

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-29
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	31
SUPPLEMENTARY INFORMATION – REQUIRED BY GOVERNMENT AUDITING STANDARDS	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	33-34
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	35-37
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	38
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	39-40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	41-44
SCHEDULE OF PRIOR AUDIT FINDINGS	45

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	47
GENERAL FUND EXPENDITURES	48
INVESTMENTS	49
TAXES LEVIED AND RECEIVABLE	50-51
LONG-TERM DEBT SERVICE REQUIREMENTS	52-57
CHANGES IN LONG-TERM BOND DEBT	58-59
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND-FIVE YEARS	60-63
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	64-65

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Levee
Improvement District No. 7
Fort Bend County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 7 (the "District") as of and for the year ended August 31, 2022, 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 the District as of August 31, 2022, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 and *Government 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 and *Government 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 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.

Board of Directors
Fort Bend County Levee
Improvement District No. 7

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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide*, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 2, 2023

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

Management’s discussion and analysis of the financial performance of Fort Bend County Levee Improvement District No. 7 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended August 31, 2022. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$26,152,591 as of August 31, 2022. A portion of the District's net position reflects its net investment in capital assets (land and drainage facilities less any debt used to acquire those assets that is still outstanding).

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of the Statement of Net Position as of August 31, 2022, and August 31, 2021.

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 90,892,518	\$ 74,637,128	\$ 16,255,390
Capital Assets (Net of Accumulated Depreciation)	<u>47,386,324</u>	<u>41,720,521</u>	<u>5,665,803</u>
Total Assets	<u>\$ 138,278,842</u>	<u>\$ 116,357,649</u>	<u>\$ 21,921,193</u>
Deferred Outflows of Resources	<u>\$ -0-</u>	<u>\$ 18,200</u>	<u>\$ (18,200)</u>
Bonds Payable	\$ 109,624,083	\$ 90,627,257	\$ (18,996,826)
Other Liabilities	<u>2,502,168</u>	<u>2,297,906</u>	<u>(204,262)</u>
Total Liabilities	<u>\$ 112,126,251</u>	<u>\$ 92,925,163</u>	<u>\$ (19,201,088)</u>
Net Position:			
Net Investment in Capital Assets	\$ 14,698,828	\$ 12,292,203	\$ 2,406,625
Restricted	2,637,476	1,173,539	1,463,937
Unrestricted	<u>8,816,287</u>	<u>9,984,944</u>	<u>(1,168,657)</u>
Total Net Position	<u>\$ 26,152,591</u>	<u>\$ 23,450,686</u>	<u>\$ 2,701,905</u>

The following table provides a summary of the District's operations for the years ending August 31, 2022, and August 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,822,246	\$ 6,736,304	\$ 85,942
Grant Revenues	1,510,900		1,510,900
Other Revenues	<u>505,416</u>	<u>99,089</u>	<u>406,327</u>
Total Revenues	<u>\$ 8,838,562</u>	<u>\$ 6,835,393</u>	<u>\$ 2,003,169</u>
Expenses for Services	<u>6,136,657</u>	<u>6,199,090</u>	<u>62,433</u>
Change in Net Position	\$ 2,701,905	\$ 636,303	\$ 2,065,602
Net Position, Beginning of Year	<u>23,450,686</u>	<u>22,814,383</u>	<u>636,303</u>
Net Position, End of Year	<u>\$ 26,152,591</u>	<u>\$ 23,450,686</u>	<u>\$ 2,701,905</u>

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2022, were \$89,580,834, an increase of \$16,235,554 from the prior year.

The General Fund fund balance decreased by \$1,182,994, primarily due to a transfer to the Debt Service Fund. Property tax revenues and grant revenues were offset by operating and capital costs.

The Debt Service Fund fund balance increased by \$1,662,700, primarily due to the structure of the District's outstanding debt, a transfer from the General Fund, and capitalized interest received from the issuance of the Series 2022 Bonds.

The Capital Projects Fund fund balance increased by \$15,755,848, primarily due to unspent proceeds from the Series 2022 Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Total revenues were \$1,590,978 more than budgeted revenues, total expenditures were \$3,487,412 more than budgeted expenditures, and there was an unbudgeted transfer out of \$1,200,000, which resulted in a negative variance of \$3,096,434. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2022, total \$47,386,324 (net of accumulated depreciation) and include land and drainage facilities. In the current fiscal year, the District acquired land as well as paid engineering fees and/or construction costs related to: generator and transformer; land acquisition and demolition related to stormwater pump station; fencing; Brazos River stabilization project; and external channel improvements.

Capital Assets At Year-End			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,408,452	\$ 6,012,684	\$ 1,395,768
Construction in Progress	14,223,463	9,047,337	5,176,126
Capital Assets Subject to Depreciation:			
Drainage System	40,587,962	40,507,593	80,369
Less Accumulated Depreciation	(14,833,553)	(13,847,093)	(986,460)
Total Net Capital Assets	\$ 47,386,324	\$ 41,720,521	\$ 5,665,803

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

LONG-TERM DEBT ACTIVITY

As of August 31, 2022, the District had total bond debt payable of \$109,755,000. The changes in the debt position of the District during the fiscal year ended August 31, 2022, are summarized as follows:

Bond Debt Payable, September 1, 2021	\$ 90,970,000
Add: Bond Sale	20,535,000
Less: Bond Principal Paid	<u>1,750,000</u>
Bond Debt Payable, August 31, 2022	<u>\$ 109,755,000</u>

The District has an underlying rating of “A+”. The District’s bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Levee Improvement District No. 7, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, TX 77056.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 407,715	\$ 109,129
Investments	6,455,796	2,416,253
Cash with Fiscal Agent		1,367,637
Receivables:		
Property Taxes	62,742	72,162
Penalty and Interest on Delinquent Taxes		
Grants Receivable	436,970	
Other	2,000	
Due from Other Funds	1,772,034	282
Prepaid Costs	10,721	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
	\$ 9,147,978	\$ 3,965,463
TOTAL ASSETS		

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 785,613	\$ 1,302,457	\$	\$ 1,302,457
78,723,531	87,595,580		87,595,580
	1,367,637		1,367,637
	134,904		134,904
		42,249	42,249
	436,970		436,970
	2,000		2,000
	1,772,316	(1,772,316)	
	10,721		10,721
		7,408,452	7,408,452
		14,223,463	14,223,463
		25,754,409	25,754,409
<u>\$ 79,509,144</u>	<u>\$ 92,622,585</u>	<u>\$ 45,656,257</u>	<u>\$ 138,278,842</u>

