

FORT BEND COUNTY
LEVEE IMPROVEMENT DISTRICT NO. 12
FORT BEND COUNTY, TEXAS
ANNUAL AUDIT REPORT
MAY 31, 2021

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	9
NOTES TO THE FINANCIAL STATEMENTS	10-17
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	18
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	19
SCHEDULE OF SERVICES AND RATES	20
EXPENDITURES FOR THE YEAR ENDED MAY 31, 2021	21
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	22
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS	23
TAXES LEVIED AND RECEIVABLE	24-25
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	26-27
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	28-29
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	30
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	31
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	32-33

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September 20, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Levee
Improvement District No. 12
Fort Bend County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Fort Bend County Levee Improvement District No. 12, as of and for the year ended May 31, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Fort Bend County Levee Improvement District No. 12 as of May 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 18 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 19 to 33 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located at the bottom right of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Fort Bend County Levee Improvement District No. 12 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is construction and maintenance of levees and other improvements on creeks and streams to reclaim lands from overflow from these creeks and streams and to provide drainage to the reclaimed land. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past year are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 6,380,575	\$ 5,670,456	\$ 710,119
Capital assets	<u>0</u>	<u>0</u>	<u>0</u>
Total assets	<u>6,380,575</u>	<u>5,670,456</u>	<u>710,119</u>
Long-term liabilities	10,018,265	10,500,879	(482,614)
Other liabilities	<u>723,828</u>	<u>711,007</u>	<u>12,821</u>
Total liabilities	<u>10,742,093</u>	<u>11,211,886</u>	<u>(469,793)</u>
Net position:			
Invested in capital assets, net of related debt	(10,658,971)	(11,079,076)	420,105
Restricted	1,019,613	951,319	68,294
Unrestricted	<u>5,277,840</u>	<u>4,586,327</u>	<u>691,513</u>
Total net position	<u>\$ (4,361,518)</u>	<u>\$ (5,541,430)</u>	<u>\$ 1,179,912</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 1,900,429	\$ 1,910,193	\$ (9,764)
Other revenues	<u>8,488</u>	<u>66,462</u>	<u>(57,974)</u>
Total revenues	<u>1,908,917</u>	<u>1,976,655</u>	<u>(67,738)</u>
Expenses:			
Service operations	271,843	358,768	(86,925)
Debt service	<u>516,609</u>	<u>618,608</u>	<u>(101,999)</u>
Total expenses	<u>788,452</u>	<u>977,376</u>	<u>(188,924)</u>
Excess revenues (expenditures)	1,120,465	999,279	121,186
Special Items:			
Sale of outfall capacity	<u>59,447</u>	<u>53,210</u>	<u>6,237</u>
Change in net position	1,179,912	1,052,489	127,423
Net position, beginning of year	<u>(5,541,430)</u>	<u>(6,593,919)</u>	<u>1,052,489</u>
Net position, end of year	<u>\$ (4,361,518)</u>	<u>\$ (5,541,430)</u>	<u>\$ 1,179,912</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2021, were \$6,301,266, an increase of \$732,226 from the prior year.

The General Fund balance increased by \$682,619, as property tax revenues and the receipt of \$59,447 for the sale of outfall capacity exceeded expenditures.

The Debt Service Fund balance increased by \$49,607, in accordance with the District's financial plan.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 17 of this report. The budgetary fund balance as of May 31, 2021, was expected to be \$5,313,464 and the actual end of year fund balance was \$5,255,433.

Capital Asset and Debt Administration

Capital Assets

The District has paid for improvements to drainage facilities which have been transferred to other governmental entities and, therefore, have been removed from the District's financial statements.

Debt

Changes in the bonded debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 10,750,000
Refunding bonds sold	4,370,000
Bonds refunded	(4,420,000)
Bonds paid	(625,000)
Bonded debt payable, end of year	<u>\$ 10,075,000</u>

At May 31, 2021, the District had \$8,705,000 of bonds authorized but unissued for the purposes of acquiring, constructing, improving, adding to and rebuilding works and improvements necessary or proper to accomplish the plan of reclamation adopted by the District.

