

**FORT BEND COUNTY LEVEE
IMPROVEMENT DISTRICT NO. 10**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2023

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Independent Auditor's Report

Board of Directors
Fort Bend County Levee Improvement District No. 10
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 10 (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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. 10, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Board of Directors
Fort Bend County Levee Improvement District No. 10
Fort Bend County, Texas***

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Fort Bend County Levee Improvement District No. 10
Fort Bend County, Texas***

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.

Supplementary Information

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

McGuath & Co, P.C.

Houston, Texas
January 25, 2024

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Management's Discussion and Analysis

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***Fort Bend County Levee Improvement District No. 10
Management's Discussion and Analysis
September 30, 2023***

Using this Annual Report

Within this section of the financial report of Fort Bend County Levee Improvement District No. 10 (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, 2023. This analysis should be read in conjunction with the independent auditor's 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. 10
Management's Discussion and Analysis
September 30, 2023**

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, 2023, was \$9,702,429. A comparative summary of the District's overall financial position, as of September 30, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	\$ 6,328,197	\$ 5,391,461
Capital assets	14,522,644	14,672,698
Total assets	<u>20,850,841</u>	<u>20,064,159</u>
 Total deferred outflows of resources	 <u>71,637</u>	 <u>85,015</u>
 Current liabilities	 1,005,265	 912,755
Long-term liabilities	10,214,784	11,157,555
Total liabilities	<u>11,220,049</u>	<u>12,070,310</u>
 Net position		
Net investment in capital assets	3,499,497	2,775,158
Restricted	448,593	446,029
Unrestricted	5,754,339	4,857,677
Total net position	<u>\$ 9,702,429</u>	<u>\$ 8,078,864</u>

**Fort Bend County Levee Improvement District No. 10
 Management's Discussion and Analysis
 September 30, 2023**

The total net position of the District increased during the current fiscal year by \$1,623,565. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Property taxes, penalties and interest	\$ 3,295,329	\$ 3,146,746
Other	283,608	40,919
Total revenues	<u>3,578,937</u>	<u>3,187,665</u>
Expenses		
Operating and administrative	1,028,286	1,311,797
Debt interest and fees	315,416	339,773
Depreciation	611,670	591,921
Total expenses	<u>1,955,372</u>	<u>2,243,491</u>
Change in net position	1,623,565	944,174
Net position, beginning of year	8,078,864	7,134,690
Net position, end of year	<u>\$ 9,702,429</u>	<u>\$ 8,078,864</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2023, were \$6,146,644, which consists of \$5,314,714 in the General Fund, \$430,424 in the Debt Service Fund and \$401,506 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	<u>\$ 5,416,973</u>	<u>\$ 4,251,996</u>
Total liabilities	\$ 64,140	\$ 33,528
Total deferred inflows	38,119	38,632
Total fund balance	<u>5,314,714</u>	<u>4,179,836</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,416,973</u>	<u>\$ 4,251,996</u>

Fort Bend County Levee Improvement District No. 10
Management's Discussion and Analysis
September 30, 2023

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

	2023	2022
Total revenues	\$ 2,272,613	\$ 1,957,089
Total expenditures	(1,137,735)	(1,319,649)
Revenues over expenditures	<u>\$ 1,134,878</u>	<u>\$ 637,440</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, 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 September 30, 2023 and 2022, is as follows:

	2023	2022
Total assets	<u>\$ 473,710</u>	<u>\$ 472,742</u>
Total liabilities	\$ 381	\$ -
Total deferred inflows	42,905	42,987
Total fund balance	430,424	429,755
Total liabilities, deferred inflows and fund balance	<u>\$ 473,710</u>	<u>\$ 472,742</u>

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

	2023	2022
Total revenues	\$ 1,282,519	\$ 1,221,513
Total expenditures	(1,281,850)	(1,273,945)
Revenues over/(under) expenditures	<u>\$ 669</u>	<u>\$ (52,432)</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 changes 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. 10
 Management’s Discussion and Analysis
 September 30, 2023**

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of September 30, 2023 and 2022, is as follows:

	2023	2022
Total assets	<u>\$ 437,514</u>	<u>\$ 666,723</u>
Total liabilities	\$ 36,008	\$ 27,514
Total fund balance	<u>401,506</u>	<u>639,209</u>
Total liabilities and fund balance	<u>\$ 437,514</u>	<u>\$ 666,723</u>

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

	2023	2022
Total revenues	\$ 24,400	\$ 5,070
Total expenditures	(262,103)	(456,580)
Revenues under expenditures	<u>\$ (237,703)</u>	<u>\$ (451,510)</u>

The District’s capital asset activity in the last two years has been for improvements to existing facilities.

