



A Component Unit of
Harris County, TX

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

MICHAEL POST, CPA, CIA - HARRIS COUNTY AUDITOR

Harris County Flood Control District
A Component Unit of Harris County, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended
September 30, 2023

Prepared By:
Michael Post, CPA, CIA
County Auditor
1001 Preston, Suite 800
Houston, Texas 77002

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
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MICHAEL POST, CPA, CIA
HARRIS COUNTY AUDITOR

March 28, 2024

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

The Harris County Auditor's Office (the "Auditor's Office") is pleased to present the Annual Comprehensive Financial Report ("ACFR") of Harris County Flood Control District (the "District"), a component unit of Harris County, Texas (the "County") for the year ended September 30, 2023. 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 ACFR for the District includes all disclosures necessary to enable the reader to gain an understanding of the District's financial activities. 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 District in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The ACFR consists of management's representations concerning the finances of the District, and management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District 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 District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District'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 District'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 District for year ended September 30, 2023, 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 District'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. Management's discussion and analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

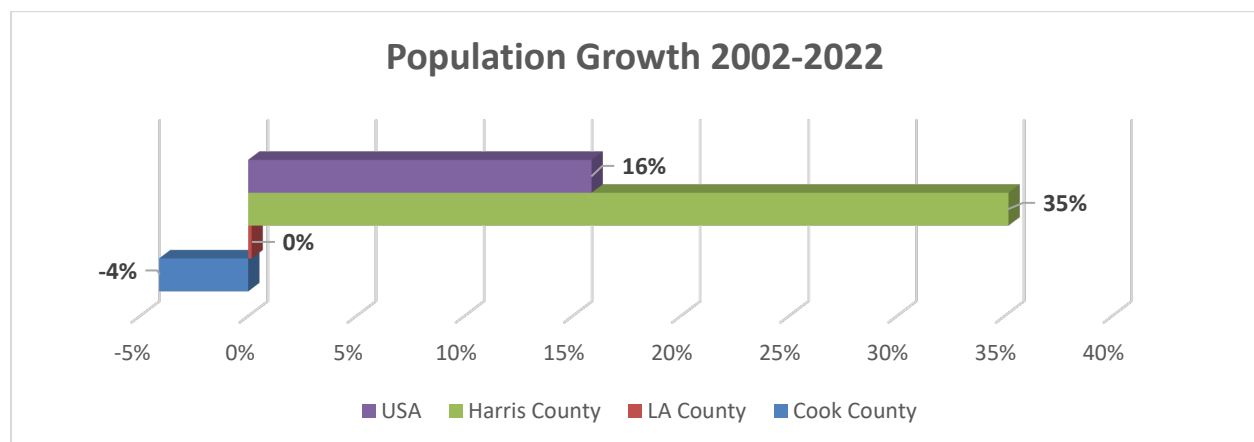
The independent audit of the District’s financial statements includes a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies along with a state Single Audit. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the compliance section of this report.

PROFILE OF THE DISTRICT

History, Location, and Population

After experiencing devastating floods in 1929 and 1935, local Harris County leaders petitioned the Texas Legislature for assistance. On April 23, 1937, the Texas Legislature passed a bill creating the Harris County Flood Control District (a special purpose district) and establishing the Harris County Commissioners Court as the District’s governing body. Since its creation, the District has successfully partnered with the U.S. Army Corps of Engineers on many projects, and through the years, the District’s partnerships and capabilities have expanded significantly and the District’s roles and responsibilities have become much more complex.

The District’s jurisdictional boundaries are set to coincide with Harris County, and include the City of Houston. The District also operates within the boundaries provided by nature, 23 primary watersheds that are either partially or totally within Harris County. Harris County has a land area greater than 1,700 square miles and is located in the upper Gulf Coast in Southeast Texas approximately 50 miles from the Gulf of Mexico. The County’s population has grown to an estimated 4.8 million residents. Harris County continues to be the nation’s third largest county in terms of population and one of the fastest growing counties with 35% growth since 2002. Over a 20-year period, Harris County’s population has grown more than twice as fast as the nation’s population.



District Structure and Services

The mission of the District is to provide flood damage reduction projects that work, with appropriate regard for community and natural values. The District accomplishes its mission by devising flood damage reduction plans, implementing the plans, and maintaining the infrastructure. The District is headed by an Executive Director and a Deputy Director, and is organized into twelve primary divisions to carry out its mission: Performance & Project Controls, External Affairs, Human Resources, Financial Services, Infrastructure, Asset Management, Hydrologic Operations, Partnership & Programs, Construction, Planning, Engineering, and Flood Resilience.

Budget Process

In accordance with Chapter 111 of the Texas Local Government Code, the County prepares and adopts an annual operating budget, which serves as a financial plan for the District for the new fiscal year beginning October 1. The County Auditor is responsible for the preparation of the annual estimate of available resources for the County (including District) to be used in the preparation of the annual budget. The County budget (and the District budget) may not exceed the available resources of the County funds as determined by the County Auditor. After adoption of the budget by Commissioners Court, the County Auditor is responsible for ensuring the expenditures are made in compliance with budgeted appropriations. The level of budgetary control for the District's General Fund and debt service funds is at the fund level; for other funds, budgetary control is implemented at various levels. 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, for intergovernmental contracts, and for new sources of revenue not anticipated at the original budget adoption. Encumbrance accounting is utilized to ensure effective budgetary control and accountability.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

Economic conditions have a direct impact on the County's revenues and demand for services. Harris County has experienced tremendous growth since the start of the 21st century with an expanding, diversified local economy that has outperformed most of the country. The energy business has played a large part in this growth, along with the relatively low cost of living, affordable housing, and an expanding transportation system.

The Houston region is designated as the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA), and it comprises Harris County and eight other counties. The U.S. Bureau of Economic Analysis estimates metro Houston's Gross Domestic Product (GDP) at approximately \$633.2 billion. Twenty-six companies on the 2023 Fortune 500 list are headquartered in the Houston area. No single industry dominates Houston employment.

The current price of West Texas Intermediate (WTI) crude oil as of September 2023 is approximately \$89 per barrel, which is an increase from September 2022 per the U.S. Energy Information Administration. Oil prices increased in the last year due to many factors in the economy.

The preliminary September 2023 unemployment rate for the Houston MSA was 4.4% compared to the national average of 3.9%. The State's preliminary unemployment rate for September 2023 was 4.1%.

The Houston-The Woodlands-Sugar Land, Texas area had a Consumer Price Index (CPI) that was .1% lower than other large urban areas as calculated for September 2023 by the Bureau of Labor Statistics. The Houston area's lower CPI-Urban is due in part to a lower CPI for housing, fuel and utilities than other large urban areas.

Houston has one of the world's busiest ports and an excellent airport system that are integral components of the regional economy. The Port of Houston is one of the largest ports in the world. The Port of Houston includes the Houston ship channel, which connects the Houston area terminals and the Gulf of Mexico, and is the location of one of the world's largest petrochemical complexes. The Houston Airport System includes three airports and has nonstop flights from Houston to more than 190 destinations and six continents. The airport system served over 59.7 million passengers in the 12 months ending November 2023 and is recognized worldwide as a key global gateway with strong connectivity to Latin America.

Per the Multiple Listing Service of the Houston Association of Realtors, sales of single-family homes decreased 10.9% in September of 2023 versus September of 2022. September sales was the 18th straight month of negative sales activity due largely to the persistent lack of inventory and

inflationary headwinds that include rising interest rates. Months' supply of homes climbed to 3.5-months supply, the highest level since November 2019 when it was at a 3.6-months supply. Compared to pre-pandemic September 2019, when volume totaled 7,050, home sales were down 2.3%.

Financial Policies and Long-Term Financial Planning

The County will continue to focus on building a strong balance sheet to maintain both financial stability and current high bond ratings, as well as allocating resources to be prepared for floods, hurricanes, or similar unexpected events. The County has sufficient resources to cover current expenditures.

The County is responsible for setting the tax rates for the District. Tax rates are levied for maintenance and operations and debt service requirements relative to General Obligation Bonds. The respective tax rates which were adopted in 2022 for the District per \$100 of taxable value are: \$0.02043 for maintenance and operations and \$0.01012 for debt service, for a total of \$0.03055.

Key elements in maintaining the County's financial strength and high bond rating are the County's management of investments and debt (including the investments and debt of the District). The County Investment Policy, including investment strategies, is reviewed and approved at least annually by Commissioners Court. The County has a debt structure that includes road, park, permanent improvement, and flood control repaid directly with property taxes. Additional information regarding the County's investment and debt management has been included in Note 2 of the District's financial statements, Deposits and Investments, and Note 6 of the District's financial statements, Long-Term Liabilities.

Risk management and self-insurance with stop-loss policies (as applicable) for medical, workers' compensation, and property continue to be effective. Various actuarial studies are periodically performed to aid in liability calculation, as well as financial planning. Additional information regarding the County's health insurance, workers' compensation, and other risk management plans has been included in Note 10 of the District's financial statements, Risk Management.

The County provides retirement for all of its employees (excluding temporary employees) through the Texas County and District Retirement System (TCDRS). The County's net pension liability at September 30, 2023, was \$697,018,073 and of that the District was \$14,979,631. The County currently provides a postemployment healthcare plan; the Total OPEB liability was \$2,805,716,749 and of that the District was \$68,838,792 at September 30, 2023. Additional information regarding the County's retirement plan and postemployment healthcare plan is located in Notes 7 and 8 of the District's financial statements.

Major Initiatives

On August 25, 2017, Hurricane Harvey made landfall, and a historic number of homes and businesses in Harris County flooded. This was a result of rain from Harvey or the rising water flowing through County reservoirs, bayous, and watersheds, as well as the Brazos and San Jacinto Rivers. A special election held on August 25, 2018 gave approval for the District to issue up to \$2.5 billion of bonds to fund capital projects related to Harvey and other projects aimed at reducing the impact of future flood events. Prior to voters approving these bonds, the District was spending approximately \$120 million, divided equally between capital and operating expenditures. Since approval of these bonds, the District is spending nearly \$120 million for maintenance and operating expenditures, as the District has significantly increased its capital expenditures using federal grants and bond funding.

Projects supported by this bond funding includes:

- Channel modifications to improve stormwater conveyance
- Regional stormwater detention basins
- Major repairs to flood-damaged drainage infrastructure
- Removing large amounts of sediment and silt from drainage channels
- Voluntary buyouts of flood-prone properties
- Wetland mitigation banks
- Property acquisition for preserving the natural floodplains
- Drainage improvements made in partnership with other cities, utility districts, or other local government agencies
- Upgrading the Harris County Flood Warning System

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 ACFR for the period ended September 30, 2022. 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 annual comprehensive financial report, whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last thirteen years and for the period ended September 30, 2022. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it for review to the GFOA.

The timely completion of this report could not have been achieved without the dedicated efforts of the Auditor's Office and the professional services provided by our independent auditor, 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 District in a responsible and professional manner.

REQUEST FOR INFORMATION

This financial report is designed to provide an overview of the District'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.



Michael Post, CPA, CIA
County Auditor



Government Finance Officers Association

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

Presented to

**Harris County Flood Control District
Texas**

For its Annual Comprehensive
Financial Report
For the Seven Months Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
For The Year Ended September 30, 2023**

Complete District Mailing Address: Harris County Flood Control District 9900 Northwest Freeway Houston, Texas 77092

District Business Telephone Number: (346) 286-4000

Names and Addresses:	Term of Office (Elected or Appointed) or Date Hired	Title at Year End	Resident of District
Commissioners Court acts as Board of Directors for District			
Judge Lina Hidalgo 1001 Preston, Suite 911 Houston, Texas 77002	(Elected) 01/19 - 12/26	County Judge	Yes
Rodney Ellis 1001 Preston, 9th Fl Houston, Texas 77002	(Elected) 01/17 - 12/24	Commissioner	Yes
Adrian Garcia 1001 Preston, 9th Fl Houston, Texas 77002	(Elected) 01/19 - 12/26	Commissioner	Yes
Tom S. Ramsey 1001 Preston, 9th Fl Houston, Texas 77002	(Elected) 01/21 - 12/24	Commissioner	Yes
Lesley Briones 1001 Preston, 9th Fl Houston, Texas 77002	(Elected) 01/23 - 12/27	Commissioner	Yes
Key Personnel:			
Dr. Christina Petersen 9900 Northwest Freeway Houston, Texas 77092	(Appointed) 01/25/22	Executive Director/ HC Flood Control District Employee	Yes

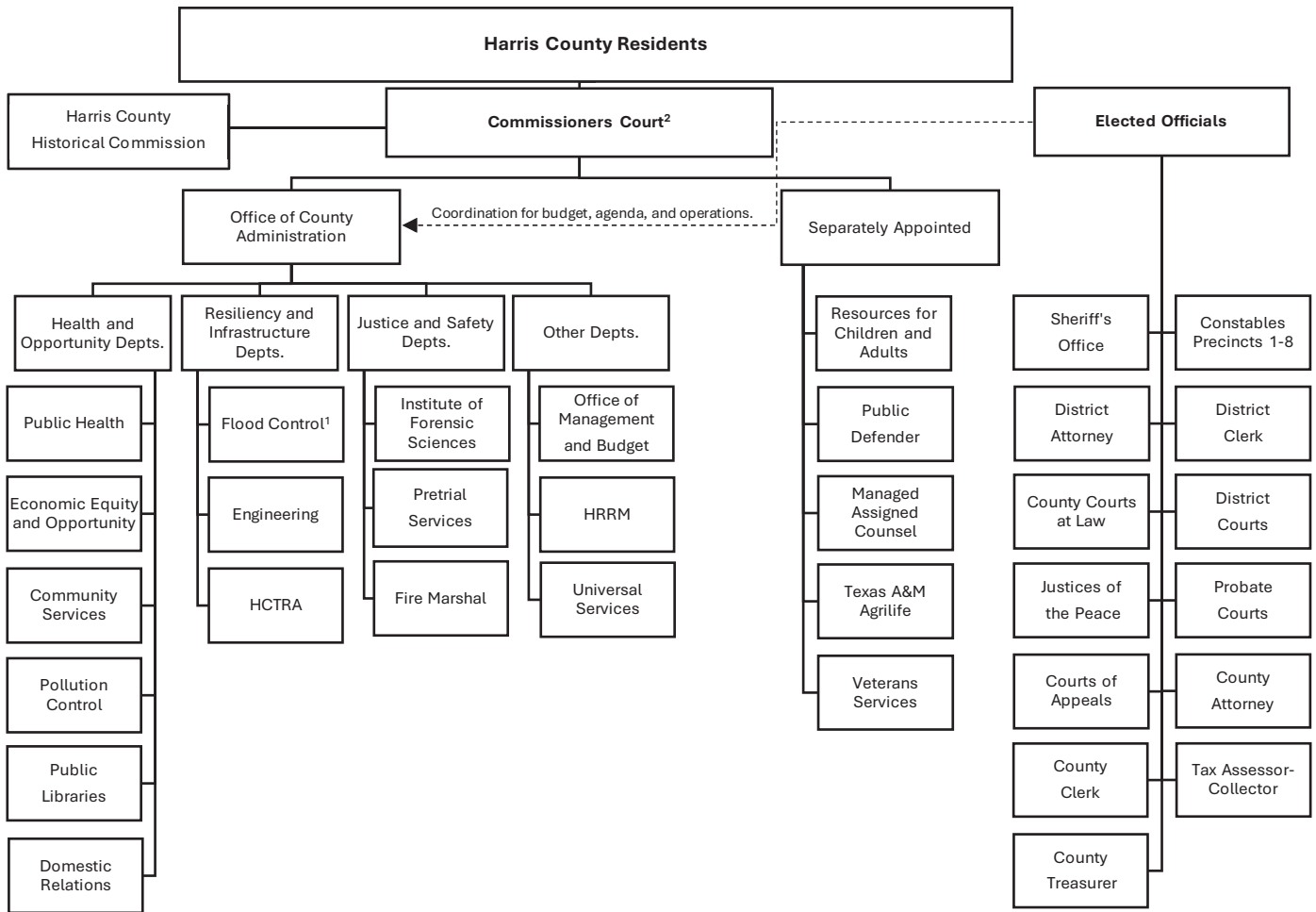
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**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
For The Year Ended September 30, 2023**

Names and Addresses:	Term of Office (Elected or Appointed) or Date Hired	Title at Year End	Resident of District
Christian Dashaun Menefee 1019 Congress 15th Fl Houston, Texas 77002	(Elected) 01/21 - 12/24	County Attorney	Yes
Ann Harris Bennett 1001 Preston, 1st Fl Houston, Texas 77002	(Elected) 01/17 - 12/24	Tax Assessor-Collector and Voter Registrar	Yes
Daniel Ramos 1001 Preston, Rm 500 Houston, Texas 77002	(Appointed) 02/28/22	Executive Director of Budget Management County Employee	Yes
County Auditor			
Michael Post 1001 Preston, 8th Fl Houston, Texas 77002	(Appointed) 01/01/19	County Auditor	Yes
Independent Auditor			
Deloitte & Touche LLP 1111 Bagby, Suite 4500 Houston, Texas 77002	*	Independent Auditor	N/A

* Agreement between the Flood Control District and Deloitte & Touche LLP, for fiscal year 2022/2023 audit services (total fees \$98,880).

Countywide Organizational Chart



Other Departments

- **County Auditor** appointed by Harris County District Judges
- **Purchasing Agent** appointed by the Purchasing Board
- **Juvenile Probation** director appointed by the Juvenile Board
- **Office of Court Management** director appointed by County Criminal Courts at Law Judges
- **District Court Management** director appointed by District Judges
- **Children's Assessment Center** director appointed by a separate board
- **Civil Service Commission** appointed by Commissioners Court, Sheriff, and District Attorney
- **Law Library** director appointed by the County Attorney

Notes

¹County Administrator serves as the Flood Control Manager with the rights and responsibilities set forth in the statute to provide oversight of the District. A separate Executive Director would retain the day-to-day operational duties and powers.

²County Judge oversees the Office of Homeland Security and Emergency Management

F I N A N C I A L S E C T I O N

INDEPENDENT AUDITOR'S REPORT

County Judge Lina Hidalgo
and Members of Commissioners
Court of Harris County, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Harris County Flood Control District (the "District"), a component unit of Harris County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Revenues and Expenditures - Budget and Actual Budgetary Basis – Operations and Maintenance (General) Fund, Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios, Schedule of Changes in Net Pension Liability/(Assets) and Related Ratios, Texas County and District Retirement System – Schedule of Employer Contributions, and the related notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information and the 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* and State of Texas Grant Management Standards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 28, 2024

Harris County Flood Control District Management's Discussion and Analysis

This section of the Harris County Flood Control District's (the "District") financial statements presents management's discussion and analysis ("MD&A") of the financial activities of the District during the fiscal year ended September 30, 2023. Please read it in conjunction with the District's basic financial statements following this section.

In January 2021, Commissioners Court approved changing the fiscal year for Harris County and the District from a fiscal year ending February 28/29 to a fiscal year ending September 30, in calendar year 2022. At that time, the financial statements were presented for a seven-month period of March 1, 2022 through September 30, 2022. The terms "prior period" or "previous period" used throughout this report represent the seven-month period ended September 30, 2022.

The District is a component unit of Harris County, Texas (the "County") and is included as a blended component unit in the County's financial statements. This analysis presents information about the District and the operations and activities of the District only and is not intended to provide information about the entire County.

FINANCIAL HIGHLIGHTS

Government-wide

- The total government-wide assets and deferred outflows of resources of the District exceeded the total liabilities and deferred inflows of resources (net position) at September 30, 2023 by \$2,244,856,137. This is an increase of \$103,052,608 from the previous period when total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$2,141,803,529.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, of \$2,054,858,624 includes total capital assets, less accumulated depreciation/amortization, less all outstanding principal of capital-related borrowings, capital related liabilities, plus capital-related deferred outflows and any unspent bond proceeds.
 - (2) Net position of \$226,066,406 is restricted by constraints imposed from outside the District such as capital projects, debt obligations, laws or regulations.
 - (3) Unrestricted net position represents the portion available to meet ongoing obligations to citizens and creditors. The unrestricted position is a negative \$36,068,893.

Fund Level

- As of September 30, 2023, the District's governmental funds reported combined fund balances of \$674,601,205. This compares to the prior period combined fund balance of \$401,454,507 showing an increase of \$273,146,698 during the current year. The current year total consists of combined nonspendable fund balance of \$31,280,385, restricted fund balance of \$581,962,865, assigned fund balance of \$9,704,168, and unassigned fund balance of \$51,653,787.
- At the end of the fiscal year, the total fund balance for the Operations and Maintenance (General) fund was \$63,806,156. The General fund had an assigned fund balance of \$9,704,168 and unassigned fund balance of \$54,101,988.
- The fund balance in the Debt Service fund was \$84,522,663, all of which was restricted at the end of the fiscal year. This represents an increase of \$81,981,618 from the prior period balance of \$2,541,045.

Harris County Flood Control District Management's Discussion and Analysis

This increase was mainly due to an increase in tax revenues in the current year due to the previous short fiscal year having minimal taxes.

- The Capital Projects fund at September 30, 2023 had a nonspendable fund balance of \$28,832,184 and a restricted fund balance of \$497,440,202 for a total Capital Projects fund balance of \$526,272,386, an increase of \$173,431,967 from \$352,840,419 in the prior period. This increase was primarily due to the issuance of commercial paper.
- The District issues debt to finance an ongoing capital improvement program, and during the fiscal year ended September 30, 2023 issued \$211,400,000 in refunding bonds. Note 6 to the financial statements, provides additional details related to long-term debt. The debt service ad-valorem tax rate for the 2022 tax year for the District totaled \$0.01012 per \$100 valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. Required Supplementary Information and Other Supplementary Information are included in addition to the basic financial statements.

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

The statement of net position presents information on all District assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other non-financial factors should also be considered to assess the overall fiscal health of the District.

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

Typically, both of these government-wide financial statements would distinguish functions of the reporting entity principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The District, however, has and reports only governmental activities.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The District has four governmental funds.

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 funds financial statements focus on near-term inflows and outflows of spendable

Harris County Flood Control District Management's Discussion and Analysis

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 District's near-term financing requirements.

Because the focus of governmental funds is narrower than 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. As all of these funds are considered major funds, information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for each of the funds – Operations and Maintenance (General), Special Revenue Grants, Debt Service, and Capital Projects.

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 31 of this report.

