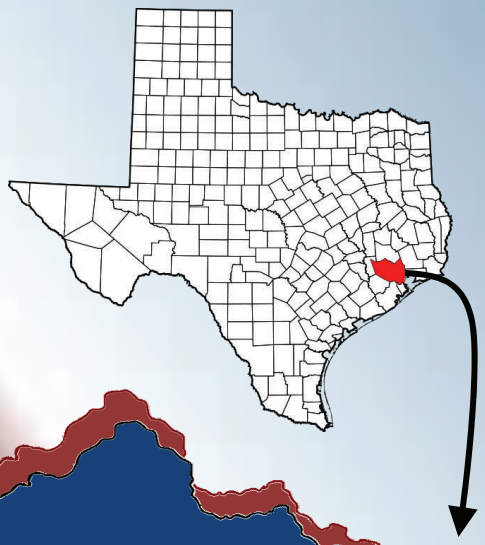
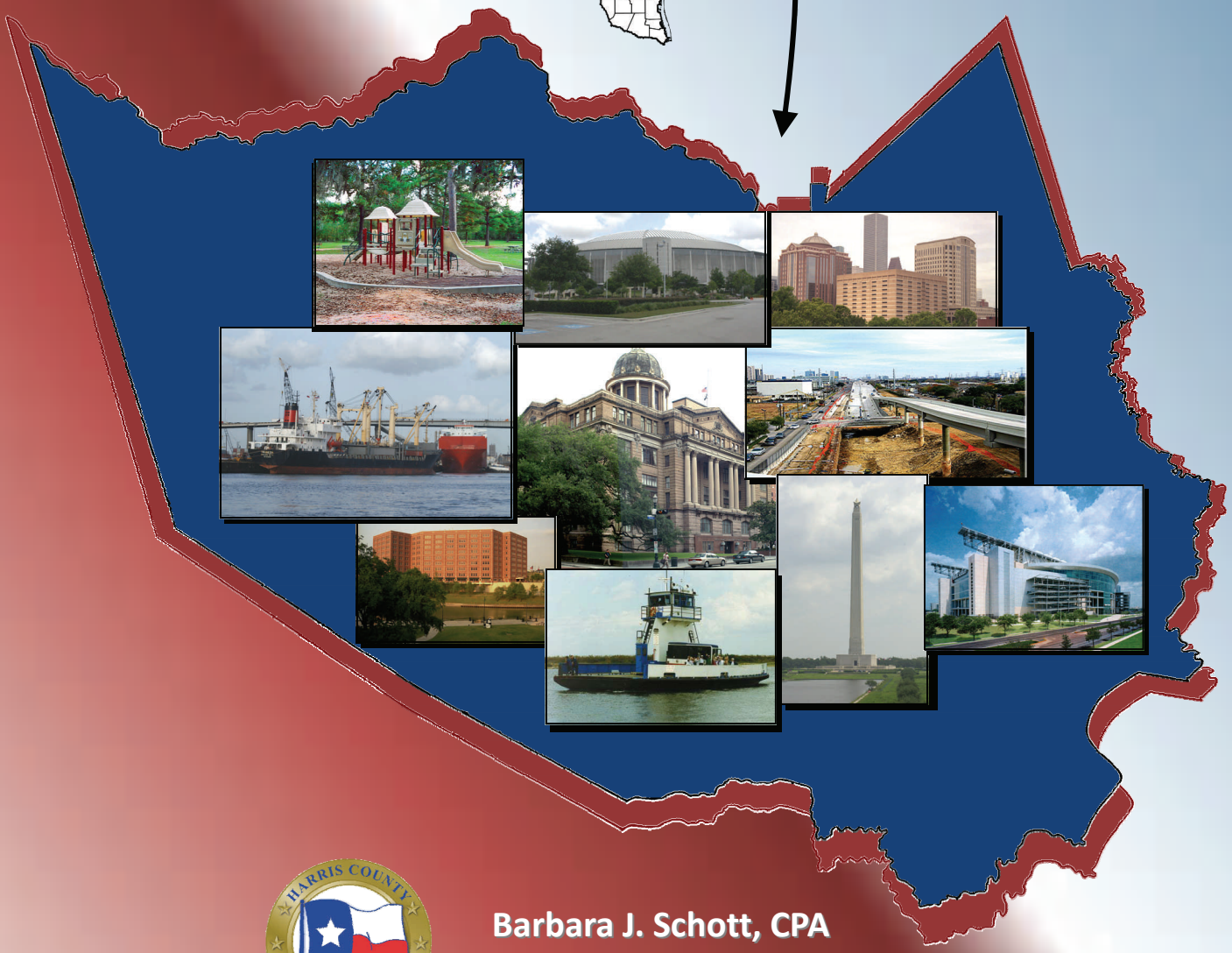
Harris County, Texas

Comprehensive Annual Financial Report
for the fiscal year ended
February 28, 2009





Barbara J. Schott, CPA
County Auditor

HARRIS COUNTY, TEXAS

Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 28, 2009

Prepared By:
Barbara J. Schott, C.P.A.
County Auditor
1001 Preston, Suite 800
Houston, Texas 77002

HARRIS COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2009
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Chief Assistant County Auditor
Accounting Division

Steven L. Garner, C.P.A., C.F.E.
Chief Assistant County Auditor
Audit Division

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July 27, 2009

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 28, 2009. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

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

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

The County's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended February 28, 2009 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, gained over 580,000 residents from the 2000 census to mid-2008.

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, for capital projects through the issuance of bonds, intergovernmental contracts, and new source revenue not anticipated at budget adoption. Purchase orders and contracts are not valid until the County Auditor certifies availability of funds for payment of the obligation. Encumbrance accounting is utilized to ensure effective budgetary control and accountability, and unencumbered appropriations lapse at year-end.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The global recession along with weak energy prices have curtailed the County's robust employment growth. This became especially evident during the first quarter of 2009. Sectors of the local economy that have shed jobs include refining, petrochemicals, construction, retail and wholesale trade, transportation, utilities, finance and informational services. Upstream energy employment job growth has slowed with the Texas Alliance of Energy producers predicting that the oil and gas industry will not recover until 2010. The University of Houston's Institute for Regional Forecasting has forecast regional job losses in 2009 and 2010 of 56,000, mostly occurring in 2009. Factors that will continue to influence the County's economic future are the health of the national economy, energy prices, and the value of the dollar against major foreign currencies.

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 17.3 percent decline in closings during 2008 with the total sales volume falling 15.9 percent. In April 2009, the average sales price for a single-family home was $194,222, which was 5.8 percent lower than in April 2008. However, the median price was $149,050, virtually unchanged from April 2008. Sales of foreclosed single-family properties have slowed recently. In April 2009, foreclosures made up 23.6 percent of all single-family sales compared to 34.0 percent in January 2009.

Catalysts for growth in Harris County, the port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile assembly of public and private facilities along the Houston Ship Channel. The Port of Houston is ranked first in the U.S. in foreign waterborne commerce and second in total tonnage, with a total of 8,053 vessel calls in 2008. 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 and more than $40 million in new tax 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 local government that encourages business development, high capacity freeways, major rail lines, the fourth largest airport in the country, and state of the art telecommunication services. 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 March 2009, the Metropolitan Transit Authority contracted to construct approximately 20 additional miles of light rail lines.

Harris County is the nation's third most populous county, ranking behind Los Angeles County, California and Cook County, Illinois. Houston is tied with Chicago for second place among metropolitan statistical areas for the number of *Fortune 500* headquarters with twenty-nine, behind New York, which has seventy-three.

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 2009 shows that Houston's overall after-taxes living costs are 11 percent below the national average, largely due to housing costs that are 25 percent below the average. Compared to the 26 of 27 metropolitan areas with more than two million residents (Phoenix did not report), Houston's housing costs were 43 percent below the average and Houston's overall living costs were 20 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.

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

Cultural attractions within Houston include a thriving theater district and numerous museums. Year-round resident companies in the major performing arts include the Houston Symphony Orchestra, the Houston

Grand Opera, the Houston Ballet, and the Alley Theater. Major museums include the Museum of Fine Arts, the Contemporary Arts Museum, and the Menil Collection.

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 make their home at Reliant Park; and the Rockets of the National Basketball Association and the Aeros of the American Hockey League 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

Some 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 undesignated fund balance for operating funds will be no less than 15% of fiscal year expenditures;

- Full disclosure and open lines of communications will be provided for rating agencies. A goal is sustaining the County's AAA (Standard & Poor's) and Aa1 (Moody's) and AA+ (Fitch) debt rating with a stable outlook.

- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and

- 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 if the need arises to liquidate the investment before maturity, diversification of the investment portfolio, 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 2008 for the County per $100 of taxable value are: $0.33221 for the General Fund, $0.00594 for the Public Improvement Contingency Fund, and $0.05108 for debt service, for a total of $0.38923.

Funds available for investment under the County's investment program as of February 28, 2009 totaled $2.4 billion with investment earnings for the fiscal year of $74.4 million. The average yield and maturity of such investments were 2.33% and 481 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 2009 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 has $264 million available for continuation of its capital program. The more prominent projects include using FEMA grants for County-wide buyouts and construction projects, the Brays Bayou federal project, and the Sims Bayou federal project. The District's partnership with the Federal Government through the U.S. Army Corps of Engineers, and increasingly through FEMA, forms the foundation of the District's Capital Improvements program for the next fifteen years or more.

Toll Road Authority - The Authority continues moving forward on projects authorized by Commissioners Court including Segment E of the Grand Parkway, Beltway 8 East, and replacement of the existing toll collection system. Currently, the Authority has sufficient available cash to fund projects previously approved by Commissioners Court.

Precinct Roads - Expenditures of $762.7 million are planned over the next five years for various road projects.

Parks – Expenditures of $37 million is planned for Fiscal Year 2010. 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	$34,000,000
• Medical Examiner's Forensic Center	105,000,000
• New Family Law Center	82,200,000
• Plaza and Jury Assembly	15,500,000
• 1910 Civil Courthouse Renovation	58,300,000
• Library Projects	39,410,000

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 29, 2008. 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-five years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it for review to GFOA.

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

REQUEST FOR INFORMATION

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harris County Texas

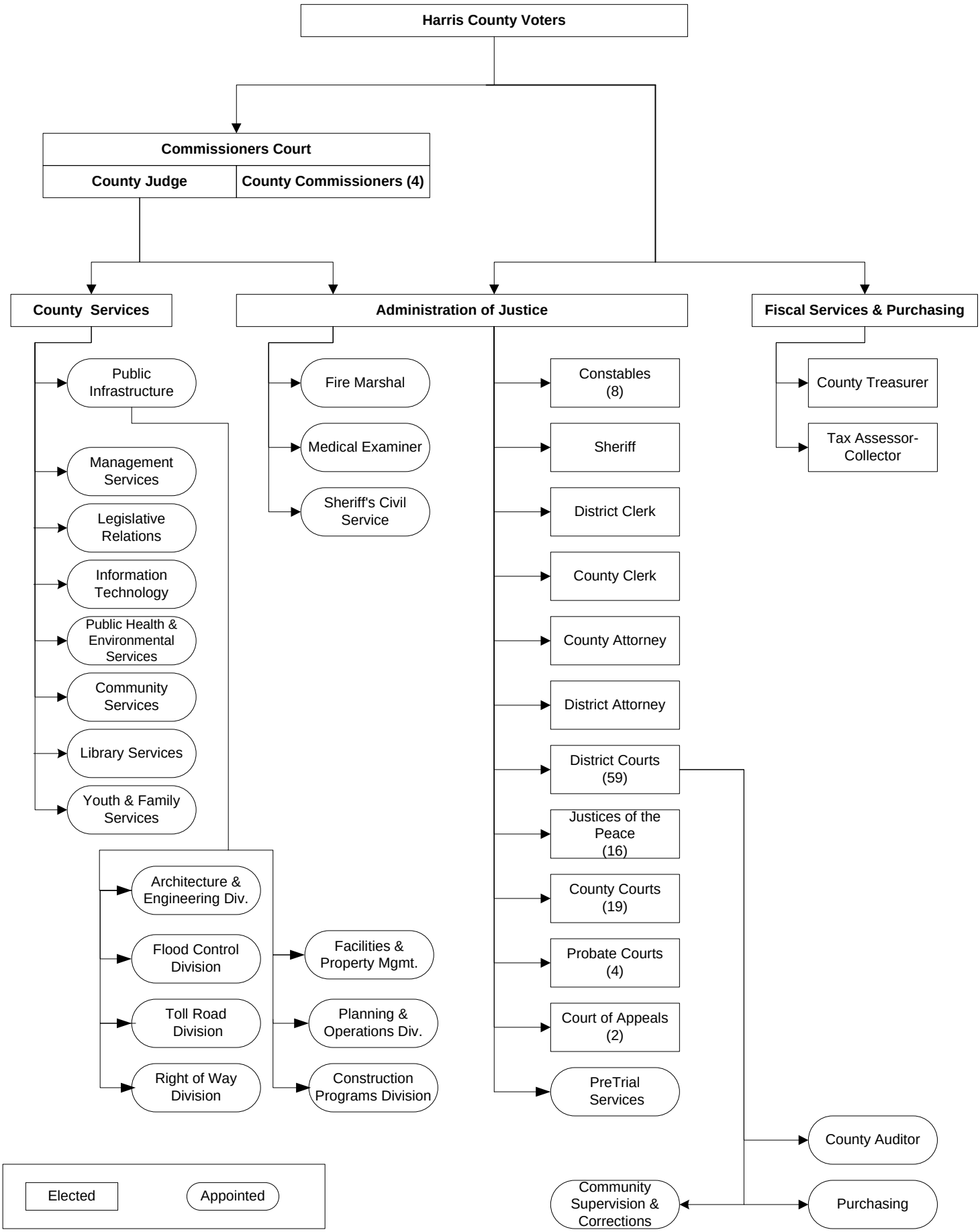
For its Comprehensive Annual Financial Report for the Fiscal Year Ended February 29, 2008

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.

President

Executive Director

Harris County Organization Chart



HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2009

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	Garcia, Adrian
District Attorney	Lykos, Pat
County Attorney	Ryan, Vince
Tax Assessor/Collector	Vasquez, Leo (Appointed December 2008)
District Clerk	Jackson, Loren
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	Williamson, Holly
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	Miller, Mike
55th District Court	Ramos, Dion
61st District Court	Bennett, Al
80th District Court	Weiman, Larry
113th District Court	Hancock, Patricia
125th District Court	Carter, Kyle
127th District Court	Sandill, R.K.
129th District Court	Gomez, Michael
133rd District Court	McFarland, Jaclanel
151st District Court	Engelhart, Mike
152nd District Court	Schaffer, Robert
157th District Court	Wilson, Randy
164th District Court	Smoots-Hogan, Alexandra
165th District Court	Rendon, Josefina Muniz
189th District Court	Burke, Bill R. Jr.
190th District Court	Kerrigan, Patricia
215th District Court	Kirkland, Steven E.
234th District Court	Rondon, Reece
269th District Court	Hinde, Dan
270th District Court	Gamble, Brent
280th District Court	Lindsay, Tony
281st District Court	Matthews, Sylvia A.
295th District Court	Christopher, Tracy
333rd District Court	Halbach, Joseph J.
334th District Court	McCally, Sharon

District Judges - Criminal Courts

174th District Court	Guerrero, Ruben
176th District Court	Reagin, Shawna L.
177th District Court	Fine, Kevin
178th District Court	Mendoza, David
179th District Court	Roll, Randy
180th District Court	Stricklin, Debbie Mantooth
182nd District Court	Barr, Jeannine
183rd District Court	Velasquez, Vanessa
184th District Court	Krocker, Jan
185th District Court	Brown, Susan
208th District Court	Collins, Denise
209th District Court	McSpadden, Michael T.
228th District Court	Carter, Marc C.
230th District Court	Hill, Belinda
232nd District Court	Keel, Mary Lou
248th District Court	Campbell, Joan
262nd District Court	Anderson, Mike
263rd District Court	Wallace, Jim
337th District Court	Ritchie, Herb
338th District Court	Jones, Hazel B.
339th District Court	Jackson, Maria T.
351st District Court	Ellis, Mark Kent

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2009

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	Hinojosa, Robert

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	Stone, Kathleen S.
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	Bowman, Clay
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
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	Johnson, Kelly E.
Sheriff Civil Services	Mims, William H. Jr.

FINANCIAL SECTION

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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 28, 2009, 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 opinions 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 15%, 13% and 17%, 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 31% percent of the assets of the agency funds at February 28, 2009. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinions.

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 28, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2009, 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.

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, and the Texas County and District Retirement System – Schedule of Funding Progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This required 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the 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.

Deloitte & Touche LLP

July 27, 2009

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 28, 2009. 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 28, 2009 by $10,715,939,996. This is a decrease of $92,608,683 from the previous year when assets exceeded liabilities by $10,808,548,679.

- Total net assets of the primary government are comprised of the following:
  (1) Capital assets, net of related debt, of $9,454,798,717 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 $1,029,034,072 are restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations.
  (3) Unrestricted net assets of $232,107,207 represent the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 28, 2009, County governmental funds reported combined fund balances of $1,010,147,813. This reflects a decrease of $35,364,882 from the previous fiscal year, primarily due to an overall increase in expenditures in the current year. Combined unreserved fund balances of $480,024,608 for fiscal year 2009 shows a decrease of $96,319,070 from the prior year.

- At the end of the fiscal year, the unreserved fund balance of the County's General Fund was $166,726,080, or 11% of the General Fund's total expenditures and 12% of revenues. In addition, the General Fund had a reserved fund balance of $202,320,738.

- The Roads Capital Projects fund is classified as a major fund. It had a fund balance of $220,048,873 of which $94,377,178 was reserved for encumbrances and the remaining $125,671,695 is designated for capital projects.

- The nonmajor governmental funds had total combined fund balances of $421,052,122 at February 28, 2009. Of this amount, $187,626,833 is unreserved with $75,574,723 designated for capital projects. The remaining $233,425,289 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 2008-2009, the County issued $1,200 million in bonds primarily to defease and refund outstanding bonds and $156 million in commercial paper. Note 10 to the financial statements provides details of long-term debt.

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.

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 58 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 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, 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 16 agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity (assets equal liabilities) and therefore do not involve measurement of results of operations.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 41 of this report.

Required Supplementary Information for the County's General Fund budgetary schedule is presented herein. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Also presented in this section are the Schedule of Funding Progress for Other Post Employment Benefits and the Schedule of Funding Progress for Texas County and District Retirement System. Required supplementary information can be found beginning on page 97 of this report.

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 $10,715,939,996 for fiscal year 2009 and

$10,808,548,679 for fiscal year 2008. Expenses exceeded revenues during the current year, decreasing net assets by $92,608,683.

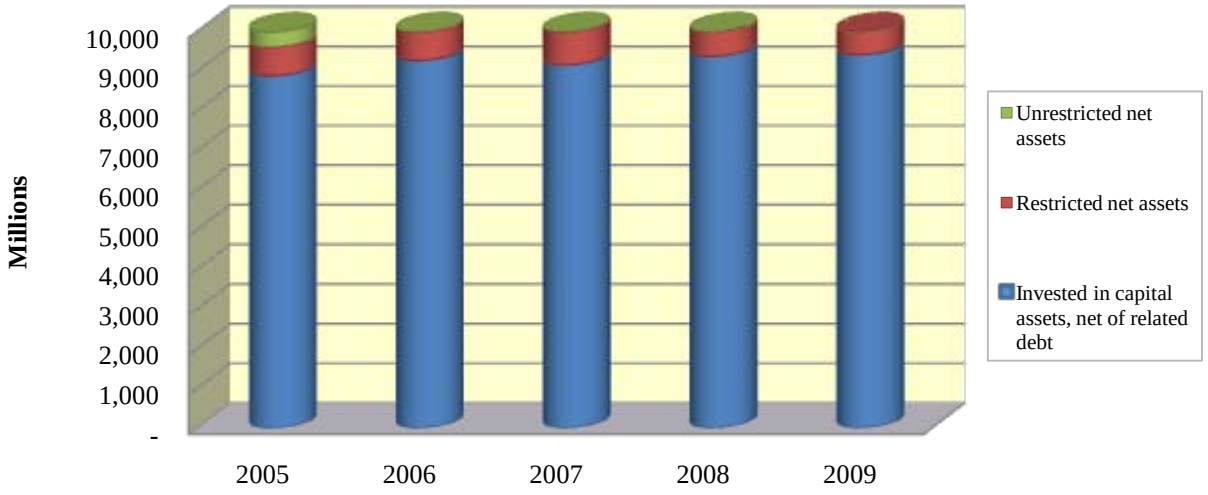
Condensed Statement of Net Assets
February 28, 2009
(Amounts in thousands)
Primary Government

	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,453,740	$ 1,217,048	$ 2,670,788
Capital assets	11,992,224	1,817,456	13,809,680
Total assets	13,445,964	3,034,504	16,480,468
Current and other liabilities	340,132	65,043	405,175
Long-term liabilities	2,987,226	2,372,126	5,359,352
Total liabilities	3,327,358	2,437,169	5,764,527
Net assets:			
Invested in capital assets, net of related debt	9,709,904	(255,105)	9,454,799
Restricted net assets	189,278	839,756	1,029,034
Unrestricted net assets	219,424	12,683	232,107
Total net assets	$ 10,118,606	$ 597,334	$ 10,715,940

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	13,464,790	2,754,948	16,219,738
Current and other liabilities	320,831	56,634	377,465
Long-term liabilities	2,864,798	2,168,926	5,033,724
Total liabilities	3,185,629	2,225,560	5,411,189
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	$ 10,279,161	$ 529,388	$ 10,808,549

Change in Net Assets



The largest portion of the County's current fiscal year net assets, $9,454,798,717, 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 $68,980,134 in the County's net assets invested in capital assets, net of related debt, is comprised of $10,147,016 increase in capital assets with an offsetting increase of $131,318,235 in debt related to capital assets and an increase of unspent debt proceeds of $190,151,353.

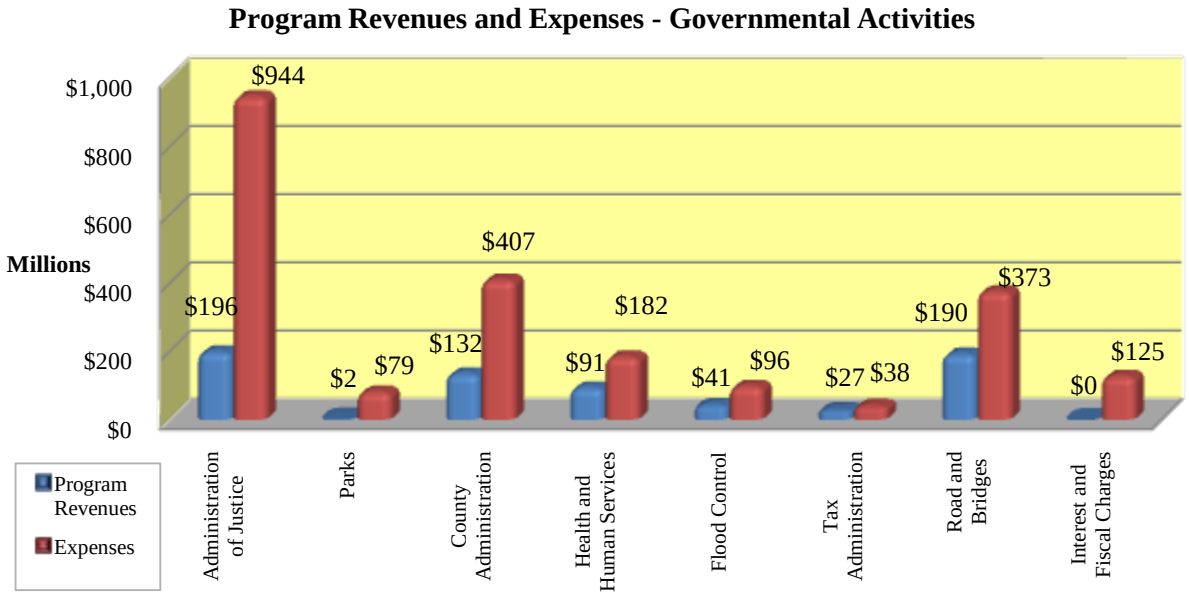
Another portion of the County's current fiscal year net assets, $232,107,207, represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. The remaining balance of net assets represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net assets, $607,922,264 is for use for the ongoing obligations of the Toll Road Authority. Other restrictions include $337,862,261 for debt service payments, $78,539,202 for capital projects, temporary donor restricted from grantors of $53,032 and legislative restricted net assets of $4,657,313.

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 $255,104,731 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:

	Condensed Statement of Activities (In Thousands) For the Year Ended February 28, 2009 Primary Government		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for services	$ 258,410	$ 451,300	$ 709,710
Operating grants and contributions	213,880	994	214,874
Capital grants and contributions	206,561	9,198	215,759
General revenues:			
Taxes-levied for general purposes	1,009,081	-	1,009,081
Taxes-levied for debt services	152,007	-	152,007
Hotel occupancy tax	26,610	-	26,610
Investment earnings	32,717	41,671	74,388
Miscellaneous	66,157	1,062	67,219
Total revenues	1,965,423	504,225	2,469,648
EXPENSES			
Administration of justice	944,400	-	944,400
Parks	78,911	-	78,911
County administration	407,483	-	407,483
Health and human services	182,120	-	182,120
Flood control	97,695	-	97,695
Tax administration	37,949	-	37,949
Roads and bridges	373,484	-	373,484
Interest and fiscal charges	125,018	-	125,018
Toll road	-	305,754	305,754
Subscriber access	-	132	132
Parking facilities	-	895	895
Sheriff's commissary	-	8,561	8,561
Total expenses	2,247,060	315,342	2,562,402
Excess before other items and transfers	(281,637)	188,883	(92,754)
Gain on sale of capital assets	145	-	145
Transfers	120,937	(120,937)	-
Change in net assets	(160,555)	67,946	(92,609)
Net assets - beginning	10,279,161	529,388	10,808,549
Net assets - ending	$ 10,118,606	$ 597,334	$ 10,715,940

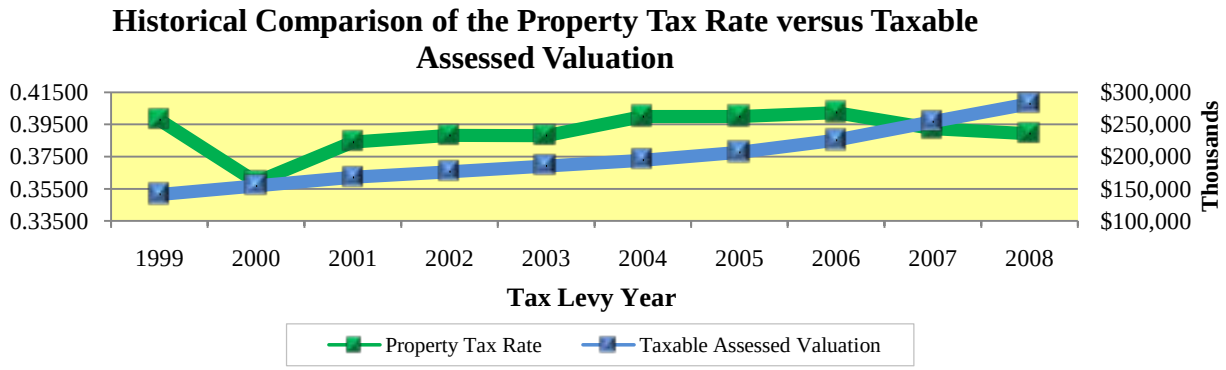
	Condensed Statement of Activities (In Thousands) For the Year Ended February 29, 2008		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for services	$ 264,028	$ 437,768	$ 701,796
Operating grants and contributions	148,358	1,286	149,644
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
EXPENSES			
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



Revenues

For fiscal year ended February 28, 2009, revenues for the primary government totaled $2,469,793,493. The revenues are categorized by activity type: governmental activities totaled $1,965,567,770 and business-type activities totaled $504,225,723.

Property and hotel occupancy taxes of $1,187,697,538 were the largest revenue source for governmental activities and 48% of total revenues. The tax rate was $.38923 per $100 of assessed value for fiscal year 2009. The assessed value increased in fiscal year 2009 to $364,193,653,000 from the assessed value in the prior fiscal year of $327,373,322,000.

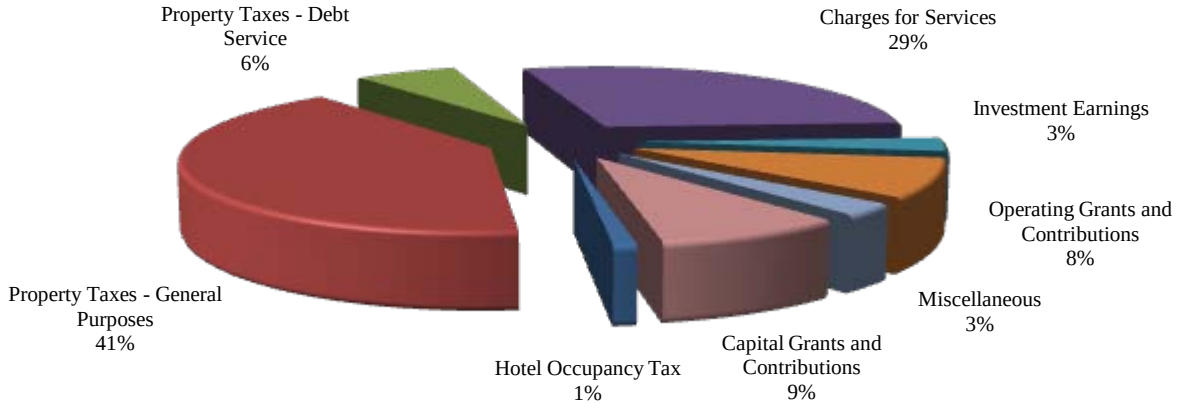


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were $1,140,343,357 or 46% of total revenues. The largest portion of program revenues is charges for services of $709,710,235 (29%). Of that $258,410,063 is from governmental activities, which represents fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type charges for services were $451,300,172, which are primarily toll road receipts. The other portions of program revenues are operating grants and contributions of $214,874,644 (8%) and capital grants and contributions of $215,758,478 (9%). Capital grants and contributions decreased $100,032,896 from the

prior year, primarily due to less road donations. 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 $74,388,609 (3% of total revenues), and miscellaneous income (including gain on sale of capital assets) of $67,363,989 (3% of total revenues).

REVENUES BY SOURCE
Year ended February 28, 2009



Expenses

For fiscal year ended February 28, 2009, expenses for the primary government totaled $2,562,402,176. These expenses are divided by activity type: governmental activities of $2,247,060,944 and business-type activities of $315,341,232.

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 $944,399,706 and were 37% 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.

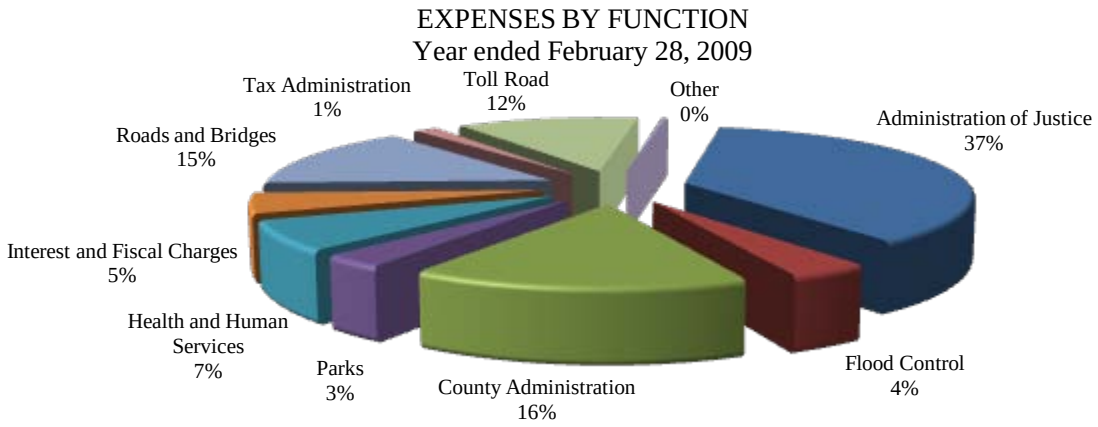
The expenses for the roads and bridges governmental activities function were $373,484,374 or 15% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

County administration governmental function expenses were $407,483,418 or 16% 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 $305,753,503 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 $9,587,729 and were less than 1% of total expenses. These activities are for subscriber access, parking facilities and sheriff's commissary.

Governmental activities interest and fiscal charges of $125,017,764 constituted 5% of total expenses and decreased $11,925,831. This is mostly due to refunding bonds issued in the current year.

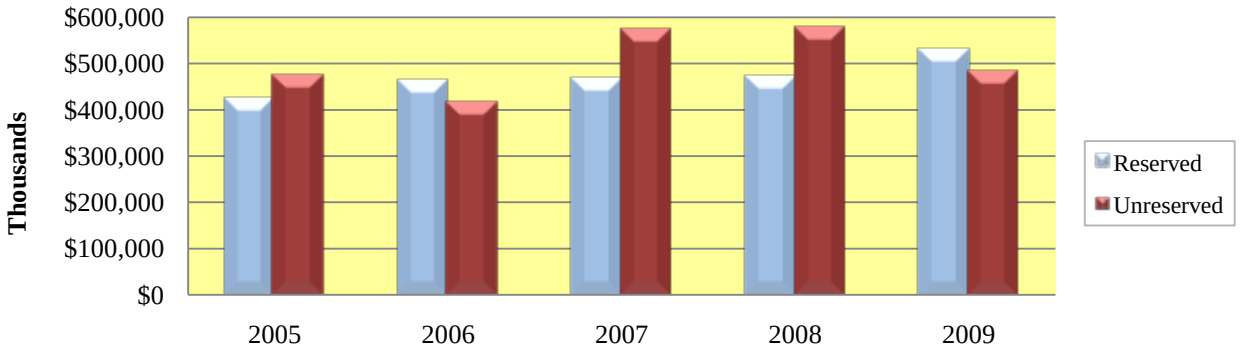
The remaining governmental activities functions are health and human services with expenses of $182,119,902 or 7%, which includes operation of the County owned libraries, flood control of $97,695,485 or 4%, parks with expenses of $78,910,844 or 3% and tax administration of $37,949,451 or 1%.



FINANCIAL ANALYSIS OF MAJOR FUNDS

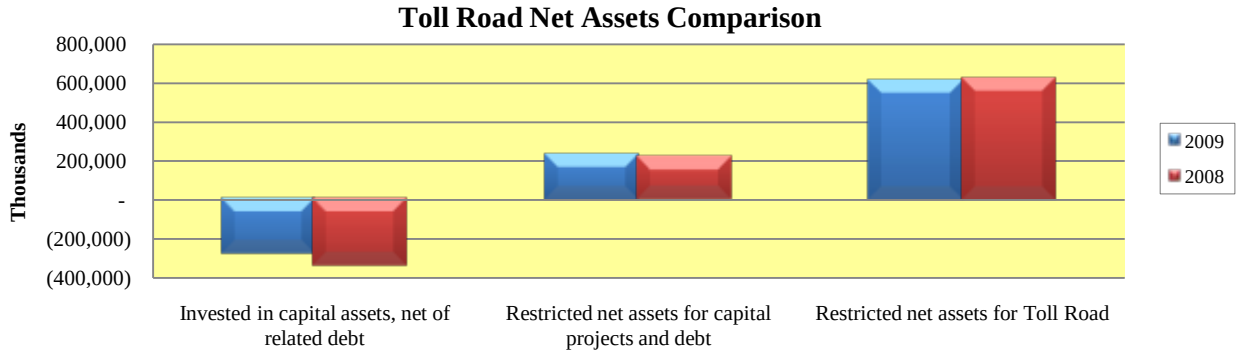
The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 28, 2009, the General Fund reported a net fund balance increase of $474,885. The General Fund total fund balance is $369,046,818 for the fiscal year of which $202,320,738 is reserved for encumbrances, debt service payments, prepaids, inventories, notes receivable, legislative issues and imprest cash. The remaining $166,726,080 is unreserved, but $29,193,123 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 28, 2009 the total fund balance was $220,048,873 with $94,377,178 being reserved for encumbrances.



