

ANNUAL FINANCIAL REPORT

of the

**HARRIS COUNTY
IMPROVEMENT DISTRICT No. 9**

For the Year Ended
December 31, 2017

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

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December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Harris County Improvement District No. 9:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Improvement District No. 9 dba Hobby Area Management District (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information (TSI) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The TSI has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
May 18, 2018

***MANAGEMENT DISCUSSION
AND ANALYSIS***

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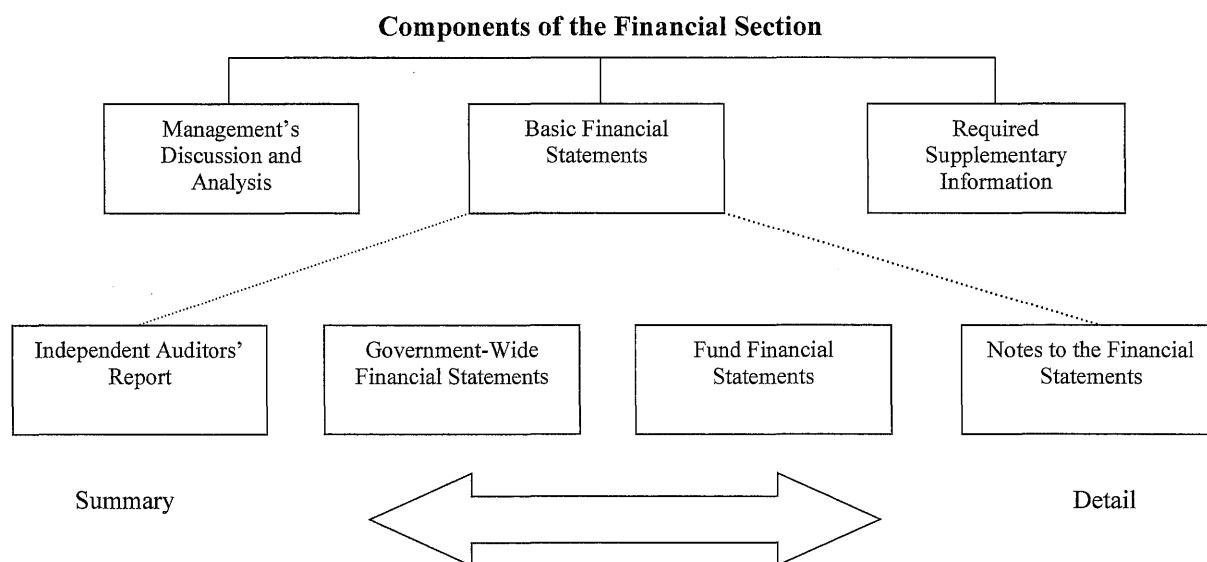
HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Harris County Improvement District No. 9 dba Hobby Area Management District (the "District") for the year ending December 31, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents a short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The District's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

Government-Wide Statements

The government-wide statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including capital assets. These statements are designed to provide information about the cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as the District's property assessment base and the condition of the District's infrastructure, need to be considered to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2017

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the District's financials using one class of activity:

1. *Governmental Activities* – All the District's activities are reported within this class.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The District's operations are reported using governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and Hobby area improvement fund, which are considered major funds for reporting purposes.

The District adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities and deferred inflows of resources by \$1,608,423 as of December 31, 2017.

A portion of the District's net position, \$211,757 or 13%, reflects its investments in capital assets (e.g., land, building and improvements, equipment, and construction in progress) less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2017	2016
Current and other assets	\$ 3,338,150	\$ 2,834,890
Capital assets, net	211,757	163,847
Total Assets	3,549,907	2,998,737
Other liabilities	111,284	152,183
Total Liabilities	111,284	152,183
Deferred inflows - property assessment	1,830,200	1,784,644
Total Deferred Inflows of Resources	1,830,200	1,784,644
Net Position:		
Net investment in capital assets	211,757	163,847
Unrestricted	1,396,666	898,063
Total Net Position	\$ 1,608,423	\$ 1,061,910

