

**FORT BEND COUNTY LEVEE  
IMPROVEMENT DISTRICT NO. 15**

**FORT BEND COUNTY, TEXAS**

**FINANCIAL REPORT**

**September 30, 2017**



## Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1
Management's Discussion and Analysis		5
<b>BASIC FINANCIAL STATEMENTS</b>		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Basic Financial Statements		19
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule – General Fund		36
Notes to Required Supplementary Information		37
<b>TEXAS SUPPLEMENTARY INFORMATION</b>		
Services and Rates	TSI-1	40
General Fund Expenditures	TSI-2	42
Investments	TSI-3	43
Taxes Levied and Receivable	TSI-4	44
Long-Term Debt Service Requirements by Years	TSI-5	45
Change in Long-Term Bonded Debt	TSI-6	60
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	64
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	66
Board Members, Key Personnel and Consultants	TSI-8	68



# McGrath & Co., PLLC

Certified Public Accountants

P.O. Box 270148  
Houston, Texas 77277

Mark W. McGrath CPA  
mark@mcgrath-co.com

Colette M. Garcia CPA  
colette@mcgrath-co.com

## Independent Auditors' Report

Board of Directors  
Fort Bend County Levee Improvement District No. 15  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 15, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 basic 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 basic financial statements are free of 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 principles 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 to provide a basis for our audit opinions.

***Board of Directors  
Fort Bend County Levee Improvement District No. 15  
Fort Bend County, Texas***

**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 Fort Bend County Levee Improvement District No. 15, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 4 to the financial statements, beginning net position has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

  
Houston, Texas  
January 23, 2018

## **Management's Discussion and Analysis**

*(This page intentionally left blank)*



***Fort Bend County Levee Improvement District No. 15  
Management's Discussion and Analysis  
September 30, 2017***

**Using this Annual Report**

Within this section of the financial report of Fort Bend County Levee Improvement District No. 15 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2017. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

**Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

**Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

**Fort Bend County Levee Improvement District No. 15  
Management's Discussion and Analysis  
September 30, 2017**

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position at September 30, 2017, was negative \$24,988,954. The District's net position is negative because it incurs debt to construct public roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of September 30, 2017 and 2016, is as follows:

	2017	2016
Current and other assets	\$ 13,309,842	\$ 9,783,478
Capital assets	71,137,317	54,479,320
Total assets	<u>84,447,159</u>	<u>64,262,798</u>
 Total deferred outflows of resources	 <u>1,614,043</u>	 <u>1,410,846</u>
 Current liabilities	 6,475,156	 2,915,110
Long-term liabilities	104,575,000	89,271,946
Total liabilities	<u>111,050,156</u>	<u>92,187,056</u>
 Net position		
Net investment in capital assets	(9,563,111)	(9,630,953)
Restricted	8,638,009	5,019,998
Unrestricted	(24,063,852)	(21,902,457)
Total net position	<u>\$ (24,988,954)</u>	<u>\$ (26,513,412)</u>

During the current year, it was determined that certain road improvements constructed by the District in previous years and recorded as capital assets were conveyed to Fort Bend County and should have been recorded as transfers to other governments. As further discussed in Note 4, a prior period adjustment was recorded to correct capital assets, due to developer, and net position. Amounts reported for 2016 have been adjusted accordingly.

**Fort Bend County Levee Improvement District No. 15**  
**Management's Discussion and Analysis**  
**September 30, 2017**

The total net position of the District increased during the current fiscal year by \$1,524,458. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes, penalties and interest	\$ 10,769,483	\$ 8,316,520
Other	178,418	60,957
Total revenues	<u>10,947,901</u>	<u>8,377,477</u>
Expenses		
Operations and administrative	1,739,924	1,102,681
Interest and fees	3,072,490	2,798,077
Developer interest	1,637,081	1,343,276
Debt issuance costs	1,792,871	1,064,310
Depreciation	710,931	420,040
Total expenses	<u>8,953,297</u>	<u>6,728,384</u>
Change in net position before other items	1,994,604	1,649,093
Other items		
Transfers to other governments	<u>(470,146)</u>	<u>(927,983)</u>
Change in net position	1,524,458	721,110
Net position, beginning of year (restated Note 4)	<u>(26,513,412)</u>	<u>(27,234,522)</u>
Net position, end of year	<u>\$ (24,988,954)</u>	<u>\$ (26,513,412)</u>

Depreciation expense for 2016, beginning net position, and transfers to other governments have been restated as a result of the correction of capital asset values. See Note 4 for additional information.

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of September 30, 2017, were \$12,875,263, which consists of \$1,706,735 in the General Fund, \$8,866,927 in the Debt Service Fund and \$2,301,601 in the Capital Projects Fund.

**Fort Bend County Levee Improvement District No. 15**  
**Management's Discussion and Analysis**  
**September 30, 2017**

*General Fund*

A comparative summary of the General Fund's financial position as of September 30, 2017 and 2016 is as follows:

	2017	2016
Total assets	<u>\$ 1,911,678</u>	<u>\$ 1,634,662</u>
Total liabilities	\$ 196,602	\$ 82,499
Total deferred inflows	8,341	8,185
Total fund balance	<u>1,706,735</u>	<u>1,543,978</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,911,678</u>	<u>\$ 1,634,662</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2017	2016
Total revenues	\$ 1,405,930	\$ 798,175
Total expenditures	<u>(1,353,913)</u>	<u>(848,409)</u>
Revenues over/(under) expenditures	52,017	(50,234)
Other changes in fund balance	110,740	31,272
Net change in fund balance	<u>\$ 162,757</u>	<u>\$ (18,962)</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resource in the General Fund is from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.

*Debt Service Fund*

A comparative summary of the Debt Service Fund's financial position as of September 30, 2017 and 2016 is as follows:

	2017	2016
Total assets	<u>\$ 8,938,982</u>	<u>\$ 5,235,969</u>
Total liabilities	\$ 3,732	\$ 1,675
Total deferred inflows	68,323	70,927
Total fund balance	<u>8,866,927</u>	<u>5,163,367</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,938,982</u>	<u>\$ 5,235,969</u>

***Fort Bend County Levee Improvement District No. 15  
Management's Discussion and Analysis  
September 30, 2017***

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 9,583,479	\$ 7,579,179
Total expenditures	<u>(6,058,890)</u>	<u>(6,260,072)</u>
Revenues over expenditures	3,524,589	1,319,107
Other changes in fund balance	178,971	614,389
Net change in fund balance	<u>\$ 3,703,560</u>	<u>\$ 1,933,496</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$3,715,000 in refunding bonds to refund \$3,390,000 of its outstanding Series 2010 Levee bonds and save \$485,104 in future debt service payments. In the prior year, the District issued refunding bonds in the amount of \$9,610,000 to refund \$9,455,000 of its outstanding Series 2006, Series 2007 Road, Series 2008, and Series 2008A bonds and save \$1,124,832 in future debt service payments.

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 2,459,182	\$ 2,912,847
Total liabilities	\$ 157,581	\$ 1,640
Total fund balance	<u>2,301,601</u>	<u>2,911,207</u>
Total liabilities and fund balance	<u>\$ 2,459,182</u>	<u>\$ 2,912,847</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 22,102	\$ 11,253
Total expenditures	<u>(30,040,968)</u>	<u>(10,668,643)</u>
Revenues under expenditures	(30,018,866)	(10,657,390)
Other changes in fund balance	29,409,260	9,833,632
Net change in fund balance	<u>\$ (609,606)</u>	<u>\$ (823,758)</u>

**Fort Bend County Levee Improvement District No. 15  
 Management's Discussion and Analysis  
 September 30, 2017**

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2017 Unlimited Tax Levee Improvement and Series 2017 Unlimited Tax Park Bonds in the current year and the sale of its Series 2015 Unlimited Tax Levee Improvement Bonds in the prior year.

