

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 19**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2017

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1
Management's Discussion and Analysis		5
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		14
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		15
Notes to Basic Financial Statements		17
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		34
Notes to Required Supplementary Information		35
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	38
General Fund Expenditures	TSI-2	40
Investments	TSI-3	41
Taxes Levied and Receivable	TSI-4	42
Long-Term Debt Service Requirements by Years	TSI-5	43
Change in Long-Term Bonded Debt	TSI-6	52
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	54
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	56
Board Members, Key Personnel and Consultants	TSI-8	58

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. 19
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. 19, as of and for the year ended July 31, 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. 19
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. 19, as of July 31, 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.

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.

McGuire & Co, PC

Houston, Texas
November 28, 2017

Management's Discussion and Analysis

(This page intentionally left blank)

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 19 (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 July 31, 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. 19
Management's Discussion and Analysis
July 31, 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 July 31, 2017, was negative \$6,878,389. 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 July 31, 2017 and 2016, is as follows:

	2017	2016
Current and other assets	\$ 9,373,984	\$ 8,375,708
Capital assets	21,042,836	22,271,670
Total assets	<u>30,416,820</u>	<u>30,647,378</u>
 Total deferred outflows of resources	 <u>478,519</u>	 <u>506,667</u>
 Current liabilities	 2,944,656	 1,997,655
Long-term liabilities	34,829,072	36,759,747
Total liabilities	<u>37,773,728</u>	<u>38,757,402</u>
 Net position		
Net investment in capital assets	(2,470,010)	(2,390,604)
Restricted	4,917,061	3,367,745
Unrestricted	<u>(9,325,440)</u>	<u>(8,580,498)</u>
Total net position	<u>\$ (6,878,389)</u>	<u>\$ (7,603,357)</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 and net position. Amounts reported for 2016 have been adjusted accordingly.

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017

The total net position of the District increased during the current fiscal year by \$724,968. 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	\$ 4,471,433	\$ 3,985,469
Intergovernmental	50,146	208,702
Other	57,992	25,271
Total revenues	<u>4,579,571</u>	<u>4,219,442</u>
Expenses		
Operating and administrative	589,666	619,130
Interest and fees	1,250,126	1,176,038
Developer interest	150,497	13,559
Debt issuance costs	318,036	127,697
Depreciation	345,104	332,307
Total expenses	<u>2,653,429</u>	<u>2,268,731</u>
Change in net position before other item	1,926,142	1,950,711
Other items		
Transfers to other governments	(1,201,174)	(2,902,312)
Loss on reallocation of assets	<u> </u>	<u>(388,179)</u>
Change in net position	724,968	(1,339,780)
Net position, beginning of year (restated Note 4)	<u>(7,603,357)</u>	<u>(6,263,577)</u>
Net position, end of year	<u>\$ (6,878,389)</u>	<u>\$ (7,603,357)</u>

Depreciation expense for 2016 and beginning net position 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 July 31, 2017, were \$9,291,316, which consists of \$3,314,563 in the General Fund, \$5,399,683 in the Debt Service Fund and \$577,070 in the Capital Projects Fund.

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017***

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2017 and 2016 is as follows:

	2017	2016
Total assets	<u>\$ 3,371,994</u>	<u>\$ 3,593,526</u>
Total liabilities	\$ 51,797	\$ 242,551
Total deferred inflows	5,634	5,566
Total fund balance	<u>3,314,563</u>	<u>3,345,409</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,371,994</u>	<u>\$ 3,593,526</u>

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

	2017	2016
Total revenues	\$ 798,071	\$ 832,114
Total expenditures	<u>(873,189)</u>	<u>(691,123)</u>
Revenues over/(under) expenditures	(75,118)	140,991
Other changes in fund balance	44,272	
Net change in fund balance	<u>\$ (30,846)</u>	<u>\$ 140,991</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. Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2017 and 2016 is as follows:

	2017	2016
Total assets	<u>\$ 5,424,757</u>	<u>\$ 3,856,472</u>
Total liabilities	\$ 258	\$ 10
Total deferred inflows	24,816	24,206
Total fund balance	<u>5,399,683</u>	<u>3,832,256</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,424,757</u>	<u>\$ 3,856,472</u>

***Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017***

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

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 3,780,466	\$ 3,393,274
Total expenditures	<u>(2,213,039)</u>	<u>(2,169,372)</u>
Revenues over expenditures	1,567,427	1,223,902
Other changes in fund balance		109,423
Net change in fund balance	<u>\$ 1,567,427</u>	<u>\$ 1,333,325</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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Total assets	<u>\$ 577,233</u>	<u>\$ 925,710</u>
Total liabilities	\$ 163	\$ 306,377
Total fund balance	577,070	619,333
Total liabilities and fund balance	<u>\$ 577,233</u>	<u>\$ 925,710</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	\$ 4,989	\$ 3,602
Total expenditures	<u>(5,937,980)</u>	<u>(2,535,189)</u>
Revenues under expenditures	(5,932,991)	(2,531,587)
Other changes in fund balance	5,890,728	
Net change in fund balance	<u>\$ (42,263)</u>	<u>\$ (2,531,587)</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2016 Unlimited Tax Park Bonds in the current year and Series 2014 Unlimited Tax Bonds in a prior year.

**Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017**

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 \$102,233 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

Capital assets held by the District at July 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Capital assets not being depreciated		
Land and improvements	\$ 15,275,197	\$ 15,567,641
Construction in progress		838,110
	<u>15,275,197</u>	<u>16,405,751</u>
Capital assets being depreciated		
Infrastructure	2,185,861	2,185,861
Parks and recreational facilities	1,662,964	1,625,715
Landscaping improvements	3,064,113	2,854,538
	<u>6,912,938</u>	<u>6,666,114</u>
Less accumulated depreciation		
Infrastructure	(145,725)	(97,150)
Parks and recreational facilities	(617,078)	(485,793)
Landscaping improvements	(382,496)	(217,252)
	<u>(1,145,299)</u>	<u>(800,195)</u>
Depreciable capital assets, net	<u>5,767,639</u>	<u>5,865,919</u>
Capital assets, net	<u>\$ 21,042,836</u>	<u>\$ 22,271,670</u>

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

Capital asset additions during the year included landscaping improvements for LJ Parkway – Phase 8.