During the current fiscal year, the District's net position increased by \$546,513 mainly due to the property assessment increase and the reimbursements received from Scenic Houston. The revenue recognition for the 2017 assessment has been fully deferred to the 2018 fiscal year.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2017

Statement of Activities:

The following table provides a summary of the District's changes in net position:

		Governmental Activities	
		2017	2016
Revenues			
Property assessment	\$	1,756,107	\$ 1,688,275
Investment earnings		12,348	-
Other revenues		391,540	99,382
Total Revenues		2,159,995	1,787,657
Expenses			
Professional services		27,562	36,510
Contracted services		499,468	1,477,824
Public safety and security		397,613	364,074
Community development		64,861	46,168
Environmental and urban design		386,566	200,581
Business and economic development		86,029	183,562
Communication, public affairs, and marketing		38,625	-
Other		112,758	62,139
Total Expenses		1,613,482	2,370,858
Change in Net Position		546,513	(583,201)
Beginning net position		1,061,910	1,645,111
Ending Net Position	\$	1,608,423	\$ 1,061,910

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The District's general fund fund balance as of December 31, 2017 was \$1,324,100. The fund balance increased by \$520,904 from prior year. This increase was due to the District assessment and collections of property assessment during the fiscal year.

The Hobby area improvement fund has a fund balance as of December 31, 2017 was \$69,584. The fund balance increased by \$3,436 from prior year. This increase was mainly due to more sponsorship revenues received from the Hobby fest.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$267,576 more than budgeted primarily as the result of reimbursements that were received, but not budgeted. Actual expenditures were \$1,434,304 less than budgeted primarily due to less capital outlay; communication, public affairs, and marketing; and business and economic development expenditures than anticipated.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2017

CAPITAL ASSETS

At the end of the year, the District's government activities had invested \$211,757 in a variety of capital assets and infrastructure, net of depreciation.

Major capital asset events during the current year include the following:

- Branding geographic identity project for \$16,911.
- Bus shelters project for \$47,197.

More detailed information on the District's capital assets is presented in note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's budgeted expenditures for 2018 are \$3,475,134. The District's property assessment rate will be \$0.15 per \$100 of the property assessed value for the 2018 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional information should be addressed to Harris County Improvement District No. 9, 8121 Broadway, Suite 199, Houston, Texas 77061.

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BASIC FINANCIAL STATEMENTS

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

STATEMENT OF NET POSITION AND BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General	Hobby Area Improvement	Total Governmental Funds Balance Sheet	Adjustments
<u>Assets</u>				
Cash and cash equivalents	\$ 239,651	\$ 70,409	\$ 310,060	\$ -
Investments	1,285,899	-	1,285,899	-
Property assessment receivable	1,742,191	-	1,742,191	-
Construction in progress	-	-	-	50,417
Net depreciable capital assets	-	-	-	161,340
Total Assets	3,267,741	70,409	3,338,150	211,757
<u>Liabilities</u>				
Accounts payable	88,924	825	89,749	-
Long-term liabilities				
Due within one year	-	-	-	19,381
Due in more than one year	-	-	-	2,154
Total Liabilities	88,924	825	89,749	21,535
<u>Deferred Inflows of Resources</u>				
Unavailable revenue- property assessment	1,854,717	-	1,854,717	(24,517)
Total Deferred Inflows of Resources	1,854,717	-	1,854,717	(24,517)
<u>Fund Balance/Net Position</u>				
Fund balance:				
Unassigned	1,324,100	69,584	1,393,684	(1,393,684)
Total Fund Balances	1,324,100	69,584	1,393,684	(1,393,684)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,267,741	\$ 70,409	\$ 3,338,150	
Net Position:				
Net investment in capital assets				211,757
Unrestricted				1,396,666
Total Net Position				\$ 1,608,423

See Notes to Financial Statements.

