

**FORT BEND COUNTY  
DRAINAGE DISTRICT**

**FORT BEND COUNTY, TEXAS  
Annual Financial Report**

**September 30, 2024**



**FORT BEND COUNTY DRAINAGE DISTRICT**  
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# COUNTY AUDITOR

## Fort Bend County, Texas

**Robert Ed Sturdivant**  
County Auditor

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Ed.Sturdivant@fortbendcountytexas.gov

March 20, 2025

To the Board of Directors of the Fort Bend County Drainage District, Members of the Commissioners Court, and Citizens of Fort Bend County, Texas:

The Fort Bend County Auditor's Office is pleased to present the basic financial statements of the Fort Bend County Drainage District (the "District"), a component unit of Fort Bend County, Texas (the "County"), for the fiscal year ended September 30, 2024. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn has issued an unmodified ("clean") opinion on the District's financial statements for the year ended September 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the District**

The District was established under Section 59 of Article XVI of the Constitution of Texas, and includes all of the property within Fort Bend County. It was created for the purpose of reclamation and drainage of its lands. The Fort Bend County Commissioners Court acts as the governing body of the District.

## **Local Economy**

Fort Bend County continues to experience an improving local economy for fiscal year 2024. The demand for services regarding the governmental functions performed by the County continues to increase as the population grows. The Commissioners Court and the District continue to use a conservative approach to the allocation of resources to serve the County's needs to ensure that Fort Bend County is prepared as the local economy improves. This ongoing conservative approach will allow the County and the District to meet the service demands of the residents in Fort Bend County. The District has had no material impact to taxable values or operations as a result of the COVID-19 pandemic, therefore revenues are expected to continue at projected growth rates and expenditures continue to perform as forecasted.

## **Long-Term Financial Planning and Relevant Financial Policies**

### *Budget*

The District adopts a one-year budget through its fully coordinated financial planning process. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. The budget is a financial plan for a fiscal year of operations that matches all planned revenues and expenditures with the services provided the citizens of Fort Bend County based on the established budget policy. Decisions are not based solely on current conditions but on the long-term welfare of the community. The budget is developed, and resources allocated based on the vision, mission, and goals of the District and County.

### *Long-Term Comprehensive Plan*

The District works with local governments and land developments to address drainage and flood control challenges within Fort Bend County in order to protect people, property and the environment.

### *Capital Improvement Program*

Capital Improvement Projects are larger projects that focus on restoring or improving drainage as well as mitigating flooding. These projects represent a substantial investment of public funds and must pass a rigorous review before construction begins. Projects are first evaluated to ensure they meet technical criteria. Projects are then reviewed using criteria developed specifically for the District. The District's criteria support projects that:

- Promote safety and health of the public
- Reduce or mitigate impacts related to flooding
- Promote/improve habitat to support healthy watersheds
- Promote/improve water quality
- Promote economic health of the County
- Implement all, or a part of, a watershed plan
- Assist the County in meeting federal or state requirements

## Debt Policy

The purpose of the County's Debt Policy (which includes the District) is to establish guidelines for the utilization of debt instruments issued by the County and the District whether payable from County taxes or payable from certain revenues of the County or District. This policy is illustrated in the current adopted budget within the "Debt" section. The current budget can be found on the County's website at: <https://www.fortbendcountytexas.gov/government/departments/budget-office/budgets>.

## Major Initiatives


The District proposed a bond referendum in November 2019 totaling \$82.9 million for flood mitigation projects with voter approval exceeding 60%. The District issued \$25.4 million of this authorization in permanent improvement bonds on 12/22/2020 and has approximately \$10.0 million of this issuance on hand its capital projects fund as of 09/30/2024. The use of this bond authorization is being complimented with federal matching funds of over \$100 million extending through the next five years. The District has an additional \$3.8 million remaining from the District's \$13.4 million share from proceeds of certificates of obligation issued by the County in fiscal year 2024. The District is focused on allowing development to continue within the County, while maintaining, or reducing, flood risks. The District's development guidelines require individual developments to mitigate impacts to existing floodplains as well as maintain/improve drainage in their vicinity. The District also upgrades existing drainage systems to reduce flood risks. Initiatives completed or ongoing this year included:

- Brazos River erosion stabilization at 4 locations funded with Federal Grant
- Drainage improvements in the lower portion of the Long Point Creek channel funded with Drainage Bond funds
- Environmental clearance followed by site acquisition for Mustang Bayou regional detention facility funded by federal grant
- Environmental clearance followed by design and construction of erosion control structures on lower Flatbank Creek funded by federal grant
- Planning and right-of-way acquisition for construction improvements to the upper section of Big Creek funded by drainage bond funds and federal grant

## Acknowledgements

The preparation of this report could not be achieved without the efficient and dedicated services of the staff of the County Auditor's Office and Whitley Penn, our independent auditor.

Respectfully submitted,

  
Robert E. Sturdivant, CPA  
County Auditor  
Fort Bend County, Texas





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fort Bend County Drainage District  
Fort Bend County, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Drainage District (the "District"), a component unit of Fort Bend County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, as of September 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

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

To the Board of Directors  
Fort Bend County Drainage District  
Fort Bend County, Texas

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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.

To the Board of Directors  
Fort Bend County Drainage District  
Fort Bend County, Texas

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, comprised of the debt service fund budgetary comparison schedule and Texas Supplementary Information section, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Houston, Texas  
March 20, 2025



**FORT BEND COUNTY DRAINAGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Fort Bend County Drainage District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2024.

**Financial Highlights**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$62,864,302 (net position). Of this amount, there is a deficit of (\$7,021,719) in unrestricted net position due to the liability for other post-employment benefits ("OPEB") which now totals \$13,173,469.
- At the close of the current fiscal year, the District's General fund balance remained essentially level with a balance of \$15,431,898 which approximates 116 percent of annual fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report on the function of the District that is principally supported by general revenues.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Governmental 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District presents individual governmental funds on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

The governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The basic governmental fund financial statements can be found starting on page 14 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the governmental fund financial statements in this report.

**Government-Wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$62,864,302 at year end. Below is a condensed schedule of net position for the District as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 37,976,638	\$ 36,779,593
Capital assets, net	90,639,272	85,782,669
<b>Total Assets</b>	<u>128,615,910</u>	<u>122,562,262</u>
<b>Deferred outflows of resources</b>	<u>4,115,204</u>	<u>5,445,751</u>
Current liabilities	3,999,351	9,899,113
Long-term liabilities		
Other long-term liabilities	39,231,090	27,190,312
Net pension liability	923,962	1,597,230
Net OPEB liability	13,173,469	14,952,933
<b>Total Liabilities</b>	<u>57,327,872</u>	<u>53,639,588</u>
<b>Deferred inflows of resources</b>	<u>12,538,940</u>	<u>14,342,142</u>
Net Position:		
Net investment in capital assets	65,482,938	64,694,186
Restricted	4,403,083	4,196,925
Unrestricted	(7,021,719)	(8,864,828)
<b>Total Net Position</b>	<u>\$ 62,864,302</u>	<u>\$ 60,026,283</u>

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

By far, the largest portion of the District's net position reflects its net investment in capital assets (land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The District uses these assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. A portion of the net position is restricted for debt service. The deficit balance for unrestricted net position of (\$7,021,719) is primarily due to the OPEB payable which now totals \$13,173,469.

The following table is a condensed schedule of changes in net position for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Program revenues:		
Capital grants and contributions	\$ 46,533	\$ 1,909,601
General revenues:		
Property taxes	13,291,944	12,188,979
Earnings on investments	1,521,213	1,845,875
Miscellaneous	73,869	163,647
<b>Total Revenues</b>	<u>14,933,559</u>	<u>16,108,102</u>
<b>Expenses</b>		
Flood control-maintenance	11,723,272	17,767,767
Interest on long-term debt	372,268	159,719
<b>Total Expenses</b>	<u>12,095,540</u>	<u>17,927,486</u>
Change in Net Position	2,838,019	(1,819,384)
<b>Net Position, Beginning</b>	60,026,283	61,845,667
<b>Net Position, Ending</b>	<u>\$ 62,864,302</u>	<u>\$ 60,026,283</u>

In 2024, capital grants and contributions decreased with the winding down of grant funded projects in progress. Activity in the current fiscal year shifted from design and maintenance projects in both the operating and construction funds to work on debt funded new construction which accounted for the decrease in the flood control maintenance expenses.

**Fund Financial Analysis**

As of September 30, 2024, the District's governmental funds reported an ending fund balance of \$33,647,796. Traditionally, the District's main source of revenue is property taxes, which totaled \$13,255,230 for the year ended September 30, 2024 an increase of approximately \$1.1 million over the prior year due to an increase in property values despite a decrease in the total property tax rate. The District saw increases in total fund balances of \$7,056,093, primarily driven by a \$13.4 million in proceeds from certificates of obligation issued by the County on the District's behalf.