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$58,963 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

**Capital Assets**

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at September 30, 2017 and 2016 are summarized as follows:

	2017	2016
Capital assets not being depreciated		
Land and improvements	\$ 49,608,232	\$ 44,414,154
Construction in progress	6,238,296	
	55,846,528	44,414,154
Capital assets being depreciated		
Infrastructure	3,316,239	3,143,704
Park facilities and landscaping improvements	13,347,141	7,583,122
Other facilities	150,000	150,000
	16,813,380	10,876,826
Less accumulated depreciation		
Infrastructure	(235,399)	(161,704)
Park facilities and landscaping improvements	(1,251,896)	(623,484)
Other facilities	(35,296)	(26,472)
	(1,522,591)	(811,660)
Depreciable capital assets, net	15,290,789	10,065,166
Capital assets, net	\$ 71,137,317	\$ 54,479,320

Capital assets values for the previous fiscal year have been restated as previously discussed. See Note 4 for additional information.

***Fort Bend County Levee Improvement District No. 15  
Management's Discussion and Analysis  
September 30, 2017***

Capital asset additions during the current year include paving and drainage improvements to serve Wetland Park and landscaping improvements to serve the following:

- Riverstone Cypress Bend, Phase 2
- Avalon at Riverstone detention parks
- Avalon at Riverstone Central Park
- Whisper Rock Schools right of way trails
- Riverstone wetland shelf at the 6-acre lake
- Avalon at Riverstone Section 21
- Avalon at Riverstone Section 11A
- Avalon at Riverstone Phase 2, Section 22
- LJ Parkway Phase 8A
- Avalon at Riverstone Section 23
- Avalon at Riverstone Section 18A

The District's construction in progress is for the construction of the storm water pump station to serve Alcorn Bayou and Cabrera Drive paving improvements.

Fort Bend County assumes responsibility for public road facilities constructed within the county. Consequently, these projects are not recorded as capital assets on the District's financial statements, but are recorded as transfers to other governments upon completion of construction. For the year ended September 30, 2017, capital assets in the amount of \$470,146 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

### **Long-Term Debt and Related Liabilities**

As of September 30, 2017, the District owes \$11,103,616 to developers for completed projects and operating advances. As discussed in Note 7, the District has an additional commitment in the amount of \$3,915,994 for projects under construction by the developers. As previously mentioned, the District will owe its developers for these projects upon completion of construction, at which time the capital assets and related liability will be recorded on the District's financial statements. The District intends to reimburse the developers from proceeds of future bond issues.

**Fort Bend County Levee Improvement District No. 15  
 Management's Discussion and Analysis  
 September 30, 2017**

At September 30, 2017 and 2016, the District had total bonded debt outstanding as shown below:

Series	2017	2016
2006 Levee	\$ -	\$ 70,000
2007 Road		210,000
2008 Levee		110,000
2010 Levee	100,000	3,585,000
2012 Levee	6,950,000	7,200,000
2013 Levee	5,525,000	5,655,000
2013 Road	10,145,000	10,430,000
2013 Refunding	6,220,000	6,300,000
2014 Road	6,995,000	7,215,000
2015 Road	3,675,000	3,825,000
2015 Levee	18,075,000	18,900,000
2015 Refunding	5,100,000	5,280,000
2016 Refunding	4,240,000	4,250,000
2017 Levee	17,650,000	
2017 Park	11,750,000	
2017 Refunding	3,715,000	
	\$ 100,140,000	\$ 73,030,000

During the year, the District issued \$17,770,000 in unlimited tax levee improvement bonds, \$11,750,000 in unlimited tax park bonds and \$3,715,000 in unlimited tax refunding bonds. At September 30, 2017, the District had \$37,995,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the levee and drainage systems within the District; \$17,250,000 for parks and recreational facilities and \$51,320,000 for refunding purposes.

**Next Year's Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2017 Actual	2018 Budget
Total revenues	\$ 1,405,930	\$ 2,422,000
Total expenditures	(1,353,913)	(1,711,936)
Revenues over/(under) expenditures	52,017	710,064
Other changes in fund balance	110,740	
Net change in fund balance	162,757	710,064
Beginning fund balance	1,543,978	1,706,735
Ending fund balance	\$ 1,706,735	\$ 2,416,799



*Fort Bend County Levee Improvement District No. 15  
Management's Discussion and Analysis  
September 30, 2017*

**Property Taxes**

The District's property tax base increased approximately \$287,915,000 for the 2017 tax year from \$1,465,157,551 to \$1,753,072,934. This increase was primarily due to new construction in the District. For the 2017 tax year, the District has levied a maintenance tax rate of \$0.14 per \$100 of assessed value, and a road debt service tax rate of \$0.135 per \$100 of assessed value and a levee debt service tax rate of \$0.415 per \$100 of assessed value, for a total combined tax rate of \$0.69 per \$100. Tax rates for the 2016 tax year were \$0.09 per \$100 for maintenance and operations, \$0.08 for road debt service and \$0.56 per \$100 for levee debt service.

*(This page intentionally left blank)*

## **Basic Financial Statements**

**Fort Bend County Levee Improvement District No. 15**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 642,005	\$ 1,112,817	\$ -	\$ 1,754,822	\$ -	\$ 1,754,822
Investments	1,325,396	7,749,872	2,367,962	11,443,230		11,443,230
Taxes receivable	8,341	68,323		76,664		76,664
Interest receivable		270		270		270
Prepaid items	24,056			24,056		24,056
Internal balances	(98,920)	7,700	91,220			
Due from other governments	10,800			10,800		10,800
Capital assets not being depreciated					55,846,528	55,846,528
Capital assets, net					15,290,789	15,290,789
<b>Total Assets</b>	<b>\$ 1,911,678</b>	<b>\$ 8,938,982</b>	<b>\$ 2,459,182</b>	<b>\$ 13,309,842</b>	<b>71,137,317</b>	<b>84,447,159</b>
<b>Deferred Outflows of Resources</b>						
Deferred difference on refunding					1,614,043	1,614,043
<b>Liabilities</b>						
Accounts payable	\$ 191,780	\$ 3,701	\$ 20,526	\$ 216,007		216,007
Other payables	4,822	31		4,853		4,853
Retainage payable			137,055	137,055		137,055
Accrued interest payable					297,241	297,241
Due to developers					11,103,616	11,103,616
Long-term debt						
Due within one year					5,820,000	5,820,000
Due after one year					93,471,384	93,471,384
<b>Total Liabilities</b>	<b>196,602</b>	<b>3,732</b>	<b>157,581</b>	<b>357,915</b>	<b>110,692,241</b>	<b>111,050,156</b>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	8,341	68,323		76,664	(76,664)	
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Nonspendable	24,056			24,056	(24,056)	
Restricted		8,866,927	2,301,601	11,168,528	(11,168,528)	
Unassigned	1,682,679			1,682,679	(1,682,679)	
<b>Total Fund Balances</b>	<b>1,706,735</b>	<b>8,866,927</b>	<b>2,301,601</b>	<b>12,875,263</b>	<b>(12,875,263)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,911,678</b>	<b>\$ 8,938,982</b>	<b>\$ 2,459,182</b>	<b>\$ 13,309,842</b>		
<b>Net Position</b>						
Net investment in capital assets					(9,563,111)	(9,563,111)
Restricted for debt service					8,638,009	8,638,009
Unrestricted					(24,063,852)	(24,063,852)
<b>Total Net Position</b>					<b>\$ (24,988,954)</b>	<b>\$ (24,988,954)</b>

See notes to basic financial statements.

