

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

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2018

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	56
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	60
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	62
Board Members, Key Personnel and Consultants	TSI-8	64

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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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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, 2018, 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

Required Supplementary Information

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.

Other Information

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.

W. G. G. & Co., P.C.

Houston, Texas
January 16, 2019

Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2018***

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, 2018. 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, 2018**

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, 2018, was negative \$19,034,147. 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, 2018 and 2017, is as follows:

	2018	2017
Current and other assets	\$ 13,132,830	\$ 13,309,842
Capital assets	73,544,671	71,137,317
Total assets	<u>86,677,501</u>	<u>84,447,159</u>
 Total deferred outflows of resources	 <u>1,521,070</u>	 <u>1,614,043</u>
 Current liabilities	 6,336,129	 6,475,156
Long-term liabilities	100,896,589	104,575,000
Total liabilities	<u>107,232,718</u>	<u>111,050,156</u>
 Net position		
Net investment in capital assets	(7,100,938)	(9,563,111)
Restricted	9,269,849	8,638,009
Unrestricted	(21,203,058)	(24,063,852)
Total net position	<u>\$ (19,034,147)</u>	<u>\$ (24,988,954)</u>

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2018

The total net position of the District increased during the current fiscal year by \$5,954,807. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2018	2017
Revenues		
Property taxes, penalties and interest	\$ 12,138,364	\$ 10,769,483
Other	288,910	178,418
Total revenues	<u>12,427,274</u>	<u>10,947,901</u>
Expenses		
Operations and administrative	1,707,550	1,739,924
Debt interest and fees	3,382,947	3,072,490
Developer interest	246,426	1,637,081
Debt issuance costs		1,792,871
Depreciation	956,293	710,931
Total expenses	<u>6,293,216</u>	<u>8,953,297</u>
Change in net position before other items	6,134,058	1,994,604
Other items		
Change in estimate of due to developer	629,080	
Transfers to other governments	<u>(808,331)</u>	<u>(470,146)</u>
Change in net position	5,954,807	1,524,458
Net position, beginning of year	<u>(24,988,954)</u>	<u>(26,513,412)</u>
Net position, end of year	<u>\$ (19,034,147)</u>	<u>\$ (24,988,954)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2018, were \$12,832,139, which consists of \$1,724,229 in the General Fund, \$9,434,357 in the Debt Service Fund, and \$1,673,553 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2018 and 2017 is as follows:

	2018	2017
Total assets	<u>\$ 1,852,783</u>	<u>\$ 1,911,678</u>
Total liabilities	\$ 114,484	\$ 196,602
Total deferred inflows	14,070	8,341
Total fund balance	1,724,229	1,706,735
Total liabilities, deferred inflows and fund balance	<u>\$ 1,852,783</u>	<u>\$ 1,911,678</u>

***Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2018***

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

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 2,498,564	\$ 1,405,930
Total expenditures	<u>(2,481,070)</u>	<u>(1,353,913)</u>
Revenues over expenditures	17,494	52,017
Other changes in fund balance		110,740
Net change in fund balance	<u>\$ 17,494</u>	<u>\$ 162,757</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 resources 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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 9,580,642</u>	<u>\$ 8,938,982</u>
Total liabilities	\$ 56,069	\$ 3,732
Total deferred inflows	90,216	68,323
Total fund balance	<u>9,434,357</u>	<u>8,866,927</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 9,580,642</u>	<u>\$ 8,938,982</u>

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

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 9,868,778	\$ 9,583,479
Total expenditures	<u>(9,301,348)</u>	<u>(6,058,890)</u>
Revenues over expenditures	567,430	3,524,589
Other changes in fund balance		178,971
Net change in fund balance	<u>\$ 567,430</u>	<u>\$ 3,703,560</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.

**Fort Bend County Levee Improvement District No. 15
 Management's Discussion and Analysis
 September 30, 2018**

In the prior year, the District issued \$3,715,000 in refunding bonds to refund \$3,390,000 of its outstanding Series 2010 Levee bonds and saved \$485,104 in future debt service payments.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2018 and 2017 is as follows:

	2018	2017
Total assets	<u>\$ 1,699,405</u>	<u>\$ 2,459,182</u>
Total liabilities	\$ 25,852	\$ 157,581
Total fund balance	<u>1,673,553</u>	<u>2,301,601</u>
Total liabilities and fund balance	<u>\$ 1,699,405</u>	<u>\$ 2,459,182</u>

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

	2018	2017
Total revenues	\$ 32,307	\$ 22,102
Total expenditures	<u>(660,355)</u>	<u>(30,040,968)</u>
Revenues under expenditures	(628,048)	(30,018,866)
Other changes in fund balance		29,409,260
Net change in fund balance	<u>\$ (628,048)</u>	<u>\$ (609,606)</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 2017 Unlimited Tax Levee Improvement and Series 2017 Unlimited Tax Park 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 did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$692,570 less than budgeted. The *Budgetary Comparison Schedule* on page 34 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. This developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2018

