

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2021



HARRIS COUNTY



**FLOOD
CONTROL
DISTRICT**

A Component Unit of
Harris County, TX

Michael Post, CPA, MBA
Harris County Auditor

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended
February 28, 2021

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

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2021
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I N T R O D U C T O R Y S E C T I O N

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MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR

August 26, 2021

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 Comprehensive Annual Financial Report ("Annual Report") of Harris County Flood Control District (the "District"), a component unit of Harris County, Texas (the "County") for the fiscal year ended February 28, 2021. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office. The Annual Report for Harris County Flood Control 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 Annual Report 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 fiscal year ended February 28, 2021, 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 auditors' 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 auditors' 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 and state grantor agencies. 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

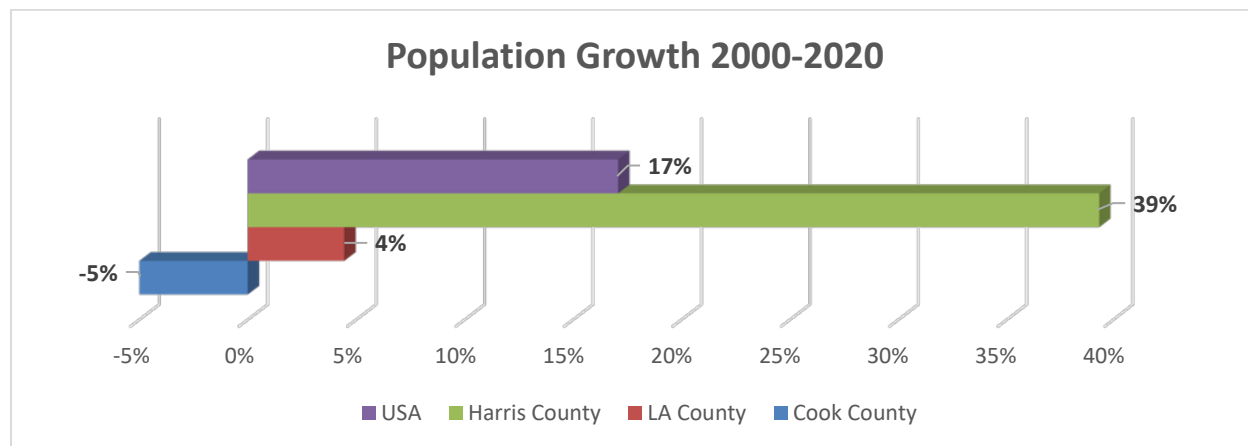
administration of federal and state awards. These reports are available in the compliance section of this report.

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, 22 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 4.7 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 39% growth since 2000. 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 Harris County Flood Control 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 Flood Control District is headed by an Executive Director and a Deputy Executive Director, and is organized into nine primary divisions to carry out its mission: Construction, Engineering, Planning, Human Resources, Infrastructure, Community Services, Hydrologic Operations, Communications and Financial and Technical Services.

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 March 1. The County Auditor is responsible for the preparation of the annual estimate of available resources for the County (including the Flood Control District) to be used in the preparation of the annual budget. The County budget (and the Flood Control 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 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-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 \$512 billion. If the MSA were an independent nation, its economy would rank 27th largest in the world. Twenty-two companies on the 2020 Fortune 500 list are headquartered in Houston. No single industry dominates Houston employment.

The current price of West Texas Intermediate (WTI) crude oil as of March 2021 is approximately \$59 per barrel, which is an increase from March 2020 per the U.S. Energy Information Administration. Oil prices have remained at or below \$70 per barrel for the last six years.

The preliminary March 2021 unemployment rate (not seasonally adjusted) for the Houston MSA was 8% compared to the national average of 6.5%. The State's preliminary unemployment rate (not seasonally adjusted) for March 2021 was 6.8%. Both the Houston MSA and the State of Texas unemployment rates increased from their March 2020 levels by 2.5% and 1.7%, respectively.

The Houston-The Woodlands-Sugar Land, Texas area had a Consumer Price Index (CPI) that was 1.04% lower than other large urban areas as calculated for February 2021 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 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 during 2019, 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 increased 31.5 percent in March of 2021 versus March of 2020. March 2021 marked the tenth straight month of positive home sales in the Houston metro area. Consumers were still taking advantage of historically low mortgage interest rates.

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 2020 for the District per \$100 of taxable value are: \$0.02649 for maintenance and operations and \$0.00493 for debt service, for a total of \$0.03142.

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 Harris County Flood Control District). The Harris County Investment Policy, including investment strategies, is reviewed and approved at least annually by Commissioners Court. Harris 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 February 28, 2021, was \$725,190,179 and of that the Flood Control District was \$14,519,758. The County currently provides a postemployment healthcare plan; the net ending obligation for this postemployment healthcare plan was \$3,473,489,714 and of that the Flood Control District was \$85,129,207 at February 28, 2021. 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 as 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 annually, split nearly evenly between capital expenditures and maintenance 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 District for its Annual Report for the fiscal year ended February 29, 2020. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last eleven years. 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, MBA
County Auditor



Government Finance Officers Association

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

Presented to

**Harris County Flood Control District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

February 29, 2020

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 February 28, 2021**

Complete District Mailing Address: HCFCD 9900 NW Fwy Houston, Texas 77092

District Business Telephone Number: (713) 684-4000

Names and Addresses:	Term of Office (Elected or Appointed) or Date Hired	Fees Feb 28, 2021	Expense Reimbursements Feb 28, 2021	Title at Year End	Resident of District
Commissioners Court acts as Board of Director for District					
Judge Lina Hidalgo 1001 Preston, Suite 911 Houston Texas 77002	(Elected) 01/19 - 12/22	-	-	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 - 12/22	-	-	Commissioner	Yes
Tom S. Ramsey 1001 Preston, 9th Fl Houston Texas 77002	(Elected) 01/21 - 12/24	-	-	Commissioner	Yes
R. Jack Cagle 1001 Preston, 9th Fl Houston Texas 77002	(Elected) 01/19 - 12/22	-	-	Commissioner	Yes
Key Personnel:					
Russ Poppe 9900 NW Fwy Houston, Texas 77092	(Appointed) 09/01/16	-	-	Executive Director/ HC Flood Control District Employee	Yes

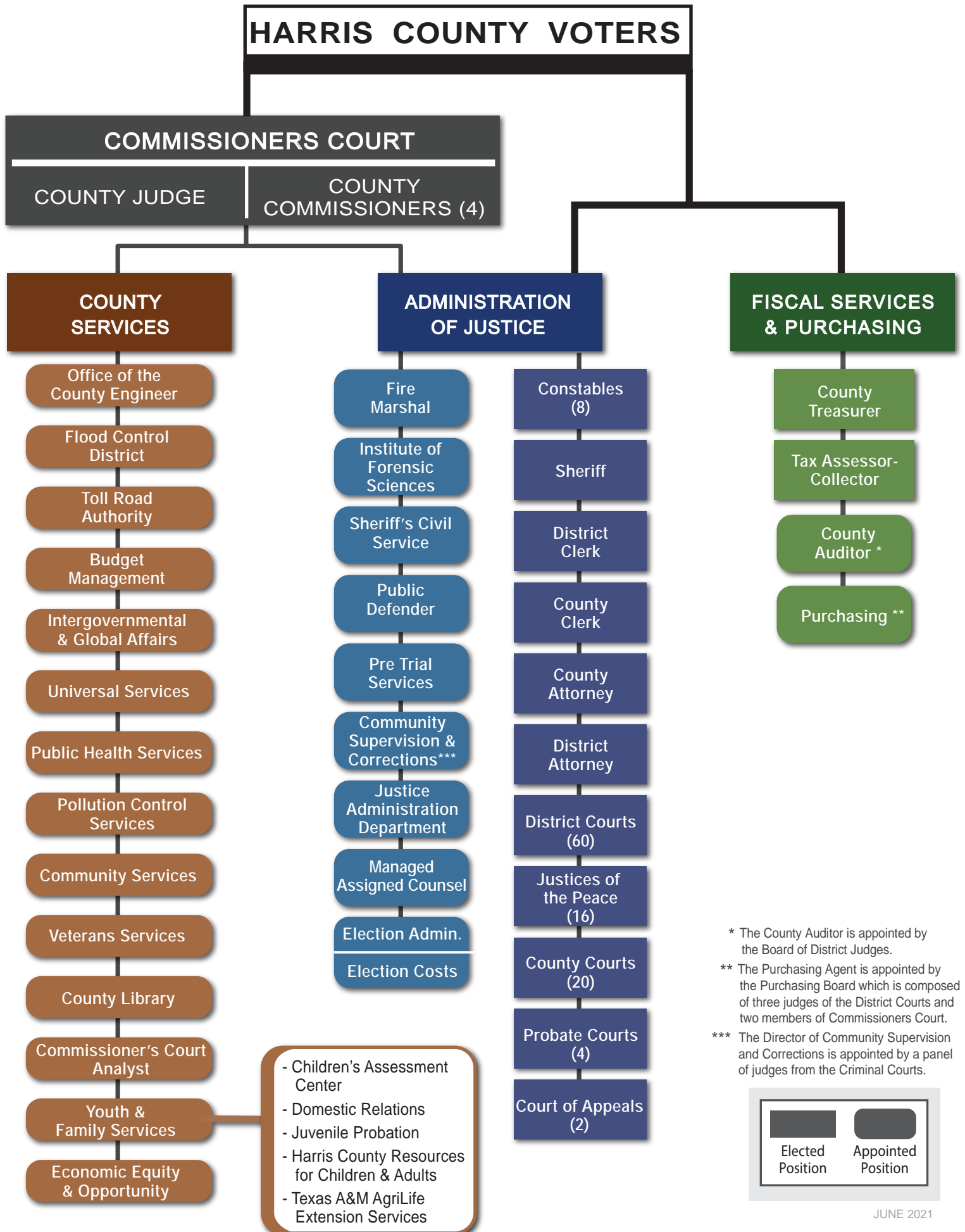
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**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
For The Year Ended February 28, 2021**

Names and Addresses:	Term of Office (Elected or Appointed) or Date Hired	Fees Feb 28, 2021	Expense Reimbursements Feb 28, 2021	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
David Berry 1001 Preston, Rm 500 Houston, Texas 77002	(Appointed) 08/05/20	-	-	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	*	\$82,513	-	Independent Auditor	N/A

* Agreement between the Flood Control District and Deloitte & Touche LLP, for fiscal year 2020/2021 audit services.

HARRIS COUNTY ORGANIZATION CHART



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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities 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 February 28, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion the 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 February 28, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14-23, Schedule of Revenues and Expenditures - Budget and Actual Budgetary Basis - Operations and Maintenance (General) Fund, Notes to the Required Supplementary Information, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of Changes in Net Pension Liability and Related Ratios, and Texas County and District Retirement System-Schedule of Employer Contributions on pages 65-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information; Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of Texas Uniform Grant Management Standards; and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Deloitte & Touche LLP

August 26, 2021

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

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 February 28, 2021. Please read it in conjunction with the District's basic financial statements following this section.

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 liabilities and deferred inflows of resources (net position) at February 28, 2021 by \$2,109,185,384, an increase of \$33,122,799 from the previous year when assets exceeded liabilities by \$2,076,062,585.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, of \$2,010,105,684 includes land, improvements, construction in progress and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets plus any unspent bond proceeds.
 - (2) Net position of \$128,080,682 is restricted by constraints imposed from outside the District such as capital projects and debt service.
 - (3) Unrestricted net position represents the portion available to meet ongoing obligations to citizens and creditors. The unrestricted position is a negative \$29,000,982.

Fund Level

- As of February 28, 2021, the District's governmental funds reported combined fund balances of \$204,188,653. This compares to the prior year combined fund balance of \$196,723,941 showing an increase of \$7,464,712 during the current year. The current year total consists of combined nonspendable fund balance of \$32,350,892, restricted fund balance of \$101,174,402, and unassigned fund balance of \$70,663,359.
- At the end of the fiscal year, the total fund balance for the Operations and Maintenance (General) fund was \$70,680,223. The General fund had a nonspendable fund balance of \$16,864, and unassigned of \$70,663,359.
- The fund balance in the Debt Service fund was \$23,648,200, all of which was restricted at the end of the fiscal year. This represents an increase of \$17,305,368 from the prior year balance of \$6,342,832. This increase was mainly due to an increase in tax revenues.
- The Capital Projects fund at fiscal year-end had a nonspendable fund balance of \$32,334,028 and a restricted fund balance of \$77,526,202 for a total Capital Projects fund balance of \$109,860,230, a decrease from \$120,799,314 in the prior year. This decrease was due to an increase in capital outlay expenditures.

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

- The District issues debt to finance an ongoing capital improvement program, and during fiscal year 2021 issued \$251,195,000 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 2020 tax year for the District totaled \$0.00493 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 periods.

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 and two fiduciary 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 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

***Harris County Flood Control District
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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 District 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 Net OPEB Liability and Related Ratios, the Schedule of Changes in Net Pension Liability 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 65 of this report.

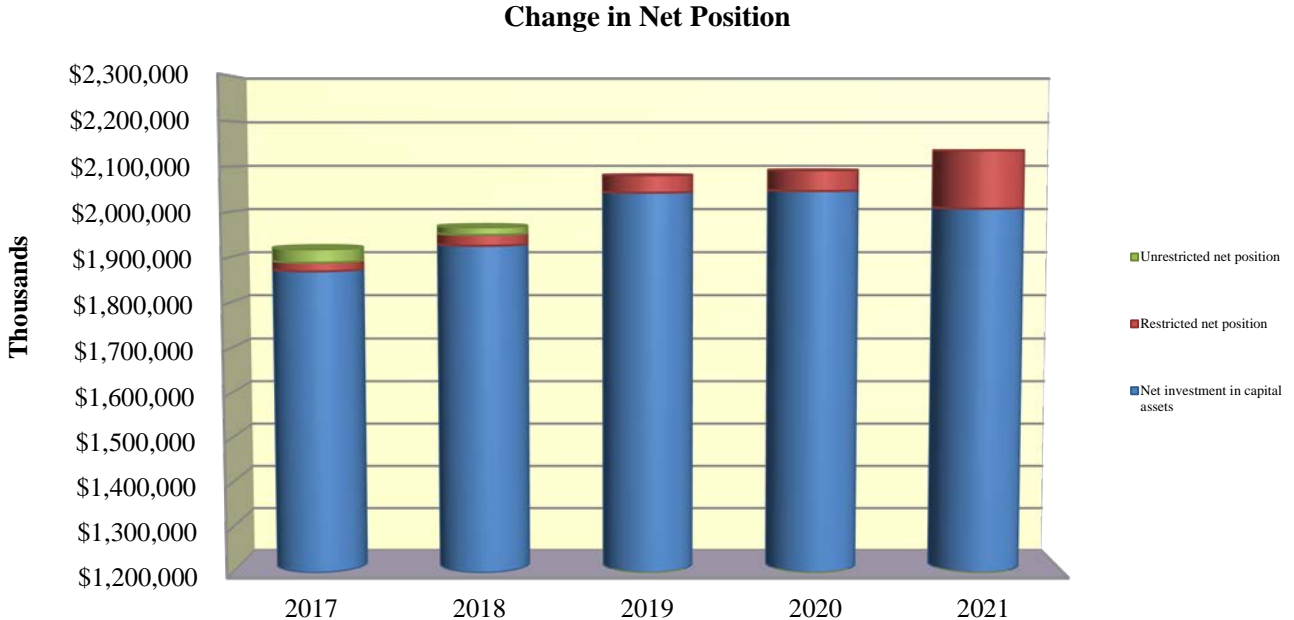
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 exceeded liabilities by \$2,109,185,384 for fiscal year ended 2021 and \$2,076,062,585 for fiscal year ended 2020. Revenues exceeded expenses during the current year, increasing net position by \$33,122,799. See Note 1 to the financial statements regarding the restatement due to the GASB 84 implementation.

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

	Governmental Activities	
	February 28, 2021	February 29, 2020 (Restated)
Current and other assets	\$ 267,644	\$ 253,171
Capital assets	2,819,727	2,628,308
Total assets	3,087,371	2,881,479
Deferred outflows of resources	38,454	27,581
Current and other liabilities	75,951	59,565
Long-term liabilities	936,376	770,171
Total liabilities	1,012,327	829,736
Deferred inflows of resources	4,313	3,261
Net position:		
Net investment in capital assets	2,010,106	2,046,875
Restricted	128,080	45,435
Unrestricted	(29,001)	(16,247)
Total net position	\$ 2,109,185	\$ 2,076,063

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The largest portion of the District's current fiscal year net position, \$2,010,105,684, 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 decrease in the District's net position-net investment in capital assets is \$36,769,426.