**Statement of
Net Position**

\$	310,060
	1,285,899
	1,742,191
	50,417
	<u>161,340</u>
	<u>3,549,907</u>

89,749

19,381

2,154

111,284

1,830,200

1,830,200

-

-

211,757

1,396,666

\$ 1,608,423

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

December 31, 2017

Total fund balances for governmental funds	\$ 1,393,684
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred assessment revenue became part of recognized revenue in the governmental activities of the District.	24,517
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	211,757
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	<u>(21,535)</u>
Net Position of Governmental Activities	<u>\$ 1,608,423</u>

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General	Hobby Area Improvement	Total Governmental Funds	Adjustments
<u>Revenues</u>				
Property assessment	\$ 1,739,874	\$ -	\$ 1,739,874	\$ (4,202)
Penalty and interest revenue	20,435	-	20,435	-
Investment earnings	12,348	-	12,348	-
Other income	360,533	31,007	391,540	-
Total Revenues	2,133,190	31,007	2,164,197	(4,202)
<u>Expenditures/Expenses</u>				
Service operations:				
Professional fees	27,562	-	27,562	-
Contracted services	477,933	-	477,933	21,535
Public safety and security	397,613	-	397,613	-
Community development	-	64,861	64,861	-
Environmental and urban design	386,566	-	386,566	-
Business and economic development	74,448	11,581	86,029	-
Communication, public affairs, and marketing	38,625	-	38,625	-
Other	81,301	1,129	82,430	-
Depreciation	-	-	-	16,198
Capital outlay	78,238	-	78,238	(64,108)
Total Expenditures/Expenses	1,562,286	77,571	1,639,857	(26,375)
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	570,904	(46,564)	524,340	22,173
<u>Other Financing Sources (Uses)</u>				
Transfers in (out)	(50,000)	50,000	-	-
Total Other Financing Sources (Uses)	(50,000)	50,000	-	-
Change in Fund Balances/ Net Position	520,904	3,436	524,340	22,173
Beginning fund balances/net position	803,196	66,148	869,344	192,566
Ending Fund Balances/Net Position	\$ 1,324,100	\$ 69,584	\$ 1,393,684	\$ 214,739

See Notes to Financial Statements.

**Statement of
Activities**

\$	1,735,672
	20,435
	12,348
	<u>391,540</u>
	<u>2,159,995</u>
	27,562
	499,468
	397,613
	64,861
	386,566
	86,029
	38,625
	82,430
	16,198
	<u>14,130</u>
	<u>1,613,482</u>
	<u>546,513</u>
	<u>-</u>
	<u>-</u>
	546,513
	<u>1,061,910</u>
\$	<u><u>1,608,423</u></u>

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 524,340
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital expenditures in the period purchased.	
However, in the Statement of Net Position, capital assets are increased by new constructions	64,108
Governmental funds do not account for depreciation. However, in the Statement of Net Position capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(16,198)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(21,535)
Governmental funds report assessment revenue when it is collected. However, in the Statement of Net Position, revenue is recorded in the accounting period for which the assessments are levied.	(4,202)
Change in Net Position of Governmental Activities	<u><u>\$ 546,513</u></u>

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

NOTE 1 – CREATION OF DISTRICT

Harris County Improvement District No. 9 dba Hobby Area Management District (the “District”) was created effective June 15, 2007 by the Texas Legislature under provisions of House Bill No. 4110, of the 80th Legislature, Regular Session, 2007, codified as Chapter 3859, Texas Special District Local Laws Code (the “Act”). Pursuant to the provisions of the Act creating the District, the District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the area of the District. The Board of Directors held its organizing meeting on June 22, 2007.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

The District has adopted GASB Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units*. In accordance with these statements, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District is governed by a board of directors consisting of 11 directors who serve staggered terms of four years with five or six directors’ terms expiring June 1 of each odd-numbered year. Naming of the initial Board of Directors (the “Board”) was part of the legislative process. While it is typical that most Board members appointed to the initial Board satisfy the basic requirements for service described in Chapter 375 of the *Texas Local Government Code*, it is not required that they do so. Board resignations, replacements, and appointments will be made in accordance with Chapter 375 of the *Texas Local Government Code*. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is considered to be the primary government, as well as the reporting entity.