The Toll Road Fund was the County's only major proprietary fund at February 28, 2009. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 28, 2009, net assets invested in capital assets, net of related debt was a negative $273,939,555, and restricted net assets were $839,755,840. Net assets invested in capital assets, net of related debt increased from a February 29, 2008 balance of negative $334,319,087. Net assets invested in capital assets net of related debt for both years was

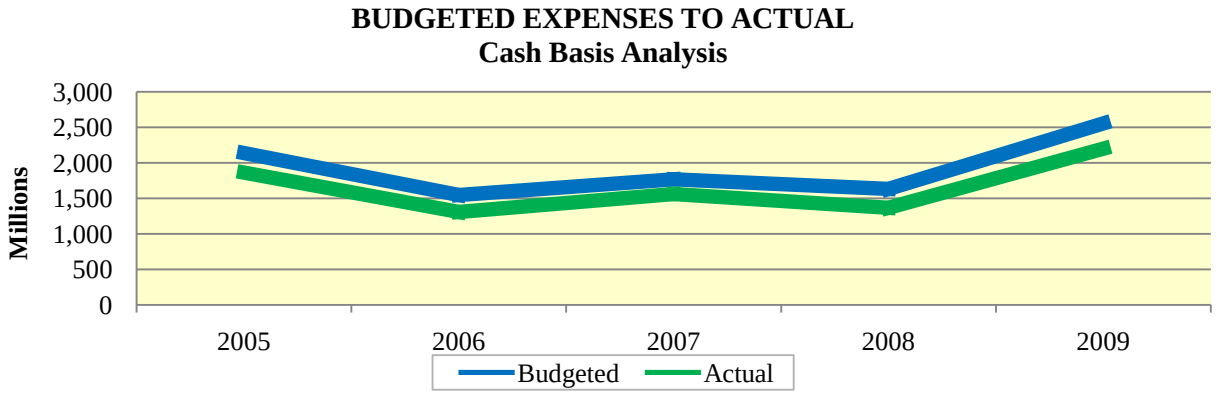
negative, primarily due to the refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net assets are considered restricted due to debt obligations.



GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of $705,910,182 in available resources. This increase is due to issuance of refunding bonds. Differences between the original budget and the final amended budget resulted in $706,211,540 increase in appropriations.

During the year, actual revenues and transfers exceeded budgetary revenue estimates by $44,897,475. This is primarily due to higher collections of taxes, charges for services, and miscellaneous income. Actual expenditures were $358,269,636 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.



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 28, 2009, was $13,809,680,120, an increase of $10,147,016 from capital assets reported February 29, 2008 of $13,799,533,104. These capital assets include land, license agreement, 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, a new Family Law 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.

	Balance February 28, 2009	Balance February 29, 2008
Governmental Activities:		
Land	$ 3,849,300,763	$ 3,795,682,734
Construction in progress	384,480,240	357,518,503
Land improvements	3,415,129	3,405,855
Infrastructure	9,958,809,600	9,834,520,064
Park facilities	132,766,553	101,956,532
Flood control projects	632,691,287	547,644,476
Buildings	1,589,052,244	1,581,792,101
Equipment	279,825,395	267,116,371
	16,830,341,211	16,489,636,636
Less: Accumulated depreciation	(4,838,116,682)	(4,481,782,996)
Total governmental activities	$ 11,992,224,529	$ 12,007,853,640

	Balance February 28, 2009	Balance February 29, 2008
Business-type Activities:		
Land	$ 286,272,148	$ 270,688,177
License Agreement	237,500,000	237,500,000
Construction in progress	229,780,947	196,963,686
Land improvements	2,741,917	2,741,917
Infrastructure	1,735,963,226	1,735,963,226
Other tangible assets	21,181,809	20,248,222
Buildings	41,538,473	30,750,092
Equipment	50,817,800	17,634,020
	2,605,796,320	2,512,489,340
Less: Accumulated depreciation	(788,340,729)	(720,809,876)
Total business-type activities	$ 1,817,455,591	$ 1,791,679,464

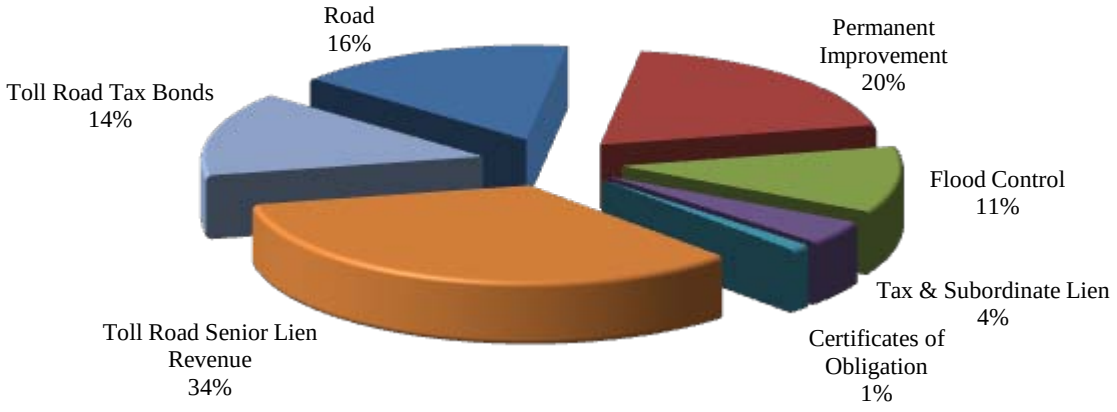
Long-term Debt. At February 28, 2009, the County had total long-term debt outstanding of $5,359,351,611. Refer to Note 10 to the financial statements for further information on the County's long-term debt. County officials, citizens and investors will find the ratio of bonded debt to taxable value of property and the amount of bonded debt per capita as useful indicators of the County's debt position. Bonded debt represented 0.91% and 0.92% of taxable value of property for fiscal year 2009 and 2008, respectively. Debt per capita was $1,327 and $1,282 for fiscal year 2009 and 2008, respectively.

	Outstanding at February 28, 2009	Outstanding at February 29, 2008
Governmental Activities:		
Bonds payable	$ 2,559,588,635	$ 2,344,035,241
Commercial paper payable	229,138,000	388,940,000
Compensatory time payable	36,963,277	32,225,983
Obligations under capital leases	23,265,768	25,430,611
Judgments payable	4,145,300	6,238,614
Note payable	77,539	1,480,145
OPEB obligation	132,403,485	66,447,722
Pollution remediation obligation	1,644,240	-
Total governmental activities	$ 2,987,226,244	$ 2,864,798,316
Business-type Activities:		
Bonds payable	$ 2,363,579,795	$ 2,097,280,792
Commercial paper payable	-	67,000,000
Compensatory time payable	1,300,049	980,871
OPEB obligation	7,245,523	3,664,533
Total business-type activities	$ 2,372,125,367	$ 2,168,926,196

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.

See Note 14 to the financial statements for further information on the County's OPEB plan.

Bonds Payable by Type as of February 28, 2009



ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2008 was 5.5%. This is an unfavorable increase from the prior year rate of 4.2%. The state unemployment rate for calendar year 2008 was 5.7%. The number of people employed with Harris County increased by 1,216 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.

BASIC FINANCIAL STATEMENTS

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS
February 28, 2009

	Primary Government			
	Governmental Activities	Business- Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 433,422,655	$ 6,400,500	$ 439,823,155	$ 262,115,662
Investments	658,499,863	8,960,933	667,460,796	266,511,599
Taxes receivable, net	51,587,047	-	51,587,047	55,997,000
Accounts receivable, net	41,060,178	49,951	41,110,129	81,875,526
Accrued interest receivable	11,725,699	44,153	11,769,852	-
Lease receivable	291,300	3,215,599	3,506,899	-
Due from other governmental units	5,718	-	5,718	-
Other receivables	123,308,185	-	123,308,185	8,841,194
Internal balances	(52,148,394)	52,148,394	-	-
Inventories, prepaids and other assets	8,709,118	209,570	8,918,688	81,528,455
Restricted:				
Cash and cash equivalents	84,784,623	95,722,020	180,506,643	557,194,082
Investments	45,409,564	965,069,136	1,010,478,700	-
Investments, held as collateral by others	-	40,000,000	40,000,000	-
Receivables, net	-	503,002	503,002	-
Accrued interest receivable	-	5,662,196	5,662,196	-
Other receivables, net	-	7,639,150	7,639,150	-
Prepaids and other assets	-	6,397,380	6,397,380	-
Deferred charges, net of amortization	16,147,220	23,760,332	39,907,552	-
Notes receivable	30,936,357	1,265,677	32,202,034	4,840,360
Capital assets:				
Land and construction in progress	4,233,781,003	516,053,095	4,749,834,098	62,986,884
Intangible assets	-	237,500,000	237,500,000	2,424,622
Other capital assets, net of depreciation	7,758,443,526	1,063,902,496	8,822,346,022	295,936,357
Total assets	13,445,963,662	3,034,503,584	16,480,467,246	1,680,251,741
LIABILITIES				
Vouchers payable and other current liabilities	245,684,887	2,980,829	248,665,716	236,249,167
Due to other governmental units	32,170	-	32,170	-
Deferred revenue	53,044,780	-	53,044,780	25,162,339
Payable from restricted assets:				
Vouchers payable and other current liabilities	-	62,062,189	62,062,189	-
Current portion of long-term liabilities	-	85,269,248	85,269,248	-
Non-current portion of long-term liabilities	-	2,286,855,931	2,286,855,931	-
Accrued interest	41,370,008	-	41,370,008	1,456,018
Long-term liabilities:				
Due within one year	111,803,933	599	111,804,532	15,567,013
Due in more than one year	2,875,422,311	365	2,875,422,676	416,848,187
Total liabilities	3,327,358,089	2,437,169,161	5,764,527,250	695,282,724
NET ASSETS				
Invested in capital assets, net of related debt	9,709,903,448	(255,104,731)	9,454,798,717	138,867,445
Restricted for:				
Debt service	150,776,526	187,085,735	337,862,261	-
Capital projects	33,791,361	44,747,841	78,539,202	60,444,947
Donor temporarily restricted	53,032	-	53,032	3,915,952
Legislative	4,657,313	-	4,657,313	-
Toll Road	-	607,922,264	607,922,264	-
Unrestricted	219,423,893	12,683,314	232,107,207	781,740,673
Total net assets	$ 10,118,605,573	$ 597,334,423	$ 10,715,939,996	$ 984,969,017

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2009

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Primary government:								
Governmental activities:								
Administration of Justice	944,399,706	$ 128,469,038	$ 67,512,783	$ 421,365	$ (747,996,520)	-	$ (747,996,520)	
Parks	78,910,844	1,237,170	1,083,292	-	(76,590,382)	-	(76,590,382)	
County Administration	407,483,418	58,258,713	64,037,836	8,819,943	(276,366,926)	-	(276,366,926)	
Health and Human Services	182,119,902	10,139,187	81,246,336	-	(90,734,379)	-	(90,734,379)	
Flood Control	97,695,485	550,710	-	39,983,318	(57,161,457)	-	(57,161,457)	
Tax Administration	37,949,451	26,919,922	-	-	(11,029,529)	-	(11,029,529)	
Road and Bridges	373,484,374	32,835,323	-	157,336,130	(183,312,921)	-	(183,312,921)	
Interest and fiscal charges	125,017,764	-	-	-	(125,017,764)	-	(125,017,764)	
Total governmental activities	2,247,060,944	258,410,063	213,880,247	206,560,756	(1,568,209,878)	-	(1,568,209,878)	
Business-type activities:								
Toll Road	305,753,503	442,015,417	994,397	9,197,722	-	$ 146,454,033	146,454,033	
Subscriber Access	131,642	282,934	-	-	-	151,292	151,292	
Parking Facilities	894,760	382,130	-	-	-	(512,630)	(512,630)	
Sheriff's Commissary	8,561,327	8,619,691	-	-	-	58,364	58,364	
Total business-type activities	315,341,232	451,300,172	994,397	9,197,722	-	146,151,059	146,151,059	
Total primary government	$ 2,562,402,176	$ 709,710,235	$ 214,874,644	$ 215,758,478	(1,568,209,878)	146,151,059	(1,422,058,819)	
Component units:								
MHMRA	$ 142,376,550	$ 30,321,923	$ 93,999,142	$ 193,950				$ (17,861,535)
Hospital District	1,302,889,000	226,358,000	179,721,000	431,514,000				(465,296,000)
Other component units	131,534,133	21,791,858	112,969,150	3,951,470				7,178,345
Total component units	$ 1,576,799,683	$ 278,471,781	$ 386,689,292	$ 435,659,420				(475,979,190)
General revenues:								
Taxes:								
Property taxes levied for general purposes					1,009,080,608	-	1,009,080,608	522,053,000
Property taxes levied for debt service					152,006,924	-	152,006,924	-
Hotel occupancy tax					26,610,006	-	26,610,006	-
Earnings on investments					32,717,456	41,671,153	74,388,609	16,057,543
Miscellaneous					66,157,004	1,062,279	67,219,283	40,498,077
Gain on disposal of capital assets					144,706	-	144,706	6,348
Transfers					120,937,481	(120,937,481)	-	-
Total general revenues and other items					1,407,654,185	(78,204,049)	1,329,450,136	578,614,968
Change in net assets					(160,555,693)	67,947,010	(92,608,683)	102,635,778
Net assets - beginning					10,279,161,266	529,387,413	10,808,548,679	882,333,239
Net assets - ending					$10,118,605,573	$ 597,334,423	$ 10,715,939,996	$ 984,969,017

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2009

	General	Roads Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash and cash equivalents	$ 124,675,098	$ 76,544,705	$ 199,920,824	$ 401,140,627
Investments	159,542,856	151,948,034	271,983,320	583,474,210
Receivables:				
Taxes, net	44,768,167	-	6,818,880	51,587,047
Accounts	4,518,306	3,546,288	32,240,367	40,304,961
Accrued interest	5,586,180	875,481	4,822,622	11,284,283
Lease	291,300	-	-	291,300
Other	70,553,477	-	48,087,849	118,641,326
Due from other funds	33,840,330	-	16,783,099	50,623,429
Due from other governmental units	5,718	-	-	5,718
Inventories and other assets	2,587,333	-	2,262,582	4,849,915
Advances to other funds	40,000	-	12,485,000	12,525,000
Restricted cash and cash equivalents	81,972,841	-	2,811,782	84,784,623
Restricted investments	33,409,564	-	12,000,000	45,409,564
Notes receivable	30,369,199	-	567,158	30,936,357
Total assets	$ 592,160,369	$ 232,914,508	$ 610,783,483	$ 1,435,858,360
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	$ 37,141,737	$ 8,327,451	$ 40,446,845	$ 85,916,033
Accrued payroll and compensated absences	92,015,266	-	6,124,591	98,139,857
Surplus auction payable	12,192	-	-	12,192
Retainage payable	756,591	2,432,362	3,888,316	7,077,269
Due to other funds	323,494	-	50,218,632	50,542,126
Due to other governmental units	-	-	32,170	32,170
Customer deposits	68,015	-	10	68,025
Advances from other funds	30,128,956	-	34,742,447	64,871,403
Deferred revenue	62,578,176	2,085,500	54,278,350	118,942,026
Pollution remediation obligation	89,124	20,322	-	109,446
Total liabilities	223,113,551	12,865,635	189,731,361	425,710,547
Fund balances:				
Reserved for:				
Encumbrances	45,947,340	94,377,178	138,721,037	279,045,555
Debt service	118,258,973	-	81,149,353	199,408,326
Imprest fund	460,580	-	85,180	545,760
Legislative	4,657,313	-	-	4,657,313
Inventory	1,595,091	-	648,474	2,243,565
Prepaids	992,242	-	768,213	1,760,455
Advances	40,000	-	12,000,000	12,040,000
Notes receivable	30,369,199	-	-	30,369,199
Grant programs	-	-	53,032	53,032
Unreserved:				
Designated for capital projects	-	125,671,695	75,574,723	201,246,418
Designated for public contingency	29,193,123	-	-	29,193,123
Undesignated - general fund	137,532,957	-	-	137,532,957
Undesignated - special revenue funds	-	-	112,052,110	112,052,110
Total fund balances	369,046,818	220,048,873	421,052,122	1,010,147,813
Total liabilities and fund balances	$ 592,160,369	$ 232,914,508	$ 610,783,483	$ 1,435,858,360

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
February 28, 2009

Total fund balances for governmental funds		$ 1,010,147,813
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 (excluding internal service fund capital assets) consist of:		
Land	$ 3,849,050,763	
Construction in progress	384,104,351	
Land improvements, net of $396,167 accumulated depreciation	3,018,962	
Infrastructure, net of $4,028,741,470 accumulated depreciation	5,930,068,130	
Parks, net of $25,877,876 accumulated depreciation	106,888,677	
Flood control projects, net of $223,592,587 accumulated depreciation	409,098,700	
Buildings, net of $377,955,841 accumulated depreciation	1,209,627,835	
Equipment and vehicles, net of $149,552,649 accumulated depreciation	83,780,379	
Total capital assets		11,975,637,797
Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of February 28, 2009 were:		
Deferred charges	16,147,220	
		16,147,220
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 (excluding internal service fund liabilities, where applicable) as of February 28, 2009 were:		
Accrued interest on bonds and loans	(41,370,008)	
Bonds payable	(2,559,588,635)	
Judgments payable	(4,145,300)	
Notes payable	(77,539)	
Capital leases	(23,160,133)	
Commercial paper payable	(229,138,000)	
Compensated absences	(36,655,982)	
OPEB obligation	(132,403,485)	
Pollution remediation obligation	(1,534,794)	
		(3,028,073,876)
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:		78,145,886
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.		66,600,733
Total net assets of governmental activities		$ 10,118,605,573

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 28, 2009

	General	Roads Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,037,918,722	$ -	$ 164,913,759	$ 1,202,832,481
Charges for services	195,771,180	-	10,303,617	206,074,797
User fees	2,903,820	-	-	2,903,820
Fines and forfeitures	21,137,352	-	-	21,137,352
Lease revenue	2,313,666	-	171,073	2,484,739
Intergovernmental	40,332,679	25,892,278	239,196,104	305,421,061
Earnings on investments	11,180,670	8,287,027	11,917,297	31,384,994
Miscellaneous	46,922,031	2,843,646	21,917,843	71,683,520
Total revenues	1,358,480,120	37,022,951	448,419,693	1,843,922,764
EXPENDITURES				
Current operating:				
Administration of justice	823,165,579	-	73,322,705	896,488,284
Parks	53,092,563	-	13,037,340	66,129,903
County administration	235,375,906	581,513	122,350,240	358,307,659
Health and human services	114,026,628	-	79,099,975	193,126,603
Flood control	-	-	69,791,620	69,791,620
Tax administration	34,829,045	-	1,440,186	36,269,231
Roads and bridges	86,272,674	5,078,612	-	91,351,286
Capital outlay	25,597,278	81,600,633	107,355,348	214,553,259
Debt service:				
Principal retirement	38,255,000	-	37,141,286	75,396,286
Bond issuance costs	2,931,924	-	3,337,595	6,269,519
Interest and fiscal charges	50,685,484	35,201	66,002,514	116,723,199
Total expenditures	1,464,232,081	87,295,959	572,878,809	2,124,406,849
Deficiency of revenues under expenditures	(105,751,961)	(50,273,008)	(124,459,116)	(280,484,085)
OTHER FINANCING SOURCES (USES)				
Transfers in	140,207,974	-	45,605,793	185,813,767
Transfers out	(36,959,125)	(7,656,478)	(25,922,762)	(70,538,365)
Refunding bonds issued	335,150,000	-	486,070,000	821,220,000
Premium on debt issued	7,145,874	-	24,356,738	31,502,612
Discount on debt issued	-	-	(764,569)	(764,569)
Commercial paper issued	-	49,885,000	73,076,000	122,961,000
Payment to bond escrow agent	(56,896,654)	-	(506,277,032)	(563,173,686)
Payment to defease commercial paper	(282,763,000)	-	-	(282,763,000)
Proceeds from insurance recovery	-	-	437,861	437,861
Sale of capital assets	341,777	-	81,806	423,583
Total other financing sources (uses)	106,226,846	42,228,522	96,663,835	245,119,203
Net changes in fund balances	474,885	(8,044,486)	(27,795,281)	(35,364,882)
Fund balances, beginning	368,571,933	228,093,359	448,847,403	1,045,512,695
Fund balances, ending	$ 369,046,818	$ 220,048,873	$ 421,052,122	$ 1,010,147,813

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2009

Net change in fund balances - total governmental funds		$ (35,364,882)
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 $362,991,458 exceeded capital expenditures of $214,553,259 in the current period.		(148,438,199)
Capital asset donations		134,215,581
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.		
Debt issued:		
Bonds	$(821,220,000)	
Bond premiums	(31,502,612)	
Bond discounts	764,569	
Commercial paper	(122,961,000)	
Repayments:		
To paying agent for bond principal	75,396,286	
To refunding bond escrow agent	563,173,686	
Defeasance of commercial paper	282,763,000	
Loans	1,402,606	
Capital lease principal	2,101,855	
Refunding interest expense	(9,097,852)	
Net adjustment		(59,179,462)
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.		
Compensated absences	(4,675,716)	
Judgments payable	2,093,314	
OPEB obligation	(65,955,763)	
Pollution remediation obligation	(1,534,794)	
Amortization of debt premium	10,275,162	
Accretion of capital appreciation bond interest	(1,896,203)	
Amortization of advanced refunding difference	(3,437,823)	
Accrued interest on debt	(2,840,361)	
Amortization of deferred charges	(1,097,272)	
Capitalization of deferred charges	6,069,303	
Combined adjustment		(63,000,153)
Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities.		28,255,494
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.		(16,140,092)
The net effect of sales involving capital assets is to decrease net assets.		(903,980)
Change in net assets of governmental activities		$ (160,555,693)

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
February 28, 2009

	Enterprise Funds			
	Toll Road	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 6,400,500	$ 6,400,500	$ 32,282,028
Investments	-	8,960,933	8,960,933	75,025,653
Receivables, net	-	49,951	49,951	755,217
Accrued interest receivable	-	44,153	44,153	441,416
Other receivable	-	-	-	4,666,859
Inventories	-	209,570	209,570	2,694,596
Prepaids and other assets	-	-	-	1,164,607
Due from other funds	-	-	-	139,025
Restricted assets:				
Cash and cash equivalents	95,722,020	-	95,722,020	-
Investments	965,069,136	-	965,069,136	-
Investments, held as collateral by others	40,000,000	-	40,000,000	-
Receivables, net	503,002	-	503,002	-
Accrued interest receivable	5,662,196	-	5,662,196	-
Other receivables	7,639,150	-	7,639,150	-
Due from other funds	8,412	-	8,412	-
Inventories	4,285,520	-	4,285,520	-
Prepaids and other assets	2,111,860	-	2,111,860	-
Total current assets	1,121,001,296	15,665,107	1,136,666,403	117,169,401
Noncurrent assets:				
Advances to other funds	52,346,403	-	52,346,403	-
Lease receivable	3,215,599	-	3,215,599	-
Notes receivable	1,265,677	-	1,265,677	-
Deferred charges, net of amortization	23,760,332	-	23,760,332	-
Capital assets:				
Land and construction in progress	512,089,497	3,963,598	516,053,095	625,889
License agreement	237,500,000	-	237,500,000	-
Other capital assets, net of depreciation	1,049,031,270	14,871,226	1,063,902,496	15,960,843
Total noncurrent assets	1,879,208,778	18,834,824	1,898,043,602	16,586,732
Total assets	3,000,210,074	34,499,931	3,034,710,005	133,756,133
LIABILITIES				
Current liabilities:				
Vouchers payable	-	2,752,393	2,752,393	10,074,833
Accrued payroll and compensated absences	-	4,637	4,637	1,048,871
Estimated outstanding claims	-	-	-	14,460,182
Incurred but not reported claims	-	-	-	29,047,418
Customer deposits	-	224,398	224,398	-
Due to other funds	-	-	-	22,319
Deferred revenue	-	-	-	703,487
Payable from restricted assets:				
Vouchers payable	22,933,893	-	22,933,893	-
Accrued payroll and compensated absences	4,392,460	-	4,392,460	-
Retainage payable	1,994,839	-	1,994,839	-
Customer deposits	1,610,832	-	1,610,832	-
Due to other funds	206,421	-	206,421	-
Due to other units	1,183,746	-	1,183,746	-
Deferred revenue	30,622,621	-	30,622,621	-
Current portion of long-term liabilities	84,593,046	-	84,593,046	-
Total current liabilities	147,537,858	2,981,428	150,519,286	55,357,110
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	365	365	253,137
Noncurrent portion of long-term liabilities from restricted assets	2,286,855,931	-	2,286,855,931	-
Total noncurrent liabilities	2,286,855,931	365	2,286,856,296	253,137
Total liabilities	2,434,393,789	2,981,793	2,437,375,582	55,610,247
NET ASSETS				
Invested in capital assets, net of related debt	(273,939,555)	18,834,824	(255,104,731)	16,586,732
Restricted for:				
Capital projects	44,747,841	-	44,747,841	-
Debt service	187,085,735	-	187,085,735	-
Toll Road	607,922,264	-	607,922,264	-
Unrestricted	-	12,683,314	12,683,314	61,559,154
Total net assets	$ 565,816,285	$ 31,518,138	$ 597,334,423	$ 78,145,886

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 28, 2009

	Enterprise Funds			
	Toll Road	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Toll revenues	$ 442,015,417	$ -	$ 442,015,417	$ -
Lease revenue	-	-	-	94,942
Intergovernmental	994,397	-	994,397	1,271,747
Charges to departments	-	-	-	221,928,677
Sales	-	8,609,467	8,609,467	-
User fees	-	567,202	567,202	7,626,134
Miscellaneous	-	108,086	108,086	-
Total operating revenues	443,009,814	9,284,755	452,294,569	230,921,500
OPERATING EXPENSES				
Salaries	53,515,886	655,311	54,171,197	9,674,534
Materials and supplies	8,072,061	1,766,989	9,839,050	754,602
Services and fees	51,940,426	2,296,427	54,236,853	6,461,168
Utilities	2,866,487	279,870	3,146,357	849,449
Transportation and travel	1,075,839	-	1,075,839	6,960,557
Incurred claims	-	-	-	176,725,797
Estimated claims	-	-	-	801,911
Cost of goods sold	-	4,078,610	4,078,610	9,063,071
Depreciation	67,034,586	510,522	67,545,108	5,711,776
Total operating expenses	184,505,285	9,587,729	194,093,014	217,002,865
Operating income (loss)	258,504,529	(302,974)	258,201,555	13,918,635
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	41,253,022	418,131	41,671,153	2,986,950
Lease income	462,981	-	462,981	-
Interest expense	(106,674,114)	-	(106,674,114)	-
Gain (loss) on disposal of capital assets	(18,770)	-	(18,770)	195,684
Amortization expense	(14,555,334)	-	(14,555,334)	-
Other nonoperating revenue	599,298	-	599,298	5,528,845
Total nonoperating revenues (expenses)	(78,932,917)	418,131	(78,514,786)	8,711,479
Income before contributions and transfers	179,571,612	115,157	179,686,769	22,630,114
Contributions	9,197,722	-	9,197,722	-
Transfers in	-	-	-	11,125,380
Transfers out	(120,237,481)	(700,000)	(120,937,481)	(5,500,000)
Total contributions and transfers	(111,039,759)	(700,000)	(111,739,759)	5,625,380
Change in net assets	68,531,853	(584,843)	67,947,010	28,255,494
Net assets, beginning	497,284,432	32,102,981	529,387,413	49,890,392
Net assets, ending	$ 565,816,285	$ 31,518,138	$ 597,334,423	$ 78,145,886

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 28, 2009

	Enterprise Funds			
	Toll Road	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 448,807,789	$ 10,054,446	$ 458,862,235	$ 231,176,948
Payment to employees	(49,048,348)	(655,722)	(49,704,070)	(9,508,842)
Payment to vendors	(63,375,545)	(6,324,830)	(69,700,375)	(28,272,227)
Claims paid	-	-	-	(177,271,233)
Receipts from miscellaneous reimbursements	599,298	-	599,298	-
Other receipts	-	-	-	16,594
Other payments	-	-	-	(34,295)
Net cash provided by operating activities	336,983,194	3,073,894	340,057,088	16,106,945
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Internal activity - net payments to other funds	(2,076,454)	-	(2,076,454)	-
Transfers from other funds	-	-	-	11,125,380
Transfers to other funds	(120,237,481)	(700,000)	(120,937,481)	(5,500,000)
Net cash provided by (used for) noncapital financing activities	(122,313,935)	(700,000)	(123,013,935)	5,625,380
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from lease of capital assets	462,981	-	462,981	-
Purchases of capital assets	(84,187,789)	(947)	(84,188,736)	(5,013,579)
Proceeds from sale of capital assets	46,512	-	46,512	-
Principal paid on capital lease	-	-	-	(62,987)
Principal and escrow paid on capital debt	(232,895,000)	-	(232,895,000)	-
Interest paid on capital debt	(111,763,717)	-	(111,763,717)	-
Proceeds from capital debt	422,235,878	-	422,235,878	-
Bond issuance cost	(931,822)	-	(931,822)	-
Net cash used for capital and related financing activities	(7,032,957)	(947)	(7,033,904)	(5,076,566)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance to other funds	(25,362,503)	-	(25,362,503)	-
Purchase of investments	(1,267,665,898)	(11,367,191)	(1,279,033,089)	(76,322,256)
Proceeds from sales and maturities of investments	957,808,767	3,790,851	961,599,618	73,685,450
Interest received	35,734,638	1,113,267	36,847,905	1,808,359
Net cash used for investing activities	(299,484,996)	(6,463,073)	(305,948,069)	(828,447)
Net change in cash and cash equivalents	(91,848,694)	(4,090,126)	(95,938,820)	15,827,312
Cash and cash equivalents, beginning	187,570,714	10,490,626	198,061,340	16,454,716
Cash and cash equivalents, ending	$ 95,722,020	$ 6,400,500	$ 102,122,520	$ 32,282,028
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	$ 258,504,529	$ (302,974)	$ 258,201,555	$ 13,918,635
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	67,034,586	510,522	67,545,108	5,711,776
Other nonoperating revenues (expenses)	599,298	-	599,298	(17,701)
Changes in current assets and liabilities:				
Receivables, net	2,171,084	763,740	2,934,824	584,872
Notes and leases receivable	699,832	-	699,832	-
Prepaids and other assets	747,923	-	747,923	354,937
Inventories	(3,078,927)	97,917	(2,981,010)	(115,169)
Vouchers payable and accrued liabilities	5,107,023	1,999,149	7,106,172	(4,155,953)
Due to other governmental units	75,468	-	75,468	-
Other liabilities	2,316,755	5,951	2,322,706	-
Deferred revenue	2,927,059	-	2,927,059	(329,424)
Retainage payable	(441,294)	-	(441,294)	-
Compensatory time payable	319,858	(411)	319,447	154,972
Net cash provided by operating activities	$ 336,983,194	$ 3,073,894	$ 340,057,088	$ 16,106,945
Non-Cash Operating, Capital and Related Financing, And Investing Activities:				
Capital contributions received from other governments	$ 9,197,722	$ -	$ 9,197,722	$ -
Increase (decrease) in the fair value of investments	3,850,054	(732,296)	3,117,758	1,136,612

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
February 28, 2009

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$278,721,163
Investments	130,754,031
Accounts receivable	465,605
Other receivables	4,667,029
Accrued interest receivable	1,032,205
Total assets	$415,640,033
LIABILITIES	
Vouchers payable	$ 1,059,498
Incurred but not reported claims	4,282,135
Held for others	410,298,400
Total liabilities	$415,640,033

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS - COMPONENT UNITS
FEBRUARY 28, 2009

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
ASSETS				
Cash and cash equivalents	$ 4,766,522	$ 232,576,000	$ 24,773,140	$ 262,115,662
Investments, including accrued interest	25,261,369	219,125,000	22,125,230	266,511,599
Receivables:				
Taxes, net	-	55,997,000	-	55,997,000
Accounts, net	7,673,455	64,763,000	9,439,071	81,875,526
Other	8,841,194	-	-	8,841,194
Inventories	272,749	6,134,000	-	6,406,749
Prepaids and other assets	528,960	71,089,000	3,503,746	75,121,706
Restricted cash and investments	256,324	545,694,000	11,243,758	557,194,082
Notes receivable	-	-	4,840,360	4,840,360
Capital assets:				
Land,improvements, and construction in progress	3,314,761	58,947,000	725,123	62,986,884
Other capital assets, net of depreciation	20,403,975	180,323,000	95,209,382	295,936,357
Intangible assets net of accumulated amortization	-	-	2,424,622	2,424,622
Total assets	71,319,309	1,434,648,000	174,284,432	1,680,251,741
LIABILITIES				
Vouchers payable and accrued liabilities	8,336,029	135,486,000	12,953,138	156,775,167
Other liabilities	-	79,474,000	-	79,474,000
Deferred revenue	1,216,714	-	23,945,625	25,162,339
Accrued interest payable	-	819,000	637,018	1,456,018
Noncurrent liabilities:				
Due within one year	1,028,072	12,261,000	2,277,941	15,567,013
Due in more than one year	12,490,973	349,460,000	54,897,214	416,848,187
Total liabilities	23,071,788	577,500,000	94,710,936	695,282,724
NET ASSETS				
Invested in capital assets, net of related debt	12,692,827	92,439,000	33,735,618	138,867,445
Restricted for:				
Capital projects	7,947	60,437,000	-	60,444,947
Donor restrictions	-	-	3,915,952	3,915,952
Unrestricted net assets	35,546,747	704,272,000	41,921,926	781,740,673
Total net assets	$ 48,247,521	$ 857,148,000	$ 79,573,496	$ 984,969,017

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 28, 2009

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
REVENUES				
Program Revenues:				
Charges for services	$ 30,321,923	$ 226,358,000	$ 21,791,858	$ 278,471,781
Operating grants and contributions	93,999,142	179,721,000	112,969,150	386,689,292
Capital grants, contributions and other	193,950	431,514,000	3,951,470	435,659,420
Total program revenues	124,515,015	837,593,000	138,712,478	1,100,820,493
EXPENSES	142,376,550	1,302,889,000	131,534,133	1,576,799,683
Net (expenses) program revenues	(17,861,535)	(465,296,000)	7,178,345	(475,979,190)
General Revenues:				
Ad valorem tax revenues	-	522,053,000	-	522,053,000
Earnings on investments	1,229,517	13,570,000	1,258,026	16,057,543
Other	18,099,177	22,319,000	79,900	40,498,077
Gain on sale of capital assets	6,348	-	-	6,348
Net general revenues	19,335,042	557,942,000	1,337,926	578,614,968
Change in net assets	1,473,507	92,646,000	8,516,271	102,635,778
Net assets, beginning	46,774,014	764,502,000	71,057,225	882,333,239
Net assets, ending	$ 48,247,521	$ 857,148,000	$ 79,573,496	$ 984,969,017

See notes to the financial statements.

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, whether there is a financial benefit to or burden to the County, and whether services are provided entirely or almost entirely to the primary government.

Blended Component Units. For financial reporting purposes, the Harris County Flood Control District, the Harris County Juvenile Board, 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 programs, 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 issuances of the Flood Control District. The criteria used to include the Flood Control District as a blended component unit of the County include: the County appoints a voting majority of the Flood Control District's governing body, the County is able to impose its will on the Flood Control District, and the County's and the Flood Control District's governing bodies are substantially the same.

Harris County Juvenile Board ("Juvenile Board"). The Juvenile Board monitors all of the Juvenile Probation department's programs, institutional services, and residential placement facilities. It also sets administrative policies and approves the department's annual budget prior to submission to Commissioners Court. 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 act on behalf of the County by negotiating and managing a contract with an outside vendor for the operations and management of the Reliant Park Complex. The Sports & Convention Corporation is included as a blended component unit of the County because it almost exclusively benefits Harris County. The Sports & Convention Corporation was created by the County under the authority of state law. The County appoints a voting majority of the Sports & Convention Corporation's governing body; 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.

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
2525 Holly Hall, Suite 270
Houston, Texas 77054

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 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:

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 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:

Chief Financial Officer
Harris County Housing Authority
8933 Interchange Dr.
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.

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 28, 2009
- Harris County Housing Finance Corporation: December 31, 2008
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2008
- Harris County Industrial Development Corporation: August 31, 2008
- Children's Assessment Center Foundation, Inc.: February 28, 2009
- Housing Authority of Harris County: March 31, 2009

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 2009, the County disbursed the following amounts to these organizations: $114,545 to the Port of Houston Authority, $6,243 to Harris-Galveston Coastal Subsidence District, $427,324 to Houston-Galveston Area Council, $408,109 to the Metropolitan Transit Authority of Harris County, $1,659,791 to the Harris County/Houston Sports Authority and $75,000 to Gulf Coast Freight Rail District. The County also collected $4,434,693 from the Port of Houston Authority, $166,050 from the Houston-Galveston Area Council, $7,755,059 from the Metropolitan Transit Authority of Harris County and $54,320 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. The County's participation in each TIRZ is pursuant to an Interlocal Agreement between the County, the municipality, and the respective TIRZ board of directors. For each TIRZ in which the County participates, Commissioners Court appoints one board member, except for the City of Webster TIRZ, where it appoints two board members. There are six City of Houston TIRZs in which Harris County participates: three created by city action (Market Square, Gulfgate, and Greenspoint) and three created by petition (Midtown, South Post Oak, and Old Sixth Ward). Each of the TIRZs that the County jointly governs has from seven to fifteen members of its board of directors. Depending upon the terms of the municipal creation ordinance for a specific TIRZ, a municipality appoints at least five members to a TIRZ board and any affected school district appoints one board member each. For petition TIRZs, state elected representatives in whose districts a TIRZ is created also appoint one board member each. The petition TIRZs are required by statute to set aside one-third of all increment paid into the TIRZ Fund to establish affordable housing within the area (not necessarily within the TIRZ itself), while the TIRZs created by city action have no such requirement. The County participates in the City of La Porte non-petition TIRZ for which the County appoints one board member.