Fort Bend County assumes responsibility for 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 July 31, 2017, capital assets in the amount of \$1,201,174 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017

Long-Term Debt and Related Liabilities

As of July 31, 2017, the District owes \$1,584,665 to developers for completed construction. As discussed in Note 7, the District has additional commitments in the amount of \$1,130,285 for projects under construction by the developers. 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.

At July 31, 2017 and 2016, the District had total bonded debt outstanding as shown below:

Series	2017	2016
2009 Levee	\$ 565,000	\$ 685,000
2012 Road	6,005,000	6,180,000
2012 Levee	5,660,000	5,850,000
2013 Levee	9,505,000	9,760,000
2014 Road	5,055,000	5,190,000
2015 Refunding	3,335,000	3,420,000
2016 Park	5,935,000	
	<u>\$ 36,060,000</u>	<u>\$ 31,085,000</u>

During the year, the District issued \$5,935,000 in unlimited tax park bonds. At July 31, 2017, the District had \$28,375,000 unlimited tax levee improvement bonds authorized, but unissued for flood control levee and drainage facilities within the District and \$3,563,402 for parks and recreational facilities.

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	\$ 798,071	\$ 748,000
Total expenditures	(873,189)	(702,844)
Revenues over/(under) expenditures	(75,118)	45,156
Other changes in fund balance	44,272	
Net change in fund balance	(30,846)	45,156
Beginning fund balance	3,345,409	3,314,563
Ending fund balance	<u>\$ 3,314,563</u>	<u>\$ 3,359,719</u>

*Fort Bend County Levee Improvement District No. 19
Management's Discussion and Analysis
July 31, 2017*

Property Taxes

The District's property tax base increased approximately \$39,094,000 for the 2017 tax year from \$655,321,588 to \$694,416,063. This increase was primarily due to increased property values. For the 2017 tax year, the District will levy a maintenance tax rate of \$0.14 per \$100 of assessed value, a levee and park debt service tax rate of \$0.43 per \$100 of assessed value and a road debt service tax rate of \$0.11, for a total combined tax rate of \$0.68 per \$100. Tax rates for the 2016 tax year were \$0.11 per \$100 for maintenance and operations, \$0.45 per \$100 for levee and park debt service and \$0.12 for road debt service.

Basic Financial Statements

Fort Bend County Levee Improvement District No. 19
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 882,295	\$ 47,649	\$ -	\$ 929,944	\$ -	\$ 929,944
Investments	2,455,474	5,354,180	577,233	8,386,887		8,386,887
Taxes receivable	5,634	24,816		30,450		30,450
Internal balances	3,471	(3,471)				
Due from other governments	24,804			24,804		24,804
Accrued interest receivable	316	83		399		399
Prepaid items		1,500		1,500		1,500
Capital assets not being depreciated					15,275,197	15,275,197
Capital assets, net					5,767,639	5,767,639
Total Assets	<u>\$ 3,371,994</u>	<u>\$ 5,424,757</u>	<u>\$ 577,233</u>	<u>\$ 9,373,984</u>	<u>21,042,836</u>	<u>30,416,820</u>
Deferred Outflows of Resources						
Deferred difference on refunding					478,519	478,519
Liabilities						
Accounts payable	\$ 51,179	\$ 189	\$ 163	\$ 51,531		51,531
Other payables	618	69		687		687
Accrued interest payable					507,438	507,438
Due to developers					1,584,665	1,584,665
Long-term debt						
Due within one year					2,385,000	2,385,000
Due after one year					33,244,407	33,244,407
Total Liabilities	<u>51,797</u>	<u>258</u>	<u>163</u>	<u>52,218</u>	<u>37,721,510</u>	<u>37,773,728</u>
Deferred Inflows of Resources						
Deferred property taxes	5,634	24,816		30,450	(30,450)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable		1,500		1,500	(1,500)	
Restricted		5,398,183	577,070	5,975,253	(5,975,253)	
Unassigned	3,314,563			3,314,563	(3,314,563)	
Total Fund Balances	<u>3,314,563</u>	<u>5,399,683</u>	<u>577,070</u>	<u>9,291,316</u>	<u>(9,291,316)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,371,994</u>	<u>\$ 5,424,757</u>	<u>\$ 577,233</u>	<u>\$ 9,373,984</u>		
Net Position						
Net investment in capital assets					(2,470,010)	(2,470,010)
Restricted for debt service					4,917,061	4,917,061
Unrestricted					(9,325,440)	(9,325,440)
Total Net Position					<u>\$ (6,878,389)</u>	<u>\$ (6,878,389)</u>

