

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Levee Improvement District No. 7 (the "District"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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, 2021, 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.

Other Matters

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, 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.

Other 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* is presented for purposes of additional analysis and is 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 any 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.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 2, 2021

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

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, 2021. 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, 2021**

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 and deferred outflows of resources exceeded liabilities by \$23,450,686 as of August 31, 2021. 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). The following is a comparative analysis of the Statement of Net Position as of August 31, 2021, and August 31, 2020.

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 74,637,128	\$ 17,934,296	\$ 56,702,832
Capital Assets (Net of Accumulated Depreciation)	<u>41,720,521</u>	<u>38,213,714</u>	<u>3,506,807</u>
Total Assets	<u>\$ 116,357,649</u>	<u>\$ 56,148,010</u>	<u>\$ 60,209,639</u>
Deferred Outflows of Resources	<u>\$ 18,200</u>	<u>\$ 56,160</u>	<u>\$ (37,960)</u>
Bonds Payable	\$ 90,627,257	\$ 32,506,892	\$ (58,120,365)
Other Liabilities	<u>2,297,906</u>	<u>882,895</u>	<u>(1,415,011)</u>
Total Liabilities	<u>\$ 92,925,163</u>	<u>\$ 33,389,787</u>	<u>\$ (59,535,376)</u>
Net Position:			
Net Investment in Capital Assets	\$ 12,292,203	\$ 10,746,147	\$ 1,546,056
Restricted	1,173,539	2,669,954	(1,496,415)
Unrestricted	<u>9,984,944</u>	<u>9,398,282</u>	<u>586,662</u>
Total Net Position	<u>\$ 23,450,686</u>	<u>\$ 22,814,383</u>	<u>\$ 636,303</u>

The following table provides a summary of the District's operations for the years ending August 31, 2021, and August 31, 2020.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 6,736,304	\$ 6,768,193	\$ (31,889)
Grant Revenues	4,583,617	4,583,617	(4,583,617)
Other Revenues	<u>99,089</u>	<u>221,294</u>	<u>(122,205)</u>
Total Revenues	<u>\$ 6,835,393</u>	<u>\$ 11,573,104</u>	<u>\$ (4,737,711)</u>
Expenses for Services	<u>6,199,090</u>	<u>3,601,435</u>	<u>(2,597,655)</u>
Change in Net Position	\$ 636,303	\$ 7,971,669	\$ (7,335,366)
Net Position, Beginning of Year	<u>22,814,383</u>	<u>14,842,714</u>	<u>7,971,669</u>
Net Position, End of Year	<u>\$ 23,450,686</u>	<u>\$ 22,814,383</u>	<u>\$ 636,303</u>

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2021 were \$73,345,280, an increase of \$55,847,039 from the prior year.

The General Fund fund balance increased by \$579,795, primarily due to maintenance tax revenues exceeding repairs and maintenance costs, administrative costs and capital costs, as well as transfers from the Capital Projects Fund and Debt Service Fund.

The Debt Service Fund fund balance decreased by \$930,330, primarily due to the structure of the District's outstanding debt and a transfer to the General Fund.

The Capital Projects Fund fund balance increased by \$56,197,574, primarily due to the issuance of the Series 2020 Bonds, offset by capital outlay, bond issuance costs, and an interfund transfer.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year which was amended for an increase in reclaimed water system repairs and maintenance costs and a decrease in investment revenues. Total revenues were \$734,419 more than budgeted revenues, total expenditures were \$2,200,220 more than budgeted expenditures, and there was an unbudgeted transfer in of \$821,796, which resulted in a negative variance of \$644,005. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2021, total \$41,720,521 (net of accumulated depreciation) and include land and drainage facilities. In the current fiscal year, the District paid engineering fees and/or construction costs related to: New Territory reclaimed water system landscape and irrigation improvements; wastewater treatment plant reuse pump station; reclaimed booster pump station; asbestos abatement; internal detention drainage; Brazos River stabilization project with land acquisition; and external channel improvements.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 6,012,684	\$ 3,515,946	\$ 2,496,738
Construction in Progress	9,047,337	7,117,193	1,930,144
Capital Assets, Net of Accumulated Depreciation:			
Drainage System	26,660,500	27,580,575	(920,075)
Total Net Capital Assets	\$ 41,720,521	\$ 38,213,714	\$ 3,506,807