On December 1, 2020, the District issued \$4,370,000 in unlimited tax refunding bonds to refund \$4,420,000 of outstanding Series 2012 and 2013 bonds. The net proceeds of \$4,448,907 (after payment of \$172,052 in underwriting fees, insurance and other issuance costs) were used to call and retire the refunded bonds on December 2, 2020. As a result, these bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$558,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$461,000.

The District's Series 2019 and 2020 bonds have an underlying rating of Aa2 by Moody's. The Series 2019 and 2020 bonds are not insured. The Series 2019 and 2020 bonds are rated Aa2 by Moody's. There were no changes in the bond ratings during the fiscal year ended May 31, 2021.

RELEVANT FACTORS

Property Tax Base

The District's tax base increased approximately \$152,230,000 for the 2020 tax year (approximately 6%) due to the addition of new property improvements to the tax base.

Channel Maintenance Agreement

The District has entered into an Interlocal Agreement for Channel Maintenance with the Fort Bend County Drainage District (the "FBCDD"). The agreement provides that the District may elect to undertake the repair, maintenance or rehabilitation of all or a portion of flood control and drainage facilities within the boundaries of the District previously constructed by the FBCDD and the District.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

MAY 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 566,715	\$ 54,795	\$	\$ 621,510	\$	\$ 621,510
Certificates of deposit, at cost, Note 7	490,070			490,070		490,070
Temporary investments, at cost, Note 7	5,215,354	1,719		5,217,073		5,217,073
Receivables:						
Property taxes	22,407	26,388		48,795		48,795
Accrued interest	872			872		872
Prepaid expenditures	2,255			2,255		2,255
Debt service taxes collected not yet transferred from other fund		989,319		989,319	(989,319)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	0	0
Depreciable capital assets				0	0	0
Total assets	<u>\$6,297,673</u>	<u>\$1,072,221</u>	<u>\$ 0</u>	<u>\$ 7,369,894</u>	<u>(989,319)</u>	<u>6,380,575</u>
LIABILITIES						
Accounts payable	\$ 30,514	\$	\$	\$ 30,514		30,514
Accrued interest payable				0	52,608	52,608
Debt service taxes collected not yet transferred to other fund	989,319			989,319	(989,319)	0
Long-term liabilities, Note 5:						
Due within one year				0	640,706	640,706
Due in more than one year				0	10,018,265	10,018,265
Total liabilities	<u>1,019,833</u>	<u>0</u>	<u>0</u>	<u>1,019,833</u>	<u>9,722,260</u>	<u>10,742,093</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>22,407</u>	<u>26,388</u>	<u>0</u>	<u>48,795</u>	<u>(48,795)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to debt service		1,045,833		1,045,833	(1,045,833)	0
Unassigned	<u>5,255,433</u>			<u>5,255,433</u>	<u>(5,255,433)</u>	<u>0</u>
Total fund balances	<u>5,255,433</u>	<u>1,045,833</u>	<u>0</u>	<u>6,301,266</u>	<u>(6,301,266)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$6,297,673</u>	<u>\$1,072,221</u>	<u>\$ 0</u>	<u>\$ 7,369,894</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(10,658,971)	(10,658,971)
Restricted for debt service					1,019,613	1,019,613
Unrestricted					<u>5,277,840</u>	<u>5,277,840</u>
Total net position					<u>\$ (4,361,518)</u>	<u>\$ (4,361,518)</u>

