

**FORT BEND COUNTY LEVEE  
IMPROVEMENT DISTRICT NO. 17**

**FORT BEND COUNTY, TEXAS**

**FINANCIAL REPORT**

**December 31, 2017**



## Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditors' Report		1
Management's Discussion and Analysis		5
<b>BASIC FINANCIAL STATEMENTS</b>		
Statement of Net Position and Governmental Funds Balance Sheet		14
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		15
Notes to Basic Financial Statements		17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule – General Fund		34
Notes to Required Supplementary Information		35
<b>TEXAS SUPPLEMENTARY INFORMATION</b>		
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	55
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	58
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	60
Board Members, Key Personnel and Consultants	TSI-8	62



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## Independent Auditors' Report

Board of Directors  
Fort Bend County Levee Improvement District No. 17  
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. 17, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

***Board of Directors  
Fort Bend County Levee Improvement District No. 17  
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. 17, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*McGuire & Co, P.C.*

Houston, Texas  
May 10, 2018

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

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***Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017***

**Using this Annual Report**

Within this section of the financial report of Fort Bend County Levee Improvement District No. 17 (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 December 31, 2017. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

**Fund Financial Statements**

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

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

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

The District's net position at December 31, 2017, was \$435,462. A comparative summary of the District's overall financial position, as of December 31, 2017 and 2016, is as follows:

	2017	2016
Current and other assets	\$ 23,312,289	\$ 19,895,407
Capital assets	50,493,662	50,526,947
Total assets	<u>73,805,951</u>	<u>70,422,354</u>
 Total deferred outflows of resources	 <u>2,450,576</u>	 <u>1,710,263</u>
 Current liabilities	 3,720,075	 3,429,214
Long-term liabilities	61,583,064	62,385,361
Total liabilities	<u>65,303,139</u>	<u>65,814,575</u>
 Total deferred inflows of resources	 <u>10,517,926</u>	 <u>10,353,207</u>
 Net position		
Net investment in capital assets	(8,076,904)	(9,133,972)
Restricted	2,011,825	1,632,589
Unrestricted	6,500,541	3,466,218
Total net position	<u>\$ 435,462</u>	<u>\$ (4,035,165)</u>

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

The total net position of the District increased during the current fiscal year by \$4,470,627. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes, penalties and interest	\$ 10,393,405	\$ 10,399,968
Intergovernmental	157,743	202,791
Other	112,968	21,663
Total revenues	<u>10,664,116</u>	<u>10,624,422</u>
Expenses		
Current service operations	2,687,627	2,380,430
Debt interest and fees	2,034,431	2,496,021
Developer interest	146,472	
Debt issuance costs	604,017	199,973
Depreciation and amortization	720,942	690,580
Total expenses	<u>6,193,489</u>	<u>5,767,004</u>
Change in net position	4,470,627	4,857,418
Net position, beginning of year	(4,035,165)	(8,892,583)
Net position, end of year	<u>\$ 435,462</u>	<u>\$ (4,035,165)</u>

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

The District's combined fund balances, as of December 31, 2017, were \$12,596,822, which consists of \$9,763,454 in the General Fund, \$2,663,808 in the Debt Service Fund, and \$169,560 in the Capital Projects Fund.

*General Fund*

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

	<u>2017</u>	<u>2016</u>
Total assets	<u>\$ 15,426,887</u>	<u>\$ 12,137,515</u>
Total liabilities	\$ 115,238	\$ 95,521
Total deferred inflows	5,548,195	5,213,417
Total fund balance	<u>9,763,454</u>	<u>6,828,577</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 15,426,887</u>	<u>\$ 12,137,515</u>

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 5,425,890	\$ 5,275,795
Total expenditures	<u>(2,491,013)</u>	<u>(2,187,270)</u>
Revenues over expenditures	2,934,877	3,088,525
Other changes in fund balance		8,750
Net change in fund balance	<u>\$ 2,934,877</u>	<u>\$ 3,097,275</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 are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy for the 2016 tax year, property tax revenues increased because assessed values in the District increased from the prior year.

*Debt Service Fund*

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

	<u>2017</u>	<u>2016</u>
Total assets	<u>\$ 7,694,642</u>	<u>\$ 7,597,161</u>
Total liabilities	\$ 24,465	\$ 6,861
Total deferred inflows	5,006,369	5,238,859
Total fund balance	<u>2,663,808</u>	<u>2,351,441</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 7,694,642</u>	<u>\$ 7,597,161</u>

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

	<u>2017</u>	<u>2016</u>
Total revenues	\$ 5,300,468	\$ 5,279,572
Total expenditures	<u>(5,422,349)</u>	<u>(5,291,680)</u>
Revenues under expenditures	(121,881)	(12,108)
Other changes in fund balance	434,248	202,377
Net change in fund balance	<u>\$ 312,367</u>	<u>\$ 190,269</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

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$13,125,000 in refunding bonds to refund \$11,920,000 of its outstanding Series 2008 and Series 2008A bonds. This refunding will save the District \$1,720,037 in future debt service requirements. In the prior year, the District issued \$7,570,000 in refunding bonds to refund \$7,485,000 of outstanding Series 2007 bonds and save \$1,055,865 in future debt service payments.

*Capital Projects Fund*

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

	2017	2016
Total assets	<u>\$ 171,311</u>	<u>\$ 140,138</u>
Total liabilities	\$ 1,751	\$ 956
Total fund balance	169,560	139,182
Total liabilities and fund balance	<u>\$ 171,311</u>	<u>\$ 140,138</u>

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

	2017	2016
Total revenues	\$ 190	\$ 91
Total expenditures	(2,004,812)	(67,684)
Revenues under expenditures	(2,004,622)	(67,593)
Other changes in fund balance	2,035,000	
Net change in fund balance	<u>\$ 30,378</u>	<u>\$ (67,593)</u>

The District issued its Series 2017 Unlimited Tax Park Bonds in the current year, but did not have any significant capital asset activity 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 \$2,934,877 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

***Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017***

**Capital Assets**

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

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

	<u>2017</u>	<u>2016</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 35,198,172</u>	<u>\$ 35,150,273</u>
Capital assets being depreciated		
Infrastructure	15,097,252	15,097,252
Other facilities	<u>6,481,336</u>	<u>5,841,578</u>
	<u>21,578,588</u>	<u>20,938,830</u>
Less accumulated depreciation		
Infrastructure	(4,568,847)	(4,178,466)
Other facilities	<u>(1,714,251)</u>	<u>(1,383,690)</u>
	<u>(6,283,098)</u>	<u>(5,562,156)</u>
Depreciable capital assets, net	<u>15,295,490</u>	<u>15,376,674</u>
Capital assets, net	<u><u>\$ 50,493,662</u></u>	<u><u>\$ 50,526,947</u></u>

Capital asset additions during the current year include slope paving at the Telfair Cornerstone Elementary Pedestrian Bridge.