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2022

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 331,409	\$ 1,099
Accrued Interest Payable		
Due to Other Funds	282	1,500
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 331,691	\$ 2,599
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 62,742	\$ 72,162
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 10,721	\$
Restricted for Authorized Construction		
Restricted for Debt Service		3,890,702
Unassigned	8,742,824	
TOTAL FUND BALANCES	\$ 8,753,545	\$ 3,890,702
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,147,978	\$ 3,965,463
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 802,023	\$ 1,134,531	\$	\$ 1,134,531
		1,367,637	1,367,637
1,770,534	1,772,316	(1,772,316)	
		3,820,000	3,820,000
		105,804,083	105,804,083
<u>\$ 2,572,557</u>	<u>\$ 2,906,847</u>	<u>\$ 109,219,404</u>	<u>\$ 112,126,251</u>
<u>\$ -0-</u>	<u>\$ 134,904</u>	<u>\$ (134,904)</u>	<u>\$ - 0 -</u>
\$	\$ 10,721	\$ (10,721)	\$
76,936,587	76,936,587	(76,936,587)	
	3,890,702	(3,890,702)	
	8,742,824	(8,742,824)	
<u>\$ 76,936,587</u>	<u>\$ 89,580,834</u>	<u>\$ (89,580,834)</u>	<u>\$ - 0 -</u>
<u>\$ 79,509,144</u>	<u>\$ 92,622,585</u>		
		\$ 14,698,828	\$ 14,698,828
		2,637,476	2,637,476
		8,816,287	8,816,287
		<u>\$ 26,152,591</u>	<u>\$ 26,152,591</u>

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2022

Total Fund Balances - Governmental Funds	\$	89,580,834
--	----	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		47,386,324
--	--	------------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		177,153
--	--	---------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (1,367,637)	
Bonds Payable	<u>(109,624,083)</u>	<u>(110,991,720)</u>
Total Net Position - Governmental Activities		<u>\$ 26,152,591</u>

The accompanying notes to the financial statements are an integral part of this report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,396,524	\$ 3,396,195
Penalty and Interest		49,623
Grant Revenues	1,510,900	
Investment and Miscellaneous Revenues	39,994	14,921
TOTAL REVENUES	\$ 4,947,418	\$ 3,460,739
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 544,735	\$ 10,912
Contracted Services	137,297	140,055
Utilities	34,225	
Repairs and Maintenance	378,582	
Depreciation		
Other	238,178	8,241
Capital Outlay	3,597,395	
Debt Service:		
Bond Principal		1,750,000
Bond Interest		2,289,331
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 4,930,412	\$ 4,198,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 17,006	\$ (737,800)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$ 1,200,500
Transfers In (Out)	(1,200,000)	1,200,000
Bond Premium		
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,200,000)	\$ 2,400,500
NET CHANGE IN FUND BALANCES	\$ (1,182,994)	\$ 1,662,700
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2021	9,936,539	2,228,002
FUND BALANCES/NET POSITION - AUGUST 31, 2022	\$ 8,753,545	\$ 3,890,702

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 6,792,719	\$ 29,527	\$ 6,822,246
	49,623	9,018	58,641
	1,510,900		1,510,900
<u>391,860</u>	<u>446,775</u>	<u> </u>	<u>446,775</u>
\$ 391,860	\$ 8,800,017	\$ 38,545	\$ 8,838,562
\$ 17,677	\$ 573,324	\$	\$ 573,324
	277,352		277,352
	34,225		34,225
	378,582		378,582
		986,460	986,460
2,966	249,385		249,385
3,054,868	6,652,263	(6,652,263)	
	1,750,000	(1,750,000)	
	2,289,331	233,550	2,522,881
<u>1,114,448</u>	<u>1,114,448</u>	<u> </u>	<u>1,114,448</u>
\$ 4,189,959	\$ 13,318,910	\$ (7,182,253)	\$ 6,136,657
\$ (3,798,099)	\$ (4,518,893)	\$ 7,220,798	\$ 2,701,905
\$ 19,334,500	\$ 20,535,000	\$ (20,535,000)	\$
	304,466	(304,466)	
(85,019)	(85,019)	85,019	
\$ 19,553,947	\$ 20,754,447	\$ (20,754,447)	\$ -0-
\$ 15,755,848	\$ 16,235,554	\$ (16,235,554)	\$
		2,701,905	2,701,905
<u>61,180,739</u>	<u>73,345,280</u>	<u>(49,894,594)</u>	<u>23,450,686</u>
\$ 76,936,587	\$ 89,580,834	\$ (63,428,243)	\$ 26,152,591

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Net Change in Fund Balances - Governmental Funds	\$ 16,235,554
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	29,527
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	9,018
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(986,460)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	6,652,263
Governmental funds report bond premiums and bond discounts as other financing sources and uses in the year received or paid. However, in the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(219,447)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,750,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(233,550)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(20,535,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 2,701,905</u>

The accompanying notes to the financial statements are an integral part of this report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 1. CREATION OF DISTRICT

Fort Bend County Levee Improvement District No. 7, located in Fort Bend County, Texas (the “District”) was created, effective November 5, 1984, by the Commissioners Court of Fort Bend County, Texas. The District operates pursuant to provisions of Chapters 49 and 57 of the Texas Water Code, Chapter 7808 of the Texas Special District Local Laws Code (“Chapter 7808”), and provisions of Article XVI, Section 59 of the Constitution of Texas. The District is within the corporate boundaries of the City of Sugar Land by virtue of the City of Sugar Land’s annexation and dissolution of Fort Bend County Municipal Utility District Nos. 67, 68, 69, 111, and 112, effective December 12, 2017. The principal functions of the District include constructing and maintaining levees and other improvements on, along and contiguous to rivers, creeks, and streams; reclaiming lands within the District from these streams; the control and distribution of the waters of rivers and streams within and adjacent to the District by straightening and otherwise improving them; the provisions of proper drainage and other improvements of the reclaimed land within the District; and constructing, operating, and maintaining reclaimed water facilities pursuant to and in accordance with Chapter 7808. Chapter 7808 was amended effective June 14, 2019, to allow the District to use a delivery method described by (1) Chapter 2269, Texas Government Code, or (2) Subchapter I, Chapter 49, Texas Water Code, with respect to the design and construction of erosion control facilities located in or adjacent to the Brazos River and any related facility or improvement. The District is subject to continuing supervision of the Commissioners Court of Fort Bend County and the Texas Commission on Environmental Quality (the “Commission”). The Board of Directors held its first meeting on December 3, 1984, and the first bonds were issued on August 1, 1989.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due. Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are revenues which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of August 31, 2022, the General Fund owed the Debt Service Fund \$282 for an excess transfer of maintenance tax collections. The Debt Service Fund owed the General Fund \$1,500 for fiscal agent fees paid by the General Fund. The Capital Projects Fund owed the General Fund \$1,770,534 for capital costs and bond issuance costs paid by the General Fund. The General Fund transferred \$1,200,000 to the Debt Service Fund toward payment of the District's bond obligations.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs, that extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation on the drainage facilities is calculated using the straight-line method of depreciation over a period ranging between 10 and 45 years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 3. LONG-TERM DEBT