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 19
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 720,118	\$ 3,734,367	\$ -	\$ 4,454,485	\$ (373)	\$ 4,454,112
Penalties and interest		16,270		16,270	1,051	17,321
Intergovernmental	50,146			50,146		50,146
Accrued interest on bonds sold		4,633		4,633	(4,633)	
Miscellaneous	12,600	50		12,650		12,650
Investment earnings	15,207	25,146	4,989	45,342		45,342
Total Revenues	798,071	3,780,466	4,989	4,583,526	(3,955)	4,579,571
Expenditures/Expenses						
Operating and administrative						
Professional fees	117,360		29,169	146,529		146,529
Contracted services	89,549	60,578		150,127		150,127
Repairs and maintenance	205,491			205,491		205,491
Administrative	44,428	3,946	63	48,437		48,437
Other	12,946			12,946		12,946
Joint pump station	26,136			26,136		26,136
Capital outlay	377,279		5,440,215	5,817,494	(5,817,494)	
Debt service						
Principal		960,000		960,000	(960,000)	
Interest and fees		1,188,515		1,188,515	61,611	1,250,126
Developer interest			150,497	150,497		150,497
Debt issuance costs			318,036	318,036		318,036
Depreciation					345,104	345,104
Total Expenditures/Expenses	873,189	2,213,039	5,937,980	9,024,208	(6,370,779)	2,653,429
Revenues Over (Under)						
Expenditures/Expenses	(75,118)	1,567,427	(5,932,991)	(4,440,682)	6,366,824	1,926,142
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			5,935,000	5,935,000	(5,935,000)	
Internal transfers	44,272		(44,272)			
Other Items						
Transfers to other governments					(1,201,174)	(1,201,174)
Net Change in Fund Balances	(30,846)	1,567,427	(42,263)	1,494,318	(1,494,318)	
Change in Net Position					724,968	724,968
Fund Balance/Net Position						
Beginning of the year (restated Note 4)	3,345,409	3,832,256	619,333	7,796,998	(15,400,355)	(7,603,357)
End of the year	\$ 3,314,563	\$ 5,399,683	\$ 577,070	\$ 9,291,316	\$ (16,169,705)	\$ (6,878,389)

See notes to basic financial statements.

(This page intentionally left blank)

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 19 (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 October 24, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 57 and Texas Special District Local Laws Code Chapter 7804. The Board of Directors held its first meeting on November 30, 2006 and the first bonds were sold on May 18, 2009.

The District’s primary activities include construction, maintenance and operation of flood control drainage facilities, recreational facilities and major thoroughfares. 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. 19
Notes to Basic Financial Statements
July 31, 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 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 flood control, drainage, recreational 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 and interest earned on investments. 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. 19
Notes to Basic Financial Statements
July 31, 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 July 31, 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 flood control, drainage and recreational facilities and landscaping improvements, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	25-45 years
Park and recreational facilities	10-45 years
Landscaping improvements	20 years

The District's detention facilities and levee system are considered improvements to land and are 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 a refunding bond transaction 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. 19
Notes to Basic Financial Statements
July 31, 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. 19
Notes to Basic Financial Statements
July 31, 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	\$ 9,291,316
--	--------------

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

Historical cost	\$ 22,188,135	
Less accumulated depreciation	<u>(1,145,299)</u>	
Change due to capital assets		21,042,836

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.

478,519

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

(1,584,665)

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	(35,629,407)	
Interest payable on bonds	<u>(507,438)</u>	
Change due to long-term debt		(36,136,845)

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	23,275	
Penalty and interest receivable	<u>7,175</u>	
Change due to property taxes		30,450

Total net position - governmental activities		<u><u>\$ (6,878,389)</u></u>
--	--	------------------------------

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 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 \$ 1,494,318

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. 678

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. Other assets are recorded as transfers to other governments.

Capital outlays	\$ 5,817,494	
Depreciation expense	(345,104)	
Transfers to other governments	<u>(1,201,174)</u>	
		4,271,216

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	(5,935,000)	
Principal payments	960,000	
Interest expense accrual	<u>(66,244)</u>	
		(5,041,244)

Change in net position of governmental activities	<u><u>\$ 724,968</u></u>
---	--------------------------

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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 3 – Deposits and Investments

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) 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) insured or collateralized certificates of deposit, (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 July 31, 2017, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	General	\$ 470,159		N/A	N/A
	Debt Service	244,117			
		<u>714,276</u>	<u>9%</u>		
TexPool	General	1,985,315		AAAm	34 days
	Debt Service	5,110,063			
	Capital Projects	577,233			
		<u>7,672,611</u>	<u>91%</u>		
Total		<u>\$ 8,386,887</u>	<u>100%</u>		

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

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 3 – Deposits and Investments (continued)

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

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 certain 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 July 31, 2016 were overstated by \$5,150,104, which is the net book value of these assets. During the current year, a prior period adjustment was recorded to correct net position and capital assets. This adjustment decreased beginning net position as follows:

Beginning net position, as reported	\$ (2,453,253)
Change due to restatement of capital assets	(5,150,104)
Beginning net position, restated	<u><u>\$ (7,603,357)</u></u>

Note 5 – Amounts Due to/from Other Funds

Amounts due to/from other funds at July 31, 2017, consist of the following:

	Interfund	
	Receivable	Payable
General Fund	\$ 3,471	\$ -
Debt Service Fund		3,471
	<u><u>\$ 3,471</u></u>	<u><u>\$ 3,471</u></u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 5 – Amounts Due to/from Other Funds (continued)

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 \$44,272 from the Capital Projects Fund to the General Fund in order to reimburse bond application costs paid in the previous fiscal year.

Note 6 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 15,567,641	\$ (292,444)	\$ -	\$ 15,275,197
Construction in progress	838,110		(838,110)	
	<u>16,405,751</u>	<u>(292,444)</u>	<u>(838,110)</u>	<u>15,275,197</u>
Capital assets being depreciated				
Infrastructure	2,185,861			2,185,861
Parks and recreational facilities	1,625,715	37,249		1,662,964
Landscaping improvements	2,854,538	209,575		3,064,113
	<u>6,666,114</u>	<u>246,824</u>		<u>6,912,938</u>
Less accumulated depreciation				
Infrastructure	(97,150)	(48,575)		(145,725)
Parks and recreational facilities	(485,793)	(131,285)		(617,078)
Landscaping improvements	(217,252)	(165,244)		(382,496)
	<u>(800,195)</u>	<u>(345,104)</u>		<u>(1,145,299)</u>
Subtotal depreciable capital assets, net	<u>5,865,919</u>	<u>(98,280)</u>		<u>5,767,639</u>
Capital assets, net	<u>\$ 22,271,670</u>	<u>\$ (390,724)</u>	<u>\$ (838,110)</u>	<u>\$ 21,042,836</u>

Depreciation expense for the current year was \$345,104.