**Long-Term Debt and Related Liabilities**

As of December 31, 2017, the District owes \$6,791,271 to developers for completed projects. The District intends to reimburse the developers from proceeds of future bond issues.

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

Series	2017	2016
2008	\$ 350,000	\$ 8,180,000
2008A	420,000	5,240,000
2009	7,480,000	7,920,000
2010	4,045,000	4,270,000
2011 Park	6,905,000	7,120,000
2013 Park	4,535,000	4,790,000
2014 Refunding	7,960,000	8,025,000
2015 Park	4,185,000	4,420,000
2016 Refunding	7,085,000	7,430,000
2017 Refunding	12,765,000	
2017 Park	2,035,000	
	<u>\$ 57,765,000</u>	<u>\$ 57,395,000</u>

During the year, the District issued \$13,125,000 in unlimited tax refunding bonds and \$2,035,000 in unlimited tax park bonds. At December 31, 2017, the District had \$74,360,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$3,145,000 for parks and recreational facilities and \$60,015,000 for refunding purposes.

**Next Year's Budget**

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

	2017 Actual	2018 Budget
Total revenues	\$ 5,425,890	\$ 5,644,215
Total expenditures	(2,491,013)	(5,644,215)
Revenues over expenditures	2,934,877	
Beginning fund balance	6,828,577	9,763,454
Ending fund balance	<u>\$ 9,763,454</u>	<u>\$ 9,763,454</u>

**Property Taxes**

The District's property tax base increased approximately \$30,259,000 for the 2017 tax year from \$1,814,991,431 to \$1,845,250,274. This increase was primarily due to new construction in the District and increased property value. For the 2017 tax year, the District has levied a maintenance tax rate of \$0.30 per \$100 of assessed value and a debt service tax rate of \$0.27 per \$100 of assessed value, for a total combined tax rate of \$0.57 per \$100. Tax rates for the 2016 tax year were \$0.285 per \$100 for maintenance and operations and \$0.285 per \$100 for debt service.

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## **Basic Financial Statements**

**Fort Bend County Levee Improvement District No. 17**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 614,016	\$ 2,025,602	\$ 175,281	\$ 2,814,899	\$ -	\$ 2,814,899
Investments	9,660,722	2,555,841		12,216,563		12,216,563
Taxes receivable	4,335,545	3,914,984		8,250,529		8,250,529
Internal balances	809,974	(806,004)	(3,970)			
Other receivables	6,630	4,219		10,849		10,849
Prepaid bond insurance, net					19,449	19,449
Capital assets not being depreciated					35,198,172	35,198,172
Capital assets, net					15,295,490	15,295,490
<b>Total Assets</b>	<b>\$ 15,426,887</b>	<b>\$ 7,694,642</b>	<b>\$ 171,311</b>	<b>\$ 23,292,840</b>	<b>50,513,111</b>	<b>73,805,951</b>
<b>Deferred Outflows of Resources</b>						
Deferred difference on refunding					2,450,576	2,450,576
<b>Liabilities</b>						
Accounts payable	\$ 114,428	\$ -	\$ 1,751	\$ 116,179		116,179
Other payables	810	21,943		22,753		22,753
Accrued interest payable		2,522		2,522	688,621	691,143
Due to developers					6,791,271	6,791,271
Long-term debt						
Due within one year					2,890,000	2,890,000
Due after one year					54,791,793	54,791,793
<b>Total Liabilities</b>	<b>115,238</b>	<b>24,465</b>	<b>1,751</b>	<b>141,454</b>	<b>65,161,685</b>	<b>65,303,139</b>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	5,548,195	5,006,369		10,554,564	(36,638)	10,517,926
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Restricted		2,663,808	169,560	2,833,368	(2,833,368)	
Unassigned	9,763,454			9,763,454	(9,763,454)	
<b>Total Fund Balances</b>	<b>9,763,454</b>	<b>2,663,808</b>	<b>169,560</b>	<b>12,596,822</b>	<b>(12,596,822)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 15,426,887</b>	<b>\$ 7,694,642</b>	<b>\$ 171,311</b>	<b>\$ 23,292,840</b>		
<b>Net Position</b>						
Net investment in capital assets					(8,076,904)	(8,076,904)
Restricted for debt service					2,011,825	2,011,825
Unrestricted					6,500,541	6,500,541
<b>Total Net Position</b>					<b>\$ 435,462</b>	<b>\$ 435,462</b>

See notes to basic financial statements.

