

**HARRIS-GALVESTON
SUBSIDENCE DISTRICT**

Annual Financial Report

Year Ended December 31, 2017

HARRIS-GALVESTON SUBSIDENCE DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Financial Section	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Notes to Financial Statements	19
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis) - General Fund	30
Notes to Required Supplementary Budgetary Information	33

Independent Auditor's Report

To the Board of Directors
Harris-Galveston Subsidence District
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Harris-Galveston Subsidence 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

The District's 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 entity'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.

To the Board of Directors
Harris-Galveston Subsidence District

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 each 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 on pages 5 - 10 and the general fund budgetary comparison information on pages 30 - 33 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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas

April 4, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

(This page intentionally left blank.)

HARRIS-GALVESTON SUBSIDENCE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Harris-Galveston Subsidence District, we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the Harris-Galveston Subsidence District for the year ended December 31, 2017.

Financial Highlights

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Harris-Galveston Subsidence District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Harris-Galveston Subsidence District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two 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.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. earned but unused vacation leave).

The government-wide financial statements can be found on pages 12 through 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Harris-Galveston Subsidence District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government'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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Government-wide Financial Analysis

The assets of the Harris-Galveston Subsidence District exceeded its liabilities at the close of the most recent year by \$8.29 million (Net Position). Of this amount, \$6.19 million (unrestricted net position) may be used to meet the ongoing obligations to creditors.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
Schedule of Net Position
December 31, 2017 and 2016

Table A-1

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 8,382,622	\$ 6,667,533
Capital assets	1,203,416	1,339,860
Total Assets	<u>9,586,038</u>	<u>8,007,393</u>
Long-term liabilities	19,965	18,689
Other liabilities	1,277,666	940,733
Total Liabilities	<u>1,297,631</u>	<u>959,422</u>
Net Position		
Investment in capital assets	1,203,416	1,339,860
Restricted	895,009	92,500
Unrestricted	6,189,982	5,615,611
Total Net Position	<u>\$ 8,288,407</u>	<u>\$ 7,047,971</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District's net position increased by \$1.24 million during the current year. The following table summarizes the changes in net position for the District for the year ended December 31, 2017 and 2016:

HARRIS-GALVESTON SUBSIDENCE DISTRICT *Table A-2*
Schedule of Changes in Net Position
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues (Charges for Services):		
Groundwater management	\$ 3,295,428	2,737,781
Science and research	260,801	363,464
Water conservation program	2,520,991	1,420,142
General revenues:		
Unrestricted investment earnings	15,635	7,748
Miscellaneous	50,527	52,005
Total Revenues	<u>6,143,382</u>	<u>4,581,140</u>
Expenses		
Groundwater management	2,994,160	3,118,135
Science and research	295,204	90,425
Water conservation program	1,613,582	1,471,718
Total Expenses	<u>4,902,946</u>	<u>4,680,278</u>
Change in Net Position	1,240,436	(99,138)
Net Position, beginning of year	<u>7,047,971</u>	<u>7,147,109</u>
Net Position, end of year	<u>\$ 8,288,407</u>	<u>\$ 7,047,971</u>

Explanation for changes in financial revenues and expenses shown in financial analysis on page 8.

Governmental Activities. A comparison of program expenses to program revenues and revenues by source for governmental activities follows:

HARRIS-GALVESTON SUBSIDENCE DISTRICT *Table A-3*
EXPENSES, PROGRAM REVENUES AND NET COST OF SERVICES -
GOVERNMENTAL ACTIVITIES
For the years ended December 31, 2017 and 2016

Functions/Programs	Expenses	Program Revenue Charges for Services	2017 Net Revenue (Cost) of Services	2016 Net Revenue (Cost) of Services
Groundwater management	\$ 2,994,160	\$ 3,295,428	\$ 301,268	\$ (380,354)
Science and research	295,204	260,801	(34,403)	273,039
Water conservation program	1,613,582	2,520,991	907,409	(51,576)
	<u>\$ 4,902,946</u>	<u>\$ 6,077,220</u>	<u>\$ 1,174,274</u>	<u>\$ (158,891)</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Revenue sources for governmental activities were distributed as follows:

HARRIS-GALVESTON SUBSIDENCE DISTRICT
REVENUES BY SOURCE - GOVERNMENTAL
ACTIVITIES
For the year ended December 31, 2017