During fiscal year 2009 (for the tax year ended 12/31/07), the County disbursed $5,367,355 to the City of Houston TIRZs, $52,696 to the City of Baytown TIRZ, $28,784 to the City of La Porte TIRZ and $22,599 to the City of Webster TIRZ. The County subsequently received $479,328 in affordable housing set-aside funds, in accordance with the Interlocal Agreements between the City of Houston, the County, and the respective TIRZs from certain City of Houston petition TIRZs.

C. IMPLEMENTATION OF NEW STANDARDS

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

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. Implementation of GASB 49 is reflected in the statements and note disclosure (Note 16).

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. Implementation of GASB 50 is reflected in the note disclosure (Note 13 and 14).

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

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues include those generated from administration of justice, parks, County administration, health and human services, flood control, tax administration, and roads and bridges. Taxes and other items not included among program revenues are reported instead as general revenues. Miscellaneous general revenues contain non program specific contributions 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 an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds' statement of net assets. The agency funds are custodial in nature and involve no measurement of results of operations.

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

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

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

General Fund - used to account for the general operations of the County 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 sixteen agency funds as nonmajor fiduciary funds. Agency funds are used to account for assets held by the County as an agent on behalf of various third parties outside the primary government.

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. 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, budgeted expenditures may not exceed available resources.

- Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

- The department is the legal level of budgetary control for General Fund-Operating. Commissioners Court approval is necessary to transfer appropriations between departments. Transfers may not increase the total budget. Budgetary control for Special Revenue Funds, Debt Service Funds and Capital Project Funds is at the fund level.

- 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.

- For financial reporting purposes several funds created for budgetary purposes may be combined into a single column on the CAFR.

- Appropriations lapse at year-end for all funds except Harris County Juvenile Board, Special Revenue Grants, and Capital Project Funds.

- Budgets are prepared on a cash basis (budget basis) which differs from GAAP basis.

A reconciliation of General Fund revenues and expenditures on a cash basis (budgetary basis) compared to modified accrual basis (GAAP) is presented in the Notes to 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 forfeited assets in the custody of the District Attorney and to account for similar funds of various other departments.

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 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.

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 2009, $901,145 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:

Asset	Years	Asset	Years
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		

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 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 28, 2009, the carrying amount of the County's demand and time deposits was $331,546,846 and the balance per various financial institutions was $5,101,522. 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.

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.

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 the County's of cash and investments at February 28, 2009:

	Governmental Funds	Proprietary Funds	Total	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 401,140,627	$ 38,682,528	$ 439,823,155	$ 278,721,163	$ 718,544,318
Restricted Cash and Cash Equivalents	84,784,623	95,722,020	180,506,643	-	180,506,643
Investments	583,474,210	83,986,586	667,460,796	130,754,031	798,214,827
Restricted Investments	45,409,564	1,005,069,136	1,050,478,700	-	1,050,478,700
Total Cash & Investments	$ 1,114,809,024	$ 1,223,460,270	$ 2,338,269,294	$ 409,475,194	$ 2,747,744,488

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

The table below indicates the fair value and maturity value of the County's investments as of February 28, 2009, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
US Agency Notes					
FAMCA	$ 31,855,347	1.32%	$ 29,753,000	0.0320	AAA/Aaa
FFCB	139,071,562	5.76%	136,000,000	0.1350	AAA/Aaa
FHLB	188,874,872	7.82%	187,325,000	0.0896	AAA/Aaa
FHLMC	447,236,551	18.51%	446,400,000	0.3782	AAA/Aaa
FNMA	467,676,214	19.36%	466,263,000	0.3350	AAA/Aaa
Commercial Paper					
AGFC	25,797,127	1.07%	26,000,000	0.0036	A-1/P-1

HARRIS COUNTY, TEXAS
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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
AIG	$ 2,690,313	0.11%	$ 2,701,000	0.0015	A-1+/P-1
AMEX	1,987,812	0.08%	2,000,000	0.0002	A-1/P-1
Local Governments					
Austin, TX	1,134,851	0.05%	1,120,000	0.0008	AAA/Aa2
California ST	25,040,250	1.04%	25,000,000	0.0112	A/A2
College Station, TX	1,041,834	0.04%	1,115,000	0.0049	A+/A1
Cuyahoga Fall	5,117,493	0.21%	5,100,000	0.0010	AAA/Aaa
Dallas, TX WTR	3,443,987	0.14%	3,315,000	0.0136	AAA/Aa2
Denton, Cnty	1,135,145	0.05%	1,100,000	0.0051	AAA/Aa1
Ellis Cnty, TN	2,544,830	0.11%	2,640,000	0.0117	AA-/Aa3
Frisco, TX GO	5,392,460	0.22%	5,165,000	0.0202	AA/Aa2
Gainesville, FL	12,041,448	0.50%	11,900,000	0.0090	AAA/Aa2
Galveston Cnty	2,597,233	0.11%	2,775,000	0.0114	AA/Aa2
Grayson Cnty	2,960,200	0.12%	3,040,000	0.0138	AAA/Aa3
Harris Cnty Tx - Hospital District	22,072,818	0.91%	22,370,000	0.0635	A/A1
Houston, TX ISD	5,035,700	0.21%	5,000,000	0.0299	AAA/Aa3
Houston, TX Util Sys Rev	4,517,460	0.19%	4,500,000	0.0234	AAA/Aa2
Houston, TX Util Sys Rev Adj	118,625,000	4.91%	118,625,000	0.0029	AAA/Aa3
Kent, Wash G/O	946,622	0.04%	915,000	0.0007	AA-/A1
Lewisville, TX	1,247,393	0.05%	1,225,000	0.0057	AAA/Aaa
Mansfield, TX	4,118,080	0.17%	4,000,000	0.0213	AAA/Aaa
New Jersey EC	11,272,081	0.47%	10,735,000	0.0079	AAA/Aa2
New York St U	3,142,790	0.13%	3,070,000	0.0023	AAA/AA-
North TX TWY	3,584,035	0.15%	3,500,000	0.0206	AAA/Aa2
North TX TWY	4,071,144	0.17%	4,000,000	0.0021	A-/A2
Northwest TX	2,048,680	0.08%	2,000,000	0.0109	AAA/Aaa
Ohio St GO BD	2,520,130	0.10%	2,505,000	0.0002	AA+/Aa1
Pearland, Tex	1,032,151	0.04%	1,075,000	0.0047	AAA/Aa3
San Diego CNT	4,643,417	0.19%	4,610,000	0.0016	AAA/Aa3
San Marcos, Tx	1,497,450	0.06%	1,500,000	0.0070	AAA/Aaa
Southern Cali	2,253,168	0.09%	2,225,000	0.0012	AAA/Aa3
Texas State Go R	2,051,892	0.08%	2,025,000	0.0004	AA/Aa1
Texas St Veteran	75,840,000	3.14%	75,840,000	0.0017	AA/Aa1
Travis Cnty Tx	1,499,567	0.06%	1,505,000	0.0075	AAA/Aaa
Weatherford T	2,845,425	0.12%	2,825,000	0.0105	AA-/A2
Williamson Co	2,706,254	0.11%	2,665,000	0.0120	AAA/Aa2
Wisconsin St	7,626,615	0.32%	7,590,000	0.0029	AAA/Aa3
Money Market Mutual Funds					
Fidelity Instl Treasury	712,029,359	29.47%	712,029,359	N/A	AAAm/Aaa
Fidelity Instl MMKT Tax Exempt	51,330,882	2.12%	51,330,882	N/A	AAAm/Aaa
Total Investments	2,416,197,642	100.00%	$ 2,406,377,241	1.3187	
Demand and Time Deposits	331,546,846				
Total Cash & Investments	$ 2,747,744,488				

RISK DISCLOSURES

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

According to the County investment policy, no more than 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 28, 2009, 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 A 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 28, 2009, all of the County's investments are held in the County's name.

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

FUND INVESTMENT CONSIDERATIONS

The Investment Policy outlines specific investment strategies for each fund or group of funds identified on the Harris County financial statements. The two investment strategies employed by Harris County are the Matching Approach and the Barbell Approach. The Matching Approach is an investment method that matches maturing investments with disbursements. Matching requires an accurate forecast of disbursement requirements. The Barbell Approach is an investment method where maturities are concentrated at two points, one at the short end of the investment horizon and the other at the long end. 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	$ 152,040,000	115
Public Improvement Contingency	Barbell	1,800	149,500,000	712
General Fund Group	Matching/Barbell	360	18,025,000	194
Special Revenue Funds	Matching	1,080	21,500,000	444
Debt Service Funds	Matching	1,080	144,679,000	161
Capital Project Funds	Matching	1,080	120,830,000	544
Proprietary Funds	Matching/Barbell	1,080	48,805,000	458
Toll Road Project Funds	Matching	1,080	645,645,000	879
Toll Road Renewal/Replacement	Matching	1,800	139,900,000	867
Toll Road Bond Reserve	Matching	Maturity of the bonds	56,315,000	5,749
County Clerk Registry	Matching/Barbell	2,520	53,825,000	1,222
District Clerk Registry	Matching/Barbell	2,520	57,953,000	1,554
Harris Co/Metro Joint Escrow	Matching/Barbell	5,400	34,000,000	1,302
Money Market Mutual Funds	N/A	N/A	763,360,241	N/A
			$ 2,406,377,241	

3. PROPERTY TAXES

COUNTY

Property taxes for the County and the Flood Control District are levied on tax rates adopted within 60 days of receiving the certified roll or September 30, whichever is later. Tax rates are usually adopted in September or October. 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.

The County is responsible for setting the tax rate for the County, the Flood Control District, the Hospital District, and the Port of Houston Authority for debt service only. The County adopted the 2008 tax rate, per $100 of taxable value, for the County and Flood Control District as follows:

	Operations and Maintenance	Debt Service	Total
Harris County			
Constitutional Funds	$ 0.33815	$ 0.03192	$ 0.37007
Road Debt Service	-	0.01916	0.01916
Total - Harris County	$ 0.33815	$ 0.05108	$ 0.38923
Flood Control District	$ 0.02754	$ 0.00332	$ 0.03086

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 $0.38923 per $100 of taxable valuation subject to the $0.80 tax rate limitation, of which $0.37007 per $100 valuation was for Constitutional Funds, and a tax rate of $0.01916 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 2008 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 other jurisdictions within the County. 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 $51,587,047 as of February 28, 2009 are reported net of an allowance for uncollectible taxes of $141,559,625.

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 $55,997,000 as of February 28, 2009 are reported net of an allowance for uncollectible taxes of $55,562,000 for the Hospital District.

4. OTHER RECEIVABLES

The County reports accounts receivables and other receivables in the various funds for amounts to be received from customers, granting agencies, and the Tax Assessor. Additionally, the County reports receivables from other governments as due from other governmental units. A breakdown of these receivables at February 28, 2009 is as follows:

RECEIVABLES, OTHER RECEIVABLES AND DUE FROM OTHER GOVERNMENTAL UNIT

	Customers	Granting Agencies	Tax Assessor	Totals
General	$ 25,590,110	$ -	$ 49,487,391	$ 75,077,501
Roads Capital Projects	3,546,288	-	-	3,546,288
Nonmajor Governmental	11,089,458	59,948,511	9,290,247	80,328,216
Toll Road	8,142,152	-	-	8,142,152
Nonmajor Enterprise	49,951	-	-	49,951
Internal Service	5,422,076	-	-	5,422,076
Component Units	81,875,526	8,841,194	-	90,716,720
Totals	$ 135,715,561	$ 68,789,705	$ 58,777,638	$ 263,282,904

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:

	Unavailable	Unearned
Taxes receivable (General fund)	$ 44,768,167	$ -
Taxes receivable (nonmajor governmental funds)	6,818,880	-
Grant funding (nonmajor governmental funds)	-	33,009,187
Other receivables (General fund)	8,690,983	9,119,026
Other receivables (Roads capital projects)	2,085,500	-
Other receivables (nonmajor governmental funds)	4,237,203	10,213,080
Other receivables (Toll Road fund)	-	30,622,621
Other receivables (internal service funds)	-	703,487
Total deferred revenue for governmental funds and proprietary funds	$ 66,600,733	$ 83,667,401

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 (aggregated), other proprietary funds (aggregated), internal service funds (aggregated),and fiduciary funds as of February 28, 2009 are as follows:

		Receivable	Payable
Current:	General	$ 33,840,330	$ 323,494
	Nonmajor Governmental	16,783,099	50,218,632
	Toll Road	8,412	206,421
	Internal Service	139,025	22,319
	Total Current	50,770,866	50,770,866
Long Term:	General	40,000	30,128,956
	Nonmajor Governmental	12,485,000	34,742,447
	Toll Road	52,346,403	-
	Total	$ 115,642,269	$ 115,642,269

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. In October 2008, Commissioners Court approved an interfund borrowing and line of credit from the Toll Road fund to the Hurricane Ike Disaster fund, not to exceed $60 million. The borrowing and line of credit has a one-year maturity with principal and interest due at maturity with an option for Commissioners Court to extend the note for an additional year. The interfund borrowing was $22 million at February 28, 2009. The $12 million Long Term Receivable 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 28, 2009:

	Transfers In: General	Nonmajor Governmental	Internal Service	Governmental Activities	Total
Transfers Out:					
General	$ -	$ 29,780,525	$ 7,178,600	$ -	$ 36,959,125
Road Capital Projects	119,615	7,536,863	-	-	7,656,478
Nonmajor Governmental	17,388,359	8,288,405	245,998	-	25,922,762
Toll Road	120,000,000	-	200,000	37,481	120,237,481
Nonmajor Enterprise	700,000	-	-	-	700,000
Internal Service	2,000,000	-	3,500,000	-	5,500,000
Governmental Activities	-	-	782	-	782
Total	$ 140,207,974	$ 45,605,793	$ 11,125,380	$ 37,481	$ 196,976,628

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 28, 2009 was as follows:

	Balance March 1, 2008	Additions	Deletions	Transfers	Balance February 28, 2009
Governmental Activities:					
Land	$ 3,795,682,734	$ 50,107,477	$ (22,385)	$ 3,532,937	$ 3,849,300,763
Construction in progress	357,518,503	173,273,367	-	(146,311,630)	384,480,240
Total capital assets not depreciated	4,153,201,237	223,380,844	(22,385)	(142,778,693)	4,233,781,003
Land improvements	3,405,855	9,274	-	-	3,415,129
Infrastructure	9,834,520,064	104,466,932	-	19,822,604	9,958,809,600
Park facilities	101,956,532	231,343	(70,457)	30,649,135	132,766,553
Flood control projects	547,644,476	-	-	85,046,811	632,691,287
Buildings	1,581,792,101	-	-	7,260,143	1,589,052,244
Equipment	267,116,371	26,093,361	(13,402,739)	18,402	279,825,395
	12,336,435,399	130,800,910	(13,473,196)	142,797,095	12,596,560,208
Less accumulated depreciation for:					
Land improvements	(241,696)	(154,471)	-	-	(396,167)
Infrastructure	(3,749,661,845)	(279,079,625)	-	-	(4,028,741,470)
Park facilities	(22,604,787)	(3,318,269)	45,180	-	(25,877,876)
Flood control projects	(198,989,102)	(24,603,485)	-	-	(223,592,587)
Buildings	(343,756,171)	(34,980,982)	-	-	(378,737,153)
Equipment	(166,529,395)	(26,566,402)	12,305,289	19,079	(180,771,429)
	(4,481,782,996)	(368,703,234)	12,350,469	19,079	(4,838,116,682)
Total capital assets being depreciated, net	7,854,652,403	(237,902,324)	(1,122,727)	142,816,174	7,758,443,526
Governmental activities capital assets, net	$ 12,007,853,640	$ (14,521,480)	$ (1,145,112)	$ 37,481	$ 11,992,224,529

The $37,481 balance in the transfers column is due to assets that were transferred between the governmental and business-type funds.

	Balance March 1, 2008	Additions	Deletions	Transfers	Balance February 28, 2009
Business-type Activities:					
Land	$ 270,688,177	$ 15,583,971	$ -	$ -	$ 286,272,148
License Agreement	237,500,000	-	-	-	237,500,000
Construction in progress	196,963,686	69,985,220	-	(37,167,959)	229,780,947
Total capital assets not depreciated	705,151,863	85,569,191	-	(37,167,959)	753,553,095
Land improvements	2,741,917	-	-	-	2,741,917
Infrastructure	1,735,963,226	-	-	-	1,735,963,226
Other tangible assets	20,248,222	933,587	-	-	21,181,809
Buildings	30,750,092	210,162	-	10,578,219	41,538,473
Equipment	17,634,020	6,695,586	(83,145)	26,571,339	50,817,800
	1,807,337,477	7,839,335	(83,145)	37,149,558	1,852,243,225
Less accumulated depreciation for:					
Land improvements	(280,283)	(132,220)	-	-	(412,503)
Infrastructure	(696,432,562)	(58,147,526)	-	-	(754,580,088)
Other tangible assets	(3,909,644)	(3,371,161)	-	-	(7,280,805)
Buildings	(7,931,180)	(672,203)	-	-	(8,603,383)
Equipment	(12,256,207)	(5,221,998)	33,335	(19,080)	(17,463,950)
	(720,809,876)	(67,545,108)	33,335	(19,080)	(788,340,729)
Total capital assets being depreciated, net	1,086,527,601	(59,705,773)	(49,810)	37,130,478	1,063,902,496
Business-type activities capital assets, net	$ 1,791,679,464	$ 25,863,418	$ (49,810)	$ (37,481)	$ 1,817,455,591

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 a

portion of the IH10 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; and paid an additional $12.5 million for the design and construction, and other allowable expenses related to the 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 revenues are being collected (April 2009). The amortization will be based on revenues received. The Toll Facility may 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.

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

Governmental activities:	
Administration of Justice	$ 14,289,475
Parks	10,082,387
County Administration	38,356,425
Health and Human Services	1,229,086
Flood Control	25,979,176
Tax Administration	131,513
Roads and Bridges	278,635,172
	$368,703,234
Business-type activities:	
Parking Facilities	$ 470,006
Sheriff's Commissary	40,516
Toll Road	67,034,586
	$ 67,545,108

COMPONENT UNITS

MHMRA (August 31, 2008)	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land	$ 3,314,761	$ -	$ -	$ 3,314,761
Buildings & Improvements	24,672,108	-	-	24,672,108
Equipment, Furniture & Vehicles	7,698,391	462,607	(269,687)	7,891,311
	35,685,260	462,607	(269,687)	35,878,180
Less accumulated depreciation for:				
Buildings & Improvements	(9,573,217)	(922,311)	-	(10,495,528)
Equipment, Furniture & Vehicles	(6,279,901)	(572,378)	249,665	(6,602,614)
	(15,853,118)	(1,494,689)	249,665	(17,098,142)
MHMRA capital assets, net	$ 19,832,142	$ (1,032,082)	$ (20,022)	$ 18,780,038

Hospital District (February 28, 2009)	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land & Improvements	$ 28,030,000	$ 48,000	$ -	$ 28,078,000
Construction in progress	8,169,000	22,700,000	-	30,869,000
Total capital assets not depreciated	36,199,000	22,748,000	-	58,947,000
Buildings and Improvements	291,409,000	7,642,000	(744,000)	298,307,000
Equipment	199,389,000	48,714,000	(23,559,000)	224,544,000
	490,798,000	56,356,000	(24,303,000)	522,851,000
Less accumulated depreciation	(323,275,000)	(41,481,000)	22,228,000	(342,528,000)
	(323,275,000)	(41,481,000)	22,228,000	(342,528,000)
Total capital assets being depreciated, net	167,523,000	14,875,000	(2,075,000)	180,323,000
Hospital District capital assets, net	$ 203,722,000	$ 37,623,000	$ (2,075,000)	$ 239,270,000

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 discrete component units (a net value of $4,938,698).

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 equipment, and two for County equipment; the amounts capitalized are $32,314,676, $1,279,012, and $514,406, respectively. Payments for the buildings and equipment during the fiscal year ended February 28, 2009 totaled $2,969,770 and $377,467 respectively. Payments, including interest at an average rate of 6.3% per annum for buildings,

5.71% for one equipment lease and no interest for the other two equipment leases, are due as follows as of February 28, 2009:

Fiscal year	Governmental Activities	
	Buildings	Equipment
2010	$ 2,969,767	$ 299,518
2011	2,969,767	212,987
2012	2,969,767	584,532
2013	2,969,767	-
2014	2,969,767	-
2015-2019	12,078,690	-
2020-2024	4,016,676	-
Total future lease payments	30,944,201	1,097,037
Less: Interest	(8,755,172)	(20,298)
	$ 22,189,029	$ 1,076,739

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 28, 2009 are as follows:

Receivable Entity	Payable Entity	
Department of Housing & Urban Development	Special Revenue Fund - Grants	$ 32,170
Fort Bend Toll Authority	Toll Road	1,183,746
Total Due to Other Governmental Units		$ 1,215,916

9. SHORT-TERM DEBT

Tax Anticipation Notes

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

Activity for the year ended February 28, 2009, was as follows:

Governmental Activities	Outstanding March 1, 2008	Issued	Redeemed	Outstanding February 28, 2009
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 2008-2009 were as follows:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2009

	Outstanding March 1, 2008	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2009	Due Within Year
Governmental Long-Term Debt:					
General Obligation Debt					
Road Bonds - Principal	$ 772,327,015	$ 34,605,000	$ (59,957,422)	$ 746,974,593	$ 26,244,593
Permanent Improvement Bonds - Principal	639,211,629	313,875,000	(63,260,000)	889,826,629	37,035,000
Flood Control Bonds - Principal	524,214,698	451,465,000	(445,523,864)	530,155,834	11,572,889
Total Principal General Obligation Debt	1,935,753,342	799,945,000	(568,741,286)	2,166,957,056	74,852,482
Unamortized Premium, Road Series 1993	372,443	-	(289,101)	83,342	-
Unamortized Premium, Road Series 2003A	536,722	-	(142,409)	394,313	-
Unamortized Premium, Road Series 2003B	3,323,703	-	(2,236,580)	1,087,123	-
Unamortized Premium, Road Series 2004A	3,180,144	-	(568,419)	2,611,725	-
Unamortized Premium, Road Series 2004B	5,289,676	-	(306,694)	4,982,982	-
Unamortized Premium, Road Series 2005A	2,476,301	-	(214,624)	2,261,677	-
Unamortized Premium, Road Series 2006A	864,840	-	(305,253)	559,587	-
Unamortized Premium, Road Series 2006B	9,121,542	-	(301,694)	8,819,848	-
Unamortized Premium, Road Series 2008A	-	5,024,614	(360,891)	4,663,723	-
Unamortized Premium, PIB Series 2002	3,736,525	-	(794,803)	2,941,722	-
Unamortized Premium, PIB Series 2003A	353,103	-	(149,341)	203,762	-
Unamortized Premium, PIB Series 2003B	2,675,821	-	(600,938)	2,074,883	-
Unamortized Premium, PIB Series 2004A	6,832,137	-	(495,965)	6,336,172	-
Unamortized Premium, PIB Series 2005A	4,433,939	-	(565,330)	3,868,609	-
Unamortized Premium, PIB Series 2006A	3,509,214	-	(220,950)	3,288,264	-
Unamortized Premium, PIB Series 2008A	-	1,508,926	(584,181)	924,745	-
Unamortized Premium, PIB Series 2008B	-	4,941,468	(394,854)	4,546,614	-
Unamortized Premium, PIB Series 2008C	-	205,015	(74,067)	130,948	-
Unamortized Premium, CJC Series 2004	2,025,962	-	(242,175)	1,783,787	-
Unamortized Premium, FC Series 1993	1,093,154	-	(588,785)	504,369	-
Unamortized Premium, FC Series 2002	361,376	-	(78,819)	282,557	-
Unamortized Discount, FC Series 2003A	(7,060)	-	(2,590)	(9,650)	-
Unamortized Premium, FC Series 2003B	7,928,971	-	(7,928,971)	-	-
Unamortized Premium, FC Series 2004A	7,737,807	-	(6,326,676)	1,411,131	-
Unamortized Premium, FC Series 2006A	5,971,898	-	(184,292)	5,787,606	-
Unamortized Premium, FC Series 2007	5,187,091	-	(161,432)	5,025,659	-
Unamortized Premium, FC Series 2008A	-	19,332,124	(1,405,037)	17,927,087	-
Unamortized Discount, FC Series 2008C	-	(764,569)	(4,976)	(769,545)	-
Bond Refunding Loss, Road Series 2003A	(398,979)	-	52,612	(346,367)	-
Bond Refunding Loss, Road Series 2004A	(2,161,058)	-	225,502	(1,935,556)	-
Bond Refunding Loss, Road Series 2005A	(2,193,086)	-	150,380	(2,042,706)	-
Bond Refunding Loss, Road Series 2006A	(240,869)	-	52,553	(188,316)	-
Bond Refunding Loss, Road Series 2008A	-	(1,201,605)	94,318	(1,107,287)	-
Bond Refunding Loss, PIB Series 2002	(2,580,663)	-	565,948	(2,014,715)	-
Bond Refunding Loss, PIB Series 2003A	(206,065)	-	44,960	(161,105)	-
Bond Refunding Loss, PIB Series 2005A	(2,664,179)	-	233,939	(2,430,240)	-
Bond Refunding Gain, PIB Series 2006A	4,072	-	(565)	3,507	-
Bond Refunding Loss, PIB Series 2008A	-	(74,650)	9,730	(64,920)	-
Bond Refunding Loss, CJC Series 2004	(4,154,150)	-	266,576	(3,887,574)	-
Bond Refunding Loss, FC Series 2002	(60,120)	-	10,033	(50,087)	-
Bond Refunding Loss, FC Series 2003A	(253,113)	-	33,378	(219,735)	-
Bond Refunding Loss, FC Series 2008A	-	(4,055,861)	318,360	(3,737,501)	-
Bond Refunding Loss, FC Series 2008B	-	(443,331)	443,331	-	-
Bond Refunding Loss, FC Series 2008C	-	(10,258,484)	179,482	(10,079,002)	-
Accretion of Discount - Capital Appreciation Bonds:					
Road Series 1993	5,925,265	616,878	(4,142,770)	2,399,373	2,399,373
Road Series 1996	27,292,880	3,412,520	-	30,705,400	-
PIB Series 1996	14,976,945	1,872,618	-	16,849,563	-
GO Revenue Series 2002	22,338,853	4,675,054	-	27,013,907	-
Flood Control Series 1993	12,103,052	1,368,264	(5,906,361)	7,564,955	4,339,568
Total General Obligation Debt	2,080,487,436	826,103,981	(601,639,727)	2,304,951,690	81,591,423

Governmental Long-Term Debt (cont.):	Outstanding March 1, 2008	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2009	Due Within Year
Tax and Subordinate Lien Revenue Bonds					
Tax and Subordinate Lien Revenue Forward Refunding, Series 1998	25,555,000	-	(25,555,000)	-	-
Tax and Subordinate Lien Revenue Refunding, Series 2004A	3,680,000	-	-	3,680,000	580,000
Tax and Subordinate Lien Revenue Refunding, Series 2004B	176,800,000	-	-	176,800,000	-
Tax and Subordinate Lien Revenue Refunding, Series 2008A	-	21,275,000	-	21,275,000	4,990,000
Unamortized Premium, Series 2004A	60,083	-	(18,251)	41,832	-
Unamortized Premium, Series 2004B	8,696,732	-	(316,983)	8,379,749	-
Unamortized Premium, Series 2008A	-	490,464	(178,383)	312,081	-
Bond Refunding Loss, Series 2004A	(8,437)	-	1,875	(6,562)	-
Bond Refunding Loss, Series 2004B	(13,505,616)	-	719,997	(12,785,619)	-
Bond Refunding Loss, Series 2008A	-	(197,522)	35,414	(162,108)	-
Total Tax and Subordinate Lien Revenue Bonds	201,277,762	21,567,942	(25,311,331)	197,534,373	5,570,000
Certificates of Obligation					
Series 1998	28,090,000	-	(2,370,000)	25,720,000	-
Series 2001	15,915,000	-	(855,000)	15,060,000	900,000
Series 2002	17,680,000	-	(1,765,000)	15,915,000	2,435,000
Unamortized Premium, Series 2002	585,043	-	(177,471)	407,572	-
Total Certificates of Obligation	62,270,043	-	(5,167,471)	57,102,572	3,335,000
Total Bonds Payable	2,344,035,241	847,671,923	(632,118,529)	2,559,588,635	90,496,423
Commercial Paper Payable	388,940,000	122,961,000	(282,763,000)	229,138,000	-
Compensatory Time Payable	32,225,983	26,973,222	(22,235,928)	36,963,277	19,220,904
Obligations Under Capital Leases	25,430,611	-	(2,164,843)	23,265,768	1,899,621
Judgments Payable	6,238,614	-	(2,093,314)	4,145,300	-
Notes Payable	1,480,145	-	(1,402,606)	77,539	77,539
OPEB Obligation	66,447,722	65,955,763	-	132,403,485	-
Pollution Remediation Obligation	-	1,644,240	-	1,644,240	109,446
Total Governmental Long-Term Debt	$ 2,864,798,316	$ 1,065,206,148	$ (942,778,220)	$ 2,987,226,244	$ 111,803,933

	Outstanding March 1, 2008	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2009	Due Within Year
Business-type Long-Term Debt:					
Senior Lien Revenue Bonds	$ 1,401,290,000	$ 324,475,000	$ (26,460,000)	$ 1,699,305,000	$ 28,120,000
Tax Bonds	677,165,665	76,240,000	(87,835,665)	665,570,000	41,540,000
Total Bond Principal	2,078,455,665	400,715,000	(114,295,665)	2,364,875,000	69,660,000
Unamortized Premium, Rev. Series 2002	1,737,400	-	(1,062,821)	674,579	-
Unamortized Premium, Rev. Series 2004A	5,735,207	-	(166,844)	5,568,363	-
Unamortized Premium, Rev. Series 2004B	26,416,909	-	(3,345,843)	23,071,066	-
Unamortized Discount, Rev. Series 2005A	(204,719)	-	5,915	(198,804)	-
Unamortized Premium, Rev. Series 2006A	1,359,450	-	(75,909)	1,283,541	-
Unamortized Premium, Rev. Series 2007A	9,539,565	-	(737,453)	8,802,112	-
Unamortized Discount, Rev. Series 2008B	-	(2,258,818)	(131,995)	(2,390,813)	-
Unamortized Premium, Tax Series 1991	720,323	-	(720,323)	-	-
Unamortized Premium, Tax Series 1992A	256,320	-	(256,320)	-	-
Unamortized Premium, Tax Series 1992B	84,946	-	(84,946)	-	-
Unamortized Premium, Tax Series 1994A	1,195,516	-	(379,079)	816,437	-
Unamortized Premium, Tax Series 1995A	14,592,217	-	(3,951,687)	10,640,530	-
Unamortized Premium, Tax Series 1997	3,728,662	-	(812,776)	2,915,886	-
Unamortized Premium, Tax Series 2001	799,714	-	(184,342)	615,372	-
Unamortized Premium, Tax Series 2002	1,503,589	-	(215,807)	1,287,782	-
Unamortized Discount, Tax Series 2003	(108,473)	-	502,452	393,979	-
Unamortized Premium, Tax Series 2007C	24,736,917	-	(1,373,302)	23,363,615	-
Unamortized Premium, Tax Series 2008A	-	2,947,801	(102,736)	2,845,065	-
Accretion of Discount - Capital Appreciation Bonds:					
Unlimited Tax Series 1991	15,994,366	420,634	(16,415,000)	-	-
Unlimited Tax Series 1992A and 1992B	10,127,396	666,292	(10,793,688)	-	-
Unlimited Tax Series 1995A	17,202,467	6,059,357	-	23,261,824	8,335,907
Unlimited Tax Series 1997	6,022,205	1,341,073	(1,190,000)	6,173,278	1,545,861
Deferred Amount on Refunding	(127,389,470)	(1,216,546)	13,135,721	(115,470,295)	-
Accrued Interest Payable	4,774,620	100,157,018	(99,880,360)	5,051,278	5,051,278
Total Bonds Payable	2,097,280,792	508,831,811	(242,532,808)	2,363,579,795	84,593,046
Commercial Paper Payable	67,000,000	33,350,000	(100,350,000)	-	-
Compensatory Time Payable	980,871	995,979	(676,801)	1,300,049	676,025
OPEB Obligation	3,664,533	3,580,990	-	7,245,523	-
Totals - Business-type Long-Term Debt	$ 2,168,926,196	$ 546,758,780	$ (343,559,609)	$ 2,372,125,367	$ 85,269,071

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 28, 2009 follows:

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 28, 2009
Road Bonds					
Refunding Series 1993 - CAB	$ 114,244,962	5.35-5.55%	1993	2009	$ 664,593
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	112,570,000
Refunding Series 2003A	46,105,000	3.00-5.25%	2003	2015	17,815,000
Refunding Series 2003B	76,510,000	5.00-5.25%	2003	2023	41,140,000
Refunding Series 2004A	56,055,000	3.00-5.00%	2004	2017	45,080,000
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	23,315,000
Refunding Series 2006B	266,960,000	4.50-5.00%	2006	2031	266,960,000
Refunding Series 2008A	34,605,000	4.00-5.25%	2008	2020	33,860,000
	1,122,464,962				746,974,593
Permanent Improvement Bonds					
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	12,870,000
Refunding Series 1999	19,535,000	5.00%	1999	2009	860,000
Refunding Series 2001	23,020,000	4.375-5.00%	2001	2014	4,395,000
Refunding Series 2002	195,665,000	2.75-5.25%	2002	2028	122,615,000
Refunding Series 2003A	29,025,000	3.00-5.00%	2003	2012	10,715,000
Refunding Series 2003B	79,725,000	4.00-5.25%	2003	2014	38,130,000
Refunding Series 2004A	118,535,000	3.00-5.25%	2004	2024	116,535,000
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
Refunding Series 2008A	34,055,000	3.25-5.00%	2008	2015	28,500,000
Refunding Series 2008B	79,325,000	3.50-5.00%	2008	2019	79,325,000
Refunding Series 2008C	200,495,000	5.00-5.75%	2008	2028	200,495,000
Criminal Justice Center Series 2004	63,515,000	3.00-5.00%	2004	2023	53,900,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	62,622,045
	1,277,241,629				889,826,629
Flood Control Bonds					
Refunding Series 1993 - CAB	94,464,985	5.40-5.60%	1993	2011	2,070,834
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	8,315,000
Refunding Series 2004A	139,865,000	3.00-5.25%	2004	2024	34,700,000
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
Refunding Series 2008A	137,095,000	4.00-5.25%	2008	2021	134,190,000
Refunding Series 2008C	158,100,000	3.00-5.125%	2008	2031	158,100,000
	794,749,985				530,155,834

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 28, 2009
Tax & Subordinate Lien Revenue Bonds					
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
Refunding Series 2008A	21,275,000	3.25-5.00%	2008	2012	21,275,000
	201,755,000				201,755,000
Certificates of Obligation					
Series 1998	69,290,000	3.60-4.50%	1998	2023	25,720,000
Series 2001	32,510,000	4.375-5.125%	2001	2027	15,060,000
GO Revenue CO Series 2002	33,060,000	5.00-5.50%	2002	2012	15,915,000
	134,860,000				56,695,000
TOTAL	$ 3,531,071,576				$ 2,425,407,056

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 28, 2009 follows:

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 28, 2009
Senior Lien Revenue Bonds					
Refunding Series 2002	$ 397,520,000	5.00-5.375%	2002	2032	$ 217,065,000
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	411,135,000
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	274,075,000
Refunding Series 2007B	145,570,000	Floating	2007	2036	145,570,000
Refunding Series 2008B	324,475,000	4.625-5.25%	2008	2047	324,475,000
	2,133,185,000				1,699,305,000

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 28, 2009
Unlimited Tax and Subordinate Lien Bonds					
Refunding Series 1994A	$ 59,925,000	6.50-8.00%	1994	2013	$ 51,610,000
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	750,000
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	2033	25,720,000
Refunding Series 2007C	321,745,000	5.00-5.25%	2007	2033	321,745,000
Refunding Series 2008A	76,240,000	3.25-5.00%	2008	2016	76,240,000
	1,097,095,000				665,570,000
TOTAL	$ 3,230,280,000				$ 2,364,875,000

Annual debt service requirements to maturity as of February 28, 2009 are as follows:

	Governmental Activities				
Fiscal year	Principal At 2/28/2009	Capital Appreciation Bonds	Principal Value At Maturity	Interest	Total
2010	$ 83,757,482	$ 6,738,941	$ 90,496,423	$ 119,292,964	$ 209,789,387
2011	91,838,921	2,392,638	94,231,559	114,428,551	208,660,110
2012	95,559,024	832,749	96,391,773	108,445,997	204,837,770
2013	101,135,000	-	101,135,000	101,293,728	202,428,728
2014	81,037,924	13,152,033	94,189,957	97,227,173	191,417,130
2015-2019	449,695,683	50,756,595	500,452,278	424,928,852	925,381,130
2020-2024	646,096,703	4,651,264	650,747,967	301,732,199	952,480,166
2025-2029	584,926,319	6,008,978	590,935,297	144,682,532	735,617,829
2030-2034	291,360,000	-	291,360,000	25,683,813	317,043,813
	$ 2,425,407,056	$ 84,533,198	$ 2,509,940,254	$ 1,437,715,809	$ 3,947,656,063

	Business-Type Activities				
Fiscal year	Principal At 2/28/2009	Capital Appreciation Bonds	Principal Value At Maturity	Interest	Total
2010	$ 69,660,000	$ 9,881,768	$ 79,541,768	$ 128,228,181	$ 207,769,949
2011	77,745,000	7,542,765	85,287,765	123,906,047	209,193,812
2012	81,880,000	5,829,131	87,709,131	119,445,803	207,154,934
2013	90,890,000	4,728,241	95,618,241	114,830,941	210,449,182
2014	104,135,000	1,453,197	105,588,197	102,239,187	207,827,384
2015-2019	472,330,000	-	472,330,000	415,723,205	888,053,205
2020-2024	394,305,000	-	394,305,000	305,890,303	700,195,303
2025-2029	302,305,000	-	302,305,000	226,869,180	529,174,180
2030-2034	394,140,000	-	394,140,000	141,645,925	535,785,925
2035-2039	235,945,000	-	235,945,000	53,043,524	288,988,524
2040-2044	70,350,000	-	70,350,000	28,290,619	98,640,619
2045-2049	71,190,000	-	71,190,000	7,720,388	78,910,388
	$ 2,364,875,000	$ 29,435,102	$ 2,394,310,102	$ 1,767,833,303	$ 4,162,143,405

SIGNIFICANT DEBT COVENANTS

The Senior Lien Revenue Bonds are payable from the revenues of the Toll Road. The Tax Bonds are secured by and payable from a pledge of the County's unlimited ad valorem tax and also are secured by a pledge of and lien on the revenues of the Toll Road, subordinate to the lien of the Senior Lien Revenue Bonds. The County has covenanted to assess a maintenance tax to pay project expenses if revenues, after paying debt service, are insufficient. The County also has covenanted to collect tolls to produce revenues at the beginning of the third fiscal year following completion of the Toll Road equal to at least 1.25 times the debt service requirements on the Senior Lien Revenue Bonds. The revenue coverage requirement became effective with the completion of the project during fiscal year 1994. The Toll Road Project's revenue coverage ratio for fiscal year 2009 was 4.90.