The General and Debt Service funds maintained stable fund balance levels.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

**General Fund Budgetary Highlights**

Net change in fund balances-budgetary basis in the General Fund ended the year \$1.2 million higher than expected due to savings in operational costs and salaries in fiscal year 2024.

**Capital Assets**

At the end of fiscal year 2024, the District had \$90,639,272 invested in capital assets, as reflected in the following schedule. This represents an increase of \$4,856,603 from the previous year.

	<u>2024</u>	<u>2023</u>
<b>Non-Depreciable Capital Assets</b>		
Land	\$ 2,677,318	\$ 2,677,318
Construction in progress	8,627,568	2,150,743
 <b>Depreciable Capital Assets, Net</b>		
Infrastructure-drainage improvements	69,583,643	72,121,634
Vehicles	891,016	812,548
Office furniture and equipment	1	4,487
Machinery and equipment	8,576,074	7,682,551
Buildings and facilities	283,652	333,388
<b>Total Capital Assets</b>	<u>\$ 90,639,272</u>	<u>\$ 85,782,669</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

**Long-Term Debt**

During the fiscal year ended September 30, 2024, the County issued \$13.5 million in certificates of obligation on behalf of the District to fund various drainage projects. During fiscal year 2024, the District retired \$960,000 of existing debt as planned. More debt information is presented in Note 5 to this report.

	<u>2024</u>	<u>2023</u>
Permanent Improvement Bonds, Series 2020	\$ 22,655,000	\$ 23,615,000
FBC Certificate of Obligation Series 2024 - District portion	13,474,000	-
	<u>\$ 36,129,000</u>	<u>\$ 23,615,000</u>



**FORT BEND COUNTY DRAINAGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*(Continued)*

**Economic Factors and Subsequent Year's Tax Rates**

The County continues to enjoy growth in various demographic areas as the economy improves.

The population of the County is estimated at 944,637 in 2024 and is expected to grow to over 1 million by the end of 2026.

In 2024 of the estimated 270,136 households, approximately 78 percent were owner occupied with an educational achievement for adults over 25 years of age with at least some college of 74 percent

Drainage improvements continue to be a demand from the residents of Fort Bend County as further indicated by the authorization of the Flood Mitigation Bonds by the voters on November 5, 2019. The District is proceeding with these projects to address the comprehensive needs of the County's flood control and drainage system.

With a healthy fund balance levels in the general fund, the Fort Bend County Commissioners Court, acting as the Board of Directors of the Drainage District, reduced the property tax levy rate as follows:

	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2025</u>
Drainage District maintenance and operations	\$ 0.0108	\$ 0.0100
Drainage District interest and sinking	0.0016	-
<b>Total Tax Rate</b>	<u>\$ 0.0124</u>	<u>\$ 0.0100</u>

**Contacting the District's Management and Obtaining Financial Information**

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mark Vogler, Fort Bend County Drainage District, 1004 Blume Rd., P.O. Box 1028, Rosenberg, Texas 77471.



## ***BASIC FINANCIAL STATEMENTS***

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2024**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 25,488,994
Investments	10,793,009
Receivables:	
Property taxes, net	399,862
Miscellaneous	1,294,773
Capital assets, not subject to depreciation	11,304,886
Capital assets, net of accumulated depreciation	79,334,386
<b>Total Assets</b>	<b>128,615,910</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pension and OPEB activities	4,115,204
<b>Total Deferred Outflows of Resources</b>	<b>4,115,204</b>
<b>Liabilities</b>	
Retainage payable	329,698
Accrued liabilities	475,340
Accrued interest payable	70,371
Due to primary government and component units	3,123,942
<b>Long-term Liabilities:</b>	
Long-term liabilities due within one-year	1,945,219
Long-term liabilities due in more than one-year	37,285,871
Net OPEB liability	13,173,469
Net pension liability	923,962
<b>Total Liabilities</b>	<b>57,327,872</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pension and OPEB activities	12,538,940
<b>Total Deferred Inflows of Resources</b>	<b>12,538,940</b>
<b>Net Position</b>	
Net investment in capital assets	65,482,938
Restricted for debt service	4,403,083
Unrestricted	(7,021,719)
<b>Total Net Position</b>	<b>\$ 62,864,302</b>

*The accompanying notes are an integral part of these financial statements.*

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended September 30, 2024*

	<u>Governmental Activities</u>
<b>Program Expenses</b>	
Flood control-maintenance	\$ 11,723,269
Interest on long-term debt	372,268
<b>Total Program Expenses</b>	<u>12,095,537</u>
<b>Program Revenues</b>	
Capital grants and contributions	46,533
<b>Total Program Revenues</b>	<u>46,533</u>
<b>General Revenues</b>	
Property taxes	13,291,944
Earnings on investments	1,521,210
Miscellaneous	73,869
<b>Total General Revenues</b>	<u>14,887,023</u>
<b>Increase in Net Position</b>	2,838,019
Net Position, Beginning	<u>60,026,283</u>
<b>Net Position, Ending</b>	<u>\$ 62,864,302</u>

*The accompanying notes are an integral part of these financial statements.*

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 6,725,544	\$ 14,350,568	\$ 4,412,882	\$ 25,488,994
Investments	10,793,009	-	-	10,793,009
Property taxes receivable, net	340,425	-	59,437	399,862
Miscellaneous receivable	1,289,022	4,616	1,135	1,294,773
<b>Total Assets</b>	<u>19,148,000</u>	<u>14,355,184</u>	<u>4,473,454</u>	<u>37,976,638</u>
<b>Liabilities</b>				
Retainage payable	-	329,698	-	329,698
Accrued liabilities	475,340	-	-	475,340
Due to primary government	2,900,337	223,605	-	3,123,942
<b>Total Liabilities</b>	<u>3,375,677</u>	<u>553,303</u>	<u>-</u>	<u>3,928,980</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - property taxes	340,425	-	59,437	399,862
<b>Total Deferred Inflow of Resources</b>	<u>340,425</u>	<u>-</u>	<u>59,437</u>	<u>399,862</u>
<b>Fund Balance</b>				
Restricted for capital projects	-	13,801,881	-	13,801,881
Restricted for debt service	-	-	4,414,017	4,414,017
Unassigned	15,431,898	-	-	15,431,898
<b>Total Fund Balance</b>	<u>15,431,898</u>	<u>13,801,881</u>	<u>4,414,017</u>	<u>33,647,796</u>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balance</b>	<u>\$ 19,148,000</u>	<u>\$ 14,355,184</u>	<u>\$ 4,473,454</u>	<u>\$ 37,976,638</u>

*The accompanying notes are an integral part of these financial statements.*

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2024**

<b>Fund Balance - Governmental Funds</b>	\$ 33,647,796
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	90,639,272
Other long-term assets (property taxes receivable, including penalties and interest on delinquent taxes) are not available to pay for current period expenditures and are therefore deferred in the governmental fund.	399,863
Some liabilities are not due and payable in the current period and are not included in the fund financials, but are reported in the governmental activities of the Statement of Net Position	
Bonds payable	(36,129,000)
Premium on long term debt	(2,829,215)
Accrued interest payable on bonds	(70,371)
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	
Deferred outflows related to pension and OPEB activities	4,115,204
Accrued compensated absences	(272,875)
Net other post-employment benefits ("OPEB")	(13,173,469)
Net pension liability	(923,962)
Deferred inflows related to pension and OPEB activities	(12,538,940)
<b>Net Position of Governmental Activities</b>	<b>\$ 62,864,303</b>

*The accompanying notes are an integral part of these financial statements.*

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2024**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 11,544,878	\$ -	\$ 1,710,352	\$ 13,255,230
Earnings on investments	594,535	677,066	249,610	1,521,211
Intergovernmental revenues	46,533	-	-	46,533
Miscellaneous	46,125	-	27,744	73,869
<b>Total Revenues</b>	<u>12,232,071</u>	<u>677,066</u>	<u>1,987,706</u>	<u>14,896,843</u>
<b>Expenditures</b>				
Current:				
Flood control-maintenance	10,227,013	452,318	-	10,679,331
Capital outlay	3,058,586	5,746,583	-	8,805,169
Debt Service:				
Principal	-	-	960,000	960,000
Interest and fiscal charges	-	-	870,250	870,250
<b>Total Expenditures</b>	<u>13,285,599</u>	<u>6,198,901</u>	<u>1,830,250</u>	<u>21,314,750</u>
<b>Revenues (Under) Expenditures</b>	(1,053,528)	(5,521,835)	157,456	(6,417,907)
<b>Other Financing Sources</b>				
Certificates of obligations issued	-	13,474,000	-	13,474,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>13,474,000</u>	<u>-</u>	<u>13,474,000</u>
<b>Net Change in Fund Balance</b>	(1,053,528)	7,952,165	157,456	7,056,093
<b>Fund Balance, Beginning</b>	<u>16,485,426</u>	<u>5,849,716</u>	<u>4,256,561</u>	<u>26,591,703</u>
<b>Fund Balance, Ending</b>	<u>\$ 15,431,898</u>	<u>\$ 13,801,881</u>	<u>\$ 4,414,017</u>	<u>\$ 33,647,796</u>