Table A-4

	<u>Dollars</u>	<u>Percentage</u>
Charges for services	\$ 6,077,220	98.92%
Unrestricted investment earnings	15,635	0.25%
Miscellaneous	50,527	0.82%
	<u>\$ 6,143,382</u>	<u>100%</u>

Financial Analysis of Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Harris-Galveston Subsidence District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$7.10 million, an increase of \$1.38 million from the prior year. The increase in fund balance in the general fund was due in part to a permit fee rate increase effective January 1, 2017, as well as a decrease in expenditures in the contract services and capital outlay accounts. The increase in groundwater management revenues in current year was due in part to a change in permit term for a large District permittee. The increase in fund balance in the water conservation program was due in part to an increase of students enrolled in the program over the prior year. In addition, the increase in water conservation program revenue in the current year was due in part to the timing of a monthly billing, where actual billings were completed in a subsequent month.

The General Fund is the chief operating fund of Harris-Galveston Subsidence District. At the end of the current year the fund balance of the General Fund was \$4.11 million.

General Fund Budgetary Highlights

The adopted budget for the 2017 year set general fund revenues at \$3.41 million, a \$615 thousand increase from 2016 actual revenues. Budgeted expenditures in 2017 were set at \$3.35 million, a \$79 thousand decrease from 2016 actual.

During the 2017 year, actual revenues were less than budgeted by \$53 thousand. This is due in part to compromise and settlement income coming in at less than budgeted.

Total expenditures in 2017 were under budget by \$489 thousand. This is due in part to a project budgeted in 2017 which will extend into 2018. The development of a permit tracking system was negotiated to be completed in 2018 with development and implementation phases to be conducted over 2017 and 2018. However, the District ultimately opted to utilize a non-proprietary software system with contract expenditures set to commence in 2018.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset Administration

Capital Assets. Harris-Galveston Subsidence District's investment in capital assets for its governmental activities, as of December 31, 2017, amounts to \$1,203,416 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, vehicles, software, office equipment, and furniture. The total decrease in the District's investment in capital assets, for the current year, was approximately 10% percent.

A summary of capital assets, as of December 31, 2017 and 2016, is as follows:

HARRIS-GALVESTON SUBSIDENCE DISTRICT *Table A-5*
CAPITAL ASSETS, NET OF DEPRECIATION WHERE
APPLICABLE
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Land	\$ 225,632	\$ 225,632
Intangible assets, software	39,545	76,377
Buildings and improvements	798,721	842,413
Equipment and furniture	103,587	139,974
Vehicles	35,931	55,464
	<u>\$ 1,203,416</u>	<u>\$ 1,339,860</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

On November 8, 2017, the District adopted its 2018 budget, which represents an increase in revenues of 1% and a decrease in expenditures of 1% when compared to the 2017 approved budget.

District billing rates for the 2018 year remained consistent with the rates established in the prior year.

Below is a comparison of the 2018 budget with 2017 actual revenues and expenditures:

HARRIS-GALVESTON SUBSIDENCE DISTRICT *Table A-6*
General Fund Budget (in thousands)

	2017 <u>Actual</u>	2018 <u>Budget</u>	Increase <u>(Decrease)</u>
Revenues	\$ 3,356	\$ 3,450	3%
Expenditures	2,856	3,320	16%
Revenues over expenditures	<u>\$ 499</u>	<u>\$ 130</u>	

HARRIS-GALVESTON SUBSIDENCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Requests for Information

This financial report is designed to provide a general overview of the Harris-Galveston Subsidence District's finances for all those with an interest in the government's finances. Questions concerning any of the information in this audit or other District financial statements should be directed to either the General Manager or the Administrative Officer.