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 28, 2009, the County has outstanding, $229.1 million of commercial paper. Commissioners Court, by policy, limits the period allowed for a commercial paper project not to exceed three years. During the length of time the paper is outstanding, the paper may have a maturity term of 1 – 270 days.

The County enters into agreements with credit facilities to provide a line of credit that will act as assurance to the purchaser of the commercial paper that funds will be available to redeem the paper upon demand and that the County can rollover the commercial paper. For Commercial Paper Series 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 .34% 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 and BNP Paribas, 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 .34% 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.

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 2008 tax rate adopted by Commissioners Court for fiscal year 2009 to satisfy the annual amount due under the flood contracts related to the 2% limitation was .00663. Based on the County's outstanding indebtedness as of February 28, 2009 (exclusive of Flood Control District debt), this amount required under the 2% limitation is estimated to be $1,688,700.

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

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 $175 to $5,000.

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 28, 2009, the Toll Road has no 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, 2010, which is the date of expiration. For this agreement, the County will be assessed a fee of .35% 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 181st 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.

The Series E outstanding balance was reduced by $90,000,000 on August 14, 2008. The last outstanding amount of Series E was paid off in full on November 14, 2008. The agreement with Dexia was terminated on May 20, 2009.

CHANGES IN COMMERCIAL PAPER

The following is a schedule of changes in commercial paper for the year ended February 28, 2009:

	Balance Outstanding March 1, 2008	Issued	Retired/ Refunded	Balance Outstanding February 28, 2009	Amount Due Within One Year
Governmental Activities					
Commercial Paper A-1, B, C	$ 183,451,000	$ 73,346,000	$ (112,394,000)	$ 144,403,000	$ -
Commercial Paper D	153,684,000	16,985,000	(170,369,000)	300,000	-
Commercial Paper - Flood Control	51,805,000	32,630,000	-	84,435,000	-
	$ 388,940,000	$ 122,961,000	$ (282,763,000)	$ 229,138,000	$ -
Business-type Activities					
Commercial Paper - Toll Road	$ 67,000,000	$ 33,350,000	$ (100,350,000)	$ -	$ -

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 28, 2009 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 $229,138,000 at the average rate for the quarter ending February 28, 2009 by series and reflect the effects of any refundings.

	Governmental Activities		
Fiscal year	Principal	Interest	Total
2010	$ -	$ -	$ -
2011	7,675,909	17,424,035	25,099,944
2012	78,937,969	28,261,807	107,199,776
2013	78,937,969	16,256,657	95,194,626
2014	63,586,153	4,543,352	68,129,505
	$ 229,138,000	$ 66,485,851	$ 295,623,851

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 $361,721,000 as of February 28, 2009 which comprises 84% 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 $101,400,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 28, 2009.

The total debt of the MHMRA was $13,519,045, of which $8,423,904 represents debt of the primary

government (comprised of $5,940,236 notes payable and $2,483,668 compensated absences), as of August 31, 2008 which comprises 3% of the total debt of the County's discretely presented component units.

The total debt of The Children's Assessment Center Foundation was $2,158,651 as of February 28, 2009 which comprises less than 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 $55,016,504 (comprised mainly of mortgage notes payable of their component units) as of March 31, 2009 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, 2008, there were nineteen (19) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at August 31, 2008 for the bonds issued after September 1, 1996, was approximately $681,905,354.

Harris County Housing Finance Corporation

As of December 31, 2008, there were forty-five (45) series of bonds outstanding with an aggregate

principal payable of $380,312,295. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 28, 2009 there were fifty-two (52) series of bonds outstanding with an aggregate principal payable of $4,419,535,000. 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 28, 2009 there were twenty (20) series of Bonds outstanding with an aggregate principal payable of $1,872,530,000. The bonds were issued for the purpose of defraying expansion costs, for Space Center Houston projects, Houston Livestock Show and Rodeo projects, Baylor College of Medicine, Memorial Hermann Healthcare System, Methodist Hospital System, Texas Medical Center projects and the Young Men's Christian Association (YMCA) of the Greater Houston Area. 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:

Description	Year of Voter Authorization	Amount Authorized	Issued as of 2/28/2009	Authorized but Unissued as of 2/28/2009
Ad Valorem Tax Bonds		(amounts in millions)		
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	417.8	57.2
Parks	2001	60.0	60.0	-
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		$ 2,622.0	$ 2,079.1	$ 542.9

F. REFUNDING/ISSUANCE OF DEBT

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. The refunding resulted in a decrease in cash flow requirements of $2,598,025 and had an economic gain of $2,300,493.

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. The refunding resulted in a decrease in cash flow requirements of $2,462,574 and had an economic gain of $1,777,087.

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 District's outstanding Flood Control District Contract Tax Refunding Bonds, Series 2003B and the Flood Control District Contract Tax Refunding Bonds, Series 2004A 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. The refundings resulted in a decrease in cash flow requirements of $19,232,509 and had an economic gain of $13,279,303.

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 15th and February 15th.

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 2013. The refunding resulted in a decrease in cash flow requirements of $1,282,919 and had an economic gain of $1,216,452.

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 26, 2009, and will be repaid from fiscal year 2009 tax revenues. The tax anticipation notes, which matured February 26, 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.

On September 4, 2008, the County issued $79,325,000 in Permanent Improvement Refunding Bonds, Series 2008B to refund a portion of the County's General Obligation Commercial Paper Notes, Series A-1, Series B, and Series D and to pay costs of issuance. The annual interest rates range from 3.5% to 5.0%. The issuance had a premium of $4,941,468. Interest accrues semiannually and the bonds mature in fiscal year 2020.

On November 4, 2008, the County issued $200,495,000 in Permanent Improvement Refunding Bonds, Series 2008C to refund and defease all or a portion of the County's General Obligation Commercial Paper Notes, Series A-1 and Series D and to pay costs of issuance. The annual interest rates range from 5.00% to 5.75%. The issuance had a premium of $205,015. Interest accrues semiannually and the bonds mature in fiscal year 2029.

On November 20, 2008, the Flood Control District issued $158,100,000 Flood Control District Contract Tax Refunding Bonds, Series 2008C to refund all of the District's outstanding Flood Control District Contract Tax Refunding Bonds, Series 2008B and to pay costs of issuance. The annual interest rates range from 3.00% to 5.125%. Interest accrues semiannually and the bonds mature in fiscal year 2025. The refunding resulted in a decrease in cash flow requirements of $11,404,486 and had an economic gain of $11,376,674.

On December 30, 2008, the County issued $76,240,000 in Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 2008A to refund a portion of the County's outstanding Toll Road Unlimited Tax and Subordinate Lien Revenue Bonds, Series 2003 and to pay costs of issuance. The annual interest rates range from 3.25% to 5.00%. Interest accrues semiannually and the bonds mature in fiscal year 2017. The refunding resulted in a decrease in cash flow requirements of $1,230,614 and had an economic gain of $1,285,064.

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 28, 2009, the outstanding principal balance of these defeased bonds was as follows:

Property Tax Bonds:	
Road	$ 171,300,000
Permanent Improvement	349,485,000
Revenue Bonds:	
Hotel Occupancy	6,390,000
Flood Control:	
Flood Control	432,970,000
Certificates of Obligation:	
General Obligation	54,200,000
Toll Road Bonds:	
Senior Lien Revenue Bonds	1,203,455,000
Tax Bonds	900,170,000
Total Defeased Bonds	$ 3,117,970,000

H. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 28, 2009 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.

I. 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, bond issues. 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 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, bond issues. The intent was to offset the Goldman Swap and provide the County with a net positive position of 39.3 basis points.

Terms:

	Goldman Sachs Capital Markets, L.P., Tax & Subordinate Lien, Series 2004A&B		Morgan Stanley, Tax & Subordinate Lien, Series 2004A&B
Trade Date: Restructure Date:	August 16, 2004 July 7, 2006		March 6, 2008
Effective Date: Restructured Effective Date:	August 18, 2004 August 15, 2006		March 6, 2008
Termination Date:	August 15, 2032		February 15, 2010
Initial Notional Amount: (a)	$387,315,000		$384,425,000
County Pays Floating:	SIFMA Muni Swap Index (b)		60.23% of 5yr LIBOR Swap Rate
Counterparty Pays Fixed:	15.5bp on the notional amount		23.8bp on the notional amount
Counterparty Pays Floating:	60.23% of 5yr LIBOR Swap Rate		SIFMA Muni Swap Index
Payment Dates:	The 15th day of February and August		The 15th day of February and August
Fair Value as of 2/28/09:	($31,441,056)		($1,462,569)
(a) The notional amount for the swaps amortizes to match the outstanding bond. (b) The Securities Industry and Financial Markets Association –SIFMA.			

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 Stanley, Tax & Subordinate Lien, Series 2004A&B
Credit Risk as of 2/28/09	Minimal.	Minimal.
Credit Ratings (currently assigned.) Moody's, S&P, and Fitch	A1, A, and A+	A2, A, and A
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	The County pays the Bond Market Association Municipal Swap Index, while Goldman Sachs pays 60.23% of the 5-year LIBOR Swap rate.	The County pays 60.23% of the 5-year LIBOR Swap rate, while Morgan Stanley pays Bond Market Association Municipal Swap Index.
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 $31,441,056, 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 County in this case is $1,462,569, 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 $8,000,000 for Morgan Stanley Capital Services, 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 and the Senior Lien Revenue Refunding Bonds, Series 2007B. The

County entered an Interest Rate Swap with JPMorgan Chase Bank, National Association, relating to the Senior Lien Revenue Refunding Bonds, Series 2007B. Two other Interest Rate Swaps, dated September 18, 2008, are not directly related to any existing bond issue. The purpose of the swaps was to create a fixed cost of funds on certain maturities of the related bonds that are lower than the fixed cost achievable in the cash bond market.

Terms:

	Citibank–Toll Road Authority, Series 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 15th day of each month	The 15th day of February, May, August and November	The 15th day of February, May, August and November
Collateral Threshold: (b)	($15,000,000)	($15,000,000)	($15,000,000)
Fair Value as of 2/28/09:	($20,722,281)	($18,328,235)	($18,328,235)

(a) The notional amount for the swaps amortizes to match the outstanding bond.
(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is $45,000,000.

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 2/28/09	Minimal.	Minimal.	Minimal.
Credit Ratings (currently assigned.) Moody's, S&P, and Fitch	A1, A+, and A+	A1, A+, and A+	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.	Citi Bank NA pays 70% of 1 month LIBOR, while the County pays a fixed rate of 3.626%.	Citi Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.	JP Morgan Chase Bank NA pays 67% of 3 month LIBOR + 67bp, while the County pays a fixed rate of 4.398%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County is $20,722,281, which is based on a fair market value calculation.	The exposure to the County is $18,328,235, which is based on a fair market value calculation.	The exposure to the County is $18,328,235, which is based on a fair market value calculation.

Terms (swaps not directly related to any existing bond issue):

	Goldman Sachs	Goldman Sachs
Trade Date:	September 18, 2008	September 18, 2008
Effective Date:	Any date from and including 6/1/2009 to 12/1/2009.	Any date from and including 6/1/2010 to 12/1/2010.
Termination Date:	August 15, 2039	August 15, 2040
Initial Notional Amount: (a)	$200,000,000	$100,000,000
Authority Pays Fixed:	4.098%	4.237%
Counterparty Pays Floating:	SIFMA Muni Swap Index	SIFMA Muni Swap Index
Payment Dates:	The 15th day of each month	The 15th day of each month
Fair Value as of 2/28/09:	($15,064,443)	($7,171,740)
(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	Goldman Sachs
Credit Risk as of 2/28/09	Minimal.	Minimal.
Credit Ratings (currently assigned.) Moody's, S&P, and Fitch	A1, A, and A+	A1, A, and A+
Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction.	Goldman Sachs pays the SIFMA Muni Swap Index, while the County pays a fixed rate of 4.098%.	Goldman Sachs pays the SIFMA Muni Swap Index, while the County pays a fixed rate of 4.237%.
Termination Risk – risk that the SWAP must be terminated prior to its stated final cash flow.	The exposure to the County is $15,064,443, which is based on a fair market value calculation.	The exposure to the County is $7,171,740, which is based on a fair market value calculation.

The collateral threshold pledging requirements have always been met by the County as required in the SWAP Agreements. On December 4, 2008, the County pledged three Federal National Mortgage Association bonds ("FNMA") as collateral to Citibank and JP Morgan to cover the collateral threshold shortfall. The two FNMA bonds pledged to Citibank were exchanged for a Federal Home Loan Mortgage Corp bond ("FHLMC") on January 9, 2009 as FNMA called the bonds. On March 30, 2009, the FNMA bond that was collateral for JP Morgan was also called. It was replaced by a FHLMC bond.

J. SUBSEQUENT DEBT RELATED ACTIVITY

On May 14, 2009, the County issued $215,455,000 Toll Road Senior Lien Revenue Bonds, Series 2009A to finance the construction of toll road projects, to fund the increase in the debt service reserve fund requirement resulting from the issuance of 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 $5,640,228. Interest accrues semiannually and the bonds mature in fiscal year 2038.

On May 20, 2009, the County issued $23,485,000 Permanent Improvement Refunding Bonds, Series 2009A to refund and defease the County's outstanding Tax and Revenue Certificates of Obligation, Series 1998, 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 $2,758,376. Interest accrues semiannually and the bonds mature in fiscal year 2023.

On June 5, 2009, Citibank and JP Morgan released two Federal Home Loan Mortgage Corp. bonds back to the County that had been pledged to cover the collateral threshold shortfall on two SWAPS. The SWAPS were the $199,915,000 SWAP for the 2004B-2 Series Toll Road bonds and the $72,785,000 SWAPs for the 2007B Series Toll Road bonds.

On June 9, 2009, the County terminated the two SWAPs with Goldman Sachs. The SWAPs notional amounts were $200,000,000 and $100,000,000. The SWAPs were not directly related to any bond issues. The County received $1,000,000 from Goldman Sachs due to the fair value of the positions at the time.

On June 18, 2009, the County issued $395,000,000 in Tax Anticipation Notes, Series 2009. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2009 and ending February 28, 2010, and will be repaid from fiscal year 2010 tax revenues. The tax anticipation notes, which mature February 25, 2010, were issued at an annual interest rate range of 1.50 to 2.00%.

On July 7, 2009, the County pledged a Federal Home Loan Mortgage Corp. bond to Citibank to cover the collateral threshold shortfall on the $199,915,000 interest rate SWAP for the 2004B-2 Series Toll Road bonds.

11. COMPENSATED ABSENCES PAYABLE

Changes in long-term compensated absences for the year ended February 28, 2009 were as follows:

	Balance Outstanding March 1, 2008	Earned	Taken/ Paid	Balance Outstanding February 28, 2009	Amount Due Within One Year
Governmental Activities	$ 32,225,983	$ 26,973,222	$ (22,235,928)	$ 36,963,277	$ 19,220,904
Business-type Activities	980,871	995,979	(676,801)	1,300,049	676,025
Total	$ 33,206,854	$ 27,969,201	$ (22,912,729)	$ 38,263,326	$ 19,896,929

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. The buyer is proceeding with redevelopment and remediation with oversight by the Texas Commission on Environmental Quality and a $1 million letter of credit exists in favor of Harris County that can be drawn against if in default. A fourth site, a former unpermitted landfill, now known as Allison R. Peirce, Jr. Wetlands Nature Sanctuary was acquired by Harris County to ensure 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. The costs for this landfill are included with the pollution remediation obligation.

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 586 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 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 2009 is 9.74%. The contribution rates for calendar years 2008 and 2007 were 9.64 % and 10.43 %, 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 9.64% for the months of the calendar year in 2008, and 9.74% for the months of the calendar year in 2009.

The contribution rate payable by the employee members for 2008 and 2009 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.

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

Annual Pension Cost

For the County's fiscal year ending February 28, 2009, the annual pension cost for the TCDRS plan and the actual contributions for its employees were $79,047,481. (This excludes actuarial contributions of $2,960,716 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, 2007 and December 31, 2008, the basis for determining the contribution rates for calendar years 2008 and 2009. The December 31, 2008 is the most recent valuation.

Actuarial Valuation Method			
Actuarial Valuation Date	12/31/06	12/31/07	12/31/08
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	15	15	20
Asset Valuation Method	SAF: 10-yr smoothed value ESF: Fund value	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)	5.3 %	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.			

Harris County Trend Information			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/28/09	$ 79,047,481	100%	-
2/28/08	$ 75,944,968	100%	-
2/28/07	$ 65,922,424	100%	-

Schedule of Funding (including Community Supervision)	
Actuarial Valuation Date	12/31/08
Actuarial Value of Assets	$2,355,663,641
Actuarial Accrued Liability (AAL)	$2,724,786,646
Unfunded Actuarial Accrued Liability (UAAL)	$ 369,123,005
Funded Ratio	86.45%
Annual Covered Payroll (Actuarial)	$ 839,919,068
UAAL as Percentage of Covered Payroll	43.95%

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 157.101 assigns the authority to establish and amend benefit provisions to Commissioners 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 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 Commissioners Court the authority to establish and amend contribution requirements of the plan members and the participating employers. The following tables present the criteria for the employers' contribution to the retiree's and qualifying dependent's benefits:

Retired Prior to March 1, 2002:

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

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

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

Eligible to Retire March 1, 2011 or After:

A combination of age plus a minimum of 10 years of 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 charged to retirees are set annually by Commissioners 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 28, 2009, plan members or beneficiaries receiving benefits contributed $4.53 million, or approximately 14 percent of total benefits paid during the year. Participating employers contributed $26.82 million. The total contributions for the year ended February 28, 2009 was $31.35 million. Total contributions included actual medical claims paid, premiums for other insurance and administrative costs calculated through an annual rate calculation and network access based on a percent of claims paid.

THE EMPLOYER:

Annual OPEB Cost and Net OPEB Obligation

For 2009, the County's annual OPEB cost (expense) was $96,615,958 for the post employment healthcare plan. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended February 28, 2009 were as follows:

Annual Required Contribution	$ 97,628,162
Add interest on Net OPEB Obligation	3,685,994
Less adjustment to Annual Required Contribution	(4,698,198)
Annual OPEB Cost	96,615,958
Less Contributions made	(26,823,612)
Change in Net OPEB Obligation	69,792,346
Net OPEB Obligation beginning of the year	70,209,408
Net OPEB Obligation end of the year	$ 140,001,754

Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2/29/2008	$ 97,628,162	$ 27,418,754	28%	$ 70,209,408
2/28/2009	96,615,958	26,823,612	28%	140,001,754

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

component units of the County. The annual Net OPEB obligation for Emergency 911 and Community Supervision is $142,209 and $0 respectively for fiscal year 2008 and the net OPEB obligation for Emergency 911 and Community Supervision is $286,167 and $66,579 respectively at February 28, 2009. Note that this is the second year of implementation of GASB 45, which requires three years of data in the trend information table.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2007 (most recent actuarial valuation) 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)	$ 760,995,816
UAAL as percentage of covered payroll	112%

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. The amortization period and method utilized was 30 year level dollar open period.

Additional Disclosures

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

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

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

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

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

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' compensation and employer's liability. The retention (deductible) for the policy for the fiscal year ended February 28, 2009 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 2009, a total of $11,994,283 was paid in benefits and administrative costs. As of February 28, 2009, claims liability, including an actuarial estimate of claims that have been incurred but not reported, totaled $23,996,709.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2009 and 2008:

	2009	2008
Claims liability, beginning of fiscal year	$ 24,389,445	$ 24,977,733
Incurred claims (including IBNRs)	4,360,205	4,568,062
Claim payments	(4,752,941)	(5,156,350)
Claims liablility, end of fiscal year	$ 23,996,709	$ 24,389,445

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 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 Health Insurance Management Fund for the fiscal years 2009 and 2008:

	2009	2008
Claims liability, beginning of fiscal year	$ 30,466,342	$ 24,613,596
Incurred claims (including IBNRs)	158,122,425	155,725,040
Claim payments	(160,780,211)	(149,872,294)
Claims liablility, end of fiscal year	$ 27,808,556	$ 30,466,342

16. COMMITMENTS AND CONTINGENT LIABILITIES

POLLUTION REMEDIATION

The County is subject to numerous Federal, State and local environmental regulations. GASB 49 established standards for the accounting and reporting of obligations incurred to address current or potential detrimental effects of existing pollution. The County recorded in the financial statements pollution remediation liabilities of $1,644,241. This includes $65,591 of Flood Control District liabilities. The liability was calculated based on guidance from GASB 49 and professional judgment. There are a few potential pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable at this time. These obligations include ground water plumes as well as obligations recently identified and not yet quantifiable. Although some uncertainties associated with environmental assessment remain, management believes the current provision for such costs is adequate. Additional costs, if any, are not expected to have a material effect on the financial condition of the County.

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 $4,145,300 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately $6,533,946 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 $2,019,512 is considered

possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 28, 2009.

OPERATING LEASES

As of February 28, 2009, the County had several operating leases for office space; total lease expense for the current year was $4,023,638. 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 28, 2009, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

	Governmental Activities
Fiscal year	Office Space
2010	$ 2,816,098
2011	901,813
2012	223,607
2013	70,784
2014	11,336
	$ 4,023,638

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of $197,702,521. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately $184,773,067.

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 28, 2009:

	Carrying Value
Land	$ 3,054,850
Buildings	818,732,170
Total Carrying Value	821,787,020
Less: Accumulated Depreciation	(138,399,953)
	$ 683,387,067

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 28, 2009:

Fiscal year	Governmental Activities	Business-Type Activities	Total
2010	$ 1,045,501	$ 452,969	$ 1,498,470
2011	876,547	452,968	1,329,515
2012	143,564	452,969	596,533
2013	15,944	452,968	468,912
2014	15,743	452,969	468,712
2015-2019	58,364	1,317,939	1,376,303
2020-2024	37,569	244,440	282,009
2025-2029	37,569	-	37,569
2030-2034	33,088	-	33,088
2035-2039	31,012	-	31,012
2040-2044	31,012	-	31,012
2045-2049	31,012	-	31,012
2050-2054	18,092	-	18,092
Total minimum future rentals	$ 2,375,017	$ 3,827,222	$ 6,202,239

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 $1,126,346 in 2009.

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 $291,300. These leases are classified as direct-financing leases and expire at various intervals over the next 48 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 $3,215,599. This lease expires in 4 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 28, 2009, 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	$ 125,671,695
Permanent Improvements	(26,406,774)
Reliant Park	1,890
Sports and Convention Corporation	(2,582,186)
Flood Control	104,561,793
Total unreserved, designated for capital projects	$ 201,246,418

19. RECENT ACCOUNTING PRONOUNCEMENTS

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.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 will be implemented by the County in fiscal year 2012 and the impact has not yet been determined.

GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 55"), is to incorporate the hierarch of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. GASB 55 will be implemented by the County in fiscal year 2010 and the impact has not yet been determined.

GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* ("GASB 56"), is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. GASB 56 will be implemented by the County in fiscal year 2010 and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
GENERAL FUND - OPERATING				
Beginning Cash and Investments	$ 258,888,292	$ 258,888,292	$ 277,828,118	$ 18,939,826
Revenues and Transfers In:				
Taxes	889,642,336	889,642,336	919,069,737	29,427,401
Intergovernmental	33,606,152	37,095,111	40,020,801	2,925,690
Charges for Services	199,291,194	199,562,600	197,026,031	(2,536,569)
Fines and Forfeitures	20,916,500	20,916,500	20,585,859	(330,641)
Rentals & Parks	4,809,728	4,809,728	5,137,633	327,905
Reimbursements and Refunds	30,084,519	32,209,019	32,029,379	(179,640)
Interest	9,804,657	9,804,657	10,419,646	614,989
Miscellaneous	8,193,588	11,027,089	17,876,453	6,849,364
Other Transfer In	120,000,000	120,043,458	124,018,195	3,974,737
Total Revenues and Transfers In	1,316,348,674	1,325,110,498	1,366,183,734	41,073,236
Total Available Resources - General Fund - Operating	1,575,236,966	1,583,998,790	1,644,011,852	60,013,062
GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY				
Beginning Cash and Investments	24,603,033	24,603,033	24,241,230	(361,803)
Revenues and Transfers In:				
Taxes	18,207,163	18,207,163	16,333,973	(1,873,190)
Interest	541,548	541,548	598,893	57,345
Miscellaneous	-	-	17,794	17,794
Total Revenues and Transfers In	18,748,711	18,748,711	16,950,660	(1,798,051)
Total Available Resources - General Fund - Public Imp.	43,351,744	43,351,744	41,191,890	(2,159,854)
GENERAL FUND - DEBT SERVICE				
Beginning Cash and Investments:				
Hotel Tax, Refunding Series 1998	1,156	1,156	1,140	(16)
Permanent Improvements Refunding Series 1996	337,047	337,047	332,130	(4,917)
Permanent Improvements Refunding Series 1997	7,977,767	7,977,767	7,093,806	(883,961)
Commercial Paper Series B	1,770,604	1,770,604	1,771,592	988
Commercial Paper Series C	6,392,505	6,392,505	6,447,637	55,132
Commercial Paper Series A1	3,180,099	3,180,099	3,178,312	(1,787)
HC/FC Agreement 2003B CP Refunding	9,458,189	9,458,189	9,178,910	(279,279)
HC/FC Agreement 2004A CP Refunding	10,136,313	10,136,313	9,882,861	(253,452)
Permanent Improvement Commercial Paper Series D	6,163,416	6,163,416	6,136,589	(26,827)
Flood Control Comm Paper Agreement	4,703,967	4,703,967	4,701,294	(2,673)
HC/FC Agreement 2006 CP Refunding	4,613,626	4,613,626	4,457,108	(156,518)
Certificates of Obligation Series 1998	3,527,931	3,527,931	3,410,782	(117,149)
Certificates of Obligation Series 2001	1,739,628	1,739,628	1,731,022	(8,606)
Permanent Improvement Refunding Series 2001	810,580	810,580	805,210	(5,370)
Revenue Refunding Series 2002	61,097	61,097	60,963	(134)
Revenue Certificates Series 2002	156	156	189	33
Permanent Improvement Refunding Series 2002	15,567,762	15,567,762	15,098,881	(468,881)
Permanent Improvement Refunding Series 2003A	4,363,331	4,363,331	4,218,003	(145,328)
Permanent Improvement Refunding Series 2003 B	10,977,895	10,977,895	11,006,827	28,932
Permanent Improvement Refunding Series 1999	862,257	862,257	836,309	(25,948)
CJC Refunding Series 2004	5,721,058	5,721,058	5,528,854	(192,204)
Tax & Subordinate Lien Refunding Series 2004A	126	126	133	7

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Tax & Subordinate Lien Refunding Series 2004B	17,726	17,726	17,893	167
Permanent Improvement Refunding Series 2004A	6,383,984	6,383,984	6,168,022	(215,962)
Permanent Improvement Refunding Series 2005A	3,405,786	3,405,786	3,289,504	(116,282)
Permanent Improvement Refunding Series 2006A	3,418,136	3,418,136	3,297,111	(121,025)
Total Beginning Cash and Investments	111,592,142	111,592,142	108,651,082	(2,941,060)
Revenues and Transfers In:				
HC/FC Agreement 2008A CP Refunding	-	2,904,549	9,325,614	6,421,065
HC/FC Agreement 2008B CP Refunding	-	3,200,893	3,200,893	-
HC/FC Agreement 2008C CP Refunding	-	-	6,469,517	6,469,517
Hotel Tax, Refunding Series 1998	5,881,052	27,427,848	26,223,057	(1,204,791)
Permanent Improvements Refunding Series 1996	27,615	27,615	33,879	6,264
Permanent Improvements Refunding Series 1997	7,580,282	42,930,139	36,136,339	(6,793,800)
Commercial Paper Series B	196,688	25,196,688	25,090,598	(106,090)
Commercial Paper Series C	1,534,947	1,534,947	348,865	(1,186,082)
Permanent Improvements Refunding Series 2008C	-	200,700,015	210,827,688	10,127,673
Commercial Paper Series A1	1,633,098	89,027,098	87,748,704	(1,278,394)
HC/FC Agreement 2003B CP Refunding	9,016,353	9,016,353	253,670	(8,762,683)
HC/FC Agreement 2004A CP Refunding	12,636,576	12,636,576	1,863,057	(10,773,519)
Permanent Improvement Commercial Paper Series D	2,887,247	173,256,247	171,716,329	(1,539,918)
Flood Control Comm Paper Agreement	4,558,414	4,558,414	320,980	(4,237,434)
HC/FC Agreement 2006 CP Refunding	5,206,081	5,206,081	4,504,510	(701,571)
Certificates of Obligation Series 1998	1,246,027	1,246,027	1,260,269	14,242
Certificates of Obligation Series 2001	2,026,616	2,026,616	1,420,658	(605,958)
Permanent Improvement Refunding Series 2001	911,647	911,647	789,926	(121,721)
Revenue Refunding Series 2002	2,002	2,002	1,086	(916)
Revenue Certificates Series 2002	2,670,049	2,670,049	2,670,049	-
Permanent Improvement Refunding Series 2002	18,185,291	18,185,291	15,721,016	(2,464,275)
Permanent Improvement Refunding Series 2003A	4,028,655	4,028,655	3,557,585	(471,070)
Permanent Improvement Refunding Series 2003 B	3,129,858	3,129,858	2,447,173	(682,685)
Permanent Improvement Refunding Series 2008C - COI	-	433,722	434,419	697
Permanent Improvement Refunding Series 1999	1,161,291	1,161,291	874,530	(286,761)
CJC Refunding Series 2004	6,446,241	6,446,241	5,640,932	(805,309)
Tax & Subordinate Lien Refunding Series 2004A	174,766	174,766	175,034	268
Tax & Subordinate Lien Refunding Series 2004B	10,841,910	10,841,910	8,111,896	(2,730,014)
Permanent Improvement Refunding Series 2004A	7,166,042	7,166,042	6,268,547	(897,495)
Permanent Improvement Refunding Series 2005A	6,357,163	6,357,163	5,644,159	(713,004)
Permanent Improvement Refunding Series 2006A	3,834,142	3,834,142	3,623,883	(210,259)
Permanent Improvement Refunding Series 2008A	-	42,643,926	47,978,531	5,334,605
Permanent Improvement Refunding Series 2008A - COI	-	102,985	102,985	-
Road Refunding Series 2008A - COI	-	106,372	106,372	-
Permanent Improvement Refunding Series 2008B	-	84,266,468	92,863,222	8,596,754
Permanent Improvement Refunding Series 2008B - COI	-	229,854	230,849	995
Tax & Subordinate Lien Refunding Series 2008A	-	22,758,988	22,345,984	(413,004)
Tax & Subordinate Lien Refunding Series 2008A - COI	-	140,933	140,933	-
Total Revenues and Transfers In	119,340,053	816,488,411	806,473,738	(10,014,673)
Total Available Resources:				
HC/FC Agreement 2008A CP Refunding	-	2,904,549	9,325,614	6,421,065
HC/FC Agreement 2008B CP Refunding	-	3,200,893	3,200,893	-
HC/FC Agreement 2008C CP Refunding	-	-	6,469,517	6,469,517
Hotel Tax, Refunding Series 1998	5,882,208	27,429,004	26,224,197	(1,204,807)

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Permanent Improvements Refunding Series 1996	364,662	364,662	366,009	1,347
Permanent Improvements Refunding Series 1997	15,558,049	50,907,906	43,230,145	(7,677,761)
Commercial Paper Series B	1,967,292	26,967,292	26,862,190	(105,102)
Commercial Paper Series C	7,927,452	7,927,452	6,796,502	(1,130,950)
Permanent Improvements Refunding Series 2008C	-	200,700,015	210,827,688	10,127,673
Commercial Paper Series A1	4,813,197	92,207,197	90,927,016	(1,280,181)
HC/FC Agreement 2003B CP Refunding	18,474,542	18,474,542	9,432,580	(9,041,962)
HC/FC Agreement 2004A CP Refunding	22,772,889	22,772,889	11,745,918	(11,026,971)
Permanent Improvement Commercial Paper Series D	9,050,663	179,419,663	177,852,918	(1,566,745)
Flood Control Comm Paper Agreement	9,262,381	9,262,381	5,022,274	(4,240,107)
HC/FC Agreement 2006 CP Refunding	9,819,707	9,819,707	8,961,618	(858,089)
Certificates of Obligation Series 1998	4,773,958	4,773,958	4,671,051	(102,907)
Certificates of Obligation Series 2001	3,766,244	3,766,244	3,151,680	(614,564)
Permanent Improvement Refunding Series 2001	1,722,227	1,722,227	1,595,136	(127,091)
Revenue Refunding Series 2002	63,099	63,099	62,049	(1,050)
Revenue Certificates Series 2002	2,670,205	2,670,205	2,670,238	33
Permanent Improvement Refunding Series 2002	33,753,053	33,753,053	30,819,897	(2,933,156)
Permanent Improvement Refunding Series 2003A	8,391,986	8,391,986	7,775,588	(616,398)
Permanent Improvement Refunding Series 2003 B	14,107,753	14,107,753	13,454,000	(653,753)
Permanent Improvement Refunding Series 2008C - COI	-	433,722	434,419	697
Permanent Improvement Refunding Series 1999	2,023,548	2,023,548	1,710,839	(312,709)
CJC Refunding Series 2004	12,167,299	12,167,299	11,169,786	(997,513)
Tax & Subordinate Lien Refunding Series 2004A	174,892	174,892	175,167	275
Tax & Subordinate Lien Refunding Series 2004B	10,859,636	10,859,636	8,129,789	(2,729,847)
Permanent Improvement Refunding Series 2004A	13,550,026	13,550,026	12,436,569	(1,113,457)
Permanent Improvement Refunding Series 2005A	9,762,949	9,762,949	8,933,663	(829,286)
Permanent Improvement Refunding Series 2006A	7,252,278	7,252,278	6,920,994	(331,284)
Permanent Improvement Refunding Series 2008A	-	42,643,926	47,978,531	5,334,605
Permanent Improvement Refunding Series 2008A - COI	-	102,985	102,985	-
Road Refunding Series 2008A - COI	-	106,372	106,372	-
Permanent Improvement Refunding Series 2008B	-	84,266,468	92,863,222	8,596,754
Permanent Improvement Refunding Series 2008B - COI	-	229,854	230,849	995
Tax & Subordinate Lien Refunding Series 2008A	-	22,758,988	22,345,984	(413,004)
Tax & Subordinate Lien Refunding Series 2008A - COI	-	140,933	140,933	-
Total Available Resources - General Fund - Debt Service	230,932,195	928,080,553	915,124,820	(12,955,733)
TOTAL GENERAL FUND				
Beginning Cash and Investments	395,083,467	395,083,467	410,720,430	15,636,963
Revenues and Transfers In	1,454,437,438	2,160,347,620	2,189,608,132	29,260,512
TOTAL GENERAL FUND	$ 1,849,520,905	$ 2,555,431,087	$ 2,600,328,562	$ 44,897,475

See notes to required supplementary information.

