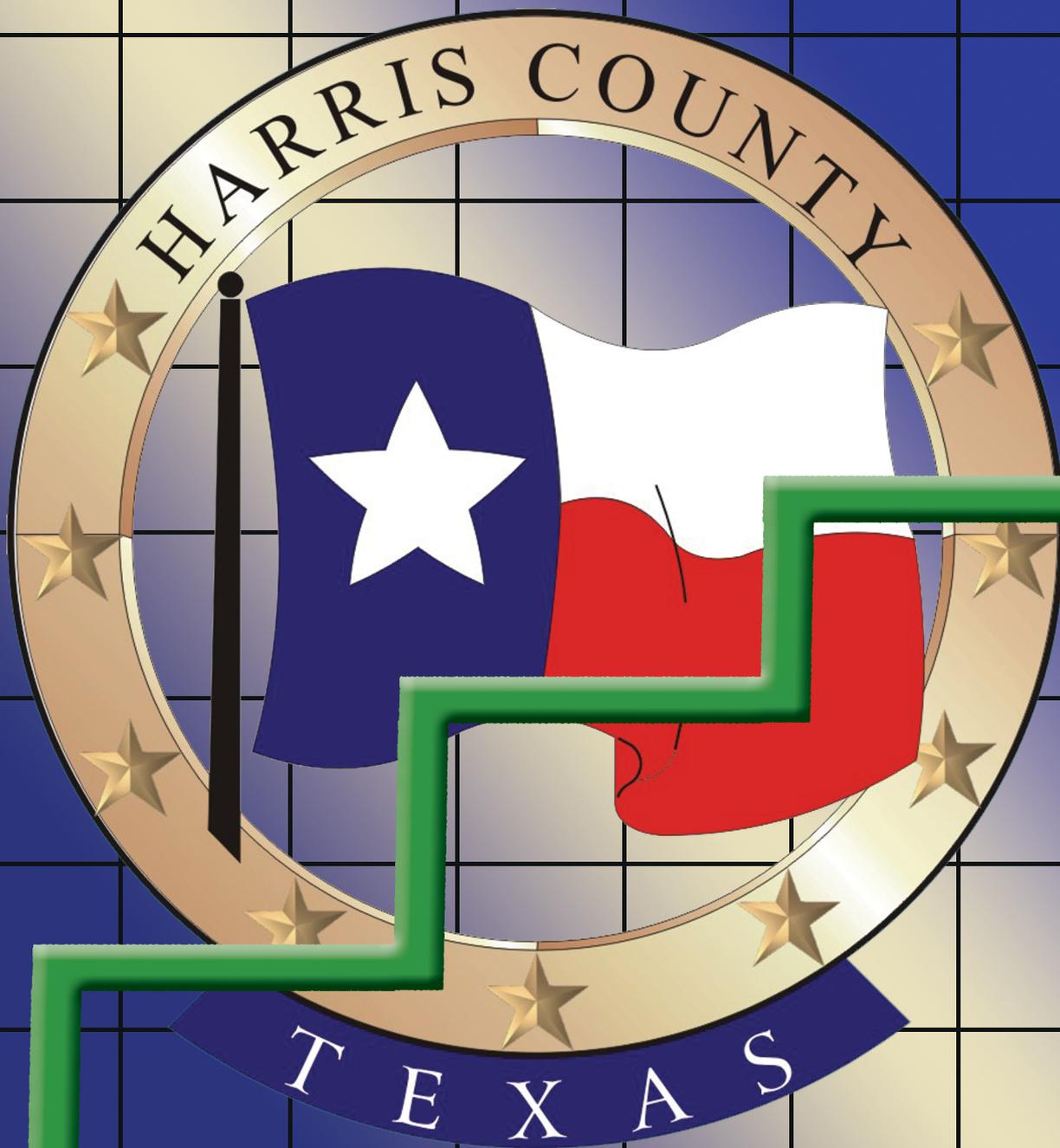


# Harris County, Texas

## Comprehensive Annual Financial Report

For the Fiscal Year Ended February 29, 2008



Barbara J. Schott, CPA  
County Auditor

**HARRIS COUNTY, TEXAS**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended  
February 29, 2008**

**Prepared By:  
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**HARRIS COUNTY, TEXAS  
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 FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2008  
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**BARBARA J. SCHOTT, CPA**  
**HARRIS COUNTY AUDITOR**

August 20, 2008

Honorable District Judges of Harris County and  
Honorable Members of the Harris County Commissioners Court

The County Auditor's Office (the "Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Harris County, Texas (the "County") for the fiscal year ended February 29, 2008. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

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

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

The County's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended February 29, 2008 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the County'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 COUNTY

### ***History, Geographic Location, and Population***

Archeological sites in Harris County reveal evidence of human habitation as far back as 6,000 years ago. In 1528 the Texas Gulf Coast was claimed by Spain and in 1821 the region became part of an independent Mexico. The Mexican government granted Stephen F. Austin permission to establish a colony that included Harris County and in 1826 John R. Harris, one of the colony's early settlers, opened a store and built a saw mill where Brays Bayou joined Buffalo Bayou. After Texas became independent, Harrisburg County was formed, but in 1839, the county's name was changed to Harris County in honor of John R. Harris.

Harris County is located in the Gulf Coast region of Texas approximately 50 miles from the Gulf of Mexico and covers over 1,700 square miles with over 3.9 million residents. The County, the nation's third most populous, grew 14.3 percent in population from the 2000 census to mid-2006.

### ***County Structure and Services***

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

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

### ***Component Units***

The combined financial statements of the County as a financial reporting entity report all activities, organizations, and functions of the County, both as the primary government and its legally separate component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. Criteria used by the County for including activities in preparing these financial statements are in conformity with the GASB 14, *The Financial Reporting Entity* and GASB 39, *Determining Whether Certain Organizations are Component Units*. Based on the requirements of these accounting standards, the County is financially accountable for the following component units:

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

### ***Budget Process***

In accordance with Chapter 111 of the Local Government Code, the County prepares and adopts an annual operating budget which serves as a financial plan for the new fiscal year beginning March 1. After adoption of the budget by Commissioners Court, the County Auditor is responsible for ensuring expenditures are made in compliance with budgeted appropriations. The level of budgetary control for the General Fund is at the department level; for other funds budgetary control is implemented at various levels. For example, budgetary control for debt service funds is at the individual bond issue level and budgetary control for special revenue funds is at the fund level. Commissioners Court may transfer available funds between various departments. However, no transfer may increase the total appropriation of a fund. Commissioners Court may also adopt supplemental budgets for the limited purposes of spending grant or aid money or for capital projects through the issuance of bonds. Purchase orders and contracts are not valid until the County Auditor certifies availability of funds for payment of the obligation. Encumbrance accounting is utilized to ensure effective budgetary control and accountability, and unencumbered appropriations lapse at year-end.

## **INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION**

### ***Local Economy***

The County currently enjoys a favorable economic environment. This is primarily attributable to expansion and diversification away from the oil and gas industry subsequent to a recovery from a major recession in 1982 and growth in high technology industries, medical research, health care and professional services. The County's traditional dependence on the energy sector is projected to continue to decrease since economic expansion is also fueled by the County's proximity to the Gulf of Mexico, as well as by the important role the area plays as a major manufacturing, shipping, and tourism center. Substantial structural alteration of the County's economy has reduced its vulnerability to downturns in upstream energy, which nonetheless continues to influence the County far more than it does the nation as a whole. However, the primary factors that will influence the County's economic future are: the health of the national economy, energy prices, and the value of the dollar against major foreign countries.

Today, Harris County's economy is largely based on a broad spectrum of industries including:

- Oil and gas exploration
- Basic petroleum refining
- Petrochemical production
- Medical research and health care delivery
- High technology – computers, aerospace, environmental, etc.
- Government – city, county, state and federal (i.e. NASA)
- International import & export
- Commercial fishing
- Agriculture
- Education
- Banking and finance
- Manufacturing and distribution
- Related service industries

The Houston Association of Realtors reported a 5.0 percent decline in closings during 2007, and a 26 percent decline in sales of new homes, with the reductions most pronounced at the lower end of the market. The median sales price of a single-family home in January 2008 was \$139,000, down 2.8 percent from January 2007. Although it could take months before the housing market recovers, Harris County's strong job growth and population growth should mitigate the problem locally.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is ranked first in the U.S. in foreign waterborne commerce, second in total tonnage, and tenth in the world overall. Containerized cargo handled by the Port of Houston in 2007 was 11 percent higher than in 2006 and is projected to increase from 10 to 12 percent annually over the next five years. Two major railroads and numerous trucking lines connect the Port with the rest of the United States, Mexico and Canada. In November 1999, Harris County voters approved a \$387 million bond issue for the construction of a new container facility at the Port's Bayport Terminal. The opening phase of the project celebrated its grand opening in February 2007. The Bayport facility is expected to generate almost 12,000 jobs in its first ten years of operation and to generate nearly \$1 billion in new business revenues annually.

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

In addition to the County's moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes a local government that encourages business development, high capacity freeways, major rail lines, three major airports (George Bush Intercontinental, Houston Hobby, and Ellington Field) and telecommunication services that are state of the art. In January 2004, a 7.5-mile light rail line was completed, linking Houston's Central Business District, the Museum District, the Texas Medical Center, and Reliant Stadium. In 2003, voters approved a \$640 million bond issue for an additional 22-mile expansion of the light rail system.

The 10-county Houston-Baytown-Sugar Land Metropolitan Statistical Area ("Houston MSA") gained 95,300 nonfarm jobs from January 2007 to January 2008, an increase of 3.9 percent, which was the highest growth rate among the nation's 38 largest metropolitan areas. Houston's relatively strong economy has resulted in large population gains. From the 2000 census through July 1, 2007, the Houston MSA gained 912,694 residents, an increase of 19.4 percent.

Harris County is the nation's third most populous county, ranking behind Los Angeles County and Cook County. The County's population base includes a wide variety of racial and ethnic groups that give a rich diversity and cosmopolitan feel. Among the nation's largest metropolitan areas, the Houston MSA ranked fifth in Hispanic population and tenth in Asian and Pacific Islander population in 2005. No racial or ethnic group constitutes a majority of the population.

The cost of living in Houston is among the lowest of all urban settings in the United States. The ACCRA Cost of Living Index for the first quarter of 2008 shows that Houston's overall after-taxes living costs are 11 percent below the national average, largely due to housing costs that are 22 percent below the average.

Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's two medical schools are the University of Texas Medical School and Baylor College of Medicine. Houston area colleges and universities granted 34,007 bachelor, master, doctoral and professional degrees during the 2006-2007 academic year.

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are concentrated in the Texas Medical Center, a non-profit organization devoted to health education, research and patient care. Located just south of downtown Houston, the Texas Medical Center includes 13 hospitals, two medical schools, four nursing schools, and schools of dentistry, public health and pharmacy.

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

Houston is home to a number of professional sports teams with state-of-the art facilities. The Astros, Houston's Major League Baseball team, plays its home games at Minute Maid Park; the Texans of the National Football League and the Comets of the Women's National Basketball Association make their home at Reliant Park; and the Rockets of the National Basketball Association, and the Aeros of the American Hockey League all share the Toyota Center. The Houston Dynamo soccer team plays its home games at the University of Houston's Robertson Stadium. In addition, collegiate teams from the University of Houston, Rice University, Texas Southern University and Houston Baptist University compete in most major sports.

### ***Financial Policies and Long-Term Financial Planning***

The County continued to enjoy a favorable financial environment during the fiscal year. The population growth of the unincorporated areas is considered by the Commissioners Court in assessing the appropriate service delivery within available resources in a cost-effective manner. Some of the examples of the County's financial policies are:

- Expenditures are to be budgeted and controlled so that at the end of the fiscal year the minimum designated fund balance for the general fund and other operating funds will be no less than 15% of fiscal year expenditures;
- Balanced financial operations will be maintained;
- Department heads and business managers are to keep expenditures within allocated budget amounts;
- Full disclosure and open lines of communications will be provided for rating agencies. A goal is sustaining the County's AA+ debt rating with a stable outlook. The bond rating services of Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch IBCA, Inc. have assigned the County long term bond ratings of Aa1, AAA and AA+ respectively;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund;
- Commercial paper is utilized to take advantage of short-term interest rates during interim financing for voter authorized and other court approved projects rather than initially issuing long-term bonds;
- The County's investment policy has been adopted to establish policies and procedures that enhance opportunities for a prudent and systematic investment of County funds. The County's general objectives in investing its funds are: understanding the suitability of the investment to the financial requirements of the County, preservation and safety of principal, liquidity, marketability of the investment, diversification, and yield. The "prudent person" standard has been adopted for managing the portfolio for the County. To ensure safety of public funds, the policy adheres to Chapter 2256 of the Texas Government Code, The Public Funds Investment Act, and the statutory requirements of Local Government Code 116.112.

The County is responsible for setting the tax rates for the County, the Flood Control District, the Hospital District, and Port of Houston Authority (debt service only). Tax rates are levied for maintenance and operations and debt service requirements relative to General Obligation Bonds, Certificates of Obligation, Revenue Bonds and Commercial Paper. The respective tax rates which were adopted in 2007 for the County per \$100 of taxable value are: \$0.33221 for the General Fund, \$0.00697 for the Public Improvement Contingency Fund, and \$0.05321 for debt service, for a total of \$0.39239.

Funds available for investment under the County's investment program as of February 29, 2008 totaled \$2.4 billion with investment earnings for the fiscal year of \$108.4 million. The average yield and maturity of such investments were 3.45% and 449 days.

The Risk Management Department is responsible for assessing the County's exposure to risk and obtaining coverage against that risk. The County is self-insured for group medical benefits as well as for workers' compensation medical and indemnity payments and is self-funded for dental and vision coverage provided under the employees' health insurance program. Additional information regarding the County's risk management program can be found in Note 15 of the notes to the financial statements.

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the County's contribution rate is actuarially determined annually. The contribution rate payable by the employee members for fiscal year 2008 was 7%. In addition to providing retirement benefits, the County provides certain healthcare and life insurance benefits for retired employees. Additional information regarding the County's retirement plan and other post employment benefits can be found in Notes 13 and 14 of the notes to the financial statements.

***Major Initiatives***

Flood Control District - The District plans to spend \$325.2 million of available funds for ongoing and planned projects for the five-year period from Fiscal Year 2009 to Fiscal Year 2013. The District's partnership with the Federal Government through the U.S. Army Corps of Engineers and increasingly through FEMA is anticipated to form the foundation of the District's Capital Improvements program for the next fifteen years or more.

Toll Road Authority - The Toll Road Authority has planned expenditures over the next five years of \$5.2 billion. Planned projects include Beltway 8 Tollway East, the Hardy Downtown Connector, and Hempstead Tollway.

Precinct Roads - Expenditures of \$818.5 million are planned over the next five years for various road projects.

Parks - Expenditures of \$35.5 million is planned for Fiscal Year 2009. The County currently has 166 park sites on 26,296 acres of land.

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

- North Bayou Central Plant \$23,600,000
- Atascocita Jail Project 32,000,000
- Medical Examiner's Forensic Center 105,000,000
- New Family Law Center 86,400,000
- Plaza and Jury Assembly 16,500,000
- 1910 Civil Courthouse Renovation 65,000,000
- Library Projects 47,400,000

**AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report

(CAFR) for the fiscal year ended February 28, 2007. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

### **REQUEST FOR INFORMATION**

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

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harris County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
February 28, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



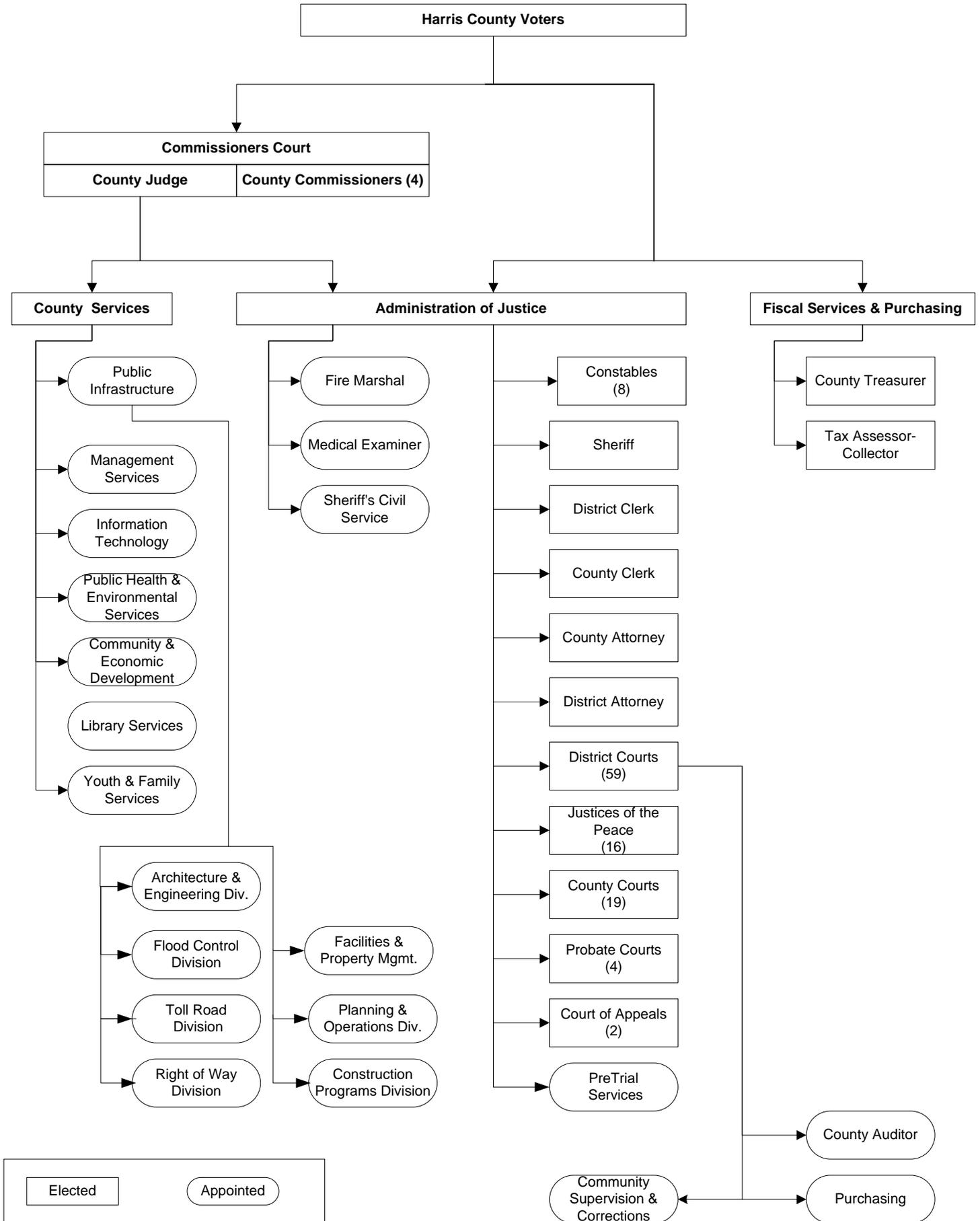
*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# Harris County Organization Chart



**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS**  
**February 29, 2008**

**Commissioner's Court**

County Judge Emmett, Edward  
 Precinct 1 Lee, El Franco  
 Precinct 2 Garcia, Sylvia R.  
 Precinct 3 Radack, Steve  
 Precinct 4 Eversole, Jerry

**Sheriff**

Thomas, Tommy B.

**District Attorney**

Rosenthal, Charles A., Jr. (Resigned 3/08)  
 Magidson, Kenneth (Appointed 3/08)

**County Attorney**

Stafford, Michael A.

**Tax Assessor/Collector**

Bettencourt, Paul

**District Clerk**

Chang, Theresa

**County Clerk**

Kaufman, Beverly

**County Treasurer**

Sanchez, Orlando

**Justices of the Peace**

Precinct 1, Position 1 Gorczynski, Dale M.  
 Precinct 1, Position 2 Patronella, David M.  
 Precinct 2, Position 1 Delgado, JoAnn  
 Precinct 2, Position 2 Risner, George E.  
 Precinct 3, Position 1 Parrott, Mike  
 Precinct 3, Position 2 Polumbo, Tony  
 Precinct 4, Position 1 Adams, J. Kent  
 Precinct 4, Position 2 Lawrence, Tom  
 Precinct 5, Position 1 Ridgway, Russ  
 Precinct 5, Position 2 Yeoman, William V.  
 Precinct 6, Position 1 Vara, Richard C.  
 Precinct 6, Position 2 Rodriguez, Armando V.  
 Precinct 7, Position 1 Green, Hilary  
 Precinct 7, Position 2 Burney, Zinetta  
 Precinct 8, Position 1 Maness-Barnes, Molly  
 Precinct 8, Position 2 Ditta, Louie

**Constables**

Precinct 1 Abercia, Jack F.  
 Precinct 2 Freeman, Gary L.  
 Precinct 3 Jones, Ken  
 Precinct 4 Hickman, Ron  
 Precinct 5 Camus, Phil  
 Precinct 6 Trevino, Victor  
 Precinct 7 Walker, May  
 Precinct 8 Bailey, Bill

**District Judges - Civil Courts**

11th District Court  
 55th District Court  
 61st District Court  
 80th District Court  
 113th District Court  
 125th District Court  
 127th District Court  
 129th District Court  
 133rd District Court  
 151st District Court  
 152nd District Court  
 157th District Court  
 164th District Court  
 165th District Court  
 189th District Court  
 190th District Court  
 215th District Court  
 234th District Court  
 269th District Court  
 270th District Court  
 280th District Court  
 281st District Court  
 295th District Court  
 333rd District Court  
 334th District Court

Davidson, Mark  
 Shadwick, Jeff  
 Donovan, John  
 Bradshaw-Hull, Lynn  
 Hancock, Patricia  
 Coselli, John  
 Wood, Sharolyn  
 Dorfman, S. Grant  
 McCorkle, T. Lamar  
 Baker, Caroline E.  
 Wise, Ken  
 Wilson, Randy  
 Jamison, Martha Hill  
 Ray, Elizabeth  
 Burke, Bill R. Jr.  
 Kerrigan, Patricia  
 Benton, Levi  
 Rondon, Reece  
 Wooldridge, John T.  
 Gamble, Brent  
 Lindsay, Tony  
 Bernal, David J.  
 Christopher, Tracy  
 Halbach, Joseph J.  
 McCally, Sharon

**District Judges - Criminal Courts**

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

Godwin, George H.  
 Rains, Brian  
 Anderson, Devon  
 Bridgwater, Roger  
 Wilkinson, J. Michael  
 Stricklin, Debbie Mantooth  
 Barr, Jeannine  
 Velasquez, Vanessa  
 Krockner, Jan  
 Brown, Susan  
 Collins, Denise  
 McSpadden, Michael T.  
 Carter, Marc C.  
 Hill, Belinda  
 Keel, Mary Lou  
 Campbell, Joan  
 Anderson, Mike  
 Wallace, Jim  
 Stricklin, Don  
 Thomas, Brock  
 Cospere, Caprice  
 Ellis, Mark Kent

**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS**  
**February 29, 2008**

**District Judges - Family Courts**

245th District Court	Kuntz, Annette
246th District Court	York, James
247th District Court	Hellums, Bonnie C.
257th District Court	Warne, Judy
308th District Court	Dempster, Georgia
309th District Court	Rynd, Frank
310th District Court	Millard, Lisa A.
311th District Court	Warne, Doug
312th District Court	Farr, David

**District Judges - Juvenile Courts**

313th District Court	Shelton, Pat
314th District Court	Phillips, John F.
315th District Court	Schneider, Michael

**County Courts - Civil**

Court at Law No. 1	Cagle, R. Jack
Court at Law No. 2	Smith, Jacqueline Lucci
Court at Law No. 3	Storey, Linda
Court at Law No. 4	Lloyd, Roberta A.

**County Courts - Criminal**

Court at Law No. 1	Helm, Reagan C.
Court at Law No. 2	Harmon, Bill
Court at Law No. 3	Jackson, Donald W.
Court at Law No. 4	Anderson, James
Court at Law No. 5	Harris, Margaret
Court at Law No. 6	Standley, Larry
Court at Law No. 7	Derbyshire, Pam
Court at Law No. 8	Karahan, Jay
Court at Law No. 9	Wilkerson, Analia
Court at Law No. 10	Ross, Sherman
Court at Law No. 11	Bull, Diane
Court at Law No. 12	Brown, Robin
Court at Law No. 13	Atkinson, Mark
Court at Law No. 14	Fields, Michael R.
Court at Law No. 15	Hughes, Jean Sprading

**Probate Courts**

Court No. 1	Austin, Russell (Deceased 6/08)
Court No. 2	Wood, Mike
Court No. 3	Olsen, Rory R.
Court No. 4	McCulloch, William C.

**Court of Appeals**

1st Court of Appeals	Radack, Sherry
14th Court of Appeals	Hedges, Adele

**SELECTED APPOINTED OFFICIALS**

Admin. Offices of The District Courts	Thompson, Jack
County Criminal Courts at Law Mgm't	Wessels, Bob
Information Technology Center	Jennings, Steve W.
Children's Assessment Center	Stolte, Elaine
Protective Services for Children and Adults	Ford, George
Texas AgriLife Extension-Harris County	Williams-Willis, Linda
County Auditor	Schott, Barbara J.
County Library	Goldberg, Rhoda (Interim)
Pre Trial Services	Oeller, Carol
Domestic Relations	Simpson, David W.
Greater Harris Co. 9-1-1 Emergency Network	Schwender, Lavergne
Fire and Emergency Services	Montgomery, Michael S.
Housing and Economic Development	Turkel, David B.
Juvenile Probation	Hetzel, Harvey
Law Library	Eichstadt, John R.
Management Services	Raycraft, R. L.
Medical Examiner	Sanchez, Luis A. MD
Public Health & Environmental Services	Palacio, Herminia MD
Public Infrastructure Department	Storey, Arthur L., Jr
Purchasing	McCown, Jack R.
Sheriff Civil Services	Mims, William H. Jr.



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 29, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on the respective financial statements based on our audit. We audited the financial statements of the Harris County Hospital District, a discretely presented component unit, but did not audit the financial statements of the remaining discretely presented component units which statements reflect 14%, 13% and 20%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund agency funds, which statements reflect 35% percent of the assets of the agency funds at February 29, 2008. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the agency funds, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") 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 respective financial statements are free of material misstatement. The financial statements of the Harris County Sports and Convention Corporation, a blended component unit, the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund were audited in accordance with generally accepted auditing standards, but were not audited in accordance *Government Auditing Standards*. The financial statements of Harris County Housing Finance Corporation, and the Harris County Industrial Development Corporation, discretely presented component units, were audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas, as of February 29, 2008, and the respective changes in financial

position (and respective cash flows, where applicable), thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the measurement, recognition, and display of other postemployment benefits for the year ended February 29, 2008.

The Management's Discussion and Analysis, Schedule of Available Resources – Budget and Actual Budgetary Basis – General Fund, and the Schedule of Expenditures and Other Uses – Budget and Actual Budgetary Basis – General Fund, and the Other Post Employment Benefits – Schedule of Funding Progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the County's management. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the respective financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Combining and Individual Fund Information and other Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is also presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grant Management Standards*. This supplementary information is the responsibility of the County's management. The Combining and Individual Fund Information and Other Supplementary Information and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008, on our consideration of the County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

August 20, 2008

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

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 29, 2008. Please read it in conjunction with the transmittal letter in the introductory section of this report and the County's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

***Government-wide***

The total government-wide assets of the County exceeded the liabilities at February 29, 2008 by \$10,808,548,679. This is an increase of \$174,223,079 from the previous year when assets exceeded liabilities by \$10,634,325,600.

- Total net assets of the primary government are comprised of the following:
  - (1) Capital assets, net of related debt, of \$9,385,818,583 include land, improvements, construction in progress, and other capital assets, net of accumulated depreciation, and is reduced by outstanding debt, net of unspent proceeds, related to the purchase or construction in capital assets.
  - (2) Net assets of \$1,010,469,078 are restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations.
  - (3) Unrestricted net assets of \$412,261,018 represent the portion available to meet ongoing obligations to citizens and creditors.

***Governmental Fund Financial Statements***

- As of February 29, 2008, County governmental funds reported combined fund balances of \$1,045,512,695. This reflects an increase of \$12,212,430 from the previous fiscal year, primarily due to an increase in tax revenues in the current year. Combined unreserved fund balances of \$576,343,678 for fiscal year 2008 shows an increase of \$5,893,520 from the prior year. The increase is primarily attributable to an increase in tax revenues.
- At the end of the fiscal year, the unreserved fund balance of the County's General Fund was \$192,615,478, or 14% of the General Fund's total expenditures and 15% revenues. In addition, the General Fund had a reserved fund balance of \$175,956,455, which is comparable to the prior year.
- The Roads Capital Projects fund is classified as a major fund. It had a fund balance of \$228,093,359 of which \$88,958,371 was reserved for encumbrances and the remaining \$139,134,988 is designated for capital projects.
- The nonmajor governmental funds had total combined fund balances of \$448,847,403 at February 29, 2008. Of this amount, \$244,593,212 is unreserved with \$101,735,951 designated for capital projects. The remaining \$204,254,191 is reserved mainly for encumbrances, debt service, advances, and grant programs.

***Long-Term Debt***

- The County issues debt to finance an ongoing capital improvement program. During fiscal year 2007-2008, the County issued \$743 million in bonds on behalf of the Toll Road Authority and \$201 million in commercial paper. Note 10 to the financial statements provides details of long-term debt.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net Assets presents information on all County assets and liabilities, with the difference between the two representing net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

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

The County maintains 53 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single, aggregated presentation.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The toll road fund is considered to be a major fund of the County. The subscriber access, parking facilities, and sheriff's commissary funds are combined as nonmajor enterprise funds for the basic financial statements, but are presented individually in the fund financial statements that follow the required supplementary information. The County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's fiduciary funds are comprised of the Insurance Trust Fund and 15 agency funds. The Insurance Trust Fund is used to account for County employees' and retirees' group insurance benefits. Agency funds are used to report resources held by the County in a purely custodial capacity (assets equal liabilities) and therefore do not involve measurement of results of operations.

***Notes to the Basic Financial Statements*** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 42 of this report.

***Required Supplementary Information*** for the County's General Fund budgetary schedule is presented herein. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found beginning on page 95 of this report.

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$10,808,548,679 for fiscal year 2008 and \$10,634,325,600 for fiscal year 2007. Revenues exceeded expenses during the current year, increasing net assets by \$174,223,079.

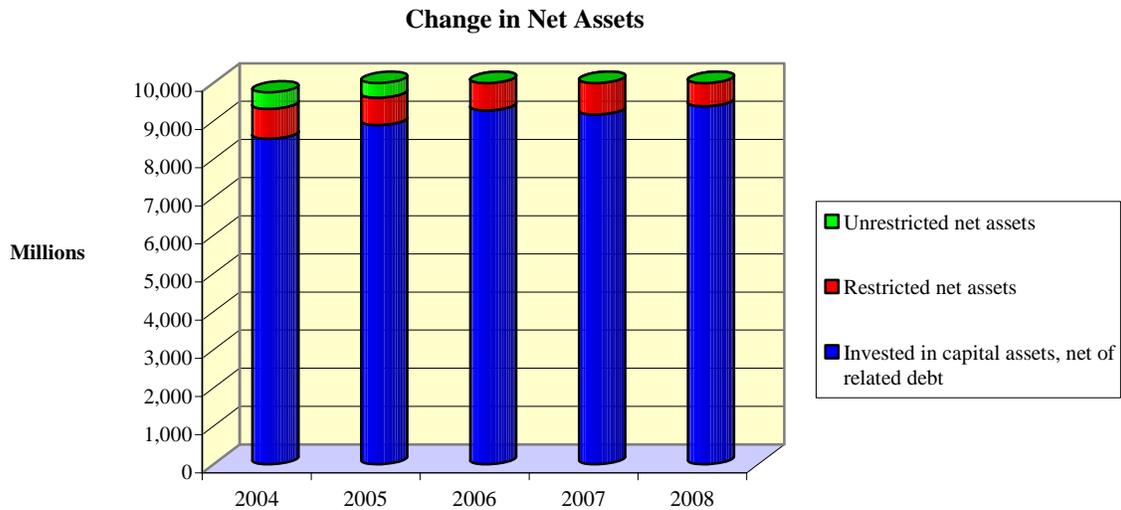
**Condensed Statement of Net Assets**  
**February 29, 2008**  
**(Amounts in thousands)**  
**Primary Government**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,456,936	\$ 963,269	\$ 2,420,205
Capital assets	12,007,854	1,791,679	13,799,533
Total assets	<u>13,464,790</u>	<u>2,754,948</u>	<u>16,219,738</u>
Current and other liabilities	320,831	56,634	377,465
Long-term liabilities	2,864,798	2,168,926	5,033,724
Total liabilities	<u>3,185,629</u>	<u>2,225,560</u>	<u>5,411,189</u>
Net assets:			
Invested in capital assets, net of related debt	9,700,793	(314,975)	9,385,818
Restricted net assets	178,866	831,604	1,010,470
Unrestricted net assets	399,502	12,759	412,261
Total net assets	<u>\$ 10,279,161</u>	<u>\$ 529,388</u>	<u>\$ 10,808,549</u>

**Condensed Statement of Net Assets**  
**February 28, 2007**  
**(Amounts in thousands)**  
**Primary Government**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,394,348	\$ 1,086,229	\$ 2,480,577
Capital assets	11,818,626	1,553,372	13,371,998
Total assets	<u>13,212,974</u>	<u>2,639,601</u>	<u>15,852,575</u>
Current and other liabilities	287,730	48,549	336,279
Long-term liabilities	2,727,073	2,154,897	4,881,970
Total liabilities	<u>3,014,803</u>	<u>2,203,446</u>	<u>5,218,249</u>
Net assets:			
Invested in capital assets, net of related debt	9,659,255	(491,756)	9,167,499
Restricted net assets	178,172	915,259	1,093,431
Unrestricted net assets	360,744	12,652	373,396
Total net assets	<u>\$ 10,198,171</u>	<u>\$ 436,155</u>	<u>\$ 10,634,326</u>

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



The largest portion of the County's current fiscal year net assets, \$9,385,818,583, reflects its investments in capital assets (e.g.; land, improvements, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The increase of \$218,319,327 in the County's net assets invested in capital assets, net of related debt, is comprised of \$427,534,586 increase in capital assets with an offsetting increase of \$79,942,480 in debt related to capital assets and a decrease of unspent debt proceeds of \$129,272,779.

Another portion of the County's current fiscal year net assets, \$412,261,018, represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. The remaining balance of net assets represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net assets, \$618,163,311 is for use for the ongoing obligations of the Toll Road Authority. Other restrictions include \$319,137,743 for debt service payments, \$70,728,715 for capital projects, temporary donor restricted from grantors of \$752,032 and legislative restricted net assets of \$1,687,277.

At the end of the current fiscal year, the County reported positive net assets in all three categories of net assets for its governmental activities and positive net assets in two of the three categories for its business-type activities. Net assets invested in capital assets, net of related debt for business-type activities was negative \$314,974,687 primarily due to the refunding of debt extending the repayment of the debt beyond the useful life of the assets.

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

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

**Condensed Statement of Activities**  
**(In Thousands)**  
**For the Year Ended February 29, 2008**  
**Primary Government**

	Governmental Activities	Business-type Activities	Total
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 264,028	\$ 437,768	\$ 701,796
Operating grants and contributions	148,358	1,286	149,644
Capital grants and contributions	312,732	3,059	315,791
General revenues:			
Taxes-levied for general purposes	957,431	-	957,431
Taxes-levied for debt services	146,421	-	146,421
Hotel occupancy tax	26,371	-	26,371
Investment earnings	58,751	49,690	108,441
Miscellaneous	59,378	4,753	64,131
Total revenues	1,973,470	496,556	2,470,026
<b>EXPENSES</b>			
Administration of justice	846,107	-	846,107
Parks	82,222	-	82,222
County administration	299,310	-	299,310
Health and human services	193,348	-	193,348
Flood control	90,253	-	90,253
Tax administration	35,191	-	35,191
Roads and bridges	364,111	-	364,111
Interest and fiscal charges	136,944	-	136,944
Toll road	-	272,972	272,972
Subscriber access	-	161	161
Parking facilities	-	952	952
Sheriff's commissary	-	8,142	8,142
Total expenses	2,047,486	282,227	2,329,713
Excess before other items and transfers	(74,016)	214,329	140,313
Gain on sale of capital assets	43	140	183
Transfers	121,236	(121,236)	-
Change in estimate	33,727	-	33,727
Change in net assets	80,990	93,233	174,223
Net assets - beginning	10,198,171	436,155	10,634,326
Net assets - ending	\$ 10,279,161	\$ 529,388	\$ 10,808,549

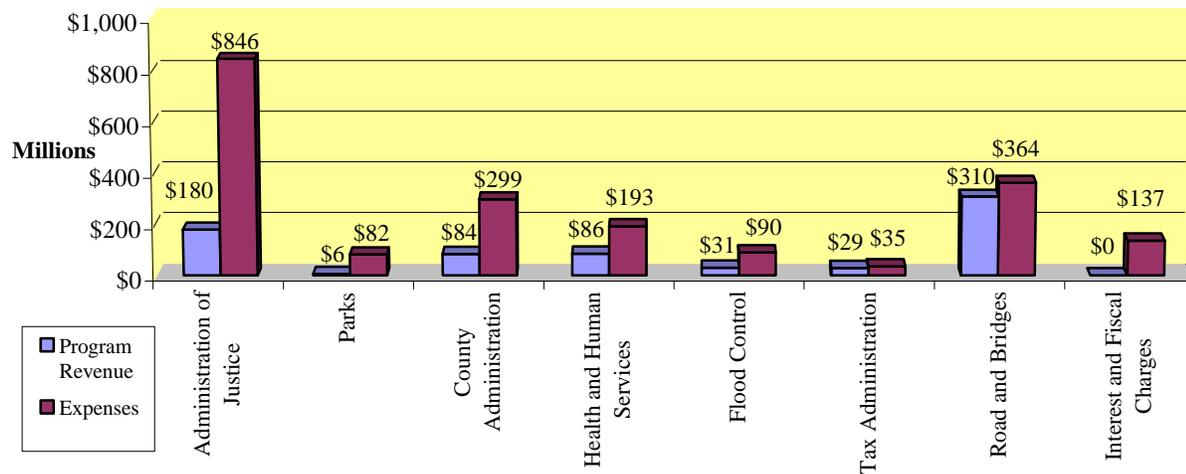
*Harris County, Texas*  
*Management's Discussion and Analysis (Unaudited)*

**Condensed Statement of Activities**  
**(In Thousands)**  
**For the Year Ended February 28, 2007**  
**Primary Government**

	Governmental Activities	Business-type Activities	Total
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 268,174	\$ 401,298	\$ 669,472
Operating grants and contributions	144,548	1,612	146,160
Capital grants and contributions	227,271	3,113	230,384
General revenues:			
Taxes-levied for general purposes	848,673	-	848,673
Taxes-levied for debt services	139,489	-	139,489
Hotel occupancy tax	20,727	-	20,727
Investment earnings	47,500	40,035	87,535
Miscellaneous	59,380	741	60,121
Total revenues	1,755,762	446,799	2,202,561
<b>EXPENSES</b>			
Administration of justice	704,472	-	704,472
Parks	72,865	-	72,865
County administration	277,592	-	277,592
Health and human services	197,880	-	197,880
Flood control	81,126	-	81,126
Tax administration	31,300	-	31,300
Roads and bridges	347,061	-	347,061
Interest and fiscal charges	116,178	-	116,178
Toll road	-	276,671	276,671
Subscriber access	-	239	239
Parking facilities	-	867	867
Sheriff's commissary	-	6,946	6,946
Total expenses	1,828,474	284,723	2,113,197
Excess before other items and transfers	(72,712)	162,076	89,364
Gain on sale of capital assets	115	11	126
Transfers	31,112	(31,112)	-
Change in net assets	(41,485)	130,975	89,490
Net assets - beginning	10,239,656	305,180	10,544,836
Net assets - ending	\$ 10,198,171	\$ 436,155	\$ 10,634,326

**Harris County, Texas  
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**Program Revenues and Expenses - Governmental Activities**

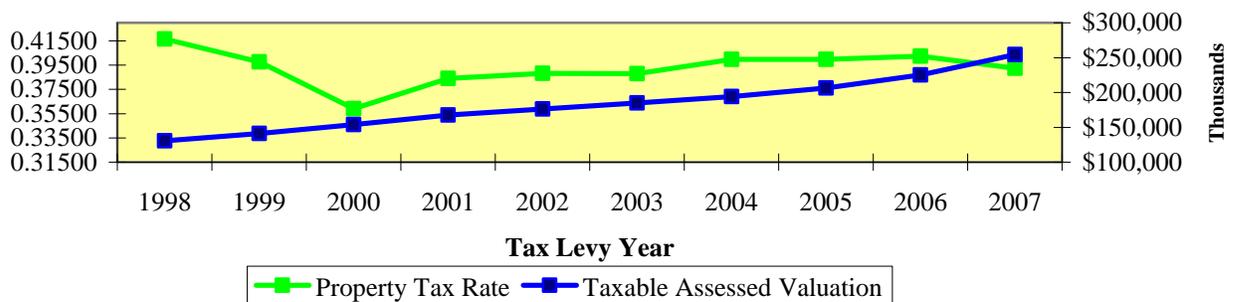


**Revenues**

For fiscal year ended February 29, 2008, revenues for the primary government totaled \$2,470,209,439. The revenues are categorized by activity type: governmental activities totaled \$1,973,512,781 and business-type activities totaled \$496,696,658.

Property and hotel occupancy taxes of \$1,130,223,559 were the largest revenue source for governmental activities and 46% of total revenues. The tax rate was \$.39239 per \$100 of assessed value for fiscal year 2008. The assessed value increased in fiscal year 2008 to \$327,373,322,000 from the assessed value in the prior fiscal year of \$291,379,340,000.

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

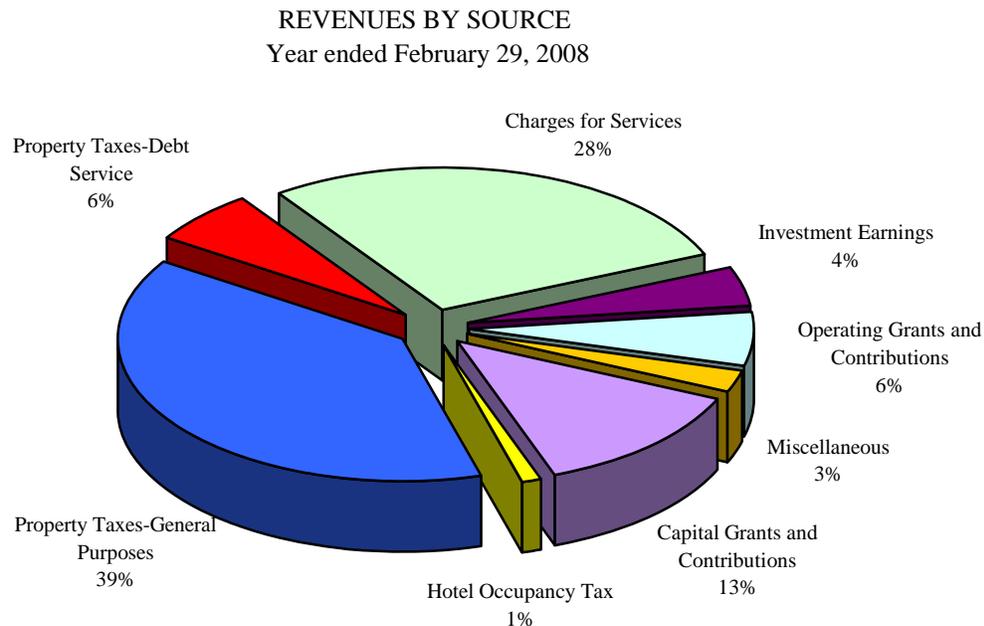


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,167,230,872 or 47% of total revenues. The largest portion of program revenues is charges for services of \$701,795,599 (28%). Of that \$264,027,672 is from governmental activities, which represents fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type charges for services were \$437,767,927, which are primarily toll road receipts. The other portions of program revenues are operating grants and contributions of \$149,643,899 (6%) and capital grants

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

and contributions of \$315,791,374 (13%). These represent receipts from various federal, state, and local agencies.

General revenues are revenues that can not be assigned to a specific function. They consist of taxes (discussed above), earnings on investments of \$108,440,752 (4% of total revenues), and miscellaneous income (including gain on sale of capital assets) of \$64,314,256 (3% of total revenues).



**Expenses**

For fiscal year ended February 29, 2008, expenses for the primary government totaled \$2,329,713,409. These expenses are divided by activity type: governmental activities of \$2,047,485,501 and business-type activities of \$282,227,908.

The governmental activities administration of justice is the County's largest function. The main components of this function are the civil and criminal courts and the sheriff's department. Total expenses for this activity were \$846,106,683 and were 36% of total expenses. The expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, and fuel costs for patrol vehicles.

The expenses for the roads and bridges governmental activities function were \$364,111,518 or 16% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

County administration governmental function expenses were \$299,309,731 or 13% of total expenses. The increase is primarily due to an increase in payroll, utilities and flood insurance.

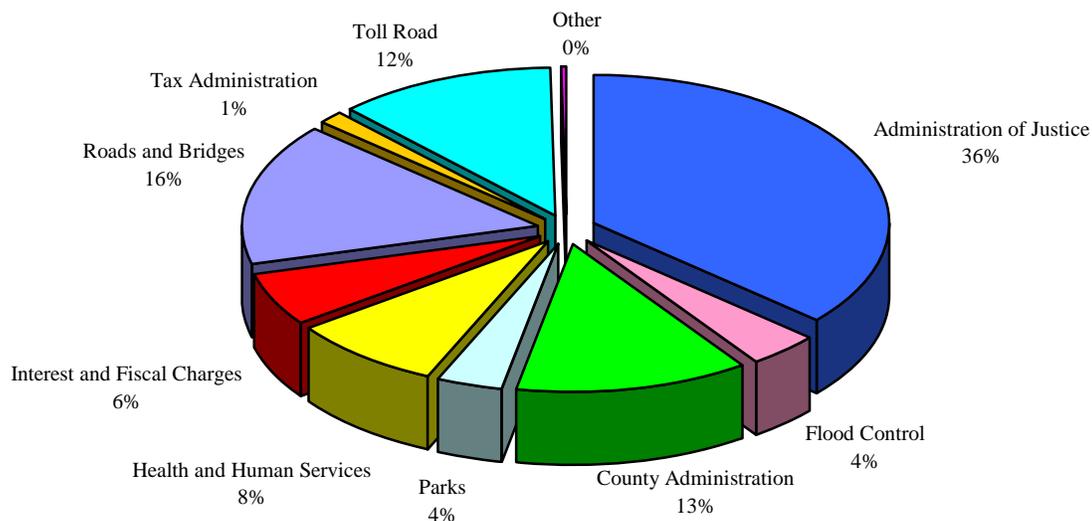
Toll road business-type activities function expenses were \$272,971,765 or 12% of total expenses. The majority is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were \$9,256,143 and were less than 1% of total expenses. These activities are for subscriber access, parking facilities and sheriff's commissary.

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

Governmental activities interest and fiscal charges of \$136,943,595 constituted 6% of total expenses and increased \$20,765,996. This is mostly due to larger interest payments made in the current year for outstanding bond issues.

The remaining governmental activities functions are health and human services with expenses of \$193,347,768 or 8%, which includes operation of the county owned libraries, flood control of \$90,253,472 or 4%, parks with expenses of \$82,221,786 or 4% and tax administration of \$35,190,948 or 1%.

EXPENSES BY FUNCTION  
 Year Ended February 29, 2008



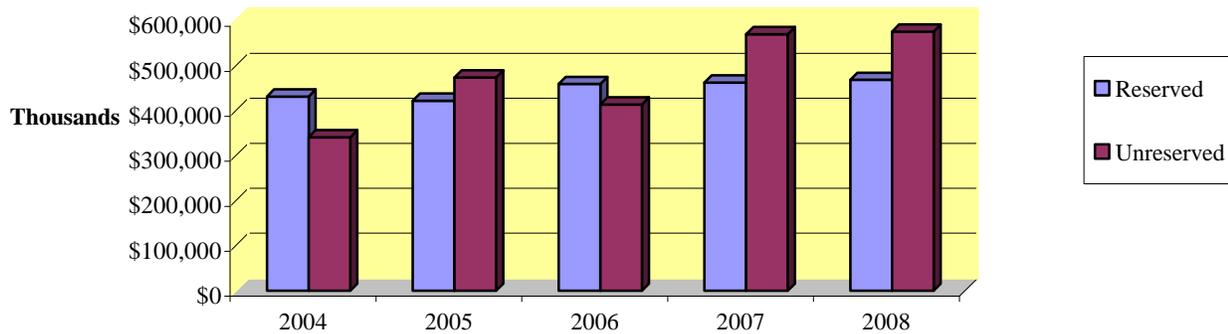
**FINANCIAL ANALYSIS OF MAJOR FUNDS**

The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 29, 2008, the General Fund reported a net fund balance increase of \$64,853,082. This change was primarily due to increased tax revenues. The General Fund total fund balance is \$368,571,933 for the fiscal year of which \$175,956,455 is reserved for encumbrances, debt service payments, prepaids, inventories, notes receivable, legislative issues and imprest cash. The remaining \$192,615,478 is unreserved, but \$24,241,230 is designated for public contingency.

The Roads Capital Projects fund is a major governmental fund in the current year. This is primarily due to a larger portion of unspent bond proceeds being available for investment. As of February 29, 2008 the total fund balance was \$228,093,359 with \$88,958,371 being reserved for encumbrances.

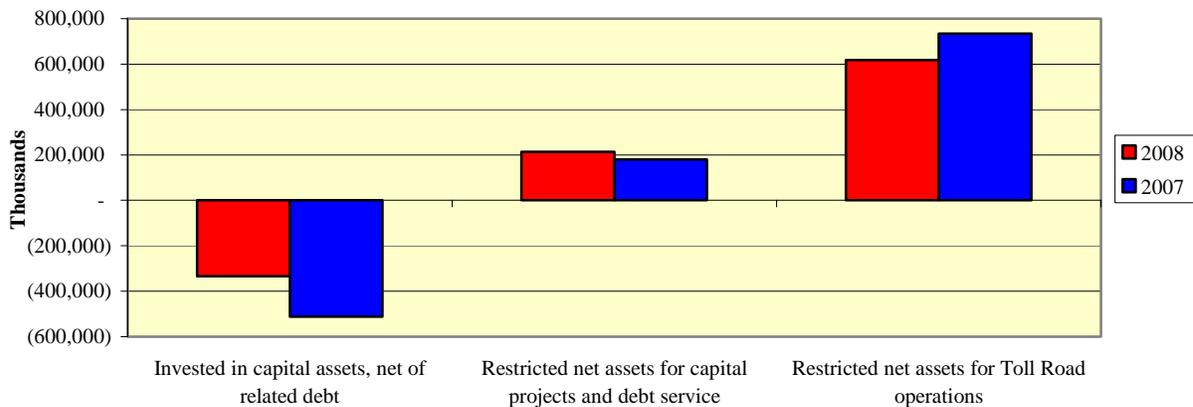
*Harris County, Texas  
Management's Discussion and Analysis (Unaudited)*

**Governmental Fund Balances**



The Toll Road Fund was the County's only major proprietary fund at February 29, 2008. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 29, 2008, net assets invested in capital assets, net of related debt was a negative \$334,319,087, and restricted net assets were \$831,603,519. Net assets invested in capital assets, net of related debt increased from a February 28, 2007 balance of negative \$511,673,541. Net assets invested in capital assets net of related debt for both years was negative, primarily due to the refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net assets are considered restricted due to debt obligations.

**Toll Road Net Asset Comparison**



**GENERAL FUND BUDGETARY HIGHLIGHTS**

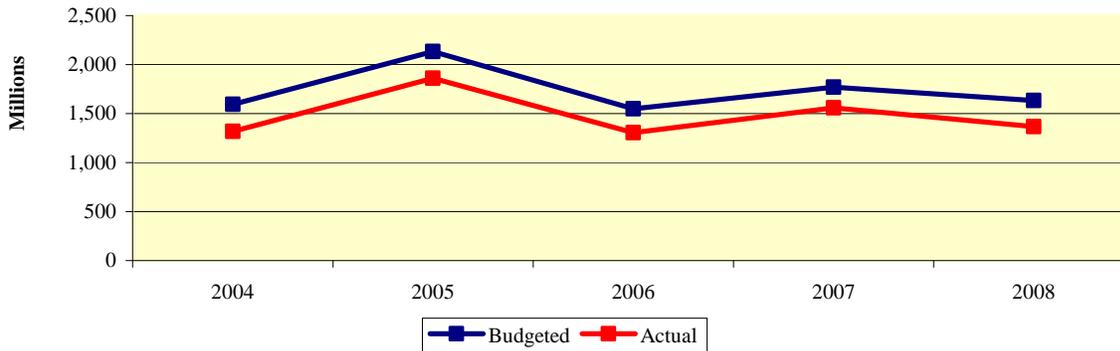
Differences between the original budget and the final amended budget reflected in an increase of \$14,081,603 in available resources. This increase is due to an increase in governmental income. Differences between the original budget and the final amended budget resulted in \$106,328,045 increase in appropriations.

