



Harris County, Texas

Comprehensive Annual Financial Report



FOR THE YEAR ENDED FEBRUARY 28, 2015

**Barbara J. Schott, CPA
Harris County Auditor**

HARRIS COUNTY, TEXAS

**Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 28, 2015**

**Prepared By:
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County Auditor
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Accounting Division

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

August 12, 2015

Honorable District Judges of Harris County, Honorable Members of the Harris County Commissioners Court, and Citizens of Harris County, Texas

The County Auditor's Office (the "Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Harris County, Texas (the "County") for the fiscal year ended February 28, 2015. 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.

The report consists of management's representations concerning the finances of the County. Therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We believe the information and data contained herein are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County in accordance with generally accepted accounting principles in the United States of America ("GAAP"). All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included, beginning with Management's Discussion and Analysis ("MD&A") on page 15.

Management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The County's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended February 28, 2015 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE COUNTY

History, Geographic Location, and Population

Archeological sites in Harris County reveal evidence of human habitation as far back as 6,000 years ago. In 1528 the Texas Gulf Coast was claimed by Spain and in 1821 the region became part of an independent Mexico. The Mexican government granted Stephen F. Austin permission to establish a colony that included Harris County and in 1826 John R. Harris, one of the colony's early settlers, opened a store and built a saw

mill where Brays Bayou joined Buffalo Bayou. After Texas became independent, Harrisburg County was formed, but in 1839, the County's name was changed to Harris County in honor of John R. Harris.

Harris County is located in the Gulf Coast region of Texas approximately 50 miles from the Gulf of Mexico and covers over 1,700 square miles with over 4.44 million residents. The County, the nation's third most populous, gained over 348,000 residents from the 2010 census to 2014.

County Structure and Services

Harris County is a political subdivision of the State of Texas and the Commissioners Court is the governing body of the County. It is composed of the County Judge elected from the County at large, and four Commissioners, each elected from a separate precinct, all elected for four year terms. The County Judge is the presiding officer of the Commissioners Court.

The County (the primary government) and its component units, solely or in cooperation with other local governmental entities, provide a full range of services as allowed by the Texas Constitution and Statutes including construction and maintenance of roads and bridges, health and housing services, social services, judicial and law enforcement, juvenile and adult justice programs, economic development, a library system, parks, recreation and cultural enrichment, flood control, a sports and entertainment complex, and general administration.

Component Units

The combined financial statements of the County as a financial reporting entity report all activities, organizations, and functions of the County, both as the primary government and its legally separate component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. Criteria used by the County for including activities in preparing these financial statements are in conformity with GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. Based on the requirements of these accounting standards, the County is financially accountable for the following component units:

- Harris County Flood Control District
- Harris County Industrial Development Corporation
- Harris County Hospital District, dba Harris Health System
- Harris County Juvenile Board
- Harris County Housing Finance Corporation
- Mental Health and Mental Retardation Authority of Harris County
- Harris County Sports and Convention Corporation
- Children's Assessment Center Foundation, Incorporated
- Harris County Health Facilities Development Corporation
- Harris County Cultural Education Facilities Finance Corporation
- Friends of Countypets
- Harris County Redevelopment Authority

Budget Process

In accordance with Chapter 111 of the Local Government Code, the County prepares and adopts an annual operating budget which serves as a financial plan for the new fiscal year beginning March 1. After adoption of the budget by Commissioners Court, the County Auditor is responsible for ensuring expenditures are

made in compliance with budgeted appropriations. The level of budgetary control for the General Fund is at the department level; for other funds budgetary control is implemented at various levels. For example, budgetary control for debt service funds is at the individual bond issue level and budgetary control for special revenue funds is at the fund level. Commissioners Court may also adopt supplemental budgets for the limited purposes of spending grant or aid money, for capital projects through the issuance of bonds, intergovernmental contracts, and new source revenue not anticipated at budget adoption. Purchase orders and contracts are not valid until the County Auditor certifies availability of funds for payment of the obligation. Encumbrance accounting is utilized to ensure effective budgetary control and accountability.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The Houston – Woodlands – Sugar Land Metropolitan Statistical Area (“Houston MSA”), the fifth largest metropolitan area in the United States, had 2.9 million payroll jobs in the fourth quarter of 2014, more than the job counts of 36 U.S. States.

The Houston Association of Realtors reported that the inventory of homes in May 2015 was 3.1 months’ supply compared with 2.8 months in May 2014. During this same period, the average price of a single-family home grew to \$292,040, a 4.5 percent increase.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile-long complex of diversified public and private facilities along the Houston Ship Channel. In 2011, the Port was ranked first in the United States in the volume of foreign tonnage and second in the United States in total tonnage.

The Houston Ship Channel is a 52-mile inland waterway which connects Houston to the Bay of Galveston, the Gulf Intra-coastal Waterway, and the Gulf of Mexico. It traces its origin to early trade on Buffalo Bayou and in 1837, the first steamboat, the *Laura*, ascended Buffalo Bayou to the town of Houston. Deepened and widened over the years, the Houston Ship Channel has become one of the busiest waterways in the United States and is home to the largest petrochemical complex in the world.

In addition to the County’s moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes local government that encourages business development, high capacity freeways, major rail lines, and state of the art telecommunication services. The Houston Airport System experienced its highest-ever passenger volume in 2014 with approximately 53.2 million passengers, with both Bush International and Hobby Airports reporting record high passenger volume.

As of the 2010 U.S. Census, Harris County had a population of 4.1 million, making it the most populous county in Texas and the third most populous county in the United States, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-six companies on the 2015 *Fortune 500* list are headquartered in the Houston – Woodlands – Sugar Land Metropolitan Statistical Area. Only two metropolitan statistical areas have more *Fortune 500* headquarters: New York with 68 and Chicago with 32.

The cost of living in Houston is among the lowest of all urban settings in the United States. According to the 2014 *Annual Average Council for Community and Economic Research Cost of Living Index*, Houston has the third lowest cost of living among the nation’s 20 most populous metropolitan areas. Houston’s housing costs are 36.6 percent below the average when compared to the 20 most popular metropolitan areas.

Educational opportunities play a key role in Harris County’s quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and

Houston Baptist University. Houston's three medical schools are the University of Texas Medical School, Baylor College of Medicine, and the Houston Campus of the Texas A&M Health Science Center College of Medicine.

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are located in the Texas Medical Center, a non-profit organization devoted to health education, research and patient care. Located just south of downtown Houston, the Texas Medical Center includes three medical schools, five nursing schools, two schools of pharmacy, and schools of dentistry and public health. The Texas Medical Center is at the forefront of research and treatment of cancer and heart disease.

Cultural attractions within Houston include a thriving theater district and numerous museums. Year-round resident companies in the major performing arts include the Houston Symphony Orchestra, the Houston Grand Opera, the Houston Ballet, and the Alley Theater. Major museums include the Museum of Fine Arts, the Contemporary Arts Museum, and the Menil Collection.

Financial Policies and Long-Term Financial Planning

Some of the County's financial policies and strategies are:

- The County will continue to focus on building reserves to maintain financial stability, maintain current high bond ratings and continue to reduce the need for short-term borrowing under tax anticipation notes;
- Budget Management will continue to work with the Sheriff and Constables Offices on a plan to provide additional step increases to longer term enforcement officers; and
- Budget Management will develop a long-term debt strategy which emphasizes total cost of ownership and paying for assets over their expected useful lives.

The County is responsible for setting the tax rates for the County, the Flood Control District, the Hospital District, and Port of Houston Authority (debt service only). Tax rates are levied for maintenance and operations and debt service requirements relative to General Obligation Bonds, Certificates of Obligation, Revenue Bonds and Commercial Paper. The respective tax rates which were adopted in 2014 for the County per \$100 of taxable value are: \$0.34000 for the General Fund, \$0.00547 for the Public Improvement Contingency Fund, and \$0.07184 for debt service, for a total of \$0.41731.

Funds available for investment under the County's investment program as of February 28, 2015 totaled \$3.5 billion with investment earnings for the fiscal year of \$29 million. The average yield and maturity of such investments were 0.49% and 1-11 years.

The Risk Management Department is responsible for assessing the County's exposure to risk and obtaining coverage against that risk. The County is self-insured for group medical benefits as well as for workers' compensation medical and indemnity payments and is self-funded for dental and vision coverage provided under the employees' health insurance program. Additional information regarding the County's risk management program can be found in Note 13 of the notes to the financial statements.

The County provides retirement, disability, and death benefits for all of its employees (excluding temporary) through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The County 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 County's contribution rate is actuarially determined annually. The contribution rate payable by the employee members for fiscal year 2015 was 7%. In addition to providing retirement benefits, the County provides certain healthcare and life insurance benefits for retired employees. Additional information regarding the

County's retirement plan and other post-employment benefits can be found in Notes 11 and 12 of the notes to the financial statements.

Major Initiatives

Flood Control District - The District has plans for 29 projects in 11 watersheds costing approximately \$60 million. Planned projects are designed to reduce flood risks within the County.

Toll Road Authority - The Authority continues moving forward on projects authorized by Commissioners Court including the Hardy Toll Road Downtown Connector and widening portions of the Sam Houston Tollway. Harris County is contributing \$200 million towards the Texas Department of Transportation's reconstruction of U.S. 290.

Precinct Roads – An estimated \$242.7 million of funding has been allocated to County road projects through the General and Mobility Funds, road bond proceeds and other sources, including the METRO General Mobility Program.

County Buildings - Various County facility projects are underway or are being considered. Some of the projects and estimated costs include the following:

- Renovate Canal Street Records Warehouse \$10,500,000
- Renovate Library Administrative Office \$10,000,000
- Replace fire alarm and suppression systems \$ 2,600,000

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended February 28, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last forty-one years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it for review to GFOA.

The timely completion of this report could not have been achieved without the dedicated efforts of the County Auditor's staff, and the professional services provided by our independent auditors, Deloitte & Touche LLP. I wish to express my gratitude to the Commissioners Court, District Judges, and other County officials and departments for their interest and support in planning and conducting the financial affairs of the County in a responsible and professional manner.

REQUEST FOR INFORMATION

This financial report is designed to provide an overview of the County's finances for individuals who are interested in this information. Questions concerning any of the data provided in this report should be addressed to the County Auditor's Office, 1001 Preston Suite 800, Houston, Texas 77002. Additional financial information is provided on the County Auditor's webpage which can be accessed from the County's website, www.co.harris.tx.us.

Barbara J. Schott, C.P.A.
County Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Harris County
Texas**

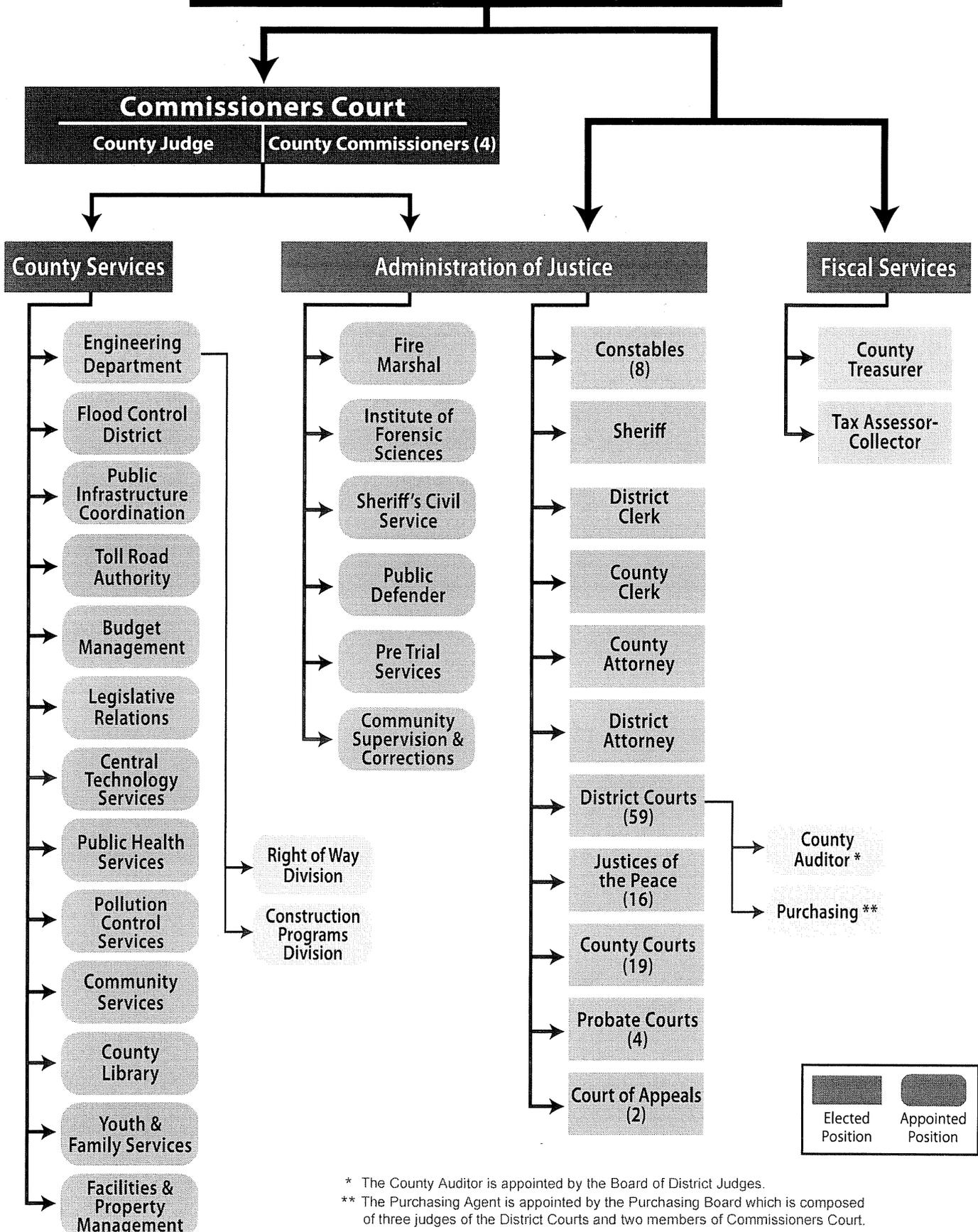
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 28, 2014

Executive Director/CEO

HARRIS COUNTY ORGANIZATION CHART

HARRIS COUNTY VOTERS



* The County Auditor is appointed by the Board of District Judges.
 ** The Purchasing Agent is appointed by the Purchasing Board which is composed of three judges of the District Courts and two members of Commissioners Court.

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2015

Commissioner's Court

County Judge Emmett, Edward
Precinct 1 Lee, El Franco
Precinct 2 Morman, Jack
Precinct 3 Radack, Steve
Precinct 4 Cagle, R. Jack

Sheriff Garcia, Adrian (resigned May 12, 2015)
 Hickman, Ron (Interim, appointed May 12, 2015)

District Attorney Anderson, Devon

County Attorney Ryan, Vince

Tax Assessor/Collector Sullivan, Mike

District Clerk Daniel, Chris

County Clerk Stanart, Stan

County Treasurer Sanchez, Orlando

Justices of the Peace

Precinct 1, Position 1 Gorczynski, Dale M.
Precinct 1, Position 2 Patronella, David M.
Precinct 2, Position 1 Delgado, JoAnn
Precinct 2, Position 2 Risner, George E.
Precinct 3, Position 1 Parrott, Mike
Precinct 3, Position 2 Coffey, Don
Precinct 4, Position 1 Adams, J. Kent (resigned October 18, 2014)
 Goodwin, Lincoln (appointed December 16, 2014)
Precinct 4, Position 2 Lawrence, Tom (resigned December 31, 2014)
 Korduba, Laryssa (appointed January 1, 2015)
Precinct 5, Position 1 Ridgway, Russ
Precinct 5, Position 2 Williams, Jeffrey S.
Precinct 6, Position 1 Vara, Richard C.
Precinct 6, Position 2 Rodriguez, Armando V.
Precinct 7, Position 1 Green, Hilary
Precinct 7, Position 2 Burney, Zinetta
Precinct 8, Position 1 Williamson, Holly
Precinct 8, Position 2 Ditta, Louie

Constables

Precinct 1 Rosen, Alan
Precinct 2 Diaz, Christopher E.
Precinct 3 Jones, Ken
Precinct 4 Hickman, Ron (resigned May 12, 2015)
 Herman, Mark (appointed May 19, 2015)
Precinct 5 Camus, Phil
Precinct 6 Trevino, Victor (resigned November 23, 2014)
 Martinez, Heliodoro (appointed November 24, 2014)
Precinct 7 Walker, May
Precinct 8 Sandlin, Phil

District Judges - Civil Courts

11th District Court
55th District Court
61st District Court

80th District Court
113th District Court
125th District Court
127th District Court
129th District Court
133rd District Court
151st District Court
152nd District Court
157th District Court
164th District Court
165th District Court

189th District Court
190th District Court
215th District Court
234th District Court
269th District Court
270th District Court
281st District Court
295th District Court
333rd District Court
334th District Court

District Judges - Criminal Courts

174th District Court
176th District Court
177th District Court
178th District Court
179th District Court
180th District Court
182nd District Court
183rd District Court
184th District Court
185th District Court
208th District Court
209th District Court
228th District Court
230th District Court
232nd District Court
248th District Court
262nd District Court
263rd District Court
337th District Court
338th District Court
339th District Court
351st District Court

Miller, Mike
Shadwick, Jeff
Bennett, Al (resigned April 14, 2015)
Lunceford, Erin (appointed July 31, 2015)
Weiman, Larry
Landrum Michael
Carter, Kyle
Sandill, R.K.
Gomez, Michael
McFarland, Jaclanel
Engelhart, Mike
Schaffer, Robert
Wilson, Randy
Smoots-Hogan, Alexandra
Ray, Elizabeth (retired March 2, 2015)
Mayfield, Debra Ibarra (appointed June 1, 2015)
Burke, Bill
Kerrigan, Patricia J.
Palmer, Elaine H.
Ward, Wesley
Hinde, Dan
Gamble, Brent
Matthews, Sylvia A.
Baker, Caroline E.
Halbach, Joseph J. "Tad" Jr.
Dorfman, Grant

Guerrero, Ruben
Bond, Stacey W.
Patrick, Ryan
Mendoza, David
Guiney, Kristin M.
Evans, Catherine
Barr, Jeannine
Velasquez, Vanessa
Krocker, Jan
Brown, Susan
Collins, Denise
McSpadden, Michael
Carter, Marc
Hart, Brad
Keel, Mary Lou
Cabaniss, Katherine
Bradley, Denise
Wallace, Jim
Magee, Renee
Thomas, Brock
Jackson, Maria T.
Ellis, Mark Kent

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2015

District Judges - Family Courts

245th District Court Moore, Roy L.
 246th District Court York, Jim (retired December 31, 2014)
 Prine, Charley (elected effective January 1, 2015)
 247th District Court Hellums, Bonnie Crane (retired December 31, 2014)
 Schmude, John (elected effective January 1, 2015)
 257th District Court Warne, Judy
 280th District Court Bradshaw-Hull, Lynn
 308th District Court Lombardino, James
 309th District Court Dean, Sheri Y.
 310th District Court Millard, Lisa
 311th District Court Franklin-York, Alicia
 312th District Court Farr, David

District Judges - Juvenile Courts

313th District Court Devlin, Glenn
 314th District Court Phillips, John
 315th District Court Schneider, Michael

County Courts - Civil

Court at Law No. 1 Mayfield, Debra Ibarra (resigned May 31, 2015)
 Leuchtag, Clyde (appointed June 2, 2015)
 Court at Law No. 2 Chang, Theresa
 Court at Law No. 3 Storey, Linda
 Court at Law No. 4 Lloyd, Roberta A.

County Courts - Criminal

Court at Law No. 1 Goodhart, Paula
 Court at Law No. 2 Harmon, Bill
 Court at Law No. 3 Fleming, Natalie C.
 Court at Law No. 4 Clinton, John
 Court at Law No. 5 Harris, Margaret
 Court at Law No. 6 Standley, Larry
 Court at Law No. 7 Derbyshire, Pam
 Court at Law No. 8 Karahan, Jay
 Court at Law No. 9 Wilkerson, Analia
 Court at Law No. 10 Ross, Sherman (retired December 31, 2014)
 Spjut, Dan (elected effective January 1, 2015)
 Court at Law No. 11 Bull, Diane
 Court at Law No. 12 Brown, Robin
 Court at Law No. 13 Smyth, Don
 Court at Law No. 14 Fields, Michael R.
 Court at Law No. 15 Hughes, Jean Spradling

Probate Courts

Court No. 1 Wright, Loyd
 Court No. 2 Wood, Mike
 Court No. 3 Olsen, Rory R.
 Court No. 4 Butts, Christine

Court of Appeals

1st Court of Appeals Radack, Sherry, Chief Justice
 14th Court of Appeals Frost, Kem T., Chief Justice

SELECTED APPOINTED OFFICIALS

Admin. Offices of The District Courts Bowman, Clay
 County Criminal Courts at Law Mgm't Wells, Ed
 Central Technology Services High, Bruce
 Children's Assessment Center Stolte, Elaine
 Protective Services for Children and Adults Ford, George
 Texas A&M AgriLife Extension-Harris County Williams-Willis, Linda (resigned March 31, 2014)
 Malone, Allen A. Dr. (appointed July 12, 2014)
 County Auditor Schott, Barbara J.
 County Library Lucik, Ron, (Interim, appointed June 11, 2013)
 Pre Trial Services Melton, Edward (appointed November 3, 2014)
 Dennis Potts (Interim, appointed October 19, 2013)
 Domestic Relations Coppin, Douglas (appointed February 23, 2015)
 Simpson, David W.
 Greater Harris Co. 9-1-1 Emergency Network Rau, Russell
 Fire and Emergency Services Montgomery, Michael S.
 Community Services Department Turkel, David B.
 Juvenile Probation Brooks, Tom
 Budget Management Department Jackson, William J.
 Institute of Forensic Sciences (ME) Sanchez, Luis A. MD
 Public Health & Environmental Services Shah, Umair A., MD
 Public Infrastructure Coordination Storey, Arthur L., Jr (retired January 31, 2015)
 County Engineer Blount, John R. (appointed January 27, 2015)
 Flood Control District Talbot, Michael (appointed January 27, 2015)
 Toll Road Authority Trietsch, Gary (appointed January 27, 2015)
 Purchasing Dopslauf, DeWight
 Sheriff Civil Services Mims, William H. Jr.

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INDEPENDENT AUDITORS' REPORT

County Judge Ed Emmett
and Members of Commissioners Court of Harris County, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 28, 2015, and the related notes to the financial statements, which collectively comprise the County'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. 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. The financial statements of the Harris County Sports & Convention Corporation, a blended component unit, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*. The financial statements of the Harris County Housing Finance Corporation, and the Harris County Industrial Development Corporation, discretely presented component units, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas, as of February 28, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15-28, Schedule of Available Resources – Budget and Actual Budgetary Basis – General Fund, and the Schedule of Expenditures and Other Uses – Budget and Actual Budgetary Basis – General Fund, and the Other Post Employment Benefits – Schedule of Funding Progress, and the Texas County and District Retirement System – Schedule of Funding Progress on pages 99-107 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 County's basic financial statements. The Combining and Individual Fund Information; Other Supplementary Information; Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grant Management Standards* and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and Statistical Sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015 on our consideration of the County'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 County's internal control over financial reporting and compliance.

Deloitte's Tsvetle LLP

August 12, 2015

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 28, 2015. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Government-wide

The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources at February 28, 2015 by \$10,872,049,409. This is an increase of \$227,393,120 from the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,644,656,289.

Total net position of the primary government is comprised of the following:

- (1) Net investment in capital assets, of \$9,071,733,004 includes land, improvements, buildings, infrastructure, intangible assets, construction in progress, and other capital assets, net of accumulated depreciation/amortization, and is reduced by outstanding debt, net of unspent proceeds, related to the purchase or construction of capital assets.
- (2) Net position of \$1,424,725,310 is restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations, including restrictions related to Toll Road and Mobility funds.
- (3) Unrestricted net position of \$375,591,095 represents the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 28, 2015, County governmental funds reported combined fund balances of \$1,686,686,900. This reflects an increase of \$302,893,475 from the previous fiscal year. The current year total consists of combined nonspendable fund balance of \$20,623,904, restricted fund balance of \$1,074,061,670, committed fund balance of \$27,757,094, assigned fund balance of \$16,833,069, and unassigned fund balances of \$547,411,163 for fiscal year 2015.
- The General Fund is used to account for the general operations of the County, limited-tax permanent improvement debt service of the County, public improvement contingencies, and the mobility program. At the end of the fiscal year, the unassigned fund balance of the County's General Fund was \$549,704,591. The General Fund had a nonspendable fund balance of \$6,805,015, restricted fund balance of \$462,288,937, and assigned fund balance of \$16,833,069 at February 28, 2015.
- During the fiscal year, the Harris County Toll Road Authority transferred \$120 million of surplus toll road revenue to the mobility program which is accounted for within the General Fund. Mobility program monies are restricted by Section 284.0031 of the Texas Transportation Code for the study, design, construction, maintenance, repair or operation of roads, streets, highways, or other related facilities. The mobility program may not be used for the general operations of the County. The General Fund's cash and investment balance at February 28, 2015 includes \$281.8 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, \$272,053,843 of the fund balance in General Fund is restricted for mobility at February 28, 2015.
- The nonmajor governmental funds had total combined fund balances of \$651,055,288 at February 28, 2015. Of this amount, \$13,818,889 is nonspendable, \$611,772,733 is restricted (\$218,571,948 for special revenue funds, \$88,948,029 for debt service and \$304,252,756 for capital projects funds), \$27,757,094 is committed, and negative \$2,293,428 is unassigned.

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

Long-Term Debt

The County issues debt to finance an ongoing capital improvement program. During fiscal year 2014-2015, the County issued \$88.9 million in commercial paper and \$366.3 million in refunding bonds. Note 10 to the financial statements provides details of long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two representing net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial condition of the County.

The Statement of Activities presents information that indicates how net position changed during the 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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration of justice, parks, county administration, health and human services, flood control, tax administration, and roads and bridges. The business-type activities of the County include toll road, subscriber access, parking facilities, and sheriff's commissary fund activities.

Component units are included in the basic financial statements. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. The following component units have been included in this year's report: Harris County Flood Control District, Harris County Juvenile Board, Harris County Sports and Convention Corporation, Harris County Redevelopment Authority, Harris County Hospital District, dba Harris Health System, Harris County Housing Finance Corporation, Mental Health and Mental Retardation Authority of Harris County, Harris County Industrial Development Corporation, Children's Assessment Center Foundation, Inc., Harris County Health Facilities Development Corporation, Harris County Cultural Education Facilities Finance Corporation, and Friends of CountyPets. For more detailed information on these component units, refer to Note 1A of the basic financial statements.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

Governmental funds are used to account for essentially the same functions 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 the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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 financing 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 governmental funds and governmental activities.

The County reports 77 governmental funds, which in some cases are aggregated individual funds (e.g., grant funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds are used for two purposes: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Also, the County uses enterprise funds to account for toll road operations, computer access to certain District Clerk records, acquisition, operation and maintenance of parking facilities, and operation of a commissary for jail inmates. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its maintenance of County vehicles, operation of County radios, operation of the printing shop services provided by inmates, workers compensation, health insurance and other risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Toll Road Authority fund is considered to be a major fund of the County. The Subscriber Access, Parking Facilities, and Sheriff's Commissary funds are combined as nonmajor enterprise funds for the basic financial statements, but are presented individually in the fund financial statements that follow the required supplementary information. The County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's fiduciary funds are comprised of 17 agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity (assets equal liabilities) and therefore do not involve measurement of results of operations.

Notes to the Basic 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 can be found beginning on page 41 of this report.

Required Supplementary Information for the County's General Fund budgetary schedule is presented herein. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Also presented in this section are the Schedule of Funding Progress for Other Post Employment

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Benefits and the Schedule of Funding Progress for the Texas County and District Retirement System. Required supplementary information can be found beginning on page 99 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,872,049,409 for fiscal year 2015 and \$10,644,656,289 for fiscal year 2014. Revenues exceeded expenses during the current year, increasing net position by \$227,393,120.

Condensed Statement of Net Position
February 28, 2015

(Amounts in thousands)

Primary Government

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,107,298	\$ 1,233,183	\$ 3,340,481
Capital assets	11,612,370	2,186,669	13,799,039
Total assets	<u>13,719,668</u>	<u>3,419,852</u>	<u>17,139,520</u>
Deferred outflows of resources	67,364	71,439	138,803
Current and other liabilities	284,375	213,063	497,438
Long-term liabilities (including current portion)	3,492,610	2,346,171	5,838,781
Total liabilities	<u>3,776,985</u>	<u>2,559,234</u>	<u>6,336,219</u>
Deferred inflows of resources	-	70,055	70,055
Net position:			
Net investment in capital assets	9,092,658	(20,925)	9,071,733
Restricted	559,245	865,480	1,424,725
Unrestricted	358,144	17,447	375,591
Total net position	<u>\$ 10,010,047</u>	<u>\$ 862,002</u>	<u>\$ 10,872,049</u>

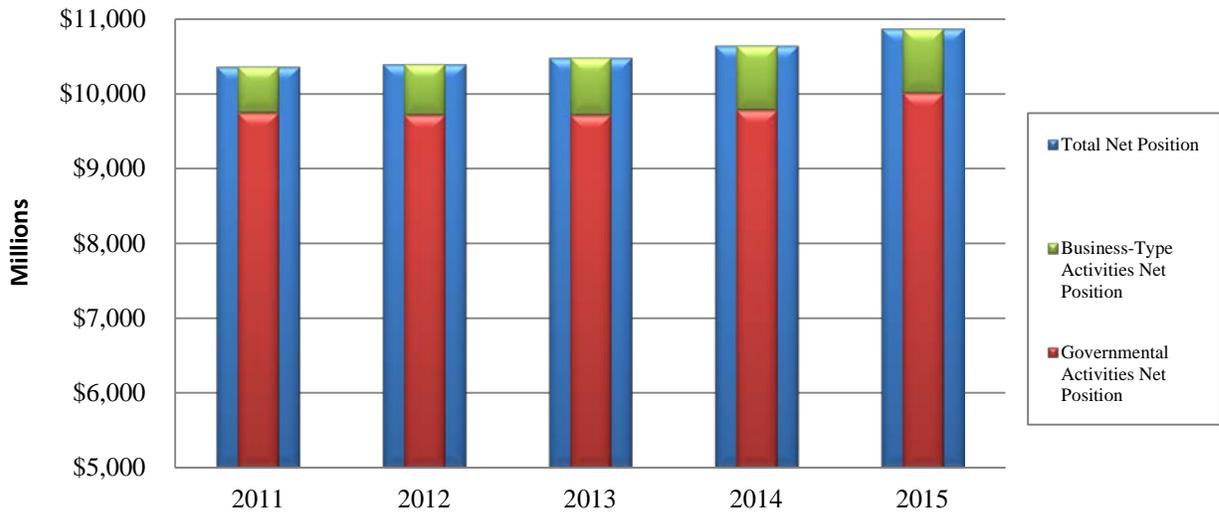
Condensed Statement of Net Position
February 28, 2014

(Amounts in thousands)

Primary Government

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,790,503	\$ 1,270,566	\$ 3,061,069
Capital assets	11,712,172	2,144,380	13,856,552
Total assets	<u>13,502,675</u>	<u>3,414,946</u>	<u>16,917,621</u>
Deferred outflows of resources	61,802	66,732	128,534
Current and other liabilities	280,819	97,598	378,417
Long-term liabilities (including current portion)	3,499,211	2,467,332	5,966,543
Total liabilities	<u>3,780,030</u>	<u>2,564,930</u>	<u>6,344,960</u>
Deferred inflows of resources	-	56,539	56,539
Net position:			
Net investment in capital assets	9,099,960	(54,218)	9,045,742
Restricted	500,345	902,473	1,402,818
Unrestricted	184,142	11,954	196,096
Total net position	<u>\$ 9,784,447</u>	<u>\$ 860,209</u>	<u>\$ 10,644,656</u>

Change in Net Position



The largest portion of the County's current fiscal year net position, \$9,071,733,004, is invested in capital assets (e.g. land, improvements, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The increase of \$25,991,190 in the County's net position net investment in capital assets, is comprised of \$57,513,295 decrease in capital assets with an offsetting decrease of \$169,768,349 in debt related to capital assets and a decrease of unspent debt proceeds of \$86,263,864.

Another portion of the County's current fiscal year net position, \$375,591,095, represents unrestricted net position, which is available to meet the County's ongoing unrestricted obligations to citizens and creditors. The remaining balance of net position represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net position, \$553,931,241 is for use for the ongoing obligations of the Toll Road Authority. Restricted net position of \$272,168,440 is related to the mobility program and is restricted because of legal constraints imposed by the Texas Transportation Code; these funds can only be used for mobility purposes. Other restrictions include \$529,297,305 for debt service payments, \$34,705,002 for capital projects, \$32,611,391 for operating reserve per bond covenants, \$75,514 for grant programs and \$1,936,417 for legislative restricted net position.

At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities and positive net position in two of the three categories for its business-type activities. Net position net investment in capital assets for business-type activities was negative \$20,924,846 primarily due to the refunding of debt extending the repayment of the debt beyond the useful life of the assets.

The following table indicates changes in net position for governmental and business-type activities:

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Condensed Statement of Activities
(In Thousands)
For the Year Ended February 28, 2015
Primary Government

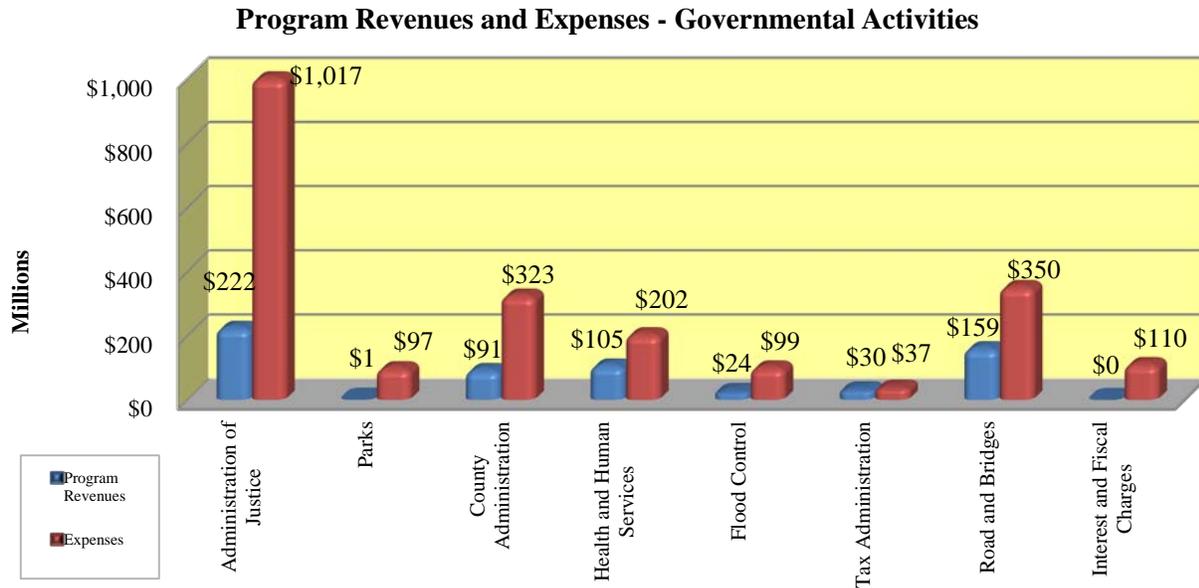
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for Services	\$ 284,480	\$ 703,209	\$ 987,689
Operating Grants and Contributions	199,882	-	199,882
Capital Grants and Contributions	149,106	-	149,106
General revenues:			
Taxes-levied for General Purposes	1,292,952	-	1,292,952
Taxes-levied for Debt Services	253,733	-	253,733
Hotel Occupancy Tax	41,911	-	41,911
Investment Earnings	8,495	20,494	28,989
Miscellaneous	108,137	22	108,159
Total revenues	<u>2,338,696</u>	<u>723,725</u>	<u>3,062,421</u>
EXPENSES			
Administration of Justice	1,016,759	-	1,016,759
Parks	96,828	-	96,828
County Administration	323,699	-	323,699
Health and Human Services	202,202	-	202,202
Flood Control	99,231	-	99,231
Tax Administration	36,667	-	36,667
Roads and Bridges	349,827	-	349,827
Interest and Fiscal Charges	109,651	-	109,651
Toll Road	-	590,656	590,656
Subscriber Access	-	154	154
Parking Facilities	-	1,877	1,877
Sheriff's Commissary	-	7,477	7,477
Total expenses	<u>2,234,864</u>	<u>600,164</u>	<u>2,835,028</u>
Excess (deficiency) before other items and transfers	103,832	123,561	227,393
Transfers	121,768	(121,768)	-
Change in net position	225,600	1,793	227,393
Net position - beginning	9,784,447	860,209	10,644,656
Net position - ending	<u>\$ 10,010,047</u>	<u>\$ 862,002</u>	<u>\$ 10,872,049</u>

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

Condensed Statement of Activities
(In Thousands)
For the Year Ended February 28, 2014
Primary Government

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u>
REVENUES			
Program revenues:			
Charges for Services	\$ 272,206	\$ 623,853	\$ 896,059
Operating Grants and Contributions	259,745	2,471	262,216
Capital Grants and Contributions	192,603	-	192,603
General revenues:			
Taxes-levied for General Purposes	1,164,588	-	1,164,588
Taxes-levied for Debt Services	216,061	-	216,061
Hotel Occupancy Tax	36,409	-	36,409
Investment Earnings	6,845	5,063	11,908
Miscellaneous	30,653	1,088	31,741
Total revenues	<u>2,179,110</u>	<u>632,475</u>	<u>2,811,585</u>
EXPENSES			
Administration of Justice	962,194	-	962,194
Parks	108,904	-	108,904
County Administration	336,266	-	336,266
Health and Human Services	188,705	-	188,705
Flood Control	92,845	-	92,845
Tax Administration	34,838	-	34,838
Roads and Bridges	372,922	-	372,922
Interest and Fiscal Charges	117,763	-	117,763
Toll Road	-	386,005	386,005
Subscriber Access	-	3	3
Parking Facilities	-	2,243	2,243
Sheriff's Commissary	-	8,353	8,353
Total expenses	<u>2,214,437</u>	<u>396,604</u>	<u>2,611,041</u>
Excess (deficiency) before other items and transfers	(35,327)	235,871	200,544
Transfers	121,048	(121,048)	-
Change in net position	85,721	114,823	200,544
Net position - beginning	9,698,726	745,386	10,444,112
Net position - ending	<u>\$ 9,784,447</u>	<u>\$ 860,209</u>	<u>\$ 10,644,656</u>

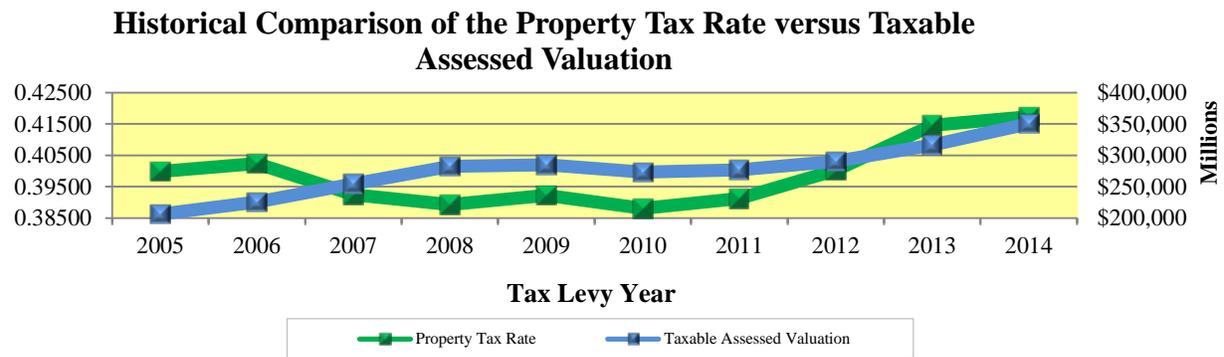
**Harris County, Texas
Management's Discussion and Analysis (Unaudited)**



Revenues

For fiscal year ended February 28, 2015, revenues for the primary government totaled \$3,062,420,435. The revenues are categorized by activity type: governmental activities totaled \$2,338,695,410 and business-type activities totaled \$723,725,025.

Property and Hotel Occupancy Taxes of \$1,588,595,773 were one of the largest revenue sources for governmental activities and 51% of total revenues, which is a \$171.5M increase from prior year taxes of \$1,417,057,820. The tax rate was \$.41731 per \$100 of assessed value for fiscal year 2015. The taxable assessed value increased in fiscal year 2015 to \$350,425,713,000 from the taxable assessed value in the prior fiscal year of \$316,521,841,000.



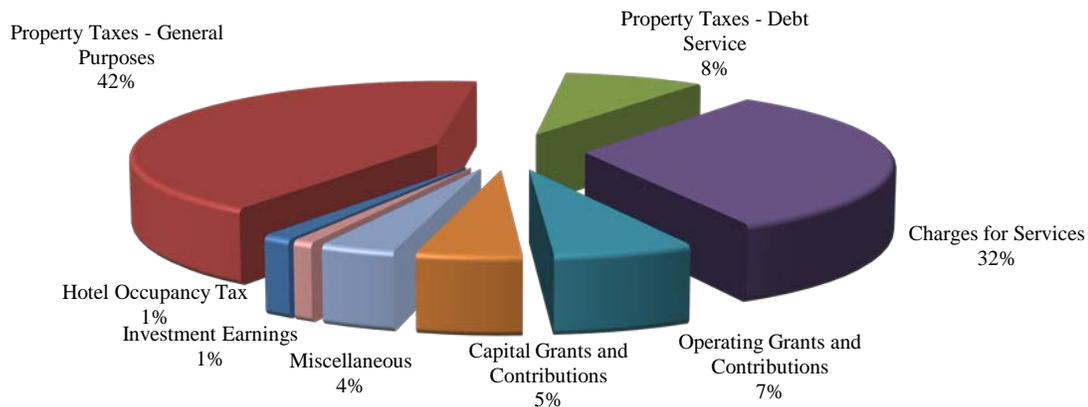
Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,336,678,117 or 44% of total revenues, which decreased \$14,199,167 compared to the prior year. The largest portion of program revenues is Charges for Services of \$987,689,962 (32%). Of that \$284,480,365 is from governmental activities, which includes fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type Charges for Services were \$703,209,597 (an increase of \$79,356,637 from the prior year), which are primarily toll road receipts. The

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

other portions of program revenues are Operating Grants and Contributions of \$199,882,428 (7%) and Capital Grants and Contributions of \$149,105,727 (5%). Capital Grants and Contributions decreased \$43,497,476 from the prior year, partially due to a decrease in donations of equipment and infrastructure in the current year.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of \$28,988,153 (1% of total revenues), and Miscellaneous income of \$108,158,392 (4% of total revenues).

REVENUES BY SOURCE
 Year ended February 28, 2015



Expenses

For fiscal year ended February 28, 2015, expenses for the primary government totaled \$2,835,027,315. These expenses are divided by activity type: governmental activities of \$2,234,864,018 and business-type activities of \$600,163,297.

The County's largest governmental activities function is Administration of Justice. The main components of this function are the civil and criminal courts and the Sheriff's Office. Total expenses for this activity were \$1,016,759,151 and were 36% of total expenses. The expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, and fuel costs for patrol vehicles.

The expenses for the Roads and Bridges governmental activities function were \$349,826,914 or 12% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

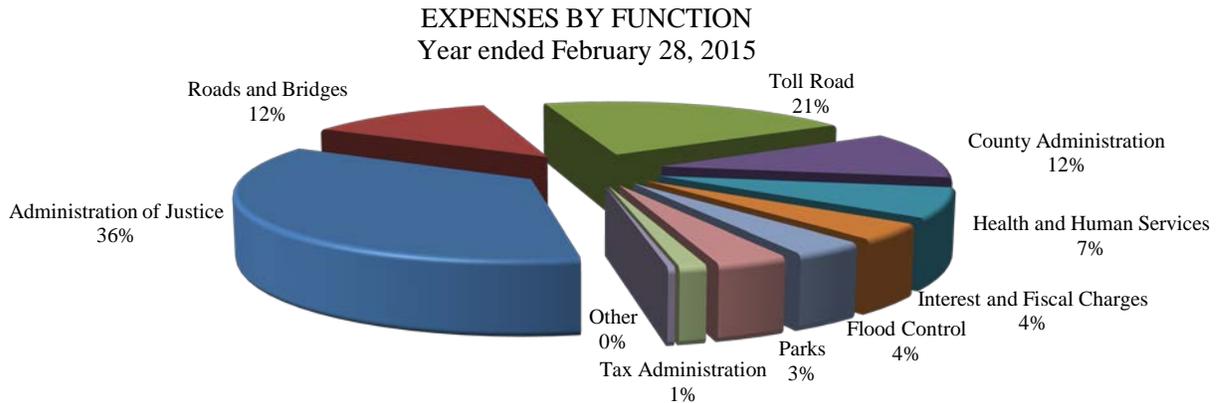
The County Administration governmental activities function expenses were \$323,698,892 or 12% of total expenses. This is a decrease of \$12.5 million from the prior fiscal year which is partially due to decreases in pollution remediation liability and judgement payable.

The Toll Road business-type activities function expenses were \$590,655,791 or 21% of total expenses. The increase from the prior year is attributable to \$200 million that the County agreed to pay the State for the County's commitment towards the US 290 project. Also, 15% is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were \$9,507,506 and were less than 1% of total expenses. These activities are for Subscriber Access, Parking Facilities and Sheriff's Commissary.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

The Interest and Fiscal Charges governmental activities functional expenses of \$109,651,447 constituted 4% of total expenses and decreased \$8,111,037.

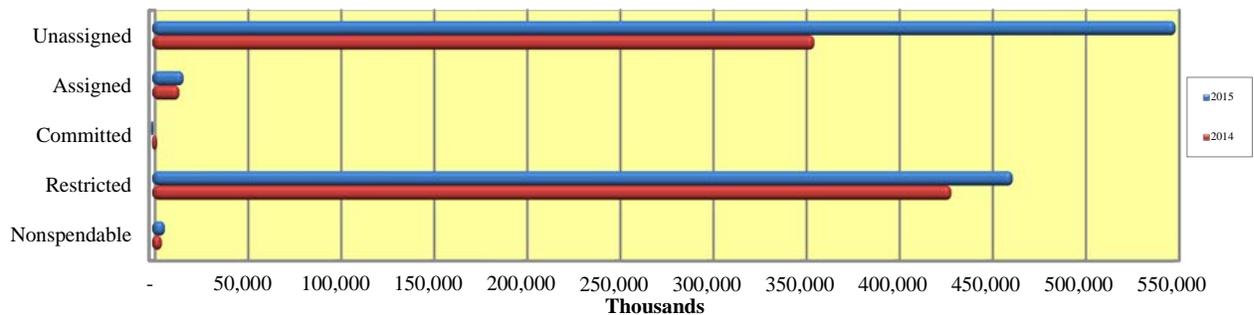
The remaining governmental activities functions are Health and Human Services with expenses of \$202,201,712 or 7%, which includes operation of the County libraries, Flood Control with expenses of \$99,230,946 or 4%, Parks with expenses of \$96,828,468 or 3%, and Tax Administration with expenses of \$36,666,488 or 1%.



FINANCIAL ANALYSIS OF MAJOR FUNDS

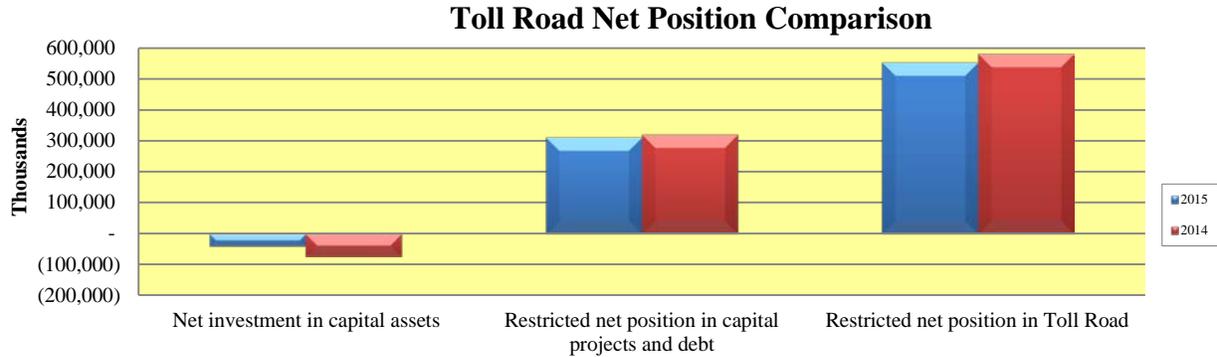
The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 28, 2015, the General Fund reported a net fund balance increase of \$228,138,591 largely due an increase in the fund balance of the mobility sub-fund and general operating fund. The General Fund total fund balance is \$1,035,631,612 for the fiscal year of which \$6,805,015 is nonspendable, \$462,288,937 is restricted, \$16,833,069 is assigned, and the remaining \$549,704,591 is unassigned and available for the County's current and future needs.

General Fund Components of Fund Balance



The Toll Road Fund was the County's only major proprietary fund at February 28, 2015. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 28, 2015, net position net investment in capital assets was a negative \$39,705,803, and restricted net position was \$865,480,297. Net investment in capital assets increased from a February 28, 2014 balance of negative \$73,688,301. Net position net investment in capital assets for both years was negative, primarily due to the refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net position is considered restricted due to debt obligations, operating reserve, capital projects, and Toll Road operations.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

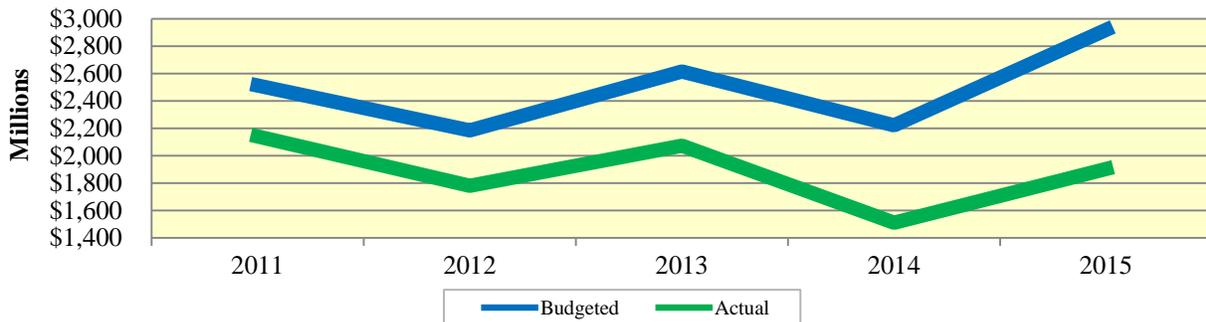


GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of \$246,907,462 in available resources. This increase is primarily due to adjustments for transfers in and miscellaneous income. Differences between the original budget and the final amended budget resulted in \$246,894,231 increase in appropriations; this increase is primarily due to additional revenue certifications being allocated for use.

During the year, actual available resources exceeded budgetary estimates by \$45,499,877. This is primarily due to an increase in tax revenues and charges for services. Actual expenditures were \$1,016,683,974 less than budgetary estimates. This difference is primarily due to a decrease in expenditures as a result of the carry forward of budget for capital projects for roads and bridges, maintenance funds, and mobility funds. Budget variances are not expected to impact future services or liquidity.

BUDGETED EXPENDITURES TO ACTUAL
Cash Basis Analysis



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's capital assets, net of accumulated depreciation/amortization, for its governmental and business-type activities as of February 28, 2015, was \$13,799,038,821, a decrease of \$57,513,295 from capital assets reported February 28, 2014 of \$13,856,552,116. These capital assets include land, construction in progress, land improvements, buildings, park improvements and facilities, infrastructure, equipment, other tangible assets, as well as intangible assets such as easements and the County's license agreement to operate toll facilities on the Katy Freeway.

Major capital asset events during the current fiscal year included the following:

***Harris County, Texas
Management's Discussion and Analysis (Unaudited)***

- The County has several ongoing capital improvement projects, including renovations to Canal Street records warehouse, renovations to the Library Administrative Offices and other buildings as well as improvements to County roads.
- The Flood Control District participated in ongoing flood damage reduction and mitigation projects to reduce flood risk within the County.
- The Harris County Toll Road Authority has several ongoing projects, including the Hardy Toll Road Downtown Connector and widening portions of the Sam Houston Tollway.

	Capital Assets	
	Balance	Balance
	February 28, 2015	February 28, 2014
<u>Governmental Activities:</u>		
Land	\$ 4,101,532,678	\$ 4,066,402,284
Construction in progress	228,111,935	216,850,536
Intangible assets - water rights	2,400,000	2,400,000
Intangible assets - software & licenses	45,212,420	41,520,453
Land improvements	9,674,313	8,327,573
Infrastructure	10,981,329,949	10,849,177,759
Park facilities	183,478,881	178,538,893
Flood control projects	892,224,261	862,738,394
Buildings	1,786,465,501	1,762,448,236
Equipment	382,594,836	361,834,104
	<u>18,613,024,774</u>	<u>18,350,238,232</u>
Less: Accumulated depreciation	(7,000,655,222)	(6,638,066,298)
Total governmental activities	<u>\$ 11,612,369,552</u>	<u>\$ 11,712,171,934</u>
	Balance	Balance
	February 28, 2015	February 28, 2014
<u>Business-type Activities:</u>		
Land	\$ 318,955,522	\$ 316,318,391
Construction in progress	384,905,344	351,140,970
Intangible assets - license agreement	237,500,000	245,281,444
Land improvements	7,560,742	7,560,742
Infrastructure	2,348,904,103	2,264,596,646
Other tangible assets	30,123,590	22,344,646
Buildings	37,092,796	37,092,796
Equipment	97,220,894	81,761,245
	<u>3,462,262,991</u>	<u>3,326,096,880</u>
Less: Accumulated depreciation	(1,275,593,722)	(1,181,716,698)
Total business-type activities	<u>\$ 2,186,669,269</u>	<u>\$ 2,144,380,182</u>

For further information regarding capital assets, see Note 6 to the financial statements.

Harris County, Texas
Management's Discussion and Analysis (Unaudited)

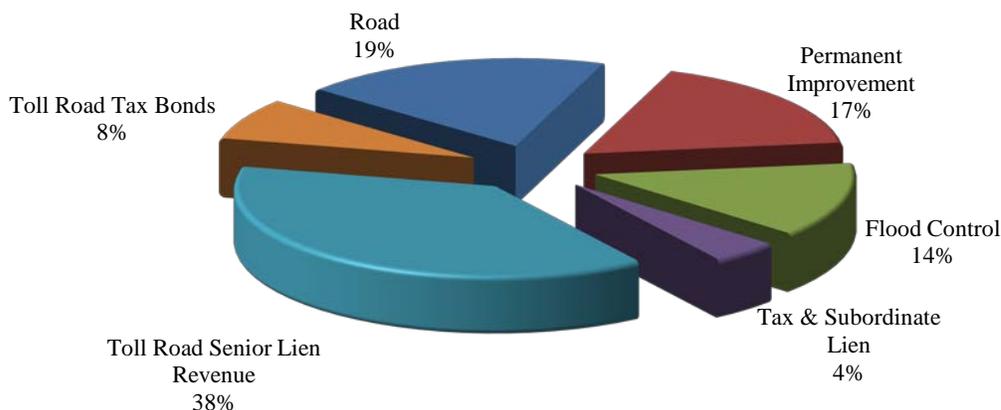
Long-term Liabilities. At February 28, 2015, the County had total long-term liabilities outstanding of \$5,908,834,905. County officials, citizens and investors will find the ratio of bonded debt to taxable value of property and the amount of bonded debt per capita as useful indicators of the County's debt position. General bonded debt represented 0.80% and 0.84% of taxable value of property for fiscal year 2015 and 2014, respectively. Debt per capita was \$1,194 and \$1,266 for fiscal year 2015 and 2014, respectively.

	Long-term Liabilities	
	Outstanding at February 28, 2015	Outstanding at February 28, 2014
<u>Governmental Activities:</u>		
Bonds payable	\$ 2,794,034,842	\$ 2,674,340,513
Commercial paper payable	152,573,000	328,818,000
Compensatory time payable	34,084,305	32,696,295
Obligations under capital leases	11,265,766	13,014,174
Judgments payable	-	3,600,000
Loan payable	31,126,818	34,081,494
OPEB obligation	467,649,623	408,641,098
Pollution remediation obligation	1,875,145	4,019,901
Total governmental activities	\$ 3,492,609,499	\$ 3,499,211,475
<u>Business-type Activities:</u>		
Bonds payable	\$ 2,318,882,305	\$ 2,443,079,839
Derivative instruments - interest rate swaps	70,054,695	56,539,088
Compensatory time payable	1,040,653	1,025,888
OPEB obligation	25,658,928	22,391,540
Pollution remediation obligation	588,825	834,481
Total business-type activities	\$ 2,416,225,406	\$ 2,523,870,836

The County has a continuing goal to sustain the County's debt rating. As of February 28, 2015, the bond rating services of Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch IBCA, Inc. assigned the County long term bond ratings of Aaa, AAA, and AAA, respectively.

Please refer to Note 10 to the financial statements for further information on the County's long-term liabilities. See Note 12 to the financial statements for further information on the County's Other Post Employment Benefits (OPEB) plan.

Bonds Payable by Type as of February 28, 2015



Harris County, Texas
Management's Discussion and Analysis (Unaudited)

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2014 was 4.0%. This is a favorable decrease from the prior year rate of 5.5%. The state unemployment rate for calendar year 2014 was 4.1%.

Agreement between Harris County and the Texas Department of Transportation:

The County agreed, subject to certain legal requirements to transfer ownership and/or all responsibility for operation, maintenance, and enforcement of the Katy Managed Lanes to the State of Texas by December 31, 2015. The County is to be reimbursed for its financial contribution to the Katy Managed Lanes project by retaining one-third of the tolls paid by EZ Tag customers for use of Katy Managed Lanes.

