FORT BEND COUNTY
DRAINAGE DISTRICT

FORT BEND COUNTY, TEXAS
Financial Report

September 30, 2021

FORT BEND COUNTY DRAINAGE DISTRICT
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COUNTY AUDITOR
Fort Bend County, Texas

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County Auditor

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March 31, 2022

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, 2021. 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, 2021. 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 2021. 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.fortbendcountytx.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 $30 million of this authorization in permanent improvement bonds on 12/22/2020 and has expended $11.6 million of this issuance as of 09/30/2021. The use of this bond authorization will be complimented with federal matching funds of over $100 million over the next five years. 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. These initiatives include:

- Flood Mitigation projects following the 2015, 2016, and 2017 flooding events.
- Development of regional detention facilities
- Provide drainage capacity within channels with reimbursements requirements for developments
- Improve major drainage channels for flood risk reduction

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining information, as of September 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and the Texas Supplementary Information ("TSI") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The TSI is the responsibility of management 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 TSI is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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.

Whitley Penn LLP

Houston, Texas
March 31, 2022

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, 2021.

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 $61,154,263 (net position). Of this amount, there is a deficit of $11,239,146 in unrestricted net position due to the continuing liability increase for other post-employment benefits ("OPEB") which now totals $29,408,433.
- At the close of the current fiscal year, the District's General Fund reported a fund balance of $15,965,048, an increase of $8,606,444 from the prior fiscal year. This increase is due to the District's financing of capital purchases and projects rather than using current fund balance.

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 10 and 11 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.

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 g*overnmental 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 16 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 $61,154,263 as of September 30, 2021. Below is a condensed schedule of net position for the District as of September 30, 2021 and 2020:

	2021	2020*
Current assets	$ 42,996,044	$ 21,308,723
Capital assets	84,259,157	55,986,287
Total Assets	127,255,201	77,295,010
Total Deferred Outflows of Resources	6,071,084	5,651,127
Long-term liabilities	61,300,724	29,865,505
Other liabilities	7,807,462	14,175,090
Total Liabilities	69,108,186	44,040,595
Total Deferred Inflows of Resources	3,063,836	2,828,554
Net Position:		
Net investment in capital assets	68,671,800	52,887,708
Restricted for debt service	3,721,609	1,257,848
Unrestricted	(11,239,146)	(18,068,568)
Total Net Position	$ 61,154,263	$ 36,076,988

* Fiscal year 2020 amounts have been restated for presentation purposes. See Note 12 to the financial statements for more information.

By far, the largest portion of the District's net position reflects its 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 $11,239,146 is primarily due to the growth in OPEB payable which now totals $29,408,433.

The following table is a condensed schedule of changes in net position for the years ended September 30, 2021 and 2020:

	2021	2020*
Program Revenues		
Capital grants and contributions	$ 26,057,294	$ 17,464,482
Impact fees	-	161,542
General Revenues		
Property taxes	12,832,124	10,635,569
Earnings on investments	41,152	189,331
Miscellaneous	48,046	5,273
Total Revenues	38,978,616	28,456,197
Program Expenses		
Flood control-maintenance	13,101,753	9,511,014
Interest on long-term debt	799,588	-
Total Expenses	13,901,341	9,511,014
Change in Net Position	25,077,275	18,945,183
Net Position, Beginning, as restated	36,076,988	17,131,805
Net Position, Ending	$ 61,154,263	$ 36,076,988

* Fiscal year 2020 amounts have been restated for presentation purposes. See Note 12 to the financial statements for more information.

In 2021, capital grants and contributions rose due to increased activity in grant funded projects repairing hurricane Harvey related damages. The District's grant and property tax revenues were more than sufficient to cover expenses incurred during the year ended September 30, 2021, resulting in a $25,077,275 increase in net position. The key element of the change in net position is due to reimbursement of hurricane related damages which was the same key element in fiscal year 2020.

Fund Financial Analysis

As of September 30, 2021, the District's governmental funds reported an ending fund balance of $34,946,683. Traditionally, the District's main source of revenue is property taxes, which totaled $12,802,992 for the year ended September 30, 2021 an increase of $2.2 million over the prior year due to a slight increase in the total property tax rate. Over the past two fiscal years, the District has received large amounts of federal funding from the U.S. Department of Agriculture to improve flooding and other drainage projects. The District saw increases across the all funds with ending fund balances increased during the fiscal year by $28,106,188.

The General Fund realized an increase in fund balance of $8.6 million primarily due to transfers in from the capital projects fund of almost $7.0 million under a reimbursement agreement for improvements previously paid for out of General Fund revenues.

As noted earlier, the District issued permanent improvement bonds with a par value of $25.4 million used for flood control projects which led to an increase in fund balance of almost $17.0 million.

General Fund Budgetary Highlights

Beginning in fiscal year 2020, the Board authorized the financing of capital purchases and projects which resulted in an ending fund balance increase in the General Fund of $8.6 million as part of the increase noted in the section above. The District will continue to assess this growth in fiscal year 2022 again to determine the appropriate fund balance reserve to safeguard the operations of the District if a greater demand on resources or reduction in resources occurs.

Capital Assets

At the end of fiscal year 2021, the District had $84,259,157 invested in capital assets, as reflected in the following schedule. This represents an increase of $28,272,870 from the previous year.