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of flood control, drainage, and 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 7 – Due to Developers (continued)

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

Due to developers, beginning of year	\$ 7,084,715
Developer reimbursements	(5,128,584)
Developer funded construction and adjustments	<u>(371,466)</u>
Due to developers, end of year	<u><u>\$ 1,584,665</u></u>

In addition, the District will owe the developers approximately \$1,130,285, 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.

	<u>Contract Amount</u>	<u>Amounts Paid</u>	<u>Remaining Commitment</u>
Hagerson Linear Park - sitework, landscape and irrigation	\$ 401,818	\$ 167,419	\$ 234,399
The Grove detention	728,467	406,449	322,018
	<u><u>\$ 1,130,285</u></u>	<u><u>\$ 573,868</u></u>	<u><u>\$ 556,418</u></u>

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 36,060,000
Unamortized discounts	(635,559)
Unamortized premium	204,966
	<u><u>\$ 35,629,407</u></u>
 Due within one year	 <u><u>\$ 2,385,000</u></u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 8 – Long-Term Debt (continued)

The District’s bonds payable at July 31, 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
2009 Levee	\$ 565,000	\$ 4,260,000	4.80%-5.20%	September 1, 2011 to 2020	September 1, March 1	September 1, 2018
2012 Road	6,005,000	6,500,000	2.25%-4.20%	September 1, 2014 to 2036	September 1, March 1	September 1, 2021
2012 Levee	5,660,000	6,210,000	2.00%-3.625%	September 1, 2014 to 2035	September 1, March 1	September 1, 2021
2013 Levee	9,505,000	10,000,000	3.25%-5.00%	September 1, 2015 to 2037	September 1, March 1	September 1, 2021
2014 Road	5,055,000	5,300,000	3.00%-3.75%	September 1, 2015 to 2039	September 1, March 1	September 1, 2022
2015 Refunding	3,335,000	3,420,000	2.00%-4.00%	September 1, 2016 to 2033	September 1, March 1	September 1, 2025
2016 Park	5,935,000	5,935,000	1.00%-1.375%	September 1, 2017 to 2020	September 1, March 1	N/A
	<u>\$ 36,060,000</u>					

The Series 2015 Unlimited Tax Levee Improvement Refunding bonds were issued to advance refund the District’s Series 2009 bonds. Since the Series 2009 bonds were not yet subject to redemption, the District defeased them by placing proceeds of the bonds in an escrow account with an escrow agent and irrevocably pledging the escrow account to the payment of future debt service payments. Accordingly, the defeased bonds are not included in the District's financial statements. The outstanding principal of the defeased bonds is \$3,065,000 at July 31, 2017.

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 July 31, 2017, the District had authorized but unissued bonds in the amount of \$28,375,000 for flood control levee and drainage facilities within the District and \$3,563,402 for parks and recreational facilities.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 8 – Long-Term Debt (continued)

On August 24, 2016, the District issued its \$5,935,000 Series 2016 Unlimited Tax Park Bonds at a net effective interest rate of 1.265011% to finance the District’s share of costs for a regional park project and 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.

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

Bonds payable, beginning of year	\$ 31,085,000
Bonds issued	5,935,000
Bonds retired	(960,000)
Bonds payable, end of year	<u>\$ 36,060,000</u>

As of July 31, 2017, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2018	\$ 2,385,000	\$ 1,180,420	\$ 3,565,420
2019	2,465,000	1,134,923	3,599,923
2020	2,540,000	1,085,286	3,625,286
2021	2,625,000	1,031,341	3,656,341
2022	1,145,000	986,272	2,131,272
2023	1,190,000	952,239	2,142,239
2024	1,240,000	915,807	2,155,807
2025	1,295,000	875,232	2,170,232
2026	1,360,000	830,500	2,190,500
2027	1,405,000	781,542	2,186,542
2028	1,480,000	728,003	2,208,003
2029	1,540,000	670,683	2,210,683
2030	1,615,000	609,468	2,224,468
2031	1,690,000	544,131	2,234,131
2032	1,760,000	474,812	2,234,812
2033	1,855,000	400,818	2,255,818
2034	1,925,000	322,483	2,247,483
2035	1,700,000	246,430	1,946,430
2036	1,780,000	172,298	1,952,298
2037	1,420,000	102,348	1,522,348
2038	1,005,000	47,249	1,052,249
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 36,060,000</u>	<u>\$ 14,116,470</u>	<u>\$ 50,176,470</u>

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 9 – Property Taxes

On May 12, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. On November 6, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for maintenance of road facilities limited to \$0.25 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.

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 \$0.68 per \$100 of assessed value, of which \$0.11 was allocated to maintenance and operations, \$0.45 was allocated to levee and park debt service and \$0.12 was allocated to road debt service. The resulting tax levy was \$4,456,187 on the adjusted taxable value of \$655,321,588.

Property taxes receivable, at July 31, 2017, consisted of the following:

Current year taxes receivable	\$ 13,950
Prior years taxes receivable	9,325
	<u>23,275</u>
Penalty and interest receivable	7,175
Property taxes receivable	<u><u>\$ 30,450</u></u>

Note 10 – Transfers to Other Governments

In accordance with an interlocal agreement between the District and the Fort Bend County (the “County”), the District agreed to transfer certain facilities to the County. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. For the year ended July 31, 2017, the total amount of projects completed and transferred to the County was \$1,201,174.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 11 – Maintenance Agreement for Regional Recreational Facilities

On April 24, 2017, the District and Fort Bend County Levee Improvement District No. 15 (“LID 15”) entered into an agreement (the “Agreement”) with Riverstone Homeowners Association (the “HOA”). Under the Agreement, the District agrees to grant the HOA the right to use, operate, maintain, manage and administer the portion of the facilities that serve public recreational purposes so long as the purposes do not interfere with the District’s use of the facilities for detention or drainage purposes. During the term of the Agreement, the HOA shall manage the grounds keeping and landscaping maintenance needed on the facilities. The District will pay \$48,745 to the HOA set as a service fee for maintaining the facilities for the Districts. The Agreement is effective until June 30, 2018, unless written notice is received by either party. During the current fiscal year, the District recognized expenses of \$64,993 pursuant to the Agreement.