**Fort Bend County Levee Improvement District No. 17**

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

**For the Year Ended December 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 5,186,019	\$ 5,185,512	\$ -	\$ 10,371,531	\$ (50,896)	\$ 10,320,635
Penalties and interest		84,306		84,306	(11,536)	72,770
Intergovernmental	157,743			157,743		157,743
Miscellaneous	7,500			7,500		7,500
Investment earnings	74,628	30,650	190	105,468		105,468
<b>Total Revenues</b>	<b>5,425,890</b>	<b>5,300,468</b>	<b>190</b>	<b>10,726,548</b>	<b>(62,432)</b>	<b>10,664,116</b>
<b>Expenditures/Expenses</b>						
Operating and administrative						
Professional fees	204,221		30,551	234,772		234,772
Contracted services	109,688	144,749		254,437		254,437
Repairs and maintenance	496,298			496,298		496,298
Park maintenance	1,499,854			1,499,854		1,499,854
Utilities	112,332			112,332		112,332
Administrative	30,982	7,160		38,142		38,142
Other	37,638	5,238	8,916	51,792		51,792
Capital outlay			1,642,808	1,642,808	(1,642,808)	
Debt service						
Principal		2,870,000		2,870,000	(2,870,000)	
Interest and fees		1,967,250		1,967,250	67,181	2,034,431
Developer interest			146,472	146,472		146,472
Debt issuance costs		427,952	176,065	604,017		604,017
Depreciation					720,942	720,942
<b>Total Expenditures/Expenses</b>	<b>2,491,013</b>	<b>5,422,349</b>	<b>2,004,812</b>	<b>9,918,174</b>	<b>(3,724,685)</b>	<b>6,193,489</b>
<b>Revenues Over (Under)</b>						
<b>Expenditures</b>	<b>2,934,877</b>	<b>(121,881)</b>	<b>(2,004,622)</b>	<b>808,374</b>	<b>(808,374)</b>	
<b>Other Financing Sources/(Uses)</b>						
Proceeds from sale of bonds		13,125,000	2,035,000	15,160,000	(15,160,000)	
Bond discount		(154,457)		(154,457)	154,457	
Payment to refunded bond escrow agent		(12,536,295)		(12,536,295)	12,536,295	
<b>Net Change in Fund Balances</b>	<b>2,934,877</b>	<b>312,367</b>	<b>30,378</b>	<b>3,277,622</b>	<b>(3,277,622)</b>	
<b>Change in Net Position</b>					<b>4,470,627</b>	<b>4,470,627</b>
Fund Balance/Net Position						
Beginning of the year	6,828,577	2,351,441	139,182	9,319,200	(13,354,365)	(4,035,165)
<b>End of the year</b>	<b>\$ 9,763,454</b>	<b>\$ 2,663,808</b>	<b>\$ 169,560</b>	<b>\$ 12,596,822</b>	<b>\$ (12,161,360)</b>	<b>\$ 435,462</b>

See notes to basic financial statements.

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***Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017***

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

The accounting policies of Fort Bend County Levee Improvement District No. 17 (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 Commissions Court of Fort Bend County, Texas dated July 9, 2002, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The Board of Directors held its first meeting on September 5, 2002 and the first bonds were sold on July 26, 2007.

The District’s primary activities include construction, maintenance and operation of flood control, drainage and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

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

**Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

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

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

**Use of Restricted Resources**

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

*Fort Bend County Levee Improvement District No. 17  
 Management’s Discussion and Analysis  
 December 31, 2017*

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

**Prepaid Bond Insurance**

Prepaid bond insurance reduces the District’s borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

**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 December 31, 2017, an allowance for uncollectible accounts was not considered necessary.

**Interfund Activity**

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

**Capital Assets**

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

Depreciable capital assets, which primarily consist of bridges, recreational facilities and drainage are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20-45 years
Other	10-20 years

The District’s detention facilities and levee system are considered improvements to land and are non-depreciable.

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

**Deferred Inflows and Outflows of Financial Resources**

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2017 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

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. Deferred inflows of financial resources at the government-wide level consist of the 2017 property tax levy, which was levied to finance the 2018 fiscal year.

**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 does not have any nonspendable fund balances.

**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.



*Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017*

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

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

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 collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; 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. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

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

Total fund balance, governmental funds		\$ 12,596,822
Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government wide statements.		19,449
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 56,776,760	
Less accumulated depreciation	<u>(6,283,098)</u>	
Change due to capital assets		50,493,662
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 <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		2,450,576
Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(6,791,271)
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	(57,681,793)	
Interest payable on bonds	<u>(688,621)</u>	
Change due to long-term debt		(58,370,414)
The unavailable portion of property taxes receivable and collections of the 2017 property tax levy are reported as deferred inflows in the fund financial statements. In the government wide statements, however, deferred inflows consist of the entire 2017 property tax levy.		
Fund level deferred property taxes	10,554,564	
Government wide level deferred property taxes	<u>(10,517,926)</u>	
Change due to property taxes		36,638
Total net position - governmental activities		<u><u>\$ 435,462</u></u>

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

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

Net change in fund balances - total governmental funds \$ 3,277,622

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. (62,432)

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

Capital outlays	\$ 1,642,808	
Depreciation expense	(720,942)	
		921,866

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

Issuance of long term debt	(15,160,000)	
Payment to refunded bond escrow agent	12,536,295	
Principal payments	2,870,000	
Bond discount	154,457	
Interest expense accrual	(67,181)	
		333,571

Change in net position of governmental activities	\$ 4,470,627
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### **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.

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

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

As of December 31, 2017, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	General	\$ 1,201,127			
	Debt Service	726,889			
		<u>1,928,016</u>	<u>16%</u>	N/A	N/A
TexSTAR	General	8,459,595			
	Debt Service	1,828,952			
		<u>10,288,547</u>	<u>84%</u>	AAAm	36 days
Total		<u>\$ 12,216,563</u>	<u>100%</u>		

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.

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

**Note 4 – Interfund Balances and Transactions**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 806,004	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	3,970	Bond related costs 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.

**Note 5 – Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Ending Balances</u>
Capital assets not being depreciated			
Land and improvements	\$ 35,150,273	\$ 47,899	\$ 35,198,172
Capital assets being depreciated			
Infrastructure	15,097,252		15,097,252
Other facilities	5,841,578	639,758	6,481,336
	<u>20,938,830</u>	<u>639,758</u>	<u>21,578,588</u>
Less accumulated depreciation			
Infrastructure	(4,178,466)	(390,381)	(4,568,847)
Other facilities	(1,383,690)	(330,561)	(1,714,251)
	<u>(5,562,156)</u>	<u>(720,942)</u>	<u>(6,283,098)</u>
Subtotal depreciable capital assets, net	<u>15,376,674</u>	<u>(81,184)</u>	<u>15,295,490</u>
Capital assets, net	<u>\$ 50,526,947</u>	<u>\$ (33,285)</u>	<u>\$ 50,493,662</u>

Depreciation expense for the current year was \$720,942.

*Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017*

**Note 6 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of the District's facilities. 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.