	Series 2014	Series 2015
Amount Outstanding – August 31, 2022	\$4,000,000	\$14,500,000
Interest Rates	3.00% - 4.00%	3.00% - 3.625%
Maturity Dates – Serially Beginning/Ending	March 1, 2023/2038	March 1, 2023/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2022*	March 1, 2022*
	Series 2018	Series 2020
Amount Outstanding – August 31, 2022	\$10,620,000	\$60,100,000
Interest Rates	3.00%-4.00%	2.000% - 2.125%
Maturity Dates – Serially Beginning/Ending	March 1, 2023/2043	March 1, 2023/2050
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	Mar 1, 2024*	March 1, 2029*
	Series 2022	
Amount Outstanding – August 31, 2022	\$20,535,000	
Interest Rates	2.00% - 4.00%	
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2050	
Interest Payment Dates	September 1/ March 1	
Callable Dates	March 1, 2028*	

* At the option of the district, in whole or in part, on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2014 term bonds maturing March 1, 2038, are subject to mandatory redemption on March 1, 2036. Series 2015 term bonds maturing March 1, 2038, are subject to mandatory redemption on March 1, 2036. Series 2018 term bonds maturing March 1, 2033, 2035, and 2043, are subject to mandatory redemption on March 1, 2032, 2034, and 2042, respectively. Series 2020 term bonds maturing March 1, 2036, 2042, 2044, and 2050, are subject to mandatory redemption on March 1, 2035, 2040, 2043, and 2045, respectively. Series 2022 term bonds maturing March 1, 2043, 2045, 2047, and 2050, are subject to mandatory redemption on March 1, 2041, 2044, 2046, and 2048, respectively.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding the changes in bonds payable for the year ended August 31, 2022:

	September 1, 2021	Additions	Retirements	August 31, 2022
Bonds Payable	\$ 90,970,000	\$ 20,535,000	\$ 1,750,000	\$ 109,755,000
Unamortized Discounts	(385,816)	(85,019)	(20,195)	(450,640)
Unamortized Premiums	43,073	304,466	27,816	319,723
Bonds Payable, net	\$ 90,627,257	\$ 20,754,447	\$ 1,757,621	\$ 109,624,083
			Amount Due Within One Year	\$ 3,820,000
			Amount Due After One Year	105,804,083
			Bonds Payable, net	\$ 109,624,083

As of August 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 3,820,000	\$ 2,783,628	\$ 6,603,628
2024	3,820,000	2,733,782	6,553,782
2025	4,610,000	2,635,581	7,245,581
2026	4,605,000	2,509,632	7,114,632
2027	4,600,000	2,399,631	6,999,631
2028-2032	22,990,000	10,273,727	33,263,727
2033-2037	22,975,000	7,183,804	30,158,804
2038-2042	18,355,000	4,216,306	22,571,306
2043-2047	15,180,000	2,097,887	17,277,887
2048-2050	8,800,000	415,238	9,215,238
	\$ 109,755,000	\$ 37,249,216	\$ 147,004,216

At an election held within the District on November 5, 1985, voters of the District authorized a total of \$32,955,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing levee and drainage improvements. On May 10, 2008, voters of the District authorized an additional \$15,000,000 principal amount of unlimited tax bonds, totaling \$47,955,000 for the purpose of acquiring or constructing levee and drainage improvements. The District has no remaining authorized but unissued unlimited tax bonds for said improvements and facilities from such prior elections.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

On May 10, 2014, the District's voters authorized the issuance of a total of \$14,500,000 principal amount unlimited tax bonds for the purpose of acquiring or constructing the Reclaimed Water System. No remaining authorized but unissued tax bonds remain from such authorization. The District's voters have also authorized the issuance of \$14,500,000 principal amount of unlimited tax refunding bonds for the purposes of refunding outstanding bonds of the District issued to acquire or construct the Reclaimed Water System or any other outstanding bonds of the District and could authorize additional amounts.

At an election held within the District on May 5, 2018, voters of the District authorized a total of \$121,150,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing levee system and stormwater drainage improvements, as well as facilities for erosion abatement and control along the Brazos River. The District has \$40,515,000 authorized but unissued unlimited tax bonds for said improvements and facilities.

The District's voters have also authorized the issuance of \$136,150,000 principal amount of unlimited tax levee refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended August 31, 2022, the District levied an ad valorem debt service tax rate of \$0.215 per \$100 of assessed valuation, which resulted in a tax levy of \$3,412,160 on the adjusted taxable valuation of \$1,587,051,292 for the 2021 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,302,457 and the bank balance was \$1,356,733.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2022, as listed below:

	Cash
GENERAL FUND	\$ 407,715
DEBT SERVICE FUND	109,129
CAPITAL PROJECTS FUND	785,613
TOTAL DEPOSITS	\$ 1,302,457

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of August 31, 2022, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 6,455,796	\$ 6,455,796
<u>DEBT SERVICE FUND</u>		
TexPool	2,416,253	2,416,253
<u>CAPITAL PROJECTS FUND</u>		
TexPool	78,723,531	78,723,531
TOTAL INVESTMENTS	\$ 87,595,580	\$ 87,595,580

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2022, the District’s investment in TexPool was rated AAAM by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2022 is as follows:

	September 1, 2021	Increases	Decreases	August 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 6,012,684	\$ 1,395,768	\$	\$ 7,408,452
Construction in Progress	<u>9,047,337</u>	<u>5,256,495</u>	<u>80,369</u>	<u>14,223,463</u>
Total Capital Assets Not Being Depreciated	<u>\$ 15,060,021</u>	<u>\$ 6,652,263</u>	<u>\$ 80,369</u>	<u>\$ 21,631,915</u>
Capital Assets Subject to Depreciation				
Drainage System	\$ 40,507,593	\$ 80,369	\$ - 0 -	\$ 40,587,962
Accumulated Depreciation				
Drainage System	\$ 13,847,093	\$ 986,460	\$ - 0 -	\$ 14,833,553
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,660,500</u>	<u>\$ (906,091)</u>	<u>\$ - 0 -</u>	<u>\$ 25,754,409</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 41,720,521</u>	<u>\$ 5,746,172</u>	<u>\$ 80,369</u>	<u>\$ 47,386,324</u>