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

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEPARTMENTS				
Public Infrastructure	$ 13,402,458	$ 7,128,853	$ 5,839,827	1,289,026
Right of Way	2,335,345	2,335,021	1,990,601	344,420
Construction Programs Division	-	5,273,605	4,568,365	705,240
Appraisal District	7,497,894	8,623,766	8,623,766	-
County Judge	4,907,113	5,475,225	5,294,257	180,968
Commissioner Precinct 1	100,518,932	70,719,802	23,984,845	46,734,957
Commissioner Precinct 2	93,132,491	93,064,726	35,138,039	57,926,687
Commissioner Precinct 3	96,458,951	66,828,223	36,343,194	30,485,029
Commissioner Precinct 4	124,635,142	84,631,211	46,996,178	37,635,033
Tunnel and Ferries Operation	5,098,821	5,099,409	4,578,138	521,271
Management Services	52,346,338	51,635,351	47,980,961	3,654,390
Legislative Services	-	632,785	239,717	393,068
Public Infrastructure - Architecture & Engineering	29,213,845	29,787,727	27,543,228	2,244,499
Fire Marshal's Office	6,044,474	7,007,104	6,680,972	326,132
Medical Examiner	18,212,155	20,560,299	19,632,019	928,280
Public Health Services	27,911,431	29,728,003	29,301,097	426,906
Public Library	25,155,549	25,340,481	25,326,697	13,784
Domestic Relations	2,888,969	2,968,113	2,583,075	385,038
Community Services	10,827,446	11,060,035	10,761,446	298,589
Information Technology Center	37,828,826	38,419,026	38,185,762	233,264
MHMRA	23,392,907	23,392,907	23,392,907	-
Facilities and Property Management	64,513,518	64,546,371	62,041,913	2,504,458
Constable Precinct 1	23,028,231	24,910,917	24,697,474	213,443
Constable Precinct 2	5,689,677	6,215,953	6,094,047	121,906
Constable Precinct 3	10,304,418	10,863,407	10,771,237	92,170
Constable Precinct 4	29,693,390	31,853,815	31,762,537	91,278
Constable Precinct 5	27,671,105	29,670,115	29,524,440	145,675
Constable Precinct 6	6,548,864	7,460,814	7,346,002	114,812
Constable Precinct 7	6,904,871	8,006,361	7,895,710	110,651
Constable Precinct 8	5,891,840	6,326,730	6,237,132	89,598
Justice of the Peace 1-1	1,578,750	1,578,750	1,541,923	36,827
Justice of the Peace 1-2	2,122,607	2,172,607	2,165,007	7,600
Justice of the Peace 2-1	835,293	835,293	822,174	13,119
Justice of the Peace 2-2	801,801	808,751	800,910	7,841
Justice of the Peace 3-1	1,527,950	1,527,950	1,506,999	20,951
Justice of the Peace 3-2	1,083,762	1,083,762	1,074,628	9,134
Justice of the Peace 4-1	2,604,171	2,604,171	2,439,126	165,045
Justice of the Peace 4-2	1,305,028	1,305,028	1,251,391	53,637

See notes to required supplementary information.

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

For The Year Ended February 28, 2009

		Adopted Budget	Adjusted Budget	Actual	(Over) Under
	Justice of the Peace 5-1	1,648,992	1,651,502	1,644,963	6,539
	Justice of the Peace 5-2	2,409,844	2,409,844	2,311,332	98,512
	Justice of the Peace 6-1	546,674	558,574	554,221	4,353
	Justice of the Peace 6-2	582,473	621,393	615,752	5,641
	Justice of the Peace 7-1	669,300	669,300	598,975	70,325
	Justice of the Peace 7-2	758,310	813,560	810,830	2,730
	Justice of the Peace 8-1	973,761	991,171	982,389	8,782
	Justice of the Peace 8-2	1,000,567	1,000,567	958,919	41,648
	County Attorney	18,121,349	25,174,587	24,446,748	727,839
	County Clerk	25,287,020	26,477,682	26,313,596	164,086
	County Treasurer	1,181,110	1,180,655	1,088,980	91,675
	Tax Assessor-Collector	26,100,842	26,350,570	26,231,533	119,037
	County Sheriff	350,002,226	411,488,323	406,518,832	4,969,491
	District Attorney	50,205,344	58,196,544	57,757,499	439,045
	District Clerk	31,000,677	30,450,877	29,864,232	586,645
	Community Supervision and Correction	811,835	812,660	805,249	7,411
	Pretrial Services	7,180,390	7,636,890	7,604,321	32,569
	County Auditor	13,802,023	13,802,023	12,541,447	1,260,576
	Purchasing Agent	6,657,278	6,425,278	6,303,949	121,329
	District Courts	43,041,756	49,548,171	49,483,963	64,208
	Texas Agrilife Extension Services	794,903	817,873	812,534	5,339
	Juvenile Probation	70,001,782	75,842,517	74,443,042	1,399,475
	Sheriff's Civil Service	245,082	245,082	177,102	67,980
	Protective Services- Children and Adults	21,955,138	21,959,138	20,877,131	1,082,007
	Children's Assessment Center	5,234,949	5,151,409	4,934,930	216,479
	1st Court of Appeals	78,973	78,973	71,043	7,930
	14th Court of Appeals	78,973	78,973	76,827	2,146
	County Courts	14,780,354	15,924,319	15,596,381	327,938
	Probate Court 1	1,192,204	1,193,421	1,175,866	17,555
	Probate Court 2	1,192,204	1,192,204	1,182,672	9,532
	Probate Court 3	2,594,066	2,649,850	2,610,256	39,594
	Probate Court 4	1,192,204	1,192,204	1,113,292	78,912
	Total General Fund By Department	1,575,236,966	1,584,068,601	1,383,466,547	200,602,054
1230	Public Improvement Contingency	43,351,744	43,351,744	13,240,000	30,111,744

See notes to required supplementary information.

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

For The Year Ended February 28, 2009

		Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEBT SERVICE					
1050	HC/FC Agreement 2008A CP Refunding	-	2,904,550	2,903,000	1,550
1060	HC/FC Agreement 2008B CP Refunding	-	3,200,893	3,200,893	-
1160	HOT Tax Refunding Forward, Series 1998	5,882,208	27,429,004	26,224,196	1,204,808
1250	Permanent Improvement Refunding Series 1996	364,662	364,662	-	364,662
1260	Permanent Improvement Refunding Series 1997	15,558,049	50,907,906	42,464,882	8,443,024
1390	Commercial Paper Series B	1,967,292	26,967,292	25,282,184	1,685,108
1400	Commercial Paper Series C	7,927,452	7,927,452	2,643,660	5,283,792
1410	Permanent Improvement Refunding Series 2008C	-	200,700,015	200,699,058	957
1420	Commercial Paper Series A-1	4,813,197	92,207,197	89,613,452	2,593,745
1430	HC/FC Agreement 2003B CP Refunding	18,474,542	18,474,542	9,432,580	9,041,962
1440	HC/FC Agreement 2004A CP Refunding	22,772,889	22,772,889	5,115,000	17,657,889
1470	Commercial Paper Series - Flood Control	9,050,663	179,419,663	174,176,896	5,242,767
1480	Flood Control CP Agreement	9,262,381	9,262,381	1,047,799	8,214,582
1490	HC/FC Agreement 2006 CP Refunding	9,819,707	9,819,707	4,703,300	5,116,407
1500	Certificate of Obligation, Series 1998	4,773,958	4,773,958	3,634,050	1,139,908
1530	Certificate of Obligation, Series 2001	3,766,244	3,766,244	1,628,078	2,138,166
1550	Permanent Improvement Refunding Series 2001	1,722,227	1,722,227	840,998	881,229
1600	Revenue Refunding Series 2002	63,099	63,099	-	63,099
1610	Revenue Certificates Series 2002	2,670,205	2,670,205	2,670,025	180
1620	Permanent Improvement Refunding Series 2002	33,753,053	33,753,053	15,763,388	17,989,665
1650	Permanent Improvement Refunding Series 2003A	8,391,986	8,391,986	4,459,000	3,932,986
1680	Permanent Improvement Refunding Series 2003B	14,107,753	14,107,753	6,890,500	7,217,253
1700	PIB Refunding Bonds 2008C - Cost of Issuance	-	434,419	434,419	-
1710	Permanent Improvement Refunding Series 1999	2,023,548	2,023,548	904,000	1,119,548
1730	CJC Refunding Series 2004B	12,167,299	12,167,299	5,850,762	6,316,537
1750	Tax & Sub Lien Refunding 2004A	174,892	174,892	174,750	142
1770	Tax & Sub Lien Refunding 2004B	10,859,636	10,859,636	7,382,778	3,476,858
1780	Permanent Improvement Refunding Series 2004A	13,550,026	13,550,026	6,512,378	7,037,648
1800	PIB Refunding Bonds 2005A Debt Service	9,762,949	9,762,949	3,492,250	6,270,699
1850	PIB Refunding Bonds 2006A - Debt Service	7,252,278	7,252,278	3,478,225	3,774,053
1870	PIB Refunding Bonds 2008A - Debt Service	-	42,643,926	41,945,070	698,856
1880	PIB Refunding Bonds 2008A - Cost of Issuance	-	102,985	102,985	-
1890	Unlimited Tax Road Refunding 2008A	-	106,372	106,372	-
1910	PIB Refunding Bonds 2008B - Debt Service	-	84,496,322	84,261,739	234,583
1920	PIB Refunding Bonds 2008B - Cost of Issuance	-	230,849	230,849	-
1940	Tax & Sub Lien Refunding 2008A - Debt Service	-	22,758,988	22,345,813	413,175
1950	Tax & Sub Lien Refunding 2008A - Cost of Issuance	-	140,933	140,933	-
	Total General Fund Debt Service	230,932,195	928,312,100	800,756,262	127,555,838
Total General Fund		$ 1,849,520,905	$ 2,555,732,445	$ 2,197,462,809	$ 358,269,636

See notes to required supplementary information.

1. RECONCILIATION OF ACCOUNTING BASIS

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

	GENERAL FUND
REVENUES AND OTHER SOURCES	
Cash (budgetary) basis	$ 2,600,328,562
Beginning Cash and Investments	(410,720,430)
Accrued in 2008, received in 2009	(63,162,767)
Entry to eliminate transfers between funds	(360,359,034)
Accrued in 2009, to be received in 2010	75,239,414
Revenues and other sources on modified accrual (GAAP) basis	1,841,325,745
EXPENDITURES AND OTHER USES	
Cash (budgetary) basis	2,197,462,809
Incurred during 2008, paid in 2009	(100,061,164)
Entry to eliminate transfers between funds	(360,359,034)
Incurred during 2009, payable in 2010	103,808,249
Expenditures and other uses on modified accrual (GAAP) basis	1,840,850,860
Changes in Fund Balances	$ 474,885

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

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 $172,781,706. 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 $17,989,665 and the HC/FC Agreement 2004A CP Refunding has a positive variance of $17,657,889. 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

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2008	3/1/2007	$ -	$ 852,350,950	$ 852,350,950	0%	$ 698,535,669	122.0%
2009	3/1/2007	-	852,350,950	852,350,950	0%	760,995,816	112.0%

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

Note: This is the second 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.

HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	12/31/06	12/31/07	12/31/08
Actuarial Value of Assets	$2,184,433,915	$2,375,906,657	$2,355,663,641
Actuarial Accrued Liability (AAL)	$2,322,483,635	$2,521,078,602	$2,724,786,646
Unfunded Actuarial Accrued Liability (UAAL)	$ 138,049,720	$ 145,171,945	$ 369,123,005
Funded Ratio	94.06%	94.24%	86.45%
Annual Covered Payroll (Actuarial)	$ 682,345,135	$ 755,852,867	$ 839,919,068
UAAL as Percentage of Covered Payroll	20.23%	19.21%	43.95%

NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 28, 2009

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments:				
Cash and cash equivalents	$ 81,025,627	$ 57,695,031	$ 61,200,166	$ 199,920,824
Investments	117,807,535	20,926,500	133,249,285	271,983,320
Receivables:				
Taxes, net	3,771,863	3,047,017	-	6,818,880
Accounts	31,640,216	-	600,151	32,240,367
Accrued interest	4,260,970	-	561,652	4,822,622
Other	45,645,688	2,426,084	16,077	48,087,849
Due from other funds	12,995,335	-	3,787,764	16,783,099
Due from other governmental units	-	-	-	-
Inventories and other assets	2,118,342	-	144,240	2,262,582
Advances to other funds	485,000	-	12,000,000	12,485,000
Restricted cash and cash equivalents	1,608,260	-	1,203,522	2,811,782
Restricted investments	-	-	12,000,000	12,000,000
Notes receivable	567,158	-	-	567,158
Total assets	$ 301,925,994	$ 84,094,632	$ 224,762,857	$ 610,783,483
LIABILITIES AND FUND BALANCE				
Liabilities:				
Vouchers payable	$ 28,268,190	$ -	$ 12,178,655	$ 40,446,845
Accrued payroll and compensated absences	6,124,591	-	-	6,124,591
Retainage payable	410,269	-	3,478,047	3,888,316
Due to other funds	48,487,511	-	1,731,121	50,218,632
Due to other governmental units	32,170	-	-	32,170
Customer deposits	10	-	-	10
Advances from other funds	22,742,447	-	12,000,000	34,742,447
Deferred revenue	46,900,605	3,047,017	4,330,728	54,278,350
Total liabilities	152,965,793	3,047,017	33,718,551	189,731,361
Fund balances:				
Reserved for:				
Encumbrances	35,395,694	-	103,325,343	138,721,037
Debt service	101,738	81,047,615	-	81,149,353
Imprest funds	85,180	-	-	85,180
Inventory	648,474	-	-	648,474
Prepaids	623,973	-	144,240	768,213
Advances	-	-	12,000,000	12,000,000
Grant programs	53,032	-	-	53,032
Unreserved:				
Designated for capital projects	-	-	75,574,723	75,574,723
Undesignated	112,052,110	-	-	112,052,110
Total fund balances	148,960,201	81,047,615	191,044,306	421,052,122
Total liabilities and fund balances	$ 301,925,994	$ 84,094,632	$ 224,762,857	$ 610,783,483

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

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 101,752,651	$ 63,161,108	$ -	$ 164,913,759
Charges for services	10,303,617	-	-	10,303,617
Lease revenue	171,073	-	-	171,073
Intergovernmental	212,370,255	-	26,825,849	239,196,104
Earnings on investments	5,615,128	1,225,242	5,076,927	11,917,297
Miscellaneous	18,385,740	947,888	2,584,215	21,917,843
Total revenues	348,598,464	65,334,238	34,486,991	448,419,693
EXPENDITURES				
Current operating:				
Administration of justice	72,531,279	-	791,426	73,322,705
Parks	6,152,192	-	6,885,148	13,037,340
County administration	114,883,473	-	7,466,767	122,350,240
Health and human services	79,060,423	-	39,552	79,099,975
Flood control	60,500,814	-	9,290,806	69,791,620
Tax administration	1,440,186	-	-	1,440,186
Capital outlay	31,122,723	-	76,232,625	107,355,348
Debt service:				
Principal retirement	-	37,141,286	-	37,141,286
Bond issuance costs	-	3,337,595	-	3,337,595
Interest and fiscal charges	1,181,221	64,821,293	-	66,002,514
Total Expenditures	366,872,311	105,300,174	100,706,324	572,878,809
Excess (deficiency) of revenues over (under) expenditures	(18,273,847)	(39,965,936)	(66,219,333)	(124,459,116)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,693,810	37,911,983	-	45,605,793
Transfers out	(14,578,402)	(105,851)	(11,238,509)	(25,922,762)
Refunding bonds issued	-	486,070,000	-	486,070,000
Premium on bonds issued	-	24,356,738	-	24,356,738
Discount on bonds issued	-	(764,569)	-	(764,569)
Commercial paper issued	-	-	73,076,000	73,076,000
Payments to refunding bond escrow agent	-	(506,277,032)	-	(506,277,032)
Proceeds from insurance recovery	437,861	-	-	437,861
Sale of capital assets	63,377	-	18,429	81,806
Total other financing sources(uses)	(6,383,354)	41,191,269	61,855,920	96,663,835
Net changes in fund balances	(24,657,201)	1,225,333	(4,363,413)	(27,795,281)
Fund balances, beginning	173,617,402	79,822,282	195,407,719	448,847,403
Fund balances, ending	$ 148,960,201	$ 81,047,615	$ 191,044,306	$ 421,052,122

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.

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.

UTILITY BILL ASSISTANCE PROGRAM - This fund is used by the Office of Social Services to assist clients with electric utility bill payments.

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 amended section 284.2031of the Transportation Code by adding section 284.2032, which 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 County 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 (79th 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 (79th 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.

STAR DRUG COURTS - This fund, established under House Bill 530 (80th Leg. Session) is designated to be used for drug court programs for parents in Harris County with drug-related charges or pending criminal investigations related to drug involvement.

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.

HESTER HOUSE - These funds were set up in November, 2008 to be used for Hester House Community Center.

SAN JACINTO WETLANDS PROJECT FUND - This fund was established to account for monies received under the terms of a court settlement. Monies 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 - These funds are used to account for expenses for the investigation of alleged violations of criminal law. It is also utilized to account for assets pursuant the federal forfeited asset programs.

CRIMINAL COURTS AUDIO VISUAL - These funds provided by the District Attorney are to be used to upgrade audio-visual equipment in the District and County criminal courts.

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 monies 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.

HURRICANE IKE - This fund was established in October, 2008 to be used to accumulate certain expenses for Hurricane Ike in relation to a loan from the Toll Road Authority.

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 28, 2009

	Flood Control	Sports & Convention Corporation	Hotel Occupancy Tax Revenue	Deed Restriction Enforcement	Child Support Enforcement	Family Protection
ASSETS						
Cash and cash equivalents	$ 26,712,537	$ 10,136,948	$ 1,839,183	$ 2,608	$ 148,672	$ 42,167
Investments	63,614,934	-	3,285,704	3,385	185,031	59,232
Receivables:						
Taxes, net	3,771,863	-	-	-	-	-
Accounts, net	2,523	7,887,492	-	-	-	-
Accrued interest	212,248	3,730,577	15,907	16	896	287
Other	2,723,113	-	4,141,050	-	83,002	-
Due from other funds	7,169,724	-	-	-	-	-
Inventories and other assets	59,831	71,647	268,739	-	476	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	101,738	1,506,522	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	$ 104,368,511	$ 23,333,186	$ 9,550,583	$ 6,009	$ 418,077	$ 101,686
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 4,945,283	$ 1,664,523	$ 990,902	$ -	$ 4,090	$ 45,131
Accrued payroll and compensated absences	2,066,575	49,962	-	-	29,796	-
Retainage payable	227,266	-	-	-	-	-
Due to other funds	538	5,000,000	20,038	-	-	-
Due to other governmental units	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	3,774,386	1,482,503	2,605,796	-	-	-
Total liabilities	11,014,048	8,196,988	3,616,736	-	33,886	45,131
Fund Balances:						
Reserved for encumbrances	25,648,741	-	2,643	-	40,180	11,701
Reserved for debt service	101,738	-	-	-	-	-
Reserved for imprest funds	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	59,831	-	268,739	-	476	-
Reserved for grant programs	-	-	-	-	-	-
Unreserved:						
Undesignated	67,544,153	15,136,198	5,662,465	6,009	343,535	44,854
Total fund balances	93,354,463	15,136,198	5,933,847	6,009	384,191	56,555
Total liabilities and fund balances	$ 104,368,511	$ 23,333,186	$ 9,550,583	$ 6,009	$ 418,077	$ 101,686

(continued)

CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration
$ 180	$ 105,075	$ 175,435	$ 41,716	$ 363,756	$ 1,555,710
-	183,620	218,596	68,822	456,089	11,554,980
-	-	-	-	-	-
259,635	-	-	-	72,743	-
-	889	1,058	333	2,208	60,541
-	-	-	106,462	-	46,576
-	-	-	-	-	-
-	-	-	1,229	-	700
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 259,815	$ 289,584	$ 395,089	$ 218,562	$ 894,796	$ 13,218,507
$ 22,733	$ 19,389	$ -	$ 13,505	$ 133,373	$ 10,144
76,491	-	-	2,936	-	-
-	-	-	-	-	-
281,041	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,781	-	-	106,462	-	-
446,046	19,389	-	122,903	133,373	10,144
11,921	-	-	42,865	430,000	48,471
-	-	-	-	-	-
-	-	-	-	-	7,500
-	-	-	-	-	-
-	-	-	1,229	-	700
-	-	-	-	-	-
(198,152)	270,195	395,089	51,565	331,423	13,151,692
(186,231)	270,195	395,089	95,659	761,423	13,208,363
$ 259,815	$ 289,584	$ 395,089	$ 218,562	$ 894,796	$ 13,218,507

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2009

	Courthouse Security Justice Court	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee
ASSETS						
Cash and cash equivalents	$ 235,929	$ 6,678,303	$ 1,515,331	$ 631,517	$ 5,217	$ 626,021
Investments	293,341	8,356,840	1,888,666	785,816	6,205	779,329
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	-	9,292	-	-	-
Accrued interest	1,420	40,457	9,143	3,804	30	3,773
Other	-	63	-	-	57	9
Due from other funds	-	-	-	-	-	-
Inventories and other assets	-	12,277	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	$ 530,690	$ 15,087,940	$ 3,422,432	$ 1,421,137	$ 11,509	$ 1,409,132
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ -	$ 602,880	$ 199,030	$ -	$ -	$ 1,784
Accrued payroll and compensated absences	-	-	-	-	-	11,100
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Other liabilities	-	-	10	-		-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	9,291	-	-	-
Total liabilities	-	602,880	208,331	-	-	12,884
Fund Balances:						
Reserved for encumbrances	-	419,771	35,101	-	-	539
Reserved for debt service	-	-	-	-	-	-
Reserved for imprest funds	-	-	550	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	-	12,277	-	-	-	-
Reserved for grant programs	-	-	-	-	-	-
Unreserved:						
Undesignated	530,690	14,053,012	3,178,450	1,421,137	11,509	1,395,709
Total fund balances	530,690	14,485,060	3,214,101	1,421,137	11,509	1,396,248
Total liabilities and fund balances	$ 530,690	$ 15,087,940	$ 3,422,432	$ 1,421,137	$ 11,509	$ 1,409,132

(continued)

Tax Assessor Chapter 19	Star Drug Court	Stormwater Management	Hester House	San Jacinto Wetlands Project	TCEQ Pollution Control	Election Services
$ -	$ 144,252	$ 520,726	$ 1,827,620	$ 22,767	$ 343,510	$ 160,828
-	179,671	648,171	2,273,959	28,206	428,166	202,518
-	-	-	-	-	-	-
-	-	-	-	-	500,000	46,612
-	870	3,138	11,009	136	2,073	980
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,600	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ -	$ 324,793	$ 1,175,635	$ 4,112,588	$ 51,109	$ 1,273,749	$ 410,938
$ -	$ -	$ 316,283	$ -	$ 1,564	$ 70,465	$ 30,318
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	500,000	46,612
-	-	316,283	-	1,564	570,465	76,930
-	-	233,314	-	2,964	83,233	27,320
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,600	-	-	-	-
-	-	-	-	-	-	-
-	324,793	622,438	4,112,588	46,581	620,051	306,688
-	324,793	859,352	4,112,588	49,545	703,284	334,008
$ -	$ 324,793	$ 1,175,635	$ 4,112,588	$ 51,109	$ 1,273,749	$ 410,938

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2009

	Law Enforcement Forfeited Fund	Criminal Courts Audio Visual	Dispute Resolution	LEOSE-Law Enforcement	Library Donation Fund	Law Library
ASSETS						
Cash and cash equivalents	$ 7,783,602	$ 917,805	$ 219,130	$ 253,199	$ 144,354	$ 354,288
Investments	10,126,614	1,142,057	403,062	322,675	181,082	485,423
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	750	-	-	-	-	-
Accrued interest	129,298	5,529	1,951	1,562	876	2,350
Other	654,810	-	-	-	-	488
Due from other funds	27,386	-	-	-	-	-
Inventories and other assets	95,749	-	-	2,469	-	110,964
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	$ 18,818,209	$ 2,065,391	$ 624,143	$ 579,905	$ 326,312	$ 953,513
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 837,553	$ -	$ 184,037	$ 76,712	$ 5,746	$ 42,893
Accrued payroll and compensated absences	-	-	-	-	-	34,161
Retainage payable	69,853	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	907,406	-	184,037	76,712	5,746	77,054
Fund Balances:						
Reserved for encumbrances	1,499,017	-	-	40,312	53,301	50,699
Reserved for debt service	-	-	-	-	-	-
Reserved for imprest funds	77,000	-	-	-	-	130
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	95,749	-	-	2,469	-	110,964
Reserved for grant programs	-	-	-	-	-	-
Unreserved:						
Undesignated	16,239,037	2,065,391	440,106	460,412	267,265	714,666
Total fund balances	17,910,803	2,065,391	440,106	503,193	320,566	876,459
Total liabilities and fund balances	$ 18,818,209	$ 2,065,391	$ 624,143	$ 579,905	$ 326,312	$ 953,513

(continued)

Restricted Funds	TIRZ Affordable Housing	Hurricane Ike	Harris County Juvenile Board	Flood Control Grants	Grants	Total
$ 1,746,617	$ 1,021,600	$ -	$ 13,358,769	$ -	$ 1,390,255	$ 81,025,627
2,277,344	325,496	-	5,994,108	43,136	1,005,257	117,807,535
-	-	-	-	-	-	3,771,863
-	-	-	1,477,827	94,173	21,289,169	31,640,216
11,025	1,576	-	-	144	4,866	4,260,970
21,958	-	379,614	1,154,645	6,610,228	29,723,613	45,645,688
-	-	5,000,000	254,447	467,225	76,553	12,995,335
-	-	-	-	743,932	746,729	2,118,342
-	485,000	-	-	-	-	485,000
-	-	-	-	-	-	1,608,260
300,587	-	-	-	-	266,571	567,158
$ 4,357,531	$ 1,833,672	$ 5,379,614	$ 22,239,796	$ 7,958,838	$ 54,503,013	$ 301,925,994
$ 704,330	$ -	$ 4,606,174	$ 1,496,132	$ 775,762	$ 10,467,454	$ 28,268,190
-	-	-	1,251,607	-	2,601,963	6,124,591
34,821	-	-	-	-	78,329	410,269
-	36,000	9,127,796	98,803	7,183,076	26,740,219	48,487,511
-	-	-	-	-	32,170	32,170
-	-	-	-	-	-	10
327,500	-	22,217,447	-	-	197,500	22,742,447
300,587	-	5,000,000	19,393,254	-	13,615,933	46,900,605
1,367,238	36,000	40,951,417	22,239,796	7,958,838	53,733,568	152,965,793
1,907,658	-	4,805,943	-	-	-	35,395,694
-	-	-	-	-	-	101,738
-	-	-	-	-	-	85,180
-	-	-	-	-	648,474	648,474
-	-	-	-	-	67,939	623,973
-	-	-	-	-	53,032	53,032
1,082,635	1,797,672	(40,377,746)	-	-	-	112,052,110
2,990,293	1,797,672	(35,571,803)	-	-	769,445	148,960,201
$ 4,357,531	$ 1,833,672	$ 5,379,614	$ 22,239,796	$ 7,958,838	$ 54,503,013	$ 301,925,994

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2009

	Flood Control	Sports and Convention Corporation	Hotel Occupancy Tax Revenue	Deed Restriction Enforcement	Child Support Enforcement	Family Protection
REVENUES						
Taxes	$ 73,743,747	$ -	$ 28,008,904	$ -	$ -	$ -
Charges for services	-	-	-	-	-	282,359
Lease revenue	171,073	-	-	-	-	-
Intergovernmental	52,476	2,500,000	-	-	1,124,028	-
Earnings on investments	1,789,202	875,277	137,784	147	6,912	3,569
Miscellaneous	840,268	3,711,845	1,592,422	-	-	-
Total revenues	76,596,766	7,087,122	29,739,110	147	1,130,940	285,928
EXPENDITURES						
Current operating:						
Administration of justice	-	-	-	-	1,101,247	27,980
Parks	-	6,104,891	10,000	-	-	-
County administration	-	-	15,490,024	-	-	46,980
Health and human services	-	-	-	-	-	215,889
Flood control	60,246,437	-	-	-	-	-
Tax administration	664,155	-	-	-	-	-
Capital outlay	2,979,324	-	-	-	-	-
Debt service:						
Interest and fiscal charges	963,774	-	-	-	-	-
Total expenditures	64,853,690	6,104,891	15,500,024	-	1,101,247	290,849
Excess (deficiency) of revenues over (under) expenditures	11,743,076	982,231	14,239,086	147	29,693	(4,921)
OTHER FINANCING SOURCES (USES)						
Transfers in	800,000	-	-	-	-	-
Transfers out	(753,281)	-	(11,056,455)	-	-	-
Proceeds from insurance recovery	-	-	-	-	-	-
Sale of capital assets	63,377	-	-	-	-	-
Total other financial sources (uses)	110,096	-	(11,056,455)	-	-	-
Net changes in fund balances	11,853,172	982,231	3,182,631	147	29,693	(4,921)
Fund balances, beginning	81,501,291	14,153,967	2,751,216	5,862	354,498	61,476
Fund balances, ending	$ 93,354,463	$ 15,136,198	$ 5,933,847	$ 6,009	$ 384,191	$ 56,555

(continued)

CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	385,410	631,478	206,234
-	-	-	-	-	-
1,536,798	-	261,206	-	-	-
-	15,711	8,499	235	24,828	447,521
40,964	1,008,331	-	101,108	12,977	133,249
1,577,762	1,024,042	269,705	486,753	669,283	787,004
-	-	-	552,322	-	4,846,386
-	-	-	-	-	-
-	-	-	-	533,237	-
1,506,439	761,240	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	45,354
-	-	-	-	-	-
1,506,439	761,240	-	552,322	533,237	4,891,740
71,323	262,802	269,705	(65,569)	136,046	(4,104,736)
-	7,393	-	98,635	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	7,393	-	98,635	-	-
71,323	270,195	269,705	33,066	136,046	(4,104,736)
(257,554)	-	125,384	62,593	625,377	17,313,099
$ (186,231)	$ 270,195	$ 395,089	$ 95,659	$ 761,423	$ 13,208,363

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2009

	Courthouse Security Justice Court	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	163,474	4,687,377	-	653,692	6,139	783,645
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	-	5,000	-	-	-
Earnings on investments	14,997	510,910	103,474	38,853	232	37,928
Miscellaneous	-	-	874,855	-	-	-
Total revenues	178,471	5,198,287	983,329	692,545	6,371	821,573
EXPENDITURES						
Current operating:						
Administration of justice	-	2,139,060	204,354	6,654	-	67,552
Parks	-	-	24,120	-	-	-
County administration	-	4,239,802	-	-	-	-
Health and human services	-	-	125,706	-	-	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Capital outlay	-	254,380	26,848	-	-	2,073
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	6,633,242	381,028	6,654	-	69,625
Excess (deficiency) of revenues over (under) expenditures	178,471	(1,434,955)	602,301	685,891	6,371	751,948
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from insurance recovery	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-	-
Net changes in fund balance	178,471	(1,434,955)	602,301	685,891	6,371	751,948
Fund balances, beginning	352,219	15,920,015	2,611,800	735,246	5,138	644,300
Fund balances, ending	$ 530,690	$ 14,485,060	$ 3,214,101	$ 1,421,137	$ 11,509	$ 1,396,248

(continued)

Tax Assessor Chapter 19	Star Drug Court	Stormwater Management	Hester House	San Jacinto Wetlands Project	TCEQ Pollution Control	Election Services
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	240,414	-	-	-	-	-
-	-	-	-	-	-	-
776,031	-	964,778	4,000,000	-	-	-
-	1,727	45,100	32,588	1,619	27,080	14,244
-	-	-	80,000	-	123,154	166,264
776,031	242,141	1,009,878	4,112,588	1,619	150,234	180,508
-	-	-	-	-	-	-
-	-	-	-	1,764	-	-
-	-	1,534,258	-	-	10,830	330,940
-	-	-	-	-	198,515	-
-	-	-	-	-	-	-
776,031	-	-	-	-	-	-
-	-	2,538	-	-	-	82,186
-	-	-	-	-	-	-
776,031	-	1,536,796	-	1,764	209,345	413,126
-	242,141	(526,918)	4,112,588	(145)	(59,111)	(232,618)
-	82,652	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	82,652	-	-	-	-	-
-	324,793	(526,918)	4,112,588	(145)	(59,111)	(232,618)
-	-	1,386,270	-	49,690	762,395	566,626
$ -	$ 324,793	$ 859,352	$ 4,112,588	$ 49,545	$ 703,284	$ 334,008

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2009

	Law Enforcement Forfeited Fund	Criminal Courts Audio Visual	Dispute Resolution	LEOSE-Law Enforcement	Library Donation Fund	Law Library
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	10,218	-	861,429	-	-	1,157,018
Lease revenue	-	-	-	-	-	-
Intergovernmental	66,673	-	-	315,710	-	-
Earnings on investments	651,829	19,141	21,831	24,719	12,738	31,922
Miscellaneous	4,764,061	2,046,250	-	-	181,011	32,505
Total revenues	5,492,781	2,065,391	883,260	340,429	193,749	1,221,445
EXPENDITURES						
Current operating:						
Administration of justice	13,476,532	-	825,414	391,589	-	-
Parks	-	-	-	-	-	-
County administration	-	-	-	-	-	17,886
Health and human services	-	-	-	-	227,507	1,299,833
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Capital outlay	1,389,457	-	-	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	14,865,989	-	825,414	391,589	227,507	1,317,719
Excess (deficiency) of revenues over (under) expenditures	(9,373,208)	2,065,391	57,846	(51,160)	(33,758)	(96,274)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(45,997)	-	-	-	(1,947)	-
Proceeds from insurance recovery	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	(45,997)	-	-	-	(1,947)	-
Net changes in fund balance	(9,419,205)	2,065,391	57,846	(51,160)	(35,705)	(96,274)
Fund balances, beginning	27,330,008	-	382,260	554,353	356,271	972,733
Fund balances, ending	$ 17,910,803	$ 2,065,391	$ 440,106	$ 503,193	$ 320,566	$ 876,459

(continued)

Restricted Funds	TIRZ Affordable Housing	Hurricane Ike	Harris County Juvenile Board	Flood Control Grants	Grants	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 101,752,651
3,000	-	-	-	-	231,730	10,303,617
-	-	-	-	-	-	171,073
2,950,000	-	-	33,451,059	10,904,974	153,461,522	212,370,255
145,377	21,941	13,811	421,164	-	112,218	5,615,128
247,468	479,328	-	201	-	1,949,479	18,385,740
3,345,845	501,269	13,811	33,872,424	10,904,974	155,754,949	348,598,464
-	-	-	33,872,424	-	15,019,765	72,531,279
-	-	-	-	-	11,417	6,152,192
55,590	-	35,716,681	-	-	56,907,245	114,883,473
1,773,436	-	-	-	-	72,951,858	79,060,423
-	-	-	-	254,377	-	60,500,814
-	-	-	-	-	-	1,440,186
35,055	-	89,347	-	14,687,443	11,528,718	31,122,723
-	-	217,447	-	-	-	1,181,221
1,864,081	-	36,023,475	33,872,424	14,941,820	156,419,003	366,872,311
1,481,764	501,269	(36,009,664)	-	(4,036,846)	(664,054)	(18,273,847)
-	-	-	-	4,036,846	2,668,284	7,693,810
(43,458)	-	-	-	-	(2,677,264)	(14,578,402)
-	-	437,861	-	-	-	437,861
-	-	-	-	-	-	63,377
(43,458)	-	437,861	-	4,036,846	(8,980)	(6,383,354)
1,438,306	501,269	(35,571,803)	-	-	(673,034)	(24,657,201)
1,551,987	1,296,403	-	-	-	1,442,479	173,617,402
$ 2,990,293	$ 1,797,672	$ (35,571,803)	$ -	$ -	$ 769,445	$ 148,960,201