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 872,695	\$ 998,420	\$	\$ 1,871,115	\$ 17,872	\$ 1,888,987
Penalty and interest on property taxes	11,442			11,442		11,442
Interest on deposits and investments	8,290	198		8,488		8,488
Total revenues	<u>892,427</u>	<u>998,618</u>	<u>0</u>	<u>1,891,045</u>	<u>17,872</u>	<u>1,908,917</u>
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	176,090			176,090		176,090
Contracted services	28,599			28,599		28,599
Repairs and maintenance	53,255			53,255		53,255
Administrative expenditures	11,311	2,588		13,899		13,899
Debt service:						
Principal retirement		625,000		625,000	(625,000)	0
Refunding bond issuance expenditures				0	172,052	172,052
Interest and fees		333,900		333,900	10,657	344,557
Total expenditures / expenses	<u>269,255</u>	<u>961,488</u>	<u>0</u>	<u>1,230,743</u>	<u>(442,291)</u>	<u>788,452</u>
Excess (deficiency) of revenues over expenditures	<u>623,172</u>	<u>37,130</u>	<u>0</u>	<u>660,302</u>	<u>460,163</u>	<u>1,120,465</u>
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		4,370,000		4,370,000	(4,370,000)	0
Bond issuance premiums, Note 5		263,436		263,436	(263,436)	0
Payment to refunding escrow agent, Note 5		(4,448,907)		(4,448,907)	4,448,907	0
Refunding bond issuance expenditures, Note 5		(172,052)		(172,052)	172,052	0
Sale of outfall capacity, Note 9	59,447			59,447	(59,447)	0
Total other financing sources (uses)	<u>59,447</u>	<u>12,477</u>	<u>0</u>	<u>71,924</u>	<u>(71,924)</u>	<u>0</u>
SPECIAL ITEMS						
Sale of outfall capacity, Note 9	0	0	0	0	59,447	59,447
Total special items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,447</u>	<u>59,447</u>
Net change in fund balances / net position	682,619	49,607	0	732,226	447,686	1,179,912
Beginning of year	4,572,814	996,226	0	5,569,040	(11,110,470)	(5,541,430)
End of year	<u>\$ 5,255,433</u>	<u>\$ 1,045,833</u>	<u>\$ 0</u>	<u>\$ 6,301,266</u>	<u>\$(10,662,784)</u>	<u>\$(4,361,518)</u>

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

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12NOTES TO THE FINANCIAL STATEMENTSMAY 31, 2021

NOTE 1: REPORTING ENTITY

Fort Bend County Levee Improvement District No. 12 (the "District") was created by an order of the Commissioners Court of Fort Bend County on February 4, 1985. The District is a conservation and reclamation district created pursuant to the provisions of Chapter 57 of the Texas Water Code and operates in accordance with Chapters 49 and 57 of the Texas Water Code. The District is a political subdivision of the State of Texas, governed by a three member Board of Directors which is appointed by the Commissioners Court of Fort Bend County. The Board of Directors held its first meeting on June 11, 1985, and the first bonds were sold on June 10, 1986. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality and the Commissioners Court of Fort Bend County.

The principal functions of the District include constructing and maintaining levees and other improvements on, along and contiguous to rivers, creeks, and 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; and the provision of proper drainage and other improvements of the reclaimed land within the District.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. The District has paid for improvements to drainage facilities which have been transferred to other governmental entities and, therefore, have been removed from the District's financial statements. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 6,301,266
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		\$ (10,075,000)
Issuance premium, net of discount (to be amortized as interest expense)		(569,103)
Deferred charge on refunding (to be amortized as interest expense)		<u>(14,868)</u>
		(10,658,971)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		48,795
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(52,608)</u>
Net position, end of year		<u>\$ (4,361,518)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 732,226
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Bonds issued	\$ (4,370,000)	
Payment to escrow agent for refunding	4,448,907	
Principal reduction	<u>625,000</u>	703,907
<p>The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(35,760)	
Issuance premium, net of discount	<u>(248,042)</u>	(283,802)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Uncollected property taxes		17,872
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>9,709</u>
Change in net position		<u>\$ 1,179,912</u>

NOTE 4: CAPITAL ASSETS

At May 31, 2021, "Invested in capital assets, net of related debt" was \$(10,658,971). This amount was negative primarily because the District has paid for improvements to drainage facilities which have been transferred to other governmental entities and, therefore, have been removed from the District's financial statements. In addition, not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets.

