

HOBBY AREA DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hobby Area District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Hobby Area District (the "District"), as of and for the year ended December 31, 2019, 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.

Auditor's 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 auditor's 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 entity'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 major fund of the District as of December 31, 2019, 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 13, 2020

HOBBY AREA DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

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 Hobby Area District (the "District"), formerly Harris County Improvement District No. 9, for the year ending December 31, 2019. 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.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

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

**HOBBY AREA DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The Statement of Net Position and the Statement of Activities present the District's financial statements 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.

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.

**HOBBY AREA DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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.

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 \$1,969,655 as of December 31, 2019.

A portion of the District's net position, \$724,540 or 37%, 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:

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Cash and Other Assets	\$ 3,417,300	\$ 3,090,182	\$ 327,118
Capital Assets (Net of Accumulated Depreciation)	<u>724,540</u>	<u>681,542</u>	<u>42,998</u>
Total Assets	<u>\$ 4,141,840</u>	<u>\$ 3,771,724</u>	<u>\$ 370,116</u>
Total Liabilities	<u>\$ 117,110</u>	<u>\$ 122,091</u>	<u>\$ 4,981</u>
Deferred Inflows of Resources	<u>\$ 2,055,075</u>	<u>\$ 1,907,272</u>	<u>\$ (147,803)</u>
Net Position:			
Investment in Capital Assets	\$ 724,540	\$ 681,542	\$ 42,998
Unrestricted	<u>1,245,115</u>	<u>1,060,819</u>	<u>184,296</u>
Total Net Position	<u>\$ 1,969,655</u>	<u>\$ 1,742,361</u>	<u>\$ 227,294</u>

During the current fiscal year, the District's net position increased by \$227,294 mainly due to the property assessment increase and an overall decrease in expenditures. The revenue recognition for the 2019 assessment has been fully deferred to the 2020 fiscal year.

**HOBBY AREA DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement of Activities:

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

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Assessment	\$ 1,842,281	\$ 1,821,652	\$ 20,629
Investment Earnings	31,719	28,170	3,549
Other Revenues	<u>305,463</u>	<u>390,678</u>	<u>(85,215)</u>
Total Revenues	\$ 2,179,463	\$ 2,240,500	\$ (61,037)
Expenses for Services	<u>1,952,169</u>	<u>2,106,562</u>	<u>154,393</u>
Change in Net Position	\$ 227,294	\$ 133,938	\$ 93,356
Net Position, Beginning of Year	<u>1,742,361</u>	<u>1,608,423</u>	<u>133,938</u>
Net Position, End of Year	<u>\$ 1,969,655</u>	<u>\$ 1,742,361</u>	<u>\$ 227,294</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds-The District's General Fund fund balance as of December 31, 2019 was \$1,188,467. The fund balance increased by \$191,638 from prior year. This increase was primarily due to a decrease in overall expenditures during the fiscal year.

The Hobby area improvement fund has a fund balance as of December 31, 2019 was \$30,589. The fund balance decreased by \$30,201 from prior year. This decrease was mainly due to an increase in the amount of scholarships given.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$182,254 more than budgeted primarily as the result of other revenues being more than budgeted. Actual expenditures were \$1,101,882 less than budgeted primarily due to less expenditures in security, community development, economic development, public affairs and marketing, and other expenditures than anticipated.

**HOBBY AREA DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CAPITAL ASSETS

At the end of the year, the District's government activities had invested \$724,540 in a variety of capital assets and infrastructure, net of depreciation.

The major capital asset events during the current fiscal year included the purchase of a vehicle in the amount of \$34,061 and construction of bus shelters in the amount of \$82,417.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets, Net of Accumulated Depreciation:			
Equipment	\$ 32,129	\$	\$ 32,129
Buildings and Improvements	692,411	681,542	10,869
Total Net Capital Assets	\$ 724,540	\$ 681,542	\$ 42,998

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 2020 are \$2,482,915. The District's property assessment rate will be \$0.15 per \$100 of the property assessed value for the 2019 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 Hobby Area District, 8121 Broadway, Suite 199, Houston, Texas 77061.

