



Harris County, Texas

Comprehensive Annual Financial Report



FOR THE YEAR ENDED FEBRUARY 29, 2016

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

HARRIS COUNTY, TEXAS

**Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 29, 2016**

**Prepared By:
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Houston, Texas 77002**

**HARRIS COUNTY, TEXAS
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 FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2016
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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

August 12, 2016

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 29, 2016. 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 29, 2016 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 4.5 million residents. The County, the nation's third most populous, gained over 445,000 residents from the 2010 census to 2015.

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
- Harris Center for Mental Health and IDD (formerly MHMRA 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. Additional information regarding the budget process can be located on pages 49 and 50 in the notes to the financial statements.

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 2,995,100 payroll jobs in May 2016 with an unemployment rate of 4.8 percent.

The Houston Association of Realtors reported that the inventory of homes in May 2016 was 3.6 months’ supply compared with 3.0 months in May 2015. During this same period, the average price of a single-family home declined to \$290,931, a 0.5 percent decrease.

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 2013, the Port was ranked first in the United States in the volume of foreign tonnage and was the largest container port on the Gulf of Mexico.

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 2015 with more than 55 million passengers, an increase of almost four percent over 2014.

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-four companies on the 2016 *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 34.

The cost of living in Houston is among the lowest of all urban settings in the United States. According to the *2016 Annual Average Council for Community and Economic Research Cost of Living Index*, Houston has the fifth lowest cost of living among the nation’s 20 most populous metropolitan areas. Houston’s housing costs are 43.3 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 21 hospitals and 8 academic and research institutions and employs 106,000. 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 Houston Museum of Natural Science, 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 a strong balance sheet to maintain both financial stability and current high bond ratings;
- Budget Management does not expect to recommend issuing road or flood control bonds, approved by the voters in November 2015, during the 2016-2017 fiscal year; and
- Budget Management will work with the County Engineer to review the formulas used in the allocation of future mobility funds and road bond proceeds and recommend any changes for Court consideration.

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 2015 for the County per \$100 of taxable value are: \$0.34000 for the General Fund, \$0.00547 for the Public Improvement Contingency Fund, and \$0.07376 for debt service, for a total of \$0.41923.

Funds available for investment under the County's investment program as of February 29, 2016 totaled \$3.8 billion with investment earnings for the fiscal year of \$23 million. The average yield and maturity of such investments were 0.64% and 1-12 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 and disability 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 2016 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 30 projects in 12 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 extending the existing Tomball Tollway from north of the Tomball Bypass to the Harris County line.

Central Technology Services – The process of acquiring and implementing a new enterprise accounting system is underway and is expected to cost a total of \$35 million over the next two years.

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, 2015. 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-two 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**

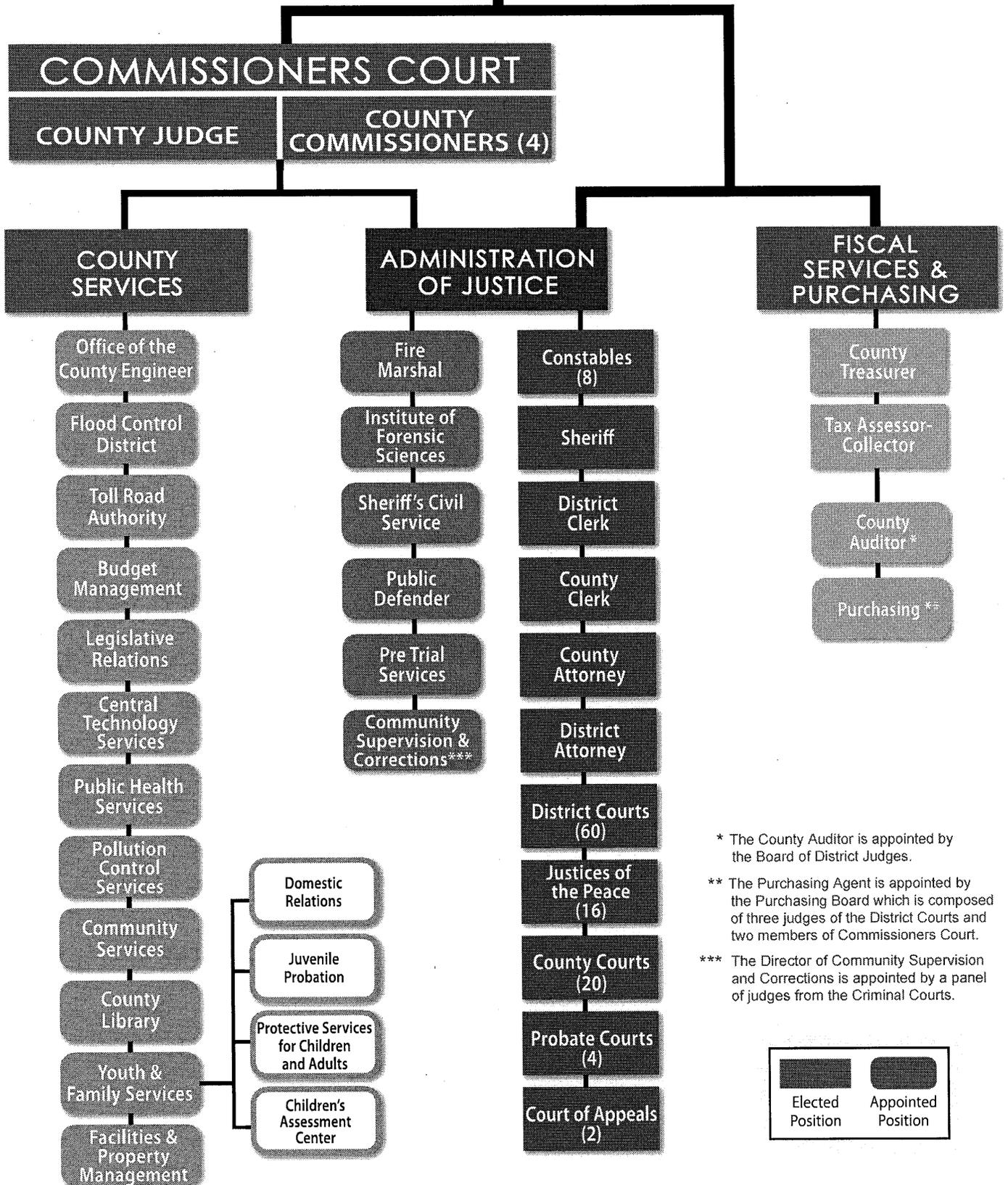
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 28, 2015

Executive Director/CEO

Harris County Organization Chart

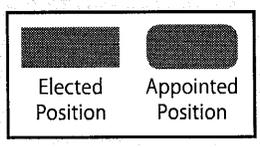
HARRIS COUNTY VOTERS



* 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.

*** The Director of Community Supervision and Corrections is appointed by a panel of judges from the Criminal Courts.



HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
As of February 29, 2016

District Judges - Family Courts

| | |
|----------------------|-----------------------|
| 245th District Court | Moore, Roy L. |
| 246th District Court | Prine, Charley |
| 247th District Court | Schmude, John |
| 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 |
| 507th District Court | Lemkuil, Alyssa |

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 | Leuchtag, Clyde |
| 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 | Spjut, Dan |
| 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 |
| Court at Law No. 16 | Garcia, Linda |

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 |
| Office of County Court Management | 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 | Malone, Allen A. Dr. |
| County Auditor | Schott, Barbara J. |
| County Library | Melton, Edward |
| Pre Trial Services | Dennis Potts |
| Domestic Relations | 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 | |
| County Engineer | Blount, John R. |
| Flood Control District | Talbott, Michael |
| Toll Road Authority | Trietsch, Gary |
| 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 29, 2016, 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 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*. We did not audit the financial statements of the following discretely presented component units: Harris County Hospital District, Harris Center for Mental Health and IDD, Harris County Housing Finance Corporation, Children's Assessment Center Foundation, Inc. nor did we audit the financial statements of the following agency funds: the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and the agency funds, is based solely on the reports of the other auditors. The financial statements of the Harris County Housing Finance Corporation, the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund, 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 29, 2016, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2016 the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 Schedule of Changes in Net Pension Liability and Related Ratios, and the Texas County and District Retirement System Schedule of Employer Contributions on pages 101-110 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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, based on our audit, the procedures performed as described above, and the report of the other auditors, 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, 2016 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 Touche LLP

August 12, 2016

***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 29, 2016. 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 29, 2016 by \$11,089,903,820. This is an increase of \$513,187,270 after the restatement of net position due to implementation of the new pension standard discussed in Note 1.

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

- (1) Net investment in capital assets, of \$9,246,249,027 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 \$1,643,906,860 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 \$199,747,933 represents the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 29, 2016, County governmental funds reported combined fund balances of \$1,992,808,623. This reflects an increase of \$306,121,723 from the previous fiscal year. The current year total consists of combined nonspendable fund balance of \$10,986,055, restricted fund balance of \$1,132,011,292, committed fund balance of \$43,375,863, assigned fund balance of \$27,855,674, and unassigned fund balances of \$778,579,739 for fiscal year 2016.
- 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 \$782,372,498. The General Fund had a nonspendable fund balance of \$7,958,009, restricted fund balance of \$530,902,666, and assigned fund balance of \$27,855,674 at February 29, 2016.
- During the fiscal year, the Harris County Toll Road Authority transferred \$124 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 29, 2016 includes \$312.0 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, \$302,450,016 of the fund balance in General Fund is restricted for mobility at February 29, 2016.
- The nonmajor governmental funds had total combined fund balances of \$643,719,776 at February 29, 2016. Of this amount, \$3,028,046 is nonspendable, \$601,108,626 is restricted (\$185,674,172 for special revenue funds, \$85,978,564 for debt service and \$329,455,890 for capital projects funds), \$43,375,863 is committed, and negative \$3,792,759 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 2015-2016, the County issued \$97.4 million in commercial paper and \$521.2 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 plus deferred outflows of resources and liabilities plus 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, 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, Harris Center for Mental Health and IDD (formerly MHMRA 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 78 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, 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. 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, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Employer Contributions. Required supplementary information can be found beginning on page 101 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 \$11,089,903,820 for fiscal year 2016 and \$10,872,049,409 for fiscal year 2015. Revenues exceeded expenses during the current year, increasing net position by \$513,187,270, after the net position has been adjusted for the pension liability and expense attributable to prior years based on the implementation of new GASB standards.

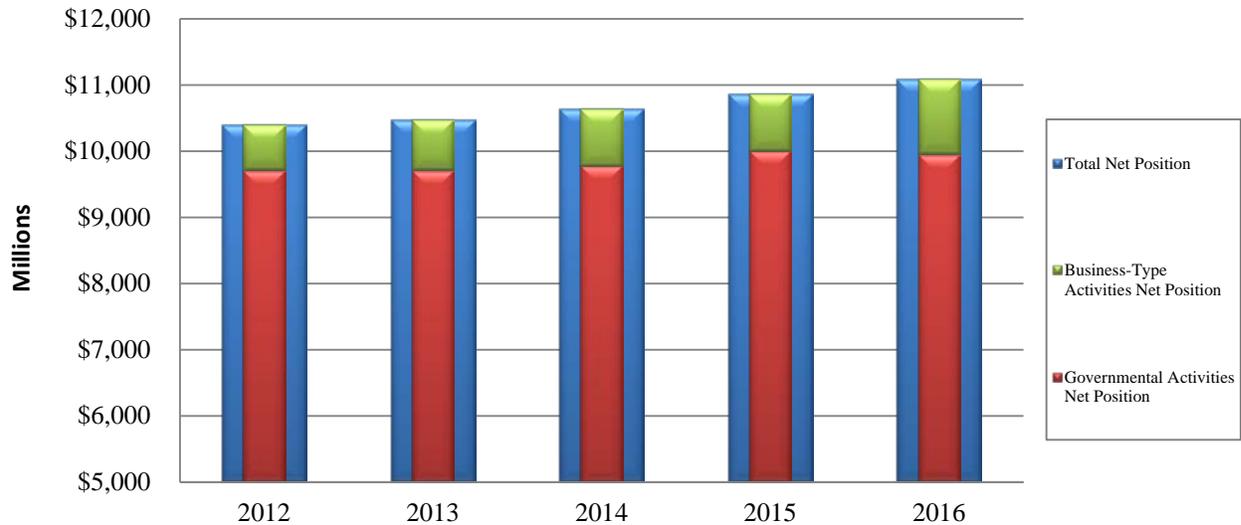
Condensed Statement of Net Position
February 29, 2016
(Amounts in thousands)
Primary Government

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Current and other assets | \$ 2,427,111 | \$ 1,258,774 | \$ 3,685,885 |
| Capital assets | 11,620,656 | 2,260,987 | 13,881,643 |
| Total assets | <u>14,047,767</u> | <u>3,519,761</u> | <u>17,567,528</u> |
| Deferred outflows of resources | 429,465 | 101,897 | 531,362 |
| Current and other liabilities | 326,895 | 134,540 | 461,435 |
| Long-term liabilities (including current portion) | 4,185,037 | 2,281,960 | 6,466,997 |
| Total liabilities | <u>4,511,932</u> | <u>2,416,500</u> | <u>6,928,432</u> |
| Deferred inflows of resources | 5,751 | 74,803 | 80,554 |
| Net position: | | | |
| Net investment in capital assets | 9,146,605 | 99,644 | 9,246,249 |
| Restricted | 634,192 | 1,009,715 | 1,643,907 |
| Unrestricted | 178,752 | 20,996 | 199,748 |
| Total net position | <u>\$ 9,959,549</u> | <u>\$ 1,130,355</u> | <u>\$ 11,089,904</u> |

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> |

Change in Net Position



The largest portion of the County’s current fiscal year net position, \$9,246,249,027, 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 \$174,516,023 in the County’s net position net investment in capital assets, is comprised of \$82,604,678 increase in capital assets with an offsetting decrease of \$129,417,326 in debt related to capital assets and a decrease of unspent debt proceeds of \$37,505,981.

Another portion of the County’s current fiscal year net position, \$199,747,933, 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, \$566,977,569 is for use for the ongoing obligations of the Toll Road Authority. Restricted net position of \$302,454,890 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 \$550,187,665 for debt service payments, \$184,121,122 for capital projects, \$37,670,275 for operating reserve per bond covenants, \$9,203 for grant programs and \$2,486,136 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 its business-type activities.

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 29, 2016
Primary Government

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| REVENUES | | | |
| Program revenues: | | | |
| Charges for Services | \$ 292,313 | \$ 774,199 | \$ 1,066,512 |
| Operating Grants and Contributions | 171,162 | 2,995 | 174,157 |
| Capital Grants and Contributions | 175,360 | - | 175,360 |
| General revenues: | | | |
| Taxes-levied for General Purposes | 1,433,336 | - | 1,433,336 |
| Taxes-levied for Debt Services | 289,026 | - | 289,026 |
| Hotel Occupancy Tax | 40,138 | - | 40,138 |
| Investment Earnings | 7,112 | 16,030 | 23,142 |
| Miscellaneous | 94,453 | 46,093 | 140,546 |
| Total revenues | <u>2,502,900</u> | <u>839,317</u> | <u>3,342,217</u> |
| EXPENSES | | | |
| Administration of Justice | 1,090,318 | - | 1,090,318 |
| Parks | 123,243 | - | 123,243 |
| County Administration | 356,256 | - | 356,256 |
| Health and Human Services | 206,560 | - | 206,560 |
| Flood Control | 109,294 | - | 109,294 |
| Tax Administration | 41,533 | - | 41,533 |
| Roads and Bridges | 354,830 | - | 354,830 |
| Interest and Fiscal Charges | 111,514 | - | 111,514 |
| Toll Road | - | 423,261 | 423,261 |
| Parking Facilities | - | 2,334 | 2,334 |
| Sheriff's Commissary | - | 9,886 | 9,886 |
| Total expenses | <u>2,393,548</u> | <u>435,481</u> | <u>2,829,029</u> |
| Excess before other items and transfers | 109,352 | 403,836 | 513,188 |
| Transfers | 124,031 | (124,031) | - |
| Change in net position | 233,383 | 279,805 | 513,188 |
| Net position - beginning | 10,010,047 | 862,002 | 10,872,049 |
| Implementation of new standard (note 1) | (283,881) | (11,452) | (295,333) |
| Net position - beginning (restated) | <u>9,726,166</u> | <u>850,550</u> | <u>10,576,716</u> |
| Net position - ending | <u>\$ 9,959,549</u> | <u>\$ 1,130,355</u> | <u>\$ 11,089,904</u> |

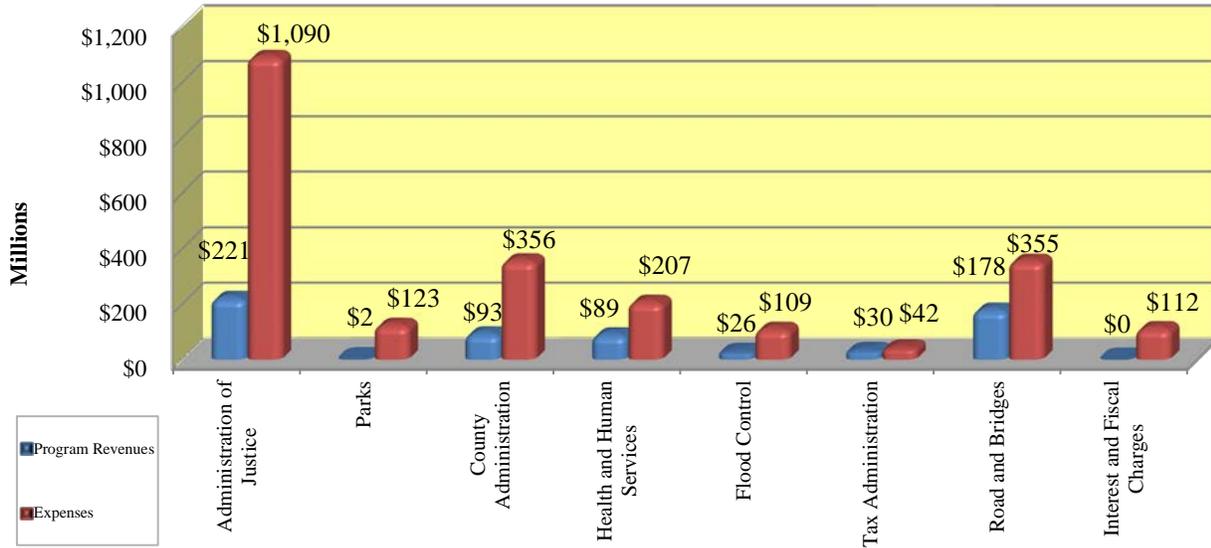
Harris County, Texas
Management's Discussion and Analysis (Unaudited)

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

| | 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)

Program Revenues and Expenses - Governmental Activities

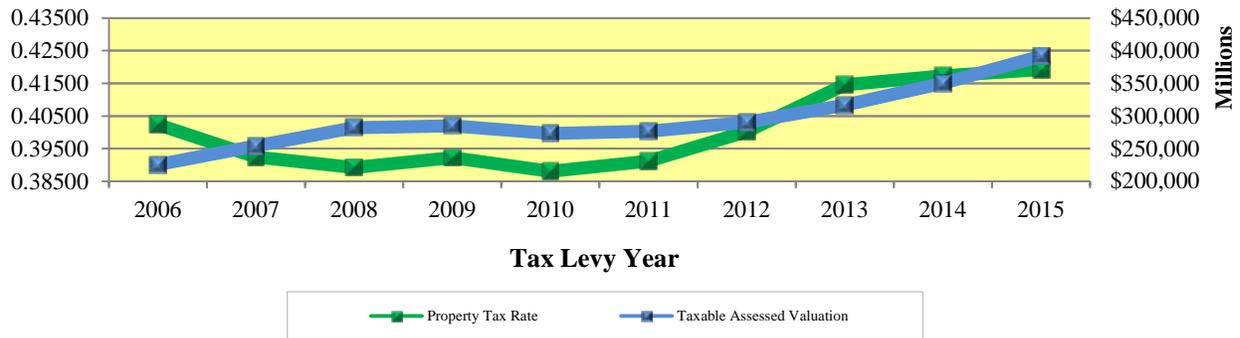


Revenues

For fiscal year ended February 29, 2016, revenues for the primary government totaled \$3,342,215,362. The revenues are categorized by activity type: governmental activities totaled \$2,502,899,211 and business-type activities totaled \$839,316,151.

Property and Hotel Occupancy Taxes of \$1,762,499,508 were one of the largest revenue sources for governmental activities and 53% of total revenues, which is a \$173.9M increase from prior year taxes of \$1,588,595,773. The tax rate was \$.41923 per \$100 of assessed value for fiscal year 2016. The taxable assessed value increased in fiscal year 2016 to \$391,521,792,000 from the taxable assessed value in the prior fiscal year of \$350,425,713,000.

Historical Comparison of the Property Tax Rate versus Taxable Assessed Valuation



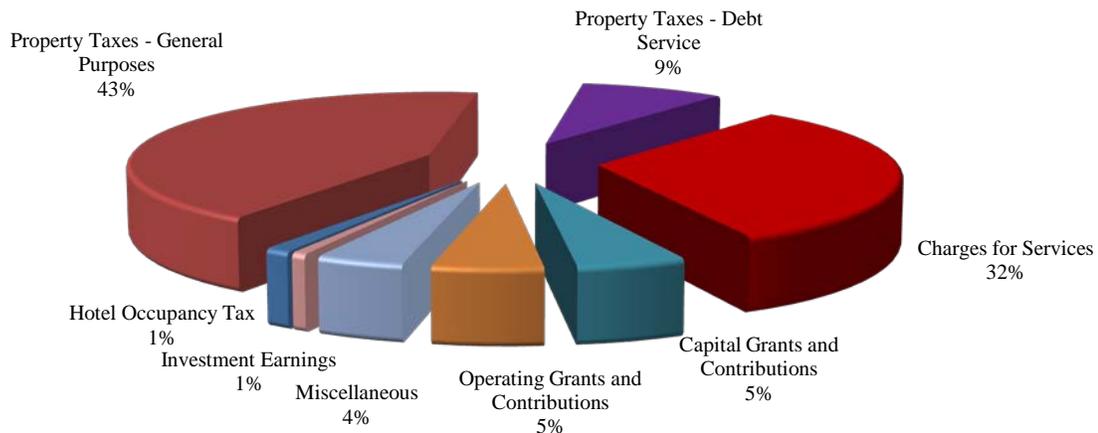
Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,416,028,267 or 42% of total revenues, which increased \$79,350,150 compared to the prior year. The largest portion of program revenues is Charges for Services of \$1,066,511,152 (32%). Of that \$292,312,803 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

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

\$774,198,349 (an increase of \$70,988,752 from the prior year), which are primarily toll road receipts. The other portions of program revenues are Operating Grants and Contributions of \$174,156,773 (5%) and Capital Grants and Contributions of \$175,360,342 (5%). Capital Grants and Contributions increased \$26,254,615 from the prior year, partially due to an increase in donations/dedications of roads.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of \$23,141,527 (0.7% of total revenues), and Miscellaneous income of \$140,546,060 (4% of total revenues).

REVENUES BY SOURCE
 Year ended February 29, 2016



Expenses

For fiscal year ended February 29, 2016, expenses for the primary government totaled \$2,829,028,092. These expenses are divided by activity type: governmental activities of \$2,393,547,554 and business-type activities of \$435,480,538.

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 \$1,090,317,878 and were 39% of total expenses. The expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, fuel costs for patrol vehicles, and other related items.

The expenses for the Roads and Bridges governmental activities function were \$354,830,326 or 13% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

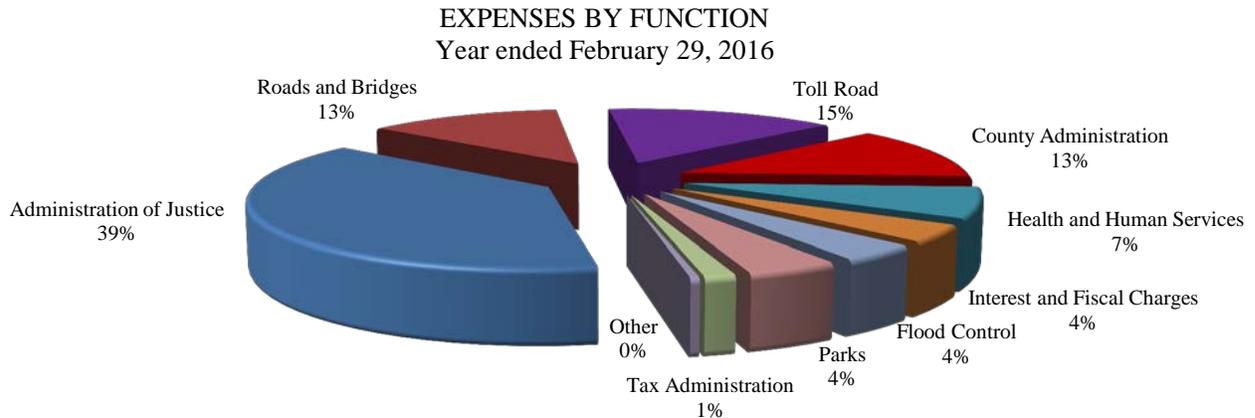
The County Administration governmental activities function expenses were \$356,255,615 or 13% of total expenses. This is an increase of \$32.6 million from the prior fiscal year which is partially due to increase in salary expenses attributable to additional employees and \$4.2M for pension expense related to the implementation of GASB 68 (see Note1).

The Toll Road business-type activities function expenses were \$423,260,608 or 15% of total expenses. This expense decreased \$167,395,183 from the prior year primarily due to the expense related to the \$200M agreement with TxDOT which was accrued in fiscal year 2015. Expenses for other business-type activities were \$12,219,930 and were less than 1% of total expenses. These activities are for 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 \$111,513,994 constituted 4% of total expenses and increased \$1,862,547.

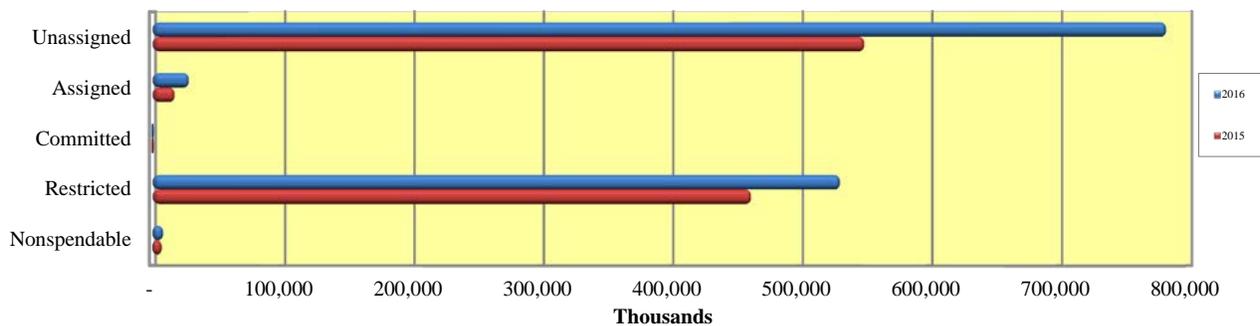
The remaining governmental activities functions are Health and Human Services with expenses of \$206,559,813 or 7%, which includes operation of the County libraries, Flood Control with expenses of \$109,293,543 or 4%, Parks with expenses of \$123,242,875 or 4%, and Tax Administration with expenses of \$41,533,509 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 29, 2016, the General Fund reported a net fund balance increase of \$313,457,235 largely due to an increase in the fund balance of the mobility sub-fund, general debt sub-fund, and the general operating fund. The fund balance increase in the general operating fund is consistent with the County's financial policy and planning objective to continue to build a strong balance sheet to maintain financial stability and current high bond ratings. The General Fund total fund balance is \$1,349,088,847 for the fiscal year of which \$7,958,009 is nonspendable, \$530,902,666 is restricted, \$27,855,674 is assigned, and the remaining \$782,372,498 is unassigned and available for the County's current and future needs.

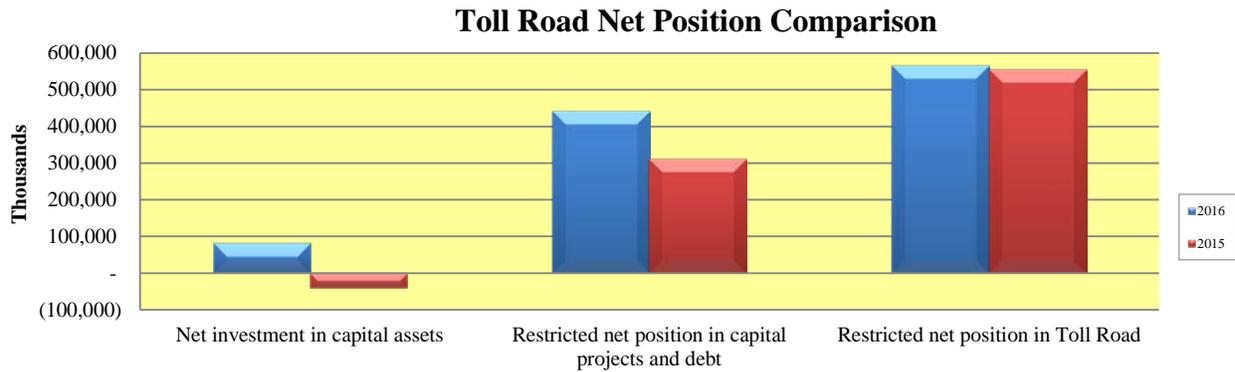
General Fund Components of Fund Balance



The Toll Road Fund was the County's only major proprietary fund at February 29, 2016. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 29, 2016, net position net investment in capital assets was \$81,645,202, and restricted net position was \$1,009,715,059. Net investment in capital assets increased from a February 28, 2015 balance of negative \$39,705,803. There was a decrease in related debt of \$107,756,142, and a decrease in unspent proceeds of \$61,505,801, while capital assets increased by \$75,100,664, causing an overall increase in net investment in capital assets of

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

\$121,351,005. Restricted net position is considered restricted due to debt obligations, operating reserve, capital projects, and Toll Road operations.

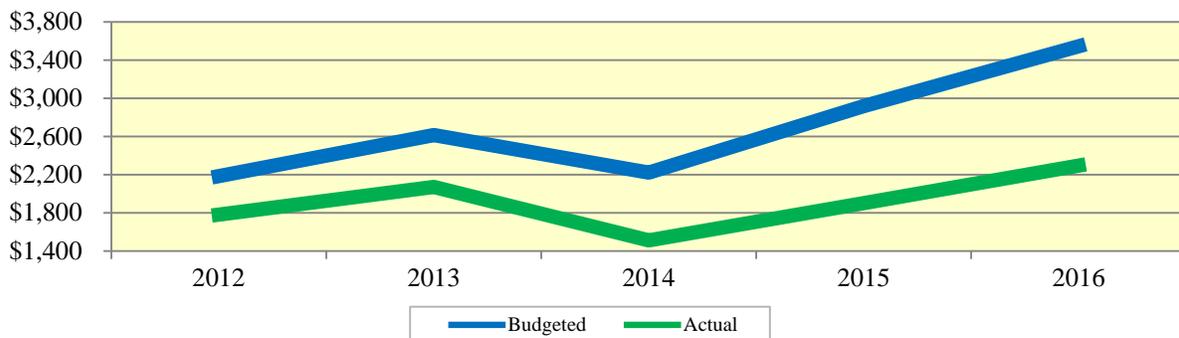


GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of \$547,878,663 in available resources. This increase is primarily due to adjustments for transfers in, miscellaneous income, and the issuance of refunding bonds. Differences between the original budget and the final amended budget resulted in \$547,878,663 increase in appropriations; this increase is due to additional revenue certifications being allocated for use.

During the year, actual available resources exceeded budgetary estimates by \$118,998,906. This is primarily due to an increase in tax revenues. Actual expenditures were \$1,249,574,109 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 29, 2016, was \$13,881,643,499, an increase of \$82,604,678 from capital assets reported February 28, 2015 of \$13,799,038,821. 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.

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

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

- 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, widening portions of the Sam Houston Tollway, and Tomball Tollway.

| | Capital Assets | |
|---|--------------------------|--------------------------|
| | Balance | Balance |
| | February 29, 2016 | February 28, 2015 |
| <u>Governmental Activities:</u> | | |
| Land | \$ 4,166,091,553 | \$ 4,101,532,678 |
| Construction in progress | 266,516,941 | 228,111,935 |
| Intangible assets - water rights | 2,400,000 | 2,400,000 |
| Intangible assets - software & licenses | 51,212,527 | 45,212,420 |
| Land improvements | 10,964,005 | 9,674,313 |
| Infrastructure | 11,182,512,469 | 10,981,329,949 |
| Park facilities | 186,222,522 | 183,478,881 |
| Flood control projects | 897,716,912 | 892,224,261 |
| Buildings | 1,813,019,153 | 1,786,465,501 |
| Equipment | 403,239,244 | 382,594,836 |
| | <u>18,979,895,326</u> | <u>18,613,024,774</u> |
| Less: Accumulated depreciation | (7,359,239,404) | (7,000,655,222) |
| Total governmental activities | <u>\$ 11,620,655,922</u> | <u>\$ 11,612,369,552</u> |
| | | |
| | Balance | Balance |
| | February 29, 2016 | February 28, 2015 |
| <u>Business-type Activities:</u> | | |
| Land | \$ 338,548,557 | \$ 318,955,522 |
| Construction in progress | 295,288,589 | 384,905,344 |
| Intangible assets - license agreement | 237,500,000 | 237,500,000 |
| Land improvements | 21,266,409 | 7,560,742 |
| Infrastructure | 2,574,449,452 | 2,348,904,103 |
| Other tangible assets | 29,503,155 | 30,123,590 |
| Buildings | 35,499,373 | 37,092,796 |
| Equipment | 103,101,812 | 97,220,894 |
| | <u>3,635,157,347</u> | <u>3,462,262,991</u> |
| Less: Accumulated depreciation | (1,374,169,770) | (1,275,593,722) |
| Total business-type activities | <u>\$ 2,260,987,577</u> | <u>\$ 2,186,669,269</u> |

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

Long-term Liabilities. At February 29, 2016, the County had total long-term liabilities outstanding of \$6,466,997,403. County officials, citizens and investors will find the ratio of bonded debt to taxable value of

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

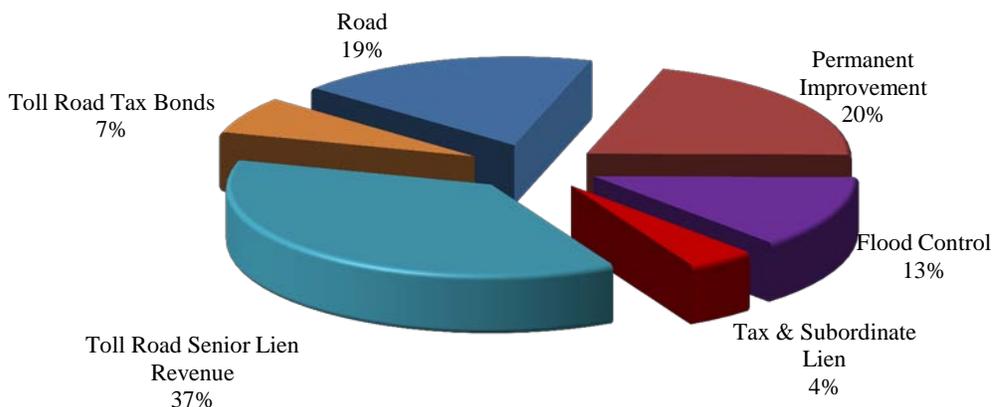
property and the amount of bonded debt per capita as useful indicators of the County's debt position. General bonded debt represented 0.73% and 0.80% of taxable value of property for fiscal year 2016 and 2015, respectively. Debt per capita was \$1,137 and \$1,194 for fiscal year 2016 and 2015, respectively.

| | Long-term Liabilities | |
|---|---|---|
| | Outstanding at February 29, 2016 | Outstanding at February 28, 2015 (as restated) |
| <u>Governmental Activities:</u> | | |
| Bonds payable | \$ 2,862,707,525 | \$ 2,794,034,842 |
| Commercial paper payable | 31,655,000 | 152,573,000 |
| Compensatory time payable | 37,083,271 | 34,084,305 |
| Obligations under capital leases | 9,556,748 | 11,265,766 |
| Loan payable | 37,759,111 | 31,126,818 |
| OPEB obligation | 533,824,631 | 467,649,623 |
| Net Pension Liability | 670,219,152 | 306,046,823 |
| Pollution remediation obligation | 2,231,692 | 1,875,145 |
| Total governmental activities | \$ 4,185,037,130 | \$ 3,798,656,322 |
| <u>Business-type Activities:</u> | | |
| Bonds payable | \$ 2,222,767,555 | \$ 2,318,882,305 |
| Compensatory time payable | 1,183,109 | 1,040,653 |
| OPEB obligation | 29,416,889 | 25,658,928 |
| Net Pension Liability | 26,473,095 | 12,341,962 |
| Pollution remediation obligation | 2,119,625 | 588,825 |
| Total business-type activities | \$ 2,281,960,273 | \$ 2,358,512,673 |

The County has a continuing goal to sustain the County's debt rating. As of February 29, 2016, 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 11 and Note 12 to the financial statements for further information on the County's Net Pension Liability and OPEB obligation.

Bonds Payable by Type as of February 29, 2016



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

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2015 was 4.6%. This is an increase from the prior year rate of 4.0%. The state unemployment rate for calendar year 2015 was 4.2%.

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 with an effective target date no later than July 1, 2016. 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.

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 29, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 680,174,059 | \$ 221,292,702 | \$ 901,466,761 | \$ 289,096,140 |
| Investments | 1,141,232,553 | 720,726,245 | 1,861,958,798 | 695,105,555 |
| Taxes receivable, net | 85,188,998 | - | 85,188,998 | 29,290,000 |
| Accounts receivable, net | 55,236,899 | 4,703,623 | 59,940,522 | 70,056,709 |
| Accrued interest receivable | 11,249,585 | 2,972,665 | 14,222,250 | - |
| Lease receivable | 228,300 | - | 228,300 | - |
| Other receivables, net | 117,538,826 | 10,311,566 | 127,850,392 | 85,675,563 |
| Internal balances | 709,517 | (709,517) | - | - |
| Inventories, prepaids and other assets | 15,498,845 | 6,549,761 | 22,048,606 | 69,649,118 |
| Restricted: | | | | |
| Cash and cash equivalents | 239,367,325 | 31,742,315 | 271,109,640 | 66,614,124 |
| Investments | 78,867,932 | 227,516,444 | 306,384,376 | - |
| Investments, held as collateral by others | - | 33,600,000 | 33,600,000 | - |
| Notes receivable | 1,818,161 | 68,231 | 1,886,392 | - |
| Capital assets: | | | | |
| Land and construction in progress | 4,432,608,494 | 633,837,146 | 5,066,445,640 | 81,395,929 |
| Intangible assets, net of amortization (when applicable) | 13,418,622 | 207,313,750 | 220,732,372 | 6,184,197 |
| Other capital assets, net of depreciation | 7,174,628,806 | 1,419,836,681 | 8,594,465,487 | 414,801,176 |
| Total assets | <u>14,047,766,922</u> | <u>3,519,761,612</u> | <u>17,567,528,534</u> | <u>1,807,868,511</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refundings | 59,880,499 | 24,282,421 | 84,162,920 | 11,786,000 |
| Pension contributions after measurement date | 18,983,756 | 749,421 | 19,733,177 | - |
| Difference in projected and actual earnings on pension assets | 311,162,630 | 12,290,663 | 323,453,293 | - |
| Changes in pension assumptions | 39,437,630 | 1,557,753 | 40,995,383 | - |
| Resources related to pension | - | - | - | 43,318,000 |
| Unamortized costs on swap liability | - | 63,016,462 | 63,016,462 | 18,949,000 |
| Total deferred outflows of resources | <u>429,464,515</u> | <u>101,896,720</u> | <u>531,361,235</u> | <u>74,053,000</u> |
| LIABILITIES | | | | |
| Vouchers payable and other current liabilities | 242,225,642 | 64,461,972 | 306,687,614 | 205,167,998 |
| Due to other governmental units | 19,626 | 116,511 | 136,137 | - |
| Other liabilities | - | - | - | 113,622,000 |
| Unearned revenue | 39,284,393 | 69,961,589 | 109,245,982 | 1,543,944 |
| Accrued interest | 45,364,900 | - | 45,364,900 | 631,000 |
| Long-term liabilities: | | | | |
| Due within one year | 185,638,638 | 97,925,086 | 283,563,724 | 7,418,706 |
| Due in more than one year | 3,999,398,492 | 2,184,035,187 | 6,183,433,679 | 775,871,520 |
| Total liabilities | <u>4,511,931,691</u> | <u>2,416,500,345</u> | <u>6,928,432,036</u> | <u>1,104,255,168</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Difference in projected and actual earnings on pension assets | 5,750,689 | 227,147 | 5,977,836 | - |
| Accumulated decrease in fair value of hedging derivatives | - | 74,576,077 | 74,576,077 | - |
| Total deferred inflows of resources | <u>5,750,689</u> | <u>74,803,224</u> | <u>80,553,913</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 9,146,605,224 | 99,643,803 | 9,246,249,027 | 193,456,942 |
| Restricted for: | | | | |
| Debt service | 293,731,912 | 256,455,753 | 550,187,665 | 31,970,000 |
| Capital projects | 35,509,660 | 148,611,462 | 184,121,122 | - |
| Operating reserve per bond covenants | - | 37,670,275 | 37,670,275 | - |
| Donor temporarily restricted | 9,203 | - | 9,203 | 44,096,923 |
| Legislative | 2,486,136 | - | 2,486,136 | - |
| Mobility program | 302,454,890 | - | 302,454,890 | - |
| Toll Road | - | 566,977,569 | 566,977,569 | - |
| Unrestricted | 178,752,032 | 20,995,901 | 199,747,933 | 508,142,478 |
| Total net position | <u>\$ 9,959,549,057</u> | <u>\$ 1,130,354,763</u> | <u>\$ 11,089,903,820</u> | <u>\$ 777,666,343</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 29, 2016

| 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 | \$ 1,090,317,878 | \$ 137,335,194 | \$ 83,502,139 | \$ - | \$ (869,480,545) | - | \$ (869,480,545) | |
| Parks | 123,242,876 | 800,918 | 962,314 | - | (121,479,644) | - | (121,479,644) | |
| County Administration | 356,255,615 | 56,604,259 | 9,335,245 | 26,647,309 | (263,668,802) | - | (263,668,802) | |
| Health and Human Services | 206,559,813 | 11,669,888 | 77,332,011 | - | (117,557,914) | - | (117,557,914) | |
| Flood Control | 109,293,543 | 6,228,110 | - | 19,959,918 | (83,105,515) | - | (83,105,515) | |
| Tax Administration | 41,533,509 | 30,213,023 | 29,973 | - | (11,290,513) | - | (11,290,513) | |
| Road and Bridges | 354,830,326 | 49,461,411 | - | 128,753,115 | (176,615,800) | - | (176,615,800) | |
| Interest and Fiscal Charges | 111,513,994 | - | - | - | (111,513,994) | - | (111,513,994) | |
| Total governmental activities | <u>2,393,547,554</u> | <u>292,312,803</u> | <u>171,161,682</u> | <u>175,360,342</u> | <u>(1,754,712,727)</u> | <u>-</u> | <u>(1,754,712,727)</u> | |
| Business-type activities: | | | | | | | | |
| Toll Road | 423,260,608 | 759,275,927 | 2,995,091 | - | - | \$ 339,010,410 | 339,010,410 | |
| Parking Facilities | 2,334,192 | 5,712,646 | - | - | - | 3,378,454 | 3,378,454 | |
| Sheriff's Commissary | 9,885,738 | 9,209,776 | - | - | - | (675,962) | (675,962) | |
| Total business-type activities | <u>435,480,538</u> | <u>774,198,349</u> | <u>2,995,091</u> | <u>-</u> | <u>-</u> | <u>341,712,902</u> | <u>341,712,902</u> | |
| Total primary government | <u>\$ 2,829,028,092</u> | <u>\$ 1,066,511,152</u> | <u>\$ 174,156,773</u> | <u>\$ 175,360,342</u> | <u>(1,754,712,727)</u> | <u>341,712,902</u> | <u>(1,412,999,825)</u> | |
| Component units: | | | | | | | | |
| Harris Center for Mental Health & IDD (formerly MHMRA) | | | | | | | | |
| | \$ 220,408,016 | \$ 56,678,436 | \$ 143,144,586 | \$ - | | | | \$ (20,584,994) |
| Hospital District | 2,190,734,000 | 361,523,000 | 1,110,780,000 | - | | | | (718,431,000) |
| Other component units | 4,126,896 | 2,046,930 | 3,211,865 | 1,464,995 | | | | 2,596,894 |
| Total component units | <u>\$ 2,415,268,912</u> | <u>\$ 420,248,366</u> | <u>\$ 1,257,136,451</u> | <u>\$ 1,464,995</u> | | | | <u>(736,419,100)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes levied for General Purposes | | | | | 1,433,335,849 | - | 1,433,335,849 | 635,363,000 |
| Property taxes levied for Debt Service | | | | | 289,025,600 | - | 289,025,600 | - |
| Hotel Occupancy Tax | | | | | 40,138,059 | - | 40,138,059 | - |
| Earnings on Investments | | | | | 7,111,508 | 16,030,019 | 23,141,527 | 3,226,526 |
| Miscellaneous | | | | | 94,453,368 | 46,092,692 | 140,546,060 | 104,623,918 |
| Transfers | | | | | 124,031,107 | (124,031,107) | - | - |
| Total general revenues and other items | | | | | <u>1,988,095,491</u> | <u>(61,908,396)</u> | <u>1,926,187,095</u> | <u>743,213,444</u> |
| Change in net position | | | | | 233,382,764 | 279,804,506 | 513,187,270 | 6,794,344 |
| Net position - beginning (restated, Note 1) | | | | | 9,726,166,293 | 850,550,257 | 10,576,716,550 | 770,871,999 |
| Net position - ending | | | | | <u>\$ 9,959,549,057</u> | <u>\$ 1,130,354,763</u> | <u>\$ 11,089,903,820</u> | <u>\$ 777,666,343</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 29, 2016

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--|---|
| ASSETS | | | |
| Cash and investments: | | | |
| Cash and cash equivalents | \$ 388,814,011 | \$ 255,882,065 | \$ 644,696,076 |
| Investments | 729,095,613 | 328,570,877 | 1,057,666,490 |
| Receivables: | | | |
| Taxes, net | 75,795,297 | 9,393,701 | 85,188,998 |
| Accounts, net | 8,206,981 | 42,492,614 | 50,699,595 |
| Accrued interest | 394,467 | 10,730,163 | 11,124,630 |
| Lease | 228,300 | - | 228,300 |
| Other, net | 70,507,859 | 43,453,966 | 113,961,825 |
| Due from other funds | 25,401,946 | 4,191,286 | 29,593,232 |
| Prepays and other assets | 4,649,233 | 3,640,241 | 8,289,474 |
| Inventories | 3,268,776 | 1,475,767 | 4,744,543 |
| Advances to other funds | 40,000 | 12,567,500 | 12,607,500 |
| Restricted cash and cash equivalents | 171,276,380 | 68,090,945 | 239,367,325 |
| Restricted investments | 49,370,594 | 29,497,338 | 78,867,932 |
| Notes receivable | 1,432,755 | 385,406 | 1,818,161 |
| Total assets | <u>\$ 1,528,482,212</u> | <u>\$ 810,371,869</u> | <u>\$ 2,338,854,081</u> |
| LIABILITIES | | | |
| Vouchers payable | \$ 52,043,215 | \$ 44,358,748 | \$ 96,401,963 |
| Accrued payroll and compensated absences | 76,464,777 | 6,197,606 | 82,662,383 |
| Retainage payable | 2,411,913 | 6,908,979 | 9,320,892 |
| Due to other funds | 47,623 | 29,308,442 | 29,356,065 |
| Due to other governmental units | - | 19,626 | 19,626 |
| Other liabilities | 145,601 | - | 145,601 |
| Advances from other funds | - | 12,607,500 | 12,607,500 |
| Unearned revenue | 5,932,897 | 33,784,471 | 39,717,368 |
| Total liabilities | <u>137,046,026</u> | <u>133,185,372</u> | <u>270,231,398</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue-property taxes | 32,640,495 | 4,188,897 | 36,829,392 |
| Unavailable revenue-other | 9,706,844 | 29,277,824 | 38,984,668 |
| Total deferred inflows of resources | <u>42,347,339</u> | <u>33,466,721</u> | <u>75,814,060</u> |
| FUND BALANCES | | | |
| Nonspendable | 7,958,009 | 3,028,046 | 10,986,055 |
| Restricted | 530,902,666 | 601,108,626 | 1,132,011,292 |
| Committed | - | 43,375,863 | 43,375,863 |
| Assigned | 27,855,674 | - | 27,855,674 |
| Unassigned | 782,372,498 | (3,792,759) | 778,579,739 |
| Total fund balances | <u>1,349,088,847</u> | <u>643,719,776</u> | <u>1,992,808,623</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,528,482,212</u> | <u>\$ 810,371,869</u> | <u>\$ 2,338,854,081</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
February 29, 2016

Total fund balances for governmental funds \$ 1,992,808,623

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 | \$ 4,165,832,553 | |
| Construction in progress | 266,516,941 | |
| Intangible assets - water rights | 2,400,000 | |
| Intangible assets - software and licenses, net of \$40,193,905 accumulated amortization | 11,018,622 | |
| Land improvements, net of \$2,483,801 accumulated depreciation | 8,480,204 | |
| Infrastructure, net of \$5,965,813,443 accumulated depreciation | 5,216,699,026 | |
| Parks, net of \$61,082,271 accumulated depreciation | 125,140,251 | |
| Flood control projects, net of \$384,083,599 accumulated depreciation | 513,633,313 | |
| Buildings, net of \$624,209,007 accumulated depreciation | 1,187,341,578 | |
| Equipment and vehicles, net of \$233,776,866 accumulated depreciation | 98,484,886 | |
| Total capital assets | | 11,595,547,374 |

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 29, 2016 were:

| | | |
|--|-----------------|-----------------|
| Deferred charge on refundings | 59,880,499 | |
| Deferred outflow - Pension contributions after measurement date | 18,983,756 | |
| Deferred outflow - Difference in actual and projected earnings on pension assets | 311,162,630 | |
| Deferred outflow - Changes in assumptions | 39,437,630 | |
| Accrued interest on bonds and loans | (45,364,900) | |
| Bonds payable | (2,862,707,525) | |
| Loan payable | (37,759,111) | |
| Capital leases | (9,556,748) | |
| Interest on capital leases | 565,421 | |
| Commercial paper payable | (31,655,000) | |
| Compensated absences | (36,752,992) | |
| OPEB obligation | (533,824,631) | |
| Net pension liability | (670,219,152) | |
| Pollution remediation obligation | (2,054,527) | |
| Deferred inflow - Difference in expected and actual pension experience | (5,750,689) | (3,805,615,339) |

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:

100,994,339

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.