Required Supplementary Information is presented concerning the District's Operations and Maintenance (General) Fund budgetary schedule. The Harris County Commissioners Court adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budgets and actual figures, has been provided to demonstrate compliance with these budgets. Also presented in this section are the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios, and the Schedule of Employer Contributions for Texas County and District Retirement System. Required supplementary information can be found beginning on page 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

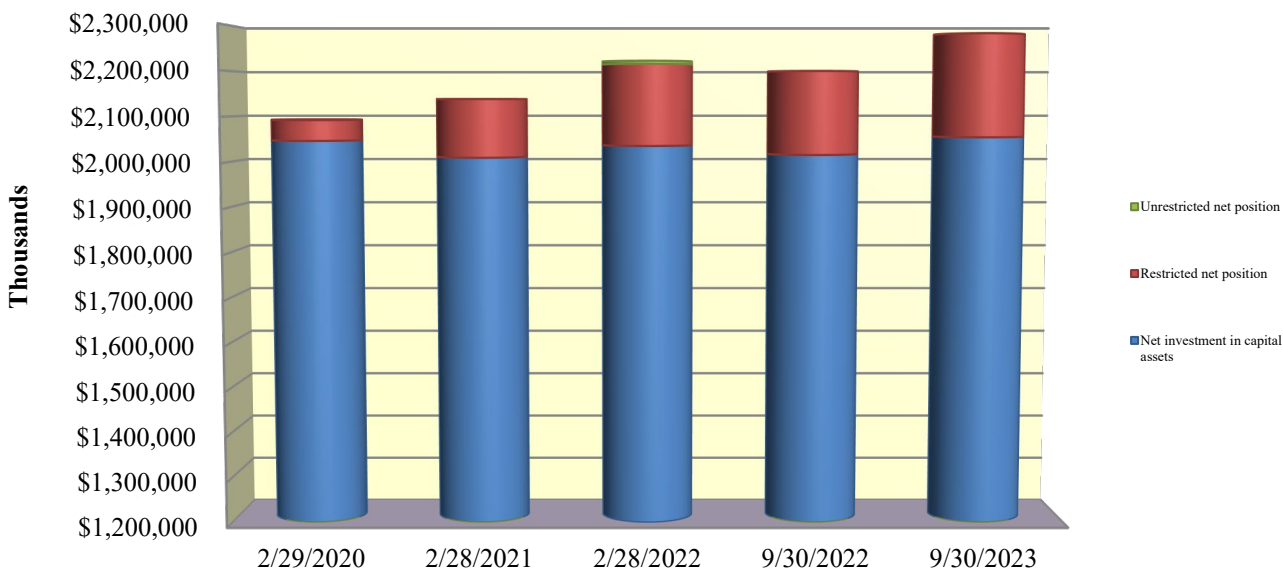
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,244,856,137 for the fiscal year ended September 30, 2023 and \$2,141,803,529 for the period ended September 30, 2022. Revenues exceeded expenses during the current year, increasing net position by \$103,052,608.

***Harris County Flood Control District
Management's Discussion and Analysis***

**Condensed Statement of Net Position
(amounts in thousands)**

	Governmental Activities	
	September 30, 2023	September 30, 2022
Current and other assets	\$ 783,679	\$ 481,627
Capital assets	3,142,818	3,071,089
Total assets	3,926,497	3,552,716
Deferred outflows of resources	34,614	39,541
Current and other liabilities	134,465	73,567
Long-term liabilities	1,554,174	1,328,503
Total liabilities	1,688,639	1,402,070
Deferred inflows of resources	27,616	48,383
Net position:		
Net investment in capital assets	2,054,859	2,016,210
Restricted	226,066	182,994
Unrestricted	(36,069)	(57,400)
Total net position	\$ 2,244,856	\$ 2,141,804

Change in Net Position



The largest portion of the District's current fiscal year net position, \$2,054,858,624, reflects its investments in capital assets (e.g. land, improvements, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net 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 in the District's net position-net investment in capital assets is \$38,648,705.

The District's current fiscal year net position includes resources that are subject to external restrictions on how they may be used. Restricted net position totaled \$167,951,237 for capital projects and \$58,115,169

***Harris County Flood Control District
Management's Discussion and Analysis***

for debt service. Restricted net position reflects an overall increase of \$43,072,320 mainly due to an increase in cash held in debt service fund to pay future debt obligations for the District.

The remaining balance of the District's current fiscal year net position, (\$36,068,893) represents an unrestricted net deficit. The unrestricted net position increased by \$21,331,583 from (\$57,400,476) in the prior period. The increase in the unrestricted net position was mainly due to an increase in property tax revenue due to the previous short fiscal year having minimal taxes.

The following table indicates changes in net position for governmental activities:

Condensed Statement of Activities		
(amounts in thousands)		
	Governmental Activities	
	For the Year Ended	For the Period Ended
	September 30, 2023	September 30, 2022
Revenues:		
Program revenues:		
Charges for services	\$ 2,402	\$ 368
Operating grants and contributions	46,515	46,614
Capital grants and contributions	99,490	36,923
General revenues:		
Property taxes	168,247	-
Earnings on investments	18,810	1,037
Miscellaneous	19,978	877
Total revenues	<u>355,442</u>	<u>85,819</u>
Expenses:		
Flood control administration	210,947	147,530
Tax administration	1,253	725
Interest on long-term debt	40,190	17,089
Total expenses	<u>252,390</u>	<u>165,344</u>
Change in net position	<u>103,052</u>	<u>(79,525)</u>
Net position - beginning	<u>2,141,804</u>	<u>2,221,329</u>
Net position - ending	<u>\$ 2,244,856</u>	<u>\$ 2,141,804</u>

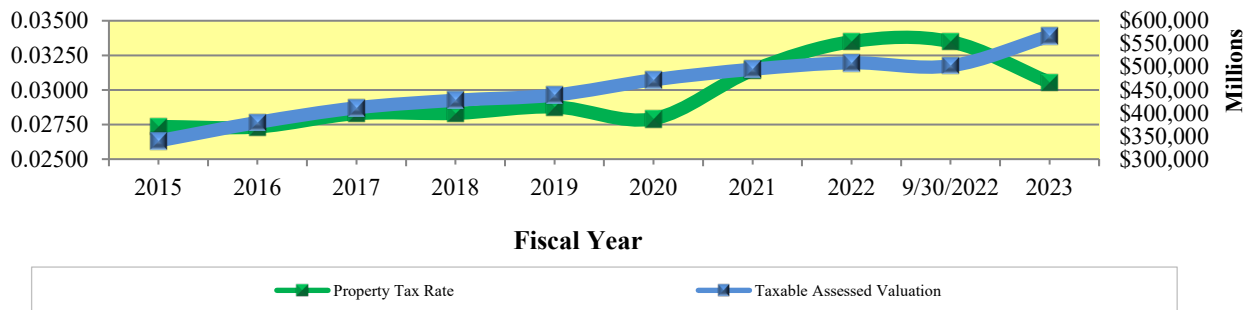
Revenues

For fiscal year ended September 30, 2023, revenues from governmental activities totaled \$355,442,346.

Property taxes of \$168,246,871 were the District's largest individual revenue source and comprised 47% of total revenues. The tax rate was \$.03055 per \$100 of assessed value for fiscal year 2023, decreasing from \$.03349 per \$100 of assessed value for the prior period ended September 30, 2022. The taxable assessed value increased in fiscal year 2023 to \$566,868,553,000 from the taxable assessed value in the prior period ended September 30, 2022 of \$502,285,518,000.

***Harris County Flood Control District
Management's Discussion and Analysis***

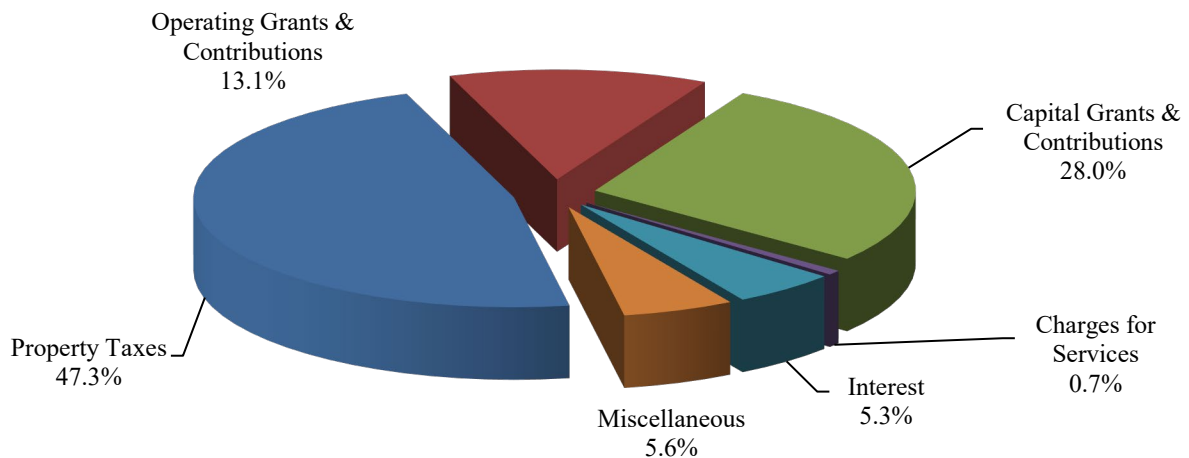
Historical Comparison of the Property Tax Rate versus Taxable Assessed Valuation



Program revenues are derived from the program itself and reduce the cost of the function to the District. Total program revenues were \$148,406,949, comprising 42% of total revenues. A major portion of program revenues is capital grants and contributions of \$99,489,699 (28% of total revenues), which increased \$62,566,576 from the prior period, and represents receipts/contributions primarily from the Army Corps of Engineers (Corps) and U.S. Department of Homeland Security. This category is primarily due to contributions from the work done on the Brays Bayou, Hurricane Harvey grants, and other projects related to flood mitigation. Another portion of program revenues also consists of operating grants and contributions of \$46,515,000 (13% of total revenues), associated with contributions by Harris County, which decreased \$99,001 from the prior period. The remaining portion of program revenues is charges for services of \$2,402,250 (less than 1% of total revenues), which are primarily from impact fees on development.

General revenues are revenues that cannot be assigned to a specific function. They consist of property taxes (discussed previously), investment earnings of \$18,810,343 (approximately 5% of total revenues) and miscellaneous income of \$19,978,183 (approximately 6% of total revenues). Miscellaneous income is primarily comprised of collections for various fees.

REVENUES BY SOURCE
Year ended September 30, 2023

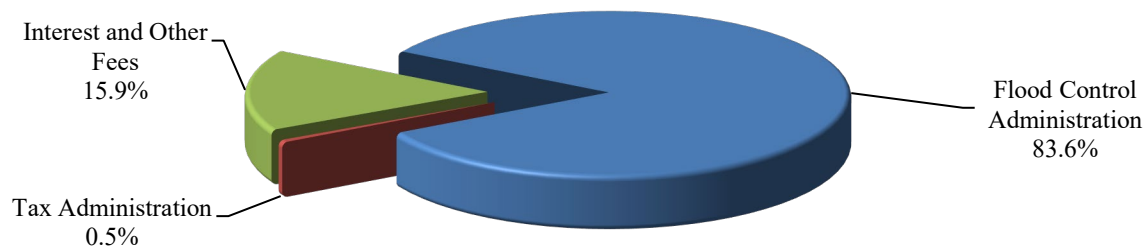


Harris County Flood Control District Management's Discussion and Analysis

Expenses

For fiscal year ended September 30, 2023, expenses for governmental activities totaled \$252,389,738, compared to \$165,344,339 in the prior period. Flood control administration of \$210,946,576 is the District's largest function (about 83% of total expenses). This was an increase of \$63,416,400 from the prior period due to regular operations of the District for a full year in comparison to the shortened seven-month period. Interest and other fees make up the second largest category of expenses with \$40,190,495 (16% of the total), which is interest on long term debt. Tax administration, which represents the cost to collect taxes assessed on behalf of the District by the Harris County Tax Assessor is \$1,252,667 (less than 1% of total expenses) and has increased \$527,118 from \$725,549 for the previous period.

EXPENSES BY FUNCTION
Year ended September 30, 2023

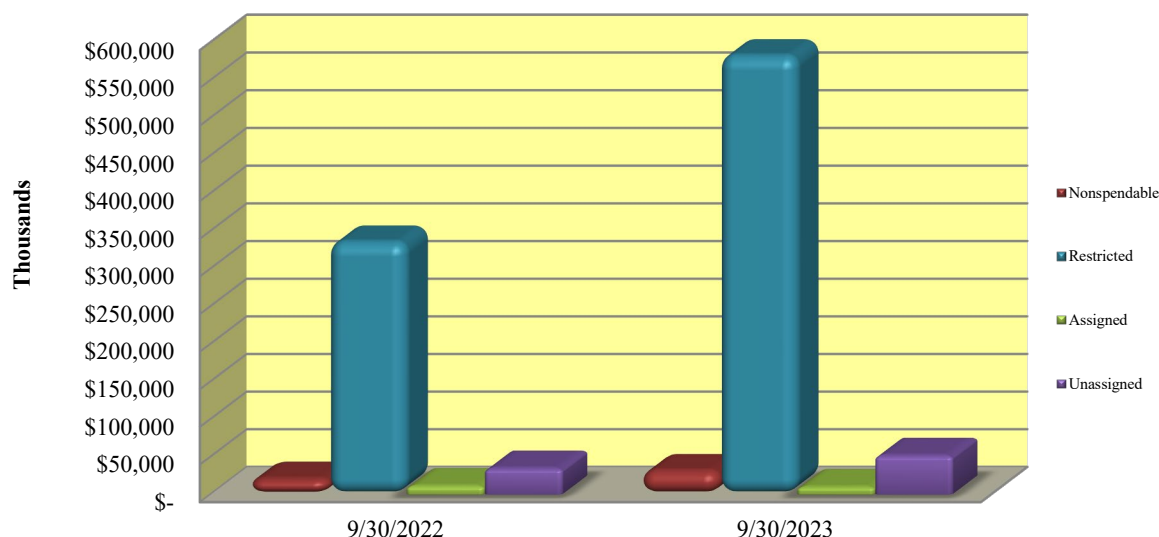


FINANCIAL ANALYSIS OF MAJOR FUNDS

Governmental Funds. The District's major general government functions are contained in the Operations and Maintenance (General) fund. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

***Harris County Flood Control District
Management's Discussion and Analysis***

Governmental Fund Balances



At September 30, 2023, the District's governmental funds reported combined fund balances of \$674,601,205, of which \$31,280,385 is nonspendable, \$84,522,663 is restricted for debt service, \$497,440,202 is restricted for capital projects, and \$9,704,168 is assigned. The remainder, \$51,653,787 is available to meet the District's current and future needs. The District's combined fund balances increased \$273,146,698 from the prior period. The reasons for this change are explained below by individual fund.

The Operating and Maintenance (General) fund is the operating fund of the District. Fund balance in the General Fund increased by \$17,733,113 from last year. This was a result of an increase in property taxes in the current fiscal year due to the previous short fiscal year having minimal taxes.

The Special Revenue Grants fund accounts for grants that have been awarded in the District's name. There is no fund balance in grant funds. However, the overall grant activity for the current fiscal year resulted in a \$6,899,367 decrease in total assets and liabilities over the previous period due to the decrease in grant funding for the District.

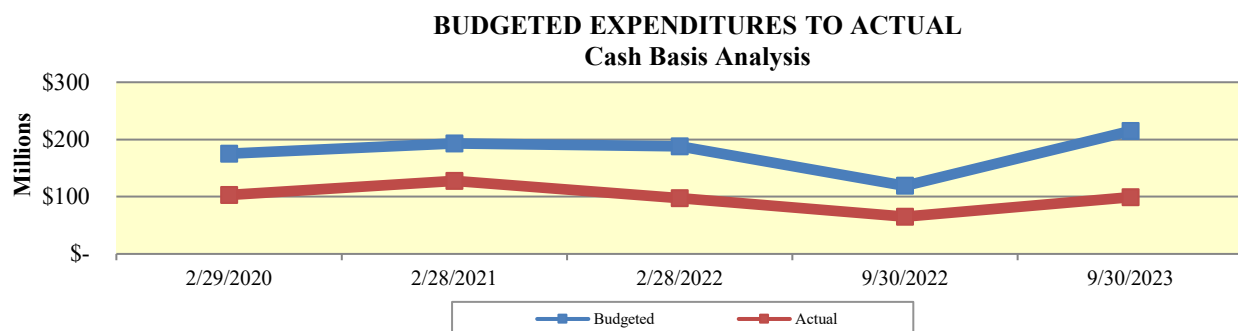
Fund balance in the Debt Service fund increased by \$81,981,618 due to an increase in tax revenues due to last year being a short fiscal year with minimal taxes and a decrease in principal retirements compared to September 30, 2022. At September 30, 2023, this fund reported revenues of \$103,392,732. The majority of these revenues were from taxes.

The fund balance in the Capital Projects fund increased by \$173,431,967 primarily due to the issuance of commercial paper. The Capital Projects fund relies primarily on the issuance of bonds and commercial paper to support current and future projects. The funding for projects was provided through bonds issuance, commercial paper and joint funded projects with outside agencies. See Note 6 to the financial statements for further discussion of long-term debt.

***Harris County Flood Control District
Management's Discussion and Analysis***

OPERATING AND MAINTENANCE (GENERAL) FUND BUDGETARY HIGHLIGHTS

During the fiscal year, actual revenues were less than budgetary estimates by \$20,468,337. This is attributable to less collections from property taxes during the fiscal year than anticipated. Actual expenditures were less than budgetary estimates by \$115,439,361. This is primarily due to fewer expenditures than anticipated in the general operating flood control account. The net effect of under-realization of revenues and over-realization of appropriations resulted in a positive variance of \$94,971,024 thus eliminating the need to draw upon the existing fund balance on a cash basis.



CAPITAL ASSETS

The District's capital assets, net of accumulated depreciation for its governmental activities as of September 30, 2023, amounted to \$3,142,817,941. These capital assets include land, improvements, buildings, flood control infrastructure, equipment, construction in progress, etc., as shown in the following table. For further information regarding capital assets, see Note 5 to the financial statements.

	Balance September 30, 2023	Balance September 30, 2022
Governmental Activities:		
Land	\$ 2,135,744,550	\$ 2,103,847,528
Construction in Progress	245,134,088	340,656,999
Intangible Assets - water rights	2,400,000	2,400,000
Land Improvements	648,473	648,473
Buildings	12,158,223	12,158,223
Equipment	10,936,263	10,463,945
Park facilities	1,488,456	1,488,456
Flood Control Projects	1,405,618,461	1,223,703,968
Right-to-use Buildings	1,187,607	1,187,607
Right-to-use Equipment	1,446,727	1,446,727
Right-to-use Subscriptions	1,508,997	-
	<u>3,818,271,845</u>	<u>3,698,001,926</u>
Less Accumulated Depreciation/Amortization	(675,453,904)	(626,912,790)
Governmental Activities Capital Assets, Net	<u>\$ 3,142,817,941</u>	<u>\$ 3,071,089,136</u>

Harris County Flood Control District Management's Discussion and Analysis

LONG-TERM LIABILITIES

At September 30, 2023, the District had total long-term liabilities outstanding of \$1,554,173,827. Refer to Note 6 to the financial statements for further information on the District's long-term liabilities. District officials, citizens, and investors will find the ratio of net bonded debt to assessed valuation (0.26%) and the amount of bonded debt per capita (\$304,000) as useful indicators of the District's debt position; this information is shown in the statistical section of this report.

	Balance September 30, 2023	Balance September 30, 2022
Governmental Activities:		
Bonds Payable	\$ 1,465,957,012	\$ 1,256,208,214
Compensated Absences	779,058	762,070
Lease Payable	1,754,652	2,310,042
Subscription Payable	1,058,483	-
Total OPEB Liability	68,838,792	68,481,615
Net Pension Liability	14,979,631	-
Pollution Remediation Obligations	806,199	741,419
Total	<u>\$ 1,554,173,827</u>	<u>\$ 1,328,503,360</u>

See Note 7 and Note 8 to the financial statements for further information on the District's Net Pension Liability and Total OPEB Liability.

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2023 was 4.4%. This is a decrease from the prior year rate of 4.5%. The state unemployment rate for calendar year 2023 was 4.1%. The number of people employed with the District decreased by 21 to 329 during the fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District'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 FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities
ASSETS	
Cash and investments:	
Cash and cash equivalents	\$ 444,080,360
Investments	13,954,140
Receivables:	
Property taxes, net	1,365,250
Accounts, net	206,377,393
Accrued interest	262
Leases	28,225
Other	2,071,054
Prepays and other assets	31,280,385
Restricted cash and cash equivalents	84,521,806
Capital assets:	
Land and construction in progress	2,380,878,638
Intangible assets	5,238,523
Other capital assets, net of depreciation	756,700,780
Total assets	<u>3,926,496,816</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	4,549,666
Pension contributions after measurement date	3,049,930
Differences between expected and actual pension experience	276,794
Net difference in projected and actual pension earnings	2,955,286
Changes in pension assumptions	4,680,688
Changes in OPEB assumptions and differences between expected and actual experience	19,101,559
Total deferred outflows of resources	<u>34,613,923</u>
LIABILITIES	
Vouchers payable	92,784,857
Accrued payroll	2,708,317
Retainage payable	6,826,429
Customer deposits	3,887,186
Due to other units	358,009
Unearned revenue	1,085,067
Accrued interest	26,815,083
Long-term liabilities:	
Due within one year:	
Bonds payable	53,145,000
Compensated absences	390,495
Total OPEB liability	2,066,000
Lease liability	548,922
Subscription liability	466,703
Due in more than one year:	
Bonds payable	1,412,812,012
Compensated absences	388,563
Total OPEB liability	66,772,792
Net pension liability	14,979,631
Lease liability	1,205,730
Subscription liability	591,780
Pollution remediation obligation	806,199
Total liabilities	<u>1,688,638,775</u>
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual pension experience	959,673
Deferred lease revenues	29,851
Changes in OPEB assumptions	26,626,303
Total deferred inflows of resources	<u>27,615,827</u>
NET POSITION	
Net investment in capital assets	2,054,858,624
Restricted for debt service	58,115,169
Restricted for capital projects	167,951,237
Unrestricted	(36,068,893)
Total net position	<u>\$ 2,244,856,137</u>

See notes to the financial statements.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended September 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Flood control administration	\$ 210,946,576	\$ 2,402,250	\$ 46,515,000	\$ 99,489,699	\$ (62,539,627)
Tax administration	1,252,667	-	-	-	(1,252,667)
Interest on long-term debt	40,190,495	-	-	-	(40,190,495)
Total governmental activities	<u>\$ 252,389,738</u>	<u>\$ 2,402,250</u>	<u>\$ 46,515,000</u>	<u>\$ 99,489,699</u>	<u>(103,982,789)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					112,469,779
Property taxes levied for debt service					55,777,092
Earnings on investments					18,810,343
Miscellaneous					19,978,183
Total general revenues and other items					<u>207,035,397</u>
Change in net position					103,052,608
Net position - beginning					2,141,803,529
Net position - ending					<u>\$ 2,244,856,137</u>

See notes to the financial statements.