During the year, actual revenues and transfers exceeded budgetary revenue estimates by \$239,512,480. This is primarily due to higher collections of taxes, charges for services, and miscellaneous income. Actual expenditures were \$266,244,878 less than budgetary estimates. This difference is primarily due to a decrease in expenditures as a result of the carry forward of maintenance funds in the precincts.

Budget variances are not expected to impact future services or liquidity.

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Management's Discussion and Analysis (Unaudited)*

**BUDGETED EXPENSES TO ACTUAL  
Cash Basis Analysis**



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets.* The County's capital assets, net of accumulated depreciation, for its governmental and business-type activities as of February 29, 2008, was \$13,799,533,104, an increase of \$427,534,586 from capital assets reported February 28, 2007 of \$13,371,998,518. These capital assets include land, intangible assets, land improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible assets, easements and construction in progress.

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

- The County has several ongoing capital improvement projects, including a new Plaza/Jury Assembly Facility with a tunnel connection to the Civil Justice Center, restoration of the 1910 Civil Courts Building, and a Medical Examiner's Forensic Center.
- The Flood Control District has several ongoing flood damage reduction and mitigation projects in cooperation with the Federal Emergency Management Agency and the United States Army Corps of Engineers.
- The Harris County Toll Road Authority has several ongoing projects, including the Hempstead Tollway and the I-10 Corridor.

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

	<b>Balance February 29, 2008</b>	<b>Balance February 28, 2007</b>
<b><u>Governmental Activities:</u></b>		
Land	\$ 3,795,682,734	\$ 3,754,204,525
Construction in progress	357,518,503	392,788,352
Land improvements	3,405,855	3,901,920
Infrastructure	9,834,520,064	9,421,728,499
Park facilities	101,956,532	85,995,995
Flood control projects	547,644,476	482,903,327
Buildings	1,581,792,101	1,554,584,285
Equipment	267,116,371	247,982,758
	<u>16,489,636,636</u>	<u>15,944,089,661</u>
Less: Accumulated depreciation	(4,481,782,996)	(4,125,463,414)
Total governmental activities	<u>\$ 12,007,853,640</u>	<u>\$ 11,818,626,247</u>

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

	<b>Balance</b> <b>February 29, 2008</b>	<b>Balance</b> <b>February 28, 2007</b>
<u>Business-type Activities:</u>		
Land	\$ 270,688,177	\$ 255,156,015
Intangible assets	237,500,000	-
Construction in progress	196,963,686	168,836,263
Land improvements	2,741,917	2,187,021
Infrastructure	1,735,963,226	1,729,292,350
Other tangible assets	20,248,222	3,426,750
Buildings	30,750,092	39,379,262
Equipment	17,634,020	13,347,491
	<u>2,512,489,340</u>	<u>2,211,625,152</u>
Less: Accumulated depreciation	(720,809,876)	(658,252,881)
Total business-type activities	<u>\$ 1,791,679,464</u>	<u>\$ 1,553,372,271</u>

**Long-term Debt.** At February 29, 2008, the County had total long-term debt outstanding of \$5,033,724,512. Refer to Note 10 to the financial statements for further information on the County's long-term debt. County officials, citizens and investors will find the ratio of bonded debt to taxable value of property and the amount of bonded debt per capita as useful indicators of the County's debt position. Bonded debt represented 0.92% and 1.07% of taxable value of property for fiscal year 2008 and 2007, respectively. Bonded debt per capita was \$1,282 and \$1,277 for fiscal year 2008 and 2007, respectively.

	<b>Outstanding at</b> <b>February 29, 2008</b>	<b>Outstanding at</b> <b>February 28, 2007</b>
<u>Governmental Activities:</u>		
Bonds payable	\$ 2,344,035,241	\$ 2,418,906,737
Commercial paper payable	388,940,000	242,585,000
Compensatory time payable	32,225,983	28,804,745
Obligations under capital leases	25,430,611	27,384,858
Landfill remediation	-	3,750,000
Judgments payable	6,238,614	2,845,256
Note payable	1,480,145	2,796,158
OPEB obligation	66,447,722	-
Total governmental activities	<u>\$ 2,864,798,316</u>	<u>\$ 2,727,072,754</u>
<u>Business-type Activities:</u>		
Bonds payable	\$ 2,097,280,792	\$ 2,140,523,389
Commercial paper payable	67,000,000	12,610,000
Compensatory time payable	980,871	843,077
Judgments payable	-	921,162
OPEB obligation	3,664,533	-
Total business-type activities	<u>\$ 2,168,926,196</u>	<u>\$ 2,154,897,628</u>

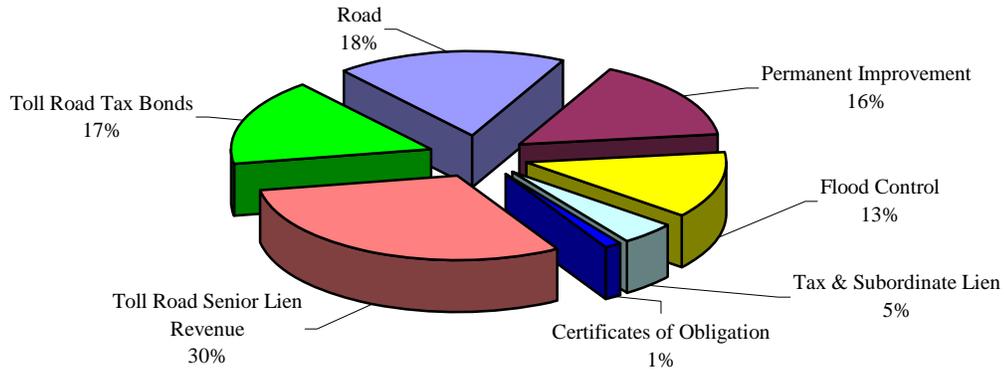
The County has a continuing goal to upgrade the County's debt rating. The bond rating services of Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch IBCA, Inc. have assigned the County long term bond ratings of Aa1, AAA, and AA+, respectively.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 (GASB 45), creating accounting standards for OPEB provided by governmental entities separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable required supplementary

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

information (RSI) in the financial reports of state and local governments. See Note 14 to the financial statements for further information on the County's implementation of the requirements of GASB Statement No. 45 during fiscal year 2008.

**Bonds Payable by Type as of February 29, 2008**



**ECONOMIC FACTORS**

The unemployment rate for Harris County for calendar year 2007 was 4.2%. This is an unfavorable increase from the prior year rate of 4.0%. The state unemployment rate for calendar year 2007 was 4.3%. The number of people employed with Harris County increased by 869 during the year.

**REQUEST FOR INFORMATION**

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

# **BASIC FINANCIAL STATEMENTS**

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**February 29, 2008**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total*</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 296,331,798	\$ 10,490,626	\$ 306,822,424	\$ 174,152,998
Investments	803,550,498	2,116,890	805,667,388	434,960,153
Taxes receivable, net	63,173,193	-	63,173,193	39,864,000
Accounts receivable, net	36,047,787	66,760	36,114,547	76,083,426
Accrued interest receivable	9,366,692	6,991	9,373,683	-
Lease receivable	300,300	3,664,035	3,964,335	-
Due from other governmental units	67,872	-	67,872	-
Other receivables	99,707,846	-	99,707,846	5,833,645
Internal balances	(25,456,368)	746,931	-	-
Inventories, prepaids and other assets	6,276,084	307,487	6,583,571	69,197,987
Restricted:				
Cash and cash equivalents	54,784,651	187,570,714	242,355,365	438,619,572
Investments	68,968,372	691,361,954	760,330,326	-
Receivables, net	-	194,500	194,500	-
Accrued interest receivable	-	3,995,744	3,995,744	-
Other receivables, net	-	10,118,736	10,118,736	-
Prepaids and other assets	-	4,066,376	4,066,376	-
Internal balances	-	24,709,437	-	-
Deferred charges, net of amortization	13,166,582	22,334,294	35,500,876	-
Notes receivable	30,651,085	1,517,073	32,168,158	4,939,031
Capital assets:				
Land, improvements, and construction in progress	4,153,201,237	467,651,863	4,620,853,100	57,628,704
Intangible asset	-	237,500,000	237,500,000	2,610,153
Other capital assets, net of depreciation	7,854,652,403	1,086,527,601	8,941,180,004	260,489,552
Total assets	<u>13,464,790,032</u>	<u>2,754,948,012</u>	<u>16,219,738,044</u>	<u>1,564,379,221</u>
<b>LIABILITIES</b>				
Vouchers payable and other current liabilities	235,913,993	976,235	236,890,228	273,942,324
Due to other governmental units	1,188,993	-	1,188,993	-
Deferred revenue	45,197,817	-	45,197,817	21,794,318
Payable from restricted assets:				
Vouchers payable and other current liabilities	-	55,658,168	55,658,168	-
Current portion of long-term liabilities	-	69,781,767	69,781,767	-
Non-current portion of long-term liabilities	-	2,099,143,561	2,099,143,561	-
Accrued interest	38,529,647	-	38,529,647	1,228,751
Long-term liabilities:				
Due within one year	112,962,354	599	112,962,953	10,245,803
Due in more than one year	2,751,835,962	269	2,751,836,231	374,834,786
Total liabilities	<u>3,185,628,766</u>	<u>2,225,560,599</u>	<u>5,411,189,365</u>	<u>682,045,982</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,700,793,271	(314,974,688)	9,385,818,583	109,832,165
Restricted for:				
Debt service	154,297,277	164,840,466	319,137,743	-
Capital projects	22,128,973	48,599,742	70,728,715	60,726,720
Donor temporarily restricted	752,032	-	752,032	1,348,765
Legislative	1,687,277	-	1,687,277	-
Toll Road	-	618,163,311	618,163,311	-
Unrestricted	399,502,436	12,758,582	412,261,018	710,425,589
Total net assets	<u>\$ 10,279,161,266</u>	<u>\$ 529,387,413</u>	<u>\$ 10,808,548,679</u>	<u>\$ 882,333,239</u>

\*After internal balances have been eliminated.

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended February 29, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
Administration of Justice	\$ 846,106,683	\$ 126,188,922	\$ 53,328,085	\$ 901,113	\$ (665,688,563)	-	\$ (665,688,563)	
Parks	82,221,786	3,560,259	2,014,937	-	(76,646,590)	-	(76,646,590)	
County Administration	299,309,731	62,780,275	17,110,884	4,284,858	(215,133,714)	-	(215,133,714)	
Health and Human Services	193,347,768	9,636,711	75,903,877	-	(107,807,180)	-	(107,807,180)	
Flood Control	90,253,472	410,497	-	30,399,497	(59,443,478)	-	(59,443,478)	
Tax Administration	35,190,948	28,748,340	-	-	(6,442,608)	-	(6,442,608)	
Road and Bridges	364,111,518	32,702,668	-	277,146,469	(54,262,381)	-	(54,262,381)	
Interest and fiscal charges	136,943,595	-	-	-	(136,943,595)	-	(136,943,595)	
Total governmental activities	<u>2,047,485,501</u>	<u>264,027,672</u>	<u>148,357,783</u>	<u>312,731,937</u>	<u>(1,322,368,109)</u>	<u>-</u>	<u>(1,322,368,109)</u>	
Business-type activities:								
Toll Road	272,971,765	428,867,531	1,286,116	3,059,437	-	\$ 160,241,319	160,241,319	
Subscriber Access	161,649	265,281	-	-	-	103,632	103,632	
Parking Facilities	952,494	367,650	-	-	-	(584,844)	(584,844)	
Sheriff's Commissary	8,142,000	8,267,465	-	-	-	125,465	125,465	
Total business-type activities	<u>282,227,908</u>	<u>437,767,927</u>	<u>1,286,116</u>	<u>3,059,437</u>	<u>-</u>	<u>159,885,572</u>	<u>159,885,572</u>	
Total primary government	<u>\$ 2,329,713,409</u>	<u>\$ 701,795,599</u>	<u>\$ 149,643,899</u>	<u>\$ 315,791,374</u>	<u>(1,322,368,109)</u>	<u>159,885,572</u>	<u>(1,162,482,537)</u>	
<b>Component units:</b>								
Hospital District	\$ 1,194,375,000	\$ 258,428,000	\$ 165,161,000	\$ 369,186,000				\$ (401,600,000)
MHMRA	133,654,092	24,455,780	90,342,483	508,995				(18,346,834)
Other component units	57,346,315	7,058,298	56,712,579	15,948,211				22,372,773
Total component units	<u>\$ 1,385,375,407</u>	<u>\$ 289,942,078</u>	<u>\$ 312,216,062</u>	<u>\$ 385,643,206</u>				<u>(397,574,061)</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					957,431,471	-	957,431,471	480,545,000
Property taxes levied for debt service					146,420,857	-	146,420,857	-
Hotel occupancy tax					26,371,231	-	26,371,231	-
Earnings on investments					58,750,991	49,689,761	108,440,752	36,939,740
Miscellaneous					59,377,748	4,753,566	64,131,314	40,807,517
Gain on disposal of capital assets					43,091	139,851	182,942	541,125
Transfers					121,235,832	(121,235,832)	-	-
Capital assets written off					-	-	-	(29,404)
Change in estimate					33,727,049	-	33,727,049	-
Total general revenues and other items					<u>1,403,358,270</u>	<u>(66,652,654)</u>	<u>1,336,705,616</u>	<u>558,803,978</u>
Change in net assets					80,990,161	93,232,918	174,223,079	161,229,917
Net assets - beginning					10,198,171,105	436,154,495	10,634,325,600	721,103,322
Net assets - ending					<u>\$ 10,279,161,266</u>	<u>\$ 529,387,413</u>	<u>\$ 10,808,548,679</u>	<u>\$ 882,333,239</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**February 29, 2008**

	<u>General</u>	<u>Roads Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments:				
Cash and cash equivalents	\$ 84,479,136	\$ 53,194,406	\$ 152,234,359	\$ 289,907,901
Investments	231,378,986	186,161,818	339,096,925	756,637,729
Receivables:				
Taxes, net	55,245,127	-	7,928,066	63,173,193
Accounts	10,043,566	408,924	24,942,524	35,395,014
Accrued interest	3,614,503	691,036	4,742,104	9,047,643
Lease	300,300	-	-	300,300
Other	68,097,492	-	27,536,306	95,633,798
Due from other funds	14,724,005	-	2,914,679	17,638,684
Due from other governmental units	-	-	67,872	67,872
Inventories and other assets	1,270,487	-	906,626	2,177,113
Advances to other funds	-	-	12,000,000	12,000,000
Restricted cash and cash equivalents	51,944,827	-	2,839,824	54,784,651
Restricted investments	56,968,372	-	12,000,000	68,968,372
Notes receivable	30,372,750	-	278,335	30,651,085
Total assets	<u>\$ 608,439,551</u>	<u>\$ 240,456,184</u>	<u>\$ 587,487,620</u>	<u>\$ 1,436,383,355</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Vouchers payable	\$ 46,883,267	\$ 8,967,766	\$ 53,733,563	\$ 109,584,596
Accrued payroll and compensated absences	84,219,793	-	5,422,400	89,642,193
Surplus auction payable	24,459	-	-	24,459
Retainage payable	656,029	2,986,135	4,506,890	8,149,054
Due to other funds	1,647,939	-	14,676,906	16,324,845
Due to other governmental units	-	-	1,188,993	1,188,993
Customer deposits	66,889	-	-	66,889
Advances from other funds	26,983,900	-	12,000,000	38,983,900
Deferred revenue	79,385,342	408,924	47,111,465	126,905,731
Total liabilities	<u>239,867,618</u>	<u>12,362,825</u>	<u>138,640,217</u>	<u>390,870,660</u>
Fund balances:				
Reserved for:				
Encumbrances	29,978,754	88,958,371	110,077,417	229,014,542
Debt service	112,188,248	-	80,638,676	192,826,924
Imprest fund	458,939	-	85,180	544,119
Legislative	1,687,277	-	-	1,687,277
Inventory	781,176	-	690,447	1,471,623
Prepays	489,311	-	10,439	499,750
Advances	-	-	12,000,000	12,000,000
Notes receivable	30,372,750	-	-	30,372,750
Grant programs	-	-	752,032	752,032
Unreserved:				
Designated for capital projects	-	139,134,988	101,735,951	240,870,939
Designated for public contingency	24,241,230	-	-	24,241,230
Undesignated - general fund	168,374,248	-	-	168,374,248
Undesignated - special revenue funds	-	-	142,857,261	142,857,261
Total fund balances	<u>368,571,933</u>	<u>228,093,359</u>	<u>448,847,403</u>	<u>1,045,512,695</u>
Total liabilities and fund balances	<u>\$ 608,439,551</u>	<u>\$ 240,456,184</u>	<u>\$ 587,487,620</u>	<u>\$ 1,436,383,355</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**February 29, 2008**

Total fund balances for governmental funds \$ 1,045,512,695

Total net assets reported for governmental activities in the statement of net assets 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	\$ 3,795,432,734	
Construction in progress	357,402,358	
Land improvements, net of \$241,696 accumulated depreciation	3,164,159	
Infrastructure, net of \$3,749,661,845 accumulated depreciation	6,084,858,219	
Parks, net of \$22,604,787 accumulated depreciation	79,351,745	
Flood control projects, net of \$198,989,102 accumulated depreciation	348,655,374	
Buildings, net of \$343,000,940 accumulated depreciation	1,237,322,593	
Equipment and vehicles, net of \$138,149,684 accumulated depreciation	<u>84,577,213</u>	
Total capital assets		11,990,764,395

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of February 29, 2008 were:

Deferred charges	<u>13,166,582</u>	
		13,166,582

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

Balances as of February 29, 2008 were:

Accrued interest on bonds and loans	(38,529,647)	
Bonds payable	(2,344,035,241)	
Judgments payable	(6,238,614)	
Notes payable	(1,480,145)	
Capital leases	(25,261,988)	
Commercial paper payable	(388,940,000)	
Compensated absences	(31,980,266)	
OPEB obligation	<u>(66,447,722)</u>	
		(2,902,913,623)

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

49,890,392

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

82,740,825

Total net assets of governmental activities \$ 10,279,161,266

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended February 29, 2008**

	<u>General</u>	<u>Roads Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 954,801,360	\$ -	\$ 155,770,197	\$ 1,110,571,557
Charges for services	199,364,932	-	23,202,707	222,567,639
User fees	2,692,738	-	-	2,692,738
Fines and forfeitures	20,903,419	-	-	20,903,419
Lease revenue	1,986,200	-	192,402	2,178,602
Intergovernmental	43,417,964	28,719,752	137,751,275	209,888,991
Earnings on investments	20,724,791	12,996,194	24,320,700	58,041,685
Miscellaneous	40,302,143	1,567,347	14,188,851	56,058,341
Total revenues	<u>1,284,193,547</u>	<u>43,283,293</u>	<u>355,426,132</u>	<u>1,682,902,972</u>
<b>EXPENDITURES</b>				
Current operating:				
Administration of justice	734,385,287	-	49,370,137	783,755,424
Parks	49,670,997	-	7,852,722	57,523,719
County administration	228,478,559	10,407,507	37,911,533	276,797,599
Health and human services	109,748,458	-	75,867,424	185,615,882
Flood control	-	-	71,589,953	71,589,953
Tax administration	32,482,085	-	875,773	33,357,858
Roads and bridges	84,685,284	3,204,798	56,453	87,946,535
Capital outlay	14,744,071	105,935,468	120,592,462	241,272,001
Debt service:				
Principal retirement	34,425,000	-	30,442,614	64,867,614
Bond issuance costs	292,880	-	72	292,952
Interest and fiscal charges	63,248,835	-	77,156,367	140,405,202
Total expenditures	<u>1,352,161,456</u>	<u>119,547,773</u>	<u>471,715,510</u>	<u>1,943,424,739</u>
Deficiency of revenues under expenditures	<u>(67,967,909)</u>	<u>(76,264,480)</u>	<u>(116,289,378)</u>	<u>(260,521,767)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	157,423,952	-	54,089,183	211,513,135
Transfers out	(31,147,666)	(18,280,662)	(44,126,457)	(93,554,785)
Commercial paper issued	-	68,650,180	77,704,820	146,355,000
Capital leases	-	-	168,209	168,209
Sale of capital assets	6,544,705	89,177	1,618,756	8,252,638
Total other financing sources (uses)	<u>132,820,991</u>	<u>50,458,695</u>	<u>89,454,511</u>	<u>272,734,197</u>
Net changes in fund balances	64,853,082	(25,805,785)	(26,834,867)	12,212,430
Fund balances, beginning	303,718,851	253,899,144	475,682,270	1,033,300,265
Fund balances, ending	<u>\$ 368,571,933</u>	<u>\$ 228,093,359</u>	<u>\$ 448,847,403</u>	<u>\$ 1,045,512,695</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For The Year Ended February 29, 2008**

Net change in fund balances - total governmental funds	\$	12,212,430
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$347,163,091 exceeded capital expenditures of \$241,272,001 in the current period.		(105,891,090)
Capital asset donations		268,215,682
Change in estimate		33,727,049
<p>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 assets.</p>		
Debt issued:		
Commercial paper	\$(146,355,000)	
Capital lease	(168,209)	
Repayments:		
To paying agent for bond principal	64,867,614	
Loans	1,316,013	
Capital lease principal	2,291,078	
Net adjustment	(78,048,504)	
<p>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 10 balances.</p>		
Compensated absences	(3,406,343)	
Judgments payable	(3,393,358)	
Landfill remediation	3,750,000	
OPEB obligation	(66,447,722)	
Amortization of debt premium	9,320,717	
Accretion of capital appreciation bond interest	3,040,355	
Amortization of advanced refunding difference	(2,357,190)	
Accrued interest on debt	(5,370,569)	
Amortization of deferred charges	(878,826)	
Capitalization of deferred charges	72	
Combined adjustment	(65,742,864)	
Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities.		5,295,984
Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount in the current period.		19,479,919
The net effect of sales involving capital assets is to decrease net assets.		(8,258,445)
Change in net assets of governmental activities	\$	80,990,161

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**February 29, 2008**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Toll Road</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 10,490,626	\$ 10,490,626	\$ 6,423,897
Investments	-	2,116,890	2,116,890	46,912,769
Receivables, net	-	66,760	66,760	652,773
Accrued interest receivable	-	6,991	6,991	319,049
Other receivable	-	-	-	4,074,048
Inventories	-	307,487	307,487	2,579,427
Prepays and other assets	-	-	-	1,519,544
Due from other funds	-	746,931	746,931	213,693
Restricted assets:				
Cash and cash equivalents	187,570,714	-	187,570,714	-
Investments	691,361,954	-	691,361,954	-
Receivables, net	194,500	-	194,500	-
Accrued interest receivable	3,995,744	-	3,995,744	-
Other receivables	10,118,736	-	10,118,736	-
Due from other funds	1,522,443	-	1,522,443	-
Inventories	1,206,593	-	1,206,593	-
Prepays and other assets	2,859,783	-	2,859,783	-
Total current assets	<u>898,830,467</u>	<u>13,735,685</u>	<u>912,566,152</u>	<u>62,695,200</u>
Noncurrent assets:				
Advances to other funds	26,983,900	-	26,983,900	-
Lease receivable	3,664,035	-	3,664,035	-
Notes receivable	1,517,073	-	1,517,073	-
Deferred charges, net of amortization	22,334,294	-	22,334,294	-
Capital assets:				
Land and construction in progress	463,688,265	3,963,598	467,651,863	366,145
Intangible asset	237,500,000	-	237,500,000	-
Other capital assets, net of depreciation	1,071,146,800	15,380,801	1,086,527,601	16,723,100
Total noncurrent assets	<u>1,826,834,367</u>	<u>19,344,399</u>	<u>1,846,178,766</u>	<u>17,089,245</u>
Total assets	<u>2,725,664,834</u>	<u>33,080,084</u>	<u>2,758,744,918</u>	<u>79,784,445</u>
<b>LIABILITIES</b>				
Current liabilities:				
Vouchers payable	-	753,243	753,243	3,272,394
Accrued payroll and compensated absences	-	5,144	5,144	954,507
Estimated outstanding claims	-	-	-	15,391,895
Incurred but not reported claims	-	-	-	8,997,550
Customer deposits	-	218,447	218,447	-
Deferred revenue	-	-	-	1,032,911
Payable from restricted assets:				
Vouchers payable	18,393,560	-	18,393,560	-
Accrued payroll and compensated absences	3,825,770	-	3,825,770	-
Retainage payable	2,436,133	-	2,436,133	-
Customer deposits	2,875,067	-	2,875,067	-
Due to other funds	3,796,906	-	3,796,906	-
Due to other units	1,108,278	-	1,108,278	-
Deferred revenue	27,695,562	-	27,695,562	-
Current portion of long-term liabilities	69,105,565	-	69,105,565	-
Total current liabilities	<u>129,236,841</u>	<u>976,834</u>	<u>130,213,675</u>	<u>29,649,257</u>
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	269	269	244,796
Noncurrent portion of long-term liabilities from restricted assets	2,099,143,561	-	2,099,143,561	-
Total noncurrent liabilities	<u>2,099,143,561</u>	<u>269</u>	<u>2,099,143,830</u>	<u>244,796</u>
Total liabilities	<u>2,228,380,402</u>	<u>977,103</u>	<u>2,229,357,505</u>	<u>29,894,053</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(334,319,087)	19,344,399	(314,974,688)	17,089,245
Restricted for:				
Capital projects	48,599,742	-	48,599,742	-
Debt service	164,840,466	-	164,840,466	-
Toll Road	618,163,311	-	618,163,311	-
Unrestricted	-	12,758,582	12,758,582	32,801,147
Total net assets	<u>\$ 497,284,432</u>	<u>\$ 32,102,981</u>	<u>\$ 529,387,413</u>	<u>\$ 49,890,392</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For The Year Ended February 29, 2008**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Toll Road</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Toll revenues	\$ 428,867,531	\$ -	\$ 428,867,531	\$ -
Lease revenue	-	-	-	139,240
Intergovernmental	1,286,116	-	1,286,116	-
Charges to departments	-	-	-	33,910,031
Sales	-	8,251,230	8,251,230	-
User fees	-	549,416	549,416	7,276,118
Miscellaneous	-	99,750	99,750	-
Total operating revenues	<u>430,153,647</u>	<u>8,900,396</u>	<u>439,054,043</u>	<u>41,325,389</u>
<b>OPERATING EXPENSES</b>				
Salaries	46,510,889	651,486	47,162,375	8,804,169
Materials and supplies	11,650,933	1,696,858	13,347,791	843,707
Services and fees	30,121,112	2,052,580	32,173,692	7,359,237
Utilities	3,296,602	335,380	3,631,982	750,426
Transportation and travel	866,963	11,641	878,604	6,551,673
Incurred claims	-	-	-	5,887,470
Estimated claims	-	-	-	(1,032,401)
Cost of goods sold	-	3,935,960	3,935,960	7,841,910
Depreciation	62,889,174	572,238	63,461,412	5,390,879
Total operating expenses	<u>155,335,673</u>	<u>9,256,143</u>	<u>164,591,816</u>	<u>42,397,070</u>
Operating income (loss)	<u>274,817,974</u>	<u>(355,747)</u>	<u>274,462,227</u>	<u>(1,071,681)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings on investments	49,023,466	666,295	49,689,761	2,871,117
Lease income	487,579	-	487,579	-
Interest expense	(103,326,312)	-	(103,326,312)	-
Gain (loss) on disposal of capital assets	139,851	-	139,851	141,543
Amortization expense	(14,309,780)	-	(14,309,780)	-
Other nonoperating revenue	4,265,987	-	4,265,987	170,168
Total nonoperating revenues (expenses)	<u>(63,719,209)</u>	<u>666,295</u>	<u>(63,052,914)</u>	<u>3,182,828</u>
Income before contributions and transfers	<u>211,098,765</u>	<u>310,548</u>	<u>211,409,313</u>	<u>2,111,147</u>
Contributions	3,059,437	-	3,059,437	-
Transfers in	21,769	-	21,769	7,184,837
Transfers out	(120,480,464)	(777,137)	(121,257,601)	(4,000,000)
Total contributions and transfers	<u>(117,399,258)</u>	<u>(777,137)</u>	<u>(118,176,395)</u>	<u>3,184,837</u>
Change in net assets	93,699,507	(466,589)	93,232,918	5,295,984
Net assets, beginning	403,584,925	32,569,570	436,154,495	44,594,408
Net assets, ending	<u>\$ 497,284,432</u>	<u>\$ 32,102,981</u>	<u>\$ 529,387,413</u>	<u>\$ 49,890,392</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For The Year Ended February 29, 2008**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Toll Road</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 429,308,442	\$ 8,924,016	\$ 438,232,458	\$ 41,037,770
Payment to employees	(42,033,908)	(651,815)	(42,685,723)	(8,681,351)
Payment to vendors	(43,508,111)	(7,898,492)	(51,406,603)	(22,980,682)
Claims paid	-	-	-	(5,443,357)
Other receipts	-	-	-	170,168
Net cash provided by operating activities	<u>343,766,423</u>	<u>373,709</u>	<u>344,140,132</u>	<u>4,102,548</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Receipts from miscellaneous reimbursements	4,265,987	-	4,265,987	-
Internal activity - net receipts from other funds	2,113,296	-	2,113,296	-
Transfers from other funds	-	-	-	7,184,837
Transfers to other funds	(120,458,695)	(777,137)	(121,235,832)	(4,000,000)
Net cash provided by (used for) noncapital financing activities	<u>(114,079,412)</u>	<u>(777,137)</u>	<u>(114,856,549)</u>	<u>3,184,837</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Receipts from lease of capital assets	487,579	-	487,579	-
Purchases of capital assets	(56,951,478)	-	(56,951,478)	(6,683,530)
Proceeds from sale of capital assets	326,962	671	327,633	-
Purchases of intangible assets	(50,000,000)	-	(50,000,000)	-
Principal paid on capital debt	(810,675,000)	-	(810,675,000)	-
Interest paid on capital debt	(99,036,174)	-	(99,036,174)	-
Proceeds from capital debt	828,447,525	-	828,447,525	-
Bond issuance cost	(3,577,023)	-	(3,577,023)	-
Net cash provided by (used for) capital and related financing activities	<u>(190,977,609)</u>	<u>671</u>	<u>(190,976,938)</u>	<u>(6,683,530)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Internal payment from other funds	7,121	-	7,121	-
Purchase of investments	(1,689,823,369)	(17,660,052)	(1,707,483,421)	(67,374,097)
Proceeds from sales and maturities of investments	1,652,145,037	19,059,818	1,671,204,855	55,796,585
Interest received	51,949,875	568,436	52,518,311	3,862,156
Net cash provided by (used for) investing activities	<u>14,278,664</u>	<u>1,968,202</u>	<u>16,246,866</u>	<u>(7,715,356)</u>
Net change in cash and cash equivalents	52,988,066	1,565,445	54,553,511	(7,111,501)
Cash and cash equivalents, beginning	134,582,648	8,925,181	143,507,829	13,535,398
Cash and cash equivalents, ending	<u>\$ 187,570,714</u>	<u>\$ 10,490,626</u>	<u>\$ 198,061,340</u>	<u>\$ 6,423,897</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 274,817,974	\$ (355,747)	\$ 274,462,227	\$ (1,071,681)
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	62,889,174	572,238	63,461,412	5,390,879
Other nonoperating revenues (expenses)	-	-	-	170,168
Changes in current assets and liabilities:				
Receivables, net	(3,855,109)	18,427	(3,836,682)	(64,692)
Notes and leases receivable	(946,229)	-	(946,229)	-
Prepays and other assets	(1,917,932)	-	(1,917,932)	(426,034)
Inventories	1,163,528	(134,016)	1,029,512	(387,860)
Vouchers payable and accrued liabilities	5,901,532	267,735	6,169,267	602,361
Due to other governmental units	61,684	-	61,684	-
Other liabilities	1,758,471	5,193	1,763,664	-
Deferred revenue	3,956,133	-	3,956,133	(145,030)
Retainage payable	(55,055)	-	(55,055)	-
Compensatory time payable	(7,748)	(121)	(7,869)	34,437
Net cash provided by operating activities	<u>\$ 343,766,423</u>	<u>\$ 373,709</u>	<u>\$ 344,140,132</u>	<u>\$ 4,102,548</u>
<b>Non-Cash Operating, Capital and Related Financing, And Investing Activities:</b>				
Capital contributions received from other governments	\$ 3,059,437	\$ -	\$ 3,059,437	\$ -
Increase in the fair value of investments	9,682,720	100,022	9,782,742	(1,039,041)

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**February 29, 2008**

	<b>INSURANCE</b>	
	<b>TRUST</b>	<b>AGENCY</b>
	<b>FUND</b>	<b>FUNDS</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,030,819	\$ 269,528,979
Investments	24,339,466	106,069,342
Accounts receivable	80,459	441,408
Other receivables	1,125,000	36,130
Accrued interest receivable	80,387	1,150,254
Due from other funds	-	5,126,288
Total assets	<u>35,656,131</u>	<u>\$ 382,352,401</u>
 <b>LIABILITIES</b>		
Vouchers payable	6,121,617	\$ 2,827,046
Due to other funds	5,126,288	-
Incurred but not reported claims	18,861,680	4,217,310
Held for others	-	375,308,045
Total liabilities	<u>30,109,585</u>	<u>\$ 382,352,401</u>
 <b>NET ASSETS</b>		
Held in trust	<u>\$ 5,546,546</u>	

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended February 29, 2008**

	<b>INSURANCE TRUST FUND</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 125,962,208
Plan members health benefits	36,615,647
Plan members flex benefits	1,853,688
Intergovernmental subsidy	1,339,884
Total contributions	<u>165,771,427</u>
Investment earnings:	
Net increase in fair value of investments	268,560
Interest	1,328,275
Total investment earnings	<u>1,596,835</u>
Total additions	<u>167,368,262</u>
<b>DEDUCTIONS</b>	
Benefits - Claims Paid	162,363,136
Flex benefits	1,942,119
Estimated Claims	3,315,890
Refunds of contributions	11,819
Administrative expenses	32,950
Total deductions	<u>167,665,914</u>
Change in net assets	(297,652)
Net assets, beginning	<u>5,844,198</u>
Net assets, ending	<u><u>\$ 5,546,546</u></u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF NET ASSETS - COMPONENT UNITS**  
**FEBRUARY 29, 2008**

	<b>Mental Health Mental Retardation Authority of Harris County</b>	<b>Harris County Hospital District</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,756,501	\$ 135,936,000	\$ 31,460,497	\$ 174,152,998
Investments, including accrued interest	24,475,854	403,152,000	7,332,299	434,960,153
Receivables:				
Taxes, net	-	39,864,000	-	39,864,000
Accounts, net	7,354,219	62,926,000	5,803,207	76,083,426
Other	5,833,645	-	-	5,833,645
Inventories	204,132	6,008,000	-	6,212,132
Prepays and other assets	315,473	59,648,000	3,022,382	62,985,855
Restricted cash and investments	435,513	430,735,000	7,449,059	438,619,572
Notes receivable	-	-	4,939,031	4,939,031
Capital assets:				
Land, improvements, and construction in progress	3,314,761	36,199,000	18,114,943	57,628,704
Other capital assets, net of depreciation	20,560,199	167,523,000	72,406,353	260,489,552
Intangible assets net of accumulated amortization	-	-	2,610,153	2,610,153
Total assets	<u>69,250,297</u>	<u>1,341,991,000</u>	<u>153,137,924</u>	<u>1,564,379,221</u>
<b>LIABILITIES</b>				
Vouchers payable and accrued liabilities	8,876,111	171,629,000	6,305,213	186,810,324
Other liabilities	-	87,132,000	-	87,132,000
Deferred revenue	-	-	21,794,318	21,794,318
Accrued interest payable	-	817,000	411,751	1,228,751
Noncurrent liabilities:				
Due within one year	1,081,007	9,000,000	164,796	10,245,803
Due in more than one year	12,519,165	308,911,000	53,404,621	374,834,786
Total liabilities	<u>22,476,283</u>	<u>577,489,000</u>	<u>82,080,699</u>	<u>682,045,982</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	12,572,986	68,978,000	28,281,179	109,832,165
Restricted for:				
Capital projects	5,720	60,721,000	-	60,726,720
Donor restrictions	-	-	1,348,765	1,348,765
Unrestricted net assets	34,195,308	634,803,000	41,427,281	710,425,589
Total net assets	<u>\$ 46,774,014</u>	<u>\$ 764,502,000</u>	<u>\$ 71,057,225</u>	<u>\$ 882,333,239</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**COMPONENT UNITS**  
**For The Year Ended February 29, 2008**

	<b>Mental Health Mental Retardation Authority of Harris County</b>	<b>Harris County Hospital District</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$ 24,455,780	\$ 258,428,000	\$ 7,058,298	\$ 289,942,078
Operating grants and contributions	90,342,483	165,161,000	56,712,579	312,216,062
Capital grants, contributions and other	508,995	369,186,000	15,948,211	385,643,206
Total program revenues	<u>115,307,258</u>	<u>792,775,000</u>	<u>79,719,088</u>	<u>987,801,346</u>
<b>EXPENSES</b>	<u>133,654,092</u>	<u>1,194,375,000</u>	<u>57,346,315</u>	<u>1,385,375,407</u>
Net (expenses) program revenues	<u>(18,346,834)</u>	<u>(401,600,000)</u>	<u>22,372,773</u>	<u>(397,574,061)</u>
General Revenues (Expenses):				
Ad valorem tax revenues	-	480,545,000	-	480,545,000
Earnings on investments	1,938,537	33,434,000	1,567,203	36,939,740
Other	21,032,581	20,138,000	(363,064)	40,807,517
Gain (loss) on sale of capital assets	544,077	-	(2,952)	541,125
Capital assets written off	(29,404)	-	-	(29,404)
Net general revenues (expenses)	<u>23,485,791</u>	<u>534,117,000</u>	<u>1,201,187</u>	<u>558,803,978</u>
Change in net assets	5,138,957	132,517,000	23,573,960	161,229,917
Net assets, beginning	41,635,057	631,985,000	47,483,265	721,103,322
Net assets, ending	<u>\$ 46,774,014</u>	<u>\$ 764,502,000</u>	<u>\$ 71,057,225</u>	<u>\$ 882,333,239</u>

See notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

The criteria used to determine whether an organization is a component unit of the County and whether it is a discretely or a blended component unit includes: financial accountability of Harris County for the component unit, appointment of a voting majority, ability to impose the County's will on the component unit, fiscal dependency criterion, and whether there is a financial benefit to or burden to the County.

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

Harris County Flood Control District ("Flood Control District"). The Flood Control District provides program, policies and flood control issues to protect homes and businesses from the hazards of flooding and facilitate economic development. The County prepares and approves the budget, sets the tax rate and approves all bond issuance of the Flood Control District. The criteria

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

used to include the Flood Control District as a blended component unit of the County include: the County appoints a voting majority of the Flood Control District's governing body, the County is able to impose its will on the Flood Control District, and the County's and the Flood Control District's governing bodies are substantially the same.

Harris County Juvenile Board ("Juvenile Board"). The Juvenile Board monitors all of the department's programs, institutional services, and residential placement facilities. It also sets administrative policies and approves the department's annual budget prior to submission to Commissioners Court. The County has ministerial approval rights over the Juvenile Board budget. The criteria used to include the Juvenile Board as a blended component unit of the County include: fiscal dependency and that the Juvenile Board provides services entirely to the County.

Harris County Sports & Convention Corporation ("Sports & Convention Corporation"). The Sports and Convention Corporation was formed to aid and act on behalf of the County in the managing, operation, maintenance and development of the Reliant Park complex. The criteria used to include the Sports & Convention Corporation as a blended component unit of the County include: the County appoints a voting majority of the Sports & Convention Corporation's governing body, the County is able to impose its will on the Sports & Convention Corporation through the approval of the Corporation's annual budget, provision of funding to the Corporation, and the rights to any surpluses of the Corporation. The Sports & Convention Corporation almost exclusively benefits Harris County.

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

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

Chief Financial Officer  
Harris County Hospital District  
2500 First City Tower  
Houston, Texas 77002

Harris County Housing Finance Corporation ("Housing Finance Corporation"). The Housing Finance Corporation is exempt from federal income tax and is authorized to issue debt instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income residents. The criterion used to determine the Housing Finance Corporation's inclusion as a discretely presented component unit is based on the Housing Finance Corporation's fiscal dependency on the County, as Commissioners Court must approve all bond issuance and members of the governing bodies are

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

all appointed by Commissioners Court. The Housing Finance Corporation was created by Commissioners Court but is not a political subdivision of Harris County under state law. Services provided by the Housing Finance Corporation are to the citizenry and not to the County. Complete financial statements may be obtained from:

Board President – W.F. Burge, III  
Harris County Housing Finance Corporation  
1001 Fannin, Suite 2500  
Houston, Texas 77002-6760

Mental Health and Mental Retardation Authority (“MHMRA”) of Harris County. The MHMRA is a public agency providing services for residents of the County who do not require long-term institutional mental health care. The criteria used to determine inclusion as a discretely presented component unit are: members of the governing Board of Directors are appointed by Commissioners Court and the County approves the MHMRA's budget, but does not hold title to any of the MHMRA's assets. MHMRA can issue bonded debt without approval from the County. Complete financial statements may be obtained from:

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

Harris County Industrial Development Corporation (“Industrial Development Corporation”). The Industrial Development Corporation provides financing through the issuance of municipal bonds for qualified manufacturing and certain other facilities located in the County. The criteria used to determine inclusion as a discretely presented component unit are: members of the governing body are appointed by Commissioners Court and the Industrial Development Corporation has the authority to issue bonded debt, which must be approved by Commissioners Court, however, the County has no obligation to assume the bonded debt. In addition, the Industrial Development Corporation does not provide services to the County. Complete financial statements may be obtained from:

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

Children’s Assessment Center Foundation, Inc. (“CACF”). The Foundation was created to raise and provide funding for the Children’s Assessment Center (“CAC”). The CAC provides a safe haven to sexually abused children and their families. CAC employs an extraordinarily effective, multidisciplinary team approach in the prevention, assessment, investigation, referral for prosecution and treatment of child sexual abuse. The criteria used to determine inclusion as a

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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discretely presented component unit are: CACF provides a direct benefit to the County, has a history of supporting the County and the resources are significant to the County. Complete financial statements may be obtained from:

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

Harris County Housing Authority ("Housing Authority"). The Housing Authority was formed to provide decent, safe and sanitary housing for low to moderate income families. The criteria used to determine inclusion as a discretely presented component unit are: members of the governing body are appointed by Commissioners Court and the employees are leased County Employees. In addition, the Housing Authority provides services to the citizenry, not to the County. Complete financial statements may be obtained from:

Controller - David Gunter  
Housing Authority of Harris County  
8410 Lantern Point  
Houston, TX 77054

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

Harris County Cultural Education Facilities Finance Corporation ("CEFFC"). The CEFFC provides and finances cultural education facilities for the exhibition and promotion of and education about the performing, dramatic, visual and literary arts, natural history and science for the public purpose of promoting the health, education and welfare of the citizens of the County. The criteria used to determine inclusion as a discretely presented component unit are: members of the governing body are appointed by Commissioners Court and the services of CEFFC are provided to the citizenry and not to the County. CEFFC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County's financial statements, but information relating to conduit debt can be found in note 10 D in the notes to the financial statements.

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Condensed Financial Statements. Condensed financial statements of each discretely presented component unit discussed above are presented. The fiscal year-ends for the discretely presented component units are as follows:

- Harris County Hospital District: February 29, 2008
- Harris County Housing Finance Corporation: December 31, 2007
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2007
- Harris County Industrial Development Corporation: August 31, 2007
- Children's Assessment Center Foundation, Inc.: February 29, 2008
- Housing Authority of Harris County: March 31, 2008

**B. RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS**

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

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

Jointly Governed Organizations. The County is a participant in jointly governed organizations. Commissioners Court appoints two of seven board members of the Port of Houston Authority; four of thirty-seven board members of the Gulf Coast Community Services Association; three of nineteen board members of the Harris-Galveston Coastal Subsidence District; two of thirty-five board members of the Houston-Galveston Area Council; two of nine board members of the Metropolitan Transit Authority of Harris County; six of thirteen board members of the Harris County/Houston Sports Authority, and the chairman is appointed jointly by Harris County and the City of Houston; three of twelve board members of the Gulf Coast Freight Rail District, and the chairman is appointed jointly by Harris County and the City of Houston.

During fiscal year 2008, the County disbursed the following amounts to these organizations: \$141,137 to the Port of Houston Authority, \$26,799 to Harris-Galveston Coastal Subsidence District, \$142,288 to Houston-Galveston Area Council, \$1,465,728 to the Metropolitan Transit Authority of Harris County and \$4,913,205 to the Harris County/Houston Sports Authority. The County also collected \$4,559,171 from the Port of Houston Authority, \$2,675,353 from the Houston-Galveston Area Council, \$32,193,348 from the Metropolitan Transit Authority of Harris County and \$49,897 from the Harris County/Houston Sports Authority.

The County is also a participant in several jointly governed Tax Increment Reinvestment Zones, (TIRZs) with the City of Houston, City of La Porte, City of Webster and the City of Baytown. Commissioners Court appoints one of the board members for each of the 10 City of Houston TIRZs, (6 non-petitioned and 4 petitioned zones) that the County jointly governs.

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Non-petitioned TIRZs are governed by between five and fifteen directors. Each taxing jurisdiction levying taxes within the TIRZ are allotted one position on the board, while the City appoints a minimum of five directors. Petition TIRZ boards must have nine members that include: five City representatives; one State Senator appointment; one State Representative appointment; one representative each from the County and School District (if participating in the zone). The County participates in one City of La Porte non-petitioned TIRZ which the County appoints one board member. The County also participates in one City of Webster non-petitioned TIRZ which the County appoints two board members and one City of Baytown TIRZ which the County appoints one board member.

During fiscal year 2008, the County disbursed \$5,348,711 to the City of Houston Tax Increment Reinvestment Zones and \$28,463 to the City of La Porte TIRZ and \$7,848 to the City of Webster TIRZ. The County also collected \$487,483 from the City of Houston petitioned Tax Increment Reinvestment Zones. The County did not have any disbursements to or collections from the City of Baytown TIRZ.

**C. IMPLEMENTATION OF NEW STANDARDS**

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

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (“GASB 45”), establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Implementation of GASB 45 is reflected in the statements and note disclosure (Note 14).

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* (“GASB 48”), establishes criteria that governments will use to record and report sales of future revenues and specific receivables. Implementation of GASB 48 did not have an impact on the County’s reporting disclosures.

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

Government-wide Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred,

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

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

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

*General Fund* - used to account for the general operations of the County and limited-tax permanent improvement debt service of the County.

*Roads Capital Projects Fund* – used to account for construction and improvements of roads in the County.

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

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

FIDUCIARY FUNDS: Used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The County reports one trust fund and fifteen agency funds as nonmajor fiduciary funds. The Insurance Trust Fund is used to account for County employees' and retirees' group insurance benefits. Agency funds are used to account for assets held by the County as an agent on behalf of various third parties outside the primary government.

The County and its Component Units apply all GASB pronouncements as well as the Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, to business-type activities and enterprise funds, under the provision of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods in connection with the proprietary fund's principal operations. The principal operating revenues of the Subscriber Access and Parking Facilities Enterprise Funds are user fees. Operating revenues of the Sheriff's Commissary Enterprise Fund are comprised of sales revenue from the sale of items to inmates. Toll Road Enterprise Fund operating revenues consist of fees assessed each time a vehicle passes through a toll station on the County's toll roads. Operating revenues in the Internal Service Funds consist primarily of charges to the various County departments, plus lease revenue reported in the Vehicle Maintenance and Radio Operations Funds.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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Operating expenses in the enterprise and internal service funds include the cost of sales and services, administrative expenses, incurred and estimated claims and reinsurance, utilities, travel and transportation, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources to the extent they are needed.

**E. BUDGETS**

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

- Departmental annual budget requests are submitted by the Department or Agency Head to the County Budget Officer during the third quarter of the fiscal year for the upcoming fiscal year to begin March 1.
- The County Auditor prepares an estimate of available resources for the upcoming fiscal year.
- The County Budget Officer prepares the proposed annual operating budget to be presented to the Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.
- Public hearings are held on the proposed budget.
- The Commissioners Court must adopt an annual operating budget by a majority vote of the 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, Special Revenue Funds, Debt Service Funds and Capital Project Funds.
- The department is the legal level of budgetary control for General Fund-Operating. Commissioners Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget. Budgetary control for Special Revenue Funds, Debt Service Funds and Capital Project Funds is at the fund level.
- The Commissioners Court may approve expenditures as an amendment to the budget in an emergency situation that could not have been foreseen at the time the original budget was approved.
- The Commissioners Court may adopt a supplemental budget for the limited purpose of spending proceeds of the sale of bonds or other obligations to be issued against future revenues and public or private grant or aid money for its intended purpose.
- 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 the fiscal year.

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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- For financial reporting purposes several funds created for budgetary purposes may be combined into a single column on the CAFR.
- Appropriations lapse at year-end for all funds except Harris County Juvenile Board, Special Revenue Grants and Capital Project Funds.
- Budgets are prepared on a cash basis (budget basis) which differs from GAAP basis.

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

**F. RESTRICTED ASSETS**

Certain assets of the County's General Fund are classified as restricted assets because their use is restricted for a specific purpose by contract or state statute. The County uses the General Fund to account for the debt service on bonds issued for permanent improvement purposes. The County also uses the General Fund to account for bank accounts maintained by the Juvenile Probation Department and to account for seized assets in the custody of the District Attorney.

All of the Toll Road Enterprise Fund's current assets are classified as restricted assets because their use is completely restricted by bond indentures.

**G. DEPOSITS AND INVESTMENTS**

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date of 90 days or less from date of purchase. Investments are stated at fair value, which is based on quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, with the difference between the purchase price and market price being recorded as earnings on investments.

**H. INTERFUND TRANSACTIONS**

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

**I. INVENTORY**

Inventory is stated at the lower of cost or market value, using the first-in, first-out method for proprietary fund types and for governmental funds, except for special revenue grants which states inventory using weighted average cost.

**J. PREPAIDS AND OTHER ASSETS**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund level financial statements.

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**K. DEFERRED CHARGES AND PREMIUMS (DISCOUNTS) ON BONDS PAYABLE**

Deferred charges consist of bond issuance costs of the bonds. Such costs are amortized on a straight-line basis over the term of the bonds. Premiums (discounts) on bonds payable are amortized using the effective interest method over the term of the bonds.

**L. CAPITAL ASSETS AND INFRASTRUCTURE**

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

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

All capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

It is the County's policy not to capitalize interest on construction for capital assets reported in the governmental activities of the government-wide financial statements. The Toll Road Enterprise Fund capitalizes, as a cost of its constructed property, the interest expense and certain other costs of bonds issued for construction purposes less the interest earned on the proceeds of those bonds from the date of the borrowing until the date the property is ready for use. During fiscal year 2008, \$710,624 of interest expense was capitalized.

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

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

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**M. NET ASSETS AND FUND BALANCES**

NET ASSETS CLASSIFICATIONS

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

RESERVATIONS, DESIGNATIONS, AND RESTRICTIONS

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. These specific purposes include: debt service and grant programs. Designations of fund balance represent tentative management plans that are subject to change.

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

**N. COMPENSATED ABSENCES**

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

Employees accrue 9.75 days of sick leave per year. Sick leave benefits are recognized as they are used by the employees. Employees may accumulate up to 480 hours of sick leave. Unused sick leave benefits are not paid at termination. Employees accrue from three to ten hours of vacation per pay period depending on years of service and pay period type, standard versus extra. Employees may accumulate from 120 to 280 hours of vacation benefits, depending on years of service. Upon termination, employees are paid the balance of unused vacation benefits.

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

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time. Upon termination, exempt employees are paid one-half of the compensatory time earned at the wage rate at time of termination. Compensatory time is carried forward indefinitely.

**O. STATEMENT OF CASH FLOWS**

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

**P. DEFERRED REFUNDING LOSS**

The difference between the reacquired price and net carrying amount of old debt incurred due to a bond refunding transaction is deferred and amortized in a manner that is systematic and rational over the remaining life of the old or new debt, whichever is shorter.

**Q. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**R. COMPONENT UNIT TAX REVENUES**

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

**2. DEPOSITS AND INVESTMENTS**

Deposits: Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance (FDIC) is available for funds deposited at any one financial institution up to a maximum of \$100,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. At February 29, 2008, the carrying amount of the County's demand and time deposits was \$110,942,693 and the balance per various financial institutions was \$8,959,254. The County's deposits are not exposed to custodial credit risk since all deposits are either covered by FDIC insurance or collateralized with securities held by the County or its agent in the County's name, in accordance with the Public Funds Collateral Act.

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

The Harris County Investment policy is reviewed and approved 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*

Harris County funds may be invested in the following investment instruments provided that such instruments meet the guidelines of the investment policy:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies and instrumentalities.
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, with a stated final maturity of 10 years or less.
4. Other obligations the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the U.S.
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
6. Certificates of deposit issued by a state or national bank domiciled in this state or a savings and loan association domiciled in this state that are guaranteed or insured by the FDIC or secured by authorized investments that have a market value of not less than the principal amount of the certificates.
7. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act.
8. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by the Public Funds Investment Act.
9. No-load money market mutual funds regulated by the SEC, with a dollar-weighted average stated maturity of 90 days or fewer and which include in their investment objectives the maintenance of a stable net asset value of \$1 per share as authorized by the Public Funds Investment Act.

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10. Guaranteed Investment Contracts as authorized by the Public Funds Investment Act.