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 \$117,728,427 for capital projects and \$10,352,255 for debt service. Restricted net position reflects an overall increase of \$82,646,158 mainly due to an increase in cash held that is restricted for capital projects for the District.

The remaining balance of the District's current fiscal year net position (\$29,000,982) represents an unrestricted net deficit. The net deficit increased by \$12,753,933 from the prior year deficit of (\$16,247,049). The increase in the unrestricted net deficit was due to an increase in the cash held for capital projects offset by a slight decrease in net investment in capital assets.

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

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Management's Discussion and Analysis
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**Condensed Statement of Activities
(amounts in thousands)**

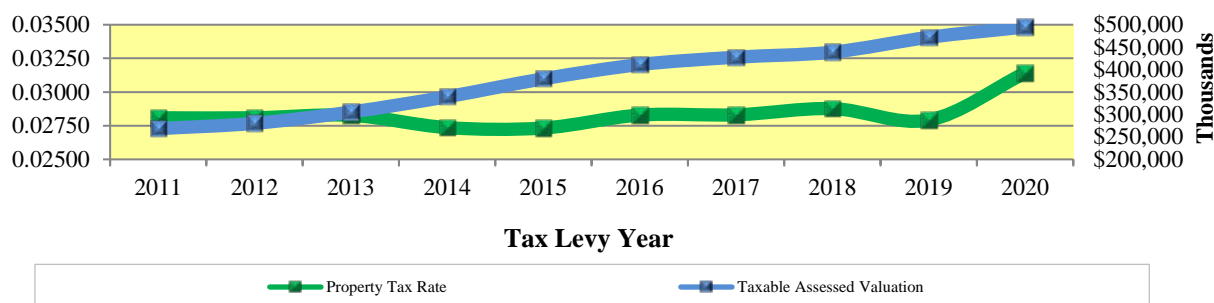
	Governmental Activities	
	For the Year Ended February 28, 2021	For the Year Ended February 29, 2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,187	\$ 648
Operating grants and contributions	46,553	49,245
Capital grants and contributions	148,823	116,928
General revenues:		
Property taxes	148,891	125,420
Earnings on investments	1,001	3,497
Miscellaneous	2,100	2,107
Total revenues and other items	<u>348,555</u>	<u>297,845</u>
Expenses:		
Flood control	293,015	250,440
Tax administration	726	939
Interest on long-term debt	21,692	22,146
Total expenses and other items	<u>315,433</u>	<u>273,525</u>
Change in net position	<u>33,122</u>	<u>24,320</u>
Net position - beginning	<u>2,076,063</u>	<u>2,051,743</u>
Net position - ending	<u>\$ 2,109,185</u>	<u>\$ 2,076,063</u>

Revenues

For fiscal year ended February 28, 2021, revenues from governmental activities totaled \$348,555,457.

Property taxes of \$148,891,207 were the District's largest revenue source and comprised 43% of total revenues. The tax rate was \$.03142 per \$100 of assessed value for fiscal year 2021, increasing from \$.02792 per \$100 of assessed value for fiscal year 2020. The taxable assessed value increased in fiscal year 2021 to \$494,885,299,000 from \$471,900,719,000 in fiscal year 2020.

**Historical Comparison of the Property Tax Rate versus Taxable
Assessed Valuation**

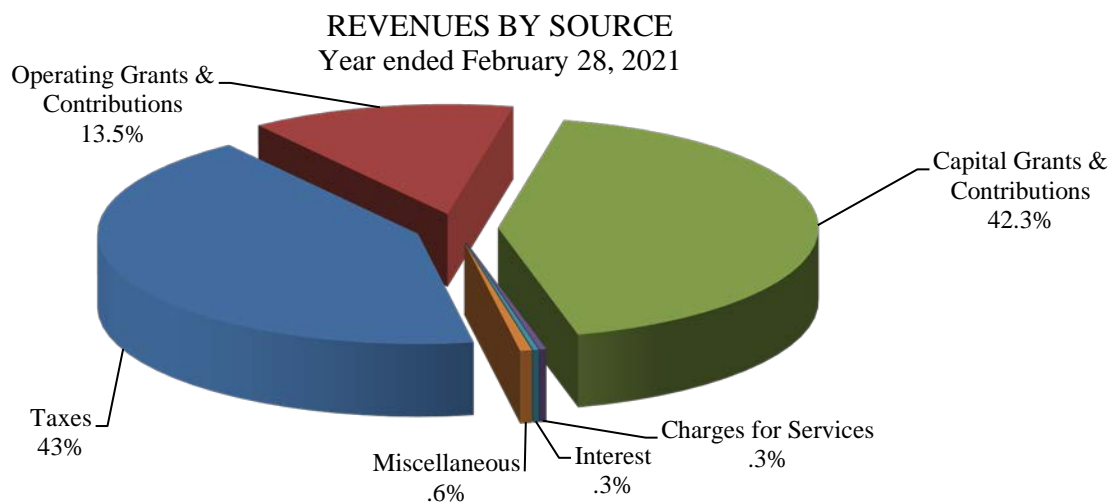


Program revenues are derived from the program itself and reduce the cost of the function to the District. Total program revenues were \$196,562,584 or 56% of total revenues. A major portion of program revenues

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are capital grants and contributions of \$148,822,660 (76%) and represent 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 \$46,553,001 (24%), associated with contributions by Harris County, which decreased \$2,692,301 from the prior year. Another portion of program revenues is charges for services of \$1,186,923 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), unrestricted investment or interest earnings of \$1,001,179 (less than 1% of total revenues) and miscellaneous income of \$2,100,487 (also less than 1% of total revenues). Miscellaneous income is primarily comprised of collections for various fees.

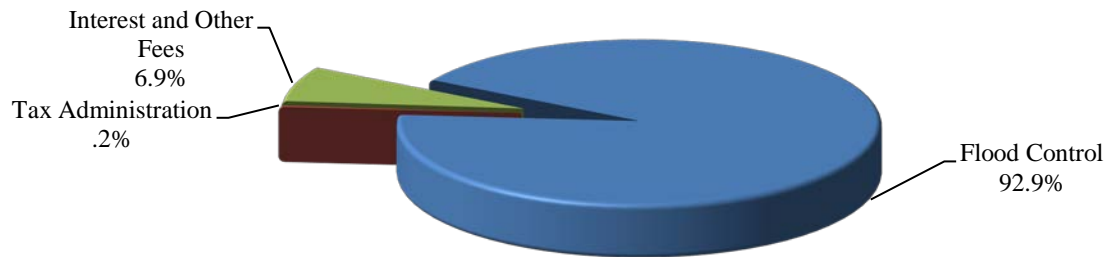


Expenses

For fiscal year ended February 28, 2021, expenses for governmental activities totaled \$315,432,658, compared to \$273,525,774 in the prior fiscal year. Flood control administration of \$293,015,067 is the District's largest function with 93% of total expenses. This was an increase of \$42,574,407 from the prior year due to an increase in costs related to more Flood Control projects with the new bond and grant funding. Interest and other fees make up the second largest category of expenses with \$21,691,396 or 7% 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 \$726,195 (less than 1% of total expenses) and has decreased from \$939,179 last year.

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

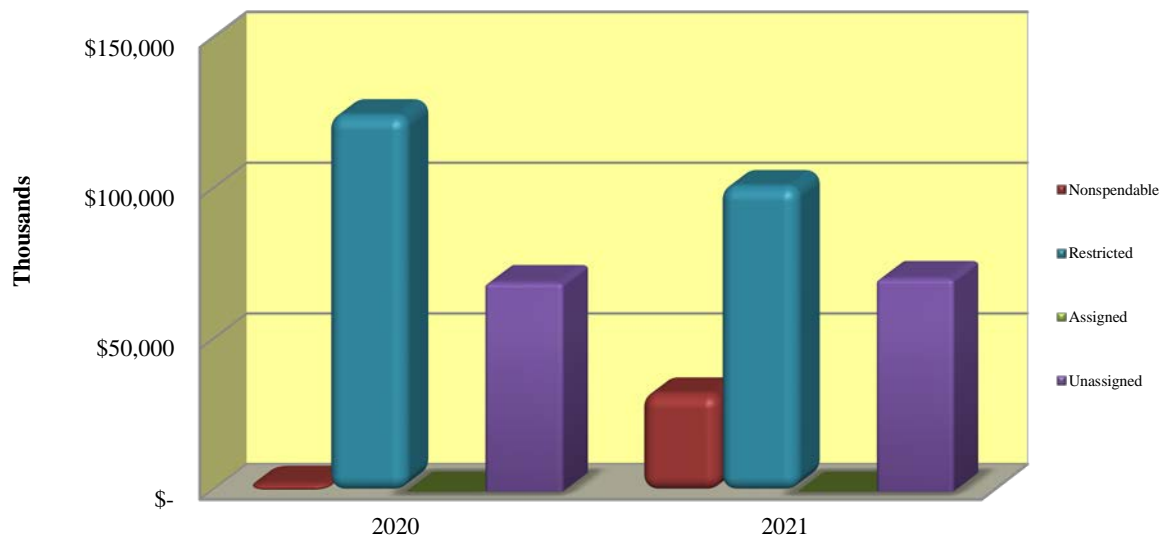
EXPENSES BY FUNCTION
Year ended February 28, 2021



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.

Governmental Fund Balances



At February 28, 2021, the District's governmental funds reported combined fund balances of \$204,188,653, of which \$32,350,892 is nonspendable, \$23,648,200 is restricted for debt service and \$77,526,202 is restricted for capital projects. The remainder, \$70,663,359, is available to meet the District's current and future needs. The District's combined fund balances increased \$7,464,712 from last year. 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 \$1,098,428 from last year. This was a result of normal operations of the District.

***Harris County Flood Control District
Management's Discussion and Analysis
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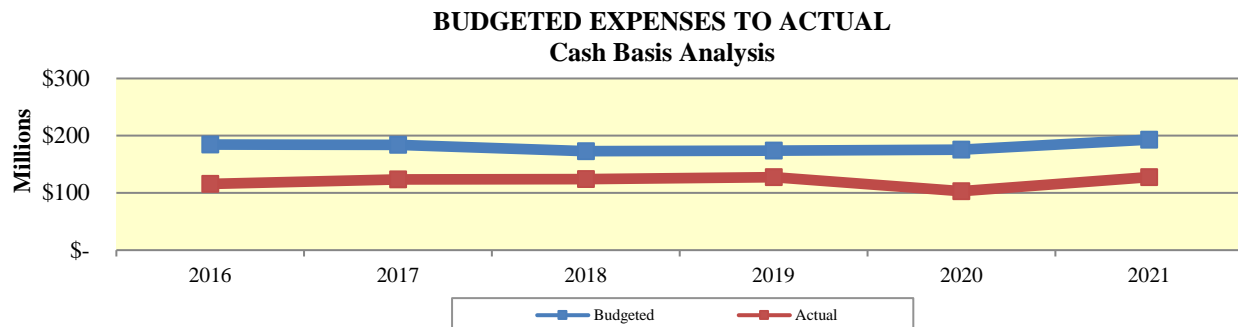
The Special Revenue Grants fund accounts for grants that have been awarded in the District's name. There is no fund balance in grant funds. However, the overall grant activity for the current fiscal year resulted in a \$54,811,664 increase in assets and liabilities over the previous fiscal year due to the increase in grant funding for the District.

Fund balance in the Debt Service fund increased by \$17,305,368 due to more tax revenues coming in over debt payments. At February 28, 2021, this fund reported revenues of \$69,948,453. The majority of these revenues were from intergovernmental sources.

The fund balance in the Capital Projects fund decreased by \$10,939,084 primarily due to normal operations. 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 bond issues, commercial paper and joint funded projects with outside agencies. See Note 6 to the financial statements for further discussion of long term debt.

OPERATING AND MAINTENANCE (GENERAL) FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgetary estimates by \$12,874,983. This is attributable to a higher cash and investment balance at the beginning of the year and greater tax collections during the year than anticipated. Actual expenditures were less than budgetary estimates by \$65,494,653. This is primarily due to fewer expenditures than anticipated in the general operating flood control account. The net effect of over-realization of revenues and over-realization of appropriations resulted in a positive variance of \$78,369,636 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 February 28, 2021, amounted to \$2,819,727,309. These capital assets include land, improvements, buildings, flood control infrastructure, equipment, and construction in progress, as shown in the following table. For further information regarding capital assets, see Note 5 to the financial statements.

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

	<u>February 28, 2021</u>	<u>February 29, 2020</u>
Governmental Activities:		
Land	\$ 1,950,068,691	\$ 1,817,796,966
Construction in Progress	340,617,878	270,016,501
Intangible Assets - water rights	2,400,000	2,400,000
Land Improvements	648,473	648,473
Buildings	12,158,223	12,158,223
Equipment	11,484,756	10,922,775
Park facilities	1,488,456	1,488,456
Flood Control Projects	1,060,087,752	1,037,830,382
	<u>3,378,954,229</u>	<u>3,153,261,776</u>
Less Accumulated Depreciation	(559,226,920)	(524,953,520)
Totals	<u><u>\$ 2,819,727,309</u></u>	<u><u>\$ 2,628,308,256</u></u>

LONG-TERM LIABILITIES

At February 28, 2021, the District had total long-term liabilities outstanding of \$936,375,637. 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 (.17%) and the amount of bonded debt per capita (\$176,000) as useful indicators of the District's debt position; this information is shown in the statistical section of this report.

	<u>Balance February 28, 2021</u>	<u>Balance February 29, 2020</u>
Governmental Activities:		
Bonds Payable	\$ 807,465,663	\$ 543,164,408
Commercial Paper Payable	28,000,000	144,810,000
Compensatory Time Payable	748,516	611,238
Net OPEB Liability	85,129,207	71,661,042
Net Pension Liability	14,519,758	9,530,606
Pollution Remediation Obligations	512,493	393,644
Totals	<u><u>\$ 936,375,637</u></u>	<u><u>\$ 770,170,938</u></u>

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

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2020 was 8.0%. This is an increase from the prior year rate of 3.8%. The state unemployment rate for calendar year 2020 was 7.6%. The number of people employed with the District increased by 6 to 331 during the year.

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

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
February 28, 2021

	Governmental Activities
ASSETS	
Cash and investments:	
Cash and cash equivalents	\$ 49,088,713
Investments	3,010,620
Receivables:	
Taxes, net	5,951,290
Accounts, net	149,748,873
Accrued interest	23,500
Other	1,127,867
Prepays and other assets	35,864,349
Restricted cash and cash equivalents	12,331,609
Restricted investments	10,496,535
Capital assets:	
Land and construction in progress	2,290,686,569
Intangible assets	2,400,000
Other capital assets, net of depreciation	526,640,740
Total assets	<u>3,087,370,665</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	10,030,178
Pension contributions after measurement date	568,455
Changes in OPEB assumptions and difference between expected and actual experience	20,622,851
Changes in pension assumptions	7,232,714
Total deferred outflows of resources	<u>38,454,198</u>
LIABILITIES	
Vouchers payable	44,051,392
Accrued payroll	3,000,441
Retainage payable	14,238,400
Due to other units	358,009
Unearned revenue	973,550
Accrued interest	13,329,475
Long-term liabilities:	
Due within one year:	
Bonds payable	36,805,000
Compensated absences	434,139
Pollution remediation obligation	123,447
Net OPEB liability	2,575,000
Due in more than one year:	
Bonds payable	770,660,663
Commercial paper payable	28,000,000
Compensated absences	314,377
Net OPEB liability	82,554,207
Net pension liability	14,519,758
Pollution remediation obligation	389,046
Total liabilities	<u>1,012,326,904</u>
DEFERRED INFLOWS OF RESOURCES	
Difference in expected and actual pension experience and earnings	4,312,575
Total deferred inflows of resources	<u>4,312,575</u>
NET POSITION	
Net investment in capital assets	2,010,105,684
Restricted for debt service	10,352,255
Restricted for capital projects	117,728,427
Unrestricted	(29,000,982)
Total net position	<u>\$ 2,109,185,384</u>

See notes to the financial statements.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2021**

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	\$ 293,015,067	\$ 1,186,923	\$ 46,553,001	\$ 148,822,660	\$ (96,452,483)
Tax administration	726,195	-	-	-	(726,195)
Interest on long-term debt	21,691,396	-	-	-	(21,691,396)
Total governmental activities	<u>\$ 315,432,658</u>	<u>\$ 1,186,923</u>	<u>\$ 46,553,001</u>	<u>\$ 148,822,660</u>	<u>(118,870,074)</u>
General revenues:					
Taxes:					
Property taxes levied for general purposes					125,470,835
Property taxes levied for debt service					23,420,372
Earnings on investments					1,001,179
Miscellaneous					2,100,487
Total general revenues and other items					<u>151,992,873</u>
Change in net position					33,122,799
Net position - beginning					2,076,062,585
Net position - ending					<u>\$ 2,109,185,384</u>

See notes to the financial statements.