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 \$433,953 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. 10
 Management's Discussion and Analysis
 September 30, 2023**

Capital Assets

Capital assets held by the District at September 30, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Capital assets not being depreciated		
Land and improvements	\$ 3,798,448	\$ 3,798,448
Construction in progress	310,435	243,792
	<u>4,108,883</u>	<u>4,042,240</u>
Capital assets being depreciated		
Infrastructure	11,122,012	11,122,012
Parks and recreational facilities	6,381,273	5,986,300
	<u>17,503,285</u>	<u>17,108,312</u>
Less accumulated depreciation		
Infrastructure	(4,463,521)	(4,205,187)
Parks and recreational facilities	(2,626,003)	(2,272,667)
	<u>(7,089,524)</u>	<u>(6,477,854)</u>
Depreciable capital assets, net	<u>10,413,761</u>	<u>10,630,458</u>
Capital assets, net	<u>\$ 14,522,644</u>	<u>\$ 14,672,698</u>

Capital asset additions during the current year include the following:

- Frisbee golf course – hardscape and landscaping
- Magnolia park lighting
- Bridge railing replacement

The District's construction in progress includes the following:

- Park at levee master plan
- Overlook trail extension – hardscape and landscaping
- Recreational Center - turf replacement

Long-Term Debt

At September 30, 2023 and 2022, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2023</u>	<u>2022</u>
2016 Refunding	\$ 2,845,000	\$ 2,955,000
2017	1,900,000	2,000,000
2019 Refunding	1,825,000	2,380,000
2020 Park Refunding	2,235,000	2,270,000
2021 Park	2,065,000	2,090,000
	<u>\$ 10,870,000</u>	<u>\$ 11,695,000</u>

**Fort Bend County Levee Improvement District No. 10
 Management’s Discussion and Analysis
 September 30, 2023**

At September 30, 2023, the District had \$4,850,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving flood protection and drainage system within the District; \$4,285,000 for parks and recreational facilities; and \$8,959,580 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:

	<u>2023 Actual</u>	<u>2024 Budget</u>
Total revenues	\$ 2,272,613	\$ 2,393,290
Total expenditures	<u>(1,137,735)</u>	<u>(1,387,997)</u>
Revenues over expenditures	1,134,878	1,005,293
Beginning fund balance	4,179,836	5,314,714
Ending fund balance	<u><u>\$ 5,314,714</u></u>	<u><u>\$ 6,320,007</u></u>

Property Taxes

The District’s property tax base increased approximately \$59,371,000 for the 2023 tax year from \$537,314,407 to \$596,685,192. This increase was primarily due to increased property values. For the 2023 tax year, the District has levied a maintenance tax rate of \$0.37 per \$100 of assessed value and a debt service tax rate of \$0.20 per \$100 of assessed value, for a total combined tax rate of \$0.57 per \$100 of assessed value. Tax rates for the 2022 tax year were \$0.385 per \$100 for maintenance and operations and \$0.225 per \$100 for debt service for a combined total of \$0.61 per \$100 of assessed value.

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Basic Financial Statements

Fort Bend County Levee Improvement District No. 10
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 22,363	\$ 48,852	\$ 480	\$ 71,695	\$ -	\$ 71,695
Investments	5,295,306	394,273	437,034	6,126,613		6,126,613
Taxes receivable, net	38,119	42,905		81,024		81,024
Prepaid items	16,972			16,972		16,972
Internal balances	15,271	(15,271)				
Other receivables	28,942	2,951		31,893		31,893
Capital assets not being depreciated					4,108,883	4,108,883
Capital assets, net					10,413,761	10,413,761
Total Assets	<u>\$ 5,416,973</u>	<u>\$ 473,710</u>	<u>\$ 437,514</u>	<u>\$ 6,328,197</u>	<u>14,522,644</u>	<u>20,850,841</u>
Deferred Outflows of Resources						
Deferred difference on refunding					71,637	71,637
Liabilities						
Accounts payable	\$ 64,140	\$ -	\$ 28,654	\$ 92,794		92,794
Other payables		381		381		381
Retainage payable			7,354	7,354		7,354
Accrued interest payable					24,736	24,736
Long-term debt						
Due within one year					880,000	880,000
Due after one year					10,214,784	10,214,784
Total Liabilities	<u>64,140</u>	<u>381</u>	<u>36,008</u>	<u>100,529</u>	<u>11,119,520</u>	<u>11,220,049</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>38,119</u>	<u>42,905</u>		<u>81,024</u>	<u>(81,024)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	16,972			16,972	(16,972)	
Restricted		430,424	401,506	831,930	(831,930)	
Assigned	1,303,407			1,303,407	(1,303,407)	
Unassigned	3,994,335			3,994,335	(3,994,335)	
Total Fund Balances	<u>5,314,714</u>	<u>430,424</u>	<u>401,506</u>	<u>6,146,644</u>	<u>(6,146,644)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,416,973</u>	<u>\$ 473,710</u>	<u>\$ 437,514</u>	<u>\$ 6,328,197</u>		
Net Position						
Net investment in capital assets					3,499,497	3,499,497
Restricted for debt service					448,593	448,593
Unrestricted					5,754,339	5,754,339
Total Net Position					<u>\$ 9,702,429</u>	<u>\$ 9,702,429</u>

