

**Fort Bend County Levee Improvement District No. 14**  
**Annual Financial Report**  
**September 30, 2016**



**Fort Bend County Levee Improvement District No. 14  
2016 Annual Financial Report**

Table of Contents

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	5
Basic Financial Statements .....	13
Notes to Financial Statements .....	17
Required Supplementary Information .....	29
Texas Supplementary Information.....	33



# Independent Auditors' Report

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## **Independent Auditors' Report**

Board of Directors  
Fort Bend County Levee Improvement District No. 14  
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. 14 (the "District") as of and for the year ended September 30, 2016, 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 entity'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.

### **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 Fort Bend County Levee Improvement District No. 14 as of September 30, 2016, 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 budgetary comparison information on pages 5 through 9 and page 29, respectively, 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 Texas Supplementary Information (TSI) listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sugar Land, Texas

February 6, 2017



# Management's Discussion and Analysis

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**Fort Bend County Levee Improvement District No. 14**  
**Management's Discussion and Analysis**  
**September 30, 2016**

**Introduction**

The purpose of the following discussion and analysis of the financial performance and activity of Fort Bend County Levee Improvement District No. 14 (the District) is to provide an introduction to and overview of the basic financial statements of the District for the fiscal year ended September 30, 2016 with selected comparative information for the prior fiscal year ended September 30, 2015. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and the notes to the financial statements which follow this section as well as other information presented.

Our discussion and analysis of Fort Bend County Levee Improvement District No. 14's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2016. Please read it in conjunction with the District's financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$4,701,081 (net position).
- As of September 30, 2016, the District's governmental funds reported an ending fund balance of \$2,107,808.
- The District's cash and investment balance at September 30, 2016 was \$2,155,082, representing an increase of \$336,295 from September 30, 2015.
- At the end of the fiscal year, unassigned and uncommitted fund balance for the General Fund was \$1,898,551, or 357% percent of total General Fund expenditures.
- The District's long-term debt decreased by \$480,000 during the current fiscal year.

**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 basic 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 Fund Revenue, Expenditures and Changes in Fund Balances. This report also includes 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. The Statement of Net Position is found on pages 14. This is the District-wide statement of position presenting information that includes all of the District's assets, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position

**Fort Bend County Levee Improvement District No. 14**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

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 Government-wide Statement of Activities on page 15 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, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources accumulated for servicing bonded debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for the expenditure of bond proceeds for the construction of the District's water and sewer facilities.

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 on page 23 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 24, explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 28 in this report.

**OTHER INFORMATION**

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

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 \$4,701,081 as of September 30, 2016.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities), less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide water, wastewater and drainage services.

**Fort Bend County Levee Improvement District No. 14**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

The following is a comparative analysis of the Statement of Net Position as of September 30, 2016 and 2015.

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current and other assets	\$ 1,953,990	\$ 2,020,561
Capital assets	<u>6,091,304</u>	<u>6,155,082</u>
<b>Total assets</b>	<b><u>8,045,294</u></b>	<b><u>8,175,643</u></b>
<b>Liabilities</b>		
Current liabilities	51,256	26,786
Long-term liabilities	<u>3,492,232</u>	<u>3,975,569</u>
<b>Total liabilities</b>	<b><u>3,543,488</u></b>	<b><u>4,002,355</u></b>
<b>Net position</b>		
Net investment in capital assets	2,599,072	2,179,513
Restricted	199,275	186,582
Unrestricted	<u>1,902,734</u>	<u>1,807,193</u>
<b>Total net position</b>	<b><u>\$ 4,701,081</u></b>	<b><u>4,173,288</u></b>

The following table provides a comparative analysis of the District's operations for the fiscal years ended September 30, 2016 and 2015.

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Property taxes, penalties and interest	\$ 1,218,321	\$ 1,141,150
Investment income	<u>8,424</u>	<u>6,128</u>
<b>Total Revenues</b>	<b><u>1,226,745</u></b>	<b><u>1,147,278</u></b>
<b>Expenses</b>		
Professional fees	172,368	126,936
Contracted services	87,633	95,140
Utilities and other	39,424	35,763
Repairs and maintenance	158,237	176,324
Interest and fiscal charges on long-term debt	85,515	92,128
Depreciation and amortization	<u>160,928</u>	<u>160,928</u>
<b>Total Expenses</b>	<b><u>704,105</u></b>	<b><u>687,219</u></b>
<b>Change in Net Position</b>	522,640	460,059
Net position, beginning	<u>4,178,441</u>	<u>3,718,382</u>
<b>Net Position, Ending</b>	<b><u>\$ 4,701,081</u></b>	<b><u>\$ 4,178,441</u></b>

**Fort Bend County Levee Improvement District No. 14  
Management's Discussion and Analysis (Continued)  
September 30, 2016**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

***General Fund***

Comparative summaries of the General Fund's financial position as of September 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total assets	\$ 1,953,990	\$ 1,824,710
Total liabilities	51,256	18,320
Total deferred inflows		676
Total fund balance	<u>1,902,734</u>	<u>1,805,714</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,953,990</u>	<u>\$ 1,824,710</u>

Comparative summaries of the General Fund's activities for the current and prior fiscal year are as follows:

	<u>2016</u>	<u>2015</u>
Total revenues	\$ 628,443	\$ 545,671
Total expenditures	<u>(531,423)</u>	<u>(403,291)</u>
Net change in fund balance	<u>\$ 97,020</u>	<u>\$ 142,380</u>

The District manages its activities with the objective of ensuring that general operating expenditures will be adequately covered by revenues.