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

LONG-TERM DEBT ACTIVITY

As of August 31, 2021, the District had total bond debt payable of \$90,970,000. The changes in the debt position of the District during the fiscal year ended August 31, 2021, are summarized as follows:

Bond Debt Payable, September 1, 2020	\$ 32,640,000
Add: Bond Sale	60,100,000
Less: Bond Principal Paid	<u>1,770,000</u>
Bond Debt Payable, August 31, 2021	<u>\$ 90,970,000</u>

The District has an underlying rating of “A+”. The Series 2015 and 2018 bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2020 bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The bond ratings above reflect all changes, if any, through August 31, 2021.

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, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 263,370	\$ 94,802
Investments	9,835,191	987,597
Cash with Fiscal Agent		1,144,666
Receivables:		
Property Taxes	48,405	56,972
Penalty and Interest on Delinquent Taxes		
Other	2,000	
Due from Other Funds		1,629
Prepaid Costs	10,721	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 10,159,687	\$ 2,285,666
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 10,159,687	\$ 2,285,666

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 822,835	\$ 1,181,007	\$	\$ 1,181,007
61,337,338	72,160,126		72,160,126
	1,144,666		1,144,666
	105,377		105,377
		33,231	33,231
	2,000		2,000
	1,629	(1,629)	
	10,721		10,721
		6,012,684	6,012,684
		9,047,337	9,047,337
		26,660,500	26,660,500
<u>\$ 62,160,173</u>	<u>\$ 74,605,526</u>	<u>\$ 41,752,123</u>	<u>\$ 116,357,649</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 18,200</u>	<u>\$ 18,200</u>
<u>\$ 62,160,173</u>	<u>\$ 74,605,526</u>	<u>\$ 41,770,323</u>	<u>\$ 116,375,849</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, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 173,114	\$ 692
Accrued Interest Payable		
Due to Other Funds	1,629	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 174,743	\$ 692
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 48,405	\$ 56,972
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 10,721	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,228,002
Unassigned	9,925,818	
TOTAL FUND BALANCES	\$ 9,936,539	\$ 2,228,002
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,159,687	\$ 2,285,666
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.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 979,434	\$ 1,153,240	\$	\$ 1,153,240
	1,629	1,144,666	1,144,666
		(1,629)	
		1,750,000	1,750,000
		<u>88,877,257</u>	<u>88,877,257</u>
<u>\$ 979,434</u>	<u>\$ 1,154,869</u>	<u>\$ 91,770,294</u>	<u>\$ 92,925,163</u>
<u>\$ -0-</u>	<u>\$ 105,377</u>	<u>\$ (105,377)</u>	<u>\$ - 0 -</u>
\$	\$ 10,721	\$ (10,721)	\$
61,180,739	61,180,739	(61,180,739)	
	2,228,002	(2,228,002)	
	<u>9,925,818</u>	<u>(9,925,818)</u>	
<u>\$ 61,180,739</u>	<u>\$ 73,345,280</u>	<u>\$ (73,345,280)</u>	<u>\$ - 0 -</u>
<u>\$ 62,160,173</u>	<u>\$ 74,605,526</u>		
		\$ 12,292,203	\$ 12,292,203
		1,173,539	1,173,539
		<u>9,984,944</u>	<u>9,984,944</u>
		<u>\$ 23,450,686</u>	<u>\$ 23,450,686</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, 2021**

Total Fund Balances - Governmental Funds	\$ 73,345,280
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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.	41,720,521
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Deferred charges on refunding bonds are amortized over the term of the old debt or new debt, whichever is shorter.	18,200
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.	138,608
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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	\$ (1,144,666)	
Bonds Payable	<u>(90,627,257)</u>	<u>(91,771,923)</u>

Total Net Position - Governmental Activities	<u>\$ 23,450,686</u>
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The accompanying notes to the financial statements are an integral part of this report.