HOBBY AREA DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Hobby Area Improvement</u>	<u>Total</u>
ASSETS			
Cash	\$ 274,430	\$ 38,751	\$ 313,181
Investments	1,115,963		1,115,963
Receivables:			
Assessments	1,988,156		1,988,156
Due from Other Funds	5,582		5,582
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 3,384,131</u>	<u>\$ 38,751</u>	<u>\$ 3,422,882</u>
LIABILITIES			
Accounts Payable	\$ 105,089	\$ 2,580	\$ 107,669
Compensated Absences			
Due to Other Funds		5,582	5,582
TOTAL LIABILITIES	<u>\$ 105,089</u>	<u>\$ 8,162</u>	<u>\$ 113,251</u>
DEFERRED INFLOWS OF RESOURCES			
Assessment Revenues	\$ 2,090,575	\$ - 0 -	\$ 2,090,575
FUND BALANCES			
Assigned	\$ 527,915		\$ 527,915
Unassigned	660,552	30,589	691,141
TOTAL FUND BALANCES	<u>\$ 1,188,467</u>	<u>\$ 30,589</u>	<u>\$ 1,219,056</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,384,131</u>	<u>\$ 38,751</u>	<u>\$ 3,422,882</u>
NET POSITION			
Investment in Capital Assets			
Unrestricted			
TOTAL NET POSITION			

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 313,181
	1,115,963
	1,988,156
(5,582)	
<u>724,540</u>	<u>724,540</u>
\$ 718,958	\$ 4,141,840
\$	\$ 107,669
9,441	9,441
<u>(5,582)</u>	<u> </u>
\$ 3,859	\$ 117,110
\$ (35,500)	\$ 2,055,075
\$ (527,915)	\$
<u>(691,141)</u>	<u> </u>
\$ (1,219,056)	\$ - 0 -
\$ 724,540	\$ 724,540
<u>1,245,115</u>	<u>1,245,115</u>
\$ 1,969,655	\$ 1,969,655

HOBBY AREA DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balances - Governmental Funds	\$	1,219,056
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		724,540
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Deferred inflows of resources related to assessment revenues for the 2018 and prior levies became part of recognized revenue in the governmental activities of the District.		35,500
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Compensated Absences	\$ (9,441)	<u>(9,441)</u>
Total Net Position - Governmental Activities		<u>\$ 1,969,655</u>

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HOBBY AREA DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Hobby Area Improvement</u>	<u>Total</u>
REVENUES			
Assessment Revenues	\$ 1,838,461	\$	\$ 1,838,461
Penalty and Interest	32,349		32,349
Investment Revenues	31,719		31,719
Miscellaneous Revenues	<u>226,225</u>	<u>46,889</u>	<u>273,114</u>
TOTAL REVENUES	<u>\$ 2,128,754</u>	<u>\$ 46,889</u>	<u>\$ 2,175,643</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Personnel	\$ 410,491	\$	\$ 410,491
Professional Fees	76,182		76,182
Contract Services	47,211		47,211
Public Safety and Security	281,936		281,936
Community Development	637,396		637,396
Business and Economic Development	57,916		57,916
Communications, Public Affairs, and Marketing	129,658		129,658
Planning and Development/Program		103,113	103,113
Community Donations		22,751	22,751
Other	129,848	1,226	131,074
Depreciation			
Capital Outlay	<u>116,478</u>		<u>116,478</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,887,116</u>	<u>\$ 127,090</u>	<u>\$ 2,014,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 241,638</u>	<u>\$ (80,201)</u>	<u>\$ 161,437</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	<u>\$ (50,000)</u>	<u>\$ 50,000</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCES	<u>\$ 191,638</u>	<u>\$ (30,201)</u>	<u>\$ 161,437</u>
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JANUARY 1, 2019	<u>996,829</u>	<u>60,790</u>	<u>1,057,619</u>
FUND BALANCES/NET POSITION - DECEMBER 31, 2019	<u><u>\$ 1,188,467</u></u>	<u><u>\$ 30,589</u></u>	<u><u>\$ 1,219,056</u></u>

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 3,820	\$ 1,842,281
	32,349
	31,719
	<u>273,114</u>
<u>\$ 3,820</u>	<u>\$ 2,179,463</u>
\$ (19,039)	\$ 391,452
	76,182
	47,211
	281,936
	637,396
	57,916
	129,658
	103,113
	22,751
	131,074
73,480	73,480
<u>(116,478)</u>	<u></u>
<u>\$ (62,037)</u>	<u>\$ 1,952,169</u>
<u>\$ 65,857</u>	<u>\$ 227,294</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
\$ (161,437)	\$
227,294	227,294
<u>684,742</u>	<u>1,742,361</u>
<u>\$ 750,599</u>	<u>\$ 1,969,655</u>

