerships that meet the City of Cleveland's redevelopment goals. At the time of this report the EDC is currently interviewing applicants for this position.

10. Capital outlay includes improvements detention basin at \$500,000, which is likely to be additionally supported with \$189,738 reallocated as fiscal year 2020 carryover. Detention basins are best management practices that provide general flood protection from storm water. The basin is to be located on the southern tip of the airport industrial park in order to control extreme floods from a 100-year storm event. The basin will protect all land development projects within the industrial park as well as the airport.
11. Allocation includes an increase in participation for the Central Business District sidewalk project. Engineering is complete and bids for the project were anticipated to be higher than the CDBG grant funding can support; Yet, FY20 allocation provides opportunity for additional capital, including specialized lighting and electrical to support the business owners and localized events. This project is underway and lower than original expectation.
12. The Corporation budget includes expansion of the airport fuel farm to include Jet "A" fuel and is currently researching cost effective approach to acquiring tanks. There are grant for this program. The past TxDOT program that enabled the original system used FAA block grants and a set of shared system designs to defray the cost of fueling infrastructure upgrades at the state's general aviation airports. The program covers 75% of design and construction expenses; qualifying airports/municipalities pay 25%.
13. The Corporation approved a participation in the reconstruction of Manthey Street for retention and expansion of jobs at City Glass and Austin Bank.

#### ECONOMIC OUTLOOK:

14. "Texas sales tax revenue totaled \$3.01 billion in December, 4.8 percent more than in December 2018," Texas Comptroller Glenn Hegar says.
15. Economic outlook suggests affordable housing shortage on the horizon for Greater Houston area.
16. BisNow reports, "Fears of an outright recession in the U.S. are receding for 2020, but a downturn in the energy industry is expected to dampen Houston's growth, several Texas-based economists believe."
17. National existing-home sales finished 2019 on "Solid Note" as sales rose to 3.6% for December due in part to low unemployment rates that support home buying demand.

**FOR MORE INFORMATION:** This summary report is based on detailed information generated by the City's Administration. If you have any questions or would like additional information on this report, please contact city management at 281-592-2667.

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#### **Reporting References:**

<https://www.nbcdfw.com/news/local/texas-news/texas-december-sales-tax-revenue-up-5-over-2018-comptroller-says/2286122/>

<https://communityimpact.com/houston/spring-klein/economy/2020/01/08/economic-outlook-suggests-affordable-housing-shortage-on-the-horizon-for-greater-houston-area/>

<https://www.bisnow.com/houston/news/economy/recession-fears-exaggerated-but-energy-industry-to-take-a-hit-102645>

<https://www.wsj.com/articles/u-s-existing-home-sales-wrapped-up-2019-on-solid-note-11579705351>

**CLEVELAND ECONOMIC DEVELOPMENT CORPORATION**

**EDC FUND**

**BALANCE SHEET**

**FOR THE MONTH ENDED DECEMBER 31, 2019**

**ASSETS**

OPERATING CASH	688,636
MMA-PROSPERITY	750,579
SPORTS & RECREATIONAL FACILITY	1,058
RESERVE-PROSPERITY	279,323
TEXPOOL	309,936
DUE FROM GENERAL FUND	14,708
CIP WATER FACILITY	93,861
LAND ACQ AIRPT IND PARK SOUTH	387,099
LAND ACQ AIRPT IND PARK NORTH	264,324
LAND ACQ FM 1010 IND PARK	117,675
LAND ACQ - REC PARK HWY 321	180,853
<b>TOTAL ASSETS</b>	<b><u><u>\$3,088,052</u></u></b>

**LIABILITIES**

DUE TO GENERAL FUND	78
N/P FB&T-LAND	(31,270)
DUE TO PRIMARY GOVERNMENT	366,105
<b>TOTAL LIABILITIES</b>	<b><u>334,913</u></b>

**EQUITY**

FUND BALANCE	<u>2,599,853</u>
TOTAL BEGINNING EQUITY	2,599,853
TOTAL REVENUE	171,842
TOTAL EXPENSES	<u>(18,555)</u>
TOTAL SURPLUS/(DEFICIT)	153,287
TOTAL EQUITY & SURPLUS/(DEFICIT)	2,753,140

**TOTAL LIABILITIES, EQUITY &  
SURPLUS/DEFICIT**

**\$3,088,052**

CLEVELAND ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES & EXPENDITURES  
FOR THE MONTH ENDED DECEMBER 31, 2019

	PRIOR YTD	CURRENT BUDGET	MONTHLY ACTUAL	YTD ACTUAL	% BUDGET
<b>REVENUES</b>					
Sales Taxes	149,031	715,833	52,294	165,617	23.1%
Other Income	0	0	0	0	
Interest Revenue	3,487	17,000	2,299	6,224	36.6%
Sports Park	(870)	0	0	0	
<b>Operating Revenues</b>	<b>\$151,648</b>	<b>\$732,833</b>	<b>\$54,593</b>	<b>\$171,842</b>	<b>23.4%</b>
Sale of Assets	0	0	0	0	
<b>Non-Operating Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Revenues</b>	<b>\$151,648</b>	<b>\$732,833</b>	<b>\$54,593</b>	<b>\$171,842</b>	<b>23.4%</b>
<b>EXPENSES:</b>					
Salaries & Benefits	0	124,640	0	0	0.0%
Professional Services	20,007	55,200	1,165	3,342	6.1%
Other Services	4,400	30,500	4,462	5,410	17.7%
Supplies	0	4,800	78	78	1.6%
Contributions	0	155,000	0	0	0.0%
Financial Obligations	13,177	216,061	0	8,714	4.0%
<b>Operating Expenses</b>	<b>\$37,583</b>	<b>\$586,201</b>	<b>\$5,705</b>	<b>\$17,545</b>	<b>3.0%</b>
Property Services	23,498	0	0	0	
Affordable Housing and Demolition	0	12,000	0	0	
Capital Outlay	521	780,000	383	1,010	
Business Incentives	7,666	45,000	0	0	
<b>Financing Programs</b>	<b>\$31,684</b>	<b>\$837,000</b>	<b>\$383</b>	<b>\$1,010</b>	
<b>Total Expenses</b>	<b>\$69,267</b>	<b>\$1,423,201</b>	<b>\$6,089</b>	<b>\$18,555</b>	<b>1.3%</b>
<i>Revenues Over Expenses (Total)</i>	<i>82,381</i>	<i>(690,368)</i>	<i>48,504</i>	<i>153,287</i>	
Net Position - Beginning		2,599,853		2,599,853	
<b>Cash Balance - Beginning</b>		<b>1,883,499</b>		<b>1,883,499</b>	
Net Position - Ending		\$1,909,485		\$2,753,140	
<b>Cash Balance - Ending</b>		<b>\$1,193,131</b>		<b>\$2,036,786</b>	
Total Retained Cash (%)		84%			
Reserve Requirement (25%)		355,800		355,800	
Additional Coverage: Annual Debt		216,061		216,061	
Cash (\$) over Operating Requirement:		621,270		1,464,924	