Blended Component Unit

Hobby Area Improvement Corporation

The Hobby Area Improvement Corporation (the “Corporation”) has been included in the reporting entity as a blended component unit. The Corporation was organized and operated exclusively for one or more charitable purpose. The Corporation was further organized for the purpose of aiding, assisting, and acting on behalf of the District in the performance of its governmental functions to construct, acquire, operate, maintain, and finance parks, green space, landscaping, beautification, and recreational improvement to benefit the District; to advance the civic, social, commercial, industrial, and economic interest of the District and to raise, administer, and distribute the funds necessary for the active promotion of these interests; and to aid, assist, and act on behalf of the District in the administration and operation of a tax increment zone created by, for, or in the area of, the District.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

The Corporation is included in the District's reporting entity because of the significant of its operational or financial relationships with the District. The District appoints a majority of the Corporation's Board and is either able to impose its will on it or a financial benefit/burden exists.

Complete financial statements of the component unit can be obtained from administrative office of the District.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component unit. Governmental activities are normally supported by assessment and intergovernmental revenues.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly included in other funds. The general fund is always considered a major fund for reporting purposes.

The *hobby area improvement fund* is used to accounts for financial transactions for specific District events, like Hobby fest, State of the District. The hobby area improvement fund is considered a major fund for reporting purpose.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

assessment is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property assessment and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Property improvement	5-40 years
Machinery and equipment	2-10 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property assessment. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At the government-wide level, the District reports a deferred inflow of resources for that portion of property assessment that was collected for use in the subsequent period.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

5. Compensated Employee Absences

The District provides its employees with personal time off (PTO) for vacation, sick leave, personal times and holidays. PTO may be accumulated from year to year up to 480 hours. PTO hours that would surpass the 480-hour limit will be paid on the next pay period following the limit being exceeded. Upon termination, any unused PTO hours will be paid. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of accumulated PTO that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

6. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Directors (the "Board") is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

9. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Fund Equity

Restatement of Beginning Net Position

Beginning net position for governmental activities has been restated as follows:

Prior year ending net position as reported	\$	2,290,304
Construction in progress reclassification		(1,294,542)
Fund balance restatement-Hobby area improvement		66,148
Restated beginning net position	\$	<u>1,061,910</u>

NOTE 3 – CASH AND TEMPORARY INVESTMENTS

As of December 31, 2017, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity(Year)</u>
Certificates of deposit	\$ 496,711	0.71
TexSTAR	789,188	0.00
Total Fair Value	<u>\$ 1,285,899</u>	
Portfolio weighted average maturity		0.28

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Custodial credit risk-deposits. In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2017, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk-investments. For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Credit risk-The District's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/'P1' as provided by two of the top nationally recognized rating agencies. As of December 31, 2017, the District's investment in TexSTAR was rated 'AAAm' by Standard & Poor's.

TexSTAR

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

NOTE 4 – ANNUAL ASSESSMENT

In accordance with the Act creating the District, the District may levy an ad valorem tax, an assessment, an impact fee, or another fee in accordance with Chapter 49, Water Code, for a purpose specified by Chapter 375, Local Government Code, to provide improvements and services for a project or activity the District is authorized to acquire, construct, improve, or provide under this Act.

On November 14, 2013, an order (the "Order") was adopted granting a petition for a service plan (the "Service Plan") and an assessment roll for the District. The Order authorized levying an annual assessment that would assure sufficient funding for the services to be provided under the ten-year (2008-2017) term of the Service Plan. The Order authorized an assessment of \$0.15 per \$100 valuation on land and improvements of commercial property owners within the District throughout the term of the Service Plan.

For the 2017 assessment year, the District levied an ad valorem assessment of \$0.15 per \$100 of assessed valuation, resulting in an assessment of \$1,830,200. Revenue recognition for the 2017 assessment has been fully deferred to the 2018 fiscal year.