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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, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,361,210	\$ 3,357,607
Penalty and Interest		43,825
Investment and Miscellaneous Revenues	7,209	10,812
TOTAL REVENUES	\$ 3,368,419	\$ 3,412,244
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 591,796	\$ 17,384
Contracted Services	122,100	118,871
Utilities	11,897	
Repairs and Maintenance	419,202	
Depreciation		
Other	225,027	9,152
Capital Outlay	2,240,398	
Debt Service:		
Bond Principal		1,770,000
Bond Interest		1,657,641
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 3,610,420	\$ 3,573,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (242,001)	\$ (160,804)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$
Transfers In (Out)	821,796	(769,526)
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 821,796	\$ (769,526)
NET CHANGE IN FUND BALANCES	\$ 579,795	\$ (930,330)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2020	9,356,744	3,158,332
FUND BALANCES/NET POSITION - AUGUST 31, 2021	\$ 9,936,539	\$ 2,228,002

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 6,718,817	\$ 17,487	\$ 6,736,304
	43,825	5,920	49,745
<u>31,323</u>	<u>49,344</u>		<u>49,344</u>
\$ 31,323	\$ 6,811,986	\$ 23,407	\$ 6,835,393
\$ 135,407	\$ 744,587	\$	\$ 744,587
	240,971		240,971
	11,897		11,897
	419,202		419,202
		990,477	990,477
234	234,413		234,413
2,256,886	4,497,284	(4,497,284)	
	1,770,000	(1,770,000)	
	1,657,641	591,944	2,249,585
<u>1,307,958</u>	<u>1,307,958</u>		<u>1,307,958</u>
\$ 3,700,485	\$ 10,883,953	\$ (4,684,863)	\$ 6,199,090
\$ (3,669,162)	\$ (4,071,967)	\$ 4,708,270	\$ 636,303
\$ 60,100,000	\$ 60,100,000	\$ (60,100,000)	\$
(52,270)			
<u>(180,994)</u>	<u>(180,994)</u>	<u>180,994</u>	
\$ 59,866,736	\$ 59,919,006	\$ (59,919,006)	\$ -0-
\$ 56,197,574	\$ 55,847,039	\$ (55,847,039)	\$
		636,303	636,303
<u>4,983,165</u>	<u>17,498,241</u>	<u>5,316,142</u>	<u>22,814,383</u>
\$ 61,180,739	\$ 73,345,280	\$ (49,894,594)	\$ 23,450,686

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, 2021

Net Change in Fund Balances - Governmental Funds	\$ 55,847,039
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.	17,487
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.	5,920
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.	(990,477)
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.	4,497,284
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	180,994
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.	1,770,000
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.	(591,944)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(60,100,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 636,303</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, 2021

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, 2021

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, 2021

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, 2021, the General Fund owed the Debt Service Fund \$1,629 for maintenance tax collections. The District's Capital Projects Fund reimbursed the General Fund \$52,270 for bond costs paid by the General Fund. The General Fund reversed the prior year transfer of \$1,731,526 to the Debt Service Fund and then transferred \$962,000 toward payment of the District's bond obligations.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget 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, 2021

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, 2021

NOTE 3. LONG-TERM DEBT

	Series 2014	Series 2015
Amount Outstanding – August 31, 2021	\$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 2016 Refunding	Series 2018
Amount Outstanding – August 31, 2021	\$1,240,000	\$11,130,000
Interest Rates	3.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2022	March 1, 2022/2043
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	Non-callable	March 1, 2024*
		Series 2020
Amount Outstanding – August 31, 2021		\$60,100,000
Interest Rates		2.000% - 2.125%
Maturity Dates – Serially Beginning/Ending		March 1, 2023/2050
Interest Payment Dates		September 1/ March 1
Callable Dates		March 1, 2029*