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	Operations and Maintenance (General)	Special Revenue Grants	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash and cash equivalents	\$ 44,657,275	\$ 4,082,273	\$ -	\$ 395,340,812	\$ 444,080,360
Investments	5,884,408	-	-	8,069,732	13,954,140
Receivables:					
Property taxes, net	977,246	-	388,004	-	1,365,250
Accounts, net	6,340	205,751,880	-	619,173	206,377,393
Accrued interest	262	-	-	-	262
Leases	28,225	-	-	-	28,225
Other	1,399,178	11,186	857	659,833	2,071,054
Due from other funds	82,417,265	18,919	-	117,517,096	199,953,280
Prepays and other assets	-	2,448,201	-	28,832,184	31,280,385
Restricted cash and cash equivalents	-	-	84,521,806	-	84,521,806
Total assets	<u>135,370,199</u>	<u>212,312,459</u>	<u>84,910,667</u>	<u>551,038,830</u>	<u>983,632,155</u>
LIABILITIES					
Vouchers payable	66,811,610	5,650,296	-	20,322,951	92,784,857
Accrued payroll	2,707,485	832	-	-	2,708,317
Retainage payable	673,502	2,979,017	-	3,173,910	6,826,429
Due to other funds	-	199,517,096	-	436,184	199,953,280
Customer deposit	-	3,887,186	-	-	3,887,186
Due to other units	358,009	-	-	-	358,009
Unearned revenue	-	278,032	-	807,035	1,085,067
Total liabilities	<u>70,550,606</u>	<u>212,312,459</u>	<u>-</u>	<u>24,740,080</u>	<u>307,603,145</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	977,246	-	388,004	-	1,365,250
Unavailable revenue - other	6,340	-	-	26,364	32,704
Deferred lease revenues	29,851	-	-	-	29,851
Total deferred inflows of resources	<u>1,013,437</u>	<u>-</u>	<u>388,004</u>	<u>26,364</u>	<u>1,427,805</u>
FUND BALANCES					
Nonspendable	-	2,448,201	-	28,832,184	31,280,385
Restricted	-	-	84,522,663	497,440,202	581,962,865
Assigned	9,704,168	-	-	-	9,704,168
Unassigned	54,101,988	(2,448,201)	-	-	51,653,787
Total fund balances	<u>63,806,156</u>	<u>-</u>	<u>84,522,663</u>	<u>526,272,386</u>	<u>674,601,205</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 135,370,199</u>	<u>\$ 212,312,459</u>	<u>\$ 84,910,667</u>	<u>\$ 551,038,830</u>	<u>\$ 983,632,155</u>

See notes to the financial statements.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023**

Total fund balances for governmental funds	\$	674,601,205
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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 consist of:

Land	\$ 2,135,744,550	
Construction in progress	245,134,088	
Intangible assets - water rights	2,400,000	
Land improvements, net of \$542,192 accumulated depreciation	106,281	
Flood control projects, net of \$659,549,439 accumulated depreciation	746,069,022	
Buildings, net of \$5,674,054 accumulated depreciation	6,484,169	
Park facilities, net of \$277,020 accumulated depreciation	1,211,436	
Equipment and vehicles, net of \$8,106,391 accumulated depreciation	2,829,872	
Leased buildings, net of \$341,887 accumulated amortization	845,720	
Leased equipment, net of \$586,252 accumulated amortization	860,475	
Subscription right to use asset, net of \$376,669 accumulated amortization	1,132,328	
Total capital assets		3,142,817,941

Long-term liabilities applicable to the District'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 and deferred inflows are reported in the statement of net position. Balances as of September 30, 2023 were:

Deferred charge on refundings	4,549,666	
Deferred outflow - pension contributions after measurement date	3,049,930	
Deferred outflow - net difference in projected and actual pension earnings	2,955,286	
Deferred outflow - differences between expected and actual pension experience	276,794	
Deferred outflow - changes in OPEB assumptions and differences between expected and actual experience	19,101,559	
Deferred outflow - changes in pension assumptions	4,680,688	
Accrued interest	(26,815,083)	
Bonds payable	(1,465,957,012)	
Compensated absences	(779,058)	
Total OPEB liability	(68,838,792)	
Net pension liability	(14,979,631)	
Lease liability	(1,754,652)	
Subscription liability	(1,058,483)	
Pollution remediation obligation	(806,199)	
Deferred inflow - changes in OPEB assumptions	(26,626,303)	
Deferred inflow - differences between expected and actual pension experience	(959,673)	
		(1,573,960,963)

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

		1,397,954
Total net position of governmental activities	\$	2,244,856,137

See notes to the financial statements.

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Fiscal Year Ended September 30, 2023

	Operations and Maintenance (General)	Special Revenue Grants	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Property taxes	\$ 112,299,245	\$ -	\$ 55,637,304	\$ -	\$ 167,936,549
Intergovernmental	194,273	54,443,140	46,515,000	22,827,947	123,980,360
Lease revenue	59,134	-	-	-	59,134
Earnings on investments	2,901,631	180,765	1,209,693	14,518,254	18,810,343
Miscellaneous	2,242,143	278,188	30,735	41,841,137	44,392,203
Total revenues	<u>117,696,426</u>	<u>54,902,093</u>	<u>103,392,732</u>	<u>79,187,338</u>	<u>355,178,589</u>
EXPENDITURES					
Current operating:					
Flood control administration	93,089,614	3,403,417	-	53,807,170	150,300,201
Tax administration	1,252,667	-	-	-	1,252,667
Capital outlay	651,476	47,713,312	-	77,767,192	126,131,980
Debt service:					
Principal retirement	1,005,903	-	-	-	1,005,903
Debt issuance costs	-	-	1,859,465	2,482	1,861,947
Interest and fiscal charges	67,556	-	27,784,936	-	27,852,492
Total expenditures	<u>96,067,216</u>	<u>51,116,729</u>	<u>29,644,401</u>	<u>131,576,844</u>	<u>308,405,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,629,210</u>	<u>3,785,364</u>	<u>73,748,331</u>	<u>(52,389,506)</u>	<u>46,773,399</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	138,628	7,282,303	6,889,763	14,993,539	29,304,233
Transfers out	(4,064,500)	(11,067,667)	-	(14,172,066)	(29,304,233)
Refunding bonds issued	-	-	211,400,000	-	211,400,000
Premium on refunding bonds issued	-	-	14,943,524	-	14,943,524
Commercial paper issued	-	-	-	225,000,000	225,000,000
Payment to defease commercial paper	-	-	(225,000,000)	-	(225,000,000)
Sale of capital assets	29,775	-	-	-	29,775
Total other financing sources (uses)	<u>(3,896,097)</u>	<u>(3,785,364)</u>	<u>8,233,287</u>	<u>225,821,473</u>	<u>226,373,299</u>
Net changes in fund balances	17,733,113	-	81,981,618	173,431,967	273,146,698
Fund balances, beginning	46,073,043	-	2,541,045	352,840,419	401,454,507
Fund balances, ending	<u>\$ 63,806,156</u>	<u>\$ -</u>	<u>\$ 84,522,663</u>	<u>\$ 526,272,386</u>	<u>\$ 674,601,205</u>

See notes to the financial statements.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF 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 Fiscal Year Ended September 30, 2023**

Net change in fund balances - total governmental funds \$ 273,146,698

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 capital outlay of \$126,131,980 exceeded depreciation of \$48,722,544 in the current period. 77,409,436

Capital asset donations and transfers (82,622)

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:			
Refunding bonds		\$ (211,400,000)	
Premium on refunding bonds		(14,943,524)	
Commercial paper		(225,000,000)	
Debt Repayments:			
Leases and subscriptions		1,005,904	
Payment to defease commercial paper		<u>225,000,000</u>	
Net adjustment			(225,337,620)

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 the following balances.

Compensated absences	(16,988)	
Total OPEB liability	(2,321,141)	
Net pension liability	(551,798)	
Amortization of debt premium	16,594,726	
Amortization of advanced refunding difference	(2,121,488)	
Accrued interest	<u>(26,811,241)</u>	
Combined adjustment		(15,227,930)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 316,603

The net effect of disposals of capital assets. (7,171,957)

Change in net position of governmental activities \$ 103,052,608

See notes to the financial statements.



HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In January 2021, Commissioners Court approved changing the fiscal year for Harris County and the District from a fiscal year ending February 28/29 to a fiscal year ending September 30, in calendar year 2022. At that time, the financial statements were presented for a seven-month period of March 1, 2022 through September 30, 2022. The terms "prior period" or "previous period" used throughout this report represent the seven-month period ended September 30, 2022.

A. REPORTING ENTITY

These financial statements include all of the operations and activities of the District legal entity, which is a component unit of the reporting entity of Harris County, Texas (the "County"). Financial statements of the District are included as a blended component unit in the County financial statements.

The District was created on April 23, 1937 by the Texas Legislature. Commissioners Court, as the elected governing body of the County, is also the statutory governing body of the District. All activities for which the District is financially accountable have been incorporated to form the reporting entity. This report includes the financial statements of the funds required to account for activities, organizations and functions of the District. The criteria for including activities in the District's financial statements are in conformity with GASB Statement No. 14, *The Reporting Entity*, as amended.

B. IMPLEMENTATION OF NEW STANDARDS

In the current fiscal year, the District implemented the following new standards:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – ("GASB 94"), primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The required changes due to the implementation of GASB 94 had no effect on the District's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – ("GASB 96"), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 was implemented by the District, resulting in recognition of \$1,122,799 of right-to-use subscription assets and subscription payable as of October 1,

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

2022 within the governmental activities in the government-wide financial statements to conform to the new standards.

C. FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF PRESENTATION

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 activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The District reports only governmental activities, which normally are supported by taxes and intergovernmental revenues.

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. 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 District'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 are generated from flood control activities. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund-level 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 District 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. Encumbrances are used during the year and any unliquidated items are reported as part of restricted, committed or assigned fund balance depending on the source of funding. Grant and entitlement revenues are also susceptible to accrual. 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.

The accounts of the District are organized 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

Funds are generally classified into three categories: Governmental, Proprietary, and Fiduciary. The District has four governmental funds and reports all governmental funds as major funds. The District's funds are comprised of the following:

GOVERNMENTAL FUNDS

Operations and Maintenance (General) Fund - used to account for all revenues and expenditures, not accounted for in other funds, relating to general operations.

Special Revenue Grants - used to account for grant programs applicable to the District. Revenues consist of intergovernmental revenues. Intergovernmental revenues are from the various granting agencies, including: the United States Department of Homeland Security; Governor's Division of Emergency Management; Texas Water Development Board; and the Army Corps of Engineers.

Debt Service Fund - used to account for payments of principal and interest on the District's debts and related fees and charges.

Capital Projects Fund – used to account for capital improvements and acquisitions which are financed from the District's general obligation bonds, commercial papers and other revenue sources.

D. BUDGETS

The County adheres to the following timetable for consideration and adoption of the annual budget for the Flood Control Operations and Maintenance (General) Fund, Debt Service Fund and Capital Projects Fund:

- 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 October 1.
- The County Auditor must prepare 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.
- Public hearings are held on the proposed budget.
- Commissioners Court must adopt an annual operating budget by a majority vote of Commissioners Court before October 31. The adopted budget must be balanced; that is, available resources must be sufficient to support annual appropriations.
- Annual budgets are legally adopted for the General Fund, Debt Service Fund and Capital Projects Fund. Budgets for Special Revenue Grants are prepared on a grant award basis.
- The fund is the legal level of budgetary control. Commissioners Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget.
- 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.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

- 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.
- Appropriations lapse at year-end for all funds except Special Revenue Grants and Capital Project Funds.
- Budgets are prepared on a cash basis (budget basis) which differs from a 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 Required Supplementary Information.

E. DEPOSITS AND INVESTMENTS

Cash and cash equivalents include amounts in demand deposits as well as short-term investments (i.e. with original maturity of 90 days or less). All investments are recorded at fair value or amortized cost based upon quoted market prices, with the difference between the purchase price and market price being recorded as earnings on investments.

F. INTERFUND TRANSACTIONS

During the course of normal operations, the District has many transactions between funds. The accompanying financial statements reflect as transfers the resources provided and expenditures used to provide services, construct assets and meet debt service requirements.

G. 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 when consumed rather than purchased.

H. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Including:

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

- Deferred charges on refundings
- Pension contributions made after measurement date
- Differences between expected and actual experience for pension and OPEB
- Net difference between projected and actual investment earnings on pension
- Changes in assumptions for pension and OPEB

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Including:

- Differences between expected and actual experience for pension
- Changes in assumptions for OPEB
- Deferred lease revenues

Deferred outflows/inflows of resources are amortized as follows:

- Pension contributions made after measurement date are deferred and recognized in the following fiscal year as a reduction of the net pension liability.
- Deferred outflows/inflows for pension and OPEB activities are amortized over the average of the expected remaining service lives of all members except for the net difference between the projected and actual investment earnings for pension which is amortized over a closed 5-year period.
- 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.
- Deferred inflows from leases are amortized over the lease term on a straight-line basis.

At the fund level, the County reports unavailable revenues from two sources:

- Property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows from leases. The deferred inflow from leases is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow from leases is recognized as revenue over the lease term.

I. CAPITAL ASSETS

Capital assets include land, buildings, land improvements, equipment, construction in progress, intangible assets and flood control infrastructure that are used in the District's operations and benefit 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 District include flood control channels, storm sewers, and related items.

Capital assets of the District 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

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

the County's policy to capitalize all land and easements. Purchased software greater than \$100,000 is capitalized and internally developed software greater than \$1,000,000 is capitalized. The threshold for capitalizing buildings and building improvements is \$100,000. The capitalization threshold for infrastructure ranges from \$25,000 to \$250,000, depending on the type of infrastructure asset. The intangible assets (that are not leases and subscriptions) held by the District are in perpetuity intangible assets, meaning there is infinite useful life and therefore are not depreciated. Lease and subscription assets are noted below. All purchased capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are stated at their estimated acquisition value on the date donated.

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

<u>Asset</u>	<u>Years</u>
Land improvements	20
Buildings	45
Equipment	3-20
Flood Control Infrastructure:	
Flood control channels	25-75
Storm sewers	30-75

LEASE ASSETS

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

SUBSCRIPTION ASSETS

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus payments made at or before the commencement of the subscription term. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

ASSET IMPAIRMENTS The District evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the year ended September 30, 2023.

J. LEASE RECEIVABLE

The District leases a portion of its property to various third parties, the terms of which expire 2024 through 2029. The leases with payments that increase annually are based upon the Consumer Price Index (Index) and were measured based upon the Index at lease commencement. Leases are recorded at the present value to be received under all leases other than short term leases. Short term leases are those with a maximum period of 12 months and are recognized as collected. The total lease receivable as of

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

September 30, 2023 was \$28,225.

K. NET POSITION AND FUND BALANCES

NET POSITION CLASSIFICATIONS

Net position in the government-wide financial statements is classified in three categories: 1) Net investment in capital assets, 2) Restricted net position, and 3) Unrestricted net position. Net position is shown as restricted if constraints placed on use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. The District's restricted net position is restricted for capital projects, debt service, and other.

FUND BALANCE CLASSIFICATIONS

In accordance with GASB 54, fund balances are 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.

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

Unassigned – Amounts that have not been restricted, committed, or assigned. The general fund is the only fund to report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds other than the general fund, if expenditures incurred for specific purposes exceeds the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The District 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

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023**

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.

L. 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 fund. Accumulated compensated absences not expected to be liquidated with expendable available resources are reported as long-term liabilities in the government-wide financial statements. 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.

Regular employees accrue 13 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 3.08 to 7.7 hours of vacation per pay period depending on years of service and may accumulate a maximum of 280 hours of vacation benefits. 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 current pay period. Upon termination, non-exempt employees will be paid for any compensatory time balances.

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.

M. 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.

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 a 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 District 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. As of September 30, 2023, the balance per various financial institutions was \$440,162,551. The

HARRIS COUNTY FLOOD CONTROL DISTRICT
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District'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, 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 the District to invest its funds pursuant to a written investment policy which primarily emphasizes the safety of principal and liquidity, and addresses investment diversification, yield, and maturity.

The District follows the guidelines established by the Harris County Investment policy. 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 Federal Depository Insurance Corporation (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 Federal Depository Insurance Corporation or its successor; and secured by obligations as stated in Item 1 of this section. In addition to the County's authority to invest funds in certificates of deposit and shares certificates as stated above, an investment in certificates of deposit, made in accordance with the following conditions is an authorized investment under the 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.

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6. Fully collateralized repurchase agreements, provided the County has on file, a signed Master Repurchase Agreement detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. The repurchase agreement must have a defined termination date and be secured by obligations as stated on Item 1 of this section. 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 the 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. Regardless of whether commercial paper is purchased directly from the issuer or from a broker/dealer in the secondary market, a competitive bid process is required, in which the investment yield is compared to other available commercial paper having a comparable maturity and credit rating. An exception may be made to the competitive offer process when seeking to purchase municipal commercial paper securities due to very limited quantity.
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. Furthermore, it must be rated not less than AAA or equivalent by at least one nationally recognized rating service and the County must be provided with a prospectus and other information required by the SEC Act of 1934 or the Investment Company Act of 1940. The County may not invest an amount that exceeds 10 percent of the total

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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.

11. Interest-bearing banking deposits that are guaranteed or insured by: (A) the Federal Deposit Insurance Corporation or its successor; or (B) the National Credit Union Share Insurance Fund or its successor; and interest-bearing banking deposits other than described above if: (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in Texas that the County selects from a list of its governing body or designated investment committee adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in Texas that the County selects; (B) the broker or depository institution selected as described above arranges for the deposit of the funds in one or more federally insured depository institutions, regardless of where located, for the County's account; (C) the full amount of the principal and accrued interest of the deposits is insured by the United States or an instrumentality of the United States; and (D) the County appoints as the custodian of the bank deposits issued for the County's account: (i) the depository institution selected as described above; (ii) an entity described by Section 2257.041(d); or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

Summary of Cash and Investments

The District's cash and investments are stated at fair value or amortized cost. The following is a summary of cash and investments held by the District at September 30, 2023.

	Governmental Activities
Cash and Cash Equivalents	\$ 444,080,360
Restricted Cash and Cash Equivalents	84,521,806
Investments	13,954,140
Total Cash & Investments	\$ 542,556,306

The table below indicates the fair value and maturity value of the District's investments as of September 30, 2023, summarized by security type. Also demonstrated are the percentage of total portfolio and the modified duration in years for each summarized security type.

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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P/ Moody's/Fitch
<i>US Municipal Commercial Paper</i>					
MOUNTCLIFF FDG Disc. CP	\$ 9,930,890	2.06%	\$ 10,000,000	0.002	A-1/P-1
SSM HEALTHCARE Disc. CP	9,954,833	2.07%	10,000,000	0.001	A-1/F-1+
UNIV OF TEXAS Disc. CP	9,991,217	2.08%	10,000,000	0.000	A-1+/P-1
<i>Total US Municipal Commercial Paper</i>	<u>29,876,940</u>		<u>30,000,000</u>		
<i>Commercial Paper</i>					
BARCLAYS BK US - Disc. CP	\$ 7,991,736	1.66%	\$ 8,000,000	0.000	A-1+/P-1
TMCC Disc. CP	3,962,924	0.82%	4,000,000	0.000	A-1+/P-1
<i>Total Commercial Paper</i>	<u>11,954,660</u>		<u>12,000,000</u>		
<i>Money Market Funds</i>					
Lone Star Investment Pool	\$ 42,124,864	8.75%	\$ 42,124,864	N/A	AAAm
Logic Investment Pool	18,139,562	3.77%	18,139,562	N/A	AAAm
TX Class Pool	2,053,249	0.43%	2,053,249	N/A	AAAm
TX Class Pool (DS)	8,047	0.00%	8,047	N/A	AAAm
Flood - DDA Cadence	377,234,337	78.36%	377,234,337	N/A	N/A
<i>Total Money Market Funds</i>	<u>439,560,059</u>		<u>439,560,059</u>		
Total Investments	\$ 481,391,659	<u>100.00%</u>	<u>\$ 481,560,059</u>		
<i>Outstanding items</i>	<u>61,164,647</u>				
Total Cash & Investments	<u><u>\$ 542,556,306</u></u>				

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2023, the County has recurring fair value measurements for US Municipal Commercial Paper and Commercial Paper totaling \$41,831,600, both of which are valued using quoted prices for similar assets in active markets (Level 2 inputs). The Money Market Funds through External Investment Pools, totaling \$439,560,059 have been valued at amortized cost in accordance with GASB No.79. Lone Star and Logic Investment Pools are valued at amortized cost, which approximates fair value. Texas Class Pools are measured at net asset value to approximate fair value, however, the net asset value is not guaranteed or insured. Flood Control's Demand Deposit Account at Cadence preserves cash and liquidity and is considered cash value.

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 District 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

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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, and flood control may be invested beyond three years. Additionally at least 15% of the portfolio, with the previous exceptions, shall be 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 September 30, 2023, the District was in compliance with all of these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The District 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 minimal.

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 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.

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the District's name and are held by the counterparty. In the event of the failure of the counterparty, the District may not be able to recover the value of its investments that are held by the counterparty. As of September 30, 2023, all of the District's investments are held in the District'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 District 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 District's financial statements. The two investment strategies employed by the District 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. The investment strategies and maturity criteria are outlined in the following table.

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<u>Fund Type</u>	<u>Investment Strategy</u>	<u>Maximum Maturity Per Policy (Years)</u>	<u>Maturity Amount</u>	<u>Average Remaining Years To Maturity</u>
Flood Control/Special Revenue	Matching	5	\$ 42,000,000	0.08
Money Market Mutual Funds	N/A	N/A	439,560,059	N/A
			<u>\$ 481,560,059</u>	

3. PROPERTY TAXES

Property taxes for the District are levied each year based on tax rates adopted within 60 days of receiving the certified roll or September 30, whichever is later. Tax rates for the District 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. Appraised values are determined by the Harris County Appraisal District (the "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 District is permitted by law to levy a tax rate up to \$.30 per \$100 of taxable valuation. There is no limitation on the tax rate which may be set for debt service within the \$.30/\$100 valuation. 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 District. The maximum tax rate for maintenance and operations is \$.15 per \$100 of taxable valuation. The County is responsible for setting the tax rate for the District. The County adopted the following tax rates on behalf of the District for the 2022 tax year per \$100 of taxable valuation:

	<u>Maintenance and Operations (General)</u>	<u>Debt Service</u>	<u>Total</u>
Flood Control District	\$0.02043	\$0.01012	\$0.03055

Property tax receivables of \$1,365,250 as of September 30, 2023 are reported net of an allowance for uncollectible taxes of \$14,855,808.

The District enters into property tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act, Chapter 312, as well as its own guidelines and criteria, which is required under the Act. Under the Act, including its guidelines and criteria, the District may grant property tax abatements for economic projects under the program that provide an increase of at least \$1,000,000 in property values and 25 jobs created/retained. Abatements granted are up to \$1,000,000 per job created/retained for up to 50% abatement over a period of up to 10 years. In addition to job growth/retention, the District's guidelines and criteria focus on creating new wealth to the community rather than recirculating dollars within the community, and attracting industries that have demonstrated a commitment to protecting our environment—all without creating a substantial adverse effect on the competitive position of existing companies operating in the District. The agreement used for this purpose provides for termination of the agreement in the event its counterparty discontinues producing product as well as recapturing property taxes abated in that calendar year. For the fiscal year ended September 30, 2023, the District abated property taxes totaling \$31,405 under this program, which includes two entities. The two entities were regional distribution facilities, which were granted exemptions that converted to property tax abatements in the amount of \$16,283 and \$15,122, totaling \$31,405.