NOTE 7. MAINTENANCE TAX

On November 5, 1985, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. During the year ended August 31, 2022, the District levied an ad valorem maintenance tax rate of \$0.215 per \$100 of assessed valuation, which resulted in a tax levy of \$3,412,160 on the adjusted taxable valuation of \$1,587,051,292 for the 2021 tax year. This maintenance tax may be used by the General Fund to pay expenditures related to operating the District and capital improvements.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 8. 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 natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. ESCROW REQUIREMENT AND DIRECTIVE NOT TO EXPEND

The District's \$60,100,000 Series 2020 Unlimited Tax Levee Improvement Bonds will be used to finance the construction and engineering costs associated with the District's Brazos River Bank Erosion Control Project and the purchase of land.

The District was required to escrow bond proceeds totaling \$650,000 for land acquisition costs pending Commission approval. The District was also directed not to expend \$51,136,264 (\$44,466,317 for construction plus \$6,669,947 for contingencies) for the Brazos River Bank Erosion Control Project pending District board receipt of plans and specifications approved by all authorities having jurisdiction.

NOTE 10. GRANT PROGRAMS

On June 24, 2019, the District received a Hazard Mitigation Grant Program (HMGP) Phase 1 award from the U.S. Department of Homeland Security passed through the Texas Department of Emergency Management for the District's Brazos River Bank Erosion Control Project (the "Project"). The Phase 1 Award is a reimbursement-based award of up to 75% of the costs for pre-construction work, including design, of the Project. The Phase 1 award is under Catalog of Federal Domestic Assistance program 97.039 and FEMA project number 4332-0035-TX (the "Phase 1 Award"). The District is required by the grant contract to pay 100% of the costs for pre-construction work for the Project and may seek reimbursement of up to 75% of such costs from FEMA. The Phase 1 award is administered by and through TDEM, and only costs incurred by the District that are eligible for reimbursement under such federal rules and regulations, as determined by TDEM and FEMA, will be reimbursed to the District. The District recorded \$2,621,805 in pre-construction costs related to the Project, of which \$1,099,479 were incurred during the current year. If TDEM and FEMA are satisfied with the District's completion of Phase 1, which is ongoing, then FEMA may award Phase 2 for up to 75% of eligible construction costs of the Project.

The District has also been awarded by the State of Texas (Texas Infrastructure Resiliency Fund) additional reimbursement. For each dollar that qualifies for FEMA reimbursement under HMGP, the Texas Department of Emergency Management will pay seventy-five percent (75%) of the District's local share of the twenty-five percent (25%).

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022

NOTE 10. GRANT PROGRAMS (Continued)

On September 5, 2019, the District received a Natural Resources Conservation Service (NRCS) grant award from the U.S. Department of Agriculture. Proceeds will be used for a portion of the costs of Emergency Watershed Protection (EWP) Project #5103 in Fort Bend County. Specifically, the EWP Project entails approximately 1200 linear feet of the District's External Drainage Channel and toe protection with grading and rock rip rap placed along slope of bank for erosion control and stabilization of upper bank and existing vegetation and remove miscellaneous debris in work area (the "External Drainage Channel Project") from damage due to Hurricane Harvey. The award is under Catalog of Federal Domestic Assistance program 10.923 and award identifying number NR197442XXXXC029. The federal cost share of the project is up to 90% of construction costs, up to \$2,821,644 and 100% of technical assistance costs up to \$239,840 for a total of \$3,061,484 federal share. The District is required by the grant contract to spend 10% of the costs up to \$313,516 of its own funds toward the construction costs of the External Drainage Channel Project.

The District requested and received three amendments to the initial grant. Amendments 1 and 3 increased the approved budget. Amendment 2 extended the period of performance to September 4, 2020. The amended federal cost share of the project is up to 90% of construction costs, up to \$3,694,034 and 100% of technical assistance costs up to \$239,840 for a total of \$3,933,874 federal share. The District is required by the grant contract to spend 10% of the costs up to \$410,448 of its own funds toward the construction costs of the External Drainage Channel Project. This is also a reimbursement-based award subject to federal rules and regulations. The District recorded \$5,587,998 in engineering and construction costs related to this External Drainage Channel Project, of which \$146,435 was recorded during the current year. The District received reimbursements totaling \$4,155,655 in prior years.

NOTE 11. BOND SALE

On March 31, 2022, the District closed on the sale of its \$20,535,000 Unlimited Tax Levee Improvement Bonds, Series 2022. Proceeds from the bonds will be used to pay costs related to (1) the construction of a new stormwater pump station, and (2) engineering and geotechnical services. Bond proceeds were also used to pay 24 months capitalized interest and certain bond issuance costs.

NOTE 12. SUBSEQUENT EVENTS - GRANT AND BOND SALE

On August 18, 2022, the Texas Water Development Board ("TWDB") approved a \$324,000 grant as well as the TWDB purchase of the District's \$10,486,000 Unlimited Tax Levee Improvement Bonds, Series 2022A. Funding is provided through the TWDB Flood Infrastructure Fund. Proceeds from the bonds will be used to pay costs related to planning, design and construction of a flood mitigation project. Bond proceeds will also be used to pay certain bond issuance costs. The grant and bonds closed on December 13, 2022.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2022

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 3,354,440	\$ 3,396,524	\$ 42,084
Grant Revenues		1,510,900	1,510,900
Investment and Miscellaneous Revenues	<u>2,000</u>	<u>39,994</u>	<u>37,994</u>
TOTAL REVENUES	<u>\$ 3,356,440</u>	<u>\$ 4,947,418</u>	<u>\$ 1,590,978</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 378,000	\$ 544,735	\$ (166,735)
Contracted Services	154,400	137,297	17,103
Repairs and Maintenance	533,800	378,582	155,218
Other	376,800	272,403	104,397
Capital Outlay		<u>3,597,395</u>	<u>(3,597,395)</u>
TOTAL EXPENDITURES	<u>\$ 1,443,000</u>	<u>\$ 4,930,412</u>	<u>\$ (3,487,412)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,913,440</u>	<u>\$ 17,006</u>	<u>\$ (1,896,434)</u>
OTHER FINANCING SOURCES(USES)			
Transfers Out	<u>\$ -0-</u>	<u>\$ (1,200,000)</u>	<u>\$ (1,200,000)</u>
NET CHANGE IN FUND BALANCE	\$ 1,913,440	\$ (1,182,994)	\$ (3,096,434)
FUND BALANCE - SEPTEMBER 1, 2021	<u>9,936,539</u>	<u>9,936,539</u>	<u></u>
FUND BALANCE - AUGUST 31, 2022	<u>\$ 11,849,979</u>	<u>\$ 8,753,545</u>	<u>\$ (3,096,434)</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