The District's calendar for collection of the assessment is as follows:

Levy Date	October 1 or as soon thereafter as practicable
Lien Date	January 1
Due Date	Not later than January 31
Delinquent Date	February 1, at which time the assessment payer is liable for penalty and interest

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 1,458,389	\$ 64,108	\$ (1,472,080)	\$ 50,417
Total capital assets not being depreciated	<u>1,458,389</u>	<u>64,108</u>	<u>(1,472,080)</u>	<u>50,417</u>
Other capital assets:				
Building and improvements	-	177,538	-	177,538
Total other capital assets	<u>-</u>	<u>177,538</u>	<u>-</u>	<u>177,538</u>
Less accumulated depreciation for				
Building and improvements	-	(16,198)	-	(16,198)
Total accumulated depreciation	<u>-</u>	<u>(16,198)</u>	<u>-</u>	<u>(16,198)</u>
Other capital assets, net	-	161,340	-	161,340
Governmental Activities Capital Assets, Net	<u>\$ 1,458,389</u>	<u>\$ 225,448</u>	<u>\$ (1,472,080)</u>	<u>\$ 211,757</u>
Net Investment in Capital Assets				<u>\$ 211,757</u>

NOTE 6 – LONG-TERM DEBT

The long-term liabilities for the governmental activities at year end is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 7,278	\$ 29,433	\$ 15,176	\$ 21,535	\$ 19,381
Total Governmental Activities	<u>\$ 7,278</u>	<u>\$ 29,433</u>	<u>\$ 15,176</u>	<u>\$ 21,535</u>	<u>\$ 19,381</u>
Long-Term Liabilities Due In More Than One Year				<u>\$ 2,154</u>	

NOTE 7 – INTERFUND TRANSACTIONS

Transfers between the governmental funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Hobby area improvement fund	General fund	\$ 50,000

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2017

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

NOTE 9 – AGREEMENT WITH SCENIC HOUSTON

On February 12, 2015, the District entered into an agreement (the "Agreement") with Scenic Houston regarding the Broadway/Hobby Corridor Redevelopment Project (the "Project"). The District agreed to pay \$134,678 for the installation of enhanced streetlights (the "Streetlight Payment") along Broadway Street. The District also agreed to pay the City of Houston approximately \$549,722 for excess costs (the "Excess Costs Payment"), as defined in the Agreement, related to the Project.

On May 12, 2016, the District entered into another agreement (the "New Agreement") with Scenic Houston regarding the Project. After completion of the Project, Scenic Houston and the District intend to work together to design, develop, and construct additional enhanced landscaping and other streetscape improvements to Broadway Street (the "Enhanced Project") to further beautify and enhance Broadway Street as a gateway to Hobby Airport.

Scenic Houston has agreed to engage in a comprehensive fundraising campaign to obtain private and/or public funding from donors to provide funds to pay for the costs of the development, construction, and interim maintenance of the Project and the Enhanced Project. Scenic Houston is responsible for making payments directly to the contractor engaged to construct the Enhanced Project. Under the New Agreement, the District subordinates its right to be paid the Streetlight Payment to the payment in full of the Excess Costs Payment and to the payment in full of the costs related to the preparation of the construction drawings for the Enhanced Project. Repayment by Scenic Houston will only be made after it has net proceeds in hand from the fundraising campaign. Scenic Houston's obligation to repay the District for the Excess Costs Payment shall not exceed the greater of the actual payments made by the District or \$549,722 without the prior written approval of Scenic Houston.

During the current fiscal year, the District received a reimbursement of \$134,678 for the Project and reimbursements of \$202,905 for the Excess Costs Payment paid to the City of Houston.