See notes to basic financial statements.

Fort Bend County Levee Improvement District No. 10
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 2,042,681	\$ 1,193,695	\$ -	\$ 3,236,376	\$ (1,552)	\$ 3,234,824
Penalties and interest		59,548		59,548	957	60,505
Miscellaneous		1,400		1,400		1,400
Investment earnings	229,932	27,876	24,400	282,208		282,208
Total Revenues	2,272,613	1,282,519	24,400	3,579,532	(595)	3,578,937
Expenditures/Expenses						
Operating and administrative						
Professional fees	133,833		7,333	141,166		141,166
Contracted services	131,009	79,682		210,691		210,691
Repairs and maintenance	198,755			198,755		198,755
Utilities	2,754			2,754		2,754
Administrative	89,905	10,380	466	100,751		100,751
Other	16,126			16,126		16,126
Parks	358,043			358,043		358,043
Capital outlay	207,310		254,304	461,614	(461,614)	
Debt service						
Principal		825,000		825,000	(825,000)	
Interest and fees		366,788		366,788	(51,372)	315,416
Depreciation					611,670	611,670
Total Expenditures/Expenses	1,137,735	1,281,850	262,103	2,681,688	(726,316)	1,955,372
Revenues Over/(Under)						
Expenditures	1,134,878	669	(237,703)	897,844	(897,844)	
Change in Net Position					1,623,565	1,623,565
Fund Balance/Net Position						
Beginning of the year	4,179,836	429,755	639,209	5,248,800	2,830,064	8,078,864
End of the year	\$ 5,314,714	\$ 430,424	\$ 401,506	\$ 6,146,644	\$ 3,555,785	\$ 9,702,429

See notes to basic financial statements.

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Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Levee Improvement District No. 10 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Commissioner’s Court of Fort Bend County, Texas dated December 12, 1998, and operates in accordance with the Texas Water Code, Chapters 49 and 57. The board of Directors held its first meeting on May 16, 1996, and the first bonds were issued on March 18, 2002.

The District’s primary activities include construction, maintenance and operation of a levee system to protect the land within its boundaries from flooding from the Brazos River. Additionally, the District has the responsibility to maintain and operate park 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 GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate and be fiscally independent of other governments. Since the District does not have an elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit’s governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While the County appoints the Directors of the District, it has no further financial accountability for the District. Under these criteria, the District is not a component unit of the County or any other governmental entity. Another stand-alone government is an entity that does not have a separately elected governing body and is not a component unit of another government. For financial reporting purposes, the District is a stand-alone 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*.

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 and all other financial transactions not reported in other funds. The primary 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 system and drainage 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 full 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2023, and allowances of \$72 was provided for possible uncollectible property taxes.

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 \$50,000 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.

Depreciable capital assets are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	10-50 years
Parks and recreational facilities	10-20 years

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

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

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

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

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

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.

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.

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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's assigned fund balance consist of financial resources set aside by the Board for use in an emergency.

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 and the useful lives and impairment of capital assets. 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. 10
Notes to Financial Statements
September 30, 2023

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		\$ 6,146,644
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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		\$ 21,612,168
Less accumulated depreciation		<u>(7,089,524)</u>
Change due to capital assets		14,522,644

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.