***Debt Service Fund***

Comparative summaries of the Debt Service Fund's financial position as of September 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total assets	\$ 207,111	\$ 195,926
Total liabilities	2,037	1,909
Total deferred inflows		803
Total fund balance	<u>205,074</u>	<u>193,214</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 207,111</u>	<u>\$ 195,926</u>

Comparative summaries of the Debt Service Fund's activities for the current and prior fiscal year are as follows:

	<u>2016</u>	<u>2015</u>
Total revenues	\$ 598,302	\$ 603,453
Total expenditures	<u>(586,442)</u>	<u>(607,093)</u>
Net change in fund balance	<u>\$ 11,860</u>	<u>\$ (3,640)</u>

**Fort Bend County Levee Improvement District No. 14**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts.

Actual net change in fund balance was \$97,020 greater than budgeted. The *Budgetary Comparison Schedule* located in the required supplementary section of this report presents variance information per financial statement line item.

**Next Year's Budget**

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

	<u>2016 Actual</u>	<u>2017 Budget</u>
Total revenues	\$ 628,443	\$ 641,024
Total expenditures	(531,423)	(641,024)
Revenues over/(under) expenditures	97,020	
Other changes in fund balance	n/a	n/a
Net change in fund balance	97,020	
Beginning fund balance	1,805,714	1,902,734
Ending fund balance	<u>\$ 1,902,734</u>	<u>\$ 1,902,734</u>

**Capital Assets**

The District held Capital assets as of September 30, 2016 and 2015 summarized as follows:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<b>Capital Assets Not being Depreciated</b>		
Land and Land Improvements	\$ 2,402,901	\$ 2,402,901
<b>Capital Assets - Net of Accumulated Depreciation</b>		
Drainage System	<u>3,688,403</u>	<u>3,752,181</u>
<b>Total Net Capital Assets</b>	<u>\$ 6,091,304</u>	<u>\$ 6,155,082</u>

**Infrastructure Maintenance Rehabilitation and Renewal.**

Current year repairs and maintenance expense was \$158,327. The District has accumulated \$1,898,551 in general fund balance. This allows the District to fund ongoing operations and as an option to equity fund portions of expected future year's infrastructure rehabilitation costs, thus preserving or leveraging debt capacity. Current bonding capacity for new issues is \$7,990,000.

**Fort Bend County Levee Improvement District No. 14  
Management's Discussion and Analysis (Continued)  
September 30, 2016**

**Long-Term Debt**

***Outstanding Debt***

A summary of the District's total bonded long-term debt activity including amounts outstanding as of September 30, 2016 is as follows:

<u>Series</u>	<u>2016</u>	<u>2015</u>
Series 2012R	\$ 1,275,000	\$ 1,445,000
Series 2014R	2,190,000	2,500,000
	<u>\$ 3,465,000</u>	<u>\$ 3,945,000</u>

**LONG-TERM DEBT ACTIVITY**

The changes in the bonded debt position of the District during the fiscal year ended September 30, 2016, is summarized as follows:

Bond Debt Payable - Beginning of Year	\$ 3,945,000
Less: Bond Principal Paid	<u>(480,000)</u>
Bond Debt Payable - End of Year	<u>\$ 3,465,000</u>

Additional information on the District's long-term debt can be found in Note 6 in the notes to financial statements.

***Bonding Capacity*** - The District had \$7,990,000 unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving levee and drainage systems within the District as well as \$9,490,000 for refunding purposes as of September 30, 2016.

**Property Taxes**

The District's property tax base increased approximately for the 2015 tax year from \$0.0950 to \$0.1000. For the 2016 tax year, the District has levied a maintenance tax rate of \$0.10 per \$100 of assessed value and a debt service tax rate of \$0.095 per \$100 of assessed value, for a total combined tax rate of \$0.195 per \$100. Tax rates for the 2015 tax year were \$0.10 per \$100 for maintenance and operations and \$0.095 per \$100 for debt service.

**Requests for Information**

This financial report is designed to provide a general overview of Fort Bend County Levee Improvement District No. 14's finances for anyone with an interest in the government'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. 14, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.