* 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.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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, 2021:

	September 1, 2020	Additions	Retirements	August 31, 2021
Bonds Payable	\$ 32,640,000	\$ 60,100,000	\$ 1,770,000	\$ 90,970,000
Unamortized Discounts	(223,332)	(180,994)	(18,510)	(385,816)
Unamortized Premiums	90,224		47,151	43,073
Bonds Payable, net	\$ 32,506,892	\$ 59,919,006	\$ 1,798,641	\$ 90,627,257
			Amount Due Within One Year	\$ 1,750,000
			Amount Due After One Year	88,877,257
			Bonds Payable, net	\$ 90,627,257

As of August 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,750,000	\$ 2,289,332	\$ 4,039,332
2023	3,820,000	2,231,731	6,051,731
2024	3,820,000	2,133,532	5,953,532
2025	3,820,000	2,035,331	5,855,331
2026	3,815,000	1,940,982	5,755,982
2027-2031	19,045,000	8,277,388	27,322,388
2032-2036	19,025,000	5,802,762	24,827,762
2037-2041	15,560,000	3,314,668	18,874,668
2042-2046	11,735,000	1,653,262	13,388,262
2047-2050	8,580,000	455,813	9,035,813
	\$ 90,970,000	\$ 30,134,801	\$ 121,104,801

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, 2021

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'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, 2021, 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 \$3,369,337 on the adjusted taxable valuation of \$1,567,133,442 for the 2020 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 the five-year anniversary of each issue.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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 \$1,181,007 and the bank balance was \$1,191,916.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2021, as listed below:

	Cash
GENERAL FUND	\$ 263,370
DEBT SERVICE FUND	94,802
CAPITAL PROJECTS FUND	822,835
TOTAL DEPOSITS	\$ 1,181,007

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, 2021

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, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 9,835,191	\$ 9,835,191
<u>DEBT SERVICE FUND</u>		
TexPool	987,597	987,597
<u>CAPITAL PROJECTS FUND</u>		
TexPool	61,337,338	61,337,338
TOTAL INVESTMENTS	\$ 72,160,126	\$ 72,160,126

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2021, 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, 2021

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, 2021 is as follows:

	September 1, 2020	Increases	Decreases	August 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,515,946	\$ 2,496,738	\$	\$ 6,012,684
Construction in Progress	<u>7,117,193</u>	<u>2,000,546</u>	<u>70,402</u>	<u>9,047,337</u>
Total Capital Assets Not Being Depreciated	<u>\$ 10,633,139</u>	<u>\$ 4,497,284</u>	<u>\$ 70,402</u>	<u>\$ 15,060,021</u>
Capital Assets Subject to Depreciation				
Drainage System	<u>\$ 40,437,191</u>	<u>\$ 70,402</u>	<u>\$ - 0 -</u>	<u>\$ 40,507,593</u>
Accumulated Depreciation				
Drainage System	<u>\$ 12,856,616</u>	<u>\$ 990,477</u>	<u>\$ - 0 -</u>	<u>\$ 13,847,093</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,580,575</u>	<u>\$ (920,075)</u>	<u>\$ - 0 -</u>	<u>\$ 26,660,500</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 38,213,714</u>	<u>\$ 3,577,209</u>	<u>\$ 70,402</u>	<u>\$ 41,720,521</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, 2021, the District levied an ad valorem maintenance tax rate of \$0.215 per \$100 of assessed valuation, which resulted in a tax levy of \$3,369,337 on the adjusted taxable valuation of \$1,567,133,442 for the 2020 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, 2021

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. BOND SALE, ESCROW REQUIREMENT AND DIRECTIVE NOT TO EXPEND

On September 24, 2020, the District closed on the sale of its \$60,100,000 Series 2020 Unlimited Tax Levee Improvement Bonds. Proceeds from the sale 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. Bond proceeds were used to pay for bond issuance costs.