FINANCIAL SECTION

HARRIS-GALVESTON SUBSIDENCE DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,037,362
Certificates of deposit	2,395,838
Receivables, net of allowance for doubtful accounts	949,422
Capital assets, net of depreciation/amortization where applicable:	
Land and improvements	225,632
Intangible assets, software	39,545
Buildings and improvements	798,721
Equipment and furniture	103,587
Vehicles	35,931
Total capital assets	<u>1,203,416</u>
Total Assets	<u>9,586,038</u>
Liabilities	
Accounts payable and accrued expenses	737,080
Unearned revenues	540,586
Long-term liabilities:	
Due in more than one year	19,965
Total Liabilities	<u>1,297,631</u>
Net Position	
Investment in capital assets	1,203,416
Restricted for water conservation program	895,009
Unrestricted	6,189,982
Total Net Position	<u>\$ 8,288,407</u>

See accompanying Notes to Financial Statements.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	<u>General</u>	<u>Water Conservation Program</u>	<u>Science and Research</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,485,901	\$ 718,965	\$ 1,832,496	\$ 5,037,362
Certificates of deposit	1,997,070		398,768	2,395,838
Receivables, net of allowance for doubtful accounts	158,050	646,582	144,790	949,422
Total Assets	<u>\$ 4,641,021</u>	<u>\$ 1,365,547</u>	<u>\$ 2,376,054</u>	<u>\$ 8,382,622</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 95,595	\$ 470,538	\$ 170,947	\$ 737,080
Unearned revenue	436,142		104,444	540,586
Total Liabilities	<u>531,737</u>	<u>470,538</u>	<u>275,391</u>	<u>1,277,666</u>
Fund Balances:				
Restricted for water conservation program	\$	\$ 895,009	\$	\$ 895,009
Committed for science and research			2,100,663	2,100,663
Assigned for capital assets and improvements	185,000			185,000
Assigned for regulatory planning	1,700,000			1,700,000
Unassigned	2,224,284			2,224,284
Total Fund Balances	<u>4,109,284</u>	<u>895,009</u>	<u>2,100,663</u>	<u>7,104,956</u>
Total Liabilities and Fund Balances	<u>\$ 4,641,021</u>	<u>\$ 1,365,547</u>	<u>\$ 2,376,054</u>	<u>\$ 8,382,622</u>

See accompanying Notes to Financial Statements.

HARRIS-GALVESTON SUBSIDENCE DISTRICT

***RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION***

December 31, 2017

Total fund balances, governmental funds \$ 7,104,956

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 in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 1,203,416

Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Compensated Absences (19,965)

Net Position of Governmental Activities in the Statement of Net Position \$ 8,288,407

See accompanying Notes to Financial Statements.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	Water Conservation Program	Science and Research	Total
Revenues				
Permit fees, net of refunds	\$ 2,328,142	\$	\$	\$ 2,328,142
Application fees, net of refunds	464,235			464,235
Compromise and settlement	128,464		48,223	176,687
Interlocal agreement	374,587			374,587
Water conservation program		2,520,991		2,520,991
Disincentive fee			212,578	212,578
Interest	9,844	1,576	4,215	15,635
Other	50,527			50,527
Total Revenues	3,355,799	2,522,567	265,016	6,143,382
Expenditures				
Current:				
Personnel	1,747,911			1,747,911
Board of directors	87,533			87,533
Office supplies	222,945	3,583	27	226,555
Information and education	26,284	1,506,130		1,532,414
Building operations	97,921			97,921
Transportation	33,973	1,794		35,767
Contract services	634,058	96,750	295,177	1,025,985
Capital Outlay	5,815	5,325		11,140
Total Expenditures	2,856,440	1,613,582	295,204	4,765,226
Revenues Over (Under) Expenditures	499,359	908,985	(30,188)	1,378,156
Other Financing Sources (Uses)				
Transfers In	106,476			106,476
Transfers Out		(106,476)		(106,476)
Total other financing sources and uses	106,476	(106,476)		
Net change in fund balance	605,835	802,509	(30,188)	1,378,156
Fund balances at beginning of year	3,503,449	92,500	2,130,851	5,726,800
Fund Balances at end of year	\$ 4,109,284	\$ 895,009	\$ 2,100,663	\$ 7,104,956

See accompanying Notes to Financial Statements.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds: \$ 1,378,156

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay in the current period	11,140
Depreciation in the current period	(147,584)

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.

Change in accrued compensated absences	<u>(1,276)</u>
--	----------------

Change in Net Position of governmental activities	<u><u>\$ 1,240,436</u></u>
--	-----------------------------------

See accompanying Notes to Financial Statements.

(This page intentionally left blank.)