**Fort Bend County Levee Improvement District No. 15**  
**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 1,317,910	\$ 9,379,271	\$ -	\$ 10,697,181	\$ (5,098)	\$ 10,692,083
Penalties and interest		74,750		74,750	2,650	77,400
Accrued interest on bonds sold		61,162		61,162	(61,162)	
Miscellaneous	75,623	25		75,648		75,648
Investment earnings	12,397	68,271	22,102	102,770		102,770
<b>Total Revenues</b>	<b>1,405,930</b>	<b>9,583,479</b>	<b>22,102</b>	<b>11,011,511</b>	<b>(63,610)</b>	<b>10,947,901</b>
<b>Expenditures/Expenses</b>						
Operations and administrative						
Professional fees	255,830		222,179	478,009		478,009
Contracted services	212,857	142,367		355,224		355,224
Repairs and maintenance	777,104			777,104		777,104
Utilities	2,143			2,143		2,143
Administrative	48,044	6,465		54,509		54,509
Other	57,935	15,000		72,935		72,935
Capital outlay			26,563,596	26,563,596	(26,563,596)	
Debt service						
Principal		2,735,000		2,735,000	(2,735,000)	
Interest and fees		2,922,299		2,922,299	150,191	3,072,490
Developer interest			1,637,081	1,637,081		1,637,081
Debt issuance costs		174,759	1,618,112	1,792,871		1,792,871
Payment to refunded bond escrow agent		63,000		63,000	(63,000)	
Depreciation					710,931	710,931
<b>Total Expenditures/Expenses</b>	<b>1,353,913</b>	<b>6,058,890</b>	<b>30,040,968</b>	<b>37,453,771</b>	<b>(28,500,474)</b>	<b>8,953,297</b>
<b>Revenues Over (Under)</b>						
<b>Expenditures/Expenses</b>	52,017	3,524,589	(30,018,866)	(26,442,260)	28,436,864	1,994,604
<b>Other Financing Sources/(Uses)</b>						
Proceeds from sale of bonds			29,520,000	29,520,000	(29,520,000)	
Proceeds from sale of refunding bonds		3,715,000		3,715,000	(3,715,000)	
Payment to refunded bond escrow agent		(3,536,029)		(3,536,029)	3,536,029	
Internal transfers	110,740		(110,740)			
<b>Other Items</b>						
Transfers to other governments					(470,146)	(470,146)
<b>Net Change in Fund Balances</b>	<b>162,757</b>	<b>3,703,560</b>	<b>(609,606)</b>	<b>3,256,711</b>	<b>(3,256,711)</b>	
<b>Change in Net Position</b>					1,524,458	1,524,458
<b>Fund Balance/Net Position</b>						
Beginning of the year (restated Note 4)	1,543,978	5,163,367	2,911,207	9,618,552	(36,131,964)	(26,513,412)
<b>End of the year</b>	<b>\$ 1,706,735</b>	<b>\$ 8,866,927</b>	<b>\$ 2,301,601</b>	<b>\$ 12,875,263</b>	<b>\$ (37,864,217)</b>	<b>\$ (24,988,954)</b>

See notes to basic financial statements.

*(This page intentionally left blank)*

***Fort Bend County Levee Improvement District No. 15***  
***Notes to Basic Financial Statements***  
***September 30, 2017***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Fort Bend County Levee Improvement District No. 15 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to an order of the Commissioners’ Court of Fort Bend County, Texas, dated September 19, 2000, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on October 23, 2000 and the first bonds were sold on December 28, 2006. The District was granted road powers by the Texas Legislature (Senate Bill No. 1883) on May 28, 2003.

The District’s primary activities include construction, maintenance and operation of all improvements and utilities necessary for providing flood plain reclamation, flood protection, drainage, road improvements and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an appointed three-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

*Fort Bend County Levee Improvement District No. 15*  
*Notes to Basic Financial Statements*  
*September 30, 2017*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's levee and drainage system and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's levee and drainage system, parks and recreational facilities, and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.



*Fort Bend County Levee Improvement District No. 15*  
*Notes to Basic Financial Statements*  
*September 30, 2017*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Prepaid Items**

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2017, an allowance for uncollectible accounts was not considered necessary.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of levee and drainage system and park facilities and landscaping improvements, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Park facilities and landscaping improvements	12-45 years
Other facilities	17-25 years

The District’s levee system is considered an improvement to land and is non-depreciable.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

**Unassigned** - all other spendable amounts in the General Fund

*Fort Bend County Levee Improvement District No. 15*  
*Notes to Basic Financial Statements*  
*September 30, 2017*

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds (continued)**

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Use of 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 and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to Fort Bend County and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental funds	\$	12,875,263
--	----	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$	72,659,908	
Less accumulated depreciation		<u>(1,522,591)</u>	
Change due to capital assets			71,137,317

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

1,614,043

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net	(99,291,384)	
Interest payable on bonds	<u>(297,241)</u>	
Change due to long-term debt		(99,588,625)

Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position*.

(11,103,616)

Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

Property taxes receivable	57,637	
Penalty and interest receivable	<u>19,027</u>	
Change due to property taxes		76,664

Total net position - governmental activities

\$ (24,988,954)

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds \$ 3,256,711

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. (2,448)

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 26,563,596	
Depreciation expense	(710,931)	
		25,852,665

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(33,235,000)	
Payment to refunded bond escrow agent	3,599,029	
Principal payments	2,735,000	
Interest expense accrual	(211,353)	
		(27,112,324)

The District conveys public roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments. (470,146)

Change in net position of governmental activities		\$ 1,524,458
---	--	--------------

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) 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.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2017, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	\$ 735,732	6%	N/A	N/A
TexSTAR	General	1,325,396			
	Debt Service	7,014,140			
	Capital Projects	2,367,962			
		10,707,498	94%	AAAm	27 days
Total		\$ 11,443,230	100%		

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 3 – Deposits and Investments (continued)**

**Investments (continued)**

The District’s investments in certificates of deposit are reported at cost.

**TexSTAR**

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by First Southwest, a division of Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. First Southwest provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

The District’s investment in TexSTAR is reported at fair value because TexSTAR uses fair value to report investments. Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District’s investment in TexSTAR is measured using published fair value per share (level 1 inputs).

Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Prior Period Adjustment**

During the current year, it was determined that public road facilities constructed by the District in previous years and recorded as capital assets were conveyed to Fort Bend County and should have been recognized as transfers to other governments. As a result, capital assets and net position for the District as of September 30, 2016 were overstated by \$14,802,590, which is the net book value of these assets. During the current year, a prior period adjustment was recorded to correct net position, due to developer and capital assets. This adjustment decreased beginning net position as follows:

Beginning net position, as reported	\$ (11,710,822)
Change due to restatement of capital assets	(14,802,590)
Beginning net position, restated	<u><u>\$ (26,513,412)</u></u>

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 5 – Amounts Due to/from Other Funds**

Amounts due to/from other funds at September 30, 2017, consist of the following:

	Interfund	
	Receivable	Payable
General Fund	\$ 777	\$ 99,697
Debt Service Fund	8,477	777
Capital Projects Fund	91,220	
	<u>\$ 100,474</u>	<u>\$ 100,474</u>

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

During the current fiscal year, the District transferred \$110,740 from the Capital Projects Fund to the General Fund to reimburse the General Fund for bond application costs paid in prior years.