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 28, 2009

	Federal Grant Programs	State and Local Grant Programs	Total
ASSETS			
Cash and cash equivalents	$ 1,203,337	$ 186,918	$ 1,390,255
Investments	767,482	237,775	1,005,257
Accounts receivable	20,128,289	1,160,880	21,289,169
Accrued interest receivable	3,715	1,151	4,866
Other receivables	17,199,909	12,523,704	29,723,613
Due from other funds	76,553	-	76,553
Inventories	620,724	-	620,724
Prepaids and other assets	125,972	33	126,005
Notes receivable	266,571	-	266,571
Total assets	$ 40,392,552	$ 14,110,461	$ 54,503,013
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	$ 10,161,882	$ 305,572	$ 10,467,454
Accrued payroll and compensated absences	1,952,431	649,532	2,601,963
Retainage payable	78,329	-	78,329
Due to other funds	25,167,567	1,572,652	26,740,219
Due to other governmental units	32,170	-	32,170
Advances from other funds	197,500	-	197,500
Deferred revenue	2,033,228	11,582,705	13,615,933
Total liabilities	39,623,107	14,110,461	53,733,568
Fund Balances:			
Reserved	769,445	-	769,445
Total liabilities and fund balances	$ 40,392,552	$ 14,110,461	$ 54,503,013

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
For The Year Ended February 28, 2009

	Federal Grant Programs	State and Local Grant Programs	Total
REVENUES			
Intergovernmental	$ 128,572,291	$ 24,889,231	$ 153,461,522
Charges for services	231,730	-	231,730
Earnings on investments	112,218	-	112,218
Miscellaneous	1,933,062	16,417	1,949,479
Total revenues	130,849,301	24,905,648	155,754,949
EXPENDITURES			
Administration of justice	12,475,323	2,544,442	15,019,765
Parks	11,417	-	11,417
County administration	39,460,999	17,446,246	56,907,245
Health and human services	67,984,057	4,967,801	72,951,858
Capital outlay	11,093,259	435,459	11,528,718
Total expenditures	131,025,055	25,393,948	156,419,003
Excess (deficiency) of revenues over (under) expenditures	(175,754)	(488,300)	(664,054)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,172,591	495,693	2,668,284
Transfers out	(2,669,871)	(7,393)	(2,677,264)
Total transfers	(497,280)	488,300	(8,980)
Net changes in fund balances	(673,034)	-	(673,034)
Fund balances, beginning	1,442,479	-	1,442,479
Fund balances, ending	$ 769,445	$ -	$ 769,445

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 28, 2009

	Department of Housing and Urban Development	Department of Homeland Security	Department of Justice	Department of Agriculture	Department of Health and Human Services	Other Federal Programs	Total
ASSETS							
Cash and cash equivalents	$ -	$ -	$ 420,928	$ -	$ 769,445	$ 12,964	$ 1,203,337
Investments	-	-	760,431	-	-	7,051	767,482
Accounts receivable	711,148	13,507,060	336,545	968,095	2,534,365	2,071,076	20,128,289
Accrued interest receivable	-	-	3,681	-	-	34	3,715
Other receivables	4,108,361	4,512,684	2,168	1,304,088	6,125,756	1,146,852	17,199,909
Due from other funds	76,000	553	-	-	-	-	76,553
Inventories	-	-	-	-	620,724	-	620,724
Prepaids and other assets	1,648	23,373	300	-	67,939	32,712	125,972
Notes receivable	266,571	-	-	-	-	-	266,571
Total assets	$ 5,163,728	$ 18,043,670	$ 1,524,053	$ 2,272,183	$ 10,118,229	$ 3,270,689	$ 40,392,552
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers payable	$ 2,247,568	$ 2,442,993	$ 246,573	$ 42,780	$ 4,637,558	$ 544,410	$ 10,161,882
Accrued payroll and compensated absences	372,139	55,187	190,230	570,781	747,122	16,972	1,952,431
Retainage payable	68,092	-	-	-	-	10,237	78,329
Due to other funds	1,979,688	15,545,490	3,650	1,658,622	3,293,601	2,686,516	25,167,567
Due to other governmental units	32,170	-	-	-	-	-	32,170
Advances from other funds	197,500	-	-	-	-	-	197,500
Deferred revenue	266,571	-	1,083,600	-	670,503	12,554	2,033,228
Total liabilities	5,163,728	18,043,670	1,524,053	2,272,183	9,348,784	3,270,689	39,623,107
Fund balances	-	-	-	-	769,445	-	769,445
Total liabilities and fund balances	$ 5,163,728	$ 18,043,670	$ 1,524,053	$ 2,272,183	$ 10,118,229	$ 3,270,689	$ 40,392,552

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - FEDERAL PROGRAMS
For The Year Ended February 28, 2009

	Department of Housing and Urban Development	Department of Homeland Security	Department of Justice	Department of Agriculture	Department of Health and Human Services	Other Federal Programs	Total
REVENUES							
Intergovernmental	$ 20,830,620	$ 53,383,391	$ 5,149,893	$ 8,325,428	$ 36,506,981	$ 4,375,978	$ 128,572,291
Charges for services	-	61,053	-	-	170,677	-	231,730
Earnings on investments	50	-	112,168	-	-	-	112,218
Miscellaneous	643,275	-	-	-	1,078,429	211,358	1,933,062
Total revenues	21,473,945	53,444,444	5,262,061	8,325,428	37,756,087	4,587,336	130,849,301
EXPENDITURES							
Administration of justice	77,602	3,086,653	5,717,296	-	1,370,899	2,222,873	12,475,323
Parks	-	-	-	-	-	11,417	11,417
County administration	-	37,975,756	-	-	364,752	1,120,491	39,460,999
Health and human services	20,983,154	1,127,549	221,765	8,317,381	36,664,836	669,372	67,984,057
Capital outlay	413,189	9,581,043	248,758	8,012	56,343	785,914	11,093,259
Total expenditures	21,473,945	51,771,001	6,187,819	8,325,393	38,456,830	4,810,067	131,025,055
Excess of revenues over (under) expenditures	-	1,673,443	(925,758)	35	(700,743)	(222,731)	(175,754)
Transfers in	-	995,764	926,276	-	27,820	222,731	2,172,591
Transfers out	-	(2,669,207)	(518)	(35)	(111)	-	(2,669,871)
Total transfers	-	(1,673,443)	925,758	(35)	27,709	222,731	(497,280)
Net changes in fund balances	-	-	-	-	(673,034)	-	(673,034)
Fund balance, beginning	-	-	-	-	1,442,479	-	1,442,479
Fund balance, ending	$ -	$ -	$ -	$ -	$ 769,445	$ -	$ 769,445

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 28, 2009

	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
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,815	$ 166,103	$ 186,918
Investments	-	846	-	-	-	-	29,334	207,595	237,775
Accounts receivable	78,466	3,337	834,856	30,850	147,121	-	-	66,250	1,160,880
Accrued interest receivable	-	4	-	-	-	-	142	1,005	1,151
Other receivables	156,697	11,241,034	303,682	26,427	345,236	-	112,775	337,853	12,523,704
Prepaids and other assets	-	-	-	-	-	-	-	33	33
Total assets	$ 235,163	$ 11,245,221	$ 1,138,538	$ 57,277	$ 492,357	$ -	$ 163,066	$ 778,839	$ 14,110,461
LIABILITIES AND FUND BALANCES									
Liabilities:									
Vouchers payable	$ 8,761	$ 3,089	$ 217,255	$ 705	$ 3,208	$ -	$ 16,423	$ 56,131	$ 305,572
Accrued payroll and compensated absences	85,018	-	92,811	13,780	254,266	-	14,723	188,934	649,532
Due to other funds	141,384	14,600	828,472	42,792	234,883	-	90,192	220,329	1,572,652
Deferred revenue	-	11,227,532	-	-	-	-	41,728	313,445	11,582,705
Total liabilities	235,163	11,245,221	1,138,538	57,277	492,357	-	163,066	778,839	14,110,461
Fund balances	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	$ 235,163	$ 11,245,221	$ 1,138,538	$ 57,277	$ 492,357	$ -	$ 163,066	$ 778,839	$ 14,110,461

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - STATE AND LOCAL PROGRAMS
For The Year Ended February 28, 2009

	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
REVENUES									
Intergovernmental	$ 988,748	$ 17,356,994	$ 2,337,987	$ 202,730	$ 1,125,651	$ 217,245	$ 495,661	$ 2,164,215	$ 24,889,231
Miscellaneous	-	969	-	-	13,925	-	-	1,523	16,417
Total revenues	988,748	17,357,963	2,337,987	202,730	1,139,576	217,245	495,661	2,165,738	24,905,648
EXPENDITURES									
Administration of justice	-	-	-	141,704	1,417,505	-	66,125	919,108	2,544,442
County administration	-	17,356,995	-	-	-	-	-	89,251	17,446,246
Health and human services	988,748	-	2,337,987	61,544	-	-	429,536	1,149,986	4,967,801
Capital outlay	-	968	-	-	-	434,491	-	-	435,459
Total expenditures	988,748	17,357,963	2,337,987	203,248	1,417,505	434,491	495,661	2,158,345	25,393,948
Excess of revenues over (under) expenditures	-	-	-	(518)	(277,929)	(217,246)	-	7,393	(488,300)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	518	277,929	217,246	-	-	495,693
Transfers out	-	-	-	-	-	-	-	(7,393)	(7,393)
Total transfers	-	-	-	518	277,929	217,246	-	(7,393)	488,300
Net changes in fund balances	-	-	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-	-	-	-	-
Fund balance, ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 162,268,833	$ 162,268,833	$ 162,236,742	$ (32,091)
Revenues and Transfers In:				
Taxes	94,726,287	94,726,287	99,572,862	4,846,575
Charges for Services	11,123,438	11,123,438	10,313,631	(809,807)
Forfeitures	-	-	8,835	8,835
Interest	4,824,946	4,824,946	4,933,750	108,804
Intergovernmental	3,781,061	15,911,845	14,789,541	(1,122,304)
Miscellaneous	1,599,280	3,406,562	10,797,649	7,391,087
Other - Transfers In	3,549,000	6,139,664	2,984,426	(3,155,238)
Total Revenues and Transfers In	119,604,012	136,132,742	143,400,694	7,267,952
Total Available Resources	$ 281,872,845	$ 298,401,575	$ 305,637,436	$ 7,235,861

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

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Flood Control				
Commercial Paper Series F - Flood Control	$ 3,812,250	$ 3,812,250	$ 963,774	$ 2,848,476
Flood Control General Fund	157,522,573	157,522,573	62,658,628	94,863,945
Total Flood Control	161,334,823	161,334,823	63,622,402	97,712,421
Hotel Occupancy Tax	26,717,623	28,692,623	28,110,267	582,356
Deed Restriction Enforcement	6,011	6,011	-	6,011
Child Support Enforcement	2,057,017	2,057,017	1,192,209	864,808
Family Protection	384,298	384,298	271,900	112,398
CPS - Special Revenue Contracts	835,908	2,456,358	1,515,474	940,884
Utility Bill Assistance Program	-	1,178,137	761,119	417,018
Probate Court Support	327,652	327,652	-	327,652
Appellate Judicial System	631,978	631,978	552,204	79,774
County Attorney Administration	1,197,551	1,197,551	449,599	747,952
District Attorney Administration				
District Attorney Special Investigating	11,535,567	11,535,567	3,647,316	7,888,251
District Attorney Hot Check Depository	6,407,310	6,407,310	1,229,500	5,177,810
Total District Attorney Administration	17,942,877	17,942,877	4,876,816	13,066,061
Courthouse Security Justice Court	531,217	531,217	-	531,217
Records Management	22,168,024	22,168,024	6,416,977	15,751,047
Donation Fund	2,879,489	3,588,900	393,438	3,195,462
Justice Court Technology	1,421,132	1,421,132	6,654	1,414,478
Child Abuse Prevention	12,978	12,978	-	12,978
Juvenile Case Manager Fee	1,190,406	1,190,406	57,687	1,132,719
Tax Office Chapter 19	700,000	776,031	776,031	-
Star Drug Court	-	-	-	-
Stormwater Management	2,939,049	3,444,813	2,408,208	1,036,605
Hester House				
Hester House Operating	-	80,000	-	80,000
Hester House Construction	-	4,000,000	-	4,000,000
Total Hester House	-	4,080,000	-	4,080,000
San Jacinto Wetlands Project	51,203	51,203	400	50,803
TCEQ - Pollution Control	851,627	974,781	172,347	802,434
Election Services	1,032,640	1,032,640	384,526	648,114
Law Enforcement Forfeited Fund				
District Attorney Seized Assets - Treasury	8,733	8,733	-	8,733
District Attorney Seized Assets - Justice	86,079	86,079	-	86,079
Constable Seized Assets - Treasury	40,928	40,928	-	40,928
Constable Seized Assets - Justice	139,497	139,497	-	139,497
Sheriff Seized Assets - Treasury	4,846,035	4,846,035	2,668,665	2,177,370
Sheriff Seized Assets - Justice	3,120,286	3,120,286	1,890,453	1,229,833
Sheriff Seized Assets - State	4,549,367	4,549,367	1,413,383	3,135,984
District Attorney Seized Assets - State	12,613,114	12,613,114	8,232,358	4,380,756
Constable Seized Assets - State	571,473	571,473	22,011	549,462
Commissioner's Court Seized Assets	2,262,249	2,262,249	191,836	2,070,413
Fire Marshall Seized Assets	16,724	16,724	-	16,724
Total Law Enforcement Forfeited Fund	28,254,485	28,254,485	14,418,706	13,835,779
Criminal Courts Audio/Visual	-	2,046,250	-	2,046,250
Dispute Resolution	1,578,197	1,578,197	860,282	717,915
LEOSE Law Enforcement	910,077	910,077	405,796	504,281
Library Donation Fund	621,161	621,161	247,252	373,909
Law Library	2,278,150	2,278,150	1,335,738	942,412
Restricted Fund				
Restricted Fund	1,609,410	5,867,074	1,117,899	4,749,175
Restricted Fund - General	97,686	97,686	55,925	41,761
Total Restricted Fund	1,707,096	5,964,760	1,173,824	4,790,936
TIRZ Affordable Housing				
TIRZ Affordable Housing - Non Interest Bearing	760,201	760,201	-	760,201
TIRZ Affordable Housing - Interest Bearing	549,974	549,974	-	549,974
Total TIRZ Affordable Housing	1,310,175	1,310,175	-	1,310,175
Hurricane Ike	-	61,937,500	30,738,089	31,199,411
Total Special Revenue Fund	$ 281,872,844	$ 360,382,205	$ 161,147,945	$ 199,234,260

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

DEBT SERVICE FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 28, 2009

	Roads	Flood Control	Total
ASSETS			
Cash and cash equivalents	$ 41,979,720	$ 15,715,311	$ 57,695,031
Investments	20,926,500	-	20,926,500
Taxes receivable, net	2,398,020	648,997	3,047,017
Other receivables	2,064,934	361,150	2,426,084
Total assets	$ 67,369,174	$ 16,725,458	$ 84,094,632
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	$ 2,398,020	$ 648,997	$ 3,047,017
Total liabilities	2,398,020	648,997	3,047,017
Fund Balances:			
Reserved for debt service	64,971,154	16,076,461	81,047,615
Total fund balances	64,971,154	16,076,461	81,047,615
Total liabilities and fund balances	$ 67,369,174	$ 16,725,458	$ 84,094,632

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 28, 2009

	Roads	Flood Control	Total
REVENUES			
Taxes - Property	$ 53,997,256	$ 9,163,852	$ 63,161,108
Earnings on investments	869,188	356,054	1,225,242
Miscellaneous	62,743	885,145	947,888
Total revenues	54,929,187	10,405,051	65,334,238
EXPENDITURES			
Debt Service:			
Principal retirement	24,587,422	12,553,864	37,141,286
Bond issuance costs	173,766	3,163,829	3,337,595
Interest and fiscal charges	39,937,857	24,883,436	64,821,293
Total expenditures	64,699,045	40,601,129	105,300,174
Excess (deficiency) of revenue over (under) expenditures	(9,769,858)	(30,196,078)	(39,965,936)
OTHER FINANCING SOURCES (USES)			
Transfers in	9,317,385	28,594,598	37,911,983
Transfers out	(105,851)	-	(105,851)
Refunding bonds issued	34,605,000	451,465,000	486,070,000
Premium on bonds issued	5,024,614	19,332,124	24,356,738
Discount on bonds issued	-	(764,569)	(764,569)
Payments to escrow agent	(39,347,132)	(466,929,900)	(506,277,032)
Total other financing sources (uses)	9,494,016	31,697,253	41,191,269
Net changes in fund balances	(275,842)	1,501,175	1,225,333
Fund balances, beginning	65,246,996	14,575,286	79,822,282
Fund balances, ending	$ 64,971,154	$ 16,076,461	$ 81,047,615

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 80,189,298	$ 80,189,298	$ 78,028,594	$ (2,160,704)
Revenues and Transfers In:				
Taxes	83,617,036	83,617,036	62,529,925	(21,087,111)
Interest	1,654,874	1,813,791	1,649,898	(163,893)
Miscellaneous	-	-	944,082	944,082
Other Transfers In	33,890,600	1,066,665,602	1,057,606,809	(9,058,793)
Total Revenues and Transfers In	119,162,510	1,152,096,429	1,122,730,714	(29,365,715)
Total Available Resources	$ 199,351,808	$ 1,232,285,727	$ 1,200,759,308	$ (31,526,419)

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

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Roads				
Road Series 1996	$ 1,157,528	$ 1,157,528	$ -	$ 1,157,528
Road Refunding Series 1993	8,779,673	8,779,673	5,130,000	3,649,673
Road Refunding Series 2001	40,903,850	40,903,850	18,634,729	22,269,121
Road Refunding Series 2003A	5,970,281	5,970,281	2,925,863	3,044,418
Road Refunding Series 2003B	8,129,013	47,476,145	43,261,057	4,215,088
Road Refunding Series 2004A-D	12,737,454	12,737,454	6,126,875	6,610,579
Unlimited Tax Road Refunding Series 2004	17,044,634	17,044,634	7,248,050	9,796,584
Unlimited Tax Road Refunding Series 2005A	3,579,231	3,579,231	1,721,000	1,858,231
Unlimited Tax Forward Refunding 2006A-D	12,376,546	12,376,546	6,179,500	6,197,046
Roads Refunding 2006B	33,223,490	33,223,490	12,723,000	20,500,490
Unlimited Tax Road Refunding Series 2008A	-	41,409,631	41,406,011	3,620
Total Roads	143,901,700	224,658,463	145,356,085	79,302,378
Flood Control				
Flood Control Contract Refunding 2006A	4,715,944	4,715,944	4,709,250	6,694
Flood Control Refunding Series 1993A	13,901,272	13,901,272	7,585,000	6,316,272
Flood Control Refunding Series 2002	2,111,202	2,111,202	483,925	1,627,277
Flood Control Refunding Series 2003	3,302,041	3,302,041	1,630,981	1,671,060
Flood Control Contract Refunding 2003A	9,792,656	224,219,623	214,435,027	9,784,596
Flood Control Contract Refunding 2004A-D	12,554,916	109,131,369	103,387,752	5,743,617
Flood Control Improvement Bonds 2007	9,108,038	9,108,038	4,384,000	4,724,038
Flood Control Contract Refunding 2008A	-	163,749,821	163,748,252	1,569
Flood Control Contract Refunding 2008B	-	319,451,624	319,445,277	6,347
Flood Control Contract Refunding 2008C	-	157,395,775	157,330,931	64,844
Flood Control Contract Refunding 2008C - COI	-	540,490	391,231	149,259
Total Flood Control	55,486,069	1,007,627,199	977,531,626	30,095,573
Total Debt Service Funds	$ 199,387,769	$ 1,232,285,662	$ 1,122,887,711	$ 109,397,951

CAPITAL PROJECTS FUNDS

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.

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
February 28, 2009

	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
ASSETS					
Cash and cash equivalents	$ 26,847,439	$ 1,890	$ 1,338,891	$ 33,011,946	$ 61,200,166
Investments	13,506,312	-	-	119,742,973	133,249,285
Accounts receivable, net	-	-	-	600,151	600,151
Accrued interest receivable	50,794	-	-	510,858	561,652
Other receivables	-	-	-	16,077	16,077
Due from other funds	2,188	-	3,734,416	51,160	3,787,764
Prepaids and other assets	144,240	-	-	-	144,240
Advances to other funds	-	12,000,000	-	-	12,000,000
Restricted cash and cash equivalents	-	-	1,203,522	-	1,203,522
Restricted investments	-	-	12,000,000	-	12,000,000
Total assets	$ 40,550,973	$ 12,001,890	$ 18,276,829	$ 153,933,165	$ 224,762,857
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	$ 1,225,617	$ -	$ 4,931,542	$ 6,021,496	$ 12,178,655
Retainage payable	492,164	-	196,896	2,788,987	3,478,047
Due to other funds	1,263,953	-	-	467,168	1,731,121
Advances from other funds	-	-	12,000,000	-	12,000,000
Deferred revenue	-	-	3,730,577	600,151	4,330,728
Total liabilities	2,981,734	-	20,859,015	9,877,802	33,718,551
Fund Balances:					
Reserved for encumbrances	63,831,773	-	-	39,493,570	103,325,343
Reserved for prepaids	144,240	-	-	-	144,240
Reserved for advances	-	12,000,000	-	-	12,000,000
Unreserved - designated for capital projects	(26,406,774)	1,890	(2,582,186)	104,561,793	75,574,723
Total fund balances	37,569,239	12,001,890	(2,582,186)	144,055,363	191,044,306
Total liabilities and fund balances	$ 40,550,973	$ 12,001,890	$ 18,276,829	$ 153,933,165	$ 224,762,857

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 28, 2009

	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
REVENUES					
Intergovernmental	$ 389,061	$ -	$ 5,930,882	$ 20,505,906	$ 26,825,849
Earnings on investments	703,711	13,334	30,408	4,329,474	5,076,927
Miscellaneous	719,500	-	-	1,864,715	2,584,215
Total revenues	1,812,272	13,334	5,961,290	26,700,095	34,486,991
EXPENDITURES					
Administration of justice	791,426	-	-	-	791,426
Parks	320,395	-	6,564,753	-	6,885,148
County administration	7,466,767	-	-	-	7,466,767
Health and human services	39,552	-	-	-	39,552
Flood control	-	-	-	9,290,806	9,290,806
Capital outlay	16,218,171	-	294,703	59,719,751	76,232,625
Total expenditures	24,836,311	-	6,859,456	69,010,557	100,706,324
Excess (deficiency) of revenues over (under) expenditures	(23,024,039)	13,334	(898,166)	(42,310,462)	(66,219,333)
OTHER FINANCING SOURCES (USES)					
Transfers out	(789,222)	(767,919)	-	(9,681,368)	(11,238,509)
Commercial paper issued	40,446,000	-	-	32,630,000	73,076,000
Sale of capital assets	18,429	-	-	-	18,429
Total other financing sources (uses)	39,675,207	(767,919)	-	22,948,632	61,855,920
Net change in fund balances	16,651,168	(754,585)	(898,166)	(19,361,830)	(4,363,413)
Fund balances, beginning	20,918,071	12,756,475	(1,684,020)	163,417,193	195,407,719
Fund balances, ending	$ 37,569,239	$ 12,001,890	$ (2,582,186)	$ 144,055,363	$ 191,044,306

HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 417,286,206	$ 417,286,206	$ 417,494,388	$ 208,182
Revenues and Transfers In:				
Interest	-	12,993,693	15,219,161	2,225,468
Miscellaneous	-	3,018,209	5,416,786	2,398,577
Intergovernmental	-	28,686,591	48,348,400	19,661,809
Other Sale of Real Property	-	43,089	18,429	(24,660)
Other Proceeds Comm Paper	375,953,286	657,141,331	122,961,000	(534,180,331)
Total Revenues and Transfers In	375,953,286	701,882,913	191,963,776	(509,919,137)
Total Available Resources	$ 793,239,492	$ 1,119,169,119	$ 609,458,164	$ (509,710,955)

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

For The Year Ended February 28, 2009

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Roads				
METRO Street Improvement	$ 6,814,943	$ 7,036,948	$ 84,643	$ 6,952,305
1975 Road Bonds Construction	573,603	592,346	20,026	572,320
Road Capital Projects	28,750,762	52,645,086	9,301,416	43,343,670
METRO Designated Projects	30,719,014	37,837,770	14,059,931	23,777,839
Road Refunding 2004B	49,004,620	50,576,975	12,565,838	38,011,137
Road Refunding 2006B	115,512,163	118,943,025	7,787,326	111,155,699
Road Series 1993 Construction	84,844	86,276	3,472	82,804
Road 1996 Construction	562,636	572,775	130,164	442,611
Commercial Paper Series C	168,896,559	168,993,820	50,519,662	118,474,158
Total Roads	400,919,144	437,285,021	94,472,478	342,812,543
Permanent Improvements				
Buildings/Parks/Library Projects	2,829,634	4,026,021	1,477,372	2,548,649
1982 Park Bonds Construction	335,036	345,958	11,674	334,284
CO Series 2001 Construction	10,956,558	11,260,289	343,163	10,917,126
Permanent Improvements 2002 Construction	57,796	58,788	2,103	56,685
Permanent Improvements 1994 Construction	477,210	485,420	13,417	472,003
CO Series 1994 Construction	4,011,649	4,094,812	217,863	3,876,949
Commercial Paper Series B	29,884,973	54,931,810	10,709,187	44,222,623
Commercial Paper Series A-1	9,313,543	96,756,953	8,181,256	88,575,697
Commercial Paper Series New D	18,679,372	189,135,638	6,416,385	182,719,253
Total Permanent Improvements	76,545,771	361,095,689	27,372,420	333,723,269
Reliant Park				
Commercial Paper Series D	755,089	767,919	767,919	-
Total Reliant Park	755,089	767,919	767,919	-
Flood Control				
Regional Flood Control Projects	16,262,334	16,742,998	1,594,101	15,148,897
Flood Control Capital Projects	30,882,096	33,390,971	8,229,301	25,161,670
FC Bonds 2004A-Construction	29,317,260	30,053,489	10,314,234	19,739,255
FC Improvement Bonds 2007	89,378,960	92,797,687	28,461,380	64,336,307
Commercial Paper - Flood Control	149,178,839	149,197,076	33,301,710	115,895,366
Total Flood Control	315,019,489	322,182,221	81,900,726	240,281,495
Total Capital Projects Funds	$ 793,239,493	$ 1,121,330,850	$ 204,513,543	$ 916,817,307

ENTERPRISE FUNDS

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.

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HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
February 28, 2009

	Subscriber Access	Parking Facilities	Sheriff's Commissary Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 515,260	$ 598,606	$ 5,286,634	$ 6,400,500
Investments	625,889	745,199	7,589,845	8,960,933
Accounts receivable, net	39,092	10,859	-	49,951
Accrued interest receivable	3,030	3,608	37,515	44,153
Inventories	-	-	209,570	209,570
Total current assets	1,183,271	1,358,272	13,123,564	15,665,107
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Buildings	-	21,154,443	-	21,154,443
Equipment	757,739	-	2,183,287	2,941,026
Accumulated depreciation	(757,739)	(6,351,963)	(2,114,541)	(9,224,243)
Total noncurrent assets	-	18,766,078	68,746	18,834,824
Total assets	1,183,271	20,124,350	13,192,310	34,499,931
LIABILITIES				
Current liabilities:				
Vouchers payable	9,543	-	2,742,850	2,752,393
Accrued payroll and compensated absences	4,637	-	-	4,637
Customer deposits	224,398	-	-	224,398
Total current liabilities	238,578	-	2,742,850	2,981,428
Noncurrent liabilities:				
Noncurrent portion of compensatory time payable	365	-	-	365
Total noncurrent liabilities	365	-	-	365
Total Liabilities	238,943	-	2,742,850	2,981,793
NET ASSETS				
Invested in capital assets, net of related debt	-	18,766,078	68,746	18,834,824
Unrestricted	944,328	1,358,272	10,380,714	12,683,314
Total net assets	$ 944,328	$20,124,350	$ 10,449,460	$ 31,518,138

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

	Subscriber Access	Parking Facilities	Sheriff's Commissary Fund	Total
OPERATING REVENUES				
Sales	$ -	$ -	$ 8,609,467	$ 8,609,467
User fees	185,072	382,130	-	567,202
Miscellaneous	97,862	-	10,224	108,086
Total operating revenues	282,934	382,130	8,619,691	9,284,755
OPERATING EXPENSES				
Salaries	55,311	-	600,000	655,311
Materials and supplies	-	-	1,766,989	1,766,989
Services and fees	76,331	144,884	2,075,212	2,296,427
Utilities	-	279,870	-	279,870
Transportation and travel	-	-	-	-
Cost of goods sold	-	-	4,078,610	4,078,610
Depreciation	-	470,006	40,516	510,522
Total operating expenses	131,642	894,760	8,561,327	9,587,729
Operating Income (Loss)	151,292	(512,630)	58,364	(302,974)
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	35,673	58,248	324,210	418,131
Total nonoperating revenues (expenses)	35,673	58,248	324,210	418,131
Income (loss) before transfers	186,965	(454,382)	382,574	115,157
Transfers out	-	(700,000)	-	(700,000)
Total contributions and transfers	-	(700,000)	-	(700,000)
Change in net assets	186,965	(1,154,382)	382,574	(584,843)
Net assets, beginning	757,363	21,278,732	10,066,886	32,102,981
Net assets, ending	$ 944,328	$ 20,124,350	$10,449,460	$ 31,518,138

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2009

	Subscriber Access	Parking Facilities	Sheriff's Commissary Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 281,424	$ 406,400	$ 9,366,622	$ 10,054,446
Payments to employees	(55,722)	-	(600,000)	(655,722)
Payments to vendors	(73,386)	(463,497)	(5,787,947)	(6,324,830)
Net cash provided by (used for) operating activities	152,316	(57,097)	2,978,675	3,073,894
CASH FLOWS FROM NONCAPTIAL FINANCING ACTIVITIES				
Transfers to other funds	-	(700,000)	-	(700,000)
Net cash used for noncapital financing activities	-	(700,000)	-	(700,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(947)	(947)
Net cash provided by capital and related financing activities	-	-	(947)	(947)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(11,367,191)	(11,367,191)
Proceeds from sales and maturities of investments	-	-	3,790,851	3,790,851
Interest received	80,226	759,851	273,190	1,113,267
Net cash provided by (used for) investing activities	80,226	759,851	(7,303,150)	(6,463,073)
Net change in cash and cash equivalents	232,542	2,754	(4,325,422)	(4,090,126)
Cash and cash equivalents, beginning	282,718	595,852	9,612,056	10,490,626
Cash and cash equivalents, ending	$ 515,260	$ 598,606	$ 5,286,634	$ 6,400,500
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	$ 151,292	$ (512,630)	$ 58,364	$ (302,974)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	-	470,006	40,516	510,522
Change in current assets and liabilities:				
Receivables, net	(7,461)	24,270	746,931	763,740
Inventories	-	-	97,917	97,917
Vouchers payable and accrued liabilities	2,945	(38,743)	2,034,947	1,999,149
Other liabilities	5,951	-	-	5,951
Compensatory time payable	(411)	-	-	(411)
Net cash provided by operating activities	$ 152,316	$ (57,097)	$ 2,978,675	$ 3,073,894
Non-Cash Investing Activities:				
Increase (decrease) in the fair value of investments	$ (45,365)	$ (700,436)	$ 13,505	$ (732,296)

INTERNAL SERVICE FUNDS

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.

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

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
February 28, 2009

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 3,244,076	$ -	$ 868,756	$ 21,561,164	$ 6,608,032	$ 32,282,028
Investments	5,133,190	66,566	1,096,927	26,840,723	41,888,247	75,025,653
Receivables:						
Accounts	35,779	681,897	-	36,823	718	755,217
Accrued interest	24,851	322	5,310	129,942	280,991	441,416
Other	38,337	18,124	4,176	1,200,200	3,406,022	4,666,859
Inventories	1,303,495	1,391,101	-	-	-	2,694,596
Prepaids and other assets	-	39,914	4,190	-	1,120,503	1,164,607
Due from other funds	128,482	10,543	-	-	-	139,025
Total current assets	9,908,210	2,208,467	1,979,359	49,768,852	53,304,513	117,169,401
Noncurrent assets:						
Land	250,000	-	-	-	-	250,000
Construction in progress	375,889	-	-	-	-	375,889
Buildings	1,468,568	-	-	-	-	1,468,568
Equipment	44,301,189	1,672,372	518,806	-	-	46,492,367
Accumulated depreciation	(30,260,954)	(1,417,480)	(321,658)	-	-	(32,000,092)
Total noncurrent assets	16,134,692	254,892	197,148	-	-	16,586,732
Total assets	26,042,902	2,463,359	2,176,507	49,768,852	53,304,513	133,756,133
LIABILITIES						
Current liabilities:						
Vouchers payable	936,393	147,932	15,649	7,891,493	1,083,366	10,074,833
Accrued payroll and compensated absences	356,559	273,550	-	-	418,762	1,048,871
Estimated outstanding claims	-	-	-	-	14,460,182	14,460,182
Incurred but not reported claims	-	-	-	19,510,891	9,536,527	29,047,418
Due to other funds	-	22,319	-	-	-	22,319
Deferred revenue	-	683,937	-	-	19,550	703,487
Total current liabilities	1,292,952	1,127,738	15,649	27,402,384	25,518,387	55,357,110
Noncurrent liabilities:						
Noncurrent portion of long-term liabilities	65,072	137,003	-	-	51,062	253,137
Total noncurrent liabilities	65,072	137,003	-	-	51,062	253,137
Total liabilities	1,358,024	1,264,741	15,649	27,402,384	25,569,449	55,610,247
NET ASSETS						
Invested in capital assets, net of related debt	16,134,692	254,892	197,148	-	-	16,586,732
Unrestricted	8,550,186	943,726	1,963,710	22,366,468	27,735,064	61,559,154
Total net assets	$ 24,684,878	$ 1,198,618	$ 2,160,858	$ 22,366,468	$ 27,735,064	$ 78,145,886

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2009

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
OPERATING REVENUES						
Lease revenue	$ -	$ 94,942	$ -	$ -	$ -	$ 94,942
Intergovernmental	-	-	-	1,271,747	-	1,271,747
Charges to departments	20,704,525	437,501	616,109	183,990,136	16,180,406	221,928,677
User fees	6,202,126	1,424,008	-	-	-	7,626,134
Total operating revenues	26,906,651	1,956,451	616,109	185,261,883	16,180,406	230,921,500
OPERATING EXPENSES						
Salaries	2,824,754	2,992,356	-	-	3,857,424	9,674,534
Materials and supplies	120,129	231,751	119,497	-	283,225	754,602
Services and fees	1,950,076	1,515,024	132,453	29,722	2,833,893	6,461,168
Utilities	106,045	743,276	-	-	128	849,449
Transportation and travel	6,929,138	391	-	-	31,028	6,960,557
Incurred claims	-	-	-	171,825,087	4,900,710	176,725,797
Estimated claims	-	-	-	714,036	87,875	801,911
Cost of goods sold	8,815,361	247,710	-	-	-	9,063,071
Depreciation	5,561,375	117,350	33,051	-	-	5,711,776
Total operating expenses	26,306,878	5,847,858	285,001	172,568,845	11,994,283	217,002,865
Operating income (loss)	599,773	(3,891,407)	331,108	12,693,038	4,186,123	13,918,635
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	213,669	3,602	55,032	1,126,884	1,587,763	2,986,950
Gain on sale of capital assets	195,684	-	-	-	-	195,684
Other nonoperating revenues	(34,295)	16,594	-	5,546,546	-	5,528,845
Total nonoperating revenues (expenses)	375,058	20,196	55,032	6,673,430	1,587,763	8,711,479
Income (loss) before transfers	974,831	(3,871,211)	386,140	19,366,468	5,773,886	22,630,114
Transfers in	46,780	3,928,600	-	3,000,000	4,150,000	11,125,380
Transfers out	-	-	-	-	(5,500,000)	(5,500,000)
Total transfers	46,780	3,928,600	-	3,000,000	(1,350,000)	5,625,380
Change in net assets	1,021,611	57,389	386,140	22,366,468	4,423,886	28,255,494
Net assets, beginning	23,663,267	1,141,229	1,774,718	-	23,311,178	49,890,392
Net assets, ending	$ 24,684,878	$ 1,198,618	$ 2,160,858	$ 22,366,468	$ 27,735,064	$ 78,145,886

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2009

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 26,946,456	$ 1,889,360	$ 613,739	$ 185,230,319	$ 16,497,074	$ 231,176,948
Payments to employees	(2,787,139)	(2,927,883)	-	-	(3,793,820)	(9,508,842)
Payments to vendors	(19,030,130)	(2,971,302)	(259,789)	(3,386,135)	(2,624,871)	(28,272,227)
Claims paid	-	-	-	(171,889,912)	(5,381,321)	(177,271,233)
Other receipts	-	16,594	-	-	-	16,594
Other payments	(34,295)	-	-	-	-	(34,295)
Net cash provided by (used for) operating activities	5,094,892	(3,993,231)	353,950	9,954,272	4,697,062	16,106,945
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	46,780	3,928,600	-	3,000,000	4,150,000	11,125,380
Transfers to other funds	-	-	-	-	(5,500,000)	(5,500,000)
Net cash provided by (used for) noncapital financing activities	46,780	3,928,600	-	3,000,000	(1,350,000)	5,625,380
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on capital lease	-	(62,987)	-	-	-	(62,987)
Purchases of capital assets	(4,991,054)	(14,355)	(8,170)	-	-	(5,013,579)
Net cash used for capital and related financing activities	(4,991,054)	(77,342)	(8,170)	-	-	(5,076,566)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	-	-	-	(76,322,256)	(76,322,256)
Proceeds from sales and maturities of investments	-	-	-	-	73,685,450	73,685,450
Interest received	753,434	82,896	65,918	(1,423,927)	2,330,038	1,808,359
Net cash provided by (used for) investing activities	753,434	82,896	65,918	(1,423,927)	(306,768)	(828,447)
Net change in cash and cash equivalents	904,052	(59,077)	411,698	11,530,345	3,040,294	15,827,312
Cash and cash equivqlents, beginning	2,340,024	59,077	457,058	10,030,819	3,567,738	16,454,716
Cash and cash equivalents, ending	$ 3,244,076	$ -	$ 868,756	$ 21,561,164	$ 6,608,032	$ 32,282,028
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	$ 599,773	$ (3,891,407)	$ 331,108	$ 12,693,038	$ 4,186,123	$ 13,918,635
Adjustments to reconcile operating income to net cash Provided by operating activites:						
Depreciation expense	5,561,375	117,350	33,051	-	-	5,711,776
Other non-operating revenues (expenses)	(34,295)	16,594	-	-	-	(17,701)
Change in assets and liabilities:						
Receivables, net	39,805	(66,194)	(2,370)	(31,564)	645,195	584,872
Prepaids and other assets	622	(25,358)	1,199	-	378,474	354,937
Inventories	(4,557)	(110,612)	-	-	-	(115,169)
Vouchers payable and accrued liabilities	(1,094,726)	(97,180)	(9,038)	(2,707,202)	(247,807)	(4,155,953)
Deferred revenue	-	(897)	-	-	(328,527)	(329,424)
Compensatory time payable	26,895	64,473	-	-	63,604	154,972
Net cash provided by (used for) operating activities	$ 5,094,892	$ (3,993,231)	$ 353,950	$ 9,954,272	$ 4,697,062	$ 16,106,945
Non-Cash Investing Activities:						
Increase (decrease) in the fair value of investments	$ (545,860)	$ (79,135)	$ (12,532)	$ 2,501,257	$ (727,118)	$ 1,136,612

AGENCY FUNDS:

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

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

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

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

CPS BENEFICIARY TRUST - Established for the purpose of accounting for monies 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.