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The District was created by a special act of the Texas Legislature under Article 16, Section 59 of the Texas Constitution (the "Act"). The Act provides that the District is responsible for the regulation of the withdrawal of groundwater within the boundaries of Harris and Galveston Counties for the purpose of ending subsidence in those areas. Persons or entities operating or drilling water wells are required by the Act to apply for a permit.

The District's Board of Directors is responsible for the approval and issuance of permits and the rate of permit fees. Fees are based on the permit term and the maximum annual amount of groundwater authorized to be withdrawn from the well.

Permit fees collected by the District are used to cover the costs of issuing permits and performing other regulatory functions under the Act.

The District considers water conservation education to be an important component to fulfilling its mission and accordingly administers a water conservation program.

The District is governed by an appointed board and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. No other entities, organizations or functions have been included in the District's financial reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining the District's financial reporting entity status is that of a primary government are: that it has a separate governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations 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 financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The governmental accounting standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described in the following notes.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the District as a whole. These statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal source of revenue of the General Fund is permit fees, net of refunds. Expenditures are for general government purposes.

The *Water Conservation Fund* accounts for revenue sources that are restricted to expenditures for interlocal agreements with business and governmental entities which participate in the water conservation project.

The *Science and Research Fund* accounts for a disincentive fee applied to permitted groundwater withdrawals that exceed designated percentages of a permit holders' total water demand for permit holders who fail to meet the regulatory requirements in Regulatory Areas 1, 2 and 3. The funds will be used to support subsidence related projects aimed to minimize subsidence and ensure the long term viability of all the water resources within the District, as outlined in the Science and Research Plan.

HARRIS-GALVESTON SUBSIDENCE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

D. Cash and investments (Cash Equivalents)

The District's cash and investments consist of petty cash, checking accounts and amounts in demand deposits and short-term investments with a maturity date within two years of the date acquired by the District.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance is based on a review of outstanding receivables at year end and the likelihood of collection on those receivables.

F. Due to and from Other Funds

Interfund receivables and payables that arise from interfund transactions are recorded by all funds affected in the period in which the transactions are executed.

G. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. All purchased fixed assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements and equipment are capitalized. Capital assets are depreciated over their remaining useful lives using the straight-line method as follows:

Asset	Useful Life
Buildings	20-50 years
Machinery and Equipment	4-10 years
Intangible Assets	5 years

H. Unearned Revenues

Unearned revenues include prepaid permit fees and permit fees assessed for the 2018 year end.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

I. Compensated Absences

Employees earn vacation based on years of service with the District and may accumulate unused time up to a maximum of 40 to 80 hours. In accordance with GAAP, the liability for accumulated vacation, as of December 31, 2017, has been recorded as a liability in the Government-Wide Statement of Net Position.

J. Fund Balance Flow Assumptions

The District's governmental fund balances are classified as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources or by constitutional provision or enabling legislation.
- Committed – amounts that can be set aside for a specific purpose by formal action taken by the Board.
- Assigned – amounts that can be intended for a specific purpose that do not meet the definition of committed or restricted. Per the Board policy, amounts can be authorized by the General Manager.
- Unassigned – includes amounts that have not been assigned to other funds or restricted or committed to a specific purpose within the General Fund.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of committed, assigned, unassigned fund balance.

K. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

L. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

M. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Cash and Investments

Cash and investments consist of checking and time deposit accounts and certificates of deposits.

At December 31, 2017, cash and investments consisted of the following:

	<u>Governmental Activities</u>	<u>W.A.M. (Days)</u>	<u>Percentage of Total Deposits</u>
Cash			
Checking accounts	\$ 5,037,002		67.76%
Petty Cash	360		0.00%
Total Cash	<u>5,037,362</u>		<u>67.77%</u>
Investments			
Certificates of Deposits	<u>2,395,838</u>	<u>278.3</u>	<u>32.23%</u>
Total Investments	<u>2,395,838</u>		<u>32.23%</u>
Total Cash and Investments	<u>\$ 7,433,200</u>		<u>100.00%</u>

Certificates of deposit fall under the level 1 input category.

Investment Policies

The District is authorized by state statutes to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certificates of deposit obtained through a depository institution that has its main office or branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.01(a) and (b) of the Public Funds Investment Act (PFIA), and (4) certain qualified local government investment pools.

As of December 31, 2017, the District's investments consist of certificates of deposits only.