**SUPPLEMENTARY INFORMATION –
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

AUGUST 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Fort Bend County Levee Improvement District No. 7
Fort Bend County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 7 ("the District") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 2, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Fort Bend County Levee Improvement District No. 7
Fort Bend County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fort Bend County Levee Improvement District No. 7's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston Texas

February 2, 2023

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
US Department of Homeland Security:			
Hazard Mitigation Grant Program pass through Texas Department of Emergency Management	97.039	DR-4332-035	<u>\$ 756,608</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal award includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. GRANT PROGRAMS

On June 24, 2019, the District received a Hazard Mitigation Grant Program (HMGP) Phase 1 award from the U.S. Department of Homeland Security passed through the Texas Department of Emergency Management for the District's Brazos River Bank Erosion Control Project (the "Project"). The Phase 1 Award is a reimbursement-based award of up to 75% of the costs for pre-construction work, including design, of the Project. The Phase 1 award is under Catalog of Federal Domestic Assistance program 97.039 and FEMA project number 4332-0035-TX (the "Phase 1 Award"). The District is required by the grant contract to pay 100% of the costs for pre-construction work for the Project and may seek reimbursement of up to 75% of such costs from FEMA. The Phase 1 award is administered by and through TDEM, and only costs incurred by the District that are eligible for reimbursement under such federal rules and regulations, as determined by TDEM and FEMA, will be reimbursed to the District. The District recorded \$2,621,805 in pre-construction costs related to the Project, of which \$1,099,479 were incurred during the current year. If TDEM and FEMA are satisfied with the District's completion of Phase 1, which is ongoing, then FEMA may award Phase 2 for up to 75% of eligible construction costs of the Project.

The District has also been awarded by the State of Texas (Texas Infrastructure Resiliency Fund) additional reimbursement. For each dollar that qualifies for FEMA reimbursement under HMGP, the Texas Department of Emergency Management will pay seventy-five percent (75%) of the District's local share of the twenty-five percent (25%).

On September 5, 2019, the District received a Natural Resources Conservation Service (NRCS) grant award from the U.S. Department of Agriculture. Proceeds will be used for a portion of the costs of Emergency Watershed Protection (EWP) Project #5103 in Fort Bend County. Specifically, the EWP Project entails approximately 1200 linear feet of the District's External Drainage Channel and toe protection with grading and rock rip rap placed along slope of bank for erosion control and stabilization of upper bank and existing vegetation and remove miscellaneous debris in work area (the "External Drainage Channel Project") from damage due to Hurricane Harvey.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

NOTE 2. GRANT PROGRAMS (Continued)

The award is under Catalog of Federal Domestic Assistance program 10.923 and award identifying number NR197442XXXXC029. The federal cost share of the project is up to 90% of construction costs, up to \$2,821,644 and 100% of technical assistance costs up to \$239,840 for a total of \$3,061,484 federal share. The District is required by the grant contract to spend 10% of the costs up to \$313,516 of its own funds toward the construction costs of the External Drainage Channel Project.

The District requested and received three amendments to the initial grant. Amendments 1 and 3 increased the approved budget. Amendment 2 extended the period of performance to September 4, 2020. The amended federal cost share of the project is up to 90% of construction costs, up to \$3,694,034 and 100% of technical assistance costs up to \$239,840 for a total of \$3,933,874 federal share. The District is required by the grant contract to spend 10% of the costs up to \$410,448 of its own funds toward the construction costs of the External Drainage Channel Project. This is also a reimbursement-based award subject to federal rules and regulations. The District recorded \$5,587,998 in engineering and construction costs related to this External Drainage Channel Project, of which \$146,435 was recorded during the current year. The District received reimbursements totaling \$4,155,655 in prior years.

NOTE 3. MATCHING COSTS

Matching Costs, the nonfederal share of certain program costs, are not included on the Schedule.

NOTE 4. INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
_____ yes X no
- Significant deficiencies(s) identified that are not considered to be material weaknesses?
_____ yes X None reported
- Noncompliance material to financial statements noted?
_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
_____ yes X no
- Significant deficiencies(s) identified that are not considered to be material weakness(es)?
_____ yes X None reported
- Type of auditor’s report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 of Uniform Guidance _____ yes X no

See accompanying independent auditor’s report.

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022**

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

**97.039 Department of Homeland Security Hazard Mitigation Grant Program pass through Texas
 Department of Emergency Management**

Dollar threshold used to distinguish

between type A and type B programs: \$750,000

Audited Qualified as low-risk auditee? _____ yes X no

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022**

Section II — Financial Statement Findings

None

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022**

Section III — Federal Award Findings and Questioned Costs

None

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022**

None

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
AUGUST 31, 2022

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
 SERVICES AND RATES
 FOR THE YEAR ENDED AUGUST 31, 2022**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> </u>	Retail Water	<u> </u>	Wholesale Water	<u> X </u>	Drainage
<u> </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> </u>	Solid Waste/Garbage	<u> X </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> X </u>	Other (specify): <u>Land Reclamation</u>				

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely X Partly Not at all

City in which District is located:

City of Sugar Land, Texas.