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

Due to developers, beginning of year	\$	7,746,422
Developer reimbursements		(1,582,465)
Developer funded construction and adjustments		627,314
Due to developers, end of year	\$	<u>6,791,271</u>

**Note 7 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$	57,765,000
Unamortized discounts		(812,704)
Unamortized premium		729,497
	\$	<u>57,681,793</u>
Due within one year	\$	<u>2,890,000</u>

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

**Note 7 – Long-Term Debt (continued)**

The District's bonds payable at December 31, 2017, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2008	\$ 350,000	\$ 10,075,000	5.0% - 5.25%	September 1, 2010/2032	March 1, September 1	September 1, 2018
2008A	420,000	14,500,000	6.0% - 6.75%	September 1, 2010/2026	March 1, September 1	September 1, 2018
2009	7,480,000	11,000,000	4.125% - 6.0%	September 1, 2010/2034	March 1, September 1	September 1, 2018
2010	4,045,000	5,620,000	2.7% - 4.35%	September 1, 2011/2035	March 1, September 1	September 1, 2018
2011 Park	6,905,000	7,620,000	4.0% - 6.0%	September 1, 2014/2035	March 1, September 1	September 1, 2020
2013 Park	4,535,000	5,550,000	3.0% - 4.625%	September 1, 2014/2035	March 1, September 1	September 1, 2021
2014 Refunding	7,960,000	8,235,000	2.0% - 4.0%	September 1, 2015/2034	March 1, September 1	September 1, 2022
2015 Park	4,185,000	4,650,000	2.0% - 4.0%	September 1, 2016/2035	March 1, September 1	September 1, 2023
2016 Refunding	7,085,000	7,570,000	2.0% - 4.0%	September 1, 2016/2032	March 1, September 1	September 1, 2023
2017 Refunding	12,765,000	13,125,000	2.0% - 3.5%	September 1, 2017/2032	March 1, September 1	September 1, 2024
2017 Park	2,035,000	2,035,000	2.0% - 4.0%	September 1, 2018/2035	March 1, September 1	September 1, 2024
	<u>\$ 57,765,000</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.



*Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017*

**Note 7 – Long-Term Debt (continued)**

At December 31, 2017, the District had authorized but unissued bonds in the amount of \$74,360,000 for acquiring, constructing and improving the levee and drainage systems within the District; \$3,145,000 for park and recreational facilities; and \$60,015,000 for refunding purposes.

On February 23, 2017, the District issued its \$13,125,000 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.064025% to advance refund \$11,920,000 of outstanding Series 2008 and 2008A bonds. The District advance refunded the bonds to reduce total debt service payments over future years by approximately \$1,720,037 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,343,272. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through September 1, 2017, the redemption date of the bonds. As of December 31, 2017, the bonds have all been redeemed and are no longer outstanding.

On October 17, 2017, the District issued its \$2,035,000 Series 2017 Unlimited Tax Park Bonds at a net effective interest rate of 2.981031% to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	\$	57,395,000
Bonds issued		15,160,000
Bonds refunded		(11,920,000)
Bonds retired		(2,870,000)
Bonds payable, end of year	\$	<u>57,765,000</u>

**Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017**

**Note 7 – Long-Term Debt (continued)**

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

Year	Principal	Interest	Totals
2018	\$ 2,890,000	\$ 2,065,866	\$ 4,955,866
2019	2,970,000	1,951,969	4,921,969
2020	3,025,000	1,859,945	4,884,945
2021	3,085,000	1,768,169	4,853,169
2022	3,135,000	1,681,207	4,816,207
2023	3,195,000	1,592,556	4,787,556
2024	3,255,000	1,499,362	4,754,362
2025	3,315,000	1,395,601	4,710,601
2026	3,390,000	1,287,802	4,677,802
2027	3,460,000	1,169,889	4,629,889
2028	3,560,000	1,040,378	4,600,378
2029	3,645,000	905,689	4,550,689
2030	3,740,000	766,977	4,506,977
2031	3,840,000	621,645	4,461,645
2032	3,940,000	470,533	4,410,533
2033	2,715,000	311,780	3,026,780
2034	2,795,000	198,083	2,993,083
2035	1,810,000	79,621	1,889,621
	<u>\$ 57,765,000</u>	<u>\$ 20,667,072</u>	<u>\$ 78,432,072</u>

**Note 8 – Property Taxes**

On September 10, 2005, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2017 fiscal year was financed through the 2016 tax levy, pursuant to which the District levied property taxes of \$0.57 per \$100 of assessed value, of which \$0.285 was allocated to maintenance and operations and \$0.285 was allocated to debt service. The resulting tax levy was \$10,345,451 on the adjusted taxable value of \$1,814,991,431.

**Fort Bend County Levee Improvement District No. 17  
 Management's Discussion and Analysis  
 December 31, 2017**

**Note 8 – Property Taxes (continued)**

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2017 levy collections in the amount of \$2,304,037 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2017 tax levy of \$10,517,926 is reported as deferred inflows. These amounts will be recognized as revenue in 2018.

Total property taxes receivable, at December 31, 2017, consisted of the following:

Current year taxes receivable	\$ 8,213,889
Prior years taxes receivable	26,758
	<u>8,240,647</u>
Penalty and interest receivable	9,882
Total property taxes receivable	<u><u>\$ 8,250,529</u></u>

**Note 9 – Cost Sharing Agreement with the University of Houston**

On November 24, 2003, the District entered into an agreement with the University of Houston ("UH"), which owns approximately 256 acres of land within the District. This land was unprotected by levees and threatened by flooding from the Brazos River. The District prepared a plan of reclamation for the construction of levees and reclaimed all of the property within the boundaries of the District including the UH tract. Under Texas law, property owned by UH and used for a public purpose is exempt from property taxes. UH has agreed to pay its share of the costs of the levees and other drainage improvements included in the District's reclamation plan for the benefit received from the existence of such levees and other improvements and for the ongoing costs to maintain and operate the levee system. During the current fiscal year, the District received \$157,743 based on the fiscal year 2017 operating budget.

**Note 10 – Maintenance Agreement with Telfair Community Association**

In December 2006, the District and Telfair Community Association, Inc. ("TCA") entered into a maintenance agreement (the "Agreement"), as amended in 2009, and restated and amended on March 8, 2012, September 11, 2014 and August 18, 2016, for the purpose of providing a coordinated approach to the maintenance of recreational facilities constructed within the District by both the District and TCA. The Agreement will automatically renew for each calendar year, unless either party gives written notice of termination by September 1 of a given year. The District and TCA both acknowledge that it is in the best interest of both parties for the parks and recreational facilities within the District to be maintained to a consistent high standard. The District shall contract with TCA to manage the maintenance of District facilities. TCA contracted with Ridgewood Landscaping, Inc. for the maintenance of facilities for a term from January 1, 2016 through December 31, 2017. During the current fiscal year, the District paid \$1,391,257 to TCA related to this maintenance agreement.