Deposits

Custodial Credit Risk: In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. State statutes require that all amounts deposited in financial institutions be covered by federal depository insurance and if necessary pledged collateral. The types of collateral to be pledged to secure District funds are stated in state statutes. The District's deposits, including certificates of deposit, at December 31, 2017 were secured by depository insurance or by collateral held by a third-party custodian in the District's name, and thus were not exposed to custodial credit risk. The District's total deposits at December 31, 2017 were \$7,491,625.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of investments. The District addresses interest rate risk by limiting investments to a maturity of two years or less. All of the District's time deposits at December 31, 2017 will mature within the next two years.

Credit Risk: State law limits investments in all categories to top ratings issued by nationally recognized rating agency. The District's policy limits investments to obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies and local government investment pools. At December 31, 2017, the District has no investments exposed to credit risk.

HARRIS-GALVESTON SUBSIDENCE DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****Note 2 - Cash and Investments (continued)**

Concentration of credit risk: The District's investment policy calls for diversification of the portfolio, but does not specify limits. At December 31, 2017, time deposits made up approximately 32% of the District's cash and temporary investments.

Note 3 – Receivables

Amounts recorded as receivables as of December 31, 2017, for the government's individual major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water Conservation Program</u>	<u>Science and Research</u>	<u>Total</u>
Receivables				
Permit fees	\$ 67,589	\$	\$ 115,447	\$ 183,036
Compromise and settlement	65,066		286,616	351,682
Water conservation program		646,582		646,582
Accrued interest	5,824		681	6,505
Other	24,648			24,648
Gross Receivables	<u>163,127</u>	<u>646,582</u>	<u>402,744</u>	<u>1,212,453</u>
Less: Allowance for doubtful accounts	(5,077)		(257,954)	(263,031)
Net Receivables	<u>\$ 158,050</u>	<u>\$ 646,582</u>	<u>\$ 144,790</u>	<u>\$ 949,422</u>

As of December 31, 2017, an allowance of \$5,077 has been recorded for compromise and settlement permit fee receivables in the General Fund. In addition, an allowance of \$257,954 has been recorded in the Science and Research Fund for disincentive compromise and settlement fee receivables.

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Capital Assets

A summary of activity for capital assets, for the year ended December 31, 2017, follows:

	Balance 12/31/2016	Additions / Reclassifications	Retirements / Reclassifications	Balance 12/31/2017
Capital assets not being depreciated				
Land	\$ 225,632	\$	\$	\$ 225,632
Total capital assets not being depreciated	<u>225,632</u>			<u>225,632</u>
Intangible assets being amortized				
Software	255,077			255,077
Capital assets being depreciated				
Buildings	1,383,838			1,383,838
Machinery and equipment	1,437,772	5,325		1,443,097
Office equipment and furniture	366,493	5,815		372,308
Vehicles	100,686			100,686
Total capital assets/intangibles being depreciated	<u>3,543,866</u>	<u>11,140</u>		<u>3,555,006</u>
Accumulated amortization				
Software	(178,700)	(36,832)		(215,532)
Accumulated depreciation				
Buildings	(541,425)	(43,692)		(585,117)
Machinery and equipment	(1,418,149)	(8,235)		(1,426,384)
Office equipment and furniture	(246,142)	(39,292)		(285,434)
Vehicles	(45,222)	(19,533)		(64,755)
Total accumulated depreciation/amortization	<u>(2,429,638)</u>	<u>(147,584)</u>		<u>(2,577,222)</u>
Total capital assets being depreciated, net	<u>1,114,228</u>	<u>(136,444)</u>		<u>977,784</u>
Total capital assets, net	<u>\$ 1,339,860</u>	<u>\$ (136,444)</u>	<u>\$</u>	<u>\$ 1,203,416</u>

Depreciation expense for the current year was charged to the groundwater management function.

Note 5 - Compensated Absences

A liability for earned but unused vacation as of December 31, 2017, for \$19,965 has been recorded in the statement of net position. Compensated absences are liquidated by the general fund. A summary of the change in compensated absences for the period ended December 31, 2017, follows:

Balance, beginning of year	\$ 18,689
Addition	3,215
Reduction	(1,939)
Balance, end of year	<u>\$ 19,965</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Pension Plan

The District has established the Harris-Galveston Subsidence District Qualified Pension Plan 401(a) (the “Plan”). The Plan covers all employees and board members. The Board of Directors appointed the International City/County Management Association-Retirement Corporation (ICMA-RC) to serve as Plan Administrator and trustee. All employees are eligible to participate in the Plan upon employment. All board members are eligible to participate in the Plan upon appointment to the board.