75,814,060

Total net position of governmental activities

\$ 9,959,549,057

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 29, 2016

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|--|---|
| REVENUES | | | |
| Taxes | \$ 1,541,141,698 | \$ 218,879,107 | \$ 1,760,020,805 |
| Charges for services | 259,826,297 | 30,582,738 | 290,409,035 |
| User fees | 124,967 | - | 124,967 |
| Fines and forfeitures | 19,311,549 | - | 19,311,549 |
| Lease revenue | 1,387,741 | 1,001,488 | 2,389,229 |
| Intergovernmental | 46,583,659 | 171,967,861 | 218,551,520 |
| Earnings on investments | 2,917,132 | 1,702,326 | 4,619,458 |
| Miscellaneous | 50,368,877 | 57,634,416 | 108,003,293 |
| Total revenues | <u>1,921,661,920</u> | <u>481,767,936</u> | <u>2,403,429,856</u> |
| EXPENDITURES | | | |
| Current operating: | | | |
| Administration of Justice | 932,972,739 | 74,907,587 | 1,007,880,326 |
| Parks | 72,594,013 | 22,624,797 | 95,218,810 |
| County Administration | 262,113,345 | 52,022,620 | 314,135,965 |
| Health and Human Services | 103,248,615 | 81,851,146 | 185,099,761 |
| Flood Control | - | 56,253,548 | 56,253,548 |
| Tax Administration | 38,563,641 | 935,056 | 39,498,697 |
| Roads and Bridges | 83,088,154 | 1,717,858 | 84,806,012 |
| Capital outlay | 79,659,033 | 215,545,780 | 295,204,813 |
| Debt service: | | | |
| Principal retirement | 61,140,903 | 56,097,743 | 117,238,646 |
| Bond issuance costs | 2,252,720 | 1,377,914 | 3,630,634 |
| Interest and fiscal charges | 58,478,674 | 83,768,060 | 142,246,734 |
| Total expenditures | <u>1,694,111,837</u> | <u>647,102,109</u> | <u>2,341,213,946</u> |
| Excess (deficiency) of revenues under expenditures | <u>227,550,083</u> | <u>(165,334,173)</u> | <u>62,215,910</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 162,938,516 | 159,332,504 | 322,271,020 |
| Transfers out | (98,604,680) | (102,261,956) | (200,866,636) |
| Refunding bonds issued | 241,465,000 | 279,700,000 | 521,165,000 |
| Premium on bonds issued | 37,486,672 | 54,965,673 | 92,452,345 |
| Commercial paper issued | - | 97,420,000 | 97,420,000 |
| Payment to bond escrow agent | (56,769,883) | (332,757,214) | (389,527,097) |
| Payment to defease commercial paper | (218,338,000) | - | (218,338,000) |
| Issuance of loans | 14,617,007 | - | 14,617,007 |
| Proceeds from insurance recoveries | - | 189,020 | 189,020 |
| Proceeds from sale of capital assets | 3,112,520 | 1,410,634 | 4,523,154 |
| Total other financing sources (uses) | <u>85,907,152</u> | <u>157,998,661</u> | <u>243,905,813</u> |
| Net changes in fund balances | 313,457,235 | (7,335,512) | 306,121,723 |
| Fund balances, beginning | 1,035,631,612 | 651,055,288 | 1,686,686,900 |
| Fund balances, ending | <u>\$ 1,349,088,847</u> | <u>\$ 643,719,776</u> | <u>\$ 1,992,808,623</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 29, 2016

Net change in fund balances - total governmental funds \$ 306,121,723

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 \$379,576,083 exceeded capital expenditures of \$295,204,813 in the current period. (84,371,270)

Capital asset donations 113,360,935

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 | | \$ (521,165,000) | |
| Bond premiums | | (92,452,345) | |
| Commercial paper | | (97,420,000) | |
| Loans | | (14,617,007) | |
| Repayments: | | | |
| To paying agent for bond principal | | 117,079,530 | |
| Commercial paper | | 30,593,000 | |
| To refunding bond escrow agent | | 389,527,097 | |
| Defeasance of commercial paper | | 187,745,000 | |
| Loans | | 7,984,713 | |
| Capital lease principal | | 1,709,018 | |
| Refunding interest expense | | (3,033,235) | |
| Net adjustment | | 5,950,771 | 5,950,771 |

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 | (2,995,114) | |
| OPEB obligation | (66,175,008) | |
| Net pension liability | (22,505,100) | |
| Pollution remediation obligation | (200,675) | |
| Amortization of debt premium | 28,141,877 | |
| Accretion of capital appreciation bond interest | 16,122,758 | |
| Amortization of advanced refunding difference | (10,376,552) | |
| Accrued interest on debt | (122,108) | |
| Combined adjustment | (58,109,922) | (58,109,922) |

Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities. (10,740,533)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (6,100,651)

The net effect of disposal of capital assets is to decrease net position. (32,728,289)

Change in net position of governmental activities \$ 233,382,764

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
February 29, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|--------------------------------|--|-------------------------|---------------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 210,864,805 | \$ 10,427,897 | \$ 221,292,702 | \$ 35,477,983 |
| Investments | 711,348,502 | 9,377,743 | 720,726,245 | 83,566,063 |
| Receivables, net | 3,770,924 | 932,699 | 4,703,623 | 4,537,304 |
| Accrued interest receivable | 2,969,907 | 2,758 | 2,972,665 | 124,955 |
| Other receivable, net | 9,605,401 | 706,165 | 10,311,566 | 3,577,001 |
| Due from other funds | 106,331 | - | 106,331 | 472,350 |
| Prepays and other assets | 1,380,051 | - | 1,380,051 | 1,446,708 |
| Inventories | 4,963,991 | 205,719 | 5,169,710 | 1,018,120 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 31,742,315 | - | 31,742,315 | - |
| Investments | 227,516,444 | - | 227,516,444 | - |
| Total current assets | <u>1,204,268,671</u> | <u>21,652,981</u> | <u>1,225,921,652</u> | <u>130,220,484</u> |
| Noncurrent assets: | | | | |
| Restricted investments, held as collateral by others | 33,600,000 | - | 33,600,000 | - |
| Notes receivable | 68,231 | - | 68,231 | - |
| Capital assets: | | | | |
| Land and construction in progress | 629,873,548 | 3,963,598 | 633,837,146 | 259,000 |
| License agreement, net of amortization | 207,313,750 | - | 207,313,750 | - |
| Other capital assets, net of depreciation | 1,405,801,678 | 14,035,003 | 1,419,836,681 | 24,849,548 |
| Total noncurrent assets | <u>2,276,657,207</u> | <u>17,998,601</u> | <u>2,294,655,808</u> | <u>25,108,548</u> |
| Total assets | <u>3,480,925,878</u> | <u>39,651,582</u> | <u>3,520,577,460</u> | <u>155,329,032</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refundings | 24,282,421 | - | 24,282,421 | - |
| Pension contributions after measurement date | 749,421 | - | 749,421 | - |
| Difference in projected and actual earnings on pension assets | 12,290,663 | - | 12,290,663 | - |
| Changes of assumptions | 1,557,753 | - | 1,557,753 | - |
| Unamortized costs on swap liability | 63,016,462 | - | 63,016,462 | - |
| Total deferred outflows of resources | <u>101,896,720</u> | <u>-</u> | <u>101,896,720</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Vouchers payable | 53,295,118 | 581,410 | 53,876,528 | 14,216,321 |
| Accrued payroll and compensated absences | 4,007,210 | 48,924 | 4,056,134 | 1,156,937 |
| Retainage payable | 6,090,110 | - | 6,090,110 | - |
| Estimated outstanding claims | - | - | - | 13,591,147 |
| Incurred but not reported claims | - | - | - | 25,109,033 |
| Customer deposits | 1,160,897 | - | 1,160,897 | - |
| Due to other funds | 815,848 | - | 815,848 | - |
| Due to other units | 116,511 | - | 116,511 | - |
| Unearned revenue | 69,943,781 | 17,808 | 69,961,589 | 132,446 |
| Current portion of long-term liabilities | 97,203,389 | - | 97,203,389 | - |
| Total current liabilities | <u>232,632,864</u> | <u>648,142</u> | <u>233,281,006</u> | <u>54,205,884</u> |
| Noncurrent liabilities: | | | | |
| Noncurrent portion of long-term liabilities | 2,184,026,249 | 8,938 | 2,184,035,187 | 128,809 |
| Total noncurrent liabilities | <u>2,184,026,249</u> | <u>8,938</u> | <u>2,184,035,187</u> | <u>128,809</u> |
| Total liabilities | <u>2,416,659,113</u> | <u>657,080</u> | <u>2,417,316,193</u> | <u>54,334,693</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Difference in projected and actual Earnings on pension assets | 227,147 | - | 227,147 | - |
| Accumulated decrease in fair value of hedging derivatives | 74,576,077 | - | 74,576,077 | - |
| Total deferred inflows of resources | <u>74,803,224</u> | <u>-</u> | <u>74,803,224</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 81,645,202 | 17,998,601 | 99,643,803 | 25,108,548 |
| Restricted for: | | | | |
| Debt service | 256,455,753 | - | 256,455,753 | - |
| Capital projects | 148,611,462 | - | 148,611,462 | - |
| Operating reserve per bond covenants | 37,670,275 | - | 37,670,275 | - |
| Toll Road | 566,977,569 | - | 566,977,569 | - |
| Unrestricted | - | 20,995,901 | 20,995,901 | 75,885,791 |
| Total net position | <u>\$ 1,091,360,261</u> | <u>\$ 38,994,502</u> | <u>\$ 1,130,354,763</u> | <u>\$ 100,994,339</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 29, 2016

| | Enterprise Funds | | | Internal Service Funds |
|--|--------------------------------|--|-------------------------|---------------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| OPERATING REVENUES | | | | |
| Toll revenues | \$ 759,275,927 | \$ - | \$ 759,275,927 | \$ - |
| Lease revenue | - | - | - | - |
| Intergovernmental | 2,995,091 | - | 2,995,091 | 2,452,877 |
| Charges to departments | - | - | - | 258,332,737 |
| Sales | - | 9,191,257 | 9,191,257 | - |
| User fees | - | 5,712,646 | 5,712,646 | 14,546,487 |
| Miscellaneous | - | 18,519 | 18,519 | - |
| Total operating revenues | <u>762,271,018</u> | <u>14,922,422</u> | <u>777,193,440</u> | <u>275,332,101</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 57,562,773 | 617,054 | 58,179,827 | 13,210,800 |
| Materials and supplies | 12,595,180 | 1,427,502 | 14,022,682 | 623,962 |
| Services and fees | 150,321,298 | 5,622,249 | 155,943,547 | 14,732,667 |
| Utilities | 3,540,001 | 246,623 | 3,786,624 | 575,223 |
| Transportation and travel | 3,043,332 | - | 3,043,332 | 6,189,804 |
| Incurred claims | - | - | - | 242,925,647 |
| Estimated claims & changes in estimates | - | - | - | 1,754,705 |
| Cost of goods sold | - | 3,524,146 | 3,524,146 | 6,505,776 |
| Depreciation | 101,301,061 | 782,356 | 102,083,417 | 6,838,236 |
| Total operating expenses | <u>328,363,645</u> | <u>12,219,930</u> | <u>340,583,575</u> | <u>293,356,820</u> |
| Operating income (loss) | <u>433,907,373</u> | <u>2,702,492</u> | <u>436,609,865</u> | <u>(18,024,719)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Earnings on investments | 15,965,906 | 64,113 | 16,030,019 | 795,586 |
| Lease income | 18,900 | - | 18,900 | - |
| Interest expense | (87,107,618) | - | (87,107,618) | - |
| Bond issuance cost | (1,744,844) | - | (1,744,844) | - |
| Gain (loss) on disposal of capital assets | (3,163,575) | - | (3,163,575) | 3,665,366 |
| Amortization expense | (2,880,926) | - | (2,880,926) | - |
| Other nonoperating revenue | 46,073,792 | - | 46,073,792 | 196,511 |
| Total nonoperating revenues (expenses) | <u>(32,838,365)</u> | <u>64,113</u> | <u>(32,774,252)</u> | <u>4,657,463</u> |
| Income (loss) before transfers and contributions | <u>401,069,008</u> | <u>2,766,605</u> | <u>403,835,613</u> | <u>(13,367,256)</u> |
| Transfers in | - | - | - | 5,722,050 |
| Transfers out | (124,031,107) | - | (124,031,107) | (3,095,327) |
| Total transfers and contributions | <u>(124,031,107)</u> | <u>-</u> | <u>(124,031,107)</u> | <u>2,626,723</u> |
| Change in net position | 277,037,901 | 2,766,605 | 279,804,506 | (10,740,533) |
| Net position, beginning (restated, Note 1) | 814,322,360 | 36,227,897 | 850,550,257 | 111,734,872 |
| Net position, ending | <u>\$ 1,091,360,261</u> | <u>\$ 38,994,502</u> | <u>\$ 1,130,354,763</u> | <u>\$ 100,994,339</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 29, 2016

| | Enterprise Funds | | | Internal Service Funds |
|---|--------------------------------|--|-----------------------|---------------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 768,742,783 | \$ 14,877,488 | \$ 783,620,271 | \$ 272,461,409 |
| Payment to employees | (26,011,844) | (593,840) | (26,605,684) | (13,060,799) |
| Payment to vendors | (165,104,799) | (11,069,745) | (176,174,544) | (25,625,402) |
| Claims paid | - | - | - | (241,470,564) |
| Receipts from miscellaneous reimbursements | 1,073,792 | - | 1,073,792 | - |
| Other receipts | - | - | - | 196,511 |
| Net cash provided by (used for) operating activities | <u>578,699,932</u> | <u>3,213,903</u> | <u>581,913,835</u> | <u>(7,498,845)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Payments to other governments | (77,530,933) | - | (77,530,933) | - |
| Internal activity - net payments from other funds | 576,261 | - | 576,261 | - |
| Transfers from other funds | - | - | - | 5,722,050 |
| Transfers to other funds | (124,031,107) | - | (124,031,107) | (3,095,327) |
| Net cash provided by (used for) noncapital financing activities | <u>(200,985,779)</u> | <u>-</u> | <u>(200,985,779)</u> | <u>2,626,723</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Receipts from lease of capital assets | 18,900 | - | 18,900 | - |
| Purchases of capital assets | (178,474,358) | - | (178,474,358) | (15,197,864) |
| Principal paid on capital debt | (97,710,000) | - | (97,710,000) | - |
| Interest paid on capital debt | (98,359,125) | - | (98,359,125) | - |
| Net cash used for capital and related financing activities | <u>(374,524,583)</u> | <u>-</u> | <u>(374,524,583)</u> | <u>(15,197,864)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (806,973,615) | (2,489,687) | (809,463,302) | (24,682,898) |
| Proceeds from sales and maturities of investments | 777,372,862 | 2,494,583 | 779,867,445 | 32,557,921 |
| Interest paid | - | (2,071,789) | (2,071,789) | (24,818) |
| Interest received | 14,295,126 | 20,792 | 14,315,918 | 19,478,829 |
| Bond issuance cost | (498,500) | - | (498,500) | - |
| Net cash provided by (used for) investing activities | <u>(15,804,127)</u> | <u>(2,046,101)</u> | <u>(17,850,228)</u> | <u>27,329,034</u> |
| Net change in cash and cash equivalents | (12,614,557) | 1,167,802 | (11,446,755) | 7,259,048 |
| Cash and cash equivalents, beginning | 255,221,677 | 9,260,095 | 264,481,772 | 28,218,935 |
| Cash and cash equivalents, ending | <u>\$ 242,607,120</u> | <u>\$ 10,427,897</u> | <u>\$ 253,035,017</u> | <u>\$ 35,477,983</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Operating income (loss) | \$ 433,907,373 | \$ 2,702,492 | \$ 436,609,865 | \$ (18,024,719) |
| Adjustment to reconcile operating income to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 101,301,061 | 782,356 | 102,083,417 | 6,838,236 |
| Other nonoperating revenues | 1,073,792 | - | 1,073,792 | 196,511 |
| Changes in current assets and liabilities: | | | | |
| Receivables, net | 32,864 | (15,863) | 17,001 | (2,919,378) |
| Notes and leases receivable | 7,581 | - | 7,581 | - |
| Prepays and other assets | 1,167,488 | - | 1,167,488 | (132,073) |
| Inventories | (1,542,625) | 4,891 | (1,537,734) | 105,330 |
| Vouchers payable and accrued liabilities | 36,843,015 | (254,116) | 36,588,899 | 6,348,394 |
| Retainage payable | (438,603) | - | (438,603) | - |
| Due to other governmental units | (1,649,086) | - | (1,649,086) | - |
| Other liabilities | (58,904) | (29,071) | (87,975) | - |
| Pollution payable | 1,530,800 | - | 1,530,800 | - |
| Unearned revenue | 6,431,320 | - | 6,431,320 | 52,652 |
| Compensatory time payable | 93,856 | 23,214 | 117,070 | 36,202 |
| Net cash provided by (used for) operating activities | <u>\$ 578,699,932</u> | <u>\$ 3,213,903</u> | <u>\$ 581,913,835</u> | <u>\$ (7,498,845)</u> |
| Non-Cash Operating, Capital and Related Financing, And Investing Activities: | | | | |
| Decrease in fair value of hedging derivatives | \$ (4,521,382) | \$ - | \$ (4,521,382) | \$ - |
| Increase (decrease) in the fair value of investments | 5,600,122 | 2,114,462 | 7,714,584 | (18,607,578) |
| Purchase of capital assets on account | 11,538,822 | - | 11,538,822 | - |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
February 29, 2016

| | AGENCY FUNDS |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 298,698,291 |
| Investments | 176,022,242 |
| Accounts receivable, net | 1,236,761 |
| Other receivables, net | 9,695,081 |
| Accrued interest receivable | 256,992 |
| Total assets | \$ 485,909,367 |
| LIABILITIES | |
| Vouchers payable | \$ 5,961,559 |
| Accrued payroll and compensated absences | 15,997,548 |
| Incurred but not reported claims | 5,902,913 |
| Held for others | 458,047,347 |
| Total liabilities | \$ 485,909,367 |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
FEBRUARY 29, 2016

| | Harris Center for Mental Health and IDD (formerly MHMRA) | Harris County Hospital District dba Harris Health System | Nonmajor Component Units | Total |
|--|---|---|---|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,753,545 | \$ 273,252,000 | \$ 6,090,595 | \$ 289,096,140 |
| Investments, including accrued interest | 51,729,545 | 643,169,000 | 207,010 | 695,105,555 |
| Receivables: | | | | |
| Taxes, net | - | 29,290,000 | - | 29,290,000 |
| Accounts, net | 4,465,471 | 63,836,000 | 1,755,238 | 70,056,709 |
| Other | 12,662,466 | 72,368,000 | 645,097 | 85,675,563 |
| Inventories | 230,342 | 9,721,000 | - | 9,951,342 |
| Prepays and other assets | 608,247 | 59,019,000 | 70,529 | 59,697,776 |
| Restricted cash and investments | 337,955 | 52,893,000 | 13,383,169 | 66,614,124 |
| Capital assets: | | | | |
| Land, improvements, and construction in progress | 6,023,410 | 61,807,000 | 13,565,519 | 81,395,929 |
| Intangible assets, net of accumulated amortization | 6,184,197 | - | - | 6,184,197 |
| Other capital assets, net of depreciation | 34,128,818 | 369,670,000 | 11,002,358 | 414,801,176 |
| Total assets | <u>126,123,996</u> | <u>1,635,025,000</u> | <u>46,719,515</u> | <u>1,807,868,511</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refundings | - | 11,786,000 | - | 11,786,000 |
| Derivative financial instrument | - | 18,949,000 | - | 18,949,000 |
| Resources Related to Pension | - | 43,318,000 | - | 43,318,000 |
| Total deferred outflows of resources | <u>-</u> | <u>74,053,000</u> | <u>-</u> | <u>74,053,000</u> |
| LIABILITIES | | | | |
| Vouchers payable and accrued liabilities | 26,866,396 | 177,255,000 | 1,046,602 | 205,167,998 |
| Other liabilities | - | 113,622,000 | - | 113,622,000 |
| Unearned revenue | 1,339,927 | - | 204,017 | 1,543,944 |
| Accrued interest payable | - | 631,000 | - | 631,000 |
| Noncurrent liabilities: | | | | |
| Due within one year | 1,732,706 | 5,686,000 | - | 7,418,706 |
| Due in more than one year | 12,483,520 | 763,388,000 | - | 775,871,520 |
| Total liabilities | <u>42,422,549</u> | <u>1,060,582,000</u> | <u>1,250,619</u> | <u>1,104,255,168</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 38,384,942 | 155,072,000 | - | 193,456,942 |
| Restricted for: | | | | |
| Debt service | - | 31,970,000 | - | 31,970,000 |
| Donor restrictions | 10,231,836 | 25,701,000 | 8,164,087 | 44,096,923 |
| Unrestricted net position | 35,084,669 | 435,753,000 | 37,304,809 | 508,142,478 |
| Total net position | <u>\$ 83,701,447</u> | <u>\$ 648,496,000</u> | <u>\$ 45,468,896</u> | <u>\$ 777,666,343</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 29, 2016

| | Harris Center for Mental Health and IDD (formerly MHMRA) | Harris County Hospital District dba Harris Health System | Nonmajor Component Units | Total |
|--|---|---|---|-----------------------|
| REVENUES | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 56,678,436 | \$ 361,523,000 | \$ 2,046,930 | \$ 420,248,366 |
| Operating grants and contributions | 143,144,586 | 1,110,780,000 | 3,211,865 | 1,257,136,451 |
| Capital grants, contributions and other | - | - | 1,464,995 | 1,464,995 |
| Total program revenues | <u>199,823,022</u> | <u>1,472,303,000</u> | <u>6,723,790</u> | <u>1,678,849,812</u> |
| EXPENSES | <u>220,408,016</u> | <u>2,190,734,000</u> | <u>4,126,896</u> | <u>2,415,268,912</u> |
| Net program revenues (expenses) | <u>(20,584,994)</u> | <u>(718,431,000)</u> | <u>2,596,894</u> | <u>(736,419,100)</u> |
| General Revenues: | | | | |
| Ad valorem tax revenues | - | 635,363,000 | - | 635,363,000 |
| Earnings on investments | 225,469 | 2,937,000 | 64,057 | 3,226,526 |
| Other | 20,022,560 | 84,356,000 | 245,358 | 104,623,918 |
| Net general revenues | <u>20,248,029</u> | <u>722,656,000</u> | <u>309,415</u> | <u>743,213,444</u> |
| Change in net position | (336,965) | 4,225,000 | 2,906,309 | 6,794,344 |
| Net position, beginning (restated, Note 1) | 84,038,412 | 644,271,000 | 42,562,587 | 770,871,999 |
| Net position, ending | <u>\$ 83,701,447</u> | <u>\$ 648,496,000</u> | <u>\$ 45,468,896</u> | <u>\$ 777,666,343</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2016

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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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. The Hospital District implemented

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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GASB 68 in the current year, which resulted in a decrease in beginning net position of \$198,351,000. Complete financial statements may be obtained from:

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

Harris Center for Mental Health and IDD (formerly MHMRA of Harris County). The Harris Center for Mental Health and IDD 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 the Harris Center for Mental Health and IDD. The Harris Center for Mental Health and IDD can issue bonded debt without approval from the County. Complete financial statements may be obtained from:

Chief Financial Officer
Harris Center for Mental Health & IDD
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. Complete financial statements may be obtained from:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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 the public purpose of promoting the health, education and welfare of the citizens of the County.

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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 29, 2016
- Harris Center for Mental Health and IDD (formerly MHMRA): August 31, 2015
- Harris County Housing Finance Corporation: December 31, 2015
- Harris County Industrial Development Corporation: August 31, 2015
- Children's Assessment Center Foundation, Inc.: February 29, 2016
- Friends of Countypets: February 29, 2016

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 2016, the County disbursed the following amounts to these organizations: \$187,097 to the Port of Houston Authority, \$15,439,780 to Houston-Galveston Area Council, \$1,477,907 to the Metropolitan Transit Authority of Harris County, \$330,762 to Houston Ship

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NOTES TO THE FINANCIAL STATEMENTS
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Channel Security District, and \$54,167 to Harris County Housing Authority. The County also collected \$195,603 from the Port of Houston Authority, \$1,036,450 from the Houston-Galveston Area Council, \$6,613,748 from the Metropolitan Transit Authority of Harris County, \$48,884 from Harris County/Houston Sports Authority, \$2,186,473 from the Harris County Housing Authority, and \$520,861 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 or more board member. 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, the municipality and any affected school district also appoints board members. 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 a percentage of the 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 2016 (for the tax year ended 12/31/15), the County disbursed \$10,494,894 to the City of Houston TIRZs, \$872,417 to the City of Baytown TIRZ, \$388,137 to the City of La Porte TIRZ and \$93,259 to the City of Webster TIRZ. The County will subsequently receive an estimated \$900,000 in affordable housing set-aside funds by August 31, 2016, 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 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. Net pension liability is reported as a line on the balance sheet for the first time and deferred inflows and outflows related to pension are also reported. Pension expense for income statement purposes is calculated differently than it has been in the past and it may be more volatile year to year. Pension expense is 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 GASB 68. 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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Implementation of GASB 68 and GASB 71 are reflected in the financial statements, notes to the financial statements, and required supplementary information. Also, with these implementations the beginning net position has been adjusted for the pension liability and pension expenses attributable to prior years.

| | <u>Governmental-Type</u> | <u>Business-Type</u> |
|--|--------------------------|----------------------|
| Net position - beginning | \$ 10,010,047,018 | \$ 862,002,391 |
| Recording of net pension liability as of as of February 28, 2015 | (306,046,823) | (12,341,962) |
| Deferral for pension contributions made after the measurement date | 22,166,098 | 889,828 |
| Net position - beginning as restated | \$ 9,726,166,293 | \$ 850,550,257 |

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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2016

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 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

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2016

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. 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 Parking Facilities Enterprise Fund is 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.

HARRIS COUNTY, TEXAS
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- 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.
- 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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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 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, the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods, pension contributions after measurement date, the differences in projected and actual earnings on pension assets, and changes in pension assumptions. 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. The pension contributions after measurement date are deferred and recognized in the following fiscal year. The differences in projected and actual earnings on pension assets are amortized over a closed five year period. Pension assumption changes are recognized over the average remaining service

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life for all members.

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, differences in expected and actual pension experience, 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. The differences in expected and actual pension experience are amortized over a closed six year period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 2016, \$1,975,341 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:

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| <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 |

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

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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 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 a maximum of 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 worked hours in excess of 40 hours per week. Non-exempt employees may accrue up to 240 hours of compensatory time. Compensatory time in excess of the 240 hour maximum is paid at the regular rate of pay on the next pay period. Upon termination, non-exempt employees will be paid for any compensatory time balances.

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Exempt employees earn compensatory time at a rate of one times their worked hours 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.

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 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 29, 2016, the balance per various financial institutions was \$1,303,836,251. 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.

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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.
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

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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 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 Commissioners Court 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

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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 29, 2016:

| | Governmental Funds | Proprietary Funds | Total | Fiduciary Funds | Total |
|--------------------------------------|-------------------------------|------------------------------|-------------------------|----------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 644,696,076 | \$ 256,770,685 | \$ 901,466,761 | \$ 298,698,291 | \$ 1,200,165,052 |
| Restricted Cash and Cash Equivalents | 239,367,325 | 31,742,315 | 271,109,640 | - | 271,109,640 |
| Investments | 1,057,666,490 | 804,292,308 | 1,861,958,798 | 176,022,242 | 2,037,981,040 |
| Restricted Investments | 78,867,932 | 261,116,444 | 339,984,376 | - | 339,984,376 |
| Total Cash & Investments | \$ 2,020,597,823 | \$ 1,353,921,752 | \$ 3,374,519,575 | \$ 474,720,533 | \$ 3,849,240,108 |

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 29, 2016, 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 | \$ 10,988,970 | 0.28% | \$ 11,000,000 | 0.0027 | AA+/Aaa |
| FHLB | 85,027,350 | 2.21% | 85,000,000 | 0.0184 | AA+/Aaa |
| FHLMC | 621,658,649 | 16.23% | 621,850,000 | 0.2764 | AA+/Aaa |
| FNMA | 316,560,120 | 8.27% | 316,800,000 | 0.1184 | AA+/Aaa |
| FNMA Step Up Note | 43,998,680 | 1.15% | 44,000,000 | 0.0252 | AA+/Aaa |
| <i>Total US Agency Notes</i> | <u>1,078,233,769</u> | | <u>1,078,650,000</u> | | |
| <i>Commercial Paper</i> | | | | | |
| UBS CP | 300,883,839 | 7.86% | 301,190,000 | 0.0164 | A-1/P-1 |
| MUFG | 257,005,363 | 6.71% | 257,429,000 | 0.0183 | A-1/P-1 |
| TCCI/TMCC/TMCCI | 457,840,195 | 11.96% | 458,892,000 | 0.0408 | A-1+/P-1 |
| TMCPR/TCPR | 104,631,411 | 2.73% | 105,000,000 | 0.0123 | A-1+/P-1 |
| <i>Total Commercial Paper</i> | <u>1,120,360,808</u> | | <u>1,122,511,000</u> | | |
| <i>Local Governments</i> | | | | | |
| Alamo TX Community College Dist | 1,054,662 | 0.03% | 1,050,000 | 0.0002 | AA-/Aa2 |
| Allen, TX Economic Development | 404,684 | 0.01% | 400,000 | 0.0001 | Aa3 |
| Arizona, St Sch Facs Brd Rev | 5,029,400 | 0.13% | 5,000,000 | 0.0030 | AAA/Aaa |

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| Security | Fair Value | Percentage of Portfolio | Maturity Amount | Weighted Avg Modified Duration (Years) | Credit Rating S&P/ Moody's |
|---|------------|----------------------------|--------------------|---|-------------------------------------|
| Auburn Washington Utility System | 2,151,706 | 0.06% | 1,865,000 | 0.0042 | AA |
| Austin, TX Rev 11A | 2,150,940 | 0.06% | 2,000,000 | 0.0064 | AAA/Aaa |
| Austin, TX Wtr & Wstwr Sys Txbl | 996,560 | 0.03% | 1,000,000 | 0.0003 | AA/Aa2 |
| AZ State School Facilities Board | 13,076,440 | 0.34% | 13,000,000 | 0.0079 | AAA/Aaa |
| AZ Transportation | 2,835,560 | 0.07% | 2,800,000 | 0.0017 | AA+/Aa2 |
| Bergen City NJ | 1,010,600 | 0.03% | 1,000,000 | 0.0002 | AAA/Aaa |
| Bexar County, TX GO | 4,721,580 | 0.12% | 4,500,000 | 0.0173 | AAA/Aaa |
| Burien Wash BAB Taxable GO | 1,265,804 | 0.03% | 1,160,000 | 0.0025 | A1 |
| Central OK Transport & Pkg Rev | 349,926 | 0.01% | 350,000 | 0.0000 | AA/Aa2 |
| City of Cedar Rapids IA | 1,019,050 | 0.03% | 1,000,000 | 0.0003 | Aa1 |
| Clarkson MI Cmnty | 2,547,974 | 0.07% | 2,555,000 | 0.0008 | Aa1 |
| Clayton Cty GA & Wtr Auth Rev Txbl | 1,953,867 | 0.05% | 1,945,000 | 0.0008 | AA+/Aa2 |
| Cleveland OH Inc TX Rev Txbl | 1,531,869 | 0.04% | 1,535,000 | 0.0006 | AA/A1 |
| College Station TX ISD | 1,402,253 | 0.04% | 1,280,000 | 0.0029 | AA-/Aa2 |
| College Station, TX Utility System | 1,118,791 | 0.03% | 1,115,000 | 0.0025 | A+/Aa2 |
| Colorado St Housing & Fin Auth Txbl | 11,067,520 | 0.29% | 11,000,000 | 0.0022 | Aa2 |
| Columbus OH City Sch Dist | 2,297,516 | 0.06% | 2,300,000 | 0.0010 | AA/Aa2 |
| Connecticut A-Taxable | 1,004,180 | 0.03% | 1,000,000 | 0.0005 | AA/Aa3 |
| Conroe TX Industrial Development Rev | 5,921,261 | 0.15% | 5,445,000 | 0.0139 | AA |
| Cook County IL | 3,806,114 | 0.10% | 3,810,000 | 0.0007 | AA/A2 |
| CT St Muni Elec Energy Coop Pwr | 2,151,505 | 0.06% | 2,150,000 | 0.0005 | Aa3 |
| Dallas, TX Ref GO | 2,212,530 | 0.06% | 2,000,000 | 0.0037 | AA/Aa2 |
| Denver, CO BAB | 3,964,977 | 0.10% | 3,540,000 | 0.0018 | AAA/Aaa |
| Denver, CO Public SC | 501,415 | 0.01% | 500,000 | 0.0013 | Aa3 |
| Dorchester Cnty Sch Dist Revs | 2,009,100 | 0.05% | 2,000,000 | 0.0009 | AA-/Aa3 |
| Ellis County, TX GO | 2,779,568 | 0.07% | 2,640,000 | 0.0055 | Aa2 |
| Ewing Township NJ Sch | 4,759,000 | 0.12% | 4,760,000 | 0.0007 | AA- |
| Frisco, TX GO | 1,075,334 | 0.03% | 1,035,000 | 0.0013 | AA+/Aa1 |
| Frisco, TX Indep Sch Dist Ref | 280,213 | 0.01% | 280,000 | 0.0000 | AAA/Aaa |
| Grand Strand SC Water & Sewer | 1,003,330 | 0.03% | 1,000,000 | 0.0001 | AA/Aa2 |
| Greensboro, NC Build America Bnds | 2,268,960 | 0.06% | 2,000,000 | 0.0053 | AAA/Aaa |
| Harris Cnty TX - Hospital Dist 07A | 7,688,910 | 0.20% | 7,370,000 | 0.0134 | AA-/A2 |
| Hillsborough County FL Utility | 15,636,601 | 0.41% | 14,165,000 | 0.0279 | AA+/Aa1 |
| Honolulu City & Cnty HI | 4,940,501 | 0.13% | 4,930,000 | 0.0021 | Aa1 |
| Houston TX Cmnty Clg Rev Txbl | 2,788,465 | 0.07% | 2,790,000 | 0.0001 | AA-/Aa2 |
| Houston, TX Independent School District | 5,203,500 | 0.14% | 5,000,000 | 0.0204 | AAA/Aaa |
| Houston TX Utility Systems | 3,981,585 | 0.10% | 3,600,000 | 0.0078 | AA |
| Hurst Euless Bedford ISD Txbl | 981,960 | 0.03% | 1,000,000 | 0.0004 | AA |
| Idaho Bond Bank Authority Rev | 4,872,650 | 0.13% | 4,240,000 | 0.0094 | Aa1 |
| Indiana St Bond Bank Rev | 2,011,800 | 0.05% | 2,000,000 | 0.0007 | AA+ |
| Katy, TX ISD BAB | 2,259,100 | 0.06% | 2,000,000 | 0.0041 | AAA/Aaa |
| Louisiana St UTGO Txbl | 2,029,120 | 0.05% | 2,000,000 | 0.0016 | AA/Aa3 |
| Malone NY Central School Dist | 481,354 | 0.01% | 480,000 | 0.0000 | AA/Aa3 |
| Maryland Txbl 2nd Series B | 10,015,300 | 0.26% | 10,000,000 | 0.0011 | AAA/Aaa |
| McLennan Cnty TX Pub Fac Rev Txbl | 816,345 | 0.02% | 815,000 | 0.0003 | AA- |
| Mercer Cnty NJ IMPT | 1,981,111 | 0.05% | 1,935,000 | 0.0004 | AA+/Aa2 |

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| Security | Fair Value | Percentage of Portfolio | Maturity Amount | Weighted Avg Modified Duration (Years) | Credit Rating S&P/ Moody's |
|------------------------------------|------------|----------------------------|--------------------|---|-------------------------------------|
| Met Govt Nash Tax | 1,001,000 | 0.03% | 1,000,000 | 0.0001 | AA/Aa2 |
| Met Washington DC Apartments Auth | 1,053,990 | 0.03% | 1,000,000 | 0.0004 | AA-/A1 |
| Mil Cnty WIS GO | 2,308,481 | 0.06% | 2,305,000 | 0.0010 | AA/Aa2 |
| Miss St Dev Fin Brd TXBL | 1,268,089 | 0.03% | 1,260,000 | 0.0005 | AA/Aa2 |
| Montgomery County, TX GO | 3,949,750 | 0.10% | 3,500,000 | 0.0109 | AA+/Aa1 |
| N Orange County CA Cmnty Clg Dist | 1,252,488 | 0.03% | 1,250,000 | 0.0005 | AA/Aa1 |
| Nassau Cnty NY | 1,503,945 | 0.04% | 1,500,000 | 0.0003 | AAA |
| Nevada St Txbl Ref Cap | 1,504,635 | 0.04% | 1,500,000 | 0.0004 | AA/Aa2 |
| New Britain CT BAB TXBL Go Unltd | 1,812,690 | 0.05% | 1,800,000 | 0.0003 | AA/A2 |
| New York St Urban Dev Corp Txbl | 6,822,372 | 0.18% | 6,800,000 | 0.0036 | AAA/Aa1 |
| Newark NJ Txbl Ref | 2,782,548 | 0.07% | 2,775,000 | 0.0008 | AA/A2 |
| North Olmstead OH Sch Dist | 3,508,169 | 0.09% | 3,500,000 | 0.0010 | AA-/Aa2 |
| North TX Munipl Water District BAB | 3,072,435 | 0.08% | 2,700,000 | 0.0058 | AAA/Aa2 |
| North TX Tollway | 3,781,732 | 0.10% | 3,500,000 | 0.0109 | AA/A1 |
| Northwest TX | 2,085,134 | 0.05% | 2,000,000 | 0.0049 | Aaa |
| NY ST MTGE Agy Hmewner Rev | 1,996,760 | 0.05% | 2,000,000 | 0.0002 | Aa1 |
| NY St Urban Dev Corp Rev Txbl | 9,345,234 | 0.24% | 9,345,000 | 0.0002 | AAA/Aa1 |
| Ohio St Water/Sewer Dev Auth | 2,065,355 | 0.05% | 2,065,000 | 0.0003 | AA+/Aa1 |
| OK St Water Resource Bd Rev | 1,084,761 | 0.03% | 1,085,000 | 0.0000 | AAA/Aaa |
| Oregon State Alt Energy Project | 2,965,231 | 0.08% | 2,780,000 | 0.0086 | AA+/Aa1 |
| Pearland, TX Ref-Perm Improvement | 1,115,133 | 0.03% | 1,075,000 | 0.0021 | AA/Aa2 |
| Port Auth NY NJ | 15,146,183 | 0.40% | 15,220,000 | 0.0069 | AA-/Aa3 |
| Red River TX Education Finance | 2,699,069 | 0.07% | 2,535,000 | 0.0083 | Aa3 |
| Regal Trans Dist Co SA | 6,233,210 | 0.16% | 6,150,000 | 0.0027 | AAA/Aa2 |
| Rhode Island St Housing & MTGE | 469,398 | 0.01% | 470,000 | 0.0001 | Aa2 |
| Round Rock, TX ISD BAB | 1,121,840 | 0.03% | 1,000,000 | 0.0019 | Aaa |
| Saint Louis Cnty MO Spl Oblg TXB | 848,411 | 0.02% | 850,000 | 0.0004 | AA |
| Salt Lake County, Utah Sales Tax R | 1,780,628 | 0.05% | 1,630,000 | 0.0047 | AAA |
| San Antonio, TX Build America Bnds | 1,891,973 | 0.05% | 1,635,000 | 0.0059 | AAA/Aaa |
| San Antonio, TX Water Rev | 1,064,570 | 0.03% | 1,000,000 | 0.0008 | AA+/Aa1 |
| San Antonio, TX Water Rev BAB | 3,331,200 | 0.09% | 3,000,000 | 0.0057 | AA+/Aa1 |
| San Antonio, TX Water Rev Txbl | 1,910,611 | 0.05% | 1,910,000 | 0.0011 | AA/Aa2 |
| San Diego Unified Sch Dist Txbl | 908,709 | 0.02% | 910,000 | 0.0001 | AA-/Aa2 |
| San Marcos, TX ISD | 1,524,480 | 0.04% | 1,500,000 | 0.0028 | AAA/Aaa |
| Snohomish County, WA BAB | 3,067,657 | 0.08% | 2,760,000 | 0.0063 | AA+/Aa3 |
| Southern Methodist Univ Txbl | 1,003,530 | 0.03% | 1,000,000 | 0.0007 | AA-/Aa3 |
| State of Texas Go Bond | 510,145 | 0.01% | 500,000 | 0.0002 | AAA/Aaa |
| Sugar Land, TX CTFS | 5,919,048 | 0.15% | 5,400,000 | 0.0178 | AAA/Aaa |
| Tennessee State Sch Bond Auth Txbl | 1,511,220 | 0.04% | 1,500,000 | 0.0014 | AA/Aa1 |
| Texas City, TX ISD | 1,406,612 | 0.04% | 1,285,000 | 0.0036 | AA |
| Texas St A&M Univ Perm | 1,001,450 | 0.03% | 1,000,000 | 0.0001 | AAA/Aaa |
| Texas St Tech Univ Rev | 1,976,752 | 0.05% | 1,850,000 | 0.0051 | AA |
| Texas St Txbl Ref Pub Fin Auth | 2,493,175 | 0.07% | 2,500,000 | 0.0010 | AAA/Aaa |
| TN St Series C Refunding | 500,460 | 0.01% | 500,000 | 0.0002 | AA+/Aaa |
| Travis Cnty Tx Ctfs | 1,564,402 | 0.04% | 1,505,000 | 0.0033 | AAA/Aaa |
| Treasury Note | 7,970,320 | 0.21% | 8,000,000 | 0.0029 | AA+/Aaa |
| TX A&M Univ Rev | 5,006,250 | 0.13% | 5,000,000 | 0.0016 | AA+/Aaa |

HARRIS COUNTY, TEXAS
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| Security | Fair Value | Percentage of Portfolio | Maturity Amount | Weighted Avg Modified Duration (Years) | Credit Rating S&P/ Moody's |
|--|-------------------------|----------------------------|--------------------|---|-------------------------------------|
| TX St Tech Univ Rev Txbl | 5,011,800 | 0.13% | 5,000,000 | 0.0025 | AA/Aa1 |
| TX St TXB Ref Pub Fin Auth Ser B | 5,998,292 | 0.16% | 6,000,000 | 0.0011 | AAA/Aaa |
| Univ of California Rev Txbl | 2,239,167 | 0.06% | 2,240,000 | 0.0001 | AA/Aa2 |
| Univ of Kentucky Ky Gen Recpts | 4,096,204 | 0.11% | 4,095,000 | 0.0028 | AA/Aa2 |
| Virginia ST CLG Bldg Auth Txbl | 751,620 | 0.02% | 750,000 | 0.0004 | AA+/Aa1 |
| Virginia ST HSG Development Auth | 2,531,119 | 0.07% | 2,475,000 | 0.0053 | AA+/Aa1 |
| Virginia St Port Authority | 1,281,713 | 0.03% | 1,275,000 | 0.0002 | AA+/Aa1 |
| Washington Cnty Ore Sch | 1,004,610 | 0.03% | 1,000,000 | 0.0003 | AA+/Aa1 |
| Washington St Txbl Ser T | 9,677,918 | 0.25% | 9,680,000 | 0.0015 | AA+/Aa1 |
| Wayne Township in Met Sch District | 613,020 | 0.02% | 615,000 | 0.0002 | AA+ |
| West Univ Place, TX | 997,850 | 0.03% | 1,000,000 | 0.0005 | AAA |
| Wisconsin St Gen Annual Rev | 500,305 | 0.01% | 500,000 | 0.0000 | AA-/Aa3 |
| Wsh St Ctfs Part | 2,239,971 | 0.06% | 2,245,000 | 0.0008 | Aa2 |
| Wyandotte Cnty Ks Txbl | 3,000,000 | 0.08% | 3,000,000 | 0.0000 | SP1+ |
| <i>Total Local Governments</i> | 326,497,315 | | 316,565,000 | | |
| <i>Money Market Mutual Funds</i> | | | | | |
| Logic Investment Pool | 42,079,063 | 1.10% | 42,079,063 | N/A | AAAm |
| Lone Star Investment Pool | 60,032,015 | 1.57% | 60,032,015 | N/A | AAAm |
| Texas Class- Investment | 45,016,821 | 1.18% | 45,016,821 | N/A | AAAm |
| Fidelity Instl Treasury | 1,021,235,003 | 26.67% | 1,021,235,003 | N/A | AAAm |
| Fidelity Instl MMKT Tax Exempt | 135,057,555 | 3.53% | 135,057,555 | N/A | AAAm |
| <i>Total Money Market Mutual Funds</i> | 1,303,420,457 | | 1,303,420,457 | | |
| Total Investments | 3,828,512,349 | 100.00% | \$ 3,821,146,457 | | |
| <i>Outstanding items/deposits</i> | 20,727,759 | | | | |
| Total Cash & Investments | \$ 3,849,240,108 | | | | |

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 29, 2016, the County was in compliance with all of these guidelines to manage interest rate risk.

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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 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 Harris County-Houston 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 29, 2016, 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 | \$ 932,545,000 | 0.72 |
| Public Improvement Contingency | Matching/Barbell | 6 | 84,230,000 | 1.21 |
| Special Revenue Funds | Matching | 5 | 216,915,000 | 1.02 |
| Debt Service Funds | Matching | 3 | 303,206,000 | 0.14 |
| Capital Project Funds | Matching/Barbell | 5 | 26,000,000 | 0.74 |
| Proprietary Funds | Matching/Barbell | 6 | 40,075,000 | 1.22 |
| Toll Road Project Funds | Matching/Barbell | 6 | 530,500,000 | 3.61 |
| Toll Road Renewal/Replacement | Matching/Barbell | 6 | 158,735,000 | 1.41 |
| Toll Road Bond Reserve | Matching | Maturity of the bonds | 83,905,000 | 12.15 |
| County Clerk Registry | Matching/Barbell | 7 | 82,160,000 | 0.99 |
| District Clerk Registry | Matching/Barbell | 7 | 59,455,000 | 1.20 |
| Money Market Mutual Funds | N/A | N/A | 1,303,420,457 | N/A |
| | | | <u>\$ 3,821,146,457</u> | |

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 2015 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 | \$ 0.05237 | \$ 0.39784 |
| Road Debt Service | - | 0.02139 | 0.02139 |
| Total - Harris County | <u>\$ 0.34547</u> | <u>\$ 0.07376</u> | <u>\$ 0.41923</u> |
| Flood Control District | <u>\$ 0.02620</u> | <u>\$ 0.00113</u> | <u>\$ 0.02733</u> |

The County is permitted by law to levy tax rates for general fund, jury fund, road and bridge fund

HARRIS COUNTY, TEXAS
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and permanent improvement fund purposes up to \$0.80 per \$100 of taxable valuation. The County levied a tax rate of \$0.41923 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.39784 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.02139 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 2015 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 \$85,188,998 as of February 29, 2016 are reported net of an allowance for uncollectible taxes of \$109,162,432.

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 \$29,290,000 as of February 29, 2016 are reported net of an allowance for uncollectible taxes of \$44,502,000 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 29, 2016 is as follows:

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| | Customers | Granting Agencies | Tax Assessor | Totals | Allowance for Uncollectible |
|-----------------------|-----------------------|------------------------------|-------------------------|-----------------------|--|
| General | \$ 21,679,300 | \$ - | \$ 57,035,540 | \$ 78,714,840 | \$ (1,720,550) |
| Nonmajor Governmental | 21,329,174 | 58,891,529 | 5,725,877 | 85,946,580 | (877,685) |
| Toll Road | 13,376,325 | - | - | 13,376,325 | (219,330,580) |
| Nonmajor Enterprise | 1,638,864 | - | - | 1,638,864 | - |
| Internal Service | 8,114,305 | - | - | 8,114,305 | (383,952) |
| Component Units | 70,056,709 | 85,675,563 | - | 155,732,272 | (135,019,604) |
| Totals | <u>\$ 136,194,677</u> | <u>\$ 144,567,092</u> | <u>\$ 62,761,417</u> | <u>\$ 343,523,186</u> | <u>\$ (357,332,371)</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 29, 2016 are as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|------------------------|-----------------------|----------------------|
| General | Nonmajor Governmental | \$ 25,032,871 |
| | Toll Road | 369,075 |
| Toll Road | General | 12,225 |
| | Nonmajor Governmental | 94,106 |
| Nonmajor Governmental | General | 35,398 |
| | Nonmajor Governmental | 4,124,921 |
| | Toll Road | 30,967 |
| Internal Service | Nonmajor Governmental | 56,544 |
| | Toll Road | 415,806 |
| Total | | <u>\$ 30,171,913</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:

| Receivable Fund | Payable Fund | Amount |
|------------------------|-----------------------|----------------------|
| General | Nonmajor Governmental | \$ 40,000 |
| Nonmajor Governmental | Nonmajor Governmental | 12,567,500 (1) |
| Total | | <u>\$ 12,607,500</u> |

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

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The following is a summary of the County's transfers for the year ended February 29, 2016:

| Transfers Out: | Transfers In: | Nonmajor | Internal | Total |
|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|
| | General | Governmental | Service | |
| General | \$ - | \$ 94,004,680 | \$ 4,600,000 | \$ 98,604,680 |
| Nonmajor Governmental | 36,938,516 | 65,304,297 | 19,143 | 102,261,956 |
| Toll Road | 124,000,000 | 23,527 | 7,580 | 124,031,107 |
| Internal Service | 2,000,000 | - | 1,095,327 | 3,095,327 |
| Total | \$ 162,938,516 | \$ 159,332,504 | \$ 5,722,050 | \$ 327,993,070 |

Toll Road transferred \$124 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 29, 2016 was as follows:

| | Balance | | | | Balance |
|---|--------------------------|----------------------|------------------------|----------------------|--------------------------|
| | March 1, 2015 | Additions | Deletions | Transfers | February 29, 2016 |
| Governmental Activities: | | | | | |
| Land | \$ 4,101,532,678 | \$ 65,329,119 | \$ (770,244) | \$ - | \$ 4,166,091,553 |
| Construction in progress | 228,111,935 | 214,390,896 | (11,931,511) | (164,054,379) | 266,516,941 |
| Intangible assets - water rights | 2,400,000 | - | - | - | 2,400,000 |
| Total capital assets not depreciated | <u>4,332,044,613</u> | <u>279,720,015</u> | <u>(12,701,755)</u> | <u>(164,054,379)</u> | <u>4,435,008,494</u> |
| Intangible assets - software & licenses | 45,212,420 | 14,723,246 | (9,076,064) | 352,925 | 51,212,527 |
| Land improvements | 9,674,313 | - | - | 1,289,692 | 10,964,005 |
| Infrastructure | 10,981,329,949 | 88,611,825 | (292,893) | 112,863,588 | 11,182,512,469 |
| Park facilities | 183,478,881 | 267,769 | - | 2,475,872 | 186,222,522 |
| Flood control projects | 892,224,261 | - | (19,179,333) | 24,671,984 | 897,716,912 |
| Buildings | 1,786,465,501 | 8,345,972 | (3,581,532) | 21,789,212 | 1,813,019,153 |
| Equipment | 382,594,836 | 37,845,117 | (17,811,815) | 611,106 | 403,239,244 |
| | <u>14,280,980,161</u> | <u>149,793,929</u> | <u>(49,941,637)</u> | <u>164,054,379</u> | <u>14,544,886,832</u> |
| Less accumulated depreciation for: | | | | | |
| Intangible assets - software & licenses | (36,755,651) | (12,514,318) | 9,076,064 | - | (40,193,905) |
| Land improvements | (2,062,351) | (421,450) | - | - | (2,483,801) |
| Infrastructure | (5,697,609,250) | (268,303,451) | 99,258 | - | (5,965,813,443) |
| Park facilities | (55,277,824) | (5,804,447) | - | - | (61,082,271) |
| Flood control projects | (355,998,172) | (28,085,427) | - | - | (384,083,599) |
| Buildings | (586,643,929) | (40,376,709) | 1,847,757 | - | (625,172,881) |
| Equipment | (266,308,045) | (30,908,517) | 16,807,058 | - | (280,409,504) |
| | <u>(7,000,655,222)</u> | <u>(386,414,319)</u> | <u>27,830,137</u> | <u>-</u> | <u>(7,359,239,404)</u> |
| Total capital assets being depreciated, net | <u>7,280,324,939</u> | <u>(236,620,390)</u> | <u>(22,111,500)</u> | <u>164,054,379</u> | <u>7,185,647,428</u> |
| Governmental activities capital assets, net | <u>\$ 11,612,369,552</u> | <u>\$ 43,099,625</u> | <u>\$ (34,813,255)</u> | <u>\$ -</u> | <u>\$ 11,620,655,922</u> |

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| | Balance March 1, 2015 | Additions | Deletions | Transfers | Balance February 29, 2016 |
|---|--------------------------|----------------------|------------------------|----------------------|------------------------------|
| Business-type Activities: | | | | | |
| Land | \$ 318,955,522 | \$ 21,177,962 | \$ (1,670,565) | \$ 85,638 | \$ 338,548,557 |
| Construction in progress | 384,905,344 | 155,696,880 | (9,108,807) | (236,204,828) | 295,288,589 |
| Total capital assets not depreciated | <u>703,860,866</u> | <u>176,874,842</u> | <u>(10,779,372)</u> | <u>(236,119,190)</u> | <u>633,837,146</u> |
| License Agreement | 237,500,000 | - | - | - | 237,500,000 |
| Land improvements | 7,560,742 | - | (67,164) | 13,772,831 | 21,266,409 |
| Infrastructure | 2,348,904,103 | - | (29,327) | 225,574,676 | 2,574,449,452 |
| Other tangible assets | 30,123,590 | - | (289,995) | (330,440) | 29,503,155 |
| Buildings | 37,092,796 | - | - | (1,593,423) | 35,499,373 |
| Equipment | 97,220,894 | 11,705,163 | (4,519,791) | (1,304,454) | 103,101,812 |
| | <u>2,758,402,125</u> | <u>11,705,163</u> | <u>(4,906,277)</u> | <u>236,119,190</u> | <u>3,001,320,201</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| License Agreement | (22,206,250) | (7,980,000) | - | - | (30,186,250) |
| Land improvements | (3,062,663) | (1,185,627) | - | - | (4,248,290) |
| Infrastructure | (1,172,000,672) | (79,001,547) | - | - | (1,251,002,219) |
| Other tangible assets | (27,755,969) | (2,615,206) | - | - | (30,371,175) |
| Buildings | (12,109,152) | (601,160) | - | - | (12,710,312) |
| Equipment | (38,459,016) | (10,699,877) | 3,507,369 | - | (45,651,524) |
| | <u>(1,275,593,722)</u> | <u>(102,083,417)</u> | <u>3,507,369</u> | <u>-</u> | <u>(1,374,169,770)</u> |
| Total capital assets being depreciated, net | <u>1,482,808,403</u> | <u>(90,378,254)</u> | <u>(1,398,908)</u> | <u>236,119,190</u> | <u>1,627,150,431</u> |
| Business-type activities capital assets, net | <u>\$ 2,186,669,269</u> | <u>\$ 86,496,588</u> | <u>\$ (12,178,280)</u> | <u>\$ -</u> | <u>\$ 2,260,987,577</u> |

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

Governmental activities:

| | |
|---------------------------|----------------------|
| Administration of Justice | \$ 26,481,239 |
| Parks | 23,501,022 |
| County Administration | 36,337,042 |
| Health and Human Services | 3,008,015 |
| Flood Control | 29,568,345 |
| Tax Administration | 171,723 |
| Roads and Bridges | 267,346,933 |
| | <u>\$386,414,319</u> |

Business-type activities:

| | |
|----------------------|----------------------|
| Parking Facilities | \$ 590,170 |
| Sheriff's Commissary | 192,186 |
| Toll Road | 101,301,061 |
| | <u>\$102,083,417</u> |

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COMPONENT UNITS

| <u>Harris Center for Mental Health and IDD (August 31, 2015)</u> | Fiscal Year Beginning Balance | Additions/ Transfers | Deletions/ Transfers | Fiscal Year Ending Balance |
|--|--|---------------------------------|---------------------------------|---|
| Land | \$ 5,434,585 | \$ 588,825 | \$ - | \$ 6,023,410 |
| Buildings & Improvements | 32,933,009 | 10,318,048 | - | 43,251,057 |
| Equipment, Furniture & Vehicles | 8,418,663 | 1,054,398 | (54,379) | 9,418,682 |
| Intangible Assets - Software | 6,142,885 | 41,312 | - | 6,184,197 |
| | <u>52,929,142</u> | <u>12,002,583</u> | <u>(54,379)</u> | <u>64,877,346</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | (16,423,279) | (855,530) | - | (17,278,809) |
| Equipment, Furniture & Vehicles | (6,495,706) | (601,332) | 54,379 | (7,042,659) |
| | <u>(22,918,985)</u> | <u>(1,456,862)</u> | <u>54,379</u> | <u>(24,321,468)</u> |
| Harris Center for Mental Health and IDD capital assets, net | <u>\$ 30,010,157</u> | <u>\$ 10,545,721</u> | <u>\$ -</u> | <u>\$ 40,555,878</u> |

The Harris Center for Mental Health and IDD 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 the Harris Center for Mental Health and IDD's discrete component units (a net value of \$5,780,547).