*The accompanying notes are an integral part of these financial statements.*



**FORT BEND COUNTY DRAINAGE DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS)**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2024**

Net changes in fund balances - total governmental funds	\$ 7,056,093
<b>Adjustments for the Statement of Activities:</b>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year capital outlay of \$8,975,137 exceeded depreciation \$3,914,832 in the current period.	5,060,305
The loss on the disposal of capital assets is only reported in the statement of activities, whereas in the governmental funds, the loss from the disposal does not affect current financial resources. Thus, the change in net position differs from the change in fund balance by the carrying value of the disposed capital assets.	(203,702)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental current financial resources funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Debt issued	
Certificates of obligation	(13,474,000)
Repayments:	
Principal repayments	960,000
Pension contributions made during the year, are treated as expenditures in the governmental funds but are treated as a reduction in pension liability in government wide financial statements.	589,618
OPEB contributions made during the year, are treated as expenditures in the governmental funds but are treated as a reduction in OPEB liability in government wide financial statements.	1,932,189
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment reflects the net change in property taxes receivable and penalties and interest receivable on delinquent taxes on the accrual basis of accounting.	36,715
Long-term liabilities (compensated absences and other post-employment benefits) are not due and payable in the current period and, therefore, are not reported in the fund financial statements. This adjustment reflects the net change on the accrual basis of accounting.	
Accrued compensated absences	(20,761)
Amortization of bond premiums	493,983
Interest expense	4,000
Pension expense for the pension plan measurement year	(339,269)
OPEB expense for the OPEB plan measurement year	742,849
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,838,020</b>

*The accompanying notes are an integral part of these financial statements.*

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

These financial statements include all of the funds and activities of the Fort Bend County Drainage District (the “District”), which is a component unit of Fort Bend County, Texas (the “County”). Financial statements of the District are included as a blended component unit in the County’s financial statements.

The District was established under Section 59 of Article XVI of the Constitution of Texas and includes all of the property within Fort Bend County. The District was created for the purpose of reclamation and drainage of its lands. The primary criteria for the inclusion of the District in the County's reporting entity, is that of financial accountability. The Commissioners Court, the elected governing body of the County, acts as the governing body of the District.

##### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information about the District as a whole and include all activities of the District. The effect of interfund activity has been eliminated from the government-wide statements. All of the District’s activities are reported as governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the statement of net position.

The governmental fund financial statements are presented on a *current financial resources measurement focus* and *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

In the fund financial statements, the accounts of the District are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Following is a description of the District's funds:

#### **Major Funds:**

##### ***General Fund***

The General Fund is used to account for all revenues and expenditures, relating to general operations.

##### ***Capital Projects Fund***

The Capital Projects fund is used to account for the proceeds of general obligation debt issues and the corresponding expenditures of these proceeds for various drainage projects.

##### ***Debt Service Fund***

The Debt Service Fund is used to account for property taxes levied and collected for the purpose of servicing the District's bonded debt.

#### **D. Budgets**

The Board of Directors adopts an annual budget for the District's General and Debt Service Funds.

#### **E. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in privately managed local government investment pools and short-term investments with original maturities of three months or less from the date of acquisition. The District's local government investment pools are recorded at amortized cost, which approximates fair value.

#### **F. Investments**

The District's investments, when held, are comprised of holdings of U.S. Government Securities and commercial papers. All investments are generally held to maturity. The District reports investments at fair value.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**FORT BEND COUNTY DRAINAGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**G. Capital Assets**

Capital assets used in governmental fund types of the government are recorded as expenditures in the General Fund and as assets in the government-wide financial statements to the extent the District’s capitalization threshold is met, currently \$10,000. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date of donation.

The infrastructure of the District was originally financed and constructed by the former Fort Bend Flood Control Water Supply Corporation (the “Corporation”). Any infrastructure that has been constructed, as well as any land or easements purchased by the Corporation during the projects, have been conveyed to and maintained by the District. The District is responsible for maintaining these projects, and records these capital assets in its annual financial statements. The District also funds capital assets from general revenues through the annual budget process.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets’ lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

The District applies a half-year convention for depreciation on all assets. Therefore, one half of a year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation has been provided for plant and equipment using the straight-line method over the following estimated useful life for the type of assets as follows:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 to 7 years
Office furniture and equipment	5 to 7 years
Machinery and equipment	7 to 15 years
Buildings and facilities	5 to 39 years
Infrastructure-drainage improvements	20 to 40 years

## FORT BEND COUNTY DRAINAGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS (continued)

#### H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category Reported only in the government-wide financial statement of net position:

- Deferred outflows of resources for pension and OPEB activities - These deferred outflows results from the following circumstances:
  - 1) Pension plan contributions made after the measurement date of the net pension liability recognized as a reduction of the net pension liability in the next fiscal year;
  - 2) Differences between expected and actual experience of the pension plan and
  - 3) Changes in assumptions in both the pension and OPEB plans.

The results of the last two circumstances will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions (5.0 years) and OPEB (6.8 years) for the last measurement year through the respective District plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension and OPEB activities – Reported only in the government-wide financial statement of net position, These deferred inflows results from the following circumstances:
  - 1) Differences between projected and actual earnings on pension plan investments which will be amortized over five years;
  - 2) Difference between expected and actual experience for pension related items and
  - 3) Changes in assumptions in the pension plan.

The results of the last two circumstances will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions (5.0 years) and OPEB (6.8 years) for the last measurement year through the respective District plans.

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

#### **I. Net Position and Fund Balances**

##### **Net Position Classifications**

Net position in government-wide financial statements is classified in three categories: 1) Net investment in capital assets, 2) Restricted net position and 3) Unrestricted net position.

##### **Fund Balance Classifications**

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of September 30, 2024, fund balance for the various funds are made up of the following:

*Restricted Fund Balance* – includes amounts that are restricted by statute or third party agreements and includes amounts accumulated in both the Capital Projects and Debt Service Funds.

*Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The District's policy is to budget to maintain a minimum fund balance of 15% of the District's General Fund annual operating expenditures. If the actual fund balance drops below 15%, it shall be budgeted for recovery the following year. This policy is reviewed annually.

#### **J. 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 and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, these estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **K. Date of Managements' Review**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 20, 2025, the date that the financial statements were available to be issued.

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

#### **NOTE 2 – CASH AND INVESTMENTS**

##### **A. Authorization for Deposits and Investments**

The Texas Public Funds Investment Act (“PFIA”), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the District.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the District incurs for banking services received. The District may place funds with the depository in interest and non-interest-bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent. District policy requires the collateralization level to be at least 110% of market value of principal.

Commissioners’ Court has adopted a written investment policy regarding the investment of District funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). Investments made by the District are in compliance with the District’s investment policy. The District’s investment policy is more restrictive than the PFIA requires. It is the District’s policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, and local government investment pools. The maximum maturity allowed is three years from the date of purchase.

As of September 30, 2024, the District reported deposits in the amount of \$340,007. The District's collateral requirement, in accordance with its investment policy is 110%. Of the bank balance, the entire amount was covered by federal depository insurance or by collateral held by the County's agent in the County’s name as of year-end.

##### **B. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 3 years. At year-end, the District’s cash and investments balances and the weighted average maturity of these investments were as follows:

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

	<u>Fair Value/ Amortized Cost</u>	<u>Weighted Average Maturity / (Days)</u>
Demand Deposits	\$ 340,007	1
Investment Pools:		
Texas CLASS	23,769,432	39
Texas Range	394	41
LOGIC	1,379,161	48
<b>Totals cash and cash equivalents</b>	<u>25,488,994</u>	
<b>Investments</b>		
Government Securities		
US Treasury Bills	5,323,525	359
Agency notes	2,503,398	13
Commercial paper	2,966,086	30
Total	<u>\$ 36,282,003</u>	
Portfolio weighted average maturity (days)	<u>83</u>	

Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the PFIA. Texas CLASS was established in 1996. Pursuant to the Trust Agreement, Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. Cutwater Investor Services Corp. serves as Program Administrator. Cutwater Investor Services Corp. is a subsidiary of Cutwater Asset Management. It maintains a net asset value of approximately \$1 per share.