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2021

	Operations and Maintenance (General)	Special Revenue Grants	Debt Service	Capital Projects	Total 2021
ASSETS					
Cash and investments:					
Cash and cash equivalents	\$ 2,016,635	\$ -	\$ -	\$ 47,072,078	\$ 49,088,713
Investments	1,089,176	-	-	1,921,444	3,010,620
Receivables:					
Taxes, net	5,102,662	-	848,628	-	5,951,290
Accounts, net	12,946	149,735,927	-	-	149,748,873
Accrued interest	8,502	-	-	14,998	23,500
Other	36,112	16,293	4,898	1,070,564	1,127,867
Due from other funds	139,777,327	9,368,182	60	65,367,575	214,513,144
Prepays and other assets	16,864	3,513,457	-	32,334,028	35,864,349
Restricted cash and cash equivalents	-	-	12,331,609	-	12,331,609
Restricted investments	-	-	10,496,535	-	10,496,535
Total assets	<u>148,060,224</u>	<u>162,633,859</u>	<u>23,681,730</u>	<u>147,780,687</u>	<u>482,156,500</u>
LIABILITIES					
Vouchers payable	6,618,298	18,615,279	-	18,941,262	44,174,839
Accrued payroll	3,000,441	-	-	-	3,000,441
Retainage payable	3,198,736	5,022,332	-	6,017,332	14,238,400
Due to other funds	63,524,123	138,804,401	4,460	12,180,160	214,513,144
Due to other units	358,009	-	-	-	358,009
Unearned revenue	-	191,847	-	781,703	973,550
Total liabilities	<u>76,699,607</u>	<u>162,633,859</u>	<u>4,460</u>	<u>37,920,457</u>	<u>277,258,383</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	667,463	-	29,070	-	696,533
Unavailable revenue-other	12,931	-	-	-	12,931
Total deferred inflows of resources	<u>680,394</u>	<u>-</u>	<u>29,070</u>	<u>-</u>	<u>709,464</u>
FUND BALANCES					
Nonspendable	16,864	-	-	32,334,028	32,350,892
Restricted	-	-	23,648,200	77,526,202	101,174,402
Unassigned	70,663,359	-	-	-	70,663,359
Total fund balances	<u>70,680,223</u>	<u>-</u>	<u>23,648,200</u>	<u>109,860,230</u>	<u>204,188,653</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,060,224</u>	<u>\$ 162,633,859</u>	<u>\$ 23,681,730</u>	<u>\$ 147,780,687</u>	<u>\$ 482,156,500</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
February 28, 2021**

Total fund balances for governmental funds	\$	204,188,653
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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	\$	1,950,068,691	
Construction in progress		340,617,878	
Intangible assets - water rights		2,400,000	
Land improvements, net of \$460,007 accumulated depreciation		188,466	
Flood control projects, net of \$545,349,131 accumulated depreciation		514,738,621	
Buildings, net of \$4,980,317 accumulated depreciation		7,177,906	
Park facilities, net of \$148,846 accumulated depreciation		1,339,610	
Equipment and vehicles, net of \$8,288,619 accumulated depreciation		3,196,137	
Total capital assets			2,819,727,309

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 February 28, 2021 were:

Deferred charge on refundings		10,030,178	
Deferred outflow - Pension contributions after measurement date		568,455	
Deferred outflow - Changes in OPEB assumptions		20,622,851	
Deferred outflow - Changes in pension assumptions		7,232,714	
Accrued interest on bonds		(13,329,475)	
Bonds payable		(807,465,663)	
Commercial paper payable		(28,000,000)	
Compensated absences		(748,516)	
Net OPEB liability		(85,129,207)	
Net pension liability		(14,519,758)	
Pollution remediation obligation		(389,046)	
Deferred inflow - Difference in actual and projected earnings on pension assets		(4,312,575)	
			(915,440,042)

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.

		709,464
Total net position of governmental activities	\$	2,109,185,384

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 Year Ended February 28, 2021

	Operations and Maintenance (General)	Special Revenue Grants	Debt Service	Capital Projects	Total 2021
REVENUES					
Taxes	\$ 127,125,171	\$ -	\$ 23,370,620	\$ -	\$ 150,495,791
Intergovernmental	83,845	120,734,190	46,553,001	30,659,071	198,030,107
Lease revenue	19,107	-	-	-	19,107
Earnings on investments	-	-	23,199	977,980	1,001,179
Miscellaneous	1,142,957	314,743	1,633	1,903,314	3,362,647
Total revenues	<u>128,371,080</u>	<u>121,048,933</u>	<u>69,948,453</u>	<u>33,540,365</u>	<u>352,908,831</u>
EXPENDITURES					
Current operating:					
Flood control administration	105,416,693	73,913,980	-	69,994,717	249,325,390
Tax administration	726,195	-	-	-	726,195
Capital outlay	1,272,083	58,394,281	-	166,236,458	225,902,822
Debt service:					
Principal retirement	-	-	27,750,000	-	27,750,000
Bond issuance fees	-	-	1,506,978	-	1,506,978
Interest and fiscal charges	-	-	24,974,176	-	24,974,176
Total expenditures	<u>107,414,971</u>	<u>132,308,261</u>	<u>54,231,154</u>	<u>236,231,175</u>	<u>530,185,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,956,109</u>	<u>(11,259,328)</u>	<u>15,717,299</u>	<u>(202,690,810)</u>	<u>(177,276,730)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	145,991	16,627,129	37,543	25,221,810	42,032,473
Transfers out	(20,004,588)	(5,367,801)	-	(16,660,084)	(42,032,473)
Refunding bonds issued	-	-	251,195,000	-	251,195,000
Premium on refunding bonds issued	-	-	50,355,526	-	50,355,526
Commercial paper issued	-	-	-	183,190,000	183,190,000
Payment to defease commercial paper	-	-	(300,000,000)	-	(300,000,000)
Sale of capital assets	916	-	-	-	916
Total other financing sources (uses)	<u>(19,857,681)</u>	<u>11,259,328</u>	<u>1,588,069</u>	<u>191,751,726</u>	<u>184,741,442</u>
Net changes in fund balances	1,098,428	-	17,305,368	(10,939,084)	7,464,712
Fund balances, beginning	69,581,795	-	6,342,832	120,799,314	196,723,941
Fund balances, ending	<u>\$ 70,680,223</u>	<u>\$ -</u>	<u>\$ 23,648,200</u>	<u>\$ 109,860,230</u>	<u>\$ 204,188,653</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 Year Ended February 28, 2021**

Net change in fund balances - total governmental funds	\$	7,464,712
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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 \$225,902,822 exceeded depreciation of \$35,373,173 in the current period.

		190,529,649
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Capital asset donations and transfers		989,262
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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	\$	(251,195,000)
Premium on refunding bonds		(50,355,526)
Commercial paper		(183,190,000)
Debt Repayments:		
To paying agent for bond principal		27,750,000
Payment on to defease commercial paper		300,000,000
Net adjustment		(156,990,526)

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 6 balances.

Compensated absences		(137,278)
Net OPEB liability		(7,286,417)
Net pension liability		960,576
Amortization of debt premium		9,499,271
Amortization of advanced refunding difference		(2,309,708)
Accrued interest on bonds		(3,906,783)
Combined adjustment		(3,180,339)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(5,594,699)
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The net effect of disposals of capital assets is to decrease net position.		(95,260)
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Change in net position of governmental activities	\$	33,122,799
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See notes to the financial statements.



**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Harris County Flood Control District (the "District") have been prepared in conformity with accounting principles generally accepted 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.

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 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 year, the District implemented the following new standards:

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The District no longer has any fiduciary funds due to the analysis completed for GASB 84. The required changes due to the implementation of GASB 84 are reflected in the District's financial statements and notes to those statements. GASB 84 required restatement of assets and liabilities as follows (amounts in thousands):

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	February 29, 2020	GASB Statement No. 84 Restatement	Restated February 29, 2020
Current and other assets	\$ 252,802	\$ 369	\$ 253,171
Capital assets	2,628,308	-	2,628,308
Total assets	2,881,110	369	2,881,479
Deferred outflows of resources	27,581	-	27,581
Current and other liabilities	59,196	369	59,565
Long-term liabilities	770,171	-	770,171
Total liabilities	829,367	369	829,736
Deferred inflows of resources	3,261	-	3,261
Net position:			
Net investment in capital assets	2,046,875	-	2,046,875
Restricted	45,435	-	45,435
Unrestricted	(16,247)	-	(16,247)
Total net position	\$ 2,076,063	\$ -	\$ 2,076,063

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"), requires additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The required changes due to the implementation of GASB 88 are reflected in the District's notes to the financial statements.

Certain paragraphs of GASB Statement No. 92, *Omnibus 2020*, are effective this fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues identified during implementation of certain GASB Statements. Other than the portions of this statement implemented in fiscal year 2021, the remainder of Statement 92 will be effective in fiscal year 2023. The portions implemented of Statement 92 had no effect on the District's financial statements.

Certain paragraphs of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, are effective this fiscal year. This statement increases consistency and comparability related to the reporting of fiduciary component units. Other than the portions of this statement implemented in fiscal year 2021, the remainder of Statement 97 will be effective in fiscal year 2023. The portions implemented of Statement 97 had no effect on the District's financial statements.

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

HARRIS COUNTY FLOOD CONTROL DISTRICT
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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.

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.

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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 payment of principal and interest on the District's General Obligation bonds.

Capital Projects Fund – used to account for capital improvements and acquisitions which are financed from the District's general obligation bonds 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 and the Debt Service 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 March 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 April 1. 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.
- 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.

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- 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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows consist of, when applicable, deferred charge on refundings, pension contributions after measurement date, the differences in projected and actual earnings on pension assets, and changes in pension and OPEB assumptions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The pension contributions after measurement date are deferred and recognized in the following fiscal year. The differences in projected and actual earnings on pension assets are amortized over a closed five year period. Pension and OPEB assumption changes are recognized over the average remaining service life for all members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of, when applicable, differences in expected and actual pension experience, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two

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sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The differences in expected and actual pension experience are amortized over the average of the expected remaining service lives of all employees that are provided with pension benefits through the pension plan (active employees and inactive employees).

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 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 held by the District are in perpetuity intangible assets, meaning there is no determinable useful life and therefore are not depreciated. 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

J. 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 and debt service.

FUND BALANCE CLASSIFICATIONS

In accordance with GAAP, 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.

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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 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.

K. 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.

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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.

L. 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 February 28, 2021, the balance per various financial institutions was \$22,503,910. The 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:

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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.
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

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Act. Securities held as collateral must be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made. A loan must be placed through a primary government securities dealer or a financial institution doing business in Texas. A loan must allow for termination at any time and must have a term of one year or less.

8. Commercial paper with a stated maturity of 270 days or less from the date of issuance, rated A-1 or P-1 or an equivalent rating by at least two nationally recognized agencies, and not under review for possible downgrade at the time of purchase.
9. Local government investment pools with a dollar weighted average maturity of 60 days or less, approved through resolution of Commissioners Court to provide services to the County, continuously rated no lower than AAA or equivalent by at least one nationally recognized rating service. The County may not invest an amount that exceeds 10 percent of the total assets of any one local government investment pool. On a monthly basis, the Investment Officer shall review a list of securities held in the portfolio of any pool in which County funds are being held. To be eligible to receive funds from and invest funds on behalf of the County an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by Tex. Gov't. Code, Sec. 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and review by the Finance Committee.
10. A Securities and Exchange Commission (SEC) registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less. Furthermore, it must be rated not less than AAA or equivalent by at least one nationally recognized rating service and the County must be provided with a prospectus and other information required by the SEC Act of 1934 or the Investment Company Act of 1940. The County may not invest an amount that exceeds 10 percent of the total assets of any one fund. Investments will be made in a money market mutual fund only after a thorough investigation of the fund and review by the Finance Committee.
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 February 28, 2021.

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	Governmental Activities
Cash and Cash Equivalents	\$ 49,088,713
Restricted Cash and Cash Equivalents	12,331,609
Investments	3,010,620
Restricted Investments	10,496,535
Total Cash & Investments	\$ 74,927,477

The table below indicates the fair value and maturity value of the District's investments as of February 28, 2021, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in years for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
<i>Local Governments</i>					
New York City NY Revenue Bonds	3,010,620	3.03%	3,000,000	0.005	AAA/Aa1
<i>Total Local Governments</i>	<u>3,010,620</u>		<u>3,000,000</u>		
<i>US Treasury Bill</i>					
US Treasury Bill	17,396,397	17.49%	17,400,000	0.052	AA+/Aaa
<i>Total US Treasury Notes</i>	<u>17,396,397</u>		<u>17,400,000</u>		
<i>Money Market Funds</i>					
Lone Star Investment (GOV) Pool	53,744	0.05%	53,744	N/A	AAAm
Lone Star Investment Pool	434,234	0.44%	434,234	N/A	AAAm
Logic Investment Pool	26,002,035	26.14%	26,002,035	N/A	AAAm
TX Class Pool	30,133,807	30.29%	30,133,807	N/A	AAAm
Fidelity Instl Treasury	13,826,562	13.90%	13,826,562	N/A	AAAm
Flood - DDA Cadence	8,626,049	8.67%	8,626,049	N/A	N/A
<i>Total Money Market Funds</i>	<u>79,076,431</u>		<u>79,076,431</u>		
Total Investments	99,483,448	100.00%	\$ 99,476,431		
<i>Outstanding items</i>	<u>(24,555,971)</u>				
Total Cash & Investments	<u><u>\$ 74,927,477</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 February 28, 2021, the County has recurring fair value measurements for Local Governments and U.S. Treasury Notes totaling \$20,407,017 all 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 \$79,076,431 have been valued at amortized cost or fair value in accordance with GASB No. 79. The recorded position of the pool for Texas CLASS is measured at net asset value to approximate fair value, which is designed to approximate the share value; however, the net asset value is not guaranteed or insured. Lone Star, Logic and Fidelity Investment Pools are valued at amortized cost, which approximates fair value. Flood Control's Demand Deposit Account at Cadence preserves cash and liquidity and is considered cash value.

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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 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 February 28, 2021, 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 February 28, 2021, 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

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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.

<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	\$20,400,000	0.26
Money Market Mutual Funds	N/A	N/A	79,076,431	N/A
			<u>\$ 99,476,431</u>	

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

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 2020 tax year, per \$100 of taxable valuation:

	<u>Maintenance and Operations (General)</u>	<u>Debt Service</u>	<u>Total</u>
Flood Control District	\$0.02649	\$0.00493	\$0.03142

Property tax receivables of \$5,951,290 as of February 28, 2021 are reported net of an allowance for uncollectible taxes of \$14,488,302.

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

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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 February 28, 2021, the District abated property taxes totaling \$45,429 under this program, which includes five entities—three of which were regional distribution facilities, which were granted exemptions that converted to property tax abatements ranging from \$943 to \$16,747 and totaling \$33,242. Two of the entities were manufacturing facilities, which were also granted exemptions that converted to a property tax abatement of \$12,187.