Capital assets held by the District at September 30, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Capital assets not being depreciated		
Land and improvements	\$ 50,228,644	\$ 49,608,232
Construction in progress	911,223	6,238,296
	<u>51,139,867</u>	<u>55,846,528</u>
Capital assets being depreciated		
Infrastructure	8,858,919	3,316,239
Park facilities and landscaping improvements	15,526,963	13,347,141
Interest in regional pump station	347,806	
Other facilities	150,000	150,000
	<u>24,883,688</u>	<u>16,813,380</u>
Less accumulated depreciation		
Infrastructure	(432,265)	(235,399)
Park facilities and landscaping improvements	(1,988,587)	(1,251,896)
Interest in regional pump station	(13,912)	
Other facilities	(44,120)	(35,296)
	<u>(2,478,884)</u>	<u>(1,522,591)</u>
Depreciable capital assets, net	<u>22,404,804</u>	<u>15,290,789</u>
Capital assets, net	<u>\$ 73,544,671</u>	<u>\$ 71,137,317</u>

Capital asset additions during the current year include the following:

- Storm water pump station to serve Alcorn Bayou
- Construction of Clements Crossing detention ponds
- The District's share of regional Steep Bank Creek storm water pump station
- Landscaping improvements to serve the following:
 - Riverstone - North Wetland Park
 - Avalon at Riverstone – Section 12A, Section 16A, and Sections 20-24B
 - Avalon at Riverstone – East Avalon Drive trail phase 3 (section 16B)

The District's construction in progress is for the construction of the following:

- Prestwick drainage improvements
- Snake Slough pump station
- Hagerson Road interconnect between Snake Slough and Steep Bank Creek
- University Boulevard interconnect between Steep Bank Creek and Alcorn Bayou

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, 2018, capital assets in the amount of \$808,331 have been completed and

Fort Bend County Levee Improvement District No. 15
Management's Discussion and Analysis
September 30, 2018

recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of September 30, 2018, the District owes \$13,274,770 to developers for completed projects and operating advances. As discussed in Note 6, the District has an additional commitment in the amount of \$405,389 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.

At September 30, 2018 and 2017, the District had total bonded debt outstanding as shown below:

Series	2018	2017
2010 Levee	\$ -	\$ 100,000
2012 Levee	6,700,000	6,950,000
2013 Levee	5,390,000	5,525,000
2013 Road	9,845,000	10,145,000
2013 Refunding	6,000,000	6,220,000
2014 Road	6,765,000	6,995,000
2015 Road	3,525,000	3,675,000
2015 Levee	17,250,000	18,075,000
2015 Refunding	4,870,000	5,100,000
2016 Refunding	4,015,000	4,240,000
2017 Levee	17,525,000	17,650,000
2017 Park	8,750,000	11,750,000
2017 Refunding	3,685,000	3,715,000
	\$ 94,320,000	\$ 100,140,000

At September 30, 2018, 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.

**Fort Bend County Levee Improvement District No. 15
 Management’s Discussion and Analysis
 September 30, 2018**

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:

	<u>2018 Actual</u>	<u>2019 Budget</u>
Total revenues	\$ 2,498,564	\$ 2,318,000
Total expenditures	(2,481,070)	(2,209,868)
Revenues over expenditures	17,494	108,132
Other changes in fund balance		767,000
Net change in fund balance	<u>17,494</u>	<u>875,132</u>
Beginning fund balance	1,706,735	1,724,229
Ending fund balance	<u>\$ 1,724,229</u>	<u>\$ 2,599,361</u>

Property Taxes

The District’s property tax base increased approximately \$180,368,000 for the 2018 tax year from \$1,751,319,484 to \$1,931,687,228. This increase was primarily due to new construction in the District and increased property values. For the 2018 tax year, the District has levied a maintenance tax rate of \$0.12 per \$100 of assessed value, and a road debt service tax rate of \$0.0921 per \$100 of assessed value and a levee debt service tax rate of \$0.4079 per \$100 of assessed value, for a total combined tax rate of \$0.62 per \$100. Tax rates for the 2017 tax year were \$0.14 per \$100 for maintenance and operations, \$0.135 for road debt service, and \$0.415 per \$100 for levee debt service.