| <u>Hospital District (February 29, 2016)</u> | Fiscal Year Beginning Balance | Additions/ Transfers | Deletions/ Transfers | Fiscal Year Ending Balance |
|--|--|---------------------------------|---------------------------------|---|
| Land & Improvements | \$ 41,468,000 | \$ 395,000 | \$ (71,000) | \$ 41,792,000 |
| Construction in progress | 21,599,000 | (1,584,000) | - | 20,015,000 |
| Total capital assets not depreciated | <u>63,067,000</u> | <u>(1,189,000)</u> | <u>(71,000)</u> | <u>61,807,000</u> |
| Buildings and Improvements | 590,801,000 | 18,009,000 | (2,143,000) | 606,667,000 |
| Equipment | 340,820,000 | 19,357,000 | (21,691,000) | 338,486,000 |
| | <u>931,621,000</u> | <u>37,366,000</u> | <u>(23,834,000)</u> | <u>945,153,000</u> |
| Less accumulated depreciation | (540,584,000) | (56,799,000) | 21,900,000 | (575,483,000) |
| | <u>(540,584,000)</u> | <u>(56,799,000)</u> | <u>21,900,000</u> | <u>(575,483,000)</u> |
| Total capital assets being depreciated, net | <u>391,037,000</u> | <u>(19,433,000)</u> | <u>(1,934,000)</u> | <u>369,670,000</u> |
| Hospital District capital assets, net | <u>\$ 454,104,000</u> | <u>\$ (20,622,000)</u> | <u>\$ (2,005,000)</u> | <u>\$ 431,477,000</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 \$26,469,401. Payments for the buildings during the fiscal year ended February 29, 2016 totaled \$2,386,579. Payments, including interest at an average rate of 6.5% per annum for buildings are due as follows as of February 29, 2016:

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| <u>Fiscal year</u> | <u>Governmental Activities Buildings</u> |
|-----------------------------|--|
| 2017 | \$ 2,386,579 |
| 2018 | 2,386,579 |
| 2019 | 2,386,579 |
| 2020 | 2,386,579 |
| 2021 | 876,098 |
| 2022-2027 | <u>753,999</u> |
| Total future lease payments | 11,176,413 |
| Less: Interest | <u>(1,619,665)</u> |
| | <u><u>\$ 9,556,748</u></u> |

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 29, 2016 are as follows:

| <u>Receivable Entity</u> | <u>Payable Entity</u> | |
|---------------------------------------|-----------------------|--------------------------|
| Montgomery County Toll Authority | Toll Road | <u>\$ 116,511</u> |
| Total Due to Other Governmental Units | | <u><u>\$ 116,511</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 29, 2016, was as follows:

| | <u>Outstanding March 1, 2015</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Outstanding February 29, 2016</u> |
|-------------------------|--|-----------------------|-------------------------|--|
| Governmental Activities | | | | |
| Tax Anticipation Notes | <u>\$ -</u> | <u>\$ 100,000,000</u> | <u>\$ (100,000,000)</u> | <u>\$ -</u> |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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 2015-2016 were as follows:

| | Outstanding March 1, 2015 (as restated) | Issued/ Increased | Redeemed/ Decreased | Outstanding February 29, 2016 | Due Within Year |
|--|---|----------------------|------------------------|-------------------------------------|--------------------|
| <u>Governmental Activities:</u> | | | | | |
| <u>General Obligation Debt</u> | | | | | |
| Road Bonds - Principal | \$ 877,678,713 | \$ 202,680,000 | \$ (265,407,743) | \$ 814,950,970 | \$ 29,298,741 |
| Permanent Improvement Bonds - Principal | 771,449,147 | 241,465,000 | (114,236,787) | 898,677,360 | 69,331,714 |
| Flood Control Bonds - Principal | 647,930,000 | 77,020,000 | (109,285,000) | 615,665,000 | 25,385,000 |
| Total Principal General Obligation Debt | 2,297,057,860 | 521,165,000 | (488,929,530) | 2,329,293,330 | 124,015,455 |
| Unamortized Premiums, Road Bonds | 84,268,339 | 43,036,023 | (16,190,063) | 111,114,299 | - |
| Unamortized Premiums, PIB Bonds | 54,212,640 | 37,486,672 | (11,551,386) | 80,147,926 | - |
| Unamortized Premiums, FC Bonds | 44,669,388 | 11,929,650 | (7,168,543) | 49,430,495 | - |
| Accretion of Discount - Capital Appreciation Bonds: | | | | | |
| Road Series 1996 | 31,695,386 | 2,484,677 | (11,787,257) | 22,392,806 | 11,527,308 |
| PIB Series 1996 | 17,393,577 | 1,363,480 | (6,469,723) | 12,287,334 | 6,325,241 |
| GO Revenue Series 2002 | 48,663,338 | 5,074,556 | (6,788,490) | 46,949,404 | 6,904,919 |
| Total General Obligation Debt | 2,577,960,528 | 622,540,058 | (548,884,992) | 2,651,615,594 | 148,772,923 |
| <u>Tax and Subordinate Lien Revenue Bonds</u> | | | | | |
| Tax and Subordinate Lien Revenue | | | | | |
| Refunding, Series 2009C | 26,030,000 | - | (2,375,000) | 23,655,000 | 2,475,000 |
| Tax and Subordinate Lien Revenue | | | | | |
| Refunding, Series 2012A | 160,430,000 | - | - | 160,430,000 | - |
| Unamortized Premium, Tax & Sub Lien Rev | 29,614,314 | - | (2,607,383) | 27,006,931 | - |
| Total Tax and Subordinate Lien Revenue Bonds | 216,074,314 | - | (4,982,383) | 211,091,931 | 2,475,000 |
| Total Bonds Payable | 2,794,034,842 | 622,540,058 | (553,867,375) | 2,862,707,525 | 151,247,923 |
| Commercial Paper Payable | 152,573,000 | 97,420,000 | (218,338,000) | 31,655,000 | 2,637,917 |
| Compensatory Time Payable | 34,084,305 | 25,153,764 | (22,154,798) | 37,083,271 | 22,620,796 |
| Obligations Under Capital Leases | 11,265,766 | - | (1,709,018) | 9,556,748 | 1,820,980 |
| Loan Payable | 31,126,818 | 14,617,007 | (7,984,714) | 37,759,111 | 7,133,857 |
| OPEB Obligation | 467,649,623 | 66,175,008 | - | 533,824,631 | - |
| Net Pension Liability | 306,046,823 | 364,172,329 | - | 670,219,152 | - |
| Pollution Remediation Obligation | 1,875,145 | 377,840 | (21,293) | 2,231,692 | 177,165 |
| Total Governmental Activities | \$ 3,798,656,322 | \$ 1,190,456,006 | \$ (804,075,198) | \$ 4,185,037,130 | \$ 185,638,638 |

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| | Outstanding March 1, 2015 (as restated) | Issued/ Increased | Redeemed/ Decreased | Outstanding February 29, 2016 | Due Within Year |
|---|---|-----------------------|-------------------------|-------------------------------------|----------------------|
| <u>Business-type Activities:</u> | | | | | |
| Senior Lien Revenue Bonds | \$ 1,876,115,000 | \$ 161,575,000 | \$ (239,495,000) | \$ 1,798,195,000 | \$ 67,205,000 |
| Tax Bonds | 369,770,000 | - | (40,685,000) | 329,085,000 | 26,380,000 |
| Total Bond Principal | 2,245,885,000 | 161,575,000 | (280,180,000) | 2,127,280,000 | 93,585,000 |
| Unamortized Premium, Revenue Bonds | 55,346,078 | 31,153,910 | (6,796,268) | 79,703,720 | - |
| Unamortized Premium/(Discount), Tax Bonds | 13,897,168 | - | (1,731,722) | 12,165,446 | - |
| Accrued Interest Payable | 3,754,059 | 88,520,305 | (88,655,975) | 3,618,389 | 3,618,389 |
| Total Bonds Payable | 2,318,882,305 | 281,249,215 | (377,363,965) | 2,222,767,555 | 97,203,389 |
| Compensatory Time Payable | 1,040,653 | 818,880 | (676,424) | 1,183,109 | 721,697 |
| OPEB Obligation | 25,658,928 | 3,757,961 | - | 29,416,889 | - |
| Net Pension Liability | 12,341,962 | 14,131,133 | - | 26,473,095 | - |
| Pollution Remediation Obligation | 588,825 | 1,530,800 | - | 2,119,625 | - |
| Total Business-type Activities | <u>\$ 2,358,512,673</u> | <u>\$ 301,487,989</u> | <u>\$ (378,040,389)</u> | <u>\$ 2,281,960,273</u> | <u>\$ 97,925,086</u> |

BONDED DEBT

Bonded debt of the County consists of various issues of General Obligation Bonds and Revenue Bonds. General Obligation Bonds 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. 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 29, 2016 follows:

| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 29, 2016 |
|-----------------------------|--------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| <u>Road Bonds</u> | | | | | |
| Refunding Series 1996 - CAB | \$ 124,905,000 | 5.90-6.00% | 1996 | 2017 | \$ 10,545,970 |
| 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 | 82,885,000 |
| 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 | 99,670,000 |
| 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 | 45,700,000 |
| Refunding Series 2014A | 195,905,000 | 5.00% | 2014 | 2034 | 188,845,000 |
| Refunding Series 2015A | 202,680,000 | 2-5.00% | 2015 | 2031 | 202,680,000 |
| | <u>983,120,000</u> | | | | <u>814,950,970</u> |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 29, 2016 |
|---|--------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| <u>Permanent Improvement Bonds</u> | | | | | |
| Refunding Series 1996 - CAB | 26,254,584 | 5.90-6.00% | 1996 | 2017 | 5,786,763 |
| Refunding Series 2006A | 73,545,000 | 4.00-5.00% | 2006 | 2031 | 24,225,000 |
| Refunding Series 2008B | 79,325,000 | 3.50-5.00% | 2008 | 2019 | 24,530,000 |
| Refunding Series 2008C | 200,495,000 | 5.00-5.75% | 2008 | 2028 | 12,555,000 |
| 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 | 62,520,000 |
| Refunding Series 2010A | 185,390,000 | 1.50-5.00% | 2010 | 2028 | 178,110,000 |
| 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 | 83,170,000 |
| Refunding Series 2012A | 77,145,000 | 2.00-5.00% | 2012 | 2028 | 66,760,000 |
| Refunding Series 2012B | 43,200,000 | 0.35-2.473% | 2012 | 2023 | 41,080,000 |
| Refunding Series 2015A | 191,370,000 | 3.00-5.00% | 2015 | 2040 | 191,370,000 |
| Refunding Series 2015B | 50,095,000 | 2.00-5.00% | 2015 | 2027 | 50,095,000 |
| GO Revenue Refunding 2002 | 206,772,045 | 5.00-5.86% | 2002 | 2028 | 41,625,597 |
| | <u>1,441,076,629</u> | | | | <u>898,677,360</u> |
| <u>Flood Control Bonds</u> | | | | | |
| Refunding Series 2008A | 137,095,000 | 4.00-5.25% | 2008 | 2021 | 105,790,000 |
| Refunding Series 2008C | 158,100,000 | 3.00-5.125% | 2008 | 2024 | 102,345,000 |
| 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 | 57,480,000 |
| Refunding Series 2015 A | 46,875,000 | 3.00-5.00% | 2015 | 2030 | 46,875,000 |
| Refunding Series 2015 B | 30,145,000 | 3.00-5.00% | 2015 | 2030 | 30,145,000 |
| | <u>724,455,000</u> | | | | <u>615,665,000</u> |
| <u>Tax & Subordinate Lien Revenue Bonds</u> | | | | | |
| Refunding Series 2009C | 28,315,000 | 4.00-5.25% | 2009 | 2023 | 23,655,000 |
| Refunding Series 2012A | 160,430,000 | 3.00-5.00% | 2012 | 2032 | 160,430,000 |
| | <u>188,745,000</u> | | | | <u>184,085,000</u> |
| TOTAL | <u>\$ 3,337,396,629</u> | | | | <u>\$ 2,513,378,330</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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NOTES TO THE FINANCIAL STATEMENTS
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Outstanding business-type bonded debt at February 29, 2016 follows:

| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 29, 2016 |
|---|--------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| <u>Senior Lien Revenue Bonds</u> | | | | | |
| Refunding Series 2007A | 275,340,000 | 4.00-5.00% | 2007 | 2033 | 247,660,000 |
| Refunding Series 2007B | 145,570,000 | Floating | 2007 | 2036 | 145,570,000 |
| Refunding Series 2008B | 324,475,000 | 4.625-5.25% | 2008 | 2047 | 263,280,000 |
| 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 | 4,560,000 |
| Refunding Series 2010D | 35,420,000 | 3.00-5.00% | 2010 | 2030 | 22,775,000 |
| Refunding Series 2012A | 60,415,000 | Floating | 2012 | 2018 | 43,915,000 |
| 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 | 74,210,000 |
| Refunding Series 2015B | 161,575,000 | 5.00% | 2015 | 2036 | 161,575,000 |
| | <u>1,977,600,000</u> | | | | <u>1,798,195,000</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 | 290,300,000 |
| Refunding Series 2008A | 76,240,000 | 3.25-5.00% | 2008 | 2016 | 12,780,000 |
| | <u>548,380,000</u> | | | | <u>329,085,000</u> |
| TOTAL | <u>\$ 2,525,980,000</u> | | | | <u>\$ 2,127,280,000</u> |

Annual debt service requirements to maturity as of February 29, 2016 are as follows:

| Fiscal year | Governmental Activities | | | | |
|-------------|--------------------------------|----------------------------------|-----------------------------------|-------------------------|-------------------------|
| | Principal At 2/29/2016 | Capital Appreciation Bonds | Principal Value At Maturity | Interest | Total |
| 2017 | \$ 126,490,455 | \$ 24,757,468 | \$ 151,247,923 | \$ 123,976,677 | \$ 275,224,600 |
| 2018 | 136,078,514 | 23,440,536 | 159,519,050 | 121,142,853 | 280,661,903 |
| 2019 | 158,636,339 | 6,326,332 | 164,962,671 | 116,570,420 | 281,533,091 |
| 2020 | 150,280,898 | 6,040,995 | 156,321,893 | 109,638,299 | 265,960,192 |
| 2021 | 165,720,000 | - | 165,720,000 | 93,794,560 | 259,514,560 |
| 2022-2026 | 795,432,388 | 16,295,778 | 811,728,166 | 387,093,697 | 1,198,821,863 |
| 2027-2031 | 639,284,736 | 4,768,435 | 644,053,171 | 184,009,677 | 828,062,848 |
| 2032-2036 | 237,430,000 | - | 237,430,000 | 53,500,700 | 290,930,700 |
| 2037-2041 | 104,025,000 | - | 104,025,000 | 14,491,750 | 118,516,750 |
| | <u>\$ 2,513,378,330</u> | <u>\$ 81,629,544</u> | <u>\$ 2,595,007,874</u> | <u>\$ 1,204,218,633</u> | <u>\$ 3,799,226,507</u> |

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| Fiscal year | Business-Type Activities | | |
|--------------------|---------------------------------|-------------------------|-------------------------|
| | Principal | Interest | Total |
| 2017 | \$ 93,585,000 | \$ 85,472,034 | \$ 179,057,034 |
| 2018 | 97,210,000 | 92,700,797 | 189,910,797 |
| 2019 | 99,180,000 | 88,783,907 | 187,963,907 |
| 2020 | 103,370,885 | 85,024,846 | 188,395,731 |
| 2021 | 106,865,000 | 79,354,619 | 186,219,619 |
| 2022-2026 | 432,975,679 | 349,457,710 | 782,433,389 |
| 2027-2031 | 403,673,996 | 251,737,721 | 655,411,717 |
| 2032-2036 | 520,382,804 | 144,903,957 | 665,286,761 |
| 2037-2041 | 143,287,222 | 54,148,009 | 197,435,231 |
| 2042-2046 | 81,458,371 | 30,276,904 | 111,735,275 |
| 2047-2051 | 45,291,043 | 7,420,373 | 52,711,416 |
| | <u>\$ 2,127,280,000</u> | <u>\$ 1,269,280,877</u> | <u>\$ 3,396,560,877</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 2016 was 5.47.

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 29, 2016, the County has outstanding, \$31.7 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

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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 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. The Series F liquidity facility expired on August 1, 2015 and the program is now dormant. As of February 29, 2016, 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 29, 2016, 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.

DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below.

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These requirements assume that as of February 29, 2016, 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 \$31,655,000 at the average rate for the quarter ending February 29, 2016 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> |
| 2017 | \$ 2,637,917 | \$ 1,203,549 | \$ 3,841,466 |
| 2018 | 10,551,667 | 3,811,240 | 14,362,907 |
| 2019 | 10,551,666 | 2,206,507 | 12,758,173 |
| 2020 | 7,913,750 | 601,775 | 8,515,525 |
| | <u>\$ 31,655,000</u> | <u>\$ 7,823,071</u> | <u>\$ 39,478,071</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 Harris Center for Mental Health and IDD were \$14,216,226 of which \$12,595,694 represents long-term liabilities of the primary government (comprised of \$6,330,951 notes payable and \$6,264,743 compensated absences), as of August 31, 2015 which comprises 2% 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 \$769,074,000 as of February 29, 2016 which comprises 98% 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 \$93,800,000 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 29, 2016.

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 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

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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 June 21, 2016, 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 \$750,180,633.

Harris County Housing Finance Corporation

As of December 31, 2015 there were twenty-seven (27) series of bonds outstanding with an aggregate principal payable of \$225,945,944. 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 29, 2016, there were twelve (12) series of bonds outstanding with an aggregate principal payable of \$1,047,825,000. 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 29, 2016, there were forty-six (46) series of Bonds outstanding with an aggregate principal payable of \$3,982,956,614. The bonds were issued for the purpose of defraying expansion costs, for Space Center Houston 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.

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.

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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 2/29/2016</u> | <u>Authorized but Unissued as of 2/29/2016</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 |
| Parks | 2007 | 95.0 | 68.0 | 27.0 |
| Forensic Lab | 2007 | 80.0 | 70.0 | 10.0 |
| Family Law Center | 2007 | 70.0 | - | 70.0 |
| Roads | 2007 | 190.0 | 129.2 | 60.8 |
| Joint Processing Center | 2013 | 70.0 | 5.7 | 64.3 |
| Parks | 2015 | 60.0 | - | 60.0 |
| Animal Shelter | 2015 | 24.0 | - | 24.0 |
| Roads | 2015 | 700.0 | - | 700.0 |
| Flood | 2015 | 64.0 | - | 64.0 |
| Total Ad Valorem Tax Bonds | | <u>\$ 2,372.0</u> | <u>\$ 1,243.8</u> | <u>\$ 1,128.2</u> |

F. REFUNDING/ISSUANCE OF DEBT

On April 1, 2015, the County released \$10,300,000 in FNMA note pledged to Citibank as collateral and replaced it with \$15,000,000 in FNMA 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, the County released \$7,000,000 in FNMA note pledged to Citibank 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, the County released \$2,000,000 in FHLB note pledged to JP Morgan Chase 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, the County released \$2,000,000 in FNMA note pledged to Citibank as collateral to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On July 2, 2015, the County released \$5,000,000 in FNMA note pledged to Citibank 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, the County released \$4,000,000 in FHLB note pledged to JP Morgan Chase as collateral to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

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On August 4, 2015, the County released \$3,700,000 in FNMA note pledged to Citibank as collateral to cover the collateral threshold shortfall on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On August 4, 2015, the County pledged \$3,700,000 in FNMA note to Citibank to cover the collateral threshold on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On August 13, 2015, the County remarketed \$109,500,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2012B-1. Interest is payable monthly. The interest rate is the weekly Securities Industry and Financial Markets Association (“SIFMA”) plus a spread. The bonds mature in 2021. The refunding resulted in no savings or economic benefit.

On August 19, 2015, the County issued \$191,370,000 of Permanent Improvement and Refunding Bonds, Series 2015A to refund and defease a portion of the County’s outstanding General Obligation Commercial Paper Notes, Series A-1, Series B, and Series D and to pay the cost of such issuance. The annual interest rate is 3% to 5%. The issuance had a premium of \$30,524,645. The interest accrues semiannually and the bonds mature in 2040. No savings or economic loss is recognized due to the defeasance of commercial paper. The refunding resulted in no savings or economic benefit.

On September 10, 2015, the County issued \$100,000,000 of Tax Anticipation Notes, Series 2015. The Tax Anticipation Notes were issued to fund the County’s cumulative cash flow deficit for the fiscal year beginning March 1, 2015 and ending February 29, 2016, and will be repaid from fiscal year 2016 tax revenues. The tax anticipation notes mature February 29, 2016 and will pay interest at a range of 1% to 1.5%.

On September 30, 2015, the County pledged \$300,000 FHLB note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 1, 2015, the County pledged \$2,000,000 FNMA note to Citibank to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On October 1, 2015, the County pledged \$500,000 FHLB note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

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

On October 26, 2015, the County released \$11,255,000 in FHLB note pledged to JP Morgan Chase as collateral and replaced it with \$11,500,000 in FNMA note to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On November 17, 2015, the County issued \$50,095,000 of Permanent Improvement and Refunding Bonds, Series 2015B to refund and defease a portion of the County’s outstanding Permanent Improvement Refunding Bonds, Series 2005A and Series 2006A and to pay the cost of such issuance. The annual interest rate is 2% to 5%. The issuance had a premium of \$6,962,027. The interest accrues semiannually and the bonds mature in 2027. The refunding resulted in a savings of

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\$7,838,654 due to a decrease in the cash flow requirements and had an economic gain of \$6,976,585.

On November 17, 2015, the County issued \$202,680,000 of Unlimited Tax Road Refunding Bonds, Series 2015A to refund and defease a portion of the County's outstanding Unlimited Tax Road Refunding Bonds, Series 2005A and Series 2006B and to pay the cost of such issuance. The annual interest rate is 2% to 5%. The issuance had a premium of \$43,036,023. The interest accrues semiannually and the bonds mature in 2031. The refunding resulted in savings of \$43,293,755 due to a decrease in the cash flow requirements and had economic gain of \$32,156,831.

On November 17, 2015, the County issued \$46,875,000 of Flood Control District Improvement Refunding Bonds, Series 2015A to refund and defease a portion of the County's outstanding Flood Control District Improvement Refunding Bonds, Series 2007, and to pay the cost of such issuance. The annual interest rate is 3% to 5%. The issuance had a premium of \$7,014,208. The interest accrues semiannually and the bonds mature in 2030. The refunding resulted in a savings of \$9,776,868 due to a decrease in the cash flow requirements and had an economic gain of \$7,257,013.

On November 17, 2015, the County issued \$30,145,000 of Flood Control District Contract Tax Refunding Bonds, Series 2015B to refund and defease a portion of the County's outstanding Flood Control District Contract Tax Bonds, Series 2006A, and to pay the cost of such issuance. The annual interest rate is 3% to 5%. The issuance had a premium of \$4,915,442. The interest accrues semiannually and the bonds mature in 2030. The refunding resulted in a savings of \$7,039,164 due to a decrease in the cash flow requirements and had an economic gain of \$5,169,686.

On December 3, 2015, the County issued \$161,575,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2015B to refund and defease a portion of the County's outstanding Toll Road Senior Lien Revenue Refunding Bonds, Series 2006A and Series 2008B, and to pay the cost of issuance. The annual interest rate is 5%. The issuance had a premium of \$ 31,153,910. The interest accrues semiannually and the bonds mature in 2036. The refunding resulted in a savings of \$28,155,721 due to a decrease in cash flow and had an economic gain of \$19,628,265.

On January 14, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On January 19, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 1, 2016, the County pledged \$2,500,000 FNMA note to Citibank to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 1, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 3, 2016, the County pledged \$1,000,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

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On February 9, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 10, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 11, 2016, the County pledged \$500,000 FNMA note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On February 12, 2016, the County pledged \$1,000,000 FNMA note to JP Morgan Chase 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 2016 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 29, 2016, the outstanding principal balance of these defeased bonds was as follows:

| | | |
|-------------------------------|---------------------------|-------------------------|
| Property Tax Bonds: | Road | \$ 591,970,000 |
| | Permanent Improvement | 672,475,000 |
| Flood Control: | Flood Control | 665,700,000 |
| Certificates of Obligation: | General Obligation | 41,865,000 |
| Tax & Subordinate Lien Bonds: | Tax & Subordinate Lien | 176,800,000 |
| Toll Road Bonds: | Senior Lien Revenue Bonds | 1,528,064,000 |
| | Tax Bonds | 470,735,000 |
| Total Defeased Bonds | | <u>\$ 4,147,609,000</u> |

H. 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 29, 2016, there were no estimated liabilities for arbitrage rebate on governmental debt or enterprise debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

I. 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.

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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 2/29/16: | (\$17,221,659) | (\$28,677,209) | (\$28,677,209) |
| Collateral Pledged: | \$4,300,000 (c) | \$12,800,000 (c) | \$16,500,000 (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 a \$12.8 million FNMA note with a \$20,000,000 par, at 1.00% and a \$4.3 million FNMA note with a \$24,000,000 par, at 1.03% 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 \$16.5 million FNMA note with a \$20,000,000 par at 1.55% 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.

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 | Regression Historical | Consistent Critical Terms | Consistent Critical Terms |
| Result of Effectiveness Testing | Effective | Effective | Effective |

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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 | A1, A, and A+ | A1, A, and A+ | Aa3, A+, and AA- |
| 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 \$17,221,659, which is based on a fair market value calculation. | The exposure to the County is \$28,677,209, which is based on a fair market value calculation. | The exposure to the County is \$28,677,209, which is based on a fair market value calculation. |

J. SUBSEQUENT DEBT RELATED ACTIVITY

On March 1, 2016, the County pledged an additional \$1,500,000 in FNMA note to Citibank to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On May 4, 2016, the County released \$16,500,000 in FNMA note pledged to JP Morgan Chase as collateral and replaced it with \$15,000,000 in FHLMC note to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On June 13, 2016, the County pledged an additional \$1,000,000 in FHLMC note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On June 17, 2016, the County pledged an additional \$1,000,000 in FHLMC note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On June 28, 2016, the County pledged an additional \$1,000,000 in FHLMC note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On July 1, 2016, the County released \$1,762,000 in FNMA note to Citibank as collateral on the \$199,915,000 interest rate swap for the Series 2012A&B bonds.

On July 1, 2016, the County pledged an additional \$1,762,000 in FNMA note to Citibank to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On July 6, 2016, the County pledged an additional \$500,000 in FHLMC note to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate swap for the Series 2007B bonds.

On July 12, 2016, the County issued \$530,105,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2016A to refund and defease a portion of the County’s outstanding Toll Road Senior

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Lien Revenue Refunding Bonds, Series 2008B, 2009A, and Series 2009C, and to pay the cost of issuance. The annual interest rate is 2.75% to 5.00%. The issuance had a premium of \$126,351,985. The interest accrues semiannually and the bonds mature in 2047. The refunding resulted in a savings of \$130,309,963 due to a decrease in cash flow and had an economic gain of \$82,277,810.

On August 4, 2016, the utilized Ad Valorem tax funds to partially defease \$20,413,000 in Series A-1 Commercial Paper Notes as well as \$27,655,000 of Series D Commercial Paper Notes.

11. RETIREMENT PLAN

Plan Description. Harris County provides retirement, disability, and survivor 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”). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. 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 or the website at www.TCDRS.org.

Benefits Provided. 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 eight 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 contribute. By law, employee accounts earn 7% interest. 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. The County’s current match is 225%.

Employees Covered by Benefit Terms. At the measurement date, the following employees were covered by the benefit terms:

| | 12/31/14 | 12/31/15 |
|--|----------|----------|
| Inactive employees or beneficiaries current receiving benefits | 7,061 | 7,469 |
| Inactive employees entitled but not yet receiving benefits | 7,351 | 7,885 |
| Active employees | 15,801 | 16,342 |
| Total | 30,213 | 31,696 |

Contributions. 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

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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 as of December 31, two years prior to the end of the fiscal year in which contributions are reported. The County contributed using an actuarially determined rate of 13.88% of covered payroll for the months of the calendar year in 2015, and 14.00% for the months of the calendar year in 2016.

The contribution rate payable by the employee members for 2015 and 2016 is 7% 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.

Actuarial Assumptions. For the County's fiscal year ending February 29, 2016, the net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|------|
| Inflation | 3.0% |
| Salary Increases | 3.5% |
| Investment rate of return | 8.1% |

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculation or in the funding valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

The annual salary increases rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.4% per year for a career employee.

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA. Service retirees, beneficiaries, and non-depositing members were based on RP-2000 Combined Mortality Table for males and females as appropriate, with adjustments with the projection scale AA. Disabled retirees were based on RP-2000 Disabled Mortality Table for males and females as appropriate, with adjustments, with the projection scale AA.

The actuarial cost method was Entry Age Normal, as required by GASB 68. Straight-line amortization over Expected Working Life with a 5 year smoothing period, and a non-asymptotic recognition method with no corridor were utilized in the actuarial calculations.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68. Updated mortality assumptions were adopted in 2015.

The long-term expected rate of return on TCDRS assets is determined by adding expected

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inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2016 information for a 7-10 year time horizon and are re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The following target asset allocation was adopted by the TCDRS board in April 2016. The geometric real rate of return is net of inflation, assumed at 1.6%.

| Asset Class | Target Allocation | Geometric Real Rate of Return |
|------------------------------------|-------------------|-------------------------------|
| US Equities | 14.50% | 5.45% |
| Private Equity | 14.00% | 8.45% |
| Global Equities | 1.50% | 5.75% |
| International Equities - Developed | 10.00% | 5.45% |
| International Equities - Emerging | 8.00% | 6.45% |
| Investment-Grade Bonds | 3.00% | 1.00% |
| High-Yield Bonds | 3.00% | 5.10% |
| Opportunistic Credit | 2.00% | 5.09% |
| Direct Lending | 5.00% | 6.40% |
| Distressed Debt | 3.00% | 8.10% |
| REIT Equities | 3.00% | 4.00% |
| Master Limited Partnerships (MLPs) | 3.00% | 6.80% |
| Private Real Estate Partnerships | 5.00% | 6.90% |
| Hedge Funds | 25.00% | 5.25% |
| | 100.00% | |

Discount Rate. The discount rate used to measure the total pension liability was 8.1%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County’s funding policy and the legal requirements under the TCDRS Act.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments.

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Changes in Net Pension Liability (amounts in thousands):

| | Increase (Decrease) | | |
|--|----------------------------|---------------------------|----------------------------------|
| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability/(Asset) |
| | (a) | (b) | (a) - (b) |
| Balances as of December 31, 2014 | \$ 5,113,052 | \$ 4,781,059 | \$ 331,993 |
| Changes for the year: | | | |
| Service cost | 131,567 | | 131,567 |
| Interest on total pension liability | 411,525 | | 411,525 |
| Effect of plan changes | (28,883) | | (28,883) |
| Effect of economic/demographic gains or loss | (7,458) | | (7,458) |
| Effect of assumptions changes or inputs | 51,149 | | 51,149 |
| Refund of contributions | (10,223) | (10,223) | - |
| Benefit payments | (209,877) | (209,877) | - |
| Administrative expenses | | (3,419) | 3,419 |
| Member contributions | | 66,878 | (66,878) |
| Net investment income | | (30,646) | 30,646 |
| Employer contributions | | 132,346 | (132,346) |
| Other | | 363 | (363) |
| Balances as of December 31, 2015 | <u>\$ 5,450,852</u> | <u>\$ 4,726,481</u> | <u>\$ 724,371</u> |

Sensitivity Analysis. The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate (amounts in thousands):

| | Current | | |
|-------------------------|----------------------|------------------------|----------------------|
| | 1% Decrease 7.10% | Discount Rate 8.10% | 1% Increase 9.10% |
| Total pension liability | \$ 6,167,834 | \$ 5,450,852 | \$ 4,852,783 |
| Fiduciary net position | 4,726,481 | 4,726,481 | 4,726,481 |
| Net pension liability | <u>\$ 1,441,353</u> | <u>\$ 724,371</u> | <u>\$ 126,302</u> |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions. For the measurement period ending December 31, 2015, the County recognized pension expense of \$152,011,091. As of February 29, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

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| | Deferred Inflows of Reources | Deferred Outflows of Reources |
|---|---------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 6,215 | \$ - |
| Changes of assumptions | - | 42,624 |
| Net difference between projected and actual earnings | - | 336,304 |
| Contributions made subsequent to the measurement date | - | 20,403 |
| | <u>\$ 6,215</u> | <u>\$ 399,331</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension, other than contributions subsequent to the measurement date, will be recognized in pension expense as follows:

| Year ended December 31: | |
|-------------------------|---------------|
| 2016 | \$ 91,357,656 |
| 2017 | 91,357,656 |
| 2018 | 91,357,656 |
| 2019 | 91,357,656 |
| 2020 | 7,281,749 |

Payable to the Pension Plan. At February 29, 2016, the County reported a payable of \$15,318,305 for the outstanding amount of contributions to the pension plan.

The above information includes four participating employers to the agent multiple employer defined benefit pension plan. One of the employers, Community Supervision (“CS”) is not considered a department or a component unit of the County. The net pension liability for CS at February 28, 2015 and February 29, 2016 is \$13,604,321 and \$27,678,584, respectively.

The deferred inflows and outflows reported for CS at February 29, 2016 were (amounts in thousands):

| | Deferred Inflows of Reources | Deferred Outflows of Reources |
|---|---------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 237 | \$ - |
| Changes of assumptions | - | 1,629 |
| Net difference between projected and actual earnings | - | 12,850 |
| Contributions made subsequent to the measurement date | - | 670 |
| | <u>\$ 237</u> | <u>\$ 15,149</u> |

For the measurement period ended December 31, 2015, CS recognized pension expense of \$5,808,422.

The RSI following the notes to the financial statements contains: the schedule of changes in the County’s net pension liability and related ratios, and the schedule of County contributions.

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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, 2015, the date of the latest actuarial valuation, consists of the following:

| | |
|---|--------|
| Retirees and beneficiaries receiving benefits | 4,594 |
| Active plan members | 14,599 |
| 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:

| | 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:

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

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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 (or Medicare eligible) with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive 100% of the County contributions for retiree coverage and 50% for dependent coverage.

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 (or Medicare eligible) 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 29, 2016, plan members or beneficiaries receiving benefits contributed \$10.19 million, or approximately 20.7 percent of total benefits paid during the year. Participating employers contributed \$39.01 million. The total contributions for the year ended February 29, 2016 were \$49.19 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 2016, the County's annual OPEB cost (expense) was \$108,983,297 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 29, 2016 were as follows:

| | |
|---|------------------------------|
| Annual Required Contribution ("ARC") | \$ 118,146,628 |
| Add interest on Net OPEB Obligation | 18,486,759 |
| Less adjustment to ARC | <u>(27,650,090)</u> |
| Annual OPEB Cost | 108,983,297 |
| Less Contributions made | <u>(39,006,959)</u> |
| Change in Net OPEB Obligation | 69,976,338 |
| Net OPEB Obligation beginning of the year | <u>492,980,243</u> |
| Net OPEB Obligation end of the year | <u><u>\$ 562,956,581</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 |
|----------------------|---------------------|--------------------------|--|-------------------------------|
| 2/28/2014 | \$ 103,016,414 | \$ 33,473,572 | 32% | \$ 430,746,908 |
| 2/28/2015 | 101,776,459 | 39,543,124 | 39% | 492,980,243 |
| 2/29/2016 | 108,983,297 | 39,006,959 | 36% | 562,956,581 |

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 \$982,079 and \$0 respectively at February 28, 2015. The net OPEB obligation for Emergency 911 and Community Supervision is \$1,149,819 and \$0 respectively at February 29, 2016.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2015 (most recent actuarial valuation) was as follows:

| | |
|---|------------------|
| Unfunded actuarial accrued liability (UAAL) | \$ 1,311,021,556 |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (active plan members) | \$ 961,963,878 |
| UAAL as percentage of covered payroll | 136% |

The above table includes UAAL of \$1,819,165 for Emergency 911 and UAAL of \$10,973,012 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, 2015 actuarial valuation, a 3.75% discount rate was used. The medical trend rates of 6% for 2015 graded down to an ultimate rate of 5% by 2020 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 maintenance activities. The Office of Human Resources & Risk Management is responsible for

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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 2016, a total of \$16,170,359 was paid in benefits and administrative costs. As of February 29, 2016, claims liability, including an actuarial estimate of claims that have been incurred but not reported and accrued unpaid claims administration, totaled \$19,745,439.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2016 and 2015:

| | 2016 | 2015 |
|--|----------------------|----------------------|
| Claims liability, beginning of fiscal year | \$ 18,944,223 | \$ 18,730,878 |
| Incurred claims (including IBNRs) | 5,489,488 | 5,790,580 |
| Claim payments | (4,688,272) | (5,577,235) |
| Claims liability, end of fiscal year | <u>\$ 19,745,439</u> | <u>\$ 18,944,223</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

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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 2016 and 2015:

| | 2016 | 2015 |
|--|---------------|---------------|
| Claims liability, beginning of fiscal year | \$ 25,794,589 | \$ 22,225,339 |
| Incurred claims (including IBNRs) | 218,327,834 | 199,550,136 |
| Claim payments | (213,023,551) | (195,980,886) |
| Claims liability, end of fiscal year | \$ 31,098,872 | \$ 25,794,589 |

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.

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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 \$4,351,317, net of \$335,105 estimated recoveries. This includes \$454,978 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 29, 2016.

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

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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 29, 2016, the County had several operating leases for office space. As of February 29, 2016, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

| <u>Governmental Activities</u> | |
|--------------------------------|----------------------|
| <u>Fiscal year</u> | <u>Office Space</u> |
| 2017 | \$ 4,300,602 |
| 2018 | 1,969,927 |
| 2019 | 1,684,389 |
| 2020 | 1,505,951 |
| 2021 | 671,353 |
| 2022-2028 | 451,135 |
| | <u>\$ 10,583,357</u> |

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$190,315,592. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately \$465,368,189.

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 29, 2016, the encumbrance balances for the governmental funds are reported as follows:

| | Restricted | Committed | Assigned | Total |
|-----------------------|-----------------------|-------------------|----------------------|----------------------|
| General Fund | \$ 57,857,728 | \$ - | \$ 27,635,579 | \$ 85,493,307 |
| Nonmajor Governmental | 205,104,282 | 563,944 | - | 205,668,226 |
| | <u>\$ 262,962,010</u> | <u>\$ 563,944</u> | <u>\$ 27,635,579</u> | <u>\$291,161,533</u> |

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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-six years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 29, 2016:

| | <u>Carrying Value</u> |
|--------------------------------|-----------------------|
| Land | \$ 7,831,443 |
| Buildings | 801,468,461 |
| Total Carrying Value | 809,299,904 |
| Less: Accumulated Depreciation | (268,157,343) |
| | \$ 541,142,561 |

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 29, 2016:

| <u>Fiscal year</u> | <u>Governmental Activities</u> |
|------------------------------|------------------------------------|
| 2017 | \$ 917,825 |
| 2018 | 768,813 |
| 2019 | 703,242 |
| 2020 | 373,662 |
| 2021 | 29,068 |
| 2022-2026 | 110,621 |
| 2027-2031 | 110,381 |
| 2032-2036 | 97,216 |
| 2037-2041 | 97,216 |
| 2042-2046 | 97,216 |
| 2047-2051 | 97,215 |
| 2052-2056 | 82,233 |
| Total minimum future rentals | \$ 3,484,708 |

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 \$1,424,001 in 2016.

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 \$228,300. These leases are classified as direct-financing leases and expire at various intervals over the next 41 years and are not considered a significant part of the County's operating activities in terms of revenue.

17. FUND BALANCES

The following non-major governmental funds had negative fund balance at February 29, 2016:

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| | | |
|---------------------------------------|-----------|--|
| Port Security Program | \$ 66,753 | Negative due to timing differences in expenditures and billing procedures. |
| Dispute Resolution | 146,637 | Negative due to timing differences in expenditures and billing procedures. |
| Food Permit Fee | 22,267 | Negative due to timing differences in expenditures and billing procedures. |
| Harris County Redevelopment Authority | 3,557,102 | 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 29, 2016:

| Fund Balances: | General Fund | Nonmajor Governmental | Total |
|----------------------------------|-------------------------|--------------------------|-------------------------|
| Nonspendable: | | | |
| Inventories | \$ 3,268,776 | \$ - | \$ 3,268,776 |
| Prepays | 4,649,233 | 3,028,046 | 7,677,279 |
| Advances | 40,000 | - | 40,000 |
| Total nonspendable | <u>7,958,009</u> | <u>3,028,046</u> | <u>10,986,055</u> |
| Restricted for: | | | |
| Debt service | 225,900,952 | 85,978,564 | 311,879,516 |
| Imprest cash | - | - | - |
| Legislative | 2,486,136 | - | 2,486,136 |
| Mobility | 302,450,016 | - | 302,450,016 |
| Flood control | - | 77,726,284 | 77,726,284 |
| Sports & Convention Corporation | - | 19,236,133 | 19,236,133 |
| Tourism | - | 1,943,937 | 1,943,937 |
| District attorney administration | - | 1,853,983 | 1,853,983 |
| Records management | - | 22,602,490 | 22,602,490 |
| Community development | - | 5,786,474 | 5,786,474 |
| Forfeited funds | - | 18,033,313 | 18,033,313 |
| Affordable housing | - | 5,543,094 | 5,543,094 |
| Donations & other contributions | - | 1,757,068 | 1,757,068 |
| Administration of justice | - | 15,049,746 | 15,049,746 |
| County administration | - | 7,431,958 | 7,431,958 |
| Health and human services | - | 1,829,844 | 1,829,844 |
| Medical programs | - | 6,870,645 | 6,870,645 |
| Grant programs | - | 9,203 | 9,203 |
| Capital projects | 65,562 | 329,455,890 | 329,521,452 |
| Total restricted | <u>530,902,666</u> | <u>601,108,626</u> | <u>1,132,011,292</u> |
| Committed to: | | | |
| Community development | - | 1,291,145 | 1,291,145 |
| Environmental settlements | - | 12,307,379 | 12,307,379 |
| Other contributions | - | 504,669 | 504,669 |
| Capital projects | - | 29,272,670 | 29,272,670 |
| Total committed | <u>-</u> | <u>43,375,863</u> | <u>43,375,863</u> |
| Assigned to: | | | |
| County operations | 27,635,579 | - | 27,635,579 |
| Imprest cash | 220,095 | - | 220,095 |
| Total assigned | <u>27,855,674</u> | <u>-</u> | <u>27,855,674</u> |
| Unassigned | <u>782,372,498</u> | <u>(3,792,759)</u> | <u>778,579,739</u> |
| Total fund balances | <u>\$ 1,349,088,847</u> | <u>\$ 643,719,776</u> | <u>\$ 1,992,808,623</u> |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2016

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 2015 was \$0.00547.

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 \$83,646,034 is reported as unassigned fund balance in the General Fund.

18. RECENT ACCOUNTING PRONOUNCEMENTS

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.

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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 29, 2016

GASB Statement 77, *Tax Abatement Disclosures* (“GASB 77”), has the objective to provide essential information about tax abatement programs to assist financial statement users to better assess: 1) sources and uses of financial resources; 2) compliance with finance related legal or contractual requirements; and 3) financial position and economic conditions. GASB 77 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans* (“GASB 78”), amends the scope of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is also used to provide defined benefit pensions employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 79, *Certain External Investment Pools and Pool Participants* (“GASB 79”), addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. GASB 79 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 80, *Blending Requirements for Certain Component Units*, clarifies the financial statement presentation requirements for certain component units which are incorporated as not-for-profit entities. GASB 80 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 81, *Irrevocable Split-Interest Agreements*, establishes recognition and measurement requirements for irrevocable split-interest agreements. GASB 81 will be implemented by the County in fiscal year 2017 and the impact has not yet been determined.

GASB Statement 82, *Pension Issues*, addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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*. Specifically, this Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, deviations from the guidance of the Actuarial Standards Board, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 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 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---|---------------------------|----------------------------|----------------------|-------------------------|
| GENERAL FUND - OPERATING | | | | |
| Beginning Cash and Investments | \$ 549,848,561 | \$ 549,848,561 | \$ 540,271,789 | \$ (9,576,772) |
| <u>Revenues and Transfers In:</u> | | | | |
| Taxes | 1,240,705,513 | 1,240,705,513 | 1,316,566,778 | 75,861,265 |
| Intergovernmental | 42,803,565 | 43,837,040 | 43,819,039 | (18,001) |
| Charges for Services | 235,126,021 | 235,936,891 | 233,507,955 | (2,428,936) |
| Fines and Forfeitures | 20,657,051 | 20,657,051 | 19,627,028 | (1,030,023) |
| Rentals & Parks | 1,518,700 | 1,518,700 | 1,509,140 | (9,560) |
| Interest | 1,954,036 | 1,954,036 | 1,421,911 | (532,125) |
| Miscellaneous | 46,987,375 | 52,603,597 | 51,052,868 | (1,550,729) |
| Other Transfer In | - | 9,375,853 | 9,915,702 | 539,849 |
| Total Revenues and Transfers In | <u>1,589,752,261</u> | <u>1,606,588,681</u> | <u>1,677,420,421</u> | <u>70,831,740</u> |
| Total Available Resources - General Fund - Operating | <u>2,139,600,822</u> | <u>2,156,437,242</u> | <u>2,217,692,210</u> | <u>61,254,968</u> |
| GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY | | | | |
| Beginning Cash and Investments | 63,032,830 | 63,032,830 | 63,131,981 | 99,151 |
| <u>Revenues and Transfers In:</u> | | | | |
| Taxes | 19,786,996 | 19,786,996 | 21,064,783 | 1,277,787 |
| Interest | 325,901 | 325,901 | 363,156 | 37,255 |
| Miscellaneous | 27,720 | 27,720 | 332,742 | 305,022 |
| Total Revenues and Transfers In | <u>20,140,617</u> | <u>20,140,617</u> | <u>21,760,681</u> | <u>1,620,064</u> |
| Total Available Resources - General Fund - Public Imp. | <u>83,173,447</u> | <u>83,173,447</u> | <u>84,892,662</u> | <u>1,719,215</u> |
| GENERAL FUND - MOBILITY FUND | | | | |
| Beginning Cash and Investments | 274,966,960 | 274,966,960 | 281,669,352 | 6,702,392 |
| <u>Revenues and Transfers In:</u> | | | | |
| Intergovernmental | - | 177,450 | 177,450 | - |
| Interest | 736,427 | 736,427 | 1,187,726 | 451,299 |
| Miscellaneous | - | 4,062,312 | 7,003,626 | 2,941,314 |
| Other - Transfers In | 121,925,425 | 124,000,000 | 124,000,000 | - |
| Total Revenues and Transfers In | <u>122,661,852</u> | <u>128,976,189</u> | <u>132,368,802</u> | <u>3,392,613</u> |
| Total Available Resources - General Fund - Mobility Fund | <u>397,628,812</u> | <u>403,943,149</u> | <u>414,038,154</u> | <u>10,095,005</u> |
| GENERAL FUND - DEBT SERVICE | | | | |
| <u>Beginning Cash and Investments:</u> | | | | |
| HC/FC Agreement 2008A CP Refunding | 11,898,826 | 11,898,826 | 11,967,804 | 68,978 |
| HC/FC Agreement 2008C CP Refunding | 7,086,512 | 7,086,512 | 7,090,652 | 4,140 |
| HC/FC Agreement 2010A CP Refunding | 8,595,743 | 8,595,743 | 8,618,509 | 22,766 |
| HC/FC Agreement 2014A CP Refunding | 2,805,485 | 2,805,485 | 3,116,025 | 310,540 |
| HC/FC Agreement 2014B CP Refunding | 16,528,765 | 16,528,765 | 16,336,793 | (191,972) |
| Permanent Improvements Refunding Series 1996 | 9,220,725 | 9,220,725 | 9,271,882 | 51,157 |
| Commercial Paper Series B | 483,628 | 483,628 | 509,560 | 25,932 |
| Commercial Paper Series C | 1,148,818 | 1,148,818 | 1,476,732 | 327,914 |
| Permanent Improvements Refunding Series 2008C | 3,224,901 | 3,224,901 | 3,222,865 | (2,036) |
| Commercial Paper Series A1 | 6,855,092 | 6,855,092 | 6,982,209 | 127,117 |
| Permanent Improvement Commercial Paper Series D | 25,306,215 | 25,306,215 | 25,760,810 | 454,595 |
| Flood Control Comm Paper Agreement | 1,634,171 | 1,634,171 | 1,728,056 | 93,885 |
| HC/FC Agreement 2006 CP Refunding | 1,618,001 | 1,618,001 | 1,612,004 | (5,997) |
| Revenue Refunding Series 2002 | 2,970,754 | 2,970,754 | 7,174,743 | 4,203,989 |
| Permanent Improvement Refunding Series 2005A | 8,440,457 | 8,440,457 | 8,482,888 | 42,431 |
| Permanent Improvement Refunding Series 2006A | 1,900,722 | 1,900,722 | 1,897,632 | (3,090) |
| Permanent Improvement Refunding Series 2008A | 6,601,146 | 6,601,146 | 6,635,398 | 34,252 |
| Permanent Improvement Refunding Series 2008B | 8,646,117 | 8,646,117 | 8,693,392 | 47,275 |