HOBBY AREA DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Governmental Funds	\$	161,437
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report assessments revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the assessments are levied.		3,820
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Compensated Absences are reported as a liability in the Statement of Net Position. Therefore, an expense is recored in the Statement of Activities.		19,039
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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.		(73,480)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		116,478
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Change in Net Position - Governmental Activities	\$	<u>227,294</u>
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HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – CREATION OF DISTRICT

Harris County Improvement District No. 9 (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. During the current fiscal year, the Board of Directors voted to officially change the District's name to Hobby Area District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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 9 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,

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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.

The Corporation is included in the District's reporting entity because of the significance 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

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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 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.

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

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.

Asset Description	Estimated Useful Lives
Property improvement	5-40 years
Machinery and Equipment	2-10 years

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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.

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. As of December 31, 2019, the District has recorded a liability in the Statement of Net Position in the amount of \$9,441.

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.

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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. The District has assigned \$527,915 of its General Fund fund balance to cover a portion of the 2020 budget.

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.

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.

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

9. Budget

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

10. 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.

NOTE 3 – CASH AND TEMPORARY INVESTMENTS

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2019, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 274,430	\$ 252,492	\$ 526,922
HOBBY AREA IMPROVEMENT	38,751		38,751
TOTAL DEPOSITS	\$ 313,181	\$ 252,492	\$ 565,673

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, 2019, the carrying amount of the District's deposits was \$565,673 and the bank balance was \$638,131. Of the bank balance, \$635,659 was covered by federal depository insurance and \$2,492 was covered by pledged securities.

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 – CASH AND TEMPORARY INVESTMENTS (Continued)

As of December 31, 2019, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 863,471	\$ 863,471
Certificate of Deposit	252,492	252,492
TOTAL INVESTMENTS	\$ 1,115,963	\$ 1,115,963

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 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, 2019, the District's investment in TexSTAR was rated 'AAAm' by Standard & Poor's.

TexSTAR

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a Division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

Certificates of deposit are valued at acquisition cost at the date of purchase.

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 2019 assessment year, the District levied an ad valorem assessment of \$0.15 per \$100 of assessed valuation, resulting in an assessment of \$2,055,075. Revenue recognition for the 2019 assessment has been fully deferred to the 2020 fiscal year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 5 – CAPITAL ASSETS

A Summary of changes in capital assets for the year ended December 31, 2019 is as follows:

	January 1, 2019	Increases	Decreases	December 31, 2019
Capital Assets Subject to Depreciation				
Equipment	\$	\$ 34,061	\$	\$ 34,061
Buildings and Improvements	715,494	82,417		797,911
Total Capital Assets Subject to Depreciation	\$ 715,494	\$ 116,478	\$ - 0 -	\$ 831,972
Less Accumulated Depreciation				
Equipment	\$	\$ 1,932	\$	\$ 1,932
Buildings and Improvements	33,952	71,548		105,500
Total Accumulated Depreciation	\$ 33,952	\$ 73,480	\$ - 0 -	\$ 107,432
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 681,542	\$ 42,998	\$ - 0 -	\$ 724,540
Total Capital Assets, Net of Accumulated Depreciation	\$ 681,542	\$ 42,998	\$ - 0 -	\$ 724,540

HOBBY AREA DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – INTERFUND TRANSACTIONS

During the current fiscal year, the General Fund recorded a transfer of \$50,000 to the Hobby Area Improvement Fund to fund current year expenses.

NOTE 7 – 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 8 - UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

HOBBY AREA DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

HOBBY AREA DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Assessment Revenues	\$ 1,899,000	\$ 1,838,461	\$ (60,539)
Penalty and Interest	25,000	32,349	7,349
Investment Earnings	15,000	31,719	16,719
Other Income	7,500	226,225	218,725
TOTAL REVENUES	\$ 1,946,500	\$ 2,128,754	\$ 182,254
EXPENDITURES			
Services Operations:			
Personnel	\$ 741,708	\$ 410,491	\$ 331,217
Professional Fees	67,100	76,182	(9,082)
Contract Services	49,500	47,211	2,289
Public Safety and Security	396,500	281,936	114,564
Community Development	1,044,500	637,396	407,104
Business and Economic Development	208,800	57,916	150,884
Communications, Public Affairs, and Marketing	342,700	129,658	213,042
Other	138,190	129,848	8,342
Capital Outlay		116,478	(116,478)
TOTAL EXPENDITURES	\$ 2,988,998	\$ 1,887,116	\$ 1,101,882
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,042,498)	\$ 241,638	\$ 1,284,136
OTHER FINANCING SOURCES(USES)			
Transfers Out	\$ -0-	\$ (50,000)	\$ (50,000)
NET CHANGE IN FUND BALANCE	\$ (1,042,498)	\$ 191,638	\$ 1,234,136
FUND BALANCE - JANUARY 1, 2019	996,829	996,829	
FUND BALANCE - DECEMBER 31, 2019	\$ (45,669)	\$ 1,188,467	\$ 1,234,136