SIGNIFICANT ACCOUNTING CHANGES

New Pension Accounting Rules. New accounting rules adopted by GASB in June 2012 will result in significant changes in the County's financial statements relating to its pension plans for current retirees and employees. Statement No. 68, *Accounting and Financial Reporting for Pensions*, (effective for the County's fiscal year 2016.) establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Changes include, but are not limited to:

- The calculation of the County's funding obligation ("UAAL") will be different and separate from the calculation of the County's "net pension liability" (the amount that it is required to report in the financial statements).
- If current and expected future plan assets (relating to benefits for current plan participants) are insufficient to cover projected benefit payments for current employees and retirees, projected benefit payments will be discounted to their present value using a blended rate, as follows (i) the long-term expected rate of return on plan investments can be used to discount projected benefits that are covered by projected assets and (ii) a yield or index rate for 20-year tax-exempt, high-quality municipal bonds with an average rating of AA/Aa or higher will be used to discount projected benefits that are not covered by projected assets.
- In any year in which there is an unfunded liability, the use of a shorter amortization will result in a higher calculated required contribution than under current accounting rules.
- Numerous changes to the presentation of financial, actuarial and accounting information.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1001 Preston, Suite 800, Houston, Texas 77002, or visit the County's website at www.co.harris.tx.us.

BASIC FINANCIAL STATEMENTS

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
February 28, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 488,679,606	\$ 233,352,623	\$ 722,032,229	\$ 200,945,433
Investments	1,072,158,813	663,404,460	1,735,563,273	591,489,307
Taxes receivable, net	82,236,103	-	82,236,103	26,601,000
Accounts receivable, net	49,546,118	3,804,516	53,350,634	99,603,225
Accrued interest receivable	10,109,041	3,014,613	13,123,654	-
Lease receivable	237,300	-	237,300	-
Other receivables, net	108,628,199	11,227,674	119,855,873	229,190,413
Internal balances	133,256	(133,256)	-	-
Inventories, prepaids and other assets	12,868,107	6,179,515	19,047,622	66,643,595
Restricted:				
Cash and cash equivalents	95,739,729	31,129,149	126,868,878	65,702,607
Investments	186,328,519	243,272,789	429,601,308	-
Investments, held as collateral by others	-	37,855,000	37,855,000	-
Notes receivable	633,784	75,812	709,596	-
Capital assets:				
Land and construction in progress	4,329,644,613	703,860,866	5,033,505,479	77,194,748
Intangible assets, net of amortization (when applicable)	10,856,769	215,293,750	226,150,519	6,142,885
Other capital assets, net of depreciation	7,271,868,170	1,267,514,653	8,539,382,823	427,124,709
Total assets	<u>13,719,668,127</u>	<u>3,419,852,164</u>	<u>17,139,520,291</u>	<u>1,790,637,922</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	67,363,687	19,246,598	86,610,285	13,480,000
Unamortized costs on swap liability	-	52,192,444	52,192,444	13,040,000
Total deferred outflows of resources	<u>67,363,687</u>	<u>71,439,042</u>	<u>138,802,729</u>	<u>26,520,000</u>
LIABILITIES				
Vouchers payable and other current liabilities	209,338,934	147,738,472	357,077,406	325,210,112
Due to other governmental units	20,509	1,765,597	1,786,106	-
Unearned revenue	29,773,062	63,559,340	93,332,402	1,295,538
Accrued interest	45,242,792	-	45,242,792	628,000
Long-term liabilities:				
Due within one year	175,365,716	102,140,483	277,506,199	7,950,052
Due in more than one year	3,317,243,783	2,244,030,228	5,561,274,011	512,851,221
Total liabilities	<u>3,776,984,796</u>	<u>2,559,234,120</u>	<u>6,336,218,916</u>	<u>847,934,923</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	70,054,695	70,054,695	-
Total deferred inflows of resources	<u>-</u>	<u>70,054,695</u>	<u>70,054,695</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,092,657,850	(20,924,846)	9,071,733,004	198,852,409
Restricted for:				
Debt service	257,819,824	271,477,481	529,297,305	31,572,000
Capital projects	27,244,818	7,460,184	34,705,002	-
Operating reserve per bond covenants	-	32,611,391	32,611,391	-
Donor temporarily restricted	75,514	-	75,514	50,050,307
Legislative	1,936,417	-	1,936,417	-
Mobility program	272,168,440	-	272,168,440	-
Toll Road	-	553,931,241	553,931,241	-
Unrestricted	358,144,155	17,446,940	375,591,095	688,748,283
Total net position	<u>\$ 10,010,047,018</u>	<u>\$ 862,002,391</u>	<u>\$ 10,872,049,409</u>	<u>\$ 969,222,999</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Administration of Justice	\$ 1,016,759,151	\$ 130,454,889	\$ 91,743,803	\$ -	\$ (794,560,459)	-	\$ (794,560,459)	
Parks	96,828,468	743,307	613,043	-	(95,472,118)	-	(95,472,118)	
County Administration	323,698,892	60,419,826	14,727,434	15,915,555	(232,636,077)	-	(232,636,077)	
Health and Human Services	202,201,712	12,508,373	92,798,148	-	(96,895,191)	-	(96,895,191)	
Flood Control	99,230,946	540,541	-	23,412,993	(75,277,412)	-	(75,277,412)	
Tax Administration	36,666,488	30,282,716	-	-	(6,383,772)	-	(6,383,772)	
Road and Bridges	349,826,914	49,530,713	-	109,777,179	(190,519,022)	-	(190,519,022)	
Interest and Fiscal Charges	109,651,447	-	-	-	(109,651,447)	-	(109,651,447)	
Total governmental activities	<u>2,234,864,018</u>	<u>284,480,365</u>	<u>199,882,428</u>	<u>149,105,727</u>	<u>(1,601,395,498)</u>	<u>-</u>	<u>(1,601,395,498)</u>	
Business-type activities:								
Toll Road	590,655,791	688,920,884	-	-	-	\$ 98,265,093	98,265,093	
Subscriber Access	153,828	-	-	-	-	(153,828)	(153,828)	
Parking Facilities	1,877,251	5,289,185	-	-	-	3,411,934	3,411,934	
Sheriff's Commissary	7,476,427	8,999,528	-	-	-	1,523,101	1,523,101	
Total business-type activities	<u>600,163,297</u>	<u>703,209,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,046,300</u>	<u>103,046,300</u>	
Total primary government	<u>\$ 2,835,027,315</u>	<u>\$ 987,689,962</u>	<u>\$ 199,882,428</u>	<u>\$ 149,105,727</u>	<u>(1,601,395,498)</u>	<u>103,046,300</u>	<u>(1,498,349,198)</u>	
Component units:								
MHMRA	\$ 196,615,092	\$ 49,579,189	\$ 143,381,248	\$ -				\$ (3,654,655)
Hospital District	2,012,067,000	365,636,000	235,758,000	756,559,000				(654,114,000)
Other component units	3,806,348	1,783,279	1,493,921	669,808				140,660
Total component units	<u>\$ 2,212,488,440</u>	<u>\$ 416,998,468</u>	<u>\$ 380,633,169</u>	<u>\$ 757,228,808</u>				<u>(657,627,995)</u>
General revenues:								
Taxes:								
Property taxes levied for General Purposes					1,292,952,215	-	1,292,952,215	574,274,000
Property taxes levied for Debt Service					253,732,855	-	253,732,855	-
Hotel Occupancy Tax					41,910,703	-	41,910,703	-
Earnings on Investments					8,494,539	20,493,614	28,988,153	10,157,294
Miscellaneous					108,136,578	21,814	108,158,392	88,959,402
Transfers					121,768,389	(121,768,389)	-	-
Total general revenues and other items					<u>1,826,995,279</u>	<u>(101,252,961)</u>	<u>1,725,742,318</u>	<u>673,390,696</u>
Change in net position					225,599,781	1,793,339	227,393,120	15,762,701
Net position - beginning (restated, Note 1)					<u>9,784,447,237</u>	<u>860,209,052</u>	<u>10,644,656,289</u>	<u>953,460,298</u>
Net position - ending					<u>\$10,010,047,018</u>	<u>\$ 862,002,391</u>	<u>\$ 10,872,049,409</u>	<u>\$ 969,222,999</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments:			
Cash and cash equivalents	\$ 235,544,624	\$ 224,916,047	\$ 460,460,671
Investments	606,273,416	355,836,733	962,110,149
Receivables:			
Taxes, net	73,225,462	9,010,641	82,236,103
Accounts, net	8,194,983	37,571,280	45,766,263
Accrued interest	296,524	9,636,715	9,933,239
Lease	237,300	-	237,300
Other, net	64,379,726	42,583,362	106,963,088
Due from other funds	44,445,240	1,439,853	45,885,093
Prepays and other assets	3,421,493	1,377,124	4,798,617
Inventories	3,343,522	2,167,139	5,510,661
Advances to other funds	40,000	12,651,000	12,691,000
Restricted cash and cash equivalents	69,405,344	26,334,385	95,739,729
Restricted investments	113,938,054	72,390,465	186,328,519
Notes receivable	177,758	456,026	633,784
Total assets	<u>\$ 1,222,923,446</u>	<u>\$ 796,370,770</u>	<u>\$ 2,019,294,216</u>
LIABILITIES			
Vouchers payable	\$ 48,884,238	\$ 32,664,438	\$ 81,548,676
Accrued payroll and compensated absences	66,839,259	5,116,837	71,956,096
Retainage payable	1,508,178	6,710,750	8,218,928
Due to other funds	133,966	45,719,437	45,853,403
Due to other governmental units	-	20,509	20,509
Other liabilities	145,304	-	145,304
Advances from other funds	-	12,691,000	12,691,000
Unearned revenue	7,862,949	22,398,249	30,261,198
Total liabilities	<u>125,373,894</u>	<u>125,321,220</u>	<u>250,695,114</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	30,956,500	3,645,419	34,601,919
Unavailable revenue-other	30,961,440	16,348,843	47,310,283
Total deferred inflows of resources	<u>61,917,940</u>	<u>19,994,262</u>	<u>81,912,202</u>
FUND BALANCES			
Nonspendable	6,805,015	13,818,889	20,623,904
Restricted	462,288,937	611,772,733	1,074,061,670
Committed	-	27,757,094	27,757,094
Assigned	16,833,069	-	16,833,069
Unassigned	549,704,591	(2,293,428)	547,411,163
Total fund balances	<u>1,035,631,612</u>	<u>651,055,288</u>	<u>1,686,686,900</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,222,923,446</u>	<u>\$ 796,370,770</u>	<u>\$ 2,019,294,216</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
February 28, 2015

Total fund balances for governmental funds \$ 1,686,686,900

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets (excluding internal service fund capital assets) consist of:

Land	\$	4,101,273,678	
Construction in progress		228,111,935	
Intangible assets - water rights		2,400,000	
Intangible assets - software and licenses, net of \$36,755,651 accumulated amortization		8,456,769	
Land improvements, net of \$2,062,351 accumulated depreciation		7,611,962	
Infrastructure, net of \$5,697,609,250 accumulated depreciation		5,283,720,699	
Parks, net of \$55,277,824 accumulated depreciation		128,201,057	
Flood control projects, net of \$355,998,172 accumulated depreciation		536,226,089	
Buildings, net of \$585,706,136 accumulated depreciation		1,199,283,395	
Equipment and vehicles, net of \$220,758,241 accumulated depreciation		<u>104,000,414</u>	
Total capital assets			11,599,285,998

Long-term liabilities applicable to Harris County's activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - and deferred outflows are reported in the statement of net position.

Balances (excluding internal service fund liabilities, where applicable) as of February 28, 2015 were:

Deferred charge on refundings		67,363,687	
Accrued interest on bonds and loans		(45,242,792)	
Bonds payable		(2,794,034,842)	
Loan payable		(31,126,818)	
Capital leases		(11,265,766)	
Interest on capital leases		567,930	
Commercial paper payable		(152,573,000)	
Compensated absences		(33,757,878)	
OPEB obligation		(467,649,623)	
Pollution remediation obligation		<u>(1,853,852)</u>	
			(3,469,572,954)

Internal service funds are used by the County. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position is:

111,734,872

Some of the County's assets are not available to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

81,912,202

Total net position of governmental activities

\$ 10,010,047,018

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 28, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 1,375,502,140	\$ 211,673,481	\$ 1,587,175,621
Charges for services	245,325,734	32,792,058	278,117,792
User fees	98,887	-	98,887
Fines and forfeitures	20,190,060	-	20,190,060
Lease revenue	1,497,128	1,098,689	2,595,817
Intergovernmental	41,589,728	211,790,769	253,380,497
Earnings on investments	4,809,071	4,249,774	9,058,845
Miscellaneous	44,557,010	42,785,756	87,342,766
Total revenues	<u>1,733,569,758</u>	<u>504,390,527</u>	<u>2,237,960,285</u>
EXPENDITURES			
Current operating:			
Administration of Justice	865,527,177	92,901,567	958,428,744
Parks	60,365,232	10,475,565	70,840,797
County Administration	233,121,089	50,826,310	283,947,399
Health and Human Services	100,062,746	84,277,105	184,339,851
Flood Control	-	60,271,404	60,271,404
Tax Administration	34,309,195	1,001,748	35,310,943
Roads and Bridges	77,850,597	5,802,401	83,652,998
Capital outlay	74,014,729	129,841,377	203,856,106
Debt service:			
Principal retirement	59,052,460	31,658,385	90,710,845
Bond issuance costs	841,604	1,900,065	2,741,669
Interest and fiscal charges	60,735,745	74,365,230	135,100,975
Total expenditures	<u>1,565,880,574</u>	<u>543,321,157</u>	<u>2,109,201,731</u>
Excess (deficiency) of revenues under expenditures	<u>167,689,184</u>	<u>(38,930,630)</u>	<u>128,758,554</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	387,817,668	118,196,268	506,013,936
Transfers out	(62,565,871)	(328,317,074)	(390,882,945)
Refunding bonds issued	-	366,260,000	366,260,000
Premium on bonds issued	-	54,903,224	54,903,224
Commercial paper issued	-	88,907,000	88,907,000
Payment to bond escrow agent	-	(188,657,930)	(188,657,930)
Payment to defease commercial paper	(265,152,000)	-	(265,152,000)
Issuance of loans	-	1,452,937	1,452,937
Proceeds from insurance recoveries	-	588,439	588,439
Proceeds from sale of capital assets	349,610	352,650	702,260
Total other financing sources (uses)	<u>60,449,407</u>	<u>113,685,514</u>	<u>174,134,921</u>
Net changes in fund balances	228,138,591	74,754,884	302,893,475
Fund balances, beginning	807,493,021	576,300,404	1,383,793,425
Fund balances, ending	<u>\$ 1,035,631,612</u>	<u>\$ 651,055,288</u>	<u>\$ 1,686,686,900</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2015

Net change in fund balances - total governmental funds \$ 302,893,475

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$372,309,959 exceeded capital expenditures of \$203,856,106 in the current period. (168,453,853)

Capital asset donations 89,559,988

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:			
Bonds		\$ (366,260,000)	
Bond premiums		(54,903,224)	
Commercial paper		(88,907,000)	
Loans		(1,452,937)	
Repayments:			
To paying agent for bond principal		90,710,845	
Commercial paper		35,152,000	
To refunding bond escrow agent		188,657,930	
Defeasance of commercial paper		230,000,000	
Loans		4,407,613	
Capital lease principal		1,748,408	
Refunding interest expense		(289,253)	
Net adjustment		38,864,382	38,864,382

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. This adjustment combines the net changes of 8 balances.

Compensated absences	(1,336,512)	
Judgments payable	3,600,000	
OPEB obligation	(59,008,525)	
Pollution remediation obligation	1,624,976	
Amortization of debt premium	24,014,725	
Accretion of capital appreciation bond interest	13,295,600	
Amortization of advanced refunding difference	(9,359,398)	
Accrued interest on debt	(2,212,146)	
Combined adjustment	(29,381,280)	(29,381,280)

Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities. (7,779,308)

Other collections. (260,819)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 21,822,266

The net effect of disposal of capital assets is to decrease net position. (21,665,070)

Change in net position of governmental activities \$ 225,599,781

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
February 28, 2015

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Toll Road Authority</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 224,092,528	\$ 9,260,095	\$ 233,352,623	\$ 28,218,935
Investments	656,136,283	7,268,177	663,404,460	110,048,664
Receivables, net	2,937,385	867,131	3,804,516	3,779,855
Accrued interest receivable	3,012,503	2,110	3,014,613	175,802
Other receivable, net	10,471,804	755,870	11,227,674	1,665,111
Due from other funds	149,364	-	149,364	218,345
Prepays and other assets	2,547,539	-	2,547,539	1,435,379
Inventories	3,421,366	210,610	3,631,976	1,123,450
Restricted assets:				
Cash and cash equivalents	31,129,149	-	31,129,149	-
Investments	243,272,789	-	243,272,789	-
Total current assets	<u>1,177,170,710</u>	<u>18,363,993</u>	<u>1,195,534,703</u>	<u>146,665,541</u>
Noncurrent assets:				
Restricted investments, held as collateral by others	37,855,000	-	37,855,000	-
Notes receivable	75,812	-	75,812	-
Capital assets:				
Land and construction in progress	699,897,268	3,963,598	703,860,866	259,000
License agreement, net of amortization	215,293,750	-	215,293,750	-
Other capital assets, net of depreciation	1,252,697,294	14,817,359	1,267,514,653	12,824,554
Total noncurrent assets	<u>2,205,819,124</u>	<u>18,780,957</u>	<u>2,224,600,081</u>	<u>13,083,554</u>
Total assets	<u>3,382,989,834</u>	<u>37,144,950</u>	<u>3,420,134,784</u>	<u>159,749,095</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	19,246,598	-	19,246,598	-
Unamortized costs on swap liability	52,192,444	-	52,192,444	-
Total deferred outflows of resources	<u>71,439,042</u>	<u>-</u>	<u>71,439,042</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	136,370,355	835,526	137,205,881	11,191,514
Accrued payroll and compensated absences	3,431,464	29,037	3,460,501	1,021,494
Retainage payable	6,528,713	-	6,528,713	-
Estimated outstanding claims	-	-	-	11,494,234
Incurred but not reported claims	-	-	-	23,996,158
Customer deposits	1,219,801	-	1,219,801	-
Due to other funds	282,620	-	282,620	116,779
Due to other units	1,765,597	-	1,765,597	-
Unearned revenue	63,512,461	46,879	63,559,340	79,794
Current portion of long-term liabilities	101,464,059	-	101,464,059	-
Total current liabilities	<u>314,575,070</u>	<u>911,442</u>	<u>315,486,512</u>	<u>47,899,973</u>
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	2,244,024,617	5,611	2,244,030,228	114,250
Total noncurrent liabilities	<u>2,244,024,617</u>	<u>5,611</u>	<u>2,244,030,228</u>	<u>114,250</u>
Total liabilities	<u>2,558,599,687</u>	<u>917,053</u>	<u>2,559,516,740</u>	<u>48,014,223</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	70,054,695	-	70,054,695	-
Total deferred inflows of resources	<u>70,054,695</u>	<u>-</u>	<u>70,054,695</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	(39,705,803)	18,780,957	(20,924,846)	13,083,554
Restricted for:				
Debt service	271,477,481	-	271,477,481	-
Capital projects	7,460,184	-	7,460,184	-
Operating reserve per bond covenants	32,611,391	-	32,611,391	-
Toll Road	553,931,241	-	553,931,241	-
Unrestricted	-	17,446,940	17,446,940	98,651,318
Total net position	<u>\$ 825,774,494</u>	<u>\$ 36,227,897</u>	<u>\$ 862,002,391</u>	<u>\$ 111,734,872</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended February 28, 2015

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Toll revenues	\$ 688,920,884	\$ -	\$ 688,920,884	\$ -
Intergovernmental	-	-	-	1,957,415
Charges to departments	-	-	-	246,136,379
Sales	-	8,921,543	8,921,543	-
User fees	-	5,289,185	5,289,185	8,698,513
Miscellaneous	-	77,985	77,985	-
Total operating revenues	<u>688,920,884</u>	<u>14,288,713</u>	<u>703,209,597</u>	<u>256,792,307</u>
OPERATING EXPENSES				
Salaries	52,791,017	332,108	53,123,125	11,650,674
Materials and supplies	12,468,384	1,047,096	13,515,480	593,972
Services and fees	95,914,299	3,857,886	99,772,185	11,381,279
Utilities	3,115,952	239,045	3,354,997	637,454
Transportation and travel	3,008,253	-	3,008,253	7,445,117
Incurred claims	-	-	-	221,566,940
Estimated claims & changes in estimates	-	-	-	4,061,660
Cost of goods sold	-	3,171,236	3,171,236	8,727,008
Depreciation	94,431,249	860,135	95,291,384	5,983,082
Total operating expenses	<u>261,729,154</u>	<u>9,507,506</u>	<u>271,236,660</u>	<u>272,047,186</u>
Operating income (loss)	<u>427,191,730</u>	<u>4,781,207</u>	<u>431,972,937</u>	<u>(15,254,879)</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	20,471,612	22,002	20,493,614	701,321
Lease income	21,814	-	21,814	-
Interest expense	(91,521,555)	-	(91,521,555)	-
Gain (loss) on disposal of capital assets	(115,918)	-	(115,918)	169,051
Amortization expense	(14,966,359)	-	(14,966,359)	-
Other nonoperating revenue (expense)	(222,322,805)	-	(222,322,805)	(32,199)
Total nonoperating revenues (expenses)	<u>(308,433,211)</u>	<u>22,002</u>	<u>(308,411,209)</u>	<u>838,173</u>
Income (loss) before transfers and contributions	<u>118,758,519</u>	<u>4,803,209</u>	<u>123,561,728</u>	<u>(14,416,706)</u>
Transfers in	157,037	-	157,037	17,672,397
Transfers out	(121,925,426)	-	(121,925,426)	(11,034,999)
Total transfers and contributions	<u>(121,768,389)</u>	<u>-</u>	<u>(121,768,389)</u>	<u>6,637,398</u>
Change in net position	(3,009,870)	4,803,209	1,793,339	(7,779,308)
Net position, beginning	828,784,364	31,424,688	860,209,052	119,514,180
Net position, ending	<u>\$ 825,774,494</u>	<u>\$ 36,227,897</u>	<u>\$ 862,002,391</u>	<u>\$ 111,734,872</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 28, 2015

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 698,133,115	\$ 13,815,872	\$ 711,948,987	\$ 255,258,051
Payment to employees	(49,223,028)	(333,607)	(49,556,635)	(11,478,739)
Payment to vendors	(114,088,529)	(8,105,659)	(122,194,188)	(29,094,554)
Claims paid	-	-	-	(222,639,801)
Receipts from miscellaneous reimbursements	1,922,228	-	1,922,228	-
Other receipts	-	-	-	222
Other payments	-	-	-	(32,421)
Net cash provided by (used for) operating activities	<u>536,743,786</u>	<u>5,376,606</u>	<u>542,120,392</u>	<u>(7,987,242)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to other governments	(100,000,000)	-	(100,000,000)	-
Internal activity - net payments from other funds	(155,766)	-	(155,766)	-
Receipt of monies advanced to other funds	22,934,097	-	22,934,097	-
Transfers from other funds	157,037	-	157,037	17,672,397
Transfers to other funds	(121,925,426)	-	(121,925,426)	(11,034,999)
Net cash provided by (used for) noncapital financing activities	<u>(198,990,058)</u>	<u>-</u>	<u>(198,990,058)</u>	<u>6,637,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from lease of capital assets	21,814	-	21,814	-
Purchases of capital assets	(165,228,077)	(170,759)	(165,398,836)	(6,570,584)
Principal paid on capital debt	(116,565,000)	-	(116,565,000)	-
Interest paid on capital debt	(106,622,322)	-	(106,622,322)	-
Net cash used for capital and related financing activities	<u>(388,393,585)</u>	<u>(170,759)</u>	<u>(388,564,344)</u>	<u>(6,570,584)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(357,150,744)	(2,494,583)	(359,645,327)	(24,603,253)
Proceeds from sales and maturities of investments	418,596,572	1,995,950	420,592,522	31,468,598
Interest paid	-	(3,229,531)	(3,229,531)	(20,725,153)
Interest received	14,754,274	75,285	14,829,559	110,548
Net cash provided by (used for) investing activities	<u>76,200,102</u>	<u>(3,652,879)</u>	<u>72,547,223</u>	<u>(13,749,260)</u>
Net change in cash and cash equivalents	25,560,245	1,552,968	27,113,213	(21,669,688)
Cash and cash equivalents, beginning	229,661,432	7,707,127	237,368,559	49,888,623
Cash and cash equivalents, ending	<u>\$ 255,221,677</u>	<u>\$ 9,260,095</u>	<u>\$ 264,481,772</u>	<u>\$ 28,218,935</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 427,191,730	\$ 4,781,207	\$ 431,972,937	\$ (15,254,879)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	94,431,249	860,135	95,291,384	5,983,082
Other nonoperating revenues	1,922,228	-	1,922,228	-
Other nonoperating expenses	-	-	-	(32,199)
Changes in current assets and liabilities:				
Receivables, net	(5,134,641)	(498,417)	(5,633,058)	(1,558,278)
Notes and leases receivable	7,582	-	7,582	-
Prepays and other assets	(611,560)	-	(611,560)	(385,286)
Inventories	(2,584,095)	104,833	(2,479,262)	35,535
Vouchers payable and accrued liabilities	8,741,895	104,771	8,846,666	3,146,936
Retainage payable	(1,423,137)	-	(1,423,137)	-
Due to other governmental units	169,526	-	169,526	-
Other liabilities	(25,500)	25,576	76	-
Pollution payable	(245,656)	-	(245,656)	-
Unearned revenue	14,339,290	-	14,339,290	24,022
Compensatory time payable	(35,125)	(1,499)	(36,624)	53,825
Net cash provided by operating activities	<u>\$ 536,743,786</u>	<u>\$ 5,376,606</u>	<u>\$ 542,120,392</u>	<u>\$ (7,987,242)</u>
Non-Cash Operating, Capital and Related Financing, And Investing Activities:				
Decrease in fair value of hedging derivatives	\$ (13,515,607)	\$ -	\$ (13,515,607)	\$ -
Increase in the fair value of investments	7,608,297	3,175,541	10,783,838	21,295,780
Purchase of capital assets on account	(3,147,851)	-	(3,147,851)	-

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
February 28, 2015

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$ 281,868,599
Investments	182,156,360
Accounts receivable, net	891,843
Other receivables, net	6,679,557
Accrued interest receivable	340,408
Total assets	\$ 471,936,767
 LIABILITIES	
Vouchers payable	\$ 2,378,400
Accrued payroll and compensated absences	15,465,826
Incurred but not reported claims	5,136,642
Held for others	448,955,899
Total liabilities	\$ 471,936,767

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
FEBRUARY 28, 2015

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District dba Harris Health System	Nonmajor Component Units	Total
ASSETS				
Cash and cash equivalents	\$ 5,312,090	\$ 189,980,000	\$ 5,653,343	\$ 200,945,433
Investments, including accrued interest	50,977,470	540,305,000	206,837	591,489,307
Receivables:				
Taxes, net	-	26,601,000	-	26,601,000
Accounts, net	17,636,687	76,653,000	5,313,538	99,603,225
Other	8,829,194	219,851,000	510,219	229,190,413
Inventories	195,217	12,458,000	-	12,653,217
Prepays and other assets	896,796	53,036,000	57,582	53,990,378
Restricted cash and investments	314,753	54,676,000	10,711,854	65,702,607
Capital assets:				
Land, improvements, and construction in progress	5,434,585	63,067,000	8,693,163	77,194,748
Intangible assets, net of accumulated amortization	6,142,885	-	-	6,142,885
Other capital assets, net of depreciation	24,375,931	391,037,000	11,711,778	427,124,709
Total assets	<u>120,115,608</u>	<u>1,627,664,000</u>	<u>42,858,314</u>	<u>1,790,637,922</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	-	13,480,000	-	13,480,000
Derivative financial instrument	-	13,040,000	-	13,040,000
Total deferred outflows of resources	<u>-</u>	<u>26,520,000</u>	<u>-</u>	<u>26,520,000</u>
LIABILITIES				
Vouchers payable and accrued liabilities	19,662,611	202,067,000	166,501	221,896,112
Other liabilities	-	103,314,000	-	103,314,000
Unearned revenue	1,166,312	-	129,226	1,295,538
Accrued interest payable	-	628,000	-	628,000
Noncurrent liabilities:				
Due within one year	2,351,052	5,599,000	-	7,950,052
Due in more than one year	12,897,221	499,954,000	-	512,851,221
Total liabilities	<u>36,077,196</u>	<u>811,562,000</u>	<u>295,727</u>	<u>847,934,923</u>
NET POSITION				
Net investment in capital assets	25,952,409	172,900,000	-	198,852,409
Restricted for:				
Debt service	-	31,572,000	-	31,572,000
Donor restrictions	16,760,603	27,281,000	6,008,704	50,050,307
Unrestricted net position	41,325,400	610,869,000	36,553,883	688,748,283
Total net position	<u>\$ 84,038,412</u>	<u>\$ 842,622,000</u>	<u>\$ 42,562,587</u>	<u>\$ 969,222,999</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
For The Year Ended February 28, 2015

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District dba Harris Health System	Nonmajor Component Units	Total
REVENUES				
Program Revenues:				
Charges for services	\$ 49,579,189	\$ 365,636,000	\$ 1,783,279	\$ 416,998,468
Operating grants and contributions	143,381,248	235,758,000	1,493,921	380,633,169
Capital grants, contributions and other	-	756,559,000	669,808	757,228,808
Total program revenues	<u>192,960,437</u>	<u>1,357,953,000</u>	<u>3,947,008</u>	<u>1,554,860,445</u>
EXPENSES	<u>196,615,092</u>	<u>2,012,067,000</u>	<u>3,806,348</u>	<u>2,212,488,440</u>
Net program revenues (expenses)	<u>(3,654,655)</u>	<u>(654,114,000)</u>	<u>140,660</u>	<u>(657,627,995)</u>
General Revenues:				
Ad valorem tax revenues	-	574,274,000	-	574,274,000
Earnings on investments	311,134	9,795,000	51,160	10,157,294
Other	20,934,954	67,823,000	201,448	88,959,402
Net general revenues	<u>21,246,088</u>	<u>651,892,000</u>	<u>252,608</u>	<u>673,390,696</u>
Change in net position	17,591,433	(2,222,000)	393,268	15,762,701
Net position, beginning (restated, Note 1)	<u>66,446,979</u>	<u>844,844,000</u>	<u>42,169,319</u>	<u>953,460,298</u>
Net position, ending	<u>\$ 84,038,412</u>	<u>\$ 842,622,000</u>	<u>\$ 42,562,587</u>	<u>\$ 969,222,999</u>

See notes to the financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Harris County, Texas ("County") have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America for local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. REPORTING ENTITY

The County is a public corporation and a political subdivision of the State of Texas. The County is governed by Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a vast array of services which include public safety, administration of justice, health and human services, culture and recreation services, public improvements, flood control and general administration.

As required by GAAP, the financial statements of the reporting entity include those of the County (the primary government) and its component units in conformity with GASB Statement No. 14, *The Financial Reporting Entity* ("GASB 14"), GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* ("GASB 39"), and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* ("GASB 61").

In accordance with these standards, a financial reporting entity consists of the primary government and its component units. Component units are legally separate entities for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the County's operations, so data from these units are combined with data of the County. Each discretely presented component unit, on the other hand, is reported in a separate column titled "Component Units" on the combined statements to emphasize that it is legally separate from the government.

The criteria used to determine whether an organization is a component unit of the County and whether it is a discretely presented or a blended component unit includes: financial accountability of the County for the component unit, whether the County appoints a voting majority of the entity's governing board, the ability to impose the County's will on the component unit, fiscal dependency criterion, if it is a financial benefit to or burden on the County, and whether services are provided entirely or almost entirely to the primary government.

Blended Component Units. For financial reporting purposes, the Harris County Flood Control District, the Harris County Juvenile Board, the Harris County Sports & Convention Corporation, and the Harris County Redevelopment Authority are included in the operations and activities of the County as blended component units.

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Harris County Flood Control District (“Flood Control District”). The Flood Control District provides programs and policies to protect homes and businesses from the hazards of flooding and to facilitate economic development. The County prepares and approves the budget, sets the tax rate, and approves all bond issuances of the Flood Control District. The criteria used to include the Flood Control District as a blended component unit of the County include: the County appoints a voting majority of the Flood Control District’s governing body, the County is able to impose its will on the Flood Control District, and the County’s and the Flood Control District’s governing bodies are substantially the same and there is a financial benefit/burden relationship.

Harris County Sports & Convention Corporation (“Sports & Convention Corporation”). The Sports & Convention Corporation was formed to act on behalf of the County by negotiating and managing a contract with an outside vendor for the operations and management of the Reliant Park Complex. The Sports & Convention Corporation is included as a blended component unit of the County because it almost exclusively benefits Harris County. The Sports & Convention Corporation was created by the County under the authority of state law. The County appoints a voting majority of the Sports & Convention Corporation’s governing body, and the County is able to impose its will on the Sports & Convention Corporation.

Harris County Juvenile Board (“Juvenile Board”). The Juvenile Board monitors all of the Juvenile Probation Department’s programs, institutional services, and residential placement facilities. It also sets administrative policies and approves the department’s annual budget prior to submission to Commissioners Court for final approval. The criteria used to include the Juvenile Board as a blended component unit of the County include: fiscal dependency and the Juvenile Board provides services entirely to the County.

Harris County Redevelopment Authority (“Redevelopment Authority”). The Redevelopment Authority was organized exclusively for the purposes of aiding and acting on behalf of the County to accomplish any governmental purpose thereof pursuant to Subchapter D of Chapter 431 of the Texas Transportation Code. The criteria used to include the Redevelopment Authority as a blended component unit of the County include: the County appoints a voting majority of the Redevelopment Authority’s governing body, the County is able to impose its will on the Redevelopment Authority, and the Redevelopment Authority was formed for the exclusive benefit of the County.

Discretely Presented Component Units. The component unit column in the government-wide financial statements includes the financial data of the County’s discrete component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Harris County Hospital District, dba Harris Health System (“Hospital District”). The Hospital District provides medical, dental and hospital care for Harris County’s indigent and needy. The criteria used to determine inclusion as a discretely presented component unit are: nine members of the governing board of the Hospital District are appointed by Commissioners Court, Commissioners Court approves the Hospital District’s tax rate and annual budget but does not provide any funding or hold title to any of the Hospital District’s assets, and the Hospital District cannot issue bonded debt without Commissioners Court approval. Services provided by the Hospital District are to the citizenry and not to the County. Complete financial statements may

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be obtained from:

Chief Financial Officer
Harris County Hospital District, dba Harris Health System
2525 Holly Hall, Suite 270
Houston, TX 77054

Mental Health and Mental Retardation Authority (“MHMRA”) of Harris County. MHMRA is a public agency providing services for residents of the County who do not require long-term institutional mental health care. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing Board of Directors are appointed by Commissioners Court, the County is able to impose its will, and there is a provision of funding to MHMRA. MHMRA can issue bonded debt without approval from the County. Three of MHMRA’s discretely presented component units reported adjustments to the beginning balance of net position for the correction of an error associated with recognition of grant revenues in a previous year. The changes resulted in an increase to the beginning balance of net position of MMRA of \$5,374,418. Complete financial statements may be obtained from:

Chief Financial Officer
MHMRA
P.O. Box 25381
Houston, TX 77265

Harris County Housing Finance Corporation (“Housing Finance Corporation”). The Housing Finance Corporation is exempt from federal income tax and is authorized to issue debt instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income residents. The Housing Finance Corporation was created by Commissioners Court but is not a political subdivision of Harris County under state law. The criteria used to determine the Housing Finance Corporation’s inclusion as a discretely presented component unit are: all members of the governing body are all appointed by Commissioners Court and the County is able to impose its will on the Housing Finance Corporation. Services provided by the Housing Finance Corporation are to the citizenry and not to the County. Complete financial statements may be obtained from:

Harris County Housing Finance Corporation
1001 Fannin, Suite 2500
Houston, TX 77002-6760

Harris County Industrial Development Corporation (“Industrial Development Corporation”). The Industrial Development Corporation provides financing through the issuance of industrial and manufacturing bonds, which promotes and encourages employment and the public welfare in the County. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court and the County is able to impose its will on the Industrial Development Corporation.

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Complete financial statements may be obtained from:

Board President – Robert L. Silvers
Fulbright & Jaworski, L.L.P.
1301 McKinney, Suite 5100
Houston, TX 77010-3095

Children’s Assessment Center Foundation, Inc. (“CACF”). The Foundation (a Texas nonprofit corporation) was created to raise and provide funding for the Children’s Assessment Center (“CAC”). The CAC provides a safe haven to sexually abused children and their families. CAC employs an extraordinarily effective, multidisciplinary team approach in the prevention, assessment, investigation, referral for prosecution and treatment of child sexual abuse. The criteria used to determine inclusion as a discretely presented component unit are: CACF provides a direct benefit to the County and is financially integrated with the County. Complete financial statements may be obtained from:

Chief Financial Officer - Betsey Runge
The Children’s Assessment Center Foundation
2500 Bolsover
Houston, TX 77005

Friends of Countypets. The Friends of Countypets is a public nonprofit corporation organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court, the County is able to impose its will through the budget, and the services provided are to the County.

Harris County Health Facilities Development Corporation (“HFDC”). The HFDC provides financing for qualified health facilities. Eligible projects must improve the adequacy, cost and accessibility of health care in Houston, Texas. Under the current tax code, eligible borrowers are limited to non-profit corporations. HFDC financing costs are limited to land, buildings, and equipment. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court and the County can impose its will. HFDC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County’s financial statements, but information relating to conduit debt can be found in note 10.D. to the financial statements.

Harris County Cultural Education Facilities Finance Corporation (“CEFFC”). The CEFFC provides and finances cultural education facilities for the exhibition and promotion of and education about the performing, dramatic, visual and literary arts, natural history and science for

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the public purpose of promoting the health, education and welfare of the citizens of the County. The criteria used to determine inclusion as a discretely presented component unit are: all members of the governing body are appointed by Commissioners Court and the County can impose its will on CEFFC. The CEFFC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County's financial statements, but information relating to conduit debt can be found in note 10.D. to the financial statements.

Condensed Financial Statements. Condensed financial statements of each discretely presented component unit discussed above are presented. The fiscal year-ends for the discretely presented component units are as follows:

- Harris County Hospital District, dba Harris Health System: February 28, 2015
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2014
- Harris County Housing Finance Corporation: December 31, 2014
- Harris County Industrial Development Corporation: August 31, 2014
- Children's Assessment Center Foundation, Inc.: February 28, 2015
- Friends of Countypets: February 28, 2015

B. RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Related organizations and jointly governed organizations provide services within the County that are administered by separate boards or commissions, but the County is not financially accountable, and such organizations are therefore not component units of the County, even though Commissioners Court may appoint a voting majority of an organization's board. Consequently, financial information for the following entities is not included within the scope of these financial statements.

Related Organizations. Related organizations of the County include the Emergency Service Districts which were created to implement emergency services to specific areas.

Jointly Governed Organizations. The County is a participant in jointly governed organizations. Commissioners Court appoints two of seven board members of the Port of Houston Authority; four of thirty-seven board members of the Gulf Coast Community Services Association; three of nineteen board members of the Harris-Galveston Coastal Subsidence District; two of thirty-five board members of the Houston-Galveston Area Council; two of nine board members of the Metropolitan Transit Authority of Harris County; six of thirteen board members of the Harris County/Houston Sports Authority, and the chairman is appointed jointly by Harris County and the City of Houston; three of twelve board members of the Gulf Coast Freight Rail District, and the chairman is appointed jointly by Harris County and the City of Houston; one of twenty-one board members of the Texas High Speed Rail and Transportation Corporation; at least three of the ten to thirteen board members of the Houston Ship Channel Security District; all five board members of the Harris County Housing Authority.

During fiscal year 2015, the County disbursed the following amounts to these organizations: \$2,406,972 to the Port of Houston Authority, \$2,165,681 to Houston-Galveston Area Council,

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\$1,461,983 to the Metropolitan Transit Authority of Harris County, \$25,855 to the Harris County/Houston Sports Authority, \$75,000 to the Gulf Coast Freight Rail District, and \$438,584 to the Harris County Housing Authority. The County also collected \$154,307 from the Port of Houston Authority, \$531,627 from the Houston-Galveston Area Council, \$19,784,998 from the Metropolitan Transit Authority of Harris County, \$40,108 from Harris County/Houston Sports Authority, \$1,915,320 from the Harris County Housing Authority, and \$762,624 from the Houston Ship Channel Security District.

The County is also a participant in several jointly governed Tax Increment Reinvestment Zones, (TIRZs) with the City of Houston, City of La Porte, City of Webster, and the City of Baytown. The County's participation in each TIRZ is pursuant to an Interlocal Agreement between the County, the municipality, and the respective TIRZ board of directors. For each TIRZ in which the County participates, Commissioners Court appoints one board member, except for the City of Webster, where it appoints two board members. There are seven City of Houston TIRZs in which Harris County participates: four created by city action (Market Square, Gulfgate, Greenspoint, East Downtown, and Greater Houston) and two created by petition (Midtown and South Post Oak). Each of the TIRZs that the County jointly governs has up to fifteen members on its board of directors. Depending upon the terms of the municipal creation ordinance for a specific TIRZ, a municipality appoints at least five members to a TIRZ board and any affected school district appoints one board member each. For petition TIRZs, state elected representatives in whose districts a TIRZ is created also appoint one board member each. The petition TIRZs are required by statute to set aside one-third of all increment paid into the TIRZ Fund to establish affordable housing within the area (not necessarily within the TIRZ itself), while the TIRZs created by city action have no such requirement.

During fiscal year 2015 (for the tax year ended 12/31/14), the County disbursed \$7,912,150 to the City of Houston TIRZs, \$520,348 to the City of Baytown TIRZ, \$279,344 to the City of La Porte TIRZ and \$98,612 to the City of Webster TIRZ. The County will subsequently receive an estimated \$900,000 in affordable housing set-aside funds by August 31, 2015, in accordance with the Interlocal Agreements with the City of Houston petition TIRZs.

C. IMPLEMENTATION OF NEW STANDARDS

In the current fiscal year the County implemented the following new standards:

GASB Statement 67, *Financial Reporting for Pension Plans* ("GASB 67"), replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and RSI for both defined benefit and defined contribution plans. The plan, Texas County and District Retirement System, implemented GASB 67.

GASB Statement 69, *Government Combinations and Disposals of Government Operations* ("GASB 69"), establishes accounting and financial reporting standards related to government

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combinations and disposals of government operations. Implementation of GASB 69 did not have an impact on the County's financial disclosures.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"), provides guidance to improve accounting and reporting by state and local governments that extend and receive nonexchange financial guarantees. Implementation of GASB 70 did not have an impact on the County's financial disclosures.

D. FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues include those generated from administration of justice, parks, county administration, health and human services, flood control, tax administration, and roads and bridges. Taxes and other items not included among program revenues are reported instead as general revenues. Miscellaneous general revenues contain non-program specific contributions.

Fiduciary funds are excluded from the government-wide presentation of the financial statements.

Fund Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes

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and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Grant and entitlement revenues are also susceptible to accrual. Encumbrances are used during the year. These funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, including the enterprise and internal service funds, and fiduciary funds, including agency funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds statement of net position. The agency funds are custodial in nature and involve no measurement of results of operations.

The accounts of the County are organized and operated on the basis of funds, 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/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. The major funds of the County are noted within each category.

GOVERNMENTAL FUNDS: Used to account for all or most of a government's general activity.

General Fund - used to account for the general operations of the County, limited-tax permanent improvement debt service of the County, public improvement contingencies, the mobility program, and "internal special revenue funds" not meeting the special revenue fund definition of GAAP.

PROPRIETARY FUNDS: Used to account for operations that are financed in a manner similar to those in the private sector, where the determination of net income is appropriate for sound financial administration.

Toll Road Authority - used to account for the acquisition, operation, and maintenance of County toll roads. These facilities are financed primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items.

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Operating revenues and expenses generally result from providing services and producing goods in connection with the proprietary fund's principal operations. The principal operating revenues of the Subscriber Access and Parking Facilities Enterprise Funds are user fees. Operating revenues of the Sheriff's Commissary Enterprise Fund are comprised of revenue from the sale of items to inmates. Toll Road Enterprise Fund operating revenues consist of fees assessed each time a vehicle passes through a toll station on the County's toll roads. Operating revenues in the Internal Service Funds consist primarily of charges to the various County departments. Operating expenses in the enterprise and internal service funds include the cost of sales and services, administrative expenses, incurred and estimated claims and reinsurance, utilities, travel and transportation, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

FIDUCIARY FUNDS: Used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The County reports seventeen agency funds as fiduciary funds. Agency funds are used to account for assets held by the County as an agent on behalf of various third parties outside the primary government.

E. BUDGETS

Harris County adheres to the following procedures in its consideration and adoption of its annual operating budget:

- Departmental annual budget requests are submitted by the Department or Agency Head to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin March 1.
- Public hearings are held on the proposed budget.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget Officer prepares the proposed annual operating budget to be presented to Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.
- Commissioners Court must adopt an annual operating budget by a majority vote of Commissioners Court before April 1. The adopted budget must be balanced; that is, budgeted expenditures may not exceed available resources.
- Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.
- The department is the legal level of budgetary control for General Fund-Operating. Commissioners Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget. Budgetary control for Special Revenue Funds, Debt Service Funds and Capital Project Funds is at the fund level.

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- Commissioners Court may approve expenditures as an amendment to the original budget only in the case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention.
- The County Auditor shall certify to the Commissioners Court the receipt of all public or private grant or aid money that is available for disbursement in a fiscal year, but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.
- The County Auditor shall certify to the Commissioners Court the receipt of all revenue from intergovernmental contracts that are available for disbursement in a fiscal year, but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the revenue from intergovernmental contracts for its intended purpose.
- The County Auditor shall certify to the Commissioners Court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes.
- For financial reporting purposes several funds created for budgetary purposes may be combined into a single column on the CAFR.
- Appropriations lapse at year-end for all funds except Harris County Juvenile Board, Special Revenue Grants, and Capital Project Funds.
- Budgets are prepared on a cash basis (budget basis) which differs from GAAP basis.

A reconciliation of General Fund revenues and expenditures on a cash basis (budgetary basis) compared to modified accrual basis (GAAP) is presented in the Notes to the Required Supplementary Information.

F. RESTRICTED ASSETS

Certain assets of the County's General Fund are classified as restricted assets because their use is restricted for a specific purpose by contract or state statute. The County uses the General Fund to account for the debt service on bonds issued for permanent improvement purposes, to account for certain imprest bank accounts, and mobility funds which are restricted by statute.

The Debt Service Funds' cash and investments are restricted for debt service on bonds issued for roads and flood control purposes.

Certain assets of the Toll Road Authority are classified as restricted assets because their use is restricted for debt service.

G. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents include amounts in demand deposits as well as short-term

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investments with a maturity date of 90 days or less from the date of purchase. Investments are stated at fair value, which is based on quoted market prices with the difference between the purchase price and fair value being recorded as earnings on investments.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the County has many transactions between funds. The accompanying Fund Level financial statements reflect as transfers the resources provided and expenditures used to provide services, construct assets, and meet debt service requirements. The effect of interfund activity has been eliminated in the Government-wide financial statements, except for transactions between governmental and business-type activities.

I. INVENTORY

Inventory is stated at the lower of cost or market value, using the first-in first-out method for proprietary and governmental fund types. The costs of such inventories are recorded as expenditures/expenses when purchased.

J. PREPAIDS AND OTHER ASSETS

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund level financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. PREMIUMS (DISCOUNTS) ON BONDS PAYABLE

Premiums (discounts) on bonds payable are amortized using the effective interest method over the term of the bonds.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows consist of deferred charges on refundings and the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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M. CAPITAL ASSETS AND INFRASTRUCTURE

Capital assets include land (including easements and right of ways), intangible assets, construction in progress, land improvements, buildings and building improvements, park improvements and facilities, equipment (including machinery, vehicles, animals, other tangible assets, exhaustible works of art and historical treasures and computer software), and infrastructure that are used in the County’s operations and benefit the County for more than a single fiscal year. Infrastructure assets are long-lived assets that are generally stationary in nature and can typically be preserved for a significantly greater number of years than other capital assets. Infrastructure assets of the County include roads, bridges, flood control facilities, lighting, storm sewers, and tunnels.

Capital assets of the County are defined as assets with individual costs of \$5,000 or more and estimated useful lives in excess of one year. Exceptions to the \$5,000 capitalization threshold are as follows: it is the County’s policy to capitalize all land other than easements, works of art and historical treasures, regardless of the historical cost. Easements greater than \$100,000 are capitalized. Purchased software greater than \$100,000 is capitalized; and internally developed software greater than \$1,000,000 is capitalized. The threshold for capitalizing land improvements, buildings and building improvements, and park improvements is \$100,000. The capitalization threshold for infrastructure ranges from \$25,000 to \$250,000, depending on the type of infrastructure asset.

All capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. It is the County’s policy not to capitalize interest on construction for capital assets reported in the governmental activities of the government-wide financial statements. The Toll Road Enterprise Fund capitalizes, as a cost of its constructed property, the interest expense and certain other costs of bonds issued for construction purposes, less the interest earned on the proceeds of those bonds from the date of the borrowing until the date the property is ready for use. During fiscal year 2015, \$2,268,570 of interest expense was capitalized.

Capital assets are depreciated in the government-wide financial statements using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>	<u>Asset</u>	<u>Years</u>
Land improvements	20	Computer software	5
Buildings	45	Infrastructure:	
Park improvements	30	Bridges	40
Equipment	3-20	Flood control channels	25-75
Machinery	15	Roads	20-50
Vehicles	4-15	Lighting	20
Animals	7	Storm sewers	30-75
Other tangible assets	5	Tunnels	40
Exhaustible works of art and historical treasures	10	Intangible - software licenses	contract term

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N. NET POSITION AND FUND BALANCES

NET POSITION CLASSIFICATIONS

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

FUND BALANCE CLASSIFICATIONS

Under GAAP, fund balances are required to be reported according to the following classifications:

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or they are required, legally or contractually, to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables (if the proceeds from the collection of the receivables are not restricted, committed, or assigned).

Restricted – These amounts represent assets that have externally imposed restrictions by creditors, grantors, contributors, or laws or regulations of other governments. Assets may also be restricted as imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The County's highest level of decision-making authority resides with the Commissioners Court. The constraints imposed by the formal action of the Commissioners Court remain binding unless removed or changed in the same manner employed to previously commit those resources. To establish, modify, or rescind a fund balance commitment requires an order adopted by Commissioners Court.

Assigned – Amounts that are constrained by the County's intent to be used for a specific purposes, but that do not meet the criteria to be restricted or committed. Such intent should be expressed by the Commissioners' Court or its designated officials to assign amounts to be used. The County Budget Officer, by virtue of Commissioners Court ordered appointment to that office and as a normal function of that office, has the authority to assign fund balance to particular purposes. Assignments made by the County Budget Officer can occur during the budget process or throughout the year in the normal course of business. Commissioners Court, at their discretion, may make assignments of fund balance or direct other County officials to do so. Constraints imposed on the use of the assigned amounts can be removed with no formal action.

Unassigned – Amounts that have not been restricted, committed, or assigned.

For the classification of fund balances in the governmental funds, the County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of

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the unrestricted fund balance classifications could be used.

In the proprietary fund financial statements and in the government-wide financial statements, restricted net position is reported for amounts that are externally restricted by 1) creditors (e.g., bond covenants), grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provision or enabling legislation.

O. COMPENSATED ABSENCES

Accumulated compensatory time, vacation, and sick leave expected to be liquidated with expendable available financial resources are reported as expenditures in the respective governmental funds. Accumulated compensated absences not expected to be liquidated with expendable available resources are reported as expenses and long-term liabilities in the governmental activities column of the government-wide financial statements. The majority of these have typically been liquidated from the General Fund in previous years. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Accumulated compensated absences of Proprietary Funds are recorded as an expense and liability in the respective fund and in the business-type activities column of the government-wide financial statements as the benefit accrues for the employee.

Employees accrue 9.75 days of sick leave per year. Sick leave benefits are recognized as they are used by the employees. Employees may accumulate up to 720 hours of sick leave. Unused sick leave benefits are not paid at termination. Employees accrue from three to ten hours of vacation per pay period depending on years of service and pay period type (standard versus extra). Employees may accumulate from 120 to 280 hours of vacation benefits, depending on years of service. Upon termination, employees are paid the balance of unused vacation benefits.

Non-exempt employees earn compensatory time at one and one-half times their full pay times the excess of 40 hours per week worked. The compensatory time balance for non-exempt employees may not exceed 240 hours. Hours in excess of the 240 hour maximum must be paid to the non-exempt employee. The compensatory time earned at time and a half is paid at the regular rate of pay. Upon termination, non-exempt employees will be paid for compensatory time at their wage rate at time of termination. Exempt employees earn compensatory time at their regular rate of pay for hours worked in excess of 40 hours a week. Exempt employees can accumulate up to 240 hours of compensatory time. Upon termination, exempt employees are paid one-half of the compensatory time earned at the wage rate at time of termination. Compensatory time is carried forward indefinitely.

P. STATEMENT OF CASH FLOWS

For purposes of cash flows, the County considers cash equivalents to include all highly liquid investments (including restricted) with a maturity of three months or less when purchased.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of

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contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. COMPONENT UNIT TAX REVENUES

The Hospital District is partially financed by property tax levies (recorded as operating revenues), and partially financed by user charges, the usual revenue source for a proprietary fund activity. However, because of the unique character of services provided by the Hospital District, proprietary fund accounting is necessary to provide meaningful measurement of cost of services of the Hospital District.

2. DEPOSITS AND INVESTMENTS

Deposits: Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance Corporation (FDIC) is available for funds deposited at any financial institution up to a maximum of \$250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. At February 28, 2015, the balance per various financial institutions was \$928,872,261. The County's deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance or an irrevocable standby letter of credit with the Federal Home Loan Bank of Dallas, in accordance with the Public Funds Collateral Act.

Investments: Chapter 2256 of the Texas Government Code is known as the Public Funds Investment Act. This act authorizes Harris County to invest its funds pursuant to a written investment policy which primarily emphasizes the safety of principal and liquidity, addresses investment diversification, yield, and maturity.

The Harris County Investment Policy is reviewed and approved at least annually by Commissioners Court. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy. Additionally, the policy includes specific investment strategies for fund groups that address each group's investment options and describes the priorities for suitable investments.

AUTHORIZED INVESTMENTS

Funds of Harris County may be invested as authorized by the Public Funds Investment Act which is located in Chapter 2256 of the Texas Government Code. Allowable investments include:

1. Direct obligations of the United States, its agencies and instrumentalities.

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2. Other obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of the State of Texas, the United States, or any obligation fully guaranteed or fully insured by the FDIC.
3. Direct obligations of the State of Texas or its agencies provided the agency has the same debt rating as the State of Texas.
4. Obligations of states, agencies, counties, cities, and other political subdivisions located in the United States, rated not less than A, or its equivalent, by a nationally recognized investment rating firm.
5. Fully insured or collateralized certificates of deposit/share certificates issued by state and national banks, or a savings bank, a state or federal credit union (having its main or branch office in Texas) guaranteed or insured by the FDIC or its successor; and secured by obligations in number 1 above. In addition to the County's authority to invest funds in certificates of deposit and share certificates as stated above, made in accordance with the following conditions is an authorized investment under Texas Gov't. Code Section 2256.010(b): (1) the funds are invested by the County through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3-3 (17 C.F.R. Section 240.15c3-3) with its main office or branch office in Texas and selected from a list adopted by the County as required by Section 2256.025; or a depository institution that has its main office or a branch office in this state and that is selected by the County; (2) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (4) the broker or depository institution selected by the County acts as custodian for the County with respect to the certificates of deposit issued for the account of the County.
6. Fully collateralized repurchase agreements (provided the County has on file), a signed Master Repurchase Agreement detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. The repurchase agreement must have a defined termination date and be secured by obligations in number 1 above. It is required that the securities purchased as part of the repurchase agreement must be assigned to the County, held in the County's name, and deposited at the time the investment is made with the County's custodian or with a third-party approved by the County. Securities purchased as part of a repurchase agreement shall be marked-to-market no less than weekly. All repurchase agreements must be conducted through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in Texas. Maturities shall be limited to 90 days. The 90-day limit may be exceeded in the case of flexible repurchase agreements ("flex repos") provided the investment type is specifically authorized within individual bond ordinances and final maturity does not exceed the anticipated spending schedule of bond proceeds.
7. Securities lending programs if the loan is fully collateralized, including accrued income, by

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securities described in Texas Gov't. Code, Section 2256.009, by irrevocable bank letters of credit issued by a bank under the laws of the United States or any other state, continuously rated not less than A by at least one nationally recognized investment rating firm, or by cash invested in accordance with the Investment Act. Securities held as collateral must be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made. A loan must be placed through a primary government securities dealer or a financial institution doing business in Texas. A loan must allow for termination at any time and must have a term of one year or less.

8. Commercial paper with a stated maturity of 270 days or less from the date of issuance, rated A-1 or P-1 or an equivalent rating by at least two nationally recognized agencies, and not under review for possible downgrade at the time of purchase.
9. Local government investment pools with a dollar weighted average maturity of 60 days or less, approved through resolution of County Commissioners to provide services to the County, continuously rated no lower than AAA or equivalent by at least one nationally recognized rating service. The County may not invest an amount that exceeds 10 percent of the total assets of any one local government investment pool. On a monthly basis, the Investment Officer shall review a list of securities held in the portfolio of any pool in which County funds are being held. To be eligible to receive funds from and invest funds on behalf of the County an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by Tex. Gov't. Code Sec. 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and review by the Finance Committee.
10. A Securities and Exchange Commission (SEC) registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less and whose investment objectives includes the maintenance of a stable net asset value of \$1 for each share. Furthermore, it must be rated not less than AAA or equivalent by at least one nationally recognized rating service and the County must be provided with a prospectus and other information required by the SEC Act of 1934 or the Investment Company Act of 1940. The County may not invest an amount that exceeds 10 percent of the total assets of any one fund. Investments will be made in a money market mutual fund only after a thorough investigation of the fund and review by the Finance Committee.

Summary of Cash and Investments

Harris County's cash and investments are stated at fair value. The following is a summary of the County's cash and investments at February 28, 2015:

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	Governmental	Proprietary		Fiduciary	
	Funds	Funds	Total	Funds	Total
Cash and Cash Equivalents	\$ 460,460,671	\$ 261,571,558	\$ 722,032,229	\$ 281,868,599	\$ 1,003,900,828
Restricted Cash and Cash Equivalents	95,739,729	31,129,149	126,868,878	-	126,868,878
Investments	962,110,149	773,453,124	1,735,563,273	182,156,360	1,917,719,633
Restricted Investments	186,328,519	281,127,789	467,456,308	-	467,456,308
Total Cash & Investments	\$ 1,704,639,068	\$ 1,347,281,620	\$ 3,051,920,688	\$ 464,024,959	\$ 3,515,945,647

Harris County follows the practice of pooling investments for many of the funds identified on the financial statements. Most of the general fund is pooled with other County funds for investment purposes. Interest income earned on pooled cash and investments is allocated each accounting period to the various funds based on the ending cash balances. For financial statement purposes, the principal value of pooled investments is allocated between the participating funds.