The Texas Range Local Government Investment Pool (“Texas Range”) is organized in conformity with the PFIA. It provides for a fixed-rate, fixed-term investment for a period of 60 days to one year and includes TexasDAILY, a portfolio of the Local Government Pool, providing daily access to funds. An Advisory Board composed of participants in Texas Range and other parties who do not participate in the Pool, has responsibility for the overall management of the Pool, including formulation and implementation of its investment and operating policies. PFM Asset Management LLC, a leading national financial and investment advisory firm, is the investment advisor to the pool. It maintains a net asset value of approximately \$1 per share.

Local Government Investment Cooperative (“LOGIC”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the PFIA. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors, to provide for the joint investment of participant's public funds and funds under their control. It maintains a net asset value of approximately \$1 per share.

The District’s local government investment pool investments do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.



## FORT BEND COUNTY DRAINAGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS (continued)

#### C. Credit Risk

The District's investment policy does not require investments to hold certain credit ratings issued by nationally recognized statistical rating organizations. As of September 30, 2024, S&P Global Ratings rated Texas CLASS, LOGIC and Fidelity "AAA<sub>m</sub>". Fitch Ratings rated Texas Range "AAA<sub>mmf</sub>". The District's investments in commercial paper all carry a rating of A-1 or P-1 by S&P or Moodys. U.S. Government securities have been rated AA+ and Aaa by Fitch and S&P Global Ratings, respectively.

#### D. Concentration of Credit Risk

It is a Countywide policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets of a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. Because the County considers the District to be a blended component unit, these concentration considerations do not apply at the District's level. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

<u>Investment Type</u>	<u>Maximum Investment %</u>
Repurchase Agreements	up to 80%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 100%
Authorized Local Government Investment Pools	up to 100%
No Load Money Market Mutual Funds	up to 80%
Municipal Bonds	up to 50%
Commercial Paper	up to 50%
Bankers Acceptances	up to 15%

#### E. Earnings on Investments

Earnings on investments are presented net of an unrealized gain on commercial paper. Management intends to hold these investments until maturity. The calculation of investment earnings is as follows:

Interest on investments	\$ 1,416,218
Unrealized gain on investments	104,992
Earnings on investments	<u>\$ 1,521,210</u>

**FORT BEND COUNTY DRAINAGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 3 – RECEIVABLES**

Receivables as of September 30, 2024, consist of property taxes and miscellaneous receivables consisting mostly of a federal grant relating to damages from hurricane Harvey due from the Texas Department of Emergency Management, as detailed below:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Delinquent property taxes, penalties and interest	\$ 449,046	\$ 63,903	\$ -	\$ 512,949
Miscellaneous receivables	1,289,022	1,135	4,616	1,294,773
Less allowance for doubtful accounts	(108,621)	(4,466)	-	(113,087)
	<u>\$ 1,629,447</u>	<u>\$ 60,572</u>	<u>\$ 4,616</u>	<u>\$ 1,694,635</u>

**A. Property Taxes**

The District's tax year covers the period October 1 through September 30. The District's property taxes are levied annually in October on the basis of the Fort Bend Central Appraisal District's assessed values as of January 1 of that calendar year. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. The District's property taxes are billed and collected by the County's Tax Assessor/Collector.

**NOTE 4 – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended September 30, 2024, is as follows:

	<u>Balances 9/30/23</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balances 9/30/24</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,677,318	\$ -	\$ -	\$ 2,677,318
Construction in progress	2,150,743	6,476,825	-	8,627,568
<b>Total capital assets not depreciated</b>	<u>4,828,061</u>	<u>6,476,825</u>	<u>-</u>	<u>11,304,886</u>
Depreciable capital assets:				
Infrastructure-drainage improvements	87,185,599	-	-	87,185,599
Vehicles	2,847,163	286,712	(169,568)	2,964,307
Office furniture and equipment	252,760	-	-	252,760
Machinery and equipment	14,841,303	2,211,600	(305,553)	16,747,350
Buildings and facilities	1,801,066	-	-	1,801,066
<b>Total depreciable capital assets</b>	<u>106,927,891</u>	<u>2,498,312</u>	<u>(475,121)</u>	<u>108,951,082</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure-drainage improvements	(15,063,965)	(2,537,991)	-	(17,601,956)
Vehicles	(2,034,615)	(208,244)	169,568	(2,073,291)
Office furniture and equipment	(248,273)	(4,486)	-	(252,759)
Machinery and equipment	(7,158,752)	(1,114,375)	101,851	(8,171,276)
Buildings and facilities	(1,467,678)	(49,736)	-	(1,517,414)
Total accumulated depreciation	<u>(25,973,283)</u>	<u>(3,914,832)</u>	<u>271,419</u>	<u>(29,616,696)</u>
Depreciable capital assets, net	<u>80,954,608</u>	<u>(1,416,520)</u>	<u>(203,702)</u>	<u>79,334,386</u>
<b>Totals</b>	<u>\$ 85,782,669</u>	<u>\$ 5,060,305</u>	<u>\$ (203,702)</u>	<u>90,639,272</u>

**FORT BEND COUNTY DRAINAGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

Construction in progress as of September 30, 2024, consisted of the following projects:

<u>Project</u>	<u>Balances 9/30/23</u>	<u>Increases- Retainage Included</u>	<u>(Decreases- Capitalizations)</u>	<u>Balances 9/30/24</u>	<u>Commitments</u>
Big Creek	\$ 1,352,483	\$ 79,917	\$ -	\$ 1,432,400	\$ 70,000
Long Point Creek	450,171	23,634	-	473,805	74,051
Cedar Creek Road Bridge	54,222	-	-	54,222	-
Pecan Creek Road Bridge	54,222	-	-	54,222	-
Kitty Hollow Lake Levee	239,645	120,593	-	360,238	167,321
Brazos River Erosion	-	2,875,704	-	2,875,704	-
2023 Oyster Creek	-	3,376,977	-	3,376,977	-
<b>Totals</b>	<b>\$ 2,150,743</b>	<b>\$ 6,476,825</b>	<b>\$ -</b>	<b>\$ 8,627,568</b>	<b>\$ 311,372</b>

**NOTE 5 – LONG-TERM LIABILITIES**

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental fund.

A summary of long-term liability transactions of the District for the year ended September 30, 2024, is as follows:

	<u>Balance 10/1/23</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance 9/30/24</u>	<u>Amounts Due Within One Year</u>
General obligation bonds					
- public placement	\$ 23,615,000	\$ 13,474,000	\$ (960,000)	\$ 36,129,000	\$ 1,877,000
Premiums on bonds	3,323,198	-	(493,983)	2,829,215	-
Accrued compensated absences	252,114	232,222	(211,461)	272,875	68,219
<b>Total Long-term Liabilities</b>	<b>\$ 27,190,312</b>	<b>\$ 13,706,222</b>	<b>\$ (1,665,444)</b>	<b>\$ 39,231,090</b>	<b>\$ 1,945,219</b>

A description of the bonds outstanding follows:

<u>Original Issue</u>	<u>Description</u>	<u>Interest Rate %</u>	<u>Matures</u>	<u>Debt Outstanding</u>
<b>General Obligation Bonds</b>				
\$ 25,405,000	Permanent Improvement Bonds, Series 2020	3.00 - 5.00	2040	\$ 22,655,000
\$ 13,474,000	FBC Certificates of Obligation, Series 2024 (Drainage portion)	5.00	2044	<u>\$ 13,474,000</u>
<b>Total General Obligation Bonds</b>				<u><u>\$ 36,129,000</u></u>

**FORT BEND COUNTY DRAINAGE DISTRICT****NOTES TO FINANCIAL STATEMENTS (continued)**

Debt service requirements for the outstanding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 1,877,000	\$ 1,527,360	\$ 3,404,360
2026	1,976,000	1,374,886	3,350,886
2027	2,078,000	1,273,522	3,351,522
2028	2,182,000	1,167,004	3,349,004
2029	2,295,000	1,055,080	3,350,080
2030-2034	10,858,000	3,803,526	14,661,526
2035-2039	10,347,000	1,855,723	12,202,723
2040-2044	4,516,000	379,860	4,895,860
<b>Totals</b>	<u>\$ 36,129,000</u>	<u>\$ 12,436,962</u>	<u>\$ 48,565,962</u>

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM****General Information about the Pension Plan****A. Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (“ACFR”) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034. Because the District participates in TCDRS as a component unit of the County plan, no distinctly separate actuarial calculations are performed or separate fiduciary net position maintained for the District. As such, the District’s participation in the plan is being reported as a participation in a cost-sharing plan (with the County) in accordance with U.S. generally accepted accounting principles.

**B. Benefits Provided**

The plan provisions are adopted by the governing body of the employer for the benefit of all full-time employees of the County, within the options available in the Texas state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

All employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal two times the employee's final full-year salary. An employee who leaves County service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in retirement allowance of 2 percent for general employees and 3 percent for public safety employees. The Commissioners Court considers providing an additional cost-of-living adjustment after the employee's retirement date beyond the terms of the plan during the budget process if sufficient funds are available.

