

**INTERNATIONAL MANAGEMENT DISTRICT**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2008**

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Board of Directors  
International Management District  
Harris County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the International Management District (the "District"), as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the preceding table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors  
International Management District

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund that accounting principles generally accepted in the United States of America have determined necessary to supplement, although not required to be part of, the basic financial statements.

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. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McCall, Gibson + Company, PLLC*  
McCall, Gibson & Company, PLLC  
Certified Public Accountants

June 4, 2009

**INTERNATIONAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED DECEMBER 31, 2008**

Our discussion and analysis of the International Management District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the District's financial statements, which begin on page 7.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of the government-wide statements is the Statement of Net Assets. This information is found in the Statement of Net Assets column on page 7. The Statement of Net Assets is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of Statement of Activities on page 9 reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**INTERNATIONAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED DECEMBER 31, 2008**

**FUND FINANCIAL STATEMENTS**

The combined statements also include 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 District has one governmental fund type. The General Fund accounts for resources from assessment revenues and general expenditures.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets on page 8 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to the Statement of Activities on page 10 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 through 17 in this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$189,950 December 31, 2008.

With the first period audit, the District is not presenting comparable period columns in the various comparisons and analyses. In future periods, when information is available on a comparable basis, a comparative analysis of government-wide changes in net assets will be presented.

**INTERNATIONAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED DECEMBER 31, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of the Statement of Net Assets
	2008
Current and Other Assets	\$ <u>1,250,834</u>
Total Assets	\$ <u>1,250,834</u>
Other Liabilities	\$ <u>1,440,784</u>
Total Liabilities	\$ <u>1,440,784</u>
Net Assets:	
Unrestricted	<u>(189,950)</u>
Total Net Assets	<u>\$ (189,950)</u>

The following table provides a summary of the District's operations for the year ended December 31, 2008. The District net assets decreased by \$189,950.

	Summary of the Statement of Activities
	2008
Total Revenues	\$ -0-
Expenses for Services	<u>189,950</u>
Change in Net Assets	\$ (189,950)
Net Assets, Beginning of Year	<u>-0-</u>
Net Assets, End of Year	<u>\$ (189,950)</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District did not have a fund balance as of December 31, 2008.

**INTERNATIONAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED DECEMBER 31, 2008**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not adopted a budget for the current fiscal year. The District did not have any revenues or expenditures during the current fiscal year.

**CAPITAL ASSETS**

The District did not own capital assets as of December 31, 2008.

**LONG-TERM DEBT ACTIVITY**

As of December 31, 2008, the District did not have long-term debt.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to International Management District, c/o Hawes Hill Calderon LLP, P. O. Box 22167, Houston, Texas 77227-2167.



**INTERNATIONAL MANAGEMENT DISTRICT  
STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash, Note 3	\$ 107,752	\$	\$ 107,752
Receivables:			
Property Assessments	<u>1,143,082</u>	<u>                    </u>	<u>1,143,082</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,250,834</u>	<u>\$ -0-</u>	<u>\$ 1,250,834</u>
<b>LIABILITIES</b>			
Accounts Payable	\$	\$ 189,950	\$ 189,950
Deferred Assessment Revenue	<u>1,250,834</u>	<u>                    </u>	<u>1,250,834</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,250,834</u>	<u>\$ 189,950</u>	<u>\$ 1,440,784</u>
<b>FUND BALANCES/NET ASSETS</b>			
<b>FUND BALANCES</b>			
Unreserved – Undesignated	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>TOTAL FUND BALANCES</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,250,834</u>		
<b>NET ASSETS</b>			
Unrestricted		<u>\$ (189,950)</u>	<u>\$ (189,950)</u>
<b>TOTAL NET ASSETS</b>		<u>\$ (189,950)</u>	<u>\$ (189,950)</u>

The accompanying notes to basic financial  
statements are an integral part of this report.

**INTERNATIONAL MANAGEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

Total Fund Balances – Governmental Funds	\$ -0-
Amounts reported for governmental activities in the Statements of Net Assets are different because:	
Governmental funds do not record accounts payable until funds are available to pay them. However, in the Statement of Net Assets, accounts payable are recorded when the expense is incurred.	<u>(189,950)</u>
Total Net Assets – Governmental Activities	<u>\$ (189,950)</u>

The accompanying notes to basic financial statements are an integral part of this report.