The table below indicates the fair value and maturity value of the County's investments as of February 28, 2015, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/Moody's
<i>US Agency Notes</i>					
FFCB	\$ 44,798,700	1.28%	\$ 45,000,000	0.0322	AA+/Aaa
FHLB	153,439,560	4.40%	154,000,000	0.1173	AA+/Aaa
FHLB Step Up Note	19,828,800	0.57%	20,000,000	0.0185	AA+/Aaa
FHLMC	203,705,454	5.84%	204,450,000	0.1469	AA+/Aaa
FNMA	361,910,829	10.37%	363,700,000	0.2686	AA+/Aaa
FNMA Step Up Note	88,896,570	2.55%	89,000,000	0.0796	AA+/Aaa
<i>Total US Agency Notes</i>	<u>872,579,913</u>		<u>876,150,000</u>		
<i>Commercial Paper</i>					
UBS CP	588,437,100	16.86%	589,178,000	0.0612	A-1/P-1
GECC	340,404,606	9.75%	341,060,000	0.0569	A-1+/P-1
TCCI/TMCC/TMCCI	325,766,737	9.33%	326,010,000	0.0237	A-1+/P-1
TMCPR/TCPR	53,324,295	1.53%	53,419,000	0.0091	A-1+/P-1
<i>Total Commercial Paper</i>	<u>1,307,932,738</u>		<u>1,309,667,000</u>		
<i>Local Governments</i>					
Alamo TX Community College Dist	1,059,807	0.03%	1,050,000	0.0005	AA-/Aa2
Allen, TX Economic Development	413,348	0.01%	400,000	0.0002	Aa3
Arizona, St Sch Facs Brd Rev	5,000,200	0.14%	5,000,000	0.0047	AAA/Aaa
Auburn Washington Utility System	2,163,083	0.06%	1,865,000	0.0050	AA
Austin, TX Rev 11A	2,101,680	0.06%	2,000,000	0.0072	AAA/Aaa
AZ State School Facilities Board	13,000,520	0.37%	13,000,000	0.0122	AAA/Aaa
AZ Transportation	2,799,776	0.08%	2,800,000	0.0026	AA+/Aa2
Bergen City NJ	1,028,050	0.03%	1,000,000	0.0005	AAA/Aaa
Bexar County, TX GO	4,684,005	0.13%	4,500,000	0.0194	AA+/Aaa
Broward Cnty FL Port Facilities	1,648,397	0.05%	1,640,000	0.0002	AA/A1
Bucks Cnty PA Redevel	251,628	0.01%	250,000	0.0001	Aaa
Burien Wash BAB Taxable GO	1,249,842	0.04%	1,160,000	0.0030	A1

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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
Central OK Transport & Pkg Rev	600,378	0.02%	600,000	0.0002	AA/Aa2
City of Cedar Rapids IA	1,034,330	0.03%	1,000,000	0.0007	Aa1
Clarkson MI Cmnty	2,555,179	0.07%	2,555,000	0.0016	Aa2
Clayton Cty GA & Wtr Auth Rev Txbl	1,929,976	0.06%	1,945,000	0.0014	AA+/Aa2
College Station TX ISD	1,400,819	0.04%	1,280,000	0.0037	AA-/Aa2
College Station, TX Utility System	1,146,175	0.03%	1,115,000	0.0030	A+/Aa2
Colorado St Housing & Fin Auth Txbl	11,166,160	0.32%	11,000,000	0.0052	Aa2
Commonwealth Fing Authority	327,870	0.01%	325,000	0.0000	AA/A2
Conroe TX Industrial Development Rev	6,102,226	0.17%	5,695,000	0.0161	AA
Cook County IL	3,890,201	0.11%	3,810,000	0.0019	AA/A1
CT St Muni Elec Energy Coop Pwr	2,144,690	0.06%	2,150,000	0.0011	Aa3
Dallas, TX Ref GO	2,219,880	0.06%	2,000,000	0.0045	AA+/Aa1
Denver, CO BAB	3,888,832	0.11%	3,540,000	0.0114	AAA/Aaa
Denver, CO City County	2,576,287	0.07%	2,495,000	0.0005	A+/A1
Denver, CO Public SC	498,775	0.01%	500,000	0.0004	Aa3
Dorchester Cnty Sch Dist Revs	1,999,820	0.06%	2,000,000	0.0015	AA-/Aa3
Ellis County, TX GO	2,827,968	0.08%	2,640,000	0.0067	Aa2
Ewing Township NJ Sch	4,786,846	0.14%	4,760,000	0.0021	AA-
Frisco, TX GO	1,117,055	0.03%	1,035,000	0.0017	AA+/Aa1
Grand Strand SC Water & Sewer	1,013,470	0.03%	1,000,000	0.0004	AA/Aa2
Greensboro, NC Build America Bnds	2,246,040	0.06%	2,000,000	0.0061	AAA/Aaa
Harris Cnty TX - Hospital Dist 07A	7,932,711	0.23%	7,370,000	0.0167	AA-/A2
Hawaii Air System	1,194,467	0.03%	1,180,000	0.0001	A/A2
Hillsborough County FL Utility	15,588,678	0.45%	14,165,000	0.0335	AA+/Aa1
Honolulu City & Cnty HI	4,913,731	0.14%	4,930,000	0.0037	Aa1
Houston, TX Independent School District	5,291,600	0.15%	5,000,000	0.0180	AAA/Aaa
Houston, TX Community Clg. Revenue	2,784,197	0.08%	2,790,000	0.0009	AA-/Aa2
Houston TX Utility Systems	3,868,638	0.11%	3,600,000	0.0090	AA
Idaho Bond Bank Authority Rev	4,896,564	0.14%	4,240,000	0.0112	Aa1
Illinois Housing Development Auth	319,728	0.01%	320,000	0.0000	AA/Aa3
Indiana St Bond Bank Rev	2,017,020	0.06%	2,000,000	0.0014	AA+
Katy, TX ISD BAB	2,238,120	0.06%	2,000,000	0.0049	AAA/Aaa
Louisiana St UTGO Txbl	2,026,120	0.06%	2,000,000	0.0023	AA/Aa2
Maine Muni BD OP Rev Txbl	1,001,310	0.03%	1,000,000	0.0001	A+/A1
Malone NY Central School Dist	485,170	0.01%	480,000	0.0002	AA/Aa3
Mansfield, TX	4,176,080	0.12%	4,000,000	0.0109	AAA/Aaa
Maryland Txbl 2nd Series B	10,064,900	0.29%	10,000,000	0.0041	AAA/Aaa
Massachusetts St Water Pol Txbl	2,992,830	0.09%	3,000,000	0.0008	AAA/Aaa
McLennan County Tx Pub Fac Rev	819,238	0.02%	815,000	0.0005	AA-
Mercer Cnty NJ IMPT	2,048,875	0.06%	1,935,000	0.0010	AA+/Aa2
Met Govt Nash Tax	1,005,680	0.03%	1,000,000	0.0004	AA/Aa2
Met Washington DC Apartments Auth	2,101,530	0.06%	2,000,000	0.0009	AA-/A1
Milwaukee County, Wisconsin GO	2,289,557	0.07%	2,305,000	0.0018	AA/Aa2
Miss St Dev Fin Brd TXBL	1,273,432	0.04%	1,260,000	0.0010	AA/Aa2
Missouri St Dev Fin TXBL	748,196	0.02%	745,000	0.0001	AA/Aa2
Montgomery County, TX GO	3,934,770	0.11%	3,500,000	0.0124	AA+/Aa1
N Orange County CA Cmnty Clg Dist	1,258,325	0.04%	1,250,000	0.0009	AA/Aa1

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Nassau County, NY	1,508,265	0.04%	1,500,000	0.0007	AAA
Nevada St Txbl Ref Cap	1,507,950	0.04%	1,500,000	0.0008	AA/Aa2
New Britain CT BAB TXBL Go Unltd	1,837,296	0.05%	1,800,000	0.0008	AA/A2
New York, NY GO Bond	2,030,161	0.06%	2,020,000	0.0003	AA/Aa2
New York State Dorm Auth Pers Incm	15,022,207	0.43%	15,015,000	0.0002	AAA/Aa1
Newark, NJ Taxable Refunding	2,788,653	0.08%	2,775,000	0.0016	AA/A2
New Jersey State Economic Development	2,500,000	0.07%	2,500,000	0.0000	A-/A2
North TX Munipl Water District BAB	3,012,486	0.09%	2,700,000	0.0068	AAA/Aa2
North TX Tollway	3,845,870	0.11%	3,500,000	0.0125	AA/A2
Northwest TX	2,137,620	0.06%	2,000,000	0.0059	Aaa
NY ST MTGE Agy Hmewner Rev	1,999,430	0.06%	2,000,000	0.0008	Aa1
NY St Urban Dev Corp Rev Txbl	9,341,084	0.27%	9,345,000	0.0029	AAA/Aa1
Ohio St Water/Sewer Dev Auth	3,532,054	0.10%	3,530,000	0.0013	AA+/Aa1
OK St Water Resource Bd Rev	1,082,081	0.03%	1,085,000	0.0003	AAA/Aaa
Oregon State Alt Energy Project	2,942,880	0.08%	2,780,000	0.0099	AA+/Aa1
Pearland, TX Ref-Perm Improvement	1,139,930	0.03%	1,075,000	0.0026	AA/Aa2
Port Auth NY NJ	15,084,085	0.43%	15,220,000	0.0117	AA-/Aa3
Red River TX Education Finance	2,627,596	0.08%	2,535,000	0.0093	Aa3
Regal Trans Dist Co SA	6,274,291	0.18%	6,150,000	0.0047	AAA/Aa2
Rhode Island St Housing & MTGE	469,427	0.01%	470,000	0.0002	Aa2
Round Rock, TX ISD BAB	1,125,710	0.03%	1,000,000	0.0023	Aaa
Salt Lake County, Utah Sales Tax R	1,780,710	0.05%	1,630,000	0.0054	AAA
San Antonio, TX Build America Bnds	1,906,933	0.05%	1,635,000	0.0067	AAA/Aaa
San Antonio, TX Water Rev	1,068,910	0.03%	1,000,000	0.0012	AA+/Aa1
San Antonio, TX Water Rev BAB	3,323,090	0.10%	3,000,000	0.0069	AA+/Aa1
San Marcos, TX ISD	1,572,555	0.05%	1,500,000	0.0035	AAA/Aaa
Snohomish County, WA BAB	3,111,320	0.09%	2,760,000	0.0075	AA+/Aa3
Southern Methodist Univ Txbl	995,640	0.03%	1,000,000	0.0010	AA-/Aa3
State of Texas Go Bond	516,400	0.01%	500,000	0.0004	AAA/Aaa
Sugar Land, TX CTFS	5,807,376	0.17%	5,400,000	0.0199	AAA/Aaa
Tennessee State GO	2,482,450	0.07%	2,475,000	0.0003	AA+/Aaa
Texas City, TX ISD	1,368,923	0.04%	1,285,000	0.0041	AA
TN St Series C Refunding	497,525	0.01%	500,000	0.0003	AA+/Aaa
Treasury Note	7,940,640	0.23%	8,000,000	0.0055	AA+/Aaa
TX A&M Univ Rev	5,007,200	0.14%	5,000,000	0.0031	AA+/Aaa
Texas St A&M Univ Perm	1,003,070	0.03%	1,000,000	0.0004	AAA/Aaa
Texas St Tech Univ Rev	1,944,776	0.06%	1,850,000	0.0058	AA
TX St Txbl Ref Pub Fin Auth	5,988,577	0.17%	6,000,000	0.0029	AAA/Aaa
Travis Cnty Tx Ctfs	1,623,624	0.05%	1,505,000	0.0040	AAA/Aaa
Univ of California Rev Txbl	1,742,118	0.05%	1,740,000	0.0006	AA/Aa2
Univ of Kentucky, KY Gen Recpts	903,498	0.03%	905,000	0.0005	AA-/Aa2
Virginia ST HSG Dev Auth	1,105,544	0.03%	1,100,000	0.0007	AAA/Aaa
Virginia ST HSG Development Auth	1,457,926	0.04%	1,375,000	0.0057	AA+/Aa1
Virginia St Port Authority	2,290,862	0.07%	2,275,000	0.0007	AA+/Aa1
Washington Cnty Oregon Schools	995,030	0.03%	1,000,000	0.0006	AA+/Aa1
Washington St Cops Agy Prop	6,900,591	0.20%	7,015,000	0.0061	Aa2
Washington St TXBL	1,504,650	0.04%	1,500,000	0.0004	AA+/Aa1

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Washington St Txbl Ser T	914,168	0.03%	910,000	0.0009	AA+/Aa1
Wayne Township in Met Sch District	1,350,891	0.04%	1,350,000	0.0009	AA+
West Univ Place, TX	994,420	0.03%	1,000,000	0.0008	AAA
Williamson County, TX	2,765,577	0.08%	2,665,000	0.0054	AAA/Aa1
Wisconsin St Gen Annual Rev	503,405	0.01%	500,000	0.0002	AA-/Aa3
Wsh St Ctfs Part	2,224,077	0.06%	2,245,000	0.0015	Aa2
Wyandotte Cnty Ks Txbl	3,000,930	0.09%	3,000,000	0.0009	SP1+
<i>Total Local Governments</i>	336,547,262		326,115,000		
<i>Money Market Mutual Funds</i>					
Logic Investment Pool	58,035,172	1.66%	58,035,172	N/A	AAAm/Aaa
Lone Star Investment Pool	69,747,027	2.00%	69,747,027	N/A	AAAm/Aaa
Texas Class- Investment	68,454,603	1.96%	68,454,603	N/A	AAAm/Aaa
Fidelity Instl Treasury	677,906,041	19.42%	677,906,041	N/A	AAAm/Aaa
Fidelity Instl MMKT Tax Exempt	99,611,431	2.85%	99,611,431	N/A	AAAm/Aaa
<i>Total Money Market Mutual Funds</i>	973,754,274		973,754,274		
Total Investments	3,490,814,187	100.00%	\$ 3,485,686,274		
<i>Outstanding items/deposits</i>	25,131,460				
Total Cash & Investments	\$ 3,515,945,647				

RISK DISCLOSURES

Interest Rate Risk: All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

According to the County investment policy, no more than 50% of the portfolio, excluding those investments held for construction/capital projects, special revenue, flood control, proprietary and enterprise, Public Improvement Contingency, District Clerk Registry, County Clerk Registry, and bond reserves, may be invested beyond three years. Additionally at least 15% of the portfolio, with the previous exceptions, is invested in overnight instruments or in marketable securities which can be sold to raise cash within one day's notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed three years. As of February 28, 2015, the County was in compliance with all of these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 25% of the overall

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portfolio may be invested in time deposits, including certificates of deposit, of a single issuer. Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimized.

The County's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as A or its equivalent. Money market mutual funds and public funds investment pools must be rated AAA or its equivalent by at least one nationally recognized investment rating firm.

The Harris County Sports & Convention Corporation (the "Corporation"), a blended component unit of the County, maintains investments made during the fiscal year ended February 28, 2003 of \$12 million in the Sports Authority's Subordinate Lien Notes Series 2001 C-1 and Series 2001 C-2 which are not in compliance with Chapter 2256 of the Texas Government Code because the notes did not receive a rating from at least one nationally recognized investment rating firm.

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the County's name and are held by the counterparty. In the event of the failure of the counterparty, the County may not be able to recover the value of its investments that are held by the counterparty. As of February 28, 2015, all of the County's investments are held in the County's name.

Foreign Currency Risk: Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the US dollar. The County Investment Policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the County is not exposed to foreign currency risk.

FUND INVESTMENT CONSIDERATIONS

The Investment Policy outlines specific investment strategies for each fund or group of funds identified on the Harris County financial statements. The two investment strategies employed by Harris County are the Matching Approach and the Barbell Approach. The Matching Approach is an investment method that matches maturing investments with disbursements. Matching requires an accurate forecast of disbursement requirements. The Barbell Approach is an investment method where maturities are concentrated at two points, one at the short end of the investment horizon and the other at the long end. Specific guidelines have not been established for Pooled Investments, but the same standards that were developed for the General Fund Group are also applicable to Pooled Investments. The investment strategies and maturity criteria are outlined in the following table.

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Fund Type	Investment Strategy	Maximum Maturity Per Policy (Years)	Maturity Amount	Average Remaining Years To Maturity
Pooled Investments	Matching	3	\$ 990,234,600	1.16
Public Improvement Contingency	Matching/Barbell	6	73,525,000	1.38
Special Revenue Funds	Matching	5	7,608,000	0.32
Debt Service Funds	Matching	3	419,681,000	0.84
Capital Project Funds	Matching/Barbell	5	32,475,000	1.93
Proprietary Funds	Matching/Barbell	6	47,660,000	1.93
Toll Road Project Funds	Matching/Barbell	6	473,500,000	4.53
Toll Road Renewal/Replacement	Matching/Barbell	6	156,095,000	2.45
Toll Road Bond Reserve	Matching	Maturity of the bonds	179,178,000	10.88
County Clerk Registry	Matching/Barbell	7	105,725,000	1.93
District Clerk Registry	Matching/Barbell	7	44,475,000	2.19
Money Market Mutual Funds	N/A	N/A	955,529,674	N/A
			\$ 3,485,686,274	

Note: Money Market Mutual Funds are excluded from the various fund types which may affect the average remaining days to maturity.

3. PROPERTY TAXES

COUNTY

Property taxes for the County and the Flood Control District are levied on tax rates adopted within 60 days of receiving the certified roll or September 30, whichever is later. Tax rates are usually adopted in September or October. Taxes are levied on the assessed value of all taxable real and personal property as of the preceding January 1. On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. All tax payments not received by February 1, after the taxes are levied, are considered delinquent. Accordingly, no current taxes receivable are reported. Appraised values are determined by the Harris County Appraisal District (“Appraisal District”) equal to 100% of the appraised market value as required by the State Property Tax Code. Real property must be appraised at least every three years. Taxpayers and taxing units may challenge appraisals of the Appraisal District through various appeals and, if necessary, legal action.

The County is responsible for setting the tax rates for the County, the Flood Control District, the Hospital District, and the Port of Houston Authority for debt service only. The County adopted the 2014 tax rate, per \$100 of taxable value, for the County and Flood Control District as follows:

	<u>Maintenance and Operations</u>	<u>Debt Service</u>	<u>Total</u>
Harris County			
Constitutional Funds	\$ 0.34547	\$ 0.04802	\$ 0.39349
Road Debt Service	-	0.02382	0.02382
Total - Harris County	\$ 0.34547	\$ 0.07184	\$ 0.41731
Flood Control District	\$ 0.02620	\$ 0.00116	\$ 0.02736

The County is permitted by law to levy tax rates for general fund, jury fund, road and bridge fund and permanent improvement fund purposes up to \$0.80 per \$100 of taxable valuation. The County

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levied a tax rate of \$0.41731 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.39349 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.02382 per \$100 valuation was for the Road Debt Service.

The Flood Control District is permitted by law to levy a tax rate up to \$0.30 per \$100 of taxable valuation. There is no limitation on the tax rate which may be set for debt service within the \$0.30 tax rate limit. The tax rate for maintenance and operations is limited to the rate as may from time to time be approved by the voters of the Flood Control District. The maximum tax rate for maintenance and operations is \$0.15 per \$100 of taxable valuation. A tax rate of \$0.02620 per \$100 valuation was set in 2014 for the Flood Control District's maintenance and operations. The County Tax Assessor-Collector bills and collects the taxes for the County, Flood Control District, Hospital District, Port of Houston Authority, City of Houston and various other jurisdictions within the County. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor-Collector's Agency Fund. Tax collections deposited for the County and Flood Control District are distributed on a periodic basis to the respective General Funds and Debt Service Funds. These distributions are based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

Property tax receivables of \$82,236,103 as of February 28, 2015 are reported net of an allowance for uncollectible taxes of \$109,084,658.

COMPONENT UNITS

The Hospital District receives property taxes levied by the County Commissioners Court for operations. Ad Valorem tax revenues are recorded at the time the taxes are assessed, net of provisions for uncollected amounts and collection expenses. Subsequent adjustments to the tax rolls, recorded by the County Tax Assessor-Collector, are included in the revenues in the period such adjustments are made by the County Tax Assessor-Collector.

Property tax receivables of \$26,601,000 as of February 28, 2015 are reported net of an allowance for uncollectible taxes of \$47,085,000 for the Hospital District.

4. OTHER RECEIVABLES

The County reports accounts receivables and other receivables in the various funds for amounts to be received from customers, granting agencies, and the Tax Assessor. A breakdown of these receivables at February 28, 2015 is as follows:

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RECEIVABLES AND OTHER RECEIVABLES

	<u>Customers</u>	<u>Granting Agencies</u>	<u>Tax Assessor</u>	<u>Totals</u>	<u>Allowance for Uncollectible</u>
General	\$ 65,093,111	\$ -	\$ 7,481,598	\$ 72,574,709	\$ (1,677,174)
Nonmajor Governmental	13,033,436	60,056,532	7,064,674	80,154,642	(877,399)
Toll Road	13,409,189	-	-	13,409,189	(177,162,050)
Nonmajor Enterprise	1,623,001	-	-	1,623,001	-
Internal Service	5,444,966	-	-	5,444,966	(384,617)
Component Units	99,603,225	229,190,413	-	328,793,638	(101,058,582)
Totals	<u>\$ 198,206,928</u>	<u>\$ 289,246,945</u>	<u>\$ 14,546,272</u>	<u>\$ 502,000,145</u>	<u>\$ (281,159,822)</u>

5. INTERFUND BALANCES AND TRANSFERS

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between individual governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements.

The interfund receivable and payable balances, by individual major fund, other governmental funds (aggregated), other proprietary funds (aggregated), internal service funds (aggregated), and fiduciary funds as of February 28, 2015 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 44,264,186
	Toll Road	64,275
	Internal Service	116,779
Toll Road	Nonmajor Governmental	149,364
	General	133,966
Nonmajor Governmental	Nonmajor Governmental	1,305,887
	Toll Road	218,345
Internal Service		
Total		<u>\$ 46,252,802</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 40,000
Nonmajor Governmental	Nonmajor Governmental	12,651,000 (1)
Total		<u>\$ 12,691,000</u>

(1) \$12 million relates to the investment discussed in Note 2.

The following is a summary of the County's transfers for the year ended February 28, 2015:

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	Transfers In:				Total
	General	Toll Road	Nonmajor Governmental	Internal Service	
Transfers Out:					
General	\$ -	\$ 30,263	\$ 55,911,183	\$ 6,624,425	\$ 62,565,871
Nonmajor Governmental	265,892,242	126,774	62,285,085	12,973	328,317,074
Toll Road	121,925,426	-	-	-	121,925,426
Internal Service	-	-	-	11,034,999	11,034,999
Total	\$ 387,817,668	\$ 157,037	\$ 118,196,268	\$ 17,672,397	\$ 523,843,370

Toll Road transferred \$120 million to the General fund for funding of a County thoroughfare and mobility program. All other transfers are routine in nature, such as cash match of grants, debt service payments, and internal service costs.

6. CAPITAL ASSETS

COUNTY

Capital asset activity for the year ended February 28, 2015 was as follows:

	Balance March 1, 2014	Additions	Deletions	Transfers	Balance February 28, 2015
Governmental Activities:					
Land	\$ 4,066,402,284	\$ 36,517,531	\$ (1,468,383)	\$ 81,246	\$ 4,101,532,678
Construction in progress	216,850,536	155,439,658	(8,275,846)	(135,902,413)	228,111,935
Intangible assets - water rights	2,400,000	-	-	-	2,400,000
Total capital assets not depreciated	4,285,652,820	191,957,189	(9,744,229)	(135,821,167)	4,332,044,613
Intangible assets - software & licenses	41,520,453	258,798	(196,647)	3,629,816	45,212,420
Land improvements	8,327,573	-	-	1,346,740	9,674,313
Infrastructure	10,849,177,759	75,274,601	(39,380)	56,916,969	10,981,329,949
Park facilities	178,538,893	-	(665,802)	5,605,790	183,478,881
Flood control projects	862,738,394	-	(7,927,682)	37,413,549	892,224,261
Buildings	1,762,448,236	-	(430,898)	24,448,163	1,786,465,501
Equipment	361,834,104	33,280,987	(18,980,395)	6,460,140	382,594,836
	14,064,585,412	108,814,386	(28,240,804)	135,821,167	14,280,980,161
Less accumulated depreciation for:					
Intangible assets - software & licenses	(24,924,737)	(11,830,914)	-	-	(36,755,651)
Land improvements	(1,440,453)	(621,898)	-	-	(2,062,351)
Infrastructure	(5,433,056,257)	(264,552,993)	-	-	(5,697,609,250)
Park facilities	(49,144,607)	(6,133,217)	-	-	(55,277,824)
Flood control projects	(328,361,832)	(27,636,340)	-	-	(355,998,172)
Buildings	(549,090,968)	(37,874,540)	321,579	-	(586,643,929)
Equipment	(252,047,444)	(29,643,139)	15,382,538	-	(266,308,045)
	(6,638,066,298)	(378,293,041)	15,704,117	-	(7,000,655,222)
Total capital assets being depreciated, net	7,426,519,114	(269,478,655)	(12,536,687)	135,821,167	7,280,324,939
Governmental activities capital assets, net	\$ 11,712,171,934	\$ (77,521,466)	\$ (22,280,916)	\$ -	\$ 11,612,369,552

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	Balance March 1, 2014	Additions	Deletions	Transfers	Balance February 28, 2015
Business-type Activities:					
Land	\$ 316,318,391	\$ 4,121,327	\$ (1,546,112)	\$ 61,916	\$ 318,955,522
Construction in progress	351,140,970	152,916,774	(22,113,282)	(97,039,118)	384,905,344
Total capital assets not depreciated	<u>667,459,361</u>	<u>157,038,101</u>	<u>(23,659,394)</u>	<u>(96,977,202)</u>	<u>703,860,866</u>
License Agreement	245,281,444	-	-	(7,781,444)	237,500,000
Land improvements	7,560,742	-	-	-	7,560,742
Infrastructure	2,264,596,646	-	-	84,307,457	2,348,904,103
Other tangible assets	22,344,646	-	(2,500)	7,781,444	30,123,590
Buildings	37,092,796	-	-	-	37,092,796
Equipment	81,761,245	4,903,751	(2,113,847)	12,669,745	97,220,894
	<u>2,658,637,519</u>	<u>4,903,751</u>	<u>(2,116,347)</u>	<u>96,977,202</u>	<u>2,758,402,125</u>
Less accumulated depreciation/amortization for:					
License Agreement	(16,318,477)	(8,863,774)	-	2,976,001	(22,206,250)
Land improvements	(1,500,373)	(1,562,290)	-	-	(3,062,663)
Infrastructure	(1,095,756,437)	(76,244,235)	-	-	(1,172,000,672)
Other tangible assets	(24,498,324)	(284,144)	2,500	(2,976,001)	(27,755,969)
Buildings	(11,290,951)	(818,201)	-	-	(12,109,152)
Equipment	(32,352,136)	(7,518,740)	1,411,860	-	(38,459,016)
	<u>(1,181,716,698)</u>	<u>(95,291,384)</u>	<u>1,414,360</u>	<u>-</u>	<u>(1,275,593,722)</u>
Total capital assets being depreciated, net	<u>1,476,920,821</u>	<u>(90,387,633)</u>	<u>(701,987)</u>	<u>96,977,202</u>	<u>1,482,808,403</u>
Business-type activities capital assets, net	<u>\$ 2,144,380,182</u>	<u>\$ 66,650,468</u>	<u>\$ (24,361,381)</u>	<u>\$ -</u>	<u>\$ 2,186,669,269</u>

Depreciation expense was charged to the programs of the primary government as follows:

Governmental activities:

Administration of Justice	\$ 22,349,277
Parks	23,154,115
County Administration	37,075,111
Health and Human Services	2,811,816
Flood Control	28,957,063
Tax Administration	151,237
Roads and Bridges	263,794,422
	<u>\$378,293,041</u>

Business-type activities:

Parking Facilities	\$ 590,512
Sheriff's Commissary	269,623
Toll Road	94,431,249
	<u>\$ 95,291,384</u>

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COMPONENT UNITS

<u>MHMRA (August 31, 2014)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land	\$ 3,421,489	\$ 2,013,096	\$ -	\$ 5,434,585
Buildings & Improvements	25,343,822	7,589,187	-	32,933,009
Equipment, Furniture & Vehicles	7,787,992	734,646	(103,975)	8,418,663
Intangible Assets - Software	5,928,585	214,300	-	6,142,885
	<u>42,481,888</u>	<u>10,551,229</u>	<u>(103,975)</u>	<u>52,929,142</u>
Less accumulated depreciation for:				
Buildings & Improvements	(14,845,612)	(1,577,667)	-	(16,423,279)
Equipment, Furniture & Vehicles	(6,105,180)	(494,501)	103,975	(6,495,706)
	<u>(20,950,792)</u>	<u>(2,072,168)</u>	<u>103,975</u>	<u>(22,918,985)</u>
MHMRA capital assets, net	<u>\$ 21,531,096</u>	<u>\$ 8,479,061</u>	<u>\$ -</u>	<u>\$ 30,010,157</u>

MHMRA records all governmental capital assets at cost, except for donated fixed assets, which are recorded at their fair market value on the date donated. Depreciation is reported at the government-wide level using the straight-line method over the estimated useful lives of the assets. The schedule included here does not include the capital assets of MHMRA's discrete component units (a net value of \$5,943,244).

<u>Hospital District (February 28, 2015)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land & Improvements	\$ 41,059,000	\$ 535,000	\$ (126,000)	\$ 41,468,000
Construction in progress	31,652,000	(10,053,000)	-	21,599,000
Total capital assets not depreciated	<u>72,711,000</u>	<u>(9,518,000)</u>	<u>(126,000)</u>	<u>63,067,000</u>
Buildings and Improvements	566,189,000	26,724,000	(2,112,000)	590,801,000
Equipment	334,804,000	27,053,000	(21,037,000)	340,820,000
	<u>900,993,000</u>	<u>53,777,000</u>	<u>(23,149,000)</u>	<u>931,621,000</u>
Less accumulated depreciation	<u>(507,000,000)</u>	<u>(56,584,000)</u>	<u>23,000,000</u>	<u>(540,584,000)</u>
	<u>(507,000,000)</u>	<u>(56,584,000)</u>	<u>23,000,000</u>	<u>(540,584,000)</u>
Total capital assets being depreciated, net	<u>393,993,000</u>	<u>(2,807,000)</u>	<u>(149,000)</u>	<u>391,037,000</u>
Hospital District capital assets, net	<u>\$ 466,704,000</u>	<u>\$ (12,325,000)</u>	<u>\$ (275,000)</u>	<u>\$ 454,104,000</u>

The Hospital District records land, buildings, improvements, and equipment at cost or fair market value at the time of donation and includes expenditures for new facilities and equipment and those which substantially increase the useful life of existing assets. Depreciation of facilities and equipment is provided using the straight-line method over the estimated useful lives of the assets.

7. CAPITAL LEASES PAYABLE

The County has entered into several capital lease agreements for the purchase of buildings; the amount capitalized is \$32,314,676. Payments for the buildings during the fiscal year ended February

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28, 2015 totaled \$2,532,377 respectively. Payments, including interest at an average rate of 6.5% per annum for buildings are due as follows as of February 28, 2015:

<u>Fiscal year</u>	<u>Governmental Activities Buildings</u>
2016	\$ 2,386,579
2017	2,386,579
2018	2,386,579
2019	2,386,579
2020	2,386,579
2021-2023	<u>1,630,097</u>
Total future lease payments	13,562,992
Less: Interest	<u>(2,297,226)</u>
	<u><u>\$ 11,265,766</u></u>

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 28, 2015 are as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Fort Bend Toll Authority	Toll Road	<u>\$ 1,765,597</u>
Total Due to Other Governmental Units		<u><u>\$ 1,765,597</u></u>

9. SHORT-TERM DEBT

Tax Anticipation Notes

The County issues tax anticipation notes to bridge the cash flow deficit created by a mismatch between an evenly distributed expenditure budget and unevenly distributed revenue collection. Bondholder security is provided by a lien on General Fund property taxes exclusive of those levied for debt service. Property tax receipts are largely received in January and February, while the County's General Fund expenditures are dominated by payroll and benefit costs which are expensed in roughly equal installments throughout the year.

Activity for the year ended February 28, 2015, was as follows:

	<u>Outstanding March 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding February 28, 2015</u>
Governmental Activities				
Tax Anticipation Notes	<u>\$ -</u>	<u>\$ 225,000,000</u>	<u>\$ (225,000,000)</u>	<u>\$ -</u>

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10. LONG-TERM LIABILITIES

The changes in the County's Governmental Long-Term Liabilities and Business-Type Liabilities for fiscal year 2014-2015 were as follows:

	<u>Outstanding March 1, 2014</u>	<u>Issued/ Increased</u>	<u>Redeemed/ Decreased</u>	<u>Outstanding February 28, 2015</u>	<u>Due Within Year</u>
<u>Governmental Activities:</u>					
<u>General Obligation Debt</u>					
Road Bonds - Principal	\$ 700,407,098	\$ 195,905,000	\$ (18,633,385)	\$ 877,678,713	\$ 31,262,743
Permanent Improvement Bonds - Principal	828,216,607	-	(56,767,460)	771,449,147	58,606,787
Flood Control Bonds - Principal	656,830,000	170,355,000	(179,255,000)	647,930,000	24,835,000
Total Principal General Obligation Debt	2,185,453,705	366,260,000	(254,655,845)	2,297,057,860	114,704,530
Unamortized Premiums, Road Bonds	57,977,153	35,428,352	(9,137,166)	84,268,339	-
Unamortized Premiums, PIB Bonds	63,034,374	-	(8,821,734)	54,212,640	-
Unamortized Premiums, FC Bonds	35,878,062	19,474,872	(10,683,546)	44,669,388	-
Accretion of Discount - Capital Appreciation Bonds:					
Road Series 1996	39,737,424	3,344,577	(11,386,615)	31,695,386	11,193,476
PIB Series 1996	21,806,235	1,835,382	(6,248,040)	17,393,577	6,143,812
GO Revenue Series 2002	49,504,241	5,488,597	(6,329,500)	48,663,338	6,467,231
Total General Obligation Debt	2,453,391,194	431,831,780	(307,262,446)	2,577,960,528	138,509,049
<u>Tax and Subordinate Lien Revenue Bonds</u>					
Tax and Subordinate Lien Revenue					
Refunding, Series 2009C	28,315,000	-	(2,285,000)	26,030,000	2,375,000
Tax and Subordinate Lien Revenue					
Refunding, Series 2012A	160,430,000	-	-	160,430,000	-
Unamortized Premium, Tax & Sub Lien Rev	32,204,319	-	(2,590,005)	29,614,314	-
Total Tax and Subordinate Lien Revenue Bonds	220,949,319	-	(4,875,005)	216,074,314	2,375,000
Total Bonds Payable	2,674,340,513	431,831,780	(312,137,451)	2,794,034,842	140,884,049
Commercial Paper Payable	328,818,000	88,907,000	(265,152,000)	152,573,000	-
Compensatory Time Payable	32,696,295	21,332,750	(19,944,740)	34,084,305	22,154,798
Obligations Under Capital Leases	13,014,174	-	(1,748,408)	11,265,766	1,709,018
Judgments Payable	3,600,000	-	(3,600,000)	-	-
Loan Payable	34,081,494	2,470,080	(5,424,756)	31,126,818	10,596,558
OPEB Obligation	408,641,098	59,008,525	-	467,649,623	-
Pollution Remediation Obligation	4,019,901	94,323	(2,239,079)	1,875,145	21,293
Total Governmental Activities	\$ 3,499,211,475	\$ 603,644,458	\$ (610,246,434)	\$ 3,492,609,499	\$ 175,365,716

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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	Outstanding March 1, 2014	Issued/ Increased	Redeemed/ Decreased	Outstanding February 28, 2015	Due Within Year
<u>Business-type Activities:</u>					
Senior Lien Revenue Bonds	\$ 1,929,910,000	\$ -	\$ (53,795,000)	\$ 1,876,115,000	\$ 57,025,000
Tax Bonds	432,540,000	-	(62,770,000)	369,770,000	40,685,000
Total Bond Principal	2,362,450,000	-	(116,565,000)	2,245,885,000	97,710,000
Unamortized Premium, Revenue Bonds	60,760,010	-	(5,413,932)	55,346,078	-
Unamortized Premium/(Discount), Tax Bonds	15,787,365	-	(1,890,197)	13,897,168	-
Accrued Interest Payable	4,082,464	94,940,532	(95,268,937)	3,754,059	3,754,059
Total Bonds Payable	2,443,079,839	94,940,532	(219,138,066)	2,318,882,305	101,464,059
Derivative instruments - interest rate swaps	56,539,088	13,515,607	-	70,054,695	-
Compensatory Time Payable	1,025,888	640,557	(625,792)	1,040,653	676,424
OPEB Obligation	22,391,540	3,267,388	-	25,658,928	-
Pollution Remediation Obligation	834,481	-	(245,656)	588,825	-
Total Business-type Activities	<u>\$ 2,523,870,836</u>	<u>\$ 112,364,084</u>	<u>\$ (220,009,514)</u>	<u>\$ 2,416,225,406</u>	<u>\$ 102,140,483</u>

BONDED DEBT

Bonded debt of the County consists of various issues of General Obligation Bonds, Certificates of Obligation and Revenue Bonds. General Obligation Bonds and Certificates of Obligation are direct obligations of the County with the County's full faith and credit pledged towards the payment of this obligation. General Obligation Bonds are issued upon approval by the public at an election. Certificates of Obligation are issued by the vote of Commissioners Court as allowed under the Certificates of Obligation Act. Debt service is primarily paid from ad valorem taxes. Revenue Bonds are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued.

Outstanding governmental bonded debt as of February 28, 2015 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2015
			Issued	Matures	
<u>Road Bonds</u>					
Refunding Series 1996 - CAB	\$ 124,905,000	5.90-6.00%	1996	2017	\$ 16,303,713
Refunding Series 2005A	34,420,000	5.00%	2005	2022	7,575,000
Refunding Series 2006B	266,960,000	4.50-5.00%	2006	2031	230,265,000
Refunding Series 2008A	34,605,000	4.00-5.25%	2008	2020	33,860,000
Refunding Series 2009A	98,880,000	2.00-5.25%	2009	2023	83,515,000
Refunding Series 2010A	84,340,000	4.00-5.00%	2010	2024	84,340,000
Refunding Series 2011A	122,565,000	1.50-5.25%	2011	2031	106,675,000
Refunding Series 2012A	66,425,000	5.00%	2012	2024	66,425,000
Refunding Series 2012B	52,815,000	2.25-4.00%	2012	2024	52,815,000
Refunding Series 2014A	195,905,000	5.00%	2014	2034	195,905,000
	<u>1,081,820,000</u>				<u>877,678,713</u>

HARRIS COUNTY, TEXAS
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	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2015
			Issued	Matures	
<u>Permanent Improvement Bonds</u>					
Refunding Series 1996 - CAB	26,254,584	5.90-6.00%	1996	2017	8,947,040
Refunding Series 2005A	69,845,000	5.00%	2005	2022	46,860,000
Refunding Series 2006A	73,545,000	4.00-5.00%	2006	2031	39,450,000
Refunding Series 2008A	34,055,000	3.25-5.00%	2008	2015	6,660,000
Refunding Series 2008B	79,325,000	3.50-5.00%	2008	2019	31,950,000
Refunding Series 2008C	200,495,000	5.00-5.75%	2008	2028	14,565,000
Refunding Series 2009A	23,485,000	4.00-5.00%	2009	2023	23,485,000
Refunding Series 2009B	97,855,000	4.00-5.50%	2009	2027	75,980,000
Refunding Series 2010A	185,390,000	1.50-5.00%	2010	2028	181,855,000
Refunding Series 2010B	93,365,000	4.00-5.00%	2010	2024	93,365,000
Refunding Series 2011A	92,780,000	4.00-5.00%	2011	2031	87,975,000
Refunding Series 2012A	77,145,000	2.00-5.00%	2012	2028	69,955,000
Refunding Series 2012B	43,200,000	0.35-2.473%	2012	2023	41,740,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	48,662,107
	<u>1,303,511,629</u>				<u>771,449,147</u>
<u>Flood Control Bonds</u>					
Refunding Series 2006A	94,185,000	5.00%	2006	2031	33,250,000
Improvement Series 2007	89,600,000	4.75-5.00%	2007	2031	51,200,000
Refunding Series 2008A	137,095,000	4.00-5.25%	2008	2021	112,310,000
Refunding Series 2008C	158,100,000	3.00-5.125%	2008	2024	104,475,000
Refunding Series 2010A	181,885,000	5.00%	2010	2039	178,605,000
Refunding Series 2014	36,590,000	2.00-5.00%	2014	2026	36,200,000
Refunding Series 2014 A	60,100,000	1.00-5.00%	2014	2029	58,225,000
Refunding Series 2014 B	73,665,000	0.25-3.211%	2014	2024	73,665,000
	<u>831,220,000</u>				<u>647,930,000</u>
<u>Tax & Subordinate Lien Revenue Bonds</u>					
Refunding Series 2009C	28,315,000	4.00-5.25%	2009	2023	26,030,000
Refunding Series 2012A	160,430,000	3.00-5.00%	2012	2032	160,430,000
	<u>188,745,000</u>				<u>186,460,000</u>
TOTAL	<u>\$ 3,405,296,629</u>				<u>\$ 2,483,517,860</u>

The Toll Road Project has been financed with a combination of unlimited tax and senior lien revenue bonds, subordinate lien revenue bonds and commercial paper. The proceeds from such bonds, including the interest earned, are being used to finance the construction and the related debt service.

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Outstanding business-type bonded debt at February 28, 2015 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2015
			Issued	Matures	
<u>Senior Lien Revenue Bonds</u>					
Revenue Series 2006A	\$ 135,530,000	4.50-5.00%	2006	2036	\$ 135,530,000
Refunding Series 2007A	275,340,000	4.00-5.00%	2007	2033	252,375,000
Refunding Series 2007B	145,570,000	Floating	2007	2036	145,570,000
Refunding Series 2008B	324,475,000	4.625-5.25%	2008	2047	314,055,000
Series 2009A	215,455,000	4.00-5.00%	2009	2038	215,455,000
Series 2009C	250,000,000	5.00%	2009	2049	250,000,000
Refunding Series 2010C	18,995,000	0.88-2.79%	2010	2016	11,210,000
Refunding Series 2010D	35,420,000	3.00-5.00%	2010	2030	29,370,000
Refunding Series 2012A	60,415,000	Floating	2012	2018	60,415,000
Refunding Series 2012B	139,500,000	Floating	2012	2021	139,500,000
Refunding Series 2012C	252,845,000	2.00-5.00%	2012	2033	229,695,000
Refunding Series 2012D	98,010,000	0.40-1.68%	2012	2018	92,940,000
	<u>1,951,555,000</u>				<u>1,876,115,000</u>
<u>Unlimited Tax and Subordinate Lien Bonds</u>					
Refunding Series 1997	150,395,000	5.00-5.125%	1997	2024	26,005,000
Refunding Series 2007C	321,745,000	5.00-5.25%	2007	2033	306,405,000
Refunding Series 2008A	76,240,000	3.25-5.00%	2008	2016	25,545,000
Refunding Series 2010B	25,410,000	0.77-2.09%	2010	2015	11,815,000
	<u>573,790,000</u>				<u>369,770,000</u>
TOTAL	<u>\$ 2,525,345,000</u>				<u>\$ 2,245,885,000</u>

Annual debt service requirements to maturity as of February 28, 2015 are as follows:

Fiscal year	<u>Governmental Activities</u>				
	Principal	Capital	Principal	Interest	Total
	At 2/28/2015	Appreciation Bonds	Value At Maturity		
2016	\$ 117,079,530	\$ 23,804,519	\$ 140,884,049	\$ 121,452,599	\$ 262,336,648
2017	126,805,456	22,562,133	149,367,589	117,578,229	266,945,818
2018	129,393,514	21,357,855	150,751,369	113,524,703	264,276,072
2019	147,181,339	5,690,186	152,871,525	109,214,670	262,086,195
2020	138,255,898	5,430,598	143,686,496	102,855,299	246,541,795
2021-2025	796,523,085	10,025,007	806,548,092	387,200,348	1,193,748,440
2026-2030	670,699,038	8,882,003	679,581,041	207,511,573	887,092,614
2031-2035	283,885,000	-	283,885,000	49,645,763	333,530,763
2036-2040	73,695,000	-	73,695,000	11,413,500	85,108,500
	<u>\$ 2,483,517,860</u>	<u>\$ 97,752,301</u>	<u>\$ 2,581,270,161</u>	<u>\$ 1,220,396,684</u>	<u>\$ 3,801,666,845</u>

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<u>Fiscal year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 97,710,000	\$ 103,533,918	\$ 201,243,918
2017	93,585,000	100,581,288	194,166,288
2018	97,210,000	97,053,429	194,263,429
2019	99,180,000	92,972,289	192,152,289
2020	103,780,000	88,419,373	192,199,373
2021-2025	460,245,000	370,620,836	830,865,836
2026-2030	388,455,000	269,170,068	657,625,068
2031-2035	506,660,000	159,713,353	666,373,353
2036-2040	237,665,000	62,077,419	299,742,419
2041-2045	90,925,000	30,253,956	121,178,956
2046-2050	70,470,000	6,376,438	76,846,438
	<u>\$ 2,245,885,000</u>	<u>\$ 1,380,772,367</u>	<u>\$ 3,626,657,367</u>

SIGNIFICANT DEBT COVENANTS

The Senior Lien Revenue Bonds are payable from the revenues of the Toll Road. The Tax Bonds are secured by and payable from a pledge of the County's unlimited ad valorem tax and also are secured by a pledge of and lien on the revenues of the Toll Road, subordinate to the lien of the Senior Lien Revenue Bonds. The County has covenanted to assess a maintenance tax to pay project expenses if revenues, after paying debt service, are insufficient. The County also has covenanted to collect tolls to produce revenues at the beginning of the third fiscal year following completion of the Toll Road equal to at least 1.25 times the debt service requirements on the Senior Lien Revenue Bonds. The revenue coverage requirement became effective with the completion of the project during fiscal year 1994. The Toll Road Project's revenue coverage ratio for fiscal year 2015 was 5.61.

B. COMMERCIAL PAPER

In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets. The commercial paper program consists of six series totaling \$1.0 billion payable from ad valorem taxes levied. As of February 28, 2015, the County has outstanding, \$152.6 million of commercial paper. Commissioners Court, by policy, limits the period allowed for a commercial paper project not to exceed three years. During the length of time the paper is outstanding, the paper may have a maturity term of 1 – 270 days.

The County enters into agreements with credit facilities to provide a line of credit that will act as assurance to the purchaser of the commercial paper that funds will be available to redeem the paper upon demand and that the County can rollover the commercial paper. For Commercial Paper Series A-1, the County has a credit agreement with State Street Bank and Trust Company, which expires August 19, 2016. For this line of credit, the County is assessed a fee of .29% per annum on the daily amount of the commitment. If converted to a term loan, the principal amount for Series A-1 is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series B, the County has a credit agreement with State Street Bank and Trust Company, which expires August 12, 2016. For this line of credit, the County is assessed a fee of .29% per annum on the daily amount of commitment. If converted to a term loan,

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the principal amount for Series B is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series C, the County has a credit agreement with the Bank of Tokyo, which expires September 21, 2018. For this line of credit, the County is assessed a fee of .29% per annum on the daily amount of commitment. If converted to a term loan, the principal amount for Series C is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series D, the County has a credit agreement with JPMorgan Chase Bank, National Association, which expires August 19, 2016. For this line of credit the County is assessed a fee of .33% per annum on the daily amount of commitment. If converted to a term loan, the principal amount outstanding for Series D is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. Interest is payable quarterly in arrears, at a rate per annum equal to the bank rate, provided that the principal amount of any term loan not paid when due shall bear interest at a rate per annum equal to the lesser of (A) the default rate (fluctuating rate of per annum interest equal to the greater of (i) the base rate plus 2.00% or (ii) the federal funds rate plus 2.00%) and (B) the highest lawful rate.

COMMERCIAL PAPER – FLOOD CONTROL

On August 21, 2001, Commissioners Court authorized a \$200,000,000 commercial paper program designated as the Harris County Flood Control District Contract Tax Commercial Paper Notes, Series F (“Series F Notes”) to fund projects identified in an agreement between the County and the Flood Control District (“Flood Contract”) and refinance, refund, and renew the notes themselves and fund issuance costs. However, that authorization is currently limited to \$60,000,000, the amount of the Series F liquidity with the Landes Bank Hessen-Thuringen Gizorentrale which expires August 1, 2015. The program is expected to go dormant after expiration. As of February 28, 2015, there is no outstanding Series F commercial paper, nor was there any Series F commercial paper activity during the year then ended.

COMMERCIAL PAPER – TOLL ROAD

In addition to the outstanding long-term debt of the Toll Road Authority (“Toll Road”), the Commissioners Court has established a commercial paper program secured by and payable from Toll Road revenues. The commercial paper program consists of Harris County Toll Road Senior Lien Revenue Notes, Series E (“Series E Notes”) in an aggregate principal amount not to exceed \$200 million outstanding at any one time. As of February 28, 2015, the Toll Road has no outstanding commercial paper, nor was there any Series E commercial paper activity during the year then ended.

The purpose of the Series E Notes is to provide funding for costs of acquiring, constructing, operating and maintaining, and improving Toll Road Project components, as well as to fund reserves, pay interest during construction, refinance, refund, and renew the notes themselves, and fund issuance costs. The County has suspended the Series E Notes commercial paper program and, at this time it remains dormant. However, the County may at any time execute a parity obligation to provide liquidity support for, and resume issuing, Series E Notes commercial paper.

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DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below. These requirements assume that as of February 28, 2015, the County had drawn down the outstanding principal balance on the lines of credit and letter of credit and subsequently executed term loans with the banks for a principal balance of \$152,573,000 at the average rate for the quarter ending February 28, 2015 by series and reflect the effects of any refundings.

<u>Fiscal year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	12,714,416	5,800,953	18,515,369
2018	50,857,667	18,369,683	69,227,350
2019	50,857,667	10,635,080	61,492,747
2020	38,143,250	2,900,476	41,043,726
	<u>\$ 152,573,000</u>	<u>\$ 37,706,192</u>	<u>\$ 190,279,192</u>

C. COMPONENT UNITS' LONG-TERM LIABILITIES

The County has no obligation to assume any liability for the bonds issued by any of the discretely presented component units.

The total long-term liabilities of the MHMRA were \$15,248,273 of which \$13,617,098 represents long-term liabilities of the primary government (comprised of \$8,369,817 notes payable and \$5,247,281 compensated absences), as of August 31, 2014 which comprises 3% of the total long-term liabilities of the County's discretely presented component units.

The total long-term liabilities of the Harris County Hospital District were \$505,553,000 as of February 28, 2015 which comprises 97% of the total long-term liabilities of the County's discretely presented component units. A portion of this liability is bonds secured by a lien on the pledged revenues of the Harris County Hospital District and certain funds pursuant to the bond order.

The Harris County Hospital District also has defeased bonds, in the amount of \$105,900,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 28, 2015.

D. COMPONENT UNITS' CONDUIT DEBT OBLIGATIONS

Harris County Industrial Development Corporation, Harris County Housing Finance Corporation, Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have issued bonds to provide financial assistance to private and public sector entities engaged in activities that are deemed to be in the public interest. These bonds are limited obligations of the issuing entities payable solely from the proceeds of the underlying financing agreements, and in the opinion of legal counsel, do not represent indebtedness or liability to the issuing entity, Harris County, the State of Texas, or any political subdivision; therefore, the bonds are not reported as liabilities in the accompanying financial statements. The Harris County

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Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have no other financial activity that would materially affect the County's financial statements, and are not required to issue separate audited financial statements, and as a result are not included in the Reporting Entity disclosure within the accompanying notes to the financial statements. A summary of the debt issued by each entity follows.

Harris County Industrial Development Corporation

The Corporation has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Corporation, nor the County, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of May 27, 2015, there were twelve (12) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at July 23, 2013 for the bonds issued after September 1, 1996, was approximately \$750,915,633.

Harris County Housing Finance Corporation

As of December 31, 2014 there were twenty-nine (29) series of bonds outstanding with an aggregate principal payable of \$232,333,776. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 28, 2015, there were fifteen (15) series of bonds outstanding with an aggregate principal payable of \$1,327,199,997. The bonds will be repaid from sources defined in the various underlying financing agreements between the Health Facilities Development Corporation and the entities for whose benefit the bonds were issued.

Harris County Cultural Education Facilities Finance Corporation

As of February 28, 2015, there were thirty-eight (38) series of Bonds outstanding with an aggregate principal payable of \$2,830,168,985. The bonds were issued for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, Baylor College of Medicine, Memorial Hermann Healthcare System, Methodist Hospital System, Texas Medical Center projects and the Young Men's Christian Association (YMCA) of the Greater Houston Area and others. The bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

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E. UNISSUED AUTHORIZED BONDS

Capital projects are funded primarily by the issuance of bonded debt. The County has received voter approval for the issuance of bonds to maintain an ongoing capital improvement program.

The following is the summary of authorized, issued and unissued bonds and commercial paper:

<u>Description</u>	<u>Year of Voter Authorization</u>	<u>Amount Authorized</u>	<u>Issued as of 2/28/2015</u>	<u>Authorized but Unissued as of 2/28/2015</u>
(amounts in millions)				
<u>Ad Valorem Tax Bonds</u>				
Toll Road	1983	\$ 900.0	\$ 884.9	\$ 15.1
Civil Justice Center	1999	119.0	86.0	33.0
Roads	2001	475.0	475.0	-
Parks	2007	95.0	51.2	43.8
Forensic Lab	2007	80.0	12.6	67.4
Family Law Center	2007	70.0	-	70.0
Roads	2007	190.0	129.2	60.8
Joint Processing Center	2013	70.0	2.4	67.6
Total Ad Valorem Tax Bonds		<u>\$ 1,999.0</u>	<u>\$ 1,641.3</u>	<u>\$ 357.7</u>

F. REFUNDING/ISSUANCE OF DEBT

On April 28, 2014, the County pledged \$500,000 Federal Home Loan Bank (“FHLB”) note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 5, 2014, the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 15, 2014, the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On June 4, 2014, the County issued \$36,590,000 of Flood Control District Improvement Refunding Bonds, Series 2014 to refund and defease a portion of the County’s outstanding Flood Control District Improvement Refunding Bonds, Series 2003A and Series 2007, and to pay the cost of such issuance. The annual interest rate is 2% to 5%. The issuance had a premium of \$7,520,834. The interest accrues semiannually and the bonds mature in 2026. The refunding resulted in a savings of \$7,520,321 due to a decrease in the cash flow requirements and had an economic gain of \$4,509,072.

On June 4, 2014, the County issued \$60,100,000 of Flood Control District Contract Tax Refunding Bonds, Series 2014A to refund and defease a portion of the County’s outstanding Flood Control District Contract Tax Refunding Bonds, Series 2006A and Series 2010A, and to pay the cost of such issuance. The annual interest rate is 1% to 5%. The issuance had a premium of \$11,954,038. The interest accrues semiannually and the bonds mature in 2029. The refunding resulted in a savings of \$11,498,375 due to a decrease in the cash flow requirements and had an economic gain of \$6,770,587.

On June 4, 2014, the County issued \$73,665,000 of Flood Control District Contract Tax Refunding Bonds, Taxable Series 2014B to refund and defease a portion of the County’s outstanding Flood

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Control District Contract Tax Refunding Bonds, Series 2008A and Series 2008C, and to pay the cost of such issuance. The annual interest rate is .25% to 3.211%. The interest accrues semiannually and the bonds mature in 2024. The refunding resulted in a savings of \$4,129,967 due to a decrease in the cash flow requirements and had an economic loss of \$80,087.

On July 18, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On July 30, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On August 6, 2014, the County issued \$225,000,000 in Tax Anticipation Notes, Series 2014. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2014 and ending February 28, 2015, and will be repaid from fiscal year 2015 tax revenues. The tax anticipation notes mature February 28, 2015 and will pay interest at a range of 1.0% to 2.0%.

On August 15, 2014, the County pledged an additional \$500,000 FHLB note to JP Morgan Chase N.A. to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On September 10, 2014, the County issued \$195,905,000 of Unlimited Tax Road Refunding Bonds, Series 2014A to refund and defease a portion of the County's outstanding General Obligation Commercial Paper Notes, Series C, and to pay the cost of such issuance. The annual interest rate is 5.0%. The issuance had a premium of \$35,428,352. The interest accrues semiannually and the bonds mature in 2034. No savings or economic loss is recognized due to the defeasance of commercial paper.

On October 8, 2014 the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 15, 2014 the County pledged \$1,500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 16, 2014 the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On December 15, 2014 the County pledged \$600,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On December 17, 2014 the County pledged \$1,000,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B

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bonds.

On January 2, 2015 the County pledged \$100,000 Fannie Mae (“FNMA”) note to Citibank N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 5, 2015 the County pledged \$1,000,000 FNMA note to Citibank N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 6, 2015 the County pledged \$2,000,000 FNMA note to Citibank N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 6, 2015 the County pledged \$2,000,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 7, 2015 the County pledged \$2,000,000 FNMA note to Citibank N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 15, 2015 the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 16, 2015 the County pledged \$500,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 29, 2015 the County pledged \$900,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 2, 2015 the County pledged \$2,000,000 FHLB note to JP Morgan Chase N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 2, 2015 the County pledged \$3,000,000 FNMA note to Citibank N.A. to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

G. DEFEASANCE OF DEBT

In fiscal year 2015 and in prior years, the County has defeased certain property tax bonds, revenue bonds, certificates of obligation and Toll Road revenue bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements.

As of February 28, 2015, the outstanding principal balance of these defeased bonds was as follows:

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Property Tax Bonds:	Road	\$ 378,475,000
	Permanent Improvement	665,485,000
Flood Control:	Flood Control	590,775,000
Certificates of Obligation:	General Obligation	49,510,000
Tax & Subordinate Lien Bonds:	Tax & Subordinate Lien	176,800,000
Toll Road Bonds:	Senior Lien Revenue Bonds	1,447,844,000
	Tax Bonds	564,055,000
Total Defeased Bonds		<u>\$ 3,872,944,000</u>

H. INTEREST RATE SWAPS

TOLL ROAD: The County entered interest rate swaps with Citibank, N.A., New York, relating to the Toll Road Authority, Series 2012A and Series 2012B, and the Senior Lien Revenue Refunding Bonds, Series 2007B. The County entered an interest rate swap with JPMorgan Chase Bank, National Association, relating to the Senior Lien Revenue Refunding Bonds, Series 2007B. The purpose of the swaps was to create a fixed cost of funds on certain maturities of the related bonds that are lower than the fixed cost achievable in the cash bond market.