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4. 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 are eliminated in the government-wide financial statements.

The interfund receivable and payable balances, as of September 30, 2023, are as follows:

Receivable:				
	General Fund	Special Revenue Grants	Capital Projects	Total
Payable:				
Special Revenue Grants	\$ 82,000,000	\$ -	\$ 117,517,096	\$ 199,517,096
Capital Projects	417,265	18,919	-	436,184
TOTAL	\$ 82,417,265	\$ 18,919	\$ 117,517,096	\$ 199,953,280

The interfund balances are for the Special Revenue Grants to reimburse the General Fund and Capital Projects for short-term loans until the grant monies are received; most grants are on a reimbursement basis from the granting agencies.

The following is a summary of the District's transfers for the year ended September 30, 2023:

Transfers In:					
	General Fund	Special Revenue Grants	Debt Service	Capital Projects	Total
Transfers Out:					
General Fund	\$ -	\$ -	\$ -	\$ 4,064,500	\$ 4,064,500
Special Revenue Grants	138,628	-	-	10,929,039	11,067,667
Capital Projects	-	7,282,303	6,889,763	-	14,172,066
TOTAL	\$ 138,628	\$ 7,282,303	\$ 6,889,763	\$ 14,993,539	\$ 29,304,233

The transfers are routine in nature. Transfers to the Special Revenue Grants are to meet grant matching requirements in the grant contracts. Transfers to the Debt Service are to make debt payments. Transfers to General Fund and Capital Projects are prior period expenditures related to grants. Transfers between individual governmental funds are eliminated in the government-wide financial statements.

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5. CAPITAL ASSETS

Capital assets transactions are summarized as follows:

	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 2,103,847,528	\$ 31,979,644	\$ -	\$ (82,622)	\$ 2,135,744,550
Construction in progress	340,656,999	86,936,500	(544,918)	(181,914,493)	245,134,088
Intangible Assets - water rights	2,400,000	-	-	-	2,400,000
Total capital assets not depreciated	<u>2,446,904,527</u>	<u>118,916,144</u>	<u>(544,918)</u>	<u>(181,997,115)</u>	<u>2,383,278,638</u>
Depreciable capital assets:					
Land improvements	648,473	-	-	-	648,473
Buildings	12,158,223	-	-	-	12,158,223
Equipment	10,463,945	655,076	(182,758)	-	10,936,263
Park Facilities	1,488,456	-	-	-	1,488,456
Flood control projects	1,223,703,968	-	-	181,914,493	1,405,618,461
Total depreciable capital assets	<u>1,248,463,065</u>	<u>655,076</u>	<u>(182,758)</u>	<u>181,914,493</u>	<u>1,430,849,876</u>
Less accumulated depreciation for:					
Land Improvements	(510,378)	(31,814)	-	-	(542,192)
Buildings	(5,405,511)	(268,543)	-	-	(5,674,054)
Equipment	(7,846,245)	(441,576)	181,430	-	(8,106,391)
Park facilities	(227,405)	(49,615)	-	-	(277,020)
Flood control projects	(612,578,378)	(46,971,061)	-	-	(659,549,439)
Total accumulated depreciation	<u>(626,567,917)</u>	<u>(47,762,609)</u>	<u>181,430</u>	<u>-</u>	<u>(674,149,096)</u>
Depreciable capital assets, net	<u>621,895,148</u>	<u>(47,107,533)</u>	<u>(1,328)</u>	<u>181,914,493</u>	<u>756,700,780</u>
Lease right-to-use assets:					
Buildings	1,187,607	-	-	-	1,187,607
Equipment	1,446,727	-	-	-	1,446,727
Total lease right-to-use assets	<u>2,634,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,634,334</u>
Less accumulated amortization for:					
Buildings	(125,958)	(215,929)	-	-	(341,887)
Equipment	(218,915)	(367,337)	-	-	(586,252)
Total accumulated amortization	<u>(344,873)</u>	<u>(583,266)</u>	<u>-</u>	<u>-</u>	<u>(928,139)</u>
Lease right-to-use assets, net	<u>2,289,461</u>	<u>(583,266)</u>	<u>-</u>	<u>-</u>	<u>1,706,195</u>
Subscription right-to-use assets*:	1,122,799	386,198	-	-	1,508,997
Less accumulated amortization for:					
Subscription right-to-use assets	-	(376,669)	-	-	(376,669)
Subscription right-to-use assets, net	<u>1,122,799</u>	<u>9,529</u>	<u>-</u>	<u>-</u>	<u>1,132,328</u>
Governmental activities capital assets, net	<u>\$ 3,072,211,935</u>	<u>\$ 71,234,874</u>	<u>\$ (546,246)</u>	<u>\$ (82,622)</u>	<u>\$ 3,142,817,941</u>

*The District increased the beginning balance as of October 1, 2022 to conform to provisions of GASB 96, Subscriptions, as identified in Note 1

Depreciation and amortization expense was charged to the Flood Control Administration function of the District for \$48,722,544.

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6. LONG-TERM LIABILITIES

Bonded debt of the District consists of various issues of General Obligation Bonds, which are direct obligations of the District with the District's full faith and credit pledged towards the payment of these obligations and Special Obligation Bonds secured by a pledge and first lien on the County's payments to the District under Flood Control Projects Contracts. Debt service on these bonds is paid from the receipts of a separate limited ad valorem tax. All bonded debt is capital-related.

The changes in the District's Governmental Long-Term Liabilities for the fiscal year ended September 30, 2023 were as follows:

	Outstanding October 1, 2022	Increase	Decrease	Outstanding September 30, 2023	Amount Due Within One Year
Governmental Activities:					
Refunding Series 2014	\$ 36,200,000	\$ -	\$ -	\$ 36,200,000	\$ -
Refunding Series 2014A	58,225,000	-	-	58,225,000	-
Refunding Series 2014B	22,175,000	-	-	22,175,000	-
Refunding Series 2015A	46,875,000	-	-	46,875,000	-
Refunding Series 2015B	30,145,000	-	-	30,145,000	-
Refunding Series 2017A	167,155,000	-	-	167,155,000	-
Refunding Series 2019A	39,620,000	-	-	39,620,000	31,955,000
Refunding Series 2020A	239,340,000	-	-	239,340,000	6,210,000
Refunding Series 2021A	252,225,000	-	-	252,225,000	6,110,000
Refunding Series 2022A	222,975,000	-	-	222,975,000	5,600,000
Refunding Series 2023A	-	211,400,000	-	211,400,000	3,270,000
Total Bonds Payable - Principal	1,114,935,000	211,400,000	-	1,326,335,000	53,145,000
Unamortized Premium, Series 2014	2,669,862	-	(665,967)	2,003,895	-
Unamortized Premium, Series 2014A	4,536,414	-	(1,019,187)	3,517,227	-
Unamortized Premium, Series 2015A	3,558,274	-	(564,613)	2,993,661	-
Unamortized Premium, Series 2015B	2,630,274	-	(374,952)	2,255,322	-
Unamortized Premium, Series 2017A	19,269,687	-	(2,153,508)	17,116,179	-
Unamortized Premium, Series 2019A	1,714,428	-	(1,437,488)	276,940	-
Unamortized Premium, Series 2020A	41,785,227	-	(4,106,623)	37,678,604	-
Unamortized Premium, Series 2021A	51,542,160	-	(4,571,371)	46,970,789	-
Unamortized Premium, Series 2022A	13,566,888	-	(1,380,857)	12,186,031	-
Unamortized Premium, Series 2023A	-	14,943,524	(320,160)	14,623,364	-
Total Bonds Payable	1,256,208,214	226,343,524	(16,594,726)	1,465,957,012	53,145,000
Commercial Paper Payable	-	225,000,000	(225,000,000)	-	-
Compensated Absences	762,070	722,029	(705,041)	779,058	390,495
Lease Payable	2,310,042	-	(555,390)	1,754,652	548,922
Subscription Payable*	1,122,799	386,198	(450,514)	1,058,483	466,703
Total OPEB Liability	68,481,615	357,177	-	68,838,792	2,066,000
Net Pension Liability	-	14,979,631	-	14,979,631	-
Pollution Remediation Obligation	741,419	64,780	-	806,199	-
TOTAL	\$ 1,329,626,159	\$ 467,853,339	\$ (243,305,671)	\$ 1,554,173,827	\$ 56,617,120

*The District increased the beginning balance as of October 1, 2022 to conform to provisions of GASB 96, Subscriptions, as identified in Note 1

Historically, the Debt Service fund has been used to liquidate bonded debt and commercial paper and the General Fund has been used to liquidate other long-term liabilities.

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A. OUTSTANDING BONDED DEBT

	Original	Interest	Date Series		Balance
	Issue Amount	Rates (%)	Issued	Matures	September 30, 2023
Refunding Series 2014	\$ 36,590,000	2.00-5.00	2014	2026	\$ 36,200,000
Refunding Series 2014A	60,100,000	1.00-5.00	2014	2029	58,225,000
Refunding Series 2014B	73,665,000	0.25-3.211	2014	2024	22,175,000
Refunding Series 2015A	46,875,000	3.00-5.00	2015	2030	46,875,000
Refunding Series 2015B	30,145,000	3.00-5.00	2015	2030	30,145,000
Refunding Series 2017A	168,100,000	4.00-5.00	2017	2039	167,155,000
Refunding Series 2019A	86,965,000	4.00-5.00	2019	2024	39,620,000
Refunding Series 2020A	251,195,000	3.00-5.00	2020	2045	239,340,000
Refunding Series 2021A	256,455,000	1.00-5.00	2021	2046	252,225,000
Refunding Series 2022A	222,975,000	4.00-5.25	2022	2047	222,975,000
Refunding Series 2023A	211,400,000	4.00-5.00	2023	2048	211,400,000
TOTAL	\$ 1,444,465,000				\$ 1,326,335,000

Per Article III, Section 52 of the Texas Constitution, the amount of applicable bonds that may be issued is limited to 25% of the assessed valuation of real property of the County. The total net debt applicable to the limit as of September 30, 2023 is approximately \$760.8 million. The legal debt limit is approximately \$169.1 billion (25% of real property assessed value) for the fiscal year ended September 30, 2023.

B. DEBT SERVICE REQUIREMENTS

The debt service requirements to maturity for the bonds are summarized as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 53,145,000	\$ 59,488,521	\$ 112,633,521
2025	57,625,000	55,348,507	112,973,507
2026	53,675,000	52,724,913	106,399,913
2027	58,040,000	50,122,163	108,162,163
2028	61,675,000	47,136,038	108,811,038
2029-2033	271,600,000	191,954,590	463,554,590
2034-2038	257,455,000	134,618,902	392,073,902
2039-2043	269,520,000	76,967,182	346,487,182
2044-2048	243,600,000	23,998,200	267,598,200
	<u>\$ 1,326,335,000</u>	<u>\$ 692,359,016</u>	<u>\$ 2,018,694,016</u>

C. UNISSUED AUTHORIZED BONDS

Capital projects are funded primarily by the issuance of bonded debt. The Flood Control District 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:

Year of Voter Authorization	Amount Authorized	Issued as of 9/30/2023	Authorized but Unissued as of 9/30/2023
(amounts in millions)			
2018	\$ 2,500.0	\$ (1,008.2)	\$ 1,491.8
	<u>\$ 2,500.0</u>	<u>\$ (1,008.2)</u>	<u>\$ 1,491.8</u>

D. REFUNDING/ISSUANCE OF DEBT

On July 12, 2023, the County issued \$211,400,000 in Flood Control District Improvement Refunding Bonds, Series 2023A, to defease the County's outstanding Flood Control District Limited Tax Commercial Paper Notes, Series H & H-2, and to pay the cost of such issuance. The annual interest rates range from 4.00% to 5.00%. The issuance had a premium of \$14,943,524. The interest accrues semiannually and the bonds mature in 2048. No savings or economic loss is recognized due to the defeasance of commercial paper.

E. COMMERCIAL PAPER

On November 14, 2017, Commissioners Court authorized a \$64,000,000 commercial paper program designated as the Harris County Flood Control District Limited Tax Commercial Paper Notes, Series H ("Series H Notes") secured by the District ad valorem taxes, to fund certain Flood Control projects of the District. On October 9, 2018, Commissioners Court authorized to increase the program amount of the Series H Notes from \$64,000,000 to \$250,000,000. On October 29, 2019, Commissioners court authorized to increase the program amount of the Series H Notes from \$250,000,000 to \$500,000,000. On February 8, 2022, Commissioners Court authorized a \$200,000,000 commercial paper program designated as the Harris County Flood Control District Limited Tax Commercial Paper Notes, Series H-2 ("Series H-2 Notes"). As of September 30, 2023, the District has outstanding \$0 of commercial paper in Series H or Series H-2 Notes.

For Commercial Paper Series H, the District has a credit agreement with JP Morgan Chase Bank, which expires December 10, 2024. For this line of credit, the District is assessed a fee of .24% per annum on the daily amount of commitment. If converted to a term loan, the principal amount of Series H shall be due and payable in 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 H-2, the District has a credit agreement with PNC Bank, which expires February 24, 2025. For this line of credit, the District is assessed a fee of .19% per annum on the daily amount of commitment. If converted to a term loan, the principal amount of Series H-2 shall be paid in twelve substantially equal installments on each amortization payment date, commencing with the first such installment on the term loan commencement date.

DEBT SERVICE TO MATURITY-COMMERCIAL PAPER

As of September 30, 2023, the District had no outstanding principal balance on the commercial paper lines of credit.

F. SUBSEQUENT DEBT RELATED ACTIVITIES

The District did not issue any debt subsequent to year end as of the date of this report.

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G. 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 September 30, 2023, there was \$0 in liabilities for arbitrage rebate on the Flood Control District debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

H. LEASE LIABILITY

The District leases buildings and equipment, the terms of which expire in various years through 2027. Variable payments of certain leases are based upon the Consumer Price Index (Index). The leases were measured based upon the Index at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of September 30, 2023:

Fiscal Year Ending September 30,	Total to Be Paid	Principal	Interest
2024	\$ 579,051	\$ 548,922	\$ 30,129
2025	586,283	567,254	19,029
2026	421,672	413,451	8,221
2027	227,326	225,025	2,301
	<u>\$ 1,814,332</u>	<u>\$ 1,754,652</u>	<u>\$ 59,680</u>

I. SUBSCRIPTION LIABILITY

The District has multi-year information technology subscriptions, the terms of which expire in various years through 2026. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at lease commencement. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The following is a schedule by year of payments under the subscriptions as of September 30, 2023:

Fiscal Year Ending September 30,	Total to Be Paid	Principal	Interest
2024	\$ 490,485	\$ 466,703	\$ 23,782
2025	434,974	425,137	9,837
2026	167,042	166,643	399
	<u>\$ 1,092,501</u>	<u>\$ 1,058,483</u>	<u>\$ 34,018</u>

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7. 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 & 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 an annual comprehensive financial report on a calendar year basis. The annual report is available upon written request from TCDRS, Finance Division, Barton Oaks Plaza IV, Ste. 500, 901 S. MoPac Expy., Austin, TX 78746 or the website at www.TCDRS.org.

Harris County's pension plan includes Flood Control and three other participating employers. Flood Control has reported its participation in the Harris County plan as a cost sharing employer. The Harris County plan is allocated to participating employers based upon contributions. Flood Control's allocated share was 2.09985%.

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 of the Harris County plan:

	12/31/21	12/31/22
Inactive employees or beneficiaries currently receiving benefits	10,196	10,705
Inactive employees entitled but not yet receiving benefits	9,800	11,802
Active employees	19,921	19,088
Total	<u>39,917</u>	<u>41,595</u>

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 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 15.1% of covered payroll for the months of the calendar year 2021, 15.7% for the calendar year 2022 and the first 9 months of 2023.

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The contribution rate payable by the employee members for 2022 and 2023 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.

For the County's fiscal year ended September 30, 2023, the net pension (asset)/liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	4.7%
Investment rate of return	7.6%
(Investment rate of return is gross of administrative expenses)	

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic under GASB No. 68, *Accounting and Financial Reporting for Pensions* ("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 increase 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 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.7% per year for a career employee.

Mortality rates for depositing members were 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries, and non-depositing members were 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. General Disabled Retirees were 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial cost method was Entry Age Normal, as required by GASB No. 68. The actuarial assumptions used in the December 31, 2022 valuation for the County were developed from an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB No. 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The numbers shown are based on January 2023 information for a 10 year time horizon and are re-assessed at a minimum of every four years, and is set based on a long-term time horizon; The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting, and reviewed annually for continued compliance with relevant standards of practice.

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The following target asset allocation was adopted by the TCDRS board in March 2023. The geometric real rate of return is net of inflation, assumed at 2.3%.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
International Equities - Developed Markets	5.00%	4.95%
International Equities - Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. 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 (asset)/liability of the employer is equal to the long-term assumed rate of return on investments.

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Changes in Net Pension (Asset)/Liability (amounts in thousands):

	Increase (Decrease)		
	Harris County		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2021	\$ 8,066,367	\$ 8,325,113	\$ (258,746)
Changes for the year:			
Service cost	202,068	-	202,068
Interest on total pension liability	612,984	-	612,984
Effect of economic/demographic gains or losses	(48,873)	-	(48,873)
Refund of contributions	(16,227)	(16,227)	-
Benefit payments	(397,052)	(397,052)	-
Administrative expenses	-	(4,516)	4,516
Member contributions	-	88,572	(88,572)
Net investment loss	-	(477,235)	477,235
Employer contributions	-	198,225	(198,225)
Other	-	(10,981)	10,981
Balances as of December 31, 2022	<u>\$ 8,419,267</u>	<u>\$ 7,705,899</u>	<u>\$ 713,368</u>

The net pension liability allocated to Flood Control as of December 31, 2022 was \$14,979,631 and the County's contributions for the same period was \$4,162,431.

Sensitivity Analysis. The following presents the net pension (asset)/liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate (amounts in thousands):

Harris County:	Current		
	1% Decrease	Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 9,534,731	\$ 8,419,267	\$ 7,485,239
Fiduciary net position	7,705,899	7,705,899	7,705,899
Net pension (asset)/liability	<u>\$ 1,828,832</u>	<u>\$ 713,368</u>	<u>\$ (220,660)</u>

Flood Control:	Current		
	1% Decrease	Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	\$ 200,215	\$ 176,792	\$ 157,179
Fiduciary net position	161,812	161,812	161,812
Net pension (asset)/liability	<u>\$ 38,403</u>	<u>\$ 14,980</u>	<u>\$ (4,633)</u>

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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 ended December 31, 2022, the County recognized pension expense of \$196,767,619 and Flood Control's share was \$4,195,647 in the fiscal year ended September 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

Harris County:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 45,702	\$ 13,181
Changes of assumptions	-	222,906
Net difference between projected and actual earnings	-	140,738
Contributions made subsequent to the measurement date	-	151,039
	<u>\$ 45,702</u>	<u>\$ 527,864</u>

Flood Control:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 960	\$ 277
Changes of assumptions	-	4,681
Net difference between projected and actual earnings	-	2,955
Contributions made subsequent to the measurement date	-	3,050
	<u>\$ 960</u>	<u>\$ 10,963</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows (amounts in thousands):

Harris County		Flood Control	
Fiscal Year Ended September 30:		Fiscal Year ended September 30:	
2024	\$ (31,790)	2024	\$ (668)
2025	62,288	2025	1,308
2026	89,471	2026	1,879
2027	211,154	2027	4,434
Total	<u>\$ 331,123</u>	Total	<u>\$ 6,953</u>

Payable to the Pension Plan

At September 30, 2023, the County reported a payable of \$33,821,818 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 and thus is presented below for consideration as part of the total pension balances. The net pension liability for CS for September 30, 2023 is \$16,170,323.

The deferred inflows and outflows reported for CS at the year ended September 30, 2023 were (amounts in

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thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,036	\$ 298
Changes of assumptions	-	5,053
Net difference between projected and actual earnings	-	3,190
Contributions made subsequent to the measurement date	-	3,610
	<u>\$ 1,036</u>	<u>\$ 12,151</u>

For the measurement period ended December 31, 2022, CS recognized pension expense of \$3,543,853.

The Required Supplementary Information ("RSI") following the notes to the financial statements contains the schedule of changes in the County's net pension (asset)/liability and related ratios, and the schedule of County contributions.

8. OTHER POSTEMPLOYMENT BENEFITS

THE PLAN:

Plan Description

Harris County administers an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating governmental entities. The employers in the plan are: the Harris County, Flood Control District, Toll Road, Juvenile Board, Community Supervision, and Emergency 911. 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. Harris County's defined OPEB plan is not considered a trust.

Benefits Provided

The County maintains the same healthcare plans for its retirees as for its active employees, except for the "Base Healthy Actions", and "Plus Healthy Actions" plans. The County's contribution depends on age and years of service with the County at the time of retirement. Employees of Harris County are eligible to retire from the County either: (i) upon being vested with 8 years of creditable Texas County and District Retirement System (TCDRS) service and reaching age 60, or (ii) upon satisfying the "Rule of 75" (age plus vested service equals at least 75.)

As a separate Harris County requirement for eligibility for retiree healthcare benefit contributions, after March 1, 2002 an employee's age plus Harris County service must equal 75 with a minimum of 10 years of County service in order to receive 100% of the County contribution for retiree and dependent coverage.

Retirees whose age plus Harris County service equals 70 but less than 75 are required to pay 20% of the County contribution for retiree and dependent coverage. Employees who retire and whose age plus Harris County service is less than 70 are required to pay 50% of the County contribution for retiree and dependent coverage.

In addition, there are other scenarios where employees may retire using other creditable service such as time from other retirement systems, reinstated service, or disability retirement and still qualify for partial County healthcare contributions. For retirements after March 1, 2002, retirees are required to have a

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minimum of 4 consecutive years of County service while covered under the County's medical plan immediately prior to retirement to be eligible for County healthcare contributions.

The level of the County's contribution varies by age at retirement and years of service completed according to the following schedule:

Years of Service	0-3	4-7	8	9	10+
Less than 70 Points	0%	50%	50%	50%	50%
70-74 Points	0%	50%	80%	80%	80%
75 Points or More	0%	50%	80%	80%	100%

Harris County only pays 50% of the dependent premium if: 1) the dependent was insured at least one year before the employee retired; and 2) if the retiree qualifies for 100% contribution. If an employee retires paying a portion of their own premium (i.e., 20%) then they would pay a proportionately higher premium for their dependents.