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended May 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 10,750,000	\$ 4,370,000	\$ 5,045,000	\$ 10,075,000	\$ 620,000
Less deferred amounts:					
For issuance premiums (discounts)	467,815	263,436	162,148	569,103	20,987
For refunding (charges) gains	<u>(138,739)</u>	<u>37,685</u>	<u>(115,922)</u>	<u>14,868</u>	<u>(281)</u>
Total bonds payable	<u>11,079,076</u>	<u>4,671,121</u>	<u>5,091,226</u>	<u>10,658,971</u>	<u>640,706</u>
Total long-term liabilities	<u>\$ 11,079,076</u>	<u>\$ 4,671,121</u>	<u>\$ 5,091,226</u>	<u>\$ 10,658,971</u>	<u>\$ 640,706</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Bonds payable, beginning of year		\$ 10,750,000
Refunding bonds sold:		
Proceeds	\$ 4,633,436	
Premium	<u>(263,436)</u>	4,370,000
Bonds refunded		(4,420,000)
Bonds paid		<u>(625,000)</u>
Bonds payable, end of year		<u>\$ 10,075,000</u>

As of May 31, 2021, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 620,000	\$ 315,650	\$ 935,650
2023	635,000	297,050	932,050
2024	655,000	278,000	933,000
2025	685,000	251,800	936,800
2026	705,000	224,400	929,400
2027 - 2031	3,940,000	791,100	4,731,100
2032 - 2034	<u>2,835,000</u>	<u>171,600</u>	<u>3,006,600</u>
	<u>\$ 10,075,000</u>	<u>\$ 2,329,600</u>	<u>\$ 12,404,600</u>

Bonds voted	\$ 18,380,000
Bonds approved for sale and sold	9,675,000
Bonds voted and not issued	8,705,000
Refunding bonds voted	18,380,000
Refunding bonds sold	8,190,000
Refunding bonds voted and not issued	10,190,000

The bond issues payable at May 31, 2021 were as follows:

	<u>Refunding Series 2019</u>	<u>Refunding Series 2020**</u>
Amounts outstanding, May 31, 2021	\$5,730,000	\$4,345,000
Interest rates	3.00% to 4.00%	3.00%
Maturity dates, serially beginning/ending	April 1, 2023/2030	April 1, 2022/2034
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates	April 1, 2024*	April 1, 2025*

*Or any date thereafter at the option of the District, in whole or in part, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

**See following page.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**On December 1, 2020, the District issued \$4,370,000 in unlimited tax refunding bonds to refund \$4,420,000 of outstanding Series 2012 and 2013 bonds. The net proceeds of \$4,448,907 (after payment of \$172,052 in underwriting fees, insurance and other issuance costs) were used to call and retire the refunded bonds on December 2, 2020. As a result, these bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$558,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$461,000.

Developer Construction Commitments and Liabilities

At May 31, 2021, there were no developer construction commitments or liabilities.

NOTE 6: PROPERTY TAXES

The Fort Bend County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. Taxes are due October 1, or when billed, whichever comes later.

The Bond Orders require that the District 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.

At an election held April 5, 1986, the voters within the District authorized a maintenance tax not to exceed \$1.00 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 21, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$2,521,615,217:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.0400	\$ 1,008,836
Maintenance	<u>0.0350</u>	<u>882,731</u>
	<u>\$ 0.0750</u>	<u>\$ 1,891,567</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 1,891,567
Appraisal district adjustments to prior year taxes	<u>(2,580)</u>
Statement of Activities property tax revenues	<u>\$ 1,888,987</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, in U. S. Government guaranteed obligations and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$1,111,580 and the bank balance was \$1,124,910. Of the bank balance, \$797,702 was covered by federal insurance and \$327,208 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$5,217,073.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 54,795
Temporary investments	<u>1,719</u>
	<u>\$ 56,514</u>

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At May 31, 2021, the District had comprehensive general liability coverage with a maximum limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$1,000,000, umbrella liability coverage of \$1,000,000 and consultant's crime coverage of \$10,000.