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HOBBY AREA DISTRICT

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

DECEMBER 31, 2019

**HOBBY AREA DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

PERSONNEL EXPENDITURES (Including Benefits)	<u>\$ 410,491</u>
PROFESSIONAL FEES:	
Auditing	\$ 15,258
Legal	50,271
Delinquent Tax Attorney	<u>10,653</u>
TOTAL PROFESSIONAL FEES	<u>\$ 76,182</u>
CONTRACTED SERVICES	
Bookkeeping	\$ 10,200
Tax Collector	<u>37,011</u>
TOTAL CONTRACTED SERVICES	<u>\$ 47,211</u>
ADMINISTRATIVE EXPENDITURES:	
Board Meetings	\$ 16,574
Insurance	8,206
Office Operations/Supplies	74,474
Postage	1,194
Rent	<u>29,400</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 129,848</u>
CAPITAL OUTLAY	<u>\$ 116,478</u>
PUBLIC SAFETY	<u>\$ 281,936</u>
COMMUNITY DEVELOPMENT	<u>\$ 637,396</u>
BUSINESS AND ECONOMIC DEVELOPMENT	<u>\$ 57,916</u>
COMMUNICATIONS, PUBLIC AFFAIRS, AND MARKETING	<u>\$ 129,658</u>
TOTAL EXPENDITURES	<u><u>\$ 1,887,116</u></u>

**HOBBY AREA DISTRICT
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexSTAR	XXXX0010	Varies	Daily	\$ 863,471	\$
Certificate of Deposit	XXXX8617	2.06%	07/14/20	<u>252,492</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 1,115,963</u>	<u>\$ - 0 -</u>

HOBBY AREA DISTRICT
ASSESSMENT LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019

		Assessments
ASSESSMENTS RECEIVABLE -		
JANUARY 1, 2019	\$ 1,641,307	
Adjustments to Beginning Balance	(65,040)	\$ 1,576,267
Original 2019 Assessment	\$ 2,055,075	
Adjustment to 2019 Assessment		2,055,075
TOTAL TO BE ACCOUNTED FOR		\$ 3,631,342
ASSESSMENT COLLECTIONS:		
Prior Years	\$ 1,540,767	
Current Year	102,419	1,643,186
ASSESSMENTS RECEIVABLE -		
DECEMBER 31, 2019		\$ 1,988,156
ASSESSMENTS RECEIVABLE BY		
YEAR:		
2019		\$ 1,952,656
2018		21,583
2017		7,421
2016		2,684
2015		1,308
2014		1,050
2013		1,454
TOTAL		\$ 1,988,156

HOBBY AREA DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Assessment Revenues	\$ 1,838,461	\$ 1,793,890	\$ 1,739,874
Penalty and Interest	32,349	20,599	20,435
Investment Revenues	31,719	28,170	12,348
Investment and Miscellaneous Revenues	226,225	362,053	360,533
TOTAL REVENUES	\$ 2,128,754	\$ 2,204,712	\$ 2,133,190
EXPENDITURES			
Personnel	\$ 410,491	\$	\$
Professional Fees	76,182	50,526	27,562
Contract Services	47,211	617,003	477,933
Public Safety and Security	281,936	367,727	397,613
Community Development	637,396	458,528	386,566
Business and Economic Development	57,916	288,893	74,448
Communications, Public Affairs, and Marketing	129,658	103,161	38,625
Other	129,848	82,671	81,301
Capital Outlay	116,478	513,474	78,238
TOTAL EXPENDITURES	\$ 1,887,116	\$ 2,481,983	\$ 1,562,286
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 241,638	\$ (277,271)	\$ 570,904
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ (50,000)	\$ (50,000)	\$ (50,000)
NET CHANGE IN FUND BALANCE	\$ 191,638	\$ (327,271)	\$ 520,904
BEGINNING FUND BALANCE	996,829	1,324,100	803,196
ENDING FUND BALANCE	\$ 1,188,467	\$ 996,829	\$ 1,324,100