Basic Financial Statements

Fort Bend County Levee Improvement District No. 15
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 425,274	\$ 2,895,747	\$ -	\$ 3,321,021	\$ -	\$ 3,321,021
Investments	1,369,191	6,600,383	1,699,405	9,668,979		9,668,979
Taxes receivable	14,070	90,216		104,286		104,286
Interest receivable		92		92		92
Prepaid items	31,313			31,313		31,313
Internal balances	5,796	(5,796)				
Due from other governments	7,139			7,139		7,139
Capital assets not being depreciated					51,139,867	51,139,867
Capital assets, net					22,404,804	22,404,804
Total Assets	\$ 1,852,783	\$ 9,580,642	\$ 1,699,405	\$ 13,132,830	73,544,671	86,677,501
Deferred Outflows of Resources						
Deferred difference on refunding					1,521,070	1,521,070
Liabilities						
Accounts payable	\$ 109,605	\$ 13,016	\$ -	\$ 122,621		122,621
Other payables	4,879	43,053		47,932		47,932
Retainage payable			25,852	25,852		25,852
Accrued interest payable					254,724	254,724
Due to developers					13,274,770	13,274,770
Long-term debt						
Due within one year					5,885,000	5,885,000
Due after one year					87,621,819	87,621,819
Total Liabilities	114,484	56,069	25,852	196,405	107,036,313	107,232,718
Deferred Inflows of Resources						
Deferred property taxes	14,070	90,216		104,286	(104,286)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	31,313			31,313	(31,313)	
Restricted		9,434,357	1,673,553	11,107,910	(11,107,910)	
Unassigned	1,692,916			1,692,916	(1,692,916)	
Total Fund Balances	1,724,229	9,434,357	1,673,553	12,832,139	(12,832,139)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,852,783	\$ 9,580,642	\$ 1,699,405	\$ 13,132,830		
Net Position						
Net investment in capital assets					(7,100,938)	(7,100,938)
Restricted for debt service					9,269,849	9,269,849
Unrestricted					(21,203,058)	(21,203,058)
Total Net Position					\$ (19,034,147)	\$ (19,034,147)

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, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 2,444,478	\$ 9,611,615	\$ -	\$ 12,056,093	\$ 20,330	\$ 12,076,423
Penalties and interest		54,646		54,646	7,295	61,941
Miscellaneous	20,200	150		20,350		20,350
Investment earnings	33,886	202,367	32,307	268,560		268,560
Total Revenues	2,498,564	9,868,778	32,307	12,399,649	27,625	12,427,274
Expenditures/Expenses						
Operations and administrative						
Professional fees	312,065		23,011	335,076		335,076
Contracted services	126,716	151,748	3,376	281,840		281,840
Repairs and maintenance	915,221			915,221		915,221
Utilities	28,469			28,469		28,469
Administrative	53,926	7,546		61,472		61,472
Other	60,472	25,000		85,472		85,472
Capital outlay	984,201		387,542	1,371,743	(1,371,743)	
Debt service						
Principal		5,820,000		5,820,000	(5,820,000)	
Interest and fees		3,297,054		3,297,054	85,893	3,382,947
Developer interest			246,426	246,426		246,426
Depreciation					956,293	956,293
Total Expenditures/Expenses	2,481,070	9,301,348	660,355	12,442,773	(6,149,557)	6,293,216
Revenues Over (Under)						
Expenditures/Expenses	17,494	567,430	(628,048)	(43,124)	6,177,182	6,134,058
Other Items						
Change in estimate of due to developer					629,080	629,080
Transfers to other governments					(808,331)	(808,331)
Net Change in Fund Balances	17,494	567,430	(628,048)	(43,124)	43,124	
Change in Net Position					5,954,807	5,954,807
Fund Balance/Net Position						
Beginning of the year	1,706,735	8,866,927	2,301,601	12,875,263	(37,864,217)	(24,988,954)
End of the year	\$ 1,724,229	\$ 9,434,357	\$ 1,673,553	\$ 12,832,139	\$ (31,866,286)	\$ (19,034,147)

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

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 a three-member Board of Directors appointed by the Fort Bend County Commissioners Court. The Governmental Accounting Standards Board (GASB) has established the criteria for determining whether an entity is a primary government, a component unit of a primary government or a related organization. A primary government has a separately elected governing body, is legally separate and is fiscally independent of other governments. Since the District does not have an elected governing body, it is not a primary government. While the County appoints the Directors of the District, it has no further accountability for the District. Under GASB’s criteria, the District is a related organization of the County for financial reporting purposes. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units. See Note 13 for additional information regarding an election held subsequent to year end to change to an elected board.

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*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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.

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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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, 2018, 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 acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. 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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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
Interest in regional pump station	25 years
Other facilities	17-25 years

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

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.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 collectability 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, 2018

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	\$	12,832,139
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$	76,023,555	
Less accumulated depreciation		<u>(2,478,884)</u>	
Change due to capital assets			73,544,671

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.

1,521,070

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	(93,506,819)	
Interest payable on bonds	<u>(254,724)</u>	
Change due to long-term debt		(93,761,543)

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

(13,274,770)

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	77,965	
Penalty and interest receivable	<u>26,321</u>	
Change due to property taxes		104,286

Total net position - governmental activities	<u>\$</u>	<u>(19,034,147)</u>
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Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

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 \$ (43,124)

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. 27,625

Governmental funds report capital outlays for 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	\$	1,371,743	
Depreciation expense		(956,293)	
			415,450

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.