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely Partly Not at all X

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

PROFESSIONAL FEES:	
Auditing	\$ 26,150
Engineering	134,884
Legal	<u>383,701</u>
TOTAL PROFESSIONAL FEES	<u>\$ 544,735</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 47,897
Operations and Billing	<u>89,400</u>
TOTAL CONTRACTED SERVICES	<u>\$ 137,297</u>
UTILITIES	<u>\$ 34,225</u>
REPAIRS AND MAINTENANCE	<u>\$ 378,582</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 29,873
Dues	16,400
Insurance	21,331
Office Supplies and Postage	5,745
Communications and Website	41,091
Other	<u>18,045</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 132,485</u>
CAPITAL OUTLAY	<u>\$ 3,597,395</u>
WATER REUSE COSTS	<u>\$ 105,693</u>
TOTAL EXPENDITURES	<u><u>\$ 4,930,412</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
INVESTMENTS
AUGUST 31, 2022

Funds	Identification or Certificate Number	Interest Rates	Maturity Dates	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,840,815	\$
TexPool	XXXX0004	Varies	Daily	4,614,981	
TOTAL GENERAL FUND				<u>\$ 6,455,796</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,416,253	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 898,936	\$
TexPool	XXXX0005	Varies	Daily	1,060,733	
TexPool	XXXX0006	Varies	Daily	58,219,607	
TexPool	XXXX0007	Varies	Daily	18,544,255	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 78,723,531</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 87,595,580</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2021	\$	48,405	\$	56,972
Adjustments to Beginning				
Balance		<u>(1,299)</u>		<u>(775)</u>
	\$	47,106	\$	56,197
Original 2021 Tax Levy	\$	3,419,152	\$	3,419,152
Adjustment to 2021 Tax Levy		<u>(6,992)</u>	<u>3,412,160</u>	<u>(6,992)</u>
			<u>3,412,160</u>	
TOTAL TO BE				
ACCOUNTED FOR		\$ 3,459,266		\$ 3,468,357
TAX COLLECTIONS:				
Prior Years	\$	19,912	\$	19,583
Current Year		<u>3,376,612</u>		<u>3,376,612</u>
		<u>3,396,524</u>		<u>3,396,195</u>
TAXES RECEIVABLE -				
AUGUST 31, 2022		<u>\$ 62,742</u>		<u>\$ 72,162</u>
TAXES RECEIVABLE BY				
YEAR:				
2021	\$	35,548	\$	35,548
2020		7,618		7,618
2019		7,435		5,353
2018		2,774		3,566
2017		4,483		2,038
2016 and prior		<u>4,884</u>		<u>18,039</u>
TOTAL		<u>\$ 62,742</u>		<u>\$ 72,162</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	\$ 277,674,300	\$ 275,419,510	\$ 275,336,150	\$ 274,730,500
Improvements	1,323,733,698	1,305,240,900	1,311,567,019	1,328,691,054
Personal Property	18,908,920	17,620,540	16,517,060	17,620,570
Exemptions	<u>(33,265,626)</u>	<u>(31,147,508)</u>	<u>(29,315,444)</u>	<u>(26,310,106)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,587,051,292</u>	<u>\$ 1,567,133,442</u>	<u>\$ 1,574,104,785</u>	<u>\$ 1,594,732,018</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.215	\$ 0.215	\$ 0.18	\$ 0.18
Maintenance	<u>0.215</u>	<u>0.215</u>	<u>0.25</u>	<u>0.14</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.430</u>	<u>\$ 0.430</u>	<u>\$ 0.43</u>	<u>\$ 0.32</u>
ADJUSTED TAX LEVY*	<u>\$ 6,824,320</u>	<u>\$ 6,738,674</u>	<u>\$ 6,768,650</u>	<u>\$ 5,103,311</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.96 %</u>	<u>99.77 %</u>	<u>99.81 %</u>	<u>99.88 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on November 5, 1985.

See accompanying independent auditor’s report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 250,000	\$ 142,500	\$ 392,500
2024	250,000	135,000	385,000
2025	250,000	127,500	377,500
2026	250,000	118,750	368,750
2027	250,000	110,000	360,000
2028	250,000	101,250	351,250
2029	250,000	92,500	342,500
2030	250,000	83,750	333,750
2031	250,000	75,000	325,000
2032	250,000	66,250	316,250
2033	250,000	57,500	307,500
2034	250,000	48,750	298,750
2035	250,000	39,375	289,375
2036	250,000	30,000	280,000
2037	250,000	20,000	270,000
2038	250,000	10,000	260,000
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 4,000,000</u>	<u>\$ 1,258,125</u>	<u>\$ 5,258,125</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 910,000	\$ 470,069	\$ 1,380,069
2024	910,000	442,769	1,352,769
2025	910,000	415,469	1,325,469
2026	910,000	388,169	1,298,169
2027	905,000	360,869	1,265,869
2028	905,000	333,719	1,238,719
2029	905,000	306,569	1,211,569
2030	905,000	278,287	1,183,287
2031	905,000	250,006	1,155,006
2032	905,000	220,594	1,125,594
2033	905,000	191,181	1,096,181
2034	905,000	160,637	1,065,637
2035	905,000	130,094	1,035,094
2036	905,000	98,419	1,003,419
2037	905,000	65,612	970,612
2038	905,000	32,806	937,806
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 14,500,000</u>	<u>\$ 4,145,269</u>	<u>\$ 18,645,269</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 510,000	\$ 395,712	\$ 905,712
2024	510,000	375,313	885,313
2025	510,000	354,912	864,912
2026	505,000	339,613	844,613
2027	505,000	324,462	829,462
2028	505,000	308,682	813,682
2029	505,000	292,268	797,268
2030	505,000	275,226	780,226
2031	505,000	257,550	762,550
2032	505,000	239,876	744,876
2033	505,000	220,936	725,936
2034	505,000	202,000	707,000
2035	505,000	181,800	686,800
2036	505,000	161,600	666,600
2037	505,000	141,400	646,400
2038	505,000	121,200	626,200
2039	505,000	101,000	606,000
2040	505,000	80,800	585,800
2041	505,000	60,600	565,600
2042	505,000	40,400	545,400
2043	505,000	20,200	525,200
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 10,620,000</u>	<u>\$ 4,495,550</u>	<u>\$ 15,115,550</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$ 2,150,000	\$ 1,223,450	\$ 3,373,450
2024	2,150,000	1,180,450	3,330,450
2025	2,150,000	1,137,450	3,287,450
2026	2,150,000	1,094,450	3,244,450
2027	2,150,000	1,051,450	3,201,450
2028	2,150,000	1,008,450	3,158,450
2029	2,150,000	965,450	3,115,450
2030	2,150,000	922,450	3,072,450
2031	2,145,000	879,450	3,024,450
2032	2,145,000	836,550	2,981,550
2033	2,145,000	793,650	2,938,650
2034	2,145,000	750,750	2,895,750
2035	2,145,000	707,850	2,852,850
2036	2,145,000	664,950	2,809,950
2037	2,145,000	622,050	2,767,050
2038	2,145,000	579,150	2,724,150
2039	2,145,000	536,250	2,681,250
2040	2,145,000	493,350	2,638,350
2041	2,145,000	450,450	2,595,450
2042	2,145,000	407,550	2,552,550
2043	2,145,000	364,650	2,509,650
2044	2,145,000	319,068	2,464,068
2045	2,145,000	273,488	2,418,488
2046	2,145,000	227,906	2,372,906
2047	2,145,000	182,325	2,327,325
2048	2,145,000	136,744	2,281,744
2049	2,145,000	91,162	2,236,162
2050	2,145,000	45,582	2,190,582
	<u>\$ 60,100,000</u>	<u>\$ 17,946,525</u>	<u>\$ 78,046,525</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2023	\$	\$ 551,897	\$ 551,897
2024		600,250	600,250
2025	790,000	600,250	1,390,250
2026	790,000	568,650	1,358,650
2027	790,000	552,850	1,342,850
2028	790,000	537,050	1,327,050
2029	790,000	521,250	1,311,250
2030	790,000	497,550	1,287,550
2031	790,000	473,850	1,263,850
2032	790,000	450,150	1,240,150
2033	790,000	426,450	1,216,450
2034	790,000	402,750	1,192,750
2035	790,000	379,050	1,169,050
2036	790,000	355,350	1,145,350
2037	790,000	331,650	1,121,650
2038	790,000	307,950	1,097,950
2039	790,000	284,250	1,074,250
2040	790,000	260,550	1,050,550
2041	790,000	236,850	1,026,850
2042	790,000	213,150	1,003,150
2043	790,000	189,450	979,450
2044	790,000	165,750	955,750
2045	790,000	142,050	932,050
2046	790,000	118,350	908,350
2047	790,000	94,650	884,650
2048	790,000	70,950	860,950
2049	790,000	47,250	837,250
2050	785,000	23,550	808,550
	<u>\$ 20,535,000</u>	<u>\$ 9,403,747</u>	<u>\$ 29,938,747</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 3,820,000	\$ 2,783,628	\$ 6,603,628
2024	3,820,000	2,733,782	6,553,782
2025	4,610,000	2,635,581	7,245,581
2026	4,605,000	2,509,632	7,114,632
2027	4,600,000	2,399,631	6,999,631
2028	4,600,000	2,289,151	6,889,151
2029	4,600,000	2,178,037	6,778,037
2030	4,600,000	2,057,263	6,657,263
2031	4,595,000	1,935,856	6,530,856
2032	4,595,000	1,813,420	6,408,420
2033	4,595,000	1,689,717	6,284,717
2034	4,595,000	1,564,887	6,159,887
2035	4,595,000	1,438,169	6,033,169
2036	4,595,000	1,310,319	5,905,319
2037	4,595,000	1,180,712	5,775,712
2038	4,595,000	1,051,106	5,646,106
2039	3,440,000	921,500	4,361,500
2040	3,440,000	834,700	4,274,700
2041	3,440,000	747,900	4,187,900
2042	3,440,000	661,100	4,101,100
2043	3,440,000	574,300	4,014,300
2044	2,935,000	484,818	3,419,818
2045	2,935,000	415,538	3,350,538
2046	2,935,000	346,256	3,281,256
2047	2,935,000	276,975	3,211,975
2048	2,935,000	207,694	3,142,694
2049	2,935,000	138,412	3,073,412
2050	2,930,000	69,132	2,999,132
	<u>\$ 109,755,000</u>	<u>\$ 37,249,216</u>	<u>\$ 147,004,216</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2022