# Basic Financial Statements

# Fort Bend County Levee Improvement District No. 14

## Statement of Net Position and Governmental Funds Balance Sheet

For the Fiscal Year Ended September 30, 2016

	General	Debt Service	Total	Adjustments	Statement of Net Position
<b>Assets</b>					
Cash	\$ 1,008,321	\$ 35,460	\$ 1,043,781		\$ 1,043,781
Temporary Investments	939,650	171,651	1,111,301		1,111,301
Receivables:					
Accrued Interest	1,742		1,742		1,742
Internal Receivables	94		94	(94)	
Prepayments	4,183		4,183		4,183
Capital assets:					
Land				2,402,901	2,402,901
Infrastructure (Net of Accumulated Depreciation)				3,688,403	3,688,403
<b>Total Assets</b>	<b>1,953,990</b>	<b>207,111</b>	<b>2,161,101</b>	<b>6,091,210</b>	<b>8,252,311</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position</b>					
<b>Liabilities</b>					
Accounts Payable	51,256	1,943	53,199		53,199
Accrued Interest Payable				5,799	5,799
Internal Payables		94	94	(94)	
Long-Term Liabilities:					
Due Within One Year				480,000	480,000
Due After One Year				3,012,232	3,012,232
<b>Total Liabilities</b>	<b>51,256</b>	<b>2,037</b>	<b>53,293</b>	<b>3,497,937</b>	<b>3,551,230</b>
<b>Fund Balances/Net Position</b>					
<b>Fund Balances:</b>					
<b>Nonspendable</b>					
Prepaid Items	4,183		4,183	(4,183)	
<b>Restricted:</b>					
Debt Service		205,074	205,074	(205,074)	
<b>Unrestricted:</b>					
Unassigned	1,898,551		1,898,551	(1,898,551)	
<b>Total Fund Balances</b>	<b>1,902,734</b>	<b>205,074</b>	<b>2,107,808</b>	<b>(2,107,808)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and and Fund Balances</b>	<b>1,953,990</b>	<b>207,111</b>	<b>2,161,101</b>		
<b>Net Position:</b>					
Net Investment in Capital Assets				2,599,072	2,599,072
Restricted for Debt Service				199,275	199,275
Unrestricted				1,902,734	1,902,734
<b>Total Net Position</b>				<b>\$ 4,701,081</b>	<b>\$ 4,701,081</b>

**Fort Bend County Levee Improvement District No. 14**  
**Statement of Activities and Governmental Funds Revenues, Expenditures and**  
**Changes in Fund Balance**  
**For the Fiscal Year Ended September 30, 2016**

	<b>General</b>	<b>Debt Service</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>					
Property Taxes	\$ 621,228	\$ 591,627	\$ 1,212,855		\$ 1,212,855
Penalties and Interest		5,466	5,466		5,466
Investment Earnings	7,215	1,209	8,424		8,424
<b>Total Revenues</b>	<u>628,443</u>	<u>598,302</u>	<u>1,226,745</u>		<u>1,226,745</u>
<b>Expenditures/Expenses</b>					
Service Operations:					
Professional Fees	171,789	579	172,368		172,368
Contracted Services	67,200	20,433	87,633		87,633
Utilities	10,870		10,870		10,870
Repairs and Maintenance	158,237		158,237		158,237
Administrative Expenditures	26,177	2,377	28,554		28,554
Capital Outlay	97,150		97,150	(97,150)	
Depreciation and Amortization				160,928	160,928
Debt Service:					
Bond Principal		480,000	480,000	(480,000)	
Bond Interest and Fiscal Charges		83,053	83,053	2,462	85,515
<b>Total Expenditures/Expenses</b>	<u>531,423</u>	<u>586,442</u>	<u>1,117,865</u>	<u>(413,760)</u>	<u>704,105</u>
Change in Fund Balance	<u>97,020</u>	<u>11,860</u>	<u>108,880</u>	<u>(108,880)</u>	
Change in Net Position				522,640	522,640
Fund Balances/Net Position - Beginning	<u>1,805,714</u>	<u>193,214</u>	<u>1,998,928</u>	<u>2,179,513</u>	<u>4,178,441</u>
<b>Fund Balances/Net Position - Ending</b>	<u>\$ 1,902,734</u>	<u>\$ 205,074</u>	<u>\$ 2,107,808</u>	<u>\$ 2,702,153</u>	<u>\$ 4,701,081</u>

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# Notes to Financial Statements

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**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended September 30, 2016**

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

The accounting policies of Fort Bend County Levee Improvement District No. 14 (the "District") are adopted in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the most significant policies:

**A. Reporting Entity**

The District is a political subdivision of the State of Texas governed by an appointed three-member 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 statements as component units.

**Creation**

Fort Bend County Levee Improvement District No. 14, of Fort Bend County, Texas (the "District") was created by an order of the Commissioners Court of Fort Bend County, on July 2, 1996, in accordance with Texas Water Code Chapters 49 and 57. The District was located within the extraterritorial jurisdiction, but is now in the corporate limits of the City of Sugar Land, Texas, effective December 1, 2005. The Board of Directors held its first meeting on July 26, 1996 and the first bonds were sold on June 22, 1999. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

**Activity**

The District's primary activity includes the construction, maintenance, and operation of levees and related drainage facilities.

The District is empowered, among other things, to construct, operate and maintain levees and other improvements on, along and contiguous to rivers, creeks and streams within the District; reclamation of lands within the District from overflow of these waters; the control and distribution of the waters of rivers and streams within and adjacent to the District by straightening and otherwise improving them; and the provision of proper drainage and other improvements of the reclaimed land within the District.

The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**B. Measurement Focus, Basis of Accounting & Financial Statement Presentation**

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the when due.