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 February 28, 2021 are as follows:

Receivable:					
	General Fund	Special Revenue Grants	Debt Service	Capital Projects	Total
Payable:					
General Fund	\$ -	\$ -	\$ -	\$ 63,524,123	\$ 63,524,123
Special Revenue Grants	138,758,423	-	-	45,978	138,804,401
Debt Service Fund	-	-	-	4,460	4,460
Capital Projects	1,018,904	9,368,182	60	1,793,014	12,180,160
TOTAL	\$ 139,777,327	\$ 9,368,182	\$ 60	\$ 65,367,575	\$ 214,513,144

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 February 28, 2021:

Transfers In:					
	General Fund	Special Revenue Grants	Debt Service	Capital Projects	Total
Transfers Out:					
General Fund	\$ -	\$ -	\$ 4,588	\$ 20,000,000	\$ 20,004,588
Special Revenue Grants	145,991	-	-	5,221,810	5,367,801
Capital Projects	-	16,627,129	32,955	-	16,660,084
TOTAL	\$ 145,991	\$ 16,627,129	\$ 37,543	\$ 25,221,810	\$ 42,032,473

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 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 March 1, 2020	Additions	Deletions	Transfers	Balance February 28, 2021
Governmental Activities:					
Land	\$ 1,817,796,966	\$ 132,777,655	\$ (4,598)	\$ (501,332)	\$ 1,950,068,691
Construction in progress	270,016,501	92,660,065	(88,415)	(21,970,273)	340,617,878
Intangible Assets - water rights	2,400,000	-	-	-	2,400,000
Total capital assets not depreciated	<u>2,090,213,467</u>	<u>225,437,720</u>	<u>(93,013)</u>	<u>(22,471,605)</u>	<u>2,293,086,569</u>
Land improvements	648,473	-	-		648,473
Buildings	12,158,223	-	-	-	12,158,223
Equipment	10,922,775	1,800,771	(388,459)	(850,331)	11,484,756
Park Facilities	1,488,456	-	-	-	1,488,456
Flood control projects	1,037,830,382	-	-	22,257,370	1,060,087,752
	<u>1,063,048,309</u>	<u>1,800,771</u>	<u>(388,459)</u>	<u>21,407,039</u>	<u>1,085,867,660</u>
Less accumulated depreciation for:					
Land Improvements	(428,193)	(31,814)	-	-	(460,007)
Buildings	(4,711,774)	(268,543)	-	-	(4,980,317)
Equipment	(8,887,761)	(507,476)	388,459	718,159	(8,288,619)
Park facilities	(99,231)	(49,615)	-	-	(148,846)
Flood control projects	(510,826,561)	(34,515,725)	(6,845)	-	(545,349,131)
	<u>(524,953,520)</u>	<u>(35,373,173)</u>	<u>381,614</u>	<u>718,159</u>	<u>(559,226,920)</u>
Total capital assets being depreciated, net	<u>538,094,789</u>	<u>(33,572,402)</u>	<u>(6,845)</u>	<u>22,125,198</u>	<u>526,640,740</u>
Governmental activities capital assets, net	<u>\$ 2,628,308,256</u>	<u>\$ 191,865,318</u>	<u>\$ (99,858)</u>	<u>\$ (346,407)</u>	<u>\$ 2,819,727,309</u>

Depreciation expense was charged to the Flood Control Administration function of the District for \$35,373,173. The transfer amount of negative \$346,407 does not net to zero due to a land transfer between Harris County and Flood Control.

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.

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The changes in the District's Governmental Long-Term Liabilities for fiscal year 2020-2021 were as follows:

	Outstanding March 1, 2020	Increase	Decrease	Outstanding February 28, 2021	Amount Due Within One Year
Governmental Activities:					
Refunding Series 2008A	\$ 41,820,000	\$ -	(10,840,000)	\$ 30,980,000	\$ 30,980,000
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	86,965,000	-	(16,910,000)	70,055,000	-
Refunding Series 2020A	-	251,195,000	-	251,195,000	5,825,000
Total Bonds Payable - Principal	489,560,000	251,195,000	(27,750,000)	713,005,000	36,805,000
Unamortized Premium, Series 2008A	736,229	-	(494,100)	242,129	-
Unamortized Premium, Series 2014	4,302,337	-	(617,442)	3,684,895	-
Unamortized Premium, Series 2014A	7,033,630	-	(944,324)	6,089,306	-
Unamortized Premium, Series 2015A	4,940,824	-	(522,669)	4,418,155	-
Unamortized Premium, Series 2015B	3,546,580	-	(346,096)	3,200,484	-
Unamortized Premium, Series 2017A	24,579,407	-	(2,013,546)	22,565,861	-
Unamortized Premium, Series 2019A	8,465,401	-	(2,750,190)	5,715,211	-
Unamortized Premium, Series 2020A	-	50,355,526	(1,810,904)	48,544,622	-
Total Bonds Payable	543,164,408	301,550,526	(37,249,271)	807,465,663	36,805,000
Commercial Paper Payable	144,810,000	183,190,000	(300,000,000)	28,000,000	-
Compensatory Time Payable	611,238	842,010	(704,732)	748,516	434,139
Net OPEB Liability	71,661,042	13,468,165	-	85,129,207	2,575,000
Net Pension Liability	9,530,606	4,989,152	-	14,519,758	-
Pollution Remediation Obligation	393,644	123,447	(4,598)	512,493	123,447
TOTAL	\$ 770,170,938	\$ 504,163,300	\$ (337,958,601)	\$ 936,375,637	\$ 39,937,586

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

A. OUTSTANDING BONDED DEBT

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2021
			Issued	Matures	
Refunding Series 2008A	137,095,000	4.00-5.25	2008	2021	30,980,000
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	70,055,000
Refunding Series 2020A	251,195,000	3.00-5.00	2020	2045	251,195,000
TOTAL	\$ 890,730,000				\$ 713,005,000

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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 February 28, 2021 is approximately \$701.0 million. The legal debt limit is approximately \$145.0 billion (25% of real property assessed value) for the fiscal year ended February 28, 2021.

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>
2022	\$ 36,805,000	\$ 31,975,215	\$ 68,780,215
2023	36,465,000	30,145,689	66,610,689
2024	38,165,000	28,443,039	66,608,039
2025	39,595,000	26,596,889	66,191,889
2026	43,935,000	25,078,450	69,013,450
2027-2031	224,060,000	91,009,750	315,069,750
2032-2036	106,735,000	50,211,950	156,946,950
2037-2041	115,785,000	25,845,850	141,630,850
2042-2046	71,460,000	8,799,200	80,259,200
	<u>\$ 713,005,000</u>	<u>\$ 318,106,032</u>	<u>\$ 1,031,111,032</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. The following is the summary of authorized, issued and unissued bonds and commercial paper:

Year of Voter Authorization	Amount Authorized	Issued as of 2/28/2021	Authorized but Unissued as of 2/28/2021
(amounts in millions)			
2018	\$ 2,500.0	\$ (264.0)	\$ 2,236.0
	<u>\$ 2,500.0</u>	<u>\$ (264.0)</u>	<u>\$ 2,236.0</u>

D. REFUNDING/ISSUANCE OF DEBT

On September 30, 2020, the County issued \$251,195,000 in Flood Control District Improvement Refunding Bonds, Series 2020A, to refund and defease a portion of the County's outstanding Flood Control District Limited Tax Commercial Paper Notes, Series H, and to pay the cost of such issuance. The annual interest rates range from 3.00% to 5.00%. The issuance had a premium of \$50,355,526. The interest accrues semiannually and the bonds mature in 2045. No savings or economic loss is recognized due to the defeasance of commercial paper. The refunding resulted in no savings or economic benefit.

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. As of February

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28, 2021, the District has outstanding \$28,000,000 of commercial paper in Series H Notes.

The District has a credit agreement with JP Morgan Chase Bank, which expires December 10, 2021. For this line of credit, the District is assessed a fee of .28% per annum on the daily amount of the 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.

DEBT SERVICE TO MATURITY-COMMERCIAL PAPER

The following is the expected debt service requirements for the various Commercial Paper issuance. These requirements assume that as of February 28, 2021, the District had drawn down the outstanding principal balance on the lines of credit and letter of credit and subsequently executed term loans with the banks for a principal balance of \$28,000,000 at the average rate for the quarter ending February 28, 2021 by series and reflect the effects of any refundings.

<u>Fiscal year</u>	<u>Flood Control</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	21,000,000	2,572,743	23,572,743
2024	7,000,000	88,715	7,088,715
	<u>\$ 28,000,000</u>	<u>\$ 2,661,458</u>	<u>\$ 30,661,458</u>

F. SUBSEQUENT DEBT RELATED ACTIVITIES

On August 5, 2021, the County issued \$256,455,000 in Flood Control District Improvement Refunding Bonds, Series 2021A, to defease \$312,000,000 of the County's outstanding Flood Control District Limited Tax Commercial Paper Notes, Series H, and to pay the cost of such issuance. The annual interest rates range from 1.00% to 5.00%. The issuance had a premium of \$56,988,938. The interest accrues semiannually and the bonds mature in 2046. No savings or economic loss is recognized due to the defeasance of commercial paper. The refunding resulted in no savings or economic benefit. Also, the County defeased \$28,300,000 in Flood Control District Limited Tax Series H Commercial Paper notes.

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. There were no arbitrage rebate payments made during fiscal year 2021. As of February 28, 2021 there were no estimated 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.

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 and District Retirement System ("TCDRS"). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCERS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCERS in the aggregate issues a comprehensive annual financial report on a calendar year basis. The annual report is available upon written request from the TCERS

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Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 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 1.95%.

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:

	<u>12/31/19</u>	<u>12/31/20</u>
Inactive employees or beneficiaries currently receiving benefits	9,258	9,753
Inactive employees entitled but not yet receiving benefits	9,380	9,346
Active employees	<u>18,617</u>	<u>19,401</u>
Total	<u><u>37,255</u></u>	<u><u>38,500</u></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 2019, 2020, and the first 2 months of 2021.

The contribution rate payable by the employee members for 2020 and 2021 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 ending February 28, 2021, the net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

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Inflation	2.5%
Salary Increases	4.6%
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 1.6% per year for a career employee.

Mortality rates for depositing members were based on the RP-2014 Healthy Annuitant Mortality Table for males and females as appropriate, with adjustments. Service retirees, beneficiaries, and non-depositing members were based on RP-2014 Healthy Annuitant Mortality Table for males and females as appropriate.

The actuarial cost method was Entry Age Normal, as required by GASB No. 68. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, 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 2021 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 most recent analysis was performed in 2021 and reviewed annually for continued compliance with relevant standards of practice.

The following target asset allocation was adopted by the TCDRS board in March 2021. The geometric real rate of return is net of inflation, assumed at 2.0%.

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Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	11.50%	4.25%
Global Equities	2.50%	4.55%
International Equities - Developed	5.00%	4.25%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private Equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%
	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 liability of the employer is equal to the long-term assumed rate of return on investments.

Changes in Net Pension Liability (amounts in thousands):

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	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2019	\$ 6,841,184	\$ 6,356,524	\$ 484,660
Changes for the year:			
Service cost	163,444	-	163,444
Interest on total pension liability	553,564	-	553,564
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	19,026	-	19,026
Effect of assumptions changes or inputs	440,283	-	440,283
Refund of contributions	(9,918)	(9,918)	-
Benefit payments	(337,858)	(337,858)	-
Administrative expenses	-	(5,068)	5,068
Member contributions	-	85,012	(85,012)
Net investment income	-	656,508	(656,508)
Employer contributions	-	182,824	(182,824)
Other	-	(1,963)	1,963
Balances as of December 31, 2020	\$ 7,669,725	\$ 6,926,061	\$ 743,664

The net pension liability allocated to Flood Control at February 29, 2020 and February 28, 2021 was \$9,530,606 and \$14,519,758 respectively and employer contributions for the same period were \$3,293,803 and \$3,569,572, respectively. The increase in net pension liability was mainly due to a decrease in net investment income compared to the prior year.

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

Harris County:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 8,684,104	\$ 7,669,725	\$ 6,819,442
Fiduciary net position	6,926,061	6,926,061	6,926,061
Net pension liability	\$ 1,758,043	\$ 743,664	\$ (106,619)

Flood Control:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 169,554	\$ 149,748	\$ 133,147
Fiduciary net position	135,229	135,229	135,229
Net pension liability	\$ 34,325	\$ 14,519	\$ (2,082)

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

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For the measurement period ending December 31, 2020, the County recognized pension expense of \$140,262,950. Flood Control's share was \$2,738,581 as of February 28, 2021; 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	\$ 10,892	\$ 23,192
Changes of assumptions	-	370,441
Net difference between projected and actual earnings	233,179	-
Contributions made subsequent to the measurement date	-	29,116
	<u>\$ 244,071</u>	<u>\$ 422,749</u>

<u>Flood Control's Allocation:</u>	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 213	\$ 453
Changes of assumptions	-	7,233
Net difference between projected and actual earnings	4,553	-
Contributions made subsequent to the measurement date	-	568
	<u>\$ 4,766</u>	<u>\$ 8,254</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension, other than contributions subsequent to the measurement date, will be recognized in pension expense for the Harris County plan as follows (amounts in thousands):

<u>County</u>		<u>Flood Control</u>	
Year ended December 31:		Year ended December 31:	
2021	(932)	2021	(104)
2022	69,283	2022	1,342
2023	(44,710)	2023	(895)
2024	49,369	2024	1,039
2025	76,552	2025	1,538
Total	<u>\$ 149,562</u>	Total	<u>\$ 2,920</u>

Payable to the Pension Plan

At February 28, 2021, the County reported a payable of \$21,269,431 for the outstanding amount of contributions to the pension plan.

The above information includes four participating employers to the agent multiple employer defined benefit pension plan. One of the employers, Community Supervision ("CS") is not considered a department or a component unit of the County. The net pension liability for CS at February 29, 2020 and February 28, 2021 is \$14,062,227 and \$18,473,747, respectively.

The deferred inflows and outflows reported for CS at February 28, 2021 were (amounts in thousands):

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	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 271	\$ 576
Changes of assumptions	-	9,202
Net difference between projected and actual earnings	5,793	-
Contributions made subsequent to the measurement date	-	648
	<u>\$ 6,064</u>	<u>\$ 10,426</u>

For the measurement period ended December 31, 2020, CS recognized pension expense of \$2,295,109.

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

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 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.

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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 then 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 contribution for retiree and dependent healthcare coverage.

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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.

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

Plan Membership

At March 1, 2020, the most recent valuation date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	5,652
Active plan members	17,223
	<u>22,875</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.

Net OPEB Liability

The County's Net OPEB Liability was measured as of February 28, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of March 1, 2020. 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:

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Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	No irrevocable trust has been established 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	3.25 percent wage inflation plus TCDRS merit scale
Rate of payroll growth (service cost projection)	3.25 percent (salary increases less assumed merit increases)
Inflation rate	2.75 percent
Healthcare cost trend rate	5.80 percent for 2021 decreasing to 5.40 percent for 2023, 5.20 percent for 2024 to 2069, and 4.00 percent for 2070 and later years
Mortality	2019 TCDRS Mortality Assumptions:
Male	130% of RP-2014 Healthy Annuitant Mortality Table.
Female	110% of RP-2014 Healthy Annuitant Mortality Table.
Mortality Improvement	110% of MP-2014 after 2014.

Actuarial assumptions used in the March 1, 2020 valuation were based on a review of plan experience during the period March 1, 2018 to February 29, 2020.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return. (Harris County’s OPEB plan is a pay as you go plan);
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the County’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
February 29, 2020	February 29, 2020	4.00%	1.81%	1.75%
February 28, 2021	February 28, 2021	4.00%	2.50%	2.50%

Schedule of Changes in Net OPEB Liability (March 1, 2020 to February 28, 2021)

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	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of March 1, 2020	\$ 2,752,537,886	\$ -	\$ 2,752,537,886
Changes for the year:			
Service cost	251,726,871	-	251,726,871
Interest	69,220,905	-	69,220,905
Difference between expected and actual experience	85,687,357	-	85,687,357
Contributions – employer	-	62,086,619	(62,086,619)
Changes of assumptions	397,977,225	-	397,977,225
Benefit payments (i)	(62,086,619)	(62,086,619)	-
Balances as of February 28, 2021	<u>\$ 3,495,063,625</u>	<u>\$ -</u>	<u>\$ 3,495,063,625</u>

- (i) County's estimated annual benefit cost from actuarial valuation. Reflects projected net increase in healthcare costs and estimated increase for new retirees and decrease for assumed deaths.