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REQUIRED SUPPLEMENTARY INFORMATION

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended December 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance Positive (Negative)
Revenues				
Property assessment revenue	\$ 1,825,114	\$ 1,825,114	\$ 1,739,874	\$ (85,240)
Penalty and interest revenue	36,000	36,000	20,435	(15,565)
Investment earnings	4,500	4,500	12,348	7,848
Other income	-	-	360,533	360,533
Total Revenues	1,865,614	1,865,614	2,133,190	267,576
Expenditures				
Service operations:				
Professional fees	55,050	55,050	27,562	27,488
Contracted services	159,028	159,028	477,933	(318,905)
Public safety and security	564,369	564,369	397,613	166,756
Environmental and urban design	417,318	417,318	386,566	30,752
Business and economic development	180,426	180,426	74,448	105,978
Communication, public affairs and marketing	184,469	184,469	38,625	145,844
Other	128,430	128,430	81,301	47,129
Capital outlay	1,307,500	1,307,500	78,238	1,229,262
Total Expenditures	2,996,590	2,996,590	1,562,286	1,434,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,130,976)	(1,130,976)	570,904	1,701,880
Other Financing Sources (Uses)				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Total Other Financing (Uses)	(50,000)	(50,000)	(50,000)	-
Change in Fund Balance	\$ (1,180,976)	\$ (1,180,976)	520,904	\$ 1,701,880
Beginning fund balance			803,196	
Ending Fund Balance			\$ 1,324,100	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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TEXAS SUPPLEMENTARY INFORMATION

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HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

TSI-2 GENERAL FUND EXPENDITURES

For the Year Ended December 31, 2017

	<u>General Fund Expenditures</u>
Purchased Services:	
Public safety and security	\$ 397,613
Environmental and urban design	386,566
Business and economic development	74,448
Communication, public affairs, and marketing	<u>38,625</u>
	<u>897,252</u>
Professional Fees:	
Auditing	7,550
Legal	<u>20,012</u>
	<u>27,562</u>
Contracted Services:	
Bookkeeping	10,200
Assessment collector	37,429
District administrator	122,783
Project management	<u>307,521</u>
	<u>477,933</u>
Administrative:	
Office supplies	29,366
Postage	338
Insurance	4,032
Other	<u>47,565</u>
	<u>81,301</u>
Capital Outlay	<u>78,238</u>
Total Expenditures	<u><u>\$ 1,562,286</u></u>

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

TSI-3 TEMPORARY INVESTMENTS

For the Year Ended December 31, 2017

<u>General Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Certificate of deposit	4188617	0.40%	07/14/18	\$ 249,166
Certificate of deposit	6515112	0.80%	11/23/18	247,545
TexSTAR	2551011110	Varies	Daily	<u>789,188</u>
			Total	<u><u>\$ 1,285,899</u></u>

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

TSI-4 ANALYSIS OF ASSESSMENT LEVIED AND RECEIVABLE

For the Year Ended December 31, 2017

	General
Assessment Receivable - Beginning of Year	\$ 1,643,189
Adjusted to beginning balance	(48,912)
Original assessment roll - 2017	1,830,200
Total to be Accounted for	3,424,477
Assessment Collections:	
Current year	112,526
Prior years	1,569,760
Total Collections	1,682,286
Assessment Receivable, Net - End of Year	\$ 1,742,191
Assessment Receivable - By Year	
2017	\$ 1,717,674
2016	14,016
2015	4,716
2014	2,987
2013	2,798
Assessment Receivable, Net - End of Year	\$ 1,742,191

	2017	2016	2015	2014	2013
Assessed Property Valuations	\$ 1,247,614,971	\$ 1,210,422,141	\$ 1,150,252,742	\$ 1,042,889,920	\$ 937,070,640
Total Assessment Rate	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Assessment Rolls	\$ 1,830,200	\$ 1,784,644	\$ 1,700,572	\$ 1,564,335	\$ 1,405,606