**Note 6 – Capital Assets**

A summary of changes in capital assets, for the year ended September 30, 2017, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 44,414,154	\$ 5,194,078	\$ 49,608,232
Construction in progress		6,238,296	6,238,296
	<u>44,414,154</u>	<u>11,432,374</u>	<u>55,846,528</u>
Capital assets being depreciated			
Infrastructure	3,143,704	172,535	3,316,239
Park facilities and landscaping improvements	7,583,122	5,764,019	13,347,141
Other facilities	150,000		150,000
	<u>10,876,826</u>	<u>5,936,554</u>	<u>16,813,380</u>
Less accumulated depreciation			
Infrastructure	(161,704)	(73,695)	(235,399)
Park facilities and landscaping improvements	(623,484)	(628,412)	(1,251,896)
Other facilities	(26,472)	(8,824)	(35,296)
	<u>(811,660)</u>	<u>(710,931)</u>	<u>(1,522,591)</u>
Subtotal depreciable capital assets, net	<u>10,065,166</u>	<u>5,225,623</u>	<u>15,290,789</u>
Capital assets, net	<u>\$ 54,479,320</u>	<u>\$ 16,657,997</u>	<u>\$ 71,137,317</u>

Depreciation expense for the current year was \$710,931.



**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 7 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of the levee and drainage system, park and recreational facilities, and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The District’s developers have also advanced funds to the District for operating expenses.

Changes in amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 19,828,138
Developer reimbursements	(24,019,223)
Developer funded construction and adjustments	<u>15,294,701</u>
Due to developers, end of year	<u><u>\$ 11,103,616</u></u>

In addition, the District will owe the developers approximately \$3,915,994, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
North Wetland Park	\$ 1,722,265	\$ 1,543,575	\$ 178,690
Avalon Section 16A*	114,074	110,652	3,422
Avalon Section 16B*	71,635	57,308	14,327
Avalon Section 20 and 24B*	128,127	102,501	25,626
Avalon Section 12*	124,246	118,033	6,213
Clements Crossing detention ponds	1,682,450		1,682,450
Wetlands Park grading	73,197		73,197
	<u><u>\$ 3,915,994</u></u>	<u><u>\$ 1,932,069</u></u>	<u><u>\$ 1,983,925</u></u>

\* District share of contract

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 8 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 100,140,000
Unamortized discounts	(1,324,992)
Unamortized premium	476,376
	<u>\$ 99,291,384</u>
Due within one year	<u>\$ 5,820,000</u>

The District's bonds payable at September 30, 2017, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010 Levee	\$ 100,000	\$ 3,975,000	3.2% - 5.125%	September 1, 2012/2018	March 1, September 1	September 1, 2018
2012 Levee	6,950,000	7,990,000	2.5% - 4.6%	September 1, 2013/2037	March 1, September 1	September 1, 2020
2013 Levee	5,525,000	6,000,000	2.0% - 4.0%	September 1, 2014/2037	March 1, September 1	September 1, 2020
2013 Road	10,145,000	11,200,000	3.0% - 5.0%	September 1, 2014/2037	March 1, September 1	September 1, 2020
2013 Refunding	6,220,000	6,505,000	2.0% - 5.0%	September 1, 2014/2035	March 1, September 1	September 1, 2021
2014 Road	6,995,000	7,625,000	2.0% - 3.75%	September 1, 2015/2038	March 1, September 1	September 1, 2022
2015 Road	3,675,000	3,975,000	3.0% - 5.0%	September 1, 2016/2040	March 1, September 1	September 1, 2022
2015 Levee	18,075,000	20,250,000	2.0% - 3.625%	September 1, 2016/2039	March 1, September 1	September 1, 2023
2015 Refunding	5,100,000	5,360,000	2.0% - 4.0%	September 1, 2016/2034	March 1, September 1	September 1, 2024
2016 Refunding	4,240,000	4,250,000	2.0% - 4.0%	September 1, 2017/2033	March 1, September 1	September 1, 2023
2017 Levee	17,650,000	17,770,000	2.0% - 3.75%	September 1, 2017/2040	March 1, September 1	September 1, 2024
2017 Park	11,750,000	11,750,000	0.75% - 1.50%	September 1, 2018/2021	March 1, September 1	N/A
2017 Refunding	3,715,000	3,715,000	2.0% - 4.0%	September 1, 2018/2035	March 1, September 1	September 1, 2024
	<u>\$ 100,140,000</u>					

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 8 – Long-Term Debt (continued)**

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2017, the District had authorized but unissued bonds in the amount of \$37,995,000 for levee improvements; \$17,250,000 for park and recreational facilities and \$51,320,000 for refunding purposes.

On February 28, 2017, the District issued its \$17,770,000 Series 2017 Unlimited Tax Levee Improvement Bonds at a net effective interest rate of 3.519295%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

On July 27, 2017, the District issued its \$11,750,000 Series 2017 Unlimited Tax Park Bonds at a net effective interest rate of 1.407424%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

On August 24, 2017, the District issued its \$3,715,000 Series 2017 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.059694% to advance refund \$3,390,000 of outstanding Series 2010 Levee bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately \$485,104 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$367,183. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. As of September 30, 2017, the outstanding principal of defeased bonds is \$3,390,000.

The change in the District’s long term debt during the year is as follows:

Bonds payable, beginning of year	\$ 73,030,000
Bonds issued	33,235,000
Bonds retired	(2,735,000)
Bonds refunded	(3,390,000)
Bonds payable, end of year	<u>\$ 100,140,000</u>

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 8 – Long-Term Debt (continued)**

As of September 30, 2017, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2018	\$ 5,820,000	\$ 3,289,005	\$ 9,109,005
2019	5,885,000	3,162,095	9,047,095
2020	5,970,000	3,046,103	9,016,103
2021	5,780,000	2,924,213	8,704,213
2022	3,855,000	2,796,919	6,651,919
2023	3,910,000	2,680,917	6,590,917
2024	4,000,000	2,557,721	6,557,721
2025	4,085,000	2,429,345	6,514,345
2026	4,165,000	2,296,733	6,461,733
2027	4,245,000	2,154,577	6,399,577
2028	4,340,000	2,008,215	6,348,215
2029	4,425,000	1,858,819	6,283,819
2030	4,525,000	1,703,996	6,228,996
2031	4,615,000	1,539,168	6,154,168
2032	4,745,000	1,367,106	6,112,106
2033	4,855,000	1,184,207	6,039,207
2034	5,010,000	994,425	6,004,425
2035	5,175,000	794,969	5,969,969
2036	4,725,000	582,394	5,307,394
2037	4,745,000	388,900	5,133,900
2038	2,315,000	194,125	2,509,125
2039	1,875,000	108,750	1,983,750
2040	1,075,000	39,875	1,114,875
	<u>\$ 100,140,000</u>	<u>\$ 40,102,577</u>	<u>\$ 140,242,577</u>

**Note 9 – Property Taxes**

On September 21, 2004, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.60 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central 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.

**Fort Bend County Levee Improvement District No. 15**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

**Note 9 – Property Taxes (continued)**

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2017 fiscal year was financed through the 2016 tax levy, pursuant to which the District levied property taxes of \$0.73 per \$100 of assessed value, of which \$0.09 was allocated to maintenance and operations, \$0.08 was allocated to road debt tax and \$0.56 was allocated to levee debt service. The resulting tax levy was \$10,695,649 on the adjusted taxable value of \$1,465,157,551.

Total property taxes receivable, at September 30, 2017, consisted of the following:

Current year taxes receivable	\$ 26,263
Prior years taxes receivable	31,374
	<u>57,637</u>
Penalty and interest receivable	19,027
Total property taxes receivable	<u>\$ 76,664</u>

**Note 10 – Transfers to Other Governments**

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Accordingly, these facilities are considered capital assets of Fort Bend County, not the District. For the year ended September 30, 2017, the District recorded transfers to other governments in the amount of \$470,146 for road facilities constructed by a developer within the District.