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 \$2,573,436 in pre-construction costs related to the Project, of which \$785,669 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.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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 \$5,441,563 in engineering and construction costs related to this External Drainage Channel Project, of which \$116,304 was recorded during the current year. The District received reimbursements totaling \$4,155,655 in prior years.

NOTE 11. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

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FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2021

**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, 2021**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,631,000	\$ 2,631,000	\$ 3,361,210	\$ 730,210
Investment and Miscellaneous Revenues	<u>15,000</u>	<u>3,000</u>	<u>7,209</u>	<u>4,209</u>
TOTAL REVENUES	<u>\$ 2,646,000</u>	<u>\$ 2,634,000</u>	<u>\$ 3,368,419</u>	<u>\$ 734,419</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 306,000	\$ 306,000	\$ 591,796	\$ (285,796)
Contracted Services	139,000	139,000	122,100	16,900
Repairs and Maintenance	432,000	502,200	419,202	82,998
Other	463,000	463,000	236,924	226,076
Capital Outlay			<u>2,240,398</u>	<u>(2,240,398)</u>
TOTAL EXPENDITURES	<u>\$ 1,340,000</u>	<u>\$ 1,410,200</u>	<u>\$ 3,610,420</u>	<u>\$ (2,200,220)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,306,000</u>	<u>\$ 1,223,800</u>	<u>\$ (242,001)</u>	<u>\$ (1,465,801)</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 821,796</u>	<u>\$ 821,796</u>
NET CHANGE IN FUND BALANCE	\$ 1,306,000	\$ 1,223,800	\$ 579,795	\$ (644,005)
FUND BALANCE - SEPTEMBER 1, 2020	<u>9,356,744</u>	<u>9,356,744</u>	<u>9,356,744</u>	
FUND BALANCE - AUGUST 31, 2021	<u>\$10,662,744</u>	<u>\$10,580,544</u>	<u>\$ 9,936,539</u>	<u>\$ (644,005)</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
AUGUST 31, 2021

**FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2021**

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, 2021

PROFESSIONAL FEES:	
Auditing	\$ 25,500
Engineering	78,637
Legal	<u>487,659</u>
TOTAL PROFESSIONAL FEES	<u>\$ 591,796</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 32,700
Operations and Billing	<u>89,400</u>
TOTAL CONTRACTED SERVICES	<u>\$ 122,100</u>
UTILITIES	<u>\$ 11,897</u>
REPAIRS AND MAINTENANCE	<u>\$ 419,202</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 32,383
Dues	5,675
Insurance	18,296
Office Supplies and Postage	5,677
Communications and Website	19,004
Other	<u>6,743</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 87,778</u>
CAPITAL OUTLAY	<u>\$ 2,240,398</u>
WATER REUSE COSTS	<u>\$ 137,249</u>
TOTAL EXPENDITURES	<u><u>\$ 3,610,420</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
INVESTMENTS
AUGUST 31, 2021

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	\$ 2,213,862	\$
TexPool	XXXX0004	Varies	Daily	7,621,329	_____
TOTAL GENERAL FUND				<u>\$ 9,835,191</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 987,597	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 937,955	\$
TexPool	XXXX0005	Varies	Daily	2,473,287	_____
TexPool	XXXX0006	Varies	Daily	57,926,096	_____
TOTAL CAPITAL PROJECTS FUND				<u>\$ 61,337,338</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 72,160,126</u>	<u>\$ - 0 -</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, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2020	\$	41,538	\$	46,352
Adjustments to Beginning				
Balance		<u>(1,260)</u>		<u>(1,110)</u>
		\$ 40,278		\$ 45,242
Original 2020 Tax Levy	\$	3,368,814	\$	3,368,814
Adjustment to 2020 Tax Levy		<u>523</u>		<u>523</u>
		<u>3,369,337</u>		<u>3,369,337</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 3,409,615		\$ 3,414,579
TAX COLLECTIONS:				
Prior Years	\$	15,612	\$	12,009
Current Year		<u>3,345,598</u>		<u>3,345,598</u>
		<u>3,361,210</u>		<u>3,357,607</u>
TAXES RECEIVABLE -				
AUGUST 31, 2021		<u>\$ 48,405</u>		<u>\$ 56,972</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	23,739	\$	23,739
2019		11,513		8,290
2018		3,786		4,868
2017		4,483		2,038
2016		1,412		2,325
2015 and prior		<u>3,472</u>		<u>15,712</u>
TOTAL		<u>\$ 48,405</u>		<u>\$ 56,972</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, 2021