Note 12 – Maintenance Agreement for Regional Pump Station

On July 28, 2014, the District entered into a Maintenance Agreement for Regional Pump Station (the “Agreement”) with Fort Bend County Levee Improvement District No. 15 (“LID 15”). The Agreement outlines the ownership, operation, maintenance and repair of the jointly constructed regional Steep Bank Creek storm water pump station (the “Pump Station”). The District has agreed to operate, maintain and repair the Pump Station for the benefit of the Districts. Each district agrees to share in all operating, maintenance and repair costs (the “Operating Expenses”) in accordance with each District’s pro rata share.

The District bills LID 15 on a quarterly basis for its portion of operating expenses incurred. During the current year, the District incurred operating expenses of \$58,057, of which \$31,921 was billed to LID 15, for a net expense to the District of \$26,136.

Note 13 – Cost Sharing Agreement for Regional Recreational Facilities

On August 24, 2015, the District entered into a cost sharing agreement for regional recreational facilities with LID 15. 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, LID 15 has conveyed, and the District agreed 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 14 – 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.

Fort Bend County Levee Improvement District No. 19
Notes to Basic Financial Statements
July 31, 2017

Note 15 – Subsequent Event - Hurricane Harvey

The Houston area, including Fort Bend County, sustained widespread rain and flood damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, causing historic levels of rainfall during the succeeding four days.

According to estimates by the District's engineer, approximately 570 homes (representing approximately 31% of the total homes) within the District experienced flooding or other significant damage as a result of Hurricane Harvey. The flooding was caused by record levels of rainfall in the Steep Bank Creek watershed, which is the principal drainage outflow for the District. The District provides storm water drainage within its boundaries by a gravity outfall system and pump station that pumps excess storm water into the Brazos River from the Steep Bank Creek watershed. While the pumps operated as designed, because of the historic rainfall levels, the pumps were unable to remove sufficient storm water resulting in flooding in portions of the District.

The District cannot predict what impact Hurricane Harvey will have on the assessed value of homes within the District. Such determination will be made by the Fort Bend Central Appraisal District based on the market value of such homes as of the date of the reappraisal for damaged property, and as of January 1, 2018, for all property. The appraised market values will be affected by, among other things, the extent to which any damage has occurred and the extent to which it is repaired. Further, there is no assurance that casualty losses in the District will be covered by insurance. Flood casualties are usually excepted from coverage of home insurance unless specific flood insurance is separately purchased. The District cannot provide assurance that any insurance company will fulfill its obligation to pay insurance proceeds, or if paid that property owners will use insurance proceeds to rebuild or repair property damage. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected. Finally, it is not known at this time what impact the effects of Hurricane Harvey will have generally upon the value of properties that did not sustain damage.

Assessed values in property in the District could decrease because of flood damage reappraisals or in future appraisals because of the extent to which damage is repaired and the timing of repairs, or the effect Hurricane Harvey will have generally upon the value of homes in the District or the region. A substantial decrease in the assessed valuation in the District could result in a corresponding increase in the District's tax rate.

Required Supplementary Information

Fort Bend County Levee Improvement District No. 19
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 690,000	\$ 715,000	\$ 720,118	\$ 5,118
Intergovernmental			50,146	50,146
Miscellaneous	6,000	6,000	12,600	6,600
Investment earnings	7,000	7,000	15,207	8,207
Total Revenues	<u>703,000</u>	<u>728,000</u>	<u>798,071</u>	<u>70,071</u>
Expenditures				
Operating and administrative				
Professional fees	97,450	97,450	117,360	(19,910)
Contracted services	84,600	84,600	89,549	(4,949)
Repairs and maintenance	189,900	206,893	205,491	1,402
Administrative	43,050	43,050	44,428	(1,378)
Other	10,475	28,475	12,946	15,529
Joint pump station	31,145	31,145	26,136	5,009
Capital outlay		220,000	377,279	(157,279)
Total Expenditures	<u>456,620</u>	<u>711,613</u>	<u>873,189</u>	<u>(161,576)</u>
Revenues Over/(Under) Expenditures	246,380	16,387	(75,118)	(91,505)
Other Financing Sources				
Internal transfers	55,000	55,000	44,272	(10,728)
Net Change in Fund Balance	301,380	71,387	(30,846)	(102,233)
Fund Balance				
Beginning of the year	3,345,409	3,345,409	3,345,409	
End of the year	<u>\$ 3,646,789</u>	<u>\$ 3,416,796</u>	<u>\$ 3,314,563</u>	<u>\$ (102,233)</u>

Fort Bend County Levee Improvement District No. 19
Notes to Required Supplementary Information
July 31, 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 to reflect changes in anticipated revenues and expenditures.

(This page intentionally left blank)

Texas Supplementary Information

Fort Bend County Levee Improvement District No. 19
TSI-1. Services and Rates
July 31, 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 checked="" 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. 19
TSI-1. Services and Rates
July 31, 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 Missouri City

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

ETJs in which the District is located: City of Missouri City

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

If Yes, by whom? Fort Bend County Commissioner's Court

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-2 General Fund Expenditures
 For the Year Ended July 31, 2017*

Professional fees		
Legal	\$	78,823
Audit		12,500
Engineering		26,037
		<u>117,360</u>
Contracted services		
Bookkeeping		21,556
Operator		67,993
		<u>89,549</u>
Repairs and maintenance		<u>205,491</u>
Administrative		
Directors fees		7,200
Printing and office supplies		1,389
Insurance		7,995
Other		27,844
		<u>44,428</u>
Other		<u>12,946</u>
Joint pump station		<u>26,136</u>
Capital outlay		<u>377,279</u>
Total expenditures	\$	<u><u>873,189</u></u>

Reporting of Utility Services in Accordance with Chapter 2264, Texas Government Code:

	<u>Usage</u>	<u>Cost</u>
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-3. Investments
July 31, 2017