*Fort Bend County Levee Improvement District No. 17  
Management's Discussion and Analysis  
December 31, 2017*

**Note 11 – 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.

## **Required Supplementary Information**

*Fort Bend County Levee Improvement District No. 17  
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund  
 For the Year Ended December 31, 2017*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 5,034,418	\$ 5,186,019	\$ 151,601
Intergovernmental	170,390	157,743	(12,647)
Miscellaneous		7,500	7,500
Investment earnings	10,000	74,628	64,628
Total Revenues	<u>5,214,808</u>	<u>5,425,890</u>	<u>211,082</u>
<b>Expenditures</b>			
Operating and administrative			
Professional fees	163,000	204,221	(41,221)
Contracted services	110,000	109,688	312
Repairs and maintenance	3,523,127	496,298	3,026,829
Park maintenance	1,301,636	1,499,854	(198,218)
Utilities	80,220	112,332	(32,112)
Administrative	34,725	30,982	3,743
Other	2,100	37,638	(35,538)
Total Expenditures	<u>5,214,808</u>	<u>2,491,013</u>	<u>2,723,795</u>
<b>Revenues Over/(Under) Expenditures</b>		2,934,877	2,934,877
<b>Fund Balance</b>			
Beginning of the year	<u>6,828,577</u>	<u>6,828,577</u>	
End of the year	<u>\$ 6,828,577</u>	<u>\$ 9,763,454</u>	<u>\$ 2,934,877</u>

*Fort Bend County Levee Improvement District No. 17*  
*Notes to Required Supplementary Information*  
*December 31, 2017*

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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## **Texas Supplementary Information**

**Fort Bend County Levee Improvement District No. 17**  
**TSI-1. Services and Rates**  
**December 31, 2017**

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

- |   |   |   |  |
|---|---|---|--|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Solid Waste/Garbage      | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation          |
| <input checked="" type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input 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):

	Minimum Charge	Minimum Usage	Flat Rate (Y/N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
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:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
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. 17**  
**TSI-1. Services and Rates**  
**December 31, 2017**

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

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

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

Does the District have Debt Service standby fees? Yes  No

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

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

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

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

Is the District located entirely within one county? Yes  No

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

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

City(ies) in which the District is located: City of 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: \_\_\_\_\_

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. 17  
 TSI-2 General Fund Expenditures  
 For the Year Ended December 31, 2017*

Professional fees		
Legal	\$	117,621
Audit		12,000
Engineering		74,600
		<u>204,221</u>
Contracted services		
Bookkeeping		13,688
Operator		96,000
		<u>109,688</u>
Repairs and maintenance		<u>496,298</u>
Park maintenance		<u>1,499,854</u>
Utilities		<u>112,332</u>
Administrative		
Directors fees		10,650
Printing and office supplies		3,691
Insurance		10,614
Other		6,027
		<u>30,982</u>
Other		<u>37,638</u>
Total expenditures	\$	<u><u>2,491,013</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	41,280 kWh	\$ 9,174
Water	268,417 Gal	100,162
Natural Gas	195 CCF	351

See accompanying auditors' report.

**Fort Bend County Levee Improvement District No. 17**  
**TSI-3. Investments**  
**December 31, 2017**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General					
TexSTAR	2673022220	Variable	N/A	\$ 8,459,595	\$ -
Certificate of deposit	455931	0.90%	04/20/18	240,000	1,509
Certificate of deposit	8000037402	0.90%	04/20/18	240,000	1,509
Certificate of deposit	8031825	0.90%	04/20/18	240,000	1,509
Certificate of deposit	51202345	0.80%	04/20/18	240,000	1,341
Certificate of deposit	412A	1.30%	10/17/18	241,127	644
				<u>9,660,722</u>	<u>6,512</u>
Debt Service					
TexSTAR	2673033330	Variable	N/A	1,828,952	
Certificate of deposit	13068	1.10%	07/05/18	240,000	1,295
Certificate of deposit	1002329315	0.75%	03/07/18	243,979	1,499
Certificate of deposit	220006687	0.60%	01/08/18	242,910	1,426
				<u>2,555,841</u>	<u>4,220</u>
				<u>\$ 12,216,563</u>	<u>\$ 10,732</u>

See accompanying auditors' report.

**Fort Bend County Levee Improvement District No. 17**  
**TSI-4. Taxes Levied and Receivable**  
**December 31, 2017**

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 3,915,457	\$ 3,919,480	\$ 7,834,937	
Adjustments to Prior Year Tax Levy	(3,445)	(3,946)	(7,391)	
Adjusted Receivable	3,912,012	3,915,534	7,827,546	
2017 Original Tax Levy	5,246,207	4,721,586	9,967,793	
Adjustments	289,544	260,589	550,133	
Adjusted Tax Levy	5,535,751	4,982,175	10,517,926	
Total to be accounted for	9,447,763	8,897,709	18,345,472	
Tax collections:				
Current year	1,212,651	1,091,386	2,304,037	
Prior years	3,899,567	3,901,221	7,800,788	
Total Collections	5,112,218	4,992,607	10,104,825	
Taxes Receivable, End of Year	\$ 4,335,545	\$ 3,905,102	\$ 8,240,647	
Taxes Receivable, By Years				
2017	\$ 4,323,100	\$ 3,890,789	\$ 8,213,889	
2016	6,867	6,867	13,734	
2015	2,124	2,195	4,319	
2014 and prior	3,454	5,251	8,705	
Taxes Receivable, End of Year	\$ 4,335,545	\$ 3,905,102	\$ 8,240,647	
	2017	2016	2015	2014
Property Valuations:				
Land	\$ 498,969,900	\$ 478,739,490	\$ 475,522,490	\$ 465,073,650
Improvements	1,429,964,874	1,395,509,508	1,340,005,330	1,086,172,840
Personal Property	38,829,630	39,784,359	36,279,170	34,571,953
Exemptions	(122,514,130)	(99,041,926)	(156,737,290)	(94,196,383)
Total Property Valuations	\$ 1,845,250,274	\$ 1,814,991,431	\$ 1,695,069,700	\$ 1,491,622,060
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.30	\$ 0.285	\$ 0.30	\$ 0.28
Debt service tax rates	0.27	0.285	0.31	0.35
Total Tax Rates per \$100 Valuation	\$ 0.57	\$ 0.570	\$ 0.61	\$ 0.63
Adjusted Tax Levy:	\$ 10,517,926	\$ 10,345,451	\$ 10,339,925	\$ 9,397,219
Percentage of Taxes Collected to Taxes Levied **	21.91%	99.87%	99.96%	99.96%

\* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on September 10, 2005

\*\* 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. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2008--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2018</u>	<u>\$ 350,000</u>	<u>\$ 17,500</u>	<u>\$ 367,500</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2008A--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
<u>2018</u>	<u>\$ 420,000</u>	<u>\$ 25,200</u>	<u>\$ 445,200</u>

See accompanying auditors' report.