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	\$ 275,419,510	\$ 275,336,150	\$ 274,730,500	\$ 274,917,500
Improvements	1,305,240,900	1,311,567,019	1,328,691,054	1,334,879,060
Personal Property	17,620,540	16,517,060	17,620,570	16,912,410
Exemptions	<u>(31,147,508)</u>	<u>(29,315,444)</u>	<u>(26,310,106)</u>	<u>(28,034,871)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,567,133,442</u>	<u>\$ 1,574,104,785</u>	<u>\$ 1,594,732,018</u>	<u>\$ 1,598,674,099</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.215	\$ 0.18	\$ 0.18	\$ 0.10
Maintenance	<u>0.215</u>	<u>0.25</u>	<u>0.14</u>	<u>0.22</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.430</u>	<u>\$ 0.43</u>	<u>\$ 0.32</u>	<u>\$ 0.32</u>
ADJUSTED TAX LEVY*	<u>\$ 6,738,674</u>	<u>\$ 6,768,650</u>	<u>\$ 5,103,311</u>	<u>\$ 5,115,757</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.30 %</u>	<u>99.71 %</u>	<u>99.83 %</u>	<u>99.87 %</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, 2021

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
2022	\$	\$ 142,500	\$ 142,500
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>\$ 1,400,625</u>	<u>\$ 5,400,625</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

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
2022	\$	\$ 470,069	\$ 470,069
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>\$ 4,615,338</u>	<u>\$ 19,115,338</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2022	\$ 1,240,000	\$ 37,200	\$ 1,277,200
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
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2048			
2049			
2050			
	<u>\$ 1,240,000</u>	<u>\$ 37,200</u>	<u>\$ 1,277,200</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

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
2022	\$ 510,000	\$ 416,113	\$ 926,113
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>\$ 11,130,000</u>	<u>\$ 4,911,663</u>	<u>\$ 16,041,663</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

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
2022	\$	\$ 1,223,450	\$ 1,223,450
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>\$ 19,169,975</u>	<u>\$ 79,269,975</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 7
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,750,000	\$ 2,289,332	\$ 4,039,332
2023	3,820,000	2,231,731	6,051,731
2024	3,820,000	2,133,532	5,953,532
2025	3,820,000	2,035,331	5,855,331
2026	3,815,000	1,940,982	5,755,982
2027	3,810,000	1,846,781	5,656,781
2028	3,810,000	1,752,101	5,562,101
2029	3,810,000	1,656,787	5,466,787
2030	3,810,000	1,559,713	5,369,713
2031	3,805,000	1,462,006	5,267,006
2032	3,805,000	1,363,270	5,168,270
2033	3,805,000	1,263,267	5,068,267
2034	3,805,000	1,162,137	4,967,137
2035	3,805,000	1,059,119	4,864,119
2036	3,805,000	954,969	4,759,969
2037	3,805,000	849,062	4,654,062
2038	3,805,000	743,156	4,548,156
2039	2,650,000	637,250	3,287,250
2040	2,650,000	574,150	3,224,150
2041	2,650,000	511,050	3,161,050
2042	2,650,000	447,950	3,097,950
2043	2,650,000	384,850	3,034,850
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
	\$ 90,970,000	\$ 30,134,801	\$ 121,104,801