11. Public Funds Investment Pools as authorized by the Investment Act.

Summary of Cash and Investments

Harris County's cash and investments are stated at fair value. The following is a summary of cash and investments held by the County at February 29, 2008:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 289,907,901	\$ 16,914,523	\$ 306,822,424	\$ 279,559,798	\$ 586,382,222
Restricted Cash and Cash Equivalents	54,784,651	187,570,714	242,355,365	-	242,355,365
Investments	756,637,729	49,029,659	805,667,388	130,408,808	936,076,196
Restricted Investments	68,968,372	691,361,954	760,330,326	-	760,330,326
<b>Total Cash &amp; Investments</b>	<u>\$ 1,170,298,653</u>	<u>\$ 944,876,850</u>	<u>\$ 2,115,175,503</u>	<u>\$ 409,968,606</u>	<u>\$ 2,525,144,109</u>

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

The table below indicates the fair value and maturity value of the County's investments as of February 29, 2008, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

<u>Security</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Maturity Amount</u>	<u>Weighted Avg Modified Duration (Years)</u>	<u>Credit Rating S&amp;P/ Moody's</u>
<i>US Agency Notes</i>					
FAMCA	\$ 21,946,782	0.91%	\$ 22,000,000	0.0014	AAA/Aaa
FFCB	191,273,527	7.92%	188,215,000	0.1381	AAA/Aaa
FHLB	462,972,737	19.18%	457,090,000	0.3452	AAA/Aaa
FHLMC	378,754,029	15.69%	376,934,000	0.3323	AAA/Aaa
FNMA	467,180,473	19.35%	467,729,000	0.2099	AAA/Aaa
<i>Commercial Paper</i>					
AGFC	95,547,741	3.96%	96,700,000	0.0160	A-1/P-1
AIG	56,004,896	2.32%	56,050,000	0.0007	A-1+/P-1
AMEX	100,475,727	4.16%	100,833,000	0.0049	A-1/P-1
GECC	170,667,783	7.07%	170,982,000	0.0044	A-1+/P-1
TMCC	104,362,027	4.32%	104,950,000	0.0083	A-1+/P-1

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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
<i>Local Governments</i>					
State of California	25,125,000	1.04%	25,000,000	0.0000	AAA/Aaa
College Station, TX	993,465	0.04%	1,115,000	0.0046	AAA/Aaa
Dallas, TX WTR	3,197,317	0.13%	3,315,000	0.0124	AAA/Aaa
Ellis Cnty, TX	2,416,580	0.10%	2,640,000	0.0109	AAA/Aaa
Frisco, TX GO	4,949,895	0.21%	5,165,000	0.0181	AAA/Aaa
Gainesville, FL	5,985,848	0.25%	6,000,000	0.0051	AAA/Aaa
Gainesville, FL	5,867,531	0.24%	5,900,000	0.0083	AAA/Aaa
Galveston Cnty, TX	2,553,000	0.11%	2,775,000	0.0115	AAA/Aaa
Grayson Cnty, TX	2,720,800	0.11%	3,040,000	0.0119	AAA/Aaa
Harris Cnty, TX	6,951,110	0.29%	7,370,000	0.0299	AAA/Aaa
Indianapolis, IN	2,923,800	0.12%	2,865,000	0.0010	AAA/Aaa
Lewisville, TX	1,149,050	0.05%	1,225,000	0.0050	AAA/Aaa
Los Angeles, California	1,242,744	0.05%	1,235,000	0.0001	AAA/Aaa
Marshfield, WI	3,950,271	0.16%	3,910,000	0.0007	MIG1
New York St University	3,101,283	0.13%	3,070,000	0.0035	AAA/Aaa
Ohio St GO BD	5,122,366	0.21%	5,050,000	0.0015	AAA/Aaa
Pearland, Texas	981,475	0.04%	1,075,000	0.0044	AAA/Aaa
San Marcos, TX	1,359,300	0.06%	1,500,000	0.0059	AAA/Aaa
Santa Monica, CA	1,543,531	0.06%	1,530,000	0.0002	AAA/Aaa
Southern California	5,431,306	0.22%	5,400,000	0.0035	AAA/Aaa
Texas State Go Ref	2,064,299	0.09%	2,025,000	0.0012	AA/Aa1
Texas St Ref	507,976	0.02%	500,000	0.0001	AA/Aa1
Travis Cnty, TX	1,393,630	0.06%	1,505,000	0.0066	AAA/Aaa
Treasury Note	4,222,785	0.17%	4,175,000	0.0007	AAA/Aaa
Tx State Go W	1,831,347	0.08%	1,820,000	0.0003	AA/Aa1
Weatherford, TX	2,696,745	0.11%	2,825,000	0.0100	AAA/Aaa
Williamson, CO	2,501,635	0.10%	2,665,000	0.0106	AAA/Aaa
<i>Money Market Mutual Funds</i>					
Fidelity Instl Treasury	166,840,746	6.91%	166,840,746	N/A	AAAm/Aaa
DWS Government Cash Instl	53,000,000	2.20%	53,000,000	N/A	AAAm/Aaa
Fidelity Instl MMKT Tax Exempt	42,390,859	1.76%	42,390,859	N/A	AAAm/Aaa
Total Investments	<u>2,414,201,416</u>	<u>100.00%</u>	<u>\$ 2,408,409,605</u>	1.2292	
<i>Demand and Time Deposits</i>	<u>110,942,693</u>				
<b>Total Cash &amp; Investments</b>	<u><u>\$ 2,525,144,109</u></u>				

**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

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the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

According to the County investment policy, no more than 25% of the portfolio, excluding those investments held for future capital expenditures, debt service payments, bond fund reserve accounts and capitalized interest funds, may be invested beyond 24 months. Additionally at least 15% of the portfolio, with the previous exceptions, is invested in overnight instruments or in marketable securities which can be sold to raise cash within one day's notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed two years. As of February 29, 2008, the County was in compliance with all of these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 50% 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 to investment quality by a nationally recognized investment rating firm as AA or its equivalent. Money market mutual funds and public funds investment pools must be rated Aaa by Moody's Investor Rating Service.

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

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the County's name and are held by the counterparty. In the event of the failure of the counterparty, the County may not be able to recover the value of its investments that are held by the counterparty. As of February 29, 2008, all of the County's investments are held in the County's name.

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

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*FUND INVESTMENT CONSIDERATIONS*

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

Fund Type	Investment Strategy	Avg Investment Duration Per Policy (Days)	Maturity Amount	Average Remaining Days To Maturity
Pooled Investments	Matching	360	\$ 647,754,000	453
Public Improvement Contingency	Barbell	1,800	23,000,000	1,082
General Fund Group	Matching/Barbell	360	54,893,000	134
Special Revenue Funds	Matching	1,080	38,594,000	112
Debt Service Funds	Matching	1,080	201,537,000	743
Capital Project Funds	Matching	1,080	300,680,000	522
Proprietary Funds	Matching/Barbell	1,080	49,850,000	338
Toll Road Project Funds	Matching	1,080	504,314,000	404
Toll Road Renewal/Replacement	Matching	1,800	148,376,000	766
Toll Road Bond Reserve	Matching	Maturity of the bonds	25,535,000	5,410
County Clerk Registry	Matching/Barbell	2,520	67,570,000	1,323
District Clerk Registry	Matching/Barbell	2,520	50,075,000	1,542
Harris Co/Metro Joint Escrow	Matching/Barbell	5,400	34,000,000	1,219
Money Market Mutual Funds	N/A	N/A	262,231,605	N/A
			<u>\$ 2,408,409,605</u>	

**3. PROPERTY TAXES**

COUNTY

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

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The County is responsible for setting the tax rate for the County, the Flood Control District, the Hospital District and Port of Houston Authority for debt service only. The County adopted the 2007 tax rate, per \$100 of taxable value, for the County and Flood Control District as follows:

	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Total</u>
Harris County			
Constitutional Funds	\$ 0.33918	\$ 0.03200	\$ 0.37118
Road Debt Service	-	0.02121	0.02121
	<u>\$ 0.33918</u>	<u>\$ 0.05321</u>	<u>\$ 0.39239</u>
Total - Harris County			
Flood Control District	<u>\$ 0.02754</u>	<u>\$ 0.00352</u>	<u>\$ 0.03106</u>

The County is permitted by law to levy tax rates for general fund, jury fund, road and bridge fund and permanent improvement fund purposes up to \$0.80 per \$100 of taxable valuation. The County levied a tax rate of \$0.39239 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.37118 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.02121 per \$100 valuation was for the Road Debt Service.

The Flood Control District is permitted by law to levy a tax rate up to \$0.30 per \$100 of taxable valuation. There is no limitation on the tax rate which may be set for debt service within the \$0.30 tax rate limit. The tax rate for operations and maintenance is limited to the rate as may from time to time be approved by the voters of the Flood Control District. The maximum tax rate for operations and maintenance is \$0.15 per \$100 of taxable valuation. A tax rate of \$0.02754 per \$100 valuation was levied in 2007 for the Flood Control District's operations and maintenance. The County Tax Assessor bills and collects the taxes for the County, Flood Control District, Hospital District, Port of Houston Authority, City of Houston and various area junior colleges and fire protection districts. Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor's Agency Fund. Tax collections deposited for the County and Flood Control District are distributed on a periodic basis to the respective General Funds and Debt Service Funds. These distributions are based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

Property tax receivables of \$63,173,193 as of February 29, 2008 are reported net of an allowance for uncollectible taxes of \$110,170,623.

COMPONENT UNITS

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

Property tax receivables of \$39,864,000 as of February 29, 2008 are reported net of an allowance for uncollectible taxes of \$51,328,000 for the Hospital District.

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**4. OTHER RECEIVABLES**

The County reports accounts receivables and other receivables in the various funds for amounts to be received from customers, granting agencies, and the Tax Assessor. Additionally, the County reports receivables from other governments as due from other governmental units. A breakdown of these receivables at February 29, 2008 is as follows:

**RECEIVABLES, OTHER RECEIVABLES AND DUE FROM OTHER GOVERNMENTAL UNITS**

	<b>Customers</b>	<b>Granting Agencies</b>	<b>Tax Assessor</b>	<b>Department of Housing and Urban Development</b>	<b>Totals</b>
General	\$ 26,419,888	\$ -	\$ 51,721,170	\$ -	\$ 78,141,058
Roads Capital Projects	408,924	-	-	-	408,924
Nonmajor Governmental	14,465,184	27,539,502	10,474,144	67,872	52,546,702
Toll Road	10,313,236	-	-	-	10,313,236
Nonmajor Enterprise	66,760	-	-	-	66,760
Internal Service	4,726,821	-	-	-	4,726,821
Component Units	76,083,426	5,833,645	-	-	81,917,071
<b>Totals</b>	<b>\$ 132,484,239</b>	<b>\$33,373,147</b>	<b>\$ 62,195,314</b>	<b>\$ 67,872</b>	<b>\$ 228,120,572</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenues in the governmental funds and proprietary funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Taxes receivable (General fund)	\$ 55,245,127	\$ -
Taxes receivable (nonmajor governmental funds)	7,928,066	-
Grant funding (nonmajor governmental funds)	-	29,562,784
Other receivables (General fund)	14,037,705	10,102,510
Other receivables (Roads capital projects)	408,924	-
Other receivables (nonmajor governmental funds)	5,121,003	4,499,612
Other receivables (Toll Road fund)	-	27,695,562
Other receivables (internal service funds)	-	1,032,911
<b>Total deferred revenue for governmental funds and proprietary funds</b>	<b>\$ 82,740,825</b>	<b>\$ 72,893,379</b>

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

The interfund receivable and payable balances, by individual major fund, other governmental funds

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(aggregated), other proprietary funds (aggregated), internal service funds (aggregated), and fiduciary funds as of February 29, 2008 are as follows:

		<u>Receivable</u>	<u>Payable</u>
Current:	General	\$ 14,724,005	\$ 1,647,939
	Nonmajor Governmental	2,914,679	14,676,906
	Toll Road	1,522,443	3,796,906
	Nonmajor Enterprise	746,931	-
	Internal Service	213,693	-
	Insurance Trust Fund	-	5,126,288
	Agency	5,126,288	-
	Total Current	<u>25,248,039</u>	<u>25,248,039</u>
Long Term:	General	-	26,983,900
	Nonmajor Governmental	12,000,000	12,000,000
	Toll Road	26,983,900	-
	Total	<u>\$ 64,231,939</u>	<u>\$ 64,231,939</u>

In September 2006, the Toll Road Fund advanced \$26 million to the County's General Fund to cover the County's repayment of a long term note on behalf of the Harris County Sports & Convention Corporation. Repayment of the note plus interest by the Harris County/Houston Sports Authority to the County and subsequently to the Authority will be made beginning in 2011 through 2020. The \$12 million advance relates to the \$12 million investment discussed in Note 2.

The following is a summary of the County's transfers for the year ended February 29, 2008:

	<u>Transfers In:</u>		<u>Toll Road</u>	<u>Internal Service</u>	<u>Governmental Activities</u>	<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>				
<b>Transfers Out:</b>						
General	\$ -	\$ 24,519,066	\$ -	\$ 6,628,600	\$ -	\$ 31,147,666
Road Capital Projects	154,741	18,125,921	-	-	-	18,280,662
Nonmajor Governmental	32,382,261	11,444,196	-	300,000	-	44,126,457
Toll Road	120,221,950	-	-	250,000	8,514	120,480,464
Nonmajor Enterprise	665,000	-	-	-	112,137	777,137
Internal Service	4,000,000	-	-	-	-	4,000,000
Governmental Activities	-	-	21,769	6,237	-	28,006
Total	<u>\$ 157,423,952</u>	<u>\$ 54,089,183</u>	<u>\$ 21,769</u>	<u>\$ 7,184,837</u>	<u>\$ 120,651</u>	<u>\$ 218,840,392</u>

Toll Road transferred \$120 million to the General fund for funding of a County thoroughfare and mobility program. All other transfers are routine in nature.

**6. CAPITAL ASSETS**

COUNTY

Capital asset activity for the year ended February 29, 2008 was as follows:

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	<b>Balance</b>				<b>Balance</b>
	<b>March 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>February 29, 2008</b>
Governmental Activities:					
Land	\$ 3,754,204,525	\$ 44,291,153	\$ (2,743,726)	\$ (69,218)	\$ 3,795,682,734
Construction in progress	392,788,352	243,715,384	(1,130,872)	(277,854,361)	357,518,503
Total capital assets not depreciated	<u>4,146,992,877</u>	<u>288,006,537</u>	<u>(3,874,598)</u>	<u>(277,923,579)</u>	<u>4,153,201,237</u>
Land improvements	3,901,920	11,250	-	(507,315)	3,405,855
Infrastructure	9,421,728,499	251,832,352	(9,274,723)	170,233,936	9,834,520,064
Park facilities	85,995,995	701,884	-	15,258,653	101,956,532
Flood control projects	482,903,327	-	-	64,741,149	547,644,476
Buildings	1,554,584,285	16,603	(795,833)	27,987,046	1,581,792,101
Equipment	247,982,758	29,852,930	(11,101,320)	382,003	267,116,371
	<u>11,797,096,784</u>	<u>282,415,019</u>	<u>(21,171,876)</u>	<u>278,095,472</u>	<u>12,336,435,399</u>
Less accumulated depreciation for:					
Land improvements	(64,502)	(177,194)	-	-	(241,696)
Infrastructure	(3,461,622,285)	(293,294,400)	5,254,840	-	(3,749,661,845)
Park facilities	(19,662,300)	(2,942,487)	-	-	(22,604,787)
Flood control projects	(183,568,810)	(15,420,292)	-	-	(198,989,102)
Buildings	(309,882,252)	(34,506,116)	632,197	-	(343,756,171)
Equipment	(150,663,265)	(26,516,510)	10,723,391	(73,011)	(166,529,395)
	<u>(4,125,463,414)</u>	<u>(372,856,999)</u>	<u>16,610,428</u>	<u>(73,011)</u>	<u>(4,481,782,996)</u>
Total capital assets being depreciated, net	<u>7,671,633,370</u>	<u>(90,441,980)</u>	<u>(4,561,448)</u>	<u>278,022,461</u>	<u>7,854,652,403</u>
Governmental activities capital assets, net	<u>\$ 11,818,626,247</u>	<u>\$ 197,564,557</u>	<u>\$ (8,436,046)</u>	<u>\$ 98,882</u>	<u>\$ 12,007,853,640</u>

The \$98,882 balance in the transfers column is due to assets that were transferred between the governmental and business-type funds.

	<b>Balance</b>				<b>Balance</b>
	<b>March 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>February 29, 2008</b>
Business-type Activities:					
Land	\$ 255,156,015	\$ 6,156,859	\$ (345,000)	\$ 9,720,303	\$ 270,688,177
Intangible assets	-	237,500,000	-	-	237,500,000
Construction in progress	168,836,263	56,828,144	(921,162)	(27,779,559)	196,963,686
Total capital assets not depreciated	<u>423,992,278</u>	<u>300,485,003</u>	<u>(1,266,162)</u>	<u>(18,059,256)</u>	<u>705,151,863</u>
Land improvements	2,187,021	-	-	554,896	2,741,917
Infrastructure	1,729,292,350	-	-	6,670,876	1,735,963,226
Other tangible assets	3,426,750	9,880	-	16,811,592	20,248,222
Buildings	39,379,262	-	-	(8,629,170)	30,750,092
Equipment	13,347,491	2,760,579	(365,763)	1,891,713	17,634,020
	<u>1,787,632,874</u>	<u>2,770,459</u>	<u>(365,763)</u>	<u>17,299,907</u>	<u>1,807,337,477</u>
Less accumulated depreciation for:					
Land improvements	(170,932)	(109,351)	-	-	(280,283)
Infrastructure	(638,396,850)	(58,035,712)	-	-	(696,432,562)
Other tangible assets	(1,116,314)	(2,793,330)	-	-	(3,909,644)
Buildings	(7,864,990)	(653,646)	-	587,456	(7,931,180)
Equipment	(10,703,795)	(1,869,373)	243,950	73,011	(12,256,207)
	<u>(658,252,881)</u>	<u>(63,461,412)</u>	<u>243,950</u>	<u>660,467</u>	<u>(720,809,876)</u>
Total capital assets being depreciated, net	<u>1,129,379,993</u>	<u>(60,690,953)</u>	<u>(121,813)</u>	<u>17,960,374</u>	<u>1,086,527,601</u>
Business-type activities capital assets, net	<u>\$ 1,553,372,271</u>	<u>\$ 239,794,050</u>	<u>\$ (1,387,975)</u>	<u>\$ (98,882)</u>	<u>\$ 1,791,679,464</u>

**Intangible Assets**

On December 17, 2002, the Commissioners Court authorized a tri-party agreement among Harris County (acting through the Harris County Toll Road Authority), Texas Department of Transportation and Federal Highway Administration to participate in the reconstruction of IH10

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Katy Freeway. Under this agreement, the Authority funded \$237.5 million for the license to the real property within the limits of and for the right to operate the Toll Facility; plus, committed an additional \$12.5 million for design, construction, operation and maintenance of a Toll Facility. Toll Revenues from the operation of the Toll Facility will be collected by the Authority until the County is paid in full. Amortization of this amount will begin when the project is completed and operations begin (expected October, 2008). The amortization will be based on revenues received. The Toll Facility will revert to the State when the County has been fully paid the reimbursement from revenue or upon payment by the State to the County of an amount equal to the difference between the total amount of the reimbursement and the actual amount paid to the County as of the date of such reversion. The Toll Facility may revert to the State at any time after such full payment, subject to the State giving the County 90 days' prior written notice.

Change in estimate

During fiscal year 2008, the County changed the estimated value of a portion of its infrastructure related to bridges. The original estimate was based on the best information available at the time GASB 34 was implemented. New information regarding the value of the bridges became available during fiscal year 2008, which changed the estimate by less than 1%. This increased the value by a net of \$33,727,049.

Increase in value of bridges	\$ 54,030,078
Associated accumulated depreciation	(20,303,029)
Net change in value of bridges	<u>\$ 33,727,049</u>

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

**Governmental activities:**

Administration of Justice	\$ 22,934,392
Parks	21,835,684
County Administration	15,215,301
Health and Human Services	1,750,741
Flood Control	16,855,031
Tax Administration	207,210
Roads and Bridges	<u>273,755,611</u>
	<u>\$ 352,553,970</u>

**Business-type activities:**

Subscriber Access	\$ 47,205
Parking Facilities	470,006
Sheriff's Commissary	55,027
Toll Road	<u>62,889,174</u>
	<u>\$ 63,461,412</u>

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COMPONENT UNITS

	<b>Fiscal Year Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Fiscal Year Ending Balance</b>
<u>MHMRA (August 31, 2007)</u>				
Land	\$ 3,414,853	\$ -	\$ (100,092)	\$ 3,314,761
Buildings & Improvements	24,786,233	340,056	(454,181)	24,672,108
Equipment, Furniture & Vehicles	7,812,780	710,447	(824,836)	7,698,391
	<u>36,013,866</u>	<u>1,050,503</u>	<u>(1,379,109)</u>	<u>35,685,260</u>
Less accumulated depreciation for:				
Buildings & Improvements	(8,986,660)	(905,652)	319,095	(9,573,217)
Equipment, Furniture & Vehicles	(6,230,373)	(844,960)	795,432	(6,279,901)
	<u>(15,217,033)</u>	<u>(1,750,612)</u>	<u>1,114,527</u>	<u>(15,853,118)</u>
MHMRA capital assets, net	<u>\$ 20,796,833</u>	<u>\$ (700,109)</u>	<u>\$ (264,582)</u>	<u>\$ 19,832,142</u>
	<b>Fiscal Year Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Fiscal Year Ending Balance</b>
<u>Hospital District (February 29, 2008)</u>				
Land & Improvements	\$ 26,233,000	\$ 1,797,000	\$ -	\$ 28,030,000
Construction in progress	3,223,000	4,946,000	-	8,169,000
Total capital assets not depreciated	<u>29,456,000</u>	<u>6,743,000</u>	<u>-</u>	<u>36,199,000</u>
Buildings and Improvements	284,760,000	6,719,000	(70,000)	291,409,000
Equipment	202,603,000	17,353,000	(20,567,000)	199,389,000
	<u>487,363,000</u>	<u>24,072,000</u>	<u>(20,637,000)</u>	<u>490,798,000</u>
Less accumulated depreciation	(312,065,000)	(31,632,000)	20,422,000	(323,275,000)
	<u>(312,065,000)</u>	<u>(31,632,000)</u>	<u>20,422,000</u>	<u>(323,275,000)</u>
Total capital assets being depreciated, net	<u>175,298,000</u>	<u>(7,560,000)</u>	<u>(215,000)</u>	<u>167,523,000</u>
Hospital District capital assets, net	<u>\$ 204,754,000</u>	<u>\$ (817,000)</u>	<u>\$ (215,000)</u>	<u>\$ 203,722,000</u>

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

MHMRA records all governmental capital assets at cost, except for donated fixed assets, which are recorded at their fair market value on the date donated. Depreciation is reported at the government-wide level using the straight-line method over the estimated useful lives of the assets. The schedule included here does not include the capital assets of MHMRA's component units (a net value of \$4,042,818).

**7. CAPITAL LEASES PAYABLE AND INSTALLMENT PURCHASES**

The County has entered into several capital lease agreements for the purchase of buildings, one for Sports and Convention Corporation signage, two for Sports and Convention Corporation equipment, and six for County equipment; the amounts capitalized are \$34,287,691, \$838,850, \$1,279,012, and \$1,015,593, respectively. Payments for the buildings, signage and equipment during the fiscal year

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ended February 29, 2008 totaled \$3,178,860, \$131,250 and \$424,576, respectively. Payments, including interest at an average rate of 8.9% per annum for buildings, 8.25% per annum for signage, 6.0% for one equipment lease, 5.71% for another equipment lease and no interest for the other six equipment leases, are due as follows as of February 29, 2008:

<u>Fiscal year</u>	<u>Governmental Activities</u>		
	<u>Buildings</u>	<u>Signage</u>	<u>Equipment</u>
2009	\$ 2,969,767	\$ 131,250	\$ 524,556
2010	2,969,767	-	299,518
2011	2,969,767	-	212,987
2012	2,969,767	-	150,000
2013	2,969,767	-	150,000
2014-2018	12,661,882	-	284,532
2019-2023	6,403,255	-	-
Total future lease payments	33,913,972	131,250	1,621,593
Less: Interest	(10,209,738)	(4,402)	(22,064)
	<u>\$ 23,704,234</u>	<u>\$ 126,848</u>	<u>\$ 1,599,529</u>

**8. OTHER LIABILITIES**

The balances Due to Other Governmental Units, by Fund, as of February 29, 2008 are as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Department of Housing & Urban Development	Special Revenue Fund - Grants	\$ 1,188,993
Fort Bend Toll Authority	Toll Road	1,108,278
Total Due to Other Governmental Units		<u>\$ 2,297,271</u>

**9. SHORT-TERM DEBT**

Tax Anticipation Notes

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

Activity for the year ended February 29, 2008, was as follows:

	<u>Outstanding</u>			<u>Outstanding</u>
	<u>March 1,</u>	<u>Issued</u>	<u>Redeemed</u>	<u>February 29,</u>
	<u>2007</u>			<u>2008</u>
Governmental Activities				
Tax Anticipation Notes	\$ -	\$ 395,000,000	\$ (395,000,000)	\$ -

**10. LONG-TERM DEBT**

The changes in the County's Governmental Long-Term Debt and Enterprise Fund Debt for fiscal year 2007-2008 were as follows:

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	Outstanding March 1, 2007	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 29, 2008	Due Within Year
<b>(1) Governmental Long-Term Debt:</b>					
<u>General Obligation Debt</u>					
Road Bonds - Principal	\$ 794,014,342	\$ -	\$ (21,687,327)	\$ 772,327,015	\$ 23,842,422
Permanent Improvement Bonds - Principal	665,086,629	-	(25,875,000)	639,211,629	28,235,000
Flood Control Bonds - Principal	532,969,985	-	(8,755,287)	524,214,698	7,908,864
Total Principal General Obligation Debt	1,992,070,956	-	(56,317,614)	1,935,753,342	59,986,286
Unamortized Premium, Road Series 1993	1,036,381	-	(663,938)	372,443	-
Unamortized Premium, Road Series 2003A	683,014	-	(146,292)	536,722	-
Unamortized Premium, Road Series 2003B	3,519,306	-	(195,603)	3,323,703	-
Unamortized Premium, Road Series 2004A	3,806,904	-	(626,760)	3,180,144	-
Unamortized Premium, Road Series 2004B	5,582,949	-	(293,273)	5,289,676	-
Unamortized Premium, Road Series 2005A	2,682,600	-	(206,299)	2,476,301	-
Unamortized Premium, Road Series 2006A	1,185,318	-	(320,478)	864,840	-
Unamortized Premium, Road Series 2006B	9,410,329	-	(288,787)	9,121,542	-
Unamortized Premium, PIB Series 2002	4,641,268	-	(904,743)	3,736,525	-
Unamortized Premium, PIB Series 2003A	552,896	-	(199,793)	353,103	-
Unamortized Premium, PIB Series 2003B	3,334,052	-	(658,231)	2,675,821	-
Unamortized Premium, PIB Series 2004A	7,310,876	-	(478,739)	6,832,137	-
Unamortized Premium, PIB Series 2005A	4,978,627	-	(544,688)	4,433,939	-
Unamortized Premium, PIB Series 2006A	3,722,695	-	(213,481)	3,509,214	-
Unamortized Premium, CJC Series 2004	2,326,502	-	(300,540)	2,025,962	-
Unamortized Premium, FC Series 1993	2,025,286	-	(932,132)	1,093,154	-
Unamortized Premium, FC Series 2002	436,909	-	(75,533)	361,376	-
Unamortized Premium, FC Series 2003A	15,314	-	(22,374)	(7,060)	-
Unamortized Premium, FC Series 2003B	8,381,046	-	(452,075)	7,928,971	-
Unamortized Premium, FC Series 2004A	8,661,836	-	(924,029)	7,737,807	-
Unamortized Premium, FC Series 2006A	6,148,273	-	(176,375)	5,971,898	-
Unamortized Premium, FC Series 2007	5,373,268	-	(186,177)	5,187,091	-
Bond Refunding Loss, Road Series 2003A	(451,592)	-	52,613	(398,979)	-
Bond Refunding Loss, Road Series 2004A	(2,386,559)	-	225,501	(2,161,058)	-
Bond Refunding Loss, Road Series 2005A	(2,343,467)	-	150,381	(2,193,086)	-
Bond Refunding Loss, Road Series 2006A	(293,422)	-	52,553	(240,869)	-
Bond Refunding Loss, PIB Series 2002	(3,146,611)	-	565,948	(2,580,663)	-
Bond Refunding Loss, PIB Series 2003A	(251,025)	-	44,960	(206,065)	-
Bond Refunding Loss, PIB Series 2005A	(2,898,118)	-	233,939	(2,664,179)	-
Bond Refunding Gain, PIB Series 2006A	4,636	-	(564)	4,072	-
Bond Refunding Loss, CJC Series 2004	(4,420,727)	-	266,577	(4,154,150)	-
Bond Refunding Loss, FC Series 2002	(70,153)	-	10,033	(60,120)	-
Bond Refunding Loss, FC Series 2003A	(286,490)	-	33,377	(253,113)	-
Accretion of Discount - Capital Appreciaton Bonds:					
Road Series 1993	12,167,504	1,386,181	(7,628,420)	5,925,265	3,819,860
Road Series 1996	24,075,154	3,217,726	-	27,292,880	-
PIB Series 1996	13,211,220	1,765,725	-	14,976,945	-
GO Revenue Series 2002	17,908,059	4,430,794	-	22,338,853	-
Flood Control Series 1993	18,315,413	2,177,647	(8,390,008)	12,103,052	5,468,087
Total General Obligation Debt	2,147,020,427	12,978,073	(79,511,064)	2,080,487,436	69,274,233
<u>Tax and Subordinate Lien Revenue Bonds</u>					
Tax and Subordinate Lien Revenue					
Forward Refunding, Series 1998	29,855,000	-	(4,300,000)	25,555,000	4,550,000
Tax and Subordinate Lien Revenue					
Refunding, Series 2004A	3,680,000	-	-	3,680,000	-
Tax and Subordinate Lien Revenue					
Refunding, Series 2004B	176,800,000	-	-	176,800,000	-
Unamortized Premium, Series 2004A	77,598	-	(17,515)	60,083	-
Unamortized Premium, Series 2004B	8,999,680	-	(302,948)	8,696,732	-

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	Outstanding March 1, 2007	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 29, 2008	Due Within Year
<b>(1) Governmental Long-Term Debt (cont.):</b>					
Bond Refunding Loss, Series 2004A	(10,312)	-	1,875	(8,437)	-
Bond Refunding Loss, Series 2004B	(14,225,613)	-	719,997	(13,505,616)	-
Total Tax and Subordinate Lien Revenue Bonds	205,176,353	-	(3,898,591)	201,277,762	4,550,000
<u>Certificates of Obligation</u>					
Series 1998	30,360,000	-	(2,270,000)	28,090,000	2,370,000
Series 2001	16,735,000	-	(820,000)	15,915,000	855,000
Series 2002	18,840,000	-	(1,160,000)	17,680,000	1,765,000
Unamortized Premium, Series 2002	774,957	-	(189,914)	585,043	-
Total Certificates of Obligation	66,709,957	-	(4,439,914)	62,270,043	4,990,000
Total Bonds Payable	2,418,906,737	12,978,073	(87,849,569)	2,344,035,241	78,814,233
Commercial Paper Payable	242,585,000	146,355,000	-	388,940,000	4,709,545
Compensatory Time Payable	28,804,745	21,568,228	(18,146,990)	32,225,983	22,235,928
Obligations Under Capital Leases	27,384,858	336,831	(2,291,078)	25,430,611	2,166,728
Landfill Remediation	3,750,000	-	(3,750,000)	-	-
Judgments Payable	2,845,256	4,243,614	(850,256)	6,238,614	3,633,314
Notes Payable	2,796,158	-	(1,316,013)	1,480,145	1,402,606
OPEB Obligation	-	66,447,722	-	66,447,722	-
Total Governmental Long-Term Debt	\$ 2,727,072,754	\$ 251,929,468	\$ (114,203,906)	\$ 2,864,798,316	\$ 112,962,354
	Outstanding March 1, 2007	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 29, 2008	Due Within Year
<b>(2) Business-type Long-Term Debt:</b>					
Senior Lien Revenue Bonds	\$ 1,409,315,000	\$ 420,910,000	\$ (428,935,000)	\$ 1,401,290,000	\$ 26,460,000
Tax Bonds	704,498,892	321,745,000	(349,078,227)	677,165,665	10,675,665
Total Bond Principal	2,113,813,892	742,655,000	(778,013,227)	2,078,455,665	37,135,665
Unamortized Discount, Rev. Series 1997	(1,290,564)	-	1,290,564	-	-
Unamortized Premium, Rev. Series 2002	5,554,459	-	(3,817,059)	1,737,400	-
Unamortized Premium, Rev. Series 2004A	5,894,523	-	(159,316)	5,735,207	-
Unamortized Premium, Rev. Series 2004B	30,106,037	-	(3,689,128)	26,416,909	-
Unamortized Premium/Discount, Rev. Series 2005A	8,418,346	-	(8,623,065)	(204,719)	-
Unamortized Premium, Rev. Series 2006A	1,432,025	-	(72,575)	1,359,450	-
Unamortized Premium, Rev. Series 2007A	-	10,050,333	(510,768)	9,539,565	-
Unamortized Premium, Tax Series 1991	2,981,066	-	(2,260,743)	720,323	-
Unamortized Premium, Tax Series 1992A	1,025,236	-	(768,916)	256,320	-
Unamortized Premium, Tax Series 1992B	325,530	-	(240,584)	84,946	-
Unamortized Premium, Tax Series 1994A	1,573,561	-	(378,045)	1,195,516	-
Unamortized Premium, Tax Series 1995A	17,205,226	-	(2,613,009)	14,592,217	-
Unamortized Premium, Tax Series 1997	2,493,112	-	1,235,550	3,728,662	-
Unamortized Premium, Tax Series 2001	995,939	-	(196,225)	799,714	-
Unamortized Premium, Tax Series 2002	1,710,232	-	(206,643)	1,503,589	-
Unamortized Discount, Tax Series 2003	(2,789,627)	-	2,681,154	(108,473)	-
Unamortized Premium, Tax Series 2007C	-	25,453,252	(716,335)	24,736,917	-
<u>Accretion of Discount - Capital Appreciation Bonds:</u>					
Unlimited Tax Series 1991	28,770,469	3,208,897	(15,985,000)	15,994,366	15,994,366
Unlimited Tax Series 1992A and 1992B	18,943,175	2,176,518	(10,992,297)	10,127,396	10,127,396
Unlimited Tax Series 1994A	4,270,855	223,621	(4,494,476)	-	-
Unlimited Tax Series 1995A	12,733,344	4,469,123	-	17,202,467	-
Unlimited Tax Series 1997	5,860,169	1,352,036	(1,190,000)	6,022,205	1,073,518
Deferred Amount on Refunding	(124,918,796)	(15,459,541)	12,988,867	(127,389,470)	-
Accrued Interest Payable	5,415,180	96,384,285	(97,024,845)	4,774,620	4,774,620
Total Bonds Payable	2,140,523,389	870,513,524	(913,756,121)	2,097,280,792	69,105,565
Commercial Paper Payable	12,610,000	54,390,000	-	67,000,000	-
Compensatory Time Payable	843,077	668,932	(531,138)	980,871	676,801
Judgments Payable	921,162	-	(921,162)	-	-
OPEB Obligation	-	3,664,533	-	3,664,533	-
Totals - Business-type Long-Term Debt	\$ 2,154,897,628	\$ 929,236,989	\$ (915,208,421)	\$ 2,168,926,196	\$ 69,782,366

**HARRIS COUNTY, TEXAS**  
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A. BONDED DEBT

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

Outstanding governmental bonded debt as of February 29, 2008 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 29, 2008
			Issued	Matures	
<u>Road Bonds</u>					
Refunding Series 1993 - CAB	\$ 114,244,962	5.35-5.55%	1993	2009	\$ 1,652,015
Refunding Series 1996 - CAB	124,905,000	5.90-6.00%	1996	2017	26,260,000
Refunding Series 2001	195,680,000	4.00-5.375%	2001	2023	124,835,000
Refunding Series 2003A	46,105,000	3.00-5.25%	2003	2015	19,805,000
Refunding Series 2003B	76,510,000	5.00-5.25%	2003	2023	76,510,000
Refunding Series 2004A	56,055,000	3.00-5.00%	2004	2017	48,905,000
Refunding Series 2004B	144,890,000	3.75-5.25%	2004	2024	144,890,000
Refunding Series 2005A	34,420,000	5.00%	2005	2022	34,420,000
Forward Refunding Series 2006A	28,090,000	5.00%	2006	2012	28,090,000
Refunding Series 2006B	266,960,000	4.50-5.00%	2006	2031	266,960,000
	<u>1,087,859,962</u>				<u>772,327,015</u>
<u>Permanent Improvement Bonds</u>					
Refunding Series 1996 - CAB	26,254,584	5.90-6.00%	1996	2017	15,944,584
Refunding Series 1997	57,930,000	4.70-5.75%	1997	2015	47,415,000
Refunding Series 1999	19,535,000	5.00%	1999	2009	1,680,000
Refunding Series 2001	23,020,000	4.375-5.00%	2001	2014	5,010,000
Refunding Series 2002	195,665,000	2.75-5.25%	2002	2028	132,085,000
Refunding Series 2003A	29,025,000	3.00-5.00%	2003	2012	14,470,000
Refunding Series 2003B	79,725,000	4.00-5.25%	2003	2014	42,805,000
Refunding Series 2004A	118,535,000	3.00-5.25%	2004	2024	117,035,000
Refunding Series 2005A	69,845,000	5.00%	2005	2022	69,845,000
Refunding Series 2006A	73,545,000	4.00-5.00%	2006	2031	73,075,000
Criminal Justice Center Series 2004	63,515,000	3.00-5.00%	2004	2023	57,225,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	62,622,045
	<u>963,366,629</u>				<u>639,211,629</u>

**HARRIS COUNTY, TEXAS**  
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	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 29, 2008
			Issued	Matures	
<u>Flood Control Bonds</u>					
Refunding Series 1993 - CAB	94,464,985	5.40-5.60%	1993	2011	3,749,698
Refunding Series 2002	44,495,000	3.00-5.50%	2002	2014	8,995,000
Refunding Series 2003A	36,945,000	3.00-6.00%	2003	2015	9,585,000
Refunding Series 2003B	191,765,000	5.00-5.25%	2003	2023	191,765,000
Refunding Series 2004A	139,865,000	3.00-5.25%	2004	2024	126,335,000
Refunding Series 2006A	94,185,000	5.00%	2006	2031	94,185,000
Improvement Series 2007	89,600,000	4.75-5.00%	2007	2031	89,600,000
	<u>691,319,985</u>				<u>524,214,698</u>
<u>Tax &amp; Subordinate Lien Revenue Bonds</u>					
Refunding Series 1998	42,740,000	5.45-5.80%	1998	2012	25,555,000
Refunding Series 2004A	3,680,000	4.00-5.00%	2004	2012	3,680,000
Refunding Series 2004B	176,800,000	5.00%	2004	2032	176,800,000
	<u>223,220,000</u>				<u>206,035,000</u>
<u>Certificates of Obligation</u>					
Series 1998	69,290,000	3.60-4.50%	1998	2023	28,090,000
Series 2001	32,510,000	4.375-5.125%	2001	2027	15,915,000
GO Revenue CO Series 2002	33,060,000	5.00-5.50%	2002	2012	17,680,000
	<u>134,860,000</u>				<u>61,685,000</u>
<b>TOTAL</b>	<u><u>\$ 3,100,626,576</u></u>				<u><u>\$ 2,203,473,342</u></u>

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

Outstanding business-type bonded debt at February 29, 2008 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 29, 2008
			Issued	Matures	
<u>Senior Lien Revenue Bonds</u>					
Refunding Series 2002	\$ 397,520,000	5.00-5.375%	2002	2032	\$ 224,175,000
Refunding Series 2004A	168,715,000	4.50-5.00%	2004	2033	168,715,000
Refunding Series 2004B	478,270,000	5.00%	2004	2021	429,220,000
Refunding Series 2005	207,765,000	4.50-5.25%	2005	2031	22,740,000
Revenue Series 2006A	135,530,000	4.50-5.00%	2006	2036	135,530,000
Refunding Series 2007A	275,340,000	4.00-5.00%	2007	2033	275,340,000
Refunding Series 2007B	145,570,000	Floating	2007	2036	145,570,000
	<u>1,808,710,000</u>				<u>1,401,290,000</u>

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 29, 2008
			Issued	Matures	
<u>Unlimited Tax and Subordinate Lien Bonds</u>					
Refunding Series 1991 - CAB	6,095,000	6.95-7.25%	1991	2008	760,000
Refunding Series 1992A - CAB	13,820,000	5.80-6.80%	1992	2008	1,250,000
Refunding Series 1992B - CAB	3,100,000	5.80-6.80%	1992	2008	200,665
Refunding Series 1994A	59,925,000	6.50-8.00%	1994	2013	59,925,000
Refunding Series 1995A - CAB	1,500,000	5.80-6.05%	1995	2012	500,000
Refunding Series 1997	150,395,000	5.00-5.125%	1997	2024	26,005,000
Refunding Series 1997 - CAB	2,790,000	3.90-5.25%	1997	2013	900,000
Refunding Series 2001	120,740,000	6.00%	2001	2014	120,740,000
Refunding Series 2002	42,260,000	4.00-5.25%	2002	2015	42,260,000
Refunding Series 2003	321,500,000	3.50-5.00%	2003	2017	102,880,000
Refunding Series 2007C	321,745,000	5.00-5.25%	2007	2033	321,745,000
	<u>1,043,870,000</u>				<u>677,165,665</u>
<b>TOTAL</b>	<u><u>\$ 2,852,580,000</u></u>				<u><u>\$ 2,078,455,665</u></u>

Annual debt service requirements to maturity as of February 29, 2008 are as follows:

<b>Governmental Activities</b>					
Fiscal year	Principal	Capital	Principal	Interest	Total
	At 2/29/2008	Appreciation Bonds	Value At Maturity		
2009	\$ 69,526,286	\$ 9,287,947	\$ 78,814,233	\$ 113,546,233	\$ 192,360,466
2010	75,282,482	5,909,238	81,191,720	107,633,504	188,825,224
2011	80,948,921	2,097,259	83,046,180	99,820,978	182,867,158
2012	84,354,024	733,873	85,087,897	94,215,341	179,303,238
2013	89,540,000	-	89,540,000	87,384,764	176,924,764
2014-2018	355,742,268	53,726,132	409,468,400	383,806,544	793,274,944
2019-2023	552,657,236	4,060,483	556,717,719	286,002,480	842,720,199
2024-2028	523,002,389	5,280,716	528,283,105	150,994,101	679,277,206
2029-2033	372,449,736	1,541,347	373,991,083	42,084,039	416,075,122
	<u>\$ 2,203,503,342</u>	<u>\$ 82,636,995</u>	<u>\$ 2,286,140,337</u>	<u>\$ 1,365,487,984</u>	<u>\$ 3,651,628,321</u>

<b>Business-Type Activities</b>					
Fiscal year	Principal	Capital	Principal	Interest	Total
	At 2/29/2008	Appreciation Bonds	Value At Maturity		
2009	\$ 37,135,665	\$ 27,195,280	\$ 64,330,945	\$ 130,629,678	\$ 194,960,623
2010	69,660,000	7,250,165	76,910,165	109,842,350	186,752,515
2011	77,745,000	5,647,471	83,392,471	105,520,215	188,912,686
2012	82,110,000	4,441,662	86,551,662	101,123,815	187,675,477
2013	87,800,000	3,657,323	91,457,323	96,546,347	188,003,670
2014-2018	468,150,000	1,154,533	469,304,533	360,340,412	829,644,945
2019-2023	400,545,000	-	400,545,000	251,892,827	652,437,827
2024-2028	263,435,000	-	263,435,000	174,561,725	437,996,725
2029-2033	331,255,000	-	331,255,000	102,345,641	433,600,641
2034-2038	260,620,000	-	260,620,000	18,938,574	279,558,574
	<u>\$ 2,078,455,665</u>	<u>\$ 49,346,434</u>	<u>\$ 2,127,802,099</u>	<u>\$ 1,451,741,584</u>	<u>\$ 3,579,543,683</u>

**HARRIS COUNTY, TEXAS**  
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SIGNIFICANT DEBT COVENANTS

The Senior Lien Revenue Bonds are payable from the revenues of the Toll Roads. The Tax Bonds are secured by and payable from a pledge of the County's unlimited ad valorem tax and also are secured by a pledge of and lien on the revenues of the Toll Roads, subordinate to the lien of the Senior Lien Revenue Bonds. The County has covenanted to assess a maintenance tax to pay project expenses if revenues, after paying debt service, are insufficient. The County also has covenanted to collect tolls to produce revenues at the beginning of the third fiscal year following completion of the Toll Roads equal to at least 1.25 times the debt service requirements on the Senior Lien Revenue Bonds. The revenue coverage requirement became effective with the completion of the project during fiscal year 1994. The Toll Road Project's revenue coverage ratio for fiscal year 2008 was 5.61.

B. COMMERCIAL PAPER

In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets. The commercial paper program consists of six series totaling \$1.0 billion payable from ad valorem taxes levied and Toll Road revenues. As of February 29, 2008, the County has outstanding, \$455.9 million of commercial paper. Commissioners Court, by policy, limits the period allowed for a commercial paper project not to exceed three years. During the length of time the paper is outstanding, the paper may have a maturity term of 1 – 270 days.

The County enters into non-cancelable agreements with credit facilities to provide a line of credit that will act as assurance to the purchaser of the commercial paper, that funds will be available to redeem the paper upon demand and that the County can rollover the commercial paper. For Commercial Paper Series B & C, the County has a credit agreement with the Bank of Nova Scotia and Lloyds TSB Bank plc, which expires August 20, 2010. The County anticipates a renewal of the credit agreement prior to the expiration date. For this line of credit, the County is assessed a fee of .07% per annum on the aggregate amount of commitment. If converted to a term loan, the principal amount for Series B and C is to be paid in equal annual installments, commencing on the date which is one year following the date of the advance of such unpaid principal and ending on the earlier of three years from the date of conversion or Maximum Maturity Date (as defined in The Order). For Commercial Paper Series A-1 & D, the County has a credit agreement with the Bank of Nova Scotia, which expires August 20, 2010. The County anticipates a renewal of the credit agreement prior to the expiration date. For this line of credit the County is assessed a fee of .07% per annum on the aggregate amount of commitment. If converted to a term loan, the principal amount outstanding for Series A-1 and D is to be repaid in equal annual installments commencing on the date which is one year following the date of the advance of such unpaid principal amount and ending on the earlier of five years from the date of conversion or the Maximum Maturity Date (as defined in The Order). Interest is payable quarterly in arrears, at a rate per annum equal to the adjusted term rate, provided that the principal amount of any term loan not paid when due shall bear interest at a rate per annum equal to the lesser of (A) the default rate (fluctuating rate of per annum interest equal to the greater of (i) the base rate plus 2.00% or (ii) the federal funds rate plus 2.00%) and (B) the highest lawful rate.

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COMMERCIAL PAPER – FLOOD CONTROL

On August 21, 2001, Commissioners Court authorized a \$200,000,000 commercial paper program designated as the Harris County Flood Control District Contract Tax Commercial Paper Notes, Series F (“Series F Notes”) to fund projects identified in an agreement between the County and the Flood Control District (“Flood Contract”) and refinance, refund, and renew the notes themselves and fund issuance costs.

The terms of the Series F Notes require the notes to be issued with a maturity of 270 days or less and allow for interest up to the maximum rate allowable under Chapter 1204 of the Texas Government Code, currently 15%. Payment of the principal and interest on the Series F Notes and all expenditures associated with the issuing and paying agent, the dealer and the credit provider is secured by a pledge and lien on the payments to be received by the Flood Control District from the County under the Flood Contract. Under the Flood Contract, the Flood Control District pays all costs relating to the County flood control projects and issues notes to provide the funding for such projects.

The County’s commitment under the Flood Contract is the payment to the Flood Control District of amounts necessary for the principal and/or interest due; the fees and expenditures of the issuing and paying agent, the dealer, and the credit provider; amounts related to any special or contingency funds or accounts for the notes; and any amounts to restore deficiencies in such funds or accounts. The County’s payment obligation is secured by a levy and pledge of a portion of the County’s ad valorem taxes which extends until all obligations under the Series F Notes, including any obligations to refund the notes, are no longer outstanding. During the term of the Flood Contract, the County is required to levy taxes computed at a tax rate sufficient to provide the funds required to make the annual payments and to provide and maintain a sinking fund adequate for such amounts as they become due. Commissioners Court issued an order whereby the sinking fund may never be less than 2% of the County’s outstanding indebtedness under the Flood Contract at the time of the tax levy. In setting the tax rate, the County may consider all sources of funding lawfully available or that are to be available including the credit agreement entered into for the Series F Notes, discussed below. The tax year 2007 tax rate adopted by Commissioners Court for fiscal year 2008 to satisfy the annual amount due under the flood contracts related to the 2% limitation was .00925. Based on the County’s outstanding indebtedness as of February 29, 2008 (exclusive of Flood Control District debt), this amount required under the 2% limitation is estimated to be \$1,036,100.

Under a dealer agreement between the Flood Control District and Morgan Stanley & Co. Incorporated, the Series F Notes are issued in denominations of a minimum of \$100,000 and integral multiples of \$1,000 thereafter and may bear interest or be sold at a discount. The dealer agreement does not provide for extension, renewal, or automatic rollover of the notes upon maturity. In consideration for the services of the dealer, the Flood Control District is obligated to make quarterly payments equaling .05% of the daily outstanding principal amount of issued Series F Notes. The paying agent for the Series F Notes is Deutsche Bank for which it receives an annual administration fee of \$2,500 and per transaction fees ranging from \$10 to \$40.

The Series F Notes are also secured through an irrevocable, direct-pay, transferable letter of credit between the Flood Control District and the New York branch of Landesbank Hessen-Thuringen Girozentrale. The amount of the letter of credit totals \$214,794,521. This total includes the principal amount of the notes (\$200,000,000) and interest of \$14,794,521 calculated as 270 days at an assumed

**HARRIS COUNTY, TEXAS**  
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per annum rate of 10% and a 365-day year. The term of the letter of credit expires August 1, 2010 and is subject to extension of up to 364 days per request. The letter of credit also provides for the establishment of loans with maturity dates ranging from three to four years depending on the earliest of several anniversary dates. The interest rate on such loans may not exceed the maximum rate allowed by law, currently 15%. The principal portion of the loans is repayable in equal quarterly installments and the interest quarterly. Under the terms of the letter of credit, the Flood Control District is charged a quarterly fee, based on the daily average amount of the outstanding draws against the letter of credit ranging from 0.25% to 1.00%, depending on the County's long term parity debt rating. In addition, there are fixed transactional fees ranging from \$12 to \$1,000.

COMMERCIAL PAPER – TOLL ROAD

In addition to the outstanding long-term debt of the Toll Road Authority ("Toll Road"), the Commissioners Court has established a commercial paper program secured by and payable from Toll Road revenues. The commercial paper program consists of Harris County Toll Road Senior Lien Revenue Notes, Series E ("Notes") in an aggregate principal amount not to exceed \$200 million outstanding at any one time. As of February 29, 2008, the Toll Road has \$67,000,000 outstanding commercial paper.

The purpose of the Series E Notes is to provide funding for costs of acquiring, constructing, operating and maintaining, and improving Toll Road Project components, as well as to fund reserves, pay interest during construction, refinance, refund, and renew the notes themselves, and fund issuance costs.

The Notes will be offered at par only, will mature in not more than 270 days from the date of issue, and will pay par plus interest at maturity. Interest on the Notes is payable on an actual/365 or 366-day basis. The interest on the Notes may not exceed the lesser of 10% per annum or the maximum rate allowed by law, currently 15%. A minimum purchase of \$100,000 aggregate principal amount and integral multiples of \$1,000 in excess thereof is required.

The Toll Road entered into a Revolving Credit Agreement as of October 1, 2001 with Dexia Credit Local, whereby Dexia has agreed to advance up to \$200 million to the Toll Road to pay the principal of any or all maturing Series E Notes as necessary for a period through October 24, 2008, which is the date of expiration. For this agreement, the County will be assessed a fee of .09% per annum on the aggregate amount of the commitment. The Lender agrees that it will on the first to occur of the Revolving Credit Maturity Date or the 181<sup>st</sup> day following the date on which any Revolving Credit Loan is made, on the terms and conditions set forth in the Agreement, make a term loan to the County in an amount equal to the outstanding unpaid principal balance of the Lender's Loan Note. The principal amount outstanding for Series E shall be paid in six equal semi-annual installments commencing on the date which is the first business day after the one hundred eightieth day following the day on which such term loan was made so that the term loan is repaid in full after three years from the date the term loan is made. Interest is payable monthly during the Term Loan Period at a rate equal to the base rate (which is the higher of (i) the Prime Rate or (ii) the Federal Funds Rate plus one-half of one percent) plus two percent per annum.