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General					
TexPool	7920200002	Variable	N/A	\$ 1,985,315	\$ -
Certificate of deposit	530718	0.35%	3/5/16	246,788	243
Certificate of deposit	66000499	0.80%	7/7/18	223,371	73
				<u>2,455,474</u>	<u>316</u>
Debt Service					
TexPool	7920200003	Variable	N/A	4,137,850	
TexPool	7920200007	Variable	N/A	972,213	
Certificate of deposit	4147900	0.40%	2/25/16	244,117	83
				<u>5,354,180</u>	<u>83</u>
Capital Projects					
TexPool	7920200009	Variable	N/A	262,598	
TexPool	7920200010	Variable	N/A	14,240	
TexPool	7920200011	Variable	N/A	300,395	
				<u>577,233</u>	
Total - All Funds				<u>\$ 8,386,887</u>	<u>\$ 399</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-4. Taxes Levied and Receivable
July 31, 2017

	Maintenance Taxes	Levee Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 5,566	\$ 14,019	\$ 4,064	\$ 23,649
Adjustments	30	131	36	197
Adjusted Receivable	5,596	14,150	4,100	23,846
2016 Original Tax Levy	689,734	2,821,640	752,437	4,263,811
Adjustments	31,120	127,307	33,949	192,376
Adjusted Tax Levy	720,854	2,948,947	786,386	4,456,187
Total to be accounted for	726,450	2,963,097	790,486	4,480,033
Tax collections				
Current year	718,597	2,939,716	783,924	4,442,237
Prior years	2,219	9,680	2,622	14,521
Total Collections	720,816	2,949,396	786,546	4,456,758
Taxes Receivable, End of Year	\$ 5,634	\$ 13,701	\$ 3,940	\$ 23,275
Taxes Receivable, By Years				
2016	\$ 2,257	\$ 9,231	\$ 2,462	\$ 13,950
2015	416	1,814	491	2,721
2014	875	1,134	583	2,592
2013 and prior	2,086	1,522	404	4,012
Taxes Receivable, End of Year	\$ 5,634	\$ 13,701	\$ 3,940	\$ 23,275
	2016	2015	2014	2013
Property Valuations				
Land	\$ 122,476,497	\$ 107,169,530	\$ 91,372,308	\$ 75,692,330
Improvements	540,532,651	469,530,629	327,582,000	229,540,460
Personal Property	2,086,120	1,622,890	3,449,529	1,680,094
Exemptions	(9,773,680)	(26,824,005)	(6,051,647)	(2,800,054)
Total Property Valuations	\$ 655,321,588	\$ 551,499,044	\$ 416,352,190	\$ 304,112,830
Tax Rates per \$100 Valuation				
Maintenance tax rates	\$ 0.11	\$ 0.11	\$ 0.27	\$ 0.31
Levee debt service tax rates	0.45	0.48	0.35	0.36
Road debt service tax rates	0.12	0.13	0.18	0.13
Total Tax Rates per \$100 Valuation	\$ 0.68	\$ 0.72	\$ 0.80	\$ 0.80
Adjusted Tax Levy	\$ 4,456,187	\$ 3,970,793	\$ 3,330,818	\$ 2,432,903
Percentage of Taxes Collected to Taxes Levied **	99.69%	99.93%	99.92%	99.92%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on May 12, 2007

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 6, 2007

** 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. 19
 TSI-5. Long-Term Debt Service Requirements
 Series 2009 Levee--by Years
 July 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 130,000	\$ 24,910	\$ 154,910
2019	135,000	18,550	153,550
2020	145,000	11,685	156,685
2021	155,000	4,030	159,030
	<u>\$ 565,000</u>	<u>\$ 59,175</u>	<u>\$ 624,175</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-5. Long-Term Debt Service Requirements
 Series 2012 Road--by Years
 July 31, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2018	\$ 180,000	\$ 217,066	\$ 397,066
2019	190,000	212,904	402,904
2020	200,000	208,266	408,266
2021	210,000	202,879	412,879
2022	220,000	196,691	416,691
2023	230,000	189,826	419,826
2024	245,000	182,219	427,219
2025	255,000	173,841	428,841
2026	270,000	164,781	434,781
2027	280,000	155,017	435,017
2028	295,000	144,519	439,519
2029	310,000	133,249	443,249
2030	325,000	121,180	446,180
2031	345,000	108,024	453,024
2032	360,000	93,924	453,924
2033	380,000	79,124	459,124
2034	395,000	63,377	458,377
2035	415,000	46,514	461,514
2036	440,000	28,560	468,560
2037	460,000	9,660	469,660
	<u>\$ 6,005,000</u>	<u>\$ 2,731,621</u>	<u>\$ 8,736,621</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2012 Levee --by Years
July 31, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 200,000	\$ 177,175	\$ 377,175
2019	210,000	173,075	383,075
2020	215,000	168,691	383,691
2021	225,000	163,594	388,594
2022	235,000	157,550	392,550
2023	245,000	150,644	395,644
2024	255,000	143,144	398,144
2025	265,000	135,178	400,178
2026	280,000	126,663	406,663
2027	290,000	117,575	407,575
2028	305,000	107,906	412,906
2029	315,000	97,634	412,634
2030	330,000	86,750	416,750
2031	345,000	75,144	420,144
2032	355,000	62,894	417,894
2033	375,000	50,119	425,119
2034	390,000	36,731	426,731
2035	405,000	22,566	427,566
2036	420,000	7,613	427,613
	<u>\$ 5,660,000</u>	<u>\$ 2,060,646</u>	<u>\$ 7,720,646</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-5. Long-Term Debt Service Requirements
 Series 2013 Levee --by Years
 July 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 265,000	\$ 415,006	\$ 680,006
2019	280,000	405,469	685,469
2020	295,000	395,406	690,406
2021	310,000	384,819	694,819
2022	325,000	373,706	698,706
2023	340,000	362,494	702,494
2024	355,000	350,756	705,756
2025	375,000	337,513	712,513
2026	395,000	322,581	717,581
2027	410,000	306,225	716,225
2028	435,000	288,253	723,253
2029	455,000	268,500	723,500
2030	480,000	247,163	727,163
2031	500,000	224,500	724,500
2032	525,000	200,469	725,469
2033	555,000	174,125	729,125
2034	580,000	145,750	725,750
2035	610,000	116,000	726,000
2036	640,000	84,750	724,750
2037	670,000	52,000	722,000
2038	705,000	17,624	722,624
	<u>\$ 9,505,000</u>	<u>\$ 5,473,109</u>	<u>\$ 14,978,109</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road --by Years
July 31, 2017