There was a large increase in the net OPEB liability mainly due to the increase in the changes of assumptions. This increase was due to the municipal bond index rates increasing from fiscal year 2020 to fiscal year 2021.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.50 percent) or 1-percentage-point higher (3.50 percent) than the current discount rate:

Harris County:	1% Decrease	Discount Rate	1% Increase
	1.50%	2.50%	3.50%
Net OPEB liability	\$ 4,179,912,867	\$ 3,495,063,625	\$ 2,950,048,298
Flood Control:	1% Decrease	Discount Rate	1% Increase
	1.50%	2.50%	3.50%
Net OPEB liability	\$ 99,438,018	\$ 85,129,207	\$ 73,537,071

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.40 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.40 percent) than the current healthcare cost trend rates:

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Harris County:	1% Decrease ^a	Trend Rate	1% Increase ^b
Net OPEB liability	\$ 2,837,033,722	\$ 3,495,063,625	\$ 4,373,158,233

Flood Control:	1% Decrease ^a	Trend Rate	1% Increase ^b
Net OPEB liability	\$ 71,533,743	\$ 85,129,207	\$ 102,629,194

^a 5.00% for 2020 to decreasing to 4.40% for 2023, 4.20% for 2024-2069, and 3.00% for 2070 and thereafter.

^b 7.00% for 2020 to decreasing to 6.40% for 2023, 6.20% for 2024-2069, and 5.00% for 2070 and thereafter.

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

At February 28, 2021, the County's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 76,166,540
Changes in assumptions or other inputs	-	914,793,863
Total	\$ -	\$ 990,960,403

Flood Control's Allocation:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,952,043)
Changes in assumptions or other inputs	-	22,574,894
Total	\$ -	\$ 20,622,851

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

Harris County		Flood Control	
Year ended February 28/29:		Year ended February 28/29:	
2022	140,053,790	2022	2,914,656
2023	140,053,790	2023	2,914,656
2024	140,053,790	2024	2,914,656
2025	140,053,790	2025	2,914,656
2026	140,053,790	2026	2,914,656
2027	140,053,790	2027	2,914,656
2028	96,897,153	2028	2,016,524
2029	53,740,510	2029	1,118,391
Total	\$ 990,960,403	Total	\$ 20,622,851

The above information includes five participating employers to the agent multiple employer defined benefit

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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 net OPEB liability for CS and 911 at February 28, 2021 is \$21,573,912.

The deferred inflows and outflows reported for CS and 911 at February 28, 2021 were:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 470,151
Changes in assumptions or other inputs	-	5,646,730
Total	\$ -	\$ 6,116,881

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. 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 Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles 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. 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

**HARRIS COUNTY FLOOD CONTROL DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS
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liabilities of \$512,493. 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 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 February 28, 2021. 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 \$105,065,372.

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 February 28, 2021, the encumbrance balances for the governmental funds are reported as follows:

	<u>Restricted</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$ -	\$ 17,972,577	\$ 17,972,577
Capital Projects	105,065,372	-	105,065,372
	<u>\$ 105,065,372</u>	<u>\$ 17,972,577</u>	<u>\$ 123,037,949</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

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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 employer's 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 for eligible employees and over 50% of the cost of dependent premiums. Disability insurance will pay up to 50% of an employee's salary for two years with an employee option to extend the benefits period to age 65 and increase the percentage to 60%.

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 Risk Management 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 Risk Management Fund. Payments for the District's general, vehicle, and property damage liability claims, for which the County is self-insured, are made through the Risk Management 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 February 28, 2021:

	Operations and Maintenance (General)	Debt Service	Capital Projects	Total
Fund Balances:				
Nonspendable:				
Prepays	\$ 16,864	\$ -	\$ 32,334,028	\$ 32,350,892
Total nonspendable	<u>16,864</u>	<u>-</u>	<u>32,334,028</u>	<u>32,350,892</u>
Restricted for:				
Debt service	-	23,648,200	-	23,648,200
Capital projects	-	-	77,526,202	77,526,202
Total restricted	<u>-</u>	<u>23,648,200</u>	<u>77,526,202</u>	<u>101,174,402</u>
Unassigned	<u>70,663,359</u>	<u>-</u>	<u>-</u>	<u>70,663,359</u>
Total fund balances	<u>\$ 70,680,223</u>	<u>\$ 23,648,200</u>	<u>\$ 109,860,230</u>	<u>\$ 204,188,653</u>

12. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases* ("GASB 87"), requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting

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based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 will be implemented by the District in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 91, *Conduit Debt Obligations* – (“GASB 91”), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be implemented by the District in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 92, *Omnibus 2020* – (“GASB 92”), objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Except what was noted in Note 1, GASB 92 will be implemented by the District in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* – (“GASB 93”), some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the District in fiscal year 2023 and the impact has not yet been determined.

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. GASB 94 will be implemented by the District in fiscal year 2024 and the impact has not yet been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*– (“GASB 96”), This Statement 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 will be implemented by the District in fiscal year 2024 and the impact has not yet been determined.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* – (“GASB 97”), The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment

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benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Except what was noted in Note 1, GASB 97 will be implemented by the District in fiscal year 2023 and the impact has not yet been determined.

13. SUBSEQUENT EVENTS

On June 29, 2021, Harris County Commissioners Court approved the creation of the Harris County Flood Resilience Trust for further funding of the 2018 Harris County Flood Control Bond Program and future County-led flood mitigation efforts. This authorization directed certain transfers of existing and future Harris County Toll Road Authority surplus revenue to the Flood Resilience Trust to supplement the funding of the County's flood bond program going forward. The June 29, 2021 authorization also directed other funding sources, including federal, state, and local partner funds, and legislated and contractually obligated reimbursements, to initially comprise the Flood Resilience Trust.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

**HARRIS COUNTY FLOOD CONTROL DISTRICT
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS
OPERATIONS AND MAINTENANCE (GENERAL) FUND
For The Year Ended February 28, 2021**

	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	\$ 68,726,313	\$ 68,726,313	\$ 77,465,035	\$ 8,738,722
Contract Tax Bond 2019A - COI	-	-	4,580	4,580
Total Beginning Cash and Investments	68,726,313	68,726,313	77,469,615	8,743,302
Interest:				
Flood Control General	789,780	789,780	-	(789,780)
Contract Tax Bond 2019A - COI	-	-	8	8
Total Other Transfers In	789,780	789,780	8	(789,772)
Taxes:				
Flood Control General	123,243,719	123,243,719	127,125,171	3,881,452
Intergovernmental:				
Flood Control General	48,000	48,000	83,845	35,845
Total Other Transfers In	48,000	48,000	83,845	35,845
Miscellaneous:				
Flood Control General	258,900	258,900	1,142,958	884,058
Other - Lease Revenue:				
Flood Control General	45,000	45,000	19,107	(25,893)
Other Transfers In:				
Flood Control General	-	-	145,991	145,991
Total Other Transfers In	-	-	145,991	145,991
Total Revenue and Other Financing Sources	193,111,712	193,111,712	205,986,695	12,874,983
EXPENDITURES AND OTHER FINANCING USES				
Flood Control General	193,111,712	193,111,712	127,617,059	65,494,653
Total Expenditures and Other Financing Uses	193,111,712	193,111,712	127,617,059	65,494,653
Net changes in Fund Balance	\$ -	\$ -	\$ 78,369,636	\$ 78,369,636

See notes to required supplementary information.

HARRIS COUNTY FLOOD CONTROL DISTRICT
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 28, 2021

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	\$ 205,986,695
Beginning Cash and Investments	(77,469,615)
Accrued in 2020, received in 2021	(4,117,565)
Accrued in 2021 to be received in 2022	4,118,472
	<hr/>
Revenues and other financing sources on modified accrual (GAAP) basis	128,517,987
	<hr/>
EXPENDITURES AND OTHER FINANCING USES	
Cash (budgetary) basis	127,617,059
Incurred during 2020, paid in 2021	(6,401,201)
Incurred during 2021, payable in 2022	6,203,701
	<hr/>
Expenditures and other financing uses on modified accrual (GAAP) basis	127,419,559
	<hr/>
Net changes in Fund Balance	\$ 1,098,428
	<hr/> <hr/>

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

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Amounts in thousands)

	Year Ended February 28 2019	Year Ended February 29 2020	Year Ended February 28 2021
TOTAL OPEB LIABILITY			
Service cost	\$ 79,163	\$ 81,736	\$ 251,727
Interest cost	70,460	74,038	69,221
Difference between expected and actual experience	-	-	85,687
Effect of assumption changes or inputs	-	733,663	397,977
Benefit payments	(55,161)	(58,457)	(62,087)
Net change in total OPEB liability	94,462	830,980	742,525
Total OPEB liability, beginning	1,827,096	1,921,558	2,752,538
Total OPEB liability, ending (a)	<u>\$ 1,921,558</u>	<u>\$ 2,752,538</u>	<u>\$ 3,495,063</u>
FIDUCIARY NET POSITION			
Employer contributions	\$ 55,161	\$ 58,457	\$ 62,087
Benefit payments	(55,161)	(58,457)	(62,087)
Net change in fiduciary net position	-	-	-
Net OPEB liability, ending = (a) - (b)	<u>\$ 1,921,558</u>	<u>\$ 2,752,538</u>	<u>\$ 3,495,063</u>
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,042,892	\$ 1,112,112	\$ 1,164,474
Net OPEB liability as a % of covered payroll	184.25%	247.51%	300.14%

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 AND RELATED RATIOS
LAST SIX MEASUREMENT YEARS
(Amounts in thousands)

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

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
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REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Year Ending February 28/29	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2012	77,988,234	77,988,234	-	794,141,978	9.8%
2013	83,215,181	83,215,181	-	779,898,383	10.7%
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%

Flood Control is a component unit of the County and is included in the above table. The following table contains Flood Control specific information:

Year Ending February 28/29	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%

Additional years for the Flood Control District will be added as they become 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.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age

Amortization method Level percentage of payroll, closed

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REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.6% 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
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>
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>

*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 February 28, 2021

	DEBT SERVICE FUND			Variance with
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUES AND OTHER FINANCING SOURCES				
Beginning Cash and Investments	\$ 7,515,652	\$ 7,515,652	\$ 6,686,285	\$ (829,367)
Revenues and Transfers In:				
Taxes	5,495,956	5,495,956	22,640,541	17,144,585
Interest	42,090	42,090	23,058	(19,032)
Miscellaneous	864	864	1,520	656
Other	46,639,199	648,754,183	648,705,528	(48,655)
Total Revenues and Transfers In	52,178,109	654,293,093	671,370,647	17,077,554
Total Available Resources	59,693,761	661,808,745	678,056,932	16,248,187
EXPENDITURES AND OTHER FINANCING USES				
Flood Control Improvement Refunding Bond 2014	3,293,706	3,293,706	1,810,000	1,483,706
Flood Control Contract Tax Bond 2014A	2,911,690	2,911,690	2,911,250	440
Flood Control Contract Tax Bond 2014B	712,735	712,735	712,039	696
Flood Control Improvement Refunding Bond 2015A	3,842,497	3,842,497	2,110,050	1,732,447
Flood Control Contract Tax Bond 2015B	1,402,906	1,402,906	1,402,150	756
Flood Control Contract Tax Bond 2017A	7,675,695	7,675,695	7,674,800	895
Flood Control Contract Tax Refunding Ser 2008A	13,120,022	13,120,022	13,035,550	84,472
Flood Control Commercial Paper 2017H DS	5,830,667	305,830,667	302,603,470	3,227,197
Flood Control Contract Tax Refunding Ser 2019A	20,903,843	20,903,843	20,903,410	433
Flood Control Improvement Refunding Bond 2020A	-	301,550,526	301,550,526	-
Total Expenditures and Other Financing Uses	59,693,761	661,244,287	654,713,245	6,531,042
Net changes in Fund Balance	\$ -	\$ 564,458	\$ 23,343,687	\$ 22,779,229

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 February 28, 2021

	CAPITAL PROJECTS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES AND OTHER FINANCING SOURCES				
Beginning Cash and Investments	\$ 143,429,665	\$ 151,804,188	\$ 140,359,252	\$ (11,444,936)
Revenues and Transfers In:				
Interest	-	1,358,984	1,173,569	(185,415)
Miscellaneous	-	514,750	1,728,314	1,213,564
Intergovernmental	-	16,273,658	26,659,071	10,385,413
Other Transfers In	381,990,000	675,190,000	208,659,213	(466,530,787)
Other Commercial Paper				-
Total Revenues and Transfers In	381,990,000	693,337,392	238,220,167	(455,117,225)
Total Available Resources	525,419,665	845,141,580	378,579,419	(466,562,161)
EXPENDITURES AND OTHER FINANCING USES				
Regional Flood Control Projects	8,145,482	8,747,799	19,744	8,728,055
Flood Control Capital Projects	138,580,360	180,092,479	57,745,961	122,346,518
FC Bonds 2004A-Construction	202,878	204,024	2,146	201,878
FC Improvement Bonds 2007	589,058	591,671	2,613	589,058
Commercial Paper Series F - Flood Control	913,264	878,106	279,958	598,148
Commercial Paper Series H - Flood Control	376,988,623	654,627,499	225,722,880	428,904,619
Total Expenditures and Other Financing Uses	525,419,665	845,141,578	283,773,302	561,368,276
Net changes in Fund Balance	\$ -	\$ 2	\$ 94,806,117	\$ 94,806,115

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This part of Harris County Flood Control District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018 (Restated)	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 1,616,240	\$ 1,610,798	\$ 1,653,516	\$ 1,708,074	\$ 1,771,401	\$ 1,870,607	\$ 1,926,900	\$ 2,043,278	\$ 2,046,875	\$ 2,010,106
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	-	10,352
Capital projects	8,592	4,909	790	6,196	5,091	19,088	23,835	37,984	45,435	117,728
Unrestricted	100,203	109,232	106,564	75,157	48,241	29,374	(21,241)	(29,519)	(16,247)	(29,001)
Total governmental activities net position	<u>\$ 1,725,035</u>	<u>\$ 1,724,939</u>	<u>\$ 1,760,870</u>	<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>

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)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXPENSES										
Governmental activities:										
Flood Control	\$ 92,832	\$ 98,792	\$ 93,621	\$ 99,234	\$ 109,300	\$ 104,871	\$ 128,415	\$ 160,792	\$ 250,440	\$ 293,015
Tax Administration	647	610	631	518	559	596	646	668	939	726
Interest and Fiscal Charges	32,919	31,928	31,381	28,213	28,059	26,549	25,479	23,160	22,146	21,692
Total governmental activities expenses	<u>\$ 126,398</u>	<u>\$ 131,330</u>	<u>\$ 125,633</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Flood Control	\$ 451	\$ 724	\$ 392	\$ 541	\$ 6,228	\$ 687	\$ 5,226	\$ 628	\$ 648	\$ 1,187
Operating grants and contributions	37,064	36,978	36,983	37,181	50,440	50,061	50,288	48,712	49,245	46,553
Capital grants and contributions	62,201	17,663	39,393	23,413	19,960	49,106	27,146	124,572	116,928	148,823
Total governmental activities program revenues	<u>\$ 99,716</u>	<u>\$ 55,365</u>	<u>\$ 76,768</u>	<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>
NET (EXPENSE)/REVENUE										
Total governmental activities net expense	<u>\$ (26,682)</u>	<u>\$ (75,965)</u>	<u>\$ (48,865)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 74,317	\$ 69,389	\$ 77,515	\$ 86,726	\$ 96,994	\$ 110,784	\$ 111,391	\$ 120,380	\$ 120,041	\$ 125,471
Property taxes levied for debt services	2,404	7,946	6,315	3,927	4,262	3,493	3,961	6,095	5,379	23,420
Earnings on investments	2,653	1,913	440	3,491	628	1,818	2,133	4,344	3,497	1,001
Miscellaneous	1,414	1,714	526	1,243	1,296	10,402	2,861	2,138	2,107	2,100
Total governmental activities	<u>80,788</u>	<u>80,962</u>	<u>84,796</u>	<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>
CHANGE IN NET POSITION										
Governmental activities	<u>\$ 54,106</u>	<u>\$ 4,997</u>	<u>\$ 35,931</u>	<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>

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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 322	\$ 269	\$ 121	\$ 155	\$ 581	\$ 224	\$ 486	\$ 387	\$ 242	\$ 17
Restricted	99	99	99	99	105	99	6	-	-	-
Assigned	26,649	20,713	18,494	9,477	8,420	14,601	12,059	14,242	1	-
Unassigned	85,890	104,464	106,145	86,417	69,202	50,501	44,593	37,629	69,339	70,663
Total general fund	<u>\$ 112,960</u>	<u>\$ 125,545</u>	<u>\$ 124,859</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ 816	\$ -	\$ 305	\$ 127	\$ 137	\$ 2,302	\$ 4,016	\$ 763	\$ 2,464	\$ 32,334
Restricted	181,723	133,216	154,133	198,484	200,699	221,656	193,144	177,961	124,678	101,175
Total all other governmental funds	<u>\$ 182,539</u>	<u>\$ 133,216</u>	<u>\$ 154,438</u>	<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>