	2021	2020
Non-Depreciable Capital Assets		
Land	$ 2,677,318	$ 2,677,318
Construction in progress	9,274,533	13,042,357
Other Capital Assets, Net		
Infrastucture-drainage improvements	64,469,842	32,792,648
Vehicles	678,995	653,324
Office furniture and equipment	46,197	73,767
Machinery and equipment	6,679,412	6,264,278
Buildings and facilities	432,860	482,595
Total Capital Assets	$ 84,259,157	$ 55,986,287

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, 2021, the District issued $25.4 million in general obligation bonds to fund various drainage projects. No general obligation bonds were outstanding at the beginning of the fiscal year. More debt information is presented in Note 5 to this report.

Economic Factors

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

The population of the County is estimated at 867,500 in 2021 and is expected to grow to 960,690 by 2025.

The number of households has increased to 267,574 in 2021 and is expected to grow to 298,830 by 2025. Mean household income for 2021 is $212,685 and is estimated to rise to $244,483 by 2025. Income per capita is currently at $67,347 and is expected to grow to $77,376 by 2025.

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.

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.

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BASIC FINANCIAL STATEMENTS

FORT BEND COUNTY DRAINAGE DISTRICT
STATEMENT OF NET POSITION
September 30, 2021

		Governmental Activities
Assets		
Cash and cash equivalents	$	39,072,235
Receivables:		
Property taxes, net		322,272
Intergovernmental		3,593,227
Miscellaneous		8,310
Capital assets, not subject to depreciation		11,951,851
Capital assets, net of accumulated depreciation		72,307,306
Total Assets		127,255,201
Deferred Outflows of Resources		
Deferred outflows related to pension and OPEB activities		6,071,084
Total Deferred Outflows of Resources		6,071,084
Liabilities		
Retainage payable		719,446
Accrued interest payable		80,372
Due to primary government		7,007,644
Long-term Liabilities:		
Long-term liabilities due within one-year		939,834
Long-term liabilities due in more than one-year		29,375,528
Total OPEB liability		29,408,433
Net pension liability		1,576,929
Total Liabilities		69,108,186
Deferred Inflows of Resources		
Deferred inflows related to pension and OPEB activities		3,063,836
Total Deferred Inflows of Resources		3,063,836
Net Position		
Net investment in capital assets		68,671,800
Resricted for debt service		3,721,609
Unrestricted		(11,239,146)
Total Net Position	$	61,154,263

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, 2021

		Governmental Activities
Program Expenses		
Flood control-maintenance	$	13,101,753
Interest on long-term debt		799,588
Total Program Expenses		13,901,341
Program Revenues		
Capital grants and contributions		26,057,294
Total Program Revenues		26,057,294
General Revenues		
Property taxes		12,832,124
Earnings on investments		41,152
Miscellaneous		48,046
Total General Revenues		12,921,322
Increase(Decrease) in Net Position		25,077,275
Net Position, Beginning, as restated		36,076,988
Net Position, Ending	$	61,154,263

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

FORT BEND COUNTY DRAINAGE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund (Nonmajor)	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 16,230,319	$ 19,050,113	$ 3,791,803	$ 39,072,235
Property taxes receivable, net	313,813	-	8,459	322,272
Grants receivable	3,593,227	-	-	3,593,227
Miscellaneous receivable	6,591	-	1,719	8,310
Total Assets	20,143,950	19,050,113	3,801,981	42,996,044
Liabilities				
Retainage payable	719,446	-	-	719,446
Due to primary government	3,145,644	3,862,000	-	7,007,644
Total Liabilities	3,865,090	3,862,000	-	7,727,090
Deferred Inflow of Resources				
Unavailable revenue - property taxes	313,812	-	8,459	322,271
Total Deferred Inflow of Resources	313,812	-	8,459	322,271
Fund Balance				
Restricted for capital projects	-	15,188,113	-	15,188,113
Restricted for debt service	-	-	3,793,522	3,793,522
Unassigned	15,965,048	-	-	15,965,048
Total Fund Balance	15,965,048	15,188,113	3,793,522	34,946,683
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	$ 20,143,950	$ 19,050,113	$ 3,801,981	$ 42,996,044

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 GOVERNMENT-WIDE STATEMENT OF NET POSITION

September 30, 2021

Fund Balance - Governmental Funds	$	34,946,683
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		84,259,157
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.		322,271
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		(25,405,000)
Premium on long term debt		(4,651,024)
Accrued interest payable on bonds		(80,372)
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		6,071,084
Accrued compensated absences		(259,338)
Total other post-employment benefits ("OPEB")		(29,408,433)
Net pension liability		(1,576,929)
Deferred inflows related to pension and OPEB activities		(3,063,836)
Net Position of Governmental Activities	$	61,154,263

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, 2021

	General Fund	Capital Projects Fund	Debt Service Fund (Nonmajor)	Total Governmental Funds
Revenues				
Property taxes	$ 9,603,259	$ -	$ 3,199,733	$ 12,802,992
Earnings on investments	15,456	21,498	4,198	41,152
Intergovernmental revenues	25,497,426	-	-	25,497,426
Miscellaneous	182,515	-	-	182,515
Total Revenues	35,298,656	21,498	3,203,931	38,524,085
Expenditures				
Current operating:				
Flood control-maintenance	8,172,128	837,757	-	9,009,885
Capital outlay	25,512,006	5,232,813	-	30,744,819
Interest and fiscal charges	-	-	667,078	667,078
Debt issuance costs	-	265,489	-	265,489
Total Expenditures	33,684,134	6,336,059	667,078	40,687,271
Revenues (Under) Expenditures	1,614,522	(6,314,561)	2,536,853	(2,163,186)
Other Financing Sources				
Transfers in	6,991,922	-	-	6,991,922
Transfers out	-	(6,991,922)	-	(6,991,922)
Permanent improvement bonds issued	-	25,405,000	-	25,405,000
Premium on bonds issued	-	4,864,374	-	4,864,374
Total Other Financing Sources	6,991,922	23,277,452	-	30,269,374
Net Change in Fund Balance	8,606,444	16,962,891	2,536,853	28,106,188
Fund Balance, Beginning, as restated	7,358,604	(1,774,778)	1,256,669	6,840,495
Fund Balance, Ending	$ 15,965,048	$ 15,188,113	$ 3,793,522	$ 34,946,683