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, 2021

Description	Original Bonds Issued	Bonds Outstanding September 1, 2020
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	2,500,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2018	12,150,000	11,640,000
Fort Bend County Levee Improvement District No. 7 Unlimited Tax Levee Improvement Bonds - Series 2020	<u>60,100,000</u>	
TOTAL	<u><u>\$ 97,835,000</u></u>	<u><u>\$ 32,640,000</u></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>108,055,000</u>	<u>131,180</u>	<u>14,500,000</u>
Remaining to be Issued	<u><u>\$ 61,050,000</u></u>	<u><u>\$ 150,518,820</u></u>	<u><u>\$ - 0 -</u></u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding August 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$	\$ 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
	1,260,000	75,000	1,240,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	510,000	436,512	11,130,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>60,100,000</u>		<u>533,560</u>	<u>60,100,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 60,100,000</u>	<u>\$ 1,770,000</u>	<u>\$ 1,657,641</u>	<u>\$ 90,970,000</u>	

Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2021: \$ 2,227,065

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 4,176,028

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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 3,361,210	\$ 3,926,082	\$ 2,229,850
Grant Revenues		4,583,617	83,379
Investment and Miscellaneous Revenues	7,209	56,162	68,898
TOTAL REVENUES	\$ 3,368,419	\$ 8,565,861	\$ 2,382,127
EXPENDITURES			
Professional Fees	\$ 591,796	\$ 403,265	\$ 865,488
Contracted Services	122,100	275,264	163,834
Utilities	11,897	34,255	51,413
Repairs and Maintenance	419,202	176,063	457,123
Other	225,027	297,451	173,444
Capital Outlay	2,240,398	1,582,939	196,706
Tax Anticipation Note Principal			
Tax Anticipation Note Interest			
TOTAL EXPENDITURES	\$ 3,610,420	\$ 2,769,237	\$ 1,908,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (242,001)	\$ 5,796,624	\$ 474,119
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 821,796	\$ 45,682	\$ 466,296
Tax Anticipation Note Proceeds			
TOTAL OTHER FINANCING SOURCES (USES)	\$ 821,796	\$ 45,682	\$ 466,296
NET CHANGE IN FUND BALANCE	\$ 579,795	\$ 5,842,306	\$ 940,415
BEGINNING FUND BALANCE	9,356,744	3,514,438	2,574,023
ENDING FUND BALANCE	\$ 9,936,539	\$ 9,356,744	\$ 3,514,438

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 3,497,007	\$ 1,325,823	99.8 %	45.8 %	93.6 %	99.5 %	99.7 %
17,210	4,358	0.2	53.5	3.5	0.5	0.3
\$ 3,514,217	\$ 1,330,181	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 609,157	\$ 371,987	17.6 %	4.7 %	36.3 %	17.3 %	28.0 %
118,802	105,200	3.6	3.2	6.9	3.4	7.9
37,735	19,960	0.4	0.4	2.2	1.1	1.5
402,291	544,271	12.4	2.1	19.2	11.4	40.9
229,675	43,393	6.7	3.5	7.3	6.5	3.3
542,930	721,517	66.5	18.5	8.3	15.4	54.2
1,000,000					28.5	
11,290					0.3	
\$ 2,951,880	\$ 1,806,328	107.2 %	32.4 %	80.2 %	83.9 %	135.8 %
\$ 562,337	\$ (476,147)	(7.2) %	67.6 %	19.8 %	16.1 %	(35.8) %
\$ 317,775	\$					
1,000,000						
\$ 1,317,775	\$ - 0 -					
\$ 1,880,112	\$ (476,147)					
693,911	1,170,058					
\$ 2,574,023	\$ 693,911					