Terms:

	Citibank-Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Trade Date:	November 28, 2006	May 22, 2007	May 22, 2007
Effective Date:	August 15, 2009	June 14, 2007	June 14, 2007
Termination Date:	August 15, 2019	February 15, 2035	February 15, 2035
Initial Notional Amount: (a)	\$199,915,000	\$72,785,000	\$72,785,000
Authority Pays Fixed:	3.626%	4.398%	4.398%
Counterparty Pays Floating:	70% of 1 Month LIBOR	67% of 3 Month LIBOR + .67%	67% of 3 Month LIBOR + .67%
Payment Dates:	The 15 th day of each month	The 15 th day of February, May, August and November	The 15 th day of February, May, August and November
Collateral Threshold: (b)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
Fair Value as of 2/28/15:	(\$20,029,581)	(\$25,012,557)	(\$25,012,557)
Collateral Pledged:	\$10,300,000 (c)	\$11,600,000 (c)	\$15,955,000 (d)
<p>(a) The notional amount for the swaps amortizes to match the outstanding bond.</p> <p>(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is \$45,000,000.</p> <p>(c) The County pledged an \$11.6 million FNMA note with a \$20,000,000 par, at 1.125% and a \$10.3 million FNMA note with a \$27,000,000 par, at 1.00% to Citibank as collateral under the terms of the swap agreements related to the Toll Road Senior Revenue Refunding Bonds, Series 2012A&B and a portion of the Series 2007B.</p> <p>(d) The County pledged a \$15.955 million FHLB note with a \$40,000,000 par at 1.06% to JP Morgan as collateral under the terms of the swap agreements related to the Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B.</p>			

Fair Value: Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

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Summary of GASB 53 Effectiveness Testing:

	Citibank-Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Derivative Instrument	Interest Rate Swap	Interest Rate Swap	Interest Rate Swap
Hedge Type	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge
Method of Effectiveness Testing	Dollar Offset	Consistent Critical Terms	Consistent Critical Terms
Result of Effectiveness Testing	Effective	Effective	Effective

Risks:

	Citibank-Toll Road Authority, Series 2012A&B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Credit Risk: Credit Ratings Moody's, S&P, and Fitch	A2, A, and A	A2, A, and A	A3, A+, and A+
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	Citi Bank NA pays 70% of 1 month LIBOR, while the County pays a fixed rate of 3.626%.	Citi Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.	JP Morgan Chase Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County is \$20,029,581 which is based on a fair market value calculation.	The exposure to the County is \$25,012,557, which is based on a fair market value calculation.	The exposure to the County is \$25,012,557, which is based on a fair market value calculation.

I. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 28, 2015, there was an estimated liability of \$23,026 for arbitrage rebate on governmental debt. There were no estimated liabilities for arbitrage rebate on enterprise debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

J. SUBSEQUENT DEBT RELATED ACTIVITY

On April 1, 2015 Citibank released \$10,300,000 in FNMA note pledged as collateral and replaced it with \$15,000,000 in FHLB notes to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On April 1, 2015 Citibank released \$7,000,000 in FHLB note pledged as collateral to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On April 23, 2015, the County utilized Ad Valorem tax funds to partially defease \$24,038,000 in Series D Commercial Paper notes as well as \$6,555,000 of Series A-1 of Commercial Paper notes.

On May 4, 2015, JP Morgan released \$2,000,000 in FHLB note pledged as collateral to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 4, 2015, Citibank released \$2,000,000 in FHLB note pledged as collateral to cover the

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collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On July 2, 2015, Citibank released \$5,000,000 in FHLB note pledged as collateral to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On July 3, 2015, JP Morgan released \$4,000,000 in FHLB note pledged as collateral to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

11. RETIREMENT PLAN

Plan Description

Harris County provides retirement, and disability benefits for all of its employees (excluding temporary) through a non-traditional 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 677 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Under the state law governing TCDRS enacted in 1991, effective January 1, 1992, the County selected a plan of benefits to provide in the future, while at the same time considering the level of the employer contribution rate required to adequately finance the plan. Effective January 1, 1995, the County adopted an annually determined contribution rate plan, for which the employer contribution rate is actuarially determined as a part of the annual actuarial valuation. The rate, applicable for a calendar year, consists of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over the remainder of the plan’s 20-year amortization period which began January 1, 1995 using the entry age actuarial cost method. Monthly contributions by the County are based on the covered payroll and the employer contribution rate in effect. The contribution rate for calendar year 2015 is 13.88%. The contribution rates for calendar years 2014 and 2013 were 12.43% and 11.59%, respectively.

The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, when the sum of their age and years of service equals 75 or more, or if they become disabled. 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 the County.

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 Commissioners Court, 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

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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.

Funding Policy

The County 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 County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using an actuarially determined rate of 12.43% for the months of the calendar year in 2014, and 13.88% for the months of the calendar year in 2015.

The contribution rate payable by the employee members for 2014 and 2015 is 6% and 7%, respectively, as adopted by Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by Commissioners Court, within the options available in the TCDRS Act.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost

For the County's fiscal year ending February 28, 2015, the annual pension cost for the TCDRS plan and the actual contributions for its employees were \$106,315,610. (This excludes actuarial contributions of \$4,395,348 for Community Supervision, which is not considered a department or component unit of the County.) The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, parameters based on the actuarial valuations as of December 31, 2012 and December 31, 2013, the basis for determining the contribution rates for calendar years 2014 and 2015. The December 31, 2014 is the most recent valuation.

The assumptions at December 31, 2014 summarized below included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

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Actuarial Valuation Method			
Actuarial Valuation Date	12/31/12	12/31/13	12/31/14
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	20	20	20
Asset Valuation Method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 5-yr smoothed value ESF: Fund value	SAF: 5-yr smoothed value ESF: Fund value
Actuarial Assumption			
Investment return (1)	8.0 %	8.0 %	8.0 %
Projected Salary Increases (1)	5.4 %	4.9 %	4.9 %
Inflation	3.5 %	3.0 %	3.0 %
Cost of Living Adjustments	0.0 %	0.0 %	0.0 %
(1) Includes inflation at the stated rate.			

Harris County Trend Information			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/28/15	\$ 106,315,610	100%	-
2/28/14	\$ 94,478,802	100%	-
2/28/13	\$ 80,833,553	100%	-

Schedule of Funding (including Community Supervision)	
Actuarial Valuation Date	12/31/14
Actuarial Value of Assets	\$3,264,826,444
Actuarial Accrued Liability (AAL)	\$3,782,197,854
Unfunded Actuarial Accrued Liability (UAAL)	\$ 517,371,410
Funded Ratio	86.32%
Annual Covered Payroll (Actuarial)	\$ 859,233,866
UAAL as Percentage of Covered Payroll	60.21%

12. OTHER POST EMPLOYMENT BENEFITS

THE PLAN:

Plan Description

Harris County administers an agent multiple-employer defined benefit post employment healthcare plan that covers retired employees of participating governmental entities. The plan provides medical, dental, vision, and basic life insurance benefits to plan members. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioners Court.

Membership in the plan at March 1, 2013, the date of the latest actuarial valuation, consists of the following:

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Retirees and beneficiaries receiving benefits	4,253
Active plan members	13,422
Number of participating employers	5

Summary of Significant Accounting Policies

Basis of Accounting. The Plan's transactions are recorded using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable.

Contributions

Local Government Code Section 157.102 assigns to Commissioners Court the authority to establish and amend contribution requirements of the plan members and the participating employers. The following tables present the criteria for the employers' contribution to the retiree's and qualifying dependent's benefits:

Retired Prior to March 1, 2002:

Years of Service	10 yrs.	9 yrs.	8 yrs.	< 8yrs. with proportionate service and/or disability
Retiree - Employer Share	100%	90%	80%	50%
Retiree - Retiree Share	0%	10%	20%	50%
Dependent - Employer Share	50%	45%	40%	25%
Dependent - Retiree Share	50%	55%	60%	75%

Retired or Eligible to Retire Prior to March 1, 2011:

Employee's age plus years of service	75	75	70-74	< 70	N/A
Years of service	10	8-9	8	4-7	< 4
Consecutive service years at retirement	4	4	4	4	N/A
Retiree - Employer Share	100%	80%	80%	50%	0%
Retiree - Retiree Share	0%	20%	20%	50%	100%
Dependent - Employer Share	50%	40%	40%	25%	0%
Dependent - Retiree Share	50%	60%	60%	75%	100%

Eligible to Retire March 1, 2011 or After:

A combination of age plus a minimum of 10 years of non-forfeited Harris County/ TCDRS service equal to 80 or at least age 65 with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive 100% County contributions for retiree coverage and 50% for dependent coverage.

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Employees Hired on or After March 1, 2007:

A combination of age plus a minimum of 20 years of non-forfeited Harris County/TCDRS service equal to 80 or at least age 65 with a minimum of 15 years of non-forfeited Harris County/TCDRS service to receive any County contributions for retiree or dependent coverage.

Effective March 1, 2012:

Harris County pays no more for retiree healthcare than the premium it pays for active employees for each rate tier structure (retiree only, retiree + spouse, retiree + child, retiree + 2 or more dependents). As a result all non-Medicare retirees pay an additional amount for their coverage regardless of their retirement date.

The Plan rates charged to retirees are set annually by Commissioners Court based on the combination of premiums and costs of the self-funded portion of the plan. The Plan is funded on a pay-as-you-go basis. For the year ended February 28, 2015, plan members or beneficiaries receiving benefits contributed \$9.75 million, or approximately 19.8 percent of total benefits paid during the year. Participating employers contributed \$39.54 million. The total contributions for the year ended February 28, 2015 were \$49.29 million. Total contributions included actual medical claims paid, premiums for other insurance and administrative costs calculated through an annual rate calculation.

THE EMPLOYER:

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2015, the County's annual OPEB cost (expense) was \$101,776,459 for the post-employment healthcare plan. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended February 28, 2015 were as follows:

Annual Required Contribution ("ARC")	\$ 109,456,719
Add interest on Net OPEB Obligation	17,229,877
Less adjustment to ARC	<u>(24,910,137)</u>
Annual OPEB Cost	101,776,459
Less Contributions made	<u>(39,543,124)</u>
Change in Net OPEB Obligation	62,233,335
Net OPEB Obligation beginning of the year	<u>430,746,908</u>
Net OPEB Obligation end of the year	<u><u>\$ 492,980,243</u></u>

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Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2/28/2013	\$ 91,773,629	\$ 38,172,557	42%	\$ 361,204,066
2/28/2014	103,016,414	33,473,572	32%	430,746,908
2/28/2015	101,776,459	39,543,124	39%	492,980,243

The above tables include information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision, are not considered departments or component units of the County. The net OPEB obligation for Emergency 911 and Community Supervision is \$854,515 and \$0 respectively at February 28, 2014. The net OPEB obligation for Emergency 911 and Community Supervision is \$982,079 and \$0 respectively at February 28, 2015.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2013 (most recent actuarial valuation) was as follows:

Unfunded actuarial accrued liability (UAAL)	\$ 1,189,670,446
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 900,961,148
UAAL as percentage of covered payroll	132%

The above table includes UAAL of \$1,586,416 for Emergency 911 and UAAL of \$13,136,729 for Community Supervision.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial assumptions used in calculating the County's UAAL and ARC are elaborated later in this note. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are made on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In order to perform the valuation, it was necessary for the County and the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare trend and interest rates.

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In the March 1, 2013 actuarial valuation, a 4% discount rate was used. The medical trend rates of 7% for 2013 graded down to an ultimate rate of 5% by 2017 were used per the actuary's best estimate of expected long-term plan experience. The economic assumptions used in this valuation implicitly assume a general inflation level of approximately 2.5%.

The actuarial cost method used in valuing the County's liabilities was the Projected Unit Credit Cost Method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years. The amortization period and method utilized was 30 year level dollar open period.

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County ("Continuation Coverage") by permitting covered employees to purchase continued health benefits coverage in retirement. Texas law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. Harris County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. The County funds the cost associated with OPEB on a current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County's annual budget adoption process.

GAAP requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits.

Information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 45) and does not constitute or imply that the County is legally obligated to provide OPEB benefits.

The schedule of funding progress, presented as RSI, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

13. RISK MANAGEMENT

The County's risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. County operations involve a variety of high risk activities including, but not limited to, law enforcement, cash collections, construction, and

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maintenance activities. The Office of Human Resources & Risk Management is responsible for identifying, evaluating, and managing risk in order to reduce the exposure from liability and accidental loss of property and human resources.

The County has established the Risk Management Internal Service Fund to account for risk management activity. Risk financing activities include the purchase of property insurance, professional liability insurance, and crime and fidelity coverage. Harris County is self-insured for general liability, vehicle liability, and liability from property damage claims. Such non-litigated claims are handled on a pay-as-you-go basis and are expensed as paid; due to immateriality, no liabilities are reported in the financial statements for such claims or for an estimate of any claims which may have been incurred but have not been reported. Any liability arising from operation of motorized equipment will be considered under the Texas Tort Claims Act.

The County is self-insured for workers' compensation claims and reimburses a third-party administrator who evaluates and pays claims in accordance with State statute. The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for job-related injuries. The liability for outstanding losses includes an actuarially determined amount for incurred but not reported claims. The County has an excess coverage insurance policy that activates when a claim reaches \$800,000. Interfund premiums for workers' compensation are actuarially determined by claims expense experience and payroll history. During the past three fiscal years, there were no claims paid that exceeded the insurance coverage.

Departmental billings for premiums for property insurance, professional liability insurance, and crime and fidelity policies, as well as payments to the insurance carriers, are handled through the Risk Management Fund. Payments by the County for general, vehicle, and property damage liability claims, for which the County is self-insured, are made through the Risk Management Fund unless litigation is involved. The County Attorney's Office handles any claims involving litigation.

The Risk Management Fund (Workers' Compensation) is available to pay claims and administrative costs of the programs and to fund claim reserves. During fiscal year 2015, a total of \$15,030,186 was paid in benefits and administrative costs. As of February 28, 2015, claims liability, including an actuarial estimate of claims that have been incurred but not reported and accrued unpaid claims administration, totaled \$18,944,223.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Claims liability, beginning of fiscal year	\$ 18,730,878	\$ 21,912,453
Incurred claims (including IBNRs)	5,790,580	2,353,170
Claim payments	<u>(5,577,235)</u>	<u>(5,534,745)</u>
Claims liability, end of fiscal year	<u>\$ 18,944,223</u>	<u>\$ 18,730,878</u>

The County currently provides medical, dental, vision, and basic life and disability insurance benefits to eligible employees and retirees. The County pays the full cost of employee coverage and 50% of the cost of dependent premiums. Employees and retirees can pay an additional premium for a higher level of benefit coverage. Non-Medicare retirees pay an additional amount for their coverage regardless of years of service. The total obligation for health insurance benefits excluding medical is

HARRIS COUNTY, TEXAS
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limited to the monthly premiums payable during the year and is based upon the number of enrolled employees, retirees and dependents during the year. The disability insurance will pay up to 50% of an employee’s salary for two years with an employee paid option to extend the benefits period to age 65 and increase the percentage to 60%. The contributions and benefits for employees and their dependents are accounted for in the Health Insurance Management internal service fund. Retirees and their dependents are accounted for in the Retiree Healthcare agency fund.

For medical insurance benefits, the County is self-insured and contracts with Aetna to administer the program. Claims liability includes an estimated amount for claims that have been incurred but not reported (“IBNRs”). The result of the process to estimate the claims liability is based on past claim experience. The County has an excess coverage insurance policy that activates when claims reach 125% of expected claims in aggregate or individual claims in excess of \$850,000. There were no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there were no claims paid that exceeded the insurance coverage.

The following is a summary of the changes in medical insurance liability for the Health Insurance Management Fund for the fiscal years 2015 and 2014:

	2015	2014
Claims liability, beginning of fiscal year	\$ 22,225,339	\$ 19,947,158
Incurred claims (including IBNRs)	199,550,136	177,624,764
Claim payments	(195,980,886)	(175,346,583)
Claims liability, end of fiscal year	\$ 25,794,589	\$ 22,225,339

14. LANDFILL POSTCLOSURE CARE COST

Harris County operated three permitted and/or licensed landfills which were closed prior to October 1993 according to the rules and regulations at the time. All three sites have completed applicable post closure care requirements and are no longer owned by Harris County. A fourth site, a former unpermitted landfill, now known as Allison R. Peirce, Jr. Wetlands Nature Sanctuary, was part of an enforcement action by the County and acquired by the County to ensure that the site was appropriately remediated under TCEQ requirements. The County received Supplemental Environmental Project (SEP) funds as the primary funding of this project. The site has met the requirements of the Texas Commission on Environmental Quality’s Texas Risk Reduction Program. A “No Further Action” letter has been issued by the Texas Risk Reduction Program of the Texas Commission on Environmental Quality for this site and plans are being made to convert this site to a park facility. A fifth site was acquired when Harris County Flood Control acquired land for a detention basin. When construction for the detention basin began several years ago, an unpermitted landfill was discovered. This landfill was capped per the requirements at the time. Currently, the Harris County Flood Control District has no regulatory requirement to remediate this site. The District is conducting additional soil and groundwater sampling and once the sampling activities are completed any necessary actions will be identified. The costs for this landfill are included with the pollution remediation obligation.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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15. COMMITMENTS AND CONTINGENT LIABILITIES

POLLUTION REMEDIATION

The County is subject to numerous Federal, State and local environmental laws and regulations. GASB 49 established standards for the accounting and reporting of obligations incurred to address current or potential detrimental effects of existing pollution. The County recorded in the financial statements pollution remediation liabilities of \$2,463,970, net of \$255,105 estimated recoveries. This includes \$418,537 of Flood Control District liabilities. Additional costs, if any, are not expected to have a material effect on the financial condition of the County. The County primarily has ground water and air pollution remediation obligations. The liabilities were calculated based on historical expenditures and professional judgment. The liabilities are an estimate and are subject to revision because of price increases or reductions, changes in technology, changes in applicable laws or regulations, or other circumstances that could cause changes. There are a few potential pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable at this time. These obligations include examples, such as ground water plumes whose extent and reach of contamination is in the process of being delineated under regulatory requirements and thus corrective action has not yet been determined; obligations recently identified and/or not yet quantifiable; and a lawsuit for cost-recovery under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) where the matter is under litigation, large numbers of responsible parties have been identified, and cost have not been apportioned yet by the court. Although uncertainties associated with environmental assessment remain and certain costs are not quantifiable, management believes the current provision for such costs is adequate.

LITIGATION

The County is involved in lawsuits and other claims in the ordinary course of operations. Such litigation includes lawsuits alleging personal injuries, discriminatory hiring and firing practices, claims from contractors for amounts under construction contracts, inverse condemnation claims, and various other liability claims. The outcome of most of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. There are several civil cases that have resulted in settlements, consent decrees or are expected to have a financial impact on the County in subsequent fiscal years. An amount of approximately \$2.4 million is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 28, 2015.

The Houston Dynamo Stadium (“BBVA Compass Stadium”) project was completed May 2012 when the stadium opened. Inter-local agreements establish the County’s obligation through Tax

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Increment Reinvestment Zone (“TIRZ”) Number 15 for the Dynamo Stadium Project. 85% of the increase in property tax revenues collected within the TIRZ will be paid to the TIRZ for Dynamo stadium infrastructure and as reimbursement to the City of Houston for the County’s 50% ownership interest in the stadium site. The County will have no liability for any shortfall or payment other than what is collected by the County on properties within the TIRZ.

An amended agreement between Metro and the County related to the Westpark Corridor was approved by Commissioners’ Court on May 7, 2013. Per this agreement the County is obligated to reimburse Metro for certain increased project costs if incurred. The County’s liability to Metro under the agreement shall not exceed the cap of \$41 million and the escalation thereof. Ad valorem taxes are irrevocably pledged to the payment.

OPERATING LEASES

As of February 28, 2015, the County had several operating leases for office space. As of February 28, 2015, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

Governmental Activities	
<u>Fiscal year</u>	<u>Office Space</u>
2016	\$ 3,997,251
2017	2,376,723
2018	1,172,616
2019	936,271
2020	678,629
2021-2028	310,012
	<u>\$ 9,471,502</u>

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$141,207,122. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately \$181,190,926.

ENCUMBRANCES

The County uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of February 28, 2015, the encumbrance balances for the governmental funds are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$ 60,172,619	\$ -	\$ 16,612,974	\$ 76,785,593
Nonmajor Governmental	157,811,132	2,546,023	-	160,357,155
	<u>\$ 217,983,751</u>	<u>\$ 2,546,023</u>	<u>\$ 16,612,974</u>	<u>\$237,142,748</u>

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2015

16. REVENUE LEASES

OPERATING LEASES

The County is the lessor in several operating leases for certain land and office space. The land leases are for various park areas and expire over the next four years. The office space is in various County owned buildings and expire over the next five to thirty-seven years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 28, 2015:

	Carrying Value
Land	\$ 7,831,443
Buildings	794,006,525
Total Carrying Value	801,837,968
Less: Accumulated Depreciation	(248,460,185)
	\$ 553,377,783

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 28, 2015:

Fiscal year	Governmental Activities
2016	\$ 464,308
2017	195,107
2018	37,860
2019	27,588
2020	26,388
2021-2025	126,826
2026-2030	108,590
2031-2035	34,658
2036-2040	33,167
2041-2045	33,168
2046-2050	33,167
2051-2055	18,795
Total minimum future rentals	\$ 1,139,622

The total minimum future rentals amount above does not include contingent rentals which may be received under certain leases based on percentage of receipts. Contingent rentals amounted to \$1,436,630 in 2015.

DIRECT-FINANCING LEASES

The County leases certain County-owned property to others for use as office space. The County's net investment in direct financing leases is \$237,300. These leases are classified as direct-financing leases and expire at various intervals over the next 42 years and are not considered a significant part of the County's operating activities in terms of revenue.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2015

17. FUND BALANCES

The following non-major governmental funds had negative fund balance at February 28, 2015:

Port Security Program	\$ 21,096	Negative due to timing differences in expenditures and billing procedures.
Tax Assessor Chapter 19	26,518	Negative due to timing differences in expenditures and billing procedures.
Courthouse Security	425,655	Negative due to timing differences in expenditures and billing procedures.
Harris County Redevelopment Authority	1,820,159	Negative due to timing of funds raised and expenditures incurred.

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. The following is a detail of fund balances for all the major and nonmajor governmental funds at February 28, 2015:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2015

	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable:			
Inventories	\$ 3,343,522	\$ -	\$ 3,343,522
Prepays	3,421,493	1,167,889	4,589,382
Advances	40,000	12,651,000	12,691,000
Total nonspendable	<u>6,805,015</u>	<u>13,818,889</u>	<u>20,623,904</u>
Restricted for:			
Debt service	188,148,808	88,948,029	277,096,837
Imprest cash	-	-	-
Legislative	1,936,417	-	1,936,417
Mobility	272,053,843	-	272,053,843
Flood control	-	95,992,663	95,992,663
Sports & Convention Corporation	-	24,885,356	24,885,356
Tourism	-	5,068,959	5,068,959
District attorney administration	-	1,958,129	1,958,129
Records management	-	23,817,391	23,817,391
Community development	-	869,956	869,956
Forfeited funds	-	21,393,329	21,393,329
Affordable housing	-	4,416,147	4,416,147
Donations & other contributions	-	1,588,003	1,588,003
Administration of justice	-	13,109,152	13,109,152
County administration	-	17,535,795	17,535,795
Health and human services	-	7,861,554	7,861,554
Grant programs	-	75,514	75,514
Capital projects	149,869	304,252,756	304,402,625
Total restricted	<u>462,288,937</u>	<u>611,772,733</u>	<u>1,074,061,670</u>
Committed to:			
Community development	-	214,046	214,046
Other contributions	-	283,278	283,278
Capital projects	-	27,259,770	27,259,770
Total committed	<u>-</u>	<u>27,757,094</u>	<u>27,757,094</u>
Assigned to:			
County operations	16,612,974	-	16,612,974
Imprest cash	220,095	-	220,095
Total assigned	<u>16,833,069</u>	<u>-</u>	<u>16,833,069</u>
Unassigned	<u>549,704,591</u>	<u>(2,293,428)</u>	<u>547,411,163</u>
Total fund balances	<u>\$ 1,035,631,612</u>	<u>\$ 651,055,288</u>	<u>\$ 1,686,686,900</u>

Public Contingency Sub-fund

In 2007, the County established a Public Contingency sub-fund. The purpose of this fund is to assist with capital projects and unforeseen catastrophic events to be a stabilizing component for the County's total combined tax rate. The tax rate adopted in October 2014 was \$0.00547.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2015

The Public Contingency sub-fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Public Contingency's fund balance in the amount of \$63,633,972 is reported as unassigned fund balance in the General Fund.

18. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 will be implemented by the County in fiscal year 2016. Net pension liability will be reported as a line on the balance sheet for the first time and deferred inflows and outflows related to pension will be reported. Pension expense for income statement purposes will be calculated differently than it has been in the past and it could be more volatile year to year. Pension expense will be the change in net pension liability from year to year, adjusted for the change in deferred inflows/outflows. Previous to GASB 68, pension expense was based on employer contributions.

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71"), is an amendment to Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 71 eliminates the source of a potential significant understatement of restated beginning net position and expense in the first year implementation of Statement 68 in accrual basis financial statements. GASB 71 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.

GASB Statement 72, *Fair Value Measurement and Application* ("GASB 72"), addresses accounting and financial reporting issues related to fair value measurements by providing guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* ("GASB 73"), establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. GASB 73 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* ("GASB 74"), replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. GASB 74 will be implemented by the County in fiscal year 2018 and the impact has not yet been determined.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2015

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (“GASB 75”), replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. GASB 75 will be implemented by the County in fiscal year 2019 and the impact has not yet been determined.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”), has the objective to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (“GAAP”). GASB 76 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
GENERAL FUND - OPERATING				
Beginning Cash and Investments	\$ 394,109,377	\$ 394,109,377	\$ 377,122,712	\$ (16,986,665)
<u>Revenues and Transfers In:</u>				
Taxes	1,152,761,091	1,152,761,091	1,183,862,948	31,101,857
Intergovernmental	38,968,665	39,397,647	43,627,938	4,230,291
Charges for Services	213,643,698	214,452,625	225,342,746	10,890,121
Fines and Forfeitures	19,836,535	19,836,535	19,690,234	(146,301)
Rentals & Parks	1,471,850	1,530,424	1,595,092	64,668
Interest	1,019,172	1,019,172	4,037,532	3,018,360
Miscellaneous	45,490,075	47,102,049	50,499,954	3,397,905
Other Transfer In	-	7,040,499	8,352,664	1,312,165
Total Revenues and Transfers In	<u>1,473,191,086</u>	<u>1,483,140,042</u>	<u>1,537,009,108</u>	<u>53,869,066</u>
Total Available Resources - General Fund - Operating	<u>1,867,300,463</u>	<u>1,877,249,419</u>	<u>1,914,131,820</u>	<u>36,882,401</u>
GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY				
Beginning Cash and Investments	44,481,013	44,481,013	43,960,911	(520,102)
<u>Revenues and Transfers In:</u>				
Taxes	18,389,317	18,389,317	18,909,912	520,595
Interest	359,940	359,940	229,962	(129,978)
Miscellaneous	12,000	12,000	31,196	19,196
Total Revenues and Transfers In	<u>18,761,257</u>	<u>18,761,257</u>	<u>19,171,070</u>	<u>409,813</u>
Total Available Resources - General Fund - Public Imp.	<u>63,242,270</u>	<u>63,242,270</u>	<u>63,131,981</u>	<u>(110,289)</u>
GENERAL FUND - MOBILITY FUND				
Beginning Cash and Investments	242,339,049	242,339,049	254,934,994	12,595,945
<u>Revenues and Transfers In:</u>				
Interest	740,227	740,227	642,035	(98,192)
Miscellaneous	-	1,244,380	1,291,258	46,878
Other - Transfers In	120,000,000	121,925,426	121,925,425	(1)
Total Revenues and Transfers In	<u>120,740,227</u>	<u>123,910,033</u>	<u>123,858,718</u>	<u>(51,315)</u>
Total Available Resources - General Fund - Mobility Fund	<u>363,079,276</u>	<u>366,249,082</u>	<u>378,793,712</u>	<u>12,544,630</u>
GENERAL FUND - DEBT SERVICE				
<u>Beginning Cash and Investments:</u>				
HC/FC Agreement 2008A CP Refunding	6,976,036	6,976,036	6,704,438	(271,598)
HC/FC Agreement 2008C CP Refunding	9,325,100	9,325,100	8,969,053	(356,047)
HC/FC Agreement 2010A CP Refunding	9,104,956	9,104,956	8,710,744	(394,212)
Permanent Improvements Refunding Series 1996	9,821,590	9,821,590	9,517,988	(303,602)
Permanent Improvements Refunding Series 1997	7,127,633	7,127,633	6,906,726	(220,907)
Commercial Paper Series B	629,501	629,501	659,295	29,794
Commercial Paper Series C	1,417,032	1,417,032	1,645,945	228,913
Permanent Improvements Refunding Series 2008C	2,390,006	2,390,006	2,348,919	(41,087)
Commercial Paper Series A1	1,363,532	1,363,532	1,455,407	91,875
HC/FC Agreement 2004A CP Refunding	6,794,543	6,794,543	6,532,939	(261,604)
Permanent Improvement Commercial Paper Series D	36,566,748	36,566,748	36,025,332	(541,416)
Flood Control Comm Paper Agreement	1,233,586	1,233,586	1,385,961	152,375
HC/FC Agreement 2006 CP Refunding	4,691,907	4,691,907	4,516,598	(175,309)
Revenue Refunding Series 2002	3,962,272	3,962,272	3,962,319	47
Permanent Improvement Refunding Series 2004A	1,687,016	1,687,016	1,637,895	(49,121)
Permanent Improvement Refunding Series 2005A	8,192,259	8,192,259	7,906,265	(285,994)
Permanent Improvement Refunding Series 2006A	2,178,263	2,178,263	1,998,880	(179,383)
Permanent Improvement Refunding Series 2008A	330,669	330,669	272,886	(57,783)
Tax & Subordinate Lien Refunding Series 2009C	752	752	742	(10)
Permanent Improvement Refunding Series 2008B	9,205,541	9,205,541	8,929,585	(275,956)

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Permanent Improvement Refunding Series 2009A	1,201,554	1,201,554	1,161,763	(39,791)
Permanent Improvement Refunding Series 2009B	19,210,165	19,210,165	18,688,483	(521,682)
Permanent Improvement Refunding Series 2010A	10,145,050	10,145,050	9,726,569	(418,481)
Permanent Improvement Refunding Series 2010B	4,699,050	4,699,050	4,506,746	(192,304)
Permanent Improvement Refunding Series 2011A	9,334,001	9,334,001	9,024,181	(309,820)
Tax & Subordinate Lien Refunding Series 2012A	976,178	976,178	976,542	364
Permanent Improvement Refunding Series 2012A	6,987,958	6,987,958	6,483,187	(504,771)
Permanent Improvement Refunding Series 2012B	1,858,737	1,858,737	1,656,272	(202,465)
Total Beginning Cash and Investments	<u>177,411,635</u>	<u>177,411,635</u>	<u>172,311,660</u>	<u>(5,099,975)</u>
Revenues and Transfers In:				
HC/FC Agreement 2008A CP Refunding	7,241,827	7,241,827	11,811,033	4,569,206
HC/FC Agreement 2008C CP Refunding	9,667,979	9,667,979	6,951,706	(2,716,273)
HC/FC Agreement 2010A CP Refunding	9,379,535	9,379,535	9,404,334	24,799
HC/FC Agreement 2014 A CP Refunding	-	2,827,250	5,943,275	3,116,025
HC/FC Agreement 2014 B CP Refunding	-	358,851	16,695,645	16,336,794
Permanent Improvements Refunding Series 1996	10,354,656	10,354,656	9,383,894	(970,762)
Permanent Improvements Refunding Series 1997	7,520,478	7,520,478	179,447	(7,341,031)
Commercial Paper Series B	1,350	1,350	2,107	757
Commercial Paper Series C	1,790,617	231,790,617	231,297,799	(492,818)
Permanent Improvements Refunding Series 2008C	2,576,619	2,576,619	3,244,658	668,039
Commercial Paper Series A1	5,842	5,842	5,886,710	5,880,868
HC/FC Agreement 2004A CP Refunding	7,015,327	7,015,327	597,292	(6,418,035)
Permanent Improvement Commercial Paper Series D	38,327,234	38,327,234	25,641,828	(12,685,406)
Flood Control Comm Paper Agreement	1,644,136	1,644,136	595,217	(1,048,919)
HC/FC Agreement 2006 CP Refunding	4,854,327	4,854,327	2,013,563	(2,840,764)
Revenue Refunding Series 2002	13,825,006	13,825,006	17,037,424	3,212,418
Permanent Improvement Refunding Series 2004A	82,719	82,719	30,736	(51,983)
Permanent Improvement Refunding Series 2014A - COI	-	602,599	602,599	-
Permanent Improvement Refunding Series 2005A	8,603,798	8,603,798	8,552,873	(50,925)
Permanent Improvement Refunding Series 2006A	2,148,427	2,148,427	1,856,965	(291,462)
Permanent Improvement Refunding Series 2008A	279,807	279,807	6,578,962	6,299,155
Tax & Subordinate Lien Refunding Series 2009C	3,590,919	3,590,919	3,600,086	9,167
Permanent Improvement Refunding Series 2008B	9,705,977	9,705,977	8,769,408	(936,569)
Permanent Improvement Refunding Series 2009A	1,261,257	1,261,257	1,109,621	(151,636)
Permanent Improvement Refunding Series 2009B	19,910,396	19,910,396	16,396,256	(3,514,140)
Permanent Improvement Refunding Series 2010A	10,502,627	10,502,627	12,158,376	1,655,749
Permanent Improvement Refunding Series 2010B	4,868,165	4,868,165	4,384,276	(483,889)
Permanent Improvement Refunding Series 2011A	10,038,441	10,038,441	9,246,032	(792,409)
Tax & Subordinate Lien Refunding Series 2012A DS	7,868,059	7,868,059	8,827,252	959,193
Permanent Improvement Refunding Series 2012A	7,081,175	7,081,175	6,589,892	(491,283)
Permanent Improvement Refunding Series 2012B	1,319,548	1,319,548	1,148,792	(170,756)
Total Revenues and Transfers In	<u>201,466,248</u>	<u>435,254,948</u>	<u>436,538,058</u>	<u>1,283,110</u>

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
<u>Total Available Resources:</u>				
HC/FC Agreement 2008A CP Refunding	14,217,863	14,217,863	18,515,471	4,297,608
HC/FC Agreement 2008C CP Refunding	18,993,079	18,993,079	15,920,759	(3,072,320)
HC/FC Agreement 2010A CP Refunding	18,484,491	18,484,491	18,115,078	(369,413)
HC/FC Agreement 2014 A CP Refunding	-	2,827,250	5,943,275	3,116,025
HC/FC Agreement 2014 B CP Refunding	-	358,851	16,695,645	16,336,794
Permanent Improvements Refunding Series 1996	20,176,246	20,176,246	18,901,882	(1,274,364)
Permanent Improvements Refunding Series 1997	14,648,111	14,648,111	7,086,173	(7,561,938)
Commercial Paper Series B	630,851	630,851	661,402	30,551
Commercial Paper Series C	3,207,649	233,207,649	232,943,744	(263,905)
Permanent Improvements Refunding Series 2008C	4,966,625	4,966,625	5,593,577	626,952
Commercial Paper Series A1	1,369,374	1,369,374	7,342,117	5,972,743
HC/FC Agreement 2004A CP Refunding	13,809,870	13,809,870	7,130,231	(6,679,639)
Permanent Improvement Commercial Paper Series D	74,893,982	74,893,982	61,667,160	(13,226,822)
Flood Control Comm Paper Agreement	2,877,722	2,877,722	1,981,178	(896,544)
HC/FC Agreement 2006 CP Refunding	9,546,234	9,546,234	6,530,161	(3,016,073)
Revenue Refunding Series 2002	17,787,278	17,787,278	20,999,743	3,212,465
Permanent Improvement Refunding Series 2004A	1,769,735	1,769,735	1,668,631	(101,104)
Permanent Improvement Refunding Series 2005A	16,796,057	16,796,057	16,459,138	(336,919)
Permanent Improvement Refunding Series 2006A	4,326,690	4,326,690	3,855,845	(470,845)
Permanent Improvement Refunding Series 2008A	610,476	610,476	6,851,848	6,241,372
Tax & Subordinate Lien Refunding Series 2009C	3,591,671	3,591,671	3,600,828	9,157
Permanent Improvement Refunding Series 2008B	18,911,518	18,911,518	17,698,993	(1,212,525)
Permanent Improvement Refunding Series 2009A	2,462,811	2,462,811	2,271,384	(191,427)
Permanent Improvement Refunding Series 2009B	39,120,561	39,120,561	35,084,739	(4,035,822)
Permanent Improvement Refunding Series 2010A	20,647,677	20,647,677	21,884,945	1,237,268
Permanent Improvement Refunding Series 2010B	9,567,215	9,567,215	8,891,022	(676,193)
Permanent Improvement Refunding Series 2011A	19,372,442	19,372,442	18,270,213	(1,102,229)
Tax & Subordinate Lien Refunding Series 2012A DS	8,844,237	8,844,237	9,803,794	959,557
Permanent Improvement Refunding Series 2012A	14,069,133	14,069,133	13,073,079	(996,054)
Permanent Improvement Refunding Series 2012B	3,178,285	3,178,285	2,805,064	(373,221)
Permanent Improvement Refunding Series 2014A - COI	-	602,599	602,599	-
Total Available Resources - General Fund - Debt Service	<u>378,877,883</u>	<u>612,666,583</u>	<u>608,849,718</u>	<u>(3,816,865)</u>
 TOTAL GENERAL FUND				
Beginning Cash and Investments	858,341,074	858,341,074	848,330,277	(10,010,797)
Revenues and Transfers In	<u>1,814,158,818</u>	<u>2,061,066,280</u>	<u>2,116,576,954</u>	<u>55,510,674</u>
TOTAL GENERAL FUND	<u>\$ 2,672,499,892</u>	<u>\$ 2,919,407,354</u>	<u>\$ 2,964,907,231</u>	<u>\$ 45,499,877</u>

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2015

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEPARTMENTS				
Public Infrastructure	\$ 2,750,000	\$ 2,753,571	\$ 1,646,347	\$ 1,107,224
PID Shared Operations	3,924,000	10,906,347	5,160,854	5,745,493
Right of Way	2,300,000	2,310,616	1,925,105	385,511
Construction Programs Division	8,500,000	8,521,706	7,936,964	584,742
Appraisal District	9,400,000	10,437,763	10,437,763	-
County Judge	5,900,000	7,528,800	5,644,364	1,884,436
Commissioner Precinct 1	51,097,000	51,581,355	25,722,010	25,859,345
Commissioner Precinct 2	49,202,000	49,563,570	25,828,111	23,735,459
Commissioner Precinct 3	43,630,000	50,932,883	31,259,414	19,673,469
Commissioner Precinct 4	54,392,000	54,404,277	32,151,199	22,253,078
Tunnel and Ferries Operation	5,200,000	6,103,742	3,860,950	2,242,792
Budget Management	8,700,000	9,609,095	6,677,079	2,932,016
General Administration	418,594,307	352,971,090	28,433,946	324,537,144
Legislative Services	1,300,000	1,747,126	1,249,332	497,794
Public Infrastructure - Architecture & Engineering	26,800,000	26,823,981	24,572,803	2,251,178
Fire Marshal's Office	5,640,000	6,191,205	5,313,268	877,937
Institute of Forensic Science	25,800,000	27,543,191	25,629,050	1,914,141
Pollution Control Department	3,850,000	3,969,848	3,840,187	129,661
Public Health Services	21,800,000	23,015,345	20,781,834	2,233,511
Public Library	24,800,000	24,990,272	24,632,364	357,908
Domestic Relations	3,100,000	3,712,243	2,527,952	1,184,291
Community Services	9,250,000	9,528,114	9,237,826	290,288
Information Technology Center	38,400,000	41,160,541	37,838,769	3,321,772
Information Technology Center Repairs	-	3,120,352	3,041,720	78,632
MHMRA	20,600,000	19,256,844	19,256,844	-
FPM Repairs and Replacement	475,000	1,475,000	539,570	935,430
FPM Utilities and Leases	25,100,000	25,100,000	22,966,563	2,133,437
Facilities and Property Management	32,800,000	32,952,106	30,326,567	2,625,539
Constable Precinct 1	25,555,000	29,153,852	27,121,961	2,031,891
Constable Precinct 2	6,745,000	7,469,347	6,922,130	547,217
Constable Precinct 3	13,150,000	14,187,137	12,707,218	1,479,919
Constable Precinct 4	37,373,000	38,182,603	37,609,593	573,010
Constable Precinct 5	32,988,000	35,384,406	31,466,656	3,917,750
Constable Precinct 6	8,786,000	9,270,589	7,911,794	1,358,795
Constable Precinct 7	9,500,000	10,143,661	9,970,720	172,941
Constable Precinct 8	6,900,000	7,619,115	6,486,271	1,132,844
Justice of the Peace 1-1	1,850,000	1,977,710	1,781,721	195,989
Justice of the Peace 1-2	2,100,000	2,251,081	2,045,067	206,014
Justice of the Peace 2-1	930,000	973,836	875,835	98,001
Justice of the Peace 2-2	891,000	952,783	833,456	119,327
Justice of the Peace 3-1	1,700,000	1,920,954	1,524,836	396,118
Justice of the Peace 3-2	1,100,000	1,117,926	1,000,227	117,699
Justice of the Peace 4-1	2,600,000	2,829,395	2,194,423	634,972
Justice of the Peace 4-2	1,400,000	1,496,030	1,317,544	178,486
Justice of the Peace 5-1	2,000,000	2,146,342	1,735,750	410,592
Justice of the Peace 5-2	2,910,000	3,070,341	2,645,860	424,481
Justice of the Peace 6-1	680,000	718,052	671,184	46,868
Justice of the Peace 6-2	780,000	800,651	672,588	128,063
Justice of the Peace 7-1	1,080,000	1,208,174	853,380	354,794
Justice of the Peace 7-2	950,000	982,018	885,015	97,003
Justice of the Peace 8-1	1,200,000	1,284,490	1,111,852	172,638

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2015

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Justice of the Peace 8-2	1,050,000	1,093,937	949,635	144,302
County Attorney	19,800,000	20,325,224	19,637,798	687,426
County Clerk	26,689,000	28,465,995	24,931,757	3,534,238
County Treasurer	1,100,000	1,148,656	1,050,164	98,492
Tax Assessor-Collector	25,100,000	25,809,969	23,780,883	2,029,086
County Sheriff	416,000,000	422,444,909	421,008,869	1,436,040
District Attorney	67,900,000	69,793,499	66,612,648	3,180,851
District Clerk	29,600,000	31,838,718	28,523,405	3,315,313
Public Defender Pilot Program	8,000,000	8,023,207	6,804,994	1,218,213
Community Supervision and Correction	750,000	749,500	685,880	63,620
Pretrial Services	7,000,000	7,396,090	6,262,247	1,133,843
County Auditor	19,158,870	19,158,870	16,035,080	3,123,790
Purchasing Agent	7,658,286	7,676,573	6,866,057	810,516
District Courts	21,032,000	23,285,446	22,271,642	1,013,804
Court Appointed Attorney	32,000,000	37,750,000	36,057,611	1,692,389
Texas Agrilife Extension Services	900,000	1,132,226	791,619	340,607
Juvenile Probation	67,000,000	73,953,026	69,158,712	4,794,314
Sheriff's Civil Service	220,000	223,815	208,426	15,389
Protective Services- Children and Adults	22,000,000	23,026,011	21,485,126	1,540,885
Children's Assessment Center	5,300,000	5,868,312	4,699,566	1,168,746
1st Court of Appeals	85,000	85,000	41,873	43,127
14th Court of Appeals	85,000	85,000	41,873	43,127
County Courts	12,200,000	13,318,991	12,405,982	913,009
Court Appointed Attorney	3,400,000	3,700,000	3,313,243	386,757
Probate Court 1	1,200,000	1,217,879	1,207,667	10,212
Probate Court 2	1,200,000	1,278,169	1,157,097	121,072
Probate Court 3	3,200,000	3,742,227	3,636,714	105,513
Probate Court 4	1,200,000	1,293,464	1,228,378	65,086
Total General Fund By Department	1,867,300,463	1,877,236,189	1,379,638,782	497,597,407
Public Improvement Contingency	63,242,270	63,242,270	-	63,242,270
MOBILITY FUND DEPARTMENTS				
PID Shared Operations	759,979	2,685,404	38,193	2,647,211
Harris County Commissioner Pct. 1	121,158,734	121,485,896	26,035,466	95,450,430
Harris County Commissioner Pct. 2	56,182,584	56,182,584	20,461,426	35,721,158
Harris County Commissioner Pct. 3	53,123,684	53,827,662	16,996,413	36,831,249
Harris County Commissioner Pct. 4	105,540,263	105,777,884	34,038,268	71,739,616
General Administration	26,314,032	26,289,651	-	26,289,651
Total Mobility Fund By Department	363,079,276	366,249,081	97,569,766	268,679,315

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2015

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEBT SERVICE				
1050 HC/FC Agreement 2008A CP Refunding	14,217,863	14,217,863	6,547,667	7,670,196
1080 HC/FC Agreement 2008C CP Refunding	18,993,079	18,993,079	8,830,107	10,162,972
10A0 HC/FC Agreement 2010A CP Refunding	18,484,491	18,484,491	9,496,569	8,987,922
10C0 HC/FC Agreement 2014A CP Refunding	-	2,827,250	2,827,250	-
10D0 HC/FC Agreement 2014B CP Refunding	-	358,851	358,851	-
1250 Permanent Improvement Refunding Series 1996	20,176,246	20,176,246	9,630,000	10,546,246
1260 Permanent Improvement Refunding Series 1997	14,648,111	14,648,111	7,086,172	7,561,939
1390 Commercial Paper Series B	630,851	630,851	151,325	479,526
1400 Commercial Paper Series C	3,207,649	233,207,649	231,462,230	1,745,419
1410 Permanent Improvement Refunding Series 2008C	4,966,625	4,966,625	2,370,712	2,595,913
1420 Commercial Paper Series A-1	1,369,374	1,369,374	359,782	1,009,592
1440 HC/FC Agreement 2004A CP Refunding	13,809,870	13,809,870	7,130,231	6,679,639
1470 Commercial Paper Series - Flood Control	74,893,982	74,893,982	35,905,859	38,988,123
1480 Flood Control CP Agreement	2,877,722	2,877,722	253,154	2,624,568
1490 HC/FC Agreement 2006 CP Refunding	9,546,234	9,546,234	4,918,157	4,628,077
1600 Revenue Refunding Series 2002	17,787,278	17,787,278	13,825,000	3,962,278
1780 Permanent Improvement Refunding Series 2004A	1,769,735	1,769,735	1,668,631	101,104
17F0 Road Refunding Bond Series 2014	-	602,599	602,599	-
1800 Permanent Improvement Refunding Series 2005A	16,796,057	16,796,057	7,976,250	8,819,807
1850 Permanent Improvement Refunding Series 2006A	4,326,690	4,326,690	1,958,287	2,368,403
1870 Permanent Improvement Refunding Series 2008A	610,476	610,476	216,450	394,026
18A0 Tax & Subordinate Lien Refunding Series 2009C	3,591,671	3,591,671	3,590,863	808
18C0 Tax & Subordinate Lien Refunding Series 2012A	8,844,237	8,844,237	7,841,500	1,002,737
1910 Permanent Improvement Refunding Series 2008B	18,911,518	18,911,518	9,005,600	9,905,918
1960 Permanent Improvement Refunding Series 2009A	2,462,811	2,462,811	1,155,150	1,307,661
19A0 Permanent Improvement Refunding Series 2009B	39,120,561	39,120,561	18,602,313	20,518,248
19C0 Permanent Improvement Refunding Series 2010A	20,647,677	20,647,677	9,757,238	10,890,439
19E0 Permanent Improvement Refunding Series 2010B	9,567,215	9,567,215	4,525,600	5,041,615
19G0 Permanent Improvement Refunding Series 2011A	19,372,442	19,372,442	9,395,950	9,976,492
19I0 Permanent Improvement Refunding Series 2012A	14,069,133	14,069,133	6,634,500	7,434,633
19K0 Permanent Improvement Refunding Series 2012B	3,178,285	3,178,285	1,417,604	1,760,681
Total General Fund Debt Service	<u>378,877,883</u>	<u>612,666,583</u>	<u>425,501,601</u>	<u>187,164,982</u>
 Total General Fund	 <u>\$ 2,672,499,892</u>	 <u>\$ 2,919,394,123</u>	 <u>\$ 1,902,710,149</u>	 <u>\$ 1,016,683,974</u>

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 28, 2015

1. RECONCILIATION OF ACCOUNTING BASIS

A reconciliation of revenues and expenditures on a cash basis (“budgetary basis”) compared to modified accrual basis (GAAP) for the general fund is as follows:

	GENERAL FUND
REVENUES AND OTHER SOURCES	
Cash (budgetary) basis	\$ 2,964,907,231
Beginning Cash and Investments	(848,330,277)
Accrued in 2014, received in 2015	(3,162,577)
Entry to eliminate transfers between funds	(10,403,738)
Accrued in 2015, to be received in 2016	18,388,621
Internal special revenue funds	337,776
Revenues and other sources on modified accrual (GAAP) basis	2,121,737,036
EXPENDITURES AND OTHER USES	
Cash (budgetary) basis	1,902,710,149
Incurred during 2014, paid in 2015	(34,161,252)
Entry to eliminate transfers between funds	(10,403,738)
Incurred during 2015, payable in 2016	34,364,302
Internal special revenue funds	1,088,984
Expenditures and other uses on modified accrual (GAAP) basis	1,893,598,445
Changes in Fund Balances	\$ 228,138,591

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

In five departments, the Public Improvement Contingency Sub-fund, the Mobility Sub-fund and several general fund debt service accounts, there were significant variances between the budgeted amount and actual expenditures.

Four of the departments with significant variances are the Commissioner Precincts, which have a combined positive variance of \$91,521,351. The precinct budgets include capital projects for roads and bridges. These budgets are set at the beginning of the projects and roll year-to-year. Therefore, these variances are anticipated. The other department is General Administration which has a positive variance of \$324,537,144.

The Public Improvement Contingency Sub-fund has a positive variance of \$63,242,270. These funds are set aside by Commissioners Court to assist with capital projects and for use in unforeseen emergency events.

The Mobility Sub-fund has a positive variance of \$268,679,315. These funds are set aside to increase general mobility within the County.

The combined positive variance for all the general fund debt service accounts was \$187,164,982. The County’s practice is to have a full year’s worth of payments available for tax supported debt. As the tax year and budget year are not the same, there will always be a variance between the budget and actual expenditures. In these cases, the debt payment amounts are high enough to cause a significant variance, and will continue to cause significant variances in the future.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
February 28, 2015**

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2013	3/1/2011	\$ -	\$ 976,631,331	\$ 976,631,331	0%	\$ 727,014,798	134.3%
2014	3/1/2013	-	1,189,670,446	1,189,670,446	0%	776,162,676	153.3%
2015	3/1/2013	-	1,189,670,446	1,189,670,446	0%	900,961,148	132.0%

The above table includes information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision are not considered departments or component units of the County; the UAAL for these entities are \$1,586,416 and \$13,136,729 respectively.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
February 28, 2015**

Actuarial Valuation Date	12/31/12	12/31/13	12/31/14
Actuarial Value of Assets	\$2,900,822,171	\$3,066,967,671	\$3,264,826,444
Actuarial Accrued Liability (AAL)	\$3,415,552,240	\$3,600,574,458	\$3,782,197,854
Unfunded Actuarial Accrued Liability (UAAL)	\$ 514,730,069	\$ 533,606,787	\$ 517,371,410
Funded Ratio	84.93%	85.18%	86.32%
Annual Covered Payroll (Actuarial)	\$ 779,898,383	\$ 800,850,524	\$ 859,233,866
UAAL as Percentage of Covered Payroll	66.00%	66.63%	60.21%



NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 28, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Investments:				
Cash and cash equivalents	\$ 83,485,755	\$ -	\$ 141,430,292	\$ 224,916,047
Investments	148,947,150	-	206,889,583	355,836,733
Receivables:				
Taxes, net	4,618,300	4,392,341	-	9,010,641
Accounts, net	35,224,895	-	2,346,385	37,571,280
Accrued interest	9,353,496	-	283,219	9,636,715
Other, net	42,550,787	31,869	706	42,583,362
Due from other funds	1,420,387	19,466	-	1,439,853
Prepays and other assets	886,308	-	490,816	1,377,124
Inventories	2,167,139	-	-	2,167,139
Advances to other funds	651,000	-	12,000,000	12,651,000
Restricted cash and cash equivalents	480,449	25,853,936	-	26,334,385
Restricted investments	12,000,000	60,390,465	-	72,390,465
Notes receivable	456,026	-	-	456,026
Total assets	<u>\$ 342,241,692</u>	<u>\$ 90,688,077</u>	<u>\$ 363,441,001</u>	<u>\$ 796,370,770</u>
LIABILITIES				
Vouchers payable	\$ 20,540,746	\$ -	\$ 12,123,692	\$ 32,664,438
Accrued payroll and compensated absences	5,025,079	-	91,758	5,116,837
Retainage payable	1,984,354	-	4,726,396	6,710,750
Due to other funds	45,630,756	-	88,681	45,719,437
Due to other governmental units	20,509	-	-	20,509
Advances from other funds	12,691,000	-	-	12,691,000
Unearned revenue	22,323,482	-	74,767	22,398,249
Total liabilities	<u>108,215,926</u>	<u>-</u>	<u>17,105,294</u>	<u>125,321,220</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,905,371	1,740,048	-	3,645,419
Unavailable revenue - other	14,016,478	-	2,332,365	16,348,843
Total deferred inflows of resources	<u>15,921,849</u>	<u>1,740,048</u>	<u>2,332,365</u>	<u>19,994,262</u>
FUND BALANCE				
Nonspendable	1,328,073	-	12,490,816	13,818,889
Restricted	218,571,948	88,948,029	304,252,756	611,772,733
Committed	497,324	-	27,259,770	27,757,094
Unassigned	(2,293,428)	-	-	(2,293,428)
Total fund balances	<u>218,103,917</u>	<u>88,948,029</u>	<u>344,003,342</u>	<u>651,055,288</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 342,241,692</u>	<u>\$ 90,688,077</u>	<u>\$ 363,441,001</u>	<u>\$ 796,370,770</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For the Year Ended February 28, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 126,268,920	\$ 85,404,561	\$ -	\$ 211,673,481
Charges for services	32,706,437	-	85,621	32,792,058
Lease revenue	1,098,689	-	-	1,098,689
Intergovernmental	170,470,027	-	41,320,742	211,790,769
Earnings on investments	1,642,901	75,005	2,531,868	4,249,774
Miscellaneous	41,394,155	156,516	1,235,085	42,785,756
Total revenues	<u>373,581,129</u>	<u>85,636,082</u>	<u>45,173,316</u>	<u>504,390,527</u>
EXPENDITURES				
Current operating:				
Administration of justice	92,852,164	-	49,403	92,901,567
Parks	10,443,403	-	32,162	10,475,565
County administration	35,441,341	-	15,384,969	50,826,310
Health and human services	84,277,105	-	-	84,277,105
Flood control	55,938,623	-	4,332,781	60,271,404
Tax administration	1,001,748	-	-	1,001,748
Roads and bridges	191,001	-	5,611,400	5,802,401
Capital outlay	30,364,720	-	99,476,657	129,841,377
Debt service:				
Principal retirement	-	31,658,385	-	31,658,385
Bond issuance costs	532,641	1,355,424	12,000	1,900,065
Interest and fiscal charges	-	74,350,395	14,835	74,365,230
Total Expenditures	<u>311,042,746</u>	<u>107,364,204</u>	<u>124,914,207</u>	<u>543,321,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,538,383</u>	<u>(21,728,122)</u>	<u>(79,740,891)</u>	<u>(38,930,630)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,770,468	37,375,800	60,050,000	118,196,268
Transfers out	(91,228,523)	(231,142,927)	(5,945,624)	(328,317,074)
Refunding bonds issued	-	366,260,000	-	366,260,000
Premium on bonds issued	-	54,903,224	-	54,903,224
Commercial paper issued	-	-	88,907,000	88,907,000
Payments to refunding bond escrow agent	-	(188,657,930)	-	(188,657,930)
Issuance of loans	1,452,937	-	-	1,452,937
Insurance recoveries	588,439	-	-	588,439
Sale of capital assets	166,707	-	185,943	352,650
Total other financing sources(uses)	<u>(68,249,972)</u>	<u>38,738,167</u>	<u>143,197,319</u>	<u>113,685,514</u>
Net changes in fund balances	(5,711,589)	17,010,045	63,456,428	74,754,884
Fund balances, beginning	223,815,506	71,937,984	280,546,914	576,300,404
Fund balances, ending	<u>\$ 218,103,917</u>	<u>\$ 88,948,029</u>	<u>\$ 344,003,342</u>	<u>\$ 651,055,288</u>

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Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

FLOOD CONTROL - This fund is used to account for all revenues and expenditures relating to general operations of Harris County Flood Control District. The Flood Control District is responsible for developing a flood control plan for the County, carrying out an ongoing capital improvement program, maintaining district facilities and providing flood watch and flood alert programs.

SPORTS & CONVENTION CORPORATION - This fund was established under the Texas Transportation Act for the purpose of aiding and acting on behalf in managing, operating, maintaining and developing the sports and entertainment complex located on property owned by the County.

HOTEL OCCUPANCY TAX REVENUE - This fund was established in September 1987, per Texas Tax Code Chapter 352, to account for revenues primarily generated from a hotel occupancy tax and expenditures that serve the purpose of attracting visitors and promoting tourism.

DISTRICT COURT RECORDS ARCHIVE – This fund was established in accordance with Chapter 51 of the Texas Government Code that authorizes the commissioners court of a county to adopt a district court records archive fee for the filing of a suit, including an appeal from an inferior court, or a cross-action, counterclaim, intervention, contempt action, motion for a new trial, or third-party petition in a district court in the county as part of the county’s annual budget. These funds may be expended only for preservation and restoration of the district court records archive and for records management and preservation purposes.