#### **C. Employees Covered by Benefit Terms**

As of September 30, 2024, 85 active employees were covered under the plan.

#### **D. Contributions**

The employer has elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 13.07% for calendar year 2023 and 13.45% for calendar year 2024. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The County's total payroll in fiscal year 2024 was approximately \$240.3 million and the County's contributions were based on a payroll of approximately \$236.1 million. Contributions made by employees totaled \$16.5 million and the County made contributions of \$30.8 million during the fiscal year ended September 30, 2024, of which \$625,265 was attributable to the District.

#### **E. Actuarial Assumptions**

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

# FORT BEND COUNTY DRAINAGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS (continued)

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age (level percent of pay)
<b>Amortization Method</b>	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	3.00%
<b>Investment Rate of Return</b>	7.60%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Fort Bend County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Mortality</b>	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## FORT BEND COUNTY DRAINAGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS (continued)

#### F. Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability ("UAAL") shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

## FORT BEND COUNTY DRAINAGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS (continued)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension asset of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

#### G. Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10 year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

#### H. Sensitivity Analysis

The following presents the net pension asset of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<b>1% Decrease 6.60%</b>	<b>Current Discount Rate 7.60%</b>	<b>1% Increase 8.60%</b>
District's proportional share of the net pension liability / (asset)	\$ 3,790,317	\$ 923,962	\$ (1,465,278)

At September 30, 2024, the District's proportionate share of the County's net pension liability was 2.0%.

#### I. Deferred Inflows / Outflows of Resources

For the year ended September 30, 2024, the District recognized pension expense of \$339,269. As of the measurement date of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**FORT BEND COUNTY DRAINAGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 108,583	\$ 13,326
Changes of assumptions	213,778	-
Net difference between projected and actual earnings	91,164	-
Contributions made subsequent to measurement date	461,147	-
	<u>\$ 874,672</u>	<u>\$ 13,326</u>

Deferred outflows of resources resulting from contributions subsequent to the measurement date of \$461,147 will be recognized as a reduction of the net pension liability (asset) for the measurement year ending December 31, 2024 (i.e. recognized in the District's financial statements for the year ending September 30, 2025).

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the December 31 measurement date, will be recognized in pension expense as follows:

Measurement Year ending December 31:	
2024	\$ 128,129
2025	(34,963)
2026	407,602
2027	(100,569)
Total	<u>\$ 400,199</u>

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**J. Changes in Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances as of December 31, 2022	\$ 19,203,495	\$ 17,606,266	\$ 1,597,230
Changes for the year:			
Service cost	579,809	-	579,809
Interest on total pension liability <sup>(1)</sup>	1,471,797	-	1,471,797
Effect of economic/demographic gains or losses	93,157	-	93,157
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(48,593)	(48,593)	-
Benefit payments	(802,082)	(802,082)	-
Administrative expenses	-	(10,222)	10,222
Member contributions	-	308,454	(308,454)
Net investment income	-	1,935,279	(1,935,279)
Employer contributions	-	575,981	(575,981)
Other <sup>(2)</sup>	-	8,537	(8,537)
Balances as of December 31, 2023	<u>\$ 20,497,582</u>	<u>\$ 19,573,619</u>	<u>\$ 923,962</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**K. Pension Expense**

Pension Expense	Measurement Year 2023
Service cost	\$ 579,809
Interest on total pension liability <sup>(1)</sup>	1,471,797
Administrative expenses	10,221
Member contributions	(308,454)
Expected investment return net of investment expenses	(1,339,273)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	38,409
Recognition of assumption changes or inputs	209,131
Recognition of investment gains or losses	(313,833)
Other <sup>(2)</sup>	(8,539)
Pension expense	<u>\$ 339,269</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**FORT BEND COUNTY DRAINAGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)**

In addition to providing pension benefits through the Texas County and District Retirement System, the County has opted to provide eligible retired employees with the following post-employment benefits:

- Eligible retirees receive the same healthcare benefits as current eligible County employees.
- Eligible retirees may purchase healthcare coverage for eligible dependents at the same subsidized cost to current eligible County employees.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County recognizes its share of the costs of providing these benefits when paid, on a “pay-as-you-go” basis. The County has had an actuarial valuation of its post-retirement benefit liability performed as of September 30, 2024. At that date, there were 44 retirees and 26 spouses of retirees receiving benefits and 78 active members not yet receiving benefits.

**A. Changes in OPEB Liability**

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Changes in Net OPEB Liability</b>			
Balance as of September 30, 2023	\$ 16,137,001	\$ 1,184,068	\$ 14,952,933
Changes for the year:			
Service cost	367,840	-	367,840
Interest on total OPEB liability	1,130,705	-	1,130,705
Effect of economic/demographic gains or losses	(1,020,267)	-	(1,020,267)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(715,933)	(715,933)	-
Employer contributions	-	1,932,189	(1,932,189)
Net investment income	-	325,553	(325,553)
Balance as of September 30, 2024	<u>\$ 15,899,346</u>	<u>\$ 2,725,877</u>	<u>\$ 13,173,469</u>

**B. Sensitivity Analysis**

The following presents the net OPEB liability of the District, calculated using the discount rate of 7.00%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Net OPEB liability	\$ 15,302,076	\$ 13,173,469	\$ 11,404,225

The following presents the net OPEB liability of the District, calculated using the current healthcare cost trends as well as what the District’s net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-higher than the current rate:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Net OPEB liability	\$ 11,106,720	\$ 13,173,469	\$ 15,718,757

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**C. Deferred Inflows / Outflows of Resources**

As of the measurement date of September 30, 2024, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 602,258	\$ 2,464,228
Changes of assumptions	2,638,274	9,940,208
Net difference between projected and actual earnings	-	121,178
	<u>\$ 3,240,532</u>	<u>\$ 12,525,614</u>

Amounts currently reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year	
2025	\$ (2,116,660)
2026	(2,116,660)
2027	(2,013,465)
2028	(1,958,736)
2029	(983,717)
Thereafter	(95,844)
Total	<u>\$ (9,285,082)</u>

**D. OPEB Expense**

For the year ended September 30, 2024, the District recognized OPEB income of .

<b>OPEB Expense</b>	<u>Measurement Year 2024</u>
Service cost	\$ 367,840
Interest on total OPEB liability	1,130,705
Expected investment return net of investment expenses	(124,734)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(430,646)
Recognition of assumption changes or inputs	(1,659,009)
Recognition of investment gains or losses	(27,005)
OPEB expense (income)	<u>\$ (742,849)</u>

## FORT BEND COUNTY DRAINAGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS (continued)

#### E. Key Actuarial Methods and Assumptions

Valuation Date	October 1, 2023
Measurement Date	September 30, 2024
Discount Rate	7.00%
Actuarial cost method	Entry Age Normal
Inflation	2.31%
Medical Trend Rate	7.20% - 3.70% Pre-65 year 5.30% - 3.70% Post-65 year
Salary increases including inflation	4.75% - 0.60%

#### NOTE 8 – CONTINGENT LIABILITIES

The District is contingently liable for lawsuits and other claims arising in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the District as of September 30, 2024.

#### NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disaster. The County's risk management program, which covers the District, encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers, self-insurance and from participation in a risk pool. The participation of the District in the risk pool is limited to the payment of premiums. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

#### NOTE 10 – TAX ABATEMENTS

The District provides property tax abatements for economic development pursuant to Chapter 312 of the Texas Property Tax Code in order to facilitate the creation and retention of job opportunities to the District. Under the terms of the District's tax abatement guidelines, an abatement may only be granted for the additional value of eligible improvements made subsequent to and specified in an abatement agreement between the District and the property owner or lessee, subject to such limitations as the District may require. An abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

## **FORT BEND COUNTY DRAINAGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**Economic Qualifications:** In order to be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:

1. Must be expected to have an increased appraised ad valorem tax value of at least \$1,000,000 based upon the Fort Bend Central Appraisal District's assessment of the eligible property; and
2. Must be expected to prevent the loss of payroll or retain, increase or create payroll on a permanent basis in the District.
3. Must not have the effect of transferring employment from one part of the District to another, unless there is a substantial threat of economic loss to the District.

**Recapture:** Any abatement agreement may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination in the event that the company or individual:

1. Allows its ad valorem taxes owed the District to become delinquent and fails to timely and properly follow the legal procedures for their protest and /or contest;
2. Violates any of the terms and conditions of the abatement agreement; or
3. Vacates any of the improvements subject to the agreement before the term of the abatement; and fails to cure during the cure period.