**INTERNATIONAL MANAGEMENT DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>TOTAL REVENUES</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Creation Costs	\$ <u>-0-</u>	\$ <u>189,950</u>	\$ <u>189,950</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	
<b>CHANGE IN NET ASSETS</b>		(189,950)	(189,950)
<b>FUND BALANCE/NET ASSETS – JANUARY 1, 2008</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>FUND BALANCE/NET ASSETS – DECEMBER 31, 2008</b>	<u>\$ -0-</u>	<u>\$ (189,950)</u>	<u>\$ (189,950)</u>

The accompanying notes to basic financial statements are an integral part of this report.

**INTERNATIONAL MANAGEMENT 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, 2008**

Change in Fund Balances - Governmental Funds	\$ -0-
Amounts reported for governmental activities in the Statements of Activities are different because:	
Governmental funds do not account for creation costs until funds are available to pay them. However, in the Statement of Activities, these costs are recorded when incurred.	<u>(189,950)</u>
Change in Net Assets - Governmental Activities	<u>\$ (189,950)</u>

The accompanying notes to basic financial statements are an integral part of this report.

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 1. CREATION OF DISTRICT**

The International Management District (the "District") was created, effective June 15, 2007, by the Texas Legislature under provisions of House Bill No. 4004, of the 80<sup>th</sup> Legislature, Regular Session, 2007, codified as Chapter 3849, Texas Special District Local Laws Code. 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, arts and entertainment, economic development, safety, and the public welfare in the District. The Board of Directors held its first meeting on September 6, 2007.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The Governmental Accounting Standards Board has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent management district. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's basic financial statements.

Financial Statement Presentation

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34-Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments.

The financial statements include:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the District's governmental activities.

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted. These classifications are defined as follows:

- Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Assets – This component of net assets consists of external constraints placed on the use of net assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This component of net assets consists of net assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt.”

When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Assets and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

In the government-wide Statement of Net Assets, the Statement of Net Assets is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Assets.

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has one major governmental fund.

General Fund - To account for resources, assessment revenues, costs and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within sixty (60) days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

The 2008 annual assessment has been fully deferred to meet the operating expenditures for the 2009 fiscal year.

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as another financing source or use. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset. As of fiscal year end, the District does not own any capital assets.

Budgeting

In compliance with governmental accounting principles, the Board of Directors should annually adopt an unappropriated budget for the General Fund. The District did not adopt a budget for the current fiscal year. No revenues or expenditures were recorded in the General Fund during the current fiscal year.

Pensions

The Internal Revenue Service has determined that the directors are considered to be employees of the District for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net assets.



**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are included on the Balance Sheet as follows:

Reserved:

To indicate fund equity which is legally segregated for a specific future use.

Unreserved:

Designated - To indicate fund equity for which the District has made tentative plans.

Undesignated - To indicate fund equity which is available for use in future periods.

Accounting Estimates

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

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

carrying amount of the District's deposits was \$107,752 and the bank balance was \$107,752. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Assets at December 31, 2008, as listed below:

TOTAL DEPOSITS – GENERAL FUND	\$ <u>107,752</u>
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Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

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. Authorized investments are summarized as follows: (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) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

As of December 31, 2008, the District did not have any investments.

**INTERNATIONAL MANAGEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

**NOTE 4. ANNUAL AD VALOREM ASSESSMENT**

In accordance with the Act creating the District, the District may levy ad valorem taxes or assessment fees in accordance with 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 July 24, 2008, an order was approved granting a petition for a service plan and an assessment roll for the District. The order authorized levying annual assessments of \$0.10 per \$100 of valuation as listed in the 2008 assessed rolls against property within the District for a ten-year period.

For the 2008 tax year, the District levied an ad valorem assessment of \$0.10 per \$100 of assessed valuation, resulting in an assessment of \$1,250,834 on the taxable valuation of \$1,250,833,242. The 2008 assessment has been fully deferred to meet the operating expenditures for the 2009 fiscal year.