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

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 28, 2009

	District Clerk Registry	County Clerk Registry	Officers' Fees	Bail Security	CPS Beneficiary Trust
ASSETS					
Cash and cash equivalents	$ 11,941,756	$ 2,942,732	$ 10,484,078	$ 10,171,166	$ 24,730
Investments	59,140,758	54,355,217	14,049,353	2,972,055	-
Accounts receivable	-	-	59,433	-	-
Other receivables	-	-	-	-	-
Accrued interest receivable	472,414	476,241	68,016	14,388	-
Total assets	$ 71,554,928	$ 57,774,190	$ 24,660,880	$ 13,157,609	$ 24,730
LIABILITIES					
Vouchers payable	$ -	$ -	$ 304,562	$ -	$ -
Incurred but not reported claims	-	-	-	-	-
Held for others	71,554,928	57,774,190	24,356,318	13,157,609	24,730
Total liabilities	$ 71,554,928	$ 57,774,190	$ 24,660,880	$ 13,157,609	$ 24,730

Tax Collector's	Inmate Property	Treasurer Escheat	Juvenile Restitution	Forfeited Restitution	District Clerk Contingency	Army Corps of Engineers Escrow
$ 210,266,340	$ 947,845	$ 63,937	$ 68,130	$ 107	$ 178,867	$ 1,168,026
-	-	-	-	-	223,391	-
-	-	-	-	-	-	-
-	36,130	-	-	-	-	-
-	-	-	-	-	1,082	-
$ 210,266,340	$ 983,975	$ 63,937	$ 68,130	$ 107	$ 403,340	$ 1,168,026
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
210,266,340	983,975	63,937	68,130	107	403,340	1,168,026
$ 210,266,340	$ 983,975	$ 63,937	$ 68,130	$ 107	$ 403,340	$ 1,168,026

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
February 28, 2009

	JJC Subcontractor Underpayment	Retiree Healthcare Fund	DA Seized Assets	Custodial	Total Agency Funds
ASSETS					
Cash and cash equivalents	$ 10,660	$ -	$ 28,176,404	$ 2,276,385	$ 278,721,163
Investments	13,257	-	-	-	130,754,031
Accounts receivable	-	406,172	-	-	465,605
Other receivables	-	4,630,899	-	-	4,667,029
Accrued interest receivable	64	-	-	-	1,032,205
Total assets	$ 23,981	$ 5,037,071	$ 28,176,404	$ 2,276,385	$ 415,640,033
LIABILITIES					
Vouchers payable	$ -	$ 754,936	$ -	$ -	$ 1,059,498
Incurred but not reported claims	-	4,282,135	-	-	4,282,135
Held for others	23,981	-	28,176,404	2,276,385	410,298,400
Total liabilities	$ 23,981	$ 5,037,071	$ 28,176,404	$ 2,276,385	$ 415,640,033

(Concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2009

	Balance March 1, 2008	Additions	Deletions	Balance February 28, 2009
District Clerk Registry				
ASSETS				
Cash and cash equivalents	$ 23,574,376	$ 187,347,637	$ 198,980,257	$ 11,941,756
Investments	35,638,625	89,877,133	66,375,000	59,140,758
Accrued interest receivable	534,290	952,378	1,014,254	472,414
Total Assets	$ 59,747,291	$ 278,177,148	$ 266,369,511	$ 71,554,928
LIABILITIES				
Held for others	$ 59,747,291	$ 59,304,031	$ 47,496,394	$ 71,554,928
Total Liabilities	$ 59,747,291	$ 59,304,031	$ 47,496,394	$ 71,554,928
County Clerk Registry				
ASSETS				
Cash and cash equivalents	$ 25,850,719	$ 138,137,196	$ 161,045,183	$ 2,942,732
Investments	47,534,318	80,901,114	74,080,215	54,355,217
Accrued interest receivable	540,343	918,738	982,840	476,241
Total Assets	$ 73,925,380	$ 219,957,048	$ 236,108,238	$ 57,774,190
LIABILITIES				
Held for others	$ 73,925,380	$ 22,970,575	$ 39,121,765	$ 57,774,190
Total Liabilities	$ 73,925,380	$ 22,970,575	$ 39,121,765	$ 57,774,190
Officers' Fees				
ASSETS				
Cash and cash equivalents	$ 8,208,112	$ 142,502,382	$ 140,226,416	$ 10,484,078
Investments	19,186,336	14,049,353	19,186,336	14,049,353
Accounts receivable	84,651	85,114	110,332	59,433
Accrued interest receivable	63,368	68,016	63,368	68,016
Total Assets	$ 27,542,467	$ 156,704,865	$ 159,586,452	$ 24,660,880
LIABILITIES				
Vouchers payable	$ 814,380	$ 43,233,415	$ 43,743,233	$ 304,562
Held for others	26,728,087	221,798,093	224,169,862	24,356,318
Total Liabilities	$ 27,542,467	$ 265,031,508	$ 267,913,095	$ 24,660,880
Bail Security				
ASSETS				
Cash and cash equivalents	$ 8,914,682	$ 8,324,271	$ 7,067,787	$ 10,171,166
Investments	3,400,310	2,972,055	3,400,310	2,972,055
Accrued interest receivable	11,230	14,388	11,230	14,388
Total Assets	$ 12,326,222	$ 11,310,714	$ 10,479,327	$ 13,157,609
LIABILITIES				
Held for others	$ 12,326,222	$ 4,069,110	$ 3,237,723	$ 13,157,609
Total Liabilities	$ 12,326,222	$ 4,069,110	$ 3,237,723	$ 13,157,609

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2009

	Balance March 1, 2008	Additions	Deletions	Balance February 28, 2009
CPS Beneficiary Trust				
ASSETS				
Cash and cash equivalents	$ 536,295	$ 1,106,106	$ 1,617,671	$ 24,730
Total Assets	$ 536,295	$ 1,106,106	$ 1,617,671	$ 24,730
LIABILITIES				
Held for others	$ 536,295	$ 1,012,047	$ 1,523,612	$ 24,730
Total Liabilities	$ 536,295	$ 1,012,047	$ 1,523,612	$ 24,730
Tax Collector's				
ASSETS				
Cash and cash equivalents	$ 195,774,234	$ 6,664,618,727	$ 6,650,126,621	$ 210,266,340
Investments	-	16,913,826	16,913,826	-
Total Assets	$ 195,774,234	$ 6,681,532,553	$ 6,667,040,447	$ 210,266,340
LIABILITIES				
Held for others	$ 195,774,234	$ 6,544,799,013	$ 6,530,306,907	$ 210,266,340
Total Liabilities	$ 195,774,234	$ 6,544,799,013	$ 6,530,306,907	$ 210,266,340
Inmate Property				
ASSETS				
Cash and cash equivalents	$ 2,049,378	$ 39,813,612	$ 40,915,145	$ 947,845
Other receivable	36,130	5,754,616	5,754,616	36,130
Total Assets	2,085,508	$ 45,568,228	$ 46,669,761	$ 983,975
LIABILITIES				
Payables	$ 746,931	$ 6,915,221	$ 7,662,152	$ -
Held for others	1,338,577	24,066,619	24,421,221	983,975
Total Liabilities	$ 2,085,508	$ 30,981,840	$ 32,083,373	$ 983,975
Treasurer Escheat				
ASSETS				
Cash and cash equivalents	$ 1,078,451	$ 114,734	$ 1,129,248	$ 63,937
Total Assets	$ 1,078,451	$ 114,734	$ 1,129,248	$ 63,937
LIABILITIES				
Held for others	$ 1,078,451	$ 146,520	$ 1,161,034	$ 63,937
Total Liabilities	$ 1,078,451	$ 146,520	$ 1,161,034	$ 63,937

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2009

	Balance March 1, 2008	Additions	Deletions	Balance February 28, 2009
Juvenile Restitution				
ASSETS				
Cash and cash equivalents	$ 81,673	$ 381,239	$ 394,782	$ 68,130
Total Assets	$ 81,673	$ 381,239	$ 394,782	$ 68,130
LIABILITIES				
Held for others	$ 81,673	$ 148,416	$ 161,959	$ 68,130
Total Liabilities	$ 81,673	$ 148,416	$ 161,959	$ 68,130
Forfeited Restitution				
ASSETS				
Cash and cash equivalents	$ 107	$ -	$ -	$ 107
Total Assets	$ 107	$ -	$ -	$ 107
LIABILITIES				
Held for others	$ 107	$ -	$ -	$ 107
Total Liabilities	$ 107	$ -	$ -	$ 107
District Clerk Contingency				
ASSETS				
Cash and cash equivalents	$ 120,886	$ 405,481	$ 347,500	$ 178,867
Investments	293,238	223,391	293,238	223,391
Accrued interest receivable	968	1,082	968	1,082
Total Assets	$ 415,092	$ 629,954	$ 641,706	$ 403,340
LIABILITIES				
Held for others	$ 415,092	$ 24,874	$ 36,626	$ 403,340
Total Liabilities	$ 415,092	$ 24,874	$ 36,626	$ 403,340
Army Corps of Engineers Escrow				
ASSETS				
Cash and cash equivalents	$ 1,540,775	$ 1,478,933	$ 1,851,682	$ 1,168,026
Total Assets	$ 1,540,775	$ 1,478,933	$ 1,851,682	$ 1,168,026
LIABILITIES				
Held for others	$ 1,540,775	$ 1,480,067	$ 1,852,816	$ 1,168,026
Total Liabilities	$ 1,540,775	$ 1,480,067	$ 1,852,816	$ 1,168,026
JJC Subcontractor Underpayment				
ASSETS				
Cash and cash equivalents	$ 6,706	$ 23,658	$ 19,704	$ 10,660
Investments	16,515	13,257	16,515	13,257
Accrued interest receivable	55	64	55	64
Total Assets	$ 23,276	$ 36,979	$ 36,274	$ 23,981
LIABILITIES				
Held for others	$ 23,276	$ 1,182	$ 477	$ 23,981
Total Liabilities	$ 23,276	$ 1,182	$ 477	$ 23,981

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2009

	Balance March 1, 2008	Additions	Deletions	Balance February 28, 2009
Retiree Healthcare				
ASSETS				
Accounts receivable	$ 356,757	$ 406,172	$ 356,757	$ 406,172
Other receivables	5,126,288	4,630,899	5,126,288	4,630,899
Total Assets	$ 5,483,045	$ 5,037,071	$ 5,483,045	$ 5,037,071
LIABILITIES				
Vouchers payable	1,265,735	$ 754,936	$ 1,265,735	754,936
Incurred but not reported claims	4,217,310	4,282,135	4,217,310	4,282,135
Total Liabilities	$ 5,483,045	$ 5,037,071	$ 5,483,045	$ 5,037,071
DA Seized Assets				
ASSETS				
Cash and cash equivalents	$ -	$ 54,570,530	$ 26,394,126	$ 28,176,404
Total Assets	$ -	$ 54,570,530	$ 26,394,126	$ 28,176,404
LIABILITIES				
Held for others	$ -	$ 54,880,847	$ 26,704,443	$ 28,176,404
Total Liabilities	$ -	$ 54,880,847	$ 26,704,443	$ 28,176,404
Custodial				
ASSETS				
Cash and cash equivalents	$ 1,792,585	$ 11,987,228	$ 11,503,428	$ 2,276,385
Total Assets	$ 1,792,585	$ 11,987,228	$ 11,503,428	$ 2,276,385
LIABILITIES				
Held for others	$ 1,792,585	$ 1,615,445	$ 1,131,645	$ 2,276,385
Total Liabilities	$ 1,792,585	$ 1,615,445	$ 1,131,645	$ 2,276,385
Total Agency Funds				
ASSETS				
Cash and cash equivalents	$ 269,528,979	$ 7,250,811,734	$ 7,241,619,550	$ 278,721,163
Investments	106,069,342	204,950,129	180,265,440	130,754,031
Accounts receivable	441,408	491,286	467,089	465,605
Other receivable	5,162,418	10,385,515	10,880,904	4,667,029
Accrued interest receivable	1,150,254	1,954,666	2,072,715	1,032,205
Total Assets	$ 382,352,401	$ 7,468,593,330	$ 7,435,305,698	$ 415,640,033
LIABILITIES				
Vouchers payable	$ 2,827,046	$ 50,903,572	$ 52,671,120	$ 1,059,498
Incurred but not reported claims	4,217,310	4,282,135	4,217,310	4,282,135
Held for others	375,308,045	6,936,316,839	6,901,326,484	410,298,400
Total Liabilities	$ 382,352,401	$ 6,991,502,546	$ 6,958,214,914	$ 415,640,033

COMPONENT UNITS

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 28, 2009

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Harris County Housing Authority	Total
ASSETS					
Cash and cash equivalents	$ 380,218	$ 221,304	$ 1,777,861	$ 22,393,757	$ 24,773,140
Investments, including accrued interest	7,173,468	199,566	-	14,752,196	22,125,230
Receivables:					
Accounts	-	-	448,487	8,990,584	9,439,071
Prepaids and other assets	775,825	2,925	132,972	2,592,024	3,503,746
Restricted cash and investments	-	-	7,286,284	3,957,474	11,243,758
Notes receivable	-	-	-	4,840,360	4,840,360
Capital assets:					
Land, improvements and construction in progress	-	-	656,723	68,400	725,123
Other capital assets, net of depreciation	-	-	12,423,234	82,786,148	95,209,382
Intangible assets net of accumulated amortization	-	-	-	2,424,622	2,424,622
Total assets	8,329,511	423,795	22,725,561	142,805,565	174,284,432
LIABILITIES					
Vouchers payable and accrued liabilities	127,837	19,879	184,426	12,620,996	12,953,138
Deferred revenue	-	-	88,250	23,857,375	23,945,625
Accrued interest payable	-	-	-	637,018	637,018
Noncurrent liabilities:					
Due within one year	-	-	2,158,651	119,290	2,277,941
Due in more than one year	-	-	-	54,897,214	54,897,214
Total liabilities	127,837	19,879	2,431,327	92,131,893	94,710,936
NET ASSETS					
Invested in capital assets, net of related debt	-	-	-	33,735,618	33,735,618
Restricted for:					
Donor restrictions	-	-	1,455,188	2,460,764	3,915,952
Unrestricted net assets	8,201,674	403,916	18,839,046	14,477,290	41,921,926
Total net assets	$ 8,201,674	$ 403,916	$ 20,294,234	$ 50,673,672	$ 79,573,496

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NONMAJOR COMPONENT UNITS

For The Year Ended February 28, 2009

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Harris County Housing Authority	Total
REVENUES					
Program Revenues:					
Charges for services	$ 786,884	$ -	$ 1,130,400	$ 19,874,574	$ 21,791,858
Operating grants and contributions	-	-	1,424,649	111,544,501	112,969,150
Capital grants and contributions	-	-	-	3,951,470	3,951,470
Total program revenues	786,884	-	2,555,049	135,370,545	138,712,478
EXPENSES	1,316,827	35,139	1,524,231	128,657,936	131,534,133
Net (expenses) program revenues	(529,943)	(35,139)	1,030,818	6,712,609	7,178,345
General Revenues (Expenses):					
Earnings on investments	293,236	8,904	174,203	781,683	1,258,026
Other	470,707	-	(390,807)	-	79,900
Net general revenues (expenses)	763,943	8,904	(216,604)	781,683	1,337,926
Change in net assets	234,000	(26,235)	814,214	7,494,292	8,516,271
Net assets, beginning	7,967,674	430,151	19,480,020	43,179,380	71,057,225
Net assets, ending	$ 8,201,674	$ 403,916	$ 20,294,234	$ 50,673,672	$ 79,573,496

CAPITAL ASSETS

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
February 28, 2009

		Total
Governmental funds capital assets:		
Land	$	3,849,050,763
Construction in progress		384,104,349
Land improvements		3,415,129
Infrastructure		9,958,809,600
Park facilities		132,766,553
Flood control projects		632,691,287
Buildings		1,587,583,676
Equipment		233,333,028
Total governmental funds capital assets	$	16,781,754,385

Investments in governmental funds capital assets by source:			
3002	General fund	$	546,359,728
3003	Special revenue fund		140,843,972
3001	Capital projects fund		14,370,372,805
3004	Gifts		1,724,177,880
		$	16,781,754,385

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $48,586,824 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 28, 2009

Function	Land	Construction in Progress	Land Improvements	Infrastructure	Park Facilities	Flood Control Projects	Buildings	Equipment	Total
Administration of justice	$ 16,664,986	$ 15,013,562	$ 359,250	$ -	$ -	$ -	$ 698,610,581	$ 47,926,113	$ 778,574,492
Parks	144,161,525	(5,104,123)	862,634	848,932	130,140,090	-	679,789,925	28,098,095	978,797,078
County administration	143,819,187	125,989,026	1,336,242	11,964,393	1,984,485	-	141,924,926	66,084,532	493,102,791
Health and human services	7,709,559	7,714,922	176,223	-	200,122	-	32,036,029	13,248,998	61,085,853
Flood control	1,457,122,610	125,809,415	641,531	-	-	632,691,287	11,869,695	9,317,828	2,237,452,366
Tax administration	-	1,972	-	-	-	-	7,011,581	1,017,023	8,030,576
Roads and bridges	2,079,572,896	114,679,575	39,249	9,945,996,275	441,856	-	16,340,939	67,640,439	12,224,711,229
Total governmental funds capital assets	$ 3,849,050,763	$ 384,104,349	$ 3,415,129	$ 9,958,809,600	$ 132,766,553	$ 632,691,287	$ 1,587,583,676	$ 233,333,028	$ 16,781,754,385

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $48,586,824 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 28, 2009

Function	Balance March 1, 2008	Additions	Deductions	Balance February 28, 2009
Administration of justice	$ 786,106,512	$ 4,487,782	$ (12,019,802)	$ 778,574,492
Parks	963,531,986	47,622,844	(32,357,752)	978,797,078
County administration	412,406,398	87,858,046	(7,161,653)	493,102,791
Health and human services	59,290,587	1,795,266	-	61,085,853
Flood control	2,152,910,213	174,218,330	(89,676,177)	2,237,452,366
Tax administration	7,962,746	67,830	-	8,030,576
Roads and bridges	12,061,204,007	179,073,275	(15,566,053)	12,224,711,229
Total governmental funds capital assets	$ 16,443,412,449	$ 495,123,373	$ (156,781,437)	$ 16,781,754,385

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $48,586,824 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.

STATISTICAL SECTION

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

Listed below are the areas covered in the statistical section:

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

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

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

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

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

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

Table 1

HARRIS COUNTY, TEXAS
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS (accrual basis of accounting)*
(amounts in thousands)

	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	$ 9,195,119	$ 8,882,630	$ 9,299,331	$ 9,679,340	$ 9,659,255	$ 9,700,793	$ 9,709,904
Restricted for:							
Debt service	139,699	152,193	153,846	142,250	151,067	154,297	150,777
Capital projects	270,658	228,351	36,162	48,564	24,659	22,129	33,791
Donor temporarily restricted	6,806	3,048	2,307	1,669	809	752	53
Legislative	-	-	1,462	1,577	1,637	1,687	4,657
Unrestricted	161,747	416,360	372,614	366,255	360,744	399,503	219,424
Total governmental activities net assets	$ 9,774,029	$ 9,682,582	$ 9,865,722	$ 10,239,655	$ 10,198,171	$ 10,279,161	$ 10,118,606
Business-type activities:							
Invested in capital assets, net of related debt	$ (246,050)	$ (349,339)	$ (357,245)	$ (401,045)	$ (491,756)	$ (314,975)	$ (255,104)
Restricted for:							
Debt service	82,178	68,071	122,387	128,540	144,027	164,840	187,086
Capital projects	21,310	27,436	41,866	42,038	36,337	48,600	44,748
Toll road	189,116	310,691	364,590	524,388	734,894	618,163	607,922
Unrestricted	9,185	11,661	10,021	11,260	12,652	12,759	12,683
Total business-type activities	$ 55,739	$ 68,520	$ 181,619	$ 305,181	$ 436,154	$ 529,387	$ 597,335
Primary government:							
Invested in capital assets, net of related debt	$ 8,949,069	$ 8,533,291	$ 8,942,086	$ 9,278,295	$ 9,167,499	$ 9,385,818	$ 9,454,800
Restricted	709,767	789,790	722,620	889,026	1,093,430	1,010,468	1,029,034
Unrestricted	170,932	428,021	382,635	377,515	373,396	412,262	232,107
Total primary government	$ 9,829,768	$ 9,751,102	$ 10,047,341	$ 10,544,836	$ 10,634,325	$ 10,808,548	$ 10,715,941

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

Table 2

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

	Fiscal Year						
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
EXPENSES							
Governmental activities:							
Administration of Justice	$ 549,453	$ 565,038	$ 613,153	$ 621,764	$ 704,472	$ 846,107	$ 944,400
Parks	37,509	50,446	51,333	60,417	72,865	82,222	78,911
County Administration	311,997	230,597	267,178	250,098	277,592	299,310	407,483
Health and Human Services	142,918	174,341	171,065	185,057	197,880	193,348	182,120
Flood Control	23,263	65,744	81,182	72,445	81,126	90,253	97,695
Tax Administration	29,286	34,308	30,040	30,709	31,300	35,191	37,949
Roads and Bridges	325,921	320,911	332,468	347,524	347,061	364,111	373,484
Interest and Fiscal Charges	96,328	72,691	81,899	108,636	116,178	136,944	125,018
Total governmental activities expenses	1,516,675	1,514,076	1,628,318	1,676,650	1,828,474	2,047,486	2,247,060
Business-type activities:							
Toll Road	180,727	213,526	213,358	230,254	276,671	272,972	305,754
Subscriber Access	619	328	368	267	239	161	132
Parking Facilities	359	421	491	786	867	952	895
Sheriff's Commissary	5,759	5,012	4,816	6,251	6,946	8,142	8,561
Total business-type activities	187,464	219,287	219,033	237,558	284,723	282,227	315,342
Total primary government expenses	$ 1,704,139	$ 1,733,363	$ 1,847,351	$ 1,914,208	$ 2,113,197	$ 2,329,713	$ 2,562,402
PROGRAM REVENUES							
Governmental activities:							
Charges for services:							
Administration of Justice	$ 101,587	$ 104,344	$ 96,367	$ 117,322	$ 116,644	$ 126,189	$ 128,469
Parks	956	1,079	1,151	2,579	3,288	3,560	1,237
County Administration	43,844	57,028	50,999	53,636	59,751	62,780	58,259
Health and Human Services	8,579	9,238	6,959	7,827	9,062	9,637	10,139
Flood Control	3,862	2,899	2,545	1,008	849	410	551
Tax Administration	64,151	50,872	65,195	66,392	46,448	28,749	26,920
Roads and Bridges	27,585	29,080	28,093	30,632	32,132	32,703	32,835
Interest and Fiscal Charges	1,302	2,288	-	-	-	-	-
Operating grants and contributions	157,977	140,624	168,325	170,733	144,548	148,358	213,880
Capital grants and contributions	23,231	28,418	161,929	659,448	227,271	312,732	206,561
Total governmental activities program revenues	433,074	425,870	581,563	1,109,577	639,993	725,118	678,851

Business-type activities:							
Charges for services:							
Toll Road	244,171	265,913	317,712	349,341	392,993	428,868	442,015
Subscriber Access	235	354	205	395	347	265	283
Parking Facilities	643	837	451	409	406	368	382
Sheriff's Commissary	5,023	5,517	5,954	6,961	7,552	8,267	8,620
Operating grants and contributions	-	-	11,764	-	1,612	1,286	994
Capital grants and contributions	5,048	15,189	12,522	3,130	3,113	3,059	9,198
Total business-type activities program revenues	255,120	287,810	348,608	360,236	406,023	442,113	461,492
Total primary government program revenues	$ 688,194	$ 713,680	$ 930,171	$ 1,469,813	$ 1,046,016	$ 1,167,231	$ 1,140,343
NET (EXPENSE)/REVENUE							
Governmental activities	$ (1,083,601)	$ (1,088,206)	$ (1,046,755)	$ (567,073)	$ (1,188,481)	$ (1,322,368)	$ (1,568,209)
Business-type activities	67,656	68,523	129,575	122,678	121,300	159,886	146,150
Total primary government net expense	$ (1,015,945)	$ (1,019,683)	$ (917,180)	$ (444,395)	$ (1,067,181)	$ (1,162,482)	$ (1,422,059)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS							
Governmental activities:							
Taxes:							
Property taxes	$ 754,304	$ 769,749	$ 854,735	$ 856,870	$ 988,162	$ 1,103,852	$ 1,161,088
Hotel occupancy taxes	-	15,535	16,830	19,271	20,727	26,371	26,610
Earnings on investments	20,543	14,644	12,555	30,748	47,500	58,751	32,717
Miscellaneous	228,245	126,717	25,181	32,029	59,380	59,378	66,157
Gain (Loss) on sale of capital assets	(2,154)	(492)	21	877	115	43	145
Transfers	20,058	67,500	23,401	20,284	31,112	121,236	120,937
Special item	-	-	-	(19,074)	-	33,727	-
Total governmental activities	1,020,996	993,653	932,723	941,005	1,146,996	1,403,358	1,407,654
Business-type activities:							
Earnings on investments	16,267	10,528	6,439	20,168	40,035	49,690	41,671
Miscellaneous	124	1,707	487	1,001	741	4,754	1,062
Gain (Loss) on sale of capital assets	(120)	(478)	-	-	11	140	-
Transfers	(20,058)	(67,500)	(23,401)	(20,284)	(31,112)	(121,236)	(120,937)
Total business-type activities	(3,787)	(55,743)	(16,475)	885	9,675	(66,652)	(78,204)
Total primary government	$ 1,017,209	$ 937,910	$ 916,248	$ 941,890	$ 1,156,671	$ 1,336,706	$ 1,329,450
CHANGE IN NET ASSETS							
Governmental actvities	$ (62,605)	$ (94,553)	$ (114,032)	$ 373,932	$ (41,485)	$ 80,990	$ (160,555)
Business-type activities	63,869	12,780	113,100	123,563	130,975	93,234	67,946
Total primary government	$ 1,264	$ (81,773)	$ (932)	$ 497,495	$ 89,490	$ 174,224	$ (92,609)

* 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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved	$ 76,937	$ 71,535	$ 69,003	$ 105,162	$ 100,143	$ 112,291	$ 146,215	$ 175,301	$ 175,956	$ 202,321
Unreserved	218,634	204,672	246,811	214,160	250,939	203,684	175,581	128,418	192,616	166,726
Total general fund	$ 295,571	$ 276,207	$ 315,814	$ 319,322	$ 351,082	$ 315,975	$ 321,796	$ 303,719	$ 368,572	$ 369,047
All Other Governmental Funds:										
Reserved	$ 315,583	$ 256,318	$ 197,453	$ 333,288	$ 331,606	$ 310,683	$ 313,717	$ 287,549	$ 293,213	$ 327,803
Unreserved, reported in:										
Special revenue funds	63,439	68,328	91,509	98,593	109,072	114,248	120,682	134,012	142,857	112,052
Debt service funds	-	-	-	-	(3)	-	-	-	-	-
Capital projects funds	14,594	66,469	68,987	58,012	(18,714)	155,377	118,213	308,020	240,871	201,246
Total all other governmental funds	$ 393,616	$ 391,115	$ 357,949	$ 489,893	$ 421,961	$ 580,308	$ 552,612	$ 729,581	$ 676,941	$ 641,101

Table 4

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Taxes	$ 677,110	$ 665,765	$ 714,646	$ 759,430	$ 797,098	$ 845,544	$ 902,656	$ 994,398	$1,110,571	$ 1,202,832
Charges for Services	152,309	157,800	180,390	168,333	183,959	188,018	218,835	225,159	222,568	206,075
User fees	-	-	-	-	-	-	1,942	2,833	2,693	2,904
Fines and Forfeitures	21,928	22,173	23,248	22,619	23,513	23,974	24,801	23,363	20,903	21,138
Lease revenue	-	-	-	-	-	-	2,270	2,104	2,179	2,485
Intergovernmental	146,961	166,866	195,622	193,959	182,276	201,293	239,072	205,469	209,889	305,421
Earnings on investments	42,258	43,077	31,111	18,048	12,570	10,766	28,131	48,237	58,042	31,385
Miscellaneous	37,439	47,131	58,669	54,847	53,045	53,182	64,966	51,143	56,058	71,684
Total revenues	1,078,005	1,102,812	1,203,686	1,217,236	1,252,461	1,322,777	1,482,673	1,552,706	1,682,903	1,843,924
EXPENDITURES										
Administration of Justice	449,994	450,196	475,695	520,771	547,406	595,623	608,878	681,412	783,755	896,488
Parks	32,144	30,128	34,633	32,803	39,832	40,509	49,518	52,031	57,524	66,130
County Administration	148,254	188,424	202,303	259,848	203,978	217,169	239,179	264,922	276,798	358,308
Health and Human Services	120,584	134,463	180,830	141,011	173,590	171,756	184,370	196,891	185,616	193,127
Flood Control	37,555	43,460	44,534	39,395	49,534	48,450	58,761	66,721	71,590	69,792
Tax Administration	29,849	27,920	29,055	28,706	29,985	29,740	30,169	31,263	33,358	36,269
Roads and Bridges	63,697	48,558	41,881	56,212	62,609	68,437	84,341	84,338	87,946	91,351
Capital Outlay	221,641	290,993	326,026	235,333	329,324	326,820	283,937	263,492	241,272	214,553
Debt Service:										
Interest and fiscal charges	76,410	79,469	75,770	89,135	64,590	60,260	102,896	119,447	140,698	122,993
Principal	55,478	48,905	49,715	46,020	97,000	65,180	76,600	70,191	64,868	75,396
	1,235,606	1,342,516	1,460,442	1,449,234	1,597,848	1,623,944	1,718,649	1,830,708	1,943,425	2,124,407
Excess of reveneus over (under) expenditures	(157,601)	(239,704)	(256,756)	(231,998)	(345,387)	(301,167)	(235,976)	(278,002)	(260,522)	(280,483)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowings	101,138	194,369	232,818	684,835	716,518	447,081	195,582	195,640	146,355	122,961
Proceeds from refundings	19,414	23,062	205,127	-	-	502,743	113,224	578,613	-	851,958
Payments to escrow agent	(19,885)	(22,796)	(78,964)	(157,712)	(117,095)	(316,461)	(112,236)	(66,181)	-	(563,174)
Payments to defease commercial paper	-	-	(125,000)	(209,000)	(367,330)	(226,000)	(335)	(298,936)	-	(282,763)
Capital leases	-	23,505	-	-	839	1,279	311	833	168	-
Proceeds from insurance recovery	-	-	-	-	-	-	-	-	-	438
Sale of capital assets	-	-	-	4,898	3,306	2,062	1,966	1,267	8,253	424
Capital contributions	-	-	-	4,556	9,657	-	2,500	2,500	-	-
Transfers in	79,967	54,661	49,557	203,730	568,209	543,651	114,442	481,768	211,513	185,813
Transfers out	(80,640)	(54,961)	(30,833)	(185,773)	(504,887)	(528,780)	(101,351)	(458,611)	(93,555)	(70,538)
Total other financing sources (uses)	99,994	217,840	252,705	345,534	309,217	425,575	214,103	436,893	272,734	245,119
Net change in fund balances	$ (57,607)	$ (21,864)	$ (4,051)	$ 113,536	$ (36,170)	$ 124,408	$ (21,873)	$ 158,891	$ 12,212	$ (35,364)
Debt service as a percentage of noncapital expenditures	13.0%	12.2%	11.1%	11.1%	12.7%	9.7%	12.5%	12.1%	12.1%	10.4%

Table 5

HARRIS COUNTY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(EXCEPT FLOOD CONTROL DISTRICT)

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

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value		Total Direct Tax Rate
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
2009	313,740,198	50,453,455	82,016,388	282,177,265		0.38923

(a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of $160,000 ($156,240 prior to 2008).
(b) HCAD tax supplement as of 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)

Fiscal Year	Real Property	Personal Property	Less Exemptions (a)	Total Taxable Assessed Value		Total Direct Tax Rate
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
2009	321,147,405	43,010,048	89,424,111	274,733,342		0.03086

(a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of $160,000 ($156,240 prior to 2008). The Flood Control District has an exemption for goods exported from Texas ("Freeport Exemption").

(b) HCAD tax supplement as of 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)

Purpose	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Harris County -										
General Fund	$0.35780	$0.32599	$0.33606	$0.33538	$0.34490	$0.33117	$0.34728	$0.34221	$0.33918	$0.33815
General Bonds Debt Service	0.0193	0.01772	0.02368	0.03056	0.01889	0.04303	0.03047	0.03885	0.03200	0.03192
Total - Constitutional Funds	0.37710	0.34371	0.35974	0.36594	0.36379	0.37420	0.37775	0.38106	0.37118	0.37007
County-Wide Road Debt Service	0.01773	0.01531	0.02419	0.02220	0.02424	0.02566	0.02211	0.02133	0.02121	0.01916
Total - Harris County	0.39483	0.35902	0.38393	0.38814	0.38803	0.39986	0.39986	0.40239	0.39239	0.38923
Flood Control District -										
Maintenance	0.04920	0.04001	0.02853	0.02853	0.02981	0.02553	0.02733	0.02733	0.02754	0.02754
Debt Service	0.03080	0.02172	0.01905	0.01321	0.01193	0.00765	0.00589	0.00508	0.00352	0.00332
Total - Flood Control	0.08000	0.06173	0.04758	0.04174	0.04174	0.03318	0.03322	0.03241	0.03106	0.03086
Port of Houston Authority -										
Debt Service	0.02040	0.01830	0.01826	0.01989	0.02000	0.01673	0.01474	0.01302	0.01437	0.01773
Hospital District - General	0.14650	0.20268	0.19021	0.19021	0.19021	0.19021	0.19216	0.19216	0.19216	0.19216
Total	$0.64173	$0.64173	$0.63998	$0.63998	$0.63998	$0.63998	$0.63998	$0.63998	$0.62998	$0.62998

Source: Harris County Auditor.