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CHANGES IN COMMERCIAL PAPER

The following is a schedule of changes in commercial paper for the year ended February 29, 2008:

	<b>Balance Outstanding March 1, 2007</b>	<b>Issued</b>	<b>Retired/ Refunded</b>	<b>Balance Outstanding February 29, 2008</b>	<b>Amount Due Within One Year</b>
<b><u>Governmental Activities</u></b>					
Commercial Paper A-1, B, C	\$ 90,801,000	\$ 92,650,000	\$ -	\$ 183,451,000	\$ -
Commercial Paper D, D-1	127,839,000	25,845,000	-	153,684,000	-
Commercial Paper - Flood Control	23,945,000	27,860,000	-	51,805,000	4,709,545
	<u>\$ 242,585,000</u>	<u>\$ 146,355,000</u>	<u>\$ -</u>	<u>\$ 388,940,000</u>	<u>\$ 4,709,545</u>
<b><u>Business-type Activities</u></b>					
Commercial Paper - Toll Road	\$ 12,610,000	\$ 54,390,000	\$ -	\$ 67,000,000	\$ -

DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below. These requirements assume that as of February 29, 2008 the County had drawn down the outstanding principal balance on the lines of credit and letter of credit and subsequently executed term loans with the banks for a principal balance of \$455,940,000 at the average rate for the quarter ending February 29, 2008 by series and reflect the effects of any refundings.

<b>Fiscal year</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 4,709,545	\$ 37,549,223	\$ 42,258,768	\$ -	\$ 3,340,847	\$ 3,340,847
2010	100,246,247	48,512,419	148,758,666	11,166,667	9,473,361	20,640,028
2011	100,246,246	33,266,636	133,512,882	22,333,333	6,420,833	28,754,166
2012	90,827,162	18,199,913	109,027,075	22,333,334	3,070,833	25,404,167
2013	46,455,400	10,597,638	57,053,038	11,166,666	279,167	11,445,833
2014	46,455,400	3,532,546	49,987,946	-	-	-
	<u>\$ 388,940,000</u>	<u>\$ 151,658,375</u>	<u>\$ 540,598,375</u>	<u>\$ 67,000,000</u>	<u>\$ 22,585,041</u>	<u>\$ 89,585,041</u>

C. COMPONENT UNITS' DEBT

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

The total debt of the Harris County Hospital District was \$317,911,000 as of February 29, 2008 which comprises 83% of the total long-term debt of the County's discretely presented component units. These bonds are secured by a lien on the pledged revenues of the Harris County Hospital District and certain funds pursuant to the bond order.

The Harris County Hospital District also has defeased bonds, in the amount of \$116,888,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 29, 2008.

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The total debt of the MHMRA was \$13,600,172, of which \$9,089,068 represents debt of the primary government (comprised of \$6,571,016 notes payable, \$222,465 capital leases and \$2,295,587 compensated absences), as of August 31, 2007 which comprises 3% of the total debt of all the County's discretely presented component units.

The total debt of The Children's Assessment Center Foundation was \$2,210,063 as of February 29, 2008 which comprises 1% of the total long-term debt of the County's discretely presented component units.

The total debt of the Harris County Housing Authority was \$51,359,354 (comprised mainly of mortgage notes payable of their component units) as of March 31, 2008 which comprises 13% of the total long-term debt of the County's discretely presented component units.

**D. COMPONENT UNITS' CONDUIT DEBT OBLIGATIONS**

Harris County Industrial Development Corporation, Harris County Housing Finance Corporation, Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have issued bonds to provide financial assistance to private and public sector entities engaged in activities that are deemed to be in the public interest. These bonds are limited obligations of the issuing entities payable solely from the proceeds of the underlying financing agreements, and in the opinion of legal counsel, do not represent indebtedness or liability to the issuing entity, Harris County, the State of Texas, or any political subdivision; therefore, the bonds are not reported as liabilities in the accompanying financial statements. The Harris County Health Facilities Development Corporation and Harris County Cultural Education Facilities Finance Corporation have no other financial activity that would materially affect the County's financial statements, and are not required to issue separate audited financial statements, and as a result are not included in the Reporting Entity disclosure within the accompanying notes to the financial statements. A summary of the debt issued by each entity follows.

**Harris County Industrial Development Corporation**

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

As of August 31, 2007, there were nineteen (19) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at August 31, 2007 for the bonds issued after September 1, 1996, was approximately \$926,000,000.

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Harris County Housing Finance Corporation

As of December 31, 2007, there were forty-seven (47) series of bonds outstanding with an aggregate principal payable of \$392,648,836. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 29, 2008 there were sixty-eight (68) series of bonds outstanding with an aggregate principal payable of \$6,085,335,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the Health Facilities Development Corporation and the entities for whose benefit the bonds were issued.

Harris County Cultural Education Facilities Finance Corporation

As of February 29, 2008 there were six (6) series of Bonds outstanding with an aggregate principal payable of \$62,642,200. The bonds were issued for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, and the Hobby Center for the Performing Arts. The bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

E. UNISSUED AUTHORIZED BONDS

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

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

<u>Description</u>	<u>Year of Voter Authorization</u>	<u>Amount Authorized</u>	<u>Issued as of 2/29/2008</u>	<u>Authorized but Unissued 2/29/2008</u>
(amounts in millions)				
<u>Ad Valorem Tax Bonds</u>				
Toll Road	1983	\$ 900.0	\$ 882.3	\$ 17.7
Flood Control	1987	250.0	250.0	-
Fire-Fighting Facilities	1989	5.0	5.0	-
Libraries	1997	15.0	15.0	-
Parks	1997	7.0	7.0	-
Roads	1997	356.0	356.0	-
Civil Justice Center	1999	119.0	86.0	33.0
Roads	2001	475.0	367.9	107.1
Parks	2001	60.0	46.1	13.9
Parks	2007	95.0	-	95.0
Forensic Lab	2007	80.0	-	80.0
Family Law Center	2007	70.0	-	70.0
Roads	2007	190.0	-	190.0
Total Ad Valorem Tax Bonds		<u>\$ 2,622.0</u>	<u>\$ 2,015.3</u>	<u>\$ 606.7</u>

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**F. REFUNDING/ISSUANCE OF DEBT**

On June 14, 2007, the County issued \$275,340,000 Toll Road Senior Lien Revenue Refunding Bonds, Series 2007A and \$145,570,000 Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B (LIBOR-Index Floating Rate) to refund and defease a portion of the County's outstanding Toll Road Revenue Refunding Bonds, Series 1997, Toll Road Revenue and Refunding Bonds, Series 2002 and Toll Road Revenue and Refunding Bonds, Series 2005A, to purchase bond insurance policies for the bonds and to pay costs of such issuance. The annual interest rates range from 4.0% to 5.0%. The issuance had a premium of \$10,050,333. Interest accrues semiannually and the bonds mature in fiscal year 2035. The refund resulted in a decrease in cash flow requirements of \$22,168,628 and had an economic gain of \$14,633,560.

On August 16, 2007, the County issued \$321,745,000 Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 2007C to refund and defease a portion of the County's outstanding Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 1997 and Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 2003, to purchase bond insurance policies for the bonds and to pay costs of such issuance. The annual interest rates range from 5.0% to 5.25%. The issuance had a premium of \$25,453,252. Interest accrues semiannually and the bonds mature in fiscal year 2033. The refund resulted in a decrease in cash flow requirements of \$23,775,467 and had an economic gain of \$13,717,655.

**G. DEFEASANCE OF DEBT**

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

As of February 29, 2008, the outstanding principal balance of these defeased bonds was as follows:

Property Tax Bonds:

Road Series 1995	\$ 50,100,000	
Road Series 1996	69,195,000	
Road Series 2001	34,085,000	
Total Road	153,380,000	\$ 153,380,000

Certificates of Obligation Series 1994	43,035,000	
Permanent Improvement Series 1994	3,800,000	
Criminal Justice Series 1996	70,620,000	
Permanent Improvement Series 1996	10,310,000	
Permanent Improvement Series 1999	13,080,000	
Permanent Improvement Series 2001	15,305,000	
Certificates of Obligation Series 2002	144,150,000	
Permanent Improvement Series 2003B	27,410,000	
Total Permanent Improvement	327,710,000	327,710,000

Revenue Bonds:

Hotel Occupancy	7,795,000
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Certificates of Obligation:

Certificates of Obligation Series 1998	27,150,000	
Certificates of Obligation Series 2001	12,830,000	
Certificates of Obligation Series 2002	<u>14,220,000</u>	
Total General Obligation		54,200,000

Toll Road Bonds:

Revenue Series 1992A	262,945,000	
Revenue Series 1992B	48,985,000	
Revenue Series 1994	466,240,000	
Revenue Series 1994A	63,000,000	
Revenue Series 1997	62,530,000	
Revenue Series 2002	158,380,000	
Revenue Series 2005A	<u>185,025,000</u>	
Total Senior Lien Revenue Bonds		1,247,105,000

Tax Series 1991	125,745,000	
Tax Series 1992A	43,180,000	
Tax Series 1992B	11,744,000	
Tax Series 1994A	141,520,000	
Tax Series 1994B-H	253,100,000	
Tax Series 1997	124,390,000	
Tax Series 2003	<u>218,620,000</u>	
Total Tax Bonds		<u>918,299,000</u>

Total Defeased Bonds		<u><u>\$ 2,708,489,000</u></u>
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**H. SUBSEQUENT DEBT ISSUANCES**

On March 5, 2008, the County issued \$34,055,000 Permanent Improvement Refunding Bonds, Series 2008A to refund and defease a portion of the County's outstanding Permanent Improvement Refunding Bonds, Series 1997, to purchase bond insurance policies for the bonds and to pay costs of such issuance. The annual interest rates range from 3.25% to 5.0%. The issuance had a premium of \$1,508,926. Interest accrues semiannually and the bonds mature in fiscal year 2015.

On March 5, 2008, the County issued \$34,605,000 Unlimited Tax Road Refunding Bonds, Series 2008A to refund and defease a portion of the County's outstanding Unlimited Tax Road Refunding Bonds, Series 2003B, to purchase bond insurance policies for the bonds and to pay costs of such issuance. The annual interest rates range from 4.0% to 5.25%. The issuance had a premium of \$5,024,614. Interest accrues semiannually and the bonds mature in fiscal year 2020.

On March 5, 2008, the Flood Control District issued \$137,095,000 Flood Control District Contract Tax Refunding Bonds, Series 2008A and \$156,270,000 Flood Control District Contract Tax Refunding Bonds, Series 2008B to refund and defease a portion of the County's outstanding Flood Control District Contract Tax Refunding Bonds, Series 2003B and Flood Control District Contract Tax Refunding Bonds, Series 2004A, to purchase bond insurance policies for the bonds and to pay costs of such issuance. The annual interest rates range from 4.0% to 5.25%. The issuance had a premium of \$19,332,124. Interest accrues semiannually and the bonds mature in fiscal year 2021.

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On March 6, 2008, the County entered an Interest Rate Swap with Morgan Stanley Capital Services, Inc., relating to the Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004A and 2004B. The intent of the Swap is to lower the cost of funds relating to the Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004A and 2004B and the related Interest Rate Swap with Goldman Sachs. The effective date is August 15, 2008 and the termination date is February 15, 2010. The initial notional amount is \$384,425,000, with an annual amortization reduction. The County pays 60.23% of the 5 year LIBOR-SWAP rate. Morgan Stanley pays the SIFMA Municipal SWAP Index + 23.8 basis points. The rates for both parties reset weekly on Thursdays. The payment dates for both parties are August 15<sup>th</sup> and February 15<sup>th</sup>.

On May 29, 2008, the County issued \$21,275,000 Tax and Subordinate Lien Revenue Refunding Bonds, Series 2008A to refund and defease a portion of the County's outstanding Tax and Subordinate Lien Revenue Forward Refunding Bonds, Series 1998 (AMT) and to pay costs of issuance and refunding. The annual interest rates range from 3.25% to 5.00%. The issuance had a premium of \$490,464. Interest accrues semiannually and the bonds mature in fiscal year 2012.

On July 17, 2008, the County issued \$395,000,000 in Tax Anticipation Notes, Series 2008. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2008 and ending February 28, 2009, and will be repaid from fiscal year 2009 tax revenues. The tax anticipation notes, which mature February 28, 2009, were issued at an annual interest rate of 3.0%.

On August 14, 2008, the County issued \$324,475,000 in Toll Road Senior Lien Revenue and Refunding Bonds, Series 2008B to refund a portion of the County's outstanding Toll Road Senior Lien Revenue Commercial Paper Notes, Series E, to finance the construction of various toll projects, and to pay costs of issuance and refunding. The annual interest rates range from 4.625% to 5.25%. The issuance had a discount of \$2,258,818. Interest accrues semiannually and the bonds mature in fiscal year 2048.

**I. ARBITRAGE REBATE LIABILITY**

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 29, 2008 there were no estimated liabilities for arbitrage rebate on governmental or enterprise debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

**J. INTEREST RATE SWAPS**

The County entered an Interest Rate Swap with Goldman Sachs Capital Markets, L.P., Relating to the Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004A and 2004B (Trade Date: August 16, 2004; Effective Date: August 18, 2004; Restructuring Date: July 7, 2006; Restructuring Effective Date: August 15, 2006; Termination Date: August 15, 2032).

The Flood Control District entered an Interest Rate Swap with Morgan Keegan Financial Products, Inc., Relating to the Flood Control Refunding Bonds, Series 2008B (Trade Date: January 23, 2008; Effective Date: March 5, 2008).

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Objective of the Interest Rate Swap: The intent of the swap was to lower the cost of funds relating to the County’s currently outstanding Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004A and 2004B and to provide a \$12,000,000 up front payment on the effective date.

The purpose of the Flood Control swaps was to create a fixed cost of funds on certain maturities of the Related Bonds that is lower than the fixed cost achievable in the cash bond market.

**Terms:**

	Goldman Sachs Capital Markets, L.P., Tax & Subordinate Lien, Series 2004A&B	Morgan Keegan Financial Products, Inc., Series 2008B
Trade Date:	August 16, 2004	January 23, 2008
Restructure Date:	July 7, 2006	
Effective Date:	August 18, 2004	March 5, 2008
Restructured Effective Date:	August 15, 2006	
Termination Date:	August 15, 2032	October 1, 2024
Initial Notional Amount: (a)	\$387,315,000	\$156,270,000
Authority Pays Fixed:	LIBOR	3.486%
Counterparty Pays Floating:	SIFMA Muni Swap Index	SIFMA Muni Swap Index
Payment Dates:	The 15 <sup>th</sup> day of February and August	The 1st day of each month
Fair Value as of 2/29/08:	(\$11,695,554)	\$1,634,446
(a) The notional amount for the swaps amortizes to match the outstanding bond.		

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

**Risks:**

	Goldman Sachs Capital Markets, L.P., Tax & Subordinate Lien, Series 2004A&B	Morgan Keegan Financial Products, Inc., Series 2008B
Credit Risk as of 2/29/08	Minimal.	Minimal.
Credit Ratings (currently assigned.) Moody’s, S&P, and Fitch	Aa3, AA-, and AA-	Aa1, AA, and AA-
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	The County pays the Bond Market Association Municipal Swap Index, while Goldman Sachs pays 60.23% of the 5-year LIBOR Swap rate.	Morgan Keegan pays the SIFMA Municipal Swap Index, while the District pays a fixed rate of 3.486%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County in this case is \$11,695,554, which is based on a fair market value and it includes the \$12,000,000 received from Goldman Sachs when the Swap became effective.	The exposure to the District in this case is \$1,634,446, which is based on a fair market value calculation.

The maximum exposure for terminating the swap is capped per the “Counterparty Payment Ceiling” at \$50,000,000 for Goldman Sachs Capital Markets, L.P. and \$20,000,000 for Morgan Keegan Financial Products, Inc. in any year.

**TOLL ROAD**

The County entered an Interest Rate Swap with Citibank, N.A., New York, Relating to the Toll Road Authority, Series 2004B-2 (Trade Date: November 28, 2006; Effective Date: August 15, 2009;

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Termination Date: August 15, 2019). The County entered an Interest Rate Swap with Citibank, N.A., New York, Relating to the Senior Lien Revenue Refunding Bonds, Series 2007B (Trade Date: May 22, 2007; Effective Date: June 14, 2007; Termination Date: February 15, 2035). The County entered an Interest Rate Swap with JPMorgan Chase Bank, National Association, Relating to the Senior Lien Revenue Refunding Bonds, Series 2007B (Trade Date: May 22, 2007; Effective Date: June 14, 2007; Termination Date: February 15, 2035).

Objective of the Interest Rate Swaps: The purpose of the swaps was to create a fixed cost of funds on certain maturities of the Related Bonds that is lower than the fixed cost achievable in the cash bond market.

Terms:

	Citibank–Toll Road Authority, Series 2004B-2	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Trade Date:	November 28, 2006	May 22, 2007	May 22, 2007
Effective Date:	August 15, 2009	June 14, 2007	June 14, 2007
Termination Date:	August 15, 2019	February 15, 2035	February 15, 2035
Initial Notional Amount: (a)	\$199,915,000	\$72,785,000	\$72,785,000
Authority Pays Fixed:	3.626%	4.398%	4.398%
Counterparty Pays Floating:	70% of 1 Month LIBOR	67% of 3 Month LIBOR + .67%	67% of 3 Month LIBOR + .67%
Payment Dates:	The 15 <sup>th</sup> day of each month	The 15 <sup>th</sup> day of February, May, August and November	The 15 <sup>th</sup> day of February, May, August and November
Fair Value as of 2/29/08:	(\$5,562,171)	(\$6,337,828)	(\$6,337,828)
(a) The notional amount for the swaps amortizes to match the outstanding bond.			

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

Risks:

	Citibank–Toll Road Authority, Series 2004B-2	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Credit Risk as of 2/29/08	Minimal.	Minimal.	Minimal.
Credit Ratings (currently assigned.) Moody's, S&P, and Fitch	Aa1, AA, and AA-	Aa1, AA, and AA-	Aaa, AA, and AA-
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	Citi Bank NA pays 70% of 1 month LIBOR, while the County pays a fixed rate of 3.626%.	Citi Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.	JP Morgan Chase Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County is \$5,562,171, which is based on a fair market value calculation.	The exposure to the County is \$6,337,828, which is based on a fair market value calculation.	The exposure to the County is \$6,337,828, which is based on a fair market value calculation.

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**11. COMPENSATED ABSENCES PAYABLE**

Changes in long-term compensated absences for the year ended February 29, 2008 were as follows:

	<u>Balance Outstanding March 1, 2007</u>	<u>Earned</u>	<u>Taken/ Paid</u>	<u>Balance Outstanding February 29, 2008</u>	<u>Amount Due Within One Year</u>
Governmental Activities	\$ 28,804,745	\$ 21,568,228	\$ (18,146,990)	\$ 32,225,983	\$ 22,235,928
Business-type Activities	843,077	668,932	(531,138)	980,871	676,801
Total	<u>\$ 29,647,822</u>	<u>\$ 22,237,160</u>	<u>\$ (18,678,128)</u>	<u>\$ 33,206,854</u>	<u>\$ 22,912,729</u>

**12. LANDFILL POSTCLOSURE CARE COST**

Harris County operated three permitted and/or licensed landfills which were closed prior to October 1993 according to the rules and regulations at the time. As noted in Title 30 TAC Chapter 330, Subchapter J, no post closure care is required. Rules governing what can be done on closed landfills are found at Title 30 TAC 330.255 Post-Closure Land Use. Two of the three closed landfill sites are no longer owned by Harris County. The third site was also sold and the title and liability including remediation of the property was transferred during April 2007; in addition, the County has the right but not the obligation to cause the property to be sold if the buyer defaults. A fourth site, a former unpermitted landfill, now known as Allison R. Peirce, Jr. Wetlands Nature Sanctuary was acquired by Harris County to insure that the site was appropriately remediated. The County was receiving Supplemental Environmental Project (SEP) funds as the primary funding of this project. The site is currently being monitored for environmental compliance. The monitoring data will be used to select a closure option that will meet the requirements of the Texas Commission on Environmental Quality's Texas Risk Reduction Program. The selected closure option will determine closure costs which have not yet been estimated. A fifth site was acquired when Harris County Flood Control acquired land for a detention basin. When construction for the detention basin began several years ago, an unpermitted landfill was discovered. This landfill was capped per the requirements at the time. Currently, no future remediation of this site is planned.

**13. RETIREMENT PLAN**

Plan Description

Harris County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report ("CAFR") on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

Under the state law governing TCDRS since 1991, the County has had the option of selecting the plan of benefits to provide in the future, while at the same time considering the level of the

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employer contribution rate required to adequately finance the plan. Effective January 1, 1995, the County adopted an annually determined contribution rate plan, for which the employer contribution rate is actuarially determined as a part of the annual actuarial valuation. The rate, applicable for a calendar year, consists of the normal cost contribution rate plus the rate required to amortize the unfunded actuarial liability over the remainder of the plan's 25-year amortization period which began January 1, 1995 using the entry age actuarial cost method. Monthly contributions by the County are based on the covered payroll and the employer contribution rate in effect. The contribution rate for calendar year 2008 is 9.64%. The contribution rates for calendar years 2007 and 2006 were 10.43 % and 9.81 %, respectively.

The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by 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. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using actuarially determined rate of 10.43% for the months of the calendar year in 2007, and 9.64% for the months of the calendar year in 2008.

The contribution rate payable by the employee members for 2007 and 2008 is the rate of 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.

Annual Pension Cost

For the County's fiscal year ending February 29, 2008, the annual pension cost for the TCDRS plan and the actual contributions for its employees were \$75,944,968. (This excludes actuarial contributions of \$3,155,520 for Community Supervision, which is not considered a department or component unit of the County.) The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*, parameters based on the actuarial valuations as of December 31, 2006 and December 31, 2007,

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the basis for determining the contribution rates for calendar years 2007 and 2008. The December 31, 2007 is the most recent valuation.

<b>Actuarial Valuation Method</b>			
Actuarial Valuation Date	12/31/05	12/31/06	12/31/07
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	20	15	15
Asset Valuation Method	Long-term appreciation with adjustments	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumption			
Investment return (1)	8.0 %	8.0 %	8.0 %
Projected Salary Increases (1)	5.5 %	5.3 %	5.3 %
Inflation	3.5 %	3.5 %	3.5 %
Cost of Living Adjustments	0.0%	0.0%	0.0%
(1) Includes inflation at the stated rate.			

<b>Harris County Trend Information</b>			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/28/08	\$ 75,944,968	100%	-
2/28/07	\$ 65,922,424	100%	-
2/28/06	\$ 60,990,625	100%	-

<b>Schedule of Funding (including Community Supervision)</b>			
Actuarial Valuation Date	12/31/05 (2)	12/31/06	12/31/07
Actuarial Value of Assets	\$1,950,248,224	\$2,184,433,915	\$2,375,906,657
Actuarial Accrued Liability (AAL)	\$2,161,164,457	\$2,322,483,635	\$2,521,078,602
Unfunded Actuarial Accrued Liability (UAAL)	\$ 210,916,233	\$ 138,049,720	\$ 145,171,945
Funded Ratio	90.24%	94.06%	94.24%
Annual Covered Payroll (Actuarial)	\$ 631,353,087	\$ 682,345,135	\$ 755,852,867
UAAL as Percentage of Covered Payroll	33.41%	20.23%	19.21%
(2) Funding information differs from prior year compliance data due to plan changes effective 1/1/2007			

**14. OTHER POST EMPLOYMENT BENEFITS**

**THE PLAN:**

**Plan Description**

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

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157.101 assigns the authority to establish and amend benefit provisions to Commissioner’s Court.

Membership in the plan at March 1, 2007, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	3,000
Active plan members	14,226
Number of participating employers	5

Summary of Significant Accounting Policies

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

*Method Used to Value Investments.* Investments are reported at fair value, which is based on quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, with the difference between the purchase price and market price being recorded as earnings on investments.

Contributions

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

Retired Prior to March 1, 2002:

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

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

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

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Eligible to Retire March 1, 2011 or After:

Combination of age plus a minimum of 10 years of service equal to 80 or at least age 65 with a minimum of 10 years of service to receive 100% County contributions for retiree coverage and 50% for dependent coverage. Retirees under age 65 and whose age plus years of service is less than 80 will be required to pay an additional contribution as determined by Commissioners Court.

Employees Hired on or After March 1, 2007:

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

The Plan rates are set annually by Commissioner’s Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The Plan is funded on a pay-as-you-go basis. For the year ended February 29, 2008, plan members or beneficiaries receiving benefits contributed \$3.9 million, or approximately 17 percent of total premiums. Participating employers contributed \$19.6 million. The total contributions for the year ended February 29, 2008 was \$23.5 million. Administrative costs are provided for through the annual rate calculation.

**THE EMPLOYER:**

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 (GASB 45), creating accounting standards for OPEB provided by governmental entities separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable required supplementary information (RSI) in the financial reports of state and local governments. Under the provisions of the Plan discussed previously, the County implemented the requirements of GASB Statement No. 45 during fiscal year 2008.

Annual OPEB Cost

For 2008, the County’s annual OPEB cost (expense) of \$97,628,162 for the post employment healthcare plan was equal to the annual required contributions (ARC). The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2/29/2008	\$ 97,628,162	28%	\$ 70,209,408

The above table includes information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision are not considered departments or

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component units of the County. The annual OPEB costs for Emergency 911 and Community Supervision are \$170,119 and \$1,312,589 respectively and the net OPEB obligation for Emergency 911 is \$142,209. There is no net OPEB obligation for Community Supervision.

*Funded Status and Funding Progress.* The funded status of the plan as of February 28, 2007 was as follows:

Unfunded actuarial accrued liability (UAAL)	\$ 852,350,950
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 698,535,669
UAAL as percentage of covered payroll	122%

The above table includes UAAL of \$1,317,537 for Emergency 911 and UAAL of \$19,615,199 for Community Supervision.

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

Actuarial Methods and Assumptions

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

In the March 1, 2007, actuarial valuation, a 5.25% discount rate was used. The medical trend rates of 10% for 2007, and 9% for 2008 graded down to an ultimate rate of 5% by 2012 per the actuary's best estimate of expected long-term plan experience.

The actuarial cost method used in valuing the County's liabilities was the Projected Unit Cost Method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years.

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County ("Continuation Coverage") by permitting covered

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employees to purchase continued health benefits coverage in retirement. Texas Law does not require counties to fund all or any portion of such coverage.

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

GASB 45 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.

The County implemented GASB 45 during fiscal year 2008. 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 (GASB 45) and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

**15. RISK MANAGEMENT**

The County’s risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. County operations involve a variety of high risk activities including, but not limited to, law enforcement, cash collections, construction, and maintenance activities. The Office of Human Resources & Risk Management is responsible for identifying, evaluating, and managing risk in order to reduce the exposure from liability and accidental loss of property and human resources.

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

The County is self-insured for workers’ compensation claims and reimburses a third-party administrator who evaluates and pays claims in accordance with State statute. The County’s workers’ compensation self-insurance program provides medical and indemnity payments as required by law for job-related injuries. The County has insurance coverage for excess workers’

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compensation and employer’s liability. The retention (deductible) for the policy for the fiscal year ended February 29, 2008 is \$850,000 per occurrence. The liability for outstanding losses includes an actuarially determined amount for incurred but not reported claims. Interfund premiums for workers’ compensation are actuarially determined by claims expense experience and payroll history. During the past three fiscal years, there were no claims that exceeded the insurance coverage.

The Risk Management Internal Service Fund serves as a clearing account for the collection of group insurance premiums from all funds and premiums for dependents and optional coverage from employee payroll deductions. Contracted insurance providers receive disbursements from the fund based upon monthly enrollment and premium calculations. Departmental billings for premiums for property insurance, professional liability insurance, and crime and fidelity policies, as well as payments to the insurance carriers, are handled through the Risk Management Fund. Payments by the County for general, vehicle, and property damage liability claims, for which the County is self-insured, are made through the Risk Management Fund unless litigation is involved. The County Attorney’s Office handles any claims involving litigation.

The Risk Management Fund is available to pay claims and administrative costs of the programs and to fund claim reserves. During fiscal year 2008, a total of \$11,846,654 was paid in benefits and administrative costs. As of February 29, 2008, claims liability, including an actuarial estimate of claims that have been incurred but not reported, totaled \$24,389,445.

The following is a summary of the changes in worker’s compensation claims liability for the Risk Management Fund for the fiscal years 2008 and 2007:

	2008	2007
Claims liability, beginning of fiscal year	\$ 24,977,733	\$ 26,642,654
Incurred claims (including IBNRs)	4,568,062	3,047,510
Claim payments	(5,156,350)	(4,712,431)
Claims liability, end of fiscal year	\$ 24,389,445	\$ 24,977,733

The County currently provides medical, dental, vision, and basic life and disability insurance benefits to eligible employees and retirees. The County pays the full cost of employee coverage and 50% of the cost of dependent premiums. The total obligation for health insurance benefits is limited to the monthly premiums payable during the year and is based upon the number of enrolled employees, retirees and dependents during the year. The disability insurance will pay up to 50% of an employee’s salary for two years with an employee paid option to extend the benefits period to age 65 and increase the percentage to 60%. The contributions and benefits for employees and their dependents are accounted for in an insurance trust fund. Retirees and their dependents are accounted for in the Retiree Healthcare agency fund.

For medical insurance benefits, the County is self-insured and contracts with Aetna to administer the program. Claims liability includes an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is based on past claim experience. The County has an excess coverage insurance policy that activates when claims reach 115% of expected claims in aggregate or individual claims in excess of \$500,000. There were no

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**NOTES TO THE FINANCIAL STATEMENTS**  
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significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past three fiscal years.

The following is a summary of the changes in medical insurance liability for the Insurance Trust Fund for the fiscal years 2008 and 2007:

	2008	2007
Claims liability, beginning of fiscal year	\$ 24,613,596	\$ 18,369,244
Incurred claims (including IBNRs)	155,725,040	125,864,649
Claim payments	(149,872,294)	(119,620,297)
Claims liability, end of fiscal year	\$ 30,466,342	\$ 24,613,596

**16. COMMITMENTS AND CONTINGENT LIABILITIES**

LITIGATION

The County is involved in lawsuits and other claims in the ordinary course of operations. Such litigation includes lawsuits alleging personal injuries, discriminatory hiring and firing practices, claims from contractors for amounts under construction contracts, inverse condemnation claims, and various other liability claims. The outcome of most of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. There are several civil cases that have resulted in settlements, consent decrees or are expected to have a financial impact on the County in subsequent fiscal years. Total liabilities of \$6,238,614 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately \$1,296,000 is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements. Also, an amount relating to the Toll Road of approximately \$1,994,445 is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 29, 2008.

In April and August 2007, the County received notice from the Texas Commission on Environmental Quality that there were two county owned properties with petroleum storage tanks underground. The Public Infrastructure Department is in the process of contracting for consultant services for a plan to remove the tanks from service and provide site work after their removal at a cost of approximately \$1 million. Further cleanup at the properties will only be determined after the initial assessment of the effect on the groundwater in those areas, so no estimate can be made at this time.

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

OPERATING LEASES

As of February 29, 2008, the County had several operating leases for office space; total lease expense for the current year was \$4,320,936. Such leases have terms from one to three years and are subject to renewal each year based upon the County's annual appropriation. As of February 29, 2008, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

<u>Governmental Activities</u>	
<u>Fiscal year</u>	<u>Office Space</u>
2009	\$ 2,501,951
2010	313,023
2011	139,577
	<u>\$ 2,954,551</u>

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$170,628,549. In addition, the County has construction commitments outstanding relating to the Toll Roads of approximately \$111,327,929.

**17. REVENUE LEASES**

OPERATING LEASES

The County is the lessor in several operating leases for certain land and office space. The land leases are for various park areas and expire over the next four years. The office space is in various County owned buildings and expire over the next five to twenty years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 29, 2008:

	<u>Carrying Value</u>
Land	\$ 2,491,891
Buildings	821,525,116
Total Carrying Value	<u>824,017,007</u>
Less: Accumulated Depreciation	(103,739,934)
	<u>\$ 720,277,073</u>

The following is a schedule by years of minimum future rentals on non-cancelable operating leases as of February 29, 2008:

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<u>Fiscal year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2009	\$ 1,041,464	\$ 428,967	\$ 1,470,431
2010	1,034,256	418,767	1,453,023
2011	866,551	418,767	1,285,318
2012	132,770	418,767	551,537
2013	9,148	418,767	427,915
2014-2018	41,612	1,538,583	1,580,195
2019-2023	35,837	329,810	365,647
2024-2028	35,837	-	35,837
2029-2033	31,357	-	31,357
2034-2038	29,280	-	29,280
2039-2043	29,279	-	29,279
2044-2048	29,279	-	29,279
2049-2053	22,936	-	22,936
Total minimum future rentals	<u>\$ 3,339,606</u>	<u>\$ 3,972,428</u>	<u>\$ 7,312,034</u>

The total minimum future rentals amount above does not include contingent rentals which may be received under certain leases based on percentage of receipts. Contingent rentals amounted to \$1,157,622 in 2008.

DIRECT-FINANCING LEASES

The County leases certain County-owned property to others for use as office space. The County's net investment in direct financing leases is \$300,300. These leases are classified as direct-financing leases and expire at various intervals over the next 45 years and are not considered a significant part of the County's operating activities in terms of revenue.

The Toll Road Authority leases equipment to the City of Houston for use at the Airport. The Authority's net investment in direct financing leases is \$3,664,035. This lease expires in 5 years and is not considered a significant part of the Authority's business activities in terms of revenue.

**18. FUND BALANCE DESIGNATIONS**

The unreserved-designated fund balances include amounts which have been internally designated to be set aside and are not considered to be available for immediate appropriation. At February 29, 2008, the County's unreserved-designated fund balances in the Governmental Funds are for public contingency and capital projects and maintenance. The negative unreserved balances occur because of reserve balances for encumbrances. The public contingency designation is recorded in the general fund. The following is a detail of capital projects by fund:

Unreserved, designated for:	
Roads	\$ 139,134,988
Permanent Improvements	(1,297,600)
Reliant Park	756,475
Sports and Convention Corporation	(1,684,020)
Flood Control	103,961,096
Total unreserved, designated for capital projects	<u>\$ 240,870,939</u>

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**February 29, 2008**

**19. RECENT ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (“GASB 49”), establishes accounting standards for pollution remediation obligations regarding existing pollution areas. GASB 49 will be implemented by the County in fiscal year 2009 and the impact has not yet been determined.

GASB Statement No. 50, *Pension Disclosures- an amendment of GASB Statements No. 25 and No. 27* (“GASB 50”), more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements. GASB 50 will be implemented by the County in fiscal year 2009 and the impact has not yet been determined.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (“GASB 51”), establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. GASB 51 will be implemented by the County in fiscal year 2011 and the impact has not yet been determined.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* (“GASB 52”), establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. GASB 52 will be implemented by the County in fiscal year 2010 and the impact has not yet been determined.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (“GASB 53”), addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 53 will be implemented by the County in fiscal year 2011 and the impact has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**HARRIS COUNTY, TEXAS  
GENERAL FUND**

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

**For The Year Ended February 29, 2008**

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
<b>GENERAL FUND - OPERATING</b>				
Beginning Cash and Investments	\$ 205,361,732	\$ 205,361,732	\$ 205,373,957	\$ 12,225
<u>Revenues and Transfers In:</u>				
Taxes	771,269,744	771,269,744	868,398,205	97,128,461
Intergovernmental	31,340,254	37,208,960	43,598,230	6,389,270
Charges for Services	184,883,801	184,990,666	201,777,590	16,786,924
Fines and Forfeitures	23,705,521	23,705,521	20,999,408	(2,706,113)
Rentals & Parks	4,576,678	4,576,678	5,011,320	434,642
Reimbursements and Refunds	22,666,293	23,326,411	30,787,923	7,461,512
Interest	8,461,975	8,461,975	15,545,855	7,083,880
Miscellaneous	6,319,453	13,643,417	20,052,347	6,408,930
Other Transfer In	28,400,000	28,421,950	124,258,986	95,837,036
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Transfers In	1,081,623,719	1,095,605,322	1,330,429,864	234,824,542
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Available Resources - General Fund - Operating</b>	<b>1,286,985,451</b>	<b>1,300,967,054</b>	<b>1,535,803,821</b>	<b>234,836,767</b>
<b>GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY</b>				
<u>Revenues and Transfers In:</u>				
Taxes	-	-	16,192,274	16,192,274
Interest	-	-	14,880	14,880
Miscellaneous	-	-	8,941	8,941
Other Transfer In	-	-	8,025,135	8,025,135
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Transfers In	-	-	24,241,230	24,241,230
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Available Resources - General Fund - Public Imp.</b>	<b>-</b>	<b>-</b>	<b>24,241,230</b>	<b>24,241,230</b>
<b>GENERAL FUND - DEBT SERVICE</b>				
<u>Beginning Cash and Investments:</u>				
Hotel Tax, Refunding Series 1998	4,173	4,173	489	(3,684)
Permanent Improvements Refunding Series 1996	561,966	561,966	235,994	(325,972)
Permanent Improvements Refunding Series 1997	6,783,097	6,783,097	6,922,318	139,221
Commercial Paper Series B	1,386,484	1,386,484	1,513,060	126,576
Commercial Paper Series C	5,683,754	5,683,754	6,699,087	1,015,333
Commercial Paper Series A1	2,026,196	2,026,196	2,096,213	70,017
HC/FC Agreement 2003B CP Refunding	7,863,053	7,863,053	9,037,723	1,174,670
HC/FC Agreement 2004A CP Refunding	7,874,507	7,874,507	8,885,084	1,010,577
Permanent Improvement Commercial Paper Series D	6,245,893	6,245,893	6,411,051	165,158
Flood Control Comm Paper Agreement	3,295,476	3,295,476	4,523,232	1,227,756
HC/FC Agreement 2006 CP Refunding	1,400,000	1,400,000	1,401,184	1,184
Certificates of Obligation Series 1998	2,981,860	2,981,860	3,379,553	397,693
Certificates of Obligation Series 2001	1,802,071	1,802,071	1,973,795	171,724
Permanent Improvement Refunding Series 2001	1,202,221	1,202,221	1,154,462	(47,759)
Revenue Refunding Series 2002	58,366	58,366	58,361	(5)
Revenue Certificates Series 2002	2,080	2,080	551	(1,529)
Permanent Improvement Refunding Series 2002	13,258,314	13,258,314	15,167,696	1,909,382
Permanent Improvement Refunding Series 2003A	3,839,461	3,839,461	4,381,379	541,918
Permanent Improvement Refunding Series 2003 B	15,727,319	15,727,319	15,726,429	(890)
Permanent Improvement Refunding Series 1999	736,797	736,797	849,200	112,403
CJC Refunding Series 2004	4,801,203	4,801,203	5,456,896	655,693
Tax & Subordinate Lien Refunding Series 2004A	8,554	8,554	542	(8,012)
Tax & Subordinate Lien Refunding Series 2004B	58,255	58,255	125,375	67,120
Permanent Improvement Refunding Series 2004A	5,238,117	5,238,117	5,996,424	758,307
Permanent Improvement Refunding Series 2005A	2,887,244	2,887,244	3,247,805	360,561
Unlimited Road Refunding Series 2006B Cost of Issuance	309,578	309,578	-	(309,578)
Permanent Improvement Refunding Series 2006A	470,057	570,057	474,476	(95,581)
Permanent Improvement Refunding Series 2006A - COI	91,223	91,223	-	(91,223)
Total Beginning Cash and Investments	<hr/>	<hr/>	<hr/>	<hr/>
	96,597,319	96,697,319	105,718,379	9,021,060
<u>Revenues and Transfers In:</u>				
Hotel Tax, Refunding Series 1998	5,877,988	5,877,988	5,878,066	78
Permanent Improvements Refunding Series 1996	102,279	102,279	96,137	(6,142)
Permanent Improvements Refunding Series 1997	8,524,449	8,524,449	7,713,678	(810,771)
Commercial Paper Series B	1,096,370	1,096,370	324,726	(771,644)
Commercial Paper Series C	7,217,493	7,217,493	1,851,125	(5,366,368)
Commercial Paper Series A1	2,581,902	2,581,902	3,198,730	616,828
HC/FC Agreement 2003B CP Refunding	12,021,406	12,021,406	9,921,188	(2,100,218)
HC/FC Agreement 2004A CP Refunding	15,159,757	15,159,757	8,797,777	(6,361,980)
Permanent Improvement Commercial Paper Series D	5,926,448	5,926,448	4,961,939	(964,509)

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS  
GENERAL FUND**

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Flood Control Comm Paper Agreement	5,859,115	5,859,115	1,779,107	(4,080,008)
HC/FC Agreement 2006 CP Refunding	8,532,150	8,532,150	6,820,925	(1,711,225)
Certificates of Obligation Series 1998	4,365,134	4,365,134	3,667,428	(697,706)
Certificates of Obligation Series 2001	1,586,524	1,586,524	1,386,945	(199,579)
Permanent Improvement Refunding Series 2001	954,841	954,841	493,105	(461,736)
Revenue Refunding Series 2002	2,189	2,189	2,602	413
Revenue Certificates Series 2002	2,137,734	2,137,734	2,137,788	54
Permanent Improvement Refunding Series 2002	18,723,474	18,723,474	15,696,323	(3,027,151)
Permanent Improvement Refunding Series 2003A	5,459,692	5,459,692	4,547,874	(911,818)
Permanent Improvement Refunding Series 2003 B	660,545	660,545	589,736	(70,809)
Permanent Improvement Refunding Series 1999	1,097,842	1,097,842	890,109	(207,733)
CJC Refunding Series 2004	6,920,084	6,920,084	5,925,721	(994,363)
Tax & Subordinate Lien Refunding Series 2004A	174,538	174,538	174,341	(197)
Tax & Subordinate Lien Refunding Series 2004B	8,847,483	8,847,483	10,240,869	1,393,386
Permanent Improvement Refunding Series 2004A	7,682,584	7,682,584	6,698,975	(983,609)
Permanent Improvement Refunding Series 2005A	4,195,874	4,195,874	3,533,950	(661,924)
Unlimited Road Refunding Series 2006B Cost of Issuance	563	563	-	(563)
Permanent Improvement Refunding Series 2006A	6,297,442	6,297,442	6,090,255	(207,187)
Permanent Improvement Refunding Series 2006A - COI	96	96	-	(96)
Total Revenues and Transfers In	<u>142,005,996</u>	<u>142,005,996</u>	<u>113,419,419</u>	<u>(28,586,577)</u>
<b>Total Available Resources:</b>				
Hotel Tax, Refunding Series 1998	5,882,161	5,882,161	5,878,555	(3,606)
Permanent Improvements Refunding Series 1996	664,245	664,245	332,131	(332,114)
Permanent Improvements Refunding Series 1997	15,307,546	15,307,546	14,635,996	(671,550)
Commercial Paper Series B	2,482,854	2,482,854	1,837,786	(645,068)
Commercial Paper Series C	12,901,247	12,901,247	8,550,212	(4,351,035)
Commercial Paper Series A1	4,608,098	4,608,098	5,294,943	686,845
HC/FC Agreement 2003B CP Refunding	19,884,459	19,884,459	18,958,911	(925,548)
HC/FC Agreement 2004A CP Refunding	23,034,264	23,034,264	17,682,861	(5,351,403)
Permanent Improvement Commercial Paper Series D	12,172,341	12,172,341	11,372,990	(799,351)
Flood Control Comm Paper Agreement	9,154,591	9,154,591	6,302,339	(2,852,252)
HC/FC Agreement 2006 CP Refunding	9,932,150	9,932,150	8,222,109	(1,710,041)
Certificates of Obligation Series 1998	7,346,994	7,346,994	7,046,981	(300,013)
Certificates of Obligation Series 2001	3,388,595	3,388,595	3,360,740	(27,855)
Permanent Improvement Refunding Series 2001	2,157,062	2,157,062	1,647,567	(509,495)
Revenue Refunding Series 2002	60,555	60,555	60,963	408
Revenue Certificates Series 2002	2,139,814	2,139,814	2,138,339	(1,475)
Permanent Improvement Refunding Series 2002	31,981,788	31,981,788	30,864,019	(1,117,769)
Permanent Improvement Refunding Series 2003A	9,299,153	9,299,153	8,929,253	(369,900)
Permanent Improvement Refunding Series 2003 B	16,387,864	16,387,864	16,316,165	(71,699)
Permanent Improvement Refunding Series 1999	1,834,639	1,834,639	1,739,309	(95,330)
CJC Refunding Series 2004	11,721,287	11,721,287	11,382,617	(338,670)
Tax & Subordinate Lien Refunding Series 2004A	183,092	183,092	174,883	(8,209)
Tax & Subordinate Lien Refunding Series 2004B	8,905,738	8,905,738	10,366,244	1,460,506
Permanent Improvement Refunding Series 2004A	12,920,701	12,920,701	12,695,399	(225,302)
Permanent Improvement Refunding Series 2005A	7,083,118	7,083,118	6,781,755	(301,363)
Unlimited Road Refunding Series 2006B Cost of Issuance	310,141	310,141	-	(310,141)
Permanent Improvement Refunding Series 2006A	6,767,499	6,867,499	6,564,731	(302,768)
Permanent Improvement Refunding Series 2006A - COI	91,319	91,319	-	(91,319)
<b>Total Available Resources - General Fund - Debt Service</b>	<u>238,603,315</u>	<u>238,703,315</u>	<u>219,137,798</u>	<u>(19,565,517)</u>
<b>TOTAL GENERAL FUND</b>				
Beginning Cash and Investments	301,959,051	302,059,051	311,092,336	9,033,285
Revenues and Transfers In	<u>1,223,629,715</u>	<u>1,237,611,318</u>	<u>1,468,090,513</u>	<u>230,479,195</u>
<b>TOTAL GENERAL FUND</b>	<u>\$ 1,525,588,766</u>	<u>\$ 1,539,670,369</u>	<u>\$ 1,779,182,849</u>	<u>\$ 239,512,480</u>

See notes to required supplementary information.

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
<b>GENERAL FUND DEPARTMENTS</b>				
Public Infrastructure	\$ 6,917,548	\$ 9,503,969	\$ 8,941,111	562,858
Right of Way	2,196,345	1,896,345	1,819,480	76,865
Appraisal District	4,000,297	6,895,508	6,895,508	-
County Judge	4,515,002	4,654,436	4,544,891	109,545
Commissioner Precinct 1	59,131,522	45,374,636	22,622,470	22,752,166
Commissioner Precinct 2	63,732,580	84,771,589	34,766,474	50,005,115
Commissioner Precinct 3	52,224,919	45,880,517	29,749,660	16,130,857
Commissioner Precinct 4	79,108,385	65,841,525	41,127,170	24,714,355
Tunnel and Ferries Operation	5,098,821	5,098,821	4,672,114	426,707
Management Services	37,126,648	47,791,031	45,194,058	2,596,973
Public Infrastructure - Engineering	28,346,846	26,115,916	24,708,186	1,407,730
Social Services	7,417,213	-	-	-
Fire and Emergency Services	4,892,840	5,876,865	5,801,932	74,933
Medical Examiner	15,929,771	18,056,708	17,879,646	177,062
Public Health Services	26,791,562	27,272,711	26,921,494	351,217
Public Library	24,714,084	24,705,137	24,653,119	52,018
Domestic Relations	2,933,969	2,722,439	2,578,268	144,171
Community Services	3,529,805	11,520,828	11,260,786	260,042
Information Technology Center	36,042,322	37,051,459	36,613,122	438,337
MHMRA	22,532,907	22,309,807	22,309,807	-
Facilities and Property Management	60,233,072	66,554,598	65,391,014	1,163,584
Constable Precinct 1	19,744,482	21,752,919	21,636,048	116,871
Constable Precinct 2	4,815,974	5,437,969	5,411,817	26,152
Constable Precinct 3	9,087,891	9,929,422	9,919,180	10,242
Constable Precinct 4	25,307,397	28,717,503	28,638,105	79,398
Constable Precinct 5	24,074,480	26,619,670	26,543,721	75,949
Constable Precinct 6	5,973,299	6,512,584	6,500,793	11,791
Constable Precinct 7	5,848,018	6,768,043	6,707,052	60,991
Constable Precinct 8	5,471,896	5,670,151	5,635,390	34,761
Justice of the Peace 1-1	1,513,224	1,498,034	1,489,260	8,774
Justice of the Peace 1-2	1,888,688	2,087,688	2,082,217	5,471
Justice of the Peace 2-1	730,112	740,880	734,107	6,773
Justice of the Peace 2-2	811,801	764,801	753,696	11,105
Justice of the Peace 3-1	1,522,950	1,473,950	1,454,857	19,093
Justice of the Peace 3-2	1,025,050	1,063,050	1,054,861	8,189
Justice of the Peace 4-1	2,575,658	2,467,893	2,381,986	85,907
Justice of the Peace 4-2	1,290,028	1,207,028	1,196,863	10,165

See notes to required supplementary information.

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Justice of the Peace 5-1	1,593,992	1,593,992	1,548,965	45,027
Justice of the Peace 5-2	2,354,844	2,313,044	2,263,084	49,960
Justice of the Peace 6-1	507,631	531,391	519,536	11,855
Justice of the Peace 6-2	475,735	561,631	550,156	11,475
Justice of the Peace 7-1	571,460	594,270	587,387	6,883
Justice of the Peace 7-2	712,280	765,480	734,361	31,119
Justice of the Peace 8-1	958,761	944,861	942,055	2,806
Justice of the Peace 8-2	1,005,567	920,467	905,492	14,975
County Attorney	16,374,113	21,983,976	19,973,789	2,010,187
County Clerk	23,188,567	24,442,423	24,382,638	59,785
County Treasurer	1,115,876	1,196,876	1,148,333	48,543
Tax Assessor-Collector	25,756,674	25,756,024	25,457,170	298,854
County Sheriff	301,821,078	356,748,567	349,297,954	7,450,613
District Attorney	50,175,344	50,205,344	49,815,038	390,306
District Clerk	28,104,734	29,655,534	29,182,230	473,304
Community Supervision and Correction	810,835	810,835	809,852	983
Pretrial Services	6,465,430	7,179,030	7,074,239	104,791
County Auditor	13,422,821	13,422,821	11,959,411	1,463,410
Purchasing Agent	6,309,519	5,909,519	5,775,308	134,211
District Courts	40,484,656	47,269,238	47,102,569	166,669
Texas Agrilife Extension Services	790,231	766,431	758,944	7,487
Juvenile Probation	58,871,360	68,550,394	67,862,849	687,545
Sheriff's Civil Service	245,082	215,082	197,426	17,656
Protective Services- Children and Adults	20,652,513	21,386,521	20,095,809	1,290,712
Children's Assessment Center	5,002,949	5,099,949	4,916,069	183,880
1st Court of Appeals	70,000	85,475	83,827	1,648
14th Court of Appeals	70,000	84,930	82,997	1,933
County Courts	14,002,872	15,223,127	14,780,822	442,305
Probate Court 1	1,155,551	1,216,951	1,208,183	8,768
Probate Court 2	1,155,551	1,155,551	1,084,290	71,261
Probate Court 3	2,506,468	2,541,288	2,491,292	49,996
Probate Court 4	1,155,551	1,051,551	1,002,883	48,668
Total General Fund By Department	<u>1,286,985,451</u>	<u>1,392,789,003</u>	<u>1,255,185,221</u>	<u>137,603,782</u>

See notes to required supplementary information.

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
<b>GENERAL FUND DEBT SERVICE</b>				
1160 HOT Tax Refunding Forward, Series 1998	\$ 5,882,161	\$ 5,882,161	\$ 5,877,415	\$ 4,746
1250 Permanent Improvement Refunding Series 1996	664,245	664,245	-	664,245
1260 Permanent Improvement Refunding Series 1997	15,307,546	15,307,546	7,542,190	7,765,356
1390 Commercial Paper Series B	2,482,854	2,614,736	66,194	2,548,542
1400 Commercial Paper Series C	12,901,247	12,989,011	2,102,574	10,886,437
1420 Commercial Paper Series A-1	4,608,098	4,646,920	2,116,631	2,530,289
1430 HC/FC Agreement 2003B CP Refunding	19,884,459	19,884,459	9,780,000	10,104,459
1440 HC/FC Agreement 2004A CP Refunding	23,034,264	23,034,264	7,800,000	15,234,264
1470 Commercial Paper Series - Flood Control	12,172,341	12,410,230	5,236,400	7,173,830
1480 Flood Control CP Agreement	9,154,591	9,182,727	1,601,045	7,581,682
1490 HC/FC Agreement 2006 CP Refunding	9,932,150	9,932,150	3,765,000	6,167,150
1500 Certificate of Obligation, Series 1998	7,346,994	7,346,994	3,636,200	3,710,794
1530 Certificate of Obligation, Series 2001	3,388,595	3,388,595	1,629,719	1,758,876
1550 Permanent Improvement Refunding Series 2001	2,157,062	2,157,062	842,358	1,314,704
1600 Revenue Refunding Series 2002	60,555	60,555	-	60,555
1610 Revenue Certificates Series 2002	2,139,814	2,139,814	2,138,150	1,664
1620 Permanent Improvement Refunding Series 2002	31,981,788	31,981,788	15,765,138	16,216,650
1650 Permanent Improvement Refunding Series 2003A	9,299,153	9,299,153	4,711,250	4,587,903
1680 Permanent Improvement Refunding Series 2003B	16,387,864	16,387,864	5,309,337	11,078,527
1710 Permanent Improvement Refunding Series 1999	1,834,639	1,834,639	903,000	931,639
1730 CJC Refunding Series 2004B	11,721,287	11,721,287	5,853,762	5,867,525
1750 Tax & Sub Lien Refunding 2004A	183,092	183,092	174,750	8,342
1770 Tax & Sub Lien Refunding 2004B	8,905,738	8,905,738	10,348,352	(1,442,614)
1780 Permanent Improvement Refunding Series 2004A	12,920,701	12,920,701	6,527,377	6,393,324
1800 PIB Refunding Bonds 2005A Debt Service	7,083,118	7,083,118	3,492,250	3,590,868
1840 Unlimited Roads Refunding 2006B	310,141	310,141	-	310,141
1850 PIB Refunding Bonds 2006A - Debt Service	6,767,499	6,767,499	3,267,620	3,499,879
1860 PIB Refunding Bonds 2006A - Cost of Issuance	91,319	91,319	-	91,319
Total General Fund Debt Service	<u>238,603,315</u>	<u>239,127,808</u>	<u>110,486,712</u>	<u>128,641,096</u>
Total General Fund	<u>\$ 1,525,588,766</u>	<u>\$ 1,631,916,811</u>	<u>\$ 1,365,671,933</u>	<u>\$ 266,244,878</u>

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**February 29, 2008**

**1. RECONCILIATION OF ACCOUNTING BASIS**

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

	<b>GENERAL FUND</b>
<b>REVENUES AND OTHER SOURCES</b>	
Cash (budgetary) basis	\$ 1,779,182,849
Beginning Cash and Investments	(311,092,336)
Accrued in 2007, received in 2008	(83,091,076)
Accrued in 2008, to be received in 2009	63,162,767
Revenues and other sources on modified accrual (GAAP) basis	1,448,162,204
 <b>EXPENDITURES AND OTHER USES</b>	
Cash (budgetary) basis	1,365,671,933
Incurred during 2007, paid in 2008	(82,423,975)
Incurred during 2008, payable in 2009	100,061,164
Expenditures and other uses on modified accrual (GAAP) basis	1,383,309,122
Changes in Fund Balances	\$ 64,853,082

For further budgeting information, see Note 1.E. of the Notes to the Financial Statement

**2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES**

There is one general fund debt service account that had a negative variance of \$1,442,614. The budget was adopted for fixed debt service requirements; however, unbudgeted swap payments of \$1,508,352 were made during the year for this bond series.