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

FORT BEND COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS) TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Net changes in fund balances - total governmental funds	$ 28,106,188
Adjustments for the Statement of Activities:	
The governmental fund reports 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 capital outlay ($30,744,819) exceeded depreciation expense ($2,897,349) in the current period.	27,847,470
Contributed capital assets during the current fiscal year, which includes the payment of engineering costs for Big Creek from grant funds and maintained by the Drainage District.	559,868
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 gain realized on the disposal of capital assets.	(134,468)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position	
General obligation bonds	(25,405,000)
Premium on bonds issued	(4,864,374)
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.	427,178
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.	797,259
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.	29,131
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	103,881
Amortization of bond premiums	213,350
Interest expense	(80,371)
Pension expense for the pension plan measurement year	(399,233)
OPEB expense for the OPEB plan measurement year	(2,123,604)
Change in Net Position of Governmental Activities	$ 25,077,275

The accompanying notes are an integral part of these 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.

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.

Non-major Fund:

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 County's local government investment pools are recorded at amortized cost, which approximates fair value. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

F. 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:

Asset Description	Estimated Useful Life
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

G. 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:

- Deferred outflows of resources for pension and OPEB activities - This deferred outflow results from three circumstances: 1) Pension plan contributions made after the measurement date of the net pension liability which will be 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 items which will be amortized over five years; 3) and pension and OPEB related deferred outflows caused by changes in assumptions which will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions and OPEB 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 three 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 by the District in the government-wide financial statement of net position, these deferred inflows result from three reasons: 1) Differences between projected and actual earnings on pension plan investments which will be amortized over four years; 2) difference between expected and actual experience for pension related items which will be amortized over five years and 3) differences between expected and actual actuarial experiences for the pension plan and changes in assumptions for the OPEB plan. These amounts will be amortized over a closed six and 8 year period, respectively.

H. Net Position and Fund Balances

Net Position Classifications
Net position in government-wide financial statements are classified in three categories: 1) Net investment in capital assets, 2) Restricted net position and 2) 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, 2021, 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.

I. 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.

J. Date of Managements' Review

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 31, 2022, the date that the financial statements were available to be issued.

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, 2021, the District reported deposits in the amount of $12,753,161. 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:

	Fair Value/ Amortized Cost	Weighted Average Maturity
Demand Deposits	$ 12,753,161	1
Investment Pools:		
Texas CLASS	25,796,350	53
Texas Range	355	48
LOGIC	522,369	59
Total Fair Value	$ 39,072,235	
Portfolio weighted average maturity (days)	36	

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Interest Rate Risk (continued)

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.

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, 2021, all of the District's investments were rated "AAAm" by Standard and Poor's.

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Concentration of Credit Risk

It is the County's 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. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

Investment Type	Maximum Investment %
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2021, consist primarily of grants receivable of $3.6 million from the U.S. Department of Agriculture and property tax receivables, as detailed below:

Delinquent property taxes	$	249,072
Less allowance for uncollectibles		(24,906)
Penalties and interest		109,006
Less allowance for uncollectibles		(10,900)
Total net receivables	$	322,272

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 County 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, 2021, is as follows:

	Balances 9/30/20	Increases	(Decreases)	Balances 9/30/21
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,677,318	$ -	$ -	$ 2,677,318
Construction in progress	13,042,357	29,702,544	(33,470,368)	9,274,533
Total capital assets not depreciated	15,719,675	29,702,544	(33,470,368)	11,951,851
Other capital assets:				
Infrastructure-drainage improvements	41,204,092	33,470,368	-	74,674,460
Vehicles	2,446,377	195,024	(226,628)	2,414,773
Office furniture and equipment	265,010	-	(12,250)	252,760
Machinery and equipment	12,510,378	1,407,119	(826,464)	13,091,033
Buildings and facilities	1,801,066	-	-	1,801,066
Total other capital assets	58,226,923	35,072,511	(1,065,342)	92,234,092
Less accumulated depreciation for:				
Infrastructure-drainage improvements	(8,411,444)	(1,793,174)	-	(10,204,618)
Vehicles	(1,793,053)	(169,353)	226,628	(1,735,778)
Office furniture and equipment	(191,243)	(27,571)	12,251	(206,563)
Machinery and equipment	(6,246,100)	(857,516)	691,995	(6,411,621)
Buildings and facilities	(1,318,471)	(49,735)	-	(1,368,206)
Total accumulated depreciation	(17,960,311)	(2,897,349)	930,874	(19,926,786)
Other capital assets, net	40,266,612	32,175,162	(134,468)	72,307,306
Totals	$ 55,986,287	$ 61,877,706	$ (33,604,836)	84,259,157

Construction in progress as of September 30, 2021, consisted of the following projects:

Project	Balances 9/30/20	Increases-Retainage Included	(Decreases-Capitalizations)	Balances 9/30/21
Creek Bank Buffalo Bayou	$ 12,613,149	$ 20,792,090	$ (33,405,239)	$ -
Oyster Creek Damage Survey	211,944	8,194,980	-	8,406,924
Big Creek	108,820	455,891	(65,129)	499,582
Long Point Creek	-	259,583	-	259,583
Cedar Creek Road Bridge	54,222	-	-	54,222
Pecan Creek Road Bridge	54,222	-	-	54,222
Totals	$ 13,042,357	$ 29,702,544	$ (33,470,368)	$ 9,274,533