NOTE 9: SALE OF OUTFALL CAPACITY

During the fiscal year ended May 31, 2021, the District sold capacity in the District's outfall improvements to other districts and landowners for \$59,447 . The outfall improvements are currently being maintained by the Fort Bend County Drainage District. However, at such time as the District begins incurring maintenance costs, be they direct or indirect, the District will invoice any other entities with which the District has contracted for their share of such costs in proportion to the acreage benefitted by use of the outfall improvements.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED MAY 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 872,695	\$ (127,305)
Penalty and interest on property taxes	0	0	11,442	11,442
Interest on deposits and investments	<u>25,000</u>	<u>25,000</u>	<u>8,290</u>	<u>(16,710)</u>
TOTAL REVENUES	<u>1,025,000</u>	<u>1,025,000</u>	<u>892,427</u>	<u>(132,573)</u>
EXPENDITURES				
Service operations:				
Professional fees	180,000	180,000	176,090	(3,910)
Contracted services	12,000	12,000	28,599	16,599
Repairs and maintenance	75,000	75,000	53,255	(21,745)
Administrative expenditures	17,350	17,350	11,311	(6,039)
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>284,350</u>	<u>284,350</u>	<u>269,255</u>	<u>(15,095)</u>
EXCESS REVENUES (EXPENDITURES)	<u>740,650</u>	<u>740,650</u>	<u>623,172</u>	<u>(117,478)</u>
OTHER FINANCING SOURCES (USES)				
Sale of outfall capacity	<u>0</u>	<u>0</u>	<u>59,447</u>	<u>59,447</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>59,447</u>	<u>59,447</u>
EXCESS SOURCES (USES)	<u>740,650</u>	<u>740,650</u>	<u>682,619</u>	<u>(58,031)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>4,572,814</u>	<u>4,572,814</u>	<u>4,572,814</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,313,464</u>	<u>\$ 5,313,464</u>	<u>\$ 5,255,433</u>	<u>\$ (58,031)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
MAY 31, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

SCHEDULE OF SERVICES AND RATES

MAY 31, 2021

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

- a. Retail Rates for a 5/8" meter (or equivalent): Not Applicable
- b. Water and Wastewater Retail Connections: Not Applicable

3. Total Water Consumption during the Fiscal Year (rounded to thousands): Not Applicable

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

EXPENDITURES

FOR THE YEAR ENDED MAY 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 4,600	\$	\$	\$ 4,600
Legal	80,241			80,241
Engineering	91,249			91,249
	<u>176,090</u>	<u>0</u>	<u>0</u>	<u>176,090</u>
Contracted services:				
Bookkeeping	10,745			10,745
Central appraisal district	13,924			13,924
Tax assessor-collector	3,930			3,930
	<u>28,599</u>	<u>0</u>	<u>0</u>	<u>28,599</u>
Repairs and maintenance	<u>53,255</u>	<u>0</u>	<u>0</u>	<u>53,255</u>
Administrative expenditures:				
Director's fees	3,300			3,300
Insurance	5,872			5,872
Other administrative expenditures	2,139	2,588		4,727
	<u>11,311</u>	<u>2,588</u>	<u>0</u>	<u>13,899</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>625,000</u>	<u>0</u>	<u>625,000</u>
Interest and fees:				
Interest		332,300		332,300
Paying agent fees		1,600		1,600
	<u>0</u>	<u>333,900</u>	<u>0</u>	<u>333,900</u>
TOTAL EXPENDITURES	<u>\$ 269,255</u>	<u>\$ 961,488</u>	<u>\$ 0</u>	<u>1,230,743</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MAY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding debt service taxes	\$ 893,684	\$ 198	\$	\$ 893,882
Debt service tax receipts	998,420			998,420
Proceeds from bonds		4,633,436		4,633,436
Debt service tax transfers	_____	770,000	_____	770,000
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	1,892,104	5,403,634	0	7,295,738
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	224,237	2,588		226,825
Debt service		958,900		958,900
Other fund		25,550		25,550
Payment to refunding escrow agent		4,448,907		4,448,907
Refunding bond issuance expenditures		172,052		172,052
Debt service tax transfers	770,000	_____	_____	770,000
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	994,237	5,607,997	0	6,602,234
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	897,867	(204,363)	0	693,504
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	5,374,272	260,877	0	5,635,149
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	\$ 6,272,139	\$ 56,514	\$ 0	\$ 6,328,653