*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2009--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 440,000	\$ 322,300	\$ 762,300
2019	440,000	298,100	738,100
2020	440,000	280,500	720,500
2021	440,000	262,900	702,900
2022	440,000	245,300	685,300
2023	440,000	227,700	667,700
2024	440,000	209,550	649,550
2025	440,000	191,400	631,400
2026	440,000	173,250	613,250
2027	440,000	155,100	595,100
2028	440,000	136,400	576,400
2029	440,000	117,700	557,700
2030	440,000	99,000	539,000
2031	440,000	80,300	520,300
2032	440,000	60,500	500,500
2033	440,000	40,700	480,700
2034	440,000	20,350	460,350
	<u>\$ 7,480,000</u>	<u>\$ 2,921,050</u>	<u>\$ 10,401,050</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2010--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 225,000	\$ 152,445	\$ 377,445
2019	225,000	146,370	371,370
2020	225,000	139,845	364,845
2021	225,000	132,870	357,870
2022	225,000	125,557	350,557
2023	225,000	117,907	342,907
2024	225,000	110,032	335,032
2025	225,000	101,932	326,932
2026	225,000	93,607	318,607
2027	225,000	85,058	310,058
2028	225,000	76,283	301,283
2029	225,000	67,283	292,283
2030	225,000	58,058	283,058
2031	225,000	48,495	273,495
2032	225,000	38,933	263,933
2033	225,000	29,145	254,145
2034	225,000	19,358	244,358
2035	220,000	9,570	229,570
	<u>\$ 4,045,000</u>	<u>\$ 1,552,748</u>	<u>\$ 5,597,748</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2011 Park--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 225,000	\$ 302,963	\$ 527,963
2019	240,000	289,462	529,462
2020	250,000	277,463	527,463
2021	265,000	267,462	532,462
2022	275,000	256,863	531,863
2023	290,000	245,862	535,862
2024	305,000	234,263	539,263
2025	320,000	222,062	542,062
2026	335,000	209,263	544,263
2027	350,000	195,862	545,862
2028	370,000	181,863	551,863
2029	390,000	167,062	557,062
2030	410,000	150,975	560,975
2031	430,000	133,038	563,038
2032	450,000	114,225	564,225
2033	475,000	93,525	568,525
2034	525,000	71,675	596,675
2035	1,000,000	47,000	1,047,000
	<u>\$ 6,905,000</u>	<u>\$ 3,460,888</u>	<u>\$ 10,365,888</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013 Park--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 255,000	\$ 172,830	\$ 427,830
2019	255,000	165,180	420,180
2020	255,000	157,530	412,530
2021	255,000	149,880	404,880
2022	255,000	142,230	397,230
2023	255,000	134,580	389,580
2024	255,000	126,547	381,547
2025	250,000	117,750	367,750
2026	250,000	108,750	358,750
2027	250,000	98,750	348,750
2028	250,000	88,750	338,750
2029	250,000	78,125	328,125
2030	250,000	67,500	317,500
2031	250,000	56,563	306,563
2032	250,000	45,625	295,625
2033	250,000	34,375	284,375
2034	250,000	23,125	273,125
2035	250,000	11,563	261,563
	<u>\$ 4,535,000</u>	<u>\$ 1,779,653</u>	<u>\$ 6,314,653</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014 Refunding--by Years*  
*December 31, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 70,000	\$ 313,150	\$ 383,150
2019	70,000	311,050	381,050
2020	75,000	308,950	383,950
2021	75,000	306,700	381,700
2022	75,000	304,450	379,450
2023	80,000	302,200	382,200
2024	80,000	299,800	379,800
2025	85,000	297,400	382,400
2026	85,000	294,000	379,000
2027	800,000	290,600	1,090,600
2028	835,000	258,600	1,093,600
2029	865,000	225,200	1,090,200
2030	890,000	190,600	1,080,600
2031	925,000	155,000	1,080,000
2032	950,000	118,000	1,068,000
2033	985,000	80,000	1,065,000
2034	1,015,000	40,600	1,055,600
	<u>\$ 7,960,000</u>	<u>\$ 4,096,300</u>	<u>\$ 12,056,300</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015 Park--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 235,000	\$ 111,938	\$ 346,938
2019	235,000	107,238	342,238
2020	235,000	102,538	337,538
2021	235,000	97,838	332,838
2022	235,000	93,138	328,138
2023	235,000	88,438	323,438
2024	235,000	83,738	318,738
2025	235,000	78,450	313,450
2026	235,000	72,575	307,575
2027	230,000	66,700	296,700
2028	230,000	59,800	289,800
2029	230,000	52,900	282,900
2030	230,000	46,000	276,000
2031	230,000	38,811	268,811
2032	230,000	31,625	261,625
2033	230,000	23,860	253,860
2034	230,000	16,100	246,100
2035	230,000	8,050	238,050
	<u>\$ 4,185,000</u>	<u>\$ 1,179,737</u>	<u>\$ 5,364,737</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2016 Refunding--by Years  
 December 31, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 355,000	\$ 249,250	\$ 604,250
2019	370,000	242,150	612,150
2020	375,000	234,750	609,750
2021	390,000	227,250	617,250
2022	405,000	215,550	620,550
2023	420,000	203,400	623,400
2024	435,000	190,800	625,800
2025	455,000	173,400	628,400
2026	480,000	155,200	635,200
2027	505,000	136,000	641,000
2028	525,000	115,800	640,800
2029	550,000	94,800	644,800
2030	580,000	72,800	652,800
2031	605,000	49,600	654,600
2032	635,000	25,400	660,400
	<u>\$ 7,085,000</u>	<u>\$ 2,386,150</u>	<u>\$ 9,471,150</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17  
 TSI-5. Long-Term Debt Service Requirements  
 Series 2017 Refunding--by Years  
 December 31, 2017*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2018	\$ 200,000	\$ 346,281	\$ 546,281
2019	1,020,000	340,281	1,360,281
2020	1,055,000	309,681	1,364,681
2021	1,085,000	278,031	1,363,031
2022	1,110,000	256,331	1,366,331
2023	1,135,000	234,131	1,369,131
2024	1,165,000	208,594	1,373,594
2025	1,190,000	179,469	1,369,469
2026	1,225,000	149,719	1,374,719
2027	545,000	112,969	657,969
2028	570,000	96,619	666,619
2029	585,000	79,519	664,519
2030	605,000	61,969	666,969
2031	625,000	43,063	668,063
2032	650,000	22,750	672,750
	<u>\$ 12,765,000</u>	<u>\$ 2,719,407</u>	<u>\$ 15,484,407</u>