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Taxes	\$ 74,764	\$ 77,740	\$ 84,916	\$ 91,070	\$ 100,923	\$ 113,790	\$ 117,711	\$ 123,151	\$ 126,963	\$ 150,496
Intergovernmental	85,746	49,822	75,684	55,831	66,098	90,938	78,301	145,427	161,098	198,030
Lease revenue	281	306	249	432	326	214	113	74	41	19
Earnings on investments	2,653	1,914	440	3,491	628	1,818	2,133	4,344	3,497	1,001
Miscellaneous	1,548	1,950	668	1,351	7,198	10,876	7,973	2,693	2,713	3,363
Total revenues	<u>164,992</u>	<u>131,732</u>	<u>161,957</u>	<u>152,175</u>	<u>175,173</u>	<u>217,636</u>	<u>206,231</u>	<u>275,689</u>	<u>294,312</u>	<u>352,909</u>
EXPENDITURES										
Flood Control	66,495	79,249	63,595	60,274	56,260	68,912	92,114	124,592	211,570	249,326
Tax Administration	647	609	631	518	559	597	646	668	939	726
Capital Outlay	45,592	43,413	37,207	32,584	80,592	84,177	94,483	135,536	191,103	225,903
Debt Service:										
Bond issuance fees	-	-	-	1,157	575	-	1,226	161	682	1,507
Interest and fiscal charges	35,815	34,030	33,493	30,662	29,900	28,385	28,300	25,293	26,700	24,974
Principal	10,109	11,455	11,805	13,025	24,835	25,385	25,955	27,650	28,025	27,750
	<u>158,658</u>	<u>168,756</u>	<u>146,731</u>	<u>138,220</u>	<u>192,721</u>	<u>207,456</u>	<u>242,724</u>	<u>313,900</u>	<u>459,019</u>	<u>530,186</u>
Excess of revenues over (under) expenditures	6,334	(37,024)	15,226	13,955	(17,548)	10,180	(36,493)	(38,211)	(164,707)	(177,277)
OTHER FINANCING SOURCES (USES)										
Transfer in	11,278	2,544	26,638	61,723	62,589	68,630	71,474	76,697	27,571	42,032
Transfer out	(11,278)	(2,544)	(26,638)	(61,723)	(62,589)	(68,630)	(71,474)	(76,697)	(27,571)	(42,032)
Bonds issued	-	-	-	-	-	-	168,100	-	-	-
Refunding bonds issued	-	-	-	170,355	77,020	-	-	-	86,965	251,195
Premium on bonds issued	-	-	-	19,475	11,930	-	28,924	-	9,551	50,356
Commercial paper issued	-	-	-	-	-	-	-	14,890	129,920	183,190
Payment to defease commercial paper	-	-	-	-	-	-	-	-	-	(300,000)
Payment to refunding bond escrow agent	-	-	-	(188,658)	(88,369)	-	(195,914)	-	(96,024)	-
Sale of capital assets	142	288	5,310	334	1,352	59	303	-	37	1
Total other financing sources (uses)	<u>142</u>	<u>288</u>	<u>5,310</u>	<u>1,506</u>	<u>1,933</u>	<u>59</u>	<u>1,413</u>	<u>14,890</u>	<u>130,449</u>	<u>184,742</u>
Net change in fund balances	<u>\$ 6,476</u>	<u>\$ (36,736)</u>	<u>\$ 20,536</u>	<u>\$ 15,461</u>	<u>\$ (15,615)</u>	<u>\$ 10,239</u>	<u>\$ (35,080)</u>	<u>\$ (23,321)</u>	<u>\$ (34,258)</u>	<u>\$ 7,465</u>
Debt service as a percentage of noncapital expenditures	40.6%	36.3%	41.4%	41.4%	48.8%	43.6%	36.6%	29.7%	20.4%	17.3%

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
(Unaudited)
(amounts in thousands)**

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2012	321,629,707	43,346,546	96,453,218	268,523,035	0.02809
2013	334,997,328	47,104,735	101,809,361	280,292,702	0.02809
2014	358,644,209	51,681,663	104,868,732	305,457,140	0.02827
2015	395,193,725	54,596,861	110,245,889	339,544,697	0.02736
2016	425,362,576	74,247,450	120,048,579	379,561,447	0.02733
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

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

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

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)
(Unaudited)**

Purpose	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Flood Control District -										
Maintenance	\$ 0.02727	\$ 0.02522	\$ 0.02620	\$ 0.02620	\$ 0.02620	\$ 0.02745	\$ 0.02736	\$ 0.02738	\$ 0.02670	\$ 0.02649
Debt Service	0.00082	0.00287	0.00207	0.00116	0.00113	0.00084	0.00095	0.00139	0.00122	0.00493
Total - Flood Control	\$ 0.02809	\$ 0.02809	\$ 0.02827	\$ 0.02736	\$ 0.02733	\$ 0.02829	\$ 0.02831	\$ 0.02877	\$ 0.02792	\$ 0.03142

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)
(Unaudited)

Purpose	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
County-Wide Taxing Jurisdiction:										
Harris County	\$ 0.3912	\$ 0.4002	\$ 0.4146	\$ 0.4173	\$ 0.4192	\$ 0.4166	\$ 0.4180	\$ 0.4186	0.40713	0.39166
Harris County Flood Control District	0.0281	0.0281	0.0283	0.0274	0.0273	0.0283	0.0283	0.0288	0.02792	0.03142
Port of Houston Authority	0.0185	0.0195	0.0171	0.0153	0.0134	0.0133	0.0126	0.0116	0.01074	0.00991
Harris County Hospital District	0.1922	0.1822	0.1700	0.1700	0.1700	0.1718	0.1711	0.1711	0.16591	0.16671
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>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.61170</u>	<u>\$ 0.59970</u>
Cities:										
Baytown	0.8220	0.8220	0.8220	0.8220	0.8220	0.8220	0.8220	0.8120	0.8020	0.7952
Bellaire	0.3999	0.3999	0.3999	0.3936	0.3936	0.3805	0.3874	0.4313	0.4473	0.4473
Deer Park	0.7050	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200	0.7200
Houston	0.6388	0.6388	0.6388	0.6311	0.6311	0.6011	0.5864	0.5842	0.5883	0.5679
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.6160	0.5970	0.5970	0.5970	0.5735	0.5700	0.5650	0.5638	0.5486	0.5284
Missouri City	0.5284	0.5448	0.5738	0.5650	0.5447	0.5601	0.6000	0.6300	0.6300	0.5980
Pasadena	0.5916	0.5916	0.5916	0.5769	0.5754	0.5754	0.5754	0.6155	0.5703	0.5337
Pearland	0.6851	0.7051	0.7051	0.7121	0.7053	0.6812	0.6812	0.6851	0.7412	0.7200
Seabrook	0.6500	0.6652	0.6652	0.6400	0.6126	0.5652	0.5749	0.5520	0.5520	0.5436
South Houston	0.6732	0.7083	0.6699	0.6445	0.6995	0.6322	0.6433	0.6505	0.6999	0.6981
Webster	0.2853	0.2853	0.2696	0.2487	0.2345	0.2845	0.3173	0.3479	0.3620	0.3736
West University Place	0.3741	0.3741	0.3741	0.3618	0.3318	0.3168	0.3168	0.3168	0.3092	0.2941
School Districts and Community Colleges:										
Aldine	1.3284	1.3284	1.3284	1.3059	1.2859	1.3234	1.3734	1.4359	1.3471	1.2744
Alief	1.3400	1.3200	1.2900	1.2800	1.2800	1.3050	1.3300	1.3300	1.2441	1.2048
Clear Creek	1.3600	1.3600	1.3600	1.4000	1.4000	1.4000	1.4000	1.4000	1.3100	1.2659
Cypress-Fairbanks	1.4300	1.4500	1.4500	1.4500	1.4400	1.4400	1.4400	1.4400	1.4400	1.3700
Deer Park	1.3967	1.5267	1.5567	1.5567	1.5567	1.5567	1.5567	1.5387	1.4151	1.0796
Galena Park	1.5134	1.5134	1.5134	1.5134	1.5134	1.5633	1.5633	1.5733	1.7465	1.1281
Goose Creek	1.3321	1.3321	1.3868	1.3868	1.4319	1.4319	1.4319	1.4319	1.3543	1.3543
Houston	1.1567	1.1567	1.1867	1.1967	1.1967	1.2067	1.2067	1.2067	1.1137	1.1331
Humble	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.5200	1.0684
Katy	1.5266	1.5266	1.5266	1.5266	1.5266	1.5166	1.5166	1.5166	1.5166	1.4431
Klein	1.4300	1.4400	1.4300	1.3900	1.4100	1.4300	1.4300	1.4300	1.4300	1.3600
LaPorte	1.3550	1.3300	1.3300	1.4500	1.4500	1.4200	1.3800	1.3800	1.2800	1.2697
Lone Star College System	0.1210	0.1198	0.1160	0.1081	0.1079	0.1078	0.1078	0.1078	0.1078	0.1078
Pasadena	1.3500	1.3500	1.3500	1.3500	1.3500	1.3500	1.4800	1.4800	1.3784	1.3830
Pearland	1.4194	1.4194	1.4157	1.4157	1.4156	1.4156	1.4156	1.4194	1.4156	1.3185
San Jacinto College	0.1763	0.1856	0.1856	0.1856	0.1758	0.1824	0.1833	0.1793	0.1173	0.1694
Sheldon	1.4300	1.4300	1.4300	1.4300	1.4100	1.4100	1.4170	1.4700	1.4484	1.5016
Spring	1.4600	1.5700	1.5700	1.5100	1.4700	1.4700	1.5100	1.5100	1.4300	1.3843
Spring Branch	1.3945	1.3945	1.3945	1.3945	1.3945	1.3945	1.3945	1.3945	1.3210	1.3073
Tomball	1.3600	1.3600	1.3600	1.3600	1.3400	1.3400	1.3400	1.3400	1.2900	1.2900

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)
(Unaudited)**

Taxpayers	2021			2012		
	2020 Taxable Valuations (a)	Rank	Percentage of Total 2020 Taxable Valuation (b)	2011 Taxable Valuations (a)	Rank	Percentage of Total 2011 Taxable Valuation (c)
Exxon Mobil Corp	\$ 4,018,459	1	0.81%	\$ 2,835,690	1	1.06%
Centerpoint Energy Hou Ele	3,881,216	2	0.78	2,393,467	2	0.89
Chevron Chemical Company	3,521,074	3	0.71	1,531,505	4	0.57
Shell Oil Co	1,857,157	4	0.38	2,319,116	3	0.86
Equistar Chemicals LP	1,678,261	5	0.34	984,726	9	0.37
Enterprise	1,158,883	6	0.23			
Palmetto TransOceanic LLC	1,107,329	7	0.22			
Walmart	928,383	8	0.19	808,079	11	0.30
Lyondell Chemical	849,168	9	0.17	728,917	13	0.27
Valero Energy Corp	829,097	10	0.17			
Liberty Property	804,403	11	0.16			
One Two Three Allen Center	790,940	12	0.16			
HEB Grocery Co LP	765,001	13	0.15			
Intercontinental Terminals	693,253	14	0.14			
Kinder Morgan	690,415	15	0.14			
Hines Interests Ltd Partnership				1,180,205	5	0.44
Hewlett Packard Company				1,118,454	6	0.42
Crescent Real Estate				1,076,212	7	0.40
National Oilwell Inc				1,053,525	8	0.39
Houston Refining				948,896	10	0.35
AT&T Corporation				780,563	12	0.29
Amoco Chemical Company				577,210	14	0.21
Continental Airlines Inc. (d)				492,228	15	0.18
Total	\$ 23,573,039		4.75%	\$ 18,828,793		7.00%

Source: Harris County Appraisal District.

- (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on the County's total taxable value as of February 28, 2021.
- (c) Based on the County's total taxable value as of February 29, 2012.
- (d) Continental Airlines Inc. is now a wholly owned subsidiary of United Continental Holdings, Inc.

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

(Unaudited)

(amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year		Adjusted Levy as of End of Current Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$	75,400	74,778	\$	71,159	94.4%	3,478	\$ 74,637	99.8%
2013		78,616	77,894		74,486	94.7	3,270	77,756	99.8
2014		86,158	85,023		82,041	95.2	2,840	84,881	99.8
2015		92,695	91,447		88,298	95.3	2,936	91,234	99.8
2016		103,462	102,449		98,187	94.9	4,000	102,187	99.7
2017		116,242	113,576		110,175	94.8	3,121	113,296	99.8
2018		120,935	118,679		114,368	94.6	3,930	118,298	99.7
2019	**	126,222	124,031		120,203	95.2	3,298	123,501	99.6
2020		131,680	129,959		125,227	95.1	3,200	128,427	98.8
2021		155,348	155,348		144,762	93.2	-	144,762	93.2

*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.

Table 10

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

Fiscal Year	Governmental Activities			Less: Restricted for Debt Payments	Total Net General Bonded Debt	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)	Net Debt Per Capita (b)
	General Bonded Debt	Commercial Paper	Total Government						
2012	\$ 710,700	-	\$ 710,700	-	\$ 710,700	0.26%	0.35%	170	170
2013	697,367	-	697,367	-	697,367	0.25	0.31	164	164
2014	692,708	-	692,708	-	692,708	0.23	0.30	160	160
2015	692,599	-	692,599	-	692,599	0.20	0.27	156	156
2016	665,095	-	665,095	-	665,095	0.18	0.27	147	147
2017	635,444	-	635,444	-	635,444	0.15	0.26	138	138
2018	609,103	-	609,103	-	609,103	0.14	0.25	131	131
2019	576,128	14,890	591,018	-	591,018	0.13	0.22	126	126
2020	543,164	144,810	687,974	-	687,974	0.15	0.24	146	146
2021	807,466	28,000	835,466	-	835,466	0.17	n/a	176	176

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 year.

Table 11

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 28, 2021
(Unaudited)**

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/28/21)	100.00%	\$ 1,464,067
Harris County Flood Control District (2/28/21)	100.00	740,808
Port of Houston Authority (2/28/21)	100.00	492,439
Total County-Wide Direct Debt		2,697,314
Cities:		
Baytown (2/28/21)	95.08	\$ 62,169
Bellaire (9/30/20)	100.00	115,877
Deer Park (9/30/20)	100.00	19,848
Houston (6/30/20)	99.2	3,721,533
Jersey Village (9/30/20)	100.00	10,535
La Porte (9/30/20)	100.00	12,097
League City (9/30/20)	1.92	32,602
Morgan's Point (3/12/21)	100.00	12,603
Pasadena (9/30/20)	100.00	91,632
Pearland (9/30/20)	10.04	43,641
Seabrook (9/30/20)	100.00	34,211
Spring Valley (9/30/20)	100.00	21,398
Tomball (9/30/20)	100.00	27,379
West University Place (12/31/20)	100.00	50,025
Other Cities (a)	100.00	82,872
Sub-Total Cities		4,338,422
School Districts and Community Colleges:		
Aldine (6/30/20)	100.00	1,652,810
Alief (8/31/20)	100.00	319,578
Channelview (8/31/20)	100.00	241,359
Clear Creek (8/31/20)	67.95	923,835
Crosby (6/30/20)	100.00	124,607
Cypress-Fairbanks (6/30/20)	100.00	3,017,954
Deer Park (6/30/20)	100.00	299,633
Galena Park (8/31/20)	100.00	454,280
Goose Creek (6/30/20)	73.53	432,940
Houston Community College (5/31/21)	95.66	471,111
Houston (3/31/21)	100.00	2,427,074
Huffman (3/31/21)	100.00	94,220
Humble (6/30/20)	100.00	780,453
Katy (8/31/20)	57.88	1,187,284
Klein (6/30/20)	100.00	1,054,070
LaPorte (6/30/20)	99.99	321,574
Lee College (8/31/20)	73.53	42,731
Lone Star College System (8/31/20)	72.52	379,096
Pasadena (2/28/21)	100.00	671,424
San Jacinto College (2/28/21)	100.00	514,983
Sheldon (6/30/20)	100.00	570,663
Spring (6/30/20)	100.00	953,694
Spring Branch (6/30/20)	100.00	746,927
Tomball (6/30/20)	92.78	530,352
Waller (8/31/20)	53.63	178,344
Other Schools (b)	100.00	33,803
Sub-Total School Districts and Community Colleges		18,424,799
Utility Districts and Other Jurisdictions (c)	100.00	7,868,086
Total Overlapping Debt		30,631,307
Total Direct and Overlapping Debt (Estimated \$7,022 Per Capita) (d)		\$ 33,328,621

(a) Aggregate net debt of 16 cities, each of which had a net debt of less than \$10,000,000.