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, 2021, is as follows:

	Balance 10/1/20	Additions	(Retirements)	Balance 9/30/21	Amounts Due Within One Year
General obligation bonds					
- public placement	$ -	$ 25,405,000	$ -	$25,405,000	$ 875,000
Premiums on bonds	-	4,864,374	(213,350)	4,651,024	-
Accrued compensated absences	363,219	211,631	(315,512)	259,338	64,834
Total Long-term Liabilities	$ 363,219	$ 30,481,005	$ (528,862)	$30,315,362	$ 939,834

During the fiscal year ended September 30, 2021, the district issued $25.4 million in Series 2020 Permanent Improvement Bonds to fund various drainage projects. A description of the bonds follows:

Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 25,405,000	Permanent Improvement Bonds, Series 2020	3.00 - 5.00	2040	$ 25,405,000
	Total General Obligation Bonds			$ 25,405,000

Debt service requirements for the outstanding bonds are as follows:

	Principal	Interest	Totals
2022	$ 875,000	$ 951,325	$ 1,826,325
2023	915,000	915,325	1,830,325
2024	960,000	868,450	1,828,450
2025	1,010,000	819,200	1,829,200
2026	1,060,000	767,450	1,827,450
2027-2031	6,170,000	2,964,250	9,134,250
2032-2036	7,525,000	1,611,375	9,136,375
2037-2040	6,890,000	421,200	7,311,200
Totals	$ 25,405,000	$ 9,318,575	$ 34,723,575

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 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, 2021, 74 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 12.49% for calendar year 2020 and 12.33% for calendar year 2021. 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 2021 was approximately $180.7 million and the County’s contributions were based on a payroll of approximately $180.2 million. Contributions made by employees totaled $12,615,894 and the County made contributions of $22,349,446 during the fiscal year ended September 30, 2021, of which $464,146 was attributable to the District.

E. Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	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.
Actuarial Cost Method	Entry Age Normal
Actuarial Cost Method	
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% avg over career including inflation
Investment Rate of Return	7.60%
Cost-of-Living Adjustments	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.
Mortality	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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.

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.

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 liability 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 liability 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.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
District's proportional share of the net pension liability / (asset)	$ 3,941,908	$ 1,576,929	$ (394,715)

At September 30, 2021, 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, 2021, the District recognized pension expense of $ 399,233 . As of the measurement date of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 101,793	$ 2,796
Changes of assumptions	824,705	-
Net difference between projected and actual earnings	-	490,020
Contributions made subsequent to measurement date	337,732	-
	$ 1,264,230	$ 492,816

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:

Year ended December 31:	
2021	$ 82,966
2022	218,954
2023	(31,330)
2024	163,092
Total	$ 433,682

J. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Fiduciary Net Position (b)**	**Net Pension Liability (a) – (b)**
Balances as of December 31, 2019	$ 14,792,052	$ 13,833,222	$ 958,830
Changes for the year:			
Service cost	463,681	-	463,681
Interest on total pension liability (1)	1,210,768	-	1,210,768
Effect of economic/demographic gains or losses	59,378	-	59,378
Effect of assumptions changes or inputs	1,022,418	-	1,022,418
Refund of contributions	(29,840)	(29,840)	-
Benefit payments	(598,351)	(598,351)	-
Administrative expenses	-	(11,227)	11,227
Member contributions	-	257,263	(257,263)
Net investment income	-	1,429,244	(1,429,244)
Employer contributions	-	459,036	(459,036)
Other (2)	-	3,829	(3,829)
Balances as of December 31, 2020	$ 16,920,105	$ 15,343,176	$ 1,576,929

(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 2020**
Service cost	$	463,681
Interest on total pension liability (1)		1,210,768
Administrative expenses		11,227
Member contributions		(257,263)
Expected investment return net of investment expenses		(1,123,696)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		11,322
Recognition of assumption changes or inputs		225,273
Recognition of investment gains or losses		(138,248)
Other (2)		(3,831)
Pension expense	$	399,233

(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.

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, 2021. At that date, there were 41 retirees and 26 spouses of retirees receiving benefits and 74 active members not yet receiving benefits.

A. Changes in OPEB Liability

	Liability Increase (Decrease)
Changes in Total OPEB Liability	
Balance as of September 30, 2020	$ 28,543,456
Changes for the year:	
Service cost	1,156,802
Interest on total OPEB liability	647,613
Effect of assumptions changes or inputs	(142,179)
Benefit payments	(797,259)
Balance as of September 30, 2021	$ 29,408,433

B. Sensitivity Analysis

The following presents the total OPEB liability of the District, calculated using the discount rate of 2.26%, 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 (1.26%) or 1 percentage point higher (3.26%) than the current rate.

	1% Decrease 1.26%	Current Discount Rate 2.26%	1% Increase 3.26%
Total OPEB liability	$ 34,434,674	$ 29,408,433	$ 25,344,475

The following presents the total OPEB liability of the District, calculated using the current healthcare cost trends as well as what the County's total 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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 24,449,687	$ 29,408,433	$ 35,877,883

C. Deferred Inflows / Outflows of Resources

As of the measurement date of September 30, 2021, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,309,120
Changes of assumptions	4,806,854	1,261,900
	$ 4,806,854	$ 2,571,020

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

Fiscal Year		
2022	$	319,189
2023		319,189
2024		319,189
2025		319,189
2026		319,189
Thereafter		639,889
Total	$	2,235,834

D. OPEB Expense

For the year ended September 30, 2021, the District recognized OPEB expense of $2,123,604.