**C. Basis of Presentation - Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

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

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

*The General Fund* is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.

*The Debt Service Fund* is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.

**Use of Restricted Resources**

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include 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 Assets* — This component of net position consists of external constraints placed on the use of net position 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 net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."



**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

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

**Prepaid Items**

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Prepaid Bond Insurance**

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

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

**Interfund Activity**

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

**Capital Assets**

Capital assets, which primarily consist of drainage facilities are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

**Assets Useful Life**

<b>Asset Description</b>	<b>Years</b>
Land	N/A
Drainage System	10-45

**Deferred Inflows and Outflows of Financial Resources**

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

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

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

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

**Fund Balances - Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

*Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balances consist of prepaid insurance.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

*Unassigned* - all other spendable amounts in the General Fund.

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

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables and the useful lives and impairment of capital assets.

Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

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

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

<b>Total Fund Balances - Governmental Funds</b>	\$ 2,107,808
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Land used in governmental activities is not a financial resource and therefore is reported as an asset in governmental funds.	2,402,901
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	3,688,403
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(5,799)
These liabilities at year-end consist of:	
Bonds Payable Within One Year	(480,000)
Bonds Payable After One Year	(2,985,000)
Net Unamortized Premium/Discount	(27,232)
<b>Total Net Position - Governmental Activities</b>	<b>\$ 4,701,081</b>

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

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

<b>Change in Fund Balances - Governmental Funds</b>	\$ 108,880
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
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.	97,150
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.	480,000
Governmental funds report interest expenditures on bonds as expenditures in the year paid. However, in the Statement of Activities, interest is accrued on bonds through fiscal year-end.	(5,799)
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.	(160,928)
Governmental funds report the effects of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	<u>3,337</u>
<b>Change in Net Position - Governmental Activities</b>	<u>\$ 522,640</u>

**Note 3 - Deposits and Investments**

**A. Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The Public Funds Collateral Act (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

**B. Investments**

The District is authorized under Chapter 2256, Texas Government Code (the Public Funds Investment Act) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued,

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program. The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2016, the District's investments consist of the following:

Funds	Identification or Certification Number	Interest Rate (%)	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b>General Fund</b>					
Certificate of Deposit	2805588F	0.50%	12/31/15	99,512	248
Certificate of Deposit	3116003248B	0.35%	07/01/16	99,413	169
Certificate of Deposit	635078G	0.50%	01/02/16	247,549	203
Certificate of Deposit	6000021334C	0.30%	06/15/16	246,456	61
Certificate of Deposit	12476C	0.51%	07/01/16	246,720	38
<b>Total General Fund</b>				<u>939,650</u>	<u>719</u>
<b>Debt Service Fund</b>					
TexPool	2569500001	Variable	N/A	<u>171,651</u>	<u>          </u>
<b>Total Debt Service Fund</b>				<u>171,651</u>	<u>          </u>
<b>Total - All Funds</b>				<u>\$1,111,301</u>	<u>\$ 719</u>

**TexPool**

The District participates in the Texas Local Government Investment Pool (TexPool). The Texas State Comptroller of Public Accounts (the Comptroller) exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters.

Additionally, the Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares.

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

**C. Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 - Capital Assets**

A summary of changes in capital assets, for the year ended September 30, 2016, follows:

	<u>Balance Forward</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance Ending</u>
Capital Assets Not Being Depreciated:				
Land	<u>2,402,901</u>	<u>          </u>	<u>          </u>	<u>2,402,901</u>
Total Capital Assets Not Being Depreciated	<u>2,402,901</u>	<u>          </u>	<u>          </u>	<u>2,402,901</u>
Capital Assets Subject to Depreciation:				
Drainage System	<u>5,909,652</u>	<u>97,150</u>	<u>          </u>	<u>6,006,802</u>
Total Capital Assets Subject to Depreciation	<u>5,909,652</u>	<u>97,150</u>	<u>          </u>	<u>6,006,802</u>
Less Accumulated Depreciation				
Drainage System	<u>2,157,471</u>	<u>160,928</u>	<u>          </u>	<u>2,318,399</u>
Total Accumulated Depreciation	<u>2,157,471</u>	<u>160,928</u>	<u>          </u>	<u>2,318,399</u>
Accumulated Depreciation	<u>3,752,181</u>	<u>(63,778)</u>	<u>          </u>	<u>3,688,403</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,155,082</u>	<u>\$ (63,778)</u>	<u>\$           </u>	<u>\$ 6,091,304</u>

Depreciation/amortization expense for the current year was \$160,928.

**Note 5 - Long-Term Debt**

Long-term debt consists of bonds payable, unamortized discounts and premiums and accreted interest on capital appreciation bonds. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District. Investment income realized by the Debt Service Fund from investment of funds will be used to pay outstanding bond principal and interest.