In four departments and two general fund debt service accounts, there were significant variances between the budgeted amount and actual expenditures.

The four departments with significant variances are all Commissioner Precincts, which have a combined positive variance of \$113,602,493. The precinct budgets include capital projects for roads and bridges. These budgets are set at the beginning of the projects and roll year-to-year. Therefore, these variances are anticipated.

The Permanent Improvement Refunding Series 2002 has a positive variance of \$16,216,650 and the Permanent Improvement Refunding Series 2003B has a positive variance of \$11,078,527. The County's practice is to have a full year's worth of payments available for tax supported debt. As the tax year and budget year are not the same, there will always be a variance between the budget and actual expenditures. In this case, the debt payment amount is high enough to cause a significant variance, and will continue to cause significant variances in the future.

**HARRIS COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST EMPLOYMENT BENEFITS  
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial		Funded Ratio	Covered Payroll
		Accrued Liability (AAL)	Unfunded AAL (UAAL)		
3/1/2007	\$ -	\$ 852,350,950	\$ 852,350,950	0%	\$ 698,535,669

The above table includes information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision are not considered departments or component units of the County; the UAAL for these entities are \$1,317,537 and \$19,615,199 respectively.

Note: This is the first year of implementation of GASB 45, which requires 3 years of data in this table. Additional years will be added to the disclosure as they become available. The most recent actuarial valuation was 3/1/2007.



## **NONMAJOR GOVERNMENTAL FUNDS**

**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY**  
**February 29, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and Investments:				
Cash and cash equivalents	\$ 79,419,954	\$ 25,794,595	\$ 47,019,810	\$ 152,234,359
Investments	139,582,874	51,479,236	148,034,815	339,096,925
Receivables:				
Taxes, net	4,367,299	3,560,767	-	7,928,066
Accounts	18,627,203	-	6,315,321	24,942,524
Accrued interest	3,522,294	-	1,219,810	4,742,104
Other	24,986,952	2,548,451	903	27,536,306
Due from other funds	1,423,290	-	1,491,389	2,914,679
Due from other governm	67,872	-	-	67,872
Inventories and other ass	905,036	-	1,590	906,626
Advances to other funds	-	-	12,000,000	12,000,000
Restricted cash and cash	1,442,573	-	1,397,251	2,839,824
Restricted investments	-	-	12,000,000	12,000,000
Notes receivable	278,335	-	-	278,335
Total assets	<u>\$ 274,623,682</u>	<u>\$ 83,383,049</u>	<u>\$ 229,480,889</u>	<u>\$ 587,487,620</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Vouchers payable	\$ 40,715,442	\$ -	\$ 13,018,121	\$ 53,733,563
Accrued payroll and cc	5,422,400	-	-	5,422,400
Retainage payable	375,871	-	4,131,019	4,506,890
Due to other funds	13,493,826	-	1,183,080	14,676,906
Due to other governme	1,188,993	-	-	1,188,993
Customer deposits	-	-	-	-
Advances from other fi	-	-	12,000,000	12,000,000
Deferred revenue	39,809,748	3,560,767	3,740,950	47,111,465
Total liabilities	<u>101,006,280</u>	<u>3,560,767</u>	<u>34,073,170</u>	<u>138,640,217</u>
Fund balances:				
Reserved for:				
Encumbrances	28,407,239	-	81,670,178	110,077,417
Debt service	816,394	79,822,282	-	80,638,676
Imprest funds	85,180	-	-	85,180
Inventory	690,447	-	-	690,447
Prepays	8,849	-	1,590	10,439
Advances	-	-	12,000,000	12,000,000
Grant programs	752,032	-	-	752,032
Unreserved:				
Designated for special	-	-	-	-
Designated for capital	-	-	101,735,951	101,735,951
Undesignated	142,857,261	-	-	142,857,261
Total fund balances	<u>173,617,402</u>	<u>79,822,282</u>	<u>195,407,719</u>	<u>448,847,403</u>
Total liabilities and fu	<u>\$ 274,623,682</u>	<u>\$ 83,383,049</u>	<u>\$ 229,480,889</u>	<u>\$ 587,487,620</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS - SUMMARY**  
**For the Year Ended February 29, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 92,192,427	\$ 63,577,770	\$ -	\$ 155,770,197
Charges for services	10,995,011	-	12,207,696	23,202,707
Lease revenue	192,402	-	-	192,402
Intergovernmental	137,251,275	-	500,000	137,751,275
Earnings on investments	9,759,333	2,668,263	11,893,104	24,320,700
Miscellaneous	11,066,339	96,379	3,026,133	14,188,851
Total revenues	<u>261,456,787</u>	<u>66,342,412</u>	<u>27,626,933</u>	<u>355,426,132</u>
<b>EXPENDITURES</b>				
Current operating:				
Administration of justice	49,248,438	-	121,699	49,370,137
Parks	4,627,704	-	3,225,018	7,852,722
County administration	29,107,781	-	8,803,752	37,911,533
Health and human services	75,570,350	-	297,074	75,867,424
Flood control	57,149,249	-	14,440,704	71,589,953
Tax administration	875,773	-	-	875,773
Roads and bridges	-	-	56,453	56,453
Capital outlay	24,174,072	-	96,418,390	120,592,462
Debt service:				
Principal retirement	4,760,000	25,682,614	-	30,442,614
Bond issuance costs	-	-	72	72
Interest and fiscal charges	22,085,868	55,070,499	-	77,156,367
Total Expenditures	<u>267,599,235</u>	<u>80,753,113</u>	<u>123,363,162</u>	<u>471,715,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,142,448)</u>	<u>(14,410,701)</u>	<u>(95,736,229)</u>	<u>(116,289,378)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,800,805	23,287,977	401	54,089,183
Transfers out	(16,242,647)	-	(27,883,810)	(44,126,457)
Commercial paper issued	-	-	77,704,820	77,704,820
Capital leases	-	-	168,209	168,209
Sale of capital assets	911,548	-	707,208	1,618,756
Total other financing sources(uses)	<u>15,469,706</u>	<u>23,287,977</u>	<u>50,696,828</u>	<u>89,454,511</u>
Net changes in fund balances	9,327,258	8,877,276	(45,039,401)	(26,834,867)
Fund balances, beginning	164,290,144	70,945,006	240,447,120	475,682,270
Fund balances, ending	<u>\$ 173,617,402</u>	<u>\$ 79,822,282</u>	<u>\$ 195,407,719</u>	<u>\$ 448,847,403</u>

Special Revenue Funds are used to account for specific revenue sources (other than expendable trusts and capital projects), which are restricted to expenditures for specified purposes.

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

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

**HOTEL OCCUPANCY TAX REVENUE FUND** - This fund was established in September 1987 to account for revenues primarily generated from a hotel occupancy tax and expenditures that serve the purpose of attracting visitors and promoting tourism.

**DEED RESTRICTION ENFORCEMENT FUND** - This fund was authorized under House Bill 356 and provides for fees to administer the enforcement of deed restriction violations affecting real property subdivisions. This act requires fees be used only for enforcement of the deed restriction violations, and any unused funds are to be refunded to the complainants.

**CHILD SUPPORT ENFORCEMENT** – This fund is funded through an agreement with the Texas Office of Attorney General for work performed by the District Clerk on designated Title IVD Child Support cases.

**FAMILY PROTECTION FUND** - This fund was authorized under House Bill 2292 and provides for a court fee of \$15.00 for each divorce case filed. Moneys collected by the District Clerk are to be used for court-related services only.

**CPS – SPECIAL REVENUE CONTRACTS** - This fund is used to account for non-grant contracts for Child Protective Services.

**PROBATE COURT SUPPORT** - This fund accounts for contributions received for fees collected under Section 51.704 of the Government Code. These funds are to be used only for court-related purposes for the support of statutory probate courts in the county.

**APPELLATE JUDICIAL SYSTEM FUND** - This fund was authorized under House Bill 1889 and provides for a court fee of \$5.00 for each civil suit filed to be assessed to assist in financing the Courts of Appeals in processing appeals filed from County Courts, County Courts at Law, Probate Courts and District Courts.

**COUNTY ATTORNEY ADMINISTRATION** - House Bill 1672 allows a county with a population of 3.3 million or more to impose an administrative charge of \$1.00 in association with collecting a toll or charge for each event of nonpayment of a required toll or charge imposed under Section 284.069 of the Transportation Code. The fees collected for this charge are to be administered by the county attorney and may be used only to defray the salaries and expenses of the attorney's office, but not to supplement the county attorney's salary.

**DISTRICT ATTORNEY ADMINISTRATION** - Confiscated gambling proceeds forfeited under Article 18.18 of the Texas Code of Criminal Procedure are deposited in this fund and are available to the District Attorney for use in special investigations. Fees collected in connection with processing checks issued or passed in violation of the Texas Penal Code are deposited in this fund and used for the purpose of defraying the salaries and expenses of the District Attorney's Office.

**COURTHOUSE SECURITY JUSTICE COURT** - This fund was established according to House Bill 1934, which states that a defendant convicted of a misdemeanor offense in a justice court shall pay a \$4.00 security fee as a cost of court. Fees collected are to be used to provide building security for buildings housing a justice court.

**RECORDS MANAGEMENT** - This fund is used to account for fees collected for records management and preservation services when documents are filed in the offices of the court clerks.

**DONATION FUND** - This fund is used to account for cash donations accepted by Commissioners Court for designated purposes. Separate accounts are maintained for various types of donations.

**JUSTICE COURT TECHNOLOGY** - This fund is used to account for fees collected from defendants convicted of misdemeanor offenses in a justice court.

**CHILD ABUSE PREVENTION** - This fund is authorized by Senate Bill 6 (79<sup>th</sup> Leg. Session) and provides Texas counties with funds for a child abuse prevention program. Funding is provided through \$100 fee for persons convicted of certain offenses against children.

**JUVENILE CASE MANAGER FEE** - This fund was established under House Bill 1575, section 35 (79<sup>th</sup> Legislative Session) and provides for a fee not to exceed \$5 to be assessed for court cost in justice and county courts for defendants convicted of fine-only misdemeanor offenses.

**TAX ASSESSOR CHAPTER 19 FUNDS** - These funds are allocated by the state for voter registrars in each county to aid in purchasing goods and services that will enhance voter registration.

**STORMWATER MANAGEMENT FUND** - This fund was established to account for the revenues and expenditures under interagency agreements for the implementation of storm water permit program.

**SAN JACINTO WETLANDS PROJECT FUND** - This fund was established to account for moneys received under the terms of a court settlement. Moneys received are used to clean up a hazardous waste dump and establish a nature preserve at the site.

**TCEQ POLLUTION CONTROL** - This fund is used to account for funds from TNRC and donations to coordinate pollution control efforts.

**ELECTION SERVICES** - This fund is used for defraying expenses of the County Clerk's Office in conducting Harris County elections.

**LAW ENFORCEMENT FORFEITED FUND** - This fund is used to account for expenses for the investigation of alleged violations of criminal law. It is also utilized to account for assets seized pursuant to the state forfeiture law Chapter 59, Code of Criminal Procedure and the federal forfeited asset programs.

**DISPUTE RESOLUTION FUND** - This fund is used to account for funds collected after October 1, 1995 from a fee of \$10.00 assessed on cases to fund an alternative system for the peaceable and expeditious resolution of citizen disputes not requiring formal court action.

**LEOSE-LAW ENFORCEMENT** - This fund was authorized under S.B. 1135 and provides for state moneys to law enforcement agencies to ensure continuing education for persons licensed under Chapter 415, Government Code.

**LIBRARY DONATION FUND** - This fund accounts for revenues from donations and contributions made to the Harris County Library for specific reason.

**LAW LIBRARY FUND** - This fund accounts for revenues and expenditures to maintain a law library for members of the Texas Bar Association in Harris County. It is financed by a \$15.00 fee which is assessed against each civil case filed in County and District Courts of Harris County.

**RESTRICTED FUNDS** - This fund is used to account for funds collected by various departments for specific uses.

**TIRZ AFFORDABLE HOUSING** - This fund is used to revitalize or redevelop unproductive, underproductive or blighted areas. The participating taxing units contribute some or all of the tax revenues generated by the growth in a TIRZ's taxable value to the revitalization or redevelopment effort.

**HARRIS COUNTY JUVENILE BOARD** - This fund was established to account for juvenile probation services funded by the Texas Juvenile Probation Commission in Harris County.

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

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



**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**February 29, 2008**

	<b>Flood Control</b>	<b>Sports &amp; Convention Corporation</b>	<b>Hotel Occupancy Tax Revenue</b>	<b>Deed Restriction Enforcement</b>	<b>Child Support Enforcement</b>	<b>Family Protection</b>	<b>CPS-Special Revenue Contracts</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,964,056	\$ 3,712,461	\$ 1,583,716	\$ 1,811	\$ 120,360	\$ 26,602	\$ -
Investments	76,301,421	1,542,850	4,003,668	4,037	292,137	65,327	-
Receivables:							
Taxes, net	4,367,299	-	-	-	-	-	-
Accounts, net	9,710	7,680,761	-	-	-	-	408,472
Accrued interest	265,023	3,017,109	13,223	14	965	216	-
Other	3,611,333	-	4,287,829	-	64,578	-	219,579
Due from other funds	-	538,215	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-
Inventories and other assets	8,849	72,088	-	-	-	-	-
Restricted cash and cash equivalents	1,435,113	7,460	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 91,962,804</u>	<u>\$ 16,570,944</u>	<u>\$ 9,888,436</u>	<u>\$ 5,862</u>	<u>\$ 478,040</u>	<u>\$ 92,145</u>	<u>\$ 628,051</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Vouchers payable	\$ 4,020,305	\$ 888,863	\$ 2,994,938	\$ -	\$ 41,262	\$ 30,669	\$ 33,228
Accrued payroll and compensated absences	1,759,877	45,611	-	-	82,280	-	79,009
Retainage payable	308,074	-	-	-	-	-	-
Due to other funds	5,958	-	137,588	-	-	-	488,631
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	4,367,299	1,482,503	4,004,694	-	-	-	284,737
Total liabilities	<u>10,461,513</u>	<u>2,416,977</u>	<u>7,137,220</u>	<u>-</u>	<u>123,542</u>	<u>30,669</u>	<u>885,605</u>
<b>Fund Balances:</b>							
Reserved for encumbrances	24,974,017	-	63,694	-	-	22,114	38,919
Reserved for debt service	816,394	-	-	-	-	-	-
Reserved for imprest funds	-	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-	-
Reserved for prepaids	8,849	-	-	-	-	-	-
Reserved for grant programs	-	-	-	-	-	-	-
<b>Unreserved:</b>							
Undesignated	55,702,031	14,153,967	2,687,522	5,862	354,498	39,362	(296,473)
Total fund balances	<u>81,501,291</u>	<u>14,153,967</u>	<u>2,751,216</u>	<u>5,862</u>	<u>354,498</u>	<u>61,476</u>	<u>(257,554)</u>
Total liabilities and fund balances	<u>\$ 91,962,804</u>	<u>\$ 16,570,944</u>	<u>\$ 9,888,436</u>	<u>\$ 5,862</u>	<u>\$ 478,040</u>	<u>\$ 92,145</u>	<u>\$ 628,051</u>

(continued)

Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Courthouse Security Justice Court	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention
\$ 36,644	\$ 21,399	\$ 180,035	\$ 6,590,917	\$ 102,567	\$ 4,765,508	\$ 823,136	\$ 214,217	\$ 1,416
88,448	63,492	444,444	10,650,216	248,830	11,562,522	1,996,512	519,314	3,670
-	-	-	-	-	-	-	-	-
-	-	57,687	-	-	-	-	-	-
292	210	1,468	49,331	822	38,188	6,594	1,715	12
-	100,498	-	23,600	-	58	-	-	40
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	700	-	12,835	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 125,384</u>	<u>\$ 185,599</u>	<u>\$ 683,634</u>	<u>\$ 17,314,764</u>	<u>\$ 352,219</u>	<u>\$ 16,379,111</u>	<u>\$ 2,826,242</u>	<u>\$ 735,246</u>	<u>\$ 5,138</u>
\$ -	\$ 19,073	\$ 57,357	\$ 1,665	\$ -	\$ 459,096	\$ 214,442	\$ -	\$ -
-	3,434	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	100,499	900	-	-	-	-	-	-
-	123,006	58,257	1,665	-	459,096	214,442	-	-
-	43,387	-	-	-	1,680,908	36,946	6,320	-
-	-	-	-	-	-	-	-	-
-	-	-	7,500	-	-	550	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
125,384	19,206	625,377	17,305,599	352,219	14,239,107	2,574,304	728,926	5,138
125,384	62,593	625,377	17,313,099	352,219	15,920,015	2,611,800	735,246	5,138
<u>\$ 125,384</u>	<u>\$ 185,599</u>	<u>\$ 683,634</u>	<u>\$ 17,314,764</u>	<u>\$ 352,219</u>	<u>\$ 16,379,111</u>	<u>\$ 2,826,242</u>	<u>\$ 735,246</u>	<u>\$ 5,138</u>

(continued)

**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**February 29, 2008**

	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Stormwater Management	San Jacinto Wetlands Project	TCEQ Pollution Control	Election Services	Law Enforcement Forfeited Fund	Dispute Resolution
<b>ASSETS</b>								
Cash and cash equivalents	\$ 187,710	\$ -	\$ 748,423	\$ 14,541	\$ 235,519	\$ 150,642	\$ 36,239,630	\$ 185,901
Investments	455,087	-	1,815,945	35,233	584,274	373,245	9,933,381	580,603
Receivables:								
Taxes, net	-	-	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	108,705	750	-
Accrued interest	1,503	-	5,997	116	1,930	1,233	58,867	1,917
Other	-	26,531	-	-	-	-	132,626	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-
Inventories and other assets	-	-	-	-	-	-	34,467	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 644,300</u>	<u>\$ 26,531</u>	<u>\$ 2,570,365</u>	<u>\$ 49,890</u>	<u>\$ 821,723</u>	<u>\$ 633,825</u>	<u>\$ 46,399,721</u>	<u>\$ 768,421</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Vouchers payable	\$ -	\$ -	\$ 1,184,095	\$ 200	\$ 59,328	\$ 60,867	\$ 19,069,647	\$ 386,161
Accrued payroll and compensated absences	-	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-	-
Due to other funds	-	26,531	-	-	-	-	66	-
Due to other governmental units	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	6,332	-	-
Total liabilities	<u>-</u>	<u>26,531</u>	<u>1,184,095</u>	<u>200</u>	<u>59,328</u>	<u>67,199</u>	<u>19,069,713</u>	<u>386,161</u>
Fund Balances:								
Reserved for encumbrances	-	-	216,772	-	67,911	85,823	752,813	-
Reserved for debt service	-	-	-	-	-	-	-	-
Reserved for imprest funds	-	-	-	-	-	-	77,000	-
Reserved for inventory	-	-	-	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-	-	-	-
Reserved for grant programs	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	644,300	-	1,169,498	49,690	694,484	480,803	26,500,195	382,260
Total fund balances	<u>644,300</u>	<u>-</u>	<u>1,386,270</u>	<u>49,690</u>	<u>762,395</u>	<u>566,626</u>	<u>27,330,008</u>	<u>382,260</u>
Total liabilities and fund balances	<u>\$ 644,300</u>	<u>\$ 26,531</u>	<u>\$ 2,570,365</u>	<u>\$ 49,890</u>	<u>\$ 821,723</u>	<u>\$ 633,825</u>	<u>\$ 46,399,721</u>	<u>\$ 768,421</u>

(continued)

<b>LEOSE- Law Enforcement</b>	<b>Library Donation Fund</b>	<b>Law Library</b>	<b>Restricted Funds</b>	<b>TIRZ Affordable Housing</b>	<b>Harris County Juvenile Board</b>	<b>Flood Control Grants</b>	<b>Grants</b>	<b>Total</b>
\$ 171,725	\$ 117,394	\$ 266,829	\$ 465,101	\$ 916,402	\$ 12,285,885	\$ 85,566	\$ 3,203,841	\$ 79,419,954
419,121	284,430	695,109	1,151,665	378,750	8,548,836	577,929	5,962,378	139,582,874
-	-	-	-	-	-	-	-	4,367,299
-	-	-	-	-	676,387	1,077,909	8,606,822	18,627,203
1,384	939	2,296	3,803	1,251	-	1,942	43,934	3,522,294
-	-	-	-	-	34,525	379,791	16,105,964	24,986,952
-	-	-	-	-	125,496	84,434	675,145	1,423,290
-	-	-	-	-	-	-	67,872	67,872
-	-	66,570	-	-	-	-	709,527	905,036
-	-	-	-	-	-	-	-	1,442,573
-	-	-	-	-	-	-	278,335	278,335
<u>\$ 592,230</u>	<u>\$ 402,763</u>	<u>\$ 1,030,804</u>	<u>\$ 1,620,569</u>	<u>\$ 1,296,403</u>	<u>\$ 21,671,129</u>	<u>\$ 2,207,571</u>	<u>\$ 35,653,818</u>	<u>\$ 274,623,682</u>
\$ 37,877	\$ 46,492	\$ 30,334	\$ 61,864	\$ -	\$ 910,412	\$ 122,900	\$ 9,984,367	\$ 40,715,442
-	-	27,737	-	-	1,174,029	-	2,250,423	5,422,400
-	-	-	6,718	-	-	-	61,079	375,871
-	-	-	-	-	65,674	2,084,671	10,684,707	13,493,826
-	-	-	-	-	-	-	1,188,993	1,188,993
-	-	-	-	-	19,521,014	-	10,041,770	39,809,748
<u>37,877</u>	<u>46,492</u>	<u>58,071</u>	<u>68,582</u>	<u>-</u>	<u>21,671,129</u>	<u>2,207,571</u>	<u>34,211,339</u>	<u>101,006,280</u>
3,978	31,472	51,949	330,216	-	-	-	-	28,407,239
-	-	-	-	-	-	-	-	816,394
-	-	130	-	-	-	-	-	85,180
-	-	-	-	-	-	-	690,447	690,447
-	-	-	-	-	-	-	-	8,849
-	-	-	-	-	-	-	752,032	752,032
<u>550,375</u>	<u>324,799</u>	<u>920,654</u>	<u>1,221,771</u>	<u>1,296,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,857,261</u>
<u>554,353</u>	<u>356,271</u>	<u>972,733</u>	<u>1,551,987</u>	<u>1,296,403</u>	<u>-</u>	<u>-</u>	<u>1,442,479</u>	<u>173,617,402</u>
<u>\$ 592,230</u>	<u>\$ 402,763</u>	<u>\$ 1,030,804</u>	<u>\$ 1,620,569</u>	<u>\$ 1,296,403</u>	<u>\$ 21,671,129</u>	<u>\$ 2,207,571</u>	<u>\$ 35,653,818</u>	<u>\$ 274,623,682</u>

Concluded

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE**  
**For The Year Ended February 29, 2008**

	<b>Flood Control</b>	<b>Sports and Convention Corporation</b>	<b>Hotel Occupancy Tax Revenue</b>	<b>Deed Restriction Enforcement</b>	<b>Child Support Enforcement</b>	<b>Family Protection</b>	<b>CPS-Special Revenue Contracts</b>
<b>REVENUES</b>							
Taxes	\$ 67,872,698	\$ -	\$ 24,319,729	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	287,415	-
Lease revenue	192,402	-	-	-	-	-	-
Intergovernmental	-	2,500,000	-	-	1,501,740	-	516,308
Earnings on investments	3,092,363	1,060,692	376,355	295	14,179	7,391	-
Miscellaneous	504,020	1,674,635	627,422	-	-	-	-
Total revenues	<u>71,661,483</u>	<u>5,235,327</u>	<u>25,323,506</u>	<u>295</u>	<u>1,515,919</u>	<u>294,806</u>	<u>516,308</u>
<b>EXPENDITURES</b>							
Current operating:							
Administration of justice	-	-	-	-	1,212,942	38,000	-
Parks	-	4,590,175	20,000	-	-	-	-
County administration	-	-	16,579,781	-	-	41,813	1,041
Health and human services	-	-	-	-	-	300,888	772,821
Flood control	57,149,249	-	-	-	-	-	-
Tax administration	548,026	-	-	-	-	-	-
Capital outlay	3,464,039	-	-	-	-	-	-
Debt service:							
Principal retirement	4,760,000	-	-	-	-	-	-
Interest and fiscal charges	22,085,868	-	-	-	-	-	-
Total expenditures	<u>88,007,182</u>	<u>4,590,175</u>	<u>16,599,781</u>	<u>-</u>	<u>1,212,942</u>	<u>380,701</u>	<u>773,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,345,699)</u>	<u>645,152</u>	<u>8,723,725</u>	<u>295</u>	<u>302,977</u>	<u>(85,895)</u>	<u>(257,554)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	25,187,279	-	-	-	-	-	-
Transfers out	(3,745,000)	-	(11,574,270)	-	-	-	-
Sale of capital assets	911,548	-	-	-	-	-	-
Total other financial sources (uses)	<u>22,353,827</u>	<u>-</u>	<u>(11,574,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	6,008,128	645,152	(2,850,545)	295	302,977	(85,895)	(257,554)
Fund balances, beginning	75,493,163	13,508,815	5,601,761	5,567	51,521	147,371	-
Fund balances, ending	<u>\$ 81,501,291</u>	<u>\$ 14,153,967</u>	<u>\$ 2,751,216</u>	<u>\$ 5,862</u>	<u>\$ 354,498</u>	<u>\$ 61,476</u>	<u>\$ (257,554)</u>

(continued)

Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Courthouse Security Justice Court	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	424,375	577,166	229,084	173,561	5,498,276	-	694,065	3,951
-	-	-	-	-	-	-	-	-
123,904	-	-	-	-	-	-	-	-
1,480	4,637	29,076	862,912	16,344	994,682	172,071	28,396	168
-	101,474	-	42,749	-	-	197,384	-	-
<u>125,384</u>	<u>530,486</u>	<u>606,242</u>	<u>1,134,745</u>	<u>189,905</u>	<u>6,492,958</u>	<u>369,455</u>	<u>722,461</u>	<u>4,119</u>
-	539,691	-	60,135	-	2,190,383	59,754	46,063	-
-	-	-	-	-	-	11,696	-	-
-	-	373,699	-	-	2,120,384	-	-	-
-	-	-	-	-	-	94,699	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	301,307	49,570	119,016	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>539,691</u>	<u>373,699</u>	<u>60,135</u>	<u>-</u>	<u>4,612,074</u>	<u>215,719</u>	<u>165,079</u>	<u>-</u>
125,384	(9,205)	232,543	1,074,610	189,905	1,880,884	153,736	557,382	4,119
-	-	-	-	-	-	-	-	-
-	-	-	(2,994)	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
125,384	(9,205)	232,543	1,071,616	189,905	1,880,884	153,736	557,382	4,119
-	71,798	392,834	16,241,483	162,314	14,039,131	2,458,064	177,864	1,019
<u>\$ 125,384</u>	<u>\$ 62,593</u>	<u>\$ 625,377</u>	<u>\$ 17,313,099</u>	<u>\$ 352,219</u>	<u>\$ 15,920,015</u>	<u>\$ 2,611,800</u>	<u>\$ 735,246</u>	<u>\$ 5,138</u>

(continued)

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE**  
**For The Year Ended February 29, 2008**

	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Stormwater Management	San Jacinto Wetlands Project	TCEQ Pollution Control	Election Services	Law Enforcement Forfeited Fund	Dispute Resolution
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	626,658	-	-	-	-	-	-	955,039
Lease revenue	-	-	-	-	-	-	-	-
Intergovernmental	-	346,293	3,875,926	-	-	-	21,507	-
Earnings on investments	17,642	-	104,949	2,940	50,638	42,507	1,357,323	41,708
Miscellaneous	-	-	47,381	-	117,331	372,236	4,593,267	-
Total revenues	<u>644,300</u>	<u>346,293</u>	<u>4,028,256</u>	<u>2,940</u>	<u>167,969</u>	<u>414,743</u>	<u>5,972,097</u>	<u>996,747</u>
<b>EXPENDITURES</b>								
Current operating:								
Administration of justice	-	-	-	-	-	-	5,144,958	1,032,606
Parks	-	-	-	200	-	-	-	-
County administration	-	-	3,492,998	-	-	414,988	-	-
Health and human services	-	-	-	-	72,964	-	-	-
Flood control	-	-	-	-	-	-	-	-
Tax administration	-	327,747	-	-	-	-	-	-
Capital outlay	-	6,995	14,929	-	104,413	74,288	224,505	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>334,742</u>	<u>3,507,927</u>	<u>200</u>	<u>177,377</u>	<u>489,276</u>	<u>5,369,463</u>	<u>1,032,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>644,300</u>	<u>11,551</u>	<u>520,329</u>	<u>2,740</u>	<u>(9,408)</u>	<u>(74,533)</u>	<u>602,634</u>	<u>(35,859)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	2,994	-
Transfers out	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,994</u>	<u>-</u>
Net changes in fund balance	644,300	11,551	520,329	2,740	(9,408)	(74,533)	605,628	(35,859)
Fund balances, beginning	-	(11,551)	865,941	46,950	771,803	641,159	26,724,380	418,119
Fund balances, ending	<u>\$ 644,300</u>	<u>\$ -</u>	<u>\$ 1,386,270</u>	<u>\$ 49,690</u>	<u>\$ 762,395</u>	<u>\$ 566,626</u>	<u>\$ 27,330,008</u>	<u>\$ 382,260</u>

(continued)

LEOSE- Law Enforcement	Library Donation Fund	Law Library	Restricted Funds	TIRZ Affordable Housing	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,192,427
-	-	1,273,872	-	-	-	-	251,549	10,995,011
-	-	-	-	-	-	-	-	192,402
304,731	-	-	30,000	-	27,092,513	6,025,651	94,912,702	137,251,275
42,687	23,875	63,845	122,930	27,043	899,965	4,857	295,383	9,759,333
-	241,611	31,281	224,175	500,129	1,148	58,824	1,731,272	11,066,339
<u>347,418</u>	<u>265,486</u>	<u>1,368,998</u>	<u>377,105</u>	<u>527,172</u>	<u>27,993,626</u>	<u>6,089,332</u>	<u>97,190,906</u>	<u>261,456,787</u>
340,242	-	-	-	-	27,977,232	-	10,606,432	49,248,438
-	-	-	-	-	-	-	5,633	4,627,704
1,330	-	16,527	173,133	-	-	-	5,892,087	29,107,781
-	258,609	1,251,513	1,310,639	-	-	-	71,508,217	75,570,350
-	-	-	-	-	-	-	-	57,149,249
-	-	-	-	-	-	-	-	875,773
5,549	-	-	-	-	16,394	7,386,965	12,406,102	24,174,072
-	-	-	-	-	-	-	-	4,760,000
-	-	-	-	-	-	-	-	22,085,868
<u>347,121</u>	<u>258,609</u>	<u>1,268,040</u>	<u>1,483,772</u>	<u>-</u>	<u>27,993,626</u>	<u>7,386,965</u>	<u>100,418,471</u>	<u>267,599,235</u>
297	6,877	100,958	(1,106,667)	527,172	-	(1,297,633)	(3,227,565)	(6,142,448)
-	-	-	1,036,112	-	-	1,298,034	3,276,386	30,800,805
-	-	-	-	(831,349)	-	(401)	(88,633)	(16,242,647)
-	-	-	-	-	-	-	-	911,548
-	-	-	1,036,112	(831,349)	-	1,297,633	3,187,753	15,469,706
297	6,877	100,958	(70,555)	(304,177)	-	-	(39,812)	9,327,258
554,056	349,394	871,775	1,622,542	1,600,580	-	-	1,482,291	164,290,144
<u>\$ 554,353</u>	<u>\$ 356,271</u>	<u>\$ 972,733</u>	<u>\$ 1,551,987</u>	<u>\$ 1,296,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442,479</u>	<u>\$ 173,617,402</u>

Concluded

**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-**  
**SPECIAL REVENUE - GRANTS**  
**February 29, 2008**

	<b>Federal Grant Programs</b>	<b>State and Local Grant Programs</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,388,176	\$ 1,815,665	\$ 3,203,841
Investments	1,240,480	4,721,898	5,962,378
Accounts receivable	8,015,635	591,187	8,606,822
Accrued interest receivable	28,339	15,595	43,934
Other receivables	13,384,238	2,721,726	16,105,964
Due from other funds	26,845	648,300	675,145
Due from other governmental units	67,872	-	67,872
Inventories	690,447	-	690,447
Prepays and other assets	18,405	675	19,080
Notes receivable	278,335	-	278,335
Total assets	<u>\$ 25,138,772</u>	<u>\$ 10,515,046</u>	<u>\$35,653,818</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Vouchers payable	\$ 9,556,922	\$ 427,445	\$ 9,984,367
Accrued payroll and compensated absences	1,625,671	624,752	2,250,423
Retainage payable	61,079	-	61,079
Due to other funds	8,195,378	2,489,329	10,684,707
Due to other governmental units	1,188,993	-	1,188,993
Deferred revenue	3,068,250	6,973,520	10,041,770
Total liabilities	<u>23,696,293</u>	<u>10,515,046</u>	<u>34,211,339</u>
Fund Balances:			
Reserved	<u>1,442,479</u>	<u>-</u>	<u>1,442,479</u>
Total liabilities and fund balances	<u>\$ 25,138,772</u>	<u>\$ 10,515,046</u>	<u>\$35,653,818</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -**  
**SPECIAL REVENUE - GRANTS**  
**For The Year Ended February 29, 2008**

	<b>Federal Grant Programs</b>	<b>State and Local Grant Programs</b>	<b>Total</b>
<b>REVENUES</b>			
Intergovernmental	\$ 80,575,120	\$ 14,337,582	\$ 94,912,702
Charges for services	251,549	-	251,549
Earnings on investments	206,040	89,343	295,383
Miscellaneous	1,683,986	47,286	1,731,272
Total revenues	<u>82,716,695</u>	<u>14,474,211</u>	<u>97,190,906</u>
<b>EXPENDITURES</b>			
Administration of justice	7,525,892	3,080,540	10,606,432
Parks	5,633	-	5,633
County administration	3,146,431	2,745,656	5,892,087
Health and human services	64,662,432	6,845,785	71,508,217
Capital outlay	8,528,371	3,877,731	12,406,102
Total expenditures	<u>83,868,759</u>	<u>16,549,712</u>	<u>100,418,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,152,064)</u>	<u>(2,075,501)</u>	<u>(3,227,565)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,200,885	2,075,501	3,276,386
Transfers out	(88,633)	-	(88,633)
Total transfers	<u>1,112,252</u>	<u>2,075,501</u>	<u>3,187,753</u>
Net changes in fund balances	(39,812)	-	(39,812)
Fund balances, beginning	1,482,291	-	1,482,291
Fund balances, ending	<u>\$ 1,442,479</u>	<u>\$ -</u>	<u>\$ 1,442,479</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS**  
**FEDERAL PROGRAMS**  
**February 29, 2008**

	<b>Department of Housing and Urban Development</b>	<b>Department of Homeland Security</b>	<b>Department of Justice</b>	<b>Department of Agriculture</b>	<b>Department of Health and Human Services</b>	<b>Other Federal Programs</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 109,891	\$ 459,121	\$ -	\$ 767,906	\$ 51,258	\$ 1,388,176
Investments	-	-	1,116,065	-	-	124,415	1,240,480
Accounts receivable	659,720	4,110,902	44,489	613,743	2,117,551	469,230	8,015,635
Accrued interest receivable	24,242	-	3,686	-	-	411	28,339
Other receivables	5,606,785	-	-	1,125,795	6,363,055	288,603	13,384,238
Due from other funds	-	-	-	-	-	26,845	26,845
Due from other governmental units	67,872	-	-	-	-	-	67,872
Inventories	-	-	-	-	690,447	-	690,447
Prepays and other assets	-	-	9,484	-	8,921	-	18,405
Notes receivable	278,335	-	-	-	-	-	278,335
<b>Total assets</b>	<b>\$ 6,636,954</b>	<b>\$ 4,220,793</b>	<b>\$ 1,632,845</b>	<b>\$ 1,739,538</b>	<b>\$ 9,947,880</b>	<b>\$ 960,762</b>	<b>\$ 25,138,772</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Vouchers payable	\$ 3,703,909	\$ 480,493	\$ 1,357,933	\$ 63,641	\$ 3,564,500	\$ 386,446	\$ 9,556,922
Accrued payroll and compensated absences	322,349	30,955	150,022	493,303	612,980	16,062	1,625,671
Retainage payable	48,356	-	-	-	-	12,723	61,079
Due to other funds	1,305,475	933,622	-	1,182,594	4,327,921	445,766	8,195,378
Due to other governmental units	1,188,993	-	-	-	-	-	1,188,993
Deferred revenue	67,872	2,775,723	124,890	-	-	99,765	3,068,250
<b>Total liabilities</b>	<b>6,636,954</b>	<b>4,220,793</b>	<b>1,632,845</b>	<b>1,739,538</b>	<b>8,505,401</b>	<b>960,762</b>	<b>23,696,293</b>
Fund balances	-	-	-	-	1,442,479	-	1,442,479
<b>Total liabilities and fund balances</b>	<b>\$ 6,636,954</b>	<b>\$ 4,220,793</b>	<b>\$ 1,632,845</b>	<b>\$ 1,739,538</b>	<b>\$ 9,947,880</b>	<b>\$ 960,762</b>	<b>\$ 25,138,772</b>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - FEDERAL PROGRAMS**  
**For The Year Ended February 29, 2008**

	<b>Department of Housing and Urban Development</b>	<b>Department of Homeland Security</b>	<b>Department of Justice</b>	<b>Department of Agriculture</b>	<b>Department of Health and Human Services</b>	<b>Other Federal Programs</b>	<b>Total</b>
<b>REVENUES</b>							
Intergovernmental	\$ 18,175,428	\$ 8,264,294	\$ 4,408,158	\$ 7,360,808	\$ 38,781,249	\$ 3,585,183	\$ 80,575,120
Charges for services	-	-	-	-	251,549	-	251,549
Earnings on investments	-	6,792	198,537	-	-	711	206,040
Miscellaneous	-	-	-	-	1,585,702	98,284	1,683,986
Total revenues	<u>18,175,428</u>	<u>8,271,086</u>	<u>4,606,695</u>	<u>7,360,808</u>	<u>40,618,500</u>	<u>3,684,178</u>	<u>82,716,695</u>
<b>EXPENDITURES</b>							
Administration of justice	131,785	518,841	3,373,879	-	1,251,615	2,249,772	7,525,892
Parks	-	-	-	-	-	5,633	5,633
County administration	-	1,188,820	-	-	865,104	1,092,507	3,146,431
Health and human services	17,576,846	971,462	567,157	7,360,808	38,001,382	184,777	64,662,432
Capital outlay	466,797	5,810,792	1,348,860	-	451,578	450,344	8,528,371
Total expenditures	<u>18,175,428</u>	<u>8,489,915</u>	<u>5,289,896</u>	<u>7,360,808</u>	<u>40,569,679</u>	<u>3,983,033</u>	<u>83,868,759</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(218,829)</u>	<u>(683,201)</u>	<u>-</u>	<u>48,821</u>	<u>(298,855)</u>	<u>(1,152,064)</u>
Transfers in	-	218,829	683,201	-	-	298,855	1,200,885
Transfers out	-	-	-	-	(88,633)	-	(88,633)
Total transfers	<u>-</u>	<u>218,829</u>	<u>683,201</u>	<u>-</u>	<u>(88,633)</u>	<u>298,855</u>	<u>1,112,252</u>
Net changes in fund balances	-	-	-	-	(39,812)	-	(39,812)
Fund balance, beginning	-	-	-	-	1,482,291	-	1,482,291
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,442,479</u>	<u>\$ -</u>	<u>\$ 1,442,479</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE**  
**GRANTS - STATE AND LOCAL PROGRAMS**  
**February 29, 2008**

	Texas Department of Health	Texas Commission on Environmental Quality	Texas Department of Protective & Regulatory Services	Criminal Justice Division Texas Governor's Office	Texas Department of Transportation	Texas Parks and Wildlife Department	Other State Programs	Local Grants	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 1,648,463	\$ -	\$ -	\$ -	\$ -	\$ 16,270	\$ 150,932	\$ 1,815,665
Investments	-	3,999,630	-	-	-	-	38,536	683,732	4,721,898
Accounts receivable	108,913	-	171,208	-	-	-	143,611	167,455	591,187
Accrued interest receivable	-	13,210	-	-	-	-	127	2,258	15,595
Other receivables	153,482	645,552	350,520	175,074	332,420	648,300	153,275	263,103	2,721,726
Prepays and other assets	-	-	-	-	675	-	-	-	675
Due from other funds	-	-	-	-	-	648,300	-	-	648,300
Total assets	<u>\$ 262,395</u>	<u>\$ 6,306,855</u>	<u>\$ 521,728</u>	<u>\$ 175,074</u>	<u>\$ 333,095</u>	<u>\$ 1,296,600</u>	<u>\$ 351,819</u>	<u>\$ 1,267,480</u>	<u>\$ 10,515,046</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Vouchers payable	\$ 19,226	\$ 19,403	\$ 138,569	\$ 17,029	\$ 1,194	\$ -	\$ 45,613	\$ 186,411	\$ 427,445
Accrued payroll and compensated absences	61,618	-	88,096	40,855	240,409	-	4,479	189,295	624,752
Due to other funds	181,551	-	295,063	117,190	91,492	1,296,600	250,312	257,121	2,489,329
Deferred revenue	-	6,287,452	-	-	-	-	51,415	634,653	6,973,520
Total liabilities	<u>262,395</u>	<u>6,306,855</u>	<u>521,728</u>	<u>175,074</u>	<u>333,095</u>	<u>1,296,600</u>	<u>351,819</u>	<u>1,267,480</u>	<u>10,515,046</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 262,395</u>	<u>\$ 6,306,855</u>	<u>\$ 521,728</u>	<u>\$ 175,074</u>	<u>\$ 333,095</u>	<u>\$ 1,296,600</u>	<u>\$ 351,819</u>	<u>\$ 1,267,480</u>	<u>\$ 10,515,046</u>



**HARRIS COUNTY, TEXAS  
SPECIAL REVENUE FUNDS**

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 158,629,836	\$ 158,629,836	\$ 154,048,077	\$ (4,581,759)
Revenues and Transfers In:				
Taxes	82,139,407	82,139,407	92,989,468	10,850,061
Charges for Services	11,269,443	11,451,812	10,767,983	(683,829)
Forfeitures	-	-	12,463	12,463
Interest	6,095,098	6,095,098	6,888,295	793,197
Intergovernmental	3,489,570	7,192,952	6,694,458	(498,494)
Miscellaneous	1,361,001	1,812,335	7,743,241	5,930,906
Other - Transfers In	22,695,844	28,130,950	26,226,385	(1,904,565)
Total Revenues and Transfers In	<u>127,050,363</u>	<u>136,822,554</u>	<u>151,322,293</u>	<u>14,499,739</u>
Total Available Resources	<u>\$ 285,680,199</u>	<u>\$ 295,452,390</u>	<u>\$ 305,370,370</u>	<u>\$ 9,917,980</u>

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
<b>Flood Control</b>				
Commercial Paper Series F - Flood Control	\$ 285,469	\$ 4,681,469	\$ 1,315,412	\$ 3,366,057
Flood Control Refunding Series 2003B	9,784,601	9,789,034	9,784,600	4,434
Flood Control Refunding Series 2004A	11,359,737	11,499,082	11,359,738	139,344
Flood Control Refunding Series 2006A	3,768,291	3,768,291	3,767,400	891
Flood Control Refunding Series 2006A	5,907	5,907	-	5,907
Flood Control General Fund	144,289,638	144,289,638	65,178,918	79,110,720
<b>Total Flood Control</b>	<u>169,493,643</u>	<u>174,033,421</u>	<u>91,406,068</u>	<u>82,627,353</u>
Hotel Occupancy Tax	29,559,381	29,559,381	28,608,697	950,684
Deed Restriction Enforcement	5,782	5,782	-	5,782
Child Support Enforcement	1,312,767	1,312,767	1,238,247	74,520
Family Protection	442,748	442,748	373,126	69,622
CPS - Special Revenue Contracts	-	1,505,450	670,683	834,767
Appellate Judicial System	619,835	619,835	546,817	73,018
County Attorney Administration	794,815	977,184	331,049	646,135
<b>District Attorney Administration</b>				
District Attorney Special Investigating	11,020,715	11,020,715	2,994	11,017,721
District Attorney Hot Check Depository	6,019,996	6,019,996	65,545	5,954,451
<b>Total District Attorney Administration</b>	<u>17,040,711</u>	<u>17,040,711</u>	<u>68,539</u>	<u>16,972,172</u>
Courthouse Security Justice Court	315,713	315,713	-	315,713
Records Management	20,356,537	20,356,537	4,313,257	16,043,280
Donation Fund	2,736,605	2,799,102	208,943	2,590,159
Justice Court Technology	785,635	785,635	165,079	620,556
Child Abuse Prevention	2,356	2,356	-	2,356
Juvenile Case Manager Fee	1,000,000	1,000,000	-	1,000,000
Tax Office Chapter 19	561,297	688,332	453,524	234,808
Stormwater Management	2,923,287	5,041,514	2,825,255	2,216,259
San Jacinto Wetlands	48,782	48,782	-	48,782
TCEQ - Pollution Control	866,906	1,065,931	204,163	861,768
Election Services	1,001,542	1,001,542	487,951	513,591
<b>Law Enforcement Forfeited Fund</b>				
District Attorney Seized Assets - Treasury	8,428	8,428	-	8,428
District Attorney Seized Assets - Justice	88,485	88,485	6,337	82,148
Constable Seized Assets - Treasury	39,358	39,358	-	39,358
Constable Seized Assets - Justice	141,366	141,366	8,092	133,274
Sheriff Seized Assets - Treasury	5,763,295	5,763,295	1,798,822	3,964,473
Sheriff Seized Assets - Justice	2,085,558	2,085,558	86,041	1,999,517
Sheriff Seized Assets - State	4,145,519	4,145,519	468,501	3,677,018
District Attorney Seized Assets - State	12,693,122	12,696,116	2,894,133	9,801,983
Constable Seized Assets - State	526,636	526,636	47,731	478,905
Commissioner's Court Seized Assets	1,699,401	1,699,401	-	1,699,401
Fire Marshall Seized Assets	11,074	11,074	-	11,074
<b>Total Law Enforcement Forfeited Fund</b>	<u>27,202,242</u>	<u>27,205,236</u>	<u>5,309,657</u>	<u>21,895,579</u>
Dispute Resolution	1,495,693	1,495,693	949,302	546,391
LEOSE Law Enforcement	913,200	913,200	323,552	589,648
Library Donation Fund	587,896	587,896	243,073	344,823
Law Library	2,207,442	2,207,442	1,306,771	900,671
<b>Restricted Fund</b>				
Community Development Restricted Fund	1,731,649	2,767,761	1,308,275	1,459,486
County Judge Restricted Fund	23	224,198	172,566	51,632
<b>Total Restricted Fund</b>	<u>1,731,672</u>	<u>2,991,959</u>	<u>1,480,841</u>	<u>1,511,118</u>
<b>TIRZ Affordable Housing</b>				
TIRZ Affordable Housing - Non Interest Bearing	760,201	760,201	-	760,201
TIRZ Affordable Housing - Interest Bearing	869,058	869,058	818,703	50,355
<b>Total TIRZ Affordable Housing</b>	<u>1,629,259</u>	<u>1,629,259</u>	<u>818,703</u>	<u>810,556</u>
<b>Total Special Revenue Fund</b>	<u>\$ 285,635,746</u>	<u>\$ 295,633,408</u>	<u>\$ 142,333,297</u>	<u>\$ 153,300,111</u>



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Debt Service Funds are used to account for payment of principal and interest on County debt.

**HARRIS COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 February 29, 2008**

	<u>Roads</u>	<u>Flood Control</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,381,283	\$ 3,413,312	\$ 25,794,595
Investments	40,715,311	10,763,925	51,479,236
Taxes receivable, net	2,835,959	724,808	3,560,767
Other receivables	2,150,402	398,049	2,548,451
Total assets	<u>\$ 68,082,955</u>	<u>\$ 15,300,094</u>	<u>\$ 83,383,049</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	\$ 2,835,959	\$ 724,808	\$ 3,560,767
Total liabilities	<u>2,835,959</u>	<u>724,808</u>	<u>3,560,767</u>
Fund Balances:			
Reserved for debt service	65,246,996	14,575,286	79,822,282
Total fund balances	<u>65,246,996</u>	<u>14,575,286</u>	<u>79,822,282</u>
Total liabilities and fund balances	<u>\$ 68,082,955</u>	<u>\$ 15,300,094</u>	<u>\$ 83,383,049</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE**  
**For The Year Ended February 29, 2008**

	<b>Roads</b>	<b>Flood Control</b>	<b>Total</b>
<b>REVENUES</b>			
Taxes - Property	\$ 54,381,241	\$ 9,196,529	\$ 63,577,770
Earnings on investments	1,993,895	674,368	2,668,263
Miscellaneous	80,872	15,507	96,379
Total revenues	56,456,008	9,886,404	66,342,412
<b>EXPENDITURES</b>			
Debt Service:			
Principal retirement	21,687,327	3,995,287	25,682,614
Interest and fiscal charges	42,691,402	12,379,097	55,070,499
Total expenditures	64,378,729	16,374,384	80,753,113
Excess (deficiency) of revenue over (under) expenditures	(7,922,721)	(6,487,980)	(14,410,701)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	18,125,921	5,162,056	23,287,977
Transfers out	-	-	-
Total other financing sources (uses)	18,125,921	5,162,056	23,287,977
Net changes in fund balances	10,203,200	(1,325,924)	8,877,276
Fund balances, beginning	55,043,796	15,901,210	70,945,006
Fund balances, ending	\$ 65,246,996	\$ 14,575,286	\$ 79,822,282

**HARRIS COUNTY, TEXAS  
DEBT SERVICE FUNDS**

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 62,600,850	\$ 62,600,850	\$ 66,995,082	\$ 4,394,232
Revenues and Transfers In:				
Taxes	88,031,246	88,031,246	64,628,575	(23,402,671)
Interest	2,347,529	2,347,529	2,625,419	277,890
Miscellaneous	-	-	75,069	75,069
Other Transfers In	14,759,378	14,759,378	23,287,977	8,528,599
Total Revenues and Transfers In	<u>105,138,153</u>	<u>105,138,153</u>	<u>90,617,040</u>	<u>(14,521,113)</u>
Total Available Resources	<u>\$ 167,739,003</u>	<u>\$ 167,739,003</u>	<u>\$ 157,612,122</u>	<u>\$ (10,126,881)</u>

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Roads				
Road Series 1996	\$ 11,349,337	\$ 11,397,497	\$ 10,555,737	\$ 841,760
Road Refunding Series 1993	17,437,102	17,440,123	9,720,000	7,720,123
Road Refunding Series 2001	29,344,061	29,357,521	10,532,979	18,824,542
Road Refunding Series 2003A	5,997,141	5,997,141	2,995,863	3,001,278
Road Refunding Series 2003B	7,854,835	7,854,835	3,913,925	3,940,910
Road Refunding Series 2004A-D	12,353,483	12,353,483	6,108,275	6,245,208
Unlimited Tax Road Refunding Series 2004	14,719,377	15,056,883	7,248,050	7,808,833
Unlimited Tax Road Refunding Series 2005A	3,415,853	3,415,853	1,721,000	1,694,853
Unlimited Tax Forward Refunding 2006A-D	7,610,037	7,610,037	1,404,500	6,205,537
Roads Refunding 2006B	<u>23,719,539</u>	<u>25,179,580</u>	<u>10,178,400</u>	<u>15,001,180</u>
Total Roads	<u>133,800,765</u>	<u>135,662,953</u>	<u>64,378,729</u>	<u>71,284,224</u>
Flood Control				
Flood Control Refunding Series 1993A	19,096,485	19,096,485	11,115,000	7,981,485
Flood Control Refunding Series 2002	1,613,255	1,613,255	483,925	1,129,330
Flood Control Refunding Series 2003	3,372,270	3,372,270	1,694,481	1,677,789
Flood Control Improvement Bonds 2007	<u>9,856,228</u>	<u>9,856,228</u>	<u>3,080,978</u>	<u>6,775,250</u>
Total Flood Control	<u>33,938,238</u>	<u>33,938,238</u>	<u>16,374,384</u>	<u>17,563,854</u>
Total Debt Service Funds	<u>\$ 167,739,003</u>	<u>\$ 169,601,191</u>	<u>\$ 80,753,113</u>	<u>\$ 88,848,078</u>

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

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

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

**SPORTS AND CONVENTION CORPORATION** – This fund is used for construction of the sports and entertainment complex located on property owned by the County.