The Plan provides for a minimum District contribution of 15% of total current covered payroll. Contributions are funded twice a month. Under the terms of the Plan, active participants, as of August 1, 1996, are 100% vested. Participants eligible, after August 1, 1996, become 100% vested on the fifth anniversary of employment. Participants are eligible for payment of benefits upon reaching age 65, becoming disabled or separating from service for any other reason. Benefits are distributed in accordance with the instructions of the participants.

At December 31, 2017, all of the District’s employees and board members were members of the Plan. Non-vested contributions are immaterial to total contributions at December 31, 2017. Vested contributions are solely the possession of participating employees.

At December 31, 2017, the total plan assets were \$5,621,200. The assets belong to the Plan and are not included in the financial statements of the District. The assets are self-directed by participants into available investments and were allocated as follows as of year-end:

	Balance	Percent of Assets
Stable Value/Money Market Funds	\$ 2,096,429	37%
Bond Funds	115,956	2%
Balanced Funds	2,351,901	42%
U.S. Stock Funds	1,023,544	18%
International Stock Funds & Specialty	33,370	1%
	<u>\$ 5,621,200</u>	<u>100%</u>

Total current payroll expenditures for employee salaries and board member per diem was \$1,252,186 and \$42,300 respectively for the year ended December 31, 2017, all of which was covered under the Plan. District contributions to the Plan, for the year ended December 31, 2017 were \$194,174 which represents the required District contribution of 15 percent. In addition, as of December 31, 2017, there was no balance in the Plan forfeiture account.

Note 7 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees upon employment, and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by ICMA-RC.

HARRIS-GALVESTON SUBSIDENCE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Retirement Health Savings Plan

The District offers a Retirement Health Savings Plan (RHS Plan) to provide reasonable security for health needs during retirement. The plan was established on November 8, 2000, by the Board of Directors. Full time employees who are not eligible for retirement health benefits under the District's employee benefit plan are eligible for the retirement health savings plan. Employees are eligible for participation after one year of service. At December 31, 2017, the District had 18 employees, with 18 eligible and participating in the plan.

The RHS Plan provides for a District contribution of \$1,500 plus 1% of previous year's pay for the plan year. The District will also contribute any accrued vacation in excess of two weeks (up to 80 hours) that remains unused at the end of the year for employees with over 15 years of service. Under the RHS Plan, an employee will be 100% vested on the fifth anniversary of plan participation. A participant is eligible to receive benefits at retirement age of 62.

District contributions to the plan, for the year ended December 31, 2017, were \$41,266, which includes the District's required contribution as well as additional contributions for unused vacation hours.

Note 9 - Risk Management

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The participation of the District in the risk pool is limited to the payment of premiums. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in insurance coverage from that of the previous year.

Note 10 - Health Insurance

Employees of the District are covered by a fully insured health care plan. In the current year, the District covered the health insurance premium at a rate of 80 - 90% based on the coverage plan elected with the employee covering the remaining 10 - 20% of the annual premium.

HARRIS-GALVESTON SUBSIDENCE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Interlocal Agreements

Fort Bend Subsidence District Administration

In September 1989, the Fort Bend Subsidence District (FBSD) was established by Article 16, Section 59 of the Texas Constitution. FBSD is an autonomous legal entity that is responsible for the regulation of ground water withdrawal in Fort Bend County. Pursuant to an interlocal agreement between the FBSD and the District, the District is responsible for performing substantially all of the administrative functions associated with the conduct of FBSD's operations. Accordingly, the District provides FBSD with personnel, research services and billing services.

In exchange for these services, FBSD paid the District \$243,500 and reimbursed expenditures of \$131,087 for the year ended December 31, 2017.

Water Conservation Project

The District has entered into interlocal agreements with local businesses and governmental entities to participate in a water conservation project. The project is designed to achieve water conservation through the retrofit of plumbing fixtures combined with a strong educational program administered through public schools. The District has agreed to coordinate and administer the project. The entities have agreed to sponsor the program by contributing \$36.46 for each student participating in the project. As the revenue received is restricted to a specific use, the District has established a special revenue fund to record revenue and expenditures related to the water conservation project.