Description	Original Bonds Issued	Bonds Outstanding September 1, 2021
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2014	\$ 4,000,000	\$ 4,000,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2015	14,500,000	14,500,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Refunding Bonds - Series 2016	7,085,000	1,240,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2018	12,150,000	11,130,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2020	60,100,000	60,100,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2022	<u>20,535,000</u>	<u> </u>
TOTAL	<u>\$ 118,370,000</u>	<u>\$ 90,970,000</u>

Bond Authority:	Tax Bonds- Levee and Drainage Facilities	Refunding Bonds *	Tax Bonds- Reclaimed Water Facilities
Amount Authorized by Voters	\$ 169,105,000	\$ 150,650,000	\$ 14,500,000
Amount Issued	<u>128,590,000</u>	<u>131,180</u>	<u>14,500,000</u>
Remaining to be Issued	<u>\$ 40,515,000</u>	<u>\$ 150,518,820</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding August 31, 2022	Paying Agent
	Principal	Interest		
\$		\$ 142,500	\$ 4,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		470,069	14,500,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	1,240,000	37,200	-0-	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	510,000	416,112	10,620,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		1,223,450	60,100,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>20,535,000</u>			<u>20,535,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 20,535,000</u>	<u>\$ 1,750,000</u>	<u>\$ 2,289,331</u>	<u>\$ 109,755,000</u>	

* Includes \$136,150,000 for refunding levee and drainage facilities bonds and \$14,500,000 for refunding reclaimed water facilities bonds.

Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2022: \$ 3,893,019

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 5,250,151

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 3,396,524	\$ 3,361,210	\$ 3,926,082
Grant Revenues	1,510,900		4,583,617
Investment and Miscellaneous Revenues	39,994	7,209	56,162
TOTAL REVENUES	\$ 4,947,418	\$ 3,368,419	\$ 8,565,861
EXPENDITURES			
Professional Fees	\$ 544,735	\$ 591,796	\$ 403,265
Contracted Services	137,297	122,100	275,264
Utilities	34,225	11,897	34,255
Repairs and Maintenance	378,582	419,202	176,063
Other	238,178	225,027	297,451
Capital Outlay	3,597,395	2,240,398	1,582,939
Tax Anticipation Note Principal			
Tax Anticipation Note Interest			
TOTAL EXPENDITURES	\$ 4,930,412	\$ 3,610,420	\$ 2,769,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 17,006	\$ (242,001)	\$ 5,796,624
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ (1,200,000)	\$ 821,796	\$ 45,682
Tax Anticipation Note Proceeds			
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,200,000)	\$ 821,796	\$ 45,682
NET CHANGE IN FUND BALANCE	\$ (1,182,994)	\$ 579,795	\$ 5,842,306
BEGINNING FUND BALANCE	9,936,539	9,356,744	3,514,438
ENDING FUND BALANCE	\$ 8,753,545	\$ 9,936,539	\$ 9,356,744