OPEB Expense		**Measurement Year 2021**
Service cost	$	1,156,802
Interest on total OPEB liability		647,613
Recognition of economic/demographic gains or losses		(181,822)
Recognition of assumption changes or inputs		501,011
OPEB expense	$	2,123,604

E. Key Actuarial Methods and Assumptions

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

Valuation Date	October 1, 2021
Measurement Date	September 30, 2021
Discount Rate	2.26%
	Based on the Bond Buyer General Obligation 20-Bond Municipal Index
Actuarial cost method	Entry Age Normal
Inflation	2.20%
Medical Trend Rate	5.90% - 3.70% Pre-65 year 5.50% - 3.70% Post-65 year
Salary increases including inflation	4.50% - 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, 2021.

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 – IMPACT FEES

Impact fees are authorized by resolution of the Commissioners Court pursuant to chapter 395 of the Local Government Code. These fees are collected from property owners within the service area of the Oyster Creek watershed. Impact fees have been collected by the County and were previously deposited with the Corporation to support debt service. After the Oyster Creek bonds were paid off by the Corporation in fiscal year 2008, it was determined that these impact fees should be deposited with the District to support the Oyster Creek projects managed by the District.

NOTE 11 – INTERFUND TRANSFERS

During the year ended September 30, 2021, the District's Capital Project Fund transferred approximately $7.0 million to the General Fund in accordance with a reimbursement agreement related to prefunding by the General Fund for certain construction activity eventually funded by the 2020 permanent improvement bond program.

NOTE 12 - PRIOR PERIOD RESTATEMENTS

In Fiscal year 2020, under a reimbursement agreement, the county purchased approximately $1.7 million in heavy construction equipment for the benefit of the District, a blended component unit of the County. This transaction was treated as a capital contribution versus a short-term loan from the County to the District. Additionally, due to the relatively small size of the debt service fund, which began in fiscal year 2020, this fund was previously reported within the general fund. These financial statements have been recast to show this as a separate fund. The following table shows the results of the restatement on the equity in the financial statements.

	Governmental Activities	General Fund	Capital Projects Fund	Debt Service Fund (Non-major)
Beginning Equity (Deficit), as originally presente	$ 37,851,766	$ 8,615,273	$ -	$ -
Payments by the County under a reimbursement agreement reported as a capital contribution versus a short term loan between funds	(1,774,778)		(1,774,778)	
Recasting Debt Service Fund as separate fund		(1,256,669)		1,256,669
Beginning Equity (Deficit), as restated	$ 36,076,988	$ 7,358,604	$ (1,774,778)	$ 1,256,669

REQUIRED SUPPLEMENTARY INFORMATION

FORT BEND COUNTY, TEXAS

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

DRAINAGE DISTRICT - BUDGETARY BASIS

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance from Final Positive (Negative)
Revenues				
Property taxes	$ 9,785,836	$ 9,785,836	$ 9,603,259	$ (182,577)
Earnings on investments	275,314	275,314	15,456	(259,858)
Miscellaneous	245,837	245,837	182,515	(63,322)
Total Revenues	10,306,987	10,306,987	9,801,230	(505,757)
Expenditures				
Current:				
Salaries and personnel costs	6,443,509	6,274,590	5,618,751	655,839
Operating costs	2,948,159	3,099,148	2,025,143	1,074,005
Information technology costs	3,550	6,900	6,303	597
Capital acquisitions	69,380	83,960	36,169	47,791
Total Expenditures	9,464,598	9,464,598	7,686,366	1,778,232
Net Change in Fund Balances - Budgetary Basis	842,389	842,389	2,114,864	1,272,475
Net Adjustment to Reflect Operations in Accordance with GAAP (a)	-	-	6,491,580	6,491,580
Fund Balances, Beginning of Year as restated	7,358,604	7,358,604	7,358,604	-
Fund Balances, End of Year	$ 8,200,993	$ 8,200,993	$ 15,965,048	$ 7,764,055

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.

	Actual Amounts Budgetary Basis	Actual Multi-Year	Actual Amounts GAAP Basis
Revenues	$ 9,801,230	$ 25,497,426	$ 35,298,656
Expenditures	7,686,366	25,997,768	33,684,134
Excess of Revenues Over Expenditures	2,114,864	(500,342)	1,614,522
Other Financing Sources			
Transfers in	-	6,991,922	6,991,922
Total Other Financing Sources		6,991,922	6,991,922
Net Change in Fund Balance	2,114,864	6,491,580	8,606,444
Fund Balance, Beginning of Year as restated			7,358,604
Fund Balance, End of Year			$ 15,965,048

Budget variances

For the year ended September 30, 2021, there were negative variances in revenues. Miscellaneous revenues also resulted in a negative variance due to the elimination of imposed impact fees by action of the Board of Directors. Property tax revenues were over-budgeted due to a continued projected collection rate that was too high. Procedures have revised again to prevent this in the future. Earnings on investments continues to result in interest income due the economic downturn caused by the pandemic. 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.

Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
For the last seven Measurement Years ended Year Ended December 31

	2020	2019	2018	2017
District's proportion of the net pension liability	2.00%	2.00%	2.00%	2.00%
Total Pension Liability				
Service Cost	$ 23,184,026	$ 21,673,040	$ 21,333,544	$ 20,191,736
Interest on total pension liability	60,538,396	56,332,038	52,419,993	48,371,860
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	51,120,886	-	-	1,015,574
Effect of economic/demographic (gains)or losses	2,968,906	2,352,654	582,860	2,563,971
Benefit payments/refunds of contributions	(31,409,557)	(28,523,390)	(24,316,575)	(22,337,946)
Net change in total pension liability	106,402,657	51,834,342	50,019,822	49,805,195
Total pension Liability, beginning	739,602,598	687,768,256	637,748,434	587,943,239
Total pension Liability,ending (a)	$ 846,005,255	$ 739,602,598	$ 687,768,256	$ 637,748,434
Fiduciary Net Position				
Employer contributions	$ 22,951,795	$ 20,092,442	$ 19,381,467	$ 18,270,569
Member contributions	12,863,134	11,859,935	11,248,997	10,725,864
Investment income net of investment expenses	71,462,219	97,120,399	(11,039,840)	75,247,421
Benefit payments/refunds of contributions	(31,409,557)	(28,523,390)	(24,316,575)	(22,337,946)
Administrative expenses	(561,343)	(527,072)	(475,036)	(396,609)
Other	191,445	213,119	250,018	84,406
Net change in fiduciary net position	75,497,693	100,235,433	(4,950,969)	81,593,705
Fiduciary net position, beginning	691,661,093	591,425,660	596,376,629	514,782,924
Fiduciary net position, ending (b)	$ 767,158,786	$ 691,661,093	$ 591,425,660	$ 596,376,629
Net pension liability/(asset), ending = (a) - (b)	$ 78,846,469	$ 47,941,505	$ 96,342,596	$ 41,371,805
Fiduciary net position as a % of total pension liability	90.68%	93.52%	85.99%	93.51%

Note: GASB 68 requires 10 years of net pension liability and related ratios information. This information is not available and has not been calculated prior to the first measurement year ended December 31, 2014. In the future, such information will be used to populate this schedule as it becomes available.

Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios

For the last seven Measurement Years ended Year Ended December 31

	2016	2015	2014
District's proportion of the net pension liability	2.00%	2.50%	2.65%
Total Pension Liability			
Service Cost	$ 19,342,565	$ 17,634,188	$ 16,523,133
Interest on total pension liability	44,158,326	41,231,026	38,158,329
Effect of plan changes	-	(3,757,840)	-
Effect of assumption changes or inputs	-	5,221,392	-
Effect of economic/demographic (gains)or losses	(838,894)	(4,826,769)	(317,076)
Benefit payments/refunds of contributions	(20,403,336)	(18,596,903)	(16,821,825)
Net change in total pension liability	42,258,661	36,905,094	37,542,561
Total pension Liability, beginning	545,684,578	508,779,484	471,236,923
Total pension Liability,ending (a)	$ 587,943,239	$ 545,684,578	$ 508,779,484
Fiduciary Net Position			
Employer contributions	$ 16,407,504	$ 15,499,968	$ 14,592,621
Member contributions	9,752,784	8,950,888	8,374,898
Investment income net of investment expenses	35,146,588	(3,695,830)	29,818,164
Benefit payments/refunds of contributions	(20,403,336)	(18,596,903)	(16,821,825)
Administrative expenses	(382,614)	(341,868)	(351,781)
Other	(833,564)	(697,460)	(187,536)
Net change in fiduciary net position	39,687,362	1,118,795	35,424,541
Fiduciary net position, beginning	475,095,562	473,976,767	438,552,226
Fiduciary net position, ending (b)	$ 514,782,924	$ 475,095,562	$ 473,976,767
Net pension liability/(asset), ending = (a) - (b)	$ 73,160,315	$ 70,589,016	$ 34,802,717
Fiduciary net position as a % of total pension liability	87.56%	87.06%	93.16%

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (UNAUDITED)
Schedule of Contributions
Last Ten Fiscal Years

Year ending September 30	Actuarially determined contribution	Actual contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
2020	$ 464,146	$ 464,146	$ -	$ 3,737,159	12.4%
2019	456,215	456,215	-	3,789,759	12.0%
2018	430,277	430,277	-	3,638,514	11.8%
2017	408,623	408,623	-	3,473,747	11.8%
2016	400,381	400,381	-	3,320,561	12.1%
2015	384,271	384,271	-	3,211,408	12.0%
2014	366,550	366,550	-	3,218,501	11.4%
2013	354,025	354,025	-	3,240,408	10.9%
2012	334,600	334,600	-	3,160,711	10.6%

FORT BEND COUNTY DRAINAGE DISTRICT
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2021

Valuation Timing	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.
Actuarial Cost Method	Entry Age Normal
Actuarial Cost Method	
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.60%
Cost-of-Living Adjustments	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.
Mortality	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

FORT BEND COUNTY DRAINAGE DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)
For the Year Ended September 30, 2021

Schedule of the District's Total OPEB Liability and Related Ratios
For the last four Measurement Years

	Year Ended September 30,			
	2021	**2020**	**2019**	**2018**
Total OPEB Liability				
Service Cost	$ 1,156,802	$ 1,009,346	$ 650,109	$ 733,166
Interest on total OPEB liability	647,613	756,456	914,565	840,000
Effect of economic/demographic gains or losses	-	(1,672,764)	-	-
Effect of assumption changes or inputs	(142,179)	1,422,810	5,397,971	(1,960,755)
Benefit payments	(797,259)	(797,259)	(726,962)	(727,453)
Net change in total OPEB liability	864,977	718,589	6,235,683	(1,115,042)
Total OPEB Liability, beginning	28,543,456	27,824,867	21,589,184	22,704,226
Total OPEB Liability,ending	$29,408,433	$28,543,456	$ 27,824,867	$ 21,589,184
Covered payroll	$ 3,995,521	$ 3,995,521	$ 3,595,324	$ 3,437,213
Total OPEB liability as a % of covered payroll	736.04%	714.39%	773.92%	628.10%