PORT SECURITY PROGRAM – This fund was established for the Houston Ship Channel Security District (the District) reimbursement and prepayment of specific operational costs to include security and maintenance that the County has incurred related to the Houston Ship Channel Security District.

DELIVERY SYSTEM REFORM INCENTIVE PROGRAMS – This fund was established through an agreement between Harris County and Centers for Medicaid and Medicare Services for the Texas 1115 Medicaid waiver program. These funds were established to provide payments to hospitals and other providers upon their achieving goals that are intended to improve the quality and lower the cost of healthcare. Funds are to be used for the general costs on medical programs.

DEED RESTRICTION ENFORCEMENT - This fund was established with Chapter 202 and 203 of the Texas Property Code and provides for fees to administer the enforcement of deed restriction violations affecting real property subdivisions. These fees are used only for enforcement of the deed restriction violations, and any unused funds are to be refunded to the complainants.

CONCESSION FEE – This fund was established in accordance with Texas Local Government Code section 331.006. The proceeds of the sales and leases may be used only for the improvement and operation of the park, museum, or site.

CARE FOR ELDERS – This fund was established through a contractual agreement between Harris County and United Way of Greater Houston. The purpose of the Care for Elders program is to assist the elderly with access to services, improve the quality of care and enhance the quality of life by providing critical goods or services for Harris County residents where other forms of resources are limited or unavailable. Through the contractual agreement, no funds will be issued directly to clients. All checks must be made out to vendors or providers of needed services, including relatives or others providing care.

CHILD SUPPORT ENFORCEMENT – This fund was established in accordance with Chapter 231 of the Texas Family Code which authorizes filing fees and, fees for issuance and delivery of order, service of process, fees for transfer, writes and the fee that the sheriffs and constables are authorized to charge for serving.

FAMILY PROTECTION - This fund was established in accordance with Texas Government Code Section 51.961 (d) and (e) Family Protection Fee and authorizes the commissioners court of the county to charge a court fee for each divorce

case filed. This fund may be used by the commissioner's court of the county only to fund a service provider located in that county or an adjacent county. A service provider may provide family violence and child abuse prevention, intervention, family strengthening, mental health, and counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child.

CPS – SPECIAL REVENUE CONTRACTS - This fund was established through the Pasadena Independent School District - Texas Education Agency grant – Collaborative Dropout Reduction Program contract. This contract allows for the funding of program salaries.

UTILITY BILL ASSISTANCE PROGRAM - This fund was established through contracts with energy companies. The companies provide funds to assist with utility payments for qualified customers.

PROBATE COURT SUPPORT - This fund was established in accordance with Section 51.704 of the Texas Government Code, which requires the clerks of statutory probate courts to collect a “filing fee in each probate, guardianship, mental health, or civil case filed in the court.” These funds are to be used only for the support of statutory probate courts in the County.

APPELLATE JUDICIAL SYSTEM - This fund is authorized under the Texas Government Code Sections 22.2021, 22.2031 and 22.2061 and provides for a court fee for each civil suit filed in county court, statutory county court, probate court, or district court in the county to be used for expenditures by the courts of appeals for the court of appeals district courts.

COUNTY ATTORNEY ADMINISTRATION – This fund was established in accordance with Section 284.2032 of the Texas Transportation Code which allows a county with a population of 3.3 million or more to impose an administrative charge in association with collecting a toll or charge for each event of nonpayment of a required toll or charge imposed under Section 284.069 of the Texas Transportation Code. The fees collected for this charge are to be administered by the County Attorney and may be used only to defray the salaries and expenses of the County Attorney's office, but not to supplement the County Attorney's salary.

DISTRICT ATTORNEY ADMINISTRATION – This fund is authorized under Texas Code of Criminal Procedures Chapter 102 under Articles 102.007, related to fees for writing a worthless check (hot check). Fees collected in connection with processing hot checks may only be used to defray the salaries and expenses of the prosecutor's office.

JUSTICE COURT COURTHOUSE SECURITY - This fund was established in accordance with the Texas Government Code 291.008 and Texas Code of Criminal Procedure 102.017 and requires a defendant convicted of a misdemeanor offense in a justice court shall pay a security fee as a cost of court. Fees collected are to be used to provide security, services, and items for a justice court located in a building that is not the county courthouse.

RECORDS MANAGEMENT - This fund is authorized under Texas Code of Criminal Procedures Chapter 102, Local Government Code Chapter 118 and Texas Government Code Chapter 51 to account for fees collected for records management and preservation services when documents are filed in the offices of the court clerks.

DONATION FUND - This fund is used to account for outside cash donations accepted by Commissioners Court for designated purposes / programs including Senior Citizen Programs and DARE. Expenditures are made in accordance with designations.

JUSTICE COURT TECHNOLOGY - This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0173, and justice court technology fee paid by defendants convicted of misdemeanor offenses in a justice court. The funds are to be used for the purchase and maintenance of technological enhancements for a justice court and continuing education and training for enhancement for a justice court.

CHILD ABUSE PREVENTION - This fund is authorized by Senate Bill 6, and the Texas Code of Criminal Procedure, Article 102.0186 and allows the clerks of the respective courts to collect a fee for every person convicted of certain offenses against children. The funds may be used to fund child abuse prevention programs in the county where the court is located.

BAIL BOND BOARD – This fund was established under House Bill 1442, 83th Legislature, Section 1704.101 Occupational Code, amends provisions relating to fees collected by a county bail bond board in certain counties. The bill authorizes a board in an affected county to deposit the fees in a separate county fund as an alternative to depositing such fees in the county general fund. The funds may be used only to administer and enforce section 1704.101 Occupation Code, including reimbursement for reasonable expenses incurred by the board in enforcing this chapter and actual expenses incurred by the board member in serving the board.

DA FIRST CHANCE INTERVENTION PROGRAM – The First Chance Intervention Program is a pre-charge program for first time offenders charged with Class B Possession of Marijuana and who have no other offenses and warrants. Commissioner’s Court approved Special Revenue Fund set up for this program with the funds being committed for the sole purpose of the First Chance Intervention Program. This fund was established to account for revenues and expenditures to cover tuition for cognitive skill class. The additional funds collected are used to cover the cognitive skills class for participants who are deemed indigent.

JUVENILE CASE MANAGER FEE - This fund was authorized under Texas Code of Criminal Procedure, Article 102.0174 and provides for a fee to be assessed to defendants convicted of fine-only misdemeanor offenses in a justice court, county court, or county court at law. The funds may only be used for the salary and benefits of a juvenile case manager.

TAX ASSESSOR CHAPTER 19 – This fund was established in accordance with Chapter 19 of the Texas Election Code for purposes of aiding counties with financing voter registration. Funds disbursed under this chapter may be used only to defray expenses of the registrar’s office in connection with voter registration.

STAR DRUG COURTS - This fund was created in accordance with Texas Code of Criminal Procedures 102.0178 and provides for a fee to be assessed for certain intoxication and drug convictions. The funds are to be used exclusively for the development and maintenance of drug court programs operated within the County.

COUNTY & DISTRICT TECHNOLOGY FEE – This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0169, for purposes of financing continuing education and training for county court, statutory county court, or district court judges and clerks regarding technological enhancements and purchases and maintenance of technological enhancements including computer systems, networks, hardware, software, imaging systems, electronic kiosks, and docket management systems.

STORMWATER MANAGEMENT - This fund was established in accordance with Chapter 573 of the Texas Local Government Code and allows for the assessing of reasonable charges to fund the implementation, administration, and operation of the stormwater permitting program as necessary to comply with federal or state program requirements.

DA DWI PRE-TRIAL INTERVENTION PROGRAM - This fund was created in accordance with Texas Code of Criminal Procedures Article 102.0121 to account for a fee to reimburse the county for expenses related to a defendant’s participation in a pretrial intervention program offered by the county. The funds must be used for expenditures related to pretrial intervention programs.

GULF OF MEXICO ENERGY SECURITY ACT - These funds were established to implement the provisions of the US Minerals Management Service (MMS). The MMS under the Gulf of Mexico Energy Security Act of 2006 distributes revenues to coastal producing states from the Outer Continental Shelf lease in Planning Area 181 Eastern and South Zones. These funds are to be used in projects and activities for the purpose of coastal conservation, coastal restoration, hurricane protection and infrastructure directly affected by coastal wetland losses.

VETERINARY PUBLIC HEALTH – This fund was established under Impoundment Fees TX Health and Safety Code Section 826.013 and Harris County Animal Regulations. All funds collected may be used only for defraying the expense of administration and enforcement of these regulations.

ENVIRONMENTAL PROJECTS - This fund was established to account for donations and monies received under the terms of court settlements involving restitution for pollution violations (Federal, State, and or Local laws) enforced by the County, restitution for pollution violations enforced by the Texas Commission on Environmental Quality, court settlements involving Household Hazardous Waste violations, and court orders of which the defendant volunteer to

contribute to the Victim's Right Division of the District Attorney's Office. Funds are primarily used for cleanup, preservation, and related purposes.

ENERGY CONSERVATION FUND – This fund was established under the SCORE/CitySmart Program. The CitySmart Program helps identify cost effective energy efficiency improvements that can help to make facilities less expensive to operate and more comfortable to use. This no-cost program sends rebates to the partner for participation in the program and the successful completion of energy-efficient improvements. Rebates can be utilized to purchase and install energy-efficient mechanical equipment as needed.

COMMUNITY DEVELOPMENT FINANCIAL SURETIES – This fund was established in accordance with Texas Local Government Code 232.004, to account for forfeited engineering fees charged to Residential Commercial Subdivision Developers when the County performs the repairs. Expenditures are for the required repairs.

ELECTION SERVICES - This fund was established pursuant to Texas Election Code 31.1 and 271 for purposes of defraying expenses of the County Clerk's Office in conducting Harris County elections.

LAW ENFORCEMENT FORFEITED FUND - This fund was established to account for transactions associated with the various asset forfeiture programs pursuant to the Federal Comprehensive Crime Control Act of 1984, Texas Code of Criminal Procedure Chapter 59, Texas Code of Criminal Procedure Chapter 18, and Guide to Equitable Sharing for Foreign Counties and Federal, State, and Local Law Enforcement Agencies. Expenditures are for law enforcement purposes and are further defined by the statutes associated with the source of the forfeited funds.

CRIMINAL COURTS AUDIO/VISUAL - This fund was established in accordance with Texas Code of Criminal Procedure Chapter 59, to be used to upgrade audio-visual equipment in the District and County criminal courts.

MEDICAID ADMINISTRATIVE CLAIM-REIMBURSEMENT - This fund is used to account for the receipt of Medicaid Administrative Claim reimbursements and the associated expenditures for health related services for clients. These funds are authorized under the Medicaid State Plan under Title XIX of the Social Security Act.

DISPUTE RESOLUTION - This fund was established in accordance with Section 152.004 of the Texas Civil Practice and Remedies Code and is used to account for fees assessed on cases to fund an alternative system for the peaceable and expeditious resolution of citizen disputes not requiring formal court action.

FIRE CODE FEE - This fund is authorized under Texas Local Government Code 233.065, to account for the fees for issuance of a building permit for the administration and enforcement of the fire code. Fees may be used only for the administration and enforcement of the fire code.

LEOSE-LAW ENFORCEMENT - This fund was established under the Texas Administrative Code, Title 37, Part 7 for purposes of accounting for state monies to law enforcement agencies utilized for the continuing education of law enforcement personnel.

LIBRARY CONTRIBUTION FUND - This fund accounts for revenues from donations / contributions made to the Harris County Library. Many of these donations are from "Friends of the Library" groups that are active in raising funds for their respective library branches through book sales and other activities based on concession agreements approved by Commissioners Court. The funds are used for library related expenditures.

JUVENILE PROBATION FEE - This fund was established pursuant to Sections 54.061 and 54.0411 of the Texas Family Code to account for the fees charged while a juvenile is on probation. The fees may be used only for juvenile probation or community based juvenile corrections services or facilities.

FOOD PERMIT FEE - This fund was established pursuant to Sections 437.003 and 437.0123 of the Texas Health and Safety Code to account for the fees associated with issuing food permits and enforcing the associating statutory provisions. The fees may be used for reviewing and acting on a permit, amending and renewing a permit, and inspecting a facility for the purpose of issuing a food permit.

COURT REPORTER SERVICES - This fund was established in accordance with Section 51.601 of the Texas Government Code and allows for a fee for each new case filed in a court that has an official court reporter. These fees may be used to assist in the payment of court reporter related services.

JUVENILE DELINQUENCY PREVENTION - This fund was established pursuant to the Texas Code of Criminal Procedure 102.0171 and accounts for fees charged when a child is adjudicated for graffiti-related offenses. These fees are restricted to be used for graffiti eradication.

SUPPLEMENTAL GUARDIANSHIP - This fund was established under Sections 118.052 and 118.067 of the Texas Local Government Code which allows for a supplemental court-initiated guardianship fee charged for a probate original action. These fees may be used only to supplement other county funds used to pay the compensation of a guardian ad litem, pay the compensation of an attorney ad litem, and or fund local guardianship programs that provide guardians for indigent incapacitated persons who do not have family members suitable and willing to serve as guardians.

COURTHOUSE SECURITY - This fund was authorized under Texas Local Government Code 291.008 and Texas Code of Criminal Procedure 102.017 to account for fees collected and expended for purposes of defraying the costs of courthouse security.

FACILITIES AND PROPERTY MANAGEMENT PROPERTY MAINTENANCE – This fund was established for fees collected from sales proceeds. The fund will be used to reimburse Harris County Facilities and Property Management for the maintenance, preservation, and safekeeping of Tax Lien Resale properties within to Harris County in trust for the taxing units.

IFS TRAINING – This fund was established for the sole purpose of keeping staff current in the latest forensic science developments and technologies within each discipline to ensure quality services. These funds will only be used for travel and training purposes.

LAW LIBRARY - This fund was established under the authority of Section 323.023 of the Texas Local Government Code, to account for fees assessed for each civil case filed in County and District Courts of Harris County. The funds are to be used for purchasing or leasing law library materials or acquiring equipment, including computers, software, subscriptions to obtain access to electronic research networks for use by judges in the County.

TIRZ AFFORDABLE HOUSING / OTHER RESTRICTED FUNDS - This fund was established in accordance with Section 311.011 of the Texas Tax Code to account for Tax Increment Reinvestment Zone (TIRZ) related activity including the establishment of affordable housing; the revitalization and redevelopment of unproductive, underproductive or blighted areas and other restricted revenues and expenditures defined in the associated interlocal agreements.

HARRIS COUNTY REDEVELOPMENT AUTHORITY – This fund is used to account for all revenues and expenditures relating to the general operations of the Harris County Redevelopment Authority (Authority). The Authority is a local government corporation created by Commissioners Court for the purposes of administering certain economic development programs on behalf of the County, including administering, managing, and operating tax increment improvement districts.

HARRIS COUNTY JUVENILE BOARD – This fund was established to account for juvenile probation services fund by the Texas Juvenile Justice Department. The funds may only be used for juvenile probation or community based juvenile corrections services or facilities.

FLOOD CONTROL GRANTS - These funds were established to account for grant programs applicable to the Harris County Flood Control District.

GRANTS - These funds were established to account for grant programs applicable to the County.

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2015

	Flood Control	Sports & Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program	DSRIP Programs
ASSETS						
Cash and cash equivalents	\$ 13,791,317	\$ 20,539,522	\$ 2,085,243	\$ 26,614	\$ -	\$ 1,200,293
Investments	82,714,254	-	6,748,583	67,321	-	3,045,165
Receivables:						
Taxes, net	4,618,300	-	-	-	-	-
Accounts, net	-	6,973,957	-	-	154,449	-
Accrued interest	117,440	9,206,830	2,985	30	-	1,347
Other	57,979	-	6,974,826	-	12,790	-
Due from other funds	1,356,689	1,798	-	-	-	-
Prepays and other assets	155,238	84,098	260,372	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	98,605	381,844	-	-	-	-
Restricted Investments	-	12,000,000	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 102,909,822</u>	<u>\$ 49,188,049</u>	<u>\$ 16,072,009</u>	<u>\$ 93,965</u>	<u>\$ 167,239</u>	<u>\$ 4,246,805</u>
LIABILITIES						
Vouchers payable	\$ 2,876,163	\$ 1,222,850	1,454,039	11,488	1,663	\$ 116,432
Accrued payroll and compensated absences	1,486,042	39,870	-	36,129	3,805	-
Retainage payable	481,207	-	-	-	-	-
Due to other funds	-	-	-	-	170,077	-
Due to other units	13,138	-	-	-	-	-
Advances from other funds	-	12,000,000	-	-	-	-
Unearned revenue	-	4,753,472	-	-	-	-
Total liabilities	<u>4,856,550</u>	<u>18,016,192</u>	<u>1,454,039</u>	<u>47,617</u>	<u>175,545</u>	<u>116,432</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,905,371	-	-	-	-	-
Unavailable revenue - other	-	6,202,403	4,969,967	-	12,790	-
Total deferred inflows of resources	<u>1,905,371</u>	<u>6,202,403</u>	<u>4,969,967</u>	<u>-</u>	<u>12,790</u>	<u>-</u>
FUND BALANCES						
Nonspendable	155,238	84,098	260,372	-	-	-
Restricted	95,992,663	24,885,356	9,387,631	46,348	-	4,130,373
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	(21,096)	-
Total fund balances	<u>96,147,901</u>	<u>24,969,454</u>	<u>9,648,003</u>	<u>46,348</u>	<u>(21,096)</u>	<u>4,130,373</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 102,909,822</u>	<u>\$ 49,188,049</u>	<u>\$ 16,072,009</u>	<u>\$ 93,965</u>	<u>\$ 167,239</u>	<u>\$ 4,246,805</u>

(continued)

Deed Restriction Enforcement	Concession Fee	Care for Elders	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support
\$ 6,123	\$ 1,569,161	\$ 31,360	\$ 55,674	\$ 34,684	\$ -	\$ 43,894	\$ 220,967
14,212	3,958,491	-	141,375	94,998	-	168,303	558,018
-	-	-	-	-	-	-	-
-	176,131	-	-	-	-	-	-
6	1,751	-	62	42	-	74	247
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	139
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 20,341</u>	<u>\$ 5,705,534</u>	<u>\$ 31,360</u>	<u>\$ 197,111</u>	<u>\$ 129,724</u>	<u>\$ -</u>	<u>\$ 212,271</u>	<u>\$ 779,371</u>
\$ -	\$ -	\$ -	\$ -	\$ 15,388	\$ -	\$ 21,234	\$ 796
-	-	-	-	-	-	-	-
-	-	621	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,871	-	-	-	-	-	-
-	<u>4,871</u>	<u>621</u>	<u>-</u>	<u>15,388</u>	<u>-</u>	<u>21,234</u>	<u>796</u>
-	-	-	-	-	-	-	-
-	175,250	-	-	-	-	-	-
-	<u>175,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	139
20,341	5,525,413	30,739	197,111	114,336	-	-	778,436
-	-	-	-	-	-	191,037	-
-	-	-	-	-	-	-	-
<u>20,341</u>	<u>5,525,413</u>	<u>30,739</u>	<u>197,111</u>	<u>114,336</u>	<u>-</u>	<u>191,037</u>	<u>778,575</u>
<u>\$ 20,341</u>	<u>\$ 5,705,534</u>	<u>\$ 31,360</u>	<u>\$ 197,111</u>	<u>\$ 129,724</u>	<u>\$ -</u>	<u>\$ 212,271</u>	<u>\$ 779,371</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2015

	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management	Donation Fund
ASSETS						
Cash and cash equivalents	\$ 68,284	\$ 37,860	\$ 306,066	\$ 351,509	\$ 6,838,027	\$ 386,047
Investments	178,775	469,005	1,641,740	886,397	17,437,704	987,378
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	177,624	-	-	-	-
Accrued interest	79	207	1	392	7,713	437
Other	155,148	-	12,814	-	-	37
Due from other funds	-	-	-	-	-	-
Prepays and other assets	-	-	4,143	-	101,335	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 402,286</u>	<u>\$ 684,696</u>	<u>\$ 1,964,764</u>	<u>\$ 1,238,298</u>	<u>\$ 24,384,779</u>	<u>\$ 1,373,899</u>
LIABILITIES						
Vouchers payable	\$ 5,702	\$ 219,894	\$ 2,492	\$ -	\$ 378,443	\$ 197,420
Accrued payroll and compensated absences	-	-	-	-	87,610	-
Retainage payable	-	9,411	-	-	-	-
Due to other funds	-	1,787	-	-	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>5,702</u>	<u>231,092</u>	<u>2,492</u>	<u>-</u>	<u>466,053</u>	<u>197,420</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	155,148	-	-	-	-	-
Total deferred inflows of resources	<u>155,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	4,143	-	101,335	-
Restricted	241,436	453,604	1,958,129	1,238,298	23,817,391	1,176,479
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>241,436</u>	<u>453,604</u>	<u>1,962,272</u>	<u>1,238,298</u>	<u>23,918,726</u>	<u>1,176,479</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 402,286</u>	<u>\$ 684,696</u>	<u>\$ 1,964,764</u>	<u>\$ 1,238,298</u>	<u>\$ 24,384,779</u>	<u>\$ 1,373,899</u>

(continued)

Justice Court Technology	Child Abuse Prevention	Bail Bond Board	DA First Chance Intervention	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Star Drug Courts	County & District Technology Fee
\$ 1,039,020	\$ 19,528	\$ 13,958	\$ 25,238	\$ 1,116,516	\$ 230	\$ 514,603	\$ 101,271
2,635,254	50,117	35,157	64,329	2,817,021	-	1,298,553	254,325
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,166	22	15	29	1,246	-	574	113
-	-	-	1,720	2	-	-	2,200
-	-	-	-	-	-	-	-
-	-	-	-	-	13,201	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,675,440</u>	<u>\$ 69,667</u>	<u>\$ 49,130</u>	<u>\$ 91,316</u>	<u>\$ 3,934,785</u>	<u>\$ 13,431</u>	<u>\$ 1,813,730</u>	<u>\$ 357,909</u>
\$ 26,413	\$ -	\$ 1,725	\$ 8,095	\$ 752	\$ -	\$ -	\$ -
-	-	-	-	37,764	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	9	39,949	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>26,413</u>	<u>-</u>	<u>1,725</u>	<u>8,095</u>	<u>38,525</u>	<u>39,949</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,649,027	69,667	47,405	-	3,896,260	-	1,813,730	357,909
-	-	-	83,221	-	-	-	-
-	-	-	-	-	(26,518)	-	-
<u>3,649,027</u>	<u>69,667</u>	<u>47,405</u>	<u>83,221</u>	<u>3,896,260</u>	<u>(26,518)</u>	<u>1,813,730</u>	<u>357,909</u>
<u>\$ 3,675,440</u>	<u>\$ 69,667</u>	<u>\$ 49,130</u>	<u>\$ 91,316</u>	<u>\$ 3,934,785</u>	<u>\$ 13,431</u>	<u>\$ 1,813,730</u>	<u>\$ 357,909</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2015

	Stormwater Management	DA DWI Pre-trial Intervention Program	Gulf of Mexico Energy Security Act	Veterinary Public Health	Environmental Projects	Energy Conservation
ASSETS						
Cash and cash equivalents	\$ -	\$ 70,199	\$ 41,679	\$ 30,761	\$ 544,665	\$ 42,047
Investments	65,077	176,532	103,974	102,478	161,571	106,966
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	-	-	2,035	-	-
Accrued interest	29	78	46	45	72	47
Other	-	130	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and other assets	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 65,106</u>	<u>\$ 246,939</u>	<u>\$ 145,699</u>	<u>\$ 135,319</u>	<u>\$ 706,308</u>	<u>\$ 149,060</u>
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ -	\$ 7,786	\$ 15,272	\$ -
Accrued payroll and compensated absences	-	8,736	-	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	120	-	-	-	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>120</u>	<u>8,736</u>	<u>-</u>	<u>7,786</u>	<u>15,272</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	238,203	145,699	127,533	691,036	-
Committed	64,986	-	-	-	-	149,060
Unassigned	-	-	-	-	-	-
Total fund balances	<u>64,986</u>	<u>238,203</u>	<u>145,699</u>	<u>127,533</u>	<u>691,036</u>	<u>149,060</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,106</u>	<u>\$ 246,939</u>	<u>\$ 145,699</u>	<u>\$ 135,319</u>	<u>\$ 706,308</u>	<u>\$ 149,060</u>

(continued)

Community Development Financial Sureties	Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE- Law Enforcement	Library Contribution Fund
\$ 238,731	\$ 378,249	\$ 15,509,492	\$ 16,561	\$ 429,156	\$ -	\$ 1,442,720	\$ 150,446	\$ 122,090
602,899	954,466	6,179,439	41,889	1,247,688	182,515	3,775,975	394,203	308,182
-	-	-	-	-	-	-	-	-
-	136,922	-	-	411,770	-	10,238	-	-
267	422	4,052	19	552	81	1,670	174	136
32,630	8,899	166,302	-	43,380	-	1,333	354,050	156
-	-	1,200	-	-	-	-	-	-
-	-	63,904	-	-	-	5,200	2,644	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 874,527</u>	<u>\$ 1,478,958</u>	<u>\$ 21,924,389</u>	<u>\$ 58,469</u>	<u>\$ 2,132,546</u>	<u>\$ 182,596</u>	<u>\$ 5,237,136</u>	<u>\$ 901,517</u>	<u>\$ 430,564</u>
\$ 4,571	\$ 2,581	\$ 434,331	\$ -	\$ 106,511	\$ 96,854	\$ 68,576	\$ 54,599	\$ 19,040
-	-	-	-	-	-	102,021	-	-
-	-	-	-	-	-	2,365	-	-
-	-	32,825	-	-	54,420	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,571</u>	<u>2,581</u>	<u>467,156</u>	<u>-</u>	<u>106,511</u>	<u>151,274</u>	<u>172,962</u>	<u>54,599</u>	<u>19,040</u>
-	-	-	-	-	-	-	-	-
-	70,463	-	-	455,150	-	5,218	-	-
-	70,463	-	-	455,150	-	5,218	-	-
-	-	63,904	-	-	-	5,200	2,644	-
869,956	1,405,914	21,393,329	58,469	1,570,885	31,322	5,053,756	844,274	411,524
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>869,956</u>	<u>1,405,914</u>	<u>21,457,233</u>	<u>58,469</u>	<u>1,570,885</u>	<u>31,322</u>	<u>5,058,956</u>	<u>846,918</u>	<u>411,524</u>
<u>\$ 874,527</u>	<u>\$ 1,478,958</u>	<u>\$ 21,924,389</u>	<u>\$ 58,469</u>	<u>\$ 2,132,546</u>	<u>\$ 182,596</u>	<u>\$ 5,237,136</u>	<u>\$ 901,517</u>	<u>\$ 430,564</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2015

	Juvenile Probation Fee	Food Permit Fee	Court Reporter Services	Juvenile Delinquency Prevention	Supplemental Guardianship	Courthouse Security
ASSETS						
Cash and cash equivalents	\$ 157,227	\$ 127,430	\$ 81,833	\$ 412	\$ 99,327	\$ 30,201
Investments	-	321,646	205,704	1,496	251,333	93,502
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	234	-	-	-	-	-
Accrued interest	-	142	91	1	111	41
Other	5,050	-	-	-	-	1,691
Due from other funds	-	-	-	-	-	-
Prepays and other assets	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 162,511</u>	<u>\$ 449,218</u>	<u>\$ 287,628</u>	<u>\$ 1,909</u>	<u>\$ 350,771</u>	<u>\$ 125,435</u>
LIABILITIES						
Vouchers payable	\$ 21,608	\$ 82,127	\$ 1,187	\$ -	\$ 8	\$ 551,090
Accrued payroll and compensated absences	-	8,489	-	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>21,608</u>	<u>90,616</u>	<u>1,187</u>	<u>-</u>	<u>8</u>	<u>551,090</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - other	234	-	-	-	-	-
Total deferred inflows of resources	<u>234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	140,669	358,602	286,441	1,909	350,763	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(425,655)
Total fund balances	<u>140,669</u>	<u>358,602</u>	<u>286,441</u>	<u>1,909</u>	<u>350,763</u>	<u>(425,655)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 162,511</u>	<u>\$ 449,218</u>	<u>\$ 287,628</u>	<u>\$ 1,909</u>	<u>\$ 350,771</u>	<u>\$ 125,435</u>

(continued)

FPM Property Maintenance	IFS Training	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Redevelopment Authority	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ 330	\$ 2,703	\$ 77,878	\$ 1,318,638	\$ 44,396	\$ 11,101,247	\$ 233	\$ 1,004,095	\$ 83,485,755
-	5,984	269,285	3,260,593	-	1,499,813	-	2,367,465	148,947,150
-	-	-	-	-	-	-	-	4,618,300
-	-	-	120,205	1,888,382	1,548,263	270,277	23,354,408	35,224,895
-	3	119	1,442	-	-	-	1,048	9,353,496
-	-	164	291,052	-	-	510,004	33,918,430	42,550,787
-	-	-	-	-	-	60,700	-	1,420,387
-	-	-	-	-	6,942	116,885	72,207	886,308
-	-	-	-	-	-	-	2,167,139	2,167,139
-	-	-	651,000	-	-	-	-	651,000
-	-	-	-	-	-	-	-	480,449
-	-	-	-	-	-	-	-	12,000,000
-	-	-	285,291	-	-	-	170,735	456,026
<u>\$ 330</u>	<u>\$ 8,690</u>	<u>\$ 347,446</u>	<u>\$ 5,928,221</u>	<u>\$ 1,932,778</u>	<u>\$ 14,156,265</u>	<u>\$ 958,099</u>	<u>\$ 63,055,527</u>	<u>\$ 342,241,692</u>
\$ -	\$ -	\$ 16,690	\$ 128,191	\$ 1,628,507	\$ 917,748	\$ -	\$ 9,822,480	20,540,746
-	-	58,835	-	-	1,169,917	-	1,985,861	5,025,079
-	-	-	-	-	-	-	1,491,371	1,984,354
-	-	-	-	236,048	4,054	958,099	44,132,747	45,630,756
-	-	-	-	-	7,371	-	-	20,509
-	-	-	327,500	-	-	-	363,500	12,691,000
-	-	-	323,910	-	12,057,175	-	5,184,054	22,323,482
-	-	75,525	779,601	1,864,555	14,156,265	958,099	62,980,013	108,215,926
-	-	-	-	-	-	-	-	1,905,371
-	-	-	81,473	1,888,382	-	-	-	14,016,478
-	-	-	81,473	1,888,382	-	-	-	15,921,849
-	-	-	651,000	-	-	-	-	1,328,073
-	-	271,921	4,416,147	-	-	-	75,514	218,571,948
330	8,690	-	-	-	-	-	-	497,324
-	-	-	-	(1,820,159)	-	-	-	(2,293,428)
<u>330</u>	<u>8,690</u>	<u>271,921</u>	<u>5,067,147</u>	<u>(1,820,159)</u>	<u>-</u>	<u>-</u>	<u>75,514</u>	<u>218,103,917</u>
<u>\$ 330</u>	<u>\$ 8,690</u>	<u>\$ 347,446</u>	<u>\$ 5,928,221</u>	<u>\$ 1,932,778</u>	<u>\$ 14,156,265</u>	<u>\$ 958,099</u>	<u>\$ 63,055,527</u>	<u>\$ 342,241,692</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2015

	Flood Control	Sports and Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program	DSRIP Programs
REVENUES						
Taxes	\$ 87,059,147	\$ -	\$ 39,209,773	\$ -	\$ -	\$ -
Charges for services	-	-	-	426,687	-	-
Lease revenue	432,224	-	1	-	-	-
Intergovernmental	36,072	-	-	-	593,041	4,795,463
Earnings on investments	1,477,940	1,848	1,791	16	5	4,170
Miscellaneous	758,014	16,943,687	6,184,034	-	171,579	-
Total revenues	<u>89,763,397</u>	<u>16,945,535</u>	<u>45,395,599</u>	<u>426,703</u>	<u>764,625</u>	<u>4,799,633</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	-	-	503,665	325,798	-
Parks	-	10,398,847	20,000	-	-	-
County administration	-	-	13,534,343	-	424,268	-
Health and human services	-	-	-	-	-	669,260
Flood control	55,448,443	-	-	-	-	-
Tax administration	518,346	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	3,071,682	70,833	-	-	6,725	-
Debt service:						
Bond issuance costs	532,641	-	-	-	-	-
Total expenditures	<u>59,571,112</u>	<u>10,469,680</u>	<u>13,554,343</u>	<u>503,665</u>	<u>756,791</u>	<u>669,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,192,285</u>	<u>6,475,855</u>	<u>31,841,256</u>	<u>(76,962)</u>	<u>7,834</u>	<u>4,130,373</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	937,132	-	-	-	17,908	-
Transfers out	(60,007,705)	-	(29,463,750)	-	(20,812)	-
Issuance of loan	-	1,002,937	-	-	-	-
Insurance recoveries	-	588,439	-	-	-	-
Sale of capital assets	166,707	-	-	-	-	-
Total other financial sources (uses)	<u>(58,903,866)</u>	<u>1,591,376</u>	<u>(29,463,750)</u>	<u>-</u>	<u>(2,904)</u>	<u>-</u>
Net changes in fund balances	(28,711,581)	8,067,231	2,377,506	(76,962)	4,930	4,130,373
Fund balances, beginning	124,859,482	16,902,223	7,270,497	123,310	(26,026)	-
Fund balances, ending	<u>\$ 96,147,901</u>	<u>\$ 24,969,454</u>	<u>\$ 9,648,003</u>	<u>\$ 46,348</u>	<u>\$ (21,096)</u>	<u>\$ 4,130,373</u>

(continued)

Deed Restriction Enforcement	Concession Fee	Care for Elders	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,650	-	-	-	286,491	-	-	-
-	666,464	-	-	-	-	-	-
-	-	-	47,928	-	-	10,000	400,600
33	12,330	3	342	270	-	273	1,276
-	-	77,500	-	-	-	397,730	-
<u>2,683</u>	<u>678,794</u>	<u>77,503</u>	<u>48,270</u>	<u>286,761</u>	<u>-</u>	<u>408,003</u>	<u>401,876</u>
-	-	-	-	46,600	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	24,259	-	-	125,407
-	-	82,989	-	183,764	-	393,832	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	232,113	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>232,113</u>	<u>82,989</u>	<u>-</u>	<u>254,623</u>	<u>-</u>	<u>393,832</u>	<u>125,407</u>
<u>2,683</u>	<u>446,681</u>	<u>(5,486)</u>	<u>48,270</u>	<u>32,138</u>	<u>-</u>	<u>14,171</u>	<u>276,469</u>
-	4,578,094	-	-	-	-	-	-
-	-	-	-	-	(379)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>4,578,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(379)</u>	<u>-</u>	<u>-</u>
<u>2,683</u>	<u>5,024,775</u>	<u>(5,486)</u>	<u>48,270</u>	<u>32,138</u>	<u>(379)</u>	<u>14,171</u>	<u>276,469</u>
17,658	500,638	36,225	148,841	82,198	379	176,866	502,106
<u>\$ 20,341</u>	<u>\$ 5,525,413</u>	<u>\$ 30,739</u>	<u>\$ 197,111</u>	<u>\$ 114,336</u>	<u>\$ -</u>	<u>\$ 191,037</u>	<u>\$ 778,575</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2015

	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management	Donation Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	394,025	1,796,599	143,151	199,859	9,080,264	-
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Earnings on investments	349	236	4,550	1,947	38,745	-
Miscellaneous	149,565	-	-	-	-	476,337
Total revenues	<u>543,939</u>	<u>1,796,835</u>	<u>147,701</u>	<u>201,806</u>	<u>9,119,009</u>	<u>476,337</u>
EXPENDITURES						
Current operating:						
Administration of justice	500,859	-	276,125	-	2,504,875	271,473
Parks	-	-	-	-	-	14,001
County administration	-	1,143,433	-	-	3,933,901	12,661
Health and human services	-	-	-	-	-	50,499
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	-	643,643	-	-	492,612	13,210
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>500,859</u>	<u>1,787,076</u>	<u>276,125</u>	<u>-</u>	<u>6,931,388</u>	<u>361,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,080</u>	<u>9,759</u>	<u>(128,424)</u>	<u>201,806</u>	<u>2,187,621</u>	<u>114,493</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(65,448)	-	-	-
Issuance of loan	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>(65,448)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	43,080	9,759	(193,872)	201,806	2,187,621	114,493
Fund balances, beginning	198,356	443,845	2,156,144	1,036,492	21,731,105	1,061,986
Fund balances, ending	<u>\$ 241,436</u>	<u>\$ 453,604</u>	<u>\$ 1,962,272</u>	<u>\$ 1,238,298</u>	<u>\$ 23,918,726</u>	<u>\$ 1,176,479</u>

(continued)

<u>Justice Court Technology</u>	<u>Child Abuse Prevention</u>	<u>Bail Bond Board</u>	<u>DA First Chance Intervention</u>	<u>Juvenile Case Manager Fee</u>	<u>Tax Assessor Chapter 19</u>	<u>Star Drug Courts</u>	<u>County & District Technology Fee</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
801,200	8,444	25,500	91,222	1,000,607	-	275,635	78,082
-	-	-	-	-	-	-	-
-	-	-	-	-	452,655	-	-
5,911	111	67	94	6,239	-	2,796	573
-	-	-	-	-	-	-	-
<u>807,111</u>	<u>8,555</u>	<u>25,567</u>	<u>91,316</u>	<u>1,006,846</u>	<u>452,655</u>	<u>278,431</u>	<u>78,655</u>
382,024	-	14,020	8,095	647,303	-	80,136	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,272
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	438,830	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>382,024</u>	<u>-</u>	<u>14,020</u>	<u>8,095</u>	<u>647,303</u>	<u>438,830</u>	<u>80,136</u>	<u>2,272</u>
425,087	8,555	11,547	83,221	359,543	13,825	198,295	76,383
-	-	35,858	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>35,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
425,087	8,555	47,405	83,221	359,543	13,825	198,295	76,383
3,223,940	61,112	-	-	3,536,717	(40,343)	1,615,435	281,526
<u>\$ 3,649,027</u>	<u>\$ 69,667</u>	<u>\$ 47,405</u>	<u>\$ 83,221</u>	<u>\$ 3,896,260</u>	<u>\$ (26,518)</u>	<u>\$ 1,813,730</u>	<u>\$ 357,909</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2015

	Stormwater Management	DA DWI Pre-trial Intervention Program	Gulf of Mexico Energy Security Act	Veterinary Public Health	Environmental Projects	Energy Conservation
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	58,630	-	388,946	-	-
Lease revenue	-	-	-	-	-	-
Intergovernmental	57,796	-	19,457	-	-	-
Earnings on investments	105	382	248	382	383	286
Miscellaneous	-	-	-	-	2,485	39,695
Total revenues	<u>57,901</u>	<u>59,012</u>	<u>19,705</u>	<u>389,328</u>	<u>2,868</u>	<u>39,981</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	164,092	-	-	-	-
Parks	-	-	-	-	-	-
County administration	103,714	-	-	-	1,071	-
Health and human services	-	-	-	261,795	18,340	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	-	-	-	-	15,370	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>103,714</u>	<u>164,092</u>	<u>-</u>	<u>261,795</u>	<u>34,781</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,813)</u>	<u>(105,080)</u>	<u>19,705</u>	<u>127,533</u>	<u>(31,913)</u>	<u>39,981</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	109,079
Transfers out	-	-	-	-	-	-
Issuance of loan	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,079</u>
Net changes in fund balances	(45,813)	(105,080)	19,705	127,533	(31,913)	149,060
Fund balances, beginning	110,799	343,283	125,994	-	722,949	-
Fund balances, ending	<u>\$ 64,986</u>	<u>\$ 238,203</u>	<u>\$ 145,699</u>	<u>\$ 127,533</u>	<u>\$ 691,036</u>	<u>\$ 149,060</u>

(continued)

Community Development Financial Sureties	Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE- Law Enforcement	Library Contribution Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
213,865	-	3,414,849	-	73,442	861,870	5,912,018	-	-
-	-	-	-	-	-	-	-	-
-	-	84,001	-	1,320,135	-	60,527	727,847	-
1,305	2,296	33,926	91	2,556	185	8,751	1,376	717
-	183,607	7,541,823	-	-	-	-	1,371	228,302
<u>215,170</u>	<u>185,903</u>	<u>11,074,599</u>	<u>91</u>	<u>1,396,133</u>	<u>862,055</u>	<u>5,981,296</u>	<u>730,594</u>	<u>229,019</u>
-	-	8,784,100	-	-	919,784	2,204,050	275,483	-
-	-	-	-	-	-	-	-	-
-	90,666	-	-	-	-	2,235,846	-	-
-	-	-	-	1,066,177	-	-	-	280,826
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
191,001	-	-	-	-	-	-	-	-
-	-	2,004,000	-	-	-	392,493	-	-
-	-	-	-	-	-	-	-	-
<u>191,001</u>	<u>90,666</u>	<u>10,788,100</u>	<u>-</u>	<u>1,066,177</u>	<u>919,784</u>	<u>4,832,389</u>	<u>275,483</u>	<u>280,826</u>
24,169	95,237	286,499	91	329,956	(57,729)	1,148,907	455,111	(51,807)
-	-	11,412	-	35,911	-	-	-	-
-	-	(129,798)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(118,386)</u>	<u>-</u>	<u>35,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
24,169	95,237	168,113	91	365,867	(57,729)	1,148,907	455,111	(51,807)
845,787	1,310,677	21,289,120	58,378	1,205,018	89,051	3,910,049	391,807	463,331
<u>\$ 869,956</u>	<u>\$ 1,405,914</u>	<u>\$ 21,457,233</u>	<u>\$ 58,469</u>	<u>\$ 1,570,885</u>	<u>\$ 31,322</u>	<u>\$ 5,058,956</u>	<u>\$ 846,918</u>	<u>\$ 411,524</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2015

	Juvenile Probation Fee	Food Permit Fee	Court Reporter Services	Juvenile Delinquency Prevention	Supplemental Guardianship	Courthouse Security
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	186,961	2,201,865	1,176,752	529	175,840	1,822,227
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Earnings on investments	14	914	1,326	3	595	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>186,975</u>	<u>2,202,779</u>	<u>1,178,078</u>	<u>532</u>	<u>176,435</u>	<u>1,822,227</u>
EXPENDITURES						
Current operating:						
Administration of justice	129,666	-	1,353,873	-	-	2,325,954
Parks	-	-	-	-	-	-
County administration	-	-	-	-	-	-
Health and human services	-	2,166,778	-	-	14,626	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Capital outlay	10,520	-	-	-	-	-
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>140,186</u>	<u>2,166,778</u>	<u>1,353,873</u>	<u>-</u>	<u>14,626</u>	<u>2,325,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,789</u>	<u>36,001</u>	<u>(175,795)</u>	<u>532</u>	<u>161,809</u>	<u>(503,727)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Issuance of loan	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	46,789	36,001	(175,795)	532	161,809	(503,727)
Fund balances, beginning	93,880	322,601	462,236	1,377	188,954	78,072
Fund balances, ending	<u>\$ 140,669</u>	<u>\$ 358,602</u>	<u>\$ 286,441</u>	<u>\$ 1,909</u>	<u>\$ 350,763</u>	<u>\$ (425,655)</u>

(continued)

FPM Property Maintenance	IFS Training	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Redevelopment Authority	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,268,920
-	-	1,182,632	10,859	-	-	-	414,736	32,706,437
-	-	-	-	-	-	-	-	1,098,689
-	-	-	37,006	-	27,388,868	881,237	133,557,394	170,470,027
-	9	429	7,672	39	13,882	-	3,114	1,642,901
330	8,681	166	1,397,983	152,962	105	10	6,678,189	41,394,155
330	8,690	1,183,227	1,453,520	153,001	27,402,855	881,247	140,653,433	373,581,129
-	-	1,004	-	-	30,424,034	-	40,709,151	92,852,164
-	-	-	-	-	-	-	10,555	10,443,403
-	-	-	25,701	1,812,913	-	-	11,970,886	35,441,341
-	-	1,267,554	1,896,048	118,024	-	-	75,806,593	84,277,105
-	-	-	-	-	-	490,180	-	55,938,623
-	-	-	-	-	-	-	44,572	1,001,748
-	-	-	-	-	-	-	-	191,001
-	-	-	-	-	-	1,232,116	22,179,403	30,364,720
-	-	-	-	-	-	-	-	532,641
-	-	1,268,558	1,921,749	1,930,937	30,424,034	1,722,296	150,721,160	311,042,746
330	8,690	(85,331)	(468,229)	(1,777,936)	(3,021,179)	(841,049)	(10,067,727)	62,538,383
-	-	-	-	-	3,021,179	995,912	11,027,983	20,770,468
-	-	-	(21,413)	-	-	(154,863)	(1,364,355)	(91,228,523)
-	-	-	-	450,000	-	-	-	1,452,937
-	-	-	-	-	-	-	-	588,439
-	-	-	-	-	-	-	-	166,707
-	-	-	(21,413)	450,000	3,021,179	841,049	9,663,628	(68,249,972)
330	8,690	(85,331)	(489,642)	(1,327,936)	-	-	(404,099)	(5,711,589)
-	-	357,252	5,556,789	(492,223)	-	-	479,613	223,815,506
\$ 330	\$ 8,690	\$ 271,921	\$ 5,067,147	\$ (1,820,159)	\$ -	\$ -	\$ 75,514	\$ 218,103,917

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 28, 2015

	Federal Grant Programs	State and Local Grant Programs	Total
ASSETS			
Cash and cash equivalents	\$ 844,961	\$ 159,134	\$ 1,004,095
Investments	2,072,747	294,718	2,367,465
Accounts receivable	20,396,934	2,957,474	23,354,408
Accrued interest receivable	917	131	1,048
Other receivables	30,994,946	2,923,484	33,918,430
Prepays and other assets	71,216	991	72,207
Inventories	1,992,984	174,155	2,167,139
Notes receivable	170,735	-	170,735
Total assets	<u>\$ 56,545,440</u>	<u>\$ 6,510,087</u>	<u>\$ 63,055,527</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ 8,887,274	\$ 935,206	\$ 9,822,480
Accrued payroll and compensated absences	1,445,199	540,662	1,985,861
Retainage payable	1,491,371	-	1,491,371
Due to other funds	41,883,418	2,249,329	44,132,747
Advances from other funds	338,500	25,000	363,500
Unearned revenue	2,424,164	2,759,890	5,184,054
Total liabilities	<u>56,469,926</u>	<u>6,510,087</u>	<u>62,980,013</u>
Fund Balances:			
Restricted	<u>75,514</u>	<u>-</u>	<u>75,514</u>
Total liabilities and fund balances	<u>\$ 56,545,440</u>	<u>\$ 6,510,087</u>	<u>\$ 63,055,527</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANTS
For The Year Ended February 28, 2015

	Federal Grant Programs	State and Local Grant Programs	Total
REVENUES			
Intergovernmental	\$ 115,991,190	\$ 17,566,204	\$ 133,557,394
Charges for services	6,433	408,303	414,736
Earnings on investments	3,088	26	3,114
Miscellaneous	4,697,165	1,981,024	6,678,189
Total revenues	<u>120,697,876</u>	<u>19,955,557</u>	<u>140,653,433</u>
EXPENDITURES			
Administration of justice	23,899,176	16,809,975	40,709,151
Parks	6,753	3,802	10,555
County administration	10,366,937	1,603,949	11,970,886
Health and human services	67,368,359	8,438,234	75,806,593
Tax administration	-	44,572	44,572
Capital outlay	22,123,034	56,369	22,179,403
	<u>123,764,259</u>	<u>26,956,901</u>	<u>150,721,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,066,383)</u>	<u>(7,001,344)</u>	<u>(10,067,727)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,758,313	7,269,670	11,027,983
Transfers out	(1,096,029)	(268,326)	(1,364,355)
Total transfers	<u>2,662,284</u>	<u>7,001,344</u>	<u>9,663,628</u>
Net changes in fund balances	(404,099)	-	(404,099)
Fund balances, beginning	<u>479,613</u>	<u>-</u>	<u>479,613</u>
Fund balances, ending	<u>\$ 75,514</u>	<u>\$ -</u>	<u>\$ 75,514</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 28, 2015

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Transportation	Department of Homeland Security	Department of Health and Human Services	Other Federal Programs	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 444,525	\$ 324,306	\$ 221	\$ 75,909	\$ -	\$ 844,961
Investments	-	-	1,222,255	850,492	-	-	-	2,072,747
Accounts receivable	1,547,441	2,811,432	217,246	383,089	10,854,336	4,493,121	90,269	20,396,934
Accrued interest receivable	-	-	541	376	-	-	-	917
Other receivables	452,860	23,486,322	3,035	-	2,837,050	3,284,537	931,142	30,994,946
Due from other funds	-	-	-	-	-	-	-	-
Inventories	18,633	1,755,377	-	-	-	218,974	-	1,992,984
Prepays and other assets	-	13,356	10,897	-	-	10,623	36,340	71,216
Notes receivable	-	170,735	-	-	-	-	-	170,735
Total assets	<u>\$ 2,018,934</u>	<u>\$ 28,237,222</u>	<u>\$ 1,898,499</u>	<u>\$ 1,558,263</u>	<u>\$ 13,691,607</u>	<u>\$ 8,083,164</u>	<u>\$ 1,057,751</u>	<u>\$ 56,545,440</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	\$ 84,999	\$ 2,840,327	\$ 159,072	\$ 317,597	\$ 1,253,756	\$ 3,411,971	\$ 819,552	\$ 8,887,274
Accrued payroll and compensated absences	402,005	386,752	72,833	184,423	56,201	334,248	8,737	1,445,199
Retainage payable	-	1,020,483	-	468,888	-	-	2,000	1,491,371
Due to other funds	1,531,930	23,477,912	3,035	-	12,381,650	4,261,431	227,460	41,883,418
Advances from other funds	-	338,500	-	-	-	-	-	338,500
Unearned revenue	-	173,248	1,663,559	587,355	-	-	2	2,424,164
Total liabilities	<u>2,018,934</u>	<u>28,237,222</u>	<u>1,898,499</u>	<u>1,558,263</u>	<u>13,691,607</u>	<u>8,007,650</u>	<u>1,057,751</u>	<u>56,469,926</u>
Fund balances	-	-	-	-	-	75,514	-	75,514
Total liabilities and fund balances	<u>\$ 2,018,934</u>	<u>\$ 28,237,222</u>	<u>\$ 1,898,499</u>	<u>\$ 1,558,263</u>	<u>\$ 13,691,607</u>	<u>\$ 8,083,164</u>	<u>\$ 1,057,751</u>	<u>\$ 56,545,440</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE-GRANTS-FEDERAL PROGRAMS
For the Year Ended February 28, 2015

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Transportation	Department of Homeland Security	Department of Health and Human	Other Federal	Total
REVENUES								
Intergovernmental	\$ 8,923,247	\$ 39,565,609	\$ 3,543,788	\$ 5,504,728	\$ 26,773,185	\$ 28,197,116	\$ 3,483,517	\$ 115,991,190
Charges for services	-	-	-	-	-	6,433	-	6,433
Earnings on investments	-	21	2,122	945	-	-	-	3,088
Miscellaneous	-	2,551,581	-	307,554	238,911	1,599,119	-	4,697,165
Total revenues	<u>8,923,247</u>	<u>42,117,211</u>	<u>3,545,910</u>	<u>5,813,227</u>	<u>27,012,096</u>	<u>29,802,668</u>	<u>3,483,517</u>	<u>120,697,876</u>
EXPENDITURES								
Administration of justice	-	-	3,732,527	3,171,773	15,769,320	391,416	834,140	23,899,176
Parks	-	-	-	-	-	-	6,753	6,753
County administration	-	-	-	2,650,330	4,972,397	500,941	2,243,269	10,366,937
Health and human services	8,863,241	27,037,720	-	1,790,803	118,799	29,546,576	11,220	67,368,359
Capital outlay	60,006	15,644,152	519,974	-	5,408,972	126,645	363,285	22,123,034
Total expenditures	<u>8,923,247</u>	<u>42,681,872</u>	<u>4,252,501</u>	<u>7,612,906</u>	<u>26,269,488</u>	<u>30,565,578</u>	<u>3,458,667</u>	<u>123,764,259</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(564,661)</u>	<u>(706,591)</u>	<u>(1,799,679)</u>	<u>742,608</u>	<u>(762,910)</u>	<u>24,850</u>	<u>(3,066,383)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	576,221	711,490	1,812,414	266,526	359,417	32,245	3,758,313
Transfers out	-	(11,560)	(4,899)	(12,735)	(1,009,134)	(606)	(57,095)	(1,096,029)
Total transfers	<u>-</u>	<u>564,661</u>	<u>706,591</u>	<u>1,799,679</u>	<u>(742,608)</u>	<u>358,811</u>	<u>(24,850)</u>	<u>2,662,284</u>
Net changes in fund balances	-	-	-	-	-	(404,099)	-	(404,099)
Fund balance, beginning	-	-	-	-	-	479,613	-	479,613
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,514</u>	<u>\$ -</u>	<u>\$ 75,514</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 28, 2015

	Texas Department of Health	Criminal Justice Division Texas Governor's Office	Texas Department of Transportation	Texas Commission on Environmental Quality	Texas Office of Court Administration	Other State Programs	Local Grants	Total
ASSETS								
Cash and cash equivalents	\$ 8,312	\$ 3,035	\$ -	\$ 20,914	\$ -	\$ 52,600	\$ 74,273	\$ 159,134
Investments	-	-	-	38,149	-	60,589	195,980	294,718
Accounts receivable	1,608,880	126,754	187,369	-	63,213	54,926	916,332	2,957,474
Accrued interest receivable	-	-	-	17	-	27	87	131
Other receivables	-	152,964	197,810	2,268,589	5,044	127,432	171,645	2,923,484
Prepays and other assets	-	-	325	-	-	-	666	991
Inventories	174,155	-	-	-	-	-	-	174,155
Total assets	<u>\$ 1,791,347</u>	<u>\$ 282,753</u>	<u>\$ 385,504</u>	<u>\$ 2,327,669</u>	<u>\$ 68,257</u>	<u>\$ 295,574</u>	<u>\$ 1,358,983</u>	<u>\$ 6,510,087</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	\$ 641,488	\$ 116,597	\$ 20,787	\$ -	\$ 14,456	\$ 109,108	\$ 32,770	\$ 935,206
Accrued payroll and compensated absences	163,752	-	268,762	20,844	-	8,613	78,691	540,662
Due to other funds	863,572	166,156	95,955	-	53,801	80,426	989,419	2,249,329
Advances from other funds	-	-	-	-	-	25,000	-	25,000
Unearned revenue	122,535	-	-	2,306,825	-	72,427	258,103	2,759,890
Total liabilities	<u>1,791,347</u>	<u>282,753</u>	<u>385,504</u>	<u>2,327,669</u>	<u>68,257</u>	<u>295,574</u>	<u>1,358,983</u>	<u>6,510,087</u>
Fund balances	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 1,791,347</u>	<u>\$ 282,753</u>	<u>\$ 385,504</u>	<u>\$ 2,327,669</u>	<u>\$ 68,257</u>	<u>\$ 295,574</u>	<u>\$ 1,358,983</u>	<u>\$ 6,510,087</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - STATE AND LOCAL PROGRAMS
For The Year Ended February 28, 2015

	Texas Department of Health	Criminal Justice Division Texas Governor's Office	Texas Department of Transportation	Texas Commission on Environmental Quality	Texas Office of Court Administration	Other State Programs	Local Grants	Total
REVENUES								
Intergovernmental	\$ 5,933,893	\$ 841,455	\$ 1,298,498	\$ 2,289,531	\$ 1,047,383	\$ 1,254,807	\$ 4,900,637	\$ 17,566,204
Charges for services	408,303	-	-	-	-	-	-	408,303
Earnings on investments	-	-	-	-	-	-	26	26
Miscellaneous	-	-	15,993	-	-	-	1,965,031	1,981,024
Total revenues	<u>6,342,196</u>	<u>841,455</u>	<u>1,314,491</u>	<u>2,289,531</u>	<u>1,047,383</u>	<u>1,254,807</u>	<u>6,865,694</u>	<u>19,955,557</u>
EXPENDITURES								
Administration of justice	2,306,049	838,109	3,199,252	644,606	4,630,957	213,600	4,977,402	16,809,975
Parks	-	-	-	-	-	3,802	-	3,802
County administration	-	-	-	1,541,205	-	-	62,744	1,603,949
Health and human services	5,588,567	-	-	-	-	1,037,405	1,812,262	8,438,234
Tax administration	-	-	44,572	-	-	-	-	44,572
Capital outlay	-	5,690	-	50,679	-	-	-	56,369
Total expenditures	<u>7,894,616</u>	<u>843,799</u>	<u>3,243,824</u>	<u>2,236,490</u>	<u>4,630,957</u>	<u>1,254,807</u>	<u>6,852,408</u>	<u>26,956,901</u>
Excess of revenues over (under) expenditures	<u>(1,552,420)</u>	<u>(2,344)</u>	<u>(1,929,333)</u>	<u>53,041</u>	<u>(3,583,574)</u>	<u>-</u>	<u>13,286</u>	<u>(7,001,344)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,716,835	12,928	1,929,333	27,000	3,583,574	-	-	7,269,670
Transfers out	(164,415)	(10,584)	-	(80,041)	-	-	(13,286)	(268,326)
Total transfers	<u>1,552,420</u>	<u>2,344</u>	<u>1,929,333</u>	<u>(53,041)</u>	<u>3,583,574</u>	<u>-</u>	<u>(13,286)</u>	<u>7,001,344</u>
Net changes in fund balances	-	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 220,764,130	\$ 220,853,904	\$ 213,040,029	\$ (7,813,875)
Revenues and Transfers In:				
Taxes	120,505,475	120,505,475	126,585,885	6,080,410
Charges for Services	26,287,033	26,742,145	28,830,893	2,088,748
Forfeitures	-	1,916,364	3,424,075	1,507,711
Lease revenue	952,311	952,311	1,112,809	160,498
Intergovernmental	6,244,607	13,359,881	8,427,751	(4,932,130)
Interest	1,196,553	1,246,889	923,370	(323,519)
Miscellaneous	3,345,912	15,238,363	18,807,447	3,569,084
Other - Transfers In	717	6,989,818	7,999,542	1,009,724
Total Revenues and Transfers In	<u>158,532,608</u>	<u>186,951,246</u>	<u>196,111,772</u>	<u>9,160,526</u>
Total Available Resources	<u>\$ 379,296,738</u>	<u>\$ 407,805,150</u>	<u>\$ 409,151,801</u>	<u>\$ 1,346,651</u>