The amount reported as restricted at December 31, 2017 is for the water conservation project due to contractual obligations related to the sponsor interlocal agreement.

REQUIRED SUPPLEMENTARY INFORMATION

HARRIS-GALVESTON SUBSIDENCE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - (GAAP BASIS)
 GENERAL FUND
 For the Year Ended December 31, 2017
 with Comparative Actual Information for the Year Ended December 31, 2016

	2017		Final Budget vs. Actual	2016
	Original Budget	Final Budget	Variance Positive (Negative)	Actual
Revenues				
Permit fees, net:				
Permit fees	\$ 2,372,000	\$ 2,372,000	\$ (4,927)	\$ 1,840,241
Permit fee refunds	(27,645)	(27,645)	(11,286)	(42,557)
	<u>2,344,355</u>	<u>2,344,355</u>	<u>(16,213)</u>	<u>1,797,684</u>
Application fees, net:				
Application fees	462,000	462,000	(29,545)	366,725
Emergency approval fees			33,000	30,500
Application fee refunds			(1,220)	(1,525)
	<u>462,000</u>	<u>462,000</u>	<u>2,235</u>	<u>395,700</u>
Compromise and settlements:				
Compromise and settlements	175,000	175,000	(46,536)	161,903
	<u>175,000</u>	<u>175,000</u>	<u>(46,536)</u>	<u>161,903</u>
Interlocal agreement	<u>383,500</u>	<u>383,500</u>	<u>(8,913)</u>	<u>382,494</u>
Interest revenue	<u>2,000</u>	<u>2,000</u>	<u>7,844</u>	<u>3,767</u>
Other:				
Miscellaneous	12,000	12,000	(5,612)	17,714
Miscellaneous legal revenue	30,000	30,000	14,139	34,291
	<u>42,000</u>	<u>42,000</u>	<u>8,527</u>	<u>52,005</u>
Total Revenues	<u>\$ 3,408,855</u>	<u>\$ 3,408,855</u>	<u>\$ (53,056)</u>	<u>\$ 2,793,553</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - (GAAP BASIS)
GENERAL FUND
For the Year Ended December 31, 2017
with Comparative Actual Information for the Year Ended December 31, 2016

	2017			Final Budget vs. Actual	2016
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Expenditures					
Personnel					
Salaries	\$ 1,218,470	\$ 1,218,470	\$ 1,252,186	\$ (33,716)	\$ 1,237,908
Retirement	182,780	182,780	187,829	(5,049)	185,686
Group health insurance	256,370	256,370	224,437	31,933	185,086
Retirement health system	47,640	47,640	41,266	6,374	42,087
Life insurance	8,080	8,080	7,654	426	7,624
Disability insurance	5,850	5,850	5,728	122	5,636
Medicare - employer	17,670	17,670	15,225	2,445	15,035
Workers' compensation insurance	8,110	8,110	11,526	(3,416)	6,521
Unemployment			2,060	(2,060)	
	<u>1,744,970</u>	<u>1,744,970</u>	<u>1,747,911</u>	<u>(2,941)</u>	<u>1,685,583</u>
Board of directors					
Member per diem	57,850	57,850	42,300	15,550	49,800
Board travel	17,500	17,500	6,651	10,849	9,521
Office and director liability insurance	8,000	8,000	5,555	2,445	6,000
Board FICA	750	750	614	136	723
Board retirement	8,700	8,700	6,345	2,355	7,470
Other	30,000	30,000	26,068	3,932	37,725
	<u>122,800</u>	<u>122,800</u>	<u>87,533</u>	<u>35,267</u>	<u>111,239</u>
Office supplies					
Supplies	14,000	14,000	11,083	2,917	11,758
Mail and postage	25,000	25,000	23,624	1,376	24,821
Equipment repair and upgrade	18,000	18,000	12,935	5,065	12,557
Computer software	38,430	48,430	34,018	14,412	26,862
Telephone	49,000	49,000	30,854	18,146	37,130
Legal notices	77,000	77,000	75,525	1,475	73,937
Surety bonds	500	500	404	96	404
Equipment rental	25,500	25,500	28,877	(3,377)	26,426
Miscellaneous supplies and equipment	9,000	9,000	5,625	3,375	7,268
	<u>256,430</u>	<u>266,430</u>	<u>222,945</u>	<u>43,485</u>	<u>221,163</u>
Information and education					
Memberships, dues and subscriptions	8,500	8,500	10,200	(1,700)	8,677
Conference and meetings	13,000	13,000	6,528	6,472	7,118
Travel	15,000	15,000	9,371	5,629	6,543
Employee training	3,600	3,600	185	3,415	8,409
	<u>40,100</u>	<u>40,100</u>	<u>26,284</u>	<u>13,816</u>	<u>30,747</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - (GAAP BASIS)