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
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, 2021
Measurement Date	September 30, 2021
Discount Rate	2.26%
	Based on the Bond Buyer General Obligation 20-Bond Municipal Index
Actuarial cost method	Entry Age Normal
Inflation	2.20%
Medical Trend Rate	5.90% - 3.70% Pre-65 year 5.50% - 3.70% Post-65 year
Salary increases including inflation	4.50% - 0.60%

TEXAS SUPPLEMENTARY INFORMATION

Contents **Page(s)**

FORT BEND COUNTY DRAINAGE DISTRICT

GENERAL FUND EXPENDITURES

For the Year Ended September 30, 2021

Salary and Personnel Costs:		
Salaries and labor	$	3,725,159
Board pay		12,000
Payroll taxes		272,935
Retirement		464,146
Insurance		1,144,511
Operating and Training Costs:		
Fees		641,622
Travel		8,063
Supplies and maintenance		1,467,285
Fuel		284,667
Property and casualty		123,848
Property and equipment		21,589
Information Technology Costs		6,303
Capital Acquisition Costs		25,512,006
TOTAL EXPENDITURES	$	33,684,134

Number of employees employed by the District:	74

FORT BEND COUNTY DRAINAGE DISTRICT

TAXES LEVIED AND RECEIVABLE

September 30, 2021

	Maintenance Taxes	Debt Service Taxes	Total Taxes
Taxes receivable - Beginning of Year	$ 222,751	$ 1,310	$ 224,061
Adjustments	(71,197)	3,136	(68,061)
Adjusted receivable	151,554	4,446	156,000
2020 Tax Levy:			
Original tax levy	9,686,921	3,227,235	12,914,156
Adjustments and corrections	47,487	(14,050)	33,437
Adjusted 2020 tax levy	9,734,408	3,213,185	12,947,593
Total to be Accounted for	9,885,962	3,217,631	13,103,593
Tax Collections:			
Current year	9,634,323	3,209,592	12,843,915
Prior years	10,593	13	10,606
Total Collections	9,644,916	3,209,605	12,854,521
Taxes Receivable - End of Year	$ 241,046	$ 8,026	$ 249,072
Taxes Receivable - By Years:			
2020	$ 100,085	$ 3,593	$ 103,678
2019	33,251	4,433	37,684
2018	26,948	-	26,948
2017	16,066	-	16,066
2016	11,498	-	11,498
2015 and prior	53,198	-	53,198
Taxes Receivable - End of Year	$ 241,046	$ 8,026	$ 249,072

Assessed Property Valuations:	2020	2019	2018	2017	2016
Land	$ 23,075,086,780	$ 22,142,512,730	$ 21,166,386,128	$ 19,455,126,860	$ 17,680,292,450
Improvements	71,636,819,539	66,494,065,787	62,650,330,947	58,955,376,633	55,405,850,183
Personal property	6,113,826,326	6,781,441,127	6,223,873,259	5,770,221,320	4,961,079,960
Less: exemptions	(26,310,957,908)	(25,362,484,216)	(24,206,554,566)	(22,093,190,416)	(20,327,214,399)
	$ 74,514,774,737	$ 70,055,535,428	$ 65,834,035,768	$ 62,087,534,397	$ 57,720,008,194
Tax Rates Per $100 Valuations					
Maintenance tax rates	$ 0.013000	$ 0.013500	$ 0.019000	$ 0.016000	$ 0.016000
Debt service tax rates	0.004331	0.001800	-	-	-
Total Tax Rate per $100 Valuation	$ 0.017331	$ 0.015300	$ 0.019000	$ 0.016000	$ 0.016000
Original Tax Levy	$ 12,914,156	$ 10,718,497	$ 12,508,467	$ 9,934,006	$ 9,235,201
Percent of Taxes Collected to Taxes Levied	99.20%	99.65%	99.78%	99.84%	99.88%

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, 2021

Fiscal Year Ending Sept.30,	Totals			Permanent Improvement Bonds Series 2020	
	Total	Principal	Interest	Principal	Interest
2022	$ 1,826,325	$ 875,000	$ 951,325	$ 875,000	$ 951,325
2023	1,830,325	915,000	915,325	915,000	915,325
2024	1,828,450	960,000	868,450	960,000	868,450
2025	1,829,200	1,010,000	819,200	1,010,000	819,200
2026	1,827,450	1,060,000	767,450	1,060,000	767,450
2027	1,828,075	1,115,000	713,075	1,115,000	713,075
2028	1,825,950	1,170,000	655,950	1,170,000	655,950
2029	1,825,950	1,230,000	595,950	1,230,000	595,950
2030	1,827,825	1,295,000	532,825	1,295,000	532,825
2031	1,826,450	1,360,000	466,450	1,360,000	466,450
2032	1,826,225	1,415,000	411,225	1,415,000	411,225
2033	1,828,100	1,460,000	368,100	1,460,000	368,100
2034	1,828,625	1,505,000	323,625	1,505,000	323,625
2035	1,827,800	1,550,000	277,800	1,550,000	277,800
2036	1,825,625	1,595,000	230,625	1,595,000	230,625
2037	1,827,025	1,645,000	182,025	1,645,000	182,025
2038	1,826,925	1,695,000	131,925	1,695,000	131,925
2039	1,830,250	1,750,000	80,250	1,750,000	80,250
2040	1,827,000	1,800,000	27,000	1,800,000	27,000
Totals	$ 34,723,575	$ 25,405,000	$ 9,318,575	$ 25,405,000	$ 9,318,575