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS
MAY 31, 2021

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 32590	0.05%	2/01/22	\$ 245,070	\$ 40
No. 226887	0.50%	6/22/21	<u>245,000</u>	<u>832</u>
			<u>\$ 490,070</u>	<u>\$ 872</u>
TexPool				
No. 7924500001	Market	On demand	<u>\$ 5,215,354</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
TexPool				
No. 7924500002	Market	On demand	<u>\$ 1,719</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 5,707,143</u>	<u>\$ 872</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12TAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED MAY 31, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 13,513	\$ 17,410
Additions and corrections to prior year taxes	<u>(1,142)</u>	<u>(1,438)</u>
Adjusted receivable, beginning of year	12,371	15,972
2020 ADJUSTED TAX ROLL	<u>882,731</u>	<u>1,008,836</u>
Total to be accounted for	895,102	1,024,808
Tax collections: Current tax year	(864,871)	(988,424)
Prior tax years	<u>(7,824)</u>	<u>(9,996)</u>
RECEIVABLE, END OF YEAR	<u>\$ 22,407</u>	<u>\$ 26,388</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 310	\$ 630
2011	58	131
2012	65	138
2013	56	84
2014	79	102
2015	300	367
2016	414	518
2017	419	524
2018	1,104	1,242
2019	1,742	2,240
2020	<u>17,860</u>	<u>20,412</u>
RECEIVABLE, END OF YEAR	<u>\$ 22,407</u>	<u>\$ 26,388</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED MAY 31, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 544,821,413	\$ 540,990,573	\$ 494,182,183	\$ 433,044,513
Improvements	2,103,689,524	1,941,919,900	1,832,327,736	1,806,715,414
Personal property and other	67,126,250	62,054,380	57,304,227	55,369,398
Less exemptions	<u>(194,021,970)</u>	<u>(175,579,884)</u>	<u>(134,704,860)</u>	<u>(106,660,679)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 2,521,615,217</u>	 <u>\$ 2,369,384,969</u>	 <u>\$ 2,249,109,286</u>	 <u>\$ 2,188,468,646</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.04000	\$ 0.04500	\$ 0.04500	\$ 0.05000
Maintenance tax rates*	<u>0.03500</u>	<u>0.03500</u>	<u>0.04000</u>	<u>0.04000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.07500</u>	 <u>\$ 0.08000</u>	 <u>\$ 0.08500</u>	 <u>\$ 0.09000</u>
 TAX ROLLS	 <u>\$ 1,891,567</u>	 <u>\$ 1,899,662</u>	 <u>\$ 1,914,978</u>	 <u>\$ 1,975,641</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>98.0%</u>	 <u>99.8%</u>	 <u>99.9%</u>	 <u>99.9 %</u>

*Maximum tax rate approved by voters on April 5, 1986: \$1.00

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

MAY 31, 2021

<u>Due During Fiscal Years Ending May 31</u>	<u>Series 2019</u>		
	<u>Principal Due April 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2022	\$	\$ 185,300	\$ 185,300
2023	635,000	185,300	820,300
2024	655,000	166,250	821,250
2025	685,000	140,050	825,050
2026	705,000	112,650	817,650
2027	730,000	91,500	821,500
2028	745,000	69,600	814,600
2029	775,000	47,250	822,250
2030	800,000	24,000	824,000
TOTALS	\$ 5,730,000	\$ 1,021,900	\$ 6,751,900

<u>Due During Fiscal Years Ending May 31</u>	<u>Series 2020</u>		
	<u>Principal Due April 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2022	\$ 620,000	\$ 130,350	\$ 750,350
2023		111,750	111,750
2024		111,750	111,750
2025		111,750	111,750
2026		111,750	111,750
2027		111,750	111,750
2028		111,750	111,750
2029		111,750	111,750
2030		111,750	111,750
2031	890,000	111,750	1,001,750
2032	920,000	85,050	1,005,050
2033	945,000	57,450	1,002,450
2034	970,000	29,100	999,100
TOTALS	\$ 4,345,000	\$ 1,307,700	\$ 5,652,700