Changes pursuant to Commissioners Court Order dated September 26, 2006:

1. Current retirees are grandfathered under the contribution rule under which they retired;
2. Employees who were eligible to retire by February 28, 2011 are grandfathered under the rule they would have been entitled to had they retired as of that date;
3. All other employees must have age plus service of at least 80 points or be at least age 65 and have at least 10 years of creditable County service to receive 100% of the County approved contribution for retiree and dependent coverage. They must also pay a contribution for retiree healthcare prior to Medicare eligibility as determined by the Commissioners Court each year. In 2016, Commissioners Court approved this amount to be \$100; and
4. Employees hired after February 28, 2007 must pay a monthly contribution for retiree healthcare as determined by the Commissioners Court each year. The Court's policy also required this group of retirees to pay the full premiums (for both retiree and dependents) for all coverages.

Retiree Healthcare Contribution Policy Update dated October 3, 2011:

Beginning March 1, 2012, retiree-paid premiums for the medical/prescription plans are greater for non-Medicare retirees than for retirees with Medicare, and a new tier was added (retiree plus child and retiree plus spouse now have separate rates).

Retiree Healthcare Contribution Policy Update dated February 14, 2017:

Effective March 1, 2017, employees hired after February 28, 2007 are entitled to retiree healthcare contributions upon reaching eligibility. They must have age plus creditable County service of at least 80 points or be at least age 65 and have at least 10 years of creditable County service to receive 100% of the County contribution for retiree and dependent coverage. They must also pay a monthly contribution of \$100 for retiree healthcare.

Retiree Healthcare Contribution Policy Update dated October 23, 2018:

The following contribution rules are effective March 1, 2019.

Current retirees are “grandfathered” under the contribution rule they retired under.

Employees hired prior to March 1, 2007 have to attain a combination of age plus a minimum of 10 years of non-forfeited Harris County/TCDRS service equal to 80 or be at least age 65 or Medicare age, with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive the approved County

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contribution for retiree and dependent healthcare coverage.

Employees hired after March 1, 2007 have to attain a combination of age plus a minimum of 20 years of non-forfeited Harris County/TCDRS service equal to 80 or be at least age 65 or Medicare age, with a minimum of 15 years of non-forfeited Harris County/TCDRS service to receive the approved County contribution for retiree and dependent healthcare coverage.

All employees will be required to have had continuous employment as a Regular employee or to have been covered under the Harris County medical plan as an Active Employee for four consecutive years prior to retirement to be eligible for any County premium contribution. When calculating whether the retiree meets this requirement, the following absences are included: 1) Qualified leave of absence (LOA) only if the person elected COBRA coverage during the LOA; (2) Approved Military Leave; and (3) A break in service of no more than four months only if the person elected COBRA coverage.

Effective March 1, 2019, employees who have fully repurchased previously forfeited Harris County/TCDRS service are allowed to have that service included towards eligibility for County retiree healthcare contributions. Repurchased amounts must be the minimum of what the employee had withdrew from their account at the time of separation. Partial repayments of previously forfeited service are eligible if made prior to October 23, 2018.

Grandfathered employees are those who were retired or eligible to retire under the existing rules as of February 28, 2011. It was assumed that an additional contribution for non-grandfathered, under age 65 retirees would be a minimum of the Federal Medicare Part B premium at the beginning of the plan year. In 2016 Commissioners Court approved this amount to be \$100.

On February 22, 2022, Commissioners Court approved to provide Harris County retiree health benefits and contributions to Harris County Sheriff's Office correctional healthcare employee who become employed with Harris Health System or the University of Houston and who are within 10 years of their retiree health eligibility date and have at least 10 years of Harris County service. Changes in membership or the impact of extending retiree benefit will be reflected in the Total OPEB Liability when the change or impact can be determinable.

The County has reserved the right to amend its benefits (including required contributions) at any time.

Plan Membership

At March 1, 2022, the most recent valuation date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	6,127
Active plan members	17,329
	<u>23,456</u>

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.

Total OPEB Liability

The County's Total OPEB Liability was measured as of September 30, 2023 and was determined by an

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actuarial valuation as of March 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The Total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	No assets held in an irrevocable trust as of the measurement date.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	2.75 percent
Healthcare cost trend rate	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years
Preretirement Mortality	
Males	135% of Pub-2010 General Employees Headcount-Weighted.
Females	120% of Pub-2010 General Employees Headcount-Weighted.
Postretirement Mortality	
Males	135% of Pub-2010 General Retirees Headcount-Weighted.
Females	120% of Pub-2010 General Retirees Headcount-Weighted.
Mortality Improvement:	100% of the MP-2021 Ultimate Projection Scale.

Actuarial assumptions used in the March 1, 2022 valuation were based on a review of plan experience during the period March 1, 2020 to February 28, 2022.

Discount Rate

For OPEB Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the County's Total OPEB liability is based on the following information:

Reporting Date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate ^a
September 30, 2022	September 30, 2022	4.40%	4.50%
September 30, 2023	September 30, 2023	4.63%	4.75%

^a Municipal Index rounded to nearest 25 basis points

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Schedule of Changes in Total OPEB Liability (October 1, 2022 to September 30, 2023)

	<u>Increase (Decrease)</u> Total OPEB Liability (a)
Balances as of October 1, 2022	\$ 2,779,840,257
Changes for the year:	
Service cost	105,267,741
Interest	128,191,762
Changes of assumptions or other inputs	(117,204,683)
Benefit payments ⁽¹⁾	<u>(73,614,398)</u>
Balances as of September 30, 2023	<u>\$ 2,822,480,679</u>

⁽¹⁾ Includes \$73,614,398 of pay-as-you-go contributions.

There was an increase in the total OPEB liability mainly due to the increase in interest cost during the fiscal year.

Sensitivity of the Total OPEB liability to changes in the discount rate. The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.75 percent) or 1-percentage-point higher (5.75 percent) than the current discount rate:

Harris County:	1% Decrease 3.75%	Discount Rate 4.75%	1% Increase 5.75%
Total OPEB liability	<u>\$ 3,334,862,182</u>	<u>\$ 2,822,480,679</u>	<u>\$ 2,414,579,462</u>
Flood Control:	1% Decrease 3.75%	Discount Rate 4.75%	1% Increase 5.75%
Total OPEB liability	<u>\$ 79,396,474</u>	<u>\$ 68,838,792</u>	<u>\$ 60,237,874</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

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Harris County:	1% Decrease ⁽²⁾	Trend Rate	1% Increase ⁽³⁾
Total OPEB liability	\$ 2,338,843,214	\$ 2,822,480,679	\$ 3,454,426,719

Flood Control:	1% Decrease ⁽²⁾	Trend Rate	1% Increase ⁽³⁾
Total OPEB liability	\$ 58,624,481	\$ 68,838,792	\$ 81,766,450

⁽²⁾ Trend rate for each future year reduced by 1.00%.

⁽³⁾ Trend rate for each future year increased by 1.00%.

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the fiscal year ended September 30, 2023, the County recognized OPEB expense of \$214,058,165, and the District's share was \$4,964,216. At September 30, 2023, the County's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

<u>Harris County</u>	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 183,225,779
Changes in assumptions or other inputs	1,262,746,532	730,737,050
Total	<u>\$ 1,262,746,532</u>	<u>\$ 913,962,829</u>

<u>Flood Control's Allocation:</u>	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,829,366
Changes in assumptions or other inputs	26,626,303	15,272,193
Total	<u>\$ 26,626,303</u>	<u>\$ 19,101,559</u>

Amounts reported as deferred inflows/outflows of resources will be recognized in OPEB expense as follows:

<u>Harris County</u>	<u>Flood Control</u>
fiscal year ending September 30:	fiscal year ending September 30:
2024 \$ (19,401,338)	2024 \$ (418,569)
2025 (19,401,338)	2025 (418,569)
2026 (19,401,338)	2026 (418,569)
2027 (26,594,108)	2027 (573,748)
2028 (105,714,619)	2028 (2,280,713)
Thereafter (158,270,962)	Thereafter (3,414,576)
Total <u>\$ (348,783,703)</u>	Total <u>\$ (7,524,744)</u>

The above information includes five participating employers to the agent multiple employer defined benefit postemployment healthcare plan. Two of the employers, Community Supervision ("CS") and Emergency 911 ("911") are not considered departments or component units of the County. The Total OPEB liability for CS and 911 at September 30, 2023 is \$16,763,930.

The deferred inflows and outflows reported for CS and 911 at September 30, 2023 were:

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	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 995,289
Changes in assumptions or other inputs	5,396,544	3,969,392
Total	<u>\$ 5,396,544</u>	<u>\$ 4,964,681</u>

Additional Disclosures

Texas Local Government Code, Chapter 175 allows 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. The County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same and this is not a practice the County participates in. The County funds the costs 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.

GASB Statement No. 75 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. Accordingly, information and amounts presented in the County's Annual Comprehensive 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 and does not constitute or imply that the County has made a commitment or is legally obligated to provide the OPEB benefit.

9. COMMITMENTS AND CONTINGENT LIABILITIES

LANDFILL POST-CLOSURE CARE COST

The District 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 District has no regulatory requirement to remediate this site other than to maintain the cap. The costs for this landfill are included in the pollution remediation obligations.

POLLUTION REMEDIATION OBLIGATIONS

The District is subject to numerous Federal, State and Local environmental laws and regulations. GASB No. 49 established standards for the accounting and reporting of obligations incurred to address current or potential detrimental effects of existing pollution. The District recorded in the financial statements pollution remediation liabilities of \$806,199. This liability is partially attributable to land acquired by the District with known pollution which is expected to be remediated before the land can be used for its intended purpose. This portion of the liability was capitalized. The remainder of the liability was expensed. The liability was calculated based on historical expenditures and professional judgment. The liability is an estimate and is 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. Although some uncertainties associated with environmental

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assessment remain and certain costs are not quantifiable, management believes the current provision for such costs is adequate. There are no estimated recoveries reducing the liability as of September 30, 2023. Additional costs, if any, are not expected to have a material effect on the financial condition of the District.

LITIGATION

The District is involved in lawsuits and other claims in the ordinary course of operations. Although the outcome of such lawsuits and other claims is not presently determinable, the resolution of these matters is not expected to have a material effect on the financial condition of the District. There are some civil cases that have resulted in settlements, consent decrees, or are expected to have a financial impact on the District in subsequent fiscal years.

CONSTRUCTION COMMITMENTS

The District has commitments under various contracts in connection with the construction of Flood Control facilities, buildings, and projects of \$137,488,547.

ENCUMBRANCES

The District 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 September 30, 2023, the encumbrance balances for the governmental funds are reported as follows:

	Restricted	Assigned	Total
General Fund	\$ -	\$ 9,704,168	\$ 9,704,168
Capital Projects	137,488,547	-	137,488,547
	<u>\$ 137,488,547</u>	<u>\$ 9,704,168</u>	<u>\$ 147,192,715</u>

10. RISK MANAGEMENT

The District's risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. District operations involve a variety of high-risk activities including, but not limited to, construction and maintenance activities. The County's Office of Human Resources & Risk Management is responsible for identifying, evaluating, and managing the District's risk in order to reduce the exposure from liability and accidental loss of property and human resources. The District is treated as a County department by the County's Risk Management Office and is assessed premiums and charges similar to other County departments.

The District is covered by the Harris County workers' compensation program. The County is self-insured for workers' compensation medical, indemnity, and other related payments. Claims adjusting services are provided by a third-party administrative claims adjusting service. Interfund premiums on workers' compensation are determined by position class code, at actuarially determined rates.

The County has excess insurance coverage for medical liability. During the last three fiscal years, no claims paid exceeded the insurance coverage for the County. Through the County, the District provides medical, dental, vision, and basic life and disability insurance to eligible employees and retirees. The District pays the full cost of health benefits by paying a flat monthly rate of \$1,437.67 per employee.

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The District's group insurance premiums, as well as employee payroll deductions for premiums for dependents and optional coverage, are paid into the County's Health Insurance Management Fund, which in turn makes disbursements to contracted insurance providers based upon monthly enrollment and premium calculations.

Billings to the District for property insurance, professional liability insurance, and crime and fidelity policies are handled through the County's General Fund, as are payments to the insurance carriers. Claim payments made up to the deductible limit are expensed by the District when paid by the County's General Fund. Payments for the District's general, vehicle, and property damage liability claims, for which the County is self-insured, are made through the General Fund and billed to the District.

11. FUND BALANCES

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 governmental funds at September 30, 2023:

	Operations and Maintenance (General)	Special Revenue Grants	Debt Service	Capital Projects	Total
Fund Balances:					
Nonspendable:					
Prepays	\$ -	\$ 2,448,201	\$ -	\$ 28,832,184	\$ 31,280,385
Total nonspendable	-	2,448,201	-	28,832,184	31,280,385
Restricted for:					
Debt service	-	-	84,522,663	-	84,522,663
Capital projects	-	-	-	497,440,202	497,440,202
Total restricted	-	-	84,522,663	497,440,202	581,962,865
Assigned to:					
Flood control maintenance	9,704,168	-	-	-	9,704,168
Total assigned	9,704,168	-	-	-	9,704,168
Unassigned	54,101,988	(2,448,201)	-	-	51,653,787
Total fund balances	\$ 63,806,156	\$ -	\$ 84,522,663	\$ 526,272,386	\$ 674,601,205

12. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022* – ("GASB 99"), objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Except what was implemented as of September 30, 2022, the requirements guarantees and reporting of derivative instruments will be implemented by the District in the fiscal year ending September 30, 2024 and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – ("GASB 100"), The primary objective of this Statement is to enhance accounting and financial

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reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 will be implemented by the District as of the year ended September 30, 2024 and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – (“GASB 101”), The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be implemented by the District as of the year ended September 30, 2025 and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – (“GASB 102”), The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. GASB 102 will be implemented by the District as of the year ended September 30, 2025 and the impact has not yet been determined.



REQUIRED SUPPLEMENTARY INFORMATION

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS
OPERATIONS AND MAINTENANCE (GENERAL) FUND
For The Year Ended September 30, 2023**

	OPERATIONS AND MAINTENANCE (GENERAL) FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES AND OTHER FINANCING SOURCES				
Beginning Cash and Investments:				
Flood Control General	\$ 78,531,887	\$ 78,531,887	\$ 77,839,078	\$ (692,809)
Total Beginning Cash and Investments	78,531,887	78,531,887	77,839,078	(692,809)
Interest:				
Flood Control General	1,100	1,100	2,746,601	2,745,501
Taxes:				
Flood Control General	135,727,574	135,727,574	112,302,327	(23,425,247)
Intergovernmental:				
Flood Control General	-	-	312,016	312,016
Miscellaneous:				
Flood Control General	410,767	410,767	886,850	476,083
Other - Lease Revenue:				
Flood Control General	90,000	90,000	67,491	(22,509)
Other Transfers In:				
Flood Control General	-	-	138,628	138,628
Total Revenue and Other Financing Sources	214,761,328	214,761,328	194,292,991	(20,468,337)
EXPENDITURES AND OTHER FINANCING USES				
Flood Control General	214,761,328	214,761,328	99,321,967	115,439,361
Total Expenditures and Other Financing Uses	214,761,328	214,761,328	99,321,967	115,439,361
Net changes in Fund Balance	\$ -	\$ -	\$ 94,971,024	\$ 94,971,024

See notes to required supplementary information.

HARRIS COUNTY FLOOD CONTROL DISTRICT
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

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 FINANCING SOURCES	
Cash (budgetary) basis	\$ 194,292,991
Beginning Cash and Investments	(77,839,078)
Accrued in 2022, received in 2023	240,355
Accrued in 2023, to be received in 2024	<u>1,170,561</u>
Revenues and other financing sources on modified accrual (GAAP) basis	<u>117,864,829</u>
EXPENDITURES AND OTHER FINANCING USES	
Cash (budgetary) basis	99,321,967
Incurred during 2022, paid in 2023	(4,439,644)
Incurred during 2023, payable in 2024	<u>5,249,393</u>
Expenditures and other financing uses on modified accrual (GAAP) basis	<u>100,131,716</u>
Net changes in Fund Balance	<u><u>\$ 17,733,113</u></u>

For further budgeting information, see Note 1.D. of the Notes to the Financial Statements.

HARRIS COUNTY FLOOD CONTROL DISTRICT
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(Amounts in thousands)

	Year Ended February 28 2019	Year Ended February 29 2020	Year Ended February 28 2021	Year Ended February 28 2022	Period Ended September 30 2022	Year Ended September 30 2023
TOTAL OPEB LIABILITY						
Service cost	\$ 79,163	\$ 81,736	\$ 251,727	\$ 209,843	\$ 118,068	\$ 105,268
Interest cost	70,460	74,038	69,221	91,781	53,688	128,192
Difference between expected and actual experience	-	-	85,687	-	165,734	-
Effect of assumption changes or inputs	-	733,663	397,977	215,789	(1,461,485)	(117,205)
Benefit payments	(55,161)	(58,457)	(62,087)	(67,710)	(40,931)	(73,614)
Net change in total OPEB liability	94,462	830,980	742,525	449,703	(1,164,926)	42,641
Total OPEB liability, beginning	1,827,096	1,921,558	2,752,538	3,495,063	3,944,766	2,779,840
Total OPEB liability, ending (a)	<u>\$ 1,921,558</u>	<u>\$ 2,752,538</u>	<u>\$ 3,495,063</u>	<u>\$ 3,944,766</u>	<u>\$ 2,779,840</u>	<u>\$ 2,822,481</u>
Covered employee payroll	\$ 1,042,892	\$ 1,112,112	\$ 1,164,474	\$ 1,195,886	\$ 1,214,294	\$ 1,337,993
Total OPEB liability as a % of covered payroll	184.25%	247.51%	300.14%	329.86%	228.93%	210.95%
Flood Control's Portion						
TOTAL OPEB LIABILITY						
Service cost	\$ 1,557	\$ 1,549	\$ 4,660	\$ 3,946	\$ 2,412	\$ 2,310
Interest cost	1,947	2,036	1,665	2,195	1,252	3,127
Difference between expected and actual experience	-	-	(2,196)	-	5,288	-
Effect of assumption changes or inputs	-	16,688	11,789	4,264	(31,922)	(2,437)
Benefit payments	(2,631)	(2,699)	(2,450)	(2,592)	(1,490)	(2,643)
Net change in total OPEB liability	873	17,574	13,468	7,813	(24,460)	357
Total OPEB liability, beginning	53,214	54,087	71,661	85,129	92,942	68,482
Total OPEB liability, ending (a)	<u>\$ 54,087</u>	<u>\$ 71,661</u>	<u>\$ 85,129</u>	<u>\$ 92,942</u>	<u>\$ 68,482</u>	<u>\$ 68,839</u>
Covered employee payroll	\$ 29,355	\$ 28,953	\$ 28,363	\$ 28,176	\$ 29,914	\$ 32,633
Total OPEB liability as a % of covered payroll	184.25%	247.51%	300.14%	329.86%	228.93%	210.95%

Notes to schedule

There are no assets in a qualifying trust, as defined by GASB 75, to pay related benefits.

The County implemented GASB 75 in fiscal year 2019. Information prior to fiscal year 2019 is not available; therefore, ten years of data will accumulate over time.

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
LAST EIGHT MEASUREMENT YEARS
(Amounts in thousands)

	Year Ended December 31							
	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY								
Service cost	\$ 131,567	\$ 149,334	\$ 146,841	\$ 148,122	\$ 151,462	\$ 163,444	\$ 199,137	\$ 202,068
Interest on total pension liability	411,525	437,989	468,982	496,916	524,085	553,564	583,779	612,984
Effect of plan changes	(28,883)	-	-	-	-	-	-	-
Effect of assumption changes or inputs	51,149	-	10,614	-	-	440,283	4,607	-
Effect of economic/demographic	(7,458)	(27,493)	(6,851)	(8,053)	11,006	19,026	(8,769)	(48,873)
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,112)	(413,279)
Net change in total pension liability	\$ 337,800	\$ 321,610	\$ 355,645	\$ 348,433	\$ 364,644	\$ 828,541	\$ 396,642	\$ 352,900
Total pension liability, beginning	5,113,052	5,450,852	5,772,462	6,128,107	6,476,540	6,841,184	7,669,725	8,066,367
Total pension liability, ending (a)	\$ 5,450,852	\$ 5,772,462	\$ 6,128,107	\$ 6,476,540	\$ 6,841,184	\$ 7,669,725	\$ 8,066,367	\$ 8,419,267
FIDUCIARY NET POSITION								
Employer contributions	\$ 132,346	\$ 136,391	\$ 142,896	\$ 149,663	\$ 167,499	\$ 182,824	\$ 189,304	\$ 198,225
Member contributions	66,878	68,371	71,870	72,343	77,914	85,012	88,129	88,572
Investment income net of investment expenses	(30,646)	349,499	733,526	(107,132)	908,411	656,508	1,509,284	(477,235)
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,113)	(413,279)
Administrative expenses	(3,419)	(3,799)	(3,798)	(4,443)	(4,844)	(5,068)	(4,504)	(4,515)
Other	363	(7,961)	(605)	(1,386)	(1,750)	(1,963)	(1,048)	(10,982)
Net change in fiduciary net position	(54,578)	304,281	679,948	(179,507)	825,321	569,537	1,399,052	(619,214)
Fiduciary net position, beginning	4,781,059	4,726,481	5,030,762	5,710,710	5,531,203	6,356,524	6,926,061	8,325,113
Fiduciary net position, ending (b)	\$ 4,726,481	\$ 5,030,762	\$ 5,710,710	\$ 5,531,203	\$ 6,356,524	\$ 6,926,061	\$ 8,325,113	\$ 7,705,899
Net pension liability/(asset), ending = (a) - (b)	\$ 724,371	\$ 741,700	\$ 417,397	\$ 945,337	\$ 484,660	\$ 743,664	\$ (258,746)	\$ 713,368
Fiduciary net position as a % of total pension liability	86.71%	87.15%	93.19%	85.40%	92.92%	90.30%	103.21%	91.53%
Pension covered payroll	\$ 953,501	\$ 974,217	\$ 1,020,708	\$ 1,032,142	\$ 1,110,437	\$ 1,211,895	\$ 1,255,581	\$ 1,263,558
Net pension liability/(asset) as a % of covered payroll	75.97%	76.13%	40.89%	91.59%	43.65%	61.36%	-20.61%	56.46%
Flood Control's Portion:								
Allocated share	2.076%	2.040%	1.945%	1.915%	1.966%	1.952%	1.980%	2.100%
Employer contribution	\$ 2,747,256	\$ 2,782,569	\$ 2,779,823	\$ 2,866,196	\$ 3,293,803	\$ 3,569,572	\$ 3,747,731	\$ 4,162,431
Net pension liability (asset), ending	\$ 15,036,618	\$ 15,131,730	\$ 8,119,751	\$ 18,104,157	\$ 9,530,606	\$ 14,519,758	\$ (5,122,497)	\$ 14,979,631

Note: The County implemented GASB No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available; ten years of data will accumulate over time.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2014	92,818,576	98,731,288	(5,912,712)	840,350,352	11.7%
2015	106,802,688	110,837,562	(4,034,874)	871,490,916	12.7%
2016	132,345,738	128,702,142	3,643,596	925,999,776	13.9%
2017	132,006,399	137,799,357	(5,792,958)	984,281,203	14.0%
2018	140,449,509	143,768,463	(3,318,954)	1,021,330,992	14.1%
2019	148,112,422	152,053,334	(3,940,912)	1,041,771,836	14.6%
2020	157,570,971	169,342,839	(11,771,868)	1,121,475,025	15.1%
2021	180,814,784	185,368,474	(4,553,690)	1,227,928,655	15.1%
2022 (3)	189,304,375	190,456,110	(1,151,735)	1,261,574,010	15.1%
2023	198,225,380	197,327,647	897,733	1,295,515,500	15.2%

The District is a component unit of the County and is included in the above table. The following table contains the District's specific information:

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 2,277,899	\$ 2,344,491	\$ (66,592)	\$ 18,443,909	12.7%
2016	2,747,256	2,674,488	72,768	19,242,445	13.9%
2017	2,782,569	2,795,179	(12,610)	19,965,571	14.0%
2018	2,779,823	2,778,820	1,003	19,741,368	14.1%
2019	2,866,196	2,914,324	(48,128)	19,966,143	14.6%
2020	3,293,803	3,341,224	(47,421)	22,127,311	15.1%
2021	3,569,572	3,613,390	(43,818)	23,944,264	15.1%
2022 (3)	3,747,731	3,788,553	(40,822)	25,089,714	15.1%
2023	4,162,431	4,022,843	139,588	26,395,118	15.2%

An additional year for the District will be added as it becomes available.