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 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|--|---------------------------|----------------------------|--------------------|-------------------------|
| Permanent Improvement Refunding Series 2009A | 1,109,579 | 1,109,579 | 1,116,234 | 6,655 |
| Permanent Improvement Refunding Series 2009B | 16,393,898 | 16,393,898 | 16,482,421 | 88,523 |
| Tax & Subordinate Lien Refunding Series 2009C | 9,974 | 9,974 | 9,966 | (8) |
| Permanent Improvement Refunding Series 2010A | 12,070,163 | 12,070,163 | 12,127,708 | 57,545 |
| Permanent Improvement Refunding Series 2010B | 4,349,263 | 4,349,263 | 4,365,422 | 16,159 |
| Permanent Improvement Refunding Series 2011A | 8,837,870 | 8,837,870 | 8,874,263 | 36,393 |
| Tax & Subordinate Lien Refunding Series 2012A | 1,963 | 1,963 | 1,962,294 | 1,960,331 |
| Permanent Improvement Refunding Series 2012A | 6,441,361 | 6,441,361 | 6,438,832 | (2,529) |
| Permanent Improvement Refunding Series 2012B | 1,391,785 | 1,391,785 | 1,387,461 | (4,324) |
| Total Beginning Cash and Investments | <u>175,571,934</u> | <u>175,571,934</u> | <u>183,342,555</u> | <u>7,770,621</u> |
| Revenues and Transfers In: | | | | |
| HC/FC Agreement 2008A CP Refunding | 12,144,528 | 12,144,528 | 11,442,274 | (702,254) |
| HC/FC Agreement 2008C CP Refunding | 6,788,112 | 6,788,112 | 7,127,897 | 339,785 |
| HC/FC Agreement 2010A CP Refunding | 9,411,270 | 9,411,270 | 8,823,962 | (587,308) |
| HC/FC Agreement 2014A CP Refunding | 3,033,395 | 3,033,395 | 2,588,040 | (445,355) |
| HC/FC Agreement 2014B CP Refunding | 13,774,607 | 13,774,607 | 17,614,771 | 3,840,164 |
| HC/FC Agreement 2015B CP Refunding | - | - | 1,088,495 | 1,088,495 |
| Permanent Improvements Refunding Series 1996 | 9,930,356 | 9,930,356 | 9,869,830 | (60,526) |
| Commercial Paper Series B | 1,448 | 36,001,448 | 36,012,405 | 10,957 |
| Commercial Paper Series C | 1,313,502 | 1,313,502 | 1,182,954 | (130,548) |
| Permanent Improvements Refunding Series 2008C | 4,289,883 | 4,289,883 | 3,661,642 | (628,241) |
| Commercial Paper Series A1 | 6,358,138 | 53,193,138 | 66,757,533 | 13,564,395 |
| Permanent Improvement Commercial Paper Series D | 25,712,702 | 130,622,702 | 131,493,757 | 871,055 |
| Flood Control Comm Paper Agreement | 601,124 | 601,124 | 40,507 | (560,617) |
| HC/FC Agreement 2006 CP Refunding | 1,819,293 | 1,819,293 | 99,394 | (1,719,899) |
| Revenue Refunding Series 2002 | 13,825,381 | 13,825,381 | 18,415,527 | 4,590,146 |
| Permanent Improvement Refunding Series 2005A | 9,124,931 | 50,339,866 | 41,652,252 | (8,687,614) |
| Permanent Improvement Refunding Series 2006A | 7,339,806 | 22,894,754 | 23,679,534 | 784,780 |
| Permanent Improvement Refunding Series 2008A | 6,997,887 | 6,997,887 | 311,487 | (6,686,400) |
| Permanent Improvement Refunding Series 2008B | 8,850,059 | 8,850,059 | 9,124,427 | 274,368 |
| Permanent Improvement Refunding Series 2009A | 1,200,468 | 1,200,468 | 1,151,237 | (49,231) |
| Permanent Improvement Refunding Series 2009B | 12,448,548 | 12,448,548 | 22,220,746 | 9,772,198 |
| Tax & Subordinate Lien Refunding Series 2009C | 3,587,745 | 3,587,745 | 6,636,481 | 3,048,736 |
| Permanent Improvement Refunding Series 2010A | 13,078,035 | 13,078,035 | 9,873,797 | (3,204,238) |
| Permanent Improvement Refunding Series 2010B | 4,701,537 | 4,701,537 | 8,556,070 | 3,854,533 |
| Permanent Improvement Refunding Series 2011A | 9,251,450 | 9,251,450 | 9,125,917 | (125,533) |
| Tax & Subordinate Lien Refunding Series 2012A | 7,858,350 | 7,858,350 | 7,841,268 | (17,082) |
| Permanent Improvement Refunding Series 2012A | 6,490,663 | 6,490,663 | 6,501,440 | 10,777 |
| Permanent Improvement Refunding Series 2012B | 1,258,456 | 1,258,456 | 1,390,636 | 132,180 |
| Road Refunding Series 2015A - COI | - | 524,609 | 524,626 | 17 |
| Permanent Improvement Refunding Series 2015A | - | 221,894,645 | 233,685,001 | 11,790,356 |
| Permanent Improvement Refunding Series 2015A - COI | - | 573,867 | 573,886 | 19 |
| Permanent Improvement Refunding Series 2015B | - | 57,057,027 | 64,848,003 | 7,790,976 |
| Permanent Improvement Refunding Series 2015B - COI | - | 162,875 | 162,881 | 6 |
| Total Revenues and Transfers In | <u>201,191,674</u> | <u>725,919,580</u> | <u>764,078,677</u> | <u>38,159,097</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 29, 2016

| | <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 | 24,043,354 | 24,043,354 | 23,410,078 | (633,276) |
| HC/FC Agreement 2008C CP Refunding | 13,874,624 | 13,874,624 | 14,218,549 | 343,925 |
| HC/FC Agreement 2010A CP Refunding | 18,007,013 | 18,007,013 | 17,442,471 | (564,542) |
| HC/FC Agreement 2014A CP Refunding | 5,838,880 | 5,838,880 | 5,704,065 | (134,815) |
| HC/FC Agreement 2014B CP Refunding | 30,303,372 | 30,303,372 | 33,951,564 | 3,648,192 |
| HC/FC Agreement 2015B CP Refunding | - | - | 1,088,495 | 1,088,495 |
| Permanent Improvements Refunding Series 1996 | 19,151,081 | 19,151,081 | 19,141,712 | (9,369) |
| Commercial Paper Series B | 485,076 | 36,485,076 | 36,521,965 | 36,889 |
| Commercial Paper Series C | 2,462,320 | 2,462,320 | 2,659,686 | 197,366 |
| Permanent Improvements Refunding Series 2008C | 7,514,784 | 7,514,784 | 6,884,507 | (630,277) |
| Commercial Paper Series A1 | 13,213,230 | 60,048,230 | 73,739,742 | 13,691,512 |
| Permanent Improvement Commercial Paper Series D | 51,018,917 | 155,928,917 | 157,254,567 | 1,325,650 |
| Flood Control Comm Paper Agreement | 2,235,295 | 2,235,295 | 1,768,563 | (466,732) |
| HC/FC Agreement 2006 CP Refunding | 3,437,294 | 3,437,294 | 1,711,398 | (1,725,896) |
| Revenue Refunding Series 2002 | 16,796,135 | 16,796,135 | 25,590,270 | 8,794,135 |
| Permanent Improvement Refunding Series 2005A | 17,565,388 | 58,780,323 | 50,135,140 | (8,645,183) |
| Permanent Improvement Refunding Series 2006A | 9,240,528 | 24,795,476 | 25,577,166 | 781,690 |
| Permanent Improvement Refunding Series 2008A | 13,599,033 | 13,599,033 | 6,946,885 | (6,652,148) |
| Permanent Improvement Refunding Series 2008B | 17,496,176 | 17,496,176 | 17,817,819 | 321,643 |
| Permanent Improvement Refunding Series 2009A | 2,310,047 | 2,310,047 | 2,267,471 | (42,576) |
| Permanent Improvement Refunding Series 2009B | 28,842,446 | 28,842,446 | 38,703,167 | 9,860,721 |
| Tax & Subordinate Lien Refunding Series 2009C | 3,597,719 | 3,597,719 | 6,646,447 | 3,048,728 |
| Permanent Improvement Refunding Series 2010A | 25,148,198 | 25,148,198 | 22,001,505 | (3,146,693) |
| Permanent Improvement Refunding Series 2010B | 9,050,800 | 9,050,800 | 12,921,492 | 3,870,692 |
| Permanent Improvement Refunding Series 2011A | 18,089,320 | 18,089,320 | 18,000,180 | (89,140) |
| Tax & Subordinate Lien Refunding Series 2012A | 7,860,313 | 7,860,313 | 9,803,562 | 1,943,249 |
| Permanent Improvement Refunding Series 2012A | 12,932,024 | 12,932,024 | 12,940,272 | 8,248 |
| Permanent Improvement Refunding Series 2012B | 2,650,241 | 2,650,241 | 2,778,097 | 127,856 |
| Road Refunding Series 2015A - COI | - | 524,609 | 524,626 | 17 |
| Permanent Improvement Refunding Series 2015A | - | 221,894,645 | 233,685,001 | 11,790,356 |
| Permanent Improvement Refunding Series 2015A - COI | - | 573,867 | 573,886 | 19 |
| Permanent Improvement Refunding Series 2015B | - | 57,057,027 | 64,848,003 | 7,790,976 |
| Permanent Improvement Refunding Series 2015B - COI | - | 162,875 | 162,881 | 6 |
| Total Available Resources - General Fund - Debt Service | <u>376,763,608</u> | <u>901,491,514</u> | <u>947,421,232</u> | <u>45,929,718</u> |
| TOTAL GENERAL FUND | | | | |
| Beginning Cash and Investments | 1,063,420,285 | 1,063,420,285 | 1,068,415,677 | 4,995,392 |
| Revenues and Transfers In | <u>1,933,746,404</u> | <u>2,481,625,067</u> | <u>2,595,628,581</u> | <u>114,003,514</u> |
| TOTAL GENERAL FUND | <u>\$ 2,997,166,689</u> | <u>\$ 3,545,045,352</u> | <u>\$ 3,664,044,258</u> | <u>\$ 118,998,906</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 29, 2016

| | <u>Adopted</u> <u>Budget</u> | <u>Adjusted</u> <u>Budget</u> | <u>Actual</u> | <u>(Over)</u> <u>Under</u> |
|--|---------------------------------|----------------------------------|---------------|-------------------------------|
| GENERAL FUND DEPARTMENTS | | | | |
| Public Infrastructure | \$ 2,900,000 | \$ 880,000 | \$ 749,254 | \$ 130,746 |
| PID Shared Operations | - | 16,151,276 | 8,323,409 | 7,827,867 |
| Right of Way | 2,450,000 | 2,484,704 | 2,019,201 | 465,503 |
| Construction Programs Division | 9,100,000 | 9,243,225 | 8,834,728 | 408,497 |
| Appraisal District | 10,500,000 | 11,793,221 | 11,793,221 | - |
| County Judge | 7,250,000 | 9,022,063 | 5,827,592 | 3,194,471 |
| Commissioner Precinct 1 | 57,780,327 | 57,928,632 | 27,779,446 | 30,149,186 |
| Commissioner Precinct 2 | 56,605,214 | 57,312,727 | 28,059,279 | 29,253,448 |
| Commissioner Precinct 3 | 51,254,860 | 57,588,030 | 33,600,598 | 23,987,432 |
| Commissioner Precinct 4 | 55,086,765 | 55,179,853 | 23,375,965 | 31,803,888 |
| Tunnel and Ferries Operation | 5,500,000 | 7,125,002 | 4,601,591 | 2,523,411 |
| Budget Management | 9,100,000 | 11,750,517 | 6,813,816 | 4,936,701 |
| General Administration | 591,332,491 | 504,105,138 | 25,541,685 | 478,563,453 |
| Legislative Services | 1,375,000 | 1,817,782 | 1,328,504 | 489,278 |
| Public Infrastructure - Architecture & Engineering | 28,500,000 | 32,598,061 | 25,494,412 | 7,103,649 |
| Fire Marshal's Office | 5,900,000 | 6,764,768 | 5,848,534 | 916,234 |
| Institute of Forensic Science | 27,000,000 | 29,145,675 | 27,213,104 | 1,932,571 |
| Pollution Control Department | 4,050,000 | 4,178,059 | 3,974,732 | 203,327 |
| Public Health Services | 22,750,000 | 24,090,253 | 21,494,282 | 2,595,971 |
| Public Library | 26,050,000 | 26,331,191 | 25,633,703 | 697,488 |
| Domestic Relations | 3,300,000 | 4,379,823 | 3,131,198 | 1,248,625 |
| Community Services | 10,050,000 | 10,204,451 | 9,810,031 | 394,420 |
| Central Technology Services | 41,600,000 | 42,246,102 | 38,404,641 | 3,841,461 |
| Central Technology Services Repairs | - | 5,059,559 | 4,893,968 | 165,591 |
| MHMRA | 20,800,000 | 19,456,844 | 19,456,844 | - |
| FPM Repairs and Replacement | - | 4,180,056 | 2,122,628 | 2,057,428 |
| FPM Utilities and Leases | 26,000,000 | 25,909,460 | 21,701,366 | 4,208,094 |
| Facilities and Property Management | 34,500,000 | 34,673,849 | 33,240,380 | 1,433,469 |
| Constable Precinct 1 | 32,421,000 | 34,038,701 | 32,801,832 | 1,236,869 |
| Constable Precinct 2 | 7,400,000 | 7,930,301 | 7,384,634 | 545,667 |
| Constable Precinct 3 | 14,470,000 | 16,083,434 | 13,696,997 | 2,386,437 |
| Constable Precinct 4 | 42,399,000 | 43,792,200 | 40,274,864 | 3,517,336 |
| Constable Precinct 5 | 35,201,000 | 39,854,663 | 33,049,628 | 6,805,035 |
| Constable Precinct 6 | 8,746,000 | 10,048,757 | 8,222,533 | 1,826,224 |
| Constable Precinct 7 | 10,243,000 | 10,697,996 | 10,572,350 | 125,646 |
| Constable Precinct 8 | 7,350,000 | 8,534,206 | 7,482,622 | 1,051,584 |
| Justice of the Peace 1-1 | 1,953,000 | 2,127,835 | 1,963,737 | 164,098 |
| Justice of the Peace 1-2 | 2,216,000 | 2,417,892 | 2,185,818 | 232,074 |
| Justice of the Peace 2-1 | 982,000 | 1,079,806 | 935,987 | 143,819 |
| Justice of the Peace 2-2 | 938,000 | 1,053,177 | 896,596 | 156,581 |
| Justice of the Peace 3-1 | 1,792,000 | 2,167,533 | 1,672,141 | 495,392 |
| Justice of the Peace 3-2 | 1,158,000 | 1,302,026 | 1,133,958 | 168,068 |
| Justice of the Peace 4-1 | 2,736,000 | 3,330,900 | 2,257,198 | 1,073,702 |
| Justice of the Peace 4-2 | 1,476,000 | 1,640,816 | 1,456,768 | 184,048 |
| Justice of the Peace 5-1 | 2,109,000 | 2,484,712 | 1,876,119 | 608,593 |
| Justice of the Peace 5-2 | 3,069,000 | 3,515,135 | 2,708,927 | 806,208 |
| Justice of the Peace 6-1 | 718,000 | 764,868 | 688,194 | 76,674 |
| Justice of the Peace 6-2 | 821,000 | 948,030 | 739,653 | 208,377 |
| Justice of the Peace 7-1 | 1,132,000 | 1,504,079 | 991,594 | 512,485 |
| Justice of the Peace 7-2 | 1,003,000 | 1,093,875 | 897,347 | 196,528 |

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 29, 2016

| | Adopted Budget | Adjusted Budget | Actual | (Over) Under |
|--|----------------------|----------------------|----------------------|--------------------|
| Justice of the Peace 8-1 | 1,265,000 | 1,454,925 | 1,150,087 | 304,838 |
| Justice of the Peace 8-2 | 1,106,000 | 1,247,415 | 1,009,120 | 238,295 |
| County Attorney | 20,900,000 | 21,480,593 | 20,510,726 | 969,867 |
| County Clerk | 28,000,000 | 31,188,826 | 27,122,176 | 4,066,650 |
| County Treasurer | 1,175,000 | 1,210,723 | 1,098,057 | 112,666 |
| Tax Assessor-Collector | 26,500,000 | 28,328,943 | 26,576,680 | 1,752,263 |
| County Sheriff | 437,458,000 | 446,398,877 | 445,135,125 | 1,263,752 |
| District Attorney | 70,500,000 | 73,809,880 | 71,949,000 | 1,860,880 |
| District Clerk | 31,200,000 | 34,461,823 | 30,553,693 | 3,908,130 |
| Public Defender Pilot Program | 8,700,000 | 9,917,553 | 8,950,129 | 967,424 |
| Community Supervision and Correction | 900,000 | 1,497,343 | 912,304 | 585,039 |
| Pretrial Services | 7,250,000 | 8,374,494 | 6,884,990 | 1,489,504 |
| County Auditor | 20,674,165 | 20,674,165 | 17,909,944 | 2,764,221 |
| Purchasing Agent | 7,835,000 | 7,835,000 | 7,225,404 | 609,596 |
| District Courts | 24,100,000 | 24,936,654 | 23,516,769 | 1,419,885 |
| Court Appointed Attorney | 35,900,000 | 39,944,011 | 39,944,011 | - |
| Texas Agrilife Extension Services | 950,000 | 1,296,451 | 859,072 | 437,379 |
| Juvenile Probation | 70,500,000 | 75,818,716 | 74,525,835 | 1,292,881 |
| Sheriff's Civil Service | 265,000 | 271,225 | 247,645 | 23,580 |
| Protective Services- Children and Adults | 23,200,000 | 24,929,937 | 22,733,084 | 2,196,853 |
| Children's Assessment Center | 5,575,000 | 7,052,174 | 5,898,720 | 1,153,454 |
| 1st Court of Appeals | 90,000 | 90,000 | 47,964 | 42,036 |
| 14th Court of Appeals | 90,000 | 90,000 | 47,964 | 42,036 |
| County Courts | 12,800,000 | 13,681,331 | 13,212,211 | 469,120 |
| Court Appointed Attorney | 4,200,000 | 4,200,000 | 3,365,061 | 834,939 |
| Probate Court 1 | 1,300,000 | 1,304,830 | 1,258,195 | 46,635 |
| Probate Court 2 | 1,300,000 | 1,417,105 | 1,272,642 | 144,463 |
| Probate Court 3 | 3,500,000 | 4,151,423 | 4,085,440 | 65,983 |
| Probate Court 4 | 1,300,000 | 1,361,563 | 1,310,361 | 51,202 |
| Total General Fund By Department | 2,139,600,822 | 2,156,437,243 | 1,464,270,018 | 692,167,225 |
| Public Improvement Contingency | 83,173,447 | 83,173,447 | 1,433,623 | 81,739,824 |
| MOBILITY FUND DEPARTMENTS | | | | |
| PID Shared Operations | 4,572,636 | 6,933,784 | 4,721,227 | 2,212,557 |
| Harris County Commissioner Pct. 1 | 121,140,000 | 124,617,450 | 13,744,480 | 110,872,970 |
| Harris County Commissioner Pct. 2 | 66,220,000 | 66,220,000 | 20,118,249 | 46,101,751 |
| Harris County Commissioner Pct. 3 | 69,910,000 | 70,553,730 | 27,339,821 | 43,213,909 |
| Harris County Commissioner Pct. 4 | 108,810,000 | 108,936,582 | 37,051,453 | 71,885,129 |
| General Administration | 26,976,176 | 26,681,603 | - | 26,681,603 |
| Total Mobility Fund By Department | 397,628,812 | 403,943,149 | 102,975,230 | 300,967,919 |

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 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
|--|---------------------------|----------------------------|-------------------------|-------------------------|
| GENERAL FUND DEBT SERVICE | | | | |
| 1050 HC/FC Agreement 2008A CP Refunding | 24,043,354 | 24,043,354 | 12,351,000 | 11,692,354 |
| 1080 HC/FC Agreement 2008C CP Refunding | 13,874,624 | 13,874,624 | 7,299,000 | 6,575,624 |
| 10A0 HC/FC Agreement 2010A CP Refunding | 18,007,013 | 18,007,013 | 8,926,000 | 9,081,013 |
| 10C0 HC/FC Agreement 2014A CP Refunding | 5,838,880 | 5,838,880 | 2,908,000 | 2,930,880 |
| 10D0 HC/FC Agreement 2014B CP Refunding | 30,303,372 | 30,303,372 | 17,286,000 | 13,017,372 |
| 1250 Permanent Improvement Refunding Series 1996 | 19,151,081 | 19,151,081 | 9,630,000 | 9,521,081 |
| 1390 Commercial Paper Series B | 485,076 | 36,485,076 | 36,142,575 | 342,501 |
| 1400 Commercial Paper Series C | 2,462,320 | 2,462,320 | 924,076 | 1,538,244 |
| 1410 Permanent Improvement Refunding Series 2008C | 7,514,784 | 7,514,784 | 2,786,175 | 4,728,609 |
| 1420 Commercial Paper Series A-1 | 13,213,230 | 60,048,230 | 53,731,386 | 6,316,844 |
| 1470 Commercial Paper Series - Flood Control | 51,018,917 | 155,928,917 | 129,703,652 | 26,225,265 |
| 1480 Flood Control CP Agreement | 2,235,295 | 2,235,295 | 1,749,635 | 485,660 |
| 1490 HC/FC Agreement 2006 CP Refunding | 3,437,294 | 3,437,294 | 1,711,398 | 1,725,896 |
| 1600 Revenue Refunding Series 2002 | 16,796,135 | 16,796,135 | 13,825,000 | 2,971,135 |
| 17G0 Road Refunding Bond Series 2015A COI | - | 524,609 | 516,711 | 7,898 |
| 1800 Permanent Improvement Refunding Series 2005A | 17,565,388 | 58,780,323 | 50,135,140 | 8,645,183 |
| 1850 Permanent Improvement Refunding Series 2006A | 9,240,528 | 24,795,476 | 17,513,235 | 7,282,241 |
| 1870 Permanent Improvement Refunding Series 2008A | 13,599,033 | 13,599,033 | 6,946,885 | 6,652,148 |
| 18A0 Tax & Subordinate Lien Refunding Series 2009C | 3,597,719 | 3,597,719 | 3,587,662 | 10,057 |
| 18C0 Tax & Subordinate Lien Refunding Series 2012A | 7,860,313 | 7,860,313 | 7,841,500 | 18,813 |
| 1910 Permanent Improvement Refunding Series 2008B | 17,496,176 | 17,496,176 | 9,002,100 | 8,494,076 |
| 1960 Permanent Improvement Refunding Series 2009A | 2,310,047 | 2,310,047 | 1,155,150 | 1,154,897 |
| 19A0 Permanent Improvement Refunding Series 2009B | 28,842,446 | 28,842,446 | 17,103,912 | 11,738,534 |
| 19C0 Permanent Improvement Refunding Series 2010A | 25,148,198 | 25,148,198 | 12,579,137 | 12,569,061 |
| 19E0 Permanent Improvement Refunding Series 2010B | 9,050,800 | 9,050,800 | 4,525,600 | 4,525,200 |
| 19G0 Permanent Improvement Refunding Series 2011A | 18,089,320 | 18,089,320 | 9,203,750 | 8,885,570 |
| 19I0 Permanent Improvement Refunding Series 2012A | 12,932,024 | 12,932,024 | 6,631,350 | 6,300,674 |
| 19K0 Permanent Improvement Refunding Series 2012B | 2,650,241 | 2,650,241 | 1,419,656 | 1,230,585 |
| 19M0 Tax Permanent Improvement Ref. Series 2015A | - | 221,894,645 | 221,894,645 | - |
| 19N0 Tax Permanent Improvement Ref. Series 2015A-COI | - | 573,866 | 546,106 | 27,760 |
| 19P0 Permanent Improvement Refunding Series 2015B | - | 57,057,027 | 57,057,027 | - |
| 19Q0 Permanent Improvement Ref. Series 2015B-COI | - | 162,875 | 158,909 | 3,966 |
| Total General Fund Debt Service | <u>376,763,608</u> | <u>901,491,513</u> | <u>726,792,372</u> | <u>174,699,141</u> |
| Total General Fund | <u>\$ 2,997,166,689</u> | <u>\$ 3,545,045,352</u> | <u>\$ 2,295,471,243</u> | <u>\$ 1,249,574,109</u> |

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 29, 2016

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 | \$ 3,664,044,258 |
| Beginning Cash and Investments | (1,068,415,677) |
| Accrued in 2015, received in 2016 | (18,388,621) |
| Entry to eliminate transfers between funds | (252,994,499) |
| Accrued in 2016, to be received in 2017 | 57,035,946 |
| Internal special revenue funds | 228 |
| Revenues and other sources on modified accrual (GAAP) basis | 2,381,281,635 |
| EXPENDITURES AND OTHER USES | |
| Cash (budgetary) basis | 2,295,471,243 |
| Incurred during 2015, paid in 2016 | (34,364,302) |
| Entry to eliminate transfers between funds | (252,994,499) |
| Incurred during 2016, payable in 2017 | 59,627,423 |
| Internal special revenue funds | 84,535 |
| Expenditures and other uses on modified accrual (GAAP) basis | 2,067,824,400 |
| Changes in Fund Balances | \$ 313,457,235 |

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 \$115,193,954. 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 \$478,563,453, which is primarily the reserve.

The Public Improvement Contingency Sub-fund has a positive variance of \$81,739,824. 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 \$300,967,919. 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 \$174,699,141. 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 29, 2016**

| 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) |
|-------------|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 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% |
| 2016 | 3/1/2015 | - | 1,311,021,556 | 1,311,021,556 | 0% | 961,963,878 | 136.3% |

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 \$1,819,165 and \$10,973,012 respectively.

HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Amounts in thousands)

| | <u>Year Ended</u> <u>December 31, 2015</u> |
|--|---|
| TOTAL PENSION LIABILITY | |
| Service cost | \$ 131,567 |
| Interest on total pension liability | 411,525 |
| Effect of plan changes | (28,883) |
| Effect of assumption changes or inputs | 51,149 |
| Effect of economic/demographic gains | (7,458) |
| Benefit payments/refunds of contributions | (220,100) |
| Net change in total pension liability | <u>\$ 337,800</u> |
| Total pension liability, beginning | 5,113,052 |
| Total pension liability, ending (a) | <u>\$ 5,450,852</u> |
| FIDUCIARY NET POSITION | |
| Employer contributions | \$ 132,346 |
| Member contributions | 66,878 |
| Investment income net of investment expenses | (30,646) |
| Benefit payments/refunds of contributions | (220,100) |
| Administrative expenses | (3,419) |
| Other | 363 |
| Net change in fiduciary net position | <u>(54,578)</u> |
| Fiduciary net position, beginning | 4,781,059 |
| Fiduciary net position, ending (b) | <u>\$ 4,726,481</u> |
| Net pension liability, ending = (a) - (b) | <u>\$ 724,371</u> |
| Fiduciary net position as a % of total pension liability | 86.71% |
| Pension covered payroll | \$ 953,501 |
| Net pension liability as a % of covered payroll | 75.97% |

Note: The County implemented GASB 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available, ten years of data will accumulate over time.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
February 29, 2016**

| Year Ending December 31 | Actuarially Determined Contribution (1) | Actual Employer Contribution (1) | Contribution Deficiency (Excess) | Pensionable Covered Payroll (2) | Actual Contribution as a % of Covered Payroll |
|-------------------------------|---|--|--|---------------------------------------|---|
| 2006 | \$ 66,938,058 | \$ 66,938,058 | \$ - | \$682,345,135 | 9.8% |
| 2007 | 78,835,454 | 78,835,454 | - | 755,852,867 | 10.4% |
| 2008 | 80,968,198 | 80,968,198 | - | 839,919,068 | 9.6% |
| 2009 | 85,977,877 | 85,977,877 | - | 882,729,740 | 9.7% |
| 2010 | 96,038,173 | 96,038,173 | - | 849,143,883 | 11.3% |
| 2011 | 77,988,234 | 77,988,234 | - | 794,141,978 | 9.8% |
| 2012 | 83,215,181 | 83,215,181 | - | 779,898,383 | 10.7% |
| 2013 | 92,818,576 | 92,818,576 | - | 800,850,524 | 11.6% |
| 2014 | 106,802,688 | 106,802,688 | - | 859,233,866 | 12.4% |
| 2015 | 132,345,738 | 132,345,738 | - | 953,501,308 | 13.9% |

(1) TCDRS calculated actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age
Amortization method Level percentage of payroll, closed

Remaining amortization period 14.2 years (based on contribution rate calculated in 12/31/2015 valuation)

Asset valuation method 5-year smoothed market

Inflation 3.0%

Salary increases Varies by age and service. 4.9% average over career including inflation.

Investment rate of return 8.00%, net of investment expenses, including inflation

Retirement age Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Changes in plan provisions reflected in the schedule Effective with the 2015 calendar year, employer contributions reflect that the member contribution rate was increased to 7%.

NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 29, 2016

| | <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 | \$ 88,665,690 | \$ - | \$ 167,216,375 | \$ 255,882,065 |
| Investments | 119,088,559 | - | 209,482,318 | 328,570,877 |
| Receivables: | | | | |
| Taxes, net | 5,023,913 | 4,369,788 | - | 9,393,701 |
| Accounts, net | 39,779,912 | - | 2,712,702 | 42,492,614 |
| Accrued interest | 10,467,358 | - | 262,805 | 10,730,163 |
| Other, net | 41,173,693 | 27,150 | 2,253,123 | 43,453,966 |
| Due from other funds | 4,114,429 | 10,288 | 66,569 | 4,191,286 |
| Prepays and other assets | 1,928,470 | - | 1,711,771 | 3,640,241 |
| Inventories | 1,475,767 | - | - | 1,475,767 |
| Advances to other funds | 567,500 | - | 12,000,000 | 12,567,500 |
| Restricted cash and cash equivalents | 2,064,774 | 66,026,171 | - | 68,090,945 |
| Restricted investments | 12,000,000 | 17,497,338 | - | 29,497,338 |
| Notes receivable | 385,406 | - | - | 385,406 |
| Total assets | <u>\$ 326,735,471</u> | <u>\$ 87,930,735</u> | <u>\$ 395,705,663</u> | <u>\$ 810,371,869</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 27,856,058 | \$ - | \$ 16,502,690 | \$ 44,358,748 |
| Accrued payroll and compensated absences | 6,134,273 | - | 63,333 | 6,197,606 |
| Retainage payable | 1,183,969 | - | 5,725,010 | 6,908,979 |
| Due to other funds | 28,508,974 | - | 799,468 | 29,308,442 |
| Due to other governmental units | 19,626 | - | - | 19,626 |
| Advances from other funds | 12,607,500 | - | - | 12,607,500 |
| Unearned revenue | 23,882,714 | - | 9,901,757 | 33,784,471 |
| Total liabilities | <u>100,193,114</u> | <u>-</u> | <u>32,992,258</u> | <u>133,185,372</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 2,236,726 | 1,952,171 | - | 4,188,897 |
| Unavailable revenue - other | 27,004,750 | - | 2,273,074 | 29,277,824 |
| Total deferred inflows of resources | <u>29,241,476</u> | <u>1,952,171</u> | <u>2,273,074</u> | <u>33,466,721</u> |
| FUND BALANCE | | | | |
| Nonspendable | 1,316,275 | - | 1,711,771 | 3,028,046 |
| Restricted | 185,674,172 | 85,978,564 | 329,455,890 | 601,108,626 |
| Committed | 14,103,193 | - | 29,272,670 | 43,375,863 |
| Unassigned | (3,792,759) | - | - | (3,792,759) |
| Total fund balances | <u>197,300,881</u> | <u>85,978,564</u> | <u>360,440,331</u> | <u>643,719,776</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 326,735,471</u> | <u>\$ 87,930,735</u> | <u>\$ 395,705,663</u> | <u>\$ 810,371,869</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For the Year Ended February 29, 2016

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|----------------------------|-------------------------|-----------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 133,158,620 | \$ 85,720,487 | \$ - | \$ 218,879,107 |
| Charges for services | 30,582,738 | - | - | 30,582,738 |
| Lease revenue | 1,001,488 | - | - | 1,001,488 |
| Intergovernmental | 151,304,012 | - | 20,663,849 | 171,967,861 |
| Earnings on investments | 367,945 | 149,748 | 1,184,633 | 1,702,326 |
| Miscellaneous | 46,523,426 | 110,823 | 11,000,167 | 57,634,416 |
| Total revenues | <u>362,938,229</u> | <u>85,981,058</u> | <u>32,848,649</u> | <u>481,767,936</u> |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| Administration of justice | 74,901,926 | - | 5,661 | 74,907,587 |
| Parks | 22,450,161 | - | 174,636 | 22,624,797 |
| County administration | 41,395,550 | - | 10,627,070 | 52,022,620 |
| Health and human services | 81,842,142 | - | 9,004 | 81,851,146 |
| Flood control | 54,330,334 | - | 1,923,214 | 56,253,548 |
| Tax administration | 935,056 | - | - | 935,056 |
| Roads and bridges | 74,983 | - | 1,642,875 | 1,717,858 |
| Capital outlay | 25,559,255 | - | 189,986,525 | 215,545,780 |
| Debt service: | | | | |
| Principal retirement | - | 56,097,743 | - | 56,097,743 |
| Bond issuance costs | 251,657 | 1,126,257 | - | 1,377,914 |
| Interest and fiscal charges | - | 83,767,635 | 425 | 83,768,060 |
| Total Expenditures | <u>301,741,064</u> | <u>140,991,635</u> | <u>204,369,410</u> | <u>647,102,109</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>61,197,165</u> | <u>(55,010,577)</u> | <u>(171,520,761)</u> | <u>(165,334,173)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 14,267,223 | 50,914,855 | 94,150,426 | 159,332,504 |
| Transfers out | (96,456,444) | (782,202) | (5,023,310) | (102,261,956) |
| Refunding bonds issued | - | 279,700,000 | - | 279,700,000 |
| Premium on bonds issued | - | 54,965,673 | - | 54,965,673 |
| Commercial paper issued | - | - | 97,420,000 | 97,420,000 |
| Payments to refunding bond escrow agent | - | (332,757,214) | - | (332,757,214) |
| Insurance recoveries | 189,020 | - | - | 189,020 |
| Sale of capital assets | - | - | 1,410,634 | 1,410,634 |
| Total other financing sources(uses) | <u>(82,000,201)</u> | <u>52,041,112</u> | <u>187,957,750</u> | <u>157,998,661</u> |
| Net changes in fund balances | (20,803,036) | (2,969,465) | 16,436,989 | (7,335,512) |
| Fund balances, beginning | 218,103,917 | 88,948,029 | 344,003,342 | 651,055,288 |
| Fund balances, ending | <u>\$ 197,300,881</u> | <u>\$ 85,978,564</u> | <u>\$ 360,440,331</u> | <u>\$ 643,719,776</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.

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 – 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.

ENVIRONMENTAL ENFORCEMENT – This fund was established account for funds pursuant to an interlocal agreement with the City of Houston for the purpose of purchasing equipment and supplies to be used in the enforcement and investigation of environmental crimes.

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 to be 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 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.

ENVIRONMENTAL SETTLEMENTS – This fund was established to account for the settlement of lawsuits to purchase equipment, pay for services of the Pollution Control Services Department, support pollution control activities throughout the county, and recreational, environmental, and quality of life improvements in the San Jacinto River watershed and within a five-mile radius of the waste pit site.

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 29, 2016

| | Flood Control | Sports & Convention Corporation | Hotel Occupancy Tax Revenue | District Court Records Archive | Port Security Program | DSRIP Programs |
|--|--------------------------|--|--|---|--------------------------------------|---------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 13,447,217 | \$ 14,852,593 | \$ 442,846 | \$ 106,681 | \$ - | \$ 2,101,312 |
| Investments | 62,045,602 | - | 1,865,273 | 193,222 | - | 3,862,751 |
| Receivables: | | | | | | |
| Taxes, net | 5,023,913 | - | - | - | - | - |
| Accounts, net | 21,710 | 7,744,581 | - | - | 33,345 | - |
| Accrued interest | 92,006 | 10,352,434 | 749 | 78 | - | 1,552 |
| Other | 30,171 | - | 5,668,556 | - | 18,465 | - |
| Due from other funds | 4,018,189 | 2,010 | 35,292 | - | - | - |
| Prepays and other assets | 581,552 | 82,637 | 9,004 | - | - | 209 |
| Inventories | - | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - | - |
| Restricted cash and cash equivalents | 104,574 | 1,960,200 | - | - | - | - |
| Restricted Investments | - | 12,000,000 | - | - | - | - |
| Notes receivable | - | - | - | - | - | - |
| Total assets | <u>\$ 85,364,934</u> | <u>\$ 46,994,455</u> | <u>\$ 8,021,720</u> | <u>\$ 299,981</u> | <u>\$ 51,810</u> | <u>\$ 5,965,824</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ 2,853,745 | \$ 1,940,178 | \$ 847,584 | \$ - | \$ 35,437 | \$ 105,456 |
| Accrued payroll and compensated absences | 1,728,994 | 20,381 | - | 40,027 | 5,037 | 56,639 |
| Retainage payable | 222,242 | - | - | - | - | - |
| Due to other funds | 1,950 | 35,292 | - | - | 59,624 | - |
| Due to other units | 13,441 | - | - | - | - | - |
| Advances from other funds | - | 12,000,000 | - | - | - | - |
| Unearned revenue | - | 6,155,097 | - | - | - | - |
| Total liabilities | <u>4,820,372</u> | <u>20,150,948</u> | <u>847,584</u> | <u>40,027</u> | <u>100,098</u> | <u>162,095</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | 2,236,726 | - | - | - | - | - |
| Unavailable revenue - other | - | 7,524,737 | 5,221,195 | - | 18,465 | - |
| Total deferred inflows of resources | <u>2,236,726</u> | <u>7,524,737</u> | <u>5,221,195</u> | <u>-</u> | <u>18,465</u> | <u>-</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | 581,552 | 82,637 | 9,004 | - | - | 209 |
| Restricted | 77,726,284 | 19,236,133 | 1,943,937 | 259,954 | - | 5,803,520 |
| Committed | - | - | - | - | - | - |
| Unassigned | - | - | - | - | (66,753) | - |
| Total fund balances | <u>78,307,836</u> | <u>19,318,770</u> | <u>1,952,941</u> | <u>259,954</u> | <u>(66,753)</u> | <u>5,803,729</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 85,364,934</u> | <u>\$ 46,994,455</u> | <u>\$ 8,021,720</u> | <u>\$ 299,981</u> | <u>\$ 51,810</u> | <u>\$ 5,965,824</u> |

(continued)

| Deed Restriction Enforcement | Concession Fee | Care for Elders | Child Support Enforcement | Family Protection | Utility Bill Assistance Program | Probate Court Support | Appellate Judicial System |
|---|---------------------------|----------------------------|--------------------------------------|------------------------------|--|--------------------------------------|--|
| \$ 6,851 | \$ 2,183,846 | \$ 19,092 | \$ 85,050 | \$ 69,315 | \$ 92,684 | \$ 349,119 | \$ 79,451 |
| 13,560 | 3,961,905 | - | 154,239 | 137,289 | 183,900 | 633,058 | 156,781 |
| - | - | - | - | - | - | - | - |
| - | 427,226 | - | - | - | - | - | 26,418 |
| 5 | 1,592 | - | 62 | 55 | 74 | 254 | 63 |
| 250 | - | - | 3,212 | - | - | - | 126,328 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 20,666</u> | <u>\$ 6,574,569</u> | <u>\$ 19,092</u> | <u>\$ 242,563</u> | <u>\$ 206,659</u> | <u>\$ 276,658</u> | <u>\$ 982,431</u> | <u>\$ 389,041</u> |
| \$ - | \$ 362,056 | \$ - | \$ - | \$ 31,567 | \$ 5,216 | \$ 96 | \$ 1,825 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 1,683 | - | - | - | - | - | - |
| - | <u>363,739</u> | - | - | <u>31,567</u> | <u>5,216</u> | <u>96</u> | <u>1,825</u> |
| - | - | - | - | - | - | - | - |
| - | 424,356 | - | - | - | - | - | 126,328 |
| - | <u>424,356</u> | - | - | - | - | - | <u>126,328</u> |
| - | - | - | - | - | - | - | - |
| 20,666 | 5,786,474 | 19,092 | 242,563 | 175,092 | - | 982,335 | 260,888 |
| - | - | - | - | - | 271,442 | - | - |
| - | - | - | - | - | - | - | - |
| <u>20,666</u> | <u>5,786,474</u> | <u>19,092</u> | <u>242,563</u> | <u>175,092</u> | <u>271,442</u> | <u>982,335</u> | <u>260,888</u> |
| <u>\$ 20,666</u> | <u>\$ 6,574,569</u> | <u>\$ 19,092</u> | <u>\$ 242,563</u> | <u>\$ 206,659</u> | <u>\$ 276,658</u> | <u>\$ 982,431</u> | <u>\$ 389,041</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2016

| | County Attorney Administration | District Attorney Administration | Justice Court Courthouse Security | Records Management | Donation Fund | Justice Court Techonology |
|--|--------------------------------------|--|---|-----------------------|---------------------|---------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 91,915 | \$ 1,835,313 | \$ 511,606 | \$ 8,366,241 | \$ 473,769 | \$ 1,517,186 |
| Investments | 300,003 | 848 | 928,823 | 15,396,769 | 862,720 | 2,752,571 |
| Receivables: | | | | | | |
| Taxes, net | - | - | - | - | - | - |
| Accounts, net | 523,548 | - | - | - | - | - |
| Accrued interest | 121 | - | 373 | 6,185 | 346 | 1,106 |
| Other | - | 18,998 | 1 | 7 | 126 | 12 |
| Due from other funds | - | - | - | - | - | - |
| Prepays and other assets | - | - | - | 402,815 | - | 5,039 |
| Inventories | - | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - | - |
| Restricted Investments | - | - | - | - | - | - |
| Notes receivable | - | - | - | - | - | - |
| Total assets | <u>\$ 915,587</u> | <u>\$ 1,855,159</u> | <u>\$ 1,440,803</u> | <u>\$ 24,172,017</u> | <u>\$ 1,336,961</u> | <u>\$ 4,275,914</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ 84,840 | \$ 1,176 | \$ - | \$ 1,101,854 | \$ 9,763 | \$ 1,202 |
| Accrued payroll and compensated absences | 11,972 | - | - | 64,858 | - | - |
| Retainage payable | - | - | - | - | - | - |
| Due to other funds | 3,914 | - | - | - | - | - |
| Due to other units | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | <u>100,726</u> | <u>1,176</u> | <u>-</u> | <u>1,166,712</u> | <u>9,763</u> | <u>1,202</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 | - | - | - | 402,815 | - | 5,039 |
| Restricted | 814,861 | 1,853,983 | 1,440,803 | 22,602,490 | 1,327,198 | 4,269,673 |
| Committed | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>814,861</u> | <u>1,853,983</u> | <u>1,440,803</u> | <u>23,005,305</u> | <u>1,327,198</u> | <u>4,274,712</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 915,587</u> | <u>\$ 1,855,159</u> | <u>\$ 1,440,803</u> | <u>\$ 24,172,017</u> | <u>\$ 1,336,961</u> | <u>\$ 4,275,914</u> |

(continued)

| 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 | Stormwater Management | DA DWI Pre-trial Intervention Program |
|---------------------------|--------------------|------------------------------------|---------------------------------|-------------------------------|---------------------|--|--------------------------|---|
| \$ 27,155 | \$ 22,855 | \$ 62,330 | \$ 1,480,737 | \$ 230 | \$ 708,303 | \$ 148,604 | \$ 41,153 | \$ 50,092 |
| 49,153 | 42,373 | 124,577 | 2,686,469 | - | 1,285,606 | 270,342 | 78,814 | 89,831 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 20 | 17 | 50 | 1,079 | - | 517 | 109 | 32 | 36 |
| 70 | - | - | 5 | 29,973 | - | 656 | - | 1,560 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 1,654 | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 76,398</u> | <u>\$ 65,245</u> | <u>\$ 186,957</u> | <u>\$ 4,168,290</u> | <u>\$ 30,203</u> | <u>\$ 1,994,426</u> | <u>\$ 419,711</u> | <u>\$ 121,653</u> | <u>\$ 141,519</u> |
| \$ - | \$ 341 | \$ - | \$ 1,945 | \$ - | \$ 3,050 | \$ - | \$ 240 | \$ - |
| - | - | - | 53,714 | - | - | - | - | 3,826 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | 29,973 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 341 | - | 55,659 | 29,973 | 3,050 | - | 240 | 3,826 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 1,654 | - |
| 76,398 | 64,904 | - | 4,112,631 | 230 | 1,991,376 | 419,711 | - | 137,693 |
| - | - | 186,957 | - | - | - | - | 119,759 | - |
| - | - | - | - | - | - | - | - | - |
| <u>76,398</u> | <u>64,904</u> | <u>186,957</u> | <u>4,112,631</u> | <u>230</u> | <u>1,991,376</u> | <u>419,711</u> | <u>121,413</u> | <u>137,693</u> |
| <u>\$ 76,398</u> | <u>\$ 65,245</u> | <u>\$ 186,957</u> | <u>\$ 4,168,290</u> | <u>\$ 30,203</u> | <u>\$ 1,994,426</u> | <u>\$ 419,711</u> | <u>\$ 121,653</u> | <u>\$ 141,519</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2016

| | Gulf of Mexico Energy Security Act | Veterinary Public Health | Environmental Projects | Energy Conservation | Environmental Enforcement | Community Development Financial Sureties |
|--|--|--------------------------------|---------------------------|------------------------|------------------------------|--|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 56,070 | \$ 26,493 | \$ 448,577 | \$ 53,325 | \$ 90,371 | \$ 366,750 |
| Investments | 101,696 | 51,695 | 131,357 | 97,458 | 163,561 | 666,108 |
| Receivables: | | | | | | |
| Taxes, net | - | - | - | - | - | - |
| Accounts, net | - | 431 | - | - | - | - |
| Accrued interest | 41 | 21 | 53 | 39 | 66 | 268 |
| Other | - | - | 50,000 | - | - | - |
| 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>\$ 157,807</u> | <u>\$ 78,640</u> | <u>\$ 629,987</u> | <u>\$ 150,822</u> | <u>\$ 253,998</u> | <u>\$ 1,033,126</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ - | \$ 491 | \$ 13,544 | \$ - | \$ - | \$ 12,562 |
| Accrued payroll and compensated absences | - | - | - | - | - | - |
| Retainage payable | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Due to other units | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>491</u> | <u>13,544</u> | <u>-</u> | <u>-</u> | <u>12,562</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 | 157,807 | 78,149 | 616,443 | - | 253,998 | - |
| Committed | - | - | - | 150,822 | - | 1,020,564 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances | <u>157,807</u> | <u>78,149</u> | <u>616,443</u> | <u>150,822</u> | <u>253,998</u> | <u>1,020,564</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 157,807</u> | <u>\$ 78,640</u> | <u>\$ 629,987</u> | <u>\$ 150,822</u> | <u>\$ 253,998</u> | <u>\$ 1,033,126</u> |

(continued)

| 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 | Juvenile Probation Fee |
|--------------------------|---------------------------------------|-------------------------------------|--|---------------------------|----------------------|------------------------------|----------------------------------|-------------------------------|
| \$ 556,895 | \$ 18,786,217 | \$ 20,530 | \$ 178,668 | \$ - | \$ 1,497,573 | \$ 215,095 | \$ 155,490 | \$ 116,853 |
| 1,010,180 | 211,019 | 38,136 | 361,021 | 127,120 | 2,850,029 | 410,174 | 285,596 | 848 |
| - | - | - | - | - | - | - | - | - |
| 60,461 | - | - | 542,310 | - | 420 | - | - | 38 |
| 406 | 85 | 15 | 145 | 51 | 1,145 | 165 | 115 | - |
| - | 201,037 | - | 580,453 | - | 2,100 | - | - | - |
| - | 8,876 | - | - | - | - | - | - | - |
| - | 196,907 | - | 30,614 | - | 5,844 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 1,627,942</u> | <u>\$ 19,404,141</u> | <u>\$ 58,681</u> | <u>\$ 1,693,211</u> | <u>\$ 127,171</u> | <u>\$ 4,357,111</u> | <u>\$ 625,434</u> | <u>\$ 441,201</u> | <u>\$ 117,739</u> |
| \$ - | \$ 1,108,540 | \$ - | \$ 76,437 | \$ 100,209 | \$ 93,473 | \$ 17,043 | \$ 11,331 | \$ 5,302 |
| - | 14,212 | - | - | - | 119,608 | - | - | - |
| - | - | - | - | - | 68,905 | - | - | - |
| - | 51,169 | - | - | 173,599 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 1,173,921 | - | 76,437 | 273,808 | 281,986 | 17,043 | 11,331 | 5,302 |
| - | - | - | - | - | - | - | - | - |
| 60,371 | - | - | 519,035 | - | 2,320 | - | - | 38 |
| 60,371 | - | - | 519,035 | - | 2,320 | - | - | 38 |
| - | 196,907 | - | 30,614 | - | 5,844 | - | - | - |
| 1,567,571 | 18,033,313 | 58,681 | 1,067,125 | - | 4,066,961 | 608,391 | 429,870 | 112,399 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | (146,637) | - | - | - | - |
| <u>1,567,571</u> | <u>18,230,220</u> | <u>58,681</u> | <u>1,097,739</u> | <u>(146,637)</u> | <u>4,072,805</u> | <u>608,391</u> | <u>429,870</u> | <u>112,399</u> |
| <u>\$ 1,627,942</u> | <u>\$ 19,404,141</u> | <u>\$ 58,681</u> | <u>\$ 1,693,211</u> | <u>\$ 127,171</u> | <u>\$ 4,357,111</u> | <u>\$ 697,859</u> | <u>\$ 491,629</u> | <u>\$ 117,739</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2016

| | Food Permit Fee | Court Reporter Services | Juvenile Delinquency Prevention | Supplemental Guardianship | Courthouse Security | FPM Property Maintenance |
|--|--------------------------------|--|--|--------------------------------------|--------------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 46,153 | \$ 141,901 | \$ 68 | \$ 186,739 | \$ 179,967 | \$ 7,008 |
| Investments | 131,357 | 256,782 | - | 338,139 | 326,275 | 13,559 |
| Receivables: | | | | | | |
| Taxes, net | - | - | - | - | - | - |
| Accounts, net | - | - | - | - | - | - |
| Accrued interest | 53 | 103 | - | 136 | 131 | 5 |
| Other | - | - | - | - | 585 | - |
| 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>\$ 177,563</u> | <u>\$ 398,786</u> | <u>\$ 68</u> | <u>\$ 525,014</u> | <u>\$ 506,958</u> | <u>\$ 20,572</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ 175,613 | \$ 6,826 | \$ - | \$ 1,642 | \$ 22,869 | \$ - |
| Accrued payroll and compensated absences | 24,217 | - | - | - | 80,702 | - |
| Retainage payable | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Due to other units | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | <u>199,830</u> | <u>6,826</u> | <u>-</u> | <u>1,642</u> | <u>103,571</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 | - | 391,960 | 68 | 523,372 | 403,387 | - |
| Committed | - | - | - | - | - | 20,572 |
| Unassigned | (22,267) | - | - | - | - | - |
| Total fund balances | <u>(22,267)</u> | <u>391,960</u> | <u>68</u> | <u>523,372</u> | <u>403,387</u> | <u>20,572</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 177,563</u> | <u>\$ 398,786</u> | <u>\$ 68</u> | <u>\$ 525,014</u> | <u>\$ 506,958</u> | <u>\$ 20,572</u> |

(continued)

| IFS Training | Law Library | Environmental Settlements | TIRZ Affordable Housing / Other Restricted Funds | Harris County Redevelopment Authority | Harris County Juvenile Board | Flood Control Grants | Grants | Total |
|------------------|-------------------|------------------------------|--|---|------------------------------------|----------------------------|----------------------|-----------------------|
| \$ 15,406 | \$ 83,280 | \$ 4,374,540 | \$ 1,957,722 | \$ 90,444 | \$ 8,798,762 | \$ 11,329 | \$ 1,029,918 | \$ 88,665,690 |
| 27,119 | 192,375 | 7,933,980 | 3,153,422 | - | - | - | 2,133,074 | 119,088,559 |
| - | - | - | - | - | - | - | - | 5,023,913 |
| - | - | - | 221,627 | 6,497,901 | 1,516,438 | 3,277,293 | 18,886,165 | 39,779,912 |
| 11 | 77 | 3,187 | 1,267 | - | - | - | 858 | 10,467,358 |
| - | - | - | 352,258 | - | 186 | 3,251,961 | 30,836,723 | 41,173,693 |
| - | - | - | - | - | - | - | 50,062 | 4,114,429 |
| - | - | - | - | - | - | 447,228 | 164,967 | 1,928,470 |
| - | - | - | - | - | - | - | 1,475,767 | 1,475,767 |
| - | - | - | 567,500 | - | - | - | - | 567,500 |
| - | - | - | - | - | - | - | - | 2,064,774 |
| - | - | - | - | - | - | - | - | 12,000,000 |
| - | - | - | 240,917 | - | - | - | 144,489 | 385,406 |
| <u>\$ 42,536</u> | <u>\$ 275,732</u> | <u>\$ 12,311,707</u> | <u>\$ 6,494,713</u> | <u>\$ 6,588,345</u> | <u>\$ 10,315,386</u> | <u>\$ 6,987,811</u> | <u>\$ 54,722,023</u> | <u>\$ 326,735,471</u> |
| \$ 16,838 | \$ 35,684 | \$ 4,220 | \$ 153,051 | \$ 4,868,602 | \$ 532,160 | \$ 2,834,604 | \$ 10,377,446 | \$ 27,856,058 |
| - | 56,557 | 108 | - | - | 1,423,356 | - | 2,430,065 | 6,134,273 |
| - | - | - | - | - | - | 135,018 | 757,804 | 1,183,969 |
| - | - | - | - | 724,534 | - | 4,018,189 | 23,410,730 | 28,508,974 |
| - | - | - | - | - | 6,185 | - | - | 19,626 |
| - | - | - | 327,500 | - | - | - | 280,000 | 12,607,500 |
| - | - | - | 269,159 | - | - | - | 17,456,775 | 23,882,714 |
| <u>16,838</u> | <u>92,241</u> | <u>4,328</u> | <u>749,710</u> | <u>5,593,136</u> | <u>1,961,701</u> | <u>6,987,811</u> | <u>54,712,820</u> | <u>100,193,114</u> |
| - | - | - | - | - | - | - | - | 2,236,726 |
| - | - | - | 201,909 | 4,552,311 | 8,353,685 | - | - | 27,004,750 |
| - | - | - | 201,909 | 4,552,311 | 8,353,685 | - | - | 29,241,476 |
| - | - | - | - | - | - | - | - | 1,316,275 |
| - | 183,491 | - | 5,543,094 | - | - | - | 9,203 | 185,674,172 |
| 25,698 | - | 12,307,379 | - | - | - | - | - | 14,103,193 |
| - | - | - | - | (3,557,102) | - | - | - | (3,792,759) |
| <u>25,698</u> | <u>183,491</u> | <u>12,307,379</u> | <u>5,543,094</u> | <u>(3,557,102)</u> | <u>-</u> | <u>-</u> | <u>9,203</u> | <u>197,300,881</u> |
| <u>\$ 42,536</u> | <u>\$ 275,732</u> | <u>\$ 12,311,707</u> | <u>\$ 6,494,713</u> | <u>\$ 6,588,345</u> | <u>\$ 10,315,386</u> | <u>\$ 6,987,811</u> | <u>\$ 54,722,023</u> | <u>\$ 326,735,471</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 29, 2016

| | Flood Control | Sports and Convention Corporation | Hotel Occupancy Tax Revenue | District Court Records Archive | Port Security Program | DSRIP Programs |
|--|--------------------------|--|--|---|--------------------------------------|---------------------------|
| REVENUES | | | | | | |
| Taxes | 96,663,240 | \$ - | \$ 36,495,380 | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | 686,396 | - | - |
| Lease revenue | 325,659 | - | 1 | - | - | - |
| Intergovernmental | 15,900 | - | - | - | 386,908 | 4,061,536 |
| Earnings on investments | - | 7,200 | 6,031 | 905 | - | 13,922 |
| Miscellaneous | 438,426 | 16,493,844 | 874,190 | - | 133,953 | - |
| Total revenues | <u>97,443,225</u> | <u>16,501,044</u> | <u>37,375,602</u> | <u>687,301</u> | <u>520,861</u> | <u>4,075,458</u> |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| Administration of justice | - | - | - | 473,695 | 316,297 | - |
| Parks | - | 21,928,311 | 20,000 | - | - | - |
| County administration | - | - | 12,160,789 | - | 250,221 | - |
| Health and human services | - | - | - | - | - | 2,333,737 |
| Flood control | 54,097,209 | - | - | - | - | - |
| Tax administration | 559,211 | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - | - |
| Capital outlay | 789,308 | 412,437 | - | - | - | 68,365 |
| Debt service: | | | | | | |
| Bond issuance costs | 251,657 | - | - | - | - | - |
| Total expenditures | <u>55,697,385</u> | <u>22,340,748</u> | <u>12,180,789</u> | <u>473,695</u> | <u>566,518</u> | <u>2,402,102</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>41,745,840</u> | <u>(5,839,704)</u> | <u>25,194,813</u> | <u>213,606</u> | <u>(45,657)</u> | <u>1,673,356</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 417,360 | - | - | - | - | - |
| Transfers out | (60,003,265) | - | (32,889,875) | - | - | - |
| Proceeds from insurance recoveries | - | 189,020 | - | - | - | - |
| Total other financial sources (uses) | <u>(59,585,905)</u> | <u>189,020</u> | <u>(32,889,875)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (17,840,065) | (5,650,684) | (7,695,062) | 213,606 | (45,657) | 1,673,356 |
| Fund balances, beginning | 96,147,901 | 24,969,454 | 9,648,003 | 46,348 | (21,096) | 4,130,373 |
| Fund balances, ending | <u>\$ 78,307,836</u> | <u>\$ 19,318,770</u> | <u>\$ 1,952,941</u> | <u>\$ 259,954</u> | <u>\$ (66,753)</u> | <u>\$ 5,803,729</u> |