71,637

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		(11,094,784)
Interest payable on bonds		<u>(24,736)</u>
Change due to long-term debt		(11,119,520)

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		61,115
Penalty and interest receivable		<u>19,909</u>
Change due to property taxes		81,024

Total net position - governmental activities		<u><u>\$ 9,702,429</u></u>
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Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

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 \$ 897,844

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 penalties and interest. (595)

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	\$ 461,614	
Depreciation expense	<u>(611,670)</u>	
		(150,056)

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 position. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	825,000	
Interest expense accrual	<u>51,372</u>	
		876,372

Change in net position of governmental activities	<u><u>\$ 1,623,565</u></u>
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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.

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 3 – Deposits and Investments (continued)

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, 2023, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 1,415,000	27%	N/A	N/A
	Debt Service	235,000			
		<u>1,650,000</u>			
Texas CLASS	General	3,880,306	73%	AAAm	49 days
	Debt Service	159,273			
	Capital Projects	437,034			
		<u>4,476,613</u>			
Total		<u>\$ 6,126,613</u>	<u>100%</u>		

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

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 3 – Deposits and Investments (continued)

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

The District’s investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). 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 Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS 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 and Transactions

Amounts due to/from other funds at September 30, 2023, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 15,271	Maintenance tax collections not remitted as of year end

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. 10
Notes to Financial Statements
September 30, 2023

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2023, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 3,798,448	\$ -	\$ -	\$ 3,798,448
Construction in progress	243,792	180,424	(113,781)	310,435
	<u>4,042,240</u>	<u>180,424</u>	<u>(113,781)</u>	<u>4,108,883</u>
Capital assets being depreciated				
Infrastructure	11,122,012			11,122,012
Parks and recreational facilities	5,986,300	394,973		6,381,273
	<u>17,108,312</u>	<u>394,973</u>		<u>17,503,285</u>
Less accumulated depreciation				
Infrastructure	(4,205,187)	(258,334)		(4,463,521)
Parks and recreational facilities	(2,272,667)	(353,336)		(2,626,003)
	<u>(6,477,854)</u>	<u>(611,670)</u>		<u>(7,089,524)</u>
Subtotal depreciable capital assets, net	<u>10,630,458</u>	<u>(216,697)</u>		<u>10,413,761</u>
Capital assets, net	<u>\$ 14,672,698</u>	<u>\$ (36,273)</u>	<u>\$ (113,781)</u>	<u>\$ 14,522,644</u>

Depreciation expense for the current year was \$611,670.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Percentage Completed
Overlook trail extension - hardscape and landscaping	\$ 316,838	23%

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 10,870,000
Unamortized discounts	(16,807)
Unamortized premium	241,591
	<u>\$ 11,094,784</u>
Due within one year	<u>\$ 880,000</u>

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 6 – Long-Term Debt (continued)

The District’s bonds payable at September 30, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016 Refunding	\$ 2,845,000	\$ 3,595,000	2.00% - 4.00%	September 1, 2017/2032	March 1, September 1	September 1, 2024
2017	1,900,000	2,500,000	2.00% - 3.50%	September 1, 2018/2038	March 1, September 1	September 1, 2024
2019 Refunding	1,825,000	3,480,000	2.00% - 3.00%	March 1, 2020/2027	March 1, September 1	March 1, 2024
2020 Park Refunding	2,235,000	2,310,000	2.00%	March 1, 2022/2038	March 1, September 1	March 1, 2027
2021 Park	2,065,000	2,115,000	2.00%	March 1, 2022/2037	March 1, September 1	March 1, 2027
	<u>\$ 10,870,000</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, 2023, the District had authorized but unissued bonds in the amount of \$4,850,000 for flood protection and drainage facilities; \$4,285,000 for park and recreational facilities; and \$8,959,580 for refunding purposes.

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

Bonds payable, beginning of year	\$ 11,695,000
Bonds retired	(825,000)
Bonds payable, end of year	<u>\$ 10,870,000</u>

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 6 – Long-Term Debt (continued)

As of September 30, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	\$ 880,000	\$ 297,538	\$ 1,177,538
2025	895,000	270,888	1,165,888
2026	910,000	246,763	1,156,763
2027	675,000	230,213	905,213
2028	685,000	209,713	894,713
2029	700,000	185,913	885,913
2030	700,000	161,713	861,713
2031	710,000	137,563	847,563
2032	710,000	113,263	823,263
2033	605,000	85,863	690,863
2034	630,000	71,994	701,994
2035	645,000	57,725	702,725
2036	650,000	43,088	693,088
2037	660,000	28,300	688,300
2038	815,000	11,525	826,525
	<u>\$ 10,870,000</u>	<u>\$ 2,152,062</u>	<u>\$ 13,022,062</u>

Note 7 – Property Taxes

On January 17, 1998, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. On May 14, 2011, the voters authorized an additional \$1.00 operational and maintenance tax for parks and recreational services. 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 limitations 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 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of \$0.61 per \$100 of assessed value, of which \$0.385 was allocated to maintenance and operations and \$0.225 was allocated to debt service. The resulting tax levy was \$3,277,618 on the adjusted taxable value of \$537,314,407.