Should the District determine that the company or individual is in default according to the terms and conditions of its agreement, the District shall notify the company or individual of such default in writing at the address stated in the agreement; and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

**Taxes Abated:** During the 2024 fiscal year the District tax abatement program resulted in the abatement of approximately \$118,134 in property taxes because of lowered assessed values on qualified projects.

***REQUIRED SUPPLEMENTARY INFORMATION***

**FORT BEND COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DRAINAGE DISTRICT GENERAL FUND - BUDGETARY BASIS**  
**For the Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance from Final Budget</u>
<b>Revenues</b>				
Property taxes	\$ 11,760,844	\$ 11,760,844	\$ 11,544,878	\$ (215,966)
Earnings on investments	750,000	750,000	594,535	(155,465)
Miscellaneous	159,084	159,084	46,125	(112,959)
<b>Total Revenues</b>	<u>12,669,928</u>	<u>12,669,928</u>	<u>12,185,538</u>	<u>(484,390)</u>
<b>Expenditures</b>				
Current:				
Salaries and personnel costs	7,810,059	7,810,059	7,214,250	595,809
Operating costs	4,095,951	3,898,520	2,839,841	1,058,679
Information technology costs	4,200	18,748	15,727	3,021
Capital acquisitions	59,680	242,563	223,640	18,923
<b>Total Expenditures</b>	<u>11,969,890</u>	<u>11,969,890</u>	<u>10,293,458</u>	<u>1,676,432</u>
Net Change in Fund Balances - Budgetary Basis	700,038	700,038	1,892,080	1,192,042
<b>Net Adjustment to Reflect Operations in Accordance with GAAP <sup>(a)</sup></b>	-	-	(2,945,608)	(2,945,608)
<b>Fund Balances, Beginning of Year</b>	<u>16,485,426</u>	<u>16,485,426</u>	<u>16,485,426</u>	<u>-</u>
<b>Fund Balances, End of Period</b>	<u>\$ 17,185,464</u>	<u>\$ 17,185,464</u>	<u>\$ 15,431,898</u>	<u>\$ (1,753,566)</u>

(a) See reconciliation in notes to budgetary required supplementary information



**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO BUDGETARY REQUIRED SUPPLEMENTARY INFORMATION**

**Budgets**

The Board adopts an annual appropriations budget for the General Fund using the same basis of accounting as for financial reporting. All annual appropriations lapse at fiscal year-end. The County Budget Officer prepares the proposed budget, using revenue estimates furnished by the County Auditor and submits the data to the Board. The Board holds a public hearing on the budget. Before determining the final budget, the Board may increase or decrease the amounts requested by District management. In the final budget, appropriations for the General Fund cannot exceed the estimated available budgetary fund balance in such funds at October 1, plus the estimate of revenues for the ensuing year. During the year, the Board may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balance in excess of budget estimates, provided the Board rules that a state of emergency exists. The District may transfer amounts among individual budget line items within major expenditure categories during the year, but the Board must approve any budget transfers between major expenditure categories. However, no such transfer may increase the overall total of the budget.

The General Fund includes a multi-year budget that is not confined to the fiscal year ending September 30. This multi-year budget is primarily used to account for capital projects. The funding for these multi-year budgets originates from a prior and/or current fiscal year budget allocation within the General Fund. These annual budgetary allocations are transferred to the multi-year budgets within the General Fund. The residual balances of these budgets are reconsidered by the Board annually during the budget process described in the preceding paragraph. The schedule below shows a reconciliation of the GAAP Basis activity in the General Fund for the fiscal year and multi-year budgetary basis to determine the actual net change in fund balance.

	<u>Actual Amounts Budgetary Basis</u>	<u>Actual Multi-Year</u>	<u>Actual Amounts GAAP Basis</u>
Revenues	\$ 12,185,538	\$ 46,533	\$ 12,232,071
Expenditures	<u>10,293,458</u>	<u>2,992,141</u>	<u>13,285,599</u>
<b>Net Change in Fund Balance</b>	1,892,080	(2,945,608)	(1,053,528)
<b>Fund Balance, Beginning of Year</b>			16,485,426
<b>Fund Balance, End of Period</b>			<u>\$ 15,431,898</u>

**Budget variances**

For the year ended September 30, 2024, there were negative variances in revenues. These negative revenue results have not materially impacted the District’s budget due to expenditures falling short of the total budget by an amount greater than the revenue budget deficiencies.

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (UNAUDITED)**

**Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) and Related Ratios  
For the Last Ten Measurement Years ended December 31**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's proportion of the net pension liability	2.00%	2.00%	2.00%	2.00%	2.00%
District's proportional share of the net pension liability (asset)	\$ 923,962	\$ 1,597,230	\$ (645,974)	\$ 1,576,929	\$ 958,830
District's covered employee payroll	\$ 4,778,228	\$ 3,895,603	\$ 3,886,798	\$ 3,790,611	\$ 3,845,234
District's proportional share of the net pension liability (asset) as a percentage of it's covered payroll	19.34%	41.00%	-16.62%	41.60%	24.94%
Plan's fiduciary net position as a percentage of total pension liability per Fort Bend County ACFR	95.49%	91.68%	103.58%	90.68%	93.52%
Plan's net pension liability (asset) as a percentage of it's covered payroll per Fort Bend County ACFR	20.97%	41.00%	-17.72%	42.91%	28.30%

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (UNAUDITED)**

**Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) and Related Ratios  
For the Last Ten Measurement Years ended December 31**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension liability	2.00%	2.00%	2.00%	2.50%	2.65%
District's proportional share of the net pension liability (asset)	\$ 1,926,852	\$ 827,436	\$ 1,463,206	\$ 1,764,725	\$ 922,272
District's covered employee payroll	\$ 3,755,343	\$ 3,641,344	\$ 3,603,729	\$ 3,323,453	\$ 3,167,115
District's proportional share of the net pension liability (asset) as a percentage of it's covered payroll	51.31%	22.72%	40.60%	53.10%	29.12%
Plan's fiduciary net position as a percentage of total pension liability per Fort Bend County ACFR	85.99%	93.51%	87.56%	87.06%	93.16%
Plan's net pension liability (asset) as a percentage of it's covered payroll per Fort Bend County ACFR	60.25%	27.06%	52.58%	55.29%	29.12%

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (UNAUDITED)**

*Schedule of Contributions*

*Last Ten Fiscal Years*

<u>Year ended September 30</u>	<u>Actuarially determined contribution</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2024	\$ 625,621	\$ 625,621	\$ -	\$ 4,781,548	13.08%
2023	606,265	606,265	-	4,613,433	13.14%
2022	553,666	553,666	-	4,198,246	13.19%
2021	464,146	464,146	-	3,737,159	12.42%
2020	477,556	477,556	-	3,888,366	12.28%
2019	456,215	456,215	-	3,789,759	12.04%
2018	430,277	430,277	-	3,638,514	11.83%
2017	408,623	408,623	-	3,473,747	11.76%
2016	400,381	400,381	-	3,320,561	12.06%
2015	384,271	384,271	-	3,211,408	11.97%

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION**  
*For the Year Ended September 30, 2024*

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age (level percent of pay)
<b>Amortization Method</b>	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	3.00%
<b>Investment Rate of Return</b>	7.60%
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Fort Bend County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Mortality</b>	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS**  
**For the Last Seven Measurement Years Ended September 30,**

	<u>2024</u>	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the Net OPEB liability	4.3%	4.5%	4.5%	4.6%	4.8%
District's proportional share of the net OPEB liability	\$ 13,173,469	\$ 14,952,933	\$ 22,079,360	\$ 29,408,433	\$ 28,543,456
Plan fiduciary net position as a percentage of Total OPEB liability per Fort Bend County ACFR	17.1%	7.0%	0.0%	0.0%	0.0%
District's covered employee payroll	\$ 4,616,003	\$ 4,298,261	\$ 4,173,069	\$ 3,886,798	\$ 3,790,611
District's proportional share of the Net OPEB liability as a percentage of it's covered payroll	285.39%	347.88%	529.09%	756.62%	753.00%

\* In fiscal year 2023, Fort Bend County began making contributions into an OPEB trust fund.