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended February 28, 2015

	Adopted Budget	Budget	Actual	(Over) Under
Flood Control				
Commercial Paper Series F - Flood Control	\$ 98,598	\$ 98,598	\$ -	\$ 98,598
Improvement Ref Bond 2014 - COI	-	128,459	128,459	-
Contract Tax Bond 2014A - COI	-	200,163	200,163	-
Contract Tax Bond 2014B - COI	-	211,724	211,724	-
Flood Control General Fund	217,520,463	217,520,463	120,004,099	97,516,364
Total Flood Control	217,619,061	218,159,407	120,544,445	97,614,962
Hotel Occupancy Tax	44,744,210	50,908,022	44,867,328	6,040,694
District Court Records Archive	807,163	807,163	490,207	316,956
Port Security Program	3,693,247	6,234,985	786,436	5,448,549
DSRIP Programs	-	4,795,462	553,778	4,241,684
Deed Restriction Enforcement	22,735	22,735	-	22,735
Concession Fee	1,323,308	5,901,402	232,113	5,669,289
Care For Elders	16,019	129,740	82,989	46,751
Child Support Enforcement	217,370	217,370	-	217,370
Family Protection	395,896	395,896	261,066	134,830
CPS - Special Revenue Contracts	379	937	379	558
Utility Bill Assistance Program	217,961	593,517	386,072	207,445
Probate Court Support	879,456	879,456	126,718	752,738
Appellate Judicial System	807,786	807,786	504,636	303,150
County Attorney Administration	1,751,260	1,751,260	1,737,949	13,311
District Attorney Administration	1,995,780	1,995,781	346,722	1,649,059
Justice Court Courthouse Security	1,202,067	1,202,067	-	1,202,067
Records Management	32,114,567	32,114,567	6,797,126	25,317,441
Donation Fund	1,054,568	1,462,525	367,839	1,094,686
Juror Donation Programs	36,771	36,771	-	36,771
Total Donation Fund	1,091,339	1,499,296	367,839	1,131,457
Justice Court Technology	3,804,041	3,804,041	357,521	3,446,520
Child Abuse Prevention	72,899	72,899	-	72,899
Bail Bond Board	16,000	51,858	12,294	39,564
Juvenile Case Manager Fee	4,499,947	4,499,947	654,895	3,845,052
Tax Office - Chapter 19	750,230	750,230	452,032	298,198
Star Drug Court	1,849,996	1,849,996	80,760	1,769,236
County & District Technology Fee	358,939	358,939	2,272	356,667
Stormwater Management Fund	151,539	151,539	103,729	47,810
DA DWI Pre-Trial Prevention Program	429,706	429,706	163,466	266,240
Gulf of Mexico Energy Security Act	126,476	126,476	-	126,476
Veterinary Public Health	-	455,227	255,269	199,958
Environmental Projects				
Household Hazardous Waste	77,097	77,097	-	77,097
Supplemental Environment	50,422	50,422	50,000	422
Energy Conservation	-	109,079	-	109,079
San Jacinto Wetlands Project	46,050	46,050	-	46,050
TCEQ - Pollution Control	151,225	201,310	19,381	181,929
EPH TCEQ SEP Fund	423,294	430,694	8	430,686
Total Environmental Projects	748,088	914,652	69,389	845,263
Community Development Financial Sureties	980,657	980,657	199,172	781,485
Election Services	1,815,322	1,815,322	88,085	1,727,237
Law Enforcement Forfeited Fund				
District Attorney Forfeited Assets - Treasury	170	170	-	170
District Attorney Forfeited Assets - Justice	284,169	284,169	3,677	280,492
Constable Forfeited Assets - Treasury	832	832	-	832
Constable Forfeited Assets - Justice	11,525	15,542	3,953	11,589
Constable Pct 2 Federal Forfeited Assets - Justice	56	56	-	56
Constable Pct 2 State Forfeited Assets	21,441	11,406	-	11,406
Constable Pct 2 Federal Forfeited Assets - Treasury	11	11	-	11
District Attorney Special Investigation	4,619,600	4,619,600	234,983	4,384,617
Constable Pct 3 State Forfeited Assets	46,502	65,408	-	65,408
Constable Pct 4 Federal Forfeited Assets - Justice	88,128	88,128	25,000	63,128

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended February 28, 2015

	Adopted Budget	Budget	Actual	(Over) Under
Constable Pct 4 State Forfeited Assets	282,039	329,609	196,251	133,358
Constable Pct 4 Federal Forfeited Assets - Treasury	4,700	4,700	-	4,700
Constable Pct 5 Federal Forfeited Assets - Justice	676	676	-	676
Constable Pct 5 State Forfeited Assets	54,538	128,240	125,979	2,261
Constable Pct 5 Federal Forfeited Assets - Treasury	1,324	1,324	-	1,324
CA Forfeited Assets State SPU	96,968	1,908,580	442,601	1,465,979
Constable Pct 6 State Forfeited Assets	23,817	23,443	-	23,443
Constable Pct 7 State Forfeited Assets	-	3,236	-	3,236
Constable Pct 8 State Forfeited Assets	21,641	26,342	10,284	16,058
Sheriff Forfeited Assets - Treasury	1,807,479	2,226,574	338,335	1,888,239
Sheriff Forfeited Assets - Justice	2,737,473	3,124,979	2,308,217	816,762
Sheriff Forfeited Assets - State	2,452,924	3,307,727	1,805,677	1,502,050
District Attorney Forfeited Assets - State	7,192,734	9,293,723	7,088,175	2,205,548
Constable Forfeited Assets - State	90,531	65,400	41,727	23,673
Forfeited Assets - Commissioner's Court	3,061,617	3,061,617	-	3,061,617
Fire Marshall Forfeited Assets	32,885	32,885	23,711	9,174
CA Forfeited Assets - Treasury	25,280	25,280	618	24,662
Sheriff Chapter 18 State Forfeited Assets	781,753	1,137,904	753,992	383,912
Constable Chapter 18 State Forfeited Assets	52,543	111,812	23,195	88,617
Total Law Enforcement Forfeited Fund	23,793,356	29,899,373	13,426,375	16,472,998
Criminal Courts Audio/Visual	58,600	58,600	-	58,600
Medicaid Admin Claim Reimbursement	2,383,061	2,383,276	1,013,100	1,370,176
Dispute Resolution	1,204,927	1,204,927	914,161	290,766
Fire Code Fee	7,861,718	7,864,612	4,854,964	3,009,648
LEOSE - Law Enforcement	696,243	759,141	230,126	529,015
Library Contribution Fund	895,901	895,901	271,286	624,615
Juvenile Probation Fee	187,112	187,112	118,293	68,819
Food Permit Fees	2,305,021	2,305,021	2,134,888	170,133
Court Reporter Services	2,523,471	2,523,471	1,354,588	1,168,883
Juvenile Delinquency Prevention	1,963	1,963	-	1,963
Supplemental Guardianship	355,729	355,729	14,617	341,112
Courthouse Security	2,220,617	2,220,617	2,034,135	186,482
Law Library	1,778,464	1,778,464	1,258,182	520,282
TIRZ Affordable Housing/Other Restricted Funds				
TIRZ Affordable Housing - Non Interest Bearing	2	2	-	2
TIRZ Affordable Housing - Interest Bearing	3,688,129	3,688,129	1,378,042	2,310,087
CSD Non-Grant Restricted	2,028,166	3,758,284	1,864,965	1,893,319
CSD Transit Restricted	310,255	357,340	118,992	238,348
Total TIRZ Affordable Housing/Other Restricted	6,026,552	7,803,755	3,361,999	4,441,756
Hurricane Ike	69,280	408,044	408,044	-
Hester House				
Hester House Operating	84,769	84,769	-	84,769
Hester House Construction	2,346,510	2,346,510	1,203,816	1,142,694
Total Hester House	2,431,279	2,431,279	1,203,816	1,227,463
Total Special Revenue Fund	\$ 379,296,738	\$ 407,759,623	\$ 213,123,261	\$ 194,636,362

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HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 28, 2015

	Roads	Flood Control	Total
ASSETS			
Restricted cash and cash equivalents	\$ 23,924,787	\$ 1,929,149	\$ 25,853,936
Restricted investments	58,220,276	2,170,189	60,390,465
Taxes Receivable, net	4,099,135	293,206	4,392,341
Other receivables	30,375	1,494	31,869
Due from other funds	17,767	1,699	19,466
Total assets	<u>\$ 86,292,340</u>	<u>\$ 4,395,737</u>	<u>\$ 90,688,077</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,587,487	\$ 152,561	\$ 1,740,048
Total deferred inflows of resources	<u>1,587,487</u>	<u>152,561</u>	<u>1,740,048</u>
FUND BALANCES			
Restricted	84,704,853	4,243,176	88,948,029
Total fund balances	<u>84,704,853</u>	<u>4,243,176</u>	<u>88,948,029</u>
Total deferred inflows of resources, and fund balances	<u>\$ 86,292,340</u>	<u>\$ 4,395,737</u>	<u>\$ 90,688,077</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 28, 2015

	Roads	Flood Control	Total
REVENUES			
Taxes - Property	\$ 81,393,573	\$ 4,010,988	\$ 85,404,561
Earnings on investments	68,538	6,467	75,005
Miscellaneous	145,028	11,488	156,516
Total revenues	<u>81,607,139</u>	<u>4,028,943</u>	<u>85,636,082</u>
EXPENDITURES			
Debt Service:			
Principal retirement	18,633,385	13,025,000	31,658,385
Bond issuance costs	730,760	624,664	1,355,424
Interest and fiscal charges	43,688,778	30,661,617	74,350,395
Total expenditures	<u>63,052,923</u>	<u>44,311,281</u>	<u>107,364,204</u>
Excess (deficiency) of revenue over (under) expenditures	<u>18,554,216</u>	<u>(40,282,338)</u>	<u>(21,728,122)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	454,802	36,920,998	37,375,800
Transfers out	(230,602,591)	(540,336)	(231,142,927)
Refunding bonds issued	195,905,000	170,355,000	366,260,000
Premium on bonds issued	35,428,352	19,474,872	54,903,224
Payments to escrow agent	-	(188,657,930)	(188,657,930)
Total other financing sources (uses)	<u>1,185,563</u>	<u>37,552,604</u>	<u>38,738,167</u>
Net changes in fund balances	19,739,779	(2,729,734)	17,010,045
Fund balances, beginning	64,965,074	6,972,910	71,937,984
Fund balances, ending	<u>\$ 84,704,853</u>	<u>\$ 4,243,176</u>	<u>\$ 88,948,029</u>

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 72,117,408	\$ 72,117,408	\$ 71,682,321	\$ (435,087)
Revenues and Transfers In:				
Taxes	64,458,819	64,458,819	84,592,749	20,133,930
Interest	74,867	74,867	144,274	69,407
Miscellaneous	328,683	328,683	81,313	(247,370)
Other Transfers In	36,983,069	650,971,109	649,270,449	(1,700,660)
Total Revenues and Transfers In	<u>101,845,438</u>	<u>715,833,478</u>	<u>734,088,785</u>	<u>18,255,307</u>
Total Available Resources	<u>\$ 173,962,846</u>	<u>\$ 787,950,886</u>	<u>\$ 805,771,106</u>	<u>\$ 17,820,220</u>

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2015

	<u>Adopted</u> <u>Budget</u>	<u>Adjusted</u> <u>Budget</u>	<u>Actual</u>	<u>(Over)</u> <u>Under</u>
Roads				
Road Series 1996	\$ 35,419,755	\$ 35,419,755	\$ 17,550,000	\$ 17,869,755
Road Refunding Series 2004A-D	6,642,606	6,642,606	6,521,669	120,937
Unlimited Tax Road Refunding Series 2005A	1,459,876	1,459,876	378,750	1,081,126
Roads Refunding 2006B	22,259,532	22,259,532	10,888,250	11,371,282
Unlimited Tax Road Refunding Series 2008A	3,603,626	3,603,626	1,777,650	1,825,976
Road Refunding Series 2009A	9,025,707	9,025,707	4,212,537	4,813,170
Road Refunding Series 2010A	8,413,474	8,413,474	4,143,100	4,270,374
Road Refunding Series 2011A	25,648,115	25,648,115	12,636,275	13,011,840
Road Refunding Series 2012A	6,659,917	6,659,917	3,321,250	3,338,667
Road Refunding Series 2012B	3,973,579	3,973,579	1,901,850	2,071,729
Road Refunding Series 2014A	-	231,333,352	231,333,352	-
Total Roads	<u>123,106,187</u>	<u>354,439,539</u>	<u>294,664,683</u>	<u>59,774,856</u>
Flood Control				
Flood Control Contract Refunding 2006A	4,709,358	72,649,654	71,126,171	1,523,483
Flood Control Refunding Series 1993A	2,274,962	2,274,962	1,145,364	1,129,598
Flood Control Refunding Series 2003	2,497,768	3,645,611	2,437,082	1,208,529
Flood Control Contract Refunding 2004A-D	6,875,586	6,875,586	6,815,584	60,002
Flood Control Improvement Bonds 2007	9,061,625	51,736,919	47,051,922	4,684,997
Flood Control Contract Refunding 2010A	9,094,446	12,753,155	12,670,959	82,196
Flood Control Improvement Refunding Bond 2014	-	45,091,619	45,088,803	2,816
Flood Control Contract Tax Bond 2014A	-	74,881,287	74,878,999	2,288
Flood Control Contract Tax Bond 2014B	-	74,023,852	74,022,014	1,838
Flood Control Contract Refunding 2008A	6,993,889	32,641,062	32,066,423	574,639
Flood Control Contract Refunding 2008C	9,349,025	56,937,640	55,928,484	1,009,156
Total Flood Control	<u>50,856,659</u>	<u>433,511,347</u>	<u>423,231,805</u>	<u>10,279,542</u>
Total Debt Service Funds	<u>\$ 173,962,846</u>	<u>\$ 787,950,886</u>	<u>\$ 717,896,488</u>	<u>\$ 70,054,398</u>

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Capital Projects Funds are used to account for bond sale proceeds and other revenues which are used for the construction and acquisition of major capital projects of the County and Flood Control District.

ROADS – This fund is used for construction and improvement of roads in the County.

PERMANENT IMPROVEMENTS - Permanent Improvement bonds are used for purchase, construction or improvement of office and courts buildings, juvenile facilities, parks and other public facilities.

RELIANT PARK - This fund is used to account for construction and/or improvement of facilities in the NRG Stadium, NRG Exposition Center, NRG Park Central Plant, and Astrodome Complex.

FLOOD CONTROL DISTRICT – This fund is used to account for construction of flood control and drainage improvements.

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
February 28, 2015

	<u>Roads</u>	<u>Permanent Improvements</u>	<u>Reliant Park</u>	<u>Flood Control</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 81,130,187	\$ 7,703,659	\$ -	\$ 52,596,446	\$ 141,430,292
Investments	53,086,110	5,936,240	-	147,867,233	206,889,583
Accounts receivable, net	96,200	14,020	-	2,236,165	2,346,385
Accrued interest receivable	70,647	2,626	-	209,946	283,219
Other receivables, net	331	250	-	125	706
Prepays and other assets	10,526	353,864	-	126,426	490,816
Advances to other funds	-	-	12,000,000	-	12,000,000
Total assets	<u>\$ 134,394,001</u>	<u>\$ 14,010,659</u>	<u>\$ 12,000,000</u>	<u>\$ 203,036,341</u>	<u>\$ 363,441,001</u>
LIABILITIES					
Vouchers payable	\$ 1,399,345	\$ 7,101,479	\$ -	\$ 3,622,868	\$ 12,123,692
Accrued payroll and compensated absences	-	91,758	-	-	91,758
Retainage payable	720,519	1,333,396	-	2,672,481	4,726,396
Due to other funds	23,052	3,158	-	62,471	88,681
Unearned revenue	-	-	-	74,767	74,767
Total liabilities	<u>2,142,916</u>	<u>8,529,791</u>	<u>-</u>	<u>6,432,587</u>	<u>17,105,294</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-other	96,200	-	-	2,236,165	2,332,365
Total deferred inflows of resources	<u>96,200</u>	<u>-</u>	<u>-</u>	<u>2,236,165</u>	<u>2,332,365</u>
FUND BALANCES					
Nonspendable	10,526	353,864	12,000,000	126,426	12,490,816
Restricted	110,011,593	-	-	194,241,163	304,252,756
Committed	22,132,766	5,127,004	-	-	27,259,770
Total fund balances	<u>132,154,885</u>	<u>5,480,868</u>	<u>12,000,000</u>	<u>194,367,589</u>	<u>344,003,342</u>
Total liabilities, deferred inflows of resources, and, fund balances	<u>\$ 134,394,001</u>	<u>\$ 14,010,659</u>	<u>\$ 12,000,000</u>	<u>\$ 203,036,341</u>	<u>\$ 363,441,001</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 28, 2015

	Roads	Permanent Improvements	Reliant Park	Flood Control	Total
REVENUES					
Charges for Services	\$ 85,621	\$ -	\$ -	\$ -	\$ 85,621
Intergovernmental	21,461,305	2,127,104	-	17,732,333	41,320,742
Earnings on investments	515,138	10,302	-	2,006,428	2,531,868
Miscellaneous	547,134	105,833	-	582,118	1,235,085
Total revenues	<u>22,609,198</u>	<u>2,243,239</u>	<u>-</u>	<u>20,320,879</u>	<u>45,173,316</u>
EXPENDITURES					
Administration of justice	-	49,403	-	-	49,403
Parks	-	32,162	-	-	32,162
County administration	263,125	15,121,844	-	-	15,384,969
Flood control	-	-	-	4,332,781	4,332,781
Roads and bridges	5,611,295	105	-	-	5,611,400
Capital outlay	25,805,881	45,390,483	-	28,280,293	99,476,657
Debt service:					
Bond issuance costs	3,000	9,000	-	-	12,000
Interest and fiscal charges	14,835	-	-	-	14,835
Total expenditures	<u>31,698,136</u>	<u>60,602,997</u>	<u>-</u>	<u>32,613,074</u>	<u>124,914,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,088,938)</u>	<u>(58,359,758)</u>	<u>-</u>	<u>(12,292,195)</u>	<u>(79,740,891)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	60,050,000	60,050,000
Transfers out	(424,785)	(4,497,706)	-	(1,023,133)	(5,945,624)
Commercial paper issued	29,297,000	59,610,000	-	-	88,907,000
Sale of capital assets	18,434	-	-	167,509	185,943
Total other financing sources (uses)	<u>28,890,649</u>	<u>55,112,294</u>	<u>-</u>	<u>59,194,376</u>	<u>143,197,319</u>
Net change in fund balances	19,801,711	(3,247,464)	-	46,902,181	63,456,428
Fund balances, beginning	112,353,174	8,728,332	12,000,000	147,465,408	280,546,914
Fund balances, ending	<u>\$ 132,154,885</u>	<u>\$ 5,480,868</u>	<u>\$ 12,000,000</u>	<u>\$ 194,367,589</u>	<u>\$ 344,003,342</u>

**HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS**

**SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS**

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 360,078,879	\$ 359,758,346	\$ 297,883,839	\$ (61,874,507)
Revenues and Transfers In:				
Charges for Services	-	85,621	85,621	-
Interest	-	1,349,728	1,349,729	1
Miscellaneous	-	1,305,215	1,495,089	189,874
Intergovernmental	-	49,386,779	43,162,601	(6,224,178)
Other Proceeds Comm Paper	347,232,000	396,334,000	88,907,000	(307,427,000)
Other Transfers In	-	247,467	60,297,467	60,050,000
Total Revenues and Transfers In	<u>347,232,000</u>	<u>448,708,810</u>	<u>195,297,507</u>	<u>(253,411,303)</u>
Total Available Resources	<u>\$ 707,310,879</u>	<u>\$ 808,467,156</u>	<u>\$ 493,181,346</u>	<u>\$ (315,285,810)</u>

HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS
SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL - BUDGETARY BASIS
HARRIS COUNTY, TEXAS

For The Year Ended February 28, 2015

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Roads				
METRO Street Improvement	\$ 5,896,932	\$ 5,916,481	\$ -	\$ 5,916,481
Road Capital Projects	32,053,351	33,919,962	5,153,065	28,766,897
METRO Designated Projects	36,411,701	55,675,594	16,869,466	38,806,128
Road Refunding 2004B	8,199,103	8,307,236	933,650	7,373,586
Road Refunding 2006B	44,404,895	44,801,552	2,723,988	42,077,564
Road Series 1993 Construction	42,305	42,309	5,852	36,457
Road 1996 Construction	382,239	382,276	121,650	260,626
Commercial Paper Series C	63,316,414	89,119,341	7,521,375	81,597,966
Total Roads	<u>190,706,940</u>	<u>238,164,751</u>	<u>33,329,046</u>	<u>204,835,705</u>
Permanent Improvements				
Buildings/Parks/Library Projects	8,098,422	20,206,444	12,081,439	8,125,005
1982 Park Bonds Construction	252,986	253,102	57,353	195,749
CO Series 2001 Construction	693,034	693,100	30,171	662,929
Permanent Improvements 1994 Construction	257,581	257,599	178,761	78,838
CO Series 1994 Construction	1,149,072	1,149,174	424,093	725,081
Commercial Paper Series B	30,810,822	27,678,138	6,518,174	21,159,964
Commercial Paper Series A-1	74,476,869	72,210,923	17,481,340	54,729,583
Commercial Paper Series New D	124,880,232	155,175,267	41,107,102	114,068,165
Total Permanent Improvements	<u>240,619,018</u>	<u>277,623,747</u>	<u>77,878,433</u>	<u>199,745,314</u>
Flood Control				
Regional Flood Control Projects	10,736,760	10,845,057	1,596,443	9,248,614
Flood Control Capital Projects	164,228,786	181,954,791	19,223,307	162,731,484
FC Bonds 2004A-Construction	7,729,097	7,737,033	868,886	6,868,147
FC Improvement Bonds 2007	17,891,910	17,908,166	4,853,357	13,054,809
Commercial Paper - Flood Control	75,398,367	73,817,908	5,920,556	67,897,352
Total Flood Control	<u>275,984,920</u>	<u>292,262,955</u>	<u>32,462,549</u>	<u>259,800,406</u>
Total Capital Projects Funds	<u>\$ 707,310,878</u>	<u>\$ 808,051,453</u>	<u>\$ 143,670,028</u>	<u>\$ 664,381,425</u>



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Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

SUBSCRIBER ACCESS - This fund is used to account for the use of computer access to certain District Clerk records. The information is available only to qualified users, and all costs associated with the program are passed on to the users through user charges.

PARKING FACILITIES - This fund is used to account for the acquisition, operation and maintenance of the County's parking facilities. These facilities are financed primarily through user charges.

SHERIFF'S COMMISSARY - This fund is used to account for the operation of a commissary for jail inmates. The Commissary is funded primarily through profits on sales of commissary items to inmates.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
February 28, 2015

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 1,877,163	\$ 7,382,932	\$ 9,260,095
Investments	-	4,734,182	2,533,995	7,268,177
Accounts receivable, net	-	830,723	36,408	867,131
Accrued interest receivable	-	2,094	16	2,110
Other receivables	-	-	755,870	755,870
Inventories	-	-	210,610	210,610
Total current assets	-	7,444,162	10,919,831	18,363,993
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Land improvements	-	2,400,604	-	2,400,604
Buildings	-	21,154,443	-	21,154,443
Equipment	-	-	4,353,819	4,353,819
Accumulated depreciation	-	(9,438,244)	(3,653,263)	(13,091,507)
Total noncurrent assets	-	18,080,401	700,556	18,780,957
Total assets	-	25,524,563	11,620,387	37,144,950
LIABILITIES				
Current liabilities:				
Vouchers payable	-	192,067	643,459	835,526
Accrued payroll and compensated absences	-	-	29,037	29,037
Unearned Revenue	-	-	46,879	46,879
Total current liabilities	-	192,067	719,375	911,442
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	-	5,611	5,611
Total noncurrent liabilities	-	-	5,611	5,611
Total Liabilities	-	192,067	724,986	917,053
NET POSITION				
Net investment in capital assets	-	18,080,401	700,556	18,780,957
Unrestricted	-	7,252,095	10,194,845	17,446,940
Total net position	\$ -	\$ 25,332,496	\$ 10,895,401	\$ 36,227,897

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - NON MAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2015

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ 8,921,543	\$ 8,921,543
User fees	-	5,289,185	-	5,289,185
Miscellaneous	-	-	77,985	77,985
Total operating revenues	<u>-</u>	<u>5,289,185</u>	<u>8,999,528</u>	<u>14,288,713</u>
OPERATING EXPENSES				
Salaries	-	-	332,108	332,108
Materials and supplies	-	-	1,047,096	1,047,096
Services and fees	153,828	1,053,553	2,650,505	3,857,886
Utilities	-	233,186	5,859	239,045
Cost of goods sold	-	-	3,171,236	3,171,236
Depreciation	-	590,512	269,623	860,135
Total operating expenses	<u>153,828</u>	<u>1,877,251</u>	<u>7,476,427</u>	<u>9,507,506</u>
Operating Income (Loss)	<u>(153,828)</u>	<u>3,411,934</u>	<u>1,523,101</u>	<u>4,781,207</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	80	11,707	10,215	22,002
Total nonoperating revenue (expenses)	<u>80</u>	<u>11,707</u>	<u>10,215</u>	<u>22,002</u>
Income (loss)	<u>(153,748)</u>	<u>3,423,641</u>	<u>1,533,316</u>	<u>4,803,209</u>
Change in net position	(153,748)	3,423,641	1,533,316	4,803,209
Net position, beginning	153,748	21,908,855	9,362,085	31,424,688
Net position, ending	<u>\$ -</u>	<u>\$ 25,332,496</u>	<u>\$ 10,895,401</u>	<u>\$ 36,227,897</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2015

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,150	\$ 4,881,808	\$ 8,931,914	\$ 13,815,872
Payments to employees	-	-	(333,607)	(333,607)
Payments to vendors	(154,399)	(1,362,885)	(6,588,375)	(8,105,659)
Net cash provided by (used for) operating activities	<u>(152,249)</u>	<u>3,518,923</u>	<u>2,009,932</u>	<u>5,376,606</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(170,759)	(170,759)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(170,759)</u>	<u>(170,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(2,494,583)	(2,494,583)
Proceeds from sales and maturities of investments	-	-	1,995,950	1,995,950
Interest paid	-	(3,226,378)	(3,153)	(3,229,531)
Interest received	75,285	-	-	75,285
Net cash provided by (used for) investing activities	<u>75,285</u>	<u>(3,226,378)</u>	<u>(501,786)</u>	<u>(3,652,879)</u>
Net change in cash and cash equivalents	(76,964)	292,545	1,337,387	1,552,968
Cash and cash equivalents, beginning	76,964	1,584,618	6,045,545	7,707,127
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 1,877,163</u>	<u>\$ 7,382,932</u>	<u>\$ 9,260,095</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating income (loss)	\$ (153,828)	\$ 3,411,934	\$ 1,523,101	\$ 4,781,207
Adjustment to reconcile operating gain (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	590,512	269,623	860,135
Change in current assets and liabilities:				
Receivables, net	2,178	(407,377)	(93,218)	(498,417)
Inventories	-	-	104,833	104,833
Vouchers payable and accrued liabilities	(571)	(76,146)	181,488	104,771
Other liabilities	(28)	-	25,604	25,576
Compensatory time payable	-	-	(1,499)	(1,499)
Net cash provided by (used for) operating activities	<u>\$ (152,249)</u>	<u>\$ 3,518,923</u>	<u>\$ 2,009,932</u>	<u>\$ 5,376,606</u>
Non-Cash Investing Activities:				
Increase (decrease) in the fair value of investments	\$ (75,139)	\$ 3,237,304	\$ 13,376	\$ 3,175,541

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Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

VEHICLE MAINTENANCE - This fund is used to account for the operation and maintenance of the County's Vehicle Maintenance Department which is financed through user charges.

RADIO OPERATIONS - This fund is used to account for the operation of County radios which is financed through user charges.

INMATE INDUSTRIES - This fund is used to account for the operation of the printing services provided by inmates to County departments which is financed by user charges.

HEALTH INSURANCE MANAGEMENT - This fund is used to account for County employees' group health insurance activities.

RISK MANAGEMENT - This fund is used to account for the County's workers' compensation and other risk management activities. Workers' Compensation includes medical and indemnity payments as required by law for on-the-job related injuries. Other risk management activities include coordination of all insurance policies and management of self-insured risk.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
February 28, 2015

	<u>Vehicle Maintenance</u>	<u>Radio Operations</u>	<u>Inmate Industries</u>	<u>Health Insurance Management</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,046,270	\$ 499,309	\$ 1,166,729	\$ 19,868,920	\$ 3,637,707	\$ 28,218,935
Investments	8,417,403	1,390,558	2,951,664	50,228,398	47,060,641	110,048,664
Receivables:						
Accounts	7,096	299,750	-	3,473,009	-	3,779,855
Accrued interest	3,723	615	1,306	22,216	147,942	175,802
Other	386	-	831	257,528	1,406,366	1,665,111
Due from other funds	215,118	3,227	-	-	-	218,345
Prepays and other assets	7,444	3,590	-	6,701	1,417,644	1,435,379
Inventories	855,280	268,170	-	-	-	1,123,450
Total current assets	<u>12,552,720</u>	<u>2,465,219</u>	<u>4,120,530</u>	<u>73,856,772</u>	<u>53,670,300</u>	<u>146,665,541</u>
Noncurrent assets:						
Land	259,000	-	-	-	-	259,000
Buildings	1,475,970	-	-	-	-	1,475,970
Equipment	55,933,224	1,425,546	477,411	-	-	57,836,181
Accumulated depreciation	(44,660,383)	(1,400,413)	(426,801)	-	-	(46,487,597)
Total noncurrent assets	<u>13,007,811</u>	<u>25,133</u>	<u>50,610</u>	<u>-</u>	<u>-</u>	<u>13,083,554</u>
Total assets	<u>25,560,531</u>	<u>2,490,352</u>	<u>4,171,140</u>	<u>73,856,772</u>	<u>53,670,300</u>	<u>159,749,095</u>
LIABILITIES						
Current liabilities:						
Vouchers payable	1,492,402	339,159	7,550	8,873,544	478,859	11,191,514
Accrued payroll and compensated absences	388,514	239,517	-	2,958	390,505	1,021,494
Estimated outstanding claims	-	-	-	-	11,494,234	11,494,234
Incurred but not reported claims	-	-	-	16,546,169	7,449,989	23,996,158
Due to other funds	-	-	-	-	116,779	116,779
Unearned revenue	-	-	-	-	79,794	79,794
Total current liabilities	<u>1,880,916</u>	<u>578,676</u>	<u>7,550</u>	<u>25,422,671</u>	<u>20,010,160</u>	<u>47,899,973</u>
Noncurrent liabilities:						
Noncurrent portion of long-term liabilities	60,476	25,294	-	107	28,373	114,250
Total noncurrent liabilities	<u>60,476</u>	<u>25,294</u>	<u>-</u>	<u>107</u>	<u>28,373</u>	<u>114,250</u>
Total liabilities	<u>1,941,392</u>	<u>603,970</u>	<u>7,550</u>	<u>25,422,778</u>	<u>20,038,533</u>	<u>48,014,223</u>
NET POSITION						
Net investments in capital assets	13,007,811	25,133	50,610	-	-	13,083,554
Unrestricted	10,611,328	1,861,249	4,112,980	48,433,994	33,631,767	98,651,318
Total net position	<u>\$ 23,619,139</u>	<u>\$ 1,886,382</u>	<u>\$ 4,163,590</u>	<u>\$ 48,433,994</u>	<u>\$ 33,631,767</u>	<u>\$ 111,734,872</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2015

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Totals
OPERATING REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,957,415	\$ -	\$ 1,957,415
Charges to departments	22,832,689	344,544	698,023	209,073,043	13,188,080	246,136,379
User fees	5,977,775	2,720,738	-	-	-	8,698,513
Total operating revenues	<u>28,810,464</u>	<u>3,065,282</u>	<u>698,023</u>	<u>211,030,458</u>	<u>13,188,080</u>	<u>256,792,307</u>
OPERATING EXPENSES						
Salaries	3,200,884	2,789,638	-	70,480	5,589,672	11,650,674
Materials and supplies	230,143	85,765	143,104	22,171	112,789	593,972
Services and fees	3,447,723	2,407,207	58,554	2,271,626	3,196,169	11,381,279
Utilities	78,873	557,565	-	-	1,016	637,454
Transportation and travel	7,364,300	69,586	-	-	11,231	7,445,117
Incurred claims	-	-	-	215,972,134	5,594,806	221,566,940
Estimated claims	-	-	-	3,537,157	524,503	4,061,660
Cost of goods sold	8,689,906	37,102	-	-	-	8,727,008
Depreciation	5,957,206	4,415	21,461	-	-	5,983,082
Total operating expenses	<u>28,969,035</u>	<u>5,951,278</u>	<u>223,119</u>	<u>221,873,568</u>	<u>15,030,186</u>	<u>272,047,186</u>
Operating income (loss)	<u>(158,571)</u>	<u>(2,885,996)</u>	<u>474,904</u>	<u>(10,843,110)</u>	<u>(1,842,106)</u>	<u>(15,254,879)</u>
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	12,363	4,869	6,563	98,276	579,250	701,321
Gain on sale of capital assets	169,051	-	-	-	-	169,051
Other nonoperating revenues (expenses)	222	(32,421)	-	-	-	(32,199)
Total nonoperating revenues (expenses)	<u>181,636</u>	<u>(27,552)</u>	<u>6,563</u>	<u>98,276</u>	<u>579,250</u>	<u>838,173</u>
Income (loss) before transfers	<u>23,065</u>	<u>(2,913,548)</u>	<u>481,467</u>	<u>(10,744,834)</u>	<u>(1,262,856)</u>	<u>(14,416,706)</u>
Transfers in	-	3,626,536	-	10,000,000	4,045,861	17,672,397
Transfers out	-	-	-	(1,034,999)	(10,000,000)	(11,034,999)
Total transfers	<u>-</u>	<u>3,626,536</u>	<u>-</u>	<u>8,965,001</u>	<u>(5,954,139)</u>	<u>6,637,398</u>
Change in net position	<u>23,065</u>	<u>712,988</u>	<u>481,467</u>	<u>(1,779,833)</u>	<u>(7,216,995)</u>	<u>(7,779,308)</u>
Net position, beginning	<u>23,596,074</u>	<u>1,173,394</u>	<u>3,682,123</u>	<u>50,213,827</u>	<u>40,848,762</u>	<u>119,514,180</u>
Net position, ending	<u>\$ 23,619,139</u>	<u>\$ 1,886,382</u>	<u>\$ 4,163,590</u>	<u>\$ 48,433,994</u>	<u>\$ 33,631,767</u>	<u>\$ 111,734,872</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2015

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 28,895,130	\$ 3,218,422	\$ 697,192	\$ 209,126,216	\$ 13,321,091	\$ 255,258,051
Payments to employees	(3,112,743)	(2,755,235)	-	(67,415)	(5,543,346)	(11,478,739)
Payments to vendors	(21,185,549)	(2,942,921)	(205,264)	(1,142,619)	(3,618,201)	(29,094,554)
Claims paid	-	-	-	(216,733,837)	(5,905,964)	(222,639,801)
Other receipts	222	-	-	-	-	222
Other payments	-	(32,421)	-	-	-	(32,421)
Net cash provided by (used for) operating activities	<u>4,597,060</u>	<u>(2,512,155)</u>	<u>491,928</u>	<u>(8,817,655)</u>	<u>(1,746,420)</u>	<u>(7,987,242)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	3,626,536	-	10,000,000	4,045,861	17,672,397
Transfers to other funds	-	-	-	(1,034,999)	(10,000,000)	(11,034,999)
Net cash provided by noncapital financing activities	<u>-</u>	<u>3,626,536</u>	<u>-</u>	<u>8,965,001</u>	<u>(5,954,139)</u>	<u>6,637,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(6,557,500)	(13,084)	-	-	-	(6,570,584)
Net cash used for capital and related financing activities	<u>(6,557,500)</u>	<u>(13,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,570,584)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	-	-	-	(24,603,253)	(24,603,253)
Proceeds from sales and maturities of investments	-	-	-	-	31,468,598	31,468,598
Interest paid	(1,546,222)	(884,282)	(1,243,470)	(17,051,179)	-	(20,725,153)
Interest received	-	-	-	-	110,548	110,548
Net cash provided by (used for) investing activities	<u>(1,546,222)</u>	<u>(884,282)</u>	<u>(1,243,470)</u>	<u>(17,051,179)</u>	<u>6,975,893</u>	<u>(13,749,260)</u>
Net change in cash and cash equivalents	(3,506,662)	217,015	(751,542)	(16,903,833)	(724,666)	(21,669,688)
Cash and cash equivalents, beginning	6,552,932	282,294	1,918,271	36,772,753	4,362,373	49,888,623
Cash and cash equivalents, ending	<u>\$ 3,046,270</u>	<u>\$ 499,309</u>	<u>\$ 1,166,729</u>	<u>\$ 19,868,920</u>	<u>\$ 3,637,707</u>	<u>\$ 28,218,935</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	\$ (158,571)	\$ (2,885,996)	\$ 474,904	\$ (10,843,110)	\$ (1,842,106)	\$ (15,254,879)
Adjustments to reconcile operating income to net cash						
Provided by operating activities:						
Depreciation expense	5,957,206	4,415	21,461	-	-	5,983,082
Other non-operating expenses	222	(32,421)	-	-	-	(32,199)
Change in assets and liabilities:						
Receivables, net	84,666	153,140	(831)	(1,904,242)	108,989	(1,558,278)
Prepays and other assets	2,832	9,536	3,413	(4,647)	(396,420)	(385,286)
Inventories	107,102	(71,567)	-	-	-	35,535
Vouchers payable and accrued liabilities	(1,403,003)	309,952	(7,019)	3,934,237	312,769	3,146,936
Deferred revenue	-	-	-	-	24,022	24,022
Compensatory time payable	6,606	786	-	107	46,326	53,825
Net cash provided by (used for) operating activities	<u>\$ 4,597,060</u>	<u>\$ (2,512,155)</u>	<u>\$ 491,928</u>	<u>\$ (8,817,655)</u>	<u>\$ (1,746,420)</u>	<u>\$ (7,987,242)</u>
Non-Cash Investing Activities:						
Increase (decrease) in the fair value of investments	\$ 1,560,877	\$ 888,976	\$ 1,250,220	\$ 17,156,252	\$ 439,455	\$ 21,295,780

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AGENCY FUNDS:

DISTRICT CLERK REGISTRY - Established for the purpose of accounting for monies held in the custody of the District Clerk under orders of various Harris County courts.

COUNTY CLERK REGISTRY - Established for the purpose of accounting for monies held in the custody of the County Clerk under orders of various Harris County courts.

OFFICERS' FEES - This fund is used as a clearing fund for fees, fines and court costs collected by Sheriff, County Clerk, District Clerk, and/or other fee officers of the County.

BAIL SECURITY - Assets pledged by Bail Bond licensees as collateral are accounted for in this fund.

TAX COLLECTOR'S - Tax collections are deposited in the Tax Collector's agency fund pending audit and distribution to the County or other taxing jurisdiction. Receipts from the sale of beer licenses are deposited in this fund pending approval by the State Alcoholic Beverage Commission.

INMATE PROPERTY – This fund is used to account for jail inmates' properties held in the custody of Harris County.

TREASURER ESCHEAT - This fund is used to account for unclaimed property \$100 or less held in the custody of Harris County.

JUVENILE RESTITUTION - This fund is used to account for collection and distribution of monies for Harris County Juvenile Probation Department clients ordered by courts to make victim restitution payments.

DA FRAUD FEE RESTITUTION - This fund is used to distribute restitution funds collected by the Harris County District Attorney's office.

DISTRICT CLERK CONTINGENCY - This fund is used to account for the collection of a fee to cover the District Clerk and any deputy clerk against liabilities incurred through errors or omissions in the performance of official duties.

ARMY CORPS OF ENGINEERS ESCROW - This fund is used to account for funds held in escrow for Flood Control projects in conjunction with the Army Corp of Engineers.

JJC SUBCONTRACTOR UNDERPAYMENT - This fund is used to account for funds in order to finalize the Juvenile Justice Center construction contract.

RETIREE HEALTHCARE FUND - This fund is used to account for other post-employment benefits of retirees that are due to or from the County.

DA SEIZED ASSETS - This fund is used to account for assets seized pursuant to the state forfeiture law Chapter 59, Code of Criminal Procedure.

HOUSTON HIDTA SEIZED FUNDS - This fund is used to account for assets seized on behalf of the Houston High Intensity Drug Trafficking Area (HIDTA).

PAYROLL FUND - This fund is used to pay amounts due to external parties withheld and related payroll liabilities from the central payroll system.

CUSTODIAL - This fund is used to account for various custodial bank accounts activities.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 28, 2015

	<u>District Clerk Registry</u>	<u>County Clerk Registry</u>	<u>Officers' Fees</u>	<u>Bail Security</u>	<u>Tax Collector's</u>
ASSETS					
Cash and cash equivalents	\$ 6,487,100	\$ 16,350,474	\$ 10,284,607	\$ 10,862,798	\$ 215,861,571
Investments	44,508,931	105,559,125	16,666,502	4,507,533	-
Accounts receivable	-	-	8,629	-	-
Other receivables	-	-	-	-	-
Accrued interest receivable	142,834	183,353	7,372	1,994	-
Total assets	<u>\$ 51,138,865</u>	<u>\$ 122,092,952</u>	<u>\$ 26,967,110</u>	<u>\$ 15,372,325</u>	<u>\$ 215,861,571</u>
LIABILITIES					
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and compensated absences	-	-	-	-	-
Incurred but not reported claims	-	-	-	-	-
Held for others	51,138,865	122,092,952	26,967,110	15,372,325	215,861,571
Total liabilities	<u>\$ 51,138,865</u>	<u>\$ 122,092,952</u>	<u>\$ 26,967,110</u>	<u>\$ 15,372,325</u>	<u>\$ 215,861,571</u>

<u>Inmate Property</u>	<u>Treasurer Escheat</u>	<u>Juvenile Restitution</u>	<u>DA Fraud Fee</u>	<u>District Clerk Contingency</u>	<u>Army Corps of Engineers Escrow</u>	<u>JJC Subcontractor Underpayment</u>	<u>Retiree Healthcare Fund</u>
\$ 1,807,579	\$ 751,064	\$ 122,154	\$ 81,716	\$ 114,299	\$ 25,735	\$ 7,133	\$ -
-	-	-	-	287,237	-	17,952	-
-	-	-	-	-	-	-	689,089
-	-	-	-	-	-	-	5,494,068
-	-	-	-	127	-	8	-
<u>\$ 1,807,579</u>	<u>\$ 751,064</u>	<u>\$ 122,154</u>	<u>\$ 81,716</u>	<u>\$ 401,663</u>	<u>\$ 25,735</u>	<u>\$ 25,093</u>	<u>\$ 6,183,157</u>
\$ 693,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,046,515
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,136,642
1,113,602	751,064	122,154	81,716	401,663	25,735	25,093	-
<u>\$ 1,807,579</u>	<u>\$ 751,064</u>	<u>\$ 122,154</u>	<u>\$ 81,716</u>	<u>\$ 401,663</u>	<u>\$ 25,735</u>	<u>\$ 25,093</u>	<u>\$ 6,183,157</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 28, 2015

	<u>DA Seized Assets</u>	<u>Houston HIDTA Seized Funds</u>	<u>Payroll Fund</u>	<u>Custodial</u>	<u>Total Agency Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,707,626	\$ 1,974,696	\$ 4,171,297	\$ 3,258,750	\$ 281,868,599
Investments	-	-	10,609,080	-	182,156,360
Accounts receivable	-	-	194,125	-	891,843
Other receivables	-	-	1,124,512	60,977	6,679,557
Accrued interest receivable	-	-	4,720	-	340,408
Total assets	<u>\$ 9,707,626</u>	<u>\$ 1,974,696</u>	<u>\$ 16,103,734</u>	<u>\$ 3,319,727</u>	<u>\$ 471,936,767</u>
LIABILITIES					
Vouchers payable	\$ -	\$ -	\$ 637,908	\$ -	\$ 2,378,400
Accrued payroll and compensated absences	-	-	15,465,826	-	15,465,826
Incurred but not reported claims	-	-	-	-	5,136,642
Held for others	9,707,626	1,974,696	-	3,319,727	448,955,899
Total liabilities	<u>\$ 9,707,626</u>	<u>\$ 1,974,696</u>	<u>\$ 16,103,734</u>	<u>\$ 3,319,727</u>	<u>\$ 471,936,767</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2015

	<u>Balance</u> <u>March 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2015</u>
District Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 2,736,761	\$ 34,377,758	\$ 30,627,419	\$ 6,487,100
Investments	50,402,456	8,364,180	14,257,705	44,508,931
Accrued interest receivable	152,678	142,834	152,678	142,834
Total Assets	<u>\$ 53,291,895</u>	<u>\$ 42,884,772</u>	<u>\$ 45,037,802</u>	<u>\$ 51,138,865</u>
LIABILITIES				
Held for others	\$ 53,291,895	\$ 20,874,186	\$ 23,027,216	\$ 51,138,865
Total Liabilities	<u>\$ 53,291,895</u>	<u>\$ 20,874,186</u>	<u>\$ 23,027,216</u>	<u>\$ 51,138,865</u>
County Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 33,109,640	\$ 292,595,764	\$ 309,354,930	\$ 16,350,474
Investments	43,655,862	81,237,770	19,334,507	105,559,125
Accrued interest receivable	136,780	183,353	136,780	183,353
Total Assets	<u>\$ 76,902,282</u>	<u>\$ 374,016,887</u>	<u>\$ 328,826,217</u>	<u>\$ 122,092,952</u>
LIABILITIES				
Held for others	\$ 76,902,282	\$ 229,922,256	\$ 184,731,586	\$ 122,092,952
Total Liabilities	<u>\$ 76,902,282</u>	<u>\$ 229,922,256</u>	<u>\$ 184,731,586</u>	<u>\$ 122,092,952</u>
Officers' Fees				
ASSETS				
Cash and cash equivalents	\$ 15,546,962	\$ 141,619,892	\$ 146,882,247	\$ 10,284,607
Investments	10,981,299	16,666,502	10,981,299	16,666,502
Accounts receivable	35,787	105,530	132,688	8,629
Accrued interest receivable	9,634	7,372	9,634	7,372
Total Assets	<u>\$ 26,573,682</u>	<u>\$ 158,399,296</u>	<u>\$ 158,005,868</u>	<u>\$ 26,967,110</u>
LIABILITIES				
Held for others	\$ 26,573,682	\$ 302,530,084	\$ 302,136,656	\$ 26,967,110
Total Liabilities	<u>\$ 26,573,682</u>	<u>\$ 302,530,084</u>	<u>\$ 302,136,656</u>	<u>\$ 26,967,110</u>
Bail Security				
ASSETS				
Cash and cash equivalents	\$ 12,584,834	\$ 8,010,912	\$ 9,732,948	\$ 10,862,798
Investments	3,097,219	4,507,533	3,097,219	4,507,533
Accrued interest receivable	2,717	1,994	2,717	1,994
Total Assets	<u>\$ 15,684,770</u>	<u>\$ 12,520,439</u>	<u>\$ 12,832,884</u>	<u>\$ 15,372,325</u>
LIABILITIES				
Held for others	15,684,770	3,077,472	3,389,917	15,372,325
Total Liabilities	<u>\$ 15,684,770</u>	<u>\$ 3,077,472</u>	<u>\$ 3,389,917</u>	<u>\$ 15,372,325</u>
Tax Collector's				
ASSETS				
Cash and cash equivalents	\$ 194,652,573	\$ 10,317,728,728	\$ 10,296,519,730	\$ 215,861,571
Investments	-	21,974,309	21,974,309	-
Total Assets	<u>\$ 194,652,573</u>	<u>\$ 10,339,703,037</u>	<u>\$ 10,318,494,039</u>	<u>\$ 215,861,571</u>
LIABILITIES				
Held for others	\$ 194,652,573	\$ 10,275,759,153	\$ 10,254,550,155	\$ 215,861,571
Total Liabilities	<u>\$ 194,652,573</u>	<u>\$ 10,275,759,153</u>	<u>\$ 10,254,550,155</u>	<u>\$ 215,861,571</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2015

	<u>Balance</u> <u>March 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2015</u>
<u>Inmate Property</u>				
ASSETS				
Cash and cash equivalents	\$ 1,613,226	\$ 16,758,142	\$ 16,563,789	\$ 1,807,579
Other receivable	36,130	-	36,130	-
Total Assets	<u>\$ 1,649,356</u>	<u>\$ 16,758,142</u>	<u>\$ 16,599,919</u>	<u>\$ 1,807,579</u>
LIABILITIES				
Payables	\$ 631,775	\$ 9,164,926	9,102,724	\$ 693,977
Held for others	1,017,581	16,775,543	16,679,522	1,113,602
Total Liabilities	<u>\$ 1,649,356</u>	<u>\$ 25,940,469</u>	<u>\$ 25,782,246</u>	<u>\$ 1,807,579</u>
<u>Treasurer Escheat</u>				
ASSETS				
Cash and cash equivalents	\$ 696,156	\$ 55,871	\$ 963	\$ 751,064
Total Assets	<u>\$ 696,156</u>	<u>\$ 55,871</u>	<u>\$ 963</u>	<u>\$ 751,064</u>
LIABILITIES				
Held for others	\$ 696,156	\$ 55,983	\$ 1,075	\$ 751,064
Total Liabilities	<u>\$ 696,156</u>	<u>\$ 55,983</u>	<u>\$ 1,075</u>	<u>\$ 751,064</u>
<u>Juvenile Restitution</u>				
ASSETS				
Cash and cash equivalents	\$ 133,720	\$ 171,493	\$ 183,059	\$ 122,154
Total Assets	<u>\$ 133,720</u>	<u>\$ 171,493</u>	<u>\$ 183,059</u>	<u>\$ 122,154</u>
LIABILITIES				
Held for others	\$ 133,720	\$ 22,397	\$ 33,963	\$ 122,154
Total Liabilities	<u>\$ 133,720</u>	<u>\$ 22,397</u>	<u>\$ 33,963</u>	<u>\$ 122,154</u>
<u>DA Fraud Fee Restitution</u>				
ASSETS				
Cash and cash equivalents	\$ 70,959	\$ 1,659,709	\$ 1,648,952	\$ 81,716
Total Assets	<u>\$ 70,959</u>	<u>\$ 1,659,709</u>	<u>\$ 1,648,952</u>	<u>\$ 81,716</u>
LIABILITIES				
Held for others	\$ 70,959	\$ 204,474	\$ 193,717	\$ 81,716
Total Liabilities	<u>\$ 70,959</u>	<u>\$ 204,474</u>	<u>\$ 193,717</u>	<u>\$ 81,716</u>
<u>District Clerk Contingency</u>				
ASSETS				
Cash and cash equivalents	\$ 213,374	\$ 391,188	\$ 490,263	\$ 114,299
Investments	188,438	287,237	188,438	287,237
Accrued interest receivable	165	127	165	127
Total Assets	<u>\$ 401,977</u>	<u>\$ 678,552</u>	<u>\$ 678,866</u>	<u>\$ 401,663</u>
LIABILITIES				
Held for others	\$ 401,977	\$ 1,289	\$ 1,603	\$ 401,663
Total Liabilities	<u>\$ 401,977</u>	<u>\$ 1,289</u>	<u>\$ 1,603</u>	<u>\$ 401,663</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2015

	Balance March 1, 2014	Additions	Deductions	Balance February 28, 2015
Army Corps of Engineers Escrow				
ASSETS				
Cash and cash equivalents	\$ 25,733	\$ 3	\$ 1	\$ 25,735
Total Assets	<u>\$ 25,733</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 25,735</u>
LIABILITIES				
Held for others	\$ 25,733	\$ 3	\$ 1	\$ 25,735
Total Liabilities	<u>\$ 25,733</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 25,735</u>
JJC Subcontractor Underpayment				
ASSETS				
Cash and cash equivalents	\$ 13,242	\$ 24,494	\$ 30,603	\$ 7,133
Investments	11,802	17,952	11,802	17,952
Accrued interest receivable	10	8	10	8
Total Assets	<u>\$ 25,054</u>	<u>\$ 42,454</u>	<u>\$ 42,415</u>	<u>\$ 25,093</u>
LIABILITIES				
Held for others	\$ 25,054	\$ 79	\$ 40	\$ 25,093
Total Liabilities	<u>\$ 25,054</u>	<u>\$ 79</u>	<u>\$ 40</u>	<u>\$ 25,093</u>
Retiree Healthcare				
ASSETS				
Accounts receivable	\$ 736,906	\$ 689,089	\$ 736,906	\$ 689,089
Other receivables	4,575,458	5,494,068	4,575,458	5,494,068
Total Assets	<u>\$ 5,312,364</u>	<u>\$ 6,183,157</u>	<u>\$ 5,312,364</u>	<u>\$ 6,183,157</u>
LIABILITIES				
Vouchers payable	\$ 937,425	\$ 1,046,515	\$ 937,425	1,046,515
Incurred but not reported claims	4,374,939	5,136,642	4,374,939	5,136,642
Total Liabilities	<u>\$ 5,312,364</u>	<u>\$ 6,183,157</u>	<u>\$ 5,312,364</u>	<u>\$ 6,183,157</u>
Retirement Adjustment Underpayment				
ASSETS				
Cash and cash equivalents	\$ 13,704	\$ 24,886	\$ 38,590	-
Investments	11,802	-	11,802	-
Accrued interest receivable	10	-	10	-
Total Assets	<u>\$ 25,516</u>	<u>\$ 24,886</u>	<u>\$ 50,402</u>	<u>-</u>
LIABILITIES				
Held for others	\$ 25,516	\$ 2,852	\$ 28,368	-
Total Liabilities	<u>\$ 25,516</u>	<u>\$ 2,852</u>	<u>\$ 28,368</u>	<u>-</u>
DA Seized Assets				
ASSETS				
Cash and cash equivalents	\$ 13,964,611	\$ 988,149	\$ 5,245,134	\$ 9,707,626
Total Assets	<u>\$ 13,964,611</u>	<u>\$ 988,149</u>	<u>\$ 5,245,134</u>	<u>\$ 9,707,626</u>
LIABILITIES				
Held for others	\$ 13,964,611	\$ 988,149	\$ 5,245,134	\$ 9,707,626
Total Liabilities	<u>\$ 13,964,611</u>	<u>\$ 988,149</u>	<u>\$ 5,245,134</u>	<u>\$ 9,707,626</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2015

	<u>Balance</u> <u>March 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2015</u>
Houston HIDTA Seized Funds				
ASSETS				
Cash and cash equivalents	\$ 1,795,392	\$ 443,447	\$ 264,143	\$ 1,974,696
Total Assets	<u>\$ 1,795,392</u>	<u>\$ 443,447</u>	<u>\$ 264,143</u>	<u>\$ 1,974,696</u>
LIABILITIES				
Held for others	\$ 1,795,392	\$ 982,149	\$ 802,845	\$ 1,974,696
Total Liabilities	<u>\$ 1,795,392</u>	<u>\$ 982,149</u>	<u>\$ 802,845</u>	<u>\$ 1,974,696</u>
Payroll Fund				
ASSETS				
Cash and cash equivalents	\$ 6,687,562	\$ 1,299,061,246	\$ 1,301,577,511	\$ 4,171,297
Investments	5,922,577	10,609,080	5,922,577	10,609,080
Accounts receivable	179,428	2,414,758	2,400,061	194,125
Other receivables	665,659	1,240,698,945	1,240,240,092	1,124,512
Accrued interest receivable	5,231	4,720	5,231	4,720
Total Assets	<u>\$ 13,460,457</u>	<u>\$ 2,552,788,749</u>	<u>\$ 2,550,145,472</u>	<u>\$ 16,103,734</u>
LIABILITIES				
Vouchers payable	\$ 1,348,689	\$ 36,756,129	\$ 37,466,910	\$ 637,908
Accrued payroll and compensated absences	12,086,391	683,760,212	680,380,777	15,465,826
Held for others	25,377	7,449	32,826	-
Total Liabilities	<u>\$ 13,460,457</u>	<u>\$ 720,523,790</u>	<u>\$ 717,880,513</u>	<u>\$ 16,103,734</u>
Custodial				
ASSETS				
Cash and cash equivalents	\$ 2,705,591	\$ 15,272,927	\$ 14,719,768	\$ 3,258,750
Other receivable	-	60,977	-	60,977
Total Assets	<u>\$ 2,705,591</u>	<u>\$ 15,333,904</u>	<u>\$ 14,719,768</u>	<u>\$ 3,319,727</u>
LIABILITIES				
Held for others	\$ 2,705,591	\$ 9,777,704	\$ 9,163,568	\$ 3,319,727
Total Liabilities	<u>\$ 2,705,591</u>	<u>\$ 9,777,704</u>	<u>\$ 9,163,568</u>	<u>\$ 3,319,727</u>
Total Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 286,564,040	\$ 12,129,184,609	\$ 12,133,880,050	\$ 281,868,599
Investments	114,271,455	143,664,563	75,779,658	182,156,360
Accounts receivable	952,121	3,209,377	3,269,655	891,843
Other receivable	5,277,247	1,246,253,990	1,244,851,680	6,679,557
Accrued interest receivable	307,225	340,408	307,225	340,408
Total Assets	<u>\$ 407,372,088</u>	<u>\$ 13,522,652,947</u>	<u>\$ 13,458,088,268</u>	<u>\$ 471,936,767</u>
LIABILITIES				
Vouchers payable	\$ 2,917,889	\$ 46,967,570	\$ 47,507,059	\$ 2,378,400
Accrued payroll and compensated absences	12,086,391	683,760,212	680,380,777	15,465,826
Incurred but not reported claims	4,374,939	5,136,642	4,374,939	5,136,642
Held for others	387,992,869	10,860,981,222	10,800,018,192	448,955,899
Total Liabilities	<u>\$ 407,372,088</u>	<u>\$ 11,596,845,646</u>	<u>\$ 11,532,280,967</u>	<u>\$ 471,936,767</u>

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Discretely presented component units are legally separate organizations that, because of the nature and significance of their relationship with the primary government, are included in the financial reporting entity but shown separately from the primary government's financial activities.

HARRIS COUNTY HOUSING FINANCE CORPORATION - This organization was established under the Texas Housing Finance Corporation Act as a separate non-profit corporate entity. The corporation was created in 1980 by the Commissioner's Court of Harris County, but it is not a political subdivision of Harris County under state law. The corporation is exempt from federal income tax and is authorized to issue debt instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income owners/residents.

HARRIS COUNTY INDUSTRIAL DEVELOPMENT CORPORATION - This corporation was created in 1981 to approve the issuance of industrial and manufacturing bonds which promote and encourage employment and the public welfare in Harris County. Its Board of Directors is appointed by the Commissioner's Court of Harris County. The corporation is a tax-exempt entity. Although it may issue debt that Harris County has no obligation to assume, Commissioner's Court must approve the debt issuance.