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

MAY 31, 2021

<u>Due During Fiscal Years Ending May 31</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2022	\$ 620,000	\$ 315,650	\$ 935,650
2023	635,000	297,050	932,050
2024	655,000	278,000	933,000
2025	685,000	251,800	936,800
2026	705,000	224,400	929,400
2027	730,000	203,250	933,250
2028	745,000	181,350	926,350
2029	775,000	159,000	934,000
2030	800,000	135,750	935,750
2031	890,000	111,750	1,001,750
2032	920,000	85,050	1,005,050
2033	945,000	57,450	1,002,450
2034	<u>970,000</u>	<u>29,100</u>	<u>999,100</u>
TOTALS	<u>\$ 10,075,000</u>	<u>\$ 2,329,600</u>	<u>\$ 12,404,600</u>

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED MAY 31, 2021

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Bond Series:	2012	2013	2019
Interest Rate:	Not Applicable	Not Applicable	3.00% to 4.00%
Dates Interest Payable:	Not Applicable	Not Applicable	October1/ April 1
Maturity Dates:	Not Applicable	Not Applicable	April 1, 2023/2030
Bonds Outstanding at Beginning of Current Year	\$ 1,220,000	\$ 3,800,000	\$ 5,730,000
Add bonds sold			
Less Retirements	<u>(1,220,000)</u>	<u>(3,800,000)</u>	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,730,000</u>
Current Year Interest Paid	<u>\$ 27,300</u>	<u>\$ 76,000</u>	<u>\$ 185,300</u>

Bond Descriptions and Original Amount of Issue

- (1) Fort Bend County Levee Improvement District No. 12 Unlimited Tax Levee Improvement Refunding Bonds, Series 2012 (\$9,530,000)
- (2) Fort Bend County Levee Improvement District No. 12 Unlimited Tax Levee Improvement Refunding Bonds, Series 2013 (\$5,065,000)
- (3) Fort Bend County Levee Improvement District No. 12 Unlimited Tax Levee Improvement Refunding Bonds, Series 2019 (\$5,745,000)

Paying Agent/Registrar

- (1) (2) (3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED MAY 31, 2021

	(4)	Totals
Bond Series:	2020	
Interest Rate:	3.00%	
Dates Interest Payable:	October1/ April 1	
Maturity Dates:	April 1, 2022/2034	
Bonds Outstanding at Beginning of Current Year	\$ 0	\$ 10,750,000
Add bonds sold	4,370,000	4,370,000
Less Retirements	(25,000)	(5,045,000)
Bonds Outstanding at End of Current Year	\$ 4,345,000	\$ 10,075,000
Current Year Interest Paid	\$ 43,700	\$ 332,300

Bond Descriptions and Original Amount of Issue

(4) Fort Bend County Levee Improvement District No. 12 Unlimited Tax Levee Improvement Refunding Bonds, Series 2020 (\$4,370,000)

Paying Agent/Registrar

(4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	\$ 18,380,000	\$ 0	\$ 18,380,000
Amount Issued:	9,675,000		8,190,000
Remaining to be Issued:	8,705,000		10,190,000

Net Debt Service Fund deposits and investments balances as of May 31, 2021:	\$ 1,045,833
Average annual debt service payment for remaining term of all debt:	954,200

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED MAY 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 872,695	\$ 832,598	\$ 897,281	\$ 874,410	\$ 832,358	97.8 %	91.7 %	92.0 %	95.6 %	97.5 %
Penalty and interest on property taxes	11,442	13,790	12,450	11,069	10,521	1.3	1.5	1.3	1.2	1.2
Interest and other revenues	8,290	61,987	65,623	29,347	11,002	0.9	6.8	6.7	3.2	1.3
TOTAL REVENUES	892,427	908,375	975,354	914,826	853,881	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	176,090	233,368	204,050	152,292	118,262	19.7	25.7	20.9	16.6	13.9
Contracted services	28,599	27,279	25,042	26,155	38,297	3.2	3.0	2.6	2.9	4.5
Repairs and maintenance	53,255	87,572	42,275	54,030	51,583	6.0	9.6	4.3	5.9	6.0
Administrative expenditures	11,311	10,549	10,316	10,850	10,886	1.3	1.2	1.1	1.2	1.3
Capital outlay	0	0	0	0	430,376	0.0	0.0	0.0	0.0	50.4
TOTAL EXPENDITURES	269,255	358,768	281,683	243,327	649,404	30.2	39.5	28.9	26.6	76.1
EXCESS REVENUES (EXPENDITURES)	\$ 623,172	\$ 549,607	\$ 693,671	\$ 671,499	\$ 204,477	69.8 %	60.5 %	71.1 %	73.4 %	23.9 %