Note: GASB 75 requires 10 years of OPEB liability and related ratios information. This information is not available and has not been calculated prior to the first measurement year ended September 30, 2018 In the future, such information will be used to populate this schedule as it becomes available.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For the Last Seven Measurement Years Ended September 30,**

	<u>2019</u>	<u>2018</u>
District's proportion of the Net OPEB liability	4.7%	5.1%
District's proportional share of the net OPEB liability	\$ 27,824,867	\$ 21,589,184
Plan fiduciary net position as a percentage of Total OPEB liability per Fort Bend County ACFR	0.0%	0.00%
District's covered employee payroll	\$ 3,845,234	\$ 3,755,343
District's proportional share of the Net OPEB liability as a percentage of it's covered payroll	723.62%	574.89%

Note: GASB 75 requires 10 years of OPEB liability and related ratios information. This information is not available and has not been calculated prior to the first measurement year ended September 30, 2018. In the future, such information will be used to populate this schedule as it becomes available.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)**  
*Schedule of Contributions*  
*Last Two Measurement Years*

<b>Year ended September 30</b>	<b>District's Portion of the Actuarially Determined</b>	<b>Actual Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions As A Percentage Of Covered Employee Payroll</b>
2024	\$ 1,943,453	\$ 1,932,189	\$ 11,264	\$ 4,616,003	41.9%
2023	1,778,630	1,903,879	(125,249)	4,298,261	44.3%

Note: GASB 75 requires 10 years of OPEB liability and related ratios information. This information is not available and has not been calculated prior to the measurement year ended September 30, 2023. In the future, such information will be used to populate this schedule as it becomes available. Fiscal Year 2023 was the first year of the County's OPEB Trust.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**NOTES TO OPEB REQUIRED SUPPLEMENTARY INFORMATION**

***Other Post-Employment Benefits***  
***Schedule of the District's Key OPEB Actuarial Methods and Assumptions***

Valuation Date	October 1, 2023
Measurement Date	September 30, 2024
Discount Rate	7.00%
Actuarial cost method	Entry Age Normal
Inflation	2.31%
Medical Trend Rate	7.20% - 3.70% Pre-65 year 5.30% - 3.70% Post-65 year
Salary increases including inflation	4.75% - 0.60%



## **OTHER SUPPLEMENTARY INFORMATION**

**FORT BEND COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DRAINAGE DISTRICT GENERAL FUND - BUDGETARY BASIS**  
**For the Year Ended September 30, 2024**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance from Final Budget</b>
<b>Revenues</b>				
Property taxes	\$ 1,730,154	\$ 1,730,154	\$ 1,710,352	\$ (19,802)
Earnings on investments	-	-	249,610	249,610
Miscellaneous	-	-	27,744	27,744
<b>Total Revenues</b>	<u>1,730,154</u>	<u>1,730,154</u>	<u>1,987,706</u>	<u>257,552</u>
<b>Expenditures</b>				
<b>Debt Service:</b>				
Principal	960,000	960,000	960,000	-
Interest and fiscal charges	1,072,450	1,072,450	870,250	202,200
<b>Total Expenditures</b>	<u>2,032,450</u>	<u>2,032,450</u>	<u>1,830,250</u>	<u>202,200</u>
Net Change in Fund Balances - Budgetary Basis	(302,296)	(302,296)	157,456	459,752
<b>Fund Balances, Beginning of Year</b>	4,256,561	4,256,561	4,256,561	-
<b>Fund Balances, End of Period</b>	<u><u>\$ 3,954,265</u></u>	<u><u>\$ 3,954,265</u></u>	<u><u>\$ 4,414,017</u></u>	<u><u>\$ 459,752</u></u>

**TEXAS SUPPLEMENTARY INFORMATION**

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**GENERAL FUND EXPENDITURES**  
*For the Year Ended September 30, 2024*

**TSI-2**

<b>Salary and Personnel Costs:</b>	
Salaries and labor	\$ 4,756,548
Board pay	25,000
Payroll taxes	348,545
Retirement	625,621
Insurance	1,458,533
<b>Operating and Training Costs:</b>	
Fees	758,775
Travel	18,941
Supplies and maintenance	1,511,482
Fuel	403,132
Property and casualty	147,512
Property and equipment	40,757
<b>Tax Increment Payments</b>	116,440
<b>Information Technology Costs</b>	15,727
<b>Capital Acquisition Costs</b>	3,058,586
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,285,599</u>

Number of employees employed by the District: 86

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**TAXES LEVIED AND RECEIVABLE**  
**September 30, 2024**

**TSI-4**

	<u>Maintenance</u> <u>Taxes</u>	<u>Debt Service</u> <u>Taxes</u>	<u>Total</u> <u>Taxes</u>
<b>Taxes receivable - Beginning of Year</b>	\$ 270,095	\$ 12,690	\$ 282,785
Adjustments	(147,087)	2,513	(144,574)
Adjusted receivable	<u>123,008</u>	<u>15,203</u>	<u>138,211</u>
<b>2023 Tax Levy:</b>			
Original tax levy	11,795,311	1,747,454	13,542,765
Adjustments and corrections	(289,698)	253,521	(36,177)
Adjusted 2023 tax levy	<u>11,505,613</u>	<u>2,000,975</u>	<u>13,506,588</u>
<b>Total to be Accounted for</b>	<u>11,628,621</u>	<u>2,016,178</u>	<u>13,644,799</u>
<b>Tax Collections:</b>			
Current year	11,395,984	1,981,910	13,377,894
Prior years	(53,013)	(12,741)	(65,754)
<b>Total Collections</b>	<u>11,342,971</u>	<u>1,969,169</u>	<u>13,312,140</u>
<b>Taxes Receivable - End of Year</b>	<u>\$ 285,650</u>	<u>\$ 47,009</u>	<u>\$ 332,659</u>
<b>Taxes Receivable - By Years:</b>			
2023	\$ 109,629	19,065	128,694
2022	40,511	9,104	49,615
2021	23,153	6,093	29,246
2020	19,726	9,854	29,580
2019	18,804	2,893	21,697
2018 and prior	73,827	-	73,827
<b>Taxes Receivable - End of Year</b>	<u>\$ 285,650</u>	<u>\$ 47,009</u>	<u>\$ 332,659</u>

<b>Assessed</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Property Valuations:</b>					
Land	\$ 28,237,253,953	\$ 25,168,213,762	\$ 24,241,089,121	\$ 23,075,086,780	\$ 22,142,512,730
Improvements	120,666,770,994	102,139,069,701	78,319,490,709	71,636,819,539	66,494,065,787
Personal property	10,396,331,227	7,835,412,762	6,870,306,794	6,113,826,326	6,781,441,127
Less: exemptions	(50,084,509,184)	(40,271,614,981)	(28,959,810,762)	(26,310,957,908)	(25,362,484,216)
	<u>\$ 109,215,846,990</u>	<u>\$ 94,871,081,244</u>	<u>\$ 80,471,075,862</u>	<u>\$ 74,514,774,737</u>	<u>\$ 70,055,535,428</u>

<b>Tax Rates Per \$100</b>					
<b>Valuations</b>					
Maintenance tax rates	\$ 0.010800	\$ 0.010900	\$ 0.012000	\$ 0.013000	\$ 0.013500
Debt service tax rates	<u>0.001600</u>	<u>0.002000</u>	<u>0.002500</u>	<u>0.004331</u>	<u>0.001800</u>
<b>Total Tax Rate per \$100 Valuation</b>	<u>\$ 0.012400</u>	<u>\$ 0.012900</u>	<u>\$ 0.014500</u>	<u>\$ 0.017331</u>	<u>\$ 0.015300</u>
<b>Original Tax Levy</b>	<u>\$ 13,542,765</u>	<u>\$ 12,238,369</u>	<u>\$ 11,668,306</u>	<u>\$ 12,914,156</u>	<u>\$ 10,718,497</u>
<b>Percent of Taxes Collected to Taxes Levied</b>	<u>99.05%</u>	<u>98.95%</u>	<u>98.90%</u>	<u>99.62%</u>	<u>99.73%</u>

Maximum Tax Rate Approved by Voters: \$ 0.25 on 6/25/49

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS**  
*September 30, 2024*

**TSI-5**

Fiscal Year Ending Sept.30,	Totals			Permanent Improvement Bonds Series 2020		Fort Bend County Certificate of Obligation Series 2024	
	Total	Principal	Interest	Principal	Interest	Principal	Interest
	2025	\$ 3,404,360	\$ 1,877,000	\$ 1,527,360	\$ 1,010,000	\$ 819,200	\$ 867,000
2026	3,350,886	1,976,000	1,374,886	1,060,000	767,450	916,000	607,436
2027	3,351,522	2,078,000	1,273,522	1,115,000	713,075	963,000	560,447
2028	3,349,004	2,182,000	1,167,004	1,170,000	655,950	1,012,000	511,054
2029	3,350,080	2,295,000	1,055,080	1,230,000	595,950	1,065,000	459,130
2030	2,941,857	1,994,000	947,857	1,295,000	532,825	699,000	415,032
2031	2,941,604	2,096,000	845,604	1,360,000	466,450	736,000	379,154
2032	2,925,065	2,172,000	753,065	1,415,000	411,225	757,000	341,840
2033	2,926,136	2,255,000	671,136	1,460,000	368,100	795,000	303,036
2034	2,926,865	2,341,000	585,865	1,505,000	323,625	836,000	262,240
2035	2,440,600	1,931,000	509,600	1,550,000	277,800	381,000	231,800
2036	2,438,861	1,996,000	442,861	1,595,000	230,625	401,000	212,236
2037	2,439,693	2,066,000	373,693	1,645,000	182,025	421,000	191,668
2038	2,439,983	2,138,000	301,983	1,695,000	131,925	443,000	170,058
2039	2,443,586	2,216,000	227,586	1,750,000	80,250	466,000	147,336
2040	2,440,447	2,290,000	150,447	1,800,000	27,000	490,000	123,447
2041	613,338	515,000	98,338	-	-	515,000	98,338
2042	612,936	541,000	71,936	-	-	541,000	71,936
2043	613,170	569,000	44,170	-	-	569,000	44,170
2044	615,969	601,000	14,969	-	-	601,000	14,969
<b>Totals</b>	<b>\$ 48,565,962</b>	<b>\$ 36,129,000</b>	<b>\$ 12,436,962</b>	<b>\$ 22,655,000</b>	<b>\$ 6,583,475</b>	<b>\$ 13,474,000</b>	<b>\$ 5,853,487</b>