(b) Aggregate net debt of 3 schools, each of which had a net debt of less than \$25,000,000.

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

(d) Census Bureau population estimated at 4,746,600. Source: Bureau of the Census.

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

Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Harris County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value of All Taxable Property	\$ 653,114,369
Assessed Value of Real Property	<u>\$ 580,139,657</u>
Debt Limit (25% of real property assessed value) (a)	145,034,914
Amount of Debt Applicable to Constitutional Debt Limit:	
Total Bonded Applicable Debt	713,355
Less: Debt Service Funds Cash	<u>(12,332)</u>
Total Net Debt Applicable to Limit	<u>701,023</u>
Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution	<u><u>\$ 144,333,891</u></u>

	<u>2012</u>	<u>2013</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>
Debt Limit	\$ 78,368,988	\$ 81,206,807	\$ 86,906,680	\$ 96,090,533	\$ 106,340,654	\$ 116,440,378	\$ 121,509,937	\$ 126,540,001	\$ 136,374,982	\$ 145,034,914
Total Net Debt Applicable to Limit	1,161,111	1,063,108	995,440	1,115,260	1,028,995	967,875	901,402	830,858	808,249	701,023
Legal Debt Margin	<u>\$ 77,207,877</u>	<u>\$ 80,143,699</u>	<u>\$ 85,911,240</u>	<u>\$ 94,975,273</u>	<u>\$ 105,311,659</u>	<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>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	1.48%	1.31%	1.15%	1.16%	0.97%	0.83%	0.74%	0.66%	0.59%	0.48%

(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 \$32,655,178 compared to applicable bonds outstanding at February 28, 2021 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 \$0.03142 per \$100 of taxable value, which includes \$0.00493 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2020.

Table 13

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

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2011	4,178,574	7.2%	\$ 204,593,445	\$ 48,963
2012	4,253,700	6.0%	224,617,980	52,805
2013	4,336,853	5.5%	230,462,963	53,141
2014	4,441,370	4.0%	252,694,912	56,896
2015	4,538,028	4.6%	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%	n/a	n/a

Sources: Population - Bureau of the Census

Unemployment Rate - Texas Workforce Commission

Personal Income - Bureau of Economic Analysis

Table 14

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

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Memorial Hermann Health System	35,360	1	1.11%			
Walmart Stores Inc.	29,797	2	0.93%			
H-E-B	29,657	3	0.93%			
Houston Methodist	26,098	4	0.82%			
The University of Texas MD Anderson Cancer Center	21,576	5	0.68%			
HCA Houston Healthcare	15,000	6	0.47%			
Kroger Company	14,868	7	0.47%			
Exxon Mobil Corp	13,000	8	0.41%	11,000	1	0.41%
Texas Children's Hospital	13,000	9	0.41%			
University of Houston	12,696	10	0.40%			
Shell Oil Company				10,750	2	0.40%
National Oilwell Varco Inc.				8,000	3	0.30%
Chevron Companies				7,000	4	0.26%
JP Morgan Chase				6,750	5	0.25%
Jacobs Technology				6,500	6	0.24%
Halliburton/KBR				6,200	7	0.23%
CenterPoint Energy (spun off from Reliant Energy)				4,776	8	0.18%
KBR Inc.				4,557	9	0.17%
Conoco Phillips				3,750	10	0.14%
Walgreens				3,750	10	0.14%
	<u>211,052</u>			<u>73,033</u>		

* Based on calendar year.

Source: GHP Houston Facts - 2020; Houston Chronicle.

Note: Total County Employment for 2020 was an estimated 3,192,200 (based on prior year employment figures) and for 2011 was 2,665,000.

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
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration of Justice	8,462	8,723	9,290	9,625	9,768	9,824	10,275	10,181	10,909	11,194
Parks	625	675	700	805	867	892	913	924	899	613
County Administration	2,901	2,957	3,021	3,166	3,280	3,406	3,460	3,481	3,054	3,222
Health and Human Services	1,385	1,326	1,334	1,369	1,432	1,450	1,488	1,487	1,622	1,582
Flood Control	308	290	300	291	287	293	290	316	325	331
Tax Administration	341	340	349	348	368	353	368	365	418	382
Roads and Bridges	561	536	550	448	451	563	568	542	659	489

Note: (1) As of February 28, 2021, it is estimated that approximately 4391 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.

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
(Unaudited)**

<u>Function/Program</u>	Fiscal Years									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Flood Control</u>										
Sites by Acreage (Incl. Easements and Fee Simple Ownership)										
Basins	16,081	16,107	16,298	16,342	16,385	16,516	16,686	16,848	17,012	17,490
Buyouts	958	1,016	1,034	1,040	1,043	1,046	1,065	1,087	1,133	1,300
Channels	21,117	21,143	21,236	21,286	21,429	21,581	21,630	22,014	22,470	23,166

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
(Unaudited)**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Flood Control</u>										
Developer Plans Approved- Watershed Mgt.	1,831	2,051	2,078	2,431	2,250	2,122	1,852	2,447	2,109	2,143
Citizen Services Requests	1,738	1,393	1,847	1,385	1,376	1,692	1,933	1,779	1,663	1,509

Source: The Budget Office and Various County Departments

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SERVICES AND RATES
For Fiscal Year Ended February 28, 2021
(Unaudited)**

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 Fiscal Year Ended February 28, 2021**

(Unaudited)

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	
LaPorte		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 Year Ended February 28, 2021
(Unaudited)**

Personnel Expenditures (including benefits)	\$ 37,091,986
Professional Fees and Contractual Services	64,679,282
Utilities	535,289
Repairs and Maintenance	1,144,140
Capital Outlay	1,272,083
Other Expenditures	<u>2,692,191</u>
TOTAL EXPENDITURES	<u><u>\$ 107,414,971</u></u>

Number of persons employed by the District: 331

Table 20

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
TAXES LEVIED AND RECEIVABLE
For The Year Ended February 28, 2021
(Unaudited)

	Maintenance and Operations Taxes	Debt Service Taxes		
Taxes receivable, beginning of year	\$ 9,563,464	\$ 617,777		
2020 Original Tax Levy (adjusted thru 2/28/21)	130,973,153	24,375,147		
Total to be accounted for	<u>140,536,617</u>	<u>24,992,924</u>		
Tax collections:				
Current year	(120,479,280)	(22,421,064)		
Prior years	(9,871,995)	(1,039,787)		
Total collections	<u>(130,351,275)</u>	<u>(23,460,851)</u>		
Taxes receivable, end of year	<u>\$ 10,185,342</u>	<u>\$ 1,532,073</u>		
Taxes receivable, by years				
2010 and prior	413,281	194,666		
2011	136,709	4,112		
2012	124,003	14,116		
2013	131,992	10,425		
2014	204,269	9,044		
2015	251,157	10,820		
2016	271,296	8,304		
2017	368,355	12,807		
2018	504,315	25,595		
2019	1,455,711	66,522		
2020	6,324,254	1,175,662		
Taxes receivable, end of year	<u>\$ 10,185,342</u>	<u>\$ 1,532,073</u>		
Tax year	2020	2019	2018	2017
Property valuations: (amounts in thousands)				
Real property	\$ 580,134,307	\$ 545,499,929	\$ 506,158,994	\$ 486,029,940
Personal property	72,912,240	72,394,476	69,511,372	67,420,210
Less exemptions	(158,161,248)	(145,993,686)	(136,759,064)	(125,837,228)
Total property valuations	<u>\$ 494,885,299</u>	<u>\$ 471,900,719</u>	<u>\$ 438,911,302</u>	<u>\$ 427,612,922</u>
Tax rates per \$100 valuation:				
Maintenance and Operations tax rates (a)	\$ 0.02649	\$ 0.02670	\$ 0.02738	\$ 0.02736
Debt Service tax rates	0.00493	0.00122	0.00139	0.00095
Total tax rates per \$100 valuation	<u>\$ 0.03142</u>	<u>\$ 0.02792</u>	<u>\$ 0.02877</u>	<u>\$ 0.02831</u>
Original tax levy (b)	<u>\$ 155,493</u>	<u>\$ 131,755</u>	<u>\$ 126,275</u>	<u>\$ 121,057</u>
Percent of taxes collected to taxes levied (c)	<u>83.8%</u>	<u>94.0%</u>	<u>94.9%</u>	<u>96.7%</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.

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 Year Ended February 28, 2021**

Due During Fiscal Years Ending	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 36,805,000	\$ 31,975,215	\$ 68,780,215
2023	36,465,000	30,145,689	66,610,689
2024	38,165,000	28,443,039	66,608,039
2025	39,595,000	26,596,889	66,191,889
2026	43,935,000	25,078,450	69,013,450
2027	45,710,000	22,881,700	68,591,700
2028	46,935,000	20,596,200	67,531,200
2029	48,305,000	18,249,450	66,554,450
2030	47,720,000	15,834,200	63,554,200
2031	35,390,000	13,448,200	48,838,200
2032	19,370,000	12,017,500	31,387,500
2033	20,340,000	11,049,000	31,389,000
2034	21,360,000	10,032,000	31,392,000
2035	22,325,000	9,063,250	31,388,250
2036	23,340,000	8,050,200	31,390,200
2037	24,280,000	7,116,600	31,396,600
2038	25,250,000	6,145,400	31,395,400
2039	26,260,000	5,135,400	31,395,400
2040	27,185,000	4,205,750	31,390,750
2041	12,810,000	3,242,700	16,052,700
2042	13,195,000	2,858,400	16,053,400
2043	13,720,000	2,330,600	16,050,600
2044	14,270,000	1,781,800	16,051,800
2045	14,840,000	1,211,000	16,051,000
2046	15,435,000	617,400	16,052,400
	<u>\$ 713,005,000</u>	<u>\$ 318,106,032</u>	<u>\$ 1,031,111,032</u>

Table 22

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
CHANGES IN LONG-TERM DEBT
For The Year Ended February 28, 2021
(Unaudited)**

	Bond Issues									
	Series 2008A	Series 2014	Series 2014A	Series 2014B	Series 2015A	Series 2015B	Series 2017A	Series 2019A	Series 2020A	Total
Interest Rate	4.00 - 5.25	2.00-5.00	1.00-5.00	.25-3.211	3.00-5.00	3.00-5.00	4.00-5.00	4.00-5.00	3.00-5.00	
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	
Maturity Dates	10/1/2021	10/1/2026	10/1/2029	10/1/2024	10/1/2030	10/1/2030	10/1/2039	10/1/2024	10/1/2045	
Bonds Outstanding at March 1, 2020	\$ 41,820,000	\$ 36,200,000	\$ 58,225,000	\$ 22,175,000	\$ 46,875,000	\$ 30,145,000	\$ 167,155,000	\$ 86,965,000	\$ -	\$ 489,560,000
Bonds Sold During the Current Year: 2020-21	-	-	-	-	-	-	-	-	251,195,000	251,195,000
Retirements During the Current Year: 2020-21	10,840,000	-	-	-	-	-	-	16,910,000	-	27,750,000
Bonds Outstanding at February 28, 2021	<u>\$ 30,980,000</u>	<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>\$ 70,055,000</u>	<u>\$ 251,195,000</u>	<u>\$ 713,005,000</u>
Interest Paid During the Current Year - 2020-21	<u>\$ 2,195,550</u>	<u>\$ 1,810,000</u>	<u>\$ 2,911,250</u>	<u>\$ 712,039</u>	<u>\$ 2,110,050</u>	<u>\$ 1,402,150</u>	<u>\$ 7,674,800</u>	<u>\$ 3,993,410</u>	<u>\$ -</u>	<u>\$ 22,809,249</u>
Paying Agent's	Name		City							
Series 2008A	The Bank of New York		New York, New York							
Series 2014	The Bank of New York		New York, New York							
Series 2014 A	The Bank of New York		New York, New York							
Series 2014 B	The Bank of New York		New York, New York							
Series 2015A	The Bank of New York		New York, New York							
Series 2015B	The Bank of New York		New York, New York							
Series 2017A	The Bank of New York		New York, New York							
Series 2019A	The Bank of New York		New York, New York							
Series 2020A	The Bank of New York		New York, New York							
Bond Authorization:	Tax Bonds									
Amount Authorized By Voters	\$ 2,500,000									
Amount Issued	264,000									
Remaining To Be Issued	\$ 2,236,000									

Debt Service Fund Cash and Investments balances as of February 28, 2021:

\$ 22,828,144

Average Annual Debt Service Payment (Principal & Interest) for remaining term of all debt:

\$ 41,244,441

Table 23

HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES-GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS ENDED
For The Year Ended February 28, 2021
(Unaudited)

	Amounts					Percent of Fund Total Revenues				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
General Fund:										
Revenues:										
Taxes	\$ 127,125,171	\$ 121,378,594	\$ 117,149,013	\$ 113,690,784	\$ 110,292,624	99.0%	98.9%	98.2%	99.1%	99.0%
Intergovernmental	83,845	139,603	397,820	8,400	28,584	0.1%	0.1%	0.3%	0.0%	0.0%
Lease Revenue	19,107	41,437	73,568	113,211	213,888	0.0%	0.0%	0.1%	0.1%	0.2%
Interest	-	415,368	793,404	386,927	405,737	0.0%	0.3%	0.7%	0.3%	0.4%
Miscellaneous	1,142,957	808,570	850,430	471,168	463,739	0.9%	0.7%	0.7%	0.4%	0.4%
Total Revenues	\$ 128,371,080	\$ 122,783,572	\$ 119,264,235	\$ 114,670,490	\$ 111,404,572	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditures:										
Current Operating:										
Flood Control	105,416,693	93,480,507	\$ 64,751,044	\$ 64,354,476	\$ 62,779,175	82.1%	76.1%	54.3%	56.1%	56.4%
Tax Administration	726,195	939,179	668,192	646,185	596,468	0.6%	0.8%	0.6%	0.6%	0.5%
Capital Outlay	1,272,083	1,813,231	478,640	189,915	1,075,610	1.0%	1.5%	0.4%	0.2%	1.0%
Debt Service										
Bond issuance fees	-	308,083	9,500	594,447	-	0.0%	0.3%	0.0%	0.5%	0.0%
Total Expenditures	\$ 107,414,971	\$ 96,541,000	\$ 65,907,376	\$ 65,785,023	\$ 64,451,253	83.7%	78.6%	55.3%	57.4%	57.9%
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	\$ 20,956,109	\$ 26,242,572	\$ 53,356,859	\$ 48,885,467	\$ 46,953,319	16.3%	21.4%	44.7%	42.6%	42.1%
Debt Service Fund:										
Revenues:										
Taxes	\$ 23,370,620	\$ 5,584,035	\$ 6,001,972	\$ 4,019,916	\$ 3,497,649	18.2%	4.5%	11.0%	7.4%	6.5%
Intergovernmental	46,553,001	49,245,302	48,712,000	50,297,000	50,018,000	36.3%	40.1%	89.0%	92.6%	93.4%
Interest	23,199	41,240	28,966	17,533	14,252	0.0%	0.0%	0.1%	0.0%	0.0%
Miscellaneous	1,633	5,451	4,082	4,843	4,852	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	\$ 69,948,453	\$ 54,876,028	\$ 54,747,020	\$ 54,339,292	\$ 53,534,753	54.5%	44.7%	100.0%	100.0%	100.0%
Expenditures:										
Debt Service										
Principal Retirement	\$ 27,750,000	\$ 28,025,000	\$ 27,650,000	\$ 25,955,000	\$ 25,385,000	21.6%	22.8%	50.5%	47.8%	47.4%
Bond issuance fees	1,506,978	219,745	-	631,377	-	1.2%	0.2%	0.0%	1.2%	0.0%
Interest and Fiscal Charges	24,974,176	26,700,239	25,292,965	28,299,777	28,385,332	19.5%	21.7%	46.2%	52.1%	53.0%
Total Expenditures	\$ 54,231,154	\$ 54,944,984	\$ 52,942,965	\$ 54,886,154	\$ 53,770,332	42.3%	44.7%	96.7%	100.9%	100.3%
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	\$ 15,717,299	\$ (68,956)	\$ 1,804,055	\$ (546,862)	\$ (235,579)	12.1%	-0.1%	3.3%	-0.9%	-0.3%

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
OPERATING FUNDS BUDGET FOR THE DISTRICT'S FISCAL YEAR 2021-2022
(Unaudited)**

On February 9, 2021 the Commissioners Court adopted the budget for the District for the Fiscal Year 2022. The following is a summary of the Fiscal Year 2022 budget for the District's Current Operating Fund:

Cash Balance as of March 1, 2021	\$ 67,145,107
Estimated Revenues:	
Ad Valorem Taxes	119,584,213
Other	970,442
Total Cash and Estimated Revenues	<u>\$ 187,699,762</u>
Appropriations:	
Current Operating Expenses	\$ 187,068,537
Capital Outlay	631,225
Total Appropriations	<u>\$ 187,699,762</u>

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

The following table sets forth the District's ad valorem tax debt outstanding, as of the end of the Fiscal years 2011-2012 through 2020-2021.