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,690,544	\$ 1,533,917	86.4 %	81.4 %	81.5 %	98.1 %	98.1 %
27,983	28,583	1.5	0.9	1.0	1.6	1.8
5,251	1,925	1.5	1.3	0.6	0.3	0.1
		<u>10.6</u>	<u>16.4</u>	<u>16.9</u>		
<u>\$ 1,723,778</u>	<u>\$ 1,564,425</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$	\$	19.3 %	%	%	%	%
36,510	28,930	3.6	2.3	1.3	2.1	1.8
183,282	150,102	2.2	28.0	22.4	10.6	9.6
364,074	313,939	13.2	16.7	18.6	21.1	20.1
46,168	65,000	29.9	20.8	18.1	2.7	4.2
200,581	142,714	2.7	13.1	3.5	11.6	9.1
183,562		6.1	4.7	1.8	10.6	
62,139	26,926	6.1	3.7	3.8	3.6	1.7
<u>490,162</u>	<u>606,032</u>	<u>5.5</u>	<u>23.3</u>	<u>3.7</u>	<u>28.4</u>	<u>38.7</u>
<u>\$ 1,566,478</u>	<u>\$ 1,333,643</u>	<u>88.6 %</u>	<u>112.6 %</u>	<u>73.2 %</u>	<u>90.7 %</u>	<u>85.2 %</u>
<u>\$ 157,300</u>	<u>\$ 230,782</u>	<u>11.4 %</u>	<u>(12.6) %</u>	<u>26.8 %</u>	<u>9.3 %</u>	<u>14.8 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 157,300	\$ 230,782					
<u>645,896</u>	<u>415,114</u>					
<u>\$ 803,196</u>	<u>\$ 645,896</u>					

HOBBY AREA DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2019

District Mailing Address - Hobby Area District
8121 Broadway, Suite 199
Houston, TX 77061

District Telephone Number - (832) 982-2036

Board Members	Term of Office (Appointed)	Fees of office for the year ended December 31, 2019	Expense reimbursements for the year ended December 31, 2019	<u>Position</u>
Danny R. Perkins	06/17 -06/21 (Appointed)	\$ -0-	\$ -0-	Position 1/ Chairman
Helen Bonsall	06/17-06/21 (Appointed)	\$ -0-	\$ -0-	Position 2/ Vice Chairman
Liliana Rambo	02/19-06/21 (Appointed)	\$ -0-	\$ -0-	Position 3
Ann Collum	06/17-06/21 (Appointed)	\$ -0-	\$ -0-	Position 4
Sue De Haven	06/17-06/21 (Appointed)	\$ -0-	\$ -0-	Position 5
Keyur Amin	10/19-06/23 (Appointed)	\$ -0-	\$ -0-	Position 6
Joe Ed Nelson	06/19-06/23 (Appointed)	\$ -0-	\$ -0-	Position 7
Darryl Baily	06/19-06/23 (Appointed)	\$ -0-	\$ -0-	Position 8
James Brown	08/19-06/23 (Appointed)	\$ -0-	\$ -0-	Position 9 Secretary/ Treasurer

HOBBY AREA DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2019

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2019</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	01/01/19	\$ 50,168	Attorney
Belt Harris Pechacek, LLP	01/08/15	\$ 11,658	Prior Auditor
McCall Gibson Swedlund Barfoot PLLC	04/09/20	\$ -0-	Auditor
Governmental Financial Reporting LLC	12/01/15	\$ 11,256	Bookkeeper
Perdue Brandon Fielder Collins & Mott, LLP	06/12/14	\$ 10,653	Delinquent Tax Attorney
Hawes Hill & Associates, LLP	08/24/07	\$ 63,589	District Administrator
Clark Condon & Associates	02/13/14	\$ -0-	Environmental Design Services
Roland, Fry & Warren, LLC	01/15/15	\$ 3,600	Financial Statement Preparer
Roland, Fry & Warren, LLC	05/18/14	\$ -0-	Investment Officer
Equi-Tax, Inc.	09/19/07	\$ 37,011	Tax Assessor/ Collector