Fort Bend County Levee Improvement District No. 10
Notes to Financial Statements
September 30, 2023

Note 7 – Property Taxes (continued)

Net property taxes receivable, at September 30, 2023, consisted of the following:

Current year taxes receivable	\$ 32,172
Prior years taxes receivable	29,015
Less allowance for uncollectible accounts	<u>(72)</u>
	61,115
Penalty and interest receivable	<u>19,909</u>
Net property taxes receivable	<u><u>\$ 81,024</u></u>

Note 8 – Landscape Maintenance Agreement

On March 1, 2017, the District entered into a landscape maintenance agreement with Riverpark on the Brazos Property Owners Association, Inc (the “POA”) to finance the maintenance of certain open spaces and greenbelts within the District. The District agrees to pay, on a monthly basis, the actual costs billed to the POA for maintenance, excluding extraordinary, and/or capital expenses, not to exceed \$175,000 per year. Effective January 1, 2022, the District amended the agreement to increase its contribution to not exceed \$200,000 annually. During the current fiscal year, the District paid \$200,000 to the POA for monthly maintenance costs.

Note 9 – 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.

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Required Supplementary Information

Fort Bend County Levee Improvement District No. 10
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 2,036,951	\$ 2,042,681	\$ 5,730
Investment earnings	42,064	229,932	187,868
Total Revenues	<u>2,079,015</u>	<u>2,272,613</u>	<u>193,598</u>
Expenditures			
Operating and administrative			
Professional fees	166,800	133,833	32,967
Contracted services	120,900	131,009	(10,109)
Repairs and maintenance	247,220	198,755	48,465
Utilities	2,800	2,754	46
Administrative	87,930	89,905	(1,975)
Other	8,980	16,126	(7,146)
Parks	362,460	358,043	4,417
Capital outlay	381,000	207,310	173,690
Total Expenditures	<u>1,378,090</u>	<u>1,137,735</u>	<u>240,355</u>
Revenues Over Expenditures	700,925	1,134,878	433,953
Fund Balance			
Beginning of the year	4,179,836	4,179,836	
End of the year	<u>\$ 4,880,761</u>	<u>\$ 5,314,714</u>	<u>\$ 433,953</u>

Fort Bend County Levee Improvement District No. 10
Notes to Required Supplementary Information
September 30, 2023

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. 10
TSI-1. Services and Rates
September 30, 2023

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

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

2. Retail Service Providers N/A

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. 10
TSI-1. Services and Rates
September 30, 2023

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

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):

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

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. 10
 TSI-2 General Fund Expenditures
 For the Year Ended September 30, 2023*

Professional fees	
Legal	\$ 87,810
Audit	14,000
Engineering	32,023
	<u>133,833</u>
Contracted services	
Bookkeeping	52,469
Operator	78,540
	<u>131,009</u>
Repairs and maintenance	<u>198,755</u>
Utilities	<u>2,754</u>
Administrative	
Directors fees	21,600
Printing and office supplies	2,202
Insurance	15,604
Other	50,499
	<u>89,905</u>
Other	<u>16,126</u>
Parks	<u>358,043</u>
Capital outlay	<u>207,310</u>
Total expenditures	<u>\$ 1,137,735</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-3. Investments
September 30, 2023

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Texas CLASS	Variable	N/A	\$ 2,492,265	\$ -
Texas CLASS	Variable	N/A	1,303,407	
Texas CLASS	Variable	N/A	84,634	
Certificate of deposit	5.00%	04/23/24	235,000	5,118
Certificate of deposit	5.15%	05/25/24	235,000	2,951
Certificate of deposit	4.00%	11/09/23	240,000	8,548
Certificate of deposit	5.00%	03/26/24	235,000	2,962
Certificate of deposit	4.54%	02/23/24	235,000	6,401
Certificate of deposit	5.00%	06/30/24	235,000	2,962
			<u>5,295,306</u>	<u>28,942</u>
Debt Service				
Texas CLASS	Variable	N/A	159,273	
Certificate of deposit	5.15%	01/29/24	235,000	2,951
			<u>394,273</u>	<u>2,951</u>
Capital Projects				
Texas CLASS	Variable	N/A	437,034	
Total - All Funds			<u>\$ 6,126,613</u>	<u>\$ 31,893</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-4. Taxes Levied and Receivable
September 30, 2023