The following is a summary of changes in bonds payable for the year ended September 30, 2016:

Bond Debt Payable - Beginning of Year	\$ 3,945,000
Less: Bond Principal Paid	<u>(480,000)</u>
Bond Debt Payable - End of Year	<u>\$ 3,465,000</u>

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements (Continued)**  
**For the Fiscal Year Ended September 30, 2016**

Long-term debt as of September 30, 2016 is comprised of the following:

<b>Series</b>	<b>Amounts Outstanding</b>	<b>Interest Rates</b>	<b>Date Serially Begin/End</b>	<b>Maturity Interest Dates</b>	<b>Callable Date</b>
2012R	\$1,275,000	2.0-3.0%	Sept. 1 2013/2024	March 1/ Sept. 1	Sept. 1, 2019*
2014R	\$2,190,000	1.93%	Sept. 1 2015/2023	March 1/ Sept. 1	

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2016, the District had authorized but unissued bonds in the amount of \$7,990,000 for levee and drainage facilities and \$9,490,000 for refunding purposes.

As of September 30, 2016, annual debt service requirements on bonds outstanding are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 480,000	\$ 82,325	\$ 562,325
2018	480,000	72,945	552,945
2019	490,000	63,569	553,569
2020	495,000	54,197	549,197
2021	1,520,000	44,632	1,564,632
	<u>\$ 3,465,000</u>	<u>\$ 317,668</u>	<u>\$ 3,782,668</u>

**Note 6 - PROPERTY TAXES**

On January 18, 1997, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.72 per \$100 of assessed valuation of taxable property within the District. The District's bond resolutions require that ad valorem taxes be levied for use in paying interest and principal on long term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied for debt service requirements are without limitation as to rate or amount.

The Fort Bend Central Appraisal District determines all property values. A tax lien attaches to all properties within the District on February 1st of each year. Taxes are generally levied on October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31st.

Property taxes are prorated between operations and debt service based on the respective rates adopted for the year of the levy. For the 2016 fiscal year (2015 tax year), the District levied a combined rate of per \$100 of assessed valuation of which 100.00% was allocated to maintenance and operations and \$1,211,231 was allocated to debt service. The resulting adjusted tax levy was on the adjusted taxable valuation of \$0.1000 for the 2015 tax year.

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Financial Statements *(Continued)***  
**For the Fiscal Year Ended September 30, 2016**

**Note 7 - Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year.

Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.



# Required Supplementary Information

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**Fort Bend County Levee Improvement District No. 14**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -General Fund**  
**For the Fiscal Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under)</u>
<b>Revenues</b>				
Property Taxes	\$ 603,490	\$ 603,490	\$ 621,228	\$ 17,738
Penalties and Interest				
Investment Earnings	<u>4,000</u>	<u>4,000</u>	<u>7,215</u>	<u>3,215</u>
Total Revenues	<u>607,490</u>	<u>607,490</u>	<u>628,443</u>	<u>20,953</u>
<b>Expenditures</b>				
Service Operations:				
Professional Fees	105,000	105,000	171,789	(66,789)
Contracted Services	71,100	71,100	67,200	3,900
Utilities	10,000	10,000	10,870	(870)
Repairs and Maintenance	236,514	236,514	158,237	78,277
Administrative Expenditures	34,565	34,565	26,177	8,388
Capital Outlay	<u>150,311</u>	<u>150,311</u>	<u>97,150</u>	<u>53,161</u>
Total Expenditures	<u>607,490</u>	<u>607,490</u>	<u>531,423</u>	<u>76,067</u>
<b>Change in Fund Balance</b>			<u>97,020</u>	<u>97,020</u>
Fund Balance - Beginning	<u>1,805,714</u>	<u>1,805,714</u>	<u>1,805,714</u>	
<b>Fund Balance - Ending</b>	<u>\$1,805,714</u>	<u>\$1,805,714</u>	<u>\$1,902,734</u>	<u>\$ 97,020</u>

**Fort Bend County Levee Improvement District No. 14**  
**Notes to Required Supplementary Information**  
**September 30, 2016**

**Budgets and Budgetary Accounting**

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be uncured. The Board of Directors is required to adopt the budget prior to the beginning of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation).

The District prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule for the general fund presents the original and the last revised budget amounts when revised compared to the actual amounts of revenues and expenditures for the current year.

# Texas Supplementary Information

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**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-1 Services and Rates**  
**September 30, 2016**

**1. Services provided by the District:**

<u>    </u>	Retail Water	<u>    </u>	Wholesale Water	<u>X</u>	Drainage
<u>    </u>	Retail Sewer	<u>    </u>	Wholesale Sewer	<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>    </u>	Other (specify): _____				

**2. Retail Service Providers**

**a. Retail rates based on 5/8" meter**

Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): Not Applicable

**Flat Rate per 1,000  
Gallons Over  
Minimum Usage Levels**

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Y/N</u>	<u>                    </u>	<u>                    </u>
Water	<u>N/A</u>	<u>                    </u>	<u>    </u>	<u>                    </u>	<u>                    </u>
Wastewater	<u>N/A</u>	<u>                    </u>	<u>    </u>	<u>                    </u>	<u>                    </u>

District employs winter averaging for wastewater usage? Yes      No X

Total charges per 10,000 gallons usage:

Water: n/a                      Wastewater: n/a

**b. Water and Wastewater Retail Connections:**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connector</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	<u>                    </u>	<u>                    </u>	x 1.0	<u>                    </u>
< or = .75"	<u>                    </u>	<u>                    </u>	x 1.0	<u>                    </u>
1"	<u>                    </u>	<u>                    </u>	x 2.5	<u>                    </u>
1.5"	<u>                    </u>	<u>                    </u>	x 5.0	<u>                    </u>
2"	<u>                    </u>	<u>                    </u>	x 8.0	<u>                    </u>
3"	<u>                    </u>	<u>                    </u>	x 15.0	<u>                    </u>
4"	<u>                    </u>	<u>                    </u>	x 25.0	<u>                    </u>
6"	<u>                    </u>	<u>                    </u>	x 50.0	<u>                    </u>
8"	<u>                    </u>	<u>                    </u>	x 80.0	<u>                    </u>
10"	<u>                    </u>	<u>                    </u>	115.0	<u>                    </u>
Total Water	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Wastewater	<u>                    </u>	<u>                    </u>	x 1.0	<u>                    </u>

**3. Total Water Consumption During the Fiscal Year:** (Rounded to the nearest thousand)

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

*Continued on next page.*

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-1 Services and Rates**  
**September 30, 2016**

*Continued from previous page.*

- 4. Standby Fees** n/a
- 5. Location of District:**
- County(ies) in which District is located. Fort Bend
- Is the District located entirely within one county? YES
- Is the District located within a city? YES
- City(ies) in which District is located. City of Sugar Land
- Is the District located within a city's extra territorial jurisdiction (ETJ)? NO
- ETJ's in which District is located. n/a
- Are Board members appointed by an office outside the District? YES
- If yes, by whom? Fort Bend County Commissioners Court



**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-2 General Fund Expenditures**  
**September 30, 2016**

	<u>2016</u>	<u>2015</u>
<b>Professional Fees:</b>		
Auditing	\$ 7,600	\$ 7,600
Engineering	87,900	45,323
Legal	76,289	73,373
<b>Contracted Services:</b>		
Bookkeeping	11,100	11,100
Operations and Billing	56,100	56,421
<b>Repairs and Maintenance</b>	158,237	176,324
<b>Utilities</b>	10,870	5,299
<b>Administrative Expenditures:</b>		
Directors Fees	7,650	7,200
Insurance	5,072	7,679
Office Supplies and Postage	2,631	2,141
Other Administrative Expenditures	10,824	10,831
<b>Capital Outlay:</b>		
Capitalized Assets	<u>97,150</u>	<u>          </u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 531,423</u>	<u>\$ 403,291</u>

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-3 Investments**  
**September 30, 2016**

<b>Funds</b>	<b>Identification or Certification Number</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>	<b>Accrued Interest Receivable at End of Year</b>
<b>General Fund</b>					
Certificate of Deposit	2805588F	0.50%	12/31/15	99,512	248
Certificate of Deposit	3116003248B	0.35%	07/01/16	99,413	169
Certificate of Deposit	635078G	0.50%	01/02/16	247,549	203
Certificate of Deposit	6000021334C	0.30%	06/15/16	246,456	61
Certificate of Deposit	12476C	0.51%	07/01/16	246,720	38
<b>Total General Fund</b>				<u>939,650</u>	<u>719</u>
<b>Debt Service Fund</b>					
TexPool	2569500001	Variable	N/A	<u>171,651</u>	<u>          </u>
<b>Total Debt Service Fund</b>				<u>171,651</u>	<u>          </u>
<b>Total - All Funds</b>				<u>\$1,111,301</u>	<u>\$ 719</u>

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-4 Taxes Levied and Receivable**  
**September 30, 2016**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>	<b>Total</b>
Taxes receivable - October 1, 2015	\$ 676	\$ 803	\$ 1,479
Additions and corrections-prior years			
Adjusted taxes receivable - October 1, 2015	676	803	1,479
Original tax roll 2015	591,748	562,160	1,153,908
Additions and corrections-current year	29,396	27,927	57,323
Adjusted tax roll	621,144	590,087	1,211,231
Total to be accounted for	621,820	590,890	1,212,710
Tax Collections:			
Current year	621,144	590,087	1,211,231
Prior years	676	803	1,479
Total Collections	621,820	590,890	1,212,710
Taxes Receivable - September 30, 2016	None	None	None

**Taxes Receivable - By Tax Year**

All years	None	None	None
<b>Taxes Receivable - September 30, 2016</b>	None	None	None

<b>Assessed Property Valuations</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Land	\$ 153,642,776	\$ 140,471,590	\$ 140,282,140	\$ 139,957,580
Improvements	485,053,175	443,471,490	417,016,880	396,005,970
Personal Property	6,713,944	6,138,384	4,892,760	5,377,640
Less: Exemptions	(24,265,792)	(22,185,582)	(21,445,450)	(19,845,520)
Total	\$ 621,144,103	\$ 567,895,882	\$ 540,746,330	\$ 521,495,670

<b>Tax Rates Per \$100 Valuations</b>				
Debt Service	\$0.0950	\$0.1050	\$0.1150	\$0.1250
Maintenance ①	\$0.1000	\$0.0950	\$0.0900	\$0.0800
Total Tax Rate per \$100 Valuation	\$0.1950	\$0.2000	\$0.2050	\$0.2050
Adjusted Tax Levy ②	\$1,211,231	\$1,135,792	\$1,108,530	\$1,069,066
<b>Percent of Taxes Collected to Taxes Levied</b>	100.00%	100.00%	100.00%	100.00%

① Maximum Operations and Maintenance Tax Rate Approved by Voters: \$0.72 on January 18, 1997

② Based upon adjusted tax at time of audit for the period in which the tax was levied.