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

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**HARRIS COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS**  
**February 29, 2008**

	<b>Permanent Improvements</b>	<b>Reliant Park</b>	<b>Sports and Convention Corporation</b>	<b>Flood Control</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,729,978	\$ 756,475	\$ -	\$ 27,533,357	\$ 47,019,810
Investments	8,755,309	-	-	139,279,506	148,034,815
Accounts receivable, net	389,061	-	616,491	5,309,769	6,315,321
Accrued interest receivable	25,509	-	-	1,194,301	1,219,810
Other receivables	-	-	-	903	903
Due from other funds	-	-	-	1,491,389	1,491,389
Prepays and other assets	1,590	-	-	-	1,590
Advances to other funds	-	12,000,000	-	-	12,000,000
Restricted cash and cash equivalents	-	-	1,397,251	-	1,397,251
Restricted investments	-	-	12,000,000	-	12,000,000
Total assets	<u>\$ 27,901,447</u>	<u>\$ 12,756,475</u>	<u>\$ 14,013,742</u>	<u>\$ 174,809,225</u>	<u>\$ 229,480,889</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Vouchers payable	\$ 5,388,462	\$ -	\$ 680,653	\$ 6,949,006	\$ 13,018,121
Retainage payable	753,347	-	-	3,377,672	4,131,019
Due to other funds	452,506	-	-	730,574	1,183,080
Advances from other funds	-	-	12,000,000	-	12,000,000
Deferred revenue	389,061	-	3,017,109	334,780	3,740,950
Total liabilities	<u>6,983,376</u>	<u>-</u>	<u>15,697,762</u>	<u>11,392,032</u>	<u>34,073,170</u>
Fund Balances:					
Reserved for encumbrances	22,214,081	-	-	59,456,097	81,670,178
Reserved for prepaids	1,590	-	-	-	1,590
Reserved for advances	-	12,000,000	-	-	12,000,000
Unreserved - designated for capital projects	<u>(1,297,600)</u>	<u>756,475</u>	<u>(1,684,020)</u>	<u>103,961,096</u>	<u>101,735,951</u>
Total fund balances	<u>20,918,071</u>	<u>12,756,475</u>	<u>(1,684,020)</u>	<u>163,417,193</u>	<u>195,407,719</u>
Total liabilities and fund balances	<u>\$ 27,901,447</u>	<u>\$ 12,756,475</u>	<u>\$ 14,013,742</u>	<u>\$ 174,809,225</u>	<u>\$ 229,480,889</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS**  
**For The Year Ended February 29, 2008**

	<b>Permanent Improvements</b>	<b>Reliant Park</b>	<b>Sports and Convention Corporation</b>	<b>Flood Control</b>	<b>Total</b>
<b>REVENUES</b>					
Charges for services	\$ -	\$ -	\$ -	\$ 12,207,696	\$ 12,207,696
Intergovernmental	500,000	-	-	-	500,000
Earnings on investments	1,807,520	27,108	151,109	9,907,367	11,893,104
Miscellaneous	98,080	-	1,784,858	1,143,195	3,026,133
Total revenues	<u>2,405,600</u>	<u>27,108</u>	<u>1,935,967</u>	<u>23,258,258</u>	<u>27,626,933</u>
<b>EXPENDITURES</b>					
Administration of justice	121,699	-	-	-	121,699
Parks	14,111	-	3,210,907	-	3,225,018
County administration	8,803,752	-	-	-	8,803,752
Health and human services	297,074	-	-	-	297,074
Flood control	-	-	-	14,440,704	14,440,704
Roads and bridges	56,453	-	-	-	56,453
Capital outlay	48,974,545	-	1,086,282	46,357,563	96,418,390
Bond issuance costs	-	-	-	72	72
Total expenditures	<u>58,267,634</u>	<u>-</u>	<u>4,297,189</u>	<u>60,798,339</u>	<u>123,363,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55,862,034)</u>	<u>27,108</u>	<u>(2,361,222)</u>	<u>(37,540,081)</u>	<u>(95,736,229)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	401	401
Transfers out	(18,332,319)	(32,952)	-	(9,518,539)	(27,883,810)
Commercial paper issued	49,844,820	-	-	27,860,000	77,704,820
Sale of capital assets	6,000	-	-	701,208	707,208
Capital leases	-	-	168,209	-	168,209
Total other financing sources (uses)	<u>31,518,501</u>	<u>(32,952)</u>	<u>168,209</u>	<u>19,043,070</u>	<u>50,696,828</u>
Net change in fund balances	(24,343,533)	(5,844)	(2,193,013)	(18,497,011)	(45,039,401)
Fund balances, beginning	45,261,604	12,762,319	508,993	181,914,204	240,447,120
Fund balances, ending	<u>\$ 20,918,071</u>	<u>\$ 12,756,475</u>	<u>\$ (1,684,020)</u>	<u>\$ 163,417,193</u>	<u>\$ 195,407,719</u>

**HARRIS COUNTY, TEXAS  
CAPITAL PROJECTS FUNDS**

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 479,473,156	\$ 479,473,156	\$ 512,965,843	\$ 33,492,687
Revenues and Transfers In:				
Interest	-	20,963,983	23,224,158	2,260,175
Miscellaneous	-	1,605,270	2,854,884	1,249,614
Intergovernmental	-	27,694,133	34,730,432	7,036,299
Other Sale of Real Property	-	-	796,385	796,385
Other Proceeds Comm Paper	531,665,776	531,665,776	146,355,000	(385,310,776)
Other Transfers In	-	-	401	401
Total Revenues and Transfers In	<u>531,665,776</u>	<u>581,929,162</u>	<u>207,961,260</u>	<u>(373,967,902)</u>
Total Available Resources	<u>\$ 1,011,138,932</u>	<u>\$ 1,061,402,318</u>	<u>\$ 720,927,103</u>	<u>\$ (340,475,215)</u>

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

**For The Year Ended February 29, 2008**

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Roads				
METRO Street Improvement	\$ 6,639,669	\$ 6,968,418	\$ 196,808	\$ 6,771,610
1975 Road Bonds Construction	580,769	609,626	37,305	572,321
Road Capital Projects	46,747,306	53,799,867	26,223,147	27,576,720
METRO Designated Projects	23,192,834	38,768,663	8,163,222	30,605,441
Road Refunding 2004B	70,030,521	77,414,804	29,885,219	47,529,585
Road Refunding 2006B	115,147,969	119,633,932	5,351,421	114,282,511
Road Series 1993 Construction	127,580	104,466	19,622	84,844
Road 1996 Construction	1,835,965	1,827,479	1,269,750	557,729
Commercial Paper Series C	235,804,128	240,288,671	71,080,202	169,208,469
Total Roads	<u>500,106,741</u>	<u>539,415,926</u>	<u>142,226,696</u>	<u>397,189,230</u>
Permanent Improvements				
Buildings/Parks/Library Projects	4,067,925	4,370,004	2,353,513	2,016,491
1982 Park Bonds Construction	1,217,797	1,249,424	915,140	334,284
CO Series 2001 Construction	15,461,816	16,036,022	5,106,043	10,929,979
Permanent Improvements 2002 Construction	58,035	60,699	2,903	57,796
Permanent Improvements 1994 Construction	1,297,210	1,345,841	874,632	471,209
CO Series 1994 Construction	5,384,811	5,592,265	1,583,586	4,008,679
Commercial Paper Series B	48,438,899	48,549,585	19,391,552	29,158,033
Commercial Paper Series A	2,844,126	-	-	-
Commercial Paper Series A-1	22,167,515	22,067,874	12,815,784	9,252,090
Commercial Paper Series New D	826,667	852,453	32,952	819,501
Total Permanent Improvements	<u>101,764,801</u>	<u>100,124,167</u>	<u>43,076,105</u>	<u>57,048,062</u>
Reliant Park				
Commercial Paper Series D	44,815,222	53,101,764	34,521,171	18,580,593
Total Reliant Park	<u>44,815,222</u>	<u>53,101,764</u>	<u>34,521,171</u>	<u>18,580,593</u>
Flood Control				
Regional Flood Control Projects	18,915,771	19,679,011	3,696,701	15,982,310
Flood Control Capital Projects	21,246,317	28,374,207	4,513,560	23,860,647
FC Bonds 2004A-Construction	53,199,006	55,684,948	24,685,427	30,999,521
FC Improvement Bonds 2007	94,321,856	98,422,441	9,065,673	89,356,768
Commercial Paper - Flood Control	176,769,219	176,554,717	27,418,895	149,135,822
Total Flood Control	<u>364,452,169</u>	<u>378,715,324</u>	<u>69,380,256</u>	<u>309,335,068</u>
Total Capital Projects Funds	<u>\$ 1,011,138,933</u>	<u>\$ 1,071,357,181</u>	<u>\$ 289,204,228</u>	<u>\$ 782,152,953</u>

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

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

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

**SHERIFF'S COMMISSARY FUND** - This fund is used to account for the operation of a commissary for jail inmates. In addition, the fund is used to account for inmate monies held in a trustee capacity, from which inmates can make commissary purchases and from which inmates are required to reimburse the County for medical services provided to them. The Commissary is funded primarily through profits on sales of commissary items to inmates.

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS**  
**February 29, 2008**

	<b>Subscriber Access</b>	<b>Parking Facilities</b>	<b>Sheriff's Commissary Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 282,718	\$ 595,852	\$ 9,612,056	\$ 10,490,626
Investments	671,254	1,445,636	-	2,116,890
Accounts receivable, net	31,631	35,129	-	66,760
Accrued interest receivable	2,217	4,774	-	6,991
Due from other funds	-	-	746,931	746,931
Inventories	-	-	307,487	307,487
Total current assets	<u>987,820</u>	<u>2,081,391</u>	<u>10,666,474</u>	<u>13,735,685</u>
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Buildings	-	21,154,443	-	21,154,443
Equipment	764,454	-	2,160,272	2,924,726
Accumulated depreciation	(764,454)	(5,881,957)	(2,051,957)	(8,698,368)
Total noncurrent assets	<u>-</u>	<u>19,236,084</u>	<u>108,315</u>	<u>19,344,399</u>
Total assets	<u>987,820</u>	<u>21,317,475</u>	<u>10,774,789</u>	<u>33,080,084</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Current liabilities:				
Vouchers payable	6,597	38,743	707,903	753,243
Accrued payroll and compensated absences	5,144	-	-	5,144
Customer deposits	218,447	-	-	218,447
Total current liabilities	<u>230,188</u>	<u>38,743</u>	<u>707,903</u>	<u>976,834</u>
Noncurrent liabilities:				
Noncurrent portion of compensatory time payable	269	-	-	269
Total noncurrent liabilities	<u>269</u>	<u>-</u>	<u>-</u>	<u>269</u>
Total Liabilities	<u>230,457</u>	<u>38,743</u>	<u>707,903</u>	<u>977,103</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	19,236,084	108,315	19,344,399
Unrestricted	757,363	2,042,648	9,958,571	12,758,582
Total net assets	<u>\$ 757,363</u>	<u>\$21,278,732</u>	<u>\$ 10,066,886</u>	<u>\$ 32,102,981</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - NONMAJOR ENTERPRISE FUNDS**  
**For The Year Ended February 29, 2008**

	<b>Subscriber Access</b>	<b>Parking Facilities</b>	<b>Sheriff's Commissary Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ -	\$ 8,251,230	\$ 8,251,230
User fees	181,766	367,650	-	549,416
Miscellaneous	83,515	-	16,235	99,750
Total operating revenues	<u>265,281</u>	<u>367,650</u>	<u>8,267,465</u>	<u>8,900,396</u>
<b>OPERATING EXPENSES</b>				
Salaries	51,486	-	600,000	651,486
Materials and supplies	2,500	-	1,694,358	1,696,858
Services and fees	60,458	147,108	1,845,014	2,052,580
Utilities	-	335,380	-	335,380
Transportation and travel	-	-	11,641	11,641
Cost of goods sold	-	-	3,935,960	3,935,960
Depreciation	47,205	470,006	55,027	572,238
Total operating expenses	<u>161,649</u>	<u>952,494</u>	<u>8,142,000</u>	<u>9,256,143</u>
Operating Income (Loss)	<u>103,632</u>	<u>(584,844)</u>	<u>125,465</u>	<u>(355,747)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings on investments	53,576	139,126	473,593	666,295
Total nonoperating revenues (expenses)	<u>53,576</u>	<u>139,126</u>	<u>473,593</u>	<u>666,295</u>
Income (loss) before transfers	157,208	(445,718)	599,058	310,548
Transfers out	-	(665,000)	(112,137)	(777,137)
Total contributions and transfers	<u>-</u>	<u>(665,000)</u>	<u>(112,137)</u>	<u>(777,137)</u>
Change in net assets	157,208	(1,110,718)	486,921	(466,589)
Net assets, beginning	600,155	22,389,450	9,579,965	32,569,570
Net assets, ending	<u>\$ 757,363</u>	<u>\$ 21,278,732</u>	<u>\$ 10,066,886</u>	<u>\$ 32,102,981</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS -**  
**NONMAJOR ENTERPRISE FUNDS**  
**For The Year Ended February 29, 2008**

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 280,584	\$ 368,511	\$ 8,274,921	\$ 8,924,016
Payments to employees	(51,815)	-	(600,000)	(651,815)
Payments to vendors	(71,193)	(484,154)	(7,343,145)	(7,898,492)
Net cash provided by (used for) operating activities	<u>157,576</u>	<u>(115,643)</u>	<u>331,776</u>	<u>373,709</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	-	(665,000)	(112,137)	(777,137)
Net cash used for noncapital financing activities	<u>-</u>	<u>(665,000)</u>	<u>(112,137)</u>	<u>(777,137)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale capital assets	-	-	671	671
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>671</u>	<u>671</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	-	-	(17,660,052)	(17,660,052)
Proceeds from sales and maturities of investments	-	-	19,059,818	19,059,818
Interest received	(186,939)	249,433	505,942	568,436
Net cash provided by (used for) investing activities	<u>(186,939)</u>	<u>249,433</u>	<u>1,905,708</u>	<u>1,968,202</u>
Net change in cash and cash equivalents	(29,363)	(531,210)	2,126,018	1,565,445
Cash and cash equivalents, beginning	312,081	1,127,062	7,486,038	8,925,181
Cash and cash equivalents, ending	<u>\$ 282,718</u>	<u>\$ 595,852</u>	<u>\$ 9,612,056</u>	<u>\$ 10,490,626</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss)	\$ 103,632	\$ (584,844)	\$ 125,465	\$ (355,747)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	47,205	470,006	55,027	572,238
Change in current assets and liabilities:				
Receivables, net	10,110	861	7,456	18,427
Inventories	-	-	(134,016)	(134,016)
Vouchers payable and accrued liabilities	(8,443)	(1,666)	277,844	267,735
Other liabilities	5,193	-	-	5,193
Compensatory time payable	(121)	-	-	(121)
Net cash provided by operating activities	<u>\$ 157,576</u>	<u>\$ (115,643)</u>	<u>\$ 331,776</u>	<u>\$ 373,709</u>
<b>Non-Cash Investing Activities:</b>				
Increase in the fair value of investments	\$ 240,286	\$ (107,915)	\$ (32,349)	\$ 100,022



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

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

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

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

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

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**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**February 29, 2008**

	<u>Vehicle Maintenance</u>	<u>Radio Operations</u>	<u>Inmate Industries</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,340,024	\$ 59,077	\$ 457,058	\$ 3,567,738	\$ 6,423,897
Investments	5,679,050	145,701	1,109,459	39,978,559	46,912,769
Receivables:					
Accounts	60,058	592,474	-	241	652,773
Accrued interest	18,756	481	3,664	296,148	319,049
Other	22,383	22,990	1,806	4,026,869	4,074,048
Inventories	1,298,938	1,280,489	-	-	2,579,427
Prepays and other assets	622	14,556	5,389	1,498,977	1,519,544
Due from other funds	159,962	28,906	-	24,825	213,693
Land	250,000	-	-	-	250,000
Construction in progress	116,145	-	-	-	116,145
Buildings	1,468,568	-	-	-	1,468,568
Equipment	42,206,990	1,671,848	510,636	-	44,389,474
Accumulated depreciation	(27,532,374)	(1,313,961)	(288,607)	-	(29,134,942)
Total assets	<u>26,089,122</u>	<u>2,502,561</u>	<u>1,799,405</u>	<u>49,393,357</u>	<u>79,784,445</u>
<b>LIABILITIES</b>					
Vouchers payable	2,041,839	267,431	24,687	938,437	3,272,394
Accrued payroll and compensated absences	345,839	223,606	-	385,062	954,507
Estimated outstanding claims	-	-	-	15,391,895	15,391,895
Incurred but not reported claims	-	-	-	8,997,550	8,997,550
Deferred revenue	-	684,834	-	348,077	1,032,911
Noncurrent portion of long-term liabilities	38,177	185,461	-	21,158	244,796
Total liabilities	<u>2,425,855</u>	<u>1,361,332</u>	<u>24,687</u>	<u>26,082,179</u>	<u>29,894,053</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	16,509,329	357,887	222,029	-	17,089,245
Unrestricted	7,153,938	783,342	1,552,689	23,311,178	32,801,147
Total net assets	<u>\$ 23,663,267</u>	<u>\$ 1,141,229</u>	<u>\$ 1,774,718</u>	<u>\$ 23,311,178</u>	<u>\$ 49,890,392</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET ASSETS - INTERNAL SERVICE FUNDS**  
**For The Year Ended February 29, 2008**

	<b>Vehicle Maintenance</b>	<b>Radio Operations</b>	<b>Inmate Industries</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Lease revenue	\$ -	\$ 139,240	\$ -	\$ -	\$ 139,240
Charges to departments	19,293,400	460,019	600,054	13,556,558	33,910,031
User fees	5,622,500	1,653,618	-	-	7,276,118
Total operating revenues	<u>24,915,900</u>	<u>2,252,877</u>	<u>600,054</u>	<u>13,556,558</u>	<u>41,325,389</u>
<b>OPERATING EXPENSES</b>					
Salaries	2,719,115	2,347,177	-	3,737,877	8,804,169
Materials and supplies	128,649	213,543	156,301	345,214	843,707
Services and fees	2,230,834	2,126,352	122,550	2,879,501	7,359,237
Utilities	102,397	647,856	-	173	750,426
Transportation and travel	6,520,819	-	2,034	28,820	6,551,673
Incurred claims	-	-	-	5,887,470	5,887,470
Estimated claims	-	-	-	(1,032,401)	(1,032,401)
Cost of goods sold	7,587,113	254,797	-	-	7,841,910
Depreciation	5,263,492	94,337	33,050	-	5,390,879
Total operating expenses	<u>24,552,419</u>	<u>5,684,062</u>	<u>313,935</u>	<u>11,846,654</u>	<u>42,397,070</u>
Operating income (loss)	<u>363,481</u>	<u>(3,431,185)</u>	<u>286,119</u>	<u>1,709,904</u>	<u>(1,071,681)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Earnings on investments	560,235	16,281	121,129	2,173,472	2,871,117
Gain on sale of capital assets	141,543	-	-	-	141,543
Other nonoperating revenues	3,814	166,354	-	-	170,168
Total nonoperating revenues (expenses)	<u>705,592</u>	<u>182,635</u>	<u>121,129</u>	<u>2,173,472</u>	<u>3,182,828</u>
Income (loss) before transfers	<u>1,069,073</u>	<u>(3,248,550)</u>	<u>407,248</u>	<u>3,883,376</u>	<u>2,111,147</u>
Transfers in	6,237	3,378,600	-	3,800,000	7,184,837
Transfers out	(3,000,000)	-	(1,000,000)	-	(4,000,000)
Total transfers	<u>(2,993,763)</u>	<u>3,378,600</u>	<u>(1,000,000)</u>	<u>3,800,000</u>	<u>3,184,837</u>
Change in net assets	(1,924,690)	130,050	(592,752)	7,683,376	5,295,984
Net assets, beginning	25,587,957	1,011,179	2,367,470	15,627,802	44,594,408
Net assets, ending	<u>\$ 23,663,267</u>	<u>\$ 1,141,229</u>	<u>\$ 1,774,718</u>	<u>\$ 23,311,178</u>	<u>\$ 49,890,392</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**For The Year Ended February 29, 2008**

	<b>Vehicle Maintenance</b>	<b>Radio Operations</b>	<b>Inmate Industries</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 24,843,680	\$ 2,119,302	\$ 598,545	\$ 13,476,243	\$ 41,037,770
Payments to employees	(2,663,396)	(2,304,605)	-	(3,713,350)	(8,681,351)
Payments to vendors	(16,638,181)	(3,064,438)	(307,928)	(2,970,135)	(22,980,682)
Claims paid	-	-	-	(5,443,357)	(5,443,357)
Other receipts	3,814	166,354	-	-	170,168
Net cash provided by (used for) operating activities	<u>5,545,917</u>	<u>(3,083,387)</u>	<u>290,617</u>	<u>1,349,401</u>	<u>4,102,548</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	6,237	3,378,600	-	3,800,000	7,184,837
Transfers to other funds	(3,000,000)	-	(1,000,000)	-	(4,000,000)
Net cash provided by (used for) noncapital financing activities	<u>(2,993,763)</u>	<u>3,378,600</u>	<u>(1,000,000)</u>	<u>3,800,000</u>	<u>3,184,837</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(6,475,453)	(208,077)	-	-	(6,683,530)
Net cash used for capital and related financing activities	<u>(6,475,453)</u>	<u>(208,077)</u>	<u>-</u>	<u>-</u>	<u>(6,683,530)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	-	-	(67,374,097)	(67,374,097)
Proceeds from sales and maturities of investments	-	-	-	55,796,585	55,796,585
Interest received	1,494,179	(65,088)	262,802	2,170,263	3,862,156
Net cash used for investing activities	<u>1,494,179</u>	<u>(65,088)</u>	<u>262,802</u>	<u>(9,407,249)</u>	<u>(7,715,356)</u>
Net change in cash and cash equivalents	(2,429,120)	22,048	(446,581)	(4,257,848)	(7,111,501)
Cash and cash equivalents, beginning	4,769,144	37,029	903,639	7,825,586	13,535,398
Cash and cash equivalents, ending	<u>\$ 2,340,024</u>	<u>\$ 59,077</u>	<u>\$ 457,058</u>	<u>\$ 3,567,738</u>	<u>\$ 6,423,897</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating income (loss)	\$ 363,481	\$ (3,431,185)	\$ 286,119	\$ 1,709,904	\$ (1,071,681)
Adjustments to reconcile operating income to net cash					
Provided by operating activities:					
Depreciation expense	5,263,492	94,337	33,050	-	5,390,879
Other non-operating revenues (expenses)	3,814	166,354	-	-	170,168
Change in assets and liabilities:					
Receivables, net	(41,929)	100,339	(1,509)	(121,593)	(64,692)
Prepays and other assets	(30,913)	(11,226)	979	(384,874)	(426,034)
Inventories	(216,176)	(171,684)	-	-	(387,860)
Vouchers payable and accrued liabilities	206,769	333,387	(28,022)	90,227	602,361
Deferred revenue	-	(206,281)	-	61,251	(145,030)
Compensatory time payable	(2,621)	42,572	-	(5,514)	34,437
Net cash provided by (used for) operating activities	<u>\$ 5,545,917</u>	<u>\$ (3,083,387)</u>	<u>\$ 290,617</u>	<u>\$ 1,349,401</u>	<u>\$ 4,102,548</u>
<b>Non-Cash Investing Activities:</b>					
Increase (decrease) in the fair value of investments	\$ (922,253)	\$ 81,185	\$ (139,576)	\$ (58,397)	\$ (1,039,041)



**AGENCY FUNDS:**

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

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

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

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

**CPS BENEFICIARY TRUST** - Established for the purpose of accounting for moneys held in the custody of the County for the benefit of children residing in Harris County under the conservatorship of the Texas Department of Protective and Regulatory Services.

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

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

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

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

**FORFEITED RESTITUTION** - This fund is used to account for collection and distribution of monies for Harris County District Attorney’s office to make consumer fraud restitution payments.

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

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

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

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

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



**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**February 29, 2008**

	<u>District Clerk</u> <u>Registry</u>	<u>County Clerk</u> <u>Registry</u>	<u>Officers' Fees</u>	<u>Bail Security</u>	<u>CPS</u> <u>Beneficiary Trust</u>	<u>Tax</u> <u>Collector's</u>	<u>Inmate</u> <u>Property</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 23,574,376	\$ 25,850,719	\$ 8,208,112	\$ 8,914,682	\$ 536,295	\$ 195,774,234	\$ 2,049,378
Investments	35,638,625	47,534,318	19,186,336	3,400,310	-	-	-
Accounts receivable	-	-	84,651	-	-	-	-
Other receivables	-	-	-	-	-	-	36,130
Accrued interest receivable	534,290	540,343	63,368	11,230	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 59,747,291</u>	<u>\$ 73,925,380</u>	<u>\$ 27,542,467</u>	<u>\$ 12,326,222</u>	<u>\$ 536,295</u>	<u>\$ 195,774,234</u>	<u>\$ 2,085,508</u>
<b>LIABILITIES</b>							
Vouchers payable	\$ -	\$ -	\$ 814,380	\$ -	\$ -	\$ -	\$ 746,931
Incurred but not reported claims	-	-	-	-	-	-	-
Held for others	59,747,291	73,925,380	26,728,087	12,326,222	536,295	195,774,234	1,338,577
Total liabilities	<u>\$ 59,747,291</u>	<u>\$ 73,925,380</u>	<u>\$ 27,542,467</u>	<u>\$ 12,326,222</u>	<u>\$ 536,295</u>	<u>\$ 195,774,234</u>	<u>\$ 2,085,508</u>

<b>Treasurer</b>	<b>Juvenile</b>	<b>Forfeited</b>	<b>District</b>	<b>Army</b>	<b>JJC</b>	<b>Retiree</b>		<b>Total</b>
<b>Escheat</b>	<b>Restitution</b>	<b>Restitution</b>	<b>Clerk</b>	<b>Corps of</b>	<b>Subcontractor</b>	<b>Healthcare</b>	<b>Custodial</b>	<b>Agency Funds</b>
			<b>Contingency</b>	<b>Engineers</b>	<b>Underpayment</b>	<b>Fund</b>		
				<b>Escrow</b>				
\$ 1,078,451	\$ 81,673	\$ 107	\$ 120,886	\$ 1,540,775	\$ 6,706	\$ -	\$ 1,792,585	\$ 269,528,979
-	-	-	293,238	-	16,515	-	-	106,069,342
-	-	-	-	-	-	356,757	-	441,408
-	-	-	-	-	-	-	-	36,130
-	-	-	968	-	55	-	-	1,150,254
-	-	-	-	-	-	5,126,288	-	5,126,288
<b>\$ 1,078,451</b>	<b>\$ 81,673</b>	<b>\$ 107</b>	<b>\$ 415,092</b>	<b>\$ 1,540,775</b>	<b>\$ 23,276</b>	<b>\$ 5,483,045</b>	<b>\$ 1,792,585</b>	<b>\$ 382,352,401</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265,735	\$ -	\$ 2,827,046
-	-	-	-	-	-	4,217,310	-	4,217,310
1,078,451	81,673	107	415,092	1,540,775	23,276	-	1,792,585	375,308,045
<b>\$ 1,078,451</b>	<b>\$ 81,673</b>	<b>\$ 107</b>	<b>\$ 415,092</b>	<b>\$ 1,540,775</b>	<b>\$ 23,276</b>	<b>\$ 5,483,045</b>	<b>\$ 1,792,585</b>	<b>\$ 382,352,401</b>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For The Year Ended February 29, 2008**

	Balance March 1, 2007	Additions	Deletions	Balance February 29, 2008
<b>District Clerk Registry</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,020,839	\$ 243,330,563	\$ 238,777,026	\$ 23,574,376
Investments	64,348,512	103,169,184	131,879,071	35,638,625
Accrued interest receivable	775,696	5,070,490	5,311,896	534,290
Total Assets	<u>\$ 84,145,047</u>	<u>\$ 351,570,237</u>	<u>\$ 375,967,993</u>	<u>\$ 59,747,291</u>
<b>LIABILITIES</b>				
Held for others	\$ 84,145,047	\$ 21,825,268	\$ 46,223,024	\$ 59,747,291
Total Liabilities	<u>\$ 84,145,047</u>	<u>\$ 21,825,268</u>	<u>\$ 46,223,024</u>	<u>\$ 59,747,291</u>
<b>County Clerk Registry</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,480,719	\$ 323,808,446	\$ 309,438,446	\$ 25,850,719
Investments	52,399,260	80,711,999	85,576,941	47,534,318
Accrued interest receivable	812,418	4,484,310	4,756,385	540,343
Total Assets	<u>\$ 64,692,397</u>	<u>\$ 409,004,755</u>	<u>\$ 399,771,772</u>	<u>\$ 73,925,380</u>
<b>LIABILITIES</b>				
Held for others	\$ 64,692,397	\$ 51,682,279	\$ 42,449,296	\$ 73,925,380
Total Liabilities	<u>\$ 64,692,397</u>	<u>\$ 51,682,279</u>	<u>\$ 42,449,296</u>	<u>\$ 73,925,380</u>
<b>Officers' Fees</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,060,172	\$ 173,366,801	\$ 176,218,861	\$ 8,208,112
Investments	15,852,933	19,188,646	15,855,243	19,186,336
Accounts receivable	66,961	109,086	91,396	84,651
Other receivable	1,327,513	-	1,327,513	-
Accrued interest receivable	73,119	63,368	73,119	63,368
Due from other funds	325,815	319,376	645,191	-
Total Assets	<u>\$ 28,706,513</u>	<u>\$ 193,047,277</u>	<u>\$ 194,211,323</u>	<u>\$ 27,542,467</u>
<b>LIABILITIES</b>				
Vouchers payable	\$ 455,788	\$ 53,820,156	\$ 53,461,564	\$ 814,380
Due to other funds	280,832	-	280,832	-
Held for others	27,969,893	377,089,188	378,330,994	26,728,087
Total Liabilities	<u>\$ 28,706,513</u>	<u>\$ 430,909,344</u>	<u>\$ 432,073,390</u>	<u>\$ 27,542,467</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For The Year Ended February 29, 2008**

	Balance March 1, 2007	Additions	Deletions	Balance February 29, 2008
<b>Bail Security</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,549,341	\$ 7,489,674	\$ 9,124,333	\$ 8,914,682
Investments	2,477,424	3,400,310	2,477,424	3,400,310
Accrued interest receivable	11,427	11,230	11,427	11,230
Total Assets	<u>\$ 13,038,192</u>	<u>\$ 10,901,214</u>	<u>\$ 11,613,184</u>	<u>\$ 12,326,222</u>
<b>LIABILITIES</b>				
Held for others	\$ 13,038,192	\$ 2,521,855	\$ 3,233,825	\$ 12,326,222
Total Liabilities	<u>\$ 13,038,192</u>	<u>\$ 2,521,855</u>	<u>\$ 3,233,825</u>	<u>\$ 12,326,222</u>
<b>CPS Beneficiary Trust</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 248,458	\$ 2,573,654	\$ 2,285,817	\$ 536,295
Total Assets	<u>\$ 248,458</u>	<u>\$ 2,573,654</u>	<u>\$ 2,285,817</u>	<u>\$ 536,295</u>
<b>LIABILITIES</b>				
Held for others	\$ 248,458	\$ 4,444,389	\$ 4,156,552	\$ 536,295
Total Liabilities	<u>\$ 248,458</u>	<u>\$ 4,444,389</u>	<u>\$ 4,156,552</u>	<u>\$ 536,295</u>
<b>Tax Collector's</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 252,857,498	\$ 6,753,949,244	\$ 6,811,032,508	\$ 195,774,234
Investments	-	22,499,671	22,499,671	-
Accrued interest receivable	551,571	-	551,571	-
Total Assets	<u>\$ 253,409,069</u>	<u>\$ 6,776,448,915</u>	<u>\$ 6,834,083,750</u>	<u>\$ 195,774,234</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 21,693,916	-	\$ 21,693,916	-
Held for others	231,715,153	6,311,036,712	6,346,977,631	195,774,234
Total Liabilities	<u>\$ 253,409,069</u>	<u>\$ 6,311,036,712</u>	<u>\$ 6,368,671,547</u>	<u>\$ 195,774,234</u>
<b>Inmate Property</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,863,475	\$ 34,682,880	\$ 34,496,977	\$ 2,049,378
Other receivable	36,130	-	-	36,130
Total Assets	<u>\$ 1,899,605</u>	<u>\$ 34,682,880</u>	<u>\$ 34,496,977</u>	<u>\$ 2,085,508</u>
<b>LIABILITIES</b>				
Payables	\$ -	\$ 746,931	-	\$ 746,931
Due to other funds	754,386	7,685,443	8,439,829	-
Held for others	1,145,219	16,871,662	16,678,304	1,338,577
Total Liabilities	<u>\$ 1,899,605</u>	<u>\$ 25,304,036</u>	<u>\$ 25,118,133</u>	<u>\$ 2,085,508</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For The Year Ended February 29, 2008**

	Balance March 1, 2007	Additions	Deletions	Balance February 29, 2008
<b>Treasurer Escheat</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 962,828	\$ 116,235	\$ 612	\$ 1,078,451
Total Assets	<u>\$ 962,828</u>	<u>\$ 116,235</u>	<u>\$ 612</u>	<u>\$ 1,078,451</u>
<b>LIABILITIES</b>				
Held for others	\$ 962,828	\$ 116,466	\$ 843	\$ 1,078,451
Total Liabilities	<u>\$ 962,828</u>	<u>\$ 116,466</u>	<u>\$ 843</u>	<u>\$ 1,078,451</u>
<b>Juvenile Restitution</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 49,570	\$ 361,294	\$ 329,191	\$ 81,673
Total Assets	<u>\$ 49,570</u>	<u>\$ 361,294</u>	<u>\$ 329,191</u>	<u>\$ 81,673</u>
<b>LIABILITIES</b>				
Held for others	\$ 49,570	\$ 49,413	\$ 17,310	\$ 81,673
Total Liabilities	<u>\$ 49,570</u>	<u>\$ 49,413</u>	<u>\$ 17,310</u>	<u>\$ 81,673</u>
<b>Forfeited Restitution</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 107	\$ -	\$ -	\$ 107
Total Assets	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107</u>
<b>LIABILITIES</b>				
Held for others	\$ 107	\$ -	\$ -	\$ 107
Total Liabilities	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107</u>
<b>District Clerk Contingency</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 524,335	\$ 403,449	\$ 120,886
Investments	-	293,238	-	293,238
Accrued interest receivable	-	968	-	968
Total Assets	<u>\$ -</u>	<u>\$ 818,541</u>	<u>\$ 403,449</u>	<u>\$ 415,092</u>
<b>LIABILITIES</b>				
Held for others	\$ -	\$ 415,092	\$ -	\$ 415,092
Total Liabilities	<u>\$ -</u>	<u>\$ 415,092</u>	<u>\$ -</u>	<u>\$ 415,092</u>
<b>Army Corps of Engineers Escrow</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,537,640	\$ 3,175,216	\$ 3,172,081	\$ 1,540,775
Total Assets	<u>\$ 1,537,640</u>	<u>\$ 3,175,216</u>	<u>\$ 3,172,081</u>	<u>\$ 1,540,775</u>
<b>LIABILITIES</b>				
Held for others	\$ 1,537,640	\$ 3,175,218	\$ 3,172,083	\$ 1,540,775
Total Liabilities	<u>\$ 1,537,640</u>	<u>\$ 3,175,218</u>	<u>\$ 3,172,083</u>	<u>\$ 1,540,775</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For The Year Ended February 29, 2008**

	Balance March 1, 2007	Additions	Deletions	Balance February 29, 2008
<b>JJC Subcontractor Underpayment</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 29,428	\$ 22,722	\$ 6,706
Investments	-	16,515	-	16,515
Accrued interest receivable	-	55	-	55
Due from other funds	21,879	-	21,879	-
Total Assets	<u>\$ 21,879</u>	<u>\$ 45,998</u>	<u>\$ 44,601</u>	<u>\$ 23,276</u>
<b>LIABILITIES</b>				
Held for others	\$ 21,879	\$ 1,444	\$ 47	\$ 23,276
Total Liabilities	<u>\$ 21,879</u>	<u>\$ 1,444</u>	<u>\$ 47</u>	<u>\$ 23,276</u>
<b>Retiree Healthcare</b>				
<b>ASSETS</b>				
Accounts receivable	\$ 305,288	\$ 356,757	\$ 305,288	\$ 356,757
Due from other funds	4,364,980	5,126,288	4,364,980	5,126,288
Total Assets	<u>\$ 4,670,268</u>	<u>\$ 5,483,045</u>	<u>\$ 4,670,268</u>	<u>\$ 5,483,045</u>
<b>LIABILITIES</b>				
Vouchers payable	\$ 1,102,995	\$ 1,265,735	\$ 1,102,995	1,265,735
Incurred but not reported claims	3,567,273	4,217,310	3,567,273	4,217,310
Total Liabilities	<u>\$ 4,670,268</u>	<u>\$ 5,483,045</u>	<u>\$ 4,670,268</u>	<u>\$ 5,483,045</u>
<b>Custodial</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,485,023	\$ 11,186,265	\$ 10,878,703	\$ 1,792,585
Total Assets	<u>\$ 1,485,023</u>	<u>\$ 11,186,265</u>	<u>\$ 10,878,703</u>	<u>\$ 1,792,585</u>
<b>LIABILITIES</b>				
Held for others	\$ 1,485,023	\$ 3,130,119	\$ 2,822,557	\$ 1,792,585
Total Liabilities	<u>\$ 1,485,023</u>	<u>\$ 3,130,119</u>	<u>\$ 2,822,557</u>	<u>\$ 1,792,585</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 311,115,670	\$ 7,554,594,035	\$ 7,596,180,726	\$ 269,528,979
Investments	135,078,129	229,279,563	258,288,350	106,069,342
Accounts receivable	372,249	465,843	396,684	441,408
Other receivable	1,363,643	-	1,327,513	36,130
Accrued interest receivable	2,224,231	9,630,421	10,704,398	1,150,254
Due from other funds	4,712,674	5,445,664	5,032,050	5,126,288
Total Assets	<u>\$ 454,866,596</u>	<u>\$ 7,799,415,526</u>	<u>\$ 7,871,929,721</u>	<u>\$ 382,352,401</u>
<b>LIABILITIES</b>				
Vouchers payable	\$ 1,558,783	\$ 55,832,822	\$ 54,564,559	\$ 2,827,046
Due to other funds	22,729,134	7,685,443	30,414,577	-
Incurred but not reported claims	3,567,273	4,217,310	3,567,273	4,217,310
Held for others	427,011,406	6,792,359,105	6,844,062,466	375,308,045
Total Liabilities	<u>\$ 454,866,596</u>	<u>\$ 6,860,094,680</u>	<u>\$ 6,932,608,875</u>	<u>\$ 382,352,401</u>



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

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

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

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

**HARRIS COUNTY HOUSING AUTHORITY** - This organization is a non-profit political subdivision of the state of Texas formed by Harris County to provide decent, safe and sanitary housing for low to moderate income families. The governing body is appointed by the Commissioners Court of Harris County. Programs are funded through contracts with the U.S. Department of Housing and Urban Development (HUD) and Harris County Community Development.

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - NONMAJOR COMPONENT UNITS**  
**FEBRUARY 29, 2008**

	<b>Harris County Housing Finance Corporation</b>	<b>Harris County Industrial Development Corporation</b>	<b>Children's Assessment Center Foundation</b>	<b>Harris County Housing Authority</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 225,151	\$ 429,327	\$ 1,454,289	\$ 29,351,730	\$ 31,460,497
Investments, including accrued interest	6,841,363	4,491	-	486,445	7,332,299
Receivables:					
Accounts	-	-	520,725	5,282,482	5,803,207
Prepays and other assets	521,427	2,933	199,741	2,298,281	3,022,382
Restricted cash and investments	-	-	6,233,575	1,215,484	7,449,059
Notes receivable	494,910	-	-	4,444,121	4,939,031
Capital assets:					
Land, improvements and construction in progress	-	-	682,991	17,431,952	18,114,943
Other capital assets, net of depreciation	-	-	12,925,727	59,480,626	72,406,353
Intangible assets net of accumulated amortization	-	-	-	2,610,153	2,610,153
Total assets	<u>8,082,851</u>	<u>436,751</u>	<u>22,017,048</u>	<u>122,601,274</u>	<u>153,137,924</u>
<b>LIABILITIES</b>					
Vouchers payable and accrued liabilities	115,177	6,600	177,765	6,005,671	6,305,213
Deferred revenue	-	-	149,200	21,645,118	21,794,318
Accrued interest payable	-	-	-	411,751	411,751
Noncurrent liabilities:					
Due within one year	-	-	46,994	117,802	164,796
Due in more than one year	-	-	2,163,069	51,241,552	53,404,621
Total liabilities	<u>115,177</u>	<u>6,600</u>	<u>2,537,028</u>	<u>79,421,894</u>	<u>82,080,699</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	-	28,281,179	28,281,179
Restricted for:					
Donor restrictions	-	-	1,348,765	-	1,348,765
Unrestricted net assets	<u>7,967,674</u>	<u>430,151</u>	<u>18,131,255</u>	<u>14,898,201</u>	<u>41,427,281</u>
Total net assets	<u>\$ 7,967,674</u>	<u>\$ 430,151</u>	<u>\$ 19,480,020</u>	<u>\$ 43,179,380</u>	<u>\$ 71,057,225</u>

**HARRIS COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR COMPONENT UNITS**  
**For The Year Ended February 29, 2008**

	<b>Harris County Housing Finance Corporation</b>	<b>Harris County Industrial Development Corporation</b>	<b>Children's Assessment Center Foundation</b>	<b>Harris County Housing Authority</b>	<b>Total</b>
<b>REVENUES</b>					
Program Revenues:					
Charges for services	\$ 1,051,071	\$ -	\$ 1,083,679	\$ 4,923,548	\$ 7,058,298
Operating grants and contributions	-	-	1,526,045	55,186,534	56,712,579
Capital grants and contributions	-	-	-	15,948,211	15,948,211
Total program revenues	<u>1,051,071</u>	<u>-</u>	<u>2,609,724</u>	<u>76,058,293</u>	<u>79,719,088</u>
<b>EXPENSES</b>	<u>1,420,324</u>	<u>16,607</u>	<u>1,445,415</u>	<u>54,463,969</u>	<u>57,346,315</u>
Net (expenses) program revenues	<u>(369,253)</u>	<u>(16,607)</u>	<u>1,164,309</u>	<u>21,594,324</u>	<u>22,372,773</u>
General Revenues (Expenses):					
Earnings on investments	440,945	12,964	295,450	817,844	1,567,203
Other	-	-	(363,064)	-	(363,064)
Loss on disposal of assets	-	-	(2,952)	-	(2,952)
Net general revenues (expenses)	<u>440,945</u>	<u>12,964</u>	<u>(70,566)</u>	<u>817,844</u>	<u>1,201,187</u>
Change in net assets	71,692	(3,643)	1,093,743	22,412,168	23,573,960
Net assets, beginning	<u>7,895,982</u>	<u>433,794</u>	<u>18,386,277</u>	<u>20,767,212</u>	<u>47,483,265</u>
Net assets, ending	<u>\$ 7,967,674</u>	<u>\$ 430,151</u>	<u>\$ 19,480,020</u>	<u>\$ 43,179,380</u>	<u>\$ 71,057,225</u>

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**HARRIS COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**February 29, 2008**

	<b>Total</b>
Governmental funds capital assets:	
Land	\$ 3,795,432,734
Construction in progress	357,402,358
Land improvements	3,405,855
Infrastructure	9,834,520,064
Park facilities	101,956,532
Flood control projects	547,644,476
Buildings	1,580,323,533
Equipment	222,726,897
Total governmental funds capital assets	\$ 16,443,412,449
Investments in governmental funds capital assets by source:	
3002 General fund	\$ 522,526,814
3003 Special revenue fund	119,341,482
3001 Capital projects fund	14,215,506,692
3004 Gifts	1,586,037,461
	\$ 16,443,412,449

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$46,224,187 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

**HARRIS COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION**  
**For The Year Ended February 29, 2008**

<u>Function</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Infrastructure</u>	<u>Park Facilities</u>	<u>Flood Control Projects</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Administration of justice	\$ 16,664,986	\$ 26,731,687	\$ 359,250	\$ -	\$ -	\$ -	\$ 698,610,581	\$ 43,740,008	\$ 786,106,512
Parks	140,901,174	13,711,206	859,384	846,742	99,664,169	-	679,356,936	28,192,375	963,531,986
County administration	134,266,535	65,504,342	1,336,242	6,837,924	1,984,485	-	135,097,772	67,379,098	412,406,398
Health and human services	7,709,559	7,001,782	176,223	-	200,122	-	32,036,029	12,166,872	59,290,587
Flood control	1,429,542,726	153,631,858	635,507	-	-	547,644,476	11,869,695	9,585,951	2,152,910,213
Tax administration	-	-	-	-	-	-	7,011,581	951,165	7,962,746
Roads and bridges	2,066,347,754	90,821,483	39,249	9,826,835,398	107,756	-	16,340,939	60,711,428	12,061,204,007
Total governmental funds capital assets	<u>\$ 3,795,432,734</u>	<u>\$ 357,402,358</u>	<u>\$ 3,405,855</u>	<u>\$ 9,834,520,064</u>	<u>\$ 101,956,532</u>	<u>\$ 547,644,476</u>	<u>\$ 1,580,323,533</u>	<u>\$ 222,726,897</u>	<u>\$ 16,443,412,449</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$46,224,187 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

**HARRIS COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**For The Year Ended February 29, 2008**

<b>Function</b>	<b>Balance March 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance February 29, 2008</b>
Administration of justice	\$ 774,090,846	\$ 13,649,281	\$ (1,633,615)	\$ 786,106,512
Parks	929,053,948	41,635,953	(7,157,915)	963,531,986
County administration	407,192,543	151,996,114	(146,782,259)	412,406,398
Health and human services	57,529,633	1,908,591	(147,637)	59,290,587
Flood control	2,077,831,052	76,290,262	(1,211,101)	2,152,910,213
Tax administration	7,955,751	6,995	-	7,962,746
Roads and bridges	11,649,421,467	490,623,628	(78,841,088)	12,061,204,007
Total governmental funds capital assets	<u>\$ 15,903,075,240</u>	<u>\$ 776,110,824</u>	<u>\$ (235,773,615)</u>	<u>\$ 16,443,412,449</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$46,224,187 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.



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

Listed below are the areas covered in the statistical section:

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

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

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

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

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

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

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**Table 1**

**HARRIS COUNTY, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST SIX FISCAL YEARS (accrual basis of accounting)\***

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:						
Invested in capital assets, net of related debt	\$ 9,195,119,272	\$ 8,882,630,450	\$ 9,299,330,625	\$ 9,679,340,181	\$ 9,659,255,490	\$ 9,700,793,271
Restricted for:						
Debt service	139,699,234	152,193,257	153,845,693	142,249,835	151,066,817	154,297,277
Capital projects	270,657,844	228,350,488	36,162,380	48,564,178	24,659,481	22,128,973
Donor temporarily restricted	6,805,888	3,048,064	2,306,604	1,669,212	808,650	752,032
Legislative	-	-	1,462,345	1,576,824	1,637,004	1,687,277
Unrestricted	161,746,835	416,360,141	372,614,221	366,255,366	360,743,663	399,502,436
Total governmental activities net assets	<u>\$ 9,774,029,073</u>	<u>\$ 9,682,582,400</u>	<u>\$ 9,865,721,868</u>	<u>\$10,239,655,596</u>	<u>\$10,198,171,105</u>	<u>\$10,279,161,266</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ (246,049,947)	\$ (349,339,380)	\$ (357,244,346)	\$ (401,044,667)	\$ (491,756,234)	\$ (314,974,688)
Restricted for:						
Debt service	82,178,461	68,070,686	122,386,518	128,539,536	144,026,993	164,840,466
Capital projects	21,309,668	27,436,439	41,866,048	42,037,703	36,337,439	48,599,742
Toll road	189,115,848	310,691,043	364,590,270	524,387,822	734,894,034	618,163,311
Unrestricted	9,184,852	11,660,943	10,020,702	11,259,937	12,652,263	12,758,582
Total business-type activities	<u>\$ 55,738,882</u>	<u>\$ 68,519,731</u>	<u>\$ 181,619,192</u>	<u>\$ 305,180,331</u>	<u>\$ 436,154,495</u>	<u>\$ 529,387,413</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 8,949,069,325	\$ 8,533,291,070	\$ 8,942,086,279	\$ 9,278,295,514	\$ 9,167,499,256	\$ 9,385,818,583
Restricted	709,766,943	789,789,977	722,619,858	889,025,110	1,093,430,418	1,010,469,078
Unrestricted	170,931,687	428,021,084	382,634,923	377,515,303	373,395,926	412,261,018
Total primary government	<u>\$ 9,829,767,955</u>	<u>\$ 9,751,102,131</u>	<u>\$10,047,341,060</u>	<u>\$10,544,835,927</u>	<u>\$10,634,325,600</u>	<u>\$10,808,548,679</u>

\* Reporting net assets began in fiscal year 2003 with implementation of GASB 34.