CHILDREN'S ASSESSMENT CENTER FOUNDATION, INC. - This foundation was established in 1995 to provide a professional, compassionate and coordinated approach to the treatment of sexually abused children and their families and to serve as an advocate for all children in our community. The foundation is a tax-exempt entity.

FRIENDS OF COUNTYPETS – This corporation was organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - NONMAJOR COMPONENT UNITS
FEBRUARY 28, 2015

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
ASSETS					
Cash and cash equivalents	\$ 4,656,602	\$ 159,811	\$ 799,064	\$ 37,866	\$ 5,653,343
Investments, including accrued interest	-	206,837	-	-	206,837
Receivables:					
Accounts	-	-	5,313,538	-	5,313,538
Other	510,142	77	-	-	510,219
Prepays and other assets	-	2,900	54,682	-	57,582
Restricted cash and investments	-	-	10,711,854	-	10,711,854
Capital assets:					
Land, improvements and construction in progress	-	-	8,693,163	-	8,693,163
Other capital assets, net of depreciation	-	-	11,711,778	-	11,711,778
Total assets	<u>5,166,744</u>	<u>369,625</u>	<u>37,284,079</u>	<u>37,866</u>	<u>42,858,314</u>
LIABILITIES					
Vouchers payable and accrued liabilities	116,208	-	50,293	-	166,501
Unearned revenue	<u>8,000</u>	<u>-</u>	<u>121,226</u>	<u>-</u>	<u>129,226</u>
Total liabilities	<u>124,208</u>	<u>-</u>	<u>171,519</u>	<u>-</u>	<u>295,727</u>
NET POSITION					
Restricted for:					
Donor restrictions	-	-	6,008,704	-	6,008,704
Unrestricted net position	<u>5,042,536</u>	<u>369,625</u>	<u>31,103,856</u>	<u>37,866</u>	<u>36,553,883</u>
Total net position	<u>\$ 5,042,536</u>	<u>\$ 369,625</u>	<u>\$ 37,112,560</u>	<u>\$ 37,866</u>	<u>\$ 42,562,587</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For The Year Ended February 28, 2015

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
REVENUES					
Program Revenues:					
Charges for services	\$ 540,018	\$ -	\$ 1,243,261	\$ -	\$ 1,783,279
Operating grants and contributions	-	-	1,480,055	13,866	1,493,921
Capital grants and contributions	-	-	669,808	-	669,808
Total program revenues	<u>540,018</u>	<u>-</u>	<u>3,393,124</u>	<u>13,866</u>	<u>3,947,008</u>
EXPENSES	<u>1,098,554</u>	<u>23,726</u>	<u>2,682,748</u>	<u>1,320</u>	<u>3,806,348</u>
Net (expenses) program revenues	<u>(558,536)</u>	<u>(23,726)</u>	<u>710,376</u>	<u>12,546</u>	<u>140,660</u>
General Revenues (Expenses):					
Earnings on investments	36,675	299	14,186	-	51,160
Other	201,448	-	-	-	201,448
Net general revenues (expenses)	<u>238,123</u>	<u>299</u>	<u>14,186</u>	<u>-</u>	<u>252,608</u>
Change in net position	(320,413)	(23,427)	724,562	12,546	393,268
Net position, beginning	<u>5,362,949</u>	<u>393,052</u>	<u>36,387,998</u>	<u>25,320</u>	<u>42,169,319</u>
Net position, ending	<u>\$ 5,042,536</u>	<u>\$ 369,625</u>	<u>\$ 37,112,560</u>	<u>\$ 37,866</u>	<u>\$ 42,562,587</u>



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This part of Harris County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Listed below are the areas covered in the statistical section:

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.

OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the service the County provides and the activities it performs.

OTHER INFORMATION – These schedules contain information that although is not required, but is presented to help the reader obtain additional insights into County activities and finances.



Table 1

HARRIS COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (accrual basis of accounting)
(amounts in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 9,679,340	\$ 9,659,255	\$ 9,700,793	\$ 9,709,904	\$ 9,524,096	\$ 9,488,369	\$ 9,406,205	\$ 9,221,791	\$ 9,099,960	\$ 9,092,658
Restricted for:										
Debt service	142,250	151,067	154,297	150,777	155,452	137,053	136,559	190,104	230,567	257,820
Capital projects	48,564	24,659	22,129	33,791	18,739	28,365	28,481	18,274	15,459	27,245
Donor temporarily restricted	1,669	809	752	53	258	468	494	494	480	76
Legislative	1,577	1,637	1,687	4,657	3,063	2,837	4,560	7,251	6,772	1,936
Mobility program	-	-	-	-	80,345	133,191	158,816	201,509	247,067	272,168
Unrestricted	366,255	360,744	399,503	219,424	61,426	(46,701)	(20,355)	59,303	184,142	358,144
Total governmental activities net position	<u>\$ 10,239,655</u>	<u>\$ 10,198,171</u>	<u>\$ 10,279,161</u>	<u>\$ 10,118,606</u>	<u>\$ 9,843,379</u>	<u>\$ 9,743,582</u>	<u>\$ 9,714,760</u>	<u>\$ 9,698,726</u>	<u>\$ 9,784,447</u>	<u>\$ 10,010,047</u>
Business-type activities:										
Net investment in capital assets	\$ (401,045)	\$ (491,756)	\$ (314,975)	\$ (255,104)	\$ (216,112)	\$ (211,636)	\$ (256,855)	\$ (230,758)	\$ (54,218)	\$ (20,925)
Restricted for:										
Debt service	128,540	144,027	164,840	187,086	235,586	245,933	265,433	277,912	288,387	271,478
Capital projects	42,038	36,337	48,600	44,748	51,376	56,245	59,691	115,104	2,639	7,460
Operating reserve per bond covenants	-	-	-	-	-	-	-	25,199	29,742	32,611
Toll road	524,388	734,894	618,163	607,922	526,002	520,142	605,664	549,834	581,705	553,931
Unrestricted	11,260	12,652	12,759	12,683	9,848	8,189	8,439	8,095	11,954	17,447
Total business-type activities	<u>\$ 305,181</u>	<u>\$ 436,154</u>	<u>\$ 529,387</u>	<u>\$ 597,335</u>	<u>\$ 606,700</u>	<u>\$ 618,873</u>	<u>\$ 682,372</u>	<u>\$ 745,386</u>	<u>\$ 860,209</u>	<u>\$ 862,002</u>
Primary government:										
Net investment in capital assets	\$ 9,278,295	\$ 9,167,499	\$ 9,385,818	\$ 9,454,800	\$ 9,307,984	\$ 9,276,733	\$ 9,149,350	\$ 8,991,033	\$ 9,045,742	\$ 9,071,733
Restricted	889,026	1,093,430	1,010,468	1,029,034	1,070,821	1,124,234	1,259,698	1,385,681	1,402,818	1,424,725
Unrestricted	377,515	373,396	412,262	232,107	71,274	(38,512)	(11,916)	67,398	196,096	375,591
Total primary government	<u>\$ 10,544,836</u>	<u>\$ 10,634,325</u>	<u>\$ 10,808,548</u>	<u>\$ 10,715,941</u>	<u>\$ 10,450,079</u>	<u>\$ 10,362,455</u>	<u>\$ 10,397,132</u>	<u>\$ 10,444,112</u>	<u>\$ 10,644,656</u>	<u>\$ 10,872,049</u>

HARRIS COUNTY, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)
(amounts in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental activities:										
Administration of Justice	\$ 621,764	\$ 704,472	\$ 846,107	\$ 944,400	\$ 961,588	\$ 929,889	\$ 882,196	\$ 901,902	\$ 962,194	\$ 1,016,759
Parks	60,417	72,865	82,222	78,911	91,594	94,145	95,479	90,629	108,904	96,828
County Administration	250,098	277,592	299,310	407,483	342,683	326,162	308,346	290,415	336,266	323,699
Health and Human Services	185,057	197,880	193,348	182,120	220,090	199,518	191,253	189,798	188,705	202,202
Flood Control	72,445	81,126	90,253	97,695	103,435	99,305	92,793	98,788	92,845	99,231
Tax Administration	30,709	31,300	35,191	37,949	38,137	36,152	32,951	33,834	34,838	36,667
Roads and Bridges	347,524	347,061	364,111	373,484	381,380	387,325	390,220	390,227	372,922	349,827
Interest and Fiscal Charges	108,636	116,178	136,944	125,018	127,221	127,520	127,403	122,955	117,763	109,651
Total governmental activities expenses	1,676,650	1,828,474	2,047,486	2,247,060	2,266,128	2,200,016	2,120,641	2,118,548	2,214,437	2,234,864
Business-type activities:										
Toll Road	230,254	276,671	272,972	305,754	360,048	363,266	368,627	383,226	386,005	590,656
Subscriber Access	267	239	161	132	580	83	717	402	3	154
Parking Facilities	786	867	952	895	839	889	763	764	2,243	1,877
Sheriff's Commissary	6,251	6,946	8,142	8,561	8,564	7,439	7,503	8,540	8,353	7,477
Total business-type activities	237,558	284,723	282,227	315,342	370,031	371,677	377,610	392,932	396,604	600,164
Total primary government expenses	\$ 1,914,208	\$ 2,113,197	\$ 2,329,713	\$ 2,562,402	\$ 2,636,159	\$ 2,571,693	\$ 2,498,251	\$ 2,511,480	\$ 2,611,041	\$ 2,835,028
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Administration of Justice	\$ 117,322	\$ 116,644	\$ 126,189	\$ 128,469	\$ 138,701	\$ 137,540	\$ 143,983	\$ 124,154	\$ 125,911	\$ 130,455
Parks	2,579	3,288	3,560	1,237	3,272	3,144	3,463	3,762	798	743
County Administration	53,636	59,751	62,780	58,259	47,722	45,200	26,345	65,833	57,931	60,420
Health and Human Services	7,827	9,062	9,637	10,139	11,172	14,265	9,547	10,064	9,957	12,508
Flood Control	1,008	849	410	551	314	751	451	724	392	540
Tax Administration	66,392	46,448	28,749	26,920	28,173	25,659	25,997	27,390	28,504	30,283
Roads and Bridges	30,632	32,132	32,703	32,835	33,663	29,334	38,922	43,869	48,713	49,531
Operating grants and contributions	170,733	144,548	148,358	213,880	224,108	236,859	198,455	229,526	259,745	199,882
Capital grants and contributions	659,448	227,271	312,732	206,561	71,644	280,755	236,643	152,328	192,603	149,106
Total governmental activities program revenues	1,109,577	639,993	725,118	678,851	558,769	773,507	683,806	657,650	724,554	633,468

Business-type activities:

Charges for services:										
Toll Road	349,341	392,993	428,868	442,015	455,548	481,346	519,297	560,079	609,965	688,921
Subscriber Access	395	347	265	283	265	249	226	201	15	-
Parking Facilities	409	406	368	382	365	387	258	233	5,008	5,289
Sheriff's Commissary	6,961	7,552	8,267	8,620	8,190	7,115	7,798	8,269	8,865	8,999
Operating grants and contributions	-	1,612	1,286	994	1,164	852	6,056	634	2,471	-
Capital grants and contributions	3,130	3,113	3,059	9,198	7,221	3,063	360	-	-	-
Total business-type activities program revenues	<u>360,236</u>	<u>406,023</u>	<u>442,113</u>	<u>461,492</u>	<u>472,753</u>	<u>493,012</u>	<u>533,995</u>	<u>569,416</u>	<u>626,324</u>	<u>703,209</u>
Total primary government program revenues	<u>\$ 1,469,813</u>	<u>\$ 1,046,016</u>	<u>\$ 1,167,231</u>	<u>\$ 1,140,343</u>	<u>\$ 1,031,522</u>	<u>\$ 1,266,519</u>	<u>\$ 1,217,801</u>	<u>\$ 1,227,066</u>	<u>\$ 1,350,878</u>	<u>\$ 1,336,677</u>

NET (EXPENSE)/REVENUE

Governmental activities	\$ (567,073)	\$ (1,188,481)	\$ (1,322,368)	\$ (1,568,209)	\$ (1,707,359)	\$ (1,426,509)	\$ (1,436,835)	\$ (1,460,898)	\$ (1,489,883)	\$ (1,601,396)
Business-type activities	122,678	121,300	159,886	146,150	102,722	121,335	156,385	176,484	229,720	103,045
Total primary government net expense	<u>\$ (444,395)</u>	<u>\$ (1,067,181)</u>	<u>\$ (1,162,482)</u>	<u>\$ (1,422,059)</u>	<u>\$ (1,604,637)</u>	<u>\$ (1,305,174)</u>	<u>\$ (1,280,450)</u>	<u>\$ (1,284,414)</u>	<u>\$ (1,260,163)</u>	<u>\$ (1,498,351)</u>

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes:										
Property taxes	\$ 856,870	\$ 988,162	\$ 1,103,852	\$ 1,161,088	\$ 1,205,070	\$ 1,127,678	\$ 1,176,578	\$ 1,249,958	\$ 1,380,649	\$ 1,546,685
Hotel occupancy taxes	19,271	20,727	26,371	26,610	21,341	23,312	26,815	29,917	36,409	41,911
Earnings on investments	30,748	47,500	58,751	32,717	19,410	6,796	14,143	7,816	6,845	8,495
Miscellaneous	32,029	59,380	59,378	66,157	57,322	45,269	57,229	57,154	30,653	108,137
Gain (Loss) on sale of capital assets	877	115	43	145	-	-	-	-	-	-
Transfers	20,284	31,112	121,236	120,937	128,989	123,657	133,248	119,949	121,048	121,768
Special item	(19,074)	-	33,727	-	-	-	-	-	-	-
Total governmental activities	<u>941,005</u>	<u>1,146,996</u>	<u>1,403,358</u>	<u>1,407,654</u>	<u>1,432,132</u>	<u>1,326,712</u>	<u>1,408,013</u>	<u>1,464,794</u>	<u>1,575,604</u>	<u>1,826,996</u>

Business-type activities:

Earnings on investments	20,168	40,035	49,690	41,671	33,679	13,542	39,563	27,076	5,063	20,494
Miscellaneous	1,001	741	4,754	1,062	1,954	953	799	790	1,088	22
Gain (Loss) on sale of capital assets	-	11	140	-	-	-	-	-	-	-
Transfers	(20,284)	(31,112)	(121,236)	(120,937)	(128,989)	(123,657)	(133,248)	(119,949)	(121,048)	(121,768)
Total business-type activities	<u>885</u>	<u>9,675</u>	<u>(66,652)</u>	<u>(78,204)</u>	<u>(93,356)</u>	<u>(109,162)</u>	<u>(92,886)</u>	<u>(92,083)</u>	<u>(114,897)</u>	<u>(101,252)</u>
Total primary government	<u>\$ 941,890</u>	<u>\$ 1,156,671</u>	<u>\$ 1,336,706</u>	<u>\$ 1,329,450</u>	<u>\$ 1,338,776</u>	<u>\$ 1,217,550</u>	<u>\$ 1,315,127</u>	<u>\$ 1,372,711</u>	<u>\$ 1,460,707</u>	<u>\$ 1,725,744</u>

CHANGE IN NET POSITION

Governmental activities	\$ 373,932	\$ (41,485)	\$ 80,990	\$ (160,555)	\$ (275,227)	\$ (99,797)	\$ (28,822)	\$ 3,856	\$ 85,721	\$ 225,600
Business-type activities	123,563	130,975	93,234	67,946	9,366	12,173	63,499	84,401	114,823	1,793
Total primary government	<u>\$ 497,495</u>	<u>\$ 89,490</u>	<u>\$ 174,224</u>	<u>\$ (92,609)</u>	<u>\$ (265,861)</u>	<u>\$ (87,624)</u>	<u>\$ 34,677</u>	<u>\$ 88,257</u>	<u>\$ 200,544</u>	<u>\$ 227,393</u>

Table 3

HARRIS COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Reserved	\$ 146,215	\$ 175,301	\$ 175,956	\$ 202,321	\$ 283,664	\$ 341,139	\$ -	\$ -	\$ -	\$ -
Unreserved	175,581	128,418	192,616	166,726	59,063	(22,290)	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,840	4,463	5,134	6,805
Restricted	-	-	-	-	-	-	280,566	347,309	429,372	462,289
Committed	-	-	-	-	-	-	2,120	2,847	2,508	-
Assigned	-	-	-	-	-	-	33,491	24,013	14,622	16,833
Unassigned	-	-	-	-	-	-	91,927	189,799	355,857	549,705
Total general fund	<u>\$ 321,796</u>	<u>\$ 303,719</u>	<u>\$ 368,572</u>	<u>\$ 369,047</u>	<u>\$ 342,727</u>	<u>\$ 318,849</u>	<u>\$ 412,944</u>	<u>\$ 568,431</u>	<u>\$ 807,493</u>	<u>\$ 1,035,632</u>
All Other Governmental Funds:										
Reserved	\$ 313,717	\$ 287,549	\$ 293,213	\$ 327,803	\$ 308,060	\$ 249,061	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	120,682	134,012	142,857	112,052	120,416	148,474	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	118,213	308,020	240,871	201,246	141,761	238,969	-	-	-	-
Nonspendable	-	-	-	-	-	-	18,195	14,549	14,845	13,819
Restricted	-	-	-	-	-	-	557,177	533,963	531,051	611,773
Committed	-	-	-	-	-	-	47,246	32,542	30,963	27,757
Unassigned	-	-	-	-	-	-	(2,420)	(7,304)	(559)	(2,294)
Total all other governmental funds	<u>\$ 552,612</u>	<u>\$ 729,581</u>	<u>\$ 676,941</u>	<u>\$ 641,101</u>	<u>\$ 570,237</u>	<u>\$ 636,504</u>	<u>\$ 620,198</u>	<u>\$ 573,750</u>	<u>\$ 576,300</u>	<u>\$ 651,055</u>

Note: GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, replaced the categories that previously had been used to classify fund balance. The County implemented GASB No. 54 for fiscal year 2012.

Table 4

HARRIS COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES										
Taxes	\$ 902,656	\$ 994,398	\$ 1,110,571	\$ 1,202,832	\$ 1,230,871	\$ 1,167,016	\$ 1,191,542	\$ 1,273,954	\$ 1,432,989	\$ 1,587,176
Charges for Services	218,835	225,159	222,568	206,075	206,744	204,706	214,760	225,923	236,265	278,118
User fees	1,942	2,833	2,693	2,904	2,722	2,841	3,008	3,167	253	98
Fines and Forfeitures	24,801	23,363	20,903	21,138	20,869	18,629	17,499	18,149	19,695	20,190
Lease revenue	2,270	2,104	2,179	2,485	2,358	2,085	2,247	2,319	2,170	2,596
Intergovernmental	239,072	205,469	209,889	305,421	292,431	360,021	310,814	280,970	335,284	253,380
Earnings on investments	28,131	48,237	58,042	31,385	16,687	5,520	14,946	6,052	2,731	9,059
Miscellaneous	64,966	51,143	56,058	71,684	59,358	74,688	77,572	83,855	74,183	87,343
Total revenues	<u>1,482,673</u>	<u>1,552,706</u>	<u>1,682,903</u>	<u>1,843,924</u>	<u>1,832,040</u>	<u>1,835,506</u>	<u>1,832,388</u>	<u>1,894,389</u>	<u>2,103,570</u>	<u>2,237,960</u>
EXPENDITURES										
Administration of Justice	608,878	681,412	783,755	896,488	911,300	881,592	834,450	850,686	909,620	958,429
Parks	49,518	52,031	57,524	66,130	67,671	71,128	73,148	62,862	84,602	70,841
County Administration	239,179	264,922	276,798	358,308	293,562	299,313	270,858	252,731	289,211	283,947
Health and Human Services	184,370	196,891	185,616	193,127	218,687	199,105	182,342	191,957	189,032	184,340
Flood Control	58,761	66,721	71,590	69,792	69,569	75,116	66,463	79,245	62,820	60,271
Tax Administration	30,169	31,263	33,358	36,269	36,678	34,848	31,863	32,048	33,385	35,311
Roads and Bridges	84,341	84,338	87,946	91,351	113,208	103,910	92,177	87,185	80,011	83,653
Capital Outlay	283,937	263,492	241,272	214,553	244,495	305,169	232,108	215,462	221,799	203,856
Debt Service:										
Bond issuance costs	1,094	4,509	293	6,270	1,888	5,678	1,831	3,159	364	2,742
Interest and fiscal charges	101,802	114,938	140,405	116,723	123,170	106,921	120,815	121,086	134,703	135,101
Principal	76,600	70,191	64,868	75,396	83,757	83,614	63,189	67,420	67,765	90,711
	<u>1,718,649</u>	<u>1,830,708</u>	<u>1,943,425</u>	<u>2,124,407</u>	<u>2,163,985</u>	<u>2,166,394</u>	<u>1,969,244</u>	<u>1,963,841</u>	<u>2,073,312</u>	<u>2,109,202</u>
Excess of revenues over (under) expenditures	(235,976)	(278,002)	(260,522)	(280,483)	(331,945)	(330,888)	(136,856)	(69,452)	30,258	128,758
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowings	195,582	195,640	146,355	122,961	102,910	214,524	75,497	66,776	86,113	90,360
Proceeds from refundings	113,224	578,613	-	851,958	282,101	609,097	247,477	476,583	-	421,163
Payments to escrow agent	(112,236)	(66,181)	-	(563,174)	(279,883)	(404,915)	(45,874)	(473,544)	-	(188,658)
Payments to defease commercial paper	(335)	(298,936)	-	(282,763)	-	(200,000)	(200,000)	(14,500)	-	(265,152)
Capital leases	311	833	168	-	-	-	-	-	-	-
Proceeds from insurance recovery	-	-	-	438	-	32,500	323	7,825	267	589
Sale of capital assets	1,966	1,267	8,253	424	799	1,064	361	1,083	10,349	702
Capital contributions	2,500	2,500	-	-	-	2,211	-	-	-	-
Transfers in	114,442	481,768	211,513	185,813	219,502	417,015	321,214	190,583	215,563	506,014
Transfers out	(101,351)	(458,611)	(93,555)	(70,538)	(90,667)	(298,219)	(184,353)	(76,317)	(100,937)	(390,883)
Total other financing sources (uses)	<u>214,103</u>	<u>436,893</u>	<u>272,734</u>	<u>245,119</u>	<u>234,762</u>	<u>373,277</u>	<u>214,645</u>	<u>178,489</u>	<u>211,355</u>	<u>174,135</u>
Net change in fund balances	<u>\$ (21,873)</u>	<u>\$ 158,891</u>	<u>\$ 12,212</u>	<u>\$ (35,364)</u>	<u>\$ (97,183)</u>	<u>\$ 42,389</u>	<u>\$ 77,789</u>	<u>\$ 109,037</u>	<u>\$ 241,613</u>	<u>\$ 302,893</u>
Debt service as a percentage of noncapital expenditures	12.4%	11.8%	12.1%	10.1%	10.8%	10.2%	10.6%	10.8%	10.9%	11.9%

Table 5

**HARRIS COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(EXCEPT FLOOD CONTROL DISTRICT)
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 230,050,598	\$ 37,313,520	\$ 61,017,743	\$ 206,346,375 (b)	0.39986
2007	250,997,888	40,381,452	66,142,090	225,237,250 (b)	0.40239
2008	281,251,230	46,122,092	73,150,566	254,222,756	0.39239
2009	313,740,198	50,453,455	82,016,388	282,177,265	0.38923
2010	316,949,419	54,044,038	85,902,801	285,090,656	0.39224
2011	307,139,208	51,636,041	85,743,093	273,032,156	0.38805
2012	313,475,950	51,539,733	88,299,285	276,716,398	0.39117
2013	324,827,229	57,313,966	91,639,208	290,501,987	0.40021
2014	347,626,720	62,743,816	93,848,695	316,521,841	0.41455
2015	384,362,133	65,476,453	99,412,873	350,425,713	0.41731

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of \$160,000 (\$156,240 prior to 2008).

(b) HCAD tax supplement as of January 29 of the tax year.

Source: Harris County Appraisal District.

Note: Property in the County must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per \$100 of assessed value.

Table 6

**HARRIS COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
FLOOD CONTROL DISTRICT
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 230,050,598	\$ 37,276,435	\$ 61,017,743	\$ 206,309,290 (b)	0.03322
2007	250,997,888	40,345,611	66,142,090	225,201,409 (b)	0.03241
2008	281,251,230	46,086,287	73,150,566	254,186,951	0.03106
2009	321,147,405	43,010,048	89,424,111	274,733,342	0.03086
2010	325,453,516	45,496,068	94,414,243	276,535,341	0.02922
2011	315,200,613	43,537,642	93,805,049	264,933,206	0.02923
2012	321,629,707	43,346,546	96,453,218	268,523,035	0.02809
2013	334,997,328	47,104,735	101,809,361	280,292,702	0.02809
2014	358,644,209	51,681,663	104,868,732	305,457,140	0.02827
2015	395,193,725	54,596,861	110,245,889	339,544,697	0.02736

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of \$160,000 (\$156,240 prior to 2008).

The Flood Control District has an exemption for goods exported from Texas ("Freeport Exemption").

(b) HCAD tax supplement as of January 29 of the tax year.

Source: Harris County Appraisal District.

Note: Property in the County must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per \$100 of assessed value.

Table 7

**HARRIS COUNTY, TEXAS
COUNTY-WIDE AD VALOREM TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)
(Unaudited)**

Purpose	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Harris County -										
General Fund	\$0.34728	\$0.34221	\$0.33918	\$0.33815	\$0.33401	\$0.33401	\$0.33444	\$0.33271	\$0.34547	\$0.34547
General Bonds Debt Service	0.03047	0.03885	0.03200	0.03192	0.03642	0.03635	0.03825	0.04468	0.05158	0.04802
Total - Constitutional Funds	0.37775	0.38106	0.37118	0.37007	0.37043	0.37036	0.37269	0.37739	0.39705	0.39349
County-Wide Road Debt Service	0.02211	0.02133	0.02121	0.01916	0.02181	0.01769	0.01848	0.02282	0.01750	0.02382
Total - Harris County	0.39986	0.40239	0.39239	0.38923	0.39224	0.38805	0.39117	0.40021	0.41455	0.41731
Flood Control District -										
Maintenance	0.02733	0.02733	0.02754	0.02754	0.02754	0.02727	0.02727	0.02522	0.02620	0.02620
Debt Service	0.00589	0.00508	0.00352	0.00332	0.00168	0.00196	0.00082	0.00287	0.00207	0.00116
Total - Flood Control	0.03322	0.03241	0.03106	0.03086	0.02922	0.02923	0.02809	0.02809	0.02827	0.02736
Port of Houston Authority -										
Debt Service	0.01474	0.01302	0.01437	0.01773	0.01636	0.02054	0.01856	0.01952	0.01716	0.01531
Hospital District - General	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.18216	0.17000	0.17000
Total	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.62998</u>							

Source: Harris County Auditor.

Table 8

**HARRIS COUNTY, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rates per \$100 of assessed value)
(Unaudited)**

<u>Purpose</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
County-Wide Taxing Jurisdiction:										
Harris County	\$ 0.3999	\$ 0.4024	\$ 0.3924	\$ 0.3892	\$ 0.3922	\$ 0.3881	\$ 0.3912	\$ 0.4002	\$ 0.4146	\$ 0.4173
Harris County Flood Control District	0.0332	0.0324	0.0311	0.0309	0.0292	0.0292	0.0281	0.0281	0.0283	0.0274
Port of Houston Authority	0.0147	0.0130	0.0144	0.0177	0.0164	0.0205	0.0185	0.0195	0.0171	0.0153
Harris County Hospital District	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922	0.1822	0.1700	0.1700
Total	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>	<u>\$ 0.6301</u>	<u>\$ 0.6300</u>						
Cities:										
Baytown	0.7370	0.7370	0.7370	0.7870	0.7870	0.7870	0.8220	0.8220	0.8220	0.8220
Bellaire	0.4700	0.4400	0.4400	0.3775	0.3759	0.3999	0.3999	0.3999	0.3999	0.3936
Deer Park	0.7200	0.7200	0.7200	0.7050	0.7050	0.7050	0.7050	0.7200	0.7200	0.7200
Houston	0.6500	0.6475	0.6450	0.6438	0.6388	0.6388	0.6388	0.6388	0.6388	0.6311
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.6275	0.6088	0.6088	0.6300	0.6300	0.6160	0.6160	0.5970	0.5970	0.5970
Missouri City	0.4980	0.4945	0.4993	0.5172	0.5284	0.5284	0.5284	0.5448	0.5738	0.5650
Pasadena	0.5670	0.5670	0.5670	0.5620	0.5620	0.5916	0.5916	0.5916	0.5916	0.5769
Pearland	0.6744	0.6527	0.6526	0.6526	0.6526	0.6651	0.6851	0.7051	0.7051	0.7121
Seabrook	0.6307	0.6210	0.6203	0.5884	0.5884	0.6268	0.6500	0.6652	0.6652	0.6400
South Houston	0.6863	0.6588	0.6770	0.6784	0.6732	0.6732	0.6732	0.7083	0.6699	0.6445
Webster	0.2575	0.2575	0.2489	0.2060	0.2325	0.2575	0.2853	0.2853	0.2696	0.2487
West University Place	0.4300	0.4020	0.3660	0.3590	0.3588	0.3741	0.3741	0.3741	0.3741	0.3618
School Districts and Junior Colleges:										
Aldine	1.7090	1.6040	1.2770	1.2920	1.3005	1.4305	1.3284	1.3284	1.3284	1.3059
Alief	1.7200	1.5900	1.5900	1.3400	1.3400	1.3400	1.3400	1.3200	1.2900	1.2800
Clear Creek	1.7750	1.6300	1.3200	1.3600	1.3600	1.2937	1.3600	1.3600	1.3600	1.4000
Cypress-Fairbanks	1.8000	1.8000	1.6450	1.3240	1.3500	1.4100	1.4300	1.4500	1.4500	1.4500
Deer Park	1.8055	1.6623	1.3177	1.3367	1.3667	1.3967	1.3967	1.5267	1.5567	1.5567
Galena Park	1.8150	1.7100	1.4309	1.4550	1.4784	1.5134	1.5134	1.5134	1.5134	1.5134
Goose Creek	1.7275	1.5956	1.3020	1.2821	1.2821	1.3021	1.3321	1.3321	1.3868	1.3868
Houston	1.7275	1.6200	1.1570	1.1567	1.1567	1.1567	1.1567	1.1567	1.1867	1.1967
Humble	1.7700	1.7700	1.3100	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200
Katy	2.0000	1.8150	1.5266	1.5266	1.5266	1.5266	1.5266	1.5266	1.5266	1.5266
Klein	1.7000	1.5800	1.2600	1.3100	1.3600	1.4100	1.4300	1.4400	1.4300	1.3900
LaPorte	1.7335	1.6350	1.3200	1.3250	1.3250	1.3250	1.3550	1.3300	1.3300	1.4500
North Forest**	1.7125	1.7125	1.2367	1.3143	1.3500	1.3500	1.4693	1.4432	N/A	N/A
Lone Star College System*	0.1207	0.1167	0.1144	0.1101	0.1101	0.1176	0.1210	0.1198	0.1160	0.1081
Pasadena	1.8050	1.6900	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
Pearland	1.7922	1.6622	1.4272	1.4194	1.4194	1.4194	1.4194	1.4194	1.4157	1.4157
San Jacinto Junior College	0.1391	0.1454	0.1454	0.1634	0.1708	0.1708	0.1763	0.1856	0.1856	0.1856
Sheldon	1.7500	1.6340	1.4300	1.4300	1.4300	1.4300	1.4300	1.4300	1.4300	1.4300
Spring	1.9500	1.7100	1.4400	1.4400	1.4600	1.4600	1.4600	1.5700	1.5700	1.5100
Spring Branch	1.8100	1.8100	1.2850	1.3825	1.3945	1.3945	1.3945	1.3945	1.3945	1.3945
Tomball	1.7100	1.5800	1.2750	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600	1.3600

* Name change in FY2009 from North Harris Montgomery Community College

**Houston ISD annexed North Forest effective July 1, 2013.

Table 9

**HARRIS COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts in thousands)
(Unaudited)**

Taxpayers	2015			2006		
	2014 Taxable Valuations (a)	Rank	Percentage of Total 2014 Taxable Valuation (b)	2005 Taxable Valuations (a)	Rank	Percentage of Total 2005 Taxable Valuation (c)
Exxon Mobil Corporation	\$ 3,224,580	1	0.92%	\$ 3,157,665	1	1.53%
Centerpoint Energy, Inc.	2,780,025	2	0.79	2,604,445	2	1.26
Shell Oil Company	2,502,412	3	0.71	1,945,346	3	0.94
Lyondell	2,447,954	4	0.70	1,292,657	4	0.63
Chevron Chemical Company	2,156,757	5	0.62	935,750	8	0.45
NOV Wilson LP	1,237,770	6	0.35	-		0.00
Hewlett Packard	1,217,931	7	0.35	592,359	10	0.29
Cousins Greenway	1,013,393	8	0.29	-		0.00
BP Amoco	965,729	9	0.28	-		0.00
Crescent Real Estate	917,216	10	0.26	966,916	7	0.47
Halliburton Company	733,859	11	0.21	-		0.00
Baker Hughes	718,557	12	0.21	-		0.00
United Airlines Inc.	714,957	13	0.20	-		0.00
Busycon Properties LLC	536,990	14	0.15	-		0.00
Palmetto Transoceanic LLC	534,722	15	0.15	-		0.00
Southwestern Bell Telephone (SBCO)	-		0.00	1,058,278	5	0.51
Equistar Chemicals Limited Partnership	-		0.00	1,055,374	6	0.51
Hines Interests Ltd Partnership	-		0.00	854,380	9	0.41
Rohm & Haas Co.	-		0.00	499,167	11	0.24
Anheuser Busch Inc.	-		0.00	473,966	12	0.23
Trizecahn	-		0.00	415,503	13	0.20
Calpine	-		0.00	405,130	14	0.20
Oxy Vinlys LP	-		0.00	399,223	15	0.19
Total	\$ 21,702,852		6.19%	\$ 16,656,159		8.07%

Source: Harris County Appraisal District.

- (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on the County's total taxable value as of February 28, 2015.
- (c) Based on the County's total taxable value as of February 29, 2006.

Table 10

**HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
(EXCEPT FLOOD CONTROL DISTRICT)**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Adjusted Levy as of End of Current Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years*</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	\$ 796,885	\$ 819,937	\$ 719,922	90.3%	\$ 97,072	\$ 816,994	99.6%
2007	887,598	903,572	793,835	89.4	106,815	900,650	99.7
2008	929,929	991,224	910,828	97.9	77,410	988,238	99.7
2009	1,089,141	1,085,539	981,807	90.1	100,178	1,081,985	99.7
2010	1,114,429	1,101,677	1,036,477	93.0	60,741	1,097,218	99.6
2011	1,058,623	1,049,987	987,684	93.3	58,233	1,045,917	99.6
2012	1,081,861	1,072,946	1,022,187	94.5	46,081	1,068,268	99.6
2013	1,160,905	1,150,300	1,100,588	94.8	43,501	1,144,089	99.5
2014	1,308,910	1,317,539	1,247,389	95.3	43,411	1,290,800	98.0
2015	1,459,066	1,459,066	1,390,628	95.3	-	1,390,628	95.3

* For reporting purposes refunds associated with a prior year are netted against the prior year collections.

Table 11

**HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
FLOOD CONTROL DISTRICT**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 64,981	\$ 67,093	\$ 60,008	92.3%	\$ 6,835	\$ 66,843	99.6%
2007	70,782	71,467	62,680	88.6	8,555	71,235	99.7
2008	72,083	76,789	69,058	95.8	7,545	76,603	99.8
2009	84,057	83,779	74,344	88.4	9,152	83,496	99.7
2010	80,534	79,590	74,798	92.9	4,455	79,253	99.6
2011	77,374	76,745	72,089	93.2	4,341	76,430	99.6
2012	75,400	74,828	71,159	94.4	3,265	74,424	99.5
2013	78,616	77,965	74,486	94.7	2,948	77,434	99.3
2014	86,158	85,630	82,041	95.2	2,861	84,902	99.1
2015	92,695	92,695	88,298	95.3	-	88,298	95.3

* For reporting purposes refunds associated with a prior year are netted against the prior year collections.

HARRIS COUNTY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Loan Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases			
2006	\$ 1,978,755	\$ 346,945	\$ 28,691	\$ 23,136	\$ -	\$ 1,349,012	\$ 833,771	\$ -	\$ -	\$ 4,560,310	2.91%	\$ 1,235
2007	2,418,906	242,585	27,384	2,796	-	1,459,430	800,597	12,610	-	4,964,308	2.79%	1,277
2008	2,344,035	388,940	25,431	1,480	-	1,445,874	774,022	67,000	-	5,046,782	2.60%	1,282
2009	2,559,589	229,138	23,266	78	-	1,736,115	737,884	-	-	5,286,070	2.78%	1,327
2010	2,472,430	332,048	21,368	-	9,643	2,181,754	684,331	-	-	5,701,574	2.90%	1,401
2011	2,616,505	343,163	19,448	-	5,620	2,145,452	630,531	-	186	5,760,905	3.13%	1,408
2012	2,759,938	214,463	17,040	-	12,654	2,102,874	572,482	-	124	5,679,575	2.78%	1,359
2013	2,698,883	258,593	15,101	-	23,956	2,054,701	501,258	-	62	5,552,554	2.47%	1,305
2014	2,674,340	328,818	13,014	-	34,081	1,990,670	448,327	-	-	5,489,250	2.38%	1,266
2015	2,794,035	152,573	11,266	-	31,127	1,931,461	383,667	-	-	5,304,129	n/a	1,194

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 13 for detail of general bonded debt.

(b) See Table 17 for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar year.

Table 13

HARRIS COUNTY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding				Less: Restricted for Debt Payments	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)	Net Debt Per Capita (b)
	General Obligation Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total						
2006	\$ 1,698,587	\$ 210,311	\$ 69,857	\$ 1,978,755	\$ 142,250	\$ 1,836,505	0.96%	1.26%	\$ 536	\$ 497
2007	2,147,020	205,176	66,710	2,418,906	151,067	2,267,839	1.07%	1.36%	622	584
2008	2,080,487	201,278	62,270	2,344,035	154,297	2,189,738	0.92%	1.21%	596	556
2009	2,304,952	197,534	57,103	2,559,589	150,777	2,408,812	0.91%	1.35%	642	605
2010	2,264,416	206,074	1,940	2,472,430	155,452	2,316,978	0.87%	1.26%	607	569
2011	2,409,581	205,929	995	2,616,505	137,053	2,479,452	0.96%	1.42%	639	606
2012	2,554,210	205,729	-	2,759,939	136,559	2,623,380	1.00%	1.35%	660	628
2013	2,481,338	217,545	-	2,698,883	190,104	2,508,779	0.93%	1.20%	634	590
2014	2,453,391	220,949	-	2,674,340	230,567	2,443,773	0.84%	1.16%	617	563
2015	2,577,961	216,074	-	2,794,035	257,820	2,536,215	0.80%	n/a	629	571

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See Table 5 for property value data.

(b) See Table 17 for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar year.

Table 14

HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 28, 2015
(Unaudited)

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/28/15)	100.00%	\$ 1,974,972
Harris County Flood Control District (2/28/15)	100.00	593,361
Port of Houston Authority (12/31/14)	100.00	702,379
Total County-Wide Direct Debt		3,270,712
Cities:		
Baytown (9/30/14)	94.47	\$ 114,370
Bellaire (9/30/14)	100.00	77,047
Bunker Hill Village (12/31/14)	100.00	13,361
Deer Park (9/30/14)	100.00	25,072
Friendswood (9/30/14)	20.52	15,086
Houston (6/30/14)	99.30	3,297,094
Jersey Village (9/30/14)	100.00	16,775
La Porte (9/30/14)	100.00	20,341
League City (9/30/14)	2.00	90,026
Missouri City (7/1/14)	4.21	56,472
Pasadena (9/30/14)	100.00	77,302
Pearland (2/28/15)	7.51	289,028
Seabrook (9/30/14)	100.00	14,911
Tomball (9/30/14)	100.00	29,179
Webster (10/01/14)	100.00	16,576
West University Place (12/31/14)	100.00	58,868
Woodlands (12/31/14)	100.00	42,624
Other Cities (a)	100.00	45,362
Sub-Total Cities		4,299,494
School Districts and Junior Colleges:		
Aldine (6/30/14)	100.00	555,786
Alief (8/31/14)	100.00	165,979
Channelview (8/31/14)	100.00	216,041
Clear Creek (8/31/14)	68.14	1,322,840
Crosby (8/31/14)	100.00	120,609
Cypress-Fairbanks (6/30/14)	100.00	1,793,339
Deer Park (6/30/14)	100.00	249,041
Galena Park (8/31/14)	100.00	194,000
Goose Creek (6/30/14)	75.03	434,638
Houston Community College (6/30/15)	96.13	721,808
Houston (2/28/15)	100.00	2,477,114
Humble (6/30/14)	100.00	571,279
Katy (8/31/14)	58.45	1,209,384
Klein (8/31/14)	100.00	731,468
LaPorte (6/30/14)	99.99	420,808
Lee College (2/28/15)	75.03	80,392
Lone Star College System (8/31/14)	74.56	456,797
New Caney (4/17/2015)	1.93	270,149
Pasadena (8/31/14)	100.00	594,947
Pearland (8/31/14)	2.20	313,892
San Jacinto Junior College (2/28/15)	99.99	286,737
Sheldon (8/31/14)	100.00	143,089
Spring (6/30/14)	100.00	851,134
Spring Branch (6/30/14)	100.00	750,603
Tomball (8/31/14)	93.18	380,459
Waller (2/6/15)	42.48	114,246
Other Schools (b)	100.00	14,210
Sub-Total School Districts and Junior Colleges		15,440,789
Utility Districts (c)	100.00	4,490,316
Total Overlapping Debt		24,230,599
Total Direct and Overlapping Debt (Estimated \$6,192 Per Capita) (d)		\$ 27,501,311

(a) Aggregate net debt of 11 cities, each of which had a net debt of less than \$10,000,000.

(b) Aggregate net debt of 2 schools, each of which had a net debt of less than \$25,000,000.

(c) Estimated aggregate net debt of several hundred utility districts. Source: Municipal Advisory Council.

(d) Census Bureau population estimated at 4,441,370. Source: Bureau of the Census.

Sources: Outstanding debt provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County.

This table estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Harris County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire burden borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for the debt, of each overlapping government.

**HARRIS COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value of All Taxable Property		\$ 449,838,586
Assessed Value of Real Property		<u>\$ 384,362,133</u>
Debt Limit (25% of real property assessed value) (a)		96,090,533
Amount of Debt Applicable to Constitutional Debt Limit:		
Total Bonded Applicable Debt	1,247,449	
Less: Debt Service Funds Cash	<u>(132,189)</u>	
Total Net Debt Applicable to Limit		<u>1,115,260</u>
Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution		<u><u>\$ 94,975,273</u></u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 57,512,650	\$ 62,749,472	\$ 70,312,808	\$ 78,435,050	\$ 79,237,355	\$ 76,784,802	\$ 78,368,988	\$ 81,206,807	\$ 86,906,680	\$ 96,090,533
Total Net Debt Applicable to Limit	1,152,955	1,390,672	1,313,108	1,278,101	1,205,427	1,143,838	1,161,111	1,063,108	995,440	1,115,260
Legal Debt Margin	<u>\$ 56,359,695</u>	<u>\$ 61,358,800</u>	<u>\$ 68,999,700</u>	<u>\$ 77,156,949</u>	<u>\$ 78,031,928</u>	<u>\$ 75,640,964</u>	<u>\$ 77,207,877</u>	<u>\$ 80,143,699</u>	<u>\$ 85,911,240</u>	<u>\$ 94,975,273</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	2.00%	2.22%	1.87%	1.63%	1.52%	1.49%	1.48%	1.31%	1.15%	1.16%

(a) The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to the rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

Bonds Issued Under Article VIII, Section 9:

In addition to unlimited tax bonds, the County may issue statutorily authorized bonds payable from the proceeds of a limited ad valorem tax provided for in Article VIII, Section 9 of the State Constitution. Such constitutional provision provides that a county is limited to an ad valorem tax rate of \$0.80 per \$100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund and jury fund purposes.

Certain of the County's bonds payable from such limited tax may be issued under the provisions of Chapter 2, Title 22, Vernon's Texas Civil Statutes. The principal amount of all bonds, which may be issued under the provisions of such Chapter, is limited in aggregate to 5% of the assessed valuation. The debt limit under Chapter 2, Title 22 is approximately \$22,491,929 compared to applicable bonds outstanding at February 28, 2015 of \$-0-.

Bonds Issued Under Article XVI, Section 59:

The Harris County Flood Control District issues bonds pursuant to Article XVI, Section 59 of the State Constitution. No limits are prescribed in such constitutional provision; however, Chapter 407, Acts of 50th Legislature of Texas, Regular Session 1947 provides for a tax limit of \$0.30 per \$100 of taxable valuation for operational and debt service funds. A tax of \$0.02736 per \$100 of taxable value, which includes \$0.00116 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2014.

**HARRIS COUNTY, TEXAS
REVENUE BOND COVERAGES
LAST TEN FISCAL YEARS
(Unaudited)
(amounts in thousands)**

Fiscal Year	Gross Revenues	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
			Principal	Interest	Total	
<u>TOLL ROAD REVENUE BONDS</u>						
2006	\$ 350,342	\$ 350,342	\$ 20,890	\$ 69,042	\$ 89,932	3.90
2007	394,605	394,605	23,000	70,691	93,691	4.21
2008	430,154	430,154	26,460	67,760	94,220	4.57
2009	443,010	443,010	28,120	66,129	94,249	4.70
2010	456,712	456,712	34,460	101,877	136,337	3.35
2011	482,198	482,198	37,645	98,031	135,676	3.55
2012	525,353	525,353	44,405	95,934	140,339	3.74
2013	560,713	560,713	58,090	89,770	147,860	3.79
2014	609,966	609,966	53,795	87,537	141,332	4.32
2015	688,921	688,921	57,025	85,702	142,727	4.83

Table 17

**HARRIS COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2005	3,693,050	5.4%	\$ 156,920,733	\$ 42,491
2006	3,886,207	4.0%	178,160,838	45,844
2007	3,935,855	4.2%	194,177,877	49,336
2008	3,984,349	5.5%	190,226,395	47,743
2009	4,070,989	8.1%	196,779,227	48,337
2010	4,092,459	8.3%	183,899,347	44,936
2011	4,178,574	7.2%	204,593,445	48,963
2012	4,253,700	6.0%	224,617,980	52,805
2013	4,336,853	5.5%	230,462,963	53,141
2014	4,441,370	4.0%	n/a	n/a

Sources: Population - Bureau of the Census
 Unemployment Rate - Texas Workforce Commission
 Personal Income - Bureau of Economic Analysis

Table 18

**HARRIS COUNTY, TEXAS
PRINCIPAL CORPORATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*
(amounts in thousands)
(Unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Memorial Hermann Health System	19,500	1	0.66%			
United Airlines	17,000	2	0.57%			0.00%
ExxonMobil Corporation	13,191	3	0.44%			0.00%
Houston Methodist	13,000	4 (tie)	0.44%			
Shell Oil Company	13,000	4 (tie)	0.44%	11,674	2	0.48%
Kroger Company	12,000	5	0.40%			0.00%
National Oilwell Varco	10,000	6 (tie)	0.34%			
Schlumberger Limited	10,000	6 (tie)	0.34%			
BP America Inc	9,537	7	0.32%			
Baylor College of Medicine	9,232	8	0.31%			0.00%
Chevron	9,000	9	0.30%			
ARAMARK Corporation	8,500	10	0.29%			
Halliburton Companies (former Brown & Root/Dresser)				11,965	1	0.50%
Continental Airlines				9,500	3	0.39%
HP (former Compaq)				8,500	4	0.35%
Pappas Restaurants, Inc.				8,000	5	0.33%
SBC (former Southwestern Bell Telephone)				6,343	6	0.26%
Centerpoint (former Houston Industries)				5,531	7	0.23%
HCA Gulf Coast (former Columbia HCA Gulf Coast)				5,008	8	0.21%
Conoco Phillips				4,521	9	0.19%
Baker Hughes				4,500	10	0.19%
	143,960			75,542		

* Based on calendar year.

Source: Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ

Note: Total County Employment for 2014 was an estimated 2,972,910 (based on prior year employment figures) and for 2005 was 2,412,284.

**HARRIS COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration of Justice	8,380 (a)	8,168	8,740	9,425	9,308	8,779	8,462	8,723	9,290	9,625
Parks	715	706	732	787	797	670	625	675	700	805
County Administration	2,726	2,871	3,024	3,339	3,161	3,032	2,901	2,957	3,021	3,166
Health and Human Service	1,613	1,604	1,706	1,796	1,718	1,467	1,385	1,326	1,334	1,369
Flood Control	312	333	325	354	374	335	308	290	300	291
Tax Administration	428	426	435	428	415	378	341	340	349	348
Roads and Bridges	782	779	807	856	914	597	561	536	550	448

(a) Beginning in FY 2006, the Administration of Justice function no longer included Community Supervision employees, who are currently considered employees of the State of Texas.

Note: (1) As of February 28, 2015, it is estimated that approximately 2,862 of the County's employees were members of various labor organizations, some of which are unions affiliated with the AFL-CIO. The County does not maintain collective bargaining agreements with any unions.

(2) This schedule represents the number of County employees at the end of each fiscal year.

**HARRIS COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>Fiscal Years</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Administration of Justice</u>										
Law Enforcement Vehicles	1,988	1,739	1,753	2,117	2,043	1,938	2,000	2,096	1,932	2,080
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities)	5	5	5	5	5	5	5	5	5	5
Forensic Center	1	1	1	1	1	1	1	1	1	1
<u>Parks</u>										
Number of Active Parks	118	129	129	145	147	147	151	167	162	185
<u>County Administration</u>										
Stadiums	2	2	2	2	2	2	2	2	2	2
Exhibition Center	1	1	1	1	1	1	1	1	1	1
Arena	1	1	1	1	1	1	1	1	1	1
Ferries	2	2	2	2	2	2	2	2	2	2
<u>Health and Human Services</u>										
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	18*	18*	18*	18*	19	19	19
Veterinary Public Health Shelter	1	1	1	1	1	1	1	1	1	1
<u>Flood Control</u>										
Sites by Acreage (Incl. Easements and Fee Simple Ownership)										
Basins	12,309	13,192	14,866	15,361	15,467	15,724	16,081	16,107	16,298	16,342
Buyouts	763	776	825	845	880	931	958	1,016	1,034	1,040
Channels	20,704	20,753	20,799	20,832	20,858	20,935	21,117	21,143	21,236	21,286
<u>Roads and Bridges</u>										
Road Miles	6,073	6,307	6,194	6,564	6,317	6,454	6,425	6,531	6,639	6,441
Bridge Miles	24	24	22	24	33	23	34	33	34	23
<u>Toll Road</u>										
Road Miles	96	103	103	107	107	115	128	125	120	120
Lane Miles	491	491	550	556	556	598	676	631	634	704

Source: Various County Departments.

* Evelyn Meador Library excluded from total due to damage from Hurricane Ike. Evelyn Meador Library reopened in June 2011.

Table 21

**HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration of Justice										
District Courts*										
Criminal Courts- Cases Filed with District Clerk	43,284	44,642	49,975	51,318	52,803	51,490	46,034	51,733	51,244	49,043
Civil Courts- Cases Filed with District Clerk	35,192	38,293	38,164	36,364	34,970	41,681	47,908	53,681	56,424	57,139
Family and Juv. Courts- Cases Filed with District Clerk	74,380	74,431	74,253	74,785	74,325	72,055	71,369	78,988	67,968	60,884
County Courts										
Criminal Courts- New Cases Filed*	68,402	74,599	79,638	76,108	75,113	82,328	78,946	84,126	79,879	78,296
Civil Courts- New Cases Filed	21,148	20,730	28,038	27,768	20,984	21,849	29,381	23,897	18,021	16,065
Civil Courts- New Instruments Filed	430,693	517,076	539,356	573,032	475,899	466,433	534,960	430,236	296,144	267,185
Justices of the Peace Courts										
Criminal Filings	526,593	529,839	489,483	455,400	444,797	448,608	424,138	419,476	467,723	508,093
Civil Filings	73,872	78,893	82,047	100,452	100,822	88,478	91,401	93,275	93,877	93,170
Fire Marshal										
Fire Safety Inspections	1,250	1,450	4,475	7,298	8,156	12,049	9,595	8,239	10,042	12,411
Constables										
Traffic Tickets Issued	114,479	116,449	131,041	131,921	131,472	146,170	125,403	134,999	160,425	160,923
Civil Papers Executed	449,431	533,013	519,572	509,788	485,252	505,403	469,704	438,334	427,542	412,525
Criminal Warrants Executed	187,578	176,849	215,635	146,918	142,752	144,198	157,101	131,804	115,335	106,640
Juvenile Probation										
Juvenile Probation Referrals	25,459	23,939	24,918	22,872	20,225	19,581	17,275	15,950	14,244	13,298
Average Daily Population at Facilities	685	691	691	732	687	612	567	464	478	506
Sheriff										
Jail Prisoners, Average/Day	8,397	8,882	8,929	9,723	10,988	11,064	10,249	9,277	8,611	8,693
District Attorney										
Cases Filed DA Intake	102,775	114,879	114,588	113,353	112,676	117,968	113,697	113,517	103,251	101,977
Medical Examiner										
Harris County Autopsies**	2,862	3,073	4,198	4,199	4,199	3,859	3,858	3,678	4,158	4,389
Cases Investigated	12,291	13,911	15,304	16,357	16,357	9,321	9,290	9,209	10,132	10,879
Parks										
Precincts										
Number of Park Concessionaire Agreements	68	68	72	74	75	77	79	81	81	81
Number of Bus Trips	7,790	8,077	7,582	8,454	8,494	7,767	8,810	7,961	8,063	7,740
County Administration										
County Auditor										
Accounts Payable Checks and EFTs Issued ****	131,727	133,058	132,026	129,257	128,011	127,165	125,359	110,976	109,264	109,858
Payroll Checks/Direct Deposit/Pay Cards Processed	386,570	393,550	397,124	425,197	438,695	453,387	428,945	396,855	400,245	421,842
Audit Chargeable Service Hours	24,629	25,901	23,811	26,375	17,255	21,394	17,861	18,501	24,709	21,701
Purchasing										
Number of Purchase Orders Issued (for Harris County)	16,319	16,725	19,526	21,904	23,603	22,386	16,332	15,414	15,500	16,475
Management Services										
Tort Claims Incidents	2,286	2,235	2,067	2,231	2,603	2,452	2,455	2,552	2,695	2,752
Information Technology Center										
Traffic on Harris County Web Sites	65,000,000	130,082,793	225,005,194	223,675,416	250,830,197	257,908,836	265,887,822	205,115,853	256,117,211	296,585,554
County Clerk										
Marriage and Informal Marriage Licenses	33,178	32,714	32,859	33,027	32,406	29,947	31,132	33,136	33,344	33,792
Real Property Filings	858,236	832,821	860,798	736,403	601,263	582,386	561,177	554,367	607,421	636,019
Assumed Name Certificates (DBAs)	75,717	68,135	66,630	66,909	62,255	62,424	62,193	64,156	61,868	62,663

Table 21

**HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>Fiscal Years</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Health and Human Services</u>										
Public Health and Environmental Services										
Food Inspections	15,000	16,213	15,788	15,948	16,285	17,557	17,728	18,185	16,461	16,936
Animals Adopted	1,855	2,685	2,334	2,283	1,979	1,665	1,289	1,569	1,428	1,839
Protective Services for Children & Adults										
Children in Conservatorship at Year End (August)	4,393	4,953	5,180	5,108	4,962	5,640	5,629	4,857	4,547	4,158
Adults Served by the Guardianship Program	1,365	1,398	1,406	1,431	1,447	1,451	1,422	1,400	1,334	1,343
County Library										
Library Program Attendance	262,211	284,973	351,869	417,712	384,175	419,894	432,987	413,516	415,304	422,926
Library Books/Materials Circulated	10,000,000	10,724,945	10,958,109	11,096,150	10,834,511	11,485,172	11,095,065	11,171,002	10,505,490	9,758,250
<u>Flood Control</u>										
Developer Plans Approved- Watershed Mgt.	1,114	1,221	1,467	1,578	1,713	1,833	1,831	2,051	2,078	2,431
Citizen Services Requests	2,393	2,681	2,948	2,573	2,476	2,479	1,738	1,393	1,847	1,385
<u>Tax Administration</u>										
Tax Assessor-Collector										
Tax Account/Statements	1,417,878	1,431,975	1,452,912	1,505,318	1,531,794	1,544,299	1,546,433	1,552,717	1,559,181	1,566,167
Auto Licenses/Registrations	2,866,994	2,959,176	3,107,456	3,219,906	3,332,920	3,307,065	3,281,378	3,504,597	3,498,655	3,588,535
Beer and Wine Licenses Issued	7,915	7,526	7,106	6,775	6,859	6,675	3,946	3,700	3,626	3,342
Liquor Licenses Issued	3,167	3,062	4,901	6,973	5,085	4,806	4,703	5,796	5,026	5,825
Voter Registration	1,842,625	1,880,749	1,780,271	1,835,385	1,868,588	1,891,033	1,852,463	1,892,314	1,935,268	2,005,512
<u>Roads and Bridges</u>										
Engineering Department										
Traffic Studies/Counts	583	848	827	618	676	586	681	591	835	407
Road Crossing Inspections ***	1,676	2,026	2,156	1,738	1,738	1,240	1,426	1,338	1,312	1,618
Road Crossing Permits ***	838	1,013	1,078	869	869	620	713	669	656	809
<u>Toll Road</u>										
Traffic Transactions	284,865,914	297,237,479	359,952,935	375,731,726	353,948,710	371,245,774	380,664,408	408,307,389	428,226,811	443,256,890

Source: Various County Departments

* Criminal Courts - Incoming Cases Include: Misdemeanor Indictments, Felony Indictments, Complaints, Motion to Revoke Probation and Motions to Adjudicate and Order for New Trials.

Civil Courts - Includes Tax Cases. Also includes bond forfeiture actions (as of 2011).

Family & Juv. Courts - Includes CPS and Delinquency Cases, including Motions to Revoke Probation and Motions to Adjudicate Guilt.

**Harris County Autopsies - includes autopsies and external exams.

*** 2011 number was corrected by the department.

**** 2012 number was corrected by the department. Based on available data it appears that the reduction in recent years is due to a change in how electronic funds transfers related to payroll are counted.