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-5 Long Term Debt Service Requirements by Years**  
**September 30, 2016**

Due During Fiscal Year Ending	Annual Requirements for All Series			Series 2012R		
	Principal Due Sept. 1	Interest Due March 1, Sept. 1	Total	Principal Due Sept. 1	Interest Due March 1, Sept. 1	Total
	2017	\$ 480,000	\$ 82,325	\$ 562,325	\$ 165,000	\$ 34,075
2018	480,000	72,945	552,945	160,000	30,775	190,775
2019	480,000	63,569	543,569	155,000	27,575	182,575
2020	490,000	54,197	544,197	155,000	24,475	179,475
2021	495,000	44,632	539,632	150,000	21,375	171,375
2022	490,000	34,973	524,973	145,000	18,375	163,375
2023	495,000	24,690	519,690	140,000	14,750	154,750
2024	350,000	14,338	364,338	190,000	11,250	201,250
2025	185,000	5,550	190,550	185,000	5,550	190,550
<b>Total</b>	<u>\$ 3,945,000</u>	<u>\$ 397,219</u>	<u>\$ 4,342,219</u>	<u>\$ 1,445,000</u>	<u>\$ 188,200</u>	<u>\$ 1,633,200</u>

Due During Fiscal Year Ending	Series 2014R		
	Principal Due Sept. 1	Interest Due March 1, Sept. 1	Total
2017	315,000	48,250	363,250
2018	320,000	42,170	362,170
2019	325,000	35,994	360,994
2020	335,000	29,722	364,722
2021	345,000	23,257	368,257
2022	345,000	16,598	361,598
2023	355,000	9,940	364,940
2024	160,000	3,088	163,088
2025			
<b>Total</b>	<u>\$ 2,500,000</u>	<u>\$ 209,019</u>	<u>\$ 2,709,019</u>

**Fort Bend County Municipal Utility District No. 129**  
**Texas Supplementary Information**  
**TSI-6 Changes in Long-Term Bonded Debt**  
**September 30, 2016**

	<b>Bond Issue</b>		
	<b>Series 2012R</b>	<b>Series 2014R</b>	<b>Total</b>
Interest rate	2.0%-3.0%	1.93%	
Dates interest payable	3/1 & 9/1	3/1 & 9/1	
Maturity dates			
From	Sep 01, 2013	Sep 01, 2015	
To	Sep 01, 2024	Sep 01, 2023	
Original issue amount	\$1,815,000	\$2,810,000	\$4,625,000
	<b>Series 2012R</b>	<b>Series 2014R</b>	<b>Total</b>
Bonds outstanding at beginning of year	\$ 1,445,000	\$ 2,500,000	\$ 3,945,000
Principal retirements	<u>(170,000)</u>	<u>(310,000)</u>	<u>(480,000)</u>
Bonds Outstanding at End of Year	<u>\$ 1,275,000</u>	<u>\$ 2,190,000</u>	<u>\$ 3,465,000</u>
Interest Retirements	\$ 34,075	\$ 48,250	\$ 82,325

**Paying Agent/Registrar**

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

<b>Bond Authority</b>	<b>Tax Bonds</b>	<b>Refunding Bonds (Tax &amp; Rev.)</b>
Amount authorized	\$ 16,525,000	\$ 9,915,000
Amount of authorization used	<u>\$ 8,535,000</u>	<u>\$ 425,000</u>
Remaining	<u><u>\$ 7,990,000</u></u>	<u><u>\$ 9,490,000</u></u>

Debt Service Fund Cash and Temporary Investment Balances at End of Year	<u>\$207,111</u>
Average Annual Debt Service Payment for Remaining Term of all Debt	<u>\$482,469</u>

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-7 Comparative Schedule of Revenues and Expenditures - All Funds**  
**September 30, 2016**