(continued)

| Deed Restriction Enforcement | Concession Fee | Care for Elders | Child Support Enforcement | Family Protection | Utility Bill Assistance Program | Probate Court Support | Appellate Judicial System |
|---|---------------------------|----------------------------|--------------------------------------|------------------------------|--|--------------------------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 250 | - | - | - | 288,096 | - | - | 405,881 |
| - | 675,828 | - | - | - | - | - | - |
| - | - | - | 44,598 | - | 9,400 | 384,418 | - |
| 75 | 21,539 | 10 | 854 | 748 | 1,240 | 3,324 | 878 |
| - | - | 22,500 | - | - | 340,562 | - | 124,978 |
| <u>325</u> | <u>697,367</u> | <u>22,510</u> | <u>45,452</u> | <u>288,844</u> | <u>351,202</u> | <u>387,742</u> | <u>531,737</u> |
| - | - | - | - | 30,000 | - | - | 512,285 |
| - | 295,573 | - | - | - | - | - | - |
| - | - | - | - | 14,630 | - | 183,982 | - |
| - | - | 34,157 | - | 183,458 | 270,797 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 140,733 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>436,306</u> | <u>34,157</u> | <u>-</u> | <u>228,088</u> | <u>270,797</u> | <u>183,982</u> | <u>512,285</u> |
| <u>325</u> | <u>261,061</u> | <u>(11,647)</u> | <u>45,452</u> | <u>60,756</u> | <u>80,405</u> | <u>203,760</u> | <u>19,452</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>325</u> | <u>261,061</u> | <u>(11,647)</u> | <u>45,452</u> | <u>60,756</u> | <u>80,405</u> | <u>203,760</u> | <u>19,452</u> |
| 20,341 | 5,525,413 | 30,739 | 197,111 | 114,336 | 191,037 | 778,575 | 241,436 |
| <u>\$ 20,666</u> | <u>\$ 5,786,474</u> | <u>\$ 19,092</u> | <u>\$ 242,563</u> | <u>\$ 175,092</u> | <u>\$ 271,442</u> | <u>\$ 982,335</u> | <u>\$ 260,888</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 29, 2016

| | County Attorney Administration | District Attorney Administration | Justice Court Courthouse Security | Records Management | Donation Fund | Justice Court Technology |
|--|--------------------------------------|--|---|-----------------------|---------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 2,549,201 | 112,438 | 197,544 | 9,151,241 | 17 | 790,190 |
| Lease revenue | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 13,789 | - |
| Earnings on investments | 2,528 | 2,481 | 4,961 | 91,277 | 220 | 14,732 |
| Miscellaneous | 9,411 | 2,905 | - | - | 383,213 | - |
| Total revenues | <u>2,561,140</u> | <u>117,824</u> | <u>202,505</u> | <u>9,242,518</u> | <u>397,239</u> | <u>804,922</u> |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| Administration of justice | - | 226,113 | - | 2,786,671 | 163,253 | 71,983 |
| Parks | - | - | - | - | 9,493 | - |
| County administration | 1,854,524 | - | - | 6,704,860 | - | - |
| Health and human services | - | - | - | - | 73,774 | - |
| Flood control | - | - | - | - | - | - |
| Tax administration | - | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - | - |
| Capital outlay | 345,359 | - | - | 664,408 | - | - |
| Debt service: | | | | | | |
| Bond issuance costs | - | - | - | - | - | - |
| Total expenditures | <u>2,199,883</u> | <u>226,113</u> | <u>-</u> | <u>10,155,939</u> | <u>246,520</u> | <u>71,983</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>361,257</u> | <u>(108,289)</u> | <u>202,505</u> | <u>(913,421)</u> | <u>150,719</u> | <u>732,939</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | (107,254) |
| Proceeds from insurance recoveries | - | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,254)</u> |
| Net changes in fund balances | 361,257 | (108,289) | 202,505 | (913,421) | 150,719 | 625,685 |
| Fund balances, beginning | 453,604 | 1,962,272 | 1,238,298 | 23,918,726 | 1,176,479 | 3,649,027 |
| Fund balances, ending | <u>\$ 814,861</u> | <u>\$ 1,853,983</u> | <u>\$ 1,440,803</u> | <u>\$ 23,005,305</u> | <u>\$ 1,327,198</u> | <u>\$ 4,274,712</u> |

(continued)

| 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 | Stormwater Management | DA DWI Pre-trial Intervention Program |
|------------------------|-----------------|------------------------------|---------------------------|-------------------------|------------------|----------------------------------|-----------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6,462 | 22,500 | 146,452 | 987,223 | - | 224,321 | 65,866 | - | 57,070 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | 402,593 | - | - | 57,796 | - |
| 269 | 217 | 645 | 14,952 | - | 6,980 | 1,455 | 301 | 604 |
| - | - | - | - | - | - | - | - | - |
| 6,731 | 22,717 | 147,097 | 1,002,175 | 402,593 | 231,301 | 67,321 | 58,097 | 57,674 |
| - | 5,218 | 43,361 | 785,804 | - | 53,655 | - | - | 158,184 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 5,519 | 1,670 | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | 375,845 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 5,218 | 43,361 | 785,804 | 375,845 | 53,655 | 5,519 | 1,670 | 158,184 |
| 6,731 | 17,499 | 103,736 | 216,371 | 26,748 | 177,646 | 61,802 | 56,427 | (100,510) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 6,731 | 17,499 | 103,736 | 216,371 | 26,748 | 177,646 | 61,802 | 56,427 | (100,510) |
| 69,667 | 47,405 | 83,221 | 3,896,260 | (26,518) | 1,813,730 | 357,909 | 64,986 | 238,203 |
| \$ 76,398 | \$ 64,904 | \$ 186,957 | \$ 4,112,631 | \$ 230 | \$ 1,991,376 | \$ 419,711 | \$ 121,413 | \$ 137,693 |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 29, 2016

| | Gulf of Mexico Energy Security Act | Veterinary Public Health | Environmental Projects | Energy Conservation | Environmental Enforcement | Community Development Financial Sureties |
|--|--|--------------------------------|---------------------------|------------------------|------------------------------|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | 466,314 | - | - | - | 222,035 |
| Lease revenue | - | - | - | - | - | - |
| Intergovernmental | 11,536 | - | - | - | 250,000 | - |
| Earnings on investments | 572 | 274 | 883 | 543 | 491 | 3,556 |
| Miscellaneous | - | - | 56,110 | 1,219 | 3,507 | - |
| Total revenues | <u>12,108</u> | <u>466,588</u> | <u>56,993</u> | <u>1,762</u> | <u>253,998</u> | <u>225,591</u> |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| Administration of justice | - | - | - | - | - | - |
| Parks | - | - | - | - | - | - |
| County administration | - | - | 298 | - | - | - |
| Health and human services | - | 515,972 | 125,288 | - | - | - |
| Flood control | - | - | - | - | - | - |
| Tax administration | - | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - | 74,983 |
| Capital outlay | - | - | 6,000 | - | - | - |
| Debt service: | | | | | | |
| Bond issuance costs | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>515,972</u> | <u>131,586</u> | <u>-</u> | <u>-</u> | <u>74,983</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,108</u> | <u>(49,384)</u> | <u>(74,593)</u> | <u>1,762</u> | <u>253,998</u> | <u>150,608</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 12,108 | (49,384) | (74,593) | 1,762 | 253,998 | 150,608 |
| Fund balances, beginning | 145,699 | 127,533 | 691,036 | 149,060 | - | 869,956 |
| Fund balances, ending | <u>\$ 157,807</u> | <u>\$ 78,149</u> | <u>\$ 616,443</u> | <u>\$ 150,822</u> | <u>\$ 253,998</u> | <u>\$ 1,020,564</u> |

(continued)

| 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 | Juvenile Probation Fee |
|--------------------------|---------------------------------------|-------------------------------------|--|---------------------------|----------------------|------------------------------|----------------------------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 257,601 | - | 50,285 | 884,371 | 5,722,471 | - | - | 175,069 |
| - | - | - | - | - | - | - | - | - |
| - | 734,017 | - | 1,260,661 | - | 57,885 | 31,937 | - | - |
| 5,410 | 14,630 | 212 | 3,368 | 557 | 18,044 | 2,698 | 1,662 | 53 |
| 270,891 | 5,262,734 | - | 103 | - | - | 320 | 222,552 | - |
| <u>276,301</u> | <u>6,268,982</u> | <u>212</u> | <u>1,314,417</u> | <u>884,928</u> | <u>5,798,400</u> | <u>34,955</u> | <u>224,214</u> | <u>175,122</u> |
| - | 6,381,130 | - | - | 1,062,887 | 2,928,416 | 273,482 | - | 178,297 |
| - | - | - | - | - | - | - | - | - |
| 114,644 | - | - | - | - | 2,423,965 | - | - | - |
| - | - | - | 1,282,419 | - | - | - | 205,868 | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 2,597,161 | - | - | - | 1,432,170 | - | - | 25,095 |
| - | - | - | - | - | - | - | - | - |
| <u>114,644</u> | <u>8,978,291</u> | <u>-</u> | <u>1,282,419</u> | <u>1,062,887</u> | <u>6,784,551</u> | <u>273,482</u> | <u>205,868</u> | <u>203,392</u> |
| <u>161,657</u> | <u>(2,709,309)</u> | <u>212</u> | <u>31,998</u> | <u>(177,959)</u> | <u>(986,151)</u> | <u>(238,527)</u> | <u>18,346</u> | <u>(28,270)</u> |
| - | 90,000 | - | 52,849 | - | - | - | - | - |
| - | (607,704) | - | (557,993) | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>-</u> | <u>(517,704)</u> | <u>-</u> | <u>(505,144)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 161,657 | (3,227,013) | 212 | (473,146) | (177,959) | (986,151) | (238,527) | 18,346 | (28,270) |
| 1,405,914 | 21,457,233 | 58,469 | 1,570,885 | 31,322 | 5,058,956 | 846,918 | 411,524 | 140,669 |
| <u>\$ 1,567,571</u> | <u>\$ 18,230,220</u> | <u>\$ 58,681</u> | <u>\$ 1,097,739</u> | <u>\$ (146,637)</u> | <u>\$ 4,072,805</u> | <u>\$ 608,391</u> | <u>\$ 429,870</u> | <u>\$ 112,399</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 29, 2016

| | Food Permit Fee | Court Reporter Services | Juvenile Delinquency Prevention | Supplemental Guardianship | Courthouse Security | FPM Property Maintenance |
|--|--------------------------------|--|--|--------------------------------------|--------------------------------|---|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 2,295,285 | 1,212,216 | 343 | 181,440 | 1,822,449 | - |
| Lease revenue | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Earnings on investments | 1,167 | 2,544 | 1 | 1,748 | 821 | 58 |
| Miscellaneous | - | - | - | - | - | 20,603 |
| Total revenues | <u>2,296,452</u> | <u>1,214,760</u> | <u>344</u> | <u>183,188</u> | <u>1,823,270</u> | <u>20,661</u> |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| Administration of justice | - | 1,109,241 | 2,185 | - | 994,228 | - |
| Parks | - | - | - | - | - | - |
| County administration | - | - | - | - | - | 419 |
| Health and human services | 2,677,321 | - | - | 10,579 | - | - |
| Flood control | - | - | - | - | - | - |
| Tax administration | - | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Bond issuance costs | - | - | - | - | - | - |
| Total expenditures | <u>2,677,321</u> | <u>1,109,241</u> | <u>2,185</u> | <u>10,579</u> | <u>994,228</u> | <u>419</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(380,869)</u> | <u>105,519</u> | <u>(1,841)</u> | <u>172,609</u> | <u>829,042</u> | <u>20,242</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (380,869) | 105,519 | (1,841) | 172,609 | 829,042 | 20,242 |
| Fund balances, beginning | 358,602 | 286,441 | 1,909 | 350,763 | (425,655) | 330 |
| Fund balances, ending | <u>\$ (22,267)</u> | <u>\$ 391,960</u> | <u>\$ 68</u> | <u>\$ 523,372</u> | <u>\$ 403,387</u> | <u>\$ 20,572</u> |

(continued)

| IFS Training | Law Library | Environmental Settlements | TIRZ Affordable Housing / Other Restricted Funds | Harris County Redevelopment Authority | Harris County Juvenile Board | Flood Control Grants | Grants | Total |
|-------------------------|------------------------|--------------------------------------|---|--|---|-------------------------------------|---------------|----------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 133,158,620 |
| - | 1,218,106 | - | - | - | - | - | 383,605 | 30,582,738 |
| - | - | - | - | - | - | - | - | 1,001,488 |
| - | - | - | 1,142,654 | - | 29,485,816 | 6,994,281 | 105,958,287 | 151,304,012 |
| 114 | 1,018 | 46,923 | 38,188 | - | 16,908 | - | 7,154 | 367,945 |
| 47,200 | - | 12,386,398 | 1,490,511 | 2,465,280 | 1,035 | - | 5,470,981 | 46,523,426 |
| 47,314 | 1,219,124 | 12,433,321 | 2,671,353 | 2,465,280 | 29,503,759 | 6,994,281 | 111,820,027 | 362,938,229 |
| 30,306 | - | - | - | - | 31,955,064 | - | 24,360,171 | 74,901,926 |
| - | - | - | - | - | - | - | 196,784 | 22,450,161 |
| - | - | - | 8,721 | 3,839,884 | - | - | 13,831,424 | 41,395,550 |
| - | 1,307,554 | 107 | 2,161,928 | 362,339 | - | - | 70,296,844 | 81,842,142 |
| - | - | - | - | - | - | 233,125 | - | 54,330,334 |
| - | - | - | - | - | - | - | - | 935,056 |
| - | - | - | - | - | - | - | - | 74,983 |
| - | - | 125,835 | - | - | 11,089 | 7,068,736 | 11,872,559 | 25,559,255 |
| - | - | - | - | - | - | - | - | 251,657 |
| 30,306 | 1,307,554 | 125,942 | 2,170,649 | 4,202,223 | 31,966,153 | 7,301,861 | 120,557,782 | 301,741,064 |
| 17,008 | (88,430) | 12,307,379 | 500,704 | (1,736,943) | (2,462,394) | (307,580) | (8,737,755) | 61,197,165 |
| - | - | - | - | - | 2,462,394 | 1,307,695 | 9,936,925 | 14,267,223 |
| - | - | - | (24,757) | - | - | (1,000,115) | (1,265,481) | (96,456,444) |
| - | - | - | - | - | - | - | - | 189,020 |
| - | - | - | (24,757) | - | 2,462,394 | 307,580 | 8,671,444 | (82,000,201) |
| 17,008 | (88,430) | 12,307,379 | 475,947 | (1,736,943) | - | - | (66,311) | (20,803,036) |
| 8,690 | 271,921 | - | 5,067,147 | (1,820,159) | - | - | 75,514 | 218,103,917 |
| \$ 25,698 | \$ 183,491 | \$ 12,307,379 | \$ 5,543,094 | \$ (3,557,102) | \$ - | \$ - | \$ 9,203 | \$ 197,300,881 |

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 29, 2016

| | Federal Grant Programs | State and Local Grant Programs | Total |
|--|---------------------------------------|---|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 394,418 | \$ 635,500 | \$ 1,029,918 |
| Investments | 951,705 | 1,181,369 | 2,133,074 |
| Accounts receivable | 17,100,330 | 1,785,835 | 18,886,165 |
| Accrued interest receivable | 383 | 475 | 858 |
| Other receivables | 14,495,263 | 16,341,460 | 30,836,723 |
| Due from other funds | 50,062 | - | 50,062 |
| Prepays and other assets | 162,204 | 2,763 | 164,967 |
| Inventories | 1,475,767 | - | 1,475,767 |
| Notes receivable | 144,489 | - | 144,489 |
| Total assets | <u>\$ 34,774,621</u> | <u>\$ 19,947,402</u> | <u>\$ 54,722,023</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Vouchers payable | \$ 8,377,623 | \$ 1,999,823 | \$ 10,377,446 |
| Accrued payroll and compensated absences | 1,743,166 | 686,899 | 2,430,065 |
| Retainage payable | 721,573 | 36,231 | 757,804 |
| Due to other funds | 22,212,050 | 1,198,680 | 23,410,730 |
| Advances from other funds | 255,000 | 25,000 | 280,000 |
| Unearned revenue | 1,456,006 | 16,000,769 | 17,456,775 |
| Total liabilities | <u>34,765,418</u> | <u>19,947,402</u> | <u>54,712,820</u> |
| Fund Balances: | | | |
| Restricted | <u>9,203</u> | <u>-</u> | <u>9,203</u> |
| Total liabilities and fund balances | <u>\$ 34,774,621</u> | <u>\$ 19,947,402</u> | <u>\$ 54,722,023</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 29, 2016

| | Federal Grant Programs | State and Local Grant Programs | Total |
|--|---------------------------------------|---|--------------------|
| REVENUES | | | |
| Intergovernmental | \$ 86,112,043 | \$ 19,846,244 | \$ 105,958,287 |
| Charges for services | 4,414 | 379,191 | 383,605 |
| Earnings on investments | 5,299 | 1,855 | 7,154 |
| Miscellaneous | 3,865,913 | 1,605,068 | 5,470,981 |
| Total revenues | <u>89,987,669</u> | <u>21,832,358</u> | <u>111,820,027</u> |
| EXPENDITURES | | | |
| Administration of justice | 10,076,762 | 14,283,409 | 24,360,171 |
| Parks | 177,634 | 19,150 | 196,784 |
| County administration | 10,955,013 | 2,876,411 | 13,831,424 |
| Health and human services | 62,204,594 | 8,092,250 | 70,296,844 |
| Capital outlay | 11,039,360 | 833,199 | 11,872,559 |
| | <u>94,453,363</u> | <u>26,104,419</u> | <u>120,557,782</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,465,694)</u> | <u>(4,272,061)</u> | <u>(8,737,755)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 5,633,160 | 4,303,765 | 9,936,925 |
| Transfers out | (1,233,777) | (31,704) | (1,265,481) |
| Total transfers | <u>4,399,383</u> | <u>4,272,061</u> | <u>8,671,444</u> |
| Net changes in fund balances | (66,311) | - | (66,311) |
| Fund balances, beginning | 75,514 | - | 75,514 |
| Fund balances, ending | <u>\$ 9,203</u> | <u>\$ -</u> | <u>\$ 9,203</u> |

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 29, 2016

| | Department of 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 | \$ - | \$ - | \$ 380,413 | \$ - | \$ - | \$ 14,005 | \$ - | \$ 394,418 |
| Investments | - | - | 933,061 | - | - | - | 18,644 | 951,705 |
| Accounts receivable | 701,799 | 900,897 | 70,056 | 504,173 | 10,306,209 | 4,480,101 | 137,095 | 17,100,330 |
| Accrued interest receivable | - | - | 375 | - | - | - | 8 | 383 |
| Other receivables | 1,317,877 | 4,091,231 | 47,281 | 643,924 | 2,887,479 | 5,148,032 | 359,439 | 14,495,263 |
| Due from other funds | - | - | 1,155 | - | 48,907 | - | - | 50,062 |
| Inventories | - | 1,475,767 | - | - | - | - | - | 1,475,767 |
| Prepays and other assets | 30,128 | 3,685 | 115,366 | - | 2,444 | 10,581 | - | 162,204 |
| Notes receivable | - | 144,489 | - | - | - | - | - | 144,489 |
| Total assets | <u>\$ 2,049,804</u> | <u>\$ 6,616,069</u> | <u>\$ 1,547,707</u> | <u>\$ 1,148,097</u> | <u>\$ 13,245,039</u> | <u>\$ 9,652,719</u> | <u>\$ 515,186</u> | <u>\$ 34,774,621</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Vouchers payable | \$ 172,489 | \$ 2,699,121 | \$ 157,846 | \$ 333,293 | \$ 955,900 | \$ 3,764,981 | \$ 293,993 | \$ 8,377,623 |
| Accrued payroll and compensated absences | 466,516 | 452,471 | 81,246 | 275,133 | 58,912 | 404,093 | 4,795 | 1,743,166 |
| Retainage payable | - | 156,975 | - | 511,333 | 39,080 | - | 14,185 | 721,573 |
| Due to other funds | 1,410,428 | 2,905,499 | - | 28,338 | 12,191,147 | 5,474,442 | 202,196 | 22,212,050 |
| Advances from other funds | - | 255,000 | - | - | - | - | - | 255,000 |
| Unearned revenue | 371 | 147,003 | 1,308,615 | - | - | - | 17 | 1,456,006 |
| Total liabilities | <u>2,049,804</u> | <u>6,616,069</u> | <u>1,547,707</u> | <u>1,148,097</u> | <u>13,245,039</u> | <u>9,643,516</u> | <u>515,186</u> | <u>34,765,418</u> |
| Fund balances | - | - | - | - | - | 9,203 | - | 9,203 |
| Total liabilities and fund balances | <u>\$ 2,049,804</u> | <u>\$ 6,616,069</u> | <u>\$ 1,547,707</u> | <u>\$ 1,148,097</u> | <u>\$ 13,245,039</u> | <u>\$ 9,652,719</u> | <u>\$ 515,186</u> | <u>\$ 34,774,621</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 29, 2016

| | Department of 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 | Total |
|---|---|---|-----------------------------|------------------------------------|--|---|------------------|--------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | \$ 8,480,191 | \$ 22,717,479 | \$ 3,832,511 | \$ 6,123,338 | \$ 10,087,531 | \$ 31,785,411 | \$ 3,085,582 | \$ 86,112,043 |
| Charges for services | - | - | - | 1,159 | 2 | 3,253 | - | 4,414 |
| Earnings on investments | - | 1,280 | 3,992 | - | 4 | - | 23 | 5,299 |
| Miscellaneous | - | 2,067,638 | - | 423,539 | 187,015 | 1,187,721 | - | 3,865,913 |
| Total revenues | <u>8,480,191</u> | <u>24,786,397</u> | <u>3,836,503</u> | <u>6,548,036</u> | <u>10,274,552</u> | <u>32,976,385</u> | <u>3,085,605</u> | <u>89,987,669</u> |
| EXPENDITURES | | | | | | | | |
| Administration of justice | - | - | 3,752,764 | 3,694,109 | 1,307,324 | 466,935 | 855,630 | 10,076,762 |
| Parks | - | - | - | - | 84,685 | - | 92,949 | 177,634 |
| County administration | - | - | - | 1,993,498 | 7,010,234 | 501,711 | 1,449,570 | 10,955,013 |
| Health and human services | 8,206,834 | 19,727,246 | 283,756 | 2,329,769 | 320,865 | 31,254,797 | 81,327 | 62,204,594 |
| Capital outlay | 248,021 | 6,775,500 | 313,305 | 6,562 | 1,862,104 | 1,305,635 | 528,233 | 11,039,360 |
| Total expenditures | <u>8,454,855</u> | <u>26,502,746</u> | <u>4,349,825</u> | <u>8,023,938</u> | <u>10,585,212</u> | <u>33,529,078</u> | <u>3,007,709</u> | <u>94,453,363</u> |
| Excess of revenues over (under) expenditures | <u>25,336</u> | <u>(1,716,349)</u> | <u>(513,322)</u> | <u>(1,475,902)</u> | <u>(310,660)</u> | <u>(552,693)</u> | <u>77,896</u> | <u>(4,465,694)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 35 | 1,756,727 | 603,322 | 2,175,902 | 524,295 | 544,420 | 28,459 | 5,633,160 |
| Transfers out | (25,371) | (40,378) | (90,000) | (700,000) | (213,635) | (58,038) | (106,355) | (1,233,777) |
| Total transfers | <u>(25,336)</u> | <u>1,716,349</u> | <u>513,322</u> | <u>1,475,902</u> | <u>310,660</u> | <u>486,382</u> | <u>(77,896)</u> | <u>4,399,383</u> |
| Net changes in fund balances | - | - | - | - | - | (66,311) | - | (66,311) |
| Fund balance, beginning | - | - | - | - | - | 75,514 | - | 75,514 |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,203</u> | <u>\$ -</u> | <u>\$ 9,203</u> |

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 29, 2016

| | Texas Department of Health | Criminal Justice Division Texas Governor's Office | Texas Department of Transportation | Texas Commission on Environmental Quality | Texas Department of Protective & Regulatory Services | Other State Programs | Local Grants | Total |
|--|-------------------------------------|---|---|---|--|----------------------------|---------------------|----------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 198,530 | \$ - | \$ - | \$ 22,236 | \$ - | \$ 96,463 | \$ 318,271 | \$ 635,500 |
| Investments | 486,446 | - | - | 27,119 | - | 88,137 | 579,667 | 1,181,369 |
| Accounts receivable | 775,908 | - | - | - | 78,620 | 112,026 | 819,281 | 1,785,835 |
| Accrued interest receivable | 196 | - | - | 11 | - | 35 | 233 | 475 |
| Other receivables | 487,009 | 188,908 | 519,342 | 14,903,077 | 139,539 | 103,585 | - | 16,341,460 |
| Prepays and other assets | 350 | - | 2,413 | - | - | - | - | 2,763 |
| Total assets | <u>\$ 1,948,439</u> | <u>\$ 188,908</u> | <u>\$ 521,755</u> | <u>\$ 14,952,443</u> | <u>\$ 218,159</u> | <u>\$ 400,246</u> | <u>\$ 1,717,452</u> | <u>\$ 19,947,402</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Vouchers payable | \$ 1,719,701 | \$ 78,507 | \$ 25,534 | \$ - | \$ 95,819 | \$ 42,309 | \$ 37,953 | \$ 1,999,823 |
| Accrued payroll and compensated absences | 228,738 | 2,286 | 298,027 | 33,559 | 6,721 | 11,370 | 106,198 | 686,899 |
| Retainage payable | - | - | - | - | - | 36,231 | - | 36,231 |
| Due to other funds | - | 108,115 | 198,194 | - | 115,619 | 178,828 | 597,924 | 1,198,680 |
| Advances from other funds | - | - | - | - | - | 25,000 | - | 25,000 |
| Unearned revenue | - | - | - | 14,918,884 | - | 106,508 | 975,377 | 16,000,769 |
| Total liabilities | <u>1,948,439</u> | <u>188,908</u> | <u>521,755</u> | <u>14,952,443</u> | <u>218,159</u> | <u>400,246</u> | <u>1,717,452</u> | <u>19,947,402</u> |
| Fund balances | - | - | - | - | - | - | - | - |
| Total liabilities and fund balances | <u>\$ 1,948,439</u> | <u>\$ 188,908</u> | <u>\$ 521,755</u> | <u>\$ 14,952,443</u> | <u>\$ 218,159</u> | <u>\$ 400,246</u> | <u>\$ 1,717,452</u> | <u>\$ 19,947,402</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 29, 2016

| | Texas Department of Health | Criminal Justice Division Texas Governor's Office | Texas Department of Transportation | Texas Commission on Environmental Quality | Texas Department of Protective & Regulatory Services | Other State Programs | Local Grants | Total |
|---|-------------------------------------|---|---|---|--|----------------------------|------------------|--------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | \$ 7,623,189 | \$ 581,650 | \$ 1,171,513 | \$ 3,340,938 | \$ 751,858 | \$ 1,384,544 | \$ 4,992,552 | \$ 19,846,244 |
| Charges for services | 379,191 | - | - | - | - | - | - | 379,191 |
| Earnings on investments | 586 | - | - | 434 | - | 39 | 796 | 1,855 |
| Miscellaneous | - | 7,517 | 13,097 | 3,680 | - | - | 1,580,774 | 1,605,068 |
| Total revenues | <u>8,002,966</u> | <u>589,167</u> | <u>1,184,610</u> | <u>3,345,052</u> | <u>751,858</u> | <u>1,384,583</u> | <u>6,574,122</u> | <u>21,832,358</u> |
| EXPENDITURES | | | | | | | | |
| Administration of justice | 4,629,004 | 593,332 | 3,408,611 | 487,431 | - | 628,351 | 4,536,680 | 14,283,409 |
| Parks | - | - | - | - | - | 19,150 | - | 19,150 |
| County administration | - | - | - | 2,794,747 | - | - | 81,664 | 2,876,411 |
| Health and human services | 5,090,366 | - | - | - | 751,858 | 281,981 | 1,968,045 | 8,092,250 |
| Capital outlay | - | - | - | 108,584 | - | 724,615 | - | 833,199 |
| Total expenditures | <u>9,719,370</u> | <u>593,332</u> | <u>3,408,611</u> | <u>3,390,762</u> | <u>751,858</u> | <u>1,654,097</u> | <u>6,586,389</u> | <u>26,104,419</u> |
| Excess of revenues over (under) expenditures | <u>(1,716,404)</u> | <u>(4,165)</u> | <u>(2,224,001)</u> | <u>(45,710)</u> | <u>-</u> | <u>(269,514)</u> | <u>(12,267)</u> | <u>(4,272,061)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 1,748,108 | 4,165 | 2,224,001 | 45,710 | - | 269,514 | 12,267 | 4,303,765 |
| Transfers out | (31,704) | - | - | - | - | - | - | (31,704) |
| Total transfers | <u>1,716,404</u> | <u>4,165</u> | <u>2,224,001</u> | <u>45,710</u> | <u>-</u> | <u>269,514</u> | <u>12,267</u> | <u>4,272,061</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 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 195,130,086 | \$ 194,965,909 | \$ 196,034,885 | \$ 1,068,976 |
| Revenues and Transfers In: | | | | |
| Taxes | 126,689,374 | 126,689,374 | 134,618,881 | 7,929,507 |
| Charges for Services | 29,073,907 | 29,073,907 | 29,975,943 | 902,036 |
| Forfeitures | - | 54,353 | 590,074 | 535,721 |
| Lease revenue | 1,148,503 | 1,148,503 | 1,247,406 | 98,903 |
| Intergovernmental | 3,372,699 | 10,081,231 | 8,522,180 | (1,559,051) |
| Interest | 719,775 | 740,176 | 685,778 | (54,398) |
| Miscellaneous | 3,277,128 | 18,908,533 | 21,815,439 | 2,906,906 |
| Other - Transfers In | - | 34,430,450 | 18,777,722 | (15,652,728) |
| Total Revenues and Transfers In | <u>164,281,386</u> | <u>221,126,527</u> | <u>216,233,423</u> | <u>(4,893,104)</u> |
| Total Available Resources | <u>\$ 359,411,472</u> | <u>\$ 416,092,436</u> | <u>\$ 412,268,308</u> | <u>\$ (3,824,128)</u> |

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

For the Year Ended February 29, 2016

| | Adopted Budget | Budget | Actual | (Over) Under |
|--|--------------------|--------------------|--------------------|-------------------|
| Flood Control | | | | |
| Commercial Paper Series F - Flood Control Improvement Ref Bond 2015A - COI | \$ 98,600 | \$ 98,600 | \$ - | \$ 98,600 |
| Contract Tax Bond 2015B - COI | - | 154,344 | 150,188 | 4,156 |
| Flood Control General Fund | - | 103,249 | 101,468 | 1,781 |
| | <u>184,410,114</u> | <u>184,410,114</u> | <u>115,631,300</u> | <u>68,778,814</u> |
| Total Flood Control | <u>184,508,714</u> | <u>184,766,307</u> | <u>115,882,956</u> | <u>68,883,351</u> |
| Hotel Occupancy Tax | 48,254,725 | 48,254,725 | 45,409,711 | 2,845,014 |
| District Court Records Archive | 679,025 | 679,025 | 474,664 | 204,361 |
| Port Security Program | 1,081,299 | 1,914,870 | 530,955 | 1,383,915 |
| DSRIP Programs | 4,795,462 | 8,856,998 | 2,355,698 | 6,501,300 |
| Deed Restriction Enforcement | 24,224 | 24,224 | - | 24,224 |
| Concession Fee | 6,370,771 | 6,370,771 | 180,252 | 6,190,519 |
| Care For Elders | 20,564 | 53,239 | 34,157 | 19,082 |
| Child Support Enforcement | 284,137 | 284,137 | - | 284,137 |
| Family Protection | 472,680 | 472,680 | 205,067 | 267,613 |
| Utility Bill Assistance Program | 236,558 | 558,773 | 285,277 | 273,496 |
| Probate Court Support | 1,157,058 | 1,157,058 | 184,033 | 973,025 |
| Appellate Judicial System | 775,942 | 775,942 | 510,482 | 265,460 |
| County Attorney Administration | 2,409,677 | 2,409,677 | 2,221,647 | 188,030 |
| District Attorney Administration | 1,945,847 | 1,945,847 | 223,294 | 1,722,553 |
| Justice Court Courthouse Security | 1,443,597 | 1,443,597 | - | 1,443,597 |
| Records Management | 33,675,400 | 39,046,367 | 21,547,840 | 17,498,527 |
| District Clerk Records Management | - | 2,169,447 | 1,287,450 | 881,997 |
| General Admin Records Management | - | 154,642 | 180 | 154,462 |
| County Clerk Court Technology | - | 1,077,779 | 999,540 | 78,239 |
| County Clerk Records Archive | - | 18,095,018 | 1,159,008 | 16,936,010 |
| CTS Records Management | - | 2,800,000 | 536,963 | 2,263,037 |
| District Clerk Court Technology | - | 2,389,437 | 1,759,994 | 629,443 |
| County Wide Records Management | - | 728,416 | - | 728,416 |
| Total Records Management | <u>33,675,400</u> | <u>66,461,106</u> | <u>27,290,975</u> | <u>39,170,131</u> |
| Donation Fund | 1,001,573 | 1,127,783 | 219,452 | 908,331 |
| Juror Donation Programs | 66,651 | 66,651 | 30,061 | 36,590 |
| Total Donation Fund | <u>1,068,224</u> | <u>1,194,434</u> | <u>249,513</u> | <u>944,921</u> |
| Justice Court Technology | 4,487,954 | 4,487,954 | 206,596 | 4,281,358 |
| Child Abuse Prevention | 78,727 | 78,727 | - | 78,727 |
| Bail Bond Board | 87,467 | 87,467 | 6,603 | 80,864 |
| DA First Chance Intervention Program | 61,402 | 61,402 | 51,456 | 9,946 |
| Juvenile Case Manager Fee | 4,968,747 | 4,968,747 | 768,662 | 4,200,085 |
| Tax Office - Chapter 19 | 750,232 | 750,232 | 362,644 | 387,588 |
| Star Drug Court | 2,189,019 | 2,189,019 | 50,604 | 2,138,415 |
| County & District Technology Fee | 453,305 | 453,305 | 5,519 | 447,786 |
| Stormwater Management Fund | 148,116 | 148,116 | 3,324 | 144,792 |
| DA DWI Pre-Trial Prevention Program | 288,684 | 288,684 | 163,094 | 125,590 |
| Gulf of Mexico Energy Security Act | 145,981 | 145,981 | - | 145,981 |
| Veterinary Public Health | 562,014 | 562,014 | 522,008 | 40,006 |
| Environmental Projects | | | | |
| Household Hazardous Waste | 76,882 | 76,882 | - | 76,882 |
| Supplemental Environment | 168 | 168 | - | 168 |
| San Jacinto Wetlands Project | 46,014 | 46,014 | - | 46,014 |
| TCEQ - Pollution Control | 153,409 | 159,519 | 31,041 | 128,478 |
| EPH TCEQ SEP Fund | 430,749 | 430,749 | 102,703 | 328,046 |
| Total Environmental Projects | <u>707,222</u> | <u>713,332</u> | <u>133,744</u> | <u>579,588</u> |
| Energy Conservation | 149,056 | 149,056 | - | 149,056 |
| Community Development Financial Sureties | 1,014,136 | 1,014,136 | 66,991 | 947,145 |
| Election Services | 1,801,281 | 1,801,281 | 117,225 | 1,684,056 |
| Law Enforcement Forfeited Fund | | | | |
| Constable Pct 2 Federal Forfeited Assets - Justice | 56 | 56 | - | 56 |
| Constable Pct 2 State Forfeited Assets | 19,400 | 19,400 | - | 19,400 |
| Constable Pct 2 Federal Forfeited Assets - Treasury | 11 | 11 | - | 11 |
| District Attorney Special Investigation | 5,451,166 | 5,451,166 | 1,239,636 | 4,211,530 |
| Constable Pct 3 State Forfeited Assets | 65,419 | 148,280 | - | 148,280 |
| Constable Pct 4 Federal Forfeited Assets - Justice | 88,144 | 88,144 | - | 88,144 |
| Constable Pct 4 State Forfeited Assets | 258,672 | 258,672 | 53,641 | 205,031 |

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

For the Year Ended February 29, 2016

| | Adopted Budget | Budget | Actual | (Over) Under |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Constable Pct 4 Federal Forfeited Assets - Treasury | 4,700 | 4,700 | - | 4,700 |
| District Attorney Forfeited Assets - Treasury | 170 | 170 | - | 170 |
| District Attorney Forfeited Assets - Justice | 283,623 | 437,476 | 279,109 | 158,367 |
| Constable Forfeited Assets - Treasury | 832 | 4,747 | - | 4,747 |
| Constable Forfeited Assets - Justice | 19,401 | 19,401 | - | 19,401 |
| Constable Pct 5 Federal Forfeited Assets - Justice | 676 | 676 | - | 676 |
| Constable Pct 5 State Forfeited Assets | 30,545 | 30,545 | 24,230 | 6,315 |
| Constable Pct 5 Federal Forfeited Assets - Treasury | 974 | 974 | - | 974 |
| Sheriff Forfeited Assets - Treasury | 1,842,120 | 2,036,170 | 1,120,351 | 915,819 |
| Sheriff Forfeited Assets - Justice | 1,052,113 | 1,695,134 | 1,010,451 | 684,683 |
| Sheriff Forfeited Assets - State | 2,645,360 | 2,970,853 | 1,613,574 | 1,357,279 |
| District Attorney Forfeited Assets - State | 2,681,936 | 3,121,520 | 1,721,346 | 1,400,174 |
| Constable Forfeited Assets - State | 56,851 | 94,882 | 30,900 | 63,982 |
| Forfeited Assets - Commissioner's Court | 3,230,308 | 3,230,308 | 600,000 | 2,630,308 |
| Fire Marshall Forfeited Assets | 3,656 | 3,656 | 2,245 | 1,411 |
| CA Forfeited Assets - Treasury | 95,748 | 95,748 | 750 | 94,998 |
| Sheriff Chapter 18 State Forfeited Assets | 502,979 | 873,287 | 373,806 | 499,481 |
| Constable Chapter 18 State Forfeited Assets | 348,038 | 690,630 | 105,151 | 585,479 |
| CA Forfeited Assets State SPU | 2,539,951 | 2,539,951 | 768,407 | 1,771,544 |
| Constable Pct 6 State Forfeited Assets | 23,446 | 23,446 | 8,302 | 15,144 |
| Constable Pct 7 State Forfeited Assets | 3,236 | 3,236 | 471 | 2,765 |
| Constable Pct 8 State Forfeited Assets | 19,170 | 32,777 | 9,035 | 23,742 |
| Total Law Enforcement Forfeited Fund | 21,268,701 | 23,876,016 | 8,961,405 | 14,914,611 |
| Criminal Courts Audio/Visual | 58,561 | 58,561 | - | 58,561 |
| Medicaid Admin Claim Reimbursement | 3,013,119 | 3,013,119 | 1,863,699 | 1,149,420 |
| Dispute Resolution | 1,059,533 | 1,059,533 | 1,059,533 | - |
| Fire Code Fee | 11,377,473 | 11,379,473 | 6,732,891 | 4,646,582 |
| LEOSE - Law Enforcement | 528,444 | 583,332 | 302,220 | 281,112 |
| Library Contribution Fund | 644,398 | 644,398 | 214,784 | 429,614 |
| Juvenile Probation Fee | 378,242 | 378,242 | 220,574 | 157,668 |
| Food Permit Fees | 2,845,692 | 2,845,692 | 2,568,119 | 277,573 |
| Court Reporter Services | 1,480,624 | 1,480,624 | 1,105,086 | 375,538 |
| Juvenile Delinquency Prevention | 2,766 | 2,766 | 2,185 | 581 |
| Supplemental Guardianship | 527,458 | 527,458 | 8,945 | 518,513 |
| Courthouse Security | 1,999,823 | 1,999,823 | 1,464,615 | 535,208 |
| FPM Property Maintenance | - | 6,090 | 419 | 5,671 |
| IFS Training | 9,100 | 54,334 | 15,094 | 39,240 |
| Law Library | 1,607,162 | 1,607,162 | 1,287,869 | 319,293 |
| TIRZ Affordable Housing/Other Restricted Funds | | | | |
| TIRZ Affordable Housing - Non Interest Bearing | 2 | 2 | - | 2 |
| TIRZ Affordable Housing - Interest Bearing | 3,076,951 | 3,076,951 | 1,387,150 | 1,689,801 |
| CSD Non-Grant Restricted | 2,077,277 | 3,868,047 | 1,774,095 | 2,093,952 |
| CSD Transit Restricted | 227,660 | 1,336,806 | 406,974 | 929,832 |
| Total TIRZ Affordable Housing/Other Restricted | 5,381,890 | 8,281,806 | 3,568,219 | 4,713,587 |
| Environmental Enforcement Constable I | - | 253,507 | - | 253,507 |
| Environmental Settlement | - | 12,386,398 | 121,614 | 12,264,784 |
| Hester House | | | | |
| Hester House Operating | 84,695 | 84,695 | 84,534 | 161 |
| Hester House Construction | 46,544 | 46,544 | - | 46,544 |
| Total Hester House | 131,239 | 131,239 | 84,534 | 46,705 |
| Total Special Revenue Fund | \$ 359,411,472 | \$ 416,092,436 | \$ 228,078,956 | \$ 188,013,480 |

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HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 29, 2016

| | <u>Roads</u> | <u>Flood Control</u> | <u>Total</u> |
|--|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Restricted cash and cash equivalents | \$ 61,930,155 | \$ 4,096,016 | \$ 66,026,171 |
| Restricted investments | 17,497,338 | - | 17,497,338 |
| Taxes receivable, net | 4,081,180 | 288,608 | 4,369,788 |
| Other receivables | 25,813 | 1,337 | 27,150 |
| Due from other funds | 7,238 | 3,050 | 10,288 |
| Total assets | <u>\$ 83,541,724</u> | <u>\$ 4,389,011</u> | <u>\$ 87,930,735</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | <u>\$ 1,797,143</u> | <u>\$ 155,028</u> | <u>\$ 1,952,171</u> |
| Total deferred inflows of resources | <u>1,797,143</u> | <u>155,028</u> | <u>1,952,171</u> |
| FUND BALANCES | | | |
| Restricted | <u>81,744,581</u> | <u>4,233,983</u> | <u>85,978,564</u> |
| Total fund balances | <u>81,744,581</u> | <u>4,233,983</u> | <u>85,978,564</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 83,541,724</u> | <u>\$ 4,389,011</u> | <u>\$ 87,930,735</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 29, 2016

| | Roads | Flood Control | Total |
|---|----------------------|--------------------------|----------------------|
| REVENUES | | | |
| Taxes - Property | \$ 81,460,841 | \$ 4,259,646 | \$ 85,720,487 |
| Earnings on investments | 144,376 | 5,372 | 149,748 |
| Miscellaneous | 103,087 | 7,736 | 110,823 |
| Total revenues | <u>81,708,304</u> | <u>4,272,754</u> | <u>85,981,058</u> |
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal retirement | 31,262,743 | 24,835,000 | 56,097,743 |
| Bond issuance costs | 802,774 | 323,483 | 1,126,257 |
| Interest and fiscal charges | 53,867,559 | 29,900,076 | 83,767,635 |
| Total expenditures | <u>85,933,076</u> | <u>55,058,559</u> | <u>140,991,635</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(4,224,772)</u> | <u>(50,785,805)</u> | <u>(55,010,577)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 461,726 | 50,453,129 | 50,914,855 |
| Transfers out | (524,608) | (257,594) | (782,202) |
| Refunding bonds issued | 202,680,000 | 77,020,000 | 279,700,000 |
| Premium on bonds issued | 43,036,023 | 11,929,650 | 54,965,673 |
| Payments to escrow agent | (244,388,641) | (88,368,573) | (332,757,214) |
| Total other financing sources (uses) | <u>1,264,500</u> | <u>50,776,612</u> | <u>52,041,112</u> |
| Net changes in fund balances | (2,960,272) | (9,193) | (2,969,465) |
| Fund balances, beginning | 84,704,853 | 4,243,176 | 88,948,029 |
| Fund balances, ending | <u>\$ 81,744,581</u> | <u>\$ 4,233,983</u> | <u>\$ 85,978,564</u> |

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
For The Year Ended February 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 86,908,346 | \$ 86,908,346 | \$ 86,244,400 | \$ (663,946) |
| Revenues and Transfers In: | | | | |
| Taxes | 89,179,053 | 89,179,053 | 85,955,165 | (3,223,888) |
| Interest | 97,418 | 97,418 | 149,747 | 52,329 |
| Miscellaneous | 104,893 | 104,893 | 115,542 | 10,649 |
| Other Transfers In | 50,461,076 | 717,883,963 | 718,742,402 | 858,439 |
| Total Revenues and Transfers In | <u>139,842,440</u> | <u>807,265,327</u> | <u>804,962,856</u> | <u>(2,302,471)</u> |
| Total Available Resources | <u>\$ 226,750,786</u> | <u>\$ 894,173,673</u> | <u>\$ 891,207,256</u> | <u>\$ (2,966,417)</u> |

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

For The Year Ended February 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
|--|---------------------------|----------------------------|-----------------------|-------------------------|
| Roads | | | | |
| Road Series 1996 | \$ 34,887,225 | \$ 34,887,225 | \$ 17,545,000 | \$ 17,342,225 |
| Unlimited Tax Road Refunding Series 2005A | 7,079,788 | 11,234,395 | 8,264,966 | 2,969,429 |
| Roads Refunding 2006B | 21,539,850 | 261,773,884 | 251,446,978 | 10,326,906 |
| Unlimited Tax Road Refunding Series 2008A | 3,552,828 | 3,552,828 | 1,777,650 | 1,775,178 |
| Road Refunding Series 2009A | 9,631,157 | 9,631,157 | 4,842,538 | 4,788,619 |
| Road Refunding Series 2010A | 8,278,704 | 8,278,704 | 4,143,100 | 4,135,604 |
| Road Refunding Series 2011A | 24,162,415 | 24,162,415 | 12,095,275 | 12,067,140 |
| Road Refunding Series 2012A | 6,014,958 | 6,014,958 | 3,321,250 | 2,693,708 |
| Road Refunding Series 2012B | 17,015,802 | 17,015,802 | 9,016,850 | 7,998,952 |
| Road Refunding Series 2014A | 34,698,885 | 34,698,885 | 17,426,640 | 17,272,245 |
| Road Refunding Series 2015A | - | 245,716,023 | 245,716,023 | - |
| Total Roads | <u>166,861,612</u> | <u>656,966,276</u> | <u>575,596,270</u> | <u>81,370,006</u> |
| Flood Control | | | | |
| Flood Control Contract Refunding 2006A | 1,666,697 | 36,497,281 | 36,494,780 | 2,501 |
| Flood Control Improvement Bonds 2007 | 4,614,902 | 58,152,891 | 56,043,650 | 2,109,241 |
| Flood Control Contract Refunding 2010A | 10,172,595 | 10,172,595 | 8,930,250 | 1,242,345 |
| Flood Control Improvement Refunding Bond 2014 | 3,548,933 | 3,548,933 | 1,810,000 | 1,738,933 |
| Flood Control Contract Tax Bond 2014A | 2,916,008 | 2,916,008 | 2,911,250 | 4,758 |
| Flood Control Contract Tax Bond 2014B | 17,293,764 | 17,293,764 | 17,289,157 | 4,607 |
| Flood Control Improvement Refunding Bond 2015A | - | 53,889,208 | 53,889,208 | - |
| Flood Control Contract Tax Bond 2015B | - | 35,060,442 | 35,060,442 | - |
| Flood Control Contract Refunding 2008A | 12,367,886 | 12,367,886 | 12,364,900 | 2,986 |
| Flood Control Contract Refunding 2008C | 7,308,389 | 7,308,389 | 7,303,019 | 5,370 |
| Total Flood Control | <u>59,889,174</u> | <u>237,207,397</u> | <u>232,096,656</u> | <u>5,110,741</u> |
| Total Debt Service Funds | <u>\$ 226,750,786</u> | <u>\$ 894,173,673</u> | <u>\$ 807,692,926</u> | <u>\$ 86,480,747</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 29, 2016

| | <u>Roads</u> | <u>Permanent Improvements</u> | <u>Reliant Park</u> | <u>Flood Control</u> | <u>Total</u> |
|---|-----------------------|-----------------------------------|----------------------|--------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 78,804,906 | \$ 37,173,554 | \$ - | \$ 51,237,915 | \$ 167,216,375 |
| Investments | 33,542,596 | 22,935,468 | - | 153,004,254 | 209,482,318 |
| Accounts receivable, net | 88,400 | 2,624,302 | - | - | 2,712,702 |
| Accrued interest receivable | 32,718 | 3,200 | - | 226,887 | 262,805 |
| Other receivables, net | 2,228,258 | 24,865 | - | - | 2,253,123 |
| Due from other funds | - | 66,569 | - | - | 66,569 |
| Prepays and other assets | 340,359 | 1,233,960 | - | 137,452 | 1,711,771 |
| Advances to other funds | - | - | 12,000,000 | - | 12,000,000 |
| Total assets | <u>\$ 115,037,237</u> | <u>\$ 64,061,918</u> | <u>\$ 12,000,000</u> | <u>\$ 204,606,508</u> | <u>\$ 395,705,663</u> |
| LIABILITIES | | | | | |
| Vouchers payable | \$ 2,503,030 | \$ 9,272,978 | - | \$ 4,726,682 | \$ 16,502,690 |
| Accrued payroll and compensated absences | - | 63,333 | - | - | 63,333 |
| Retainage payable | 1,428,922 | 1,878,198 | - | 2,417,890 | 5,725,010 |
| Due to other funds | 7,544 | 788,813 | - | 3,111 | 799,468 |
| Unearned revenue | - | 9,045,287 | - | 856,470 | 9,901,757 |
| Total liabilities | <u>3,939,496</u> | <u>21,048,609</u> | <u>-</u> | <u>8,004,153</u> | <u>32,992,258</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-other | 2,244,906 | 28,168 | - | - | 2,273,074 |
| Total deferred inflows of resources | <u>2,244,906</u> | <u>28,168</u> | <u>-</u> | <u>-</u> | <u>2,273,074</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 340,359 | 1,233,960 | - | 137,452 | 1,711,771 |
| Restricted | 82,766,155 | 38,224,832 | 12,000,000 | 196,464,903 | 329,455,890 |
| Committed | 25,746,321 | 3,526,349 | - | - | 29,272,670 |
| Total fund balances | <u>108,852,835</u> | <u>42,985,141</u> | <u>12,000,000</u> | <u>196,602,355</u> | <u>360,440,331</u> |
| Total liabilities, deferred inflows of resources, and, fund balances | <u>\$ 115,037,237</u> | <u>\$ 64,061,918</u> | <u>\$ 12,000,000</u> | <u>\$ 204,606,508</u> | <u>\$ 395,705,663</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 29, 2016

| | Roads | Permanent Improvements | Reliant Park | Flood Control | Total |
|--|-----------------------|---------------------------|----------------------|-----------------------|-----------------------|
| REVENUES | | | | | |
| Intergovernmental | \$ 11,287,507 | \$ 728,339 | \$ - | \$ 8,648,003 | \$ 20,663,849 |
| Earnings on investments | 456,675 | 105,322 | - | 622,636 | 1,184,633 |
| Miscellaneous | 3,844,771 | 403,377 | - | 6,752,019 | 11,000,167 |
| Total revenues | <u>15,588,953</u> | <u>1,237,038</u> | <u>-</u> | <u>16,022,658</u> | <u>32,848,649</u> |
| EXPENDITURES | | | | | |
| Administration of justice | - | 5,661 | - | - | 5,661 |
| Parks | - | 174,636 | - | - | 174,636 |
| County administration | 288,311 | 10,338,759 | - | - | 10,627,070 |
| Health and human services | - | 9,004 | - | - | 9,004 |
| Flood control | - | - | - | 1,923,214 | 1,923,214 |
| Roads and bridges | 1,642,401 | 474 | - | - | 1,642,875 |
| Capital outlay | 36,540,742 | 80,712,134 | - | 72,733,649 | 189,986,525 |
| Debt service: | | | | | |
| Interest and fiscal charges | 425 | - | - | - | 425 |
| Total expenditures | <u>38,471,879</u> | <u>91,240,668</u> | <u>-</u> | <u>74,656,863</u> | <u>204,369,410</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(22,882,926)</u> | <u>(90,003,630)</u> | <u>-</u> | <u>(58,634,205)</u> | <u>(171,520,761)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 33,300,000 | - | 60,850,426 | 94,150,426 |
| Transfers out | (477,645) | (3,212,097) | - | (1,333,568) | (5,023,310) |
| Commercial paper issued | - | 97,420,000 | - | - | 97,420,000 |
| Sale of capital assets | 58,521 | - | - | 1,352,113 | 1,410,634 |
| Total other financing sources (uses) | <u>(419,124)</u> | <u>127,507,903</u> | <u>-</u> | <u>60,868,971</u> | <u>187,957,750</u> |
| Net change in fund balances | (23,302,050) | 37,504,273 | - | 2,234,766 | 16,436,989 |
| Fund balances, beginning | 132,154,885 | 5,480,868 | 12,000,000 | 194,367,589 | 344,003,342 |
| Fund balances, ending | <u>\$ 108,852,835</u> | <u>\$ 42,985,141</u> | <u>\$ 12,000,000</u> | <u>\$ 196,602,355</u> | <u>\$ 360,440,331</u> |

**HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS**

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

For The Year Ended February 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 669,452,204 | \$ 351,872,115 | \$ 347,608,675 | \$ (4,263,440) |
| Revenues and Transfers In: | | | | |
| Interest | - | 1,834,899 | 1,834,899 | - |
| Miscellaneous | - | 3,698,607 | 12,129,594 | 8,430,987 |
| Intergovernmental | - | 26,046,717 | 29,679,856 | 3,633,139 |
| Other Proceeds Comm Paper | - | 465,765,000 | 97,420,000 | (368,345,000) |
| Other Transfers In | - | 93,300,000 | 94,150,426 | 850,426 |
| Total Revenues and Transfers In | <u>-</u> | <u>590,645,223</u> | <u>235,214,775</u> | <u>(355,430,448)</u> |
| Total Available Resources | <u>\$ 669,452,204</u> | <u>\$ 942,517,338</u> | <u>\$ 582,823,450</u> | <u>\$ (359,693,888)</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 29, 2016

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
|---|---------------------------|----------------------------|-----------------------|-------------------------|
| Roads | | | | |
| METRO Street Improvement | \$ 5,916,525 | \$ 5,954,110 | \$ - | \$ 5,954,110 |
| Road Capital Projects | 22,456,522 | 28,083,870 | 4,681,099 | 23,402,771 |
| METRO Designated Projects | 36,731,541 | 40,247,361 | 11,186,522 | 29,060,839 |
| Road Refunding 2004B | 6,472,463 | 6,718,956 | 2,429,237 | 4,289,719 |
| Road Refunding 2006B | 41,649,223 | 41,642,363 | 16,001,681 | 25,640,682 |
| Road Series 1993 Construction | 32,564 | 32,568 | 32,567 | 1 |
| Road 1996 Construction | 260,622 | 231,203 | 189,938 | 41,265 |
| Commercial Paper Series C | 82,375,326 | 81,613,886 | 3,686,766 | 77,927,120 |
| Total Roads | <u>195,894,786</u> | <u>204,524,317</u> | <u>38,207,810</u> | <u>166,316,507</u> |
| Permanent Improvements | | | | |
| Buildings/Parks/Library Projects | 8,111,751 | 16,606,869 | 5,804,749 | 10,802,120 |
| 1982 Park Bonds Construction | 23,406 | 23,488 | 85 | 23,403 |
| CO Series 2001 Construction | 651,924 | 1,136,524 | 1,030,021 | 106,503 |
| Permanent Improvements 2015A Construction | - | 32,807,233 | 17,765,039 | 15,042,194 |
| Permanent Improvements 1994 Construction | 45,388 | 44,588 | 44,588 | - |
| CO Series 1994 Construction | 749,010 | 647,576 | 526,053 | 121,523 |
| Commercial Paper Series B | 21,446,485 | 57,170,957 | 5,092,983 | 52,077,974 |
| Commercial Paper Series A-1 | 56,850,364 | 108,124,997 | 13,634,686 | 94,490,311 |
| Commercial Paper Series New D | 119,775,107 | 244,379,507 | 51,846,682 | 192,532,825 |
| Total Permanent Improvements | <u>207,653,435</u> | <u>460,941,739</u> | <u>95,744,886</u> | <u>365,196,853</u> |
| Flood Control | | | | |
| Regional Flood Control Projects | 9,929,203 | 10,683,344 | 7,680,147 | 3,003,197 |
| Flood Control Capital Projects | 167,684,765 | 237,378,236 | 55,927,513 | 181,450,723 |
| FC Bonds 2004A-Construction | 6,881,755 | 6,891,392 | 3,561,191 | 3,330,201 |
| FC Improvement Bonds 2007 | 12,480,490 | 12,493,982 | 6,662,139 | 5,831,843 |
| Commercial Paper - Flood Control | 68,927,770 | 7,953,197 | 1,137,556 | 6,815,641 |
| Total Flood Control | <u>265,903,983</u> | <u>275,400,151</u> | <u>74,968,546</u> | <u>200,431,605</u> |
| Total Capital Projects Funds | <u>\$ 669,452,204</u> | <u>\$ 940,866,207</u> | <u>\$ 208,921,242</u> | <u>\$ 731,944,965</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.