**Note 11 – Cost Sharing Agreement for Regional Recreational Facilities**

On August 24, 2015, the District entered into a cost sharing agreement for regional recreational facilities with Fort Bend Levee Improvement District No. 19 (“LID 19”). Each district has or will construct various recreational facilities for the benefit of the property within Riverstone. The Districts agree that the cost to design, construct and finance Regional Recreational Facilities should be shared by the Districts pursuant to their pro rata share of acreage within Riverstone. In order to properly and fairly allocate costs for such recreational facilities in accordance with the agreement, the District shall convey, and LID 19 shall agree to purchase, certain recreational facilities previously designed, constructed, or otherwise undertaken by the District. In each conveyance, the District shall identify any known eligible costs for the facility. In addition, each conveyance shall require the consent of any third party developer entitled to receive reimbursement from the District for such facilities.

**Note 12 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

*(This page intentionally left blank)*

## **Required Supplementary Information**

**Fort Bend County Levee Improvement District No. 15**  
**Required Supplementary Information - Budgetary Comparison Schedule - General Fund**  
**For the Year Ended September 30, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 1,275,000	\$ 1,275,000	\$ 1,317,910	\$ 42,910
Miscellaneous	15,000	15,000	75,623	60,623
Investment earnings	4,000	4,000	12,397	8,397
<b>Total Revenues</b>	<u>1,294,000</u>	<u>1,294,000</u>	<u>1,405,930</u>	<u>111,930</u>
<b>Expenditures</b>				
Operating and administrative				
Professional fees	137,500	137,500	255,830	(118,330)
Contracted services	120,940	120,940	212,857	(91,917)
Repairs and maintenance	826,780	744,790	777,104	(32,314)
Utilities			2,143	(2,143)
Administrative	54,550	54,550	48,044	6,506
Other	9,000	14,500	57,935	(43,435)
<b>Total Expenditures</b>	<u>1,148,770</u>	<u>1,072,280</u>	<u>1,353,913</u>	<u>(281,633)</u>
<b>Revenues Over Expenditures</b>	145,230	221,720	52,017	(169,703)
<b>Other Financing Sources</b>				
Internal transfers			110,740	110,740
<b>Net Change in Fund Balance</b>	145,230	221,720	162,757	(58,963)
<b>Fund Balance</b>				
Beginning of the year	1,543,978	1,543,978	1,543,978	
<b>End of the year</b>	<u>\$ 1,689,208</u>	<u>\$ 1,765,698</u>	<u>\$ 1,706,735</u>	<u>\$ (58,963)</u>



*Fort Bend County Levee Improvement District No. 15*  
*Notes to Required Supplementary Information*  
*September 30, 2017*

**Budgets and Budgetary Accounting**

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 budget was amended during the year reflect changes in anticipated expenditures.

*(This page intentionally left blank)*

## **Texas Supplementary Information**

**Fort Bend County Levee Improvement District No. 15**  
**TSI-1. Services and Rates**  
**September 30, 2017**

1. Services provided by the District During the Fiscal Year:

- |   |   |   |  |
|---|---|---|--|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Solid Waste/Garbage      | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation          |
| <input checked="" type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input checked="" type="checkbox"/> Roads         | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |   |  |
| <input type="checkbox"/> Other (Specify): _____   |   |   |  |

2. Retail Service Providers N/A  
 (You may omit this information if your district does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

**Fort Bend County Levee Improvement District No. 15**  
**TSI-1. Services and Rates**  
**September 30, 2017**

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):  
 (You may omit this information if your district does not provide water)

Gallons pumped into system:	<u>          N/A          </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>          N/A          </u>	<u>          N/A          </u>

4. Standby Fees (authorized only under TWC Section 49.231):  
 (You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

Does the District have Operation and Maintenance standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District (required for first audit year or when information changes,  
 otherwise this information may be omitted):

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely  Partly  Not at all

City(ies) in which the District is located: City of Sugar Land

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely  Partly  Not at all

ETJs in which the District is located: Cities of Sugar Land and Missouri City

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? Fort Bend County Commissioners Court

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15  
 TSI-2 General Fund Expenditures  
 For the Year Ended September 30, 2017*

Professional fees	
Legal	\$ 122,733
Audit	14,500
Engineering	118,597
	<u>255,830</u>
Contracted services	
Bookkeeping/accounting	23,034
Operator	189,823
	<u>212,857</u>
Repairs and maintenance	<u>777,104</u>
Utilities	<u>2,143</u>
Administrative	
Directors fees	11,250
Printing and office supplies	3,059
Insurance	18,844
Other	14,891
	<u>48,044</u>
Other	<u>57,935</u>
Total expenditures	<u>\$ 1,353,913</u>

See accompanying auditors' report.

**Fort Bend County Levee Improvement District No. 15**  
**TSI-3. Investments**  
**September 30, 2017**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General					
TexSTAR	26713-1111-000	Variable	N/A	\$ 1,325,396	\$ -
Debt Service					
TexSTAR	26713-1023-000	Variable	N/A	5,867,574	
TexSTAR	26713-1025-000	Variable	N/A	1,146,566	
Certificate of deposit	66000083	1.25%	08/26/18	246,840	50
Certificate of deposit	530548	0.90%	08/27/18	247,661	220
Certificate of deposit	4127500	1.20%	08/27/18	241,231	
				<u>7,749,872</u>	<u>270</u>
Capital Projects					
TexSTAR	26713-1197-000	Variable	N/A	471,124	
TexSTAR	26713-1198-000	Variable	N/A	178,155	
TexSTAR	26713-1200-000	Variable	N/A	520,809	
TexSTAR	26713-2017-000	Variable	N/A	807,515	
TexSTAR	26713-1195-000	Variable	N/A	249,333	
TexSTAR	26713-1196-000	Variable	N/A	141,026	
				<u>2,367,962</u>	
Total - All Funds				<u>\$ 11,443,230</u>	<u>\$ 270</u>

See accompanying auditors' report.

**Fort Bend County Levee Improvement District No. 15**  
**TSI-4. Taxes Levied and Receivable**  
**September 30, 2017**

	Maintenance Taxes	Road Debt Service Taxes	Levee Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 8,185	\$ 18,245	\$ 36,305	\$ 62,735
Adjustments	(576)	(1,093)	(1,898)	(3,567)
Adjusted Receivable	7,609	17,152	34,407	59,168
2016 Original Tax Levy	1,223,410	1,087,475	7,612,326	9,923,211
Adjustments	95,232	84,650	592,556	772,438
Adjusted Tax Levy	1,318,642	1,172,125	8,204,882	10,695,649
Total to be accounted for	1,326,251	1,189,277	8,239,289	10,754,817
Tax collections:				
Current year	1,315,404	1,169,247	8,184,735	10,669,386
Prior years	2,506	8,258	17,030	27,794
Total Collections	1,317,910	1,177,505	8,201,765	10,697,180
Taxes Receivable, End of Year	\$ 8,341	\$ 11,772	\$ 37,524	\$ 57,637
Taxes Receivable, By Years				
2016	\$ 3,238	\$ 2,878	\$ 20,147	\$ 26,263
2015	1,404	4,481	9,159	15,044
2014	1,832	1,983	2,559	6,374
2012	1,867	2,430	5,659	9,956
Taxes Receivable, End of Year	\$ 8,341	\$ 11,772	\$ 37,524	\$ 57,637
	2016	2015	2014	2013
Property Valuations:				
Land	\$ 343,588,673	\$ 277,117,460	\$ 201,644,258	\$ 143,625,030
Improvements	1,157,013,540	861,300,671	496,469,080	319,068,330
Personal Property	6,026,400	3,676,610	3,829,145	1,944,160
Exemptions	(41,471,062)	(39,816,453)	(13,634,086)	(6,980,137)
Total Property Valuations	\$ 1,465,157,551	\$ 1,102,278,288	\$ 688,308,397	\$ 457,657,383
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.09000	\$ 0.07000	\$ 0.23000	\$ 0.15000
Road debt service tax rates	0.08000	0.22339	0.24885	0.23803
Levee debt service tax rates	0.56000	0.45661	0.32115	0.41197
Total Tax Rates per \$100 Valuation	\$ 0.73000	\$ 0.75000	\$ 0.80000	\$ 0.80000
Adjusted Tax Levy:	\$ 10,695,649	\$ 8,267,087	\$ 5,506,467	\$ 3,661,259
Percentage of Taxes Collected to Taxes Levied **	99.75%	99.82%	99.88%	99.86%

\* Maximum Maintenance Tax Rate Approved by Voters: \$0.60 on September 21, 2004

\* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on September 21, 2004

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.