See accompanying auditors' report.



*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 115,000	\$ 52,009	\$ 167,009
2019	115,000	52,138	167,138
2020	115,000	48,688	163,688
2021	115,000	45,238	160,238
2022	115,000	41,788	156,788
2023	115,000	38,338	153,338
2024	115,000	36,038	151,038
2025	115,000	33,738	148,738
2026	115,000	31,438	146,438
2027	115,000	28,850	143,850
2028	115,000	26,263	141,263
2029	110,000	23,100	133,100
2030	110,000	20,075	130,075
2031	110,000	16,775	126,775
2032	110,000	13,475	123,475
2033	110,000	10,175	120,175
2034	110,000	6,875	116,875
2035	110,000	3,438	113,438
	<u>\$ 2,035,000</u>	<u>\$ 528,439</u>	<u>\$ 2,563,439</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 17*  
*TSI-5. Long-Term Debt Service Requirements*  
*All Bonded Debt Series--by Years*  
*December 31, 2017*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2018	\$ 2,890,000	\$ 2,065,866	\$ 4,955,866
2019	2,970,000	1,951,969	4,921,969
2020	3,025,000	1,859,945	4,884,945
2021	3,085,000	1,768,169	4,853,169
2022	3,135,000	1,681,207	4,816,207
2023	3,195,000	1,592,556	4,787,556
2024	3,255,000	1,499,362	4,754,362
2025	3,315,000	1,395,601	4,710,601
2026	3,390,000	1,287,802	4,677,802
2027	3,460,000	1,169,889	4,629,889
2028	3,560,000	1,040,378	4,600,378
2029	3,645,000	905,689	4,550,689
2030	3,740,000	766,977	4,506,977
2031	3,840,000	621,645	4,461,645
2032	3,940,000	470,533	4,410,533
2033	2,715,000	311,780	3,026,780
2034	2,795,000	198,083	2,993,083
2035	1,810,000	79,621	1,889,621
	<u>\$ 57,765,000</u>	<u>\$ 20,667,072</u>	<u>\$ 78,432,072</u>

See accompanying auditors' report.

**Fort Bend County Levee Improvement District No. 17**  
**TSI-6. Change in Long-Term Bonded Debt**  
**December 31, 2017**

	Bond Issue			
	Series 2008	Series 2008A	Series 2009	Series 2010
Interest rate	5.0% - 5.25%	6.0% - 6.75%	4.125% - 6.0%	2.7% - 4.35%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/10 - 9/1/32	9/1/10 - 9/1/26	9/1/10 - 9/1/34	9/1/11 - 9/1/35
Beginning bonds outstanding	\$ 8,180,000	\$ 5,240,000	\$ 7,920,000	\$ 4,270,000
Bonds issued				
Bonds refunded	(7,500,000)	(4,420,000)		
Bonds retired	(330,000)	(400,000)	(440,000)	(225,000)
Ending bonds outstanding	<u>\$ 350,000</u>	<u>\$ 420,000</u>	<u>\$ 7,480,000</u>	<u>\$ 4,045,000</u>
Interest paid during fiscal year	<u>\$ 34,000</u>	<u>\$ 49,200</u>	<u>\$ 346,500</u>	<u>\$ 161,445</u>
Paying agent's name and city				
All other Series				Wells Fargo Bank, Texas, NA, Houston, Texas
Series 2011 & 2013				Wells Fargo Bank, Texas, NA, Dallas, Texas
Series 2014, 2015, 2016R, 2017R & 2017				The Bank of New York Mellon Trust Company, NA, Dallas, Texas
	Levee			
	Improvement	Park	Refunding	
Bond Authority:	Bonds	Bonds	Bonds	
Amount Authorized by Voters	\$ 125,000,000	\$ 23,000,000	\$ 62,500,000	
Amount Issued	(50,640,000)	(19,855,000)	(2,485,000)	
Remaining To Be Issued	<u>\$ 74,360,000</u>	<u>\$ 3,145,000</u>	<u>\$ 60,015,000</u>	

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

Debt Service Fund cash and investments balances as of December 31, 2017: \$ 4,581,443

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 4,357,337

See accompanying auditors' report.

	Bond Issue			
	Series 2011 Park	Series 2013 Park	Series 2014 Refunding	Series 2015 Park
Interest rate	4.0% - 6.0%	3.0% - 4.625%	2.0% - 4.0%	2.0% - 3.6%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/14 - 9/1/35	9/1/14 - 9/1/35	9/1/15 - 9/1/34	9/1/16 - 9/1/35
Beginning bonds outstanding	\$ 7,120,000	\$ 4,790,000	\$ 8,025,000	\$ 4,420,000
Bonds issued				
Bonds refunded				
Bonds retired	<u>(215,000)</u>	<u>(255,000)</u>	<u>(65,000)</u>	<u>(235,000)</u>
Ending bonds outstanding	<u>\$ 6,905,000</u>	<u>\$ 4,535,000</u>	<u>\$ 7,960,000</u>	<u>\$ 4,185,000</u>
Interest paid during fiscal year	<u>\$ 315,863</u>	<u>\$ 180,480</u>	<u>\$ 314,450</u>	<u>\$ 116,638</u>

See accompanying auditors' report.