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

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**INTERNATIONAL MANGEMENT DISTRICT  
SUPPLEMENTARY INFORMATION REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE  
DECEMBER 31, 2008**

**INTERNATIONAL MANAGEMENT DISTRICT  
CHANGES IN ASSESSMENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Assessments	
ASSESSMENTS RECEIVABLE – JANUARY 1, 2008	\$	
Adjustments to Beginning Balance	_____	\$ -0-
Original 2008 Assessment Levy	\$ 1,250,834	
Adjustment to 2008 Assessment Levy	_____	<u>1,250,834</u>
TOTAL TO BE ACCOUNTED FOR		\$ 1,250,834
ASSESSMENT COLLECTIONS:		
Prior Years	\$	
Current Year	_____	<u>107,752</u>
ASSESSMENT RECEIVABLE – DECEMBER 31, 2008		<u>\$ 1,143,082</u>
ASSESSMENT RECEIVABLE BY YEAR: 2008		<u>\$ 1,143,082</u>

See accompanying independent auditor's report.

**INTERNATIONAL MANAGEMENT DISTRICT  
CHANGES IN ASSESSMENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u>
PROPERTY VALUATIONS	
Land, Improvements, Personal Property, Exemptions	<u>\$ 1,250,833,242</u>
ASSESSMENT RATES PER \$100 VALUATION:	
Assessment	<u>\$ 0.10</u>
ADJUSTED ASSESSMENT LEVY*	<u>\$ 1,250,834</u>
PERCENT OF ASSESSMENT COLLECTED TO ASSESSMENT LEVIED	<u>8.61%</u>

\* Based upon adjusted assessment at time of audit for the period in which the assessment was levied.

See accompanying independent auditor's report.

**INTERNATIONAL MANAGEMENT DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2008**

District Mailing Address - International Management District  
c/o Hawes Hill Calderon LLP  
P. O. Box 22167  
Houston, TX 77227-2167

District Telephone Number - (713) 595-1200

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>December 31, 2008</u>	Expense Reimbursements for the year ended <u>December 31, 2008</u>	<u>Title</u>
Gladys Brumfield	06/07 06/09 (Appointed)	\$ -0-	\$ -0-	Position 1
Fred Bhandara	06/07 06/09 (Appointed)	\$ -0-	\$ -0-	Position 2
Karen Loper	06/07 06/09 (Appointed)	\$ -0-	\$ -0-	Position 3/ Secretary
Thuy Vu	06/08 06/09 (Appointed)	\$ -0-	\$ -0-	Position 4
Luu Trankeim	05/08 06/09 (Appointed)	\$ -0-	\$ -0-	Position 5
Shawn Guo	06/08 06/09 (Appointed)	\$ -0-	\$ -0-	Position 6
Leeshan Birney	06/07 06/11 (Appointed)	\$ -0-	\$ -0-	Position 7

See accompanying independent auditor's report.



**INTERNATIONAL MANAGEMENT DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2008**

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>December 31, 2008</u>	Expense Reimbursements for the year ended <u>December 31, 2008</u>	<u>Title</u>
Stephen Le	06/07 06/11 (Appointed)	\$ -0-	\$ -0-	Position 8
Dr. Louis Stoerner	06/08 06/11 (Appointed)	\$ -0-	\$ -0-	Position 9
Vican Tan Sun	06/07 06/11 (Appointed)	\$ -0-	\$ -0-	Position 10
Wea Lee	06/07 06/11 (Appointed)	\$ -0-	\$ -0-	Position 11/ Chairman

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
January 26, 2009.

See accompanying independent auditor's report.

**INTERNATIONAL MANAGEMENT DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2008**

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2008</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027	09/06/07	\$ -0-	Attorney
McCall, Gibson & Company, PLLC Certified Public Accountants 13831 Northwest Freeway, Suite 610 Houston, TX 77040-5216	04/02/09	\$ -0-	Auditor
Municipal Accounts & Consulting, LP 1300 Post Oak Boulevard, Suite 1600 Houston, TX 77056	08/01/08	\$ -0-	Bookkeeper
Hawes Hill Calderon LLP 10103 Fondren, Suite 300 Houston, TX 77227-2167	09/06/07	\$ -0-	Administrative Services
Mark M. Burton 1300 Post Oak Boulevard, Suite 1600 Houston, TX 77056	12/08	\$ -0-	Investment Officer
Equi-Tax, Inc. P.O. Box 73109 Houston, TX 77273	05/01/08	\$ -0-	Assessment Collector

See accompanying independent auditor's report.