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 2,229,850	\$ 3,497,007	68.7 %	99.8 %	45.8 %	93.6 %	99.5 %
83,379		30.5		53.5	3.5	
68,898	17,210	0.8	0.2	0.7	2.9	0.5
<u>\$ 2,382,127</u>	<u>\$ 3,514,217</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 865,488	\$ 609,157	11.0 %	17.6 %	4.7 %	36.3 %	17.3 %
163,834	118,802	2.8	3.6	3.2	6.9	3.4
51,413	37,735	0.7	0.4	0.4	2.2	1.1
457,123	402,291	7.7	12.4	2.1	19.2	11.4
173,444	229,675	4.8	6.7	3.5	7.3	6.5
196,706	542,930	72.7	66.5	18.5	8.3	15.4
	1,000,000					28.5
	11,290					0.3
<u>\$ 1,908,008</u>	<u>\$ 2,951,880</u>	<u>99.7 %</u>	<u>107.2 %</u>	<u>32.4 %</u>	<u>80.2 %</u>	<u>83.9 %</u>
<u>\$ 474,119</u>	<u>\$ 562,337</u>	<u>0.3 %</u>	<u>(7.2) %</u>	<u>67.6 %</u>	<u>19.8 %</u>	<u>16.1 %</u>
\$ 466,296	\$ 317,775					
	1,000,000					
<u>\$ 466,296</u>	<u>\$ 1,317,775</u>					
\$ 940,415	\$ 1,880,112					
2,574,023	693,911					
<u>\$ 3,514,438</u>	<u>\$ 2,574,023</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 3,396,195	\$ 3,357,607	\$ 2,833,175
Penalty and Interest	49,623	43,825	46,019
Investment and Miscellaneous Revenues	<u>14,921</u>	<u>10,812</u>	<u>10,571</u>
TOTAL REVENUES	<u>\$ 3,460,739</u>	<u>\$ 3,412,244</u>	<u>\$ 2,889,765</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 155,458	\$ 143,157	\$ 118,379
Debt Service Principal	1,750,000	1,770,000	1,790,000
Debt Service Interest and Fees	<u>2,293,081</u>	<u>1,659,891</u>	<u>1,173,831</u>
TOTAL EXPENDITURES	<u>\$ 4,198,539</u>	<u>\$ 3,573,048</u>	<u>\$ 3,082,210</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (737,800)</u>	<u>\$ (160,804)</u>	<u>\$ (192,445)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 1,200,000	\$ (769,526)	\$ 1,731,526
Long-Term Debt Proceeds - Capitalized Interest	<u>1,200,500</u>	<u></u>	<u></u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 2,400,500</u>	<u>\$ (769,526)</u>	<u>\$ 1,731,526</u>
NET CHANGE IN FUND BALANCE	\$ 1,662,700	\$ (930,330)	\$ 1,539,081
BEGINNING FUND BALANCE	<u>2,228,002</u>	<u>3,158,332</u>	<u>1,619,251</u>
ENDING FUND BALANCE	<u><u>\$ 3,890,702</u></u>	<u><u>\$ 2,228,002</u></u>	<u><u>\$ 3,158,332</u></u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<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>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 2,856,532	\$ 1,588,915	98.2 %	98.4 %	98.0 %	98.5 %	98.1 %
27,550	26,385	1.4	1.3	1.6	0.9	1.6
<u>17,486</u>	<u>5,623</u>	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>0.6</u>	<u>0.3</u>
<u>\$ 2,901,568</u>	<u>\$ 1,620,923</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 119,837	\$ 106,053	4.5 %	4.2 %	4.1 %	4.1 %	6.5 %
1,305,000	1,330,000	50.6	51.9	61.9	45.0	82.1
<u>849,401</u>	<u>768,119</u>	<u>66.3</u>	<u>48.6</u>	<u>40.6</u>	<u>29.3</u>	<u>47.4</u>
<u>\$ 2,274,238</u>	<u>\$ 2,204,172</u>	<u>121.4 %</u>	<u>104.7 %</u>	<u>106.6 %</u>	<u>78.4 %</u>	<u>136.0 %</u>
<u>\$ 627,330</u>	<u>\$ (583,249)</u>	<u>(21.4) %</u>	<u>(4.7) %</u>	<u>(6.6) %</u>	<u>21.6 %</u>	<u>(36.0) %</u>
\$	\$					
<u>456,913</u>	<u></u>					
<u>\$ 456,913</u>	<u>\$ - 0 -</u>					
\$ 1,084,243	\$ (583,249)					
<u>535,008</u>	<u>1,118,257</u>					
<u>\$ 1,619,251</u>	<u>\$ 535,008</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

District Mailing Address - Fort Bend County Levee Improvement District No. 7
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 2400
Houston, TX 77056

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>August 31, 2022</u>	Expense Reimbursements for the year ended <u>August 31, 2022</u>	<u>Title</u>
Cindy Picazo	05/22 - 05/26 (Elected)	\$ 5,100	\$ 1,218	Chairman
Gerald Kazmierczak	05/22 - 05/26 (Elected)	\$ 6,150	\$ -0-	Vice Chairman
Nathan Bedee	05/22 - 05/26 (Elected)	\$ 600	\$ -0-	Secretary
Jeff Hanig	05/20 - 05/24 (Elected)	\$ 6,300	\$ -0-	Assistant Secretary
James R. Grotte	05/20 - 05/24 (Elected)	\$ 6,450	\$ -0-	Director

Note: 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

Submission date of most recent District Registration Form: December 1, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 7, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2022

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2022</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	02/12/92	\$ 231,315 \$ 336,483	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/13/98	\$ 19,100 \$ 1,750	Auditor Bond related
Myrtle Cruz, Inc.	12/03/84- 07/01/21	\$ 9,390	Former Bookkeeper
Texas Utility Bookkeeping	09/02/21- 08/31/22	\$ 29,424 \$ 3,750	Former Bookkeeper Bond related
FORVIS	07/07/22	\$ 14,000	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/02/97	\$ 10,912	Delinquent Tax Attorney
LJA Engineering, Inc.	02/07/19	\$ 731,910	Engineer
Mike Stone Associates, Inc.	02/07/19	\$ 52,938	General Manager
Mary Jarmon	06/03/04- 07/01/21	\$ -0-	Former Investment Officer
Lisa Rickert and Brenda Doran	09/01/21- 08/31/22	\$ -0-	Former Investment Officer
FORVIS Wealth Advisors	08/16/2022	\$ -0-	Investment Officer
Masterson Advisors LLC	04/17/18	\$ 222,089	Financial Advisor
Levee Management Services, LLC	05/10/12	\$ 438,321	Operator
Assessments of the Southwest	11/89	\$ 72,333	Tax Assessor/ Collector

See accompanying independent auditor's report.