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 29, 2016

| | Parking Facilities | Sheriff's Commissary | Total |
|---|-------------------------------|---------------------------------|----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 3,771,437 | \$ 6,656,460 | \$ 10,427,897 |
| Investments | 6,839,901 | 2,537,842 | 9,377,743 |
| Accounts receivable, net | 932,699 | - | 932,699 |
| Accrued interest receivable | 2,748 | 10 | 2,758 |
| Other receivables | - | 706,165 | 706,165 |
| Inventories | - | 205,719 | 205,719 |
| Total current assets | <u>11,546,785</u> | <u>10,106,196</u> | <u>21,652,981</u> |
| 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 | (10,028,414) | (3,845,449) | (13,873,863) |
| Total noncurrent assets | <u>17,490,231</u> | <u>508,370</u> | <u>17,998,601</u> |
| Total assets | <u>29,037,016</u> | <u>10,614,566</u> | <u>39,651,582</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Vouchers payable | 291,482 | 289,928 | 581,410 |
| Accrued payroll and compensated absences | - | 48,924 | 48,924 |
| Unearned Revenue | - | 17,808 | 17,808 |
| Total current liabilities | <u>291,482</u> | <u>356,660</u> | <u>648,142</u> |
| Noncurrent liabilities: | | | |
| Noncurrent portion of long-term liabilities | - | 8,938 | 8,938 |
| Total noncurrent liabilities | <u>-</u> | <u>8,938</u> | <u>8,938</u> |
| Total Liabilities | <u>291,482</u> | <u>365,598</u> | <u>657,080</u> |
| NET POSITION | | | |
| Net investment in capital assets | 17,490,231 | 508,370 | 17,998,601 |
| Unrestricted | 11,255,303 | 9,740,598 | 20,995,901 |
| Total net position | <u>\$ 28,745,534</u> | <u>\$ 10,248,968</u> | <u>\$ 38,994,502</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - NON MAJOR ENTERPRISE FUNDS
For The Year Ended February 29, 2016

| | Parking Facilities | Sheriff's Commissary | Total |
|---|-------------------------------|---------------------------------|----------------------|
| OPERATING REVENUES | | | |
| Sales | \$ - | \$ 9,191,257 | \$ 9,191,257 |
| User fees | 5,712,646 | - | 5,712,646 |
| Miscellaneous | - | 18,519 | 18,519 |
| Total operating revenues | <u>5,712,646</u> | <u>9,209,776</u> | <u>14,922,422</u> |
| OPERATING EXPENSES | | | |
| Salaries | - | 617,054 | 617,054 |
| Materials and supplies | - | 1,427,502 | 1,427,502 |
| Services and fees | 1,504,313 | 4,117,936 | 5,622,249 |
| Utilities | 239,709 | 6,914 | 246,623 |
| Cost of goods sold | - | 3,524,146 | 3,524,146 |
| Depreciation | 590,170 | 192,186 | 782,356 |
| Total operating expenses | <u>2,334,192</u> | <u>9,885,738</u> | <u>12,219,930</u> |
| Operating Income (Loss) | <u>3,378,454</u> | <u>(675,962)</u> | <u>2,702,492</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Earnings on investments | 34,584 | 29,529 | 64,113 |
| Total nonoperating revenue (expenses) | <u>34,584</u> | <u>29,529</u> | <u>64,113</u> |
| Income (loss) | <u>3,413,038</u> | <u>(646,433)</u> | <u>2,766,605</u> |
| Change in net position | 3,413,038 | (646,433) | 2,766,605 |
| Net position, beginning | 25,332,496 | 10,895,401 | 36,227,897 |
| Net position, ending | <u>\$ 28,745,534</u> | <u>\$ 10,248,968</u> | <u>\$ 38,994,502</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 29, 2016

| | Parking Facilities | Sheriff's Commissary | Total |
|---|-------------------------------|---------------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 5,610,670 | \$ 9,266,818 | \$ 14,877,488 |
| Payments to employees | - | (593,840) | (593,840) |
| Payments to vendors | (1,644,607) | (9,425,138) | (11,069,745) |
| Net cash provided by (used for) operating activities | <u>3,966,063</u> | <u>(752,160)</u> | <u>3,213,903</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Net cash used for capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | - | (2,489,687) | (2,489,687) |
| Proceeds from sales and maturities of investments | - | 2,494,583 | 2,494,583 |
| Interest paid | (2,071,789) | - | (2,071,789) |
| Interest received | - | 20,792 | 20,792 |
| Net cash provided by (used for) investing activities | <u>(2,071,789)</u> | <u>25,688</u> | <u>(2,046,101)</u> |
| Net change in cash and cash equivalents | 1,894,274 | (726,472) | 1,167,802 |
| Cash and cash equivalents, beginning | 1,877,163 | 7,382,932 | 9,260,095 |
| Cash and cash equivalents, ending | <u>\$ 3,771,437</u> | <u>\$ 6,656,460</u> | <u>\$ 10,427,897</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | |
| Operating income (loss) | \$ 3,378,454 | \$ (675,962) | \$ 2,702,492 |
| Adjustment to reconcile operating gain (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 590,170 | 192,186 | 782,356 |
| Change in current assets and liabilities: | | | |
| Receivables, net | (101,976) | 86,113 | (15,863) |
| Inventories | - | 4,891 | 4,891 |
| Vouchers payable and accrued liabilities | 99,415 | (353,531) | (254,116) |
| Other liabilities | - | (29,071) | (29,071) |
| Compensatory time payable | - | 23,214 | 23,214 |
| Net cash provided by (used for) operating activities | <u>\$ 3,966,063</u> | <u>\$ (752,160)</u> | <u>\$ 3,213,903</u> |
| Non-Cash Investing Activities: | | | |
| Increase (decrease) in the fair value of investments | \$ 2,105,719 | \$ 8,743 | \$ 2,114,462 |

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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 29, 2016

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Total |
|---|--------------------------------|-----------------------------|------------------------------|--|----------------------------|-----------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 238,342 | \$ 756,916 | \$ 883,521 | \$ 22,207,614 | \$ 11,391,590 | \$ 35,477,983 |
| Investments | 1,507,643 | 1,422,048 | 1,603,407 | 40,430,925 | 38,602,040 | 83,566,063 |
| Receivables: | | | | | | |
| Accounts | 2,003 | 590,028 | - | 3,825,307 | 119,966 | 4,537,304 |
| Accrued interest | 606 | 571 | 644 | 16,243 | 106,891 | 124,955 |
| Other | 2,196 | - | 313 | 458,963 | 3,115,529 | 3,577,001 |
| Due from other funds | 443,332 | 25,052 | - | - | 3,966 | 472,350 |
| Prepays and other assets | 8,657 | 13,093 | 3,676 | 6,194 | 1,415,088 | 1,446,708 |
| Inventories | 754,155 | 263,965 | - | - | - | 1,018,120 |
| Total current assets | <u>2,956,934</u> | <u>3,071,673</u> | <u>2,491,561</u> | <u>66,945,246</u> | <u>54,755,070</u> | <u>130,220,484</u> |
| Noncurrent assets: | | | | | | |
| Land | 259,000 | - | - | - | - | 259,000 |
| Buildings | 1,468,568 | - | - | - | - | 1,468,568 |
| Equipment | 68,740,543 | 1,759,538 | 477,411 | - | - | 70,977,492 |
| Accumulated depreciation | (45,810,082) | (1,345,517) | (440,913) | - | - | (47,596,512) |
| Total noncurrent assets | <u>24,658,029</u> | <u>414,021</u> | <u>36,498</u> | <u>-</u> | <u>-</u> | <u>25,108,548</u> |
| Total assets | <u>27,614,963</u> | <u>3,485,694</u> | <u>2,528,059</u> | <u>66,945,246</u> | <u>54,755,070</u> | <u>155,329,032</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Vouchers payable | 1,559,899 | 434,537 | 1,604 | 11,767,402 | 452,879 | 14,216,321 |
| Accrued payroll and compensated absences | 406,570 | 329,339 | - | 8,880 | 412,148 | 1,156,937 |
| Estimated outstanding claims | - | - | - | - | 13,591,147 | 13,591,147 |
| Incurred but not reported claims | - | - | - | 18,954,741 | 6,154,292 | 25,109,033 |
| Unearned revenue | - | - | - | - | 132,446 | 132,446 |
| Total current liabilities | <u>1,966,469</u> | <u>763,876</u> | <u>1,604</u> | <u>30,731,023</u> | <u>20,742,912</u> | <u>54,205,884</u> |
| Noncurrent liabilities: | | | | | | |
| Noncurrent portion of long-term liabilities | 57,805 | 38,617 | - | 866 | 31,521 | 128,809 |
| Total noncurrent liabilities | <u>57,805</u> | <u>38,617</u> | <u>-</u> | <u>866</u> | <u>31,521</u> | <u>128,809</u> |
| Total liabilities | <u>2,024,274</u> | <u>802,493</u> | <u>1,604</u> | <u>30,731,889</u> | <u>20,774,433</u> | <u>54,334,693</u> |
| NET POSITION | | | | | | |
| Net investments in capital assets | 24,658,029 | 414,021 | 36,498 | - | - | 25,108,548 |
| Unrestricted | 932,660 | 2,269,180 | 2,489,957 | 36,213,357 | 33,980,637 | 75,885,791 |
| Total net position | <u>\$ 25,590,689</u> | <u>\$ 2,683,201</u> | <u>\$ 2,526,455</u> | <u>\$ 36,213,357</u> | <u>\$ 33,980,637</u> | <u>\$ 100,994,339</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For The Year Ended February 29, 2016

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Totals |
|---|------------------------|---------------------|----------------------|--------------------------------|----------------------|-----------------------|
| OPERATING REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 2,452,877 | \$ - | \$ 2,452,877 |
| Charges to departments | 19,661,711 | 229,095 | 473,814 | 226,689,431 | 11,278,686 | 258,332,737 |
| User fees | 8,537,091 | 6,009,396 | - | - | - | 14,546,487 |
| Total operating revenues | <u>28,198,802</u> | <u>6,238,491</u> | <u>473,814</u> | <u>229,142,308</u> | <u>11,278,686</u> | <u>275,332,101</u> |
| OPERATING EXPENSES | | | | | | |
| Salaries | 3,789,667 | 3,141,162 | - | 139,633 | 6,140,338 | 13,210,800 |
| Materials and supplies | 385,657 | 39,886 | 68,855 | 25,750 | 103,814 | 623,962 |
| Services and fees | 6,655,045 | 2,471,751 | 41,673 | 1,522,435 | 4,041,763 | 14,732,667 |
| Utilities | 79,737 | 493,255 | - | - | 2,231 | 575,223 |
| Transportation and travel | 6,040,805 | 132,981 | - | - | 16,018 | 6,189,804 |
| Incurred claims | - | - | - | 235,639,314 | 7,286,333 | 242,925,647 |
| Estimated claims | - | - | - | 3,174,843 | (1,420,138) | 1,754,705 |
| Cost of goods sold | 6,359,708 | 146,068 | - | - | - | 6,505,776 |
| Depreciation | 6,799,571 | 24,553 | 14,112 | - | - | 6,838,236 |
| Total operating expenses | <u>30,110,190</u> | <u>6,449,656</u> | <u>124,640</u> | <u>240,501,975</u> | <u>16,170,359</u> | <u>293,356,820</u> |
| Operating income (loss) | <u>(1,911,388)</u> | <u>(211,165)</u> | <u>349,174</u> | <u>(11,359,667)</u> | <u>(4,891,673)</u> | <u>(18,024,719)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Earnings on investments | 14,837 | 6,628 | 13,691 | 234,357 | 526,073 | 795,586 |
| Gain on sale of capital assets | 3,665,366 | - | - | - | - | 3,665,366 |
| Other nonoperating revenues (expenses) | 195,155 | 1,356 | - | - | - | 196,511 |
| Total nonoperating revenues (expenses) | <u>3,875,358</u> | <u>7,984</u> | <u>13,691</u> | <u>234,357</u> | <u>526,073</u> | <u>4,657,463</u> |
| Income (loss) before transfers | <u>1,963,970</u> | <u>(203,181)</u> | <u>362,865</u> | <u>(11,125,310)</u> | <u>(4,365,600)</u> | <u>(13,367,256)</u> |
| Transfers in | 7,580 | 1,000,000 | - | - | 4,714,470 | 5,722,050 |
| Transfers out | - | - | (2,000,000) | (1,095,327) | - | (3,095,327) |
| Total transfers | <u>7,580</u> | <u>1,000,000</u> | <u>(2,000,000)</u> | <u>(1,095,327)</u> | <u>4,714,470</u> | <u>2,626,723</u> |
| Change in net position | 1,971,550 | 796,819 | (1,637,135) | (12,220,637) | 348,870 | (10,740,533) |
| Net position, beginning | 23,619,139 | 1,886,382 | 4,163,590 | 48,433,994 | 33,631,767 | 111,734,872 |
| Net position, ending | <u>\$ 25,590,689</u> | <u>\$ 2,683,201</u> | <u>\$ 2,526,455</u> | <u>\$ 36,213,357</u> | <u>\$ 33,980,637</u> | <u>\$ 100,994,339</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 29, 2016

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Total |
|---|--------------------------------|-----------------------------|------------------------------|--|----------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | \$ 27,973,871 | \$ 5,926,388 | \$ 474,332 | \$ 228,588,575 | \$ 9,498,243 | \$ 272,461,409 |
| Payments to employees | (3,774,282) | (3,038,018) | - | (132,952) | (6,115,547) | (13,060,799) |
| Payments to vendors | (19,353,543) | (3,193,860) | (120,150) | 1,346,180 | (4,304,029) | (25,625,402) |
| Claims paid | - | - | - | (236,405,585) | (5,064,979) | (241,470,564) |
| Other receipts | 195,155 | 1,356 | - | - | - | 196,511 |
| Net cash provided by (used for) operating activities | <u>5,041,201</u> | <u>(304,134)</u> | <u>354,182</u> | <u>(6,603,782)</u> | <u>(5,986,312)</u> | <u>(7,498,845)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers from other funds | 7,580 | 1,000,000 | - | - | 4,714,470 | 5,722,050 |
| Transfers to other funds | - | - | (2,000,000) | (1,095,327) | - | (3,095,327) |
| Net cash provided by noncapital financing activities | <u>7,580</u> | <u>1,000,000</u> | <u>(2,000,000)</u> | <u>(1,095,327)</u> | <u>4,714,470</u> | <u>2,626,723</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Purchases of capital assets | (14,784,423) | (413,441) | - | - | - | (15,197,864) |
| Net cash used for capital and related financing activities | <u>(14,784,423)</u> | <u>(413,441)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,197,864)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investments | - | - | - | - | (24,682,898) | (24,682,898) |
| Proceeds from sales and maturities of investments | - | - | - | - | 32,557,921 | 32,557,921 |
| Interest paid | - | (24,818) | - | - | - | (24,818) |
| Interest received | 6,927,714 | - | 1,362,610 | 10,037,803 | 1,150,702 | 19,478,829 |
| Net cash provided by (used for) investing activities | <u>6,927,714</u> | <u>(24,818)</u> | <u>1,362,610</u> | <u>10,037,803</u> | <u>9,025,725</u> | <u>27,329,034</u> |
| Net change in cash and cash equivalents | (2,807,928) | 257,607 | (283,208) | 2,338,694 | 7,753,883 | 7,259,048 |
| Cash and cash equivalents, beginning | 3,046,270 | 499,309 | 1,166,729 | 19,868,920 | 3,637,707 | 28,218,935 |
| Cash and cash equivalents, ending | <u>\$ 238,342</u> | <u>\$ 756,916</u> | <u>\$ 883,521</u> | <u>\$ 22,207,614</u> | <u>\$ 11,391,590</u> | <u>\$ 35,477,983</u> |
| Reconciliation of Operating Income (Loss) to Net Cash | | | | | | |
| Provided by (Used for) Operating Activities: | | | | | | |
| Operating income (loss) | \$ (1,911,388) | \$ (211,165) | \$ 349,174 | \$ (11,359,667) | \$ (4,891,673) | \$ (18,024,719) |
| Adjustments to reconcile operating income to net cash | | | | | | |
| Provided by operating activities: | | | | | | |
| Depreciation expense | 6,799,571 | 24,553 | 14,112 | - | - | 6,838,236 |
| Other non-operating expenses | 195,155 | 1,356 | - | - | - | 196,511 |
| Change in assets and liabilities: | | | | | | |
| Receivables, net | (224,931) | (312,103) | 518 | (553,733) | (1,829,129) | (2,919,378) |
| Prepays and other assets | (1,213) | (9,502) | (3,676) | 507 | (118,189) | (132,073) |
| Inventories | 101,125 | 4,205 | - | - | - | 105,330 |
| Vouchers payable and accrued liabilities | 85,553 | 185,199 | (5,946) | 5,308,352 | 775,236 | 6,348,394 |
| Unearned revenue | - | - | - | - | 52,652 | 52,652 |
| Compensatory time payable | (2,671) | 13,323 | - | 759 | 24,791 | 36,202 |
| Net cash provided by (used for) operating activities | <u>\$ 5,041,201</u> | <u>\$ (304,134)</u> | <u>\$ 354,182</u> | <u>\$ (6,603,782)</u> | <u>\$ (5,986,312)</u> | <u>\$ (7,498,845)</u> |
| Non-Cash Investing Activities: | | | | | | |
| Increase (decrease) in the fair value of investments | \$ (6,909,760) | \$ 31,490 | \$ (1,348,257) | \$ (9,797,473) | \$ (583,578) | \$ (18,607,578) |

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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 29, 2016

| | <u>District Clerk</u> <u>Registry</u> | <u>County Clerk</u> <u>Registry</u> | <u>Officers' Fees</u> | <u>Bail Security</u> | <u>Tax</u> <u>Collector's</u> |
|--|--|--|-----------------------|----------------------|----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 20,034,535 | \$ 7,993,632 | \$ 14,387,978 | \$ 11,574,058 | \$ 221,475,722 |
| Investments | 59,551,758 | 82,156,578 | 19,641,728 | 3,985,634 | - |
| Accounts receivable | - | - | 161,468 | - | - |
| Other receivables | - | - | - | - | - |
| Accrued interest receivable | 123,368 | 119,808 | 7,891 | 1,601 | - |
| Total assets | <u>\$ 79,709,661</u> | <u>\$ 90,270,018</u> | <u>\$ 34,199,065</u> | <u>\$ 15,561,293</u> | <u>\$ 221,475,722</u> |
| LIABILITIES | | | | | |
| Vouchers payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and compensated absences | - | - | - | - | - |
| Incurred but not reported claims | - | - | - | - | - |
| Held for others | 79,709,661 | 90,270,018 | 34,199,065 | 15,561,293 | 221,475,722 |
| Total liabilities | <u>\$ 79,709,661</u> | <u>\$ 90,270,018</u> | <u>\$ 34,199,065</u> | <u>\$ 15,561,293</u> | <u>\$ 221,475,722</u> |

| Inmate Property | Treasurer Escheat | Juvenile Restitution | DA Fraud Fee | District Clerk Contingency | Army Corps of Engineers Escrow | JJC Subcontractor Underpayment | Retiree Healthcare Fund |
|----------------------------|------------------------------|---------------------------------|-----------------------------|---|---|---|--|
| \$ 1,756,237 | \$ 800,561 | \$ 143,737 | \$ 123,506 | \$ 142,449 | \$ 25,743 | \$ 21,879 | \$ - |
| - | - | - | - | 258,477 | - | - | - |
| - | - | - | - | - | - | - | 690,942 |
| - | - | - | - | - | - | - | 9,575,543 |
| - | - | - | - | 104 | - | - | - |
| <u>\$ 1,756,237</u> | <u>\$ 800,561</u> | <u>\$ 143,737</u> | <u>\$ 123,506</u> | <u>\$ 401,030</u> | <u>\$ 25,743</u> | <u>\$ 21,879</u> | <u>\$ 10,266,485</u> |
| \$ 686,405 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,363,572 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 5,902,913 |
| 1,069,832 | 800,561 | 143,737 | 123,506 | 401,030 | 25,743 | 21,879 | - |
| <u>\$ 1,756,237</u> | <u>\$ 800,561</u> | <u>\$ 143,737</u> | <u>\$ 123,506</u> | <u>\$ 401,030</u> | <u>\$ 25,743</u> | <u>\$ 21,879</u> | <u>\$ 10,266,485</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 29, 2016

| | DA Seized Assets | Houston HIDTA Seized Funds | Payroll Fund | Custodial | Total Agency Funds |
|--|---------------------------------|---|----------------------|---------------------|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 9,029,888 | \$ 2,096,453 | \$ 5,992,454 | \$ 3,099,459 | \$ 298,698,291 |
| Investments | - | 19,492 | 10,408,575 | - | 176,022,242 |
| Accounts receivable | - | - | 384,351 | - | 1,236,761 |
| Other receivables | - | - | 119,538 | - | 9,695,081 |
| Accrued interest receivable | - | 8 | 4,212 | - | 256,992 |
| Total assets | <u>\$ 9,029,888</u> | <u>\$ 2,115,953</u> | <u>\$ 16,909,130</u> | <u>\$ 3,099,459</u> | <u>\$ 485,909,367</u> |
| LIABILITIES | | | | | |
| Vouchers payable | \$ - | \$ - | \$ 911,582 | \$ - | \$ 5,961,559 |
| Accrued payroll and compensated absences | - | - | 15,997,548 | - | 15,997,548 |
| Incurred but not reported claims | - | - | - | - | 5,902,913 |
| Held for others | 9,029,888 | 2,115,953 | - | 3,099,459 | 458,047,347 |
| Total liabilities | <u>\$ 9,029,888</u> | <u>\$ 2,115,953</u> | <u>\$ 16,909,130</u> | <u>\$ 3,099,459</u> | <u>\$ 485,909,367</u> |

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2016

| | Balance March 1, 2015 | Additions | Deductions | Balance February 29, 2016 |
|--------------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| District Clerk Registry | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,487,100 | \$ 105,879,377 | \$ 92,331,942 | \$ 20,034,535 |
| Investments | 44,508,931 | 80,044,035 | 65,001,208 | 59,551,758 |
| Accrued interest receivable | 142,834 | 123,368 | 142,834 | 123,368 |
| Total Assets | <u>\$ 51,138,865</u> | <u>\$ 186,046,780</u> | <u>\$ 157,475,984</u> | <u>\$ 79,709,661</u> |
| LIABILITIES | | | | |
| Held for others | \$ 51,138,865 | \$ 85,245,119 | \$ 56,674,323 | \$ 79,709,661 |
| Total Liabilities | <u>\$ 51,138,865</u> | <u>\$ 85,245,119</u> | <u>\$ 56,674,323</u> | <u>\$ 79,709,661</u> |
| County Clerk Registry | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 16,350,474 | \$ 217,243,141 | \$ 225,599,983 | \$ 7,993,632 |
| Investments | 105,559,125 | 92,296,217 | 115,698,764 | 82,156,578 |
| Accrued interest receivable | 183,353 | 119,808 | 183,353 | 119,808 |
| Total Assets | <u>\$ 122,092,952</u> | <u>\$ 309,659,166</u> | <u>\$ 341,482,100</u> | <u>\$ 90,270,018</u> |
| LIABILITIES | | | | |
| Held for others | \$ 122,092,952 | \$ 110,186,003 | \$ 142,008,937 | \$ 90,270,018 |
| Total Liabilities | <u>\$ 122,092,952</u> | <u>\$ 110,186,003</u> | <u>\$ 142,008,937</u> | <u>\$ 90,270,018</u> |
| Officers' Fees | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,284,607 | \$ 229,639,051 | \$ 225,535,680 | \$ 14,387,978 |
| Investments | 16,666,502 | 23,110,822 | 20,135,596 | 19,641,728 |
| Accounts receivable | 8,629 | 170,711 | 17,872 | 161,468 |
| Accrued interest receivable | 7,372 | 7,891 | 7,372 | 7,891 |
| Total Assets | <u>\$ 26,967,110</u> | <u>\$ 252,928,475</u> | <u>\$ 245,696,520</u> | <u>\$ 34,199,065</u> |
| LIABILITIES | | | | |
| Held for others | \$ 26,967,110 | \$ 384,603,821 | \$ 377,371,866 | \$ 34,199,065 |
| Total Liabilities | <u>\$ 26,967,110</u> | <u>\$ 384,603,821</u> | <u>\$ 377,371,866</u> | <u>\$ 34,199,065</u> |
| Bail Security | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,862,798 | \$ 6,986,042 | \$ 6,274,782 | \$ 11,574,058 |
| Investments | 4,507,533 | 4,689,571 | 5,211,470 | 3,985,634 |
| Accrued interest receivable | 1,994 | 1,601 | 1,994 | 1,601 |
| Total Assets | <u>\$ 15,372,325</u> | <u>\$ 11,677,214</u> | <u>\$ 11,488,246</u> | <u>\$ 15,561,293</u> |
| LIABILITIES | | | | |
| Held for others | \$ 15,372,325 | \$ 3,400,945 | \$ 3,211,977 | \$ 15,561,293 |
| Total Liabilities | <u>\$ 15,372,325</u> | <u>\$ 3,400,945</u> | <u>\$ 3,211,977</u> | <u>\$ 15,561,293</u> |
| Tax Collector's | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 215,861,571 | \$ 11,932,411,353 | \$ 11,926,797,202 | \$ 221,475,722 |
| Total Assets | <u>\$ 215,861,571</u> | <u>\$ 11,932,411,353</u> | <u>\$ 11,926,797,202</u> | <u>\$ 221,475,722</u> |
| LIABILITIES | | | | |
| Held for others | \$ 215,861,571 | \$ 11,890,478,611 | \$ 11,884,864,460 | \$ 221,475,722 |
| Total Liabilities | <u>\$ 215,861,571</u> | <u>\$ 11,890,478,611</u> | <u>\$ 11,884,864,460</u> | <u>\$ 221,475,722</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2016

| | <u>Balance</u> <u>March 1, 2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>February 29, 2016</u> |
|-----------------------------------|--|----------------------|----------------------|--|
| Inmate Property | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,807,579 | \$ 16,799,501 | \$ 16,850,843 | \$ 1,756,237 |
| Total Assets | <u>\$ 1,807,579</u> | <u>\$ 16,799,501</u> | <u>\$ 16,850,843</u> | <u>\$ 1,756,237</u> |
| LIABILITIES | | | | |
| Payables | \$ 693,977 | \$ 9,396,499 | 9,404,071 | \$ 686,405 |
| Held for others | 1,113,602 | 16,799,501 | 16,843,271 | 1,069,832 |
| Total Liabilities | <u>\$ 1,807,579</u> | <u>\$ 26,196,000</u> | <u>\$ 26,247,342</u> | <u>\$ 1,756,237</u> |
| Treasurer Escheat | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 751,064 | \$ 50,290 | \$ 793 | \$ 800,561 |
| Total Assets | <u>\$ 751,064</u> | <u>\$ 50,290</u> | <u>\$ 793</u> | <u>\$ 800,561</u> |
| LIABILITIES | | | | |
| Held for others | \$ 751,064 | \$ 50,447 | \$ 950 | \$ 800,561 |
| Total Liabilities | <u>\$ 751,064</u> | <u>\$ 50,447</u> | <u>\$ 950</u> | <u>\$ 800,561</u> |
| Juvenile Restitution | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 122,154 | \$ 179,632 | \$ 158,049 | \$ 143,737 |
| Total Assets | <u>\$ 122,154</u> | <u>\$ 179,632</u> | <u>\$ 158,049</u> | <u>\$ 143,737</u> |
| LIABILITIES | | | | |
| Held for others | \$ 122,154 | \$ 51,254 | \$ 29,671 | \$ 143,737 |
| Total Liabilities | <u>\$ 122,154</u> | <u>\$ 51,254</u> | <u>\$ 29,671</u> | <u>\$ 143,737</u> |
| DA Fraud Fee Restitution | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 81,716 | \$ 1,132,186 | \$ 1,090,396 | \$ 123,506 |
| Total Assets | <u>\$ 81,716</u> | <u>\$ 1,132,186</u> | <u>\$ 1,090,396</u> | <u>\$ 123,506</u> |
| LIABILITIES | | | | |
| Held for others | \$ 81,716 | \$ 197,811 | \$ 156,021 | \$ 123,506 |
| Total Liabilities | <u>\$ 81,716</u> | <u>\$ 197,811</u> | <u>\$ 156,021</u> | <u>\$ 123,506</u> |
| District Clerk Contingency | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 114,299 | \$ 357,813 | \$ 329,663 | \$ 142,449 |
| Investments | 287,237 | 304,129 | 332,889 | 258,477 |
| Accrued interest receivable | 127 | 104 | 127 | 104 |
| Total Assets | <u>\$ 401,663</u> | <u>\$ 662,046</u> | <u>\$ 662,679</u> | <u>\$ 401,030</u> |
| LIABILITIES | | | | |
| Held for others | \$ 401,663 | \$ 49,059 | \$ 49,692 | \$ 401,030 |
| Total Liabilities | <u>\$ 401,663</u> | <u>\$ 49,059</u> | <u>\$ 49,692</u> | <u>\$ 401,030</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2016

| | Balance March 1, 2015 | Additions | Deductions | Balance February 29, 2016 |
|---------------------------------------|--------------------------|----------------------|----------------------|------------------------------|
| Army Corps of Engineers Escrow | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 25,735 | \$ 11 | \$ 3 | \$ 25,743 |
| Total Assets | <u>\$ 25,735</u> | <u>\$ 11</u> | <u>\$ 3</u> | <u>\$ 25,743</u> |
| LIABILITIES | | | | |
| Held for others | \$ 25,735 | \$ 11 | \$ 3 | \$ 25,743 |
| Total Liabilities | <u>\$ 25,735</u> | <u>\$ 11</u> | <u>\$ 3</u> | <u>\$ 25,743</u> |
| JJC Subcontractor Underpayment | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 7,133 | \$ 20,432 | \$ 5,686 | \$ 21,879 |
| Investments | 17,952 | - | 17,952 | - |
| Accrued interest receivable | 8 | - | 8 | - |
| Total Assets | <u>\$ 25,093</u> | <u>\$ 20,432</u> | <u>\$ 23,646</u> | <u>\$ 21,879</u> |
| LIABILITIES | | | | |
| Held for others | \$ 25,093 | \$ 21,970 | \$ 25,184 | \$ 21,879 |
| Total Liabilities | <u>\$ 25,093</u> | <u>\$ 21,970</u> | <u>\$ 25,184</u> | <u>\$ 21,879</u> |
| Retiree Healthcare | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 689,089 | \$ 690,942 | \$ 689,089 | \$ 690,942 |
| Other receivables | 5,494,068 | 15,478,456 | 11,396,981 | 9,575,543 |
| Total Assets | <u>\$ 6,183,157</u> | <u>\$ 16,169,398</u> | <u>\$ 12,086,070</u> | <u>\$ 10,266,485</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 1,046,515 | \$ 4,363,572 | \$ 1,046,515 | \$ 4,363,572 |
| Incurred but not reported claims | 5,136,642 | 5,902,913 | 5,136,642 | 5,902,913 |
| Total Liabilities | <u>\$ 6,183,157</u> | <u>\$ 10,266,485</u> | <u>\$ 6,183,157</u> | <u>\$ 10,266,485</u> |
| DA Seized Assets | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,707,626 | \$ 11,494,224 | \$ 12,171,962 | \$ 9,029,888 |
| Total Assets | <u>\$ 9,707,626</u> | <u>\$ 11,494,224</u> | <u>\$ 12,171,962</u> | <u>\$ 9,029,888</u> |
| LIABILITIES | | | | |
| Held for others | \$ 9,707,626 | \$ 11,494,224 | \$ 12,171,962 | \$ 9,029,888 |
| Total Liabilities | <u>\$ 9,707,626</u> | <u>\$ 11,494,224</u> | <u>\$ 12,171,962</u> | <u>\$ 9,029,888</u> |
| Houston HIDTA Seized Funds | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,974,696 | \$ 786,425 | \$ 664,668 | \$ 2,096,453 |
| Investments | - | 22,934 | 3,442 | 19,492 |
| Accrued interest receivable | - | 8 | - | 8 |
| Total Assets | <u>\$ 1,974,696</u> | <u>\$ 809,367</u> | <u>\$ 668,110</u> | <u>\$ 2,115,953</u> |
| LIABILITIES | | | | |
| Held for others | \$ 1,974,696 | \$ 1,117,327 | \$ 976,070 | \$ 2,115,953 |
| Total Liabilities | <u>\$ 1,974,696</u> | <u>\$ 1,117,327</u> | <u>\$ 976,070</u> | <u>\$ 2,115,953</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2016

| | <u>Balance</u> <u>March 1, 2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>February 29, 2016</u> |
|--|--|--------------------------|--------------------------|--|
| Payroll Fund | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,171,297 | \$ 1,390,889,569 | \$ 1,389,068,412 | \$ 5,992,454 |
| Investments | 10,609,080 | 12,241,985 | 12,442,490 | 10,408,575 |
| Accounts receivable | 194,125 | 2,525,497 | 2,335,271 | 384,351 |
| Other receivables | 1,124,512 | 1,327,851,389 | 1,328,856,363 | 119,538 |
| Accrued interest receivable | 4,720 | 4,212 | 4,720 | 4,212 |
| Total Assets | <u>\$ 16,103,734</u> | <u>\$ 2,733,512,652</u> | <u>\$ 2,732,707,256</u> | <u>\$ 16,909,130</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 637,908 | \$ 59,832,443 | \$ 59,558,769 | \$ 911,582 |
| Accrued payroll and compensated absences | 15,465,826 | 742,610,258 | 742,078,536 | 15,997,548 |
| Total Liabilities | <u>\$ 16,103,734</u> | <u>\$ 802,442,701</u> | <u>\$ 801,637,305</u> | <u>\$ 16,909,130</u> |
| Custodial | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,258,750 | \$ 12,663,828 | \$ 12,823,119 | \$ 3,099,459 |
| Other receivable | 60,977 | - | 60,977 | - |
| Total Assets | <u>\$ 3,319,727</u> | <u>\$ 12,663,828</u> | <u>\$ 12,884,096</u> | <u>\$ 3,099,459</u> |
| LIABILITIES | | | | |
| Held for others | \$ 3,319,727 | \$ 9,093,653 | \$ 9,313,921 | \$ 3,099,459 |
| Total Liabilities | <u>\$ 3,319,727</u> | <u>\$ 9,093,653</u> | <u>\$ 9,313,921</u> | <u>\$ 3,099,459</u> |
| Total Agency Funds | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 281,868,599 | \$ 13,926,532,875 | \$ 13,909,703,183 | \$ 298,698,291 |
| Investments | 182,156,360 | 212,709,693 | 218,843,811 | 176,022,242 |
| Accounts receivable | 891,843 | 3,387,150 | 3,042,232 | 1,236,761 |
| Other receivable | 6,679,557 | 1,343,329,845 | 1,340,314,321 | 9,695,081 |
| Accrued interest receivable | 340,408 | 256,992 | 340,408 | 256,992 |
| Total Assets | <u>\$ 471,936,767</u> | <u>\$ 15,486,216,555</u> | <u>\$ 15,472,243,955</u> | <u>\$ 485,909,367</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 2,378,400 | \$ 73,592,514 | \$ 70,009,355 | \$ 5,961,559 |
| Accrued payroll and compensated absences | 15,465,826 | 742,610,258 | 742,078,536 | 15,997,548 |
| Incurred but not reported claims | 5,136,642 | 5,902,913 | 5,136,642 | 5,902,913 |
| Held for others | 448,955,899 | 12,512,789,756 | 12,503,698,308 | 458,047,347 |
| Total Liabilities | <u>\$ 471,936,767</u> | <u>\$ 13,334,895,441</u> | <u>\$ 13,320,922,841</u> | <u>\$ 485,909,367</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 29, 2016

| | Harris County Housing Finance Corporation | Harris County Industrial Development Corporation | Children's Assessment Center Foundation | Friends of CountyPets | Total |
|---|--|---|--|----------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,393,705 | \$ 144,024 | \$ 1,502,892 | \$ 49,974 | \$ 6,090,595 |
| Investments, including accrued interest | - | 207,010 | - | - | 207,010 |
| Receivables: | | | | | |
| Accounts | - | - | 1,755,238 | - | 1,755,238 |
| Other | 645,017 | 80 | - | - | 645,097 |
| Prepays and other assets | - | 660 | 69,869 | - | 70,529 |
| Restricted cash and investments | 298,525 | - | 13,084,644 | - | 13,383,169 |
| Capital assets: | | | | | |
| Land, improvements and construction in progress | - | - | 13,565,519 | - | 13,565,519 |
| Other capital assets, net of depreciation | - | - | 11,002,358 | - | 11,002,358 |
| Total assets | <u>5,337,247</u> | <u>351,774</u> | <u>40,980,520</u> | <u>49,974</u> | <u>46,719,515</u> |
| LIABILITIES | | | | | |
| Vouchers payable and accrued liabilities | 61,830 | - | 984,772 | - | 1,046,602 |
| Unearned revenue | <u>24,000</u> | <u>-</u> | <u>180,017</u> | <u>-</u> | <u>204,017</u> |
| Total liabilities | <u>85,830</u> | <u>-</u> | <u>1,164,789</u> | <u>-</u> | <u>1,250,619</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Donor restrictions | - | - | 8,164,087 | - | 8,164,087 |
| Unrestricted net position | <u>5,251,417</u> | <u>351,774</u> | <u>31,651,644</u> | <u>49,974</u> | <u>37,304,809</u> |
| Total net position | <u>\$ 5,251,417</u> | <u>\$ 351,774</u> | <u>\$ 39,815,731</u> | <u>\$ 49,974</u> | <u>\$ 45,468,896</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For The Year Ended February 29, 2016

| | 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 | \$ 383,548 | \$ 1,000 | \$ 1,662,382 | \$ - | \$ 2,046,930 |
| Operating grants and contributions | - | - | 3,193,419 | 18,446 | 3,211,865 |
| Capital grants and contributions | - | - | 1,464,995 | - | 1,464,995 |
| Total program revenues | <u>383,548</u> | <u>1,000</u> | <u>6,320,796</u> | <u>18,446</u> | <u>6,723,790</u> |
| EXPENSES | <u>654,708</u> | <u>19,126</u> | <u>3,446,724</u> | <u>6,338</u> | <u>4,126,896</u> |
| Net (expenses) program revenues | <u>(271,160)</u> | <u>(18,126)</u> | <u>2,874,072</u> | <u>12,108</u> | <u>2,596,894</u> |
| General Revenues (Expenses): | | | | | |
| Earnings on investments | 39,278 | 275 | 24,504 | - | 64,057 |
| Other | 440,763 | - | (195,405) | - | 245,358 |
| Net general revenues (expenses) | <u>480,041</u> | <u>275</u> | <u>(170,901)</u> | <u>-</u> | <u>309,415</u> |
| Change in net position | 208,881 | (17,851) | 2,703,171 | 12,108 | 2,906,309 |
| Net position, beginning | <u>5,042,536</u> | <u>369,625</u> | <u>37,112,560</u> | <u>37,866</u> | <u>42,562,587</u> |
| Net position, ending | <u>\$ 5,251,417</u> | <u>\$ 351,774</u> | <u>\$ 39,815,731</u> | <u>\$ 49,974</u> | <u>\$ 45,468,896</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)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016* |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 9,146,605 |
| Restricted for: | | | | | | | | | | |
| Debt service | 151,067 | 154,297 | 150,777 | 155,452 | 137,053 | 136,559 | 190,104 | 230,567 | 257,820 | 293,732 |
| Capital projects | 24,659 | 22,129 | 33,791 | 18,739 | 28,365 | 28,481 | 18,274 | 15,459 | 27,245 | 35,510 |
| Donor temporarily restricted | 809 | 752 | 53 | 258 | 468 | 494 | 494 | 480 | 76 | 9 |
| Legislative | 1,637 | 1,687 | 4,657 | 3,063 | 2,837 | 4,560 | 7,251 | 6,772 | 1,936 | 2,486 |
| Mobility program | - | - | - | 80,345 | 133,191 | 158,816 | 201,509 | 247,067 | 272,168 | 302,455 |
| Unrestricted | 360,744 | 399,503 | 219,424 | 61,426 | (46,701) | (20,355) | 59,303 | 184,142 | 358,144 | 178,752 |
| Total governmental activities net position | <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> | <u>\$ 9,959,549</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ (491,756) | \$ (314,975) | \$ (255,104) | \$ (216,112) | \$ (211,636) | \$ (256,855) | \$ (230,758) | \$ (54,218) | \$ (20,925) | \$ 99,644 |
| Restricted for: | | | | | | | | | | |
| Debt service | 144,027 | 164,840 | 187,086 | 235,586 | 245,933 | 265,433 | 277,912 | 288,387 | 271,478 | 256,456 |
| Capital projects | 36,337 | 48,600 | 44,748 | 51,376 | 56,245 | 59,691 | 115,104 | 2,639 | 7,460 | 148,612 |
| Operating reserve per bond covenants | - | - | - | - | - | - | 25,199 | 29,742 | 32,611 | 37,670 |
| Toll road | 734,894 | 618,163 | 607,922 | 526,002 | 520,142 | 605,664 | 549,834 | 581,705 | 553,931 | 566,977 |
| Unrestricted | 12,652 | 12,759 | 12,683 | 9,848 | 8,189 | 8,439 | 8,095 | 11,954 | 17,447 | 20,996 |
| Total business-type activities | <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> | <u>\$ 1,130,355</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 9,246,249 |
| Restricted | 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 | 1,643,907 |
| Unrestricted | 373,396 | 412,262 | 232,107 | 71,274 | (38,512) | (11,916) | 67,398 | 196,096 | 375,591 | 199,748 |
| Total primary government | <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> | <u>\$ 11,089,904</u> |

*GASB Statement 68, Accounting and Financial Reporting for Pensions, was implemented during FY 2016. Refer to footnote 1.

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

| | <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> | <u>2016</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administration of Justice | \$ 704,472 | \$ 846,107 | \$ 944,400 | \$ 961,588 | \$ 929,889 | \$ 882,196 | \$ 901,902 | \$ 962,194 | \$ 1,016,759 | \$ 1,090,318 |
| Parks | 72,865 | 82,222 | 78,911 | 91,594 | 94,145 | 95,479 | 90,629 | 108,904 | 96,828 | 123,243 |
| County Administration | 277,592 | 299,310 | 407,483 | 342,683 | 326,162 | 308,346 | 290,415 | 336,266 | 323,699 | 356,256 |
| Health and Human Services | 197,880 | 193,348 | 182,120 | 220,090 | 199,518 | 191,253 | 189,798 | 188,705 | 202,202 | 206,560 |
| Flood Control | 81,126 | 90,253 | 97,695 | 103,435 | 99,305 | 92,793 | 98,788 | 92,845 | 99,231 | 109,294 |
| Tax Administration | 31,300 | 35,191 | 37,949 | 38,137 | 36,152 | 32,951 | 33,834 | 34,838 | 36,667 | 41,533 |
| Roads and Bridges | 347,061 | 364,111 | 373,484 | 381,380 | 387,325 | 390,220 | 390,227 | 372,922 | 349,827 | 354,830 |
| Interest and Fiscal Charges | 116,178 | 136,944 | 125,018 | 127,221 | 127,520 | 127,403 | 122,955 | 117,763 | 109,651 | 111,514 |
| Total governmental activities expenses | <u>1,828,474</u> | <u>2,047,486</u> | <u>2,247,060</u> | <u>2,266,128</u> | <u>2,200,016</u> | <u>2,120,641</u> | <u>2,118,548</u> | <u>2,214,437</u> | <u>2,234,864</u> | <u>2,393,548</u> |
| Business-type activities: | | | | | | | | | | |
| Toll Road | 276,671 | 272,972 | 305,754 | 360,048 | 363,266 | 368,627 | 383,226 | 386,005 | 590,656 | 423,261 |
| Subscriber Access | 239 | 161 | 132 | 580 | 83 | 717 | 402 | 3 | 154 | - |
| Parking Facilities | 867 | 952 | 895 | 839 | 889 | 763 | 764 | 2,243 | 1,877 | 2,334 |
| Sheriff's Commissary | 6,946 | 8,142 | 8,561 | 8,564 | 7,439 | 7,503 | 8,540 | 8,353 | 7,477 | 9,886 |
| Total business-type activities | <u>284,723</u> | <u>282,227</u> | <u>315,342</u> | <u>370,031</u> | <u>371,677</u> | <u>377,610</u> | <u>392,932</u> | <u>396,604</u> | <u>600,164</u> | <u>435,481</u> |
| Total primary government expenses | <u>\$ 2,113,197</u> | <u>\$ 2,329,713</u> | <u>\$ 2,562,402</u> | <u>\$ 2,636,159</u> | <u>\$ 2,571,693</u> | <u>\$ 2,498,251</u> | <u>\$ 2,511,480</u> | <u>\$ 2,611,041</u> | <u>\$ 2,835,028</u> | <u>\$ 2,829,029</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Administration of Justice | \$ 116,644 | \$ 126,189 | \$ 128,469 | \$ 138,701 | \$ 137,540 | \$ 143,983 | \$ 124,154 | \$ 125,911 | \$ 130,455 | \$ 137,335 |
| Parks | 3,288 | 3,560 | 1,237 | 3,272 | 3,144 | 3,463 | 3,762 | 798 | 743 | 801 |
| County Administration | 59,751 | 62,780 | 58,259 | 47,722 | 45,200 | 26,345 | 65,833 | 57,931 | 60,420 | 56,604 |
| Health and Human Services | 9,062 | 9,637 | 10,139 | 11,172 | 14,265 | 9,547 | 10,064 | 9,957 | 12,508 | 11,670 |
| Flood Control | 849 | 410 | 551 | 314 | 751 | 451 | 724 | 392 | 540 | 6,228 |
| Tax Administration | 46,448 | 28,749 | 26,920 | 28,173 | 25,659 | 25,997 | 27,390 | 28,504 | 30,283 | 30,213 |
| Roads and Bridges | 32,132 | 32,703 | 32,835 | 33,663 | 29,334 | 38,922 | 43,869 | 48,713 | 49,531 | 49,462 |
| Operating grants and contributions | 144,548 | 148,358 | 213,880 | 224,108 | 236,859 | 198,455 | 229,526 | 259,745 | 199,882 | 171,162 |
| Capital grants and contributions | 227,271 | 312,732 | 206,561 | 71,644 | 280,755 | 236,643 | 152,328 | 192,603 | 149,106 | 175,360 |
| Total governmental activities program revenues | <u>639,993</u> | <u>725,118</u> | <u>678,851</u> | <u>558,769</u> | <u>773,507</u> | <u>683,806</u> | <u>657,650</u> | <u>724,554</u> | <u>633,468</u> | <u>638,835</u> |

| | | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Toll Road | 392,993 | 428,868 | 442,015 | 455,548 | 481,346 | 519,297 | 560,079 | 609,965 | 688,921 | 759,276 |
| Subscriber Access | 347 | 265 | 283 | 265 | 249 | 226 | 201 | 15 | - | - |
| Parking Facilities | 406 | 368 | 382 | 365 | 387 | 258 | 233 | 5,008 | 5,289 | 5,713 |
| Sheriff's Commissary | 7,552 | 8,267 | 8,620 | 8,190 | 7,115 | 7,798 | 8,269 | 8,865 | 8,999 | 9,210 |
| Operating grants and contributions | 1,612 | 1,286 | 994 | 1,164 | 852 | 6,056 | 634 | 2,471 | - | 2,995 |
| Capital grants and contributions | 3,113 | 3,059 | 9,198 | 7,221 | 3,063 | 360 | - | - | - | - |
| Total business-type activities program revenues | <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> | <u>777,194</u> |
| Total primary government program revenues | <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> | <u>\$ 1,416,029</u> |
| NET (EXPENSE)/REVENUE | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (1,754,713) |
| Business-type activities | 121,300 | 159,886 | 146,150 | 102,722 | 121,335 | 156,385 | 176,484 | 229,720 | 103,045 | 341,713 |
| Total primary government net expense | <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> | <u>\$ (1,413,000)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 1,722,361 |
| Hotel occupancy taxes | 20,727 | 26,371 | 26,610 | 21,341 | 23,312 | 26,815 | 29,917 | 36,409 | 41,911 | 40,138 |
| Earnings on investments | 47,500 | 58,751 | 32,717 | 19,410 | 6,796 | 14,143 | 7,816 | 6,845 | 8,495 | 7,112 |
| Miscellaneous | 59,380 | 59,378 | 66,157 | 57,322 | 45,269 | 57,229 | 57,154 | 30,653 | 108,137 | 94,453 |
| Gain (Loss) on sale of capital assets | 115 | 43 | 145 | - | - | - | - | - | - | - |
| Transfers | 31,112 | 121,236 | 120,937 | 128,989 | 123,657 | 133,248 | 119,949 | 121,048 | 121,768 | 124,031 |
| Special item | - | 33,727 | - | - | - | - | - | - | - | - |
| Total governmental activities | <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> | <u>1,988,095</u> |
| Business-type activities: | | | | | | | | | | |
| Earnings on investments | 40,035 | 49,690 | 41,671 | 33,679 | 13,542 | 39,563 | 27,076 | 5,063 | 20,494 | 16,030 |
| Miscellaneous | 741 | 4,754 | 1,062 | 1,954 | 953 | 799 | 790 | 1,088 | 22 | 46,093 |
| Gain (Loss) on sale of capital assets | 11 | 140 | - | - | - | - | - | - | - | - |
| Transfers | (31,112) | (121,236) | (120,937) | (128,989) | (123,657) | (133,248) | (119,949) | (121,048) | (121,768) | (124,031) |
| Total business-type activities | <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> | <u>(61,908)</u> |
| Total primary government | <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> | <u>\$ 1,926,187</u> |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental activities | \$ (41,485) | \$ 80,990 | \$ (160,555) | \$ (275,227) | \$ (99,797) | \$ (28,822) | \$ 3,856 | \$ 85,721 | \$ 225,600 | \$ 233,382 |
| Business-type activities | 130,975 | 93,234 | 67,946 | 9,366 | 12,173 | 63,499 | 84,401 | 114,823 | 1,793 | 279,805 |
| Total primary government | <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> | <u>\$ 513,187</u> |