**Table 2**

**HARRIS COUNTY, TEXAS  
CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS (accrual basis of accounting)\***

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>EXPENSES</b>						
Governmental activities:						
Administration of Justice	\$ 549,453,138	\$ 565,038,026	\$ 613,153,120	\$ 621,764,132	\$ 704,471,670	\$ 846,106,683
Parks	37,508,731	50,446,435	51,333,131	60,416,485	72,865,610	82,221,786
County Administration	311,996,869	230,596,836	267,178,260	250,098,031	277,592,148	299,309,731
Health and Human Services	142,917,679	174,341,361	171,064,827	185,056,824	197,880,258	193,347,768
Flood Control	23,262,541	65,743,500	81,181,891	72,445,450	81,126,093	90,253,472
Tax Administration	29,286,088	34,307,829	30,039,785	30,709,102	31,299,836	35,190,948
Roads and Bridges	325,921,564	320,910,629	332,468,168	347,524,327	347,060,615	364,111,518
Interest and Fiscal Charges	96,328,754	72,691,363	81,898,540	108,635,880	116,177,599	136,943,595
Total governmental activities expenses	<u>1,516,675,364</u>	<u>1,514,075,979</u>	<u>1,628,317,722</u>	<u>1,676,650,231</u>	<u>1,828,473,829</u>	<u>2,047,485,501</u>
Business-type activities:						
Toll Road	180,727,498	213,526,452	213,357,624	230,254,202	276,671,545	272,971,765
Subscriber Access	618,807	327,820	368,226	267,319	238,678	161,649
Parking Facilities	358,876	421,126	491,433	785,943	867,574	952,494
Sheriff's Commissary	5,759,615	5,012,051	4,816,302	6,251,247	6,945,908	8,142,000
Total business-type activities	<u>187,464,796</u>	<u>219,287,449</u>	<u>219,033,585</u>	<u>237,558,711</u>	<u>284,723,705</u>	<u>282,227,908</u>
Total primary government expenses	<u>\$ 1,704,140,160</u>	<u>\$ 1,733,363,428</u>	<u>\$ 1,847,351,307</u>	<u>\$ 1,914,208,942</u>	<u>\$ 2,113,197,534</u>	<u>\$ 2,329,713,409</u>
<b>PROGRAM REVENUES</b>						
Governmental activities:						
Charges for services:						
Administration of Justice	\$ 101,587,383	\$ 104,343,993	\$ 96,366,972	\$ 117,322,302	\$ 116,644,232	\$ 126,188,922
Parks	955,862	1,079,470	1,151,178	2,578,871	3,288,173	3,560,259
County Administration	43,844,337	57,027,703	50,998,573	53,635,647	59,750,959	62,780,275
Health and Human Services	8,578,730	9,238,472	6,959,172	7,826,729	9,062,105	9,636,711
Flood Control	3,862,074	2,898,888	2,545,029	1,007,894	848,866	410,497
Tax Administration	64,151,291	50,872,165	65,194,973	66,392,101	46,448,193	28,748,340
Roads and Bridges	27,584,814	29,079,723	28,093,070	30,631,906	32,131,360	32,702,668
Interest and Fiscal Charges	1,301,851	2,287,927	-	-	-	-
Operating grants and contributions	157,977,289	140,623,786	168,325,065	170,733,012	144,547,850	148,357,783
Capital grants and contributions	23,230,336	28,417,953	161,929,027	659,448,554	227,270,638	312,731,937
Total governmental activities program revenues	<u>433,073,967</u>	<u>425,870,080</u>	<u>581,563,059</u>	<u>1,109,577,016</u>	<u>639,992,376</u>	<u>725,117,392</u>

Business-type activities:

Charges for services:

Toll Road	244,170,745	265,913,082	317,712,245	349,341,225	392,992,697	428,867,531
Subscriber Access	234,937	353,999	205,209	394,808	347,384	265,281
Parking Facilities	643,404	837,068	450,829	409,224	405,895	367,650
Sheriff's Commissary	5,023,369	5,517,158	5,953,930	6,960,770	7,551,830	8,267,465
Operating grants and contributions	-	-	11,763,620	-	1,612,040	1,286,116
Capital grants and contributions	5,048,100	15,189,452	12,522,506	3,129,512	3,113,317	3,059,437
Total business-type activities program revenues	<u>255,120,555</u>	<u>287,810,759</u>	<u>348,608,339</u>	<u>360,235,539</u>	<u>406,023,163</u>	<u>442,113,480</u>
Total primary government program revenues	<u>\$ 688,194,522</u>	<u>\$ 713,680,839</u>	<u>\$ 930,171,398</u>	<u>\$ 1,469,812,555</u>	<u>\$ 1,046,015,539</u>	<u>\$ 1,167,230,872</u>

**NET (EXPENSE)/REVENUE**

Governmental activities	\$(1,083,601,397)	\$(1,088,205,899)	\$(1,046,754,663)	\$ (567,073,215)	\$(1,188,481,453)	\$(1,322,368,109)
Business-type activities	67,655,759	68,523,310	129,574,754	122,676,828	121,299,458	159,885,572
Total primary government net expense	<u>\$(1,015,945,638)</u>	<u>\$(1,019,682,589)</u>	<u>\$ (917,179,909)</u>	<u>\$ (444,396,387)</u>	<u>\$(1,067,181,995)</u>	<u>\$(1,162,482,537)</u>

**GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS**

Governmental activities:

Taxes:

Property taxes	\$ 754,304,121	\$ 769,748,523	\$ 854,735,599	\$ 856,870,601	\$ 988,162,517	\$ 1,103,852,328
Hotel occupancy taxes	-	15,535,349	16,829,548	19,271,034	20,726,860	26,371,231
Earnings on investments	20,543,453	14,643,596	12,554,913	30,748,338	47,500,133	58,750,991
Miscellaneous	228,244,939	126,717,543	25,180,529	32,029,430	59,380,306	59,377,748
Gain (Loss) on sale of capital assets	(2,153,901)	(492,113)	20,921	876,790	114,813	43,091
Transfers	20,057,744	67,500,000	23,401,233	20,284,498	31,112,333	121,235,832
Special item	-	-	-	(19,073,748)	-	33,727,049
Total governmental activities	<u>1,020,996,356</u>	<u>993,652,898</u>	<u>932,722,743</u>	<u>941,006,943</u>	<u>1,146,996,962</u>	<u>1,403,358,270</u>

Business-type activities:

Earnings on investments	16,266,813	10,528,108	6,439,330	20,167,861	40,035,399	49,689,761
Miscellaneous	124,163	1,707,201	486,610	1,000,948	740,389	4,753,566
Gain (Loss) on sale of capital assets	(119,787)	(477,770)	-	-	11,251	139,851
Transfers	(20,057,744)	(67,500,000)	(23,401,233)	(20,284,498)	(31,112,333)	(121,235,832)
Total business-type activities	<u>(3,786,555)</u>	<u>(55,742,461)</u>	<u>(16,475,293)</u>	<u>884,311</u>	<u>9,674,706</u>	<u>(66,652,654)</u>
Total primary government	<u>\$ 1,017,209,801</u>	<u>\$ 937,910,437</u>	<u>\$ 916,247,450</u>	<u>\$ 941,891,254</u>	<u>\$ 1,156,671,668</u>	<u>\$ 1,336,705,616</u>

**CHANGE IN NET ASSETS**

Governmental activities	\$ (62,605,041)	\$ (94,553,001)	\$ (114,031,920)	\$ 373,933,728	\$ (41,484,491)	\$ 80,990,161
Business-type activities	63,869,204	12,780,849	113,099,461	123,561,139	130,974,164	93,232,918
Total primary government	<u>\$ 1,264,163</u>	<u>\$ (81,772,152)</u>	<u>\$ (932,459)</u>	<u>\$ 497,494,867</u>	<u>\$ 89,489,673</u>	<u>\$ 174,223,079</u>

\* Reporting net assets began in fiscal year 2003 with implementation of GASB 34.

**Table 3**

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:										
Reserved	\$ 71,415	\$ 76,937	\$ 71,535	\$ 69,003	\$ 105,162	\$ 100,143	\$ 112,291	\$ 146,215	\$ 175,301	\$ 175,956
Uneserved	207,206	218,634	204,672	246,811	214,160	250,939	203,684	175,581	128,418	192,616
Total general fund	<u>\$ 278,621</u>	<u>\$ 295,571</u>	<u>\$ 276,207</u>	<u>\$ 315,814</u>	<u>\$ 319,322</u>	<u>\$ 351,082</u>	<u>\$ 315,975</u>	<u>\$ 321,796</u>	<u>\$ 303,719</u>	<u>\$ 368,572</u>
All Other Governmental Funds:										
Reserved	\$ 312,704	\$ 315,583	\$ 256,318	\$ 197,453	\$ 333,288	\$ 331,606	\$ 310,683	\$ 313,717	\$ 287,549	\$ 293,213
Uneserved, reported in:										
Special revenue funds	44,379	63,439	68,328	91,509	98,593	109,072	114,248	120,682	134,012	142,857
Debt service funds	-	-	-	-	-	(3)	-	-	-	-
Capital projects funds	111,089	14,594	66,469	68,987	58,012	(18,714)	155,377	118,213	308,020	240,871
Total all other governmental funds	<u>\$ 468,172</u>	<u>\$ 393,616</u>	<u>\$ 391,115</u>	<u>\$ 357,949</u>	<u>\$ 489,893</u>	<u>\$ 421,961</u>	<u>\$ 580,308</u>	<u>\$ 552,612</u>	<u>\$ 729,581</u>	<u>\$ 676,941</u>

**Table 4**

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>REVENUES</b>										
Taxes	\$ 658,575	\$ 677,110	\$ 665,765	\$ 714,646	\$ 759,430	\$ 797,098	\$ 845,544	\$ 902,656	\$ 994,398	\$ 1,110,571
Charges for Services	151,430	152,309	157,800	180,390	168,333	183,959	188,018	218,835	225,159	222,568
User fees	-	-	-	-	-	-	-	1,942	2,833	2,693
Fines and Forfeitures	20,354	21,928	22,173	23,248	22,619	23,513	23,974	24,801	23,363	20,903
Lease revenue	-	-	-	-	-	-	-	2,270	2,104	2,179
Intergovernmental	136,460	146,961	166,866	195,622	193,959	182,276	201,293	239,072	205,469	209,889
Interest	38,034	42,258	43,077	31,111	18,048	12,570	10,766	28,131	48,237	58,042
Miscellaneous	43,398	37,439	47,131	58,669	54,847	53,045	53,182	64,966	51,143	56,058
Total revenues	<u>1,048,251</u>	<u>1,078,005</u>	<u>1,102,812</u>	<u>1,203,686</u>	<u>1,217,236</u>	<u>1,252,461</u>	<u>1,322,777</u>	<u>1,482,673</u>	<u>1,552,706</u>	<u>1,682,903</u>
<b>EXPENDITURES</b>										
Administration of Justice	390,612	449,994	450,196	475,695	520,771	547,406	595,623	608,878	681,412	783,755
Parks	27,255	32,144	30,128	34,633	32,803	39,832	40,509	49,518	52,031	57,524
County Administration	127,225	148,254	188,424	202,303	259,848	203,978	217,169	239,179	264,922	276,798
Health and Human Services	118,958	120,584	134,463	180,830	141,011	173,590	171,756	184,370	196,891	185,616
Flood Control	34,619	37,555	43,460	44,534	39,395	49,534	48,450	58,761	66,721	71,590
Tax Administration	26,941	29,849	27,920	29,055	28,706	29,985	29,740	30,169	31,263	33,358
Roads and Bridges	64,770	63,697	48,558	41,881	56,212	62,609	68,437	84,341	84,338	87,946
Capital Outlay	176,613	221,641	290,993	326,026	235,333	329,324	326,820	283,937	263,492	241,272
Debt Service:										
Interest and fiscal charges	53,533	76,410	79,469	75,770	89,135	64,590	60,260	102,896	119,447	140,698
Principal	85,714	55,478	48,905	49,715	46,020	97,000	65,180	76,600	70,191	64,868
	<u>1,106,240</u>	<u>1,235,606</u>	<u>1,342,516</u>	<u>1,460,442</u>	<u>1,449,234</u>	<u>1,597,848</u>	<u>1,623,944</u>	<u>1,718,649</u>	<u>1,830,708</u>	<u>1,943,425</u>
Excess of revenues over (under) expenditures	(57,989)	(157,601)	(239,704)	(256,756)	(231,998)	(345,387)	(301,167)	(235,976)	(278,002)	(260,522)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from borrowings	100,851	101,138	194,369	232,818	684,835	716,518	447,081	195,582	195,640	146,355
Proceeds from refundings	42,740	19,414	23,062	205,127	-	-	502,743	113,224	578,613	-
Payments to escrow agent	(42,740)	(19,885)	(22,796)	(78,964)	(157,712)	(117,095)	(316,461)	(112,236)	(66,181)	-
Payments to defease commercial paper	-	-	-	(125,000)	(209,000)	(367,330)	(226,000)	(335)	(298,936)	-
Capital leases	-	-	23,505	-	-	839	1,279	311	833	168
Sale of capital assets	-	-	-	-	4,898	3,306	2,062	1,966	1,267	8,253
Capital contributions	-	-	-	-	4,556	9,657	-	2,500	2,500	-
Transfers in	47,361	79,967	54,661	49,557	203,730	568,209	543,651	114,442	481,768	211,513
Transfers out	(48,410)	(80,640)	(54,961)	(30,833)	(185,773)	(504,887)	(528,780)	(101,351)	(458,611)	(93,555)
Total other financing sources (uses)	<u>99,802</u>	<u>99,994</u>	<u>217,840</u>	<u>252,705</u>	<u>345,534</u>	<u>309,217</u>	<u>425,575</u>	<u>214,103</u>	<u>436,893</u>	<u>272,734</u>
Net change in fund balances	<u>\$ 41,813</u>	<u>\$ (57,607)</u>	<u>\$ (21,864)</u>	<u>\$ (4,051)</u>	<u>\$ 113,536</u>	<u>\$ (36,170)</u>	<u>\$ 124,408</u>	<u>\$ (21,873)</u>	<u>\$ 158,891</u>	<u>\$ 12,212</u>
Debt service as a percentage of noncapital expenditures	15.0%	13.0%	12.2%	11.1%	11.1%	12.7%	9.7%	12.5%	12.1%	12.1%

**Table 5**

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less Exemptions (a)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
1999	\$ 125,452,026	\$ 25,255,844	\$ 20,271,134	\$ 130,436,736	0.41660
2000	136,396,208	26,962,355	22,345,082	141,013,481	0.39483
2001	150,845,241	28,397,625	25,145,837	154,097,029	0.35902
2002	165,804,662	30,668,510	28,809,564	167,663,608	0.38393
2003	177,809,114	30,171,225	31,764,643	176,215,696 (b)	0.38814
2004	189,334,256	30,644,381	34,822,427	185,156,210 (b)	0.38803
2005	199,378,304	32,159,586	37,273,945	194,263,945 (b)	0.39986
2006	230,050,598	37,313,520	61,017,743	206,346,375 (c)	0.39986
2007	250,997,888	40,381,452	66,142,090	225,237,250 (c)	0.40239
2008	281,251,230	46,122,092	73,150,566	254,222,756	0.39239

(a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of \$156,240.

(b) HCAD tax supplement as of February 1 of the tax year.

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

**Source:** Harris County Appraisal District.

**Note:** Property in the county is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**Table 6**

**HARRIS COUNTY, TEXAS  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 FLOOD CONTROL DISTRICT**

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less Exemptions (a)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
1999	\$ 125,452,026	\$ 25,209,885	\$ 20,271,134	\$ 130,390,777	0.08000
2000	136,396,208	26,918,778	22,345,082	140,969,904	0.08000
2001	150,845,241	28,354,736	25,145,873	154,054,104	0.06173
2002	165,804,662	30,627,904	28,809,564	167,623,002	0.04758
2003	177,809,114	30,129,999	31,764,643	176,174,470 (b)	0.04174
2004	189,334,256	30,601,495	34,822,427	185,113,324 (b)	0.04174
2005	199,378,304	32,119,653	37,273,945	194,224,012 (b)	0.03318
2006	230,050,598	37,276,435	61,017,743	206,309,290 (c)	0.03322
2007	250,997,888	40,345,611	66,142,090	225,201,409 (c)	0.03241
2008	281,251,230	46,086,287	73,150,566	254,186,951	0.03106

(a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of \$156,240.

(b) HCAD tax supplement as of February 1 of the tax year.

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

**Source:** Harris County Appraisal District.

**Note:** Property in the county is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**Table 7**

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

<u>Purpose</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Harris County -</b>										
General Fund	\$0.37748 (a)	\$0.35780	\$0.32599	\$0.33606	\$0.33538	\$0.34490	\$0.33117	\$0.34728	\$0.34221	\$0.33918
General Bonds Debt Service	0.01841	0.0193	0.01772	0.02368	0.03056	0.01889	0.04303	0.03047	0.03885	0.03200
Total - Constitutional Funds	0.39589	0.37710	0.34371	0.35974	0.36594	0.36379	0.37420	0.37775	0.38106	0.37118
County-Wide Road Debt Service	0.02071	0.01773	0.01531	0.02419	0.02220	0.02424	0.02566	0.02211	0.02133	0.02121
<b>Total - Harris County</b>	0.41660	0.39483	0.35902	0.38393	0.38814	0.38803	0.39986	0.39986	0.40239	0.39239
<b>Flood Control District -</b>										
Maintenance	0.04546	0.04920	0.04001	0.02853	0.02853	0.02981	0.02553	0.02733	0.02733	0.02754
Debt Service	0.03454	0.03080	0.02172	0.01905	0.01321	0.01193	0.00765	0.00589	0.00508	0.00352
<b>Total - Flood Control</b>	0.08000	0.08000	0.06173	0.04758	0.04174	0.04174	0.03318	0.03322	0.03241	0.03106
<b>Port of Houston Authority -</b>										
Debt Service	0.02132	0.02040	0.01830	0.01826	0.01989	0.02000	0.01673	0.01474	0.01302	0.01437
<b>Hospital District - General</b>										
	0.12381	0.14650	0.20268	0.19021	0.19021	0.19021	0.19021	0.19216	0.19216	0.19216
<b>Total</b>	<u>\$0.64173</u>	<u>\$0.64173</u>	<u>\$0.64173</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.62998</u>

Source: Harris County Auditor.

(a) Tax levied by Harris County for General Fund purposes includes Jury Fund and Road and Bridge Funds.

**Table 8**

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

<b>Purpose</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>County-Wide Taxing Jurisdiction:</b>										
Harris County	\$ 0.4166	\$ 0.3948	\$ 0.3590	\$ 0.3839	\$ 0.3881	\$ 0.3880	\$ 0.3999	\$ 0.3999	\$ 0.4024	\$ 0.3924
Harris County Flood Control District	0.0800	0.0800	0.0617	0.0475	0.0417	0.0417	0.0332	0.0332	0.0324	0.0311
Port of Houston Authority	0.0213	0.0204	0.0183	0.0183	0.0199	0.0200	0.0167	0.0147	0.0130	0.0144
Harris County Hospital District	0.1238	0.1465	0.2027	0.1902	0.1902	0.1902	0.1902	0.1922	0.1922	0.1922
<b>Total</b>	<b>\$ 0.6417</b>	<b>\$ 0.6417</b>	<b>\$ 0.6417</b>	<b>\$ 0.6399</b>	<b>\$ 0.6399</b>	<b>\$ 0.6399</b>	<b>\$ 0.6400</b>	<b>\$ 0.6400</b>	<b>\$ 0.6400</b>	<b>\$ 0.6301</b>
<b>Cities:</b>										
Baytown	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370
Bellaire	0.5100	0.4900	0.4900	0.4900	0.4900	0.4800	0.4800	0.4700	0.4400	0.4400
Deer Park	0.7000	0.7000	0.7000	0.7000	0.6990	0.7000	0.7200	0.7200	0.7200	0.7200
Houston	0.6650	0.6650	0.6650	0.6650	0.6550	0.6550	0.6550	0.6500	0.6475	0.6450
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.7500	0.7250	0.6700	0.6700	0.6625	0.6400	0.6400	0.6275	0.6088	0.6088
Missouri City	0.5686	0.5679	0.5503	0.5200	0.5033	0.5100	0.5017	0.4980	0.4945	0.4993
Pasadena	0.6430	0.5790	0.5790	0.5790	0.5670	0.5670	0.5670	0.5670	0.5670	0.5670
Pearland	0.6950	0.6950	0.6950	0.6860	0.6860	0.6960	0.6950	0.6744	0.6527	0.6526
Seabrook	0.5545	0.5530	0.5840	0.6010	0.6006	0.6082	0.6196	0.6307	0.6210	0.6203
South Houston	0.6951	0.6951	0.6910	0.6950	0.0000	0.7000	0.7000	0.6863	0.6588	0.6770
Webster	0.2901	0.2900	0.2600	0.2600	0.2400	0.2510	0.2680	0.2575	0.2575	0.2489
West University Place	0.4200	0.4000	0.4000	0.4200	0.4300	0.4467	0.4467	0.4300	0.4020	0.3660
<b>School Districts and Junior Colleges:</b>										
Aldine	1.5150	1.4750	1.5190	1.5880	1.6180	1.6680	1.6890	1.7090	1.6040	1.2770
Alief	1.6995	1.6400	1.6400	1.6400	1.6750	1.6750	1.6750	1.7200	1.5900	1.5900
Clear Creek	1.6420	1.6415	1.6415	1.7250	1.7400	1.7300	1.7450	1.7750	1.6300	1.3200
Cypress-Fairbanks	1.7700	1.7090	1.7010	1.7450	1.7900	1.7900	1.7900	1.8000	1.8000	1.6450
Deer Park	1.5800	1.6700	1.6900	1.6900	1.8035	1.8071	1.8055	1.8055	1.6623	1.3177
Galena Park	1.6770	1.6140	1.6135	1.6830	1.7135	1.7650	1.7950	1.8150	1.7100	1.4309
Goose Creek	1.6750	1.6600	1.6610	1.7110	1.6942	1.6837	1.6837	1.7275	1.5956	1.3020
Houston	1.4590	1.4590	1.5190	1.5800	1.5800	1.5800	1.5800	1.7275	1.6200	1.1570
Humble	1.8100	1.8100	1.7110	1.6800	1.7400	1.7400	1.7400	1.7700	1.7700	1.3100
Katy	1.7800	1.6950	1.8680	1.9200	1.9400	1.9700	2.0000	2.0000	1.8150	1.5266
Klein	1.7800	1.6700	1.6700	1.7200	1.7200	1.7200	1.7000	1.7000	1.5800	1.2600
LaPorte	1.6100	1.6500	1.6300	1.6300	1.6800	1.6800	1.7335	1.7335	1.6350	1.3200
North Forest	1.7923	1.6420	1.7440	1.7440	1.7444	1.7444	1.7444	1.7125	1.7125	1.2367
North Harris Montgomery Community College	0.1198	0.1170	0.1100	0.1100	0.1055	0.1145	0.1145	0.1207	0.1167	0.1144
Pasadena	1.5500	1.5200	1.5200	1.6600	1.6875	1.7750	1.7750	1.8050	1.6900	1.3500
Pearland	1.7770	1.8620	1.6500	1.8200	1.8370	1.8092	1.7922	1.7922	1.6622	1.4272
San Jacinto Junior College	0.1100	0.1100	0.1100	0.1260	0.1307	0.1307	0.1391	0.1391	0.1454	0.1454
Sheldon	1.5200	1.5380	1.5630	1.6330	1.6330	1.7030	1.7460	1.7500	1.6340	1.4300
Spring	1.7900	1.7400	1.6900	1.6900	1.7000	1.7600	1.8700	1.9500	1.7100	1.4400
Spring Branch	1.8200	1.7900	1.7900	1.8100	1.7900	1.8100	1.8100	1.8100	1.8100	1.2850
Tomball	1.5900	1.5900	1.5900	1.6500	1.6800	1.7300	1.7300	1.7100	1.5800	1.2750

**Table 9**

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

Taxpayers	2008			1999		
	2007 Taxable Valuations (a)	Rank	Percentage of Total 2007 Taxable Valuation (b)	1998 Taxable Valuations (a)	Rank	Percentage of Total 1999 Taxable Valuation (c)
Exxon Mobil Corporation	\$ 3,845,810	1	1.51	\$ 3,161,860	1	2.42
Shell Oil Company	2,830,089	2	1.11	1,007,712	5	0.77
Centerpoint Energy, Inc.	2,526,174	3	0.99	-		0.00
Crescent Real Estate	1,374,136	4	0.54	478,706	9	0.37
Equistar Chemicals Limited Partnership	1,309,415	5	0.52	1,357,822	4	1.04
Chevron Chemical Co	1,296,919	6	0.51	336,237	15	0.26
Houston Refining	1,174,204	7	0.46	-		0.00
Hines Interests Ltd Partnership	1,066,965	8	0.42	-		0.00
Hewlett Packard Company	1,062,117	9	0.42	-		0.00
Southwestern Bell	1,022,144	10	0.40	1,563,578	3	1.20
Lyondell Chemical	896,558	11	0.35	-		0.00
Walmart	675,896	12	0.27	-		0.00
Rohm & Haas Co	594,154	13	0.23	424,524	11	0.33
Teachers Insurance	589,278	14	0.23	-		0.00
Nabors Drilling USA LP	507,727	15	0.20	-		0.00
Houston Lighting and Power Company	-		0.00	2,022,343	2	1.55
Arco Chemical Co.	-		0.00	940,097	6	0.72
Compaq Computer Corporation	-		0.00	844,339	7	0.65
Occidental Chemical Corporation	-		0.00	532,623	8	0.41
Phillips 66 Company	-		0.00	424,708	10	0.33
Conoco Inc.	-		0.00	418,771	12	0.32
Celanese Ltd	-		0.00	416,230	13	0.32
Lyondell-Citgo Refining Co.	-		0.00	390,303	14	0.30
<b>Total</b>	<b>\$ 20,771,586</b>		<b>8.16%</b>	<b>\$ 14,319,853</b>		<b>10.99%</b>

**Source:** Harris County Appraisal District.

- (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on the County's total taxable value as of February 29, 2008.
- (c) Based on the County's total taxable value as of January 1, 1999.

**Table 10**

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

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

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1999	\$ 543,778	\$ 522,522	96.1	\$ 18,607	\$ 541,129	99.5
2000	557,352	538,011	96.5	16,627	554,638	99.5
2001	553,216	547,846	99.0	2,339	550,185	99.5
2002	643,711	617,800	96.0	21,934	639,734	99.4
2003	682,975	657,498	96.3	20,760	678,258	99.3
2004	704,093	693,384	98.5	5,513	698,897	99.3
2005	793,759	740,302	93.3	46,943	787,245	99.2
2006	796,885	719,922	90.3	68,603	788,525	99.0
2007	887,598	793,835	89.4	78,481	872,316	98.3
2008	929,929	910,828	97.9	-	910,828	97.9

**Table 11**

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

**LAST TEN FISCAL YEARS**

(Unaudited)

(amounts in thousands)

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1999	\$ 104,385	\$ 100,155	95.9	\$ 3,721	\$ 103,876	99.5
2000	112,895	108,618	96.2	3,727	112,345	99.5
2001	95,094	91,358	96.1	3,215	94,573	99.5
2002	79,755	77,629	97.3	1,633	79,262	99.4
2003	73,429	71,492	97.4	1,430	72,922	99.3
2004	75,721	74,979	99.0	183	75,162	99.3
2005	64,263	61,911	96.3	1,812	63,723	99.2
2006	64,981	60,008	92.3	4,278	64,286	98.9
2007	70,782	62,680	88.6	6,872	69,552	98.3
2008	72,083	69,058	95.8	-	69,058	95.8

**Table 12**

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases			
1999	\$ 1,087,653	\$ 54,722	\$ 2,056	\$ 19,139	\$ 728,031	\$ 909,864	\$ -	\$ 2,213	\$ 2,803,678	2.70%	\$ 875
2000	1,062,129	150,465	1,708	13,500	718,286	884,517	-	1,611	2,832,216	2.58%	871
2001	1,078,291	277,134	25,213	13,500	706,665	855,663	-	1,022	2,957,488	2.43%	870
2002	1,156,438	368,414	32,332	21,934	692,147	832,661	73,767	400	3,178,093	2.45%	918
2003	1,451,148	335,605	31,094	37,605	987,039	805,645	-	-	3,648,136	2.84%	1,026
2004	1,670,492	176,109	30,616	25,404	981,224	881,989	106,270	-	3,872,104	2.90%	1,077
2005	2,048,286	151,698	30,219	24,294	1,158,365	864,606	39,960	-	4,317,428	3.04%	1,185
2006	1,978,755	346,945	28,691	23,136	1,349,012	833,771	-	-	4,560,310	2.91%	1,235
2007	2,418,906	242,585	27,384	2,796	1,459,430	800,597	12,610	-	4,964,308	2.79%	1,277
2008	2,344,035	388,940	25,431	1,480	1,445,874	774,022	67,000	-	5,046,782	n/a	1,282

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

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

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

**Table 13**

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

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Obligation Bonds	Revenue Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total			
1999	\$ 842,938	\$ 24,385	\$ 56,605	\$ 163,725	\$ 1,087,653	0.83%	1.05%	\$ 339
2000	828,869	22,445	53,945	156,870	1,062,129	0.75%	0.97%	327
2001	821,776	20,420	51,115	184,980	1,078,291	0.70%	0.89%	317
2002	911,473	18,295	48,090	178,580	1,156,438	0.69%	0.89%	334
2003	1,256,953	16,075	44,870	133,250	1,451,148	0.82%	1.13%	408
2004	1,485,836	12,770	41,430	130,456	1,670,492	0.90%	1.25%	465
2005	1,721,630	-	213,810	112,846	2,048,286	1.05%	1.44%	562
2006	1,698,587	-	210,311	69,857	1,978,755	0.96%	1.26%	536
2007	2,147,020	-	205,176	66,710	2,418,906	1.07%	1.36%	622
2008	2,080,487	-	201,278	62,270	2,344,035	0.92%	n/a	596

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

(a) See Table 5 for property value data.

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

**Table 14**

**HARRIS COUNTY, TEXAS**  
**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT**  
**February 29, 2008**  
**(Unaudited)**

	<b>Percentage Applicable To Name of Government</b>	<b>Net Debt (Thousands)</b>
<b>County-Wide Jurisdiction:</b>		
Harris County (2/29/08) (a)	100.00%	\$ 2,184,231
Harris County Flood Control District (2/29/08)	100.00	480,490
Port of Houston Authority (12/31/07)	100.00	457,443
<b>Total County-Wide Direct Debt</b>		<u>3,122,164</u>
<b>Cities:</b>		
Baytown (9/30/07)	80.75	\$ 57,898
Bellaire (9/30/07)	100.00	54,333
Bunker Hill Village (2/5/08)	100.00	13,373
Deer Park (9/30/07)	100.00	27,714
Friendswood (2/18/08)	100.00	18,575
Galena Park (9/30/07)	100.00	7,970
Houston (6/30/07)	99.36	2,741,896
Jacinto City (09/30/07)	100.00	6,322
Jersey Village (9/30/07)	100.00	24,970
Katy (9/30/07)	69.19	7,971
La Porte (9/30/07)	100.00	15,539
League City (9/30/07)	5.52	57,142
Missouri City (06/30/08)	8.33	52,663
Pasadena (9/30/07)	100.00	96,339
Pearland (9/30/07)	6.16	224,478
Piney Point Village (9/30/07)	100.00	11,552
Seabrook (09/30/07)	100.00	11,141
South Houston (9/30/07)	100.00	6,132
Tomball (9/30/07)	100.00	15,904
Webster (9/30/07)	100.00	19,506
West University Place (12/31/07)	100.00	67,233
Other Cities (b)	100.00	11,344
<b>Sub-Total Cities</b>		<u>3,549,995</u>
<b>School Districts and Junior Colleges:</b>		
Aldine (2/29/08)	100.00	263,137
Alief (8/31/07)	100.00	261,146
Channelview (8/31/07)	100.00	92,393
Clear Creek (8/31/07)	80.62	923,739
Crosby (8/31/07)	100.00	71,599
Cypress-Fairbanks (6/30/07)	100.00	1,079,017
Deer Park (8/31/07)	100.00	132,258
Galena Park (8/31/07)	100.00	336,229
Goose Creek (2/29/08)	80.04	341,285
Houston (2/29/08)	100.00	1,972,475
Huffman (8/31/07)	100.00	82,440
Humble (6/30/07)	100.00	502,725
Katy (8/31/07)	88.64	778,974
Klein (8/31/07)	100.00	328,786
North Forest (8/31/07)	100.00	108,784
North Harris Montgomery Community College (8/31/07)	78.67	178,367
Pasadena (8/31/07)	100.00	469,689
Pearland (8/31/07)	2.25	596,808
San Jacinto Junior College (2/29/08)	100.00	54,440
Sheldon (8/31/07)	100.00	143,736
Spring (6/30/07)	100.00	763,333
Spring Branch (6/30/07)	100.00	355,661
Tomball (8/31/07)	88.02	136,465
Waller (2/4/08)	31.68	71,226
Other Schools (c)	100.00	22,170
<b>Sub-Total School Districts and Junior Colleges</b>		<u>10,066,882</u>
Utility Districts (d)	100.00	3,154,563
<b>Total Overlapping Debt</b>		<u>16,771,440</u>
<b>Total Direct and Overlapping Debt (Estimated \$5,054 Per Capita) (e)</b>		<u>\$ 19,893,604</u>

(a) Includes all Tax Bonds.

(b) Aggregate net debt of 11 cities, each of which had a net debt of less than \$5,000,000.

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

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

(e) Census Bureau population estimated at 3,935,855. Source: Bureau of the Census.

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

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

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed Value of All Taxable Property	\$ 327,373,322
Assessed Value of Real Property	<u>\$ 281,251,230</u>
Debt Limit (25% of real property assessed value) (a)	70,312,808
Amount of Debt Applicable to Constitutional Debt Limit:	
Total Bonded Applicable Debt	1,449,493
Less: Debt Service Funds Cash	<u>(136,385)</u>
Total Net Debt Applicable to Limit	<u>1,313,108</u>
Legal Debt Margin, Bonds Issued Uner Article III, Section 52 of the Texas Constitution	<u><u>\$ 68,999,700</u></u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 31,363,007	\$ 34,099,052	\$ 37,711,310	\$ 41,451,166	\$ 44,452,279	\$ 47,333,564	\$ 49,844,576	\$ 57,512,650	\$ 62,749,472	\$ 70,312,808
Total Net Debt Applicable to Limit	<u>1,064,165</u>	<u>1,022,909</u>	<u>1,004,249</u>	<u>1,065,806</u>	<u>1,026,324</u>	<u>1,074,243</u>	<u>1,178,759</u>	<u>1,152,955</u>	<u>1,390,672</u>	<u>1,313,108</u>
Legal Debt Margin	<u><u>\$ 30,298,842</u></u>	<u><u>\$ 33,076,143</u></u>	<u><u>\$ 36,707,061</u></u>	<u><u>\$ 40,385,360</u></u>	<u><u>\$ 43,425,955</u></u>	<u><u>\$ 46,259,321</u></u>	<u><u>\$ 48,665,817</u></u>	<u><u>\$ 56,359,695</u></u>	<u><u>\$ 61,358,800</u></u>	<u><u>\$ 68,999,700</u></u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	3.39%	3.00%	2.66%	2.57%	2.31%	2.27%	2.36%	2.00%	2.22%	1.87%

(a) The County is authorized under Article III, Section 52 of the State Constitution to issue bonds payable from ad valorem taxes for the construction and maintenance of roads. There is no constitutional or statutory limit as to the rate on bonds issued pursuant to such constitutional provision. However, the amount of bonds which may be issued is limited to 25% of the assessed valuation of real property in the County.

**Bonds Issued Under Article VIII, Section 9:**

In addition to unlimited tax bonds, the County may issue statutorily authorized bonds payable from the proceeds of a limited ad valorem tax provided for in Article VIII, Section 9 of the State Constitution. Such constitutional provision provides that a county is limited to an ad valorem tax rate of \$0.80 per \$100 of assessed valuation for general fund, permanent improvement fund, road and bridge fund and jury fund purposes.

Certain of the County's bonds payable from such limited tax may be issued under the provisions of Chapter 2, Title 22, Vernon's Texas Civil Statutes. The principal amount of all bonds, which may be issued under the provisions of such Chapter, is limited in aggregate to 5% of the assessed valuation. The debt limit under Chapter 2, Title 22 is approximately \$16,368,666 compared to applicable bonds outstanding at February 29, 2008 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 \$0.03106 per \$100 of taxable value, which includes \$0.00352 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2007.

**Table 16****HARRIS COUNTY, TEXAS  
REVENUE BOND COVERAGES****LAST TEN FISCAL YEARS****(Unaudited)****(amounts in thousands)**

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>	
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
<b><u>TOLL ROAD REVENUE BONDS</u></b>							
1999	\$ 198,817	\$ 198,817	\$ 7,355	\$ 39,192	\$ 46,547	4.27	
2000	218,223	218,223	10,200	38,775	48,975	4.46	
2001	248,515	248,515	12,125	38,268	50,393	4.93	
2002	257,938	257,938	15,045	37,632	52,677	4.90	
2003	256,367	256,367	17,530	55,754	73,284	3.50	
2004	265,913	265,913	19,730	49,898	69,628	3.82	
2005	317,712	317,712	19,920	55,467	75,387	4.21	
2006	350,342	350,342	20,890	69,042	89,932	3.90	
2007	394,605	394,605	23,000	70,691	93,691	4.21	
2008	430,154	430,154	26,460	67,760	94,220	4.57	

**Table 17**

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

<b>Calendar Year</b>	<b>Population</b>	<b>Unemployment Rate</b>	<b>Personal Income (amounts in thousands)</b>	<b>Per Capita Personal Income</b>
1998	3,206,063	4.0%	\$103,740,847	\$ 32,358
1999	3,250,404	4.1%	109,635,167	33,730
2000	3,400,578	3.2%	121,592,842	35,757
2001	3,460,589	5.7%	129,728,437	37,487
2002	3,557,055	5.4%	128,298,585	36,069
2003	3,596,086	6.3%	133,472,645	37,116
2004	3,644,285	5.9%	142,229,854	39,028
2005	3,693,050	5.4%	156,920,733	42,491
2006	3,886,207	4.0%	178,160,838	45,844
2007	3,935,855	4.2%	n/a	n/a

Sources: Population - Bureau of the Census  
Unemployment Rate - Texas Workforce Commission  
Personal Income - Bureau of Economic Analysis

**Table 18**

**HARRIS COUNTY, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO\*  
(amounts in thousands)  
(Unaudited)**

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Administaff Inc.	20,800	1	0.82%			
Wal-Mart Stores, Inc.	16,500	2	0.65%			
Exxon Mobil	14,800	3	0.59%			
Memorial Hermann Hospital System	13,700	4	0.54%	13,600	4	0.61%
Shell Oil Co.	12,000	5	0.48%	13,800	3	0.62%
Methodist Hospital System	8,600	6	0.34%			
Baker Hughes Inc.	8,000	7	0.32%			
Baylor College of Medicine	7,200	8	0.29%			
Chevron	7,000	9	0.28%			
BP America	6,500	10	0.26%			
Halliburton Companies				15,100	1	0.68%
Continental Airlines				14,200	2	0.64%
Compaq Computer				13,500	5	0.61%
Kroger Food Stores				11,800	6	0.53%
Houston Industries (HL&P & Entex)				11,600	7	0.52%
Randalls Food Markets, Inc.				11,000	8	0.50%
Columbia/HCA				10,000	9	0.45%
SBC (former SW Bell Telephone)				8,000	10	0.36%
	115,100			122,600		

\* Based on calendar year.

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

**Note:** Total County Employment for 2007 was approximately 2,525,000 and for 1998 was 2,218,952.

**Table 19**

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

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Administration of Justice	6,931	7,820	8,054	8,177	8,115	8,450	8,554	8,818	8,307	8,882
Parks	*	*	*	*	*	*	*	754	727	745
County Administration	2,447	2,612	2,758	2,817	2,627	2,720	2,787	2,885	2,926	3,078
Health and Human Service	*	*	*	*	*	*	*	1,764	1,628	1,726
Flood Control	*	276	270	277	289	331	342	320	338	326
Tax Administration	505	458	460	468	450	465	442	442	433	443
Roads and Bridges	1,078	677	716	736	752	817	837	857	791	819
Other *	2,529	1,489	1,613	1,742	2,050	2,287	2,441	*	*	*

\* Prior to 2006, the smaller expenditure functions were grouped as other on this schedule.

Note: As of February 29, 2008, it is estimated that approximately 2,447 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.

**Table 20**

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

<b><u>Function/Program</u></b>	<b>Fiscal Years</b>				
	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
<b><u>Administration of Justice</u></b>					
Law Enforcement Vehicles	1,733	2,013	1,988	1,739	1,753
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities)	5	5	5	5	5
Forensic Center	1	1	1	1	1
<b><u>Parks</u></b>					
Number of Active Parks	118	119	118	129	129
<b><u>County Administration</u></b>					
Stadiums	2	2	2	2	2
Exhibition Center	1	1	1	1	1
Arena	1	1	1	1	1
Ferries	2	2	2	2	2
<b><u>Health and Human Services</u></b>					
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	19	19
Veterinary Public Health Shelter	1	1	1	1	1
<b><u>Flood Control</u></b>					
Sites by Acreage (Incl. Easements and Fee Simple Ownership)					
Basins	8,827	11,403	12,309	13,192	14,866
Buyouts	414	640	763	776	825
Channels	20,562	20,661	20,704	20,753	20,799
<b><u>Roads and Bridges</u></b>					
Road Miles	5,433	5,784	6,073	6,307	6,194
Bridge Miles	22	24	24	24	22
<b><u>Toll Road</u></b>					
Road Miles	85	85	96	103	103
Lane Miles	471	479	491	491	550
Toll Booths	92	86	86	89	89

**Source:** The Budget Office and Various County Departments.

**Table 21**

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

<u>Function/Program</u>	<u>Fiscal Years</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Administration of Justice</u>					
District Courts *					
Criminal Courts- Cases Filed with District Clerk	36,900	38,173	39,501	45,814	48,203
Civil Courts- Cases Filed with District Clerk	30,615	33,467	40,479	39,724	39,201
Family and Juv. Courts- Cases Filed with District Clerk	53,558	55,626	56,743	58,314	57,654
County Courts					
Criminal Courts- New Cases Filed	61,537	68,048	72,967	80,144	79,638
Civil Courts- New Cases Filed	21,215	22,488	21,148	20,730	28,038
Civil Courts- New Instruments Filed	400,991	412,077	430,693	517,076	539,356
Justices of the Peace Courts					
Criminal Filings	556,366	571,917	526,593	529,839	489,483
Civil Filings	68,226	74,080	73,872	78,893	82,047
Fire Marshal					
Fire Safety Inspections	1,307	1,197	1,250	1,450	2,820
Constables***					
Traffic Tickets Issued	130,454	186,282	114,479	116,449	131,041
Civil Papers Executed	439,659	455,788	449,431	533,013	519,572
Criminal Warrants Executed	220,914	188,698	187,578	176,849	215,635
Juvenile Probation					
Juvenile Probation Referrals	20,069	23,600	25,459	23,939	24,918
Average Daily Population at Facilities	776	707	685	691	691
Sheriff					
Jail Prisoners, Average/Day	6,958	7,337	8,397	8,882	8,929
District Attorney					
Cases Filed DA Intake	91,329	97,478	102,775	114,879	114,588
Medical Examiner					
Harris County Autopsies	3,140	2,828	2,862	3,073	4,198
Cases Investigated	11,375	12,586	12,291	13,911	15,304
<u>Parks</u>					
Precincts					
Number of Park Concessionaire Agreements	68	68	68	68	72
Number of Bus Trips **	5,021	5,200	7,790	8,077	7,582
<u>County Administration</u>					
County Auditor					
Accounts Payable Checks and EFTs Issued	105,208	147,002	131,727	133,058	132,026
Payroll Checks/Direct Deposit/Pay Cards Processed	367,120	371,318	386,570	393,550	397,124
Audit Chargeable Service Hours	25,221	23,763	24,629	25,901	23,811
Purchasing					
Number of Purchase Orders Issued (for Harris County)	13,900	16,250	16,319	16,725	19,526
Management Services					
Tort Claims Incidents	1,563	2,492	2,286	2,235	2,067
Information Technology Center					
Traffic on Harris County Web Sites	32,897,022	36,087,044	65,000,000	130,082,793	225,005,194

**Table 21**

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

<u>Function/Program</u>	<u>Fiscal Years</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
County Clerk					
Marriage and Informal Marriage Licenses	34,793	32,660	33,178	32,714	32,859
Real Property Filings	835,230	957,740	858,236	832,821	860,798
Assumed Name Certificates (DBAs)	72,773	76,916	75,717	68,135	66,630
<u>Health and Human Services</u>					
Public Health and Environmental Services					
Food Inspections	14,259	15,652	15,000	16,213	15,788
Animals Adopted	1,614	1,900	1,855	2,685	2,334
Protective Services for Children & Adults					
Children in Conservatorship at Year End (August)	3,989	3,674	4,393	4,953	5,180
Adults Served by the Guardianship Program	1,298	1,314	1,365	1,398	1,406
County Library					
Library Program Attendance	203,686	228,005	262,211	284,973	351,869
Library Books/Materials Circulated	6,718,923	8,775,334	10,000,000	10,724,945	10,958,109
<u>Flood Control</u>					
Developer Plans Approved- Watershed Mgt.	1,095	976	1,114	1,221	1,467
Citizen Services Requests	2,462	1,980	2,393	2,681	2,948
<u>Tax Administration</u>					
Tax Assessor-Collector					
Tax Account/Statements	1,290,045	1,316,006	1,417,878	1,431,975	1,452,912
Auto Licenses/Registrations	2,817,697	2,837,285	2,866,994	2,959,176	3,107,456
Beer and Wine Licenses Issued	7,377	7,566	7,915	7,526	7,106
Liquor Licenses Issued	3,191	3,176	3,167	3,062	4,901
Voter Registration	1,773,121	1,807,933	1,842,625	1,880,749	1,780,271
<u>Roads and Bridges</u>					
Engineering Department					
Traffic Studies/Counts	412	375	583	848	827
Road Crossing Inspections	1,408	1,660	1,676	2,026	2,156
Road Crossing Permits	704	820	838	1,013	1,078
<u>Toll Road</u>					
Traffic Transactions	289,229,167	289,080,403	284,865,914	297,237,479	359,952,935

**Source:** The Budget Office and Various County Departments

\* Criminal Courts - Incoming Cases Include: Appeals, Misdemeanor Indictments, Felony Indictments, Complaints, Writs, Expunged Records, Motions to Revoke Probation and Motions to Adjudicate  
Civil Courts - Includes Tax Cases  
Family & Juv. Courts - Includes CPS and Delinquency Cases

\*\* Not all the data was available for bus trips for fiscal years 2003 and 2004.

\*\*\*Fiscal Year 2006 information was corrected by the Department.

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

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 906,931,629
Unlimited Tax Debt	772,327,015
Flood Control	412,285,000
Toll Road Tax Bonds	<u>677,165,665</u>
Total	\$ 2,768,709,309
Less: Toll Road Tax Bonds	<u>(677,165,665)</u>
Total (Approximately 0.64% of 2007 Assessed Value)	<u><u>\$ 2,091,543,644</u></u>

(a) Excluding Flood Control District debt paid for by the District's ad valorem tax revenues. Amounts expressed at gross value, not considering unamortized premium or discount or accretion of capital appreciation bonds.

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

The following table sets forth the County's ad valorem tax debt outstanding, as of the end of the Fiscal years 1998-99 through 2007-08.

Fiscal Year	County's Debt Outstanding (a) (thousands)	Taxable Value (b) (thousands)	Outstanding as a Percentage of Taxable Value	Estimated Population (c)	Debt Outstanding Per Capita	Per Capita Excluding Toll Road
1999	\$ 1,595,308	\$ 130,436,736	1.22%	3,206,063	\$ 498	\$ 243
2000	1,563,517	141,013,481	1.11	3,250,404	481	236
2001	1,572,795	154,097,029	1.02	3,400,578	463	235
2002	1,640,580	167,663,608	0.98	3,460,589	474	257
2003	1,928,192	176,215,696	1.09	3,557,055	542	336
2004	1,968,193	185,156,210	1.06	3,596,086	547	346
2005	2,258,539	194,263,945	1.16	3,644,285	620	423
2006	2,522,538	206,346,375	1.22	3,693,050	683	490
2007	2,856,915	225,237,250	1.27	3,886,207	735	530
2008	2,768,709	254,222,756	1.09	3,935,855	703	531

(a) Includes debt paid for by the County'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, TEXAS**  
**TABLE OF COUNTY-WIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS**  
**(Unaudited)**

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
2009	\$ 37,775,000	\$ 40,755,084	\$ 78,530,084	\$ 23,842,422	\$ 40,760,519	\$ 64,602,941	\$ 10,675,665	\$ 62,869,853	\$ 73,545,518	\$ 7,908,864	\$ 32,030,630	\$ 39,939,494	\$ 80,201,951	\$ 176,416,086	\$ 256,618,037
2010	40,370,000	38,949,300	79,319,300	26,244,592	38,128,699	64,373,291	41,540,000	43,713,181	85,253,181	8,667,889	30,555,505	39,223,394	116,822,481	151,346,685	268,169,166
2011	38,000,000	37,009,301	75,009,301	34,630,000	34,308,716	68,938,716	43,285,000	41,244,181	84,529,181	8,318,921	28,502,961	36,821,882	124,233,921	141,065,159	265,299,080
2012	45,510,000	35,188,304	80,698,304	30,690,000	32,639,554	63,329,554	44,970,000	38,694,931	83,664,931	8,124,024	26,387,483	34,511,507	129,294,024	132,910,272	262,204,296
2013	52,100,000	31,414,755	83,514,755	28,005,000	31,105,054	59,110,054	47,210,000	36,124,519	83,334,519	9,435,000	24,864,956	34,299,956	136,750,000	123,509,284	260,259,284
2014	40,490,022	27,742,116	68,232,138	18,502,902	32,501,048	51,003,950	57,225,000	23,778,100	81,003,100	9,715,000	24,393,232	34,108,232	125,932,924	108,414,496	234,347,420
2015	42,002,460	26,182,912	68,185,372	19,933,385	28,939,904	48,873,289	62,425,000	20,579,219	83,004,219	8,685,000	23,905,894	32,590,894	133,045,845	99,607,929	232,653,774
2016	43,496,787	24,577,244	68,074,031	19,647,743	28,246,666	47,894,409	40,670,000	17,986,613	58,656,613	7,945,000	23,476,526	31,421,526	111,759,530	94,287,049	206,046,579
2017	45,461,714	22,841,227	68,302,941	18,988,742	27,545,116	46,533,858	26,460,000	16,406,256	42,866,256	7,170,000	23,070,763	30,240,763	98,080,456	89,863,362	187,943,818
2018	46,801,285	20,831,479	67,632,764	19,357,229	26,858,079	46,215,308	26,610,000	15,127,731	41,737,731	7,545,000	22,694,338	30,239,338	100,313,514	85,511,627	185,825,141
2019	40,026,339	18,708,657	58,734,996	32,515,000	26,136,554	58,651,554	27,445,000	13,742,050	41,187,050	22,925,000	22,298,225	45,223,225	122,911,339	80,885,486	203,796,825
2020	26,495,898	17,027,189	43,523,087	34,190,000	24,462,997	58,652,997	28,345,000	12,277,563	40,622,563	39,325,000	21,094,663	60,419,663	128,355,898	74,862,412	203,218,310
2021	36,155,000	15,782,478	51,937,478	35,940,000	22,713,472	58,653,472	29,285,000	10,764,775	40,049,775	41,385,000	19,030,100	60,415,100	142,765,000	68,290,825	211,055,825
2022	36,065,000	14,269,057	50,334,057	37,785,000	20,874,335	58,659,335	19,445,000	9,485,613	28,930,613	45,175,000	16,857,388	62,032,388	138,470,000	61,486,393	199,956,393
2023	37,540,000	13,190,839	50,730,839	39,670,000	18,981,040	58,651,040	20,240,000	8,449,022	28,689,022	47,465,000	14,575,488	62,040,488	144,915,000	55,196,389	200,111,389
2024	27,560,806	11,847,889	39,408,695	41,670,000	16,994,250	58,664,250	20,700,000	7,384,903	28,084,903	49,845,000	12,177,875	62,022,875	139,775,806	48,404,917	188,180,723
2025	69,877,279	10,782,381	80,659,660	43,755,000	14,910,750	58,665,750	21,165,000	6,297,059	27,462,059	10,795,000	9,659,980	20,454,980	145,592,279	41,650,170	187,242,449
2026	19,939,303	7,407,116	27,346,419	38,140,000	12,723,000	50,863,000	12,070,000	5,430,338	17,500,338	26,255,000	9,093,250	35,348,250	96,404,303	34,653,704	131,058,007
2027	32,630,000	6,379,956	39,009,956	38,140,000	10,816,000	48,956,000	12,090,000	4,796,138	16,886,138	26,255,000	7,780,500	34,035,500	109,115,000	29,772,594	138,887,594
2028	33,745,000	5,044,400	38,789,400	38,140,000	8,909,000	47,049,000	12,115,000	4,160,756	16,275,756	12,800,000	6,467,750	19,267,750	96,800,000	24,581,906	121,381,906
2029	16,699,736	4,086,225	20,785,961	38,135,000	7,127,000	45,262,000	12,135,000	3,524,194	15,659,194	12,800,000	5,187,000	17,987,000	79,769,736	19,924,419	99,694,155
2030	24,830,000	3,189,680	28,019,680	38,135,000	5,345,250	43,480,250	12,160,000	2,886,450	15,046,450	12,800,000	3,906,250	16,706,250	87,925,000	15,327,630	103,252,630
2031	25,530,000	2,271,047	27,801,047	38,135,000	3,563,500	41,698,500	12,185,000	2,247,394	14,432,394	12,800,000	2,625,500	15,425,500	88,650,000	10,707,441	99,357,441
2032	26,280,000	1,328,202	27,608,202	38,135,000	1,781,750	39,916,750	12,210,000	1,607,025	13,817,025	80,075,000	1,312,750	81,387,750	156,700,000	6,029,727	162,729,727
2033	21,550,000	359,885	21,909,885	-	-	-	12,240,000	965,212	13,205,212	-	-	-	33,790,000	1,325,097	35,115,097
2034	-	-	-	-	-	-	12,265,000	321,956	12,586,956	-	-	-	12,265,000	321,956	12,586,956
<b>Total</b>	<b>\$ 906,931,629</b>	<b>\$ 437,166,723</b>	<b>\$ 1,344,098,352</b>	<b>\$ 772,327,015</b>	<b>\$ 516,372,253</b>	<b>\$ 1,288,699,268</b>	<b>\$ 677,165,665</b>	<b>\$ 410,865,032</b>	<b>\$ 1,088,030,697</b>	<b>\$ 524,214,698</b>	<b>\$ 411,949,007</b>	<b>\$ 936,163,705</b>	<b>\$ 2,880,639,007</b>	<b>\$ 1,776,353,015</b>	<b>\$ 4,656,992,022</b>

(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 25**

**HARRIS COUNTY, TEXAS**  
**TABLE OF COUNTY-WIDE BONDED DEBT SERVICE REQUIREMENTS**  
**(Unaudited)**

Fiscal Year	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	80,201,951	176,416,086	256,618,037	\$ 26,460,000	\$ 67,759,825	94,219,825	106,661,951	244,175,911	350,837,862
2010	116,822,481	151,346,685	268,169,166	28,120,000	66,129,169	94,249,169	144,942,481	217,475,854	362,418,335
2011	124,233,921	141,065,159	265,299,080	34,460,000	64,276,034	98,736,034	158,693,921	205,341,193	364,035,114
2012	129,294,024	132,910,272	262,204,296	37,140,000	62,428,884	99,568,884	166,434,024	195,339,156	361,773,180
2013	136,750,000	123,509,284	260,259,284	40,590,000	60,421,828	101,011,828	177,340,000	183,931,112	361,271,112
2014	125,932,924	108,414,496	234,347,420	43,615,000	58,252,062	101,867,062	169,547,924	166,666,558	336,214,482
2015	133,045,845	99,607,929	232,653,774	47,185,000	55,931,306	103,116,306	180,230,845	155,539,235	335,770,080
2016	111,759,530	94,287,049	206,046,579	50,770,000	53,456,369	104,226,369	162,529,530	147,743,418	310,272,948
2017	98,080,456	89,863,362	187,943,818	54,555,000	50,815,944	105,370,944	152,635,456	140,679,306	293,314,762
2018	100,313,514	85,511,627	185,825,141	58,635,000	48,006,812	106,641,812	158,948,514	133,518,439	292,466,953
2019	122,911,339	80,885,486	203,796,825	57,665,000	45,149,206	102,814,206	180,576,339	126,034,692	306,611,031
2020	128,355,898	74,862,412	203,218,310	60,590,000	42,274,562	102,864,562	188,945,898	117,136,974	306,082,872
2021	142,765,000	68,290,825	211,055,825	63,275,000	39,333,937	102,608,937	206,040,000	107,624,762	313,664,762
2022	138,470,000	61,486,393	199,956,393	65,945,000	36,308,062	102,253,062	204,415,000	97,794,455	302,209,455
2023	144,915,000	55,196,389	200,111,389	28,310,000	34,108,037	62,418,037	173,225,000	89,304,426	262,529,426
2024	139,775,806	48,404,917	188,180,723	32,335,000	32,701,444	65,036,444	172,110,806	81,106,361	253,217,167
2025	145,592,279	41,650,170	187,242,449	33,860,000	31,171,325	65,031,325	179,452,279	72,821,495	252,273,774
2026	96,404,303	34,653,704	131,058,007	36,350,000	29,485,437	65,835,437	132,754,303	64,139,141	196,893,444
2027	109,115,000	29,772,594	138,887,594	39,665,000	27,593,537	67,258,537	148,780,000	57,366,131	206,146,131
2028	96,800,000	24,581,906	121,381,906	43,085,000	25,540,788	68,625,788	139,885,000	50,122,694	190,007,694
2029	79,769,736	19,924,419	99,694,155	46,685,000	23,314,797	69,999,797	126,454,736	43,239,216	169,693,952
2030	87,925,000	15,327,630	103,252,630	50,450,000	20,940,322	71,390,322	138,375,000	36,267,952	174,642,952
2031	88,650,000	10,707,441	99,357,441	54,380,000	18,392,222	72,772,222	143,030,000	29,099,663	172,129,663
2032	156,700,000	6,029,727	162,729,727	57,295,000	15,671,731	72,966,731	213,995,000	21,701,458	235,696,458
2033	33,790,000	1,325,097	35,115,097	61,515,000	12,796,294	74,311,294	95,305,000	14,121,391	109,426,391
2034	12,265,000	321,956	12,586,956	66,960,000	9,661,031	76,621,031	79,225,000	9,982,987	89,207,987
2035	-	-	-	82,215,000	6,200,567	88,415,567	82,215,000	6,200,567	88,415,567
2036	-	-	-	86,700,000	2,474,220	89,174,220	86,700,000	2,474,220	89,174,220
2037	-	-	-	12,480,000	280,800	12,760,800	12,480,000	280,800	12,760,800
<b>Total</b>	<b>\$2,880,639,007</b>	<b>\$1,776,353,015</b>	<b>\$4,656,992,022</b>	<b>\$1,401,290,000</b>	<b>\$1,040,876,552</b>	<b>\$ 2,442,166,552</b>	<b>\$ 4,281,929,007</b>	<b>\$ 2,817,229,567</b>	<b>\$ 7,099,158,574</b>

(a) See Table 22 for more detail of Tax Debt Service Requirements.