HARRIS COUNTY IMPROVEMENT DISTRICT No. 9

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES

GENERAL FUND

For Last Two Years

	Amounts		Percentage of Total	
	2017	2016	2017	2016
<u>Revenues</u>				
Property assessment	\$ 1,739,874	\$ 1,690,544	81.6 %	98.1 %
Penalty and interest revenue	20,435	27,983	1.0	1.6
Investment earnings	12,348	5,251	0.6	0.3
Other income	360,533	-	16.8	-
Total Revenues	2,133,190	1,723,778	100.0	100.0
<u>Expenditures</u>				
Professional fees	27,562	36,510	1.8	2.3
Contracted services	477,933	183,282	30.6	11.7
Public safety and security	397,613	364,074	25.5	23.2
Community development	-	46,168	-	2.9
Environmental and urban design	386,566	200,581	24.7	12.8
Business and economic development	74,448	183,562	4.8	11.7
Communication, public affairs, and marketing	38,625	-	2.5	-
Other	81,301	62,139	5.2	4.0
Capital outlay	78,238	490,162	5.0	31.3
Total Expenditures	1,562,286	1,566,478	100.0	100.0
Excess of Revenues Over Expenditures	\$ 570,904	\$ 157,300	26.8 %	9.1 %

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

TSI-8 BOARD MEMBERS, AND CONSULTANTS

For the Year Ended December 31, 2017

District's Mailing Address:

Harris County Improvement District No.9
8121 Broadway, Suite 199
Houston, TX 77061

District's Business Telephone Number:

832-982-2036

<u>Board Members</u>	<u>Term</u>	<u>Fees</u>	<u>Expenses</u>	<u>Title</u>
Danny R. Perkins	06/17-06/21 Appointed	\$ -	\$ -	Position 1 Chairman
Helen Bonsall	06/17-06/21 Appointed	\$ -	\$ -	Position 2 Vice Chair
Todd Szilagyi	06/17-06/21 Appointed	\$ -	\$ -	Position 3
Jesus H. Saenz	06/17-06/21 Appointed	\$ -	\$ -	Position 4
Ann Collum	06/17-06/21 Appointed	\$ -	\$ -	Position 5
Sue De Haven	06/17-06/21 Appointed	\$ -	\$ -	Position 6 Secretary
Keyur Amin	10/17-06/19 Appointed	\$ -	\$ -	Position 7
Joe Ed Nelson	06/15-06/19 Appointed	\$ -	\$ -	Position 8
Darryl Bailey	06/15-06/19 Appointed	\$ -	\$ -	Position 9
Vic J. Zachary	06/15-06/19 Appointed	\$ -	\$ -	Position 10
James Brown	08/17-06/19 Appointed	\$ -	\$ -	Position 11

Submission Date of the most recent District Registration Form:

5/20/2008

Limit on Fees of Office that a Director may receive during a fiscal year:

\$7,200

HARRIS COUNTY IMPROVEMENT DISTRICT NO. 9

TSI-8 BOARD MEMBERS, AND CONSULTANTS (Continued)

For the Year Ended December 31, 2017

Consultants	Date Hired	Fees	Title
Hawes Hill Calderon, LLP 8121 Broadway, Suite 199 Houston, TX 77061	08/24/07	\$ 122,783	Administrator
Equi Tax, Inc. P.O. Box 73109 Houston, TX 77273-3109	09/19/07	\$ 37,429	Assessment Collector
Bracewell & Giuliani, LLP 711 Louisiana Street, Suite 2300 Houston, TX 77339	07/24/13	\$ 20,012	Attorney
Perdue, Brandon, Fielder, Collins & Mott, LLP 1235 North Loop West, Suite 600 Houston, TX 77025	06/12/14	\$ 13,112	Delinquent Assessment Attorney
Clark Condon & Associates 10401 Stella Link Road Houston, TX 77025	02/13/14	\$ 65,707	Environmental Design Services
Roland, Fry & Warren, LLC 1525 Lakeville Drive , Suite 121 Kingwood, TX 77339	05/18/14	\$ -	Investment Officer
Governmental Financial Reporting LLC 1525 Lakeville Drive , Suite 121 Kingwood, TX 77339	12/01/15	\$ 10,200	Bookkeeper
Belt Harris Pechacek, LLLP 3210 Bingle Rd., Suite 300 Houston, TX 77055	01/08/15	\$ 3,950	Auditor