Bond Issue			
Series 2016 Refunding	Series 2017 Refunding	Series 2017 Park	Totals
2.0% - 4.0% 3/1; 9/1 9/1/16 - 9/1/32	2.0% - 3.5% 3/1; 9/1 9/1/17 - 9/1/32	2.0% - 4.0% 3/1; 9/1 9/1/18 - 9/1/35	
\$ 7,430,000	\$ -	\$ -	\$ 57,395,000
	13,125,000	2,035,000	15,160,000
			(11,920,000)
(345,000)	(360,000)		(2,870,000)
<u>\$ 7,085,000</u>	<u>\$ 12,765,000</u>	<u>\$ 2,035,000</u>	<u>\$ 57,765,000</u>
<u>\$ 256,150</u>	<u>\$ 208,297</u>	<u>\$ -</u>	<u>\$ 1,983,022</u>

**Fort Bend County Levee Improvement District No. 17**  
**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 5,186,019	\$ 5,061,775	\$ 4,172,602	\$ 3,084,056	\$ 2,267,824
Intergovernmental	157,743	202,791	115,728	112,988	104,815
Miscellaneous	7,500		30		1,001
Investment earnings	74,628	11,229	6,543	4,664	4,803
Total Revenues	<u>5,425,890</u>	<u>5,275,795</u>	<u>4,294,903</u>	<u>3,201,708</u>	<u>2,378,443</u>
Expenditures					
Operating and administrative					
Professional fees	204,221	168,592	157,073	117,446	155,152
Contracted services	109,688	109,500	110,160	110,600	108,200
Repairs and maintenance	496,298	369,999	686,225	254,258	253,778
Park maintenance	1,499,854	1,440,740	1,316,632	1,398,631	1,506,280
Utilities	112,332	76,274	42,040	33,922	37,043
Administrative	30,982	21,520	31,097	22,727	22,707
Other	37,638	645	836		9,718
Debt issuance costs			15,908		
Total Expenditures	<u>2,491,013</u>	<u>2,187,270</u>	<u>2,359,971</u>	<u>1,937,584</u>	<u>2,092,878</u>
Revenues Over Expenditures	<u>\$ 2,934,877</u>	<u>\$ 3,088,525</u>	<u>\$ 1,934,932</u>	<u>\$ 1,264,124</u>	<u>\$ 285,565</u>

\*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2017	2016	2015	2014	2013
96%	96%	97%	96%	96%
3%	4%	3%	4%	4%
*		*		*
1%	*	*	*	*
100%	100%	100%	100%	100%
4%	3%	4%	4%	7%
2%	2%	3%	3%	5%
9%	7%	16%	8%	11%
28%	27%	31%	44%	63%
2%	1%	1%	1%	2%
1%	*	1%	1%	1%
1%	*	*		*
		*		
47%	40%	56%	61%	89%
53%	60%	44%	39%	11%

**Fort Bend County Levee Improvement District No. 17**  
**TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund**  
**For the Last Five Fiscal Years**

	Amounts				
	2017	2016	2015	2014	2013
Revenues					
Property taxes	\$ 5,185,512	\$ 5,230,504	\$ 5,215,154	\$ 4,932,824	\$ 4,432,682
Penalties and interest	84,306	38,725	39,004	26,482	28,900
Accrued interest on bonds sold			4,715	19,473	3,388
Investment earnings	30,650	10,343	8,705	8,224	8,188
Total Revenues	<u>5,300,468</u>	<u>5,279,572</u>	<u>5,267,578</u>	<u>4,987,003</u>	<u>4,473,158</u>
Expenditures					
Tax collection services	157,147	137,934	132,298	118,880	103,699
Debt service					
Principal	2,870,000	2,530,000	2,180,000	1,885,000	1,490,000
Interest and fees	1,967,250	2,423,773	2,555,955	2,844,894	2,755,344
Debt issuance costs	427,952	199,973		217,295	
Total Expenditures	<u>5,422,349</u>	<u>5,291,680</u>	<u>4,868,253</u>	<u>5,066,069</u>	<u>4,349,043</u>
Revenues Over (Under) Expenditures	<u>\$ (121,881)</u>	<u>\$ (12,108)</u>	<u>\$ 399,325</u>	<u>\$ (79,066)</u>	<u>\$ 124,115</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

2017	2016	2015	2014	2013
98%	99%	99%	99%	99%
2%	1%	1%	1%	1%
		*	*	*
*	*	*	*	*
100%	100%	100%	100%	100%
3%	3%	3%	2%	2%
54%	48%	41%	38%	33%
37%	46%	49%	57%	62%
8%	4%		4%	
102%	101%	93%	101%	97%
(2%)	(1%)	7%	(1%)	3%

**Fort Bend County Levee Improvement District No. 17  
TSI-8. Board Members, Key Personnel and Consultants  
For the Year Ended December 31, 2017**

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027  
 District Business Telephone Number: (713) 860-6400  
 Submission Date of the most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): May 11, 2017  
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members**</b>				
David Lawrence	07/14 - 07/18	\$ 2,250	\$ 1,016	President
Ng Fook Francis Ming	05/17 - 07/18	600		Vice President/ Asst. Secretary
David Gornet	07/14 - 07/18	7,350	4,144	Secretary/ Asst. Vice President
Jeff Scarborough	07/14 - 05/17	450	51	Former Board Member

\*\*No director has any business or family relationship (as defined by the Texas Water Code) with major landowners in the District, with the District's developer, or with any of the District's consultants.

Consultants		Amounts Paid	
Allen Boone Humphries Robinson LLP	2003		Attorney
<i>General legal fees</i>		\$ 121,074	
<i>Bond counsel</i>		190,141	
Levee Management Services	2012	154,302	Operator
Myrtle Cruz, Inc.	2004	17,858	Bookkeeper
Tax Tech	2005	49,934	Tax Collector
Fort Bend Central Appraisal District	Legislation	67,269	Property Valuation
Perdue, Brandon, Fielder, Collins & Mott LLP	2008		Delinquent Tax Attorney
LJA Engineering	2002	100,199	Engineer
McGrath & Co., PLLC	Annual	13,500	Auditor
FirstSouthwest, a Division of Hilltop Securities	2005	180,414	Financial Advisor
Storm Water Solutions	2008	13,397	Storm Water Management

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