**Harris County, Texas**  
**Table of County-Wide Authorized but Unissued Bonds**  
**(Unaudited)**  
**(Amounts in Thousands)**

As of February 29, 2008, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September, 1983, November, 1987, November, 1989, November, 1993, November, 1997, and November, 2001 remain unissued.

The table reflects the County's use of voted authority when it issues general obligation commercial paper notes pursuant to its Series B (parks and libraries) and Series C (roads and bridges) programs.

The table also shows Port of Houston Authority valorem tax bonds that were authorized by the voters at elections held in November, 1989, November, 1993, and November, 1997 but remain unissued. Harris County has no legal responsibility for repayment of these bonds.

County Ad Valorem Tax Bonds

Limited Tax:

Civil Justice Center	\$ 33,000	
Parks	108,960	
Forensic Lab	80,000	
Family Law Center	70,000	
Total Limited Tax Bonds		\$ 291,960

Unlimited Tax:

Road Bonds	297,078	
Total Unlimited Tax Bonds		297,078

Combination Unlimited Tax and Revenue:

Toll Roads	17,673	
Total Unlimited Tax and Revenue Bonds		17,673

Harris County Flood Control District Limited Tax Bonds

Total Harris County Ad Valorem Tax Bonds		606,711
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Port of Houston Authority Unlimited Tax Bonds

Port Improvements	358,728	
Deepening and Widening of Houston Ship Channel	-	
Total Port of Houston Authority Bonds		358,728

Total Authorized but Unissued Bonds		\$ 965,439
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**HARRIS COUNTY, TEXAS**  
**TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2008-2009**  
**(Unaudited)**

On March 4, 2008 the Commissioners Court adopted the budget for the County for the Fiscal Year 2008-2009. The Fiscal Year 2009 Budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2008-2009 Budget for the County's Current Operating Funds:

Cash Balance as of March 1, 2008	\$ 258,888,292
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	889,642,336
Charges for Services	199,291,194
Fines and Forfeitures	20,916,500
Intergovernmental Revenues	33,606,152
Interest	9,804,657
Other	163,087,835
Total Cash and Estimated Revenues	<u><u>\$1,575,236,966</u></u>
Appropriations:	
Current Operating Expenses	\$1,414,171,068
Capital Outlay:	
Roads	142,289,976
Parks	17,775,922
Office/Courts	1,000,000
Total Appropriations	<u><u>\$1,575,236,966</u></u>

**Table 28**

**HARRIS COUNTY, TEXAS  
TABLE OF COUNTY CAPITAL PROJECTS FUNDS BUDGETING  
(Unaudited)**

County Capital Projects Funds are used to construct roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at February 29, 2008 derived from the sale of bonds and the investment income thereon, are designated to be spent over a period of several years for the following purposes:

Roads	\$ 239,356,224
Permanent Improvements	27,485,287
Flood Control	166,812,862
Reliant Park	<u>14,153,726</u>
Total	<u><u>\$ 447,808,099</u></u>

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

### Compliance

We have audited the compliance of Harris County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended February 29, 2008. The County's major federal programs and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grant Management Standards* ("UGMS"). Those standards and OMB Circular A-133 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 or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended February 29, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in the accordance with OMB Circular A-133 and UGMS and which are described in the accompanying schedule of findings and questioned costs as finding 08-01, 08-02, 08-03, 08-04 and 08-05.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal

or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Judge and Commissioners Court members, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

August 20, 2008

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the basic financial statements of Harris County, Texas (the "County") as of and for the year ended February 29, 2008, and have issued our report thereon dated August 20, 2008. We audited the financial statements of the Harris County Hospital District, a discretely presented component unit, but did not audit the financial statements of the remaining discretely presented component units which statements reflect 14%, 13% and 20%, respectively, of the assets, net assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund agency funds, which statements reflect 35% percent of the assets of the agency funds at February 29, 2008. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the agency funds, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the blended component units Harris County Sports and Convention Corporation, the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund Harris County, and discrete component units Housing Finance Corporation and the Harris County Industrial Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there

is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of the County Judge and Commissioners Court members, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

August 20, 2008

**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b><u>FEDERAL GRANTS</u></b>					
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
<b>DIRECT PROGRAMS:</b>					
7020	Supportive Housing Program 2005	14.235	TX01B40	\$ 84,005	\$ 84,005
7020	Supportive Housing Program 2006	14.235	TX01B50	307,569	307,569
7034	Economic Development Initiative (EDI)	14.246	B-06-SP-TX-0977	134,166	-
7130	Emergency Shelter Grant Program 1998	14.231	S-98-UC-48-0002	112,564	112,564
7130	Emergency Shelter Grant Program 1999	14.231	S-99-UC-48-0002	351	351
7130	Emergency Shelter Grant Program 2000	14.231	S-00-UC-48-0002	58,387	58,387
7130	Emergency Shelter Grant Program 2003	14.231	S-03-UC-48-0002	1,382	1,382
7130	Emergency Shelter Grant Program 2004	14.231	S-04-UC-48-0002	12,986	12,986
7130	Emergency Shelter Grant Program 2005	14.231	S-05-UC-48-0002	77,062	77,062
7130	Emergency Shelter Grant Program 2006	14.231	S-06-UC-48-0002	62,667	62,667
7130	Emergency Shelter Grant Program 2007	14.231	S-07-UC-48-0002	359,464	335,774
7140	HOME Investment Partnership Program 1997	14.239	M-97-UC-48-0215	252,304	252,304
7140	HOME Investment Partnership Program 2004	14.239	M-04-UC-48-0215	192,496	190,944
7140	HOME Investment Partnership Program 2005	14.239	M-05-UC-48-0215	1,473,456	615,489
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	453,721	-
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	413,786	-
7200	Shelter Plus Care Program 1996	14.238	TX21C96	172,643	171,327
7200	Shelter Plus Care Program 1997	14.238	TX21C97	9,673	9,673
7200	Shelter Plus Care Program 2005	14.238	TX01C50	1,026,620	957,907
7200	Shelter Plus Care Program 2006	14.238	TX01C60	1,103,858	1,071,965
7660	Community Development Block Grant/Entitlement Grants 2000	14.218	B-00-UC-48-0002	145,232	145,092
7660	Community Development Block Grant/Entitlement Grants 2001	14.218	B-01-UC-48-0002	10,793	10,793
7660	Community Development Block Grant/Entitlement Grants 2002	14.218	B-02-UC-48-0002	24,754	-
7660	Community Development Block Grant/Entitlement Grants 2003	14.218	B-03-UC-48-0002	186,851	165,227
7660	Community Development Block Grant/Entitlement Grants 2004	14.218	B-04-UC-48-0002	1,318,524	678,208
7660	Community Development Block Grant/Entitlement Grants 2005	14.218	B-05-UC-48-0002	2,153,575	1,882,778
7660	Community Development Block Grant/Entitlement Grants 2006	14.218	B-06-UC-48-0002	2,837,889	2,083,235
7660	Community Development Block Grant/Entitlement Grants 2007	14.218	B-07-UC-48-0002	4,925,014	1,658,297
7086	Lead Harard Reduction Demonstration Program	14.905	TXLHD0178-07	8,267	-
<b>PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:</b>					
7084	Disaster Recovery	14.218	N/A	63,511	36,850
<b>PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:</b>					
	Community Development Block Grant/Entitlement Grants - CAC	14.218	220	19,668	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	328	97,594	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	243	36,150	-
<b>PASS THROUGH PROGRAMS, CITY OF HOUSTON:</b>					
7041	Stay In School Program	14.218	N/A	90,000	-
7041	Stay In School Program	14.218	N/A	37,648	-
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>18,264,630</b>	<b>10,982,836</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
<b>DIRECT PROGRAMS:</b>					
1000	State Criminal Alien Assistance Program	16.606	NONE	5,286,451	-
1000	Southwest Border Prosecution Initiative Grant	16.609	NONE	150,304	-
2590	Constable Seized Assets - Justice Department	16.000	NONE	8,092	-
2575	DA Seized Assets - Justice Department	16.000	NONE	6,337	-
2610	Sheriff Seized Assets - Justice Department	16.000	NONE	86,041	-
7014	STAR - Success Through Addiction Recovery	16.585	2004-DC-BX-0029	119,163	-
7215	Human Trafficking Rescue Alliance Support	16.320	2005-VT-BX-0007	155,366	-

**HARRIS COUNTY, TEXAS**  
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<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
8605	Bulletproof Vest Partnership Program 2007	16.607	BPV-2007	35,806	-
8605	Bulletproof Vest Partnership Program 2006	16.607	BPV-2006	179,312	-
8775	DNA Capacity Enhancement Program	16.560	2005-DA-BX-K051	13,629	-
8775	DNA Capacity Enhancement Program	16.560	2006-DN-BX-K194	403,363	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2006-DN-BX-K111	254,207	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2005-DN-BX-K122	248,188	-
8779	Harris County Forensic Laboratory Improvement Program	16.742	2005-DN-BX-0017	259	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2006-JV-FX-0149	24,464	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2006-JV-FX-0160	2,033	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0286	32,261	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0277	4,417	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0269	173,684	-
<b>PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:</b>					
7019	STAR - Success Through Addiction Recovery	16.579	DJ-06-A10-16920-04	37,585	-
7019	STAR - Success Through Addiction Recovery	16.579	DJ-07-A10-16920-05	74,943	-
7195	Truancy Intervention Program - T.I.P.	16.540	JA-06-J21-18563-01	66,242	-
7195	Truancy Intervention Program - T.I.P.	16.540	JA-07-J21-18563-02	41,078	-
7088	Intensive Supervision for Juvenile Sex Offenders	16.540	JA-07-J20-19656-01	15,000	-
7235	Hurricane Relief	16.738	DH-06-A10-18444-01	93,492	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-05-J20-13316-08	116,627	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-06-J20-13316-09	177,817	-
8410	New Choices	16.593	RT-05-A10-14878-09	119,519	-
8410	New Choices	16.593	RT-06-A10-14878-10	122,435	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-06-V30-13456-09	27,852	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-07-V30-13456-10	20,456	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-06-A10-18133-02	147,203	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-07-V30-18112-03	32,879	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-06-V30-18112-02	30,336	-
8707	Crime Victims Assistance Coordinator	16.575	VA-06-V30-18216-01	25,518	-
8707	Crime Victims Assistance Coordinator	16.575	VA-07-V30-18216-02	32,622	-
8760	Caseworker Intervention Expansion Project	16.588	WF-06-V30-13454-09	33,538	-
8760	Caseworker Intervention Expansion Project	16.588	WF-07-V30-13454-10	48,341	-
8711	Protective Order Prosecutor Project	16.588	WF-06-V30-13547-09	42,829	-
8711	Protective Order Prosecutor Project	16.588	WF-07-V30-13547-10	37,545	-
8766	Felony Family Violence Caseworker Project	16.588	WF-06-V30-17204-03	23,431	-
8766	Felony Family Violence Caseworker Project	16.588	WF-07-V30-17204-04	19,938	-
8960	Police Training for Violence Crimes Against Woman	16.588	WF-06-V30-13455-09	33,004	-
8960	Police Training for Violence Crimes Against Woman	16.588	WF-07-V30-13455-10	47,919	-
<b>PASS THROUGH PROGRAMS, TEXAS ALCOHOLIC BEVERAGE COMMISSION:</b>					
7749	Task Force for Underage Drinking	16.727	NONE	3,434	-
<b>PASS THROUGH PROGRAMS, CITY OF HOUSTON:</b>					
8715	2005 Justice Assistance Grant	16.738	2005-DJ-BX-0119	255,881	-
<b>PASS THROUGH PROGRAMS, FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION:</b>					
7168	Public Housing Safety Initiative	16.595	N/A	79,916	-
<b>PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:</b>					
	Victims of Crime Act Grant FY2007	16.575	VA-06-V30-13747-07	27,206	-
	Victims of Crime Act Grant FY2008	16.575	VA-06-V30-13747-08	52,960	-
<b>PASS THROUGH PROGRAMS, SAM HOUSTON STATE UNIVERSITY:</b>					
7707	Project Safe Neighborhood	16.609	321-20-S050	23,124	-
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<b>9,094,047</b>	<b>-</b>

See notes to schedule.

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<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>					
<b>PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:</b>					
7024	PAL - Transition Center	17.261	2806MFS000	154,570	-
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<b>154,570</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
<b>DIRECT PROGRAMS:</b>					
7054	Houston Urbanized Area Formula Funds	20.507	T0701	18,660	-
<b>PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:</b>					
7125	Non-Emergency Transportation Services	20.513	TS4640-01	271,376	-
7017	Non-Emergency Transportation Services	20.205	TRN 06-009	60,104	-
<b>PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:</b>					
7416	Elderly and Disabled Transportation Program	20.513	51612F7192	386,022	-
7416	Elderly and Disabled Transportation Program	20.513	51712F7140	126,201	-
7057	STEP - Comprehensive	20.600	588EGF5053	39,006	-
8865	STEP - Driving While Intoxicated (DWI)	20.600	587XXF5003	114,320	-
8865	STEP - Driving While Intoxicated (DWI)	20.600	588XXF5003	56,648	-
8880	STEP - Comprehensive	20.600	587XXF5008	33,421	-
8895	STEP - Comprehensive	20.600	587XXF5007	66,129	-
8895	STEP - Comprehensive	20.600	588EGF5050	50,036	-
8897	STEP - Comprehensive Commercial Motor Vehicle	20.600	587XXF5015	29,501	-
8897	STEP - Comprehensive Commercial Motor Vehicle	20.600	588EGF5051	24,137	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>1,275,561</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<b>PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:</b>					
8320	WIC - Women, Infant, and Children	10.557	2008-024627	2,817,992	-
8320	WIC - Women, Infant, and Children	10.557	2007-020853	4,469,494	-
<b>PASS THROUGH PROGRAMS, TEXAS HEALTH AND HUMAN SERVICES COMMISSION:</b>					
1000	National School Lunch and Breakfast Program -Juvenile Probation	10.553	75F4006	1,162,039	-
1000	National School Lunch and Breakfast Program - CPS	10.553	75D4002	32,555	-
	National School Lunch Program Commodities - CPS	10.555	75D4002	2,433	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	126,744	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>8,611,257</b>	<b>-</b>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>					
<b>DIRECT PROGRAMS:</b>					
7065	Pct. 2 Unincorporated Area Revitalization Program	66.202	XP-97679101	16,500	-
7456	Harris County BMP Effectiveness in Pollutant Reduction	66.463	CP-97652901	85,563	-
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				<b>102,063</b>	<b>-</b>

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<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
<b>DIRECT PROGRAMS:</b>					
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-01	211	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-02	1,166,350	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	486,251	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	06CY0847/02	23,024	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	06CY0847/03	3,974	-
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	189	-
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	227,912	227,912
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	57,898	54,763
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-16	2,526,746	2,482,856
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-17	16,048,731	14,166,775
7052	Minority AIDS Initiative Programs	93.914	H3MHAO8461AO	793,615	743,900
<b>PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:</b>					
7375	Cities Readiness Initiative	93.283	7604545149-2006-13A	1,263,835	-
7375	Cities Readiness Initiative	93.283	2008-023012-001A	138,617	-
8050	Title V - Maternal & Child Health	93.994	2008-024107-001	402,640	-
8050	Title V - Maternal & Child Health	93.994	2006-020425-001	693,669	-
8060	Refugee Health Screening Program	93.576	2007-021090-001	708,266	-
8060	Refugee Health Screening Program	93.576	2008-023335-001	417,549	-
8070	Immunization Action Plan	93.268	2007-0202176-002	410,128	-
8070	Immunization Action Plan	93.268	2008-023788-001	576,421	-
8090	Tuberculosis Prevention and Control	93.116	2008-025335	15,162	-
8090	Tuberculosis Prevention and Control	93.116	2007-021982-001A	85,191	-
8100	TB - Prevention and Control	93.116	2007-021974-001A	38,150	-
8100	TB - Prevention and Control	93.116	2008-025345-001	6,659	-
8110	Title X - Family Planning	93.217	2007-020558-001	948,696	-
8110	Title X - Family Planning	93.217	2008-023954-001	802,045	-
8140	HIV Prevention	93.940	2007-021908-001	153,975	-
8140	HIV Prevention	93.940	2008-025320-001	83,100	-
8150	HIV Prevention	93.940	2008-024474-001	35,982	-
8150	HIV Prevention	93.940	2007-021909-001	67,604	-
8160	Community Health Services - Population Based	93.994	2007-020404-001	211,073	-
8160	Community Health Services - Population Based	93.994	2008-022990	132,172	-
8165	Bioterrorism Preparedness	93.283	7604545149-2006-09	1,913,010	-
8165	Bioterrorism Preparedness	93.283	2008-022950-001	720,730	-
8180	TDH Vaccine-Medical Records	93.268	NONE	4,269,978	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2007-02009	89,417	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2008-025188	7,054	-
7047	Infectious Disease Surveillance and EPI Branch	93.283	2007-022120	104,015	-
<b>PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:</b>					
7024	PAL - Transition Center	93.558	2806MFS000	160,878	-
7024	PAL - Transition Center	93.558	2807TAN002	74,282	-
<b>PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:</b>					
7012	Harris County Integrated Child Support System	93.563	06-C0042	739,594	-
7012	Harris County Integrated Child Support System	93.563	07-C0062	251,437	-
7635	Ensuring Access, Encouraging Support	93.564	05-C0057	6,598	-
7091	Court Order Parent Education Project - COPE	93.601	08-C0048	660	-
<b>PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:</b>					
7046	Hurricane Katrina/Rita Recovery Assistance - RIDES	93.667	248-07	460,554	-
1000	Hurricane Katrina/Rita Recovery Assistance - Juvenile Probation	93.667	257-07	1,900,000	-

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<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b>PASS THROUGH PROGRAMS, FAITH ACCESS TO COMMUNITY ECONOMIC DEVELOPMENT:</b>					
7048	Built Environment Program	93.135	50532868	2,251	-
<b>PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:</b>					
7023	TITLE IV-E Child Welfare Services FY2008	93.658	2003063076	478,977	-
7023	TITLE IV-E Child Welfare Services FY2007	93.658	23357148	638,081	-
7007	TITLE IV-E LEGAL SERVICES	93.658	23380591	701,258	-
7007	TITLE IV-E LEGAL SERVICES	93.658	23357147	734,215	-
7275	Stand_Alone Drug Services	93.556	23368038	43,987	-
7275	Stand_Alone Drug Services	93.556	23368038	27,749	-
8488	Community Youth Development FY2008	93.556	23362203	639,179	474,723
8488	Community Youth Development FY2007	93.556	23362203	249,128	129,649
8045	STAR - Services to At Risk Youth Program	93.556	23335721-FY07	147,391	-
8045	STAR - Services to At Risk Youth Program	93.556	23335721-FY08	124,838	-
<b>PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON</b>					
8145	ST.Louis Encephalitis - UTMB	93.856	N01-AI-25489	239,523	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>43,250,619</b>	<b>18,280,578</b>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>					
<b>DIRECT PROGRAMS:</b>					
8540	Major Drug Squad 2005	07.999	I5PHNP510	4,447	-
8610	Truck, Air, Rail, and Port 2003	07.999	I3PHNP510	29,905	-
8610	Truck, Air, Rail, and Port 2004	07.999	I4PHNP510	3,007	-
8610	Truck, Air, Rail, and Port 2005	07.999	I5PHNP510	11,992	-
8615	Gang & Non-Traditional Gang Squad 2005	07.999	I5PHNP510	5,010	-
8620	Houston Money Laundering 2003	07.999	I3PHNP510	200,681	-
8620	Houston Money Laundering 2004	07.999	I3PHNP510	17,000	-
8620	Houston Money Laundering 2005	07.999	I5PHNP510	3,952	-
8640	Joint Drug Intelligence Group 2003	07.999	I3PHNP510	103,794	-
8640	Houston Intelligence Support Center 2005	07.999	I5PHNP510	340	-
8008	Major Drug Squad 2006	07.999	I6PHNP510	25,290	-
8008	Houston Money Laundering 2006	07.999	I6PHNP510	431,839	-
8008	Houston Intelligence Support Center 2006	07.999	I6PHNP510	5,777	-
8008	Truck, Air, Rail, and Port 2006	07.999	I6PHNP510	3,712	-
8008	Gang Squad 2006	07.999	I6PHNP510	4,997	-
8008	Operation Scorned Fury 2006	07.999	I6PHNP510	77,470	-
8008	Operation Molson Ice 2006	07.999	I6PHNP510	46,482	-
8008	Gang & Non-Traditional Gang Squad 2006	07.999	I6PHNP510	46,482	-
8008	Major Drug Squad 2007	07.999	I7PHNP510	85,027	-
8008	Houston Money Laundering 2007	07.999	I7PHNP510	392,982	-
8008	Houston Intelligence Support Center 2007	07.999	I7PHNP510	64,147	-
8008	Truck, Air, Rail, and Port 2007	07.999	I7PHNP510	37,559	-
8008	Gang Squad 2007	07.999	I7PHNP510	8,941	-
<b>TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY</b>				<b>1,610,833</b>	<b>-</b>
<b>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>					
<b>DIRECT PROGRAM:</b>					
7038	Juvenile Protection Records Processing Project	89.003	NAR06GRANT-047	24,875	-
<b>TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>				<b>24,875</b>	<b>-</b>

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<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
<b>PASS THROUGH PROGRAMS, UNITED WAY</b>					
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	NONE	608,022	-
<b>PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:</b>					
7016	Urban Area Security Initiative	97.008	2005-HSGP-48201	3,623,458	-
7016	Urban Area Security Initiative	97.008	2006-HSGP-48201	2,255,859	-
7037	Buffer Zone Protection Program	97.078	2005 BZZP-48201/VGP-TX-0039	75,256	-
7155	Residential Safe Room Rebate Program	97.039	DR-1606-031	35,000	-
7289	Emergency Management Performance Grant 2006	97.067	07TX-EMPG-0348	218,829	-
7294	FEMA - Public Assistance - Hurricane Katrina	97.036	FEMA-3216-EM-TX	6,012	-
8525	Law Enforcement Terror - LETPP	97.074	2006-GE-T6-0068	59,375	-
8525	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	500,000	-
8525	Port Security Grant Program - FY2006	97.056	2006-GB-T6-0062	1,469	-
8525	Port Security Grant Program - FY2007	97.056	2007-GB-T7-K271	88,910	-
8525	Homeland Security Grant Program	97.073	2006-HSGP-48201	8,814	-
8525	Homeland Security Grant Program	97.073	2005-HSGP-48201	404,142	-
<b>PASS THROUGH PROGRAMS, TEXAS ASSOCIATION OF REGIONAL COUNCILS (TARC):</b>					
7107	Citizens Corps Grant FY2006	97.053	2006 HSGP - 48201	63,841	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<b>7,948,987</b>	<b>-</b>
<b><u>DEPARTMENT OF EDUCATION</u></b>					
<b>PASS THROUGH PROGRAMS, READING IS FUNDAMENTAL, INC.:</b>					
7448	Reading is Fundamental (RIF)	84.359	TX-862-F	6,336	-
<b>TOTAL DEPARTMENT OF EDUCATION</b>				<b>6,336</b>	<b>-</b>
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>					
<b>PASS THROUGH PROGRAMS, ARTS MIDWEST:</b>					
7169	Big Read	45.024	11206	36,220	-
<b>PASS THROUGH PROGRAMS, TEXAS COUNCIL FOR HUMANITIES:</b>					
7042	District Clerk Historic Records Preservation Project	45.164	2007-3347	2,675	-
8455	Texas Council for Humanities	45.164	2004-3045	488	-
<b>TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES</b>				<b>39,383</b>	<b>-</b>
<b><u>U.S. FISH AND WILDLIFE SERVICE</u></b>					
<b>DIRECT PROGRAMS:</b>					
7026	Wildlife Habitat Development & Management Activities	15.623	1448-20181-05	2,976	-
7029	Challenger Seven Memorial Park	15.623	1448-20181-06	10,148	-
<b>PASS THROUGH PROGRAMS, TEXAS PARKS AND WILDLIFE:</b>					
7027	Harris County Bane Park	15.916	48-01060	286,978	-
<b>TOTAL U.S. FISH AND WILDLIFE SERVICE</b>				<b>300,102</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 90,683,263</b>	<b>\$ 29,263,414</b>

See notes to schedule.

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<b><u>STATE GRANTS</u></b>					
<b><u>OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</u></b>					
<b>DIRECT PROGRAMS:</b>					
7045	Adult Violent Death Review Team	N/A	SF-07-A10-17220-03	\$ 10,326	\$ -
7089	Rescue Mentoring Program	N/A	SF-08-J20-19317-01	5,676	-
7196	School Resource Officer - Pct. 6	N/A	SF-08-A10-19454-01	13,997	-
7697	Sex Offender Compliance Enforcement and Monitoring Program	N/A	SF-08-A10-18099-03	79,777	-
7697	Sex Offender Compliance Enforcement and Monitoring Program	N/A	SF-07-A10-18099-02	36,547	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-08-A10-17374-04	38,497	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-07-A10-17374-03	108,616	-
8980	CPS Runaway Investigator	N/A	SF-08-A10-17577-03	37,962	-
8980	CPS Runaway Investigator	N/A	SF-07-A10-17577-02	19,738	-
7028	Abducted and Missing Persons Unit	N/A	SF-08-A10-17578-03	64,608	-
7028	Abducted and Missing Persons Unit	N/A	SF-07-A10-17578-02	48,174	-
<b>TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</b>				<b>463,918</b>	<b>-</b>
<b><u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u></b>					
<b>DIRECT PROGRAMS:</b>					
7136	Harris County Halls Bayou Greenway	N/A	53-00008	1,320,981	-
<b>TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT</b>				<b>1,320,981</b>	<b>-</b>
<b><u>TEXAS OFFICE OF THE ATTORNEY GENERAL</u></b>					
<b>DIRECT PROGRAMS:</b>					
8270	Texas Automated Victim Notification - VINE	N/A	NONE	123,449	-
7056	Other Victim Assistance Grant	N/A	08-02868	20,713	-
<b>PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:</b>					
	Other Victims Assistance Grant FY2007	N/A	224	24,028	-
	Other Victims Assistance Grant FY2008	N/A	246	25,793	-
<b>TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL</b>				<b>193,983</b>	<b>-</b>
<b><u>CHILDREN'S ADVOCACY CENTERS OF TEXAS</u></b>					
<b>PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:</b>					
	Children's Advocacy Center Grant	N/A	225	115,939	-
	Children's Advocacy Center Grant	N/A	244	222,575	-
<b>TOTAL CHILDREN'S ADVOCACY CENTERS OF TEXAS</b>				<b>338,514</b>	<b>-</b>
<b><u>OFFICE OF THE COMPTROLLER</u></b>					
<b>DIRECT PROGRAMS:</b>					
8685	Tobacco Compliance 2006	N/A	NONE	398	-
8685	Tobacco Compliance 2007	N/A	NONE	9,018	-
8685	Tobacco Compliance 2008	N/A	NONE	3,395	-
<b>TOTAL OFFICE OF THE COMPTROLLER</b>				<b>12,811</b>	<b>-</b>

**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b><u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u></b>					
<b>DIRECT PROGRAMS:</b>					
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-07-0130-02	24,170	-
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-06-0386-01	14,657	-
<b>TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION</b>				<b>38,827</b>	<b>-</b>
<b><u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u></b>					
<b>DIRECT PROGRAMS:</b>					
8020	Tuberculosis Prevention and Control	N/A	7604545149C-2007-01	229,587	-
8020	Tuberculosis Prevention and Control	N/A	2008-023148-001	341,106	-
8030	Regional and Local Services	N/A	7604545149B-2007-01	116,995	-
8030	Regional and Local Services	N/A	2008-024577	104,228	-
8065	Tobacco Prevention and Control	N/A	2007-020811-001	227,693	-
8065	Tobacco Prevention and Control	N/A	2008-024560	104,132	-
<b>PASS THROUGH PROGRAMS, THE RESOURCE GROUP:</b>					
8515	Early Medical Intervention Program	N/A	06HCS00SS	15,127	-
8515	Early Medical Intervention Program	N/A	07HCS00SS	31,173	-
8515	Early Medical Intervention Program	N/A	08HCS00SS	44,470	-
<b>TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES</b>				<b>1,214,511</b>	<b>-</b>
<b><u>TEXAS DEPARTMENT OF TRANSPORTATION</u></b>					
<b>PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:</b>					
8710	Auto Theft Division	N/A	SA-T01-10052-07	253,383	-
8710	Auto Theft Division	N/A	SA-T01-10052-08	831,301	-
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>				<b>1,084,684</b>	<b>-</b>
<b><u>TEXAS STATE LIBRARY AND ARCHIVES COMMISSION</u></b>					
<b>DIRECT PROGRAMS:</b>					
8285	Loan Star Libraries Program FY07	N/A	442-07232	58,311	-
8285	Loan Star Libraries Program FY08	N/A	442-08235	120,457	-
<b>PASS THROUGH PROGRAMS, HOUSTON AREA LIBRARY SYSTEM:</b>					
7453	HALS-Staff Development Grant	N/A	NONE	6,000	-
7446	HALS Grant	N/A	NONE	104,200	-
<b>TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION</b>				<b>288,968</b>	<b>-</b>
<b><u>TEXAS HISTORICAL COMMISSION</u></b>					
<b>DIRECT PROGRAMS:</b>					
7075	Texas Historical Courthouse Preservation	N/A	NONE	136,872	-
<b>TOTAL TEXAS HISTORICAL COMMISSION</b>				<b>136,872</b>	<b>-</b>
<b><u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u></b>					
<b>DIRECT PROGRAMS:</b>					
7222	Low Income Vehicle Repair Assistance Program	N/A	582-2-55082-01	431,911	431,911
7222	Low Income Vehicle Repair Assistance Program	N/A	582-2-55082-02	2,076,466	2,076,465

**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Fund No.</b>	<b>Federal Grantor / Pass-Through Agency Grantor / Program</b>	<b>CFDA Number</b>	<b>Grantor or Pass-through Grantor's Number</b>	<b>Program Expenditures</b>	<b>Amount Provided to Subrecipients</b>
<b>PASS THROUGH PROGRAMS,</b>					
<b>HOUSTON GALVESTON AREA COUNCIL:</b>					
7044	Solid Waste Implementation - Education and Training	N/A	07-16-G16	16,874	-
8730	Mobile Household Hazardous Waste Collection Events	N/A	06-16-G13	5,758	-
8730	Household Hazardous Waste	N/A	07-17-G07	90,247	-
8731	Local Enforcement Program/Equipment	N/A	06-16-G09	128,192	-
<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>				<u>2,749,448</u>	<u>2,508,376</u>
<b><u>TEXAS OFFICE OF COURT ADMINISTRATION</u></b>					
<b>DIRECT PROGRAMS:</b>					
1000	Indigent Defense Formula Grant	N/A	NONE	2,044,842	-
<b>TOTAL TEXAS OFFICE OF COURT ADMINISTRATION</b>				<u>2,044,842</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>				<u>\$ 9,888,359</u>	<u>\$ 2,508,376</u>
<b>GRAND TOTAL EXPENDITURES OF FEDERAL &amp; STATE AWARDS</b>				<u>\$ 100,571,622</u>	<u>\$ 31,771,790</u>

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

1. The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal and state awards provided to subrecipients are treated as expenditures when paid to the subrecipient.

2. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Grants Special Revenue Fund of the Comprehensive Annual Financial Report (“CAFR”) for the year ended February 29, 2008:

Federal expenditures per schedule	\$	90,683,263
State expenditures per schedule		<u>9,888,359</u>
Subtotal		100,571,622
Add:		
Trial Balance adjustments for modified accrual basis of accounting		2,208,572
County funded portion of grants		3,238,398
Local Grants		5,893,962
Less:		
Grants - Other fund types		<u>(11,494,083)</u>
Total	\$	<u><u>100,418,471</u></u>
Balance per CAFR - Grants Special Revenue Fund	\$	<u><u>100,418,471</u></u>

**HARRIS COUNTY, TEXAS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

3. Reporting Entity - The County, for purposes of the supplementary schedule of expenditures of federal and state awards includes all the funds of the primary government as defined by the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." It does not include the following component units of the County as follows:

Harris County Hospital District  
Harris County Flood Control District  
Harris County Juvenile Board  
Mental Health and Mental Retardation Authority  
Harris County Housing Authority  
The Children's Assessment Center Foundation

These component units also receive federal financial assistance but separately satisfy the audit requirements of OMB Circular A-133 by engaging other auditors to perform an audit in accordance with OMB Circular A-133.

4. Noncash Awards - Certain federal financial award programs do not involve cash awards to Harris County. These programs include donated vaccines and commodities as follows:

**U.S. Department of Health & Human Services**

Donated Vaccine (CFDA #93.268)

Value of vaccines issued	\$ 4,269,978
Value of vaccines on hand	690,447

**U.S. Department of Agriculture**

Donated Commodities (CFDA #10.555)

Value of commodities issued	\$ 129,177
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**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unqualified.
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**

Internal control over major programs: Material weakness (es) identified?	No.
Significant deficiency (ies) identified not considered to be a material weakness?	None reported.
Type of auditors' report issued on compliance for major programs:	Unqualified.
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section 510(a))?	Yes.

Identification of major programs:

<b>Name of Major Federal/State Program</b>	<b>CFDA Number</b>
Community Development Block Grant/Entitlement Grants	14.218
HOME Investment Partnership Program	14.239
State Criminal Alien Assistance Program	16.606
Ryan White Title I - Formula & Supplement	93.914
Minority AIDS Initiative Programs	93.914
Urban Area Security Initiative	97.008
Citizens Corps Grant	97.053
Homeland Security Grant Program	97.073
Law Enforcement Terror	97.074
Harris County Halls Bayou Greenway	State
Indigent Defense Formula Grant	State
Low Income Vehicle Repair Assistance Program	State
Children's Advocacy Centers of Texas	State

Dollar threshold used to distinguish between Type A and Type B programs:	\$2,720,497 and \$300,000 for federal and state, respectively
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Auditee qualified as a low-risk auditee?	No.
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**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

**II. FINANCIAL STATEMENT FINDINGS SECTION**

None noted.

**III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION**

Program	Finding/Noncompliance	Questioned Cost
	<b>Finding 08-01 – Reporting - Improper Cutoff</b>	
State Program Low Income Vehicle Repair Assistance Program (LIRAP)		None

Condition: The County did not record LIRAP expenditures in a timely manner, and as such did not achieve proper cut off for the Schedule of Expenditures of Federal Awards (SEFA). LIRAP expenditures for the period from 12/1/2007 to 2/29/2008 in the amount of \$1,049,441 were not recorded in fiscal year 2008 and were not included in the preliminary fiscal year 2008 SEFA.

Criteria: Grant expenditures should be reconciled to the general ledger prior to submission of reports to the granting agency.

Cause: When recording the total expenditures per the Form 269a – Quarterly Financial Status Report for the period from 12/1/2007 to 2/29/2008, County personnel did not record the expenditures in the general ledger until March 25, 2008 (fiscal year 2009). As such, the County recorded the expenditures in the incorrect fiscal year and did not ensure proper cut off of the expenditures for the fiscal year 2008 SEFA. Further, during the Standard Grant Approval Review Process, both the two assigned reviewers failed to verify that the expenditures were recorded in the proper period.

Effect: \$1,049,441 of fiscal year 2008 LIRAP expenditures were excluded from the original fiscal year 2008 SEFA and was corrected for the final version.

Recommendation: The County should reconcile the Total Reimbursable Costs per the Form 269a's for the fiscal year (3/1/2007 to 2/29/2008) to the total LIRAP expenditures per the general ledger to ensure all LIRAP expenditures have been recorded in the correct period and that all LIRAP expenditures are included in the fiscal year 2008 SEFA.

Corrective Action Plan of Management: The following measures will be implemented to address similar issues in the future: 1) a meeting will be held with staff prior to the year-end process to go over the process and the accounting approach to be followed; 2) the journal entry review by management will place more focus on appropriate fiscal year from March through June.

Estimated Completion Date: 7/1/2008

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
	<p><u>County Contact Persons:</u> Mel Trammel, Director of Grants and Accounts Receivable and Tawana Greene, Manager of Grants</p> <p style="text-align: center;"><b>Finding 08-02 – Reporting</b></p>	
State Program Harris County Halls Bayou		None
	<p><u>Condition:</u> The County did not submit one of its Quarterly Status Reports to the Texas Parks and Wildlife Department within two weeks of Quarter End as mandated by the Grant Agreement.</p> <p><u>Criteria:</u> The Reporting Compliance Requirement as mandated by the Texas Recreation &amp; Parks Account Program Project Agreement requires that quarterly reports be submitted within two weeks of quarter end.</p> <p><u>Cause:</u> Desk Reviews are only performed on Federal grant subrecipients, and was not performed for the LIRAP, a state grant.</p> <p><u>Effect:</u> The third quarter Quarterly Status Report, due within two weeks of September 30, 2007, was not submitted by the County until October 24, 2007, which is past the two week deadline.</p> <p><u>Recommendation:</u> The County should implement procedures to coordinate with a representative from both the Harris County Flood Control District and the City of Houston prior to the report submittal deadline in order to ensure the timely completion and submittal of these reports.</p> <p><u>Corrective Action Plan of Management:</u> The County has enacted procedures to conduct meetings with the Harris County Flood Control District and the City of Houston to assure that the quarterly reports were completed by two weeks of quarter end.</p> <p><u>Estimated Completion Date:</u> 8/31/2008</p> <p><u>County Contact Persons:</u> John deBessonnet, RLA, Parks Planner - Public Infrastructure Department</p>	
	<b>Finding 08-03 – Allowable Costs – Improper Cutoff</b>	
State Program Harris County Halls Bayou		\$215,483
	<p><u>Condition:</u> Fiscal year 2007 expenditures for the Halls Bayou Grant were originally not recorded as grant expenditures, but were identified as grant related and transferred to the Halls Bayou Grant account in fiscal year 2008. As a result, the fiscal year 2008 SEFA includes fiscal year 2007 expenditures, reflecting an improper cut-off of expenditures.</p>	

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
	<p><u>Criteria:</u> Grant expenditures should be reviewed and recorded or transferred to the Halls Bayou Grant account in a timely manner to ensure proper cut-off for the SEFA Reports.</p> <p><u>Cause:</u> County personnel did not identify these expenditures as being related to the Halls Bayou grant on a timely basis.</p> <p><u>Effect:</u> \$215,483 of fiscal year 2007 expenditures are included in the fiscal year 2008 SEFA.</p> <p><u>Recommendation:</u> Implement additional reconciliation and/or review procedures to ensure that Halls Bayou grant related expenditures are identified on a timely basis and recorded in the correct account.</p> <p><u>Corrective Action Plan of Management:</u> The following measures will be implemented to address similar issues in the future: 1) a meeting will be held with staff prior to the year-end process to go over the process and the accounting approach to be followed; 2) the journal entry review by management will place more focus on appropriate fiscal year from March through June.</p> <p><u>Estimated Completion Date:</u> 7/1/2008</p> <p><u>County Contact Persons:</u> Mel Trammel, Director of Grants and Accounts Receivable and Tawana Greene, Manager of Grants</p>	
	<b>Finding 08-04 – Reporting</b>	
CFDA 93.914 HIV Emergency Project Relief Grants	<p><u>Condition:</u> The County did not submit the third quarter Federal Cash Transaction Report 272 to the Health and Human Services Division of Payment Management within 45 days of the quarter-end as mandated by the Grant Agreement.</p> <p><u>Criteria:</u> Federal Cash Transaction Reports are due to the Health and Human Services Division of Payment Management within 45 days of the end of the quarter. Per the Health and Human Services Division of Payment Management website (<a href="http://www.dpm/psc/gov/grant_recipient/reports/du_dates.aspx?">http://www.dpm/psc/gov/grant_recipient/reports/du_dates.aspx?</a>), the due date for the third quarter was November 14, 2007.</p> <p><u>Cause:</u> The reason for the delay in submitting the 3<sup>rd</sup> quarter report is that there was a change in County personnel responsible for this report during the third quarter.</p>	N/A

**HARRIS COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
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Effect: Of the four Quarterly Status Reports required by the grant agreement in fiscal year 2008, Harris County failed to submit the 3<sup>rd</sup> quarter report in a timely manner. Per the Health and Human Services Division of Payment Management website ([http://www.dpm/psc/gov/grant\\_recipient/reports/du\\_dates.aspx?](http://www.dpm/psc/gov/grant_recipient/reports/du_dates.aspx?)), the due date for the third quarter report was November 14, 2007. The report was not submitted until January 14, 2008.

Recommendation: The County should assess its procedures for monitoring the timely submission of the reports. Consider additional back-up procedures which will alert appropriate managers or other County personnel of upcoming deadlines when those responsible for the reports are not available to complete them before the deadlines.

Corrective Action Plan of Management: Procedures require that all report dates for all grants should be in the Grants Module. Grant files have been reviewed in an attempt to ensure that report dates are in the system. To help ensure that all grants with report dates are included on this report, when new grant orgkeys are setup the grant accountants provide a copy of the reporting page of the contract to the grant analysts who compares this page to the data entered into the system. Prior to the beginning of each month the Grants Manager or designee will generate a printout of the CDD report of the grant reporting schedule for the upcoming month. The reports submitted during the month will be compared to this list to ensure that all reports are submitted on time and to investigate those instances in which reports are submitted for a grant not on the reporting schedule. At the end of each month a list of any reports submitted during the month but not included on the report at the beginning of the month will be provided to the Director of Grants and Accounts Receivable. The Grants Manager and Director of Grants and Accounts Receivable will run the CDD report of the grant report schedule throughout the month and at the end of the month to identify and resolve those situations in which a submitted date has not been entered into the system. A printout of the CDD report of the grant reporting schedule for the month indicating all reports have been submitted will be initialed by the Grants Manager and be provided to the Director of Grants and Accounts Receivable when all reports have been filed and submitted dates have been entered into the system. The initialed reports shall be retained for three years.

Estimated Completion Date: 2/28/2009

County Contact Persons: Mel Trammel, Director of Grants and Accounts Receivable and Tawana Greene, Manager of Grants

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
	<b>Finding 08-05 – Internal Control</b>	
CFDA 16.606 State Criminal Alien Assistance Program (SCAAP)		N/A

Condition: The underlying support for the Correctional Officer Salary Information reported to the Bureau of Justice Administration was unavailable. The internal computer-generated report (CDD report) created to retrieve the applicable Correctional Officer Salary Information from the general ledger has not been upgraded or updated to reflect changes in the general ledger accounts. As a result, the Correctional Officer Salary Information could not be agreed to supporting payroll records. Additionally, there was not evidence of review of the information by County personnel other than the preparer prior to submission of the information to the funding agency.

Criteria: The County should maintain documentation supporting all data included in the submission to the granting agency. Computer reports used to generate information included within grant reports should be periodically reviewed to ensure that they are not out-of-date. Report submitted to the granting agency should be reviewed by management, and such review should be documented, to ensure that data submitted is accurate and appropriately supported by documentation.

Cause: The CDD report summarizing correctional officers' salaries was not upgraded or updated to reflect changes in general ledger accounts. Management's review of the information submitted to the granting agency was not documented.

Effect: Of 25 selections made for testing of Correctional Officer Salaries, the salaries reported for all 25 on the SCAAP application were less than the amounts recalculated from the County's payroll records.

Recommendation: Update the CDD report to reflect general ledger account changes to ensure that all allowable costs under the SCAAP Grant Guidelines are appropriately included. Implement procedures to maintain the report in the future to ensure that the report remains reconciled with the general ledger and can be supported by payroll records. Management should document its review of the information included in the grant submission to ensure that data submitted is accurate and appropriately supported by documentation.

Corrective Action Plan of Management: CDD report revision is underway.

Estimated Completion Date: 12/1/2008

County Contact Persons: Owen Parker, Business Manager – Harris County Sheriff's Office.

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

**IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
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**Finding 03-01**

N/A

Condition: The Harris County Sports & Convention Corporation’s (the “Corporation”), a blended component unit of Harris County, Texas (the “County”), investment activities are governed by the State of Texas Public Funds Investment Act (the “Act”). The Corporation made a \$12 million investment in the Harris County – Houston Sports Authority’s Subordinate Lien Notes Series 2001 C-1 and Series C-2 (the “Notes”) that were not in compliance with the Act, because the Notes did not receive a rating from at least one nationally recognized investment rating firm.

Criteria: Under the Act, the Corporation is authorized to invest in (1) direct debt securities of the United States or its Agencies, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States, (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

Recommendation: Ensure compliance with the Act.

Status: The Corporation agrees that this investment does not comply with the Texas Public Investment Act; however, the Corporation has been unable to divest itself of the Notes. The Corporation has adopted an investment policy that prohibits future investments that do not comply with the Act.

Estimated Completion Date: Maturity of Notes.

County Contact Person: Willie P. Loston, Executive Director of Harris County Sports & Convention Corporation

**Finding 07-02 – Material Weakness**

N/A

Condition: The County’s construction work in progress (CWIP) included items that did not qualify for capitalization. Some of these items have been included in CWIP for several years. Additionally, certain completed projects that should have been reclassified into other capital asset categories remained recorded in CWIP.

Recommendation: The County Auditor’s Office should communicate to County departments the importance of the project set-up and project close-

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
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out procedures which require submission of executive summaries with the project set-up request and the letter of substantial completion when the project is 95% complete. Training should be provided to these departments and employees who will be involved in this process. The acceptance by the County's operating departments of these policies, procedures and training is imperative in order to make this process work.

Further, the County should have a specific section that is responsible for monitoring of CWIP projects, with support from the employees in other departments that are involved. This section would review the process as they receive information from each of the departments and would keep track of all projects. This would allow for a more timely identification and resolution of issues with CWIP projects.

Status: Financial Accounting implemented a procedure during fiscal year 2008 requiring new master project set-up requests to include an executive summary in order to be established on the financial accounting system. Capital project training has been developed and is available on the County Auditor's intranet site as an on-line on demand training course. The training includes the importance of project set-up and project close-out procedures. The Capital Asset section of Financial Accounting is responsible for the monitoring of CWIP projects including the timely identification and resolution of issues. The Capital Asset section developed a Capital Asset Implementation Plan during the past fiscal year which included enhancing the monitoring of CWIP.

**Finding 07-03 – Material Weakness**

N/A

Condition: The County's capital asset records did not include certain projects for which title belongs to the County or the Flood Control District. Some of these projects started in the 1980s and 1990s. A review of the agreement terms for these projects clearly indicates that these assets become County or Flood Control District property upon completion. Specific examples include flood control projects for Sims Bayou and Clear Creek, and the South Houston Library building. Additionally, the County identified parcels of land for which the County owned the title, but which had not been recorded as capital assets.

Recommendation: The County Auditor's Office should assess its existing policies for review of contracts and other agreements. Consider preparing detailed instructions for personnel who will perform such reviews, as well as training on the policies and the purpose of the review. Management personnel should review the work of the initial contract reviews to assure that the appropriate conclusions were reached regarding what financial accounting entries should be made to reflect the transactions identified.

Consider options for requiring County departments to communicate to the County Auditor's Office when contracts which relate to capital assets are

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

<b>Program</b>	<b>Finding/Noncompliance</b>	<b>Questioned Cost</b>
	<p>negotiated. The County should also consider performing a complete inventory of its capital assets, which might include retaining an outside vendor to assist in searching a variety of records for assets to which the County has title.</p> <p><u>Status:</u> The Capital Asset Section developed a systematic approach for the review of contracts so that transactions are recorded timely and accurately on the financial records of the County. Court agendas are being reviewed by the Capital Asset Section to identify inter-local agreements for construction projects. Copies of inter-local agreements are being obtained and reviewed to determine ownership of the project upon completion. Financial Accounting worked with the Public Infrastructure Department and other County departments to develop a method of identifying non-standard contracts that have an impact on capital assets. The Auditor's Office provided Engineering, Flood Control, and Toll Road a list of jointly funded projects that were not included on the CWIP schedule. The schedules were sent to PID shortly after fiscal year end and responses have been received. The County is in the process of performing an inventory of its assets.</p>	
	<b>Finding 07-04 – Period of Availability Cutoff</b>	
CFDA 93.268 TDH Vaccine – Medical Records Program		\$37,080
	<p><u>Condition:</u> During testing of CFDA 93.268, TDH Vaccine – Medical Records Program, questioned costs were identified from the payroll period which spanned both FY2006 (9/1/2005 – 8/31/2006) and FY2007 (9/1/2006 – 8/31/2007) grant fiscal years. The grants section recorded 100% of salaries and benefits for that period within the FY2007 grant organization key on the general ledger. Approximately 90% of that amount should have been accrued into the FY2006 grant organization key. As such the portion of payroll incurred (90%) in FY2006 is incorrectly classified in and being reimbursed from the FY2007 grant funding.</p> <p><u>Recommendation:</u> As the period of availability is a grant compliance requirement, amounts should be appropriately allocated to each grant fiscal year in which expenditure is incurred. Re-emphasize the period of availability requirements to personnel responsible for grant expenditures and ensure that relevant grant cutoff dates are communicated to necessary individuals. In addition, County personnel responsible for grant accounting should review entries recorded subsequent to grant year-end for proper treatment of amounts recorded at period-end.</p> <p><u>Status:</u> The Auditor's Office Grants Accounting Department sent an email at the end of the Grant Year, to the Departments reminding them of the requirement to classify expenditures to the correct Org key/Grant year and also informing them of the importance of the Departmental management</p>	

**HARRIS COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

Program	Finding/Noncompliance	Questioned Cost
	<p>review of the transactions recorded to the grant after the grant year-end. The Grants Accounting Department also reviewed salary activity in each of the grants subsequent to the grant year-end to ensure that an allocating entry has been made, if needed.</p>	
<b>Finding 07-05 – Monitoring of State Program Subrecipient</b>		
<p>State Program Low Income Vehicle Repair Assistance Program</p>		None
	<p><u>Condition:</u> The Low Income Vehicle Repair Assistance Program (LIRAP) funding is approved by Commissioner’s Court and 100% of funding is sent to the Houston Galveston-Area Council (HGAC), with no administrative cost withheld by the County. In testing LIRAP, D&amp;T noted that the subrecipient, HGAC, was not being monitored.</p>	
	<p><u>Recommendation:</u> In accordance with the UGMS, it appears that the County should, at a minimum, obtain the HGAC Single Audit and the Harris County Audit Services department should perform a desk review of the report. Upon review of the Single Audit report; the Harris County Grants Coordination group, the Fleet Services Division and Audit Services should determine if any findings should be followed-up on. Further, the three County departments should ensure that findings are appropriately corrected.</p>	
	<p><u>Status:</u> The Audit Services section of the County Auditor’s Office obtained HGAC’s single audit and has performed a desk review. Additionally, HGAC has been added to the list of subrecipients to ensure that in the future a single audit report will be obtained and a desk review performed.</p>	