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**CHANGES IN LONG-TERM BONDED DEBT**  
*September 30, 2024*

TSI-6

	<b>Permanent Improvement Series 2020</b>	<b>Fort Bend County Certificate of Obligation Series 2024</b>
Interest Rates	3.0% - 5.0%	5.0%
Dates Interest Payable	9/1 - 3/1	9/1 - 3/1
Maturity Dates	3/1/2040	3/1/2044
Beginning Bonds Outstanding	\$ 23,615,000	\$ -
Bonds Sold During the Fiscal Year	-	13,474,000
Bonds Retired During the Fiscal Year	<u>(960,000)</u>	<u>-</u>
<b>Ending Bonds Outstanding</b>	<b><u>\$ 22,655,000</u></b>	<b><u>\$ 13,474,000</u></b>
Interest Paid During the Fiscal Year	<u>\$ 868,450</u>	<u>\$ -</u>
Paying Agent's Name and City	Amegy Bank, Houston, Texas	
Bond Authority:	Tax Bonds	
Amount Authorized by Voters	\$ 83,900,000	
Amounts Issued	<u>25,405,000</u>	
Remaining to be Issued	<b><u>\$ 58,495,000</u></b>	

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND**  
*Last Five Fiscal Years*

**TSI-7a**  
**Page 1 of 2**

	<b>Amounts</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>					
Property taxes	\$ 11,544,878	\$ 10,259,666	\$ 9,471,620	\$ 9,603,259	\$ 9,371,021
Earnings on investments	594,535	875,402	150,809	15,459	181,815
Impact fees	-	-	-	-	161,542
Intergovernmental revenues	46,533	1,709,827	1,948,480	25,497,426	17,464,482
Miscellaneous	46,125	163,647	155,966	182,515	57,118
<b>Total Revenues</b>	<b>12,232,071</b>	<b>13,008,542</b>	<b>11,726,875</b>	<b>35,298,659</b>	<b>27,235,978</b>
<b>Expenditures:</b>					
Current operating:					
Flood control-maintenance	10,227,013	12,858,508	9,408,045	8,172,128	7,956,682
Capital outlay	3,058,586	-	1,948,480	25,512,006	17,587,610
<b>Total Expenditures</b>	<b>13,285,599</b>	<b>12,858,508</b>	<b>11,356,525</b>	<b>33,684,134</b>	<b>25,544,292</b>
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<b>\$ (1,053,528)</b>	<b>\$ 150,034</b>	<b>\$ 370,350</b>	<b>\$ 1,614,525</b>	<b>\$ 1,691,686</b>

**NOTE 1:** The District does not have active retail water or wastewater connections.



**FORT BEND COUNTY DRAINAGE DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**GENERAL FUND**  
*Last Five Fiscal Years*

**TSI-7a**  
**Page 2 of 2**

	Percent of Total Fund Revenues				
	2024	2023	2022	2021	2020
<b>Revenues:</b>					
Property taxes	94%	79%	81%	27%	34%
Earnings on investments	5%	7%	1%	0%	1%
Impact fees					1%
Intergovernmental revenues	0%	13%	17%	72%	64%
Miscellaneous	0%	1%	1%	1%	0%
<b>Total Revenues</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>Expenditures:</b>					
Current operating:					
Flood control-maintenance	84%	99%	80%	23%	29%
Capital outlay	25%		17%	72%	65%
<b>Total Expenditures</b>	<u>109%</u>	<u>99%</u>	<u>97%</u>	<u>95%</u>	<u>94%</u>
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<u>-9%</u>	<u>1%</u>	<u>3%</u>	<u>5%</u>	<u>6%</u>

**NOTE 1:** The District does not have active retail water or wastewater connections.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**DEBT SERVICE FUND**  
*Last Five Fiscal Years*

**TSI-7b**  
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	<b>Amounts</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>					
Property taxes	\$ 1,710,352	\$ 1,884,907	\$ 1,979,586	\$ 3,199,733	\$ 1,249,153
Earnings on investments	249,610	224,477	32,719	4,197	7,516
Miscellaneous	27,744	-	-	-	-
<b>Total Revenues</b>	<b>1,987,706</b>	<b>2,109,384</b>	<b>2,012,305</b>	<b>3,203,930</b>	<b>1,256,669</b>
<b>Expenditures:</b>					
Principal	960,000	915,000	875,000	-	-
Interest and fiscal charges	870,250	916,325	952,325	667,078	-
<b>Total Expenditures</b>	<b>1,830,250</b>	<b>1,831,325</b>	<b>1,827,325</b>	<b>667,078</b>	<b>-</b>
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<b>\$ 157,456</b>	<b>\$ 278,059</b>	<b>\$ 184,980</b>	<b>\$ 2,536,852</b>	<b>\$ 1,256,669</b>

**NOTE 1:** The District does not have active retail water or wastewater connections.

**NOTE 2:** Prior to fiscal year 2020, the District did not have any debt outstanding nor did the District levy debt service taxes.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -**  
**DEBT SERVICE FUND**  
*Last Five Fiscal Years*

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	Percent of Total Fund Revenues				
	2024	2023	2022	2021	2020
<b>Revenues:</b>					
Property taxes	86%	89%	98%	100%	99%
Earnings on investments	13%	11%	2%	0%	1%
Miscellaneous	1%				
<b>Total Revenues</b>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<b>Expenditures:</b>					
Principal	48%	43%	43%		
Interest and fiscal charges	44%	43%	47%	21%	
<b>Total Expenditures</b>	<u>92%</u>	<u>87%</u>	<u>91%</u>	<u>21%</u>	
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<u>8%</u>	<u>13%</u>	<u>9%</u>	<u>79%</u>	<u>100%</u>

**NOTE 1:** The District does not have active retail water or wastewater connections.

**NOTE 2:** Prior to fiscal year 2020, the District did not have any debt outstanding nor did the District levy debt service taxes.

**FORT BEND COUNTY DRAINAGE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS**  
**For the Year Ended September 30, 2024**

**TSI-8**

Complete District Mailing Address: 1004 Blume Road, PO Box 1028, Rosenberg, TX 77471  
 District Business Telephone Number: (281) 342-2863  
 Submission date of most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): 5/2/11  
 Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200  
 (Set by Board Resolution - TWC Section 49.6000)

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid * 09/30/24</u>	<u>Expense Reimburse- ments 09/30/24</u>	<u>Title at Year-end</u>
<b><u>Board Members:</u></b>				
Kyle George	(Elected) 1/23-12/25	\$ 2,400	\$ -	Chairman
Vincent Morales	(Elected) 1/21 - 12/24	2,400	-	Board Member
Grady Prestage	(Elected) 1/23-12/25	2,400	-	Board Member
Andy Meyers	(Elected) 1/21 - 12/24	2,400	-	Board Member
Dexter McCoy	(Elected) 1/23-12/25	2,400	-	Board Member
<b><u>Key Administrative Personnel:</u></b>				
`	1/1/07	\$ 213,786	1,387	Drainage District Manager/ Chief Engineer
<b><u>Consultants:</u></b>				
Halff Associates Inc.		\$ 5,400		Engineering Consultant
Freese & Nichols, Inc.		57,700		Engineering Consultant
Whitley Penn, L.L.P.		13,525		Independent Auditor
Costello, Inc		48,819		Engineering Consultant
Huitt Zollars, Inc.		31,680		Engineering Consultant
IGET Services, LLC		23,633		Engineering Consultant
Wetland Technologies		47,000		Engineering Consultant

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

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Fort Bend County Drainage District  
Fort Bend County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fort Bend County Drainage District (the "District"), a component unit of Fort Bend County, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 20, 2025.

**Internal Control over Financial Reporting**

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

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

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

To the Board of Directors  
Fort Bend County Drainage District  
Fort Bend County, Texas

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
March 20, 2025