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 38,632	\$ 24,035	\$ 62,667	
Adjustments	(26,491)	(16,303)	(42,794)	
Adjusted Receivable	12,141	7,732	19,873	
2022 Original Tax Levy	2,054,026	1,200,405	3,254,431	
Adjustments	14,634	8,553	23,187	
Adjusted Tax Levy	2,068,660	1,208,958	3,277,618	
Total to be accounted for	2,080,801	1,216,690	3,297,491	
Tax collections:				
Current year	2,048,355	1,197,091	3,245,446	
Prior years	(5,673)	(3,397)	(9,070)	
Total Collections	2,042,682	1,193,694	3,236,376	
Taxes Receivable, End of Year	\$ 38,119	\$ 22,996	\$ 61,115	
Taxes Receivable, By Years				
2022	\$ 20,305	\$ 11,867	\$ 32,172	
2021	6,102	3,753	9,855	
2020	5,055	3,111	8,166	
2019 and prior	6,657	4,265	10,922	
Taxes Receivable, End of Year	\$ 38,119	\$ 22,996	\$ 61,115	
	2022	2021	2020	2019
Property Valuations:				
Land	\$ 117,352,570	\$ 108,747,440	\$ 102,871,140	\$ 102,739,760
Improvements	674,715,882	555,375,894	530,602,434	514,981,779
Personal Property	35,741,328	34,610,760	33,344,770	31,218,560
Exemptions	(290,495,373)	(228,356,739)	(224,046,518)	(220,553,416)
Total Property Valuations	\$ 537,314,407	\$ 470,377,355	\$ 442,771,826	\$ 428,386,683
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.385	\$ 0.4064	\$ 0.4224	\$ 0.425
Debt service tax rates	0.225	0.2500	0.2600	0.265
Total Tax Rates per \$100 Valuation	\$ 0.610	\$ 0.6564	\$ 0.6824	\$ 0.690
Adjusted Tax Levy:	\$ 3,277,618	\$ 3,087,557	\$ 3,021,475	\$ 2,955,868
Percentage of Taxes Collected to Taxes Levied **	99.02%	99.68%	99.73%	99.82%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on January 17, 1998

* Additional Maintenance Tax Rate Approved by Voters: \$1.00 on May 14, 2011

** 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. 10
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
September 30, 2023

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 110,000	\$ 113,800	\$ 223,800
2025	110,000	109,400	219,400
2026	110,000	105,000	215,000
2027	335,000	100,600	435,600
2028	440,000	87,200	527,200
2029	440,000	69,600	509,600
2030	435,000	52,000	487,000
2031	435,000	34,600	469,600
2032	430,000	17,200	447,200
	<u>\$ 2,845,000</u>	<u>\$ 689,400</u>	<u>\$ 3,534,400</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
September 30, 2023

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 100,000	\$ 59,363	\$ 159,363
2025	100,000	56,363	156,363
2026	100,000	53,363	153,363
2027	125,000	50,363	175,363
2028	125,000	46,613	171,613
2029	135,000	42,863	177,863
2030	135,000	38,813	173,813
2031	135,000	34,763	169,763
2032	135,000	30,713	165,713
2033	135,000	26,663	161,663
2034	135,000	22,444	157,444
2035	135,000	18,225	153,225
2036	135,000	13,838	148,838
2037	135,000	9,450	144,450
2038	135,000	4,725	139,725
	<u>\$ 1,900,000</u>	<u>\$ 508,562</u>	<u>\$ 2,408,562</u>

See accompanying auditors' report.

*Fort Bend County Levee Improvement District No. 10
 TSI-5. Long-Term Debt Service Requirements
 Series 2019 Refunding--by Years
 September 30, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 565,000	\$ 39,425	\$ 604,425
2025	575,000	22,325	597,325
2026	585,000	7,850	592,850
2027	100,000	1,000	101,000
	<u>\$ 1,825,000</u>	<u>\$ 70,600</u>	<u>\$ 1,895,600</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2020 Park Refunding--by Years
September 30, 2023