*Fort Bend County Levee Improvement District No. 15  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2010 Levee--by Years  
 September 30, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2018</u>	<u>\$ 100,000</u>	<u>\$ 4,000</u>	<u>\$ 104,000</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2012 Levee--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 250,000	\$ 291,450	\$ 541,450
2019	250,000	283,950	533,950
2020	250,000	276,200	526,200
2021	250,000	267,950	517,950
2022	250,000	259,200	509,200
2023	250,000	249,950	499,950
2024	250,000	240,700	490,700
2025	250,000	230,700	480,700
2026	250,000	220,700	470,700
2027	250,000	210,450	460,450
2028	250,000	200,200	450,200
2029	250,000	189,700	439,700
2030	250,000	179,200	429,200
2031	250,000	168,450	418,450
2032	250,000	157,700	407,700
2033	250,000	146,700	396,700
2034	450,000	135,700	585,700
2035	700,000	115,000	815,000
2036	900,000	82,800	982,800
2037	900,000	41,400	941,400
	<u>\$ 6,950,000</u>	<u>\$ 3,948,100</u>	<u>\$ 10,898,100</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013 Levee--by Years*  
*September 30, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 135,000	\$ 201,462	\$ 336,462
2019	145,000	198,763	343,763
2020	150,000	195,500	345,500
2021	160,000	191,750	351,750
2022	170,000	187,350	357,350
2023	180,000	182,250	362,250
2024	190,000	176,850	366,850
2025	200,000	170,675	370,675
2026	210,000	164,175	374,175
2027	220,000	156,825	376,825
2028	230,000	149,125	379,125
2029	245,000	140,787	385,787
2030	260,000	131,601	391,601
2031	275,000	121,200	396,200
2032	290,000	110,200	400,200
2033	305,000	98,600	403,600
2034	320,000	86,400	406,400
2035	340,000	73,600	413,600
2036	750,000	60,000	810,000
2037	750,000	30,000	780,000
	<u>\$ 5,525,000</u>	<u>\$ 2,827,113</u>	<u>\$ 8,352,113</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013 Road--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 300,000	\$ 448,013	\$ 748,013
2019	315,000	439,012	754,012
2020	330,000	429,562	759,562
2021	350,000	419,662	769,662
2022	365,000	408,288	773,288
2023	385,000	395,512	780,512
2024	405,000	381,075	786,075
2025	430,000	364,875	794,875
2026	450,000	347,675	797,675
2027	475,000	328,550	803,550
2028	500,000	308,363	808,363
2029	525,000	285,862	810,862
2030	550,000	262,238	812,238
2031	580,000	236,800	816,800
2032	610,000	209,250	819,250
2033	645,000	178,750	823,750
2034	675,000	146,500	821,500
2035	715,000	112,750	827,750
2036	750,000	77,000	827,000
2037	790,000	39,500	829,500
	<u>\$ 10,145,000</u>	<u>\$ 5,819,237</u>	<u>\$ 15,964,237</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013 Refunding--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 220,000	\$ 271,720	\$ 491,720
2019	230,000	265,670	495,670
2020	240,000	258,540	498,540
2021	245,000	250,500	495,500
2022	260,000	241,680	501,680
2023	265,000	231,930	496,930
2024	280,000	221,595	501,595
2025	290,000	210,395	500,395
2026	305,000	198,795	503,795
2027	320,000	186,290	506,290
2028	330,000	172,690	502,690
2029	350,000	158,170	508,170
2030	360,000	142,420	502,420
2031	380,000	125,680	505,680
2032	400,000	107,250	507,250
2033	420,000	87,250	507,250
2034	595,000	66,250	661,250
2035	730,000	36,500	766,500
	<u>\$ 6,220,000</u>	<u>\$ 3,233,325</u>	<u>\$ 9,453,325</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014 Road--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 230,000	\$ 218,600	\$ 448,600
2019	240,000	214,000	454,000
2020	250,000	209,200	459,200
2021	260,000	204,200	464,200
2022	270,000	197,700	467,700
2023	280,000	190,950	470,950
2024	290,000	183,950	473,950
2025	300,000	175,975	475,975
2026	310,000	166,975	476,975
2027	320,000	157,675	477,675
2028	330,000	148,075	478,075
2029	340,000	138,175	478,175
2030	350,000	127,550	477,550
2031	360,000	116,175	476,175
2032	370,000	104,025	474,025
2033	390,000	91,075	481,075
2034	400,000	77,425	477,425
2035	410,000	63,425	473,425
2036	425,000	48,563	473,563
2037	430,000	32,625	462,625
2038	440,000	16,500	456,500
	<u>\$ 6,995,000</u>	<u>\$ 2,882,838</u>	<u>\$ 9,877,838</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2015 Road--by Years  
 September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 150,000	\$ 134,463	\$ 284,463
2019	150,000	126,963	276,963
2020	150,000	119,463	269,463
2021	150,000	111,963	261,963
2022	150,000	104,463	254,463
2023	150,000	96,963	246,963
2024	150,000	92,463	242,463
2025	150,000	87,963	237,963
2026	150,000	83,313	233,313
2027	150,000	78,625	228,625
2028	150,000	73,750	223,750
2029	150,000	68,875	218,875
2030	150,000	64,000	214,000
2031	150,000	59,125	209,125
2032	175,000	54,250	229,250
2033	175,000	48,344	223,344
2034	175,000	42,437	217,437
2035	175,000	36,531	211,531
2036	175,000	30,625	205,625
2037	175,000	24,500	199,500
2038	175,000	18,375	193,375
2039	175,000	12,250	187,250
2040	175,000	6,125	181,125
	<u>\$ 3,675,000</u>	<u>\$ 1,575,829</u>	<u>\$ 5,250,829</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015 Levee--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 825,000	\$ 533,531	\$ 1,358,531
2019	825,000	517,031	1,342,031
2020	825,000	500,531	1,325,531
2021	825,000	484,031	1,309,031
2022	825,000	467,531	1,292,531
2023	825,000	446,906	1,271,906
2024	825,000	426,281	1,251,281
2025	825,000	405,656	1,230,656
2026	825,000	385,031	1,210,031
2027	825,000	360,281	1,185,281
2028	825,000	335,531	1,160,531
2029	825,000	310,781	1,135,781
2030	825,000	286,031	1,111,031
2031	825,000	259,219	1,084,219
2032	825,000	232,406	1,057,406
2033	825,000	204,563	1,029,563
2034	825,000	175,688	1,000,688
2035	825,000	146,813	971,813
2036	825,000	116,906	941,906
2037	800,000	87,000	887,000
2038	800,000	58,000	858,000
2039	800,000	29,000	829,000
	<u>\$ 18,075,000</u>	<u>\$ 6,768,748</u>	<u>\$ 24,843,748</u>

See accompanying auditors' report.