Principal payments		5,820,000	
Interest expense accrual		(85,893)	
			5,734,107

Revisions in the estimate of due to developer do not provide financial resources in the funds; but result in an adjustment to net position in *Statement of Activities*. 629,080

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. (808,331)

Change in net position of governmental activities	\$	5,954,807
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Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

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, 2018, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	\$ 486,865	5%	N/A	N/A
TexSTAR	General	1,369,191			
	Debt Service	6,113,518			
	Capital Projects	1,699,405			
		<u>9,182,114</u>	<u>95%</u>	AAAm	43 days
Total		<u>\$ 9,668,979</u>	<u>100%</u>		

*Fort Bend County Levee Improvement District No. 15
 Notes to Basic Financial Statements
 September 30, 2018*

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 – Interfund Balances

Amounts due to/from other funds at September 30, 2018, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 5,296	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	500	Arbitrage rebate reports fees paid by the General Fund

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

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2018, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 49,608,232	\$ 620,412	\$ -	\$ 50,228,644
Construction in progress	6,238,296	894,918	(6,221,991)	911,223
	<u>55,846,528</u>	<u>1,515,330</u>	<u>(6,221,991)</u>	<u>51,139,867</u>
Capital assets being depreciated				
Infrastructure	3,316,239	5,542,680		8,858,919
Park facilities and landscaping improvements	13,347,141	2,179,822		15,526,963
Interest in regional pump station		347,806		347,806
Other facilities	150,000			150,000
	<u>16,813,380</u>	<u>8,070,308</u>		<u>24,883,688</u>
Less accumulated depreciation				
Infrastructure	(235,399)	(196,866)		(432,265)
Park facilities and landscaping improvements	(1,251,896)	(736,691)		(1,988,587)
Interest in regional pump station		(13,912)		(13,912)
Other facilities	(35,296)	(8,824)		(44,120)
	<u>(1,522,591)</u>	<u>(956,293)</u>		<u>(2,478,884)</u>
Subtotal depreciable capital assets, net	<u>15,290,789</u>	<u>7,114,015</u>		<u>22,404,804</u>
Capital assets, net	<u>\$ 71,137,317</u>	<u>\$ 8,629,345</u>	<u>\$ (6,221,991)</u>	<u>\$ 73,544,671</u>

Depreciation expense for the current year was \$956,293.

During the current year, the District revised its estimate of the amounts due to developer for certain capital assets and adjusted the values of those assets accordingly.

Note 6 – 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 initial amounts are estimated based on construction costs plus 10-15% for engineering and other fees. These estimates are trued up when the developer is reimbursed. The District's developers have also advanced funds to the District for operating expenses.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 6 – Due to Developers (continued)

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

Due to developers, beginning of year	\$ 11,103,616
Developer funded construction and adjustments	4,045,519
Change in estimate of due to developer	<u>(1,874,365)</u>
Due to developers, end of year	<u><u>\$ 13,274,770</u></u>

During the year, the District revised its estimate of the amounts due to developers for certain capital assets transferred to Fort Bend County in previous fiscal years. As a result, \$629,080 was recognized as a change of estimate of due to developers, which reduced the amount due to developers on the *Statement of Net Position* and resulted in a gain on the *Statement of Activities*. Additionally, the District revised its estimate of the amounts due to developer for certain land improvements capitalized in prior years in the amount of \$1,245,285 and adjusted the value of those capital assets accordingly. This resulted in no change to *Net Position*.

In addition, the District will owe the developers approximately \$405,389, 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
Avalon Section 17 - landscape and irrigation*	\$ 114,799	\$ 7,347	\$ 107,452
Avalon Section 14 - landscape and irrigation*	290,590		290,590
	<u>\$ 405,389</u>	<u>\$ 7,347</u>	<u>\$ 398,042</u>

* District share of contract

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 94,320,000
Unamortized discounts	(1,260,167)
Unamortized premium	446,986
	<u>\$ 93,506,819</u>
Due within one year	<u>\$ 5,885,000</u>

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Long-Term Debt (continued)

The District’s bonds payable at September 30, 2018, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2012 Levee	\$ 6,700,000	\$ 7,990,000	2.5% - 4.6%	September 1, 2013/2037	March 1, September 1	September 1, 2020
2013 Levee	5,390,000	6,000,000	2.0% - 4.0%	September 1, 2014/2037	March 1, September 1	September 1, 2020
2013 Road	9,845,000	11,200,000	3.0% - 5.0%	September 1, 2014/2037	March 1, September 1	September 1, 2020
2013 Refunding	6,000,000	6,505,000	2.0% - 5.0%	September 1, 2014/2035	March 1, September 1	September 1, 2021
2014 Road	6,765,000	7,625,000	2.0% - 3.75%	September 1, 2015/2038	March 1, September 1	September 1, 2022
2015 Road	3,525,000	3,975,000	3.0% - 5.0%	September 1, 2016/2040	March 1, September 1	September 1, 2022
2015 Levee	17,250,000	20,250,000	2.0% - 3.625%	September 1, 2016/2039	March 1, September 1	September 1, 2023
2015 Refunding	4,870,000	5,360,000	2.0% - 4.0%	September 1, 2016/2034	March 1, September 1	September 1, 2024
2016 Refunding	4,015,000	4,250,000	2.0% - 4.0%	September 1, 2017/2033	March 1, September 1	September 1, 2023
2017 Levee	17,525,000	17,770,000	2.0% - 3.75%	September 1, 2017/2040	March 1, September 1	September 1, 2024
2017 Park	8,750,000	11,750,000	0.75% - 1.50%	September 1, 2018/2021	March 1, September 1	N/A
2017 Refunding	3,685,000	3,715,000	2.0% - 4.0%	September 1, 2018/2035	March 1, September 1	September 1, 2024
	<u>\$ 94,320,000</u>					