Table 3

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

| | <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> | <u>2016</u> |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 175,301 | \$ 175,956 | \$ 202,321 | \$ 283,664 | \$ 341,139 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 128,418 | 192,616 | 166,726 | 59,063 | (22,290) | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | 4,840 | 4,463 | 5,134 | 6,805 | 7,958 |
| Restricted | - | - | - | - | - | 280,566 | 347,309 | 429,372 | 462,289 | 530,903 |
| Committed | - | - | - | - | - | 2,120 | 2,847 | 2,508 | - | - |
| Assigned | - | - | - | - | - | 33,491 | 24,013 | 14,622 | 16,833 | 27,856 |
| Unassigned | - | - | - | - | - | 91,927 | 189,799 | 355,857 | 549,705 | 782,372 |
| Total general fund | <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> | <u>\$ 1,349,089</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ 287,549 | \$ 293,213 | \$ 327,803 | \$ 308,060 | \$ 249,061 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 134,012 | 142,857 | 112,052 | 120,416 | 148,474 | - | - | - | - | - |
| Debt service funds | - | - | - | - | - | - | - | - | - | - |
| Capital projects funds | 308,020 | 240,871 | 201,246 | 141,761 | 238,969 | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | 18,195 | 14,549 | 14,845 | 13,819 | 3,028 |
| Restricted | - | - | - | - | - | 557,177 | 533,963 | 531,051 | 611,773 | 601,109 |
| Committed | - | - | - | - | - | 47,246 | 32,542 | 30,963 | 27,757 | 43,376 |
| Unassigned | - | - | - | - | - | (2,420) | (7,304) | (559) | (2,294) | (3,793) |
| Total all other governmental funds | <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> | <u>\$ 643,720</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>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> | <u>2016</u> |
|---|-------------------|------------------|--------------------|--------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 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 | \$1,760,021 |
| Charges for Services | 225,159 | 222,568 | 206,075 | 206,744 | 204,706 | 214,760 | 225,923 | 236,265 | 278,118 | 290,409 |
| User fees | 2,833 | 2,693 | 2,904 | 2,722 | 2,841 | 3,008 | 3,167 | 253 | 98 | 125 |
| Fines and Forfeitures | 23,363 | 20,903 | 21,138 | 20,869 | 18,629 | 17,499 | 18,149 | 19,695 | 20,190 | 19,312 |
| Lease revenue | 2,104 | 2,179 | 2,485 | 2,358 | 2,085 | 2,247 | 2,319 | 2,170 | 2,596 | 2,390 |
| Intergovernmental | 205,469 | 209,889 | 305,421 | 292,431 | 360,021 | 310,814 | 280,970 | 335,284 | 253,380 | 218,551 |
| Earnings on investments | 48,237 | 58,042 | 31,385 | 16,687 | 5,520 | 14,946 | 6,052 | 2,731 | 9,059 | 4,619 |
| Miscellaneous | 51,143 | 56,058 | 71,684 | 59,358 | 74,688 | 77,572 | 83,855 | 74,183 | 87,343 | 108,003 |
| Total revenues | <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> | <u>2,403,430</u> |
| EXPENDITURES | | | | | | | | | | |
| Administration of Justice | 681,412 | 783,755 | 896,488 | 911,300 | 881,592 | 834,450 | 850,686 | 909,620 | 958,429 | 1,007,880 |
| Parks | 52,031 | 57,524 | 66,130 | 67,671 | 71,128 | 73,148 | 62,862 | 84,602 | 70,841 | 95,219 |
| County Administration | 264,922 | 276,798 | 358,308 | 293,562 | 299,313 | 270,858 | 252,731 | 289,211 | 283,947 | 314,136 |
| Health and Human Services | 196,891 | 185,616 | 193,127 | 218,687 | 199,105 | 182,342 | 191,957 | 189,032 | 184,340 | 185,100 |
| Flood Control | 66,721 | 71,590 | 69,792 | 69,569 | 75,116 | 66,463 | 79,245 | 62,820 | 60,271 | 56,253 |
| Tax Administration | 31,263 | 33,358 | 36,269 | 36,678 | 34,848 | 31,863 | 32,048 | 33,385 | 35,311 | 39,499 |
| Roads and Bridges | 84,338 | 87,946 | 91,351 | 113,208 | 103,910 | 92,177 | 87,185 | 80,011 | 83,653 | 84,806 |
| Capital Outlay | 263,492 | 241,272 | 214,553 | 244,495 | 305,169 | 232,108 | 215,462 | 221,799 | 203,856 | 295,205 |
| Debt Service: | | | | | | | | | | |
| Bond issuance costs | 4,509 | 293 | 6,270 | 1,888 | 5,678 | 1,831 | 3,159 | 364 | 2,742 | 3,631 |
| Interest and fiscal charges | 114,938 | 140,405 | 116,723 | 123,170 | 106,921 | 120,815 | 121,086 | 134,703 | 135,101 | 142,247 |
| Principal | 70,191 | 64,868 | 75,396 | 83,757 | 83,614 | 63,189 | 67,420 | 67,765 | 90,711 | 117,238 |
| | <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> | <u>2,341,214</u> |
| Excess of revenues over (under) expenditures | (278,002) | (260,522) | (280,483) | (331,945) | (330,888) | (136,856) | (69,452) | 30,258 | 128,758 | 62,216 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Proceeds from borrowings | 195,640 | 146,355 | 122,961 | 102,910 | 214,524 | 75,497 | 66,776 | 86,113 | 90,360 | 112,037 |
| Proceeds from refundings | 578,613 | - | 851,958 | 282,101 | 609,097 | 247,477 | 476,583 | - | 421,163 | 613,618 |
| Payments to escrow agent | (66,181) | - | (563,174) | (279,883) | (404,915) | (45,874) | (473,544) | - | (188,658) | (389,527) |
| Payments to defease commercial paper | (298,936) | - | (282,763) | - | (200,000) | (200,000) | (14,500) | - | (265,152) | (218,338) |
| Capital leases | 833 | 168 | - | - | - | - | - | - | - | - |
| Proceeds from insurance recovery | - | - | 438 | - | 32,500 | 323 | 7,825 | 267 | 589 | 189 |
| Sale of capital assets | 1,267 | 8,253 | 424 | 799 | 1,064 | 361 | 1,083 | 10,349 | 702 | 4,523 |
| Capital contributions | 2,500 | - | - | - | 2,211 | - | - | - | - | - |
| Transfers in | 481,768 | 211,513 | 185,813 | 219,502 | 417,015 | 321,214 | 190,583 | 215,563 | 506,014 | 322,271 |
| Transfers out | (458,611) | (93,555) | (70,538) | (90,667) | (298,219) | (184,353) | (76,317) | (100,937) | (390,883) | (200,867) |
| Total other financing sources (uses) | <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> | <u>243,906</u> |
| Net change in fund balances | <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> | <u>\$ 306,122</u> |
| Debt service as a percentage of noncapital expenditures | 11.8% | 12.1% | 10.1% | 10.8% | 10.2% | 10.6% | 10.8% | 10.9% | 11.9% | 12.7% |

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 |
|--------------------|----------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| 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 |
| 2016 | 425,362,614 | 74,298,323 | 108,139,145 | 391,521,792 | 0.41923 |

(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 |
|--------------------|----------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| 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 |
| 2016 | 425,362,576 | 74,247,450 | 120,048,579 | 379,561,447 | 0.02733 |

(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)**

| <u>Purpose</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> | <u>2016</u> |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Harris County - | | | | | | | | | | |
| General Fund | \$0.34221 | \$0.33918 | \$0.33815 | \$0.33401 | \$0.33401 | \$0.33444 | \$0.33271 | \$0.34547 | \$0.34547 | \$0.34547 |
| General Bonds Debt Service | <u>0.03885</u> | <u>0.03200</u> | <u>0.03192</u> | <u>0.03642</u> | <u>0.03635</u> | <u>0.03825</u> | <u>0.04468</u> | <u>0.05158</u> | <u>0.04802</u> | <u>0.05237</u> |
| Total - Constitutional Funds | 0.38106 | 0.37118 | 0.37007 | 0.37043 | 0.37036 | 0.37269 | 0.37739 | 0.39705 | 0.39349 | 0.39784 |
| County-Wide Road Debt Service | <u>0.02133</u> | <u>0.02121</u> | <u>0.01916</u> | <u>0.02181</u> | <u>0.01769</u> | <u>0.01848</u> | <u>0.02282</u> | <u>0.01750</u> | <u>0.02382</u> | <u>0.02139</u> |
| Total - Harris County | 0.40239 | 0.39239 | 0.38923 | 0.39224 | 0.38805 | 0.39117 | 0.40021 | 0.41455 | 0.41731 | 0.41923 |
| Flood Control District - | | | | | | | | | | |
| Maintenance | 0.02733 | 0.02754 | 0.02754 | 0.02754 | 0.02727 | 0.02727 | 0.02522 | 0.02620 | 0.02620 | 0.02620 |
| Debt Service | <u>0.00508</u> | <u>0.00352</u> | <u>0.00332</u> | <u>0.00168</u> | <u>0.00196</u> | <u>0.00082</u> | <u>0.00287</u> | <u>0.00207</u> | <u>0.00116</u> | <u>0.00113</u> |
| Total - Flood Control | <u>0.03241</u> | <u>0.03106</u> | <u>0.03086</u> | <u>0.02922</u> | <u>0.02923</u> | <u>0.02809</u> | <u>0.02809</u> | <u>0.02827</u> | <u>0.02736</u> | <u>0.02733</u> |
| Port of Houston Authority - | | | | | | | | | | |
| Debt Service | 0.01302 | 0.01437 | 0.01773 | 0.01636 | 0.02054 | 0.01856 | 0.01952 | 0.01716 | 0.01531 | 0.01342 |
| Hospital District - General | <u>0.19216</u> | <u>0.19216</u> | <u>0.19216</u> | <u>0.19216</u> | <u>0.19216</u> | <u>0.19216</u> | <u>0.18216</u> | <u>0.17000</u> | <u>0.17000</u> | <u>0.17000</u> |
| Total | <u><u>\$0.63998</u></u> | <u><u>\$0.62998</u></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)**

| Purpose | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| County-Wide Taxing Jurisdiction: | | | | | | | | | | |
| Harris County | \$ 0.4024 | \$ 0.3924 | \$ 0.3892 | \$ 0.3922 | \$ 0.3881 | \$ 0.3912 | \$ 0.4002 | \$ 0.4146 | \$ 0.4173 | \$ 0.4192 |
| Harris County Flood Control District | 0.0324 | 0.0311 | 0.0309 | 0.0292 | 0.0292 | 0.0281 | 0.0281 | 0.0283 | 0.0274 | 0.0273 |
| Port of Houston Authority | 0.0130 | 0.0144 | 0.0177 | 0.0164 | 0.0205 | 0.0185 | 0.0195 | 0.0171 | 0.0153 | 0.0134 |
| Harris County Hospital District | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1822 | 0.1700 | 0.1700 | 0.1700 |
| Total | <u>\$ 0.6400</u> | <u>\$ 0.6301</u> | <u>\$ 0.6300</u> |
| Cities: | | | | | | | | | | |
| Baytown | 0.7370 | 0.7370 | 0.7870 | 0.7870 | 0.7870 | 0.8220 | 0.8220 | 0.8220 | 0.8220 | 0.8220 |
| Bellaire | 0.4400 | 0.4400 | 0.3775 | 0.3759 | 0.3999 | 0.3999 | 0.3999 | 0.3999 | 0.3936 | 0.3936 |
| Deer Park | 0.7200 | 0.7200 | 0.7050 | 0.7050 | 0.7050 | 0.7050 | 0.7200 | 0.7200 | 0.7200 | 0.7200 |
| Houston | 0.6475 | 0.6450 | 0.6438 | 0.6388 | 0.6388 | 0.6388 | 0.6388 | 0.6388 | 0.6311 | 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 | 0.6088 | 0.6088 | 0.6300 | 0.6300 | 0.6160 | 0.6160 | 0.5970 | 0.5970 | 0.5970 | 0.5735 |
| Missouri City | 0.4945 | 0.4993 | 0.5172 | 0.5284 | 0.5284 | 0.5284 | 0.5448 | 0.5738 | 0.5650 | 0.5447 |
| Pasadena | 0.5670 | 0.5670 | 0.5620 | 0.5620 | 0.5916 | 0.5916 | 0.5916 | 0.5916 | 0.5769 | 0.5754 |
| Pearland | 0.6527 | 0.6526 | 0.6526 | 0.6526 | 0.6651 | 0.6851 | 0.7051 | 0.7051 | 0.7121 | 0.7053 |
| Seabrook | 0.6210 | 0.6203 | 0.5884 | 0.5884 | 0.6268 | 0.6500 | 0.6652 | 0.6652 | 0.6400 | 0.6126 |
| South Houston | 0.6588 | 0.6770 | 0.6784 | 0.6732 | 0.6732 | 0.6732 | 0.7083 | 0.6699 | 0.6445 | 0.6995 |
| Webster | 0.2575 | 0.2489 | 0.2060 | 0.2325 | 0.2575 | 0.2853 | 0.2853 | 0.2696 | 0.2487 | 0.2345 |
| West University Place | 0.4020 | 0.3660 | 0.3590 | 0.3588 | 0.3741 | 0.3741 | 0.3741 | 0.3741 | 0.3618 | 0.3318 |
| School Districts and Junior Colleges: | | | | | | | | | | |
| Aldine | 1.6040 | 1.2770 | 1.2920 | 1.3005 | 1.4305 | 1.3284 | 1.3284 | 1.3284 | 1.3059 | 1.2859 |
| Alief | 1.5900 | 1.5900 | 1.3400 | 1.3400 | 1.3400 | 1.3400 | 1.3200 | 1.2900 | 1.2800 | 1.2800 |
| Clear Creek | 1.6300 | 1.3200 | 1.3600 | 1.3600 | 1.2937 | 1.3600 | 1.3600 | 1.3600 | 1.4000 | 1.4000 |
| Cypress-Fairbanks | 1.8000 | 1.6450 | 1.3240 | 1.3500 | 1.4100 | 1.4300 | 1.4500 | 1.4500 | 1.4500 | 1.4400 |
| Deer Park | 1.6623 | 1.3177 | 1.3367 | 1.3667 | 1.3967 | 1.3967 | 1.5267 | 1.5567 | 1.5567 | 1.5567 |
| Galena Park | 1.7100 | 1.4309 | 1.4550 | 1.4784 | 1.5134 | 1.5134 | 1.5134 | 1.5134 | 1.5134 | 1.5134 |
| Goose Creek | 1.5956 | 1.3020 | 1.2821 | 1.2821 | 1.3021 | 1.3321 | 1.3321 | 1.3868 | 1.3868 | 1.4319 |
| Houston | 1.6200 | 1.1570 | 1.1567 | 1.1567 | 1.1567 | 1.1567 | 1.1567 | 1.1867 | 1.1967 | 1.1967 |
| Humble | 1.7700 | 1.3100 | 1.5200 | 1.5200 | 1.5200 | 1.5200 | 1.5200 | 1.5200 | 1.5200 | 1.5200 |
| Katy | 1.8150 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 |
| Klein | 1.5800 | 1.2600 | 1.3100 | 1.3600 | 1.4100 | 1.4300 | 1.4400 | 1.4300 | 1.3900 | 1.4100 |
| LaPorte | 1.6350 | 1.3200 | 1.3250 | 1.3250 | 1.3250 | 1.3550 | 1.3300 | 1.3300 | 1.4500 | 1.4500 |
| Lone Star College System* | 0.1167 | 0.1144 | 0.1101 | 0.1101 | 0.1176 | 0.1210 | 0.1198 | 0.1160 | 0.1081 | 0.1079 |
| Pasadena | 1.6900 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 |
| Pearland | 1.6622 | 1.4272 | 1.4194 | 1.4194 | 1.4194 | 1.4194 | 1.4194 | 1.4157 | 1.4157 | 1.4156 |
| San Jacinto Junior College | 0.1454 | 0.1454 | 0.1634 | 0.1708 | 0.1708 | 0.1763 | 0.1856 | 0.1856 | 0.1856 | 0.1758 |
| Sheldon | 1.6340 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4100 |
| Spring | 1.7100 | 1.4400 | 1.4400 | 1.4600 | 1.4600 | 1.4600 | 1.5700 | 1.5700 | 1.5100 | 1.4700 |
| Spring Branch | 1.8100 | 1.2850 | 1.3825 | 1.3945 | 1.3945 | 1.3945 | 1.3945 | 1.3945 | 1.3945 | 1.3945 |
| Tomball | 1.5800 | 1.2750 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3400 |

* Name change in FY2009 from North Harris Montgomery Community College

Table 9

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

| Taxpayers | 2016 | | | 2007 | | |
|--|--------------------------------|------|---|--------------------------------|------|---|
| | 2015 Taxable Valuations (a) | Rank | Percentage of Total 2015 Taxable Valuation (b) | 2006 Taxable Valuations (a) | Rank | Percentage of Total 2006 Taxable Valuation (c) |
| Exxon Mobil Corporation | \$ 3,406,677 | 1 | 0.87% | \$ 4,602,425 | 1 | 2.04% |
| Centerpoint Energy, Inc. | 2,706,997 | 2 | 0.69 | 2,631,941 | 3 | 1.17 |
| Chevron Chemical Company | 2,366,494 | 3 | 0.60 | 1,160,997 | 5 | 0.52 |
| Shell Oil Company | 2,336,677 | 4 | 0.60 | 2,587,325 | 2 | 1.15 |
| Equistar Chemicals Limited Partnership | 1,614,521 | 5 | 0.41 | 1,189,311 | 6 | 0.53 |
| National Oilwell Inc. | 1,454,824 | 6 | 0.37 | - | | 0.00 |
| Hewlett Packard | 1,167,324 | 7 | 0.30 | 736,262 | 10 | 0.33 |
| Palmetto Transoceanic LLC | 1,130,070 | 8 | 0.29 | - | | 0.00 |
| BP Amoco | 1,062,238 | 9 | 0.27 | - | | 0.00 |
| Cousins Greenway | 1,026,262 | 10 | 0.26 | - | | 0.00 |
| Baker Hughes | 1,010,241 | 11 | 0.26 | - | | 0.00 |
| Crescent Real Estate | 939,427 | 12 | 0.24 | 957,102 | 8 | 0.42 |
| United Airlines Inc. | 914,777 | 13 | 0.23 | - | | 0.00 |
| Walmart | 904,217 | 14 | 0.23 | 634,476 | 11 | 0.28 |
| Halliburton Company | 800,424 | 15 | 0.20 | - | | 0.00 |
| Lyondell | - | | 0.00 | 1,877,381 | 4 | 0.83 |
| Southwestern Bell Telephone (SBC) | - | | 0.00 | 1,023,759 | 7 | 0.45 |
| Hines Interests Ltd Partnership | - | | 0.00 | 815,157 | 9 | 0.36 |
| Rohm & Haas Co. | - | | 0.00 | 558,171 | 12 | 0.25 |
| Anheuser Busch Inc. | - | | 0.00 | 470,566 | 14 | 0.21 |
| Weingarten Realty | - | | 0.00 | 402,078 | 15 | 0.18 |
| Houston Pipeline Co LP | - | | 0.00 | 537,619 | 13 | 0.24 |
| Total | \$ 22,841,170 | | 5.82% | \$ 20,184,570 | | 8.96% |

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 29, 2016.
- (c) Based on the County's total taxable value as of February 28, 2007.

Table 10

**HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
(EXCEPT 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 |
| 2007 | \$ 887,598 | \$ 903,512 | \$ 793,835 | 89.4% | \$ 106,988 | \$ 900,823 | 99.7% |
| 2008 | 929,929 | 991,150 | 910,828 | 97.9 | 77,679 | 988,507 | 99.7 |
| 2009 | 1,089,141 | 1,085,421 | 981,807 | 90.1 | 100,577 | 1,082,384 | 99.7 |
| 2010 | 1,114,429 | 1,101,460 | 1,036,477 | 93.0 | 61,432 | 1,097,909 | 99.7 |
| 2011 | 1,058,623 | 1,050,226 | 987,684 | 93.3 | 59,285 | 1,046,969 | 99.7 |
| 2012 | 1,081,861 | 1,073,154 | 1,022,187 | 94.5 | 47,392 | 1,069,579 | 99.7 |
| 2013 | 1,160,905 | 1,150,379 | 1,100,588 | 94.8 | 45,536 | 1,146,124 | 99.6 |
| 2014 | 1,308,910 | 1,293,515 | 1,247,389 | 95.3 | 40,189 | 1,287,578 | 99.5 |
| 2015 | 1,459,066 | 1,443,477 | 1,390,628 | 95.3 | 41,289 | 1,431,917 | 99.2 |
| 2016 | 1,637,031 | 1,637,031 | 1,554,734 | 95.0 | - | 1,554,734 | 95.0 |

* 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 |
| 2007 | \$ 70,782 | \$ 71,462 | \$ 62,680 | 88.6% | \$ 8,568 | \$ 71,248 | 99.7% |
| 2008 | 72,083 | 76,784 | 69,058 | 95.8 | 7,567 | 76,625 | 99.8 |
| 2009 | 84,057 | 83,769 | 74,344 | 88.4 | 9,183 | 83,527 | 99.7 |
| 2010 | 80,534 | 79,574 | 74,798 | 92.9 | 4,507 | 79,305 | 99.7 |
| 2011 | 77,374 | 76,762 | 72,089 | 93.2 | 4,419 | 76,508 | 99.7 |
| 2012 | 75,400 | 74,840 | 71,159 | 94.4 | 3,357 | 74,516 | 99.6 |
| 2013 | 78,616 | 77,963 | 74,486 | 94.7 | 3,082 | 77,568 | 99.5 |
| 2014 | 86,158 | 85,087 | 82,041 | 95.2 | 2,642 | 84,683 | 99.5 |
| 2015 | 92,695 | 91,680 | 88,298 | 95.3 | 2,624 | 90,922 | 99.2 |
| 2016 | 103,462 | 103,462 | 98,187 | 94.9 | - | 98,187 | 94.9 |

* 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 | | | |
| 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 | 2.10% | 1,194 |
| 2016 | 2,862,708 | 31,655 | 9,557 | - | 37,759 | 1,877,899 | 341,250 | - | - | 5,160,828 | n/a | 1,137 |

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 | | | | | | |
| 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% | 1.11% | 629 | 571 |
| 2016 | 2,651,616 | 211,092 | - | 2,862,708 | 293,732 | 2,568,976 | 0.73% | n/a | 631 | 566 |

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 29, 2016
(Unaudited)

| | Percentage Applicable To Name of Government | Net Debt (Thousands) |
|---|---|-------------------------|
| County-Wide Jurisdiction: | | |
| Harris County (2/29/16) | 100.00% | \$ 1,972,032 |
| Harris County Flood Control District (2/29/16) | 100.00 | 614,156 |
| Port of Houston Authority (2/29/16) | 100.00 | 674,269 |
| Total County-Wide Direct Debt | | <u>3,260,457</u> |
| Cities: | | |
| Baytown (9/30/15) | 94.47 | \$ 119,120 |
| Bellaire (9/30/15) | 100.00 | 80,851 |
| Bunker Hill Village (12/31/15) | 100.00 | 12,809 |
| Deer Park (9/30/15) | 100.00 | 30,209 |
| Houston (6/30/15) | 99.30 | 3,118,375 |
| Jersey Village (9/30/15) | 100.00 | 23,366 |
| La Porte (9/30/15) | 100.00 | 16,455 |
| Pasadena (9/30/15) | 100.00 | 77,125 |
| Pearland (9/30/15) | 7.51 | 21,844 |
| Seabrook (9/30/15) | 100.00 | 21,495 |
| Tomball (9/30/15) | 100.00 | 26,788 |
| Webster (10/01/15) | 100.00 | 14,985 |
| West University Place (12/31/15) | 100.00 | 56,453 |
| Other Cities (a) | 100.00 | 58,451 |
| Sub-Total Cities | | <u>3,678,326</u> |
| School Districts and Junior Colleges: | | |
| Aldine (6/30/15) | 100.00 | 596,487 |
| Alief (8/31/15) | 100.00 | 154,133 |
| Channelview (8/31/15) | 100.00 | 203,908 |
| Clear Creek (8/31/15) | 68.14 | 929,577 |
| Crosby (2/25/16) | 100.00 | 139,719 |
| Cypress-Fairbanks (6/30/15) | 100.00 | 2,000,351 |
| Deer Park (6/30/15) | 100.00 | 233,470 |
| Galena Park (8/31/15) | 100.00 | 180,489 |
| Goose Creek (6/30/15) | 75.03 | 402,080 |
| Houston Community College (8/31/15) | 96.13 | 616,957 |
| Houston (2/28/16) | 100.00 | 2,272,861 |
| Huffman (1/31/16) | 100.00 | 41,416 |
| Humble (6/30/15) | 100.00 | 645,625 |
| Katy (8/31/15) | 58.45 | 784,507 |
| Klein (8/31/15) | 100.00 | 934,915 |
| LaPorte (2/4/16) | 99.99 | 492,527 |
| Lee College (2/16/16) | 75.03 | 36,701 |
| Lone Star College System (8/31/15) | 74.56 | 429,185 |
| Pasadena (2/29/16) | 100.00 | 663,183 |
| San Jacinto Junior College (2/29/16) | 99.99 | 273,790 |
| Sheldon (8/14/15) | 100.00 | 214,681 |
| Spring (6/30/15) | 100.00 | 795,796 |
| Spring Branch (6/30/15) | 100.00 | 744,496 |
| Tomball (8/31/15) | 93.37 | 389,510 |
| Waller (1/31/16) | 42.48 | 28,656 |
| Other Schools (b) | 100.00 | 16,248 |
| Sub-Total School Districts and Junior Colleges | | <u>14,221,268</u> |
| Utility Districts (c) | 100.00 | <u>7,229,787</u> |
| Total Overlapping Debt | | <u>25,129,381</u> |
| Total Direct and Overlapping Debt (Estimated \$6,256 Per Capita) (d) | | <u>\$ 28,389,838</u> |

(a) Aggregate net debt of 15 cities, each of which had a net debt of less than \$10,000,000.

(b) Aggregate net debt of 3 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 (MAC).

(d) Census Bureau population estimated at 4,538,028. Source: Bureau of the Census.

The net direct debt amounts above, except for that which related to Harris County and the Harris County Flood Control District, were provided by each governmental unit. The percentage of debt applicable to the County was provided by MAC. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

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 2016

| | |
|--|-----------------------|
| Assessed Value of All Taxable Property | \$ 499,660,937 |
| Assessed Value of Real Property | \$ 425,362,614 |
| Debt Limit (25% of real property assessed value) (a) | 106,340,654 |
| Amount of Debt Applicable to Constitutional Debt Limit: | |
| Total Bonded Applicable Debt | 1,144,036 |
| Less: Debt Service Funds Cash | <u>(115,041)</u> |
| Total Net Debt Applicable to Limit | <u>1,028,995</u> |
| Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution | <u>\$ 105,311,659</u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt Limit | \$ 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 | \$ 106,340,654 |
| Total Net Debt Applicable to Limit | 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 | 1,028,995 |
| Legal Debt Margin | <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> | <u>\$ 105,311,659</u> |
| Total Net Debt Applicable to the Limit as a percentage of Debt Limit | 2.22% | 1.87% | 1.63% | 1.52% | 1.49% | 1.48% | 1.31% | 1.15% | 1.16% | 0.97% |

(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 \$24,983,047 compared to applicable bonds outstanding at February 29, 2016 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 \$0.02733 per \$100 of taxable value, which includes \$0.00113 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2015.

**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> | | | | | | |
| 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 |
| 2016 | 759,276 | 759,276 | 67,205 | 69,053 | 136,258 | 5.57 |

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 |
|--------------------------|-------------------|------------------------------|---|---|
| 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% | 252,694,912 | 56,896 |
| 2015 | 4,538,028 | 4.6% | 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 | 2015 | | | 2006 | | |
|---|-----------|------|---------------------------------------|-----------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Memorial Hermann Health System | 24,000 | 1 | 0.80% | 12,561 | 3 | 0.50% |
| United Airlines | 15,000 | 2 | 0.50% | | | |
| Houston Methodist | 14,985 | 3 | 0.50% | | | |
| ExxonMobil Corporation | 13,000 | 4 | 0.43% | | | |
| Kroger Company | 12,000 | 5 | 0.40% | | | |
| Shell Oil Company | 11,892 | 6 | 0.40% | 11,621 | 4 | 0.46% |
| National Oilwell Varco | 11,563 | 7 | 0.38% | | | |
| Schlumberger Limited | 10,000 | 8 | 0.33% | | | |
| Chevron | 9,000 | 9 | 0.30% | | | |
| Baylor College of Medicine | 8,924 | 10 | 0.30% | | | |
| Adminstaff Inc. | | | | 19,851 | 1 | 0.79% |
| Walmart Stores Inc. | | | | 12,957 | 2 | 0.52% |
| Halliburton Companies | | | | 11,217 | 5 | 0.45% |
| Hewlett-Packard (former Compaq) | | | | 8,500 | 6 | 0.34% |
| Methodist Hospital System | | | | 7,969 | 7 | 0.32% |
| Continental Airlines | | | | 7,500 | 8 | 0.30% |
| JPMorgan Chase (former Texas Commerce Bank) | | | | 6,749 | 9 | 0.27% |
| ATT (former SBC & SWB Telephone) | | | | 6,000 | 10 | 0.24% |
| | 130,364 | | | 104,925 | | |

* Based on calendar year.

Source: Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ

Note: Total County Employment for 2015 was an estimated 3,006,012 (based on prior year employment figures) and for 2006 was 2,508,458.

Table 19

HARRIS COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration of Justice | 8,168 | 8,740 | 9,425 | 9,308 | 8,779 | 8,462 | 8,723 | 9,290 | 9,625 | 9,768 |
| Parks | 706 | 732 | 787 | 797 | 670 | 625 | 675 | 700 | 805 | 867 |
| County Administration | 2,871 | 3,024 | 3,339 | 3,161 | 3,032 | 2,901 | 2,957 | 3,021 | 3,166 | 3,280 |
| Health and Human Service: | 1,604 | 1,706 | 1,796 | 1,718 | 1,467 | 1,385 | 1,326 | 1,334 | 1,369 | 1,432 |
| Flood Control | 333 | 325 | 354 | 374 | 335 | 308 | 290 | 300 | 291 | 287 |
| Tax Administration | 426 | 435 | 428 | 415 | 378 | 341 | 340 | 349 | 348 | 368 |
| Roads and Bridges | 779 | 807 | 856 | 914 | 597 | 561 | 536 | 550 | 448 | 451 |

Note: (1) As of February 29, 2016, it is estimated that approximately 3,087 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.

Table 20

**HARRIS COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Function/Program</u> | <u>Fiscal Years</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> |
| <u>Administration of Justice</u> | | | | | | | | | | |
| Law Enforcement Vehicles | 1,739 | 1,753 | 2,117 | 2,043 | 1,938 | 2,000 | 2,096 | 1,932 | 2,080 | 2,042 |
| 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 | 129 | 129 | 145 | 147 | 147 | 151 | 167 | 162 | 185 | 187 |
| <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 | 18* | 18* | 18* | 18* | 19 | 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 | 13,192 | 14,866 | 15,361 | 15,467 | 15,724 | 16,081 | 16,107 | 16,298 | 16,342 | 16,385 |
| Buyouts | 776 | 825 | 845 | 880 | 931 | 958 | 1,016 | 1,034 | 1,040 | 1,043 |
| Channels | 20,753 | 20,799 | 20,832 | 20,858 | 20,935 | 21,117 | 21,143 | 21,236 | 21,286 | 21,429 |
| <u>Roads and Bridges</u> | | | | | | | | | | |
| Road Miles | 6,307 | 6,194 | 6,564 | 6,317 | 6,454 | 6,425 | 6,531 | 6,639 | 6,441 | 6,353 |
| Bridge Miles | 24 | 22 | 24 | 33 | 23 | 34 | 33 | 34 | 23 | 23 |
| <u>Toll Road</u> | | | | | | | | | | |
| Road Miles | 103 | 103 | 107 | 107 | 115 | 128 | 125 | 120 | 120 | 127 |
| Lane Miles | 491 | 550 | 556 | 556 | 598 | 676 | 631 | 634 | 704 | 747 |

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)**

| <u>Function/Program</u> | <u>Fiscal Years</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> |
| <u>Administration of Justice</u> | | | | | | | | | | |
| District Courts* | | | | | | | | | | |
| Criminal Courts- Cases Filed with District Clerk***** | 44,642 | 49,975 | 51,318 | 52,803 | 51,490 | 46,034 | 51,733 | 51,244 | 51,281 | 49,043 |
| Civil Courts- Cases Filed with District Clerk***** | 38,293 | 38,164 | 36,364 | 34,970 | 41,681 | 47,908 | 53,681 | 56,424 | 56,424 | 57,139 |
| Family & Juv. Courts- Cases Filed with District Clerk***** | 74,431 | 74,253 | 74,785 | 74,325 | 72,055 | 71,369 | 78,988 | 67,968 | 65,905 | 63,453 |
| County Courts* | | | | | | | | | | |
| Criminal Courts- New Cases Filed***** | 74,599 | 79,638 | 76,108 | 75,113 | 82,328 | 78,946 | 84,126 | 81,925 | 79,879 | 79,583 |
| Civil Courts- New Cases Filed | 20,730 | 28,038 | 27,768 | 20,984 | 21,849 | 29,381 | 23,897 | 18,021 | 16,065 | 15,374 |
| Civil Courts- New Instruments Filed | 517,076 | 539,356 | 573,032 | 475,899 | 466,433 | 534,960 | 430,236 | 296,144 | 267,185 | 235,806 |
| Justices of the Peace Courts | | | | | | | | | | |
| Criminal Filings | 529,839 | 489,483 | 455,400 | 444,797 | 448,608 | 424,138 | 419,476 | 467,723 | 508,093 | 510,825 |
| Civil Filings | 78,893 | 82,047 | 100,452 | 100,822 | 88,478 | 91,401 | 93,275 | 93,877 | 93,170 | 93,027 |
| Fire Marshal | | | | | | | | | | |
| Fire Safety Inspections | 1,450 | 4,475 | 7,298 | 8,156 | 12,049 | 9,595 | 8,239 | 10,042 | 12,411 | 10,941 |
| Constables | | | | | | | | | | |
| Traffic Tickets Issued | 116,449 | 131,041 | 131,921 | 131,472 | 146,170 | 125,403 | 134,999 | 160,425 | 160,923 | 117,471 |
| Civil Papers Executed | 533,013 | 519,572 | 509,788 | 485,252 | 505,403 | 469,704 | 438,334 | 427,542 | 412,525 | 382,340 |
| Criminal Warrants Executed | 176,849 | 215,635 | 146,918 | 142,752 | 144,198 | 157,101 | 131,804 | 115,335 | 106,640 | 148,834 |
| Juvenile Probation | | | | | | | | | | |
| Juvenile Probation Referrals | 23,939 | 24,918 | 22,872 | 20,225 | 19,581 | 17,275 | 15,950 | 14,244 | 13,298 | 13,293 |
| Average Daily Population at Facilities | 691 | 691 | 732 | 687 | 612 | 567 | 464 | 478 | 506 | 493 |
| Sheriff | | | | | | | | | | |
| Jail Prisoners, Average/Day | 8,882 | 8,929 | 9,723 | 10,988 | 11,064 | 10,249 | 9,277 | 8,611 | 8,693 | 8,678 |
| District Attorney | | | | | | | | | | |
| Cases Filed DA Intake | 114,879 | 114,588 | 113,353 | 112,676 | 117,968 | 113,697 | 113,517 | 103,251 | 101,977 | 106,866 |
| Medical Examiner | | | | | | | | | | |
| Harris County Autopsies** | 3,073 | 4,198 | 4,199 | 4,199 | 3,859 | 3,858 | 3,678 | 4,158 | 4,389 | 4,388 |
| Cases Investigated | 13,911 | 15,304 | 16,357 | 16,357 | 9,321 | 9,290 | 9,209 | 10,132 | 10,879 | 10,836 |
| <u>Parks</u> | | | | | | | | | | |
| Precincts | | | | | | | | | | |
| Number of Park Concessionaire Agreements | 68 | 72 | 74 | 75 | 77 | 79 | 81 | 81 | 81 | 76 |
| Number of Bus Trips | 8,077 | 7,582 | 8,454 | 8,494 | 7,767 | 8,810 | 7,961 | 8,063 | 7,740 | 7,523 |
| <u>County Administration</u> | | | | | | | | | | |
| County Auditor | | | | | | | | | | |
| Accounts Payable Checks and EFTs Issued **** | 133,058 | 132,026 | 129,257 | 128,011 | 127,165 | 125,359 | 110,976 | 109,264 | 109,858 | 111,107 |
| Payroll Checks/Direct Deposit/Pay Cards Processed | 393,550 | 397,124 | 425,197 | 438,695 | 453,387 | 428,945 | 396,855 | 400,245 | 421,842 | 423,168 |
| Audit Chargeable Service Hours | 25,901 | 23,811 | 26,375 | 17,255 | 21,394 | 17,861 | 18,501 | 24,709 | 21,701 | 26,081 |
| Purchasing | | | | | | | | | | |
| Number of Purchase Orders Issued (for Harris County) | 16,725 | 19,526 | 21,904 | 23,603 | 22,386 | 16,332 | 15,414 | 15,500 | 16,475 | 18,188 |
| Management Services | | | | | | | | | | |
| Tort Claims Incidents | 2,235 | 2,067 | 2,231 | 2,603 | 2,452 | 2,455 | 2,552 | 2,695 | 2,752 | 3,133 |
| Information Technology Center | | | | | | | | | | |
| Traffic on Harris County Web Sites | 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 | 297,098,374 |
| County Clerk | | | | | | | | | | |
| Marriage and Informal Marriage Licenses | 32,714 | 32,859 | 33,027 | 32,406 | 29,947 | 31,132 | 33,136 | 33,344 | 33,792 | 35,154 |
| Real Property Filings | 832,821 | 860,798 | 736,403 | 601,263 | 582,386 | 561,177 | 554,367 | 607,421 | 636,019 | 583,185 |
| Assumed Name Certificates (DBAs) | 68,135 | 66,630 | 66,909 | 62,255 | 62,424 | 62,193 | 64,156 | 61,868 | 62,663 | 64,409 |

Table 21

**HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

| <u>Function/Program</u> | <u>Fiscal Years</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> |
| <u>Health and Human Services</u> | | | | | | | | | | |
| Public Health and Environmental Services | | | | | | | | | | |
| Food Inspections | 16,213 | 15,788 | 15,948 | 16,285 | 17,557 | 17,728 | 18,185 | 16,461 | 16,936 | 15,189 |
| Animals Adopted | 2,685 | 2,334 | 2,283 | 1,979 | 1,665 | 1,289 | 1,569 | 1,428 | 1,839 | 1,894 |
| Protective Services for Children & Adults | | | | | | | | | | |
| Children in Conservatorship at Year End (August) | 4,953 | 5,180 | 5,108 | 4,962 | 5,640 | 5,629 | 4,857 | 4,547 | 4,158 | 3,806 |
| Adults Served by the Guardianship Program | 1,398 | 1,406 | 1,431 | 1,447 | 1,451 | 1,422 | 1,400 | 1,334 | 1,343 | 1,296 |
| County Library | | | | | | | | | | |
| Library Program Attendance | 284,973 | 351,869 | 417,712 | 384,175 | 419,894 | 432,987 | 413,516 | 415,304 | 422,926 | 441,793 |
| Library Books/Materials Circulated | 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 | 9,495,197 |
| <u>Flood Control</u> | | | | | | | | | | |
| Developer Plans Approved- Watershed Mgt. | 1,221 | 1,467 | 1,578 | 1,713 | 1,833 | 1,831 | 2,051 | 2,078 | 2,431 | 2,250 |
| Citizen Services Requests | 2,681 | 2,948 | 2,573 | 2,476 | 2,479 | 1,738 | 1,393 | 1,847 | 1,385 | 1,376 |
| <u>Tax Administration</u> | | | | | | | | | | |
| Tax Assessor-Collector | | | | | | | | | | |
| Tax Account/Statements | 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 | 1,595,574 |
| Auto Licenses/Registrations | 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 | 3,814,888 |
| Beer and Wine Licenses Issued | 7,526 | 7,106 | 6,775 | 6,859 | 6,675 | 3,946 | 3,700 | 3,626 | 3,342 | 2,873 |
| Liquor Licenses Issued | 3,062 | 4,901 | 6,973 | 5,085 | 4,806 | 4,703 | 5,796 | 5,026 | 5,825 | 4,751 |
| Voter Registration | 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 | 2,006,280 |
| <u>Roads and Bridges</u> | | | | | | | | | | |
| Engineering Department | | | | | | | | | | |
| Traffic Studies/Counts | 848 | 827 | 618 | 676 | 586 | 681 | 591 | 835 | 407 | 521 |
| Road Crossing Inspections *** | 2,026 | 2,156 | 1,738 | 1,738 | 1,240 | 1,426 | 1,338 | 1,312 | 1,618 | 2,198 |
| Road Crossing Permits *** | 1,013 | 1,078 | 869 | 869 | 620 | 713 | 669 | 656 | 809 | 1,149 |
| <u>Toll Road</u> | | | | | | | | | | |
| Traffic Transactions | 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 | 485,444,170 |

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.

***** 2014 number was corrected by the department.

**HARRIS COUNTY, TEXAS
TABLE OF TAX DEBT OUTSTANDING
(Unaudited)**

| | <u>County's Total Outstanding Tax Debt (a)</u> |
|--|--|
| Limited Tax Debt | \$ 1,082,762,360 |
| Unlimited Tax Debt | 814,950,970 |
| Flood Control | 532,590,000 |
| Toll Road Tax Bonds | <u>329,085,000</u> |
| Total | \$ 2,759,388,330 |
| Less: Toll Road Tax Bonds | <u>(329,085,000)</u> |
| Total (Approximately 0.49% of 2015 Assessed Value) | <u><u>\$ 2,430,303,330</u></u> |

(a) Excluding Flood Control District debt of \$83,075,000 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 2006-2007 through 2015-2016.

| 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 |
|-------------|--|----------------------------------|--|--------------------------|-----------------------------|--------------------------------|
| 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 |
| 2016 | 2,759,388 | 391,521,792 | 0.70 | 4,538,028 | 608 | 535 |

- (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 |
| 2017 | \$ 9,068 | \$ 16,189 | \$ 25,257 | \$ 62,739 | \$ 41,220 | \$ 103,959 | \$ 71,807 | \$ 57,409 | \$ 129,216 |
| 2018 | 8,768 | 16,485 | 25,253 | 64,938 | 37,833 | 102,771 | 73,706 | 54,318 | 128,024 |
| 2019 | 8,501 | 16,754 | 25,255 | 72,025 | 35,049 | 107,074 | 80,526 | 51,803 | 132,329 |
| 2020 | 8,261 | 16,996 | 25,257 | 66,745 | 31,745 | 98,490 | 75,006 | 48,741 | 123,747 |
| 2021 | 17,400 | 8,087 | 25,487 | 66,430 | 28,640 | 95,070 | 83,830 | 36,727 | 120,557 |
| 2022 | 18,260 | 7,255 | 25,515 | 73,550 | 25,565 | 99,115 | 91,810 | 32,820 | 124,630 |
| 2023 | 19,205 | 6,379 | 25,584 | 51,275 | 22,056 | 73,331 | 70,480 | 28,435 | 98,915 |
| 2024 | 8,376 | 17,175 | 25,551 | 46,285 | 19,652 | 65,937 | 54,661 | 36,827 | 91,488 |
| 2025 | 4,557 | 17,407 | 21,964 | 78,270 | 17,512 | 95,782 | 82,827 | 34,919 | 117,746 |
| 2026 | 4,284 | 17,680 | 21,964 | 41,910 | 13,621 | 55,531 | 46,194 | 31,301 | 77,495 |
| 2027 | 16,720 | 5,336 | 22,056 | 41,120 | 11,525 | 52,645 | 57,840 | 16,861 | 74,701 |
| 2028 | 17,645 | 4,477 | 22,122 | 41,325 | 9,469 | 50,794 | 58,970 | 13,946 | 72,916 |
| 2029 | 3,955 | 17,996 | 21,951 | 35,770 | 7,457 | 43,227 | 39,725 | 25,453 | 65,178 |
| 2030 | 18,610 | 3,570 | 22,180 | 11,790 | 5,668 | 17,458 | 30,400 | 9,238 | 39,638 |
| 2031 | 19,605 | 2,615 | 22,220 | 12,140 | 5,079 | 17,219 | 31,745 | 7,694 | 39,439 |
| 2032 | 20,685 | 1,608 | 22,293 | 12,470 | 4,508 | 16,978 | 33,155 | 6,116 | 39,271 |
| 2033 | 21,810 | 545 | 22,355 | 8,025 | 3,913 | 11,938 | 29,835 | 4,458 | 34,293 |
| 2034 | - | - | - | 8,430 | 3,512 | 11,942 | 8,430 | 3,512 | 11,942 |
| 2035 | - | - | - | 8,855 | 3,091 | 11,946 | 8,855 | 3,091 | 11,946 |
| 2036 | - | - | - | 9,295 | 2,648 | 11,943 | 9,295 | 2,648 | 11,943 |
| 2037 | - | - | - | 7,900 | 2,183 | 10,083 | 7,900 | 2,183 | 10,083 |
| 2038 | - | - | - | 8,295 | 1,788 | 10,083 | 8,295 | 1,788 | 10,083 |
| 2039 | - | - | - | 8,715 | 1,373 | 10,088 | 8,715 | 1,373 | 10,088 |
| 2040 | - | - | - | 9,150 | 938 | 10,088 | 9,150 | 938 | 10,088 |
| 2041 | - | - | - | 9,605 | 480 | 10,085 | 9,605 | 480 | 10,085 |
| Total | \$ 225,710 | \$ 176,554 | \$ 402,264 | \$ 857,052 | \$ 336,525 | \$ 1,193,577 | \$ 1,082,762 | \$ 513,079 | \$ 1,595,841 |

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 |
| 2017 | \$ 71,807 | \$ 57,409 | \$ 129,216 | \$ 29,299 | \$ 38,182 | \$ 67,481 | \$ 26,380 | \$ 16,419 | \$ 42,799 | \$ 25,385 | \$ 28,385 | \$ 53,770 | \$ 152,871 | \$ 140,395 | \$ 293,266 |
| 2018 | 73,706 | 54,318 | 128,024 | 36,417 | 38,525 | 74,942 | 26,610 | 15,128 | 41,738 | 25,955 | 28,300 | 54,255 | 162,688 | 136,271 | 298,959 |
| 2019 | 80,526 | 51,803 | 132,329 | 51,405 | 37,143 | 88,548 | 27,445 | 13,742 | 41,187 | 26,705 | 27,624 | 54,329 | 186,081 | 130,312 | 316,393 |
| 2020 | 75,006 | 48,741 | 123,747 | 47,250 | 34,584 | 81,834 | 28,345 | 12,278 | 40,623 | 28,025 | 26,313 | 54,338 | 178,626 | 121,916 | 300,542 |
| 2021 | 83,830 | 36,727 | 120,557 | 52,395 | 32,227 | 84,622 | 29,285 | 10,765 | 40,050 | 29,495 | 24,841 | 54,336 | 195,005 | 104,560 | 299,565 |
| 2022 | 91,810 | 32,820 | 124,630 | 35,595 | 29,654 | 65,249 | 19,445 | 9,486 | 28,931 | 30,980 | 23,360 | 54,340 | 177,830 | 95,320 | 273,150 |
| 2023 | 70,480 | 28,435 | 98,915 | 65,540 | 27,900 | 93,440 | 20,240 | 8,449 | 28,689 | 32,605 | 21,733 | 54,338 | 188,865 | 86,517 | 275,382 |
| 2024 | 54,661 | 36,827 | 91,488 | 67,495 | 24,724 | 92,219 | 20,700 | 7,385 | 28,085 | 34,235 | 20,103 | 54,338 | 177,091 | 89,039 | 266,130 |
| 2025 | 82,827 | 34,919 | 117,746 | 59,370 | 21,416 | 80,786 | 21,165 | 6,297 | 27,462 | 35,950 | 18,391 | 54,341 | 199,312 | 81,023 | 280,335 |
| 2026 | 46,194 | 31,301 | 77,495 | 50,025 | 18,534 | 68,559 | 12,070 | 5,430 | 17,500 | 37,665 | 16,978 | 54,643 | 145,954 | 72,243 | 218,197 |
| 2027 | 57,840 | 16,861 | 74,701 | 50,375 | 16,033 | 66,408 | 12,090 | 4,796 | 16,886 | 39,125 | 15,094 | 54,219 | 159,430 | 52,784 | 212,214 |
| 2028 | 58,970 | 13,946 | 72,916 | 50,740 | 13,514 | 64,254 | 12,115 | 4,161 | 16,276 | 40,025 | 13,138 | 53,163 | 161,850 | 44,759 | 206,609 |
| 2029 | 39,725 | 25,453 | 65,178 | 51,245 | 10,977 | 62,222 | 12,135 | 3,524 | 15,659 | 41,045 | 11,137 | 52,182 | 144,150 | 51,091 | 195,241 |
| 2030 | 30,400 | 9,238 | 39,638 | 41,355 | 8,415 | 49,770 | 12,160 | 2,886 | 15,046 | 40,100 | 9,085 | 49,185 | 124,015 | 29,624 | 153,639 |
| 2031 | 31,745 | 7,694 | 39,439 | 39,205 | 6,347 | 45,552 | 12,185 | 2,247 | 14,432 | 27,390 | 7,080 | 34,470 | 110,525 | 23,368 | 133,893 |
| 2032 | 33,155 | 6,116 | 39,271 | 39,790 | 4,374 | 44,164 | 12,210 | 1,607 | 13,817 | 10,970 | 6,049 | 17,019 | 96,125 | 18,146 | 114,271 |
| 2033 | 29,835 | 4,458 | 34,293 | 15,050 | 2,373 | 17,423 | 12,240 | 965 | 13,205 | 11,520 | 5,500 | 17,020 | 68,645 | 13,296 | 81,941 |
| 2034 | 8,430 | 3,512 | 11,942 | 15,805 | 1,620 | 17,425 | 12,265 | 322 | 12,587 | 12,095 | 4,925 | 17,020 | 48,595 | 10,379 | 58,974 |
| 2035 | 8,855 | 3,091 | 11,946 | 16,595 | 830 | 17,425 | - | - | - | 12,700 | 4,320 | 17,020 | 38,150 | 8,241 | 46,391 |
| 2036 | 9,295 | 2,648 | 11,943 | - | - | - | - | - | - | 13,335 | 3,685 | 17,020 | 22,630 | 6,333 | 28,963 |
| 2037 | 7,900 | 2,183 | 10,083 | - | - | - | - | - | - | 14,005 | 3,018 | 17,023 | 21,905 | 5,201 | 27,106 |
| 2038 | 8,295 | 1,788 | 10,083 | - | - | - | - | - | - | 14,705 | 2,318 | 17,023 | 23,000 | 4,106 | 27,106 |
| 2039 | 8,715 | 1,373 | 10,088 | - | - | - | - | - | - | 15,440 | 1,582 | 17,022 | 24,155 | 2,955 | 27,110 |
| 2040 | 9,150 | 938 | 10,088 | - | - | - | - | - | - | 16,210 | 810 | 17,020 | 25,360 | 1,748 | 27,108 |
| 2041 | 9,605 | 480 | 10,085 | - | - | - | - | - | - | - | - | - | 9,605 | 480 | 10,085 |
| Total | \$ 1,082,762 | \$ 513,079 | \$ 1,595,841 | \$ 814,951 | \$ 367,372 | \$ 1,182,323 | \$ 329,085 | \$ 125,887 | \$ 454,972 | \$ 615,665 | \$ 323,769 | \$ 939,434 | \$ 2,842,463 | \$ 1,330,107 | \$ 4,172,570 |

(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.

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 |
| 2017 | \$ 152,871 | \$ 140,395 | \$ 293,266 | \$ 67,205 | \$ 69,053 | \$ 136,258 | \$ 220,076 | \$ 209,448 | \$ 429,524 |
| 2018 | 162,688 | 136,271 | 298,959 | 70,600 | 77,573 | 148,173 | 233,288 | 213,844 | 447,132 |
| 2019 | 186,081 | 130,312 | 316,393 | 71,735 | 75,042 | 146,777 | 257,816 | 205,354 | 463,170 |
| 2020 | 178,626 | 121,916 | 300,542 | 75,026 | 72,747 | 147,773 | 253,652 | 194,663 | 448,315 |
| 2021 | 195,005 | 104,560 | 299,565 | 77,580 | 68,590 | 146,170 | 272,585 | 173,150 | 445,735 |
| 2022 | 177,830 | 95,320 | 273,150 | 83,491 | 66,753 | 150,244 | 261,321 | 162,073 | 423,394 |
| 2023 | 188,865 | 86,517 | 275,382 | 61,067 | 66,046 | 127,113 | 249,932 | 152,563 | 402,495 |
| 2024 | 177,091 | 89,039 | 266,130 | 63,146 | 62,901 | 126,047 | 240,237 | 151,940 | 392,177 |
| 2025 | 199,312 | 81,023 | 280,335 | 65,588 | 60,051 | 125,639 | 264,900 | 141,074 | 405,974 |
| 2026 | 145,954 | 72,243 | 218,197 | 66,063 | 56,659 | 122,722 | 212,017 | 128,902 | 340,919 |
| 2027 | 159,430 | 52,784 | 212,214 | 63,747 | 52,756 | 116,503 | 223,177 | 105,540 | 328,717 |
| 2028 | 161,850 | 44,759 | 206,609 | 61,515 | 48,940 | 110,455 | 223,365 | 93,699 | 317,064 |
| 2029 | 144,150 | 51,091 | 195,241 | 65,831 | 47,019 | 112,850 | 209,981 | 98,110 | 308,091 |
| 2030 | 124,015 | 29,624 | 153,639 | 69,565 | 43,844 | 113,409 | 193,580 | 73,468 | 267,048 |
| 2031 | 110,525 | 23,368 | 133,893 | 82,330 | 41,563 | 123,893 | 192,855 | 64,931 | 257,786 |
| 2032 | 96,125 | 18,146 | 114,271 | 86,774 | 37,818 | 124,592 | 182,899 | 55,964 | 238,863 |
| 2033 | 68,645 | 13,296 | 81,941 | 90,336 | 33,556 | 123,892 | 158,981 | 46,852 | 205,833 |
| 2034 | 48,595 | 10,379 | 58,974 | 95,496 | 29,282 | 124,778 | 144,091 | 39,661 | 183,752 |
| 2035 | 38,150 | 8,241 | 46,391 | 103,091 | 22,945 | 126,036 | 141,241 | 31,186 | 172,427 |
| 2036 | 22,630 | 6,333 | 28,963 | 107,972 | 18,409 | 126,381 | 130,602 | 24,742 | 155,344 |
| 2037 | 21,905 | 5,201 | 27,106 | 42,299 | 16,099 | 58,398 | 64,204 | 21,300 | 85,504 |
| 2038 | 23,000 | 4,106 | 27,106 | 30,655 | 11,371 | 42,026 | 53,655 | 15,477 | 69,132 |
| 2039 | 24,155 | 2,955 | 27,110 | 32,233 | 9,926 | 42,159 | 56,388 | 12,881 | 69,269 |
| 2040 | 25,360 | 1,748 | 27,108 | 18,762 | 8,783 | 27,545 | 44,122 | 10,531 | 54,653 |
| 2041 | 9,605 | 480 | 10,085 | 19,339 | 7,970 | 27,309 | 28,944 | 8,450 | 37,394 |
| 2042 | - | - | - | 12,450 | 7,323 | 19,773 | 12,450 | 7,323 | 19,773 |
| 2043 | - | - | - | 16,189 | 6,762 | 22,951 | 16,189 | 6,762 | 22,951 |
| 2044 | - | - | - | 16,855 | 6,097 | 22,952 | 16,855 | 6,097 | 22,952 |
| 2045 | - | - | - | 17,560 | 5,407 | 22,967 | 17,560 | 5,407 | 22,967 |
| 2046 | - | - | - | 18,404 | 4,688 | 23,092 | 18,404 | 4,688 | 23,092 |
| 2047 | - | - | - | 19,087 | 3,940 | 23,027 | 19,087 | 3,940 | 23,027 |
| 2048 | - | - | - | 19,904 | 3,163 | 23,067 | 19,904 | 3,163 | 23,067 |
| 2049 | - | - | - | 3,100 | 238 | 3,338 | 3,100 | 238 | 3,338 |
| 2050 | - | - | - | 3,200 | 80 | 3,280 | 3,200 | 80 | 3,280 |
| Total | \$ 2,842,463 | \$ 1,330,107 | \$ 4,172,570 | \$ 1,798,195 | \$ 1,143,394 | \$ 2,941,589 | \$ 4,640,658 | \$ 2,473,501 | \$ 7,114,159 |

(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 29, 2016, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September 1983, November 1999, November 2001, November 2007, November 2013, and November 2015 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 | 87,000 | |
| Forensic Lab | 10,000 | |
| Family Law Center | 70,000 | |
| Joint Processing Center | 64,295 | |
| Animal Shelter | <u>24,000</u> | |
| Total Limited Tax Bonds | | \$ 288,295 |
| Unlimited Tax: | | |
| Road Bonds | <u>760,780</u> | |
| Total Unlimited Tax Bonds | | 760,780 |
| Combination Unlimited Tax and Revenue: | | |
| Toll Roads | <u>15,148</u> | |
| Total Unlimited Tax and Revenue Bonds | | 15,148 |
| Harris County Flood Control District Limited Tax Bonds | | <u>64,000</u> |
| Total Harris County Ad Valorem Tax Bonds | | <u>1,128,223</u> |
| Total Authorized but Unissued Bonds | | <u><u>\$1,128,223</u></u> |

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> |
|--------------------|-----------------|--|
| 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% |
| 2016 | 40,138,059 | -4.23% |

Note: This table is prepared on the accrual basis.