*Fort Bend County Levee Improvement District No. 15  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2015 Refunding--by Years  
 September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 230,000	\$ 168,144	\$ 398,144
2019	235,000	163,544	398,544
2020	245,000	158,844	403,844
2021	255,000	151,494	406,494
2022	270,000	143,844	413,844
2023	270,000	138,444	408,444
2024	280,000	127,644	407,644
2025	295,000	116,444	411,444
2026	310,000	104,644	414,644
2027	315,000	92,244	407,244
2028	330,000	79,644	409,644
2029	330,000	69,744	399,744
2030	345,000	59,431	404,431
2031	345,000	48,219	393,219
2032	355,000	36,575	391,575
2033	360,000	24,150	384,150
2034	330,000	11,550	341,550
	<u>\$ 5,100,000</u>	<u>\$ 1,694,603</u>	<u>\$ 6,794,603</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2016 Refunding--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 225,000	\$ 148,950	\$ 373,950
2019	230,000	144,450	374,450
2020	230,000	139,850	369,850
2021	230,000	135,250	365,250
2022	230,000	128,350	358,350
2023	235,000	121,450	356,450
2024	245,000	114,400	359,400
2025	255,000	104,600	359,600
2026	260,000	94,400	354,400
2027	270,000	84,000	354,000
2028	280,000	73,200	353,200
2029	290,000	62,000	352,000
2030	305,000	50,400	355,400
2031	310,000	38,200	348,200
2032	320,000	25,800	345,800
2033	325,000	13,000	338,000
	<u>\$ 4,240,000</u>	<u>\$ 1,478,300</u>	<u>\$ 5,718,300</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2017 Levee--by Years  
 September 30, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 125,000	\$ 575,750	\$ 700,750
2019	125,000	573,250	698,250
2020	150,000	570,750	720,750
2021	150,000	567,750	717,750
2022	900,000	564,750	1,464,750
2023	900,000	537,750	1,437,750
2024	900,000	510,750	1,410,750
2025	900,000	483,750	1,383,750
2026	900,000	456,750	1,356,750
2027	900,000	429,750	1,329,750
2028	900,000	402,750	1,302,750
2029	900,000	375,750	1,275,750
2030	900,000	348,750	1,248,750
2031	900,000	320,625	1,220,625
2032	900,000	291,375	1,191,375
2033	900,000	261,000	1,161,000
2034	900,000	229,500	1,129,500
2035	900,000	198,000	1,098,000
2036	900,000	166,500	1,066,500
2037	900,000	133,875	1,033,875
2038	900,000	101,250	1,001,250
2039	900,000	67,500	967,500
2040	900,000	33,750	933,750
	<u>\$ 17,650,000</u>	<u>\$ 8,201,625</u>	<u>\$ 25,851,625</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017 Park--by Years*  
*September 30, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 3,000,000	\$ 179,375	\$ 3,179,375
2019	3,000,000	131,250	3,131,250
2020	3,000,000	86,250	3,086,250
2021	2,750,000	41,250	2,791,250
	<u>\$ 11,750,000</u>	<u>\$ 438,125</u>	<u>\$ 12,188,125</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017 Refunding--by Years*  
*September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 30,000	\$ 113,547	\$ 143,547
2019	140,000	104,212	244,212
2020	150,000	101,413	251,413
2021	155,000	98,413	253,413
2022	165,000	93,763	258,763
2023	170,000	88,812	258,812
2024	185,000	82,013	267,013
2025	190,000	78,312	268,312
2026	195,000	74,275	269,275
2027	200,000	69,887	269,887
2028	215,000	64,887	279,887
2029	220,000	58,975	278,975
2030	230,000	52,375	282,375
2031	240,000	45,475	285,475
2032	250,000	38,275	288,275
2033	260,000	30,775	290,775
2034	340,000	22,975	362,975
2035	380,000	12,350	392,350
	<u>\$ 3,715,000</u>	<u>\$ 1,230,734</u>	<u>\$ 4,945,734</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 15  
 TSI-5. Long-Term Debt Service Requirements  
 All Bonded Debt Series--by Years  
 September 30, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 5,820,000	\$ 3,289,005	\$ 9,109,005
2019	5,885,000	3,162,095	9,047,095
2020	5,970,000	3,046,103	9,016,103
2021	5,780,000	2,924,213	8,704,213
2022	3,855,000	2,796,919	6,651,919
2023	3,910,000	2,680,917	6,590,917
2024	4,000,000	2,557,721	6,557,721
2025	4,085,000	2,429,345	6,514,345
2026	4,165,000	2,296,733	6,461,733
2027	4,245,000	2,154,577	6,399,577
2028	4,340,000	2,008,215	6,348,215
2029	4,425,000	1,858,819	6,283,819
2030	4,525,000	1,703,996	6,228,996
2031	4,615,000	1,539,168	6,154,168
2032	4,745,000	1,367,106	6,112,106
2033	4,855,000	1,184,207	6,039,207
2034	5,010,000	994,425	6,004,425
2035	5,175,000	794,969	5,969,969
2036	4,725,000	582,394	5,307,394
2037	4,745,000	388,900	5,133,900
2038	2,315,000	194,125	2,509,125
2039	1,875,000	108,750	1,983,750
2040	1,075,000	39,875	1,114,875
	<u>\$ 100,140,000</u>	<u>\$ 40,102,577</u>	<u>\$ 140,242,577</u>

See accompanying auditors' report.

*(This page is intentionally left blank)*

	Bond Issue			
	Series 2006 Levee	Series 2007 Road	Series 2008 Levee	Series 2010 Levee
Interest rate	4.5% - 4.55%	4.375% - 6.375%	4.7% - 5.25%	3.2% - 5.125%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/09 - 9/1/17	9/1/09 - 9/1/17	9/1/09 - 9/1/17	9/1/12 - 9/1/18
Beginning bonds outstanding	\$ 70,000	\$ 210,000	\$ 110,000	\$ 3,585,000
Bonds issued				
Bonds refunded				(3,390,000)
Bonds retired	(70,000)	(210,000)	(110,000)	(95,000)
Ending bonds outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Interest paid during fiscal year	<u>\$ 3,150</u>	<u>\$ 9,188</u>	<u>\$ 5,390</u>	<u>\$ 91,040</u>
Paying agent's name and city				
Series 2006, 2007 Road, 2008, 2010 and 2012	<u>Wells Fargo Bank, N.A. Houston, Texas</u>			
Series 2013, 2013 Road, 2013 Refunding, 2014 Road and 2015 Road, 2015 Levee, 2015 Refunding, 2016 Refunding, 2017, 2017 Park and 2017 Refunding	<u>The Bank of New York Mellon Trust Company, N.A. Dallas Texas</u>			
Bond Authority:	Levee Bonds	Park Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 106,180,000	\$ 29,000,000	\$ 29,000,000	\$ 53,090,000
Amount Issued	(68,185,000)	(11,750,000)	(29,000,000)	(1,770,000)
Remaining To Be Issued	<u>\$ 37,995,000</u>	<u>\$ 17,250,000</u>	<u>\$ -</u>	<u>\$ 51,320,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balances as of September 30, 2017: \$ 8,862,689

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 6,097,503

See accompanying auditors' report.