	Amounts					Percent of Total Fund Revenues				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
<b>General Fund Revenues</b>										
Property taxes	\$ 621,228	\$ 540,284	\$ 486,742	\$ 416,285	\$ 413,969	98.9 %	99.0 %	99.0 %	98.5 %	97.3 %
Investment earnings	7,215	5,387	4,695	6,551	11,270	1.1	1.0	1.0	1.5	2.7
Intergovernmental	0	0	0	0	0	0.0	(0.1)	0.0	0.0	0.0
<b>Total Revenues</b>	<u>628,443</u>	<u>545,671</u>	<u>491,437</u>	<u>422,836</u>	<u>425,239</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>General Fund Expenditures</b>										
Current	403,291	328,775	330,570	291,979	305,181	64.1	60.3	67.3	69.1	71.8
Capital outlay	97,150	0	0	0	332,886	15.5	0.0	0.0	0.0	78.3
<b>Total Expenditures</b>	<u>500,441</u>	<u>328,775</u>	<u>330,570</u>	<u>291,979</u>	<u>638,067</u>	<u>79.6</u>	<u>60.3</u>	<u>67.3</u>	<u>69.1</u>	<u>150.0</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ 128,002</u>	<u>\$ 216,896</u>	<u>\$ 160,867</u>	<u>\$ 130,857</u>	<u>\$ (212,828)</u>	<u>20.4 %</u>	<u>39.7 %</u>	<u>32.7 %</u>	<u>30.9 %</u>	<u>(50.0) %</u>
<b>Debt Service Fund Revenues</b>										
Property taxes	\$ 591,627	\$ 597,353	\$ 622,356	\$ 652,006	\$ 645,605	98.9 %	99.0 %	98.6 %	98.6 %	98.5 %
Penalty and interest	5,466	5,359	7,909	7,939	8,143	0.9	0.9	1.3	1.2	1.2
Investment earnings	1,209	741	884	1,006	1,491	0.2	0.1	0.2	0.2	0.2
<b>Total Revenues</b>	<u>598,302</u>	<u>603,453</u>	<u>631,149</u>	<u>660,951</u>	<u>655,239</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>Debt Service Fund Expenditures</b>										
Tax collection	23,389	30,872	26,544	30,403	27,465	3.9	5.1	4.2	4.6	4.2
Debt service	563,053	576,221	620,132	704,787	630,030	94.1	95.5	98.3	106.6	96.2
<b>Total Expenditures</b>	<u>586,442</u>	<u>607,093</u>	<u>646,676</u>	<u>735,190</u>	<u>657,495</u>	<u>98.0</u>	<u>100.6</u>	<u>102.5</u>	<u>111.2</u>	<u>100.3</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ 11,860</u>	<u>\$ (3,640)</u>	<u>\$ (15,527)</u>	<u>\$ (74,239)</u>	<u>\$ (2,256)</u>	<u>2.1 %</u>	<u>(0.6) %</u>	<u>(2.4) %</u>	<u>(11.2) %</u>	<u>(0.4) %</u>

**Fort Bend County Levee Improvement District No. 14**  
**Texas Supplementary Information**  
**TSI-8 Board Members, Key Personnel and Consultants**  
**September 30, 2016**

Complete District Mailing Address: Fort Bend County Levee Improvement District No. 14  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District's Business Telephone Number: (713) 860-6400

Submission Date of most recent District Registration Form  
(TWC §36.054 and §49.054): July 11, 2016

Limit on Fees of Office that a Director may receive during a year:  
(Set by Board Resolution - TWC §49.0600) \$7,200

<b>Names</b>	<b>Term or Date Hired</b>	<b>Fees of Office Paid</b>	<b>Expense Reimb.</b>	<b>Title at Year-End</b>
<b>Board Members:</b>				
Jeff Anderson	7/16-7/20 Appointed	\$3,300		President
Herbert Krog	7/16-7/20 Appointed	\$2,100		Vice-President/ Assistant Secretary
Sujeeth Draksharam	7/16-7/20 Appointed	\$1,800		Assistant Vice-Pres./ Secretary
<b>Consultants</b>				
Allen Boone Humphries Robinson LLP	07/27/03	\$74,704		Attorney
Myrtle Cruz, Inc.	07/26/96	\$14,675		Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/11/97	\$640		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	08/13/96	\$45,421		Engineer
Fort Bend Central Appraisal District	03/11/97	\$9,429		Central Appraisal District
Sandersen Knox & Co., L.L.P.		\$7,600		Former Auditor
Sandersen & Scheffer, PLLC	09/30/16			Auditor
First Southwest, a Division of Hilltop Securities	07/26/96			Financial Advisor
Levee Management Services, LLC	02/25/13	\$91,873		Operator
Champions Hydro-Lawn, Inc.	02/25/13	\$57,409		Operator
Bob Leared Interests, Inc.	03/11/97	\$18,190		Tax Assessor/Collector

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS }  
COUNTY OF FORT BEND }

I, Alan K. Sandersen of the

(Name of Duly Authorized District Representative)

Fort Bend County Levee Improvement District No. 14

(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 6th day of February, 2017, its annual audit report for the fiscal period ended September 30, 2016

and that copies of the annual audit report have been filed in the District's office, located at 2600 Southwest Fwy Ste 2600, Houston, TX 77027-7537

(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: February 15, 2017

By: 

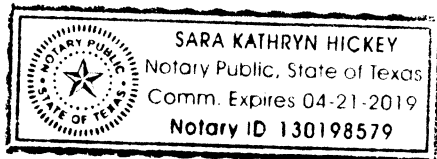
(Signature of District Representative)

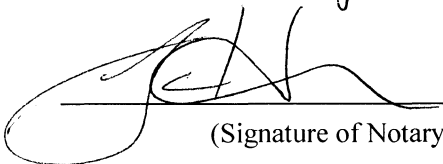
Alan K. Sandersen, Auditor

(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 15<sup>th</sup> day of February, 2017.

(SEAL)



  
(Signature of Notary)

My Commission Expires On: 04 April 21, 2019

Notary Public in the State of Texas.