- (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.
- (3) As of September 30, 2022 there was no new actuarial valuation for TCDRS. The actual employer contribution for the 7 month period ended September 30, 2022 was \$121,477,256 for the County and \$2,573,653 for the District.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated each 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

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Remaining amortization period	18.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p> <p>2022: New investment return and inflation assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	<p>2015: Employer contributions reflect that the member contribution rate was increased to 7%.</p> <p>2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018: No changes in plan provisions were reflected in the Schedule.</p> <p>2019: No changes in plan provisions were reflected in the Schedule.</p> <p>2020: No changes in plan provisions were reflected in the Schedule.</p> <p>2021: No changes in plan provisions were reflected in the Schedule.</p> <p>2022: No changes in plan provisions were reflected in the Schedule.</p>

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

**OTHER SUPPLEMENTARY INFORMATION
and
INDIVIDUAL FUND STATEMENTS**

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	DEBT SERVICE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES AND OTHER FINANCING SOURCES				
Beginning Cash and Investments	\$ 62,907,965	\$ 62,907,965	\$ 2,503,742	\$ (60,404,223)
Revenues and Transfers In:				
Property Taxes	72,017,957	72,017,957	55,638,263	(16,379,694)
Interest	11,627	12,450	1,209,537	1,197,087
Miscellaneous	11,381	11,381	30,735	19,354
Other	46,636,240	499,043,164	505,281,529	6,238,365
Total Revenues and Transfers In	118,677,205	571,084,952	562,160,064	(8,924,888)
Total Available Resources	181,585,170	633,992,917	564,663,806	(69,329,111)
EXPENDITURES AND OTHER FINANCING USES				
Flood Control Improvement Refunding Bond 2014	2,794,929	2,794,929	905,000	1,889,929
Flood Control Contract Tax Bond 2014A	4,368,341	4,368,341	1,455,625	2,912,716
Flood Control Contract Tax Bond 2014B	1,073,828	1,073,828	356,020	717,808
Flood Control Improvement Refunding Bond 2015A	3,276,177	3,276,177	1,055,025	2,221,152
Flood Control Contract Tax Bond 2015B	2,104,705	2,104,705	701,075	1,403,630
Flood Control Contract Tax Bond 2017A	11,513,386	11,513,386	3,837,400	7,675,986
Flood Control Contract Tax Refunding Ser 2019A	66,124,178	66,124,178	990,500	65,133,678
Flood Control Improvement Refunding Bond 2020A	27,483,916	27,483,916	4,920,875	22,563,041
Flood Control Improvement Refunding Bond 2021A	26,390,364	26,390,364	5,260,575	21,129,789
Flood Control Improvement Refunding Bond 2022A	32,782,336	32,782,336	5,496,980	27,285,356
Flood Control Improvement Refunding Bond 2023A	-	226,343,524	226,343,524	-
Flood Control Commercial Paper Series H	2,949,894	223,949,894	223,410,899	538,995
Flood Control Commercial Paper Series H2	712,942	4,712,942	4,459,926	253,016
Flood Control Contract Tax Refunding COI 2020A	2,797	2,797	-	2,797
Flood Control Improvement Refunding Bond COI 2021A	7,377	7,377	-	7,377
Flood Control Improvement Refunding Bond COI 2022A	-	535,376	535,376	-
Flood Control Improvement Refunding Bond COI 2023A	-	528,847	513,806	15,041
Total Expenditures and Other Financing Uses	181,585,170	633,992,917	480,242,606	153,750,311
Net changes in Fund Balance	\$ -	\$ -	\$ 84,421,200	\$ 84,421,200

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS
CAPITAL PROJECTS FUND
For The Year Ended September 30, 2023

	CAPITAL PROJECTS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES AND OTHER FINANCING SOURCES				
Beginning Cash and Investments	\$ 174,482,005	\$ 416,468,935	\$ 358,705,641	\$ (57,763,294)
Revenues and Transfers In:				
Interest	-	8,924,876	14,325,260	5,400,384
Miscellaneous	-	41,941,607	41,975,041	33,434
Intergovernmental	-	16,373,842	17,046,663	672,821
Other Transfers In	699,775,000	969,517,310	269,848,224	(699,669,086)
Total Revenues and Transfers In	699,775,000	1,036,757,635	343,195,188	(693,562,447)
Total Available Resources	874,257,005	1,453,226,570	701,900,829	(751,325,741)
EXPENDITURES AND OTHER FINANCING USES				
Regional Flood Control Projects	9,062,311	11,581,868	185,584	11,396,284
Flood Control Capital Projects	130,196,164	233,910,685	48,778,316	185,132,369
Flood Resilience Trust Mobility	40,000,000	40,000,000	-	40,000,000
Commercial Paper Series F - Flood Control	174,721	176,985	121,920	55,065
Commercial Paper Series H - Flood Control	515,048,001	963,553,939	126,192,039	837,361,900
Commercial Paper Series H2 - Flood Control	179,775,808	204,003,093	2,758,500	201,244,593
Total Expenditures and Other Financing Uses	874,257,005	1,453,226,570	178,036,359	1,275,190,211
Net changes in Fund Balance	\$ -	\$ -	\$ 523,864,470	\$ 523,864,470

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This part of Harris County Flood Control District's annual comprehensive 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 District'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 District's financial performance and well-being have changed over time.

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

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District'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 District's financial activities take place.

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

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

Table 1

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(amounts in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
Governmental activities:										
Net investment in capital assets	\$ 1,708,074	\$ 1,771,401	\$ 1,870,607	\$ 1,926,900	\$ 2,043,278	\$ 2,046,875	\$ 2,010,106	\$ 2,035,807	\$ 2,016,210	\$ 2,054,859
Restricted for:										
Debt service	-	-	-	-	-	-	10,352	21,565	2,854	58,115
Capital projects	6,196	5,091	19,088	23,835	37,984	45,435	117,728	152,416	175,017	167,951
Other	-	-	-	-	-	-	-	5,123	5,123	-
Unrestricted	75,157	48,241	29,374	(21,241)	(29,519)	(16,247)	(29,001)	6,418	(57,400)	(36,069)
Total governmental activities net position	<u>\$ 1,789,427</u>	<u>\$ 1,824,733</u>	<u>\$ 1,919,069</u>	<u>\$ 1,929,494</u>	<u>\$ 2,051,743</u>	<u>\$ 2,076,063</u>	<u>\$ 2,109,185</u>	<u>\$ 2,221,329</u>	<u>\$ 2,141,804</u>	<u>\$ 2,244,856</u>

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 2

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (accrual basis of accounting)
(amounts in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
EXPENSES										
Governmental activities:										
Flood control administration	\$ 99,234	\$ 109,300	\$ 104,871	\$ 128,415	\$ 160,792	\$ 250,440	\$ 293,015	\$ 261,280	\$ 147,530	\$ 210,947
Tax administration	518	559	596	646	668	939	726	1,149	725	1,253
Interest on long-term debt	28,213	28,059	26,549	25,479	23,160	22,146	21,692	26,350	17,089	40,190
Total governmental activities expenses	<u>\$ 127,965</u>	<u>\$ 137,918</u>	<u>\$ 132,016</u>	<u>\$ 154,540</u>	<u>\$ 184,620</u>	<u>\$ 273,525</u>	<u>\$ 315,433</u>	<u>\$ 288,779</u>	<u>\$ 165,344</u>	<u>\$ 252,390</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Flood control administration	\$ 541	\$ 6,228	\$ 687	\$ 5,226	\$ 628	\$ 648	\$ 1,187	\$ 1,136	\$ 368	\$ 2,402
Operating grants and contributions	37,181	50,440	50,061	50,288	48,712	49,245	46,553	77,127	46,614	46,515
Capital grants and contributions	23,413	19,960	49,106	27,146	124,572	116,928	148,823	152,783	36,923	99,490
Total governmental activities program revenues	<u>\$ 61,135</u>	<u>\$ 76,628</u>	<u>\$ 99,854</u>	<u>\$ 82,660</u>	<u>\$ 173,912</u>	<u>\$ 166,821</u>	<u>\$ 196,563</u>	<u>\$ 231,046</u>	<u>\$ 83,905</u>	<u>\$ 148,407</u>
NET (EXPENSE)/REVENUE										
Total governmental activities net expense	<u>\$ (66,830)</u>	<u>\$ (61,290)</u>	<u>\$ (32,162)</u>	<u>\$ (71,880)</u>	<u>\$ (10,708)</u>	<u>\$ (106,704)</u>	<u>\$ (118,870)</u>	<u>\$ (57,733)</u>	<u>\$ (81,439)</u>	<u>\$ (103,983)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 86,726	\$ 96,994	\$ 110,784	\$ 111,391	\$ 120,380	\$ 120,041	\$ 125,471	\$ 130,016	\$ -	\$ 112,470
Property taxes levied for debt services	3,927	4,262	3,493	3,961	6,095	5,379	23,420	37,473	-	55,777
Earnings on investments	3,491	628	1,818	2,133	4,344	3,497	1,001	91	1,037	18,810
Miscellaneous	1,243	1,296	10,402	2,861	2,138	2,107	2,100	2,297	877	19,978
Total governmental activities	<u>95,387</u>	<u>103,180</u>	<u>126,497</u>	<u>120,346</u>	<u>132,957</u>	<u>131,024</u>	<u>151,992</u>	<u>169,877</u>	<u>1,914</u>	<u>207,035</u>
CHANGE IN NET POSITION										
Governmental activities	<u>\$ 28,557</u>	<u>\$ 41,890</u>	<u>\$ 94,335</u>	<u>\$ 48,466</u>	<u>\$ 122,249</u>	<u>\$ 24,320</u>	<u>\$ 33,122</u>	<u>\$ 112,144</u>	<u>\$ (79,525)</u>	<u>\$ 103,052</u>

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 3

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
General Fund:										
Nonspendable	\$ 155	\$ 581	\$ 224	\$ 486	\$ 387	\$ 242	\$ 17	\$ 21	\$ 392	\$ -
Restricted	99	105	99	6	-	-	-	-	-	-
Assigned	9,477	8,420	14,601	12,059	14,242	1	-	-	11,102	9,704
Unassigned	86,417	69,202	50,501	44,593	37,629	69,339	70,663	105,589	34,579	54,102
Total general fund	<u>\$ 96,148</u>	<u>\$ 78,308</u>	<u>\$ 65,425</u>	<u>\$ 57,144</u>	<u>\$ 52,258</u>	<u>\$ 69,582</u>	<u>\$ 70,680</u>	<u>\$ 105,610</u>	<u>\$ 46,073</u>	<u>\$ 63,806</u>
All Other Governmental Funds:										
Nonspendable	\$ 127	\$ 137	\$ 2,302	\$ 4,016	\$ 763	\$ 2,464	\$ 32,334	\$ 34,157	\$ 20,326	\$ 31,280
Restricted	198,484	200,699	221,656	193,144	177,961	124,678	101,175	263,200	335,055	581,963
Unassigned	-	-	-	-	-	-	-	-	-	(2,448)
Total all other governmental funds	<u>\$ 198,611</u>	<u>\$ 200,836</u>	<u>\$ 223,958</u>	<u>\$ 197,160</u>	<u>\$ 178,724</u>	<u>\$ 127,142</u>	<u>\$ 133,509</u>	<u>\$ 297,357</u>	<u>\$ 355,381</u>	<u>\$ 610,795</u>

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 4

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (modified accrual basis of accounting)
(amounts in thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
REVENUES										
Property taxes	\$ 91,070	\$ 100,923	\$ 113,790	\$ 117,711	\$ 123,151	\$ 126,963	\$ 150,496	\$ 165,032	\$ 1,899	\$ 167,937
Intergovernmental	55,831	66,098	90,938	78,301	145,427	161,098	198,030	229,879	83,380	123,981
Lease revenue	432	326	214	113	74	41	19	102	37	59
Earnings on investments	3,491	628	1,818	2,133	4,344	3,497	1,001	91	1,037	18,810
Miscellaneous	1,351	7,198	10,876	7,973	2,693	2,713	3,363	3,169	1,345	44,392
Total revenues	152,175	175,173	217,636	206,231	275,689	294,312	352,909	398,273	87,698	355,179
EXPENDITURES										
Flood control administration	60,274	56,260	68,912	92,114	124,592	211,570	249,326	221,714	107,109	150,300
Tax administration	518	559	597	646	668	939	726	1,149	725	1,253
Capital outlay	32,584	80,592	84,177	94,483	135,536	191,103	225,903	190,628	132,064	126,132
Debt service:										
Debt issuance costs	1,157	575	-	1,226	161	682	1,507	1,381	1,136	1,862
Interest and fiscal charges	30,662	29,900	28,385	28,300	25,293	26,700	24,974	33,450	43,733	27,853
Principal retirement	13,025	24,835	25,385	25,955	27,650	28,025	27,750	36,805	41,019	1,006
Total expenditures	138,220	192,721	207,456	242,724	313,900	459,019	530,186	485,127	325,786	308,406
Excess (deficiency) of revenues over (under) expenditures	13,955	(17,548)	10,180	(36,493)	(38,211)	(164,707)	(177,277)	(86,854)	(238,088)	46,773
OTHER FINANCING SOURCES (USES)										
Transfers in	61,723	62,589	68,630	71,474	76,697	27,571	42,032	19,744	52,189	29,304
Transfers out	(61,723)	(62,589)	(68,630)	(71,474)	(76,697)	(27,571)	(42,032)	(19,744)	(52,189)	(29,304)
Bonds issued	-	-	-	168,100	-	-	-	-	-	-
Refunding bonds issued	170,355	77,020	-	-	-	86,965	251,195	256,455	222,975	211,400
Premium on refunding bonds issued	19,475	11,930	-	28,924	-	9,551	50,356	56,989	13,601	14,944
Commercial paper issued	-	-	-	-	14,890	129,920	183,190	312,300	235,225	225,000
Payment to defease commercial paper	-	-	-	-	-	-	(300,000)	(340,300)	(235,225)	(225,000)
Payment to refunding bond escrow agent	(188,658)	(88,369)	-	(195,914)	-	(96,024)	-	-	-	-
Sale of capital assets	334	1,352	59	303	-	37	1	188	-	30
Total other financing sources (uses)	1,506	1,933	59	1,413	14,890	130,449	184,742	285,632	236,576	226,374
Net change in fund balances	\$ 15,461	\$ (15,615)	\$ 10,239	\$ (35,080)	\$ (23,321)	\$ (34,258)	\$ 7,465	\$ 198,778	\$ (1,512)	\$ 273,147
Debt service as a percentage of noncapital expenditures	41.4%	48.8%	43.6%	36.6%	29.7%	20.4%	17.3%	23.9%	43.7%	15.8%

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 5

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

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
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
2017	465,759,857	71,320,820	125,836,117	411,244,560	0.02829
2018	486,029,940	67,420,210	125,837,228	427,612,922	0.02831
2019	506,158,994	69,511,372	136,759,064	438,911,302	0.02877
2020	545,499,929	72,394,476	145,993,686	471,900,719	0.02792
2021	580,134,307	72,912,240	158,161,248	494,885,299	0.03142
2022	606,314,651	67,715,665	165,180,324	508,849,992	0.03349
9/30/2022*	600,642,473	68,278,121	166,635,076	502,285,518	0.03349
2023	676,226,321	79,719,976	189,077,744	566,868,553	0.03055

(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 \$250,000.

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

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

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 FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
AD VALOREM TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)**

Purpose	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
Flood Control District -										
Maintenance	\$ 0.02620	\$ 0.02620	\$ 0.02745	\$ 0.02736	\$ 0.02738	\$ 0.02670	\$ 0.02649	\$ 0.02599	\$ 0.02599	\$ 0.02043
Debt Service	0.00116	0.00113	0.00084	0.00095	0.00139	0.00122	0.00493	0.00750	0.00750	0.01012
Total - Flood Control	\$ 0.02736	\$ 0.02733	\$ 0.02829	\$ 0.02831	\$ 0.02877	\$ 0.02792	\$ 0.03142	\$ 0.03349	\$ 0.03349	\$ 0.03055

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Source: Harris County Auditor.

Table 7

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rates per \$100 of assessed value)

Purpose	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
County-Wide Taxing Jurisdiction:										
Harris County	\$ 0.4146	\$ 0.4173	\$ 0.4192	\$ 0.4166	\$ 0.4180	\$ 0.4186	\$ 0.40713	\$ 0.39116	\$ 0.37693	\$ 0.34373
Harris County Flood Control District	0.0283	0.0274	0.0273	0.0283	0.0283	0.0288	0.02792	0.03142	0.03349	0.03055
Port of Houston Authority	0.0171	0.0153	0.0134	0.0133	0.0126	0.0116	0.01074	0.00991	0.00872	0.00799
Harris County Hospital District	0.1700	0.1700	0.1700	0.1718	0.1711	0.1711	0.16591	0.16671	0.16221	0.14831
Total	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.61170</u>	<u>\$ 0.59920</u>	<u>\$ 0.58135</u>	<u>\$ 0.53058</u>
Cities:										
Baytown	0.8220	0.8220	0.8220	0.8220	0.8220	0.8120	0.8020	0.7952	0.7850	0.7500
Bellaire	0.3999	0.3936	0.3936	0.3805	0.3874	0.4313	0.4473	0.4473	0.4473	0.4473
Deer Park	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.6388	0.6311	0.6311	0.6011	0.5864	0.5842	0.5883	0.5679	0.5618	0.5336
La Porte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.5970	0.5970	0.5735	0.5700	0.5650	0.5638	0.5486	0.5284	0.5150	0.4253
Missouri City	0.5738	0.5650	0.5447	0.5601	0.6000	0.6300	0.6300	0.5980	0.5780	0.5738
Pasadena	0.5916	0.5769	0.5754	0.5754	0.5754	0.6155	0.5703	0.5337	0.5159	0.4976
Pearland	0.7051	0.7121	0.7053	0.6812	0.6812	0.6851	0.7412	0.7200	0.7014	0.6238
Seabrook	0.6652	0.6400	0.6126	0.5652	0.5749	0.5520	0.5520	0.5436	0.5244	0.4765
South Houston	0.6699	0.6445	0.6995	0.6322	0.6433	0.6505	0.6999	0.6981	0.6900	0.6334
Webster	0.2696	0.2487	0.2345	0.2845	0.3173	0.3479	0.3620	0.3736	0.3933	0.3648
West University Place	0.3741	0.3618	0.3318	0.3168	0.3168	0.3168	0.3092	0.2941	0.2755	0.2774
School Districts and Community Colleges:										
Aldine	1.3284	1.3059	1.2859	1.3234	1.3734	1.4359	1.3471	1.2744	1.2669	1.2217
Alief	1.2900	1.2800	1.2800	1.3050	1.3300	1.3300	1.2441	1.2048	1.2048	1.1611
Clear Creek	1.3600	1.4000	1.4000	1.4000	1.4000	1.4000	1.3100	1.2659	1.1797	1.1146
Cypress-Fairbanks	1.4500	1.4500	1.4400	1.4400	1.4400	1.4400	1.4400	1.3700	1.3555	1.2948
Deer Park	1.5567	1.5567	1.5567	1.5567	1.5567	1.5387	1.4151	1.0796	1.3496	1.2822
Galena Park	1.5134	1.5134	1.5134	1.5633	1.5633	1.5733	1.7465	1.1281	1.3496	1.3542
Goose Creek	1.3868	1.3868	1.4319	1.4319	1.4319	1.4319	1.3543	1.3543	1.3680	1.2817
Houston	1.1867	1.1967	1.1967	1.2067	1.2067	1.2067	1.1137	1.1331	1.0944	1.0372
Humble	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.0684	1.3841	1.2929
Katy	1.5266	1.5266	1.5266	1.5166	1.5166	1.5166	1.5166	1.4431	1.3888	1.3048
Klein	1.4300	1.3900	1.4100	1.4300	1.4300	1.4300	1.4300	1.3600	1.3373	1.2300
La Porte	1.3300	1.4500	1.4500	1.4200	1.3800	1.3800	1.2800	1.2697	1.2565	1.2565
Lone Star College System	0.1160	0.1081	0.1079	0.1078	0.1078	0.1078	0.1078	0.1078	0.1078	0.1078
Pasadena	1.3500	1.3500	1.3500	1.3500	1.4800	1.4800	1.3784	1.3830	1.3812	1.3353
Pearland	1.4157	1.4157	1.4156	1.4156	1.4156	1.4194	1.4156	1.3185	1.3152	1.3027
San Jacinto College	0.1856	0.1856	0.1758	0.1824	0.1833	0.1793	0.1173	0.1694	0.1680	0.1556
Sheldon	1.4300	1.4300	1.4100	1.4100	1.4170	1.4700	1.4484	1.5016	1.4550	1.4150
Spring	1.5700	1.5100	1.4700	1.4700	1.5100	1.5100	1.4300	1.3843	1.3128	1.2546
Spring Branch	1.3945	1.3945	1.3945	1.3945	1.3945	1.3945	1.3210	1.3073	1.3043	1.2688
Tomball	1.3600	1.3600	1.3400	1.3400	1.3400	1.3400	1.2900	1.2900	1.2900	1.2300

Table 8

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts in thousands)**

Taxpayers	2023			2015		
	2022 Taxable Valuations (a)	Rank	Percentage of Total 2022 Taxable Valuation (b)	2014 Taxable Valuations (a)	Rank	Percentage of Total 2014 Taxable Valuation (c)
CenterPoint Energy Inc	\$ 5,128,946	1	0.89%	\$ 2,780,025	2	0.79%
Exxon Mobil Corp	4,648,561	2	0.80	3,224,580	1	0.92
Chevron Chemical Company	3,582,258	3	0.62	2,156,757	5	0.62
Lyondell Chemical	2,570,845	4	0.44	2,447,954	4	0.70
Equistar Chemicals LP	1,963,001	5	0.34			
Shell Oil Co	1,246,146	6	0.22	2,502,412	3	0.71
Phillips 66 Company	1,163,407	7	0.20			
Palmetto TransOceanic LLC	1,121,239	8	0.19	534,722	15	0.15
Walmart	1,073,237	9	0.19			
HEB Grocery Co LP	1,026,928	10	0.18			
Liberty Property	954,334	11	0.16			
OilTanking Houston	9,915,321	12	1.71			
Total Petrochemicals	880,678	13	0.15			
Kinder Morgan	820,348	14	0.14			
Daikin Comfort Technologies	817,707	15	0.14			
NOV Wilson LP				1,237,770	6	0.35
Crescent Real Estate				1,217,931	7	0.35
Cousins Greenway				1,013,393	8	0.29
Hewlett Packard Company				965,729	9	0.28
BP Amoco				917,216	10	0.26
AT&T Mobility LLC				733,859	11	0.21
Baker Hughes				718,557	12	0.21
United Airlines Inc.				714,957	13	0.20
Busycon Properties LLC				536,990	14	0.15
Total	\$ 36,912,956		6.38%	\$ 21,702,852		6.19%

(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 September 30, 2023.