Bond Issue				
Series 2012 Levee	Series 2013 Levee	Series 2013 Road	Series 2013 Refunding	Series 2014 Road
2.5% - 4.6%	2.0% - 4.0%	3.0% - 5.0%	2.0% - 5.0%	2.0% - 3.75%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/14 - 9/1/37	9/1/14 - 9/1/37	9/1/14 - 9/1/37	9/1/14 - 9/1/35	9/1/15 - 9/1/38
\$ 7,200,000	\$ 5,655,000	\$ 10,430,000	\$ 6,300,000	\$ 7,215,000
(250,000)	(130,000)	(285,000)	(80,000)	(220,000)
\$ 6,950,000	\$ 5,525,000	\$ 10,145,000	\$ 6,220,000	\$ 6,995,000
\$ 298,325	\$ 204,063	\$ 456,562	\$ 273,640	\$ 223,000

	Bond Issue			
	Series 2015 Road	Series 2015 Levee	Series 2015 Refunding	Series 2016 Refunding
Interest rate	3.0% - 5.0%	2.0% - 3.625%	2.0% - 4.0%	2.0% - 4.0%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/16 -	9/1/16 -	9/1/16 -	9/1/17 -
Maturity dates	9/1/40	9/1/39	9/1/34	9/1/33
Beginning bonds outstanding	\$ 3,825,000	\$ 18,900,000	\$ 5,280,000	\$ 4,250,000
Bonds issued				
Bonds refunded				
Bonds retired	<u>(150,000)</u>	<u>(825,000)</u>	<u>(180,000)</u>	<u>(10,000)</u>
Ending bonds outstanding	<u>\$ 3,675,000</u>	<u>\$ 18,075,000</u>	<u>\$ 5,100,000</u>	<u>\$ 4,240,000</u>
Interest paid during fiscal year	<u>\$ 141,962</u>	<u>\$ 550,031</u>	<u>\$ 171,744</u>	<u>\$ 149,150</u>

See accompanying auditors' report.

Bond Issue			
Series 2017 Levee	Series 2017 Park	Series 2017 Refunding	Totals
2.0% - 3.75% 3/1; 9/1 9/1/17 - 9/1/40	0.75% - 1.50% 3/1; 9/1 9/1/18 - 9/1/21	2.0% - 4.0% 3/1; 9/1 9/1/18 - 9/1/35	
\$ -	\$ -	\$ -	\$ 73,030,000
17,770,000	11,750,000	3,715,000	33,235,000
			(3,390,000)
(120,000)			(2,735,000)
<u>\$ 17,650,000</u>	<u>\$ 11,750,000</u>	<u>\$ 3,715,000</u>	<u>\$ 100,140,000</u>
<u>\$ 337,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,914,499</u>

**Fort Bend County Levee Improvement District No. 15**  
**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 1,317,910	\$ 771,121	\$ 1,578,510	\$ 684,951	\$ 516,149
Miscellaneous	75,623	22,500	35,598	37,900	30,398
Investment earnings	12,397	4,554	1,245	219	374
Total Revenues	<u>1,405,930</u>	<u>798,175</u>	<u>1,615,353</u>	<u>723,070</u>	<u>546,921</u>
Expenditures					
Operations and administrative					
Professional fees	255,830	250,213	135,279	84,850	96,104
Contracted services	212,857	135,079	116,188	102,189	107,901
Repairs and maintenance	777,104	393,071	298,346	146,267	144,579
Utilities	2,143				
Administrative	48,044	43,971	45,224	36,324	35,728
Other	57,935	26,075	30,695	30,495	20,530
Capital outlay				150,000	
Total Expenditures	<u>1,353,913</u>	<u>848,409</u>	<u>625,732</u>	<u>550,125</u>	<u>404,842</u>
Revenues Over (Under) Expenditures	<u>\$ 52,017</u>	<u>\$ (50,234)</u>	<u>\$ 989,621</u>	<u>\$ 172,945</u>	<u>\$ 142,079</u>

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2017	2016	2015	2014	2013
94%	96%	98%	95%	94%
5%	3%	2%	5%	6%
1%	1%	*	*	*
100%	100%	100%	100%	100%
18%	31%	8%	12%	18%
15%	17%	7%	14%	20%
55%	49%	18%	20%	26%
*				
3%	6%	3%	5%	7%
4%	3%	2%	4%	4%
			21%	
95%	106%	38%	76%	75%
5%	(6%)	62%	24%	25%

*Fort Bend County Levee Improvement District No. 15*  
*TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund*  
*For the Last Five Fiscal Years*

	Amounts				
	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 9,379,271	\$ 7,464,662	\$ 3,913,620	\$ 2,968,121	\$ 2,236,648
Penalties and interest	74,750	39,510	40,630	23,412	13,323
Accrued interest on bonds sold	61,162	52,357	11,210	14,129	61,269
Miscellaneous	25	125	250	25	25
Investment earnings	68,271	22,525	8,147	7,966	8,665
Total Revenues	9,583,479	7,579,179	3,973,857	3,013,653	2,319,930
Expenditures					
Tax collection services	148,832	106,616	79,767	53,439	37,861
Other	15,000	2,500		5,000	5,000
Debt service					
Principal	2,735,000	3,090,000	1,440,000	1,205,000	490,000
Interest and fees	2,922,299	2,781,495	2,197,106	2,073,804	1,369,634
Debt issuance costs	174,759	279,461			145,530
Payment to refunded bond escrow agent	63,000				
Total Expenditures	6,058,890	6,260,072	3,716,873	3,337,243	2,048,025
Revenues Over (Under) Expenditures	\$ 3,524,589	\$ 1,319,107	\$ 256,984	\$ (323,590)	\$ 271,905
Total Active Retail Water Connections	N/A	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	N/A	N/A	N/A	N/A	N/A

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2017	2016	2015	2014	2013
97%	98%	99%	99%	96%
1%	1%	1%	1%	1%
1%	1%	*	*	3%
*	*	*	*	*
1%	*	*	*	*
100%	100%	100%	100%	100%
2%	1%	2%	2%	2%
*	*		*	*
29%	41%	36%	40%	21%
30%	37%	55%	69%	59%
2%	4%			6%
1%				
64%	83%	93%	111%	88%
36%	17%	7%	(11%)	12%

**Fort Bend County Levee Improvement District No. 15  
TSI-8. Board Members, Key Personnel and Consultants  
For the Year Ended September 30, 2017**

Complete District Mailing Address: 16555 Southwest Freeway, Suite 200, Sugar Land, TX 77479

District Business Telephone Number: (281) 500-6050

Submission Date of the most recent District Registration Form

(TWC Sections 36.054 and 49.054): September 26, 2017

Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200

(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Frank Yonish	09/16 to 09/20	\$ 5,400	\$ 1,770	President
Darrell Groves	09/17 to 09/20			Vice President/ Secretary
Teresa Kurkjian	08/16 to 09/20	1,500	29	Assistant Vice President/ Assistant Secretary
Allan Harris	09/16 to 08/17	4,200	1,984	Former Director
<b>Consultants</b>				
The Muller Law Group, PLLC	2014	<u>\$ 880,909</u>		Attorney
Levee Management Services, LLC	2012	243,180		Operator
Avanta Services	2004	26,166		Bookkeeper /Accounting
Esther Flores, RTA Tax Tech	2003	54,452		Tax Collector
Fort Bend Central Appraisal District	Legislation	66,952		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2004	20,963		Delinquent Tax Attorney
Costello, Inc.	2000			Engineer
<i>Amount paid directly by district</i>		221,306		
<i>Amount paid from developer reimbursements</i>		925,059		
McGrath & Co., PLLC	Annual	41,050		Auditor
FirstSouthwest Company, a division of Hilltop Securities	2000	425,956		Financial Advisor
TBG Partners	2008			Landscape Architect
<i>Amount paid directly by district</i>		5,518		
<i>Amount paid from developer reimbursements</i>		1,344,612		

\* Fees of Office are the amounts actually paid to a director during the District's fiscal year.

See accompanying auditors' report.