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, 2018, 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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 7 – Long-Term Debt (continued)

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

Bonds payable, beginning of year	\$ 100,140,000
Bonds retired	(5,820,000)
Bonds payable, end of year	<u>\$ 94,320,000</u>

As of September 30, 2018, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
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>\$ 94,320,000</u>	<u>\$ 36,813,572</u>	<u>\$ 131,133,572</u>

Note 8 – 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.

Fort Bend County Levee Improvement District No. 15
Notes to Basic Financial Statements
September 30, 2018

Note 8 – Property Taxes (continued)

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 2018 fiscal year was financed through the 2017 tax levy, pursuant to which the District levied property taxes of \$0.69 per \$100 of assessed value, of which \$0.14 was allocated to maintenance and operations, \$0.135 was allocated to road debt service, and \$0.415 was allocated to levee debt service. The resulting tax levy was \$12,084,104 on the adjusted taxable value of \$1,751,319,484.

Total property taxes receivable, at September 30, 2018, consisted of the following:

Current year taxes receivable	\$ 40,636
Prior years taxes receivable	37,329
	<u>77,965</u>
Penalty and interest receivable	26,321
Total property taxes receivable	<u><u>\$ 104,286</u></u>

Note 9 – 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. Additionally, amounts reported for completed projects are trued up when developers are reimbursed. As a result, transfers to other governments includes new completed projects and adjustments for projects completed in previous fiscal years. For the year ended September 30, 2018, the District recorded transfers to other governments in the amount of \$808,331 for road facilities constructed by a developer within the District.

Note 10 – 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 11 – Maintenance Agreement for Regional Pump Station

Pursuant to the Maintenance Agreement for Regional Pump Station, as amended on August 1, 2018 (“Pump Station Agreement”), the District shares ownership in the Steep Bank Creek regional stormwater pump station facility with Fort Bend County Levee Improvement District No. 19. The Steep Bank Creek pump station (“Pump Station”) currently has a firm pumping capacity of 60,000 gallons per minute, with an additional 20,000 gallons per minute of spare capacity. Under the Pump Station Agreement, the District owns 54.4% of the pumping capacity in the Pump Station; however, due to annexations into the District after initial construction, the participants have mutually agreed to share in the cost of operations and maintenance of the Pump Station according to pro rated acres served by the Pump Station. Accordingly, the District’s share of operating costs for the Pump Station is 55.3%.

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.

Note 13 – Subsequent Events

Election to Have Elected Directors

At an election held on November 6, 2018, voters of the District approved a proposition for directors to be elected rather than appointed by Fort Bend County Commissioners Court. On November 14, 2018, the District adopted an Order Canvassing the Returns and Declaring Results of Director Election, pursuant to which the District’s directors are elected rather than appointed.

Issuance of Series 2019 Unlimited Tax Levee Improvement Bonds

On January 16, 2019, the District approved the sale of its \$8,925,000 Series 2019 Unlimited Tax Levee Improvement Bonds at a net effective rate of 3.374683%. Proceeds from the bonds will be used to reimburse the District’s developers for improvements to the District’s levee system.

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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, 2018*

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 2,395,000	\$ 2,444,478	\$ 49,478
Miscellaneous	12,000	20,200	8,200
Investment earnings	15,000	33,886	18,886
Total Revenues	<u>2,422,000</u>	<u>2,498,564</u>	<u>76,564</u>
Expenditures			
Operating and administrative			
Professional fees	300,500	312,065	(11,565)
Contracted services	157,000	126,716	30,284
Repairs and maintenance	1,014,011	915,221	98,790
Utilities	76,000	28,469	47,531
Administrative	62,850	53,926	8,924
Other	101,575	60,472	41,103
Capital outlay		984,201	(984,201)
Total Expenditures	<u>1,711,936</u>	<u>2,481,070</u>	<u>(769,134)</u>
Revenues Over Expenditures	710,064	17,494	(692,570)
Fund Balance			
Beginning of the year	1,706,735	1,706,735	
End of the year	<u>\$ 2,416,799</u>	<u>\$ 1,724,229</u>	<u>\$ (692,570)</u>

Fort Bend County Levee Improvement District No. 15
Notes to Required Supplementary Information
September 30, 2018

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Fort Bend County Levee Improvement District No. 15
TSI-1. Services and Rates
September 30, 2018