FORT BEND COUNTY DRAINAGE DISTRICT
CHANGES IN LONG-TERM DEBT
September 30, 2021

	Permanent Improvement Series 2020
Interrest Rates	3.0% - 5.0%
Dates Interest Payable	9/1 - 3/1
Maturity Dates	3/1/2040
Beginning Bonds Outstanding	$ -
Bonds Sold During the Fiscal Year	25,405,000
Bonds Retired During the Fiscal Year	-
Ending Bonds Outstanding	$ 25,405,000
Interest Paid During the Fiscal Year	$ 667,078
Paying Agent's Name and City	Wells Fargo, Dallas TX
Bond Authority:	Tax Bonds
Amount Authorized by Voters	$ 83,900,000
Amounts Issued	25,405,000
Remaining to be Issued	$ 58,495,000

FORT BEND COUNTY DRAINAGE DISTRICT

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND

Last Five Fiscal Years

	Amounts				
	2021	**2020**	**2019**	**2018**	**2017**
Revenues:					
Property taxes	$ 9,603,259	$ 9,371,021	$ 12,443,979	$ 10,011,358	$ 9,552,140
Earnings on investments	15,456	181,815	403,216	269,883	142,309
Impact fees	-	161,542	159,939	277,297	93,603
Intergovernmental revenues	25,497,426	17,464,482	1,858,185	-	-
Miscellaneous	182,515	57,119	231,017	216,617	184,960
Total Revenues	35,298,656	27,235,979	15,096,336	10,775,155	9,973,012
Expenditures:					
Current operating:					
Flood control-maintenance	8,172,128	7,956,681	8,764,806	9,302,771	7,877,427
Capital outlay	25,512,006	17,587,610	3,325,145	2,118,732	1,258,818
Total Expenditures	33,684,134	25,544,291	12,089,951	11,421,503	9,136,245
Excess (Deficiency) Revenues Over (Under) Expenditures	$ 1,614,522	$ 1,691,688	$ 3,006,385	$ (646,348)	$ 836,767

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

NOTE 2: In fiscal years 2020 and 2019, the District's Capital Projects Fund was combined with the General Fund for reporting purposes. These amounts have been recast to display only general fund activities for comparison purposes.

FORT BEND COUNTY DRAINAGE DISTRICT

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND

Last Five Fiscal Years

	Percent of Total Fund Revenues				
	2021	**2020**	**2019**	**2018**	**2017**
Revenues:					
Property taxes	27%	34%	82%	93%	96%
Investment income	0%	1%	3%	3%	1%
Impact fees		1%	1%	3%	1%
Intergovernmental revenues	72%	64%	12%		
Miscellaneous	1%	0%	2%	2%	2%
Total Revenues	100%	100%	100%	100%	100%
Expenditures:					
Current	23%	29%	58%	86%	79%
Capital outlay	72%	65%	22%	20%	13%
Total Expenditures	95%	94%	80%	106%	92%
Excess (Deficiency) Revenues Over (Under) Expenditures	5%	6%	20%	-6%	8%

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

NOTE 2: In fiscal years 2020 and 2019, the District's Capital Projects Fund was combined with the General Fund for reporting purposes. These amounts have been recast to display only general fund activities for comparison purposes.

FORT BEND COUNTY DRAINAGE DISTRICT ***TSI-7b***

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - ***Page 1 of 2***

DEBT SERVICE FUND

Last Five Fiscal Years

	Amounts	
	2021	**2020**
Revenues:		
Property taxes	$ 3,199,733	$ 1,249,154
Investment income	4,198	7,516
Total Revenues	3,203,931	1,256,670
Expenditures:		
Interest and fees	667,078	-
Total Expenditures	667,078	-
Excess (Deficiency) Revenues Over (Under) Expenditures	$ 2,536,853	$ 1,256,670

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 ***TSI-7b***

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - ***Page 2 of 2***

DEBT SERVICE FUND

Last Five Fiscal Years

	Percent of Total Fund Revenues	
	2021	**2020**
Revenues:		
Property taxes	100%	99%
Investment income	0%	1%
Total Revenues	100%	100%
Expenditures:		
Interest and fees	21%	
Total Expenditures	21%	
Excess (Deficiency) Revenues Over (Under) Expenditures	79%	100%

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 TSI-8

BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS

For the Year Ended September 30, 2021

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)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 09/30/21	Expense Reimburse-ments 09/30/21	Title at Year-end
Board Members:				
Kyle George	(Elected) 1/19 - 12/22	$ 2,400		Chairman
Vincent Morales	(Elected) 1/21 - 12/24	2,400		Board Member
Grady Prestage	(Elected) 1/19 - 12/22	2,400		Board Member
Andy Meyers	(Elected) 1/21 - 12/24	2,400		Board Member
Kenneth DeMerchant	(Elected) 1/19 - 12/22	2,400		Board Member
Key Administrative Personnel:				
Mark Vogler	1/1/07	$ 161,523	$ 1,047	Drainage District Manager/ Chief Engineer
Consultants:				
M & E Consultants		$ 1,973,613		Engineering Design
Freese & Nichols, Inc.		203,635		Engineering Consultant
Bio-West, Inc.		43,571		Environmental Consultant
Dunbar, Lawrence GPE		31,200		Engineering Consultant
LJA Engineering and Surveying		24,976		Engineering Design
Halff Associates Inc.		15,376		Engineering Consultant
Whitley Penn, L.L.P.		14,013		Independent Auditor
Huitt-Zollars		5,633		Engineering Consultant

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

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

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, each major fund, and aggregate remaining information 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, 2021, 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 31, 2022.

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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
March 31, 2022