(c) Based on the County's total taxable value as of February 28, 2015.

Table 9

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
FLOOD CONTROL DISTRICT
LAST TEN FISCAL YEARS
(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
2015	\$ 92,695	\$ 91,453	\$ 88,298	95.3%	\$ 2,965	\$ 91,263	99.8%
2016	103,462	102,456	98,187	94.9	4,043	102,230	99.8
2017	116,242	113,574	110,175	94.8	3,177	113,352	99.8
2018	120,935	118,677	114,368	94.6	4,040	118,408	99.8
2019	** 126,222	123,880	120,203	95.2	3,388	123,591	99.8
2020	131,680	128,594	125,227	95.1	2,972	128,199	99.7
2021	155,348	150,416	144,762	93.2	5,009	149,771	99.6
2022	170,454	170,454	161,806	94.9	-	161,806	94.9
9/30/2022	*** 169,460	166,233	161,806	95.5	3,451	165,257	99.4
2023	166,359	171,810	168,903	98.3	-	168,903	98.3

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

**2019 corrected to final taxes levied for fiscal year.

***The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 10

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts in thousands)**

Fiscal Year	Governmental Activities		Total Government	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)	Net Debt Per Capita (b)
	General Bonded Debt	Commercial Paper					
2015	692,599	-	692,599	0.20	0.27	156	156
2016	665,095	-	665,095	0.18	0.27	147	147
2017	635,444	-	635,444	0.15	0.26	138	138
2018	609,103	-	609,103	0.14	0.25	131	131
2019	576,128	14,890	591,018	0.13	0.22	126	126
2020	543,164	144,810	687,974	0.15	0.24	146	146
2021	807,466	28,000	835,466	0.17	0.29	176	176
2022	1,069,796	-	1,069,796	0.21	0.34	226	226
9/30/2022*	1,256,208	-	1,256,208	0.25	n/a	259	259
2023	1,465,957	-	1,465,957	0.26	0.44	304	304

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 13 for personal income and population data. These ratios are calculated using the personal income and population for the prior year calendar.

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 11

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
September 30, 2023**

	Percentage Applicable To Name of Government	Total Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (9/30/23)	100.00%	\$ 1,845,761
Harris County Flood Control District (9/30/23)	100.00	1,465,957
Port of Houston Authority (9/30/23)	100.00	445,749
Total County-Wide Direct Debt		3,757,467
Cities:		
Baytown (9/30/23)	94.42	174,309
Bellaire (9/30/23)	100.00	98,695
Bunker Hill Village (9/30/23)	100.00	10,600
Deer Park (9/30/23)	100.00	124,055
Friendswood (9/30/23)	18.25	13,365
Houston (6/30/23)	99.16	3,089,640
Missouri City (9/30/23)	6.62	11,353
Morgan's Point (9/30/23)	100.00	11,138
Pasadena (9/30/23)	100.00	177,030
Pearland (9/30/23)	10.78	41,886
Seabrook (9/30/23)	100.00	28,204
Spring Valley (9/30/23)	100.00	11,831
Tomball (9/30/23)	100.00	42,710
Webster (9/30/23)	100.00	20,160
West University Place (9/30/23)	100.00	80,240
Other Cities (a)	100.00	67,318
Sub-Total Cities		4,002,534
School Districts and Community Colleges:		
Aldine (6/30/23)	100.00	1,457,331
Alief (8/31/23)	100.00	389,495
Channelview (9/30/23)	100.00	275,990
Clear Creek (9/30/23)	63.89	635,054
Crosby (6/30/23)	100.00	188,975
Cypress-Fairbanks (9/30/23)	100.00	3,549,625
Deer Park (9/30/23)	100.00	323,435
Galena Park (8/31/23)	100.00	26,075
Goose Creek (9/30/23)	76.18	488,160
Houston Community College (8/31/23)	95.31	532,329
Houston (9/30/23)	100.00	2,110,165
Huffman (6/30/23)	100.00	87,279
Humble (9/30/23)	100.00	1,103,745
Katy (9/30/23)	57.21	1,297,123
Klein (6/30/23)	100.00	1,119,885
La Porte (6/30/23)	99.99	346,820
Lone Star College System (8/31/23)	72.21	420,194
Pasadena (9/30/23)	100.00	760,255
San Jacinto College (9/30/23)	100.00	537,657
Sheldon (6/30/23)	100.00	643,680
Spring (6/30/23)	100.00	1,360,964
Spring Branch (9/30/23)	100.00	1,186,205
Tomball (6/30/23)	92.34	908,748
Waller (8/31/23)	54.37	221,758
Other Schools (b)	100.00	48,805
Sub-Total School Districts and Community Colleges		20,019,752
Utility Districts and Other Jurisdictions (c)	100.00	7,865,065
Total Overlapping Debt		31,887,351
Total Direct and Overlapping Debt (Estimated \$7,385 Per Capita) (d)		\$ 35,644,818

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

(b) Aggregate debt of 4 schools, each of which had debt less than \$25,000,000.

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

(d) 2023 population estimated at 4,826,539. Source: U.S. Bureau of Economic Analysis.

The total 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. 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 FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
HARRIS COUNTY'S LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts in thousands)**

Legal Debt Margin Calculation for Fiscal Year Ended 9/30/2023

Assessed Value of All Taxable Property	\$ 756,021,667
Assessed Value of Real Property	<u>\$ 676,223,909</u>
Debt Limit (25% of real property assessed value) (a)	169,055,977
Amount of Debt Applicable to Constitutional Debt Limit:	
Total Bonded Applicable Debt	899,840
Less: Debt Service Funds Cash	<u>(139,034)</u>
Total Net Debt Applicable to Limit	<u>760,806</u>
Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution	<u><u>\$ 168,295,171</u></u>

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
Debt Limit	\$ 96,090,533	\$ 106,340,654	\$ 116,440,378	\$ 121,509,937	\$ 126,540,001	\$ 136,374,982	\$ 145,034,914	\$ 151,578,663	\$ 150,160,618	\$ 169,055,977
Total Net Debt Applicable to Limit	1,115,260	1,028,995	967,875	901,402	830,858	808,249	701,023	663,591	818,588	760,806
Legal Debt Margin	<u>\$ 94,975,273</u>	<u>\$ 105,311,659</u>	<u>\$ 115,472,503</u>	<u>\$ 120,608,535</u>	<u>\$ 125,709,143</u>	<u>\$ 135,566,733</u>	<u>\$ 144,333,891</u>	<u>\$ 150,915,072</u>	<u>\$ 149,342,030</u>	<u>\$ 168,295,171</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	1.16%	0.97%	0.83%	0.74%	0.66%	0.59%	0.48%	0.44%	0.55%	0.45%

(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 1301, Subtitle D, Title 9, 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 1301, Subtitle D, Title 9 is approximately \$37,801,083 compared to applicable bonds outstanding at September 30, 2023 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 \$0.03055 per \$100 of taxable value, which includes \$0.01012 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2022 .

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 13

**HARRIS COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2014	4,441,370	4.0%	252,694,912	56,896
2015	4,538,028	4.6%	249,989,494	55,088
2016	4,589,928	5.3%	240,752,454	52,452
2017	4,652,980	5.0%	247,482,118	53,188
2018	4,698,619	4.4%	265,351,328	56,474
2019	4,713,325	3.8%	282,809,166	60,002
2020	4,746,600	8.0%	285,664,628	60,183
2021	4,728,030	6.5%	311,430,719	65,869
2022	4,780,913	4.5%	313,193,267	65,509
2023	4,826,539	4.4%	330,617,356	68,500

Sources: Population - U.S. Bureau of Economic Analysis/ World Population Review

Unemployment Rate - Texas Workforce Commission

Personal Income - U.S. Bureau of Labor Statistics

*2022 Population updated

Table 14

**HARRIS COUNTY, TEXAS
PRINCIPAL CORPORATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(listed alphabetically)**

2023	2014
Amazon	ARAMARK Corporation
CHI St. Luke's Health	B.P. America Inc.
ExxonMobil	Baylor College of Medicine
HCA Houston Healthcare	Chevron
H-E-B	ExxonMobil
Houston Methodist	Houston Methodist
Kroger	Kroger
Memorial Hermann Health System	Memorial Hermann Health System
Schlumberger	National Oilwell Varco
SLB	Schlumberger
Texas Children's Hospital	Shell Oil Company
Univesity of Houston	United Airlines
UT Health Science Center	
UT Medical Branch Health System	
Walmart	
Wood Group	

Total county employment for 2023 was an estimated 3,4730,000 and for 2014 was 2,972,910.

Sources: Greater Houston Partnership Research, U.S. Bureau of Labor Statistics.

Note: Starting with fiscal year 2023 number of employer's percentage of total employment is not available for disclosure. Prior year information has been modified to the format consistent with current year fiscal year for presentation purposes.

Table 15

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	9/30/2022*	2023
Administration of Justice	9,625	9,768	9,824	10,275	10,181	10,909	11,194	11,115	10,937	10,883
Parks	805	867	892	913	924	899	613	587	554	614
County Administration	3,166	3,280	3,406	3,460	3,481	3,054	3,222	3,331	3,416	3,587
Health and Human Services	1,369	1,432	1,450	1,488	1,487	1,622	1,582	1,653	1,667	1,793
Flood Control	291	287	293	290	316	325	331	347	350	329
Tax Administration	348	368	353	368	365	418	382	377	371	392
Roads and Bridges	448	451	563	568	542	659	489	364	381	371

Note: (1) As of September 30, 2023, it is estimated that approximately 5,501 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.

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period.

Source: Harris County HR and Payroll system

Table 16

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Flood Control</u>										
Sites by Acreage (Incl. Easements and Fee Simple Ownership)										
Basins	16,342	16,385	16,516	16,686	16,848	17,012	17,490	18,579	19,952	20,130
Buyouts	1,040	1,043	1,046	1,065	1,087	1,133	1,300	1,921	1,985	2,054
Channels	21,286	21,429	21,581	21,630	22,014	22,470	23,166	23,813	25,402	25,653

Source: The Budget Office and Various County Departments

Table 17

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Flood Control</u>										
Developer Plans Approved- Watershed Mgt.	2,431	2,250	2,122	1,852	2,447	2,109	2,143	1,737	1,702	1,183
Citizen Services Requests	1,385	1,376	1,692	1,933	1,779	1,663	1,509	1,532	2,202	1,399

Source: The Budget Office and Various County Departments

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SERVICES AND RATES
For The Fiscal Year Ended September 30, 2023**

1. Services Provided by the District:

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency Interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers: None

3. Total Water Consumption (In Thousands) During The Fiscal Year:

Gallons pumped into system: N/A

Gallons billed to customers: N/A

4. Standby Fees: Does the District assess standby fees? Yes ☐ No ☒.

(Continued)

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SERVICES AND RATES
For The Fiscal Year Ended September 30, 2023**

5. Location of District:

County in which district is located: Harris County

Is the District located entirely within one county? Yes ☒ No ☐.

Is the District located within a city? Entirely ☐ Partly ☒ Not at all ☐.

Cities in which district is located: Houston & all other cities in Harris County

Is the District located within a city's extra territorial jurisdiction (ETJ)?

<u>City</u>	<u>Entirely</u>	<u>Partly</u>	<u>Not at all</u>
Baytown		X	
Bellaire		X	
Bunker Hill Village		X	
Deer Park		X	
El Lago		X	
Friendswood		X	
Galena Park		X	
Hedwig Village		X	
Houston		X	
Humble		X	
Jacinto City		X	
Jersey Village		X	
Katy		X	
La Porte		X	
League City		X	
Mission Bend		X	
Missouri City		X	
Morgan's Point		X	
Nassau Bay		X	
Pasadena		X	
Pearland		X	
Seabrook		X	
Shore Acres		X	
South Houston		X	
Southside Place		X	
Spring Valley		X	
Stafford		X	
Taylor Lake Village		X	
Tomball		X	
Waller		X	
Webster		X	
West University Place		X	

Is the general membership of the Board appointed by an office outside the district?
Yes ☐ No ☒

By whom?: Board, governed by Harris County Commissioners Court.

Table 19

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
GENERAL FUND EXPENDITURES
For The Fiscal Year Ended September 30, 2023**

Personnel Expenditures (including benefits)	\$ 38,797,770
Professional Fees and Contractual Services	52,031,343
Utilities	693,857
Repairs and Maintenance	1,279,168
Capital Outlay	651,476
Other Expenditures	2,613,602
	<hr/>
TOTAL EXPENDITURES	<u><u>\$ 96,067,216</u></u>

Number of persons employed by the District: 329

Table 20

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
TAXES LEVIED AND RECEIVABLE
For The Fiscal Year Ended September 30, 2023**

	Maintenance and Operations Taxes	Debt Service Taxes		
Taxes receivable, beginning of year	\$ 5,112,528	\$ 977,279		
2022 Original Tax Levy (adjusted thru 9/30/23)	114,896,339	56,913,899		
Total to be accounted for	<u>120,008,867</u>	<u>57,891,178</u>		
Tax collections:				
Current year	(112,952,519)	(55,951,027)		
Prior years	<u>(1,939,994)</u>	<u>(364,159)</u>		
Total collections	<u>(114,892,513)</u>	<u>(56,315,186)</u>		
Taxes receivable, end of year	<u>\$ 5,116,354</u>	<u>\$ 1,575,992</u>		
Taxes receivable, by years				
2013 and prior	344,958	228,898		
2014	181,505	8,036		
2015	216,512	9,327		
2016	215,220	6,588		
2017	259,752	9,031		
2018	275,102	13,962		
2019	377,545	17,253		
2020	544,212	101,277		
2021	757,843	218,633		
2022	1,943,705	962,987		
Taxes receivable, end of year	<u>\$ 5,116,354</u>	<u>\$ 1,575,992</u>		
Tax year	2022	2021 (d)	2021	2020
Property valuations: (amounts in thousands)				
Real property	\$ 676,226,321	\$ 600,642,473	\$ 606,314,651	\$ 580,134,307
Personal property	79,719,976	68,278,121	67,715,665	72,912,240
Less exemptions	<u>(189,077,744)</u>	<u>(166,635,076)</u>	<u>(165,180,324)</u>	<u>(158,161,248)</u>
Total property valuations	<u>\$ 566,868,553</u>	<u>\$ 502,285,518</u>	<u>\$ 508,849,992</u>	<u>\$ 494,885,299</u>
Tax rates per \$100 valuation:				
Maintenance and Operations tax rates (a)	\$ 0.02043	\$ 0.02599	\$ 0.02599	\$ 0.02649
Debt Service tax rates	0.01012	0.00750	0.00750	0.00493
Total tax rates per \$100 valuation	<u>\$ 0.03055</u>	<u>\$ 0.03349</u>	<u>\$ 0.03349</u>	<u>\$ 0.03142</u>
Original tax levy (b)	<u>\$ 173,178</u>	<u>\$ 168,215</u>	<u>\$ 170,414</u>	<u>\$ 155,493</u>
Percent of taxes collected to taxes levied (c)	<u>66.3%</u>	<u>4.6%</u>	<u>76.1%</u>	<u>83.8%</u>

(a) Maximum tax rate approved by voters : \$0.15 on November 8, 1977.

(b) Calculated based on property valuations (see table 5) times tax rates.

(c) Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

(d) Values updated as of September 30, 2022.

Note: This schedule is prepared on a cash basis and does not include accruals for subsequent collections.

Table 21

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
For The Fiscal Year Ended September 30, 2023**

Due During Fiscal Years Ending	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 53,145,000	\$ 59,488,521	\$ 112,633,521
2025	57,625,000	55,348,507	112,973,507
2026	53,675,000	52,724,913	106,399,913
2027	58,040,000	50,122,163	108,162,163
2028	61,675,000	47,136,038	108,811,038
2029	64,385,000	43,991,538	108,376,538
2030	65,210,000	40,759,038	105,969,038
2031	54,365,000	37,946,813	92,311,813
2032	42,750,000	35,696,463	78,446,463
2033	44,890,000	33,560,738	78,450,738
2034	47,045,000	31,416,163	78,461,163
2035	49,200,000	29,219,638	78,419,638
2036	51,460,000	26,984,413	78,444,413
2037	53,700,000	24,698,788	78,398,788
2038	56,050,000	22,299,900	78,349,900
2039	58,515,000	19,854,675	78,369,675
2040	60,960,000	17,362,288	78,322,288
2041	48,175,000	15,132,644	63,307,644
2042	50,000,000	13,296,475	63,296,475
2043	51,870,000	11,321,100	63,191,100
2044	53,970,000	9,170,656	63,140,656
2045	56,190,000	6,915,319	63,105,319
2046	58,505,000	4,567,225	63,072,225
2047	44,850,000	2,443,569	47,293,569
2048	30,085,000	901,431	30,986,431
	<u>\$ 1,326,335,000</u>	<u>\$ 692,359,016</u>	<u>\$ 2,018,694,016</u>

Table 22

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
CHANGES IN LONG-TERM DEBT
For The Fiscal Year Ended September 30, 2023**

	Bond Issues											
	Series 2014	Series 2014A	Series 2014B	Series 2015A	Series 2015B	Series 2017A	Series 2019A	Series 2020A	Series 2021	Series 2022A	Series 2023A	Total
Interest Rate	5.00	5.00	3.21	3.00 - 5.00	3.00 - 5.00	4.00 - 5.00	4.00 - 5.00	3.00 - 5.00	1.00 - 5.00	4.00 - 5.25	4.00 - 5.00	
Dates Interest Payable	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	04/01;10/01	
Maturity Dates	10/1/2026	10/1/2029	10/1/2024	10/1/2030	10/1/2030	10/1/2039	10/1/2024	10/1/2045	10/1/2046	10/1/2047	10/1/2048	
Bonds Outstanding at September 30, 2022	\$ 36,200,000	\$ 58,225,000	\$ 22,175,000	\$ 46,875,000	\$ 30,145,000	\$ 167,155,000	\$ 39,620,000	\$ 239,340,000	\$ 252,225,000	\$ 222,975,000	\$ -	\$ 1,114,935,000
Bonds Sold During the Current Year: 2023	-	-	-	-	-	-	-	-	-	-	211,400,000	211,400,000
Retirements During the Current Year: 2023	-	-	-	-	-	-	-	-	-	-	-	-
Bonds Outstanding at September 30, 2023	<u>\$ 36,200,000</u>	<u>\$ 58,225,000</u>	<u>\$ 22,175,000</u>	<u>\$ 46,875,000</u>	<u>\$ 30,145,000</u>	<u>\$ 167,155,000</u>	<u>\$ 39,620,000</u>	<u>\$ 239,340,000</u>	<u>\$ 252,225,000</u>	<u>\$ 222,975,000</u>	<u>\$ 211,400,000</u>	<u>\$ 1,326,335,000</u>
Interest Paid During the Current Year - 2023	<u>\$ 905,000</u>	<u>\$ 1,455,625</u>	<u>\$ 356,020</u>	<u>\$ 1,055,025</u>	<u>\$ 701,075</u>	<u>\$ 3,837,400</u>	<u>\$ 990,500</u>	<u>\$ 4,920,875</u>	<u>\$ 5,260,575</u>	<u>\$ 5,496,980</u>	<u>\$ -</u>	<u>\$ 24,979,075</u>

The Bank of New York Mellon Trust Company, N.A. is the paying agent for all bonds.