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, 2018

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, 2018*

Professional fees	
Legal	\$ 190,659
Audit	13,500
Engineering	107,906
	<u>312,065</u>
Contracted services	
Bookkeeping/accounting	30,248
Operator	96,468
	<u>126,716</u>
Repairs and maintenance	<u>915,221</u>
Utilities	<u>28,469</u>
Administrative	
Directors fees	13,950
Printing and office supplies	2,134
Insurance	18,263
Other	19,579
	<u>53,926</u>
Other	<u>60,472</u>
Capital outlay	<u>984,201</u>
Total expenditures	<u>\$ 2,481,070</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-3. Investments
September 30, 2018

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General					
TexSTAR	XXXXXX-XX11-000	Variable	N/A	\$ 1,369,191	\$ -
Debt Service					
TexSTAR	XXXXXX-XX23-000	Variable	N/A	4,441,426	
TexSTAR	XXXXXX-XX25-000	Variable	N/A	1,672,092	
Certificate of deposit	XXX00083	2.30%	08/26/19	242,462	92
Certificate of deposit	XX27500	2.36%	08/27/19	244,403	
				<u>6,600,383</u>	<u>92</u>
Capital Projects					
TexSTAR	XXXXXX-XX97-000	Variable	N/A	210,910	
TexSTAR	XXXXXX-XX98-000	Variable	N/A	184,725	
TexSTAR	XXXXXX-XX00-000	Variable	N/A	330,665	
TexSTAR	XXXXXX-XX17-000	Variable	N/A	811,940	
TexSTAR	XXXXXX-XX95-000	Variable	N/A	17,956	
TexSTAR	XXXXXX-XX96-000	Variable	N/A	143,209	
				<u>1,699,405</u>	
Total - All Funds				<u>\$ 9,668,979</u>	<u>\$ 92</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 15
TSI-4. Taxes Levied and Receivable
September 30, 2018

	Maintenance Taxes	Road Debt Service Taxes	Levee Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 8,341	\$ 11,772	\$ 37,524	\$ 57,637
Adjustments	(1,640)	(2,252)	(5,671)	(9,563)
Adjusted Receivable	6,701	9,520	31,853	48,074
2017 Original Tax Levy	2,322,161	2,239,227	6,883,548	11,444,936
Adjustments	129,686	125,054	384,428	639,168
Adjusted Tax Levy	2,451,847	2,364,281	7,267,976	12,084,104
Total to be accounted for	2,458,548	2,373,801	7,299,829	12,132,178
Tax collections:				
Current year	2,443,602	2,356,331	7,243,536	12,043,469
Prior years	876	1,681	8,187	10,744
Total Collections	2,444,478	2,358,012	7,251,723	12,054,213
Taxes Receivable, End of Year	\$ 14,070	\$ 15,789	\$ 48,106	\$ 77,965
Taxes Receivable, By Years				
2017	\$ 8,245	\$ 7,950	\$ 24,441	\$ 40,636
2016	1,840	1,636	11,450	14,926
2015	702	2,240	4,578	7,520
2014 and prior	3,283	3,963	7,637	14,883
Taxes Receivable, End of Year	\$ 14,070	\$ 15,789	\$ 48,106	\$ 77,965
	2017	2016	2015	2014
Property Valuations:				
Land	\$ 398,206,843	\$ 343,583,763	\$ 276,872,070	\$ 201,629,179
Improvements	1,380,361,757	1,143,556,322	831,134,311	490,773,250
Personal Property	6,869,220	6,026,400	3,676,610	3,829,145
Exemptions	(34,118,336)	(28,451,255)	(9,473,165)	(8,050,847)
Total Property Valuations	\$ 1,751,319,484	\$ 1,464,715,230	\$ 1,102,209,826	\$ 688,180,727
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.14000	\$ 0.09000	\$ 0.07000	\$ 0.23000
Road debt service tax rates	0.13500	0.08000	0.22339	0.24885
Levee debt service tax rates	0.41500	0.56000	0.45661	0.32115
Total Tax Rates per \$100 Valuation	\$ 0.69000	\$ 0.73000	\$ 0.75000	\$ 0.80000
Adjusted Tax Levy:	\$ 12,084,104	\$ 10,692,421	\$ 8,266,574	\$ 5,505,446
Percentage of Taxes Collected to Taxes Levied **	99.66%	99.86%	99.91%	99.91%

* 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 2012 Levee--by Years
September 30, 2018

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 6,700,000</u>	<u>\$ 3,656,650</u>	<u>\$ 10,356,650</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, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 5,390,000</u>	<u>\$ 2,625,651</u>	<u>\$ 8,015,651</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, 2018*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 9,845,000</u>	<u>\$ 5,371,224</u>	<u>\$ 15,216,224</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, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 6,000,000</u>	<u>\$ 2,961,605</u>	<u>\$ 8,961,605</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, 2018*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 6,765,000</u>	<u>\$ 2,664,238</u>	<u>\$ 9,429,238</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, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 3,525,000</u>	<u>\$ 1,441,366</u>	<u>\$ 4,966,366</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, 2018*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 17,250,000</u>	<u>\$ 6,235,217</u>	<u>\$ 23,485,217</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, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 4,870,000</u>	<u>\$ 1,526,459</u>	<u>\$ 6,396,459</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, 2018