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 80,000	\$ 43,900	\$ 123,900
2025	85,000	42,250	127,250
2026	90,000	40,500	130,500
2027	90,000	38,700	128,700
2028	95,000	36,850	131,850
2029	100,000	34,900	134,900
2030	105,000	32,850	137,850
2031	115,000	30,650	145,650
2032	120,000	28,300	148,300
2033	120,000	25,900	145,900
2034	130,000	23,400	153,400
2035	135,000	20,750	155,750
2036	140,000	18,000	158,000
2037	150,000	15,100	165,100
2038	680,000	6,800	686,800
	<u>\$ 2,235,000</u>	<u>\$ 438,850</u>	<u>\$ 2,673,850</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2021 Park--by Years
September 30, 2023

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 25,000	\$ 41,050	\$ 66,050
2025	25,000	40,550	65,550
2026	25,000	40,050	65,050
2027	25,000	39,550	64,550
2028	25,000	39,050	64,050
2029	25,000	38,550	63,550
2030	25,000	38,050	63,050
2031	25,000	37,550	62,550
2032	25,000	37,050	62,050
2033	350,000	33,300	383,300
2034	365,000	26,150	391,150
2035	375,000	18,750	393,750
2036	375,000	11,250	386,250
2037	375,000	3,750	378,750
	<u>\$ 2,065,000</u>	<u>\$ 444,650</u>	<u>\$ 2,509,650</u>

See accompanying auditors' report.

Fort Bend County Levee Improvement District No. 10
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2023

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1, September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 880,000	\$ 297,538	\$ 1,177,538
2025	895,000	270,888	1,165,888
2026	910,000	246,763	1,156,763
2027	675,000	230,213	905,213
2028	685,000	209,713	894,713
2029	700,000	185,913	885,913
2030	700,000	161,713	861,713
2031	710,000	137,563	847,563
2032	710,000	113,263	823,263
2033	605,000	85,863	690,863
2034	630,000	71,994	701,994
2035	645,000	57,725	702,725
2036	650,000	43,088	693,088
2037	660,000	28,300	688,300
2038	815,000	11,525	826,525
	<u>\$ 10,870,000</u>	<u>\$ 2,152,062</u>	<u>\$ 13,022,062</u>

See accompanying auditors' report.

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Fort Bend County Levee Improvement District No. 10
TSI-6. Change in Long-Term Bonded Debt
September 30, 2023

	Bond Issue			
	Series 2016 Refunding	Series 2017	Series 2019 Refunding	Series 2020 Park Refunding
Interest rate	2.00% - 4.00%	2.00% - 3.50%	2.00% - 3.00%	2.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/17 - 9/1/32	9/1/18 - 9/1/38	3/1/20 - 3/1/27	3/1/22 - 3/1/38
Beginning bonds outstanding	\$ 2,955,000	\$ 2,000,000	\$ 2,380,000	\$ 2,270,000
Bonds retired	(110,000)	(100,000)	(555,000)	(35,000)
Ending bonds outstanding	<u>\$ 2,845,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,825,000</u>	<u>\$ 2,235,000</u>
Interest paid during fiscal year	<u>\$ 118,200</u>	<u>\$ 62,363</u>	<u>\$ 56,225</u>	<u>\$ 84,700</u>
Paying agent's name and city All Series	<u>Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			
Bond Authority:	Flood Protection and Drainage	Parks	Refunding	
Amount Authorized by Voters	\$ 22,550,000	\$ 9,100,000	\$ 9,120,000	
Amount Issued	(17,700,000)	(4,815,000)	(160,420)	
Remaining To Be Issued	<u>\$ 4,850,000</u>	<u>\$ 4,285,000</u>	<u>\$ 8,959,580</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 temporary investment balances as of September 30, 2023: \$ 443,125

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 868,137

See accompanying auditors' report.

<u>Bond Issue</u>	
Series 2021	
<u>Park</u>	<u>Totals</u>
2.00%	
3/1; 9/1	
3/1/22 - 3/1/37	
\$ 2,090,000	\$ 11,695,000
<u>(25,000)</u>	<u>(825,000)</u>
<u>\$ 2,065,000</u>	<u>\$ 10,870,000</u>
<u>\$ 41,550</u>	<u>\$ 363,038</u>