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2018	\$ 140,000	\$ 167,100	\$ 307,100
2019	145,000	162,825	307,825
2020	150,000	158,400	308,400
2021	155,000	153,825	308,825
2022	160,000	149,100	309,100
2023	170,000	144,150	314,150
2024	175,000	138,975	313,975
2025	180,000	133,650	313,650
2026	190,000	128,100	318,100
2027	195,000	122,325	317,325
2028	205,000	116,325	321,325
2029	210,000	110,100	320,100
2030	220,000	103,375	323,375
2031	230,000	96,063	326,063
2032	240,000	88,125	328,125
2033	250,000	79,550	329,550
2034	260,000	70,625	330,625
2035	270,000	61,350	331,350
2036	280,000	51,375	331,375
2037	290,000	40,688	330,688
2038	300,000	29,625	329,625
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 5,055,000</u>	<u>\$ 2,329,838</u>	<u>\$ 7,384,838</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Refunding --by Years
 July 31, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2018	\$ 35,000	\$ 113,825	\$ 148,825
2019	35,000	113,125	148,125
2020	35,000	112,425	147,425
2021	40,000	111,675	151,675
2022	205,000	109,225	314,225
2023	205,000	105,125	310,125
2024	210,000	100,713	310,713
2025	220,000	95,050	315,050
2026	225,000	88,375	313,375
2027	230,000	80,400	310,400
2028	240,000	71,000	311,000
2029	250,000	61,200	311,200
2030	260,000	51,000	311,000
2031	270,000	40,400	310,400
2032	280,000	29,400	309,400
2033	295,000	17,900	312,900
2034	300,000	6,000	306,000
	<u>\$ 3,335,000</u>	<u>\$ 1,306,838</u>	<u>\$ 4,641,838</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 19
TSI-5. Long-Term Debt Service Requirements
Series 2016 Park --by Years
July 31, 2017

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2018	\$ 1,435,000	\$ 65,338	\$ 1,500,338
2019	1,470,000	48,975	1,518,975
2020	1,500,000	30,413	1,530,413
2021	1,530,000	10,519	1,540,519
	<u>\$ 5,935,000</u>	<u>\$ 155,244</u>	<u>\$ 6,090,244</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 19
 TSI-5. Long-Term Debt Service Requirements
 All Bonded Debt Series--by Years
 July 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 2,385,000	\$ 1,180,420	\$ 3,565,420
2019	2,465,000	1,134,923	3,599,923
2020	2,540,000	1,085,286	3,625,286
2021	2,625,000	1,031,341	3,656,341
2022	1,145,000	986,272	2,131,272
2023	1,190,000	952,239	2,142,239
2024	1,240,000	915,807	2,155,807
2025	1,295,000	875,232	2,170,232
2026	1,360,000	830,500	2,190,500
2027	1,405,000	781,542	2,186,542
2028	1,480,000	728,003	2,208,003
2029	1,540,000	670,683	2,210,683
2030	1,615,000	609,468	2,224,468
2031	1,690,000	544,131	2,234,131
2032	1,760,000	474,812	2,234,812
2033	1,855,000	400,818	2,255,818
2034	1,925,000	322,483	2,247,483
2035	1,700,000	246,430	1,946,430
2036	1,780,000	172,298	1,952,298
2037	1,420,000	102,348	1,522,348
2038	1,005,000	47,249	1,052,249
2039	315,000	18,094	333,094
2040	325,000	6,093	331,093
	<u>\$ 36,060,000</u>	<u>\$ 14,116,470</u>	<u>\$ 50,176,470</u>

See accompanying auditors' report.

(This page is intentionally left blank)

Fort Bend County Levee Improvement District No. 19
TSI-6. Change in Long-Term Bonded Debt
July 31, 2017

	Bond Issue			
	Series 2009 Levee	Series 2012 Road	Series 2012 Levee	Series 2013 Levee
Interest rate	4.80% - 5.20%	2.25% - 4.20%	2.00% - 3.625%	3.25% - 5.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/11 - 9/1/20	9/1/14 - 9/1/36	9/1/14 - 9/1/35	9/1/15 - 9/1/37
Beginning bonds outstanding	\$ 685,000	\$ 6,180,000	\$ 5,850,000	\$ 9,760,000
Bonds issued				
Bonds retired	(120,000)	(175,000)	(190,000)	(255,000)
Ending bonds outstanding	<u>\$ 565,000</u>	<u>\$ 6,005,000</u>	<u>\$ 5,660,000</u>	<u>\$ 9,505,000</u>
Interest paid during fiscal year	<u>\$ 30,910</u>	<u>\$ 221,060</u>	<u>\$ 181,075</u>	<u>\$ 424,106</u>
Paying agent's name and city				
Series 2009 Levee		Wells Fargo Bank., N.A., Houston, Texas		
Series 2012 Road, 2012 Levee, and 2013 Levee		The Bank of New York Mellon Trust Company, N.A.		
Series 2014 Road, 2015 Refunding, and 2016 Park		Amegy Bank, a division of ZB, N.A., Houston, Texas		
Bond Authority:		Parks and Recreational Facilities Bonds	Road Bonds	
Amount Authorized by Voters	\$ 49,200,000	\$ 9,500,000	\$ 11,800,000	
Amount Issued	(20,825,000)	(5,936,598)	(11,800,000)	
Remaining To Be Issued	<u>\$ 28,375,000</u>	<u>\$ 3,563,402</u>	<u>\$</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 July 31, 2017:	<u>\$ 5,401,829</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,181,586</u>

See accompanying auditors' report.