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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 3,357,607	\$ 2,833,175	\$ 2,856,532
Penalty and Interest	43,825	46,019	27,550
Investment and Miscellaneous Revenues	<u>10,812</u>	<u>10,571</u>	<u>17,486</u>
TOTAL REVENUES	<u>\$ 3,412,244</u>	<u>\$ 2,889,765</u>	<u>\$ 2,901,568</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 143,157	\$ 118,379	\$ 119,837
Debt Service Principal	1,770,000	1,790,000	1,305,000
Debt Service Interest and Fees	<u>1,659,891</u>	<u>1,173,831</u>	<u>849,401</u>
TOTAL EXPENDITURES	<u>\$ 3,573,048</u>	<u>\$ 3,082,210</u>	<u>\$ 2,274,238</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (160,804)</u>	<u>\$ (192,445)</u>	<u>\$ 627,330</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ (769,526)	\$ 1,731,526	\$
Long-Term Debt Proceeds - Capitalized Interest	<u></u>	<u></u>	<u>456,913</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (769,526)</u>	<u>\$ 1,731,526</u>	<u>\$ 456,913</u>
NET CHANGE IN FUND BALANCE	\$ (930,330)	\$ 1,539,081	\$ 1,084,243
BEGINNING FUND BALANCE	<u>3,158,332</u>	<u>1,619,251</u>	<u>535,008</u>
ENDING FUND BALANCE	<u>\$ 2,228,002</u>	<u>\$ 3,158,332</u>	<u>\$ 1,619,251</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				
2018	2017	2021	2020	2019	2018	2017
\$ 1,588,915	\$ 2,185,687	98.4 %	98.0 %	98.5 %	98.1 %	99.0 %
26,385	15,153	1.3	1.6	0.9	1.6	0.7
5,623	5,671	0.3	0.4	0.6	0.3	0.3
<u>\$ 1,620,923</u>	<u>\$ 2,206,511</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 106,053	\$ 92,847	4.2 %	4.1 %	4.1 %	6.5 %	4.2 %
1,330,000	1,615,000	51.9	61.9	45.0	82.1	73.2
768,119	822,560	48.6	40.6	29.3	47.4	37.3
<u>\$ 2,204,172</u>	<u>\$ 2,530,407</u>	<u>104.7 %</u>	<u>106.6 %</u>	<u>78.4 %</u>	<u>136.0 %</u>	<u>114.7 %</u>
<u>\$ (583,249)</u>	<u>\$ (323,896)</u>	<u>(4.7) %</u>	<u>(6.6) %</u>	<u>21.6 %</u>	<u>(36.0) %</u>	<u>(14.7) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (583,249)	\$ (323,896)					
1,118,257	1,442,153					
<u>\$ 535,008</u>	<u>\$ 1,118,257</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, 2021

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, 2021</u>	Expense Reimbursements for the year ended <u>August 31, 2021</u>	<u>Title</u>
James R. Grotte	05/20 - 05/24 (Elected)	\$ 7,050	\$ -0-	Chairman
Cindy Picazo	05/18 - 05/22 (Elected)	\$ 6,300	\$ 1,913	Vice Chairman
Gerald Kazmierczak	05/18 - 05/22 (Elected)	\$ 6,300	\$ -0-	Secretary
Jeff Hanig	05/20 - 05/24 (Elected)	\$ 6,900	\$ 67	Assistant Secretary
Michael Pincomb	05/18 - 05/22 (Elected)	\$ 5,700	\$ 56	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: October 26, 2021

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, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2021</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	02/12/92	\$ 327,197 \$ 665,792	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/13/98	\$ 25,500	Auditor
Myrtle Cruz, Inc.	12/03/84	\$ 32,700	Former Bookkeeper
Texas Utility Bookkeeping	09/02/21	\$ 8,475	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/02/97	\$ 13,242	Delinquent Tax Attorney
LJA Engineering, Inc.	02/07/19	\$ 1,129,432	Engineer
Mike Stone Associates, Inc.	02/07/19	\$ 102,813	General Manager
Mary Jarmon	06/03/04- 08/31/21	\$ -0-	Former Investment Officer
Lisa Rickert and Brenda Doran	09/01/21	\$ -0-	Investment Officers
Masterson Advisors LLC	04/17/18	\$ 420,220	Financial Advisor
Levee Management Services, LLC	05/10/12	\$ 419,882	Operator
Assessments of the Southwest	11/89	\$ 71,897	Tax Assessor/ Collector

See accompanying independent auditor's report.