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED MAY 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES										
Property taxes	\$ 998,420	\$ 1,069,788	\$ 1,010,198	\$ 1,093,008	\$ 1,040,972	99.9 %	98.6 %	98.9 %	99.6 %	99.8 %
Accrued interest on bonds received at date of sale	0	10,319	0	0	0	0.0	1.0	0.0	0.0	0.0
Interest on deposits and investments	198	4,475	11,322	4,454	1,620	0.1	0.4	1.1	0.4	0.2
TOTAL REVENUES	<u>998,618</u>	<u>1,084,582</u>	<u>1,021,520</u>	<u>1,097,462</u>	<u>1,042,592</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Contracted services	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Other expenditures	2,588	0	0	0	0	0.3	0.0	0.0	0.0	0.0
Debt service:										
Principal retirement	625,000	595,000	560,000	550,000	530,000	62.6	55.0	54.9	50.2	50.8
Refunding contribution	0	1,919	0	0	0	0.0	0.2	0.0	0.0	0.0
Interest and fees	333,900	394,346	442,700	459,200	469,800	33.4	36.4	43.3	41.8	45.1
TOTAL EXPENDITURES	<u>961,488</u>	<u>991,265</u>	<u>1,002,700</u>	<u>1,009,200</u>	<u>999,800</u>	<u>96.3</u>	<u>91.6</u>	<u>98.2</u>	<u>92.0</u>	<u>95.9</u>
EXCESS REVENUES	<u>\$ 37,130</u>	<u>\$ 93,317</u>	<u>\$ 18,820</u>	<u>\$ 88,262</u>	<u>\$ 42,792</u>	<u>3.7 %</u>	<u>8.4 %</u>	<u>1.8 %</u>	<u>8.0 %</u>	<u>4.1 %</u>

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSMAY 31, 2021

Complete District Mailing Address: Fort Bend County Levee Improvement District No. 12
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: March 23, 2021

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Valerie Gamble c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Appointed 11/07/18- 11/07/22	\$ 1,200	\$ 0	President
Larry Gore c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Appointed 11/07/18- 11/07/22	1,200	0	Vice President
Cheryl Stalinsky c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Appointed 11/07/18- 11/07/22	900	0	Secretary

See accompanying independent auditor's report.

FORT BEND COUNTY LEVEE IMPROVEMENT DISTRICT NO. 12

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

MAY 31, 2021

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	1/22/93	\$ 76,873 55,879 Bonds	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	Prior to 6/01/98	3,368	Delinquent Tax Attorney
Municipal Business Services 16902 El Camino Real, Suite 3A Houston, Texas 77058	9/14/95	10,745	Bookkeeper
Bob Ideus Municipal Business Services 16902 El Camino Real, Suite 3A Houston, Texas 77058	8/24/99	0	Investment Officer
Brown & Gay Engineers, Inc. 11490 Westheimer Rd., Suite 700 Houston, Texas 77077	3/09/04	91,249	Engineer
Carmen Turner, Fort Bend County TAC 1317 Eugene Heimann Circle Richmond, Texas 77469	7/01/16	3,930	Tax Assessor- Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Blvd. Richmond, Texas 77471	Legislative Action	13,924	Central Appraisal District
Rathmann & Associates, L.P. 8584 Katy Freeway, Suite 250 Houston, Texas 77024	6/03/03	56,125 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 6/01/92	4,600 750 Bonds	Independent Auditor

See accompanying independent auditor's report.