Bond Issue			
Series 2014 Road	Series 2015 Refunding	Series 2016 Park	Totals
3.00% - 3.75% 9/1; 3/1 9/1/15 - 9/1/39	2.00% - 4.00% 9/1; 3/1 9/1/16 - 9/1/33	1.00% - 1.375% 9/1; 3/1 9/1/17 - 9/1/20	
\$ 5,190,000	\$ 3,420,000	\$ -	\$ 31,085,000
		5,935,000	5,935,000
(135,000)	(85,000)		(960,000)
<u>\$ 5,055,000</u>	<u>\$ 3,335,000</u>	<u>\$ 5,935,000</u>	<u>\$ 36,060,000</u>
<u>\$ 171,225</u>	<u>\$ 115,025</u>	<u>\$ 42,299</u>	<u>\$ 1,185,700</u>

Fort Bend County Levee Improvement District No. 19

**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	\$ 720,118	\$ 609,659	\$ 1,123,334	\$ 940,376	\$ 983,274
Intergovernmental	50,146	208,702		600,000	1,800,000
Miscellaneous	12,600	6,800	17,100	24,914	25,300
Investment earnings	15,207	6,953	4,722	5,374	4,698
Total Revenues	<u>798,071</u>	<u>832,114</u>	<u>1,145,156</u>	<u>1,570,664</u>	<u>2,813,272</u>
Expenditures					
Operating and administrative					
Professional fees	117,360	154,766	94,115	91,460	103,366
Contracted services	89,549	89,307	87,025	94,485	93,634
Repairs and maintenance	205,491	177,414	315,690	152,936	155,217
Administrative	44,428	30,206	35,485	31,937	23,713
Other	12,946	10,857	16,199	7,010	2,520
Joint pump station	26,136	36,273	18,392		
Capital outlay	377,279	192,300	5,859	217,754	1,746,342
Total Expenditures	<u>873,189</u>	<u>691,123</u>	<u>572,765</u>	<u>595,582</u>	<u>2,124,792</u>
Revenues Over/(Under) Expenditures	<u>\$ (75,118)</u>	<u>\$ 140,991</u>	<u>\$ 572,391</u>	<u>\$ 975,082</u>	<u>\$ 688,480</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2017	2016	2015	2014	2013
90%	73%	99%	60%	35%
6%	25%		38%	64%
2%	1%	1%	2%	1%
2%	1%	*	*	*
100%	100%	100%	100%	100%
15%	19%	8%	6%	4%
11%	11%	8%	6%	3%
26%	21%	28%	10%	6%
6%	4%	3%	2%	1%
2%	1%	1%	*	*
3%	4%	2%		
47%	23%	1%	14%	62%
110%	83%	51%	38%	76%
(10%)	17%	49%	62%	24%

Fort Bend County Levee Improvement District No. 19
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	\$ 3,734,367	\$ 3,361,004	\$ 2,202,856	\$ 1,483,890	\$ 800,244
Penalties and interest	16,270	15,020	13,493	6,870	3,906
Accrued interest on bonds sold	4,633	9,334	13,241	21,848	25,052
Miscellaneous	50	50		25	25
Investment earnings	25,146	7,866	2,603	2,874	3,414
Total Revenues	<u>3,780,466</u>	<u>3,393,274</u>	<u>2,232,193</u>	<u>1,515,507</u>	<u>832,641</u>
Expenditures					
Tax collection services	64,524	57,254	47,206	35,338	27,192
Other				2,500	
Debt service					
Principal	960,000	815,000	440,000	100,000	95,000
Interest and fees	1,188,515	1,175,470	1,151,736	758,481	446,055
Debt issuance costs		121,648			
Total Expenditures	<u>2,213,039</u>	<u>2,169,372</u>	<u>1,638,942</u>	<u>896,319</u>	<u>568,247</u>
Revenues Over Expenditures	<u>\$ 1,567,427</u>	<u>\$ 1,223,902</u>	<u>\$ 593,251</u>	<u>\$ 619,188</u>	<u>\$ 264,394</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2017	2016	2015	2014	2013
99%	99%	98%	99%	97%
*	1%	1%	*	*
*	*	1%	1%	3%
*	*		*	*
1%	*	*	*	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	3%
			*	
25%	24%	20%	7%	11%
31%	35%	52%	50%	54%
	4%			
58%	65%	74%	59%	68%
42%	35%	26%	41%	32%

**Fort Bend County Levee Improvement District No. 19
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 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): August 12, 2016
 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
Board Members				
Robert Walters	10/14 to 10/18	\$ 3,600	\$ -	President
Robert Thompson	03/16 to 10/18	1,650	97	Vice President/ Assistant Secretary
Kolbe Curtice	10/14 to 10/18	1,950	10	Secretary
Consultants				
The Muller Law Group, PLLC	2014	\$ 252,088		Attorney
Levee Management Services, LLC	2012	103,309		Operator
AVANTA Services	2006	24,404		Bookkeeper
Esther Flores, RTA, d.b.a. Tax Tech, Inc.	2006	30,142		Tax Collector
Fort Bend Central Appraisal District	Annual	27,308		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LP	2007	3,128		Delinquent Tax Attorney
Costello, Inc.	2006			Engineer
<i>Amounts paid directly by District</i>		54,413		
<i>Amounts paid from developer reimbursements</i>		36,530		
McGrath & Co., PLLC	Annual	24,000		Auditor
Robert W. Baird & Co., Inc.	2015	120,446		Financial Advisor
TBG Partners	2007			Landscape Architect
<i>Amounts paid directly by District</i>		1,666		
<i>Amounts paid from developer reimbursements</i>		459,035		

* Fees of Office are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.