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2016-2017
(Unaudited)

On February 9, 2016 the Commissioners Court adopted the budget for the County for the Fiscal Year 2016-2017. The Fiscal Year 2017 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2016-2017 budget for the County's Current Operating Fund:

| | |
|------------------------------------|-------------------------|
| Cash Balance as of March 1, 2016 | \$ 765,849,307 |
| Estimated Revenues: | |
| Ad Valorem and Miscellaneous Taxes | 1,405,710,837 |
| Charges for Services | 233,494,880 |
| Fines and Forfeitures | 20,573,477 |
| Intergovernmental Revenues | 45,010,682 |
| Interest | 1,187,645 |
| Other | 49,202,756 |
| Total Cash and Estimated Revenues | <u>\$ 2,521,029,584</u> |
| Appropriations: | |
| Current Operating Expenses | \$ 2,479,754,914 |
| Capital Outlay: | |
| Roads | 2,632,531 |
| Parks | 35,637,139 |
| Office/Courts | 3,005,000 |
| Total Appropriations | <u>\$ 2,521,029,584</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 29, 2016 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 | \$ 112,347,502 |
| Permanent Improvements | 60,109,022 |
| Flood Control | <u>204,242,169</u> |
| Total | <u>\$ 376,698,693</u> |

Table 31

**HARRIS COUNTY, TEXAS
BALANCE SHEET
GENERAL FUND SUB-FUNDS
February 29, 2016**

| | <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 | \$ 251,244,037 | \$ 27,256,306 | \$ 110,290,496 | \$ - | \$ 23,172 | \$ 388,814,011 |
| Investments | 471,111,281 | 56,135,645 | 201,806,314 | - | 42,373 | 729,095,613 |
| Receivables: | | | | | | |
| Taxes, net | 69,540,407 | 581,626 | - | 5,673,264 | - | 75,795,297 |
| Accounts | 8,137,892 | - | 69,089 | - | - | 8,206,981 |
| Accrued interest | 189,540 | 123,829 | 81,073 | 8 | 17 | 394,467 |
| Capital leases | 228,300 | - | - | - | - | 228,300 |
| Other | 70,436,887 | 6,670 | - | 64,302 | - | 70,507,859 |
| Due from other funds | 25,362,486 | 28,575 | - | 10,885 | - | 25,401,946 |
| Prepays and other assets | 4,631,183 | - | 4,874 | 13,176 | - | 4,649,233 |
| Inventories | 3,268,776 | - | - | - | - | 3,268,776 |
| Advances to other funds | 40,000 | - | - | - | - | 40,000 |
| Restricted cash and cash equivalents | - | - | - | 171,276,380 | - | 171,276,380 |
| Restricted investments | - | - | - | 49,370,594 | - | 49,370,594 |
| Note receivable | 1,432,755 | - | - | - | - | 1,432,755 |
| Total assets | <u>\$ 905,623,544</u> | <u>\$ 84,132,651</u> | <u>\$ 312,251,846</u> | <u>\$ 226,408,609</u> | <u>\$ 65,562</u> | <u>\$ 1,528,482,212</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ 44,689,925 | \$ 19,948 | \$ 6,838,861 | \$ 494,481 | \$ - | \$ 52,043,215 |
| Accrued payroll and compensated absences | 75,796,909 | - | 667,868 | - | - | 76,464,777 |
| Retainage payable | 121,686 | - | 2,290,227 | - | - | 2,411,913 |
| Due to other funds | 22,243 | 25,380 | - | - | - | 47,623 |
| Other liabilities | 145,601 | - | - | - | - | 145,601 |
| Unearned revenue | 5,932,897 | - | - | - | - | 5,932,897 |
| Total liabilities | <u>126,709,261</u> | <u>45,328</u> | <u>9,796,956</u> | <u>494,481</u> | <u>-</u> | <u>137,046,026</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenues - property taxes | 32,640,495 | - | - | - | - | 32,640,495 |
| Unavailable revenues - other | 9,706,844 | - | - | - | - | 9,706,844 |
| Total deferred inflows of resources | <u>42,347,339</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,347,339</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | 7,939,959 | - | 4,874 | 13,176 | - | 7,958,009 |
| Restricted | 2,486,136 | - | 302,450,016 | 225,900,952 | 65,562 | 530,902,666 |
| Assigned | 27,414,385 | 441,289 | - | - | - | 27,855,674 |
| Unassigned | 698,726,464 | 83,646,034 | - | - | - | 782,372,498 |
| Total fund balances | <u>736,566,944</u> | <u>84,087,323</u> | <u>302,454,890</u> | <u>225,914,128</u> | <u>65,562</u> | <u>1,349,088,847</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 905,623,544</u> | <u>\$ 84,132,651</u> | <u>\$ 312,251,846</u> | <u>\$ 226,408,609</u> | <u>\$ 65,562</u> | <u>\$ 1,528,482,212</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 29, 2016

| | General Operating | Public Contingency | Mobility Fund | General Debt | Other | Consolidating Entries | Total General Fund |
|--|------------------------------|-------------------------------|--------------------------|-------------------------|------------------|----------------------------------|-----------------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 1,316,976,431 | \$ 21,072,280 | \$ - | \$ 203,092,987 | \$ - | \$ - | \$ 1,541,141,698 |
| Charges for services | 259,826,297 | - | - | - | - | - | 259,826,297 |
| User fees | 124,967 | - | - | - | - | - | 124,967 |
| Fines and forfeitures | 19,311,549 | - | - | - | - | - | 19,311,549 |
| Lease revenue | 1,387,741 | - | - | - | - | - | 1,387,741 |
| Intergovernmental | 46,406,209 | - | 177,450 | - | - | - | 46,583,659 |
| Earnings on investments | 911,809 | 502,318 | 1,205,237 | 297,540 | 228 | - | 2,917,132 |
| Miscellaneous | 42,784,561 | 332,323 | 6,982,670 | 269,323 | - | - | 50,368,877 |
| Total revenues | <u>1,687,729,564</u> | <u>21,906,921</u> | <u>8,365,357</u> | <u>203,659,850</u> | <u>228</u> | <u>-</u> | <u>1,921,661,920</u> |
| EXPENDITURES | | | | | | | |
| Current operating: | | | | | | | |
| Administration of justice | 932,972,739 | - | - | - | - | - | 932,972,739 |
| Parks | 72,594,013 | - | - | - | - | - | 72,594,013 |
| County administration | 260,757,923 | 1,355,422 | - | - | - | - | 262,113,345 |
| Health and human services | 103,164,080 | - | - | - | 84,535 | - | 103,248,615 |
| Tax administration | 38,563,641 | - | - | - | - | - | 38,563,641 |
| Roads and bridges | 31,305,165 | - | 51,782,989 | - | - | - | 83,088,154 |
| Capital outlay | 35,164,184 | 72,768 | 44,422,081 | - | - | - | 79,659,033 |
| Debt service: | | | | | | | |
| Principal retirement | 159,116 | - | - | 60,981,787 | - | - | 61,140,903 |
| Bond issuance costs | 130,948 | - | - | 2,121,772 | - | - | 2,252,720 |
| Interest and fiscal charges | 166,213 | - | - | 58,312,461 | - | - | 58,478,674 |
| Total expenditures | <u>1,474,978,022</u> | <u>1,428,190</u> | <u>96,205,070</u> | <u>121,416,020</u> | <u>84,535</u> | <u>-</u> | <u>1,694,111,837</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>212,751,542</u> | <u>20,478,731</u> | <u>(87,839,713)</u> | <u>82,243,830</u> | <u>(84,307)</u> | <u>-</u> | <u>227,550,083</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 9,915,702 | - | 124,000,000 | 282,017,313 | - | (252,994,499) | 162,938,516 |
| Transfers out | (15,349,300) | (25,380) | (5,873,837) | (330,350,662) | - | 252,994,499 | (98,604,680) |
| Refunding bonds issued | - | - | - | 241,465,000 | - | - | 241,465,000 |
| Premium on bonds issued | - | - | - | 37,486,672 | - | - | 37,486,672 |
| Payment to refunding bond escrow agent | - | - | - | (56,769,883) | - | - | (56,769,883) |
| Payment to defease commercial paper | - | - | - | (218,338,000) | - | - | (218,338,000) |
| Proceeds of software license | 14,617,007 | - | - | - | - | - | 14,617,007 |
| Sale of capital assets | 3,112,520 | - | - | - | - | - | 3,112,520 |
| Total other financing sources (uses) | <u>12,295,929</u> | <u>(25,380)</u> | <u>118,126,163</u> | <u>(44,489,560)</u> | <u>-</u> | <u>-</u> | <u>85,907,152</u> |
| Net changes in fund balances | 225,047,471 | 20,453,351 | 30,286,450 | 37,754,270 | (84,307) | - | 313,457,235 |
| Fund balances, beginning | 511,519,473 | 63,633,972 | 272,168,440 | 188,159,858 | 149,869 | - | 1,035,631,612 |
| Fund balances, ending | <u>\$ 736,566,944</u> | <u>\$ 84,087,323</u> | <u>\$ 302,454,890</u> | <u>\$ 225,914,128</u> | <u>\$ 65,562</u> | <u>\$ -</u> | <u>\$ 1,349,088,847</u> |

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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance

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

Report on Compliance for Each Major Federal Program

We have audited Harris County, Texas's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended February 29, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal 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 programs for the year ended February 29, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 16-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 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 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 16-02, which we consider to be a significant deficiency.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte's Touche LLP

August 12, 2016



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Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance

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

Report on Compliance for Each Major State Program

We have audited Harris County, Texas's (the "County") compliance with the types of compliance requirements described in the State of Texas *Uniform Grant Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major state programs for the year ended February 29, 2016. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major 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; *Audits of States, Local Governments, and Non-Profit Organizations*; and UGMS. Those standards 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 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 state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major 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 state programs for the year ended February 29, 2016.

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 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 state program and to test and report on internal control over compliance in accordance with 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 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 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 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 UGMS. Accordingly, this report is not suitable for any other purpose.

Deloitte's Touche LLP

August 12, 2016

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 29, 2016, 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, 2016. 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*. We did not audit the financial statements of the following discretely presented component units: Harris County Hospital District, Harris Center for Mental Health and IDD, Harris County Housing Finance Corporation, Children's Assessment Center Foundation, Inc. nor did we audit the financial statements of the following agency funds: the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units and the agency funds, is based solely on the reports of the other auditors. The financial statements of the Harris County Housing Finance Corporation, the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund, 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2016

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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 | Women, Infant and Children's Nutrition Grant Program - WIC | 10.557 | 2015-047271 | \$ 5,075,091 | \$ - |
| 8320 | Women, Infant and Children's Nutrition Grant Program - WIC | 10.557 | 2016-048733-001 | 3,250,417 | - |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE: | | | | | |
| 1000 | National School Lunch and Breakfast Program - Juvenile Probation | 10.553 | N/A | 993,734 | - |
| | National School Lunch Program Commodities - Juvenile Probation | 10.555 | 75F4006 | 28,575 | - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 9,347,817 | - |
| <u>U.S. DEPARTMENT OF DEFENSE</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7743 | Electronic Absentee Systems for Elections (EASE) '11 | 12.217 | H98210-12-1-0014 | 134,300 | - |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | | 134,300 | - |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7237 | NSP RLF 1 | 14.218 | N/A | 133,979 | - |
| 7237 | NSP RLF 1 Home Admin | 14.218 | N/A | 7,220 | - |
| 7237 | NSP RLF 1 Direct Services | 14.218 | N/A | 1,360 | - |
| 7594 | Neighborhood Stabilization Program 3 | 14.218 | B-11-UN-48-0401 | 265,416 | - |
| 7594 | CDBG - Neighborhood Stabilization Program 2008 | 14.218 | B-08-UN-48-0401 | 1,524,619 | - |
| 7660 | Community Development Block Grant/Entitlement Grants 2008 | 14.218 | B-08-UC-48-0002 | 45,820 | 9,328 |
| 7660 | Community Development Block Grant/Entitlement Grants 2009 | 14.218 | B-09-UC-48-0002 | 522,041 | - |
| 7660 | Community Development Block Grant/Entitlement Grants 2010 | 14.218 | B-10-UC-48-0002 | 230,952 | 76,241 |
| 7660 | Community Development Block Grant/Entitlement Grants 2011 | 14.218 | B-11-UC-48-0002 | 254,685 | - |
| 7660 | Community Development Block Grant/Entitlement Grants 2012 | 14.218 | B-12-UC-48-0002 | 1,628,384 | 150,811 |
| 7660 | Community Development Block Grant/Entitlement Grants 2013 | 14.218 | B-13-UC-48-0002 | 1,697,825 | 525,112 |
| 7660 | Community Development Block Grant/Entitlement Grants 2014 | 14.218 | B-14-UC-48-0002 | 3,566,793 | 1,208,133 |
| 7660 | Community Development Block Grant/Entitlement Grants 2015 | 14.218 | B-15-UC-48-0002 | 4,598,195 | 872,939 |
| 7130 | Emergency Shelter Grant Program 2014 | 14.231 | E-14-UC-48-0002 | 220,328 | 191,625 |
| 7130 | Emergency Shelter Grant Program 2015 | 14.231 | E-15-UC-48-0002 | 881,389 | 277,274 |
| 7140 | HOME Investment Partnership Program 2009 | 14.239 | M-09-UC-48-0215 | 6,737 | - |
| 7140 | HOME Investment Partnership Program 2010 | 14.239 | M-10-UC-48-0215 | 299,631 | 299,631 |
| 7140 | HOME Investment Partnership Program 2012 | 14.239 | M-12-UC-48-0215 | 584,297 | 427,362 |
| 7140 | HOME Investment Partnership Program 2013 | 14.239 | M-13-UC-48-0215 | 209,562 | 126,849 |
| 7140 | HOME Investment Partnership Program 2014 | 14.239 | M-14-UC-48-0215 | 655,674 | - |
| 7140 | HOME Investment Partnership Program 2015 | 14.239 | M-15-UC-48-0215 | 389,567 | - |
| 7200 | Continuum Care Program 2013 | 14.267 | TX0175L6E001306 | 17,140 | 17,140 |
| 7200 | Continuum Care Program 2014 | 14.267 | TX0313L6E001404 | 442,471 | 418,000 |
| 7200 | Continuum Care Program 2014 | 14.267 | TX0175L6E001407 | 286,823 | 239,924 |
| 7252 | Lead-Based Paint Hazard Control Grant | 14.900 | TXLHB0601-15 | 6,447 | - |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS: | | | | | |
| 8112 | Community Development Block Grant/Disaster Recovery Program | 14.218 | 70090003 | 981,777 | 807,801 |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF RURAL AFFAIRS: | | | | | |
| 7517 | CDBG Supplemental Disaster Recovery Funds | 14.228 | DRS010064 | 130,239 | - |
| PASS THROUGH PROGRAMS, TEXAS GENERAL LAND OFFICE: | | | | | |
| 7517 | CDBG Supplemental Disaster Recovery Funds - Round 2.2 | 14.228 | 12-468-000-6624 | 4,105,311 | - |
| 8112 | Community Development Block Grant/Disaster Recovery | 14.228 | 12-494-000-6692 | 1,235,140 | 666,602 |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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, CITY OF HOUSTON | | | | | |
| 7135 | Child Care Council 13 ESG | 14.231 | MC-48-0002 | 1,328 | - |
| 7135 | Child Care Council 15 ESG | 14.231 | S-[10]-MC-48-0002 | 104,193 | - |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | 25,035,343 | 6,314,772 |
| <u>U.S. DEPARTMENT OF THE INTERIOR</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AP00071 | 218,553 | 218,553 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01241 | 167,206 | 167,206 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01197 | 138,043 | 138,043 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F13AF00131 | 26,157 | 26,157 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01196 | 276,727 | - |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF00816 | 1,012,182 | 1,012,182 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01192 | 1,483 | 1,483 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F14AF00197 | 112,194 | - |
| 7421 | Coastal Impact Assistance Program | 15.668 | F13AF00231 | 171,413 | - |
| 7421 | Coastal Impact Assistance Program | 15.668 | F13AF00020 | 86,994 | 9,708 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F13AF00019 | 150,195 | - |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01256 | 5,446 | - |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01247 | 34,453 | 34,453 |
| 7421 | Coastal Impact Assistance Program | 15.668 | F12AF01252 | 41,699 | 41,699 |
| PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS AT AUSTIN LADY BIRD JOHNSON WILDFLOWER CENTER: | | | | | |
| 7326 | Prairie Dawn Conservation | 15.615 | N/A | 260 | - |
| TOTAL U.S. DEPARTMENT OF THE INTERIOR | | | | 2,443,005 | 1,649,484 |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 2610 | Sheriff Seized Assets - Justice Department | 16.922 | N/A | 1,010,451 | - |
| 1000 | State Criminal Alien Assistance Program | 16.606 | N/A | 862,429 | - |
| 2575 | DA Seized Assets - Justice Department | 16.922 | N/A | 279,109 | - |
| 7561 | Human Trafficking Initiative - OVC Collaborative '12 | 16.320 | 2012-VT-BX-K006 | 130,643 | - |
| 7565 | Operation Cold Case | 16.560 | 2014-DN-BX-K072 | 74,026 | - |
| 7582 | Forensic DNA R&D | 16.560 | 2010-DN-BX-K230 | 89,472 | - |
| 7583 | Fundamental Research to Improve Understanding of Forensic Science Disciplines | 16.560 | 2010-DN-BX-K222 | 2,028 | - |
| 8202 | Characterization of Performance Enhancing Peptides | 16.560 | 2013-DN-BX-K020 | 5,324 | - |
| 8206 | To Identify Cold Case Decedents | 16.560 | 2013-DN-BX-K013 | 39,335 | - |
| 7553 | Harris County Veterans Court | 16.585 | 2012-DC-BX-0002 | 115,016 | - |
| 8560 | COPS Anti-Gang Initiative | 16.710 | 2015-GV-WX-0008 | 71,257 | - |
| 7202 | Prison Rape Elimination Act (PREA) Program | 16.735 | 2013-RP-BX-0014 | 71,811 | - |
| 8778 | Forensic Casework DNA Backlog Reduction Program | 16.741 | 2013-DN-BX-0101 | 376,904 | - |
| 8778 | Forensic Casework DNA Backlog Reduction Program | 16.741 | 2014-DN-BX-0124 | 44,776 | - |
| 8203 | Forensic Anthropology Fellowship Training Program | 16.742 | 2013-CD-BX-0071 | 33,728 | - |
| 8276 | Future Appointed Counsel Training Grant | 16.751 | 2012-DB-BX-0007 | 27,896 | - |
| 7221 | Harris County Misdemeanor Prostitution Court | 16.825 | 2014-YX-BX-0001 | 132,766 | - |
| PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION: | | | | | |
| 7980 | Juvenile Accountability Incentive | 16.523 | 1331616 | 47,450 | - |
| 7246 | Victim Assistance Coordinator Project | 16.575 | 2877901 | 19,312 | - |
| 7251 | Victim Assistance Program | 16.575 | 2443705 | 121,607 | - |
| 7496 | Family Victimization Support Services | 16.575 | 2812601 | 41,637 | - |
| 7496 | Family Victimization Support Services | 16.575 | 2812602 | 8,825 | - |
| 7737 | Victim Assistance Specialist | 16.575 | 2460104 | 27,690 | - |
| 7737 | Victim Assistance Specialist | 16.575 | 2460105 | 14,759 | - |
| 8003 | Victim's Assistance Deputy | 16.575 | 2443704 | 34,310 | - |
| 8708 | Domestic Violence Deputy | 16.575 | 2586603 | 39,482 | - |
| 7572 | Family Violence Prosecution and Protective Order Project | 16.588 | 1720411 | 111,839 | - |
| 7572 | Special Victims Prosecution and Protective Order Project | 16.588 | 1720412 | 142,075 | - |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| Fund No. | Federal Grantor / Pass-Through Agency Grantor / Program | CFDA Number | Grantor or Pass-through Grantor's Number | Program Expenditures | Amount Provided to Subrecipients |
|--|---|--------------------|---|-----------------------------|---|
| 7611 | Domestic Violence and Child Abuse: Services and Training | 16.588 | 2482204 | 33,950 | - |
| 7611 | Domestic Violence and Child Abuse: Services and Training | 16.588 | 2482205 | 15,552 | - |
| 7739 | Specialized Investigator | 16.588 | 2474504 | 30,718 | - |
| 7739 | Specialized Investigator | 16.588 | 2474505 | 29,165 | - |
| 8520 | Domestic Violence Enhancement/Victims Assistance | 16.588 | 1345617 | 47,741 | - |
| 7224 | The Freedom Project | 16.593 | 1487818 | 50,920 | - |
| 7223 | Data Sharing and Storage Upgrade | 16.738 | 2813001 | 174 | - |
| 7224 | The Freedom Project | 16.738 | 1487817 | 78,200 | - |
| 7229 | We've Been There Done That | 16.738 | 2851601 | 4,659 | - |
| 7233 | Jail Camera Project | 16.738 | 2880601 | 49,986 | - |
| 7301 | Multi Agency Gang Project | 16.738 | 2542803 | 83,663 | - |
| 7301 | Multi Agency Gang Project | 16.738 | 2542804 | 15,484 | - |
| 7706 | Justice Assistance Grant | 16.738 | 2906601 | 10,646 | - |
| 8201 | Human Trafficking Investigator - Pct. 4 | 16.738 | 2677202 | 42,007 | - |
| 8201 | Human Trafficking Investigator - Pct. 4 | 16.738 | 2677203 | 75,032 | - |
| 8676 | Harris County Medical Examiner Office Coverdell Improvement Project | 16.742 | 1748009 | 93,574 | - |
| 8676 | Harris County Medical Examiner Office Coverdell Improvement Project | 16.742 | 1748010 | 29,709 | - |
| PASS THROUGH PROGRAMS, CITY OF HOUSTON: | | | | | |
| 7228 | ICAC Task Force Program | 16.543 | N/A | 2,499 | - |
| 8715 | 2012 Justice Assistance Grant | 16.738 | 2012-DJ-BX-0536 | 285,254 | - |
| 8715 | 2013 Justice Assistance Grant | 16.738 | 2013-DJ-BX-1068 | 736,252 | - |
| 8715 | 2014 Justice Assistance Grant | 16.738 | 2014-DJ-BX-0552 | 251,665 | - |
| 8715 | 2015 Justice Assistance Grant | 16.738 | 2015-DJ-BX-0832 | 55,490 | - |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | | 5,998,297 | - |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | T0701 | 4,884 | - |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | TX-90-X824-00 | 120,587 | - |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | TX-90-X853-00 | 2,090 | - |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | TX-90-X919-00 | 668,349 | - |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | TX-90-X967-00 | 788,962 | - |
| 7054 | Houston Urbanized Area Formula Funds | 20.507 | TX-90-Y046-00 | 494,282 | - |
| PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY: | | | | | |
| 7062 | New Freedom Transportation- RIDES | 20.521 | TX-57-X006 | 383,513 | - |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION: | | | | | |
| 7502 | Houston TranStar Expansion | 20.205 | 12-0XXF5007 | 890,774 | - |
| 7502 | Houston TranStar Expansion | 20.205 | 12-0XXF5007 | 68,303 | - |
| 7416 | RIDES Elderly & Disabled Transportation Program | 20.513 | 51112F7253 | 848 | - |
| 7416 | RIDES Elderly & Disabled Transportation Program | 20.513 | 51212F7166 | 11,225 | - |
| 7416 | RIDES Elderly & Disabled Transportation Program | 20.513 | 51412F7152 | 187,503 | - |
| 7057 | STEP - 2015 Comprehensive | 20.600 | 2015-HarrisP7-S-1YG-0083 | 104,388 | - |
| 7057 | STEP - 2016 Comprehensive | 20.600 | 2016-HarrisP7-S-1YG-0082 | 61,377 | - |
| 7219 | STEP - 2015 Comprehensive | 20.600 | 2015-HarrisP1-G-1YG-0046 | 38,301 | - |
| 7219 | STEP - 2016 Comprehensive | 20.600 | 2016-HarrisP1-S-1YG-0016 | 43,231 | - |
| 8865 | STEP - 2015 DWI | 20.600 | 2015-HARRIS4-S-1YG-0098 | 21,129 | - |
| 8865 | STEP - 2016 DWI | 20.600 | 2016-Harris4-S-1YG-0074 | 15,686 | - |
| 8895 | STEP - 2015 Comprehensive | 20.600 | 2015-HarrisCo-S-1YG-0027 | 217,869 | - |
| 8895 | STEP - 2016 Comprehensive | 20.600 | 2016-HarrisCo-S-1YG-0028 | 165,502 | - |
| 7501 | STEP - Click It Or Ticket Mobilization Incentive Grant | 20.616 | 2015-HarrisP7-INC-CIOT-00052 | 2,989 | - |
| 7562 | No Refusal DWI Program | 20.616 | 2015-HarrisDA-G-1YG-0166 | 179,834 | - |
| 7562 | No Refusal DWI Program | 20.616 | 2016-HarrisDA-G-1YG-0170 | 97,705 | - |
| PASS THROUGH PROGRAMS, TEXAS PARKS & WILDLIFE DEPARTMENT: | | | | | |
| 7207 | Anderson Trail Project | 20.219 | N/A | 5,250 | - |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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, HOUSTON-GALVESTON AREA COUNCIL: | | | | | |
| 7203 | Regional DWI Task Force Grant | 20.600 | N/A | 7,853 | - |
| 8910 | Motorist Assistance Program | 20.205 | N/A | 931,669 | - |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | 5,514,103 | - |
| <u>U.S. DEPARTMENT OF THE TREASURY</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 2600 | Sheriff Seized Assets | 21.000 | N/A | 1,030,351 | - |
| PASS THROUGH PROGRAMS, DEPARTMENT OF HOMELAND SECURITY: | | | | | |
| 7598 | Homeland Security Investigations | 21.000 | N/A | 3,460 | - |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | | 1,033,811 | - |
| <u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u> | | | | | |
| PASS THROUGH PROGRAMS, TEXAS STATE LIBRARY AND ARCHIVES COMMISSION: | | | | | |
| 7231 | Edge Initiative Reimbursement Program | 45.310 | N/A | 10,000 | - |
| 7443 | Digital Literacy Education for Seniors | 45.310 | 475-16016 | 9,833 | - |
| 7444 | Robotics and Coding Grant | 45.310 | 475-16015 | 9,659 | - |
| 7451 | Construction Education and Research | 45.310 | 475-16014 | 10,000 | - |
| 8286 | Interlibrary Loan Grant | 45.310 | 715-15078 | 41,835 | - |
| TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | 81,327 | - |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7249 | Educational Toolkit Designed to Reduce Foodborne Illness Risk Factors | 93.103 | 1U01EH001297-01 | 13,478 | - |
| 7322 | FDA Foodborne Illness Reduction | 93.103 | 5U18FD004659-03 | 7,115 | - |
| 7227 | Voluntary National Retail Food Regulatory Program | 93.103 | G-SP-1410-02137 | 3,000 | - |
| 7244 | Harris County Services Module Enhancement Project | 93.243 | 1H79TI026058-01 | 17,112 | - |
| 8040 | Basic Center Program for Safety Net Project Runaway Homeless Youth | 93.623 | 90CY6434-03-00 | 125,123 | - |
| 8040 | Basic Center Program for Safety Net Project Runaway Homeless Youth | 93.623 | 90CY6735-01-00 | 14,490 | - |
| 8200 | Ryan White Title I - Formula & Supplemental | 93.914 | 14H89HA00004 | 3,899,584 | 3,826,105 |
| 8200 | Ryan White Title I - Formula & Supplemental | 93.914 | 15H89HA00004 | 16,911,813 | 14,843,079 |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES: | | | | | |
| 7226 | Preparedness and Prevention Community Section/Bioterrorism Discretionary | 93.069 | 2015-047178 | 44,117 | - |
| 7241 | CPS/OT-UNIQUE CPS | 93.069 | 2016-004043-00 | 7,472 | - |
| 7375 | Cities Readiness Initiative | 93.069 | 2015-001285-00 | 153,954 | - |
| 7375 | Cities Readiness Initiative | 93.069 | 2016-001285-00 | 236,040 | - |
| 7607 | Public Health Emergency Preparedness | 93.069 | 2015-001280-00 | 466,780 | - |
| 7607 | Public Health Emergency Preparedness | 93.069 | 2016-001280-00 | 667,223 | - |
| 8090 | TB/PC - Tuberculosis Prevention and Control - Federal | 93.116 | 2015-001425-00 | 274,238 | - |
| 8090 | TB/PC - Tuberculosis Prevention and Control - Federal | 93.116 | 2016-001425-00 | 44,588 | - |
| 7242 | Strategic Prevention Framework Partnerships for Success | 93.243 | 2016-048636-001 | 7,926 | - |
| 8215 | Zoonosis Control Branch/Arbovirus Associated Surveillance | 93.283 | 2015-045715-001 | 63,894 | - |
| 8215 | Zoonosis Control Branch/Arbovirus Associated Surveillance | 93.283 | 2016-003762-00 | 51,566 | - |
| 8060 | Refugee Health Screening Program | 93.566 | 2015-001213-00 | 3,153,116 | - |
| 8060 | Refugee Health Promotion | 93.566 | 2015-001213-00 | 13,636 | - |
| 8060 | Refugee and Entrant Assistance Grant | 93.566 | 2016-001213-00 | 1,963,245 | - |
| 8060 | Refugee and Entrant Assistance Grant | 93.576 | 2016-001213-00 | 28,092 | - |
| 8140 | HIV Rapid Testing | 93.940 | 2014-002520-00 | 95,024 | - |
| 8140 | HIV Rapid Testing | 93.940 | 2015-003676-00 | 118,605 | - |
| 8140 | HIV Routine Screening Services | 93.940 | 2016-004067-00 | 24,085 | - |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| Fund No. | Federal Grantor / Pass-Through Agency Grantor / Program | CFDA Number | Grantor or Pass-through Grantor's Number | Program Expenditures | Amount Provided to Subrecipients |
|---|---|--------------------|---|-----------------------------|---|
| 7225 | Texas Healthy Communities | 93.991 | 2015-047256 | 49,690 | - |
| 7225 | Texas Healthy Communities | 93.991 | 2016-003879-00 | 20 | - |
| 8050 | Title V - Child Health Services | 93.994 | 2015-046353-001 | 308,744 | - |
| 8050 | Title V - Child Health Services | 93.994 | 2016-003927-00 | 284,223 | - |
| PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL: | | | | | |
| 7003 | Access and Visitation Shared Parenting | 93.597 | 13-C0108 | 42,254 | - |
| 7003 | Access and Visitation Shared Parenting | 93.597 | 13-C0108 | 52,515 | - |
| PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES: | | | | | |
| 8488 | Community Youth Development FY15 - Gullfton | 93.556 | 24186908 | 125,811 | 109,706 |
| 8488 | Community Youth Development FY15 - Pasadena | 93.556 | 24186911 | 118,076 | 90,435 |
| 8488 | Community Youth Development FY16 - Gullfton | 93.556 | 24186908 | 54,121 | 28,371 |
| 8488 | Community Youth Development FY16 - Pasadena | 93.556 | 24186911 | 75,904 | 49,805 |
| 7007 | Title IV-E Legal Services | 93.658 | 23941790 | 1,002,541 | - |
| 7007 | Title IV-E Legal Services | 93.658 | 23941790 | 561,835 | - |
| 8487 | Preparation for Adult Living (PAL - Title IV-B) - PAC 204 | 93.556 | 23787501 | 117,120 | - |
| 8487 | Chafee Foster Care Independence Program (PAL) - PAC 206 | 93.674 | 23787501 | 553,014 | - |
| 8487 | Preparation for Adult Living (PAL - Title IV-B) - PAC 204 | 93.556 | 24260531 | 103,333 | - |
| 8487 | Chafee Foster Care Independence Program (PAL) - PAC 206 | 93.674 | 24260531 | 425,598 | - |
| PASS THROUGH PROGRAMS, TEXAS CENTER FOR THE JUDICIARY: | | | | | |
| 8116 | Evaluation of Cervical Spine Injuries in Infant Death | 93.643 | CJA-15-02 | 50,902 | - |
| 8116 | Quantitative Ultrasound to Evaluate Infant Bone Health | 93.643 | CJA-16-07 | 51,700 | - |
| PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION: | | | | | |
| 7024 | Temporary Assistance for Needy Families (TANF) - Foster Youth Project | 93.558 | 2815TAN001 | 155,784 | - |
| 7024 | Temporary Assistance for Needy Families (TANF) - Foster Youth Project | 93.558 | 2816TAN001 | 76,998 | - |
| PASS THROUGH PROGRAMS, THE SUPREME COURT OF TEXAS | | | | | |
| 8047 | Multi-Track Child Welfare Law Attorney Training | 93.586 | 201-15-00053 | 6,435 | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 32,621,934 | 18,947,501 |
| <u>OFFICE OF NATIONAL DRUG CONTROL POLICY</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 8008 | Major Drug Squad 2014 | 95.001 | G14HN0004A | 133,439 | - |
| 8008 | Houston Money Laundering 2014 | 95.001 | G14HN0004A | 352,749 | - |
| 8008 | Houston Intelligence Support Center 2014 | 95.001 | G14HN0004A | 49,254 | - |
| 8008 | Truck, Air, Rail, and Port 2014 | 95.001 | G14HN0004A | 24,384 | - |
| 8008 | HIDTA Training Initiative 2014 | 95.001 | G14HN0004A | 32,288 | - |
| 8008 | Major Drug Squad 2015 | 95.001 | G15HN0004A | 41,084 | - |
| 8008 | Houston Money Laundering 2015 | 95.001 | G15HN0004A | 74,012 | - |
| 8008 | Houston Intelligence Support Center 2015 | 95.001 | G15HN0004A | 32,734 | - |
| 8008 | Truck, Air, Rail, and Port 2015 | 95.001 | G15HN0004A | 8,741 | - |
| 8008 | HIDTA Training Initiative 2015 | 95.001 | G15HN0004A | 1,651 | - |
| TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY | | | | 750,336 | - |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 8034 | Port Security Grant Program | 97.056 | EMW-2011-PU-K00146 | 3,158,862 | 1,132,834 |
| 8034 | Port Security Grant Program | 97.056 | EMW-2013-PU-00272 | 125,289 | - |
| 8034 | Port Security Grant Program | 97.056 | EMW-2014-PU-00201 | 252,208 | - |
| PASS THROUGH PROGRAMS, UNITED WAY: | | | | | |
| 7280 | FEMA Phase XXV - Emergency Food & Shelter Program (EFSP) | 97.024 | N/A | 315,972 | - |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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 PUBLIC SAFETY: | | | | | |
| 7094 | FEMA - Public Assistance - Hurricane IKE | 97.036 | FEMA-1791-DR-TX | 108,043 | - |
| 7234 | Flood of May 2015 | 97.036 | PA-06-TX-4223 | 220,171 | - |
| 7289 | FY15 Emergency Management Performance Grant | 97.042 | 15TX-EMPG-0348 | 253,400 | - |
| 7016 | Urban Area Security Initiative | 97.067 | EMW-2013-SS-00045 | 1,001,291 | - |
| 7016 | Urban Area Security Initiative | 97.067 | EMW-2014-SS-00029 | 4,790,860 | - |
| 8525 | State Homeland Security Program | 97.067 | EMW-2014-SS-00029 | 22,170 | - |
| PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, HOMELAND SECURITY GRANTS DIVISION (HSGD): | | | | | |
| 8525 | Equipment and Training to Bolster Mass Fatality Preparedness | 97.067 | 2960601 | 4,000 | - |
| 7016 | Community Preparedness | 97.067 | 2972401 | 40,664 | - |
| 7016 | Regional Planners | 97.067 | 2973501 | 20,619 | - |
| 7016 | Harris County M&A | 97.067 | 2986301 | 17,303 | - |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | | <u>10,330,852</u> | <u>1,132,834</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING ARRA FEDERAL GRANTS) | | | | <u>\$ 93,291,125</u> | <u>\$ 28,044,591</u> |
| <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 | \$ 52,554 | \$ - |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION - ARRA GRANTS | | | | <u>52,554</u> | <u>-</u> |
| TOTAL EXPENDITURES OF ARRA FEDERAL AWARDS | | | | <u>\$ 52,554</u> | <u>\$ -</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u>\$ 93,343,679</u> | <u>\$ 28,044,591</u> |
| <u>STATE GRANTS</u> | | | | | |
| <u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7204 | Expanded Primary Health Care | N/A | 2015-046715-001 | \$ 964,973 | \$ - |
| 7204 | Expanded Primary Health Care | N/A | 2015-046715-001 | 831,803 | - |
| 7204 | Expanded Primary Health Care - Fee for Service | N/A | 2015-046279-00 | 38,971 | - |
| 7209 | Harris County Jail Diversion Pilot Program | N/A | 2014-045375-001 | 2,994,952 | - |
| 7209 | Harris County Jail Diversion Pilot Program | N/A | 2016-048312-001 | 596,901 | - |
| 7212 | Infectious Disease Control Unit/Foodborne Associated Infections | N/A | 2015-046167-00 | 27,118 | - |
| 7212 | IDCU/SUR Infectious Disease Ctrl Unit/Surveillance and Epidemiology | N/A | 2016-003768-00 | 38,894 | - |
| 7243 | IDCU/SUREB Infectious Disease Ctrl Unit - Surveillance and Epidemiology | N/A | 2016-003823-00 | 13,136 | - |
| 8020 | Tuberculosis Prevention and Control - State | N/A | 2015-001430-00 | 232,199 | - |
| 8020 | Tuberculosis Prevention and Control - State | N/A | 2016-001430-00 | 206,250 | - |
| 8030 | Regional and Local Services | N/A | 2015-001294-00 | 26,686 | - |
| 8030 | Regional and Local Services System/Local Public Health System | N/A | 2016-001294-00 | 91,294 | - |
| 8110 | Family Planning Fees | N/A | 2015-046264-001 | 424,145 | - |
| 8110 | Family Planning - Fee For Services | N/A | 2015-046270-001 | 747,449 | - |
| 8110 | Family Planning | N/A | 2016-048672-001 | 905,028 | - |
| 8110 | Family Planning - Fee For Services (FFS) | N/A | 2016-048343-001 | 23,394 | - |
| PASS THROUGH PROGRAMS, THE RESOURCE GROUP: | | | | | |
| 8515 | Early Medical Intervention Program | N/A | 15HCS00SS | 86,962 | - |
| 8515 | Early Medical Intervention Program | N/A | 15HCS00SS | 95,361 | - |
| TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES | | | | <u>8,345,516</u> | <u>-</u> |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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>OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7019 | STAR - Success Through Addiction Recovery Drug Court Program | N/A | 1692012 | 61,688 | - |
| 7019 | STAR - Success Through Addiction Recovery Drug Court Program | N/A | 1692013 | 51,361 | - |
| 7214 | Growing Independence Restoring Lives (GIRLS) | N/A | 2822501 | 79,372 | - |
| 7247 | Campus-Based Dropout Prevention & Mental Health Intervention Program | N/A | 2903301 | 93,737 | 91,899 |
| 7248 | Misdemeanor Veterans Court | N/A | 2894901 | 10,361 | - |
| 7324 | Spring Branch Delinquency and Dropout Program | N/A | 2579103 | 16,397 | 16,076 |
| 7325 | Delinquency and Dropout in Alief ISD | N/A | 2569803 | 20,477 | 20,076 |
| 7553 | Veterans' Court Program | N/A | 2283006 | 80,653 | - |
| 7553 | Veterans' Court Program | N/A | 2283007 | 50,854 | - |
| 8768 | DC - Drug Court Program | N/A | 1737411 | 47,371 | - |
| 8768 | 311th District Family Intervention Court | N/A | 1737412 | 62,280 | - |
| PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL: | | | | | |
| 8641 | Regional Law Enforcement Training Program | N/A | N/A | 8,829 | - |
| 8641 | Regional Law Enforcement Training Program | N/A | N/A | 30,490 | - |
| TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION | | | | 613,870 | 128,051 |
| <u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7606 | Buffalo Bend Nature Park | N/A | 55-000013 | 480,545 | - |
| TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT | | | | 480,545 | - |
| <u>TEXAS DEPARTMENT OF MOTOR VEHICLES</u> | | | | | |
| PASS THROUGH PROGRAMS, AUTOMOBILE BURGLARY THEFT PREVENTION AUTHORITY: | | | | | |
| 8710 | Harris County Sheriff's Auto Theft Unit | N/A | 2015-T01-Harris C -00007 | 572,727 | - |
| 8710 | Harris County Sheriff's Auto Theft Unit | N/A | 608-16-1010000 | 598,680 | - |
| TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES | | | | 1,171,407 | - |
| <u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7222 | Low Income Vehicle Repair Assistance Program | N/A | 582-12-20273 | 321,306 | 321,306 |
| 7222 | Low Income Vehicle Repair Assistance Program | N/A | 582-12-20273 | 1,946,850 | 1,946,850 |
| 7222 | Low Income Vehicle Repair Assistance Program | N/A | 582-12-20273 | 514,953 | 514,953 |
| 7504 | LIRAP - Local Initiative Project | N/A | 582-8-89962 | 15,179 | - |
| 7504 | LIRAP - Local Initiative Project | N/A | 582-14-40130 | 362,332 | - |
| PASS THROUGH PROGRAMS, HOUSTON GALVESTON AREA COUNCIL: | | | | | |
| 7218 | Environmental Enforcement - Bucket Truck | N/A | 15-16-G16 | 66,907 | - |
| 8731 | Solid Waste Implementation Grant | N/A | 14-16-G08 | 11,638 | - |
| TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY | | | | 3,239,165 | 2,783,109 |
| <u>THE SUPREME COURT OF TEXAS</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7709 | Dedicated MDL Asbestos Court | N/A | 201-15-00001 | 56,920 | - |
| 7709 | Dedicated MDL Asbestos Court | N/A | 201-16-00001 | 44,011 | - |
| TOTAL THE SUPREME COURT OF TEXAS | | | | 100,931 | - |

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| 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>TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 8488 | Community Youth Development FY15 - Gulfton | N/A | 24186908 | 125,811 | 109,706 |
| 8488 | Community Youth Development FY15 - Pasadena | N/A | 24186911 | 118,076 | 90,435 |
| 8488 | Community Youth Development FY16 - Gulfton | N/A | 24186908 | 54,121 | 28,371 |
| 8488 | Community Youth Development FY16 - Pasadena | N/A | 24186911 | 75,903 | 49,805 |
| TOTAL TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES | | | | 373,911 | 278,317 |
| <u>TEXAS OFFICE OF COURT ADMINISTRATION</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 1000 | Indigent Defense Formula Grant | N/A | N/A | 3,626,370 | - |
| 8278 | Attorney Voucher Processing System (ViPS) | N/A | 212-TS-101 | 389,613 | - |
| TOTAL TEXAS OFFICE OF COURT ADMINISTRATION | | | | 4,015,983 | - |
| <u>TEXAS OFFICE OF THE ATTORNEY GENERAL</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 8270 | Texas Automated Victim Notification - VINE | N/A | 1554864 | 56,820 | - |
| 8270 | Texas Automated Victim Notification - VINE | N/A | 1659846 | 56,820 | - |
| TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL | | | | 113,640 | - |
| <u>TEXAS VETERANS COMMISSION</u> | | | | | |
| DIRECT PROGRAMS: | | | | | |
| 7206 | Veterans Assistance Program | N/A | N/A | 277,189 | - |
| 7206 | Veterans Assistance Program | N/A | N/A | 7,519 | - |
| TOTAL TEXAS VETERANS COMMISSION | | | | 284,708 | - |
| TOTAL EXPENDITURES OF STATE AWARDS | | | | \$ 18,739,676 | \$ 3,189,477 |
| GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS | | | | \$ 112,083,355 | \$ 31,234,068 |

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

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* and *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards (2.CFR.200)*; as applicable. 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 29, 2016:

| | | |
|--|----|---------------------------|
| Federal expenditures (excluding ARRA Federal Grants) per schedule | \$ | 93,291,125 |
| ARRA Federal expenditures per schedule | | 52,554 |
| State expenditures per schedule | | <u>18,739,676</u> |
| Subtotal | | 112,083,355 |
| Add: | | |
| County funded portion of grants | | 7,746,150 |
| Local grants | | 6,659,441 |
| Less: | | |
| Trial Balance adjustments for modified accrual basis of accounting | | 1,899,855 |
| Grants - other fund types | | <u>(7,831,019)</u> |
| Total | \$ | <u><u>120,557,782</u></u> |
| Balance per CAFR - Grants Special Revenue Fund | \$ | <u><u>120,557,782</u></u> |

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2016

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
Harris Center for Mental Health and IDD (formerly MHMRA)
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 and OMB Uniform Guidance and by engaging other auditors to perform an audit in accordance with OMB Circular A-133 and OMB Uniform Guidance.

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 | \$ | 28,575 |
|-----------------------------|----|--------|

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

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? | No. |
| 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? | Yes. |
| Type of auditors' report issued on compliance for major programs: | Unmodified. |
| Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Grant Guidance, §200.516(a)? | Yes. |

Identification of major programs:

| Name of Major Federal/State Program | CFDA Number |
|--|--------------------|
| Women, Infant and Children's Nutrition Grant Program-WIC | 10.557 |
| Neighborhood Stabilization Program | 14.218 |
| Community Development Block Grant/Entitlement Grants | 14.218 |
| Refugee Health Promotion | 93.566 |
| Refugee Health Promotion | 93.576 |
| Family Planning Fees | State |
| Harris County Sheriff's Auto Theft Unit | State |
| Low Income Vehicle Repair Assistance Program | State |

| | |
|---|--|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$2,800,310 and \$562,190 for federal and state, respectively |
|---|--|

| | |
|--|------|
| Auditee qualified as a low-risk auditee? | Yes. |
|--|------|

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

II. FINANCIAL STATEMENT FINDINGS SECTION

None noted.

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

| Program | Finding/Noncompliance | Questioned Cost |
|---|---|-----------------|
| <p>Department of Housing and Urban Development</p> <p>Community Development Block Grants /Entitlement Grants (“CDBG”), CFDA #14.218</p> | <p style="text-align: center;">16-01 - Deficiency in internal control over Procurement and Suspension and Debarment</p> <p><u>Condition:</u> During our testing of the CDBG program, the Harris County Community Services Department (“HCCSD”) could not provide evidence that program requirements related to procurement and suspension and debarment (non-procurement covered transactions) for 1 of 9 original testing selections had been followed. Based on the results of this testing, HCCSD management performed additional analysis and determined that an additional 5 vendors did not follow the required verification procedures. In total, 6 of 90 vendors were deemed to be in noncompliance with the required verification procedures. As part of subsequent testing procedures, the 6 vendors were determined to be neither suspended nor debarred as of the testing date.</p> <p><u>Criteria:</u> HCCSD is responsible for verifying, when it enters into a covered transaction with an entity at a lower tier, that the entity, as defined in OMB 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. Covered transactions include those that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in OMB 2 CFR section 180.220.</p> <p>The verification may be accomplished by checking the Excluded Parties List System (www.sam.gov), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Covered transactions included all non-procurement transactions irrespective of award amount, unless they are exempt as provided in OMB 2 CFR section 180.215.</p> <p><u>Impact:</u> Grant funded contracts could be awarded to vendors that are suspended/debarred, which would be in violation of federal regulations.</p> <p><u>Recommendation:</u> Prior to procuring expenditures funded by federal awards, the County should verify and document that vendors, including contractors or subcontractors, are not suspended or debarred before entering into non-procurement transactions.</p> | <p>\$0</p> |

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

| Program | Finding/Noncompliance | Questioned Cost |
|---|--|-----------------|
| <p>Department of Health and Human Services as a pass through to the Texas Department of State Health Services (“DSHS”)</p> <p>Refugee and Entrant Assistance CFDA #93.566, 93.576</p> | <p><u>Corrective Action Plan of Management:</u> Upon discovery of the matter, management determined the cause was isolated to a single project that was sub-awarded to another County Department; despite mitigating control requirements specified in the sub-award Court Order; a requirement that all federal procurement requirements be followed; including suspension and debarment verifications. On July 27, 2016 management implemented additional controls during the requisition and procurement process that requires three additional steps to be completed before Purchase Orders are issued by the County. Those steps include 1) Determination as to whether the procurement falls within the criteria for System for Award Management (“SAM”) verification; 2) A step that requires the verification occurs prior to processing the request for a Purchase Order; 3) A final step that requires the requestor to indicate the “Location” of which County Department performed the SAM verification. Additionally, management has communicated with the County Purchasing Agent regarding SAM verifications in order to improve the protocols for notifications relative to needed or completed SAM verifications prior to the issuance of a purchase order.</p> <p><u>Estimated Completion Date:</u> July 27, 2016</p> <p><u>Management Contact:</u> Daphne Lemelle, Director Office of Housing & Community Development</p> <p>16-02 – Significant deficiency over non-compliance in special tests and provisions</p> <p><u>Criteria:</u> Harris County Public Health Department (“HCPHD”), as the grant administrator, is responsible for ensuring compliance with all applicable provisions of the contract with DSHS. Per review of the DSHS contract with HCPHD, the County is required to perform a monthly physical count of its inventory of medications and supplies and appropriately reconcile and report such quantities to the DSHS.</p> <p><u>Condition:</u> During our testing of the Refugee and Entrant Assistance (“Refugee Program”), HCPHD could not provide evidence that the special test and performing monthly inventory counts and reporting such to DSHS was performed. No physical inventory counts were performed nor were the inventory reports submitted to DSHS via ITEAM.</p> | \$0 |

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

| Program | Finding/Noncompliance | Questioned Cost |
|----------------|--|------------------------|
| | <p><u>Impact:</u> The violation of state provisions per the DSHS contract could result in inappropriate safeguarding of assets and violation with the contract.</p> <p><u>Recommendation:</u> HCPHD should review and adhere to special tests and provisions as required by the contract with DSHS.</p> <p><u>Corrective Action Plan of Management:</u> Staff will no longer rely on the internal barcoding system to obtain values for the ITEMS system inventory reconciliation. A physical count will be conducted each month and entered into the ITEAM system.</p> <p><u>Estimated Completion Date:</u> The corrective action has been completed during August 2016. A physical count was conducted at the conclusion of the State review and the information was loaded into the system.</p> <p><u>Management Contact:</u> Les Becker, Deputy Director/Director of Operations of Harris County Public Health</p> | |

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

| Program | Finding/Noncompliance | Questioned Cost |
|----------------|---|------------------------|
| | <p style="text-align: center;">Finding 15-01 – Significant deficiency over internal controls related to financial reporting</p> <p><u>Condition:</u> 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.</p> <p>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.</p> <p><u>Criteria:</u> 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.</p> | |

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

| | | |
|----------------|------------------------------|----------------------------|
| Program | Finding/Noncompliance | Questioned Cost |
|----------------|------------------------------|----------------------------|

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.

Status: The County implemented the following direct and precise controls:

- 1) The Directors of Revenue Accounting and Grants and Accounts Receivable Accounting approves 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 are 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.

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 29, 2016**

| 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>Status:</u> Harris County Central Technology Services acknowledged the noted deficiencies and has been 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 have conducted 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>Management Contact:</u> Bruce High, Executive Director & CIO of Harris County Central Technology Services</p> | |
| Department of State Health Services | Finding 15-03 – Internal Control - Eligibility | \$40 |
| Expanded Primary Health Care | <p><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 this participant and the form was incomplete which led to the inability to assess eligibility for this participant.</p> <p>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.</p> | |

HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016

| Program | Finding/Noncompliance | Questioned Cost |
|----------------|------------------------------|----------------------------|
|----------------|------------------------------|----------------------------|

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.

Status: CHP management and leadership implemented the following corrective actions in an effort to eliminate errors such as this one.

- CHP management and leadership has re-educated the clinical clerical staff on eligibility requirements and proper documentation on eligibility screening process.
- CHP management and leadership has implemented random chart audits in addition to the current quarterly audits to prevent reoccurring errors.
- CHP management and leadership has implemented random competency observations and a competency evaluation tool will be used to verify staff competency.

County Contact Person: Valeria Brannon (vbrannon@hcpbes.org)
Matthew Thompson (mwthompson@hcpbes.org)

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2016**

| 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 2016 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> | |