**HARRIS COUNTY, TEXAS
TABLE OF TAX DEBT OUTSTANDING
(Unaudited)**

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 957,909,147
Unlimited Tax Debt	877,678,713
Flood Control	560,530,000
Toll Road Tax Bonds	<u>369,770,000</u>
Total	\$ 2,765,887,860
Less: Toll Road Tax Bonds	<u>(369,770,000)</u>
Total (Approximately 0.53% of 2014 Assessed Value)	<u><u>\$ 2,396,117,860</u></u>

(a) Excluding Flood Control District debt of \$87,400,000 paid for by the District's ad valorem tax revenues. Amounts expressed at gross value, not considering unamortized premium or discount or accretion of capital appreciation bonds.

**HARRIS COUNTY, TEXAS
TABLE OF HISTORICAL TAX DEBT OUTSTANDING
(Unaudited)**

The following table sets forth the County's ad valorem tax debt outstanding, as of the end of the Fiscal years 2005-2006 through 2014-15.

Fiscal Year	County's Debt Outstanding (a) (thousands)	Taxable Value (b) (thousands)	Outstanding as a Percentage of Taxable Value	Estimated Population (c)	Debt Outstanding Per Capita	Per Capita Excluding Toll Road
2006	\$ 2,522,538	\$ 206,346,375	1.22%	3,693,050	\$ 683	\$ 490
2007	2,856,915	225,237,250	1.27	3,886,207	735	530
2008	2,768,709	254,222,756	1.09	3,935,855	703	531
2009	2,981,996	282,177,265	1.06	3,984,349	748	581
2010	2,854,982	285,090,656	1.00	4,070,989	701	548
2011	2,925,447	273,032,156	1.07	4,092,459	715	572
2012	2,990,172	276,716,398	1.08	4,178,574	716	587
2013	2,825,047	290,501,987	0.97	4,253,700	664	551
2014	2,713,804	316,521,841	0.86	4,336,853	626	526
2015	2,765,888	350,425,713	0.79	4,441,370	623	539

- (a) Includes debt paid for by the County's ad valorem tax revenues. Excludes Flood Control debt paid by District's ad valorem tax revenues.
- (b) Taxable values are net of exemptions and abatements. Property is assessed at 100% of appraised value.
- (c) Source: Bureau of the Census.

Table 24

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE LIMITED TAX DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal Year	Hotel Occupancy Tax Bonds			Other Limited Tax Bonds			Total Limited Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 9,412	\$ 15,842	\$ 25,254	\$ 51,570	\$ 33,630	\$ 85,200	\$ 60,982	\$ 49,472	\$ 110,454
2017	9,068	16,189	25,257	60,764	31,474	92,238	69,832	47,663	117,495
2018	8,768	16,485	25,253	58,253	28,766	87,019	67,021	45,251	112,272
2019	8,501	16,754	25,255	60,570	26,245	86,815	69,071	42,999	112,070
2020	8,261	16,996	25,257	54,720	23,514	78,234	62,981	40,510	103,491
2021	17,400	8,087	25,487	53,805	21,010	74,815	71,205	29,097	100,302
2022	18,260	7,256	25,516	74,155	18,567	92,722	92,415	25,823	118,238
2023	19,205	6,379	25,584	38,035	15,027	53,062	57,240	21,406	78,646
2024	8,376	17,175	25,551	40,800	13,285	54,085	49,176	30,460	79,636
2025	4,557	17,407	21,964	78,270	11,419	89,689	82,827	28,826	111,653
2026	4,284	17,680	21,964	36,825	7,528	44,353	41,109	25,208	66,317
2027	16,720	5,336	22,056	35,780	5,687	41,467	52,500	11,023	63,523
2028	17,645	4,477	22,122	35,730	3,898	39,628	53,375	8,375	61,750
2029	3,955	17,995	21,950	29,110	2,176	31,286	33,065	20,171	53,236
2030	18,610	3,570	22,180	4,800	720	5,520	23,410	4,290	27,700
2031	19,605	2,615	22,220	4,800	480	5,280	24,405	3,095	27,500
2032	20,685	1,608	22,293	4,800	240	5,040	25,485	1,848	27,333
2033	21,810	545	22,355	-	-	-	21,810	545	22,355
Total	\$ 235,122	\$ 192,396	\$ 427,518	\$ 722,787	\$ 243,666	\$ 966,453	\$ 957,909	\$ 436,062	\$ 1,393,971

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal Year	Limited Tax Debt (b)			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total County-Wide Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 60,982	\$ 49,472	\$ 110,454	\$ 31,263	\$ 42,080	\$ 73,343	\$ 40,685	\$ 17,832	\$ 58,517	\$ 24,835	\$ 29,900	\$ 54,735	\$ 157,765	\$ 139,284	\$ 297,049
2017	69,832	47,663	117,495	31,589	40,467	72,056	26,380	16,419	42,799	25,385	29,448	54,833	153,186	133,997	287,183
2018	67,021	45,251	112,272	36,417	39,359	75,776	26,610	15,128	41,738	25,955	28,914	54,869	156,003	128,652	284,655
2019	69,071	42,999	112,070	51,405	37,977	89,382	27,445	13,742	41,187	26,705	28,239	54,944	174,626	122,957	297,583
2020	62,981	40,510	103,491	47,250	35,418	82,668	28,345	12,278	40,623	28,025	26,927	54,952	166,601	115,133	281,734
2021	71,205	29,097	100,302	52,395	33,060	85,455	29,285	10,765	40,050	29,495	25,456	54,951	182,380	98,378	280,758
2022	92,415	25,823	118,238	35,595	30,488	66,083	19,445	9,486	28,931	30,980	23,974	54,954	178,435	89,771	268,206
2023	57,240	21,406	78,646	65,540	28,734	94,274	20,240	8,449	28,689	32,605	22,347	54,952	175,625	80,936	256,561
2024	49,176	30,460	79,636	67,495	25,558	93,053	20,700	7,385	28,085	34,235	20,717	54,952	171,606	84,120	255,726
2025	82,827	28,826	111,653	59,370	22,249	81,619	21,165	6,297	27,462	35,950	19,005	54,955	199,312	76,377	275,689
2026	41,109	25,208	66,317	53,770	19,368	73,138	12,070	5,430	17,500	37,665	17,592	55,257	144,614	67,598	212,212
2027	52,500	11,023	63,523	54,305	16,679	70,984	12,090	4,796	16,886	39,125	15,709	54,834	158,020	48,207	206,227
2028	53,375	8,375	61,750	54,870	13,964	68,834	12,115	4,161	16,276	41,075	13,753	54,828	161,435	40,253	201,688
2029	33,065	20,171	53,236	55,455	11,345	66,800	12,135	3,524	15,659	43,100	11,731	54,831	143,755	46,771	190,526
2030	23,410	4,290	27,700	45,650	8,698	54,348	12,160	2,886	15,046	42,225	9,608	51,833	123,445	25,482	148,927
2031	24,405	3,095	27,500	43,590	6,541	50,131	12,185	2,247	14,432	29,590	7,529	37,119	109,770	19,412	129,182
2032	25,485	1,848	27,333	44,270	4,473	48,743	12,210	1,607	13,817	10,970	6,049	17,019	92,935	13,977	106,912
2033	21,810	545	22,355	15,050	2,373	17,423	12,240	965	13,205	11,520	5,500	17,020	60,620	9,383	70,003
2034	-	-	-	15,805	1,620	17,425	12,265	322	12,587	12,095	4,925	17,020	40,165	6,867	47,032
2035	-	-	-	16,595	830	17,425	-	-	-	12,700	4,320	17,020	29,295	5,150	34,445
2036	-	-	-	-	-	-	-	-	-	13,335	3,685	17,020	13,335	3,685	17,020
2037	-	-	-	-	-	-	-	-	-	14,005	3,018	17,023	14,005	3,018	17,023
2038	-	-	-	-	-	-	-	-	-	14,705	2,318	17,023	14,705	2,318	17,023
2039	-	-	-	-	-	-	-	-	-	15,440	1,582	17,022	15,440	1,582	17,022
2040	-	-	-	-	-	-	-	-	-	16,210	810	17,020	16,210	810	17,020
Total	\$ 957,909	\$ 436,062	\$ 1,393,971	\$ 877,679	\$ 421,281	\$ 1,298,960	\$ 369,770	\$ 143,719	\$ 513,489	\$ 647,930	\$ 363,056	\$ 1,010,986	\$ 2,853,288	\$ 1,364,118	\$ 4,217,406

(a) Includes Flood Control District debt paid for by the District's ad valorem tax revenues and debt paid for by the County's ad valorem tax revenues as a result of refunded commercial paper.

(b) See Table 24 for more detail of Limited Tax Debt Service Requirements.

Table 26

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE BONDED DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal Year	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 157,765	\$ 139,284	\$ 297,049	\$ 57,025	\$ 85,702	\$ 142,727	\$ 214,790	\$ 224,986	\$ 439,776
2017	153,186	133,997	287,183	67,205	84,162	151,367	220,391	218,159	438,550
2018	156,003	128,652	284,655	70,600	81,926	152,526	226,603	210,578	437,181
2019	174,626	122,957	297,583	71,735	79,230	150,965	246,361	202,187	448,548
2020	166,601	115,133	281,734	75,435	76,142	151,577	242,036	191,275	433,311
2021	182,380	98,378	280,758	78,475	72,559	151,034	260,855	170,937	431,792
2022	178,435	89,771	268,206	84,015	68,728	152,743	262,450	158,499	420,949
2023	175,625	80,936	256,561	59,910	65,303	125,213	235,535	146,239	381,774
2024	171,606	84,120	255,726	62,275	62,358	124,633	233,881	146,478	380,359
2025	199,312	76,377	275,689	64,735	59,292	124,027	264,047	135,669	399,716
2026	144,614	67,598	212,212	65,530	56,090	121,620	210,144	123,688	333,832
2027	158,020	48,207	206,227	63,930	52,860	116,790	221,950	101,067	323,017
2028	161,435	40,253	201,688	62,420	49,712	112,132	223,855	89,965	313,820
2029	143,755	46,771	190,526	66,080	46,528	112,608	209,835	93,299	303,134
2030	123,445	25,482	148,927	69,925	43,181	113,106	193,370	68,663	262,033
2031	109,770	19,412	129,182	81,915	39,466	121,381	191,685	58,878	250,563
2032	92,935	13,977	106,912	86,295	35,356	121,651	179,230	49,333	228,563
2033	60,620	9,383	70,003	90,005	31,043	121,048	150,625	40,426	191,051
2034	40,165	6,867	47,032	95,260	26,638	121,898	135,425	33,505	168,930
2035	29,295	5,150	34,445	104,285	22,069	126,354	133,580	27,219	160,799
2036	13,335	3,685	17,020	109,240	17,359	126,599	122,575	21,044	143,619
2037	14,005	3,018	17,023	42,830	13,711	56,541	56,835	16,729	73,564
2038	14,705	2,318	17,023	31,905	11,874	43,779	46,610	14,192	60,802
2039	15,440	1,582	17,022	33,545	10,238	43,783	48,985	11,820	60,805
2040	16,210	810	17,020	20,145	8,896	29,041	36,355	9,706	46,061
2041	-	-	-	20,810	7,855	28,665	20,810	7,855	28,665
2042	-	-	-	14,030	6,950	20,980	14,030	6,950	20,980
2043	-	-	-	17,885	6,116	24,001	17,885	6,116	24,001
2044	-	-	-	18,680	5,164	23,844	18,680	5,164	23,844
2045	-	-	-	19,520	4,169	23,689	19,520	4,169	23,689
2046	-	-	-	20,505	3,126	23,631	20,505	3,126	23,631
2047	-	-	-	21,340	2,036	23,376	21,340	2,036	23,376
2048	-	-	-	22,325	897	23,222	22,325	897	23,222
2049	-	-	-	3,100	238	3,338	3,100	238	3,338
2050	-	-	-	3,200	80	3,280	3,200	80	3,280
Total	\$ 2,853,288	\$ 1,364,118	\$ 4,217,406	\$ 1,876,115	\$ 1,237,054	\$ 3,113,169	\$ 4,729,403	\$ 2,601,172	\$ 7,330,575

(a) See Table 25 for more detail of Tax Debt Service Requirements.

Harris County, Texas
Table of County-Wide Authorized but Unissued Bonds
(Unaudited)
(Amounts in Thousands)

As of February 28, 2015, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September 1983, November 1999, November 2001, November 2007, and November 2013 remain unissued.

The Table reflects the County's use of voted authority when it issues general obligation commercial paper notes pursuant to its Series B (parks and libraries) and Series C (roads and bridges) programs.

County Ad Valorem Tax Bonds

Limited Tax:		
Civil Justice Center	\$ 33,000	
Parks	43,800	
Forensic Lab	67,400	
Family Law Center	70,000	
Joint Processing Center	67,600	
Total Limited Tax Bonds		\$ 281,800
Unlimited Tax:		
Road Bonds	60,780	
Total Unlimited Tax Bonds		60,780
Combination Unlimited Tax and Revenue:		
Toll Roads	15,148	
Total Unlimited Tax and Revenue Bonds		15,148
Harris County Flood Control District Limited Tax Bonds		-
Total Harris County Ad Valorem Tax Bonds		357,728
Total Authorized but Unissued Bonds		\$ 357,728

Table 28

**HARRIS COUNTY, TEXAS
TABLE OF HOTEL OCCUPANCY TAX REVENUE
(Unaudited)**

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Percentage Change From Prior Year</u>
2006	\$ 19,271,034	14.51%
2007	20,726,860	7.55%
2008	26,371,231	27.23%
2009	26,610,006	0.91%
2010	21,341,220	-19.80%
2011	23,311,624	9.23%
2012	26,814,924	15.03%
2013	29,916,638	11.57%
2014	36,408,662	21.70%
2015	41,910,703	15.11%

Note: This table is prepared on the accrual basis.

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2015-2016
(Unaudited)

On February 10, 2015 the Commissioners Court adopted the budget for the County for the Fiscal Year 2015-2016. The Fiscal Year 2016 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2015-2016 budget for the County's Current Operating Fund:

Cash Balance as of March 1, 2015	\$ 549,848,561
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	1,240,705,513
Charges for Services	235,126,021
Fines and Forfeitures	20,657,051
Intergovernmental Revenues	42,803,565
Interest	1,954,036
Other	48,506,075
Total Cash and Estimated Revenues	<u>\$ 2,139,600,822</u>
 Appropriations:	
Current Operating Expenses	\$ 2,098,107,163
Capital Outlay:	
Roads	10,527,983
Parks	26,111,812
Office/Courts	4,853,864
Total Appropriations	<u>\$ 2,139,600,822</u>

**HARRIS COUNTY, TEXAS
TABLE OF COUNTY CAPITAL PROJECTS FUNDS BUDGETING
(Unaudited)**

County Capital Projects Funds are used to construct roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at February 28, 2015 derived from the sale of bonds and other sources and the investment income (except investment income may be used for debt service) thereon, are designated to be spent over a period of several years for the following purposes:

Roads	\$ 134,216,297
Permanent Improvements	13,639,899
Flood Control	200,463,679
Total	<u>\$ 348,319,875</u>

Table 31

**HARRIS COUNTY, TEXAS
BALANCE SHEET
GENERAL FUND SUB-FUNDS
February 28, 2015**

	<u>General Operating</u>	<u>Public Contingency</u>	<u>Mobility Fund</u>	<u>General Debt</u>	<u>Other</u>	<u>Total General Fund</u>
ASSETS						
Cash and investments:						
Cash and cash equivalents	\$ 135,770,093	\$ 20,865,667	\$ 78,866,008	\$ -	\$ 42,856	\$ 235,544,624
Investments	361,086,599	42,140,636	202,939,215	-	106,966	606,273,416
Receivables:						
Taxes, net	67,507,409	574,130	-	5,143,923	-	73,225,462
Accounts	8,194,983	-	-	-	-	8,194,983
Accrued interest	159,710	46,450	89,761	556	47	296,524
Capital leases	237,300	-	-	-	-	237,300
Other	64,309,559	7,089	-	63,078	-	64,379,726
Due from other funds	44,436,725	-	500	8,015	-	44,445,240
Prepays and other assets	3,295,846	-	114,597	11,050	-	3,421,493
Inventories	3,343,522	-	-	-	-	3,343,522
Advances to other funds	40,000	-	-	-	-	40,000
Restricted cash and cash equivalents	-	-	-	69,405,344	-	69,405,344
Restricted investments	-	-	-	113,938,054	-	113,938,054
Note receivable	177,758	-	-	-	-	177,758
Total assets	<u>\$ 688,559,504</u>	<u>\$ 63,633,972</u>	<u>\$282,010,081</u>	<u>\$188,570,020</u>	<u>\$ 149,869</u>	<u>\$ 1,222,923,446</u>
LIABILITIES						
Vouchers payable	\$ 40,413,860	\$ -	\$ 8,060,216	\$ 410,162	\$ -	\$ 48,884,238
Accrued payroll and compensated absences	66,267,235	-	572,024	-	-	66,839,259
Retainage payable	298,777	-	1,209,401	-	-	1,508,178
Due to other funds	133,966	-	-	-	-	133,966
Other liabilities	145,304	-	-	-	-	145,304
Unearned revenue	7,862,949	-	-	-	-	7,862,949
Total liabilities	<u>115,122,091</u>	<u>-</u>	<u>9,841,641</u>	<u>410,162</u>	<u>-</u>	<u>125,373,894</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	30,956,500	-	-	-	-	30,956,500
Unavailable revenues - other	30,961,440	-	-	-	-	30,961,440
Total deferred inflows of resources	<u>61,917,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,917,940</u>
FUND BALANCES						
Nonspendable	6,679,368	-	114,597	11,050	-	6,805,015
Restricted	1,936,417	-	272,053,843	188,148,808	149,869	462,288,937
Assigned	16,833,069	-	-	-	-	16,833,069
Unassigned	486,070,619	63,633,972	-	-	-	549,704,591
Total fund balances	<u>511,519,473</u>	<u>63,633,972</u>	<u>272,168,440</u>	<u>188,159,858</u>	<u>149,869</u>	<u>1,035,631,612</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 688,559,504</u>	<u>\$ 63,633,972</u>	<u>\$282,010,081</u>	<u>\$188,570,020</u>	<u>\$ 149,869</u>	<u>\$ 1,222,923,446</u>

Table 32

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - SUB-FUNDS
For The Twelve Months Ended February 28, 2015

	General Operating	Public Contingency	Mobility Fund	General Debt	Other	Consolidating Entries	Total General Fund
REVENUES							
Taxes	\$ 1,188,101,540	\$ 18,980,610	\$ -	\$ 168,419,990	\$ -	\$ -	\$ 1,375,502,140
Charges for services	245,325,734	-	-	-	-	-	245,325,734
User fees	98,887	-	-	-	-	-	98,887
Fines and forfeitures	20,190,060	-	-	-	-	-	20,190,060
Lease revenue	1,497,128	-	-	-	-	-	1,497,128
Intergovernmental	41,589,728	-	-	-	-	-	41,589,728
Earnings on investments	3,911,724	292,689	463,541	141,981	(864)	-	4,809,071
Miscellaneous	42,585,811	30,812	1,291,258	310,489	338,640	-	44,557,010
Total revenues	<u>1,543,300,612</u>	<u>19,304,111</u>	<u>1,754,799</u>	<u>168,872,460</u>	<u>337,776</u>	<u>-</u>	<u>1,733,569,758</u>
EXPENDITURES							
Current operating:							
Administration of justice	865,527,177	-	-	-	-	-	865,527,177
Parks	60,365,232	-	-	-	-	-	60,365,232
County administration	233,121,089	-	-	-	-	-	233,121,089
Health and human services	99,381,806	-	-	-	680,940	-	100,062,746
Tax administration	34,309,195	-	-	-	-	-	34,309,195
Roads and bridges	36,900,495	-	40,950,102	-	-	-	77,850,597
Capital outlay	23,386,384	-	50,628,345	-	-	-	74,014,729
Debt service:							
Principal retirement	-	-	-	59,052,460	-	-	59,052,460
Bond issuance costs	274,597	-	-	567,007	-	-	841,604
Interest and fiscal charges	231,054	-	-	60,504,691	-	-	60,735,745
Total expenditures	<u>1,353,497,029</u>	<u>-</u>	<u>91,578,447</u>	<u>120,124,158</u>	<u>680,940</u>	<u>-</u>	<u>1,565,880,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>189,803,583</u>	<u>19,304,111</u>	<u>(89,823,648)</u>	<u>48,748,302</u>	<u>(343,164)</u>	<u>-</u>	<u>167,689,184</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	8,352,665	-	121,925,425	267,943,316	-	(10,403,738)	387,817,668
Transfers out	(25,233,133)	-	(7,000,499)	(40,327,933)	(408,044)	10,403,738	(62,565,871)
Payment to defease commercial paper	-	-	-	(265,152,000)	-	-	(265,152,000)
Sale of capital assets	349,610	-	-	-	-	-	349,610
Total other financing sources (uses)	<u>(16,530,858)</u>	<u>-</u>	<u>114,924,926</u>	<u>(37,536,617)</u>	<u>(408,044)</u>	<u>-</u>	<u>60,449,407</u>
Net changes in fund balances	173,272,725	19,304,111	25,101,278	11,211,685	(751,208)	-	228,138,591
Fund balances, beginning	338,246,748	44,329,861	247,067,162	176,948,173	901,077	-	807,493,021
Fund balances, ending	<u>\$ 511,519,473</u>	<u>\$ 63,633,972</u>	<u>\$ 272,168,440</u>	<u>\$ 188,159,858</u>	<u>\$ 149,869</u>	<u>\$ -</u>	<u>\$ 1,035,631,612</u>

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB
CIRCULAR A-133 AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT
STANDARDS**

County Judge Ed Emmett and Members
of Commissioners Court of
Harris County, Texas:

Report on Compliance for Each Major Federal and State Program

We have audited Harris County, Texas's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State of Texas Uniform Grants Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major federal and state programs for the year ended February 28, 2015. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and UGMS. Those standards, OMB Circular A-133, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended February 28, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.

Deloitte's Touche LLP

August 12, 2015

Independent Auditors' 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

County Judge Ed Emmett and
Members of Commissioners Court of
Harris 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 28, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 12, 2015. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such discretely presented component units, is based on the reports of the other auditors. The financial statements of the Harris County Sports & Convention Corporation, a blended component unit, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*. The financial statements of the Harris County Housing Finance Corporation, and the Harris County Industrial Development Corporation, discretely presented component units, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting [15-01 and 15-02].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 determination of financial statement amounts. 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte's Touche LLP

August 12, 2015

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2015

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
8320	WIC - Obesity Prevention	10.557	2014-045055	\$ 5,549,038	\$ -
8320	WIC - Obesity Prevention	10.557	2015-047271	3,347,182	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE:					
1000	National School Lunch and Breakfast Program - Juvenile Probation	10.553	75F4006	958,768	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	18,873	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				9,873,861	-
<u>U.S. DEPARTMENT OF DEFENSE</u>					
DIRECT PROGRAMS:					
7743	Electronic Absentee Systems for Elections (EASE) '11	12.217	H98210-12-1-0014	118,000	-
TOTAL U.S. DEPARTMENT OF DEFENSE				118,000	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
DIRECT PROGRAMS:					
7086	Lead Hazard Reduction Demonstration Program	14.905	TXLHD0234-11	542,835	-
7130	Emergency Shelter Grant Program 2011	14.231	E-11-UC-48-0002	112,454	-
7130	Emergency Shelter Grant Program 2012	14.231	E-12-UC-48-0002	106,905	2,555
7130	Emergency Shelter Grant Program 2013	14.231	E-13-UC-48-0002	265,714	61,172
7130	Emergency Shelter Grant Program 2014	14.231	E-14-UC-48-0002	738,263	582,367
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	2,926	933
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	174,482	173,430
7140	HOME Investment Partnership Program 2008	14.239	M-08-UC-48-0215	57,023	57,023
7140	HOME Investment Partnership Program 2009	14.239	M-09-UC-48-0215	277,305	11,759
7140	HOME Investment Partnership Program 2010	14.239	M-10-UC-48-0215	848,811	848,811
7140	HOME Investment Partnership Program 2011	14.239	M-11-UC-48-0215	1,165,359	1,148,098
7140	HOME Investment Partnership Program 2012	14.239	M-12-UC-48-0215	445,267	135,995
7140	HOME Investment Partnership Program 2013	14.239	M-13-UC-48-0215	793,715	755,796
7140	HOME Investment Partnership Program 2014	14.239	M-14-UC-48-0215	323,812	-
7200	Continuum Care Program 2012	14.267	TX0164L6E001205	102,738	93,194
7200	Continuum Care Program 2012	14.267	TX0172L6E001205	27,810	27,810
7200	Continuum Care Program 2012	14.267	TX0175L6E001205	46,589	40,306
7200	Continuum Care Program 2012	14.267	TX0180L6E001205	582,843	555,942
7200	Continuum Care Program 2012	14.267	TX0313L6E001202	39,380	39,380
7200	Continuum Care Program 2013	14.267	TX0208L6E001306	93,728	89,324
7200	Continuum Care Program 2013	14.267	TX0313L6E001303	257,527	227,071
7200	Continuum Care Program 2013	14.267	TX0175L6E001306	195,713	185,377
7594	Neighborhood Stabilization Program 3	14.218	B-11-UN-48-0401	479,141	-
7594	CDBG - Neighborhood Stabilization Program 2008	14.218	B-08-UN-48-0401	347,918	-
7660	Community Development Block Grant/Entitlement Grants 2007	14.218	B-07-UC-48-0002	99,024	-
7660	Community Development Block Grant/Entitlement Grants 2008	14.218	B-08-UC-48-0002	103,081	-
7660	Community Development Block Grant/Entitlement Grants 2009	14.218	B-09-UC-48-0002	347,659	-
7660	Community Development Block Grant/Entitlement Grants 2010	14.218	B-10-UC-48-0002	327,832	103,698
7660	Community Development Block Grant/Entitlement Grants 2011	14.218	B-11-UC-48-0002	426,031	337,770
7660	Community Development Block Grant/Entitlement Grants 2012	14.218	B-12-UC-48-0002	1,320,138	431,357
7660	Community Development Block Grant/Entitlement Grants 2013	14.218	B-13-UC-48-0002	3,834,795	2,522,337
7660	Community Development Block Grant/Entitlement Grants 2014	14.218	B-14-UC-48-0002	4,618,495	853,443
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:					
8112	Community Development Block Grant/Disaster Recovery Program	14.218	70090003	2,560,204	986,308

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2015

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF RURAL AFFAIRS:					
7517	CDBG Supplemental Disaster Recovery Funds	14.218	DRS010064	2,062,872	-
PASS THROUGH PROGRAMS, TEXAS GENERAL LAND OFFICE:					
7517	CDBG Supplemental Disaster Recovery Funds - Round 2.2	14.218	12-468-000-6624	16,530,389	-
8112	Community Development Block Grant/Disaster Recovery	14.218	12-494-000-6692	2,329,155	1,475,898
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
7135	Child Care Council 13 ESG	14.231	MC-48-0002	114,987	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				42,702,920	11,747,154
<u>U.S. DEPARTMENT OF THE INTERIOR</u>					
DIRECT PROGRAMS:					
7421	Coastal Impact Assistance Program	15.668	F12AP00071	111,765	111,765
7421	Coastal Impact Assistance Program	15.668	F12AF01191	311,065	311,065
7421	Coastal Impact Assistance Program	15.668	F12AF01241	36,430	36,430
7421	Coastal Impact Assistance Program	15.668	F12AF01197	101,223	101,223
7421	Coastal Impact Assistance Program	15.668	F13AF00131	118,565	118,565
7421	Coastal Impact Assistance Program	15.668	F12AF01196	46,094	-
7421	Coastal Impact Assistance Program	15.668	F12AF00816	1,036,750	1,036,750
7421	Coastal Impact Assistance Program	15.668	F12AF00943	10,289	10,289
7421	Coastal Impact Assistance Program	15.668	F12AF01192	3,889	3,889
7421	Coastal Impact Assistance Program	15.668	F14AF00197	91,399	-
7421	Coastal Impact Assistance Program	15.668	F13AF00020	7,275	7,275
7421	Coastal Impact Assistance Program	15.668	F13AF00019	150,640	-
7421	Coastal Impact Assistance Program	15.668	F12AF01256	162,435	-
7421	Coastal Impact Assistance Program	15.668	F12AF01252	54,686	54,686
7421	Coastal Impact Assistance Program	15.668	F12AF01366	540,509	540,509
PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS AT AUSTIN LADY BIRD JOHNSON WILDFLOWER CENTER:					
7326	Prairie Dawn Conservation	15.615	N/A	423	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR				2,783,437	2,332,446
<u>U.S. DEPARTMENT OF JUSTICE</u>					
DIRECT PROGRAMS:					
2610	Sheriff Seized Assets - Justice Department	16.000	N/A	2,306,797	-
1000	State Criminal Alien Assistance Program	16.606	N/A	463,040	-
2590	Constable Seized Assets - Justice Department	16.000	N/A	3,953	-
2575	DA Seized Assets - Justice Department	16.000	N/A	3,677	-
7561	Human Trafficking Initiative - OVC Collaborative '12	16.320	2012-VT-BX-K006	205,272	-
7565	Operation Cold Case	16.560	2014-DN-BX-K072	15,769	-
7582	Forensic DNA R&D	16.560	2010-DN-BX-K230	595	-
7583	Fundamental Research to Improve Understanding of Forensic Science Disciplines	16.560	2010-DN-BX-K222	6,134	-
8202	Characterization of Performance Enhancing Peptides	16.560	2013-DN-BX-K020	5,883	-
8206	To Identify Cold Case Decedents	16.560	2013-DN-BX-K013	89,264	-
7553	Harris County Veterans Court	16.585	2012-DC-BX-0002	97,631	-
8605	Bulletproof Vest Partnership Program 2012	16.607	BPV-2012	1,603	-
7202	Prison Rape Elimination Act (PREA) Program	16.735	2013-RP-BX-0014	53,672	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2012-DN-BX-0070	155,877	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2013-DN-BX-0101	82,151	-
8203	Forensic Anthropology Fellowship Training Program	16.742	2013-CD-BX-0071	40,406	-
8276	Future Appointed Counsel Training Grant	16.751	2012-DB-BX-0007	184,198	-
7221	Harris County Misdemeanor Prostitution Court	16.825	2014-YX-BX-0001	2,255	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2015

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:					
7980	Juvenile Accountability Incentive	16.523	JB-12-XXX-13316-15	53,448	-
7980	Juvenile Accountability Incentive	16.523	1331616	13,451	-
7072	Victims of Crime Act	16.575	VA-13-V30-19974-06	9,363	-
7496	Family Victimization Support Services	16.575	2812601	1,275	-
7737	Victims of Crime Act Formula Grant Program	16.575	VA-13-V30-24601-03	27,833	-
7737	Victim Assistance Specialist	16.575	2460104	18,423	-
8003	Victim's Assistance Deputy	16.575	VA-13-V30-24437-03	32,041	-
8003	Victim's Assistance Deputy	16.575	2443704	49,771	-
8708	Domestic Violence Deputy	16.575	VA-13-V30-25866-02	31,520	-
8708	Domestic Violence Deputy	16.575	2586603	39,940	-
7572	Family Violence Prosecution and Protective Order Project	16.588	WF-13-V30-17204-10	98,449	-
7572	Family Violence Prosecution and Protective Order Project	16.588	1720411	99,207	-
7611	Domestic Violence and Child Abuse: Services and Training	16.588	WF-13-V30-24822-03	41,009	-
7611	Domestic Violence and Child Abuse: Services and Training	16.588	2482204	26,581	-
7739	Specialized Investigator	16.588	WF-13-V30-24745-03	29,330	-
7739	Specialized Investigator	16.588	2474504	28,400	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-13-V30-13456-16	28,252	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	1345617	13,412	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-13-V30-18112-09	27,627	-
8410	New Choices	16.593	RT-13-A10-14878-16	100,218	-
7217	Forensic Justice Assistance Grant	16.738	2814501	124,997	-
7223	Data Sharing and Storage Upgrade	16.738	2813001	48,221	-
7224	The Freedom Project	16.738	1487817	55,390	-
7301	Multi Agency Gang Project	16.738	DJ-11-A10-25428-02	121,477	-
7301	Multi Agency Gang Project	16.738	2542803	3,768	-
7706	Justice Assistance Grant	16.738	DJ-11-A10-27104-01	14,942	-
8201	Human Trafficking Investigator - Pct. 4	16.738	DJ-11-A10-26772-01	66,481	-
8201	Human Trafficking Investigator - Pct. 4	16.738	2677202	35,094	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	1748009	2,752	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
8715	2011 Justice Assistance Grant	16.738	2011-DJ-BX-3222	1,000,739	-
8715	2014 Justice Assistance Grant	16.738	2014-DJ-BX-0552	578,861	-
TOTAL U.S. DEPARTMENT OF JUSTICE				6,540,449	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X788-00	18,121	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X824-00	276,681	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X853-01	181,864	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X919-00	642,652	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X967-00	670,026	-
PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY:					
7062	New Freedom Transportation- RIDES	20.521	N/A	405,217	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:					
7502	Houston TranStar Expansion	20.205	12-0XXF5007	1,406,870	-
7502	Houston TranStar Expansion	20.205	12-0XXF5007	45,218	-
7578	Houston TranStar Building Improvement	20.205	12-1XXF5013	100,366	-
7578	Houston TranStar Building Improvement	20.205	12-1XXF5013	495	-
8910	Motorist Assistance Program	20.205	12-3XXF5021	342,424	-
7416	Elderly and Disabled Transportation Program	20.513	51112F7253	16,410	-
7416	Elderly and Disabled Transportation Program	20.513	51412F7152	158,678	-
7057	STEP - Comprehensive FY14	20.600	2014-HarrisP7-S-1YG-0065	78,547	-
7057	STEP - 2015 Comprehensive	20.600	2015-HarrisP7-S-1YG-0083	70,947	-
7219	STEP - 2015 Comprehensive	20.600	2015-HarrisP1-S-1YG-0046	19,015	-
7437	STEP - 2015 DWI	20.600	2015-HarrisP6-S-1YG-0092	3,060	-

See notes to schedule.

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Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
8865	STEP - Single Year - 2014 DWI	20.600	2014-HARRIS4-S-1YG-0013	20,749	-
8865	STEP - 2015 DWI	20.600	2015-HARRIS4-S-1YG-0098	11,060	-
8895	STEP - Comprehensive	20.600	2014-HarrisCo-S-1YG-0003	189,867	-
8895	STEP - 2015 Comprehensive	20.600	2015-HarrisCo-S-1YG-0027	104,227	-
7562	No Refusal DWI Program	20.601	2014-HarrisDA-G-1YG-0114	162,161	-
7562	No Refusal DWI Program	20.616	2015-HarrisDA-G-1YG-0166	117,212	-
PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:					
8910	Motorist Assistance Program	20.205	N/A	466,667	-
7203	Regional DWI Task Force Grant	20.600	N/A	22,205	-
7203	Regional DWI Task Force Grant	20.600	N/A	1,119	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				5,531,858	-
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
DIRECT PROGRAMS:					
2600	Sheriff Seized Assets	21.000	N/A	338,335	-
PASS THROUGH PROGRAMS, DEPARTMENT OF HOMELAND SECURITY:					
7598	Homeland Security Investigations	21.000	N/A	7,726	-
TOTAL U.S. DEPARTMENT OF TREASURY				346,061	-
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>					
PASS THROUGH PROGRAMS, TEXAS STATE LIBRARY AND ARCHIVES COMMISSION:					
8286	Interlibrary Loan Program	45.310	LS-00-13-0044-13	11,220	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES				11,220	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
DIRECT PROGRAMS:					
7322	FDA Foodborne Illness Reduction	93.103	1U18FD004659-01	75,370	-
7322	FDA Foodborne Illness Reduction	93.103	5U18FD004659-03	42,867	-
7987	Voluntary Food Standards Program	93.103	N/A	422	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY6434/01	1,800	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY6434-02-00	97,280	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY6434-03-00	34,321	-
8200	Ryan White Title I - Formula & Supplemental	93.914	13H89HA00004	3,644,859	3,583,151
8200	Ryan White Title I - Formula & Supplemental	93.914	14H89HA00004	17,485,125	15,415,845
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
7226	Preparedness and Prevention Community Section/Bioterrorism Discretionary	93.069	2015-047178-001	27,241	-
7312	Preparedness and Prevention Community Section/Bioterrorism Discretionary	93.069	2014-045411-001	115,878	-
7375	Cities Readiness Initiative	93.069	2014-001285-00	234,784	-
7375	Cities Readiness Initiative	93.069	2015-001285-00	201,887	-
7607	Public Health Emergency Preparedness	93.069	2014-001280-00	610,832	-
7607	Public Health Emergency Preparedness	93.069	2015-001280-00	534,043	-
8090	Tuberculosis Prevention and Control	93.116	2014-001425-00	162,366	-
8090	Tuberculosis Prevention and Control - Federal	93.116	2015-001425-00	139,649	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	92.283	2014-001228-00	76,121	-
8215	Zoonosis Control Branch/Arbovirus Associated Surveillance	92.283	2015-045715-001	49,075	-
8060	Refugee Health Screening Program	93.576	2014-001213-00	1,650,437	-
8060	Refugee Health Screening Program	93.576	2015-001213-00	1,183,335	-
8140	HIV Rapid Testing	93.940	2014-002520-00	214,986	-
8050	Title V - Family Planning	93.994	2014-044587-001	219,008	-
8050	Title V - Family Planning - Child Health Services	93.994	2015-046353-001	208,724	-

See notes to schedule.

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FOR THE YEAR ENDED FEBRUARY 28, 2015

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:					
7003	Access and Visitation Shared Parenting	93.597	13-C0108	47,094	-
7003	Access and Visitation Shared Parenting	93.597	13-C0108	54,555	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:					
8488	Community Youth Development FY14	93.556	23794361	241,260	182,601
8488	Community Youth Development FY15	93.556	23794361	124,841	78,578
7007	Title IV-E Legal Services	93.658	23941790	963,224	-
7007	Title IV-E Legal Services	93.658	23941790	609,225	-
8487	Preparation for Adult Living (PAL) - PAC 204	93.556	23787501	102,667	-
8487	Chafee Foster Care Independence Program (PAL) - PAC 206	93.674	23787501	564,895	-
8487	Preparation for Adult Living (PAL) - PAC 204	93.556	23787501	106,025	-
8487	Chafee Foster Care Independence Program (PAL) - PAC 206	93.674	23787501	353,564	-
PASS THROUGH PROGRAMS, TEXAS CENTER FOR THE JUDICIARY:					
8116	Development of a Method to Evaluate Bone Health of Infants and Young Children	93.643	CJA-14-03	85,316	-
8116	Evaluation of Cervical Spine Injuries in Infant Death	93.643	CJA-15-02	18,365	-
PASS THROUGH PROGRAMS, TEXAS STATE UNIVERSITY					
7314	FY2014 Tobacco Enforcement Program	93.058	N/A	8,100	-
7314	FY2015 Tobacco Enforcement Program	93.058	N/A	1,534	-
7314	FY2014 Tobacco Enforcement Program	93.058	N/A	11,948	-
7314	FY2015 Tobacco Enforcement Program	93.058	N/A	4,322	-
PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:					
7024	Temporary Assistance for Needy Families (TANF) - Foster Youth Project	93.558	2814TAN001	152,271	-
7024	Temporary Assistance for Needy Families (TANF) - Foster Youth Project	93.558	2815TAN001	88,498	-
PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS PREVENTION RESEARCH CENTER:					
7982	UT: Health Promotion and Disease Prevention Centers	93.135	0009778A	9,209	-
7315	Teenage Pregnancy Prevention Replication Projects	93.297	0008092	18,019	-
7591	Teenage Pregnancy Prevention	93.297	0008092B	10,955	-
PASS THROUGH PROGRAMS, THE SUPREME COURT OF TEXAS					
8047	Multi-Track Child Welfare Law Attorney Training	93.586	201-14-00053	7,847	-
PASS THROUGH PROGRAMS, THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, UCLA:					
7211	UCLA Healthy by Default (HBD) Reach Project	93.738	1916 G RA291	228,036	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				30,822,180	19,260,175
OFFICE OF NATIONAL DRUG CONTROL POLICY					
DIRECT PROGRAMS:					
8008	Major Drug Squad 2012 - Pct. 1	95.001	G12HN0004A	600	-
8008	Houston Money Laundering 2012	95.001	G12HN0004A	262,309	-
8008	HIDTA Training Initiative	95.001	G12HN0004A	30,235	-
8008	Major Drug Squad 2013 - Pct. 1	95.001	G13HN0004A	7,109	-
8008	Major Drug Squad 2013	95.001	G13HN0004A	108,397	-
8008	Houston Money Laundering 2013	95.001	G13HN0004A	60,802	-
8008	Houston Intelligence Support Center 2013	95.001	G13HN0004A	55,975	-
8008	Truck, Air, Rail, and Port 2013	95.001	G13HN0004A	25,343	-
8008	Major Drug Squad 2014	95.001	G14HN0004A	52,735	-
8008	Houston Money Laundering 2014	95.001	G14HN0004A	180,741	-
8008	Houston Intelligence Support Center 2014	95.001	G14HN0004A	41,541	-

See notes to schedule.

HARRIS COUNTY, TEXAS
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FOR THE YEAR ENDED FEBRUARY 28, 2015

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
8008	Truck, Air, Rail, and Port 2014	95.001	G14HN0004A	12,483	-
8008	HIDTA Training Initiative 2014	95.001	G14HN0004A	15,024	-
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY				853,294	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
DIRECT PROGRAMS:					
8034	Port Security Grant Program	97.056	2009-PU-T9-K011	819,375	788,781
8034	Port Security Grant Program	97.056	2010-PU-T0-K002	6,642,495	5,034,915
8034	Port Security Grant Program	97.056	EMW-2011-PU-K00146	11,350,742	10,033,114
8034	Port Security Grant Program	97.056	EMW-2013-PU-00272	7,690	-
PASS THROUGH PROGRAMS, UNITED WAY:					
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	118,799	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF PUBLIC SAFETY:					
7094	FEMA - Public Assistance - Hurricane IKE	97.036	FEMA-1791-DR-TX	899,143	-
7295	FEMA - Public Assistance - Hurricane Rita	97.036	FEMA-1606-DR-TX	14,809	-
7289	Emergency Management Performance Grant FY14	97.042	14TX-EMPG-348	255,517	-
7016	Urban Area Security Initiative	97.067	EMW-2012-SS-00018	1,874,062	-
7016	Urban Area Security Initiative	97.067	EMW-2013-SS-00045	5,353,726	-
7016	Urban Area Security Initiative	97.067	EMW-2014-SS-00029	92,000	-
8525	State Homeland Security Program	97.067	EMW-2013-SS-00045	99,131	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				27,527,489	15,856,810
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING ARRA FEDERAL GRANTS)				\$ 127,110,769	\$ 49,196,585
<u>ARRA FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7509	ARRA Houston Urbanized Area Formula	20.507	TX-96-X041-00	\$ 101,956	\$ -
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - ARRA GRANTS				101,956	-
TOTAL EXPENDITURES OF ARRA FEDERAL AWARDS				\$ 101,956	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 127,212,725	\$ 49,196,585
<u>STATE GRANTS</u>					
<u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u>					
DIRECT PROGRAMS:					
7204	Expanded Primary Health Care	N/A	2014-045359-001	\$ 1,563,325	\$ -
7204	Expanded Primary Health Care	N/A	2015-046715-001	782,441	-
7209	Harris County Jail Diversion Pilot Program	N/A	2014-045375-001	1,025,121	-
7212	Infectious Disease Control Unit/Foodborne Associated Infections	N/A	2014-045563-001	25,728	-
7212	Infectious Disease Control Unit/Foodborne Associated Infections	N/A	2015-046167-00	35,339	-
8020	Tuberculosis Prevention and Control	N/A	2014-001430-001	236,324	-
8020	Tuberculosis Prevention and Control - State	N/A	2015-001430-00	186,488	-
8030	Regional and Local Services	N/A	2014-001294-00	102,446	-
8030	Regional and Local Services	N/A	2015-001294-00	126,250	-
8110	Family Planning Fees	N/A	2014-045045-001	1,408,920	-
8110	Family Planning Fees	N/A	2015-046264-001	742,564	-
8110	Family Planning - Fee For Services	N/A	2015-046270-001	141,941	-

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HARRIS COUNTY, TEXAS
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Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
PASS THROUGH PROGRAMS, THE RESOURCE GROUP:					
8515	Early Medical Intervention Program	N/A	14HCS00SS	76,385	-
8515	Early Medical Intervention Program	N/A	15HCS00SS	81,018	-
TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES				6,534,290	-
<u>OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</u>					
DIRECT PROGRAMS:					
7019	STAR - Success Through Addiction Recovery Drug Court Program	N/A	SF-14-A10-16920-11	14,075	-
7019	STAR - Success Through Addiction Recovery Drug Court Program	N/A	1692012	45,910	-
7208	Child ID Kits	N/A	ID-11-A10-27509-01	27,000	-
7214	Growing Independence Restoring Lives (GIRLS)	N/A	SF-14-A10-27521-01	110,568	-
7214	Growing Independence Restoring Lives (GIRLS)	N/A	2822501	48,382	-
7301	Multi-Agency Gang Project	N/A	CM-12-A10-25428-01	49,242	-
7321	Yates High School Gang Free Zone	N/A	SF-14-J20-25677-02	19,926	-
7324	Spring Branch Delinquency and Dropout Program	N/A	SF-14-J20-25791-02	44,135	43,271
7324	Spring Branch Delinquency and Dropout Program	N/A	2579103	58,599	57,450
7325	Delinquency and Dropout in Alief ISD	N/A	SF-14-J20-25698-02	52,449	51,421
7325	Delinquency and Dropout in Alief ISD	N/A	2569803	54,519	53,450
7553	Veterans' Court Program	N/A	DC-14-A10-22830-05	65,826	-
7553	Veterans' Court Program	N/A	2283006	41,772	-
8768	DC - Drug Court Program	N/A	DC-14-A10-17374-10	57,849	-
8768	DC - Drug Court Program	N/A	1737411	41,660	-
PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:					
8641	Regional Law Enforcement Training Program	N/A	N/A	11,830	-
8641	Regional Law Enforcement Training Program	N/A	N/A	23,701	-
TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION				767,443	205,592
<u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u>					
DIRECT PROGRAMS:					
7606	Buffalo Bend Nature Park	N/A	55-000013	1,505	-
TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT				1,505	-
<u>TEXAS DEPARTMENT OF MOTOR VEHICLES</u>					
PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:					
8710	Auto Theft Division	N/A	2014-T01-Harris C -00005	594,874	-
8710	Auto Theft Division	N/A	2015-T01-Harris C -00007	500,436	-
TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES				1,095,310	-
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>					
DIRECT PROGRAMS:					
7222	Low Income Vehicle Repair Assistance Program	N/A	582-12-20273	1,510,565	1,510,565
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	421,885	-
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	216,439	-
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	32,902	-
HOUSTON GALVESTON AREA COUNCIL:					
8731	Solid Waste Implementation Grant	N/A	14-16-G08	30,640	-
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				2,212,431	1,510,565

See notes to schedule.

HARRIS COUNTY, TEXAS
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Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>THE SUPREME COURT OF TEXAS</u>					
DIRECT PROGRAMS:					
7709	Dedicated MDL Asbestos Court	N/A	201-14-00001	57,168	-
7709	Dedicated MDL Asbestos Court	N/A	201-15-00001	41,990	-
TOTAL THE SUPREME COURT OF TEXAS				99,158	-
<u>TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</u>					
DIRECT PROGRAMS:					
8488	Community Youth Development FY14	N/A	23794361	241,260	182,600
8488	Community Youth Development FY15	N/A	23794361	124,841	78,578
TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES				366,101	261,178
<u>TEXAS OFFICE OF COURT ADMINISTRATION</u>					
DIRECT PROGRAMS:					
1000	Indigent Defense Formula Grant	N/A	N/A	3,365,795	-
8275	Public Defender Pilot Program	N/A	212-14-D03	976,808	-
8277	Mental Health Attorney Certification Program	N/A	212-14-D12	42,931	-
8278	Targeted Specific Discretionary Grant	N/A	212-TS-101	63,213	-
TOTAL TEXAS OFFICE OF COURT ADMINISTRATION				4,448,747	-
<u>TEXAS OFFICE OF THE ATTORNEY GENERAL</u>					
DIRECT PROGRAMS:					
8270	Texas Automated Victim Notification - VINE	N/A	1445717	56,821	-
8270	Texas Automated Victim Notification - VINE	N/A	1554864	56,820	-
TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL				113,641	-
<u>TEXAS VETERANS COMMISSION</u>					
DIRECT PROGRAMS:					
7206	Veterans Assistance Program	N/A	N/A	250,000	-
7206	Veterans Assistance Program	N/A	N/A	22,811	-
TOTAL TEXAS VETERANS COMMISSION				272,811	-
TOTAL EXPENDITURES OF STATE AWARDS				\$ 15,911,437	\$ 1,977,335
GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS				\$ 143,124,162	\$ 51,173,920

See notes to schedule.

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2015

1. The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the County and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal and state awards provided to sub-recipients are treated as expenditures when paid to the sub-recipient.

2. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Grants Special Revenue Fund of the Comprehensive Annual Financial Report (“CAFR”) for the year ended February 28, 2015:

Federal expenditures (excluding ARRA Federal Grants) per schedule	\$	127,110,769
ARRA Federal expenditures per schedule		101,956
State expenditures per schedule		<u>15,911,437</u>
Subtotal		143,124,162
Add:		
County funded portion of grants		13,415,582
Local grants		7,520,741
Less:		
Trial Balance adjustments for modified accrual basis of accounting		(5,880,087)
Grants - other fund types		<u>(7,459,238)</u>
Total	\$	<u><u>150,721,160</u></u>
Balance per CAFR - Grants Special Revenue Fund	\$	<u><u>150,721,160</u></u>

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2015

3. Reporting Entity - The County, for purposes of the supplementary schedule of expenditures of federal and state awards includes all the funds of the primary government as defined by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." It does not include the following component units of the County as follows:

Harris County Hospital District
Harris County Flood Control District
Harris County Juvenile Board
Mental Health and Mental Retardation Authority
The Children's Assessment Center Foundation

These component units also receive federal financial assistance but separately satisfy the audit requirements of OMB Circular A-133 by engaging other auditors to perform an audit in accordance with OMB Circular A-133.

4. Noncash Awards - Certain federal financial award programs do not involve cash awards to Harris County. These programs include commodities as follows:

U.S. Department of Agriculture

Donated Commodities (CFDA #10.555)

Value of commodities issued	\$	18,873
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**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified.
Internal control over financial reporting: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	Yes.
Noncompliance material to financial statements noted?	No.

Federal Awards

Internal control over major programs: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Type of auditors' report issued on compliance for major programs:	Unmodified.
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section 510(a))?	Yes.

Identification of major programs:

Name of Major Federal/State Program	CFDA Number
HOME Investment Partnership Program	14.239
Ryan White Title I - Formula & Supplemental	93.914
Urban Area Security Initiative	97.067
State Homeland Security Program	97.067
Expanded Primary Health Care	State
Harris County Jail Diversion Pilot Program	State
Public Defender Pilot Program	State

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000 and \$477,343
for federal and state, respectively

Auditee qualified as a low-risk auditee?

Yes.

II. FINANCIAL STATEMENT FINDINGS SECTION

Program	Finding/Noncompliance	Questioned Cost
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Finding 15-01 – Significant deficiency over internal controls related to financial reporting

Condition: Through our testing of accounts receivable and revenue related to the Motor State Vehicle Taxes (“MVST”), which occurred concurrently with the County’s review of the Comprehensive Annual Financial Report (“CAFR”), it was determined that an entry had been incorrectly recorded related to revenue. This was an error as a portion of such revenue would not qualify for recognition under the modified accrual basis of accounting. This revenue was not received within 60 days of the County’s fiscal year end.

The County’s current review controls over - journal entry preparation, and review and comparison of the lead sheets did not detect the inaccurate entry as the controls are not designed to be direct or precise enough to catch a material misstatement. These controls failed to detect this error; however, the final review of the CAFR, as performed by the Director of Financial Accounting, detected this error. Upon review of the CAFR and questioning by the Directors of Revenue Accounting and Financial Accounting the entry was adjusted to reflect revenue earned within 60 days of year end.

Criteria: Management is responsible for establishing internal controls to ensure that the financial statements are free of material misstatement. These controls include multiple levels of review that are direct and precise enough to mitigate the risk of material misstatement.

Impact: The County could record revenue or accounts receivable in the incorrect period for the incorrect amounts.

Recommendation: Implement additional control procedures that allow for a review at a more detailed and precise level to ensure that all entries are properly recorded.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

Program	Finding/Noncompliance	Questioned Cost
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Corrective Action Plan of Management: The County agrees with the recommendation. The following direct and precise controls have been added:

- 1) The Directors of Revenue Accounting and Grants and Accounts Receivable Accounting will approve any journal entry produced by their section if the debit amount is greater than or equal to \$500,000. In their absence another director (or higher) may approve the entries greater than \$500,000.
- 2) Lead sheet variances will be explained if the difference between current year and prior year is greater than 20%. Variances under \$100,000 do not need to be explained. The Directors of Revenue Accounting and Grants and Accounts Receivable Accounting are responsible for reviewing and approving the applicable variance analysis. The Managers of Financial Accounting are responsible for reviewing and approving the applicable variance analysis. The variance analysis will be submitted with the lead sheets.

Estimated Completion Date: August 2015

Management Contact: Carol Market, Director of Financial Accounting

Finding 15-02 – Significant deficiency over general information technology controls related to financial reporting

Condition: During our review of general information technology controls at Harris County as they relate to the IFAS application, we noted the following:

- Password length, complexity, and expiration parameters were not configured in accordance with the Harris County Security policy, for several accounts on the UNIX server supporting the IFAS application.
- We identified 34 accounts granted inappropriate privileged access to the UNIX server supporting the IFAS application.
- Remote login to the built-in administrative account on the UNIX server supporting the IFAS application was enabled. As a result users with knowledge of the password to this account could log in directly without an audit trail.
- We identified 11 individuals who inappropriately had knowledge of the passwords to privileged accounts on the database supporting the IFAS application. Additionally, we noted there is no logging of the use of these privileged accounts.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

Program	Finding/Noncompliance	Questioned Cost
	<ul style="list-style-type: none"> • Controls around the removal of terminated employee’s accounts from the IFAS UNIX servers were deemed to be ineffective. Additionally, contractors and temporary employees are not setup with an expiration date and they are not subject to the employee termination process. • Controls around the end user access review for the IFAS application were deemed to be ineffective. <p>We concluded that these findings to be a significant deficiency in aggregate as they relate to access security and the IFAS application.</p> <p><u>Criteria:</u> Management is responsible for establishing internal controls to ensure that financial statements are free of material misstatement.</p> <p><u>Impact:</u> Inappropriate access and security over passwords over general information technology could result in unauthorized entries to the financial statements or changes to IFAS and UNIX without the appropriate approvals.</p> <p><u>Corrective Action Plan:</u> Harris County Central Technology Services acknowledges the noted deficiencies and is committed to their remediation. We have responded to each finding with an action plan and in many cases already taken actions to address. In addition, we will conduct a formal review of IFAS application security controls and procedures by our information Security Officer to ensure adherence to Harris County policy and security best practices.</p> <p><u>Estimated Completion Date:</u> August 2015</p> <p><u>Management Contact:</u> Bruce High, Executive Director & CIO of Harris County Central Technology Services</p>	

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

Program	Finding/Noncompliance	Questioned Cost
Department of State Health Services	Finding 15-03 – Internal Control - Eligibility	\$40
Expanded Primary Health Care	<u>Condition:</u> One participant, out of 40 participants tested, was not appropriately documented and therefore eligibility related to this participant could not be appropriately determined. The County incorrectly calculated the date of birth of tis participant and the form was incomplete which led to the inability to assess eligibility for this participant.	

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

Program	Finding/Noncompliance	Questioned Cost
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Harris County Public Health & Environmental Services (“HCPHES”) is responsible for determining that all participants are deemed to be eligible for services prior to submitting for reimbursement for services. HCPHES is also responsible for adequately training clinic employees in proper documentation of eligibility criteria and completion of the eligibility checklist.

Criteria: In order to determine eligibility the recipient must provide proof of age, Texas residency, and gross family income. Based on testing performed, the HCPHES and participant did not meet the criteria to determine eligibility and therefore, receive Expanded Primary Health Care (“EPHC”) funds for that visit.

Impact: The HCPHES department could receive EPHC grant funding for serving participants that are disallowed or do not meet the eligibility criteria.

Recommendation: HCPHES should revise existing, or establish new, policies, procedures or controls over the completion of the eligibility forms, perform additional training at the clinic level for employees completing the forms, and employ stronger internal controls related to eligibility requirements.

Corrective Action Plan of Management: CHP management and leadership will implement the following corrective actions in an effort to eliminate errors such as this one.

- CHP management and leadership will re-educate clinical clerical staff on eligibility requirements and proper documentation on eligibility screening process.
- CHP management and leadership will implement random chart audits in addition to the current quarterly audits to prevent reoccurring errors.
- CHP management and leadership will implement random competency observations and a competency evaluation tool will be used to verify staff competency.

Estimated Completion Date: August 10, 2015

County Contact Person: Valeria Brannon (vbrannon@hcphes.org)
Matthew Thompson (mwthompson@hcphes.org)

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2015**

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
	Finding 03-01	N/A
	<p><u>Condition:</u> The Harris County Sports & Convention Corporation’s (the “Corporation”), a blended component unit of Harris County, Texas (the “County”), investment activities are governed by the State of Texas Public Funds Investment Act (the “Act”). The Corporation made a \$12 million investment in the Harris County – Houston Sports Authority’s Subordinate Lien Notes Series 2001 C-1 and Series C-2 (the “Notes”) that were not in compliance with the Act, because the Notes did not receive a rating from at least one nationally recognized investment rating firm.</p> <p><u>Criteria:</u> Under the Act, the Corporation is authorized to invest in (1) direct debt securities of the United States or its Agencies, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States, (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.</p> <p><u>Recommendation:</u> Ensure compliance with the Act.</p> <p><u>FY 2015 Status:</u> The Corporation agrees that this investment does not comply with the Texas Public Investment Act; however, the Corporation has been unable to divest itself of the Notes. The Corporation has adopted an investment policy that prohibits future investments that do not comply with the Act.</p> <p><u>Estimated Completion Date:</u> Maturity of Notes.</p> <p><u>County Contact Person:</u> Kevin Hoffman, Deputy Executive Director of Harris County Sports & Convention Corporation.</p>	