Fort Bend County Levee Improvement District No. 10
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 2,042,681	\$ 1,927,169	\$ 1,882,515	\$ 1,795,082	\$ 1,749,475
Miscellaneous		20	62	324	6,460
Investment earnings	229,932	29,900	12,355	42,808	62,744
Total Revenues	<u>2,272,613</u>	<u>1,957,089</u>	<u>1,894,932</u>	<u>1,838,214</u>	<u>1,818,679</u>
Expenditures					
Operating and administrative					
Professional fees	133,833	137,048	128,618	98,089	132,747
Contracted services	131,009	113,707	105,020	98,301	93,022
Repairs and maintenance	198,755	219,996	182,643	214,787	223,725
Utilities	2,754	2,615	7,622	13,586	23,346
Administrative	89,905	76,639	74,148	65,922	69,813
Other	16,126	9,212	10,728	14,444	6,478
Parks	358,043	427,619	250,016	261,185	281,521
Capital outlay	207,310	332,813	913,374	303,131	435,661
Total Expenditures	<u>1,137,735</u>	<u>1,319,649</u>	<u>1,672,169</u>	<u>1,069,445</u>	<u>1,266,313</u>
Revenues Over Expenditures	<u>\$ 1,134,878</u>	<u>\$ 637,440</u>	<u>\$ 222,763</u>	<u>\$ 768,769</u>	<u>\$ 552,366</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
90%	98%	99%	98%	97%
	*	*	*	*
10%	2%	1%	2%	3%
100%	100%	100%	100%	100%
6%	7%	7%	5%	7%
6%	6%	6%	5%	5%
9%	11%	10%	12%	12%
*	*	*	1%	1%
4%	4%	4%	4%	4%
1%	*	1%	1%	*
16%	22%	13%	14%	15%
9%	17%	48%	16%	24%
51%	67%	89%	58%	68%
49%	33%	11%	42%	32%

Fort Bend County Levee Improvement District No. 10
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 1,193,695	\$ 1,185,670	\$ 1,158,921	\$ 1,120,868	\$ 1,159,307
Penalties and interest	59,548	29,914	48,289	13,553	20,230
Miscellaneous	1,400	943	1,240		
Investment earnings	27,876	4,986	2,710	11,949	26,065
Total Revenues	<u>1,282,519</u>	<u>1,221,513</u>	<u>1,211,160</u>	<u>1,146,370</u>	<u>1,205,602</u>
Expenditures					
Tax collection services	90,062	76,143	66,167	55,511	46,277
Debt service					
Principal	825,000	820,000	805,000	785,000	750,000
Interest and fees	366,788	377,802	329,175	401,979	455,046
Debt issuance costs				105,063	52,058
Total Expenditures	<u>1,281,850</u>	<u>1,273,945</u>	<u>1,200,342</u>	<u>1,347,553</u>	<u>1,303,381</u>
Revenues Over/(Under) Expenditures	<u>\$ 669</u>	<u>\$ (52,432)</u>	<u>\$ 10,818</u>	<u>\$ (201,183)</u>	<u>\$ (97,779)</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
93%	98%	96%	98%	96%
5%	2%	4%	1%	2%
*	*	*		
2%	*	*	1%	2%
100%	100%	100%	100%	100%
7%	6%	5%	5%	4%
64%	67%	66%	68%	62%
29%	31%	27%	35%	38%
			9%	4%
100%	104%	98%	117%	108%
0%	(4%)	2%	(17%)	(8%)

**Fort Bend County Levee Improvement District No. 10
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2023**

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): January 28, 2019
 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) *	Fees of Office Paid **	Expense Reimburse- ments	Title at Year End
Board Members				
Don Burns	1/2021 - 1/2024	\$ 7,200	\$ 551	President
John Cantu	1/2023 - 1/2027	7,200	551	Vice President
Rodney Vannerson	1/2023 - 1/2027	7,200	551	Secretary

* Directors are appointed by Fort Bend County Commissioners Court

Note: Except as noted, no Director has any business or family relationships (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 <i>General legal fees</i>	2003	\$ 91,577	Attorney
Levee Management Systems, LLC	2012	178,737	Operator
Municipal Accounts & Consulting, LP	2018	43,412	Bookkeeper
Tax Tech, Inc.	1998	26,223	Tax Collector
Fort Bend Central Appraisal District	Legislation	29,270	Property Valuation
Linebarger, Goggan, Blair & Sampson, LLP	2015	24,189	Delinquent Tax Attorney
LJA Engineering	2017	24,173	Engineer
McGrath & Co., PLLC	2011	14,000	Auditor
Masterson Advisors LLP	2018		Financial Advisor
Park Rangers, LLC	2017	29,084	Park Maintenance
Lake Management Services	2012	62,930	Park Maintenance
Classic Messaging LLC***	2013		Messaging Service

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

*** Director Vannerson has a relationship with Classic Messaging LLC. This was disclosed to the District and he abstained from discussing or voting on the contract.

See accompanying auditors' report.