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 4,015,000</u>	<u>\$ 1,329,350</u>	<u>\$ 5,344,350</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, 2018

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 17,525,000</u>	<u>\$ 7,625,875</u>	<u>\$ 25,150,875</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, 2018*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 8,750,000</u>	<u>\$ 258,750</u>	<u>\$ 9,008,750</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, 2018

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
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>\$ 3,685,000</u>	<u>\$ 1,117,187</u>	<u>\$ 4,802,187</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, 2018*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 94,320,000</u>	<u>\$ 36,813,572</u>	<u>\$ 131,133,572</u>

See accompanying auditors' report.

	Bond Issue			
	Series 2010 Levee	Series 2012 Levee	Series 2013 Levee	Series 2013 Road
Interest rate	3.2% - 5.125%	2.5% - 4.6%	2.0% - 4.0%	3.0% - 5.0%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/12 - 9/1/18	9/1/14 - 9/1/37	9/1/14 - 9/1/37	9/1/14 - 9/1/37
Beginning bonds outstanding	\$ 100,000	\$ 6,950,000	\$ 5,525,000	\$ 10,145,000
Bonds retired	(100,000)	(250,000)	(135,000)	(300,000)
Ending bonds outstanding	\$ -	\$ 6,700,000	\$ 5,390,000	\$ 9,845,000
Interest paid during fiscal year	\$ 4,000	\$ 291,450	\$ 201,462	\$ 448,013

Paying agent's name and city

Series 2010 and 2012

Wells Fargo Bank, N.A. Houston, Texas

Series 2013, 2013 Road, 2013

Refunding, 2014 Road and 2015 Road,
2015 Levee, 2015 Refunding, 2016

Refunding, 2017, 2017 Park and 2017
Refunding

The Bank of New York Mellon Trust Company, N.A. Dallas Texas

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	\$ 37,995,000	\$ 17,250,000	\$	\$ 51,320,000

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, 2018:	\$ 9,496,130
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 5,960,617

See accompanying auditors' report.

Bond Issue					
Series 2013 Refunding	Series 2014 Road	Series 2015 Road	Series 2015 Levee	Series 2015 Refunding	Series 2016 Refunding
2.0% - 5.0% 3/1; 9/1 9/1/14 - 9/1/35	2.0% - 3.75% 3/1; 9/1 9/1/15 - 9/1/38	3.0% - 5.0% 3/1; 9/1 9/1/16 - 9/1/40	2.0% - 3.625% 3/1; 9/1 9/1/16 - 9/1/39	2.0% - 4.0% 3/1; 9/1 9/1/16 - 9/1/34	2.0% - 4.0% 3/1; 9/1 9/1/17 - 9/1/33
\$ 6,220,000	\$ 6,995,000	\$ 3,675,000	\$ 18,075,000	\$ 5,100,000	\$ 4,240,000
(220,000)	(230,000)	(150,000)	(825,000)	(230,000)	(225,000)
<u>\$ 6,000,000</u>	<u>\$ 6,765,000</u>	<u>\$ 3,525,000</u>	<u>\$ 17,250,000</u>	<u>\$ 4,870,000</u>	<u>\$ 4,015,000</u>
<u>\$ 271,720</u>	<u>\$ 218,600</u>	<u>\$ 134,463</u>	<u>\$ 533,531</u>	<u>\$ 168,144</u>	<u>\$ 148,950</u>

*Fort Bend County Levee Improvement District No. 15
TSI-6. Change in Long-Term Bonded Debt (continued)
September 30, 2018*

	Bond Issue			Totals
	Series 2017 Levee	Series 2017 Park	Series 2017 Refunding	
Interest rate	2.0% - 3.75%	0.75% - 1.50%	2.0% - 4.0%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/17 -	9/1/18 -	9/1/18 -	
Maturity dates	9/1/40	9/1/21	9/1/35	
Beginning bonds outstanding	\$ 17,650,000	\$ 11,750,000	\$ 3,715,000	\$ 100,140,000
Bonds retired	(125,000)	(3,000,000)	(30,000)	(5,820,000)
Ending bonds outstanding	<u>\$ 17,525,000</u>	<u>\$ 8,750,000</u>	<u>\$ 3,685,000</u>	<u>\$ 94,320,000</u>
Interest paid during fiscal year	<u>\$ 575,750</u>	<u>\$ 179,375</u>	<u>\$ 113,547</u>	<u>\$ 3,289,005</u>

See accompanying auditors' report.