Fiscal Year	District's Debt Outstanding (a) (thousands)	Taxable Value (b) (thousands)	Outstanding as a Percentage of Taxable Value	Estimated Population (c)	Debt Outstanding Per Capita
2012	\$ 100,020	\$ 268,523,035	0.04%	4,178,574	24
2013	96,470	280,292,702	0.03	4,253,700	23
2014	92,935	305,457,140	0.03	4,336,853	21
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

- (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: Bureau of the Census.

**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
(Unaudited)
(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
2012	\$313,475,950	\$ 51,539,733	\$ 88,299,285	\$ 276,716,398	0.33444	0.05673	0.39117
2013	324,827,229	57,313,966	91,639,208	290,501,987	0.33271	0.06750	0.40021
2014	347,626,720	62,743,816	93,848,695	316,521,841	0.34547	0.06908	0.41455
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

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

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 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
(Unaudited)
(amounts in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 1,081,861	\$ 1,073,234	\$ 1,022,187	93.3%	\$ 49,074	\$ 1,071,261	99.8%
2013	1,160,905	1,150,796	1,100,588	94.8	48,222	1,148,810	99.8
2014	1,308,910	1,292,555	1,247,389	95.3	43,097	1,290,486	99.8
2015	1,459,066	1,439,640	1,390,628	95.3	45,891	1,436,519	99.8
2016	1,637,031	1,621,237	1,554,734	95.0	62,609	1,617,343	99.7
2017	1,754,007	1,714,255	1,663,289	94.8	46,867	1,710,156	99.8
2018	1,822,187	1,789,153	1,723,979	94.6	58,890	1,782,869	99.7
2019	1,876,068	1,848,283	1,787,008	95.3	49,226	1,836,234	99.6
2020	1,961,756	1,961,756	1,867,058	95.2	47,387	1,914,445	98.9
2021	1,972,700	1,972,700	1,838,347	93.2	-	1,838,347	93.2

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

Table 28

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

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 771,587,125
Unlimited Tax Debt	522,335,000
Flood Contract Tax	378,735,000
Toll Road Tax Bonds	<u>191,020,000</u>
Total	\$ 1,863,677,125
Less: Toll Road Tax Bonds	<u>(191,020,000)</u>
Total (Approximately 0.33% of 2020 Assessed Value)	<u><u>\$ 1,672,657,125</u></u>

(a) Excluding Flood Control District debt of \$334,270,000 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
(Unaudited)
(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
2022	\$ 90,775	\$ 35,507	\$ 126,282	\$ 34,800	\$ 25,847	\$ 60,647	\$ 19,445	\$ 9,486	28,931	\$ 36,805	\$ 31,975	\$ 68,780	\$ 181,825	\$ 102,815	\$ 284,640
2023	69,890	31,524	101,414	40,475	24,133	64,608	20,240	8,449	28,689	36,465	30,146	66,611	167,070	94,252	261,322
2024	52,911	39,946	92,857	30,325	22,210	52,535	20,700	7,385	28,085	38,165	28,443	66,608	142,101	97,984	240,085
2025	79,502	38,099	117,601	48,400	20,760	69,160	21,165	6,297	27,462	39,595	26,597	66,192	188,662	91,753	280,415
2026	45,414	34,624	80,038	49,800	18,391	68,191	12,070	5,430	17,500	43,935	25,079	69,014	151,219	83,524	234,743
2027	57,015	20,225	77,240	50,135	15,901	66,036	12,090	4,796	16,886	45,710	22,882	68,592	164,950	63,804	228,754
2028	58,110	17,351	75,461	50,490	13,394	63,884	12,115	4,161	16,276	46,935	20,596	67,531	167,650	55,502	223,152
2029	39,220	28,847	68,067	50,985	10,870	61,855	12,135	3,524	15,659	48,305	18,249	66,554	150,645	61,490	212,135
2030	33,720	12,658	46,378	41,080	8,321	49,401	12,160	2,887	15,047	47,720	15,834	63,554	134,680	39,700	174,380
2031	35,235	10,947	46,182	38,915	6,267	45,182	12,185	2,247	14,432	35,390	13,448	48,838	121,725	32,909	154,634
2032	36,815	9,195	46,010	39,480	4,317	43,797	12,210	1,607	13,817	19,370	12,018	31,388	107,875	27,137	135,012
2033	34,195	7,355	41,550	15,050	2,372	17,422	12,240	965	13,205	20,340	11,049	31,389	81,825	21,741	103,566
2034	13,010	6,190	19,200	15,805	1,620	17,425	12,265	322	12,587	21,360	10,032	31,392	62,440	18,164	80,604
2035	13,640	5,560	19,200	16,595	830	17,425	-	-	-	22,325	9,063	31,388	52,560	15,453	68,013
2036	14,300	4,899	19,199	-	-	-	-	-	-	23,340	8,050	31,390	37,640	12,949	50,589
2037	13,135	4,206	17,341	-	-	-	-	-	-	24,280	7,117	31,397	37,415	11,323	48,738
2038	13,765	3,571	17,336	-	-	-	-	-	-	25,250	6,145	31,395	39,015	9,716	48,731
2039	14,420	2,930	17,350	-	-	-	-	-	-	26,260	5,135	31,395	40,680	8,065	48,745
2040	15,090	2,257	17,347	-	-	-	-	-	-	27,185	4,206	31,391	42,275	6,463	48,738
2041	15,755	1,587	17,342	-	-	-	-	-	-	12,810	3,243	16,053	28,565	4,830	33,395
2042	6,370	887	7,257	-	-	-	-	-	-	13,195	2,858	16,053	19,565	3,745	23,310
2043	6,600	658	7,258	-	-	-	-	-	-	13,720	2,331	16,051	20,320	2,989	23,309
2044	6,840	421	7,261	-	-	-	-	-	-	14,270	1,782	16,052	21,110	2,203	23,313
2045	2,885	176	3,061	-	-	-	-	-	-	14,840	1,211	16,051	17,725	1,387	19,112
2046	2,975	89	3,064	-	-	-	-	-	-	15,435	617	16,052	18,410	706	19,116
Total	\$ 771,587	\$ 319,709	\$ 1,091,296	\$ 522,335	\$ 175,233	\$ 697,568	\$ 191,020	\$ 57,556	\$ 248,576	\$ 713,005	\$ 318,106	\$ 1,031,111	\$ 2,197,947	\$ 870,604	\$ 3,068,551

(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**

**(Unaudited)
(Amounts in Thousands)**

As of February 28, 2021, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September 1983, November 1999, November 2007, November 2015, and August 2018 remain unissued.

The Schedule 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) programs and Series H (flood control projects).

County Ad Valorem Tax Bonds

Limited Tax:		
Civil Justice Center	\$ 33,000	
Parks	44,850	
Forensic Lab	5,181	
Family Law Center	<u>70,000</u>	
Total Limited Tax Bonds		\$ 153,031
Unlimited Tax:		
Road Bonds	<u>636,410</u>	
Total Unlimited Tax Bonds		636,410
Combination Unlimited Tax and Revenue:		
Toll Roads	<u>15,148</u>	
Total Unlimited Tax and Revenue Bonds		15,148
Harris County Flood Control District Limited Tax Bonds		<u>2,236,000</u>
Total Harris County Ad Valorem Tax Bonds		<u>3,040,589</u>
Total Authorized but Unissued Bonds		<u>\$ 3,040,589</u>

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2021-22
(Unaudited)**

On February 9, 2021 the Commissioners Court adopted the budget for the County for the Fiscal Year 2021-2022. The Fiscal Year 2021 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2022 budget for the County's Current Operating Fund:

Cash Balance as of March 1, 2021	\$ 1,314,401,575
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	1,665,389,982
Charges for Services	233,362,721
Fines and Forfeitures	9,084,242
Intergovernmental Revenues	58,014,866
Interest	12,631,467
Other	45,397,274
Total Cash and Estimated Revenues	<u><u>\$ 3,338,282,127</u></u>
Appropriations:	
Current Operating Expenses	\$ 3,291,543,943
Capital Outlay:	
Roads	10,422,593
Parks	36,315,591
Total Appropriations	<u><u>\$ 3,338,282,127</u></u>

Table 32

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

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 February 28, 2021 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	\$ 178,118,305
Permanent Improvements	7,003,200
Flood Control	48,993,522
Total	<u>\$ 234,115,027</u>

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

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

Report on Compliance for Each Major Federal Program

We have audited Harris County Flood Control District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended February 28, 2021. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte & Touche LLP

August 26, 2021

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities 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 February 28, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 26, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Deloitte & Touche LLP

August 26, 2021

HARRIS COUNTY FLOOD CONTROL DISTRICT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2021

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	NR197442XXXXC005	-	7,739,920	-
7111	NRCS - Emergency Watershed Protection Grant	10.923	NR197442XXXXC011	-	30,254,198	-
7111	NRCS - Emergency Watershed Protection Grant	10.923	NR197442XXXXC044	-	1,693,714	-
	Total CFDA 10.923				<u>39,687,832</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE					<u>39,687,832</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	2,672,901	-
7805	Brays Bayou Texas Project	12.U02	-	-	11,756,999	-
7807	White Oak Bayou Flood Texas Project	12.U03	-	-	6,401,100	-
	Total CFDA 12.U				<u>20,831,000</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF DEFENSE					<u>20,831,000</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	1,897,133	-
	Total CDBG - Entitlement Grants Cluster (CFDA 14.218)				<u>1,897,133</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS GENERAL LAND OFFICE (GLO) VIA HARRIS COUNTY:						
7680	CDBG Disaster Recovery Program Drainage Improvement Project	14.228	B-16-DH-48-0001	18-415-000-B124	944,613	-
7655	Community Development Block Grant/Disaster Recovery - Non-Housing '16	14.228	B-16-DL-48-0001	19-076-007-B356	84,541	-
7657	CDBG Disaster Recovery Program - Harvey Round 1 Funding	14.228	B-17-DM-48-0001	19-147-002-B490	5,759,844	-
7657	CDBG Disaster Recovery Program - Harvey Rd 1 Funding_Drainage Improvement Project	14.228	B-17-DM-48-0001	19-147-002-B490	7,059,772	-
	Total CFDA 14.228				<u>13,848,770</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>15,745,903</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
DIRECT PROGRAMS:						
7589	Cooperating Technical Partners	97.045	EMT-2018-CA-00012		98,500	-
7589	Cooperating Technical Partners	97.045	EMT-2018-CA-00013		310,671	-
7589	Cooperating Technical Partners	97.045	EMT-2019-CA-00010		1,982,076	-
7589	Cooperating Technical Partners	97.045	EMT-2019-CA-00017		24,935	-
	Total CFDA 97.045				<u>2,416,182</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS DIVISION OF EMERGENCY MANAGEMENT (TDEM):						
7634	FEMA - Public Assistance - Hurricane Harvey	97.036	4332DRTXP0000001	PA-06-TX-4332	1,576,041	-
	Total CFDA 97.036				<u>1,576,041</u>	<u>-</u>
7119	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-4332-004	DR-4332-004	21,078,214	-
7119	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-4332-005	DR-4332-005	889,380	-
7119	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-4332-018	DR-4332-018	65,057	-
7984	FEMA - Hazard Mitigation Grant Project	97.039	FEMA-DR-1791-067	DR-1791-067	475,079	-
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	1,689,127	-
	Total CFDA 97.039				<u>24,196,857</u>	<u>-</u>
PASS THROUGH PROGRAMS, TEXAS WATER DEVELOPMENT BOARD:						
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029	EMT-2017-FM-E001	1600012121	129,014	-
7297	FEMA - Flood Mitigation Assistance Project Grant	97.029		1700012370	931,994	-
	Total CFDA 97.029				<u>1,061,008</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					<u>29,250,088</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>105,514,823</u>	<u>\$ -</u>

HARRIS COUNTY FLOOD CONTROL DISTRICT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2021

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>STATE GRANTS</u>						
<u>TEXAS DEPARTMENT OF PUBLIC SAFETY/TDEM:</u>						
DIRECT PROGRAMS:						
7634	Hurricane Harvey - State Assistance	N/A	-	TDEM-4332-PA	175,116	-
TOTAL TEXAS DEPARTMENT OF PUBLIC SAFETY/TDEM					<u>175,116</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS					<u>175,116</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS					<u>105,689,939</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 YEAR ENDED FEBRUARY 28, 2021**

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 modified 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 Uniform Grant Management Standards (“UGMS”); 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. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Grants Special Revenue Fund of the District’s Financial Report for the year ended February 28, 2021:

Federal expenditures per schedule	\$ 105,514,823
State expenditures per schedule	<u>175,116</u>
Subtotal	105,689,939
Add:	
Non-grant project posted to Fund 2601	4,500
County funded portion of grants	27,388,177
Fiscal year end adjustment	4,592,444
Prior period expenditures	399,562
Less:	
Prior period expenditures	<u>5,766,361</u>
Total	<u>\$ 132,308,261</u>
Balance per financial report - Grants Special Revenue Fund	<u>\$ 132,308,261</u>

3. 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.
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 YEAR ENDED FEBRUARY 28, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Type of auditors' 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.

Name of Major Federal/State Program	CFDA Number
HUD – CDBG Disaster Recovery Funds	14.228
FEMA – Hazard Mitigation Grant Project	97.039
NRCS - Emergency Watershed Protection Grant	10.923
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Dollar threshold for state programs:	\$300,000
Auditee qualified as a low-risk auditee?	No.

**HARRIS COUNTY FLOOD CONTROL DISTRICT
A COMPONENT UNIT OF HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

II. FINANCIAL STATEMENT FINDINGS SECTION

None noted.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None noted.

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
Flood Control General Fund	<p>20-01: Material Weakness of Internal Control over Flood Control General Fund Expenditures & Vouchers Payable</p> <p><u>Condition:</u> During testing performed related to the Flood Control General Fund Vouchers Payable, it was identified that the County incorrectly accrued for an invoice in FY20 which was associated to services to be provided in FY21.</p> <p><u>Asserted Effect:</u> The County's financial statements were materially misstated prior to the correcting entry being recorded.</p> <p><u>Cause:</u> Harris County performs a detailed review of each invoice received in order to determine the correct period to record the expense and accrue the payable. However, through human error, the invoice was incorrectly accrued. The resulted in overstating the Flood Control General Fund Expenditures and Vouchers Payable.</p> <p><u>Recommendation:</u> The County should implement and provide sufficient training to reviewers to ensure that invoices are reviewed at a detailed and precise enough level to ensure liabilities are properly recorded in the correct period.</p> <p><u>Status:</u> See Status of Prior Year Findings on next page.</p> <p><u>Harris County Contact Person:</u> Brandy Shaw, Director of Financial Accounting</p>	n/a

Leslie Wilks Garcia, C.P.A., M.Jur.
First Assistant County Auditor

Errika Perkins, C.P.A., C.I.A.
Chief Assistant County Auditor
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MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR

STATUS OF PRIOR YEAR FINDINGS

Finding Number	Status of Prior Year Findings	Completion Date	Responsible Contact Person
2020-01	The Auditor's Office implemented additional monitoring functions to serve as detective controls for such transactions.	March 2021	Brandy Shaw, Director of Financial Accounting