GENERAL FUND

For the Year Ended December 31, 2017

with Comparative Actual Information for the Year Ended December 31, 2016

	2017			Final Budget vs. Actual	2016
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Building operations					
Utilities	\$ 35,000	\$ 35,000	\$ 32,798	\$ 2,202	\$ 36,776
Insurance	10,000	10,000	6,239	3,761	6,259
Janitorial	12,000	12,000	11,700	300	11,700
Building maintenance	36,915	71,915	41,617	30,298	35,483
Grounds maintenance	7,400	7,400	5,567	1,833	6,992
	<u>101,315</u>	<u>136,315</u>	<u>97,921</u>	<u>38,394</u>	<u>97,210</u>
Transportation					
Operating supplies	12,000	12,000	10,750	1,250	11,240
Vehicle maintenance	7,500	7,500	6,096	1,404	2,745
Tolls, parking and miscellaneous	5,200	5,200	5,420	(220)	5,906
Vehicle insurance	7,200	7,200	3,973	3,227	4,420
Mileage allowances	10,000	10,000	6,734	3,266	5,185
Liability deductible claims			1,000	(1,000)	
	<u>41,900</u>	<u>41,900</u>	<u>33,973</u>	<u>7,927</u>	<u>29,496</u>
Contract services					
Audit	20,000	20,000	16,700	3,300	17,420
USGS - studies	276,200	276,200	276,200		304,200
Legal	177,000	177,000	148,331	28,669	170,796
Engineering fees	423,000	393,000	121,253	271,747	223,739
Management services	50,000	50,000	18,191	31,809	42,977
Hearing examiner	21,400	21,400	20,400	1,000	20,400
GPS systems	40,000	35,000	32,983	2,017	25,273
	<u>1,007,600</u>	<u>972,600</u>	<u>634,058</u>	<u>338,542</u>	<u>804,805</u>
Capital outlay					
IT Systems development	5,000	5,000		5,000	
IT Equipment	25,000	15,000	5,815	9,185	73,647
Motor vehicles					40,538
Building improvements					329,589
	<u>30,000</u>	<u>20,000</u>	<u>5,815</u>	<u>14,185</u>	<u>443,774</u>
Total Expenditures	<u>3,345,115</u>	<u>3,345,115</u>	<u>2,856,440</u>	<u>488,675</u>	<u>3,424,017</u>
Revenues Over (Under) Expenditures	63,740	63,740	499,359	435,619	(630,464)
Other Financing Sources (Uses)					
Transfers In (from WCP)	106,476	106,476	106,476		106,101
Total Other Financing Sources (Uses)	<u>106,476</u>	<u>106,476</u>	<u>106,476</u>		<u>106,101</u>
Change in fund balances	170,216	170,216	605,835	435,619	(524,363)
Fund balances at beginning of year	<u>3,503,449</u>	<u>3,503,449</u>	<u>3,503,449</u>		<u>4,027,812</u>
Fund Balances at end of Year	<u>\$ 3,673,665</u>	<u>\$ 3,673,665</u>	<u>\$ 4,109,284</u>	<u>\$ 435,619</u>	<u>\$ 3,503,449</u>

HARRIS-GALVESTON SUBSIDENCE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

General Budget Policies

The budget is prepared using the same method of accounting as for financial reporting. An annual appropriations budget for the General Fund is prepared and approved by the Board of Directors. Amendments to the budget require Board of Directors approval. There were no budget amendments in 2017.

Amounts budgeted for projects but not spent in the current year are considered to be carried forward to the next year. In the current year, there were no budget amounts carried forward.