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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				
	2018	2017	2016	2015	2014
Revenues					
Property taxes	\$ 2,444,478	\$ 1,317,910	\$ 771,121	\$ 1,578,510	\$ 684,951
Miscellaneous	20,200	75,623	22,500	35,598	37,900
Investment earnings	33,886	12,397	4,554	1,245	219
Total Revenues	<u>2,498,564</u>	<u>1,405,930</u>	<u>798,175</u>	<u>1,615,353</u>	<u>723,070</u>
Expenditures					
Operations and administrative					
Professional fees	312,065	255,830	250,213	135,279	84,850
Contracted services	126,716	212,857	135,079	116,188	102,189
Repairs and maintenance	915,221	777,104	393,071	298,346	146,267
Utilities	28,469	2,143			
Administrative	53,926	48,044	43,971	45,224	36,324
Other	60,472	57,935	26,075	30,695	30,495
Capital outlay	984,201				150,000
Total Expenditures	<u>2,481,070</u>	<u>1,353,913</u>	<u>848,409</u>	<u>625,732</u>	<u>550,125</u>
Revenues Over (Under) Expenditures	<u>\$ 17,494</u>	<u>\$ 52,017</u>	<u>\$ (50,234)</u>	<u>\$ 989,621</u>	<u>\$ 172,945</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2018	2017	2016	2015	2014
98%	94%	96%	98%	95%
1%	5%	3%	2%	5%
1%	1%	1%	*	*
100%	100%	100%	100%	100%
12%	18%	31%	8%	12%
5%	15%	17%	7%	14%
37%	55%	49%	18%	20%
1%	*			
2%	3%	6%	3%	5%
2%	4%	3%	2%	4%
39%				21%
98%	95%	106%	38%	76%
2%	5%	(6%)	62%	24%

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				
	2018	2017	2016	2015	2014
Revenues					
Property taxes	\$ 9,611,615	\$ 9,379,271	\$ 7,464,662	\$ 3,913,620	\$ 2,968,121
Penalties and interest	54,646	74,750	39,510	40,630	23,412
Accrued interest on bonds sold		61,162	52,357	11,210	14,129
Miscellaneous	150	25	125	250	25
Investment earnings	202,367	68,271	22,525	8,147	7,966
Total Revenues	<u>9,868,778</u>	<u>9,583,479</u>	<u>7,579,179</u>	<u>3,973,857</u>	<u>3,013,653</u>
Expenditures					
Tax collection services	159,294	148,832	106,616	79,767	53,439
Other	25,000	15,000	2,500		5,000
Debt service					
Principal	5,820,000	2,735,000	3,090,000	1,440,000	1,205,000
Interest and fees	3,297,054	2,922,299	2,781,495	2,197,106	2,073,804
Debt issuance costs		174,759	279,461		
Payment to refunded bond escrow agent		63,000			
Total Expenditures	<u>9,301,348</u>	<u>6,058,890</u>	<u>6,260,072</u>	<u>3,716,873</u>	<u>3,337,243</u>
Revenues Over (Under) Expenditures	<u>\$ 567,430</u>	<u>\$ 3,524,589</u>	<u>\$ 1,319,107</u>	<u>\$ 256,984</u>	<u>\$ (323,590)</u>
Total Active Retail Water Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2018	2017	2016	2015	2014
97%	97%	98%	99%	99%
1%	1%	1%	1%	1%
	1%	1%	*	*
*	*	*	*	*
2%	1%	*	*	*
100%	100%	100%	100%	100%
2%	2%	1%	2%	2%
*	*	*		*
59%	29%	41%	36%	40%
33%	30%	37%	55%	69%
	2%	4%		
	1%			
94%	64%	83%	93%	111%
6%	36%	17%	7%	(11%)

Fort Bend County Levee Improvement District No. 15
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2018

Complete District Mailing Address: 202 Century Square Blvd, Sugar Land TX 77478

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
Board Members				
Darrell Groves	09/16 to 09/20	\$ 6,450	\$ 2,274	President
Girish Misra	04/18 to 09/20	2,100	98	Vice President/ Assistant Secretary
Rohit Sankholkar	11/17 to 09/20	3,450	1,874	Secretary
Teresa Kurkjian	08/16 to 11/17	150	3	Former Director
Frank Yonish	09/16 to 04/18	2,400	338	Former Director

Subsequent event: On November 14, 2018, the District adopted an Order Canvassing the Returns and Declaring Results of Director Election, pursuant to which the District's directors shall be elected rather than appointed.

		Amounts Paid	
Consultants			
The Muller Law Group, PLLC	2014	\$ 248,054	Attorney
Levee Management Services, LLC	2012	145,949	Operator
Avanta Services	2004	26,404	Bookkeeper /Accounting
Esther Flores, RTA Tax Tech	2003	71,678	Tax Collector
Fort Bend Central Appraisal District	Legislation	80,587	Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2004	9,239	Delinquent Tax Attorney
Costello, Inc.	2000	436,021	Engineer
McGrath & Co., PLLC	2013	16,000	Auditor
Masterson Advisors, LLC	2018		Financial Advisor
TBG Partners	2008	4,835	Landscape Architect

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