Bond Authorization:	Tax Bonds
Amount Authorized By Voters	\$ 2,814,000
Amount Issued	<u>1,322,225</u>
Remaining To Be Issued	<u>\$ 1,491,775</u>

Debt Service Fund Cash and Investments balances as of September 30, 2023:	<u>\$ 84,521,806</u>
Average Annual Debt Service Payment (Principal & Interest) for remaining term of all debt:	<u>\$ 80,747,760</u>

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES-GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS ENDED
For The Fiscal Year Ended September 30, 2023

	Amounts					Percent of Fund Total Revenues				
	2023	9/30/2022*	2022	2021	2020	2023	9/30/2022*	2022	2021	2020
General Fund:										
Revenues:										
Property Taxes	\$ 112,299,245	\$ 1,484,927	\$ 128,199,729	\$ 127,125,171	\$ 121,378,594	95.4%	64.5%	97.8%	99.0%	98.9%
Intergovernmental	194,273	365,021	621,427	83,845	139,603	0.2%	15.8%	0.5%	0.1%	0.1%
Lease Revenue	59,134	37,247	101,979	19,107	41,437	0.1%	1.6%	0.1%	0.0%	0.0%
Interest	2,901,631	90,633	-	-	415,368	2.5%	3.9%	0.0%	0.0%	0.3%
Miscellaneous	2,242,143	325,538	2,120,216	1,142,957	808,570	1.9%	14.1%	1.6%	0.9%	0.7%
Total Revenues	\$ 117,696,426	\$ 2,303,366	\$ 131,043,351	\$ 128,371,080	\$ 122,783,572	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditures:										
Current Operating:										
Flood Control Administration	93,089,614	56,598,617	95,481,428	105,416,693	\$ 93,480,507	79.1%	2457.2%	72.9%	82.1%	76.1%
Tax Administration	1,252,667	725,549	1,148,701	726,195	939,179	1.1%	31.5%	0.9%	0.6%	0.8%
Capital Outlay	651,476	228,015	20,291	1,272,083	1,813,231	0.6%	9.9%	0.0%	1.0%	1.5%
Debt Service	1,073,459	352,760	-	-	308,083	0.9%	15.3%	0.0%	0.0%	0.3%
Total Expenditures	\$ 96,067,216	\$ 57,904,941	\$ 96,650,420	\$ 107,414,971	\$ 96,541,000	81.6%	2513.9%	73.8%	83.7%	78.6%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 21,629,210	\$ (55,601,575)	\$ 34,392,931	\$ 20,956,109	\$ 26,242,572	18.4%	-2413.9%	26.2%	16.3%	21.4%
Debt Service Fund:										
Revenues:										
Taxes	\$ 55,637,304	\$ 413,921	\$ 36,832,044	\$ 23,370,620	\$ 5,584,035	53.8%	0.9%	32.3%	18.2%	4.5%
Intergovernmental	46,515,000	46,614,001	77,127,414	46,553,001	49,245,302	45.0%	98.9%	67.7%	36.3%	40.1%
Interest	1,209,693	95,386	10,074	23,199	41,240	1.2%	0.2%	0.0%	0.0%	0.0%
Miscellaneous	30,735	7,926	2,589	1,633	5,451	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	\$ 103,392,732	\$ 47,131,234	\$ 113,972,121	\$ 69,948,453	\$ 54,876,028	100.0%	100.0%	100.0%	54.5%	44.7%
Expenditures:										
Debt Service										
Principal Retirement	\$ -	\$ 40,695,000	\$ 36,805,000	\$ 27,750,000	\$ 28,025,000	0.0%	86.3%	32.3%	21.6%	22.8%
Bond issuance fees	1,859,465	1,083,393	1,211,764	1,506,978	219,745	1.8%	2.3%	1.1%	1.2%	0.2%
Interest and Fiscal Charges	27,784,936	43,704,459	33,450,141	24,974,176	26,700,239	26.9%	92.7%	29.3%	19.5%	21.7%
Total Expenditures	\$ 29,644,401	\$ 85,482,852	\$ 71,466,905	\$ 54,231,154	\$ 54,944,984	28.7%	181.4%	62.7%	42.3%	44.7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 73,748,331	\$ (38,351,618)	\$ 42,505,216	\$ 15,717,299	\$ (68,956)	71.3%	-81.4%	37.3%	12.1%	-0.1%

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
OPERATING FUNDS BUDGET FOR THE DISTRICT'S FISCAL YEAR 2023 - 2024**

On September 19, 2023, the Commissioners Court adopted the budget for the District for Fiscal Year 2023-2024. The following is a summary of Fiscal Year 2023-2024 budget for the District's Current Operating Fund:

Cash Balance as of October 1, 2023	\$ 130,450,285
Estimated Revenues:	
Ad Valorem Taxes	123,695,038
Other	<u>3,180,409</u>
Total Cash and Estimated Revenues	<u><u>\$ 257,325,732</u></u>
Appropriations:	
Current Operating Expenses	\$ 256,134,074
Capital Outlay	<u>1,191,658</u>
Total Appropriations	<u><u>\$ 257,325,732</u></u>

Table 25

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
HISTORICAL TAX DEBT OUTSTANDING**

The following table sets forth the District's ad valorem tax debt outstanding, as of the end of the Fiscal years 2015 through 2023.

<u>Fiscal Year</u>	<u>District's Debt Outstanding (a) (thousands)</u>	<u>Taxable Value (b) (thousands)</u>	<u>Outstanding as a Percentage of Taxable Value</u>	<u>Estimated Population (c)</u>	<u>Debt Outstanding Per Capita</u>
2015	\$ 87,400	\$ 339,544,697	0.03%	4,441,370	\$ 20
2016	83,075	379,561,447	0.02	4,538,028	18
2017	83,075	411,244,560	0.02	4,589,928	18
2018	83,075	427,612,922	0.02	4,652,980	18
2019	83,075	438,911,302	0.02	4,698,619	18
2020	83,075	471,900,719	0.02	4,713,325	18
2021	334,270	494,885,299	0.07	4,746,600	70
2022	584,900	508,849,992	0.11	4,780,913	124
9/30/2022 **	797,615	502,285,518	0.16	4,780,913 *	167 *
2023	1,009,015	566,868,553	0.18	4,826,539	209

(a) Includes debt paid for by the 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: Population - U.S. Bureau of Economic Analysis/ World Population Review

*9/30/2022 Population updated

**The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY ASSESSED VALUES AND TAX RATES
(EXCEPT FLOOD CONTROL DISTRICT)
LAST TEN FISCAL YEARS
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	M&O Tax Rate	Debt Service Tax Rate	Total County Tax Rate
2015	\$384,362,133	\$ 65,476,453	\$ 99,412,873	\$ 350,425,713	\$ 0.34547	\$ 0.07184	\$ 0.41731
2016	425,362,614	74,298,323	108,139,145	391,521,792	0.34547	0.07376	0.41923
2017	465,761,511	71,377,390	115,700,039	421,438,862	0.34500	0.07156	0.41656
2018	486,039,747	67,481,606	117,128,669	436,392,684	0.34500	0.07301	0.41801
2019	506,160,004	69,574,097	127,319,737	448,414,364	0.35000	0.06858	0.41858
2020	545,499,934	72,456,577	135,755,513	482,200,998	0.34174	0.06539	0.40713
2021	580,139,657	72,974,712	148,263,829	504,850,540	0.34028	0.05088	0.39116
2022	606,314,651	67,781,102	156,340,901	517,754,852	0.33500	0.04193	0.37693
9/30/2022*	600,642,473	68,343,557	157,799,669	511,186,361	0.33500	0.04193	0.37693
2023	676,223,909	79,797,758	177,212,850	578,808,817	0.30105	0.04268	0.34373

(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 \$250,000.

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.

*The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 27

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY TAX LEVIES AND COLLECTIONS
(EXCEPT FLOOD CONTROL DISTRICT)**

**LAST TEN FISCAL YEARS
(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
2015	\$ 1,459,066	\$ 1,439,860	\$ 1,390,628	95.3%	\$ 46,338	\$ 1,436,966	99.8%
2016	1,637,031	1,621,499	1,554,734	95.0	63,266	1,618,000	99.8
2017	1,754,007	1,714,260	1,663,289	94.8	47,682	1,710,971	99.8
2018	1,822,187	1,788,551	1,723,979	94.6	60,601	1,784,580	99.8
2019	1,876,068	1,841,809	1,787,008	95.3	50,591	1,837,599	99.8
2020	1,961,756	1,916,925	1,867,058	95.2	44,092	1,911,150	99.7
2021	1,972,700	1,911,149	1,838,347	93.2	64,738	1,903,085	99.6
2022	1,951,928	1,951,928	1,853,156	94.9	-	1,853,156	94.9
9/30/2022 **	1,940,734	1,904,378	1,853,156	95.5	40,224	1,893,380	99.4
2023	1,990,871	1,974,087	1,941,333	97.5	-	1,941,333	98.3

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

**The District changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

Table 28

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY TAX DEBT OUTSTANDING**

	County's Total Outstanding Tax Debt (a)
Limited Tax Debt	\$ 891,456,318
Unlimited Tax Debt	769,205,000
Flood Control	317,320,000
Toll Road Tax Bonds	130,635,000
Total	<u>\$ 2,108,616,318</u>
Less: Toll Road Tax Bonds	<u>(130,635,000)</u>
Total (Approximately 0.26% of 2022 Assessed Value)	<u><u>\$ 1,977,981,318</u></u>

(a) Excluding Flood Control District debt of \$1,009,015,000 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.

Table 29

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY-WIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS
(amounts in thousands)**

Fiscal Year	Limited Tax Debt			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
2024	\$ 54,097	\$ 52,833	\$ 106,930	\$ 34,975	\$ 35,578	\$ 70,553	\$ 21,165	\$ 6,847	\$ 28,012	\$ 53,145	\$ 59,489	\$ 112,634	\$ 163,382	\$ 154,747	\$ 318,129
2025	82,624	49,693	132,317	48,960	33,286	82,246	12,070	5,747	17,817	57,625	55,349	112,974	201,279	144,075	345,354
2026	63,935	34,577	98,512	53,885	30,723	84,608	12,090	5,114	17,204	53,675	52,725	106,400	183,585	123,139	306,724
2027	89,320	30,773	120,093	58,495	27,950	86,445	12,115	4,479	16,594	58,040	50,122	108,162	217,970	113,324	331,294
2028	53,640	40,884	94,524	59,280	25,009	84,289	12,135	3,843	15,978	61,675	47,136	108,811	186,730	116,872	303,602
2029	63,445	24,505	87,950	60,220	22,025	82,245	12,160	3,206	15,366	64,385	43,992	108,377	200,210	93,728	293,938
2030	44,885	21,826	66,711	50,780	19,253	70,033	12,185	2,567	14,752	65,210	40,759	105,969	173,060	84,405	257,465
2031	46,980	19,580	66,560	49,110	16,760	65,870	12,210	1,928	14,138	54,365	37,947	92,312	162,665	76,215	238,880
2032	49,125	17,248	66,373	50,195	14,311	64,506	12,240	1,287	13,527	42,750	35,696	78,446	154,310	68,542	222,852
2033	24,355	14,974	39,329	26,605	12,434	39,039	12,265	644	12,909	44,890	33,561	78,451	108,115	61,613	169,728
2034	21,725	13,755	35,480	27,930	11,093	39,023	-	-	-	47,045	31,416	78,461	96,700	56,264	152,964
2035	22,780	12,678	35,458	29,320	9,685	39,005	-	-	-	49,200	29,220	78,420	101,300	51,583	152,883
2036	23,890	11,549	35,439	13,350	8,662	22,012	-	-	-	51,460	26,984	78,444	88,700	47,195	135,895
2037	23,190	10,431	33,621	13,925	8,084	22,009	-	-	-	53,700	24,699	78,399	90,815	43,214	134,029
2038	24,275	9,339	33,614	14,490	7,520	22,010	-	-	-	56,050	22,300	78,350	94,815	39,159	133,974
2039	25,400	8,206	33,606	15,075	6,932	22,007	-	-	-	58,515	19,855	78,370	98,990	34,993	133,983
2040	26,555	7,038	33,593	15,640	6,364	22,004	-	-	-	60,960	17,362	78,322	103,155	30,764	133,919
2041	27,740	5,834	33,574	16,230	5,773	22,003	-	-	-	48,175	15,133	63,308	92,145	26,740	118,885
2042	18,895	4,852	23,747	16,845	5,157	22,002	-	-	-	50,000	13,296	63,296	85,740	23,305	109,045
2043	19,640	4,116	23,756	17,490	4,516	22,006	-	-	-	51,870	11,321	63,191	89,000	19,953	108,953
2044	20,385	3,336	23,721	18,185	3,818	22,003	-	-	-	53,970	9,171	63,141	92,540	16,325	108,865
2045	17,015	2,581	19,596	18,960	3,048	22,008	-	-	-	56,190	6,915	63,105	92,165	12,544	104,709
2046	17,715	1,878	19,593	19,755	2,245	22,000	-	-	-	58,505	4,567	63,072	95,975	8,690	104,665
2047	15,370	1,190	16,560	20,595	1,406	22,001	-	-	-	44,850	2,444	47,294	80,815	5,040	85,855
2048	14,475	536	15,011	18,910	559	19,469	-	-	-	30,085	901	30,986	63,470	1,996	65,466
Total	\$ 891,456	\$ 404,212	\$ 1,295,668	\$ 769,205	\$ 322,191	\$ 1,091,396	\$ 130,635	\$ 35,662	\$ 166,297	\$ 1,326,335	\$ 692,360	\$ 2,018,695	\$ 3,117,631	\$ 1,454,425	\$ 4,572,056

(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.

Table 30

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY-WIDE AUTHORIZED BUT UNISSUED BONDS
(Amounts in Thousands)**

As of September 30, 2023, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September 1983, November 1999, November 2007, November 2015, August 2018, and November 2022 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), Series C (roads and bridges), Series D (parks and libraries) and Series D-3 (roads and bridges) programs.

County Ad Valorem Tax Bonds

Limited Tax:		
Civil Justice Center	\$ 33,000	
Parks	211,968	
Forensic Lab	5,180	
Family Law Center	70,000	
Public Safety	100,000	
Total Limited Tax Bonds		\$ 420,148
Unlimited Tax:		
Road Bonds	1,283,330	
Total Unlimited Tax Bonds		1,283,330
Combination Unlimited Tax and Revenue:		
Toll Roads	15,148	
Total Unlimited Tax and Revenue Bonds		15,148
Harris County Flood Control District Limited Tax Bonds:		
Flood Bonds	1,491,775	
Total Flood Control Limited Tax Bonds		1,491,775
Total Authorized but Unissued Bonds		<u>\$ 3,210,401</u>

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2023-2024**

On September 19, 2023 the Commissioners Court adopted the budget for the County for Fiscal Year 2023-2024. The Fiscal Year budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the summary of the Fiscal Year 2023-2024 budget for County's Current Operating Fund:

Cash Balance as of October 1, 2023	\$ 351,635,668
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	1,918,858,041
Charges for Services	288,103,955
Fines and Forfeitures	15,135,500
Intergovernmental Revenues	81,342,172
Interest	29,186,350
Other	55,442,745
Total Cash and Estimated Revenues	<u><u>\$ 2,739,704,431</u></u>
Appropriations:	
Current Operating Expenses	\$ 2,725,294,329
Capital Outlay:	
Roads	3,923,315
Parks	10,486,787
Total Appropriations	<u><u>\$ 2,739,704,431</u></u>

Table 32

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COUNTY CAPITAL PROJECTS FUNDS BUDGETING**

County Capital Projects Funds are used in projects including construction of roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at September 30, 2023 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	\$ 184,718,229
Permanent Improvements	51,215,863
Flood Control	<u>403,410,544</u>
Total	<u>\$ 639,344,636</u>

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

County Judge Lina Hidalgo and
Members of Commissioners
Court of Harris County, Texas:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harris County Flood Control District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 & Touche LLP

March 28, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TXGMS

INDEPENDENT AUDITOR'S REPORT

County Judge Lina Hidalgo and
Members of Commissioners Court of
Harris County, Texas:

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Harris County Flood Control District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the State of Texas Grant Management Standards ("TxGMS") that could have a direct and material effect on each of the District's major state programs for the year ended September 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of TxGMS. Our responsibilities under those standards and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.

Deloitte & Touche LLP

March 28, 2024

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*

INDEPENDENT AUDITOR'S REPORT

County Judge Lina Hidalgo
and Members of Commissioners
Court of Harris County, Texas:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Harris County Flood Control District (the "District"), a component unit of Harris County, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Deloitte & Touche LLP

March 28, 2024

HARRIS COUNTY FLOOD CONTROL DISTRICT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	Assistance Listing Number	Federal Award 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>						
DIRECT PROGRAMS:						
7111	NRCS - Emergency Watershed Protection Grant	10.923	NR197442XXXXC044	-	\$ 9,368,258	\$ -
	Total ALN 10.923				<u>9,368,258</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE					<u>9,368,258</u>	<u>-</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>						
PASS THROUGH PROGRAMS, U.S. ARMY CORPS OF ENGINEERS:						
7804	Clear Creek Texas Flood Risk Mgmt Project	12.U01	-	2020-50	1,153,064	-
7805	Brays Bayou Texas Project	12.U02	-	-	1,009,644	-
7807	White Oak Bayou Flood Texas Project	12.U03	-	-	2,812,053	-
7808	Hunting Bayou Texas Project	12.U04	-	-	2,365,617	-
	Total Bayou Grants Cluster (ALN 12.U)				<u>7,340,378</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF DEFENSE					<u>7,340,378</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
PASS THROUGH PROGRAMS, THE CITY OF HOUSTON:						
7625	CDBG-DR15 Flood Events Buyout Partnership	14.218	B-16-MH-48-0001	2018-49	187,266	-
	Total CDBG - Entitlement Grants Cluster (ALN 14.218)				<u>187,266</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS GENERAL LAND OFFICE (GLO) VIA HARRIS COUNTY:						
7655	Community Development Block Grant/Disaster Recovery - Non-Housing '16	14.228	B-16-DL-48-0001	19-076-007-B356	915,365	-
7657	CDBG Disaster Recovery Program - Harvey Round 1 Funding	14.228	B-17-DM-48-0001	19-147-002-B490	120,670	-
7657	CDBG Disaster Recovery Program - Harvey Rd 1 Funding Drainage Improvement Project	14.228	B-17-DM-48-0001	19-147-002-B490	8,205,133	-
	Total ALN 14.228				<u>9,241,168</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>9,428,434</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
DIRECT PROGRAMS:						
7589	Cooperating Technical Partners	97.045	EMT-2018-CA-00013		67	-
7589	Cooperating Technical Partners	97.045	EMT-2019-CA-00010		46,193	-
7589	Cooperating Technical Partners	97.045	EMT-2020-CA-00003		6,075	-
7589	Cooperating Technical Partners	97.045	EMT-2020-CA-00004		147,922	-
7589	Cooperating Technical Partners	97.045	EMT-2020-CA-00005		21,153	-
7589	Cooperating Technical Partners	97.045	EMT-2021-CA-00003		99,857	-
	Total ALN 97.045				<u>321,267</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS DIVISION OF EMERGENCY MANAGEMENT (TDEM):						
7264	Flood of April 2016	97.036	4269DRTXP0000001	PA-06-TX-4269	61,345	-
7634	FEMA - Public Assistance - Hurricane Harvey	97.036	4332DRTXP0000001	PA-06-TX-4332	10,457,920	-
	Total ALN 97.036				<u>10,519,265</u>	<u>-</u>
7119	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-4332-004	DR-4332-004	3,491,988	-
7119	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-4332-018	DR-4332-018	105,906	-
PASS THROUGH PROGRAMS, TEXAS DIVISION OF EMERGENCY MANAGEMENT (TDEM) VIA CITY OF HOUSTON:						
9040	City of Houston Inwood Forest Stormwater Detention Basin	97.039	DR-4332-TX-0020	2017-97	15,696	-
9040	City of Houston Inwood Forest Stormwater Detention Basin Phase II	97.039	DR-4332-TX-0020	2017-97	4,383,011	-
	Total ALN 97.039				<u>7,996,601</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS WATER DEVELOPMENT BOARD:						
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029	EMT-2017-FM-E001	1600012121	1,995,525	-
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029	EMT-2018-FM-E002	1700012370	(35,119)	-
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029	EMT-2020-FM-E007	2000012631	4,500	-
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029	EMT-2020-FM-E007	2000012637	4,318,188	-
	Total ALN 97.029				<u>6,283,094</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					<u>25,120,227</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 51,257,297</u>	<u>\$ -</u>
<u>STATE GRANTS</u>						
<u>TEXAS DEPARTMENT OF PUBLIC SAFETY/TDEM:</u>						
DIRECT PROGRAMS:						
7634	Hurricane Harvey - State Assistance	N/A	-	TDEM-4332-PA	\$ 792,659	\$ -
7119	FEMA - Hazard Mitigation Grant Project	N/A	-	DR-4332-004	5,276,825	-
TOTAL TEXAS DEPARTMENT OF PUBLIC SAFETY/TDEM					<u>6,069,484</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS					<u>\$ 6,069,484</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS					<u>\$ 57,326,781</u>	<u>\$ -</u>

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL & STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

1. The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance") and Texas Grant Management Standards ("TxGMS"); 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.
2. Indirect Cost Rate – The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2.CFR.200.414. Uniform Guidance 200.510(6) requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that 200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

3. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Special Revenue Grants Fund of the District's Financial Report for the year ended September 30, 2023:

Federal expenditures per schedule	\$ 51,257,297
State expenditures per schedule	<u>6,069,484</u>
Subtotal	57,326,781
Add:	
County funded portion of grants	8,249,573
Less:	
Adjustments for modified accrual basis of accounting	(3,640,208)
Prior period expenditures approved by granting agencies	<u>(10,819,417)</u>
Total	<u>\$ 51,116,729</u>
Balance per financial report - Special Revenue Grants Fund	<u>\$ 51,116,729</u>

4. Certain costs reflected in the schedule of the federal and state awards in the current year may represent costs incurred in prior years that have been approved for reimbursement by the granting agency and recorded in the current year financials.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting: Material weakness (es) identified?	Yes.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Noncompliance material to financial statements noted?	No.

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified.
Internal control over major programs: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance §200.516(a)?	No.

State Awards

Type of auditor's report issued on compliance for major programs:	Unmodified.
Internal control over major programs: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	No.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Name of Major Federal/State Program	Assistance Listing Number
NRCS – Emergency Watershed Protection Grant	10.923
CDBG Disaster Recovery Program	14.228
FEMA Hazard Mitigation	97.039
FEMA – Hazard Mitigation Grant Project/State Match	State (Fund 7119)
Dollar threshold used to distinguish between Type A and Type B programs:	
Dollar threshold for federal programs:	\$1,537,719
Dollar threshold for state programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes – Federal

II. FINANCIAL STATEMENT FINDINGS SECTION

Program	Finding/Noncompliance	Questioned Cost
n/a	<p>2023-001– Material weakness in internal control over financial reporting - Timely transfer of completed capital projects to completed capital assets</p> <p><u>Condition:</u> Management failed to timely identify capital projects that were substantially complete in the current and prior years resulting in an overstatement of construction in progress (CIP) and net position, and an understatement of depreciation expense and completed capital assets in the current and prior years.</p> <p><u>Criteria:</u> Generally accepted accounting principles require the District to transfer capital projects out of CIP to a completed capital asset upon substantial completion.</p> <p><u>Cause:</u> The District did not perform a thorough review of its portfolio of CIP in prior years to ensure capital projects were appropriately deemed in progress or substantially complete.</p> <p><u>Effect:</u> The nature of this deficiency presents a risk of inaccurate and misclassified capital assets, accumulated depreciation, and depreciation expense within the District’s Annual Comprehensive Financial Report.</p>	\$0

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Program	Finding/Noncompliance	Questioned Cost
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Recommendation: Enhance the use of available data to perform a thorough review of capital project status at least annually. Establish specific guidelines for each department to follow to improve timely and accurate communication when capital projects are substantially completed.

Views of Responsible Officials: See Corrective Action Plan

County Contact Person(s): Anthony Bacarisse, Director of Financial Services Division Harris County Flood Control District

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None noted.

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted.

Leslie Wilks Garcia, M.Jur., CPA, CFE
First Assistant County Auditor
Accounting Division

Errika Perkins, CPA, CIA, CFE
Chief Assistant County Auditor
Audit Division



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MICHAEL POST, CPA, CIA
HARRIS COUNTY AUDITOR

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The District will perform a thorough review of all projects currently being tracked as Construction In Progress by the Harris County Auditor's Office to assure for timely submittal of substantial completion documents. In addition, The District has enhanced its Project Initiation process to add an asset ownership review step to be performed by the Financial Services Division. We will also add an asset ownership review step to the current Interlocal Agreement process.	August 2024	Anthony Bacarisse, Director of Financial Services Division Harris County Flood Control District