Table 8

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

Purpose	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
County-Wide Taxing Jurisdiction:										
Harris County	$ 0.3948	$ 0.3590	$ 0.3839	$ 0.3881	$ 0.3880	$ 0.3999	$ 0.3999	$ 0.4024	$ 0.3924	$ 0.3892
Harris County Flood Control District	0.0800	0.0617	0.0475	0.0417	0.0417	0.0332	0.0332	0.0324	0.0311	0.0309
Port of Houston Authority	0.0204	0.0183	0.0183	0.0199	0.0200	0.0167	0.0147	0.0130	0.0144	0.0177
Harris County Hospital District	0.1465	0.2027	0.1902	0.1902	0.1902	0.1902	0.1922	0.1922	0.1922	0.1922
Total	$ 0.6417	$ 0.6417	$ 0.6399	$ 0.6399	$ 0.6399	$ 0.6400	$ 0.6400	$ 0.6400	$ 0.6301	$ 0.6300
Cities:										
Baytown	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7870
Bellaire	0.4900	0.4900	0.4900	0.4900	0.4800	0.4800	0.4700	0.4400	0.4400	0.3775
Deer Park	0.7000	0.7000	0.7000	0.6990	0.7000	0.7200	0.7200	0.7200	0.7200	0.7050
Houston	0.6650	0.6650	0.6650	0.6550	0.6550	0.6550	0.6500	0.6475	0.6450	0.6438
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.7250	0.6700	0.6700	0.6625	0.6400	0.6400	0.6275	0.6088	0.6088	0.6300
Missouri City	0.5679	0.5503	0.5200	0.5033	0.5100	0.5017	0.4980	0.4945	0.4993	0.5172
Pasadena	0.5790	0.5790	0.5790	0.5670	0.5670	0.5670	0.5670	0.5670	0.5670	0.5620
Pearland	0.6950	0.6950	0.6860	0.6860	0.6960	0.6950	0.6744	0.6527	0.6526	0.6526
Seabrook	0.5530	0.5840	0.6010	0.6006	0.6082	0.6196	0.6307	0.6210	0.6203	0.5884
South Houston	0.6951	0.6910	0.6950	0.0000	0.7000	0.7000	0.6863	0.6588	0.6770	0.6784
Webster	0.2900	0.2600	0.2600	0.2400	0.2510	0.2680	0.2575	0.2575	0.2489	0.2060
West University Place	0.4000	0.4000	0.4200	0.4300	0.4467	0.4467	0.4300	0.4020	0.3660	0.3590
School Districts and Junior Colleges:										
Aldine	1.4750	1.5190	1.5880	1.6180	1.6680	1.6890	1.7090	1.6040	1.2770	1.2920
Alief	1.6400	1.6400	1.6400	1.6750	1.6750	1.6750	1.7200	1.5900	1.5900	1.3400
Clear Creek	1.6415	1.6415	1.7250	1.7400	1.7300	1.7450	1.7750	1.6300	1.3200	1.3600
Cypress-Fairbanks	1.7090	1.7010	1.7450	1.7900	1.7900	1.7900	1.8000	1.8000	1.6450	1.3240
Deer Park	1.6700	1.6900	1.6900	1.8035	1.8071	1.8055	1.8055	1.6623	1.3177	1.3367
Galena Park	1.6140	1.6135	1.6830	1.7135	1.7650	1.7950	1.8150	1.7100	1.4309	1.4550
Goose Creek	1.6600	1.6610	1.7110	1.6942	1.6837	1.6837	1.7275	1.5956	1.3020	1.2821
Houston	1.4590	1.5190	1.5800	1.5800	1.5800	1.5800	1.7275	1.6200	1.1570	1.1567
Humble	1.8100	1.7110	1.6800	1.7400	1.7400	1.7400	1.7700	1.7700	1.3100	1.5200
Katy	1.6950	1.8680	1.9200	1.9400	1.9700	2.0000	2.0000	1.8150	1.5266	1.5266
Klein	1.6700	1.6700	1.7200	1.7200	1.7200	1.7000	1.7000	1.5800	1.2600	1.3100
LaPorte	1.6500	1.6300	1.6300	1.6800	1.6800	1.7335	1.7335	1.6350	1.3200	1.3250
North Forest	1.6420	1.7440	1.7440	1.7444	1.7444	1.7444	1.7125	1.7125	1.2367	1.3143
Lone Star College System*	0.1170	0.1100	0.1100	0.1055	0.1145	0.1145	0.1207	0.1167	0.1144	0.1101
Pasadena	1.5200	1.5200	1.6600	1.6875	1.7750	1.7750	1.8050	1.6900	1.3500	1.3500
Pearland	1.8620	1.6500	1.8200	1.8370	1.8092	1.7922	1.7922	1.6622	1.4272	1.4194
San Jacinto Junior College	0.1100	0.1100	0.1260	0.1307	0.1307	0.1391	0.1391	0.1454	0.1454	0.1634
Sheldon	1.5380	1.5630	1.6330	1.6330	1.7030	1.7460	1.7500	1.6340	1.4300	1.4300
Spring	1.7400	1.6900	1.6900	1.7000	1.7600	1.8700	1.9500	1.7100	1.4400	1.4400
Spring Branch	1.7900	1.7900	1.8100	1.7900	1.8100	1.8100	1.8100	1.8100	1.2850	1.3825
Tomball	1.5900	1.5900	1.6500	1.6800	1.7300	1.7300	1.7100	1.5800	1.2750	1.3600

* Name changes in FY2009 from North Harris Montgomery Community College

Table 9

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

	2009			2000		
Taxpayers	2008 Taxable Valuations (a)	Rank	Percentage of Total 2008 Taxable Valuation (b)	1999 Taxable Valuations (a)	Rank	Percentage of Total 1999 Taxable Valuation (c)
Exxon Mobil Corporation	$ 4,037,542	1	1.43	$ 3,030,376	1	2.15
Shell Oil Company	2,638,781	2	0.94	1,160,775	5	0.82
Centerpoint Energy, Inc.	2,500,761	3	0.89	-		0.00
Houston Refining (d)	1,555,086	4	0.55	-		0.00
Chevron Chemical Company	1,493,069	5	0.53	477,197	9	0.34
Equistar Chemicals LP (d)	1,465,828	6	0.52	1,290,425	4	0.92
Crescent Real Estate	1,378,917	7	0.49	754,892	6	0.54
Hines Interests Ltd Partnership	1,248,647	8	0.44	-		0.00
AT&T Mobility LLC	999,524	9	0.35	-		0.00
Lyondell Chemical (d)	993,951	10	0.35	753,476	7	0.53
Hewlett Packard Company	805,651	11	0.29	-		0.00
Cullen Allen Holdings LP	740,183	12	0.26	-		0.00
Walmart	721,534	13	0.26	-		0.00
BP Amoco	666,938	14	0.24	-		0.00
Teachers Insurance	659,700	15	0.23	-		0.00
Houston Lighting and Power Company	-		0.00	2,028,171	2	1.44
Southwestern Bell Telephone	-		0.00	1,449,120	3	1.03
Compaq Computer Corporation	-		0.00	739,107	8	0.52
Occidental Chemical Corporation	-		0.00	464,241	10	0.33
Celanese Ltd	-		0.00	425,815	11	0.30
Conoco, Inc.	-		0.00	386,412	12	0.27
Phillips 66 Company	-		0.00	383,520	13	0.27
Fina Oil & Chemical Company	-		0.00	353,241	14	0.25
Weingarten Realty	-		0.00	346,030	15	0.25
Total	$ 21,906,112		7.77%	$ 14,042,798		9.96%

Source: Harris County Appraisal District.

(a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

(b) Based on the County's total taxable value as of February 28, 2009.

(c) Based on the County's total taxable value as of February 20, 2000.

(d) Lyondell Chemical filed for Chapter 11 bankruptcy on January 6, 2009. The County is not certain that it will be able to collect all taxes owed by Lyondell Chemical and its related entities Houston Refining and Equistar Chemical LP to the County.

Table 10

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 557,352	$ 557,093	$ 538,011	96.5	$ 16,537	$ 554,548	99.5
2001	553,216	553,173	547,846	99.0	2,487	550,333	99.5
2002	643,711	643,709	617,800	96.0	22,230	640,030	99.4
2003	682,975	682,948	657,498	96.3	21,132	678,630	99.4
2004	704,093	705,269	693,384	98.5	7,287	700,671	99.3
2005	793,759	762,499	740,302	93.3	16,420	756,722	99.2
2006	796,885	820,425	719,922	90.3	94,166	814,088	99.2
2007	887,598	904,512	793,835	89.4	101,885	895,720	99.0
2008	929,929	994,110	910,828	97.9	67,658	978,486	98.4
2009	1,089,141	1,089,141	981,807	90.1	-	981,807	90.1

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

Table 11

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 112,895	$ 112,843	$ 108,618	96.2	$ 3,709	$ 112,327	99.5
2001	95,094	95,087	91,358	96.1	3,240	94,598	99.5
2002	79,755	79,762	77,629	97.3	1,677	79,306	99.4
2003	73,429	73,426	71,492	97.4	1,470	72,962	99.4
2004	75,721	75,848	74,979	99.0	375	75,354	99.3
2005	64,263	64,173	61,911	96.3	1,783	63,694	99.3
2006	64,981	67,117	60,008	92.3	6,583	66,591	99.2
2007	70,782	71,532	62,680	88.6	8,146	70,826	99.0
2008	72,083	77,046	69,058	95.8	6,752	75,810	98.4
2009	84,057	84,057	74,344	88.4	-	74,344	88.4

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

Table 12

HARRIS COUNTY, TEXAS

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

	Governmental Activities				Business-Type Activities						
Fiscal Year	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases	Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
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	2.60%	1,282
2009	2,559,589	229,138	23,266	78	1,736,115	737,884	-	-	5,286,070	n/a	1,327

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)

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Revenue Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)
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%	1.21%	596
2009	2,304,952	-	197,534	57,103	2,559,589	0.91%	n/a	642

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

(a) See Table 5 for property value data.

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

Table 14

HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 28, 2009
(Unaudited)

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/28/09) (a)	100.00%	$ 2,363,229
Harris County Flood Control District (2/28/09)	100.00	486,794
Port of Houston Authority (12/31/08)	100.00	563,015
Total County-Wide Direct Debt		3,413,038
Cities:		
Baytown (9/30/08)	80.75	$ 57,898
Bellaire (2/28/09)	100.00	54,885
Bunker Hill Village (2/3/09)	100.00	11,741
Deer Park (9/30/08)	100.00	33,343
Friendswood (9/30/08)	100.00	17,745
Galena Park (9/30/08)	100.00	7,847
Houston (6/30/08)	99.36	2,794,967
Jacinto City (09/30/08)	100.00	6,053
Jersey Village (9/30/08)	100.00	22,529
Katy (9/30/08)	69.19	14,471
La Porte (9/30/08)	100.00	14,065
League City (9/30/08)	5.52	69,074
Missouri City (06/30/09)	8.33	54,023
Pasadena (9/30/08)	100.00	102,373
Pearland (12/31/08)	6.16	255,861
Seabrook (09/30/08)	100.00	16,780
South Houston (9/30/08)	100.00	6,033
Southside Place (7/17/09)	100.00	11,866
Tomball (9/30/08)	100.00	14,877
Webster (9/30/08)	100.00	18,789
West University Place (12/31/08)	100.00	60,436
Other Cities (b)	100.00	13,153
Sub-Total Cities		3,658,809
School Districts and Junior Colleges:		
Aldine (2/28/09)	100.00	538,295
Alief (8/31/08)	100.00	246,620
Channelview (8/31/08)	100.00	83,662
Clear Creek (8/31/08)	80.62	1,039,454
Crosby (2/28/09)	100.00	97,851
Cypress-Fairbanks (6/30/08)	100.00	1,292,560
Deer Park (8/31/08)	100.00	177,166
Galena Park (8/31/08)	100.00	355,363
Goose Creek (2/28/09)	80.04	336,087
Houston (2/28/09)	100.00	2,184,061
Huffman (8/31/08)	100.00	79,540
Humble (6/30/08)	100.00	561,361
Katy (8/31/08)	88.64	922,087
Klein (8/31/08)	100.00	508,549
LaPorte (6/30/08)	100.00	179,162
North Forest (8/31/08)	100.00	64,718
Lone Star College System* (8/31/08)	78.67	179,288
Pasadena (8/31/08)	100.00	762,386
Pearland (8/31/08)	2.25	344,654
San Jacinto Junior College (2/28/09)	100.00	121,499
Sheldon (8/31/08)	100.00	153,918
Spring (6/30/09)	100.00	1,006,493
Spring Branch (6/30/09)	100.00	540,963
Tomball (8/31/08)	88.02	217,374
Waller (8/31/08)	31.68	165,324
Other Schools (c)	100.00	16,633
Sub-Total School Districts and Junior Colleges		12,175,068
Utility Districts (d)	100.00	4,316,677
Total Overlapping Debt		20,150,554
Total Direct and Overlapping Debt (Estimated $5,914 Per Capita) (e)		$ 23,563,592

(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 2 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 3,984,349. Source: Bureau of the Census.

Table 15

HARRIS COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION

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

Legal Debt Margin Calculation for Fiscal Year 2009		
Assessed Value of All Taxable Property		$ 364,193,653
Assessed Value of Real Property		$ 313,740,198
Debt Limit (25% of real property assessed value) (a)		78,435,050
Amount of Debt Applicable to Constitutional Debt Limit:		
Total Bonded Applicable Debt	1,412,545	
Less: Debt Service Funds Cash	(134,444)	
Total Net Debt Applicable to Limit		1,278,101
Legal Debt Margin, Bonds Issued Uner Article III, Section 52 of the Texas Constitution		$ 77,156,949

	Fiscal Year									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Debt Limit	$ 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	$ 78,435,050
Total Net Debt Applicable to Limit	1,022,909	1,004,249	1,065,806	1,026,324	1,074,243	1,178,759	1,152,955	1,390,672	1,313,108	1,278,101
Legal Debt Margin	$ 33,076,143	$ 36,707,061	$ 40,385,360	$ 43,425,955	$ 46,259,321	$ 48,665,817	$ 56,359,695	$ 61,358,800	$ 68,999,700	$ 77,156,949
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	3.00%	2.66%	2.57%	2.31%	2.27%	2.36%	2.00%	2.22%	1.87%	1.63%

(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 $18,209,683 compared to applicable bonds outstanding at February 28, 2009 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 $0.03086 per $100 of taxable value, which includes $0.00332 per $100 of taxable value for debt service, was levied by the Flood Control District in tax year 2008.

Table 16

HARRIS COUNTY, TEXAS
REVENUE BOND COVERAGES

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

Fiscal Year	Gross Revenues	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
TOLL ROAD REVENUE BONDS						
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
2009	443,010	443,010	28,120	66,129	94,249	4.70

Table 17

HARRIS COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS
(Unaudited)

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
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%	194,177,877	49,336
2008	3,984,349	5.5%	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)

	2008			1999		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Administaff Inc.	22,475	1	0.84%			
Wal-Mart Stores, Inc.	17,260	2	0.65%			
Continental Airlines	15,522	3	0.58%	16,000	2	0.72%
Exxon Mobil	15,340	4	0.58%			
CenterPoint Energy (former Houston Industries)	8,568	5	0.32%			
Baker Hughes Inc.	8,500	6	0.32%			
National Oilwell Varco	7,400	7	0.28%			
AT&T Inc. (former SBC/Southwestern Bell)	7,018	8	0.26%			
Chevron/Texaco	7,011	9	0.26%			
JP Morgan Chase (former Texas Commerce Bank)	5,900	10	0.22%			
Halliburton Companies				16,622	1	0.74%
Shell Oil Company				14,000	3	0.63%
Compaq Computer				13,778	4	0.62%
Houston Industries (HL&P & Entex)				13,412	5	0.60%
Columbia/HCA				12,900	6	0.58%
Kroger Food Stores				9,600	7	0.43%
Randalls Food Markets, Inc.				8,900	8	0.40%
Pappas Restaurants, Inc.				8,500	9	0.38%
SBC				7,600	10	0.34%
	114,994			121,312		

* Based on calendar year.

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

Note: Total County Employment for 2008 was approximately 2,664,000 and for 1999 was 2,237,663

Table 19

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration of Justice	7,820	8,054	8,177	8,115	8,450	8,554	8,380 [a]	8,168	8,740	9,425
Parks	*	*	*	*	*	*	715	706	732	787
County Administration	2,612	2,758	2,817	2,627	2,720	2,787	2,726	2,871	3,024	3,339
Health and Human Services	*	*	*	*	*	*	1,613	1,604	1,706	1,796
Flood Control	276	270	277	289	331	342	312	333	325	354
Tax Administration	458	460	468	450	465	442	428	426	435	428
Roads and Bridges	677	716	736	752	817	837	782	779	807	856
Other *	1,489	1,613	1,742	2,050	2,287	2,441	*	*	*	*

* Prior to 2006, the Parks and Health and Human Services functions were grouped as other on this schedule.

(a) Beginning in FY 2006, the Administration of Justice function no longer included Community Supervision employees, who are currently considered employees of the State of Texas.

Note: As of February 28, 2009, it is estimated that approximately 2,728 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 SIX FISCAL YEARS
(Unaudited)

	Fiscal Years					
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Administration of Justice						
Law Enforcement Vehicles	1,733	2,013	1,988	1,739	1,753	2,117
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities	5	5	5	5	5	5
Forensic Center	1	1	1	1	1	1
Parks						
Number of Active Parks	118	119	118	129	129	145
County Administration						
Stadiums	2	2	2	2	2	2
Exhibition Center	1	1	1	1	1	1
Arena	1	1	1	1	1	1
Ferries	2	2	2	2	2	2
Health and Human Services						
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	19	19	18*
Veterinary Public Health Shelter	1	1	1	1	1	1
Flood Control						
Sites by Acreage (Incl. Easements and Fee Simple Ownership)						
Basins	8,827	11,403	12,309	13,192	14,866	15,361
Buyouts	414	640	763	776	825	845
Channels	20,562	20,661	20,704	20,753	20,799	20,832
Roads and Bridges						
Road Miles	5,433	5,784	6,073	6,307	6,194	6,564
Bridge Miles	22	24	24	24	22	24
Toll Road						
Road Miles	85	85	96	103	103	107
Lane Miles	471	479	491	491	550	556

Source: The Budget Office and Various County Departments.

* Evelyn Meador Library excluded from total due to damage from Hurricane Ike. The library has closed and not re-opened. Plans call for a new library to be built on the same property.

Table 21

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

	Fiscal Years					
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Administration of Justice						
District Courts *						
Criminal Courts- Cases Filed with District Clerk	36,900	38,173	39,501	45,814	48,203	48,501
Civil Courts- Cases Filed with District Clerk	30,615	33,467	40,479	39,724	39,201	35,703
Family and Juv. Courts- Cases Filed with District Clerk	53,558	55,626	56,743	58,314	57,654	59,092
County Courts						
Criminal Courts- New Cases Filed	61,537	68,048	72,967	80,144	79,638	76,108
Civil Courts- New Cases Filed	21,215	22,488	21,148	20,730	28,038	27,768
Civil Courts- New Instruments Filed	400,991	412,077	430,693	517,076	539,356	573,032
Justices of the Peace Courts						
Criminal Filings	556,366	571,917	526,593	529,839	489,483	455,400
Civil Filings	68,226	74,080	73,872	78,893	82,047	100,452
Fire Marshal						
Fire Safety Inspections	1,307	1,197	1,250	1,450	4,475	7,298
Constables***						
Traffic Tickets Issued	130,454	186,282	114,479	116,449	131,041	131,921
Civil Papers Executed	439,659	455,788	449,431	533,013	519,572	509,788
Criminal Warrants Executed	220,914	188,698	187,578	176,849	215,635	146,918
Juvenile Probation						
Juvenile Probation Referrals	20,069	23,600	25,459	23,939	24,918	22,872
Average Daily Population at Facilities	776	707	685	691	691	732
Sheriff						
Jail Prisoners, Average/Day	6,958	7,337	8,397	8,882	8,929	9,723
District Attorney						
Cases Filed DA Intake	91,329	97,478	102,775	114,879	114,588	113,353
Medical Examiner						
Harris County Autopsies	3,140	2,828	2,862	3,073	4,198	4,199
Cases Investigated	11,375	12,586	12,291	13,911	15,304	16,357
Parks						
Precincts						
Number of Park Concessionaire Agreements	68	68	68	68	72	74
Number of Bus Trips **	5,021	5,200	7,790	8,077	7,582	8,454
County Administration						
County Auditor						
Accounts Payable Checks and EFTs Issued	105,208	147,002	131,727	133,058	132,026	129,257
Payroll Checks/Direct Deposit/Pay Cards Processed	367,120	371,318	386,570	393,550	397,124	425,197
Audit Chargeable Service Hours	25,221	23,763	24,629	25,901	23,811	26,375
Purchasing						
Number of Purchase Orders Issued (for Harris County	13,900	16,250	16,319	16,725	19,526	21,904
Management Services						
Tort Claims Incidents	1,563	2,492	2,286	2,235	2,067	2,231
Information Technology Center						
Traffic on Harris County Web Sites	32,897,022	36,087,044	65,000,000	130,082,793	225,005,194	223,675,416
County Clerk						
Marriage and Informal Marriage Licenses	34,793	32,660	33,178	32,714	32,859	33,027
Real Property Filings	835,230	957,740	858,236	832,821	860,798	736,403
Assumed Name Certificates (DBAs)	72,773	76,916	75,717	68,135	66,630	66,909

Table 21

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

	Fiscal Years					
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Health and Human Services						
Public Health and Environmental Services						
Food Inspections	14,259	15,652	15,000	16,213	15,788	15,948
Animals Adopted	1,614	1,900	1,855	2,685	2,334	1,979
Protective Services for Children & Adults						
Children in Conservatorship at Year End (August)	3,989	3,674	4,393	4,953	5,180	5,108
Adults Served by the Guardianship Program	1,298	1,314	1,365	1,398	1,406	1,431
County Library						
Library Program Attendance	203,686	228,005	262,211	284,973	351,869	417,712
Library Books/Materials Circulated	6,718,923	8,775,334	10,000,000	10,724,945	10,958,109	11,096,150
Flood Control						
Developer Plans Approved- Watershed Mgt.	1,095	976	1,114	1,221	1,467	1,500
Citizen Services Requests	2,462	1,980	2,393	2,681	2,948	2,573
Tax Administration						
Tax Assessor-Collector						
Tax Account/Statements	1,290,045	1,316,006	1,417,878	1,431,975	1,452,912	1,505,318
Auto Licenses/Registrations	2,817,697	2,837,285	2,866,994	2,959,176	3,107,456	3,219,906
Beer and Wine Licenses Issued	7,377	7,566	7,915	7,526	7,106	6,775
Liquor Licenses Issued	3,191	3,176	3,167	3,062	4,901	6,973
Voter Registration	1,773,121	1,807,933	1,842,625	1,880,749	1,780,271	1,835,385
Roads and Bridges						
Engineering Department						
Traffic Studies/Counts	412	375	583	848	827	618
Road Crossing Inspections	1,408	1,660	1,676	2,026	2,156	1,738
Road Crossing Permits	704	820	838	1,013	1,078	869
Toll Road						
Traffic Transactions	289,229,167	289,080,403	284,865,914	297,237,479	359,952,935	375,731,726

Source: The Budget Office and Various County Departments

* Criminal Courts - Incoming Cases Include: Appeals, Misdemeanor Indictments, Felony Indictments, Complaints, Writs, 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 2007 information was corrected by the Department.

Table 22

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

	County's Total Outstanding Tax Debt (a)
Limited Tax Debt	$ 1,148,276,629
Unlimited Tax Debt	746,974,593
Flood Control	421,175,000
Toll Road Tax Bonds	665,570,000
Total	$ 2,981,996,222
Less: Toll Road Tax Bonds	(665,570,000)
Total (Approximately 0.64% of 2008 Assessed Value)	$ 2,316,426,222

(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.

Table 23

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 1999-2000 through 2008-09.

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
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
2009	2,981,996	282,177,265	1.06	3,984,349	748	581

(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.

Table 24

HARRIS COUNTY, TEXAS
TABLE OF COUNTY-WIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS
(Unaudited)
(amounts in thousands)

Fiscal	Limited Tax Debt			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total County-Wide Tax Debt		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	$ 45,940	$ 51,449	$ 97,389	$ 26,245	$ 38,049	$ 64,294	$ 41,540	$ 45,591	$ 87,131	$ 11,573	$ 29,795	$ 41,368	$ 125,298	$ 164,884	$ 290,182
2011	46,940	51,507	98,447	34,630	34,229	68,859	43,285	43,122	86,407	10,269	28,692	38,961	135,124	157,550	292,674
2012	54,760	49,368	104,128	30,690	32,560	63,250	44,740	40,509	85,249	10,109	26,518	36,627	140,299	148,955	289,254
2013	61,675	45,332	107,007	28,005	31,026	59,031	47,000	37,983	84,983	11,455	24,936	36,391	148,135	139,277	287,412
2014	50,730	41,152	91,882	18,503	31,677	50,180	57,050	27,731	84,781	11,805	24,399	36,204	138,088	124,959	263,047
2015	52,657	39,147	91,804	19,933	28,861	48,794	62,295	20,637	82,932	10,760	23,838	34,598	145,645	112,483	258,128
2016	54,412	36,981	91,393	19,648	28,167	47,815	40,575	18,016	58,591	9,785	23,326	33,111	124,420	106,490	230,910
2017	57,227	34,828	92,055	18,989	27,466	46,455	26,380	16,419	42,799	9,045	22,866	31,911	111,641	101,579	213,220
2018	59,151	32,386	91,537	19,357	26,779	46,136	26,610	15,128	41,738	9,450	22,436	31,886	114,568	96,729	211,297
2019	52,996	29,826	82,822	32,040	26,057	58,097	27,445	13,742	41,187	24,245	21,964	46,209	136,726	91,589	228,315
2020	40,146	27,479	67,625	33,685	24,409	58,094	28,345	12,277	40,622	40,100	20,697	60,797	142,276	84,862	227,138
2021	50,520	25,533	76,053	35,410	22,686	58,096	29,285	10,765	40,050	40,655	18,610	59,265	155,870	77,594	233,464
2022	51,255	23,211	74,466	37,785	20,874	58,659	19,445	9,486	28,931	45,170	16,570	61,740	153,655	70,141	223,796
2023	53,605	20,858	74,463	39,670	18,981	58,651	20,240	8,449	28,689	45,290	14,203	59,493	158,805	62,491	221,296
2024	44,531	16,689	61,220	41,670	16,994	58,664	20,700	7,385	28,085	46,605	11,939	58,544	153,506	53,007	206,513
2025	87,822	16,651	104,473	43,755	14,911	58,666	21,165	6,297	27,462	10,055	9,609	19,664	162,797	47,468	210,265
2026	38,914	12,248	51,162	38,140	12,723	50,863	12,070	5,430	17,500	26,255	9,093	35,348	115,379	39,494	154,873
2027	52,700	10,134	62,834	38,140	10,816	48,956	12,090	4,796	16,886	26,255	7,780	34,035	129,185	33,526	162,711
2028	54,965	7,649	62,614	38,140	8,909	47,049	12,115	4,161	16,276	26,255	6,468	32,723	131,475	27,187	158,662
2029	39,140	5,377	44,517	38,135	7,127	45,262	12,135	3,524	15,659	26,255	5,187	31,442	115,665	21,215	136,880
2030	24,830	3,190	28,020	38,135	5,345	43,480	12,160	2,886	15,046	26,255	3,906	30,161	101,380	15,327	116,707
2031	25,530	2,271	27,801	38,135	3,564	41,699	12,185	2,247	14,432	26,255	2,625	28,880	102,105	10,707	112,812
2032	26,280	1,328	27,608	38,135	1,782	39,917	12,210	1,607	13,817	26,255	1,313	27,568	102,880	6,030	108,910
2033	21,550	360	21,910	-	-	-	12,240	965	13,205	-	-	-	33,790	1,325	35,115
2034	-	-	-	-	-	-	12,265	322	12,587	-	-	-	12,265	322	12,587
Total	$ 1,148,276	$ 584,954	$ 1,733,230	$ 746,975	$ 473,992	$ 1,220,967	$ 665,570	$ 359,475	$ 1,025,045	$ 530,156	$ 376,770	$ 906,926	$ 3,090,977	$ 1,795,191	$ 4,886,168

(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)
(amounts in thousands)

Fiscal	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	125,298	164,884	290,182	28,120	82,637	110,757	153,418	247,521	400,939
2011	135,124	157,550	292,674	34,460	80,784	115,244	169,584	238,334	407,918
2012	140,299	148,955	289,254	37,140	78,937	116,077	177,439	227,892	405,331
2013	148,135	139,277	287,412	43,890	76,847	120,737	192,025	216,124	408,149
2014	138,088	124,959	263,047	47,085	74,509	121,594	185,173	199,468	384,641
2015	145,645	112,483	258,128	50,835	72,010	122,845	196,480	184,493	380,973
2016	124,420	106,490	230,910	54,605	69,348	123,953	179,025	175,838	354,863
2017	111,641	101,579	213,220	58,590	66,511	125,101	170,231	168,090	338,321
2018	114,568	96,729	211,297	62,875	63,495	126,370	177,443	160,224	337,667
2019	136,726	91,589	228,315	62,120	60,420	122,540	198,846	152,009	350,855
2020	142,276	84,862	227,138	65,275	57,316	122,591	207,551	142,178	349,729
2021	155,870	77,594	233,464	68,190	54,145	122,335	224,060	131,739	355,799
2022	153,655	70,141	223,796	71,095	50,886	121,981	224,750	121,027	345,777
2023	158,805	62,491	221,296	33,715	48,432	82,147	192,520	110,923	303,443
2024	153,506	53,007	206,513	38,015	46,748	84,763	191,521	99,755	291,276
2025	162,797	47,468	210,265	39,830	44,927	84,757	202,627	92,395	295,022
2026	115,379	39,494	154,873	42,630	42,935	85,565	158,009	82,429	240,438
2027	129,185	33,526	162,711	46,265	40,721	86,986	175,450	74,247	249,697
2028	131,475	27,187	158,662	50,025	38,330	88,355	181,500	65,517	247,017
2029	115,665	21,215	136,880	53,980	35,748	89,728	169,645	56,963	226,608
2030	101,380	15,327	116,707	58,120	33,000	91,120	159,500	48,327	207,827
2031	102,105	10,707	112,812	62,440	30,058	92,498	164,545	40,765	205,310
2032	102,880	6,030	108,910	65,770	26,924	92,694	168,650	32,954	201,604
2033	33,790	1,325	35,115	70,425	23,614	94,039	104,215	24,939	129,154
2034	12,265	322	12,587	76,325	20,022	96,347	88,590	20,344	108,934
2035	-	-	-	92,060	16,081	108,141	92,060	16,081	108,141
2036	-	-	-	97,050	11,850	108,900	97,050	11,850	108,900
2037	-	-	-	23,365	9,126	32,491	23,365	9,126	32,491
2038	-	-	-	11,440	8,287	19,727	11,440	8,287	19,727
2039	-	-	-	12,030	7,700	19,730	12,030	7,700	19,730
2040	-	-	-	12,645	7,083	19,728	12,645	7,083	19,728
2041	-	-	-	13,310	6,418	19,728	13,310	6,418	19,728
2042	-	-	-	14,030	5,700	19,730	14,030	5,700	19,730
2043	-	-	-	14,785	4,944	19,729	14,785	4,944	19,729
2044	-	-	-	15,580	4,146	19,726	15,580	4,146	19,726
2045	-	-	-	16,420	3,306	19,726	16,420	3,306	19,726
2046	-	-	-	17,305	2,421	19,726	17,305	2,421	19,726
2047	-	-	-	18,240	1,488	19,728	18,240	1,488	19,728
2048	-	-	-	19,225	505	19,730	19,225	505	19,730
Total	$ 3,090,977	$ 1,795,191	$ 4,886,168	$ 1,699,305	$ 1,408,359	$ 3,107,664	$ 4,790,282	$ 3,203,550	$ 7,993,832

(a) See Table 24 for more detail of Tax Debt Service Requirements.

Table 26

Harris County, Texas
Table of County-Wide Authorized but Unissued Bonds
(Unaudited)
(Amounts in Thousands)

As of February 28, 2009, 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	95,000	
Forensic Lab	80,000	
Family Law Center	70,000	
Total Limited Tax Bonds		$ 278,000
Unlimited Tax:		
Road Bonds	247,193	
Total Unlimited Tax Bonds		247,193
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		542,866
Port of Houston Authority Unlimted Tax Bonds		
Port Improvements	250,000	
Deepening and Widening of Houston Ship Channel	-	
Total Port of Houston Authority Bonds		250,000
Total Authorized but Unissued Bonds		$ 792,866

Table 27

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2009-2010
(Unaudited)

On March 10, 2009 the Commissioners Court adopted the budget for the County for the Fiscal Year 2009-2010. The Fiscal Year 2010 Budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2009-2010 Budget for the County's Current Operating Funds:

Cash Balance as of March 1, 2009	$ 255,740,997
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	919,651,749
Charges for Services	203,948,551
Fines and Forfeitures	21,088,367
Intergovernmental Revenues	36,813,265
Interest	4,847,910
Other	43,596,037
Total Cash and Estimated Revenues	$ 1,485,686,876
Appropriations:	
Current Operating Expenses	$ 1,370,380,652
Capital Outlay:	
Roads	83,412,335
Parks	31,783,259
Office/Courts	110,630
Total Appropriations	$ 1,485,686,876

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 28, 2009 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	$ 228,492,739
Permanent Improvements	40,353,751
Flood Control	152,754,919
Reliant Park	14,544,303
Total	$ 436,145,712

COMPLIANCE SECTION

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE 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 OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended February 28, 2009. The County's major federal and state programs are identified in the summary of auditor's 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the State of Texas *Uniform Grants 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 of 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 28, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *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 or state 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.

This report is intended solely for the information and use of the County Judge and Commissioner's 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

July 27, 2009

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of Harris County, Texas (the "County") as of and for the year ended February 28, 2009, and have issued our report thereon dated July 27, 2009. 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 15%, 13%, and 17%, 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 31% of the assets of the agency funds at February 28, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, 09-01, described in the accompanying schedule of findings and questioned costs to be a material weakness.

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*.

We noted certain matters that we reported to management of the County in a separate letter dated July 27, 2009.

The County's response to the finding identified in our audit is 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 Commissioner's Court, 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

July 27, 2009

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	FEDERAL GRANTS				
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	DIRECT PROGRAMS:				
7020	Supportive Housing Program 2006	14.235	TX01B50	$ 161,199	$ 161,199
7020	Supportive Housing Program 2007	14.235	TX01B60	103,781	103,781
7034	Economic Development Initiative (EDI)	14.246	B-06-SP-TX-0977	759	-
7083	Disaster Recovery Grant - (DHAP)	14.218	N/A	690,487	-
7130	Emergency Shelter Grant Program 2004	14.231	S-04-UC-48-0002	13,980	13,980
7130	Emergency Shelter Grant Program 2005	14.231	S-05-UC-48-0002	22,748	22,748
7130	Emergency Shelter Grant Program 2006	14.231	S-06-UC-48-0002	33,170	33,170
7130	Emergency Shelter Grant Program 2007	14.231	S-07-UC-48-0002	65,054	65,054
7130	Emergency Shelter Grant Program 2008	14.231	S-08-UC-48-0002	244,806	221,040
7140	HOME Investment Partnership Program 2001	14.239	M-01-UC-48-0215	1,212	-
7140	HOME Investment Partnership Program 2003	14.239	M-03-UC-48-0215	9,092	9,092
7140	HOME Investment Partnership Program 2004	14.239	M-04-UC-48-0215	198,039	197,750
7140	HOME Investment Partnership Program 2005	14.239	M-05-UC-48-0215	309,114	304,561
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	869,002	290,061
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	638,734	-
7140	HOME Investment Partnership Program 2008	14.239	M-08-UC-48-0215	817,204	445,817
7200	Shelter Plus Care Program 1996	14.238	TX21C96	257,956	239,974
7200	Shelter Plus Care Program 1997	14.238	TX21C97	4,785	4,785
7200	Shelter Plus Care Program 2006	14.238	TX01C60	817,631	779,773
7200	Shelter Plus Care Program 2007	14.238	TX01C70	1,229,224	1,230,929
7660	Community Development Block Grant/Entitlement Grants 1998	14.218	B-98-UC-48-0002	18,888	-
7660	Community Development Block Grant/Entitlement Grants 2002	14.218	B-02-UC-48-0002	39,982	-
7660	Community Development Block Grant/Entitlement Grants 2003	14.218	B-03-UC-48-0002	49,851	34,663
7660	Community Development Block Grant/Entitlement Grants 2004	14.218	B-04-UC-48-0002	257,337	253,617
7660	Community Development Block Grant/Entitlement Grants 2005	14.218	B-05-UC-48-0002	1,536,097	1,354,125
7660	Community Development Block Grant/Entitlement Grants 2006	14.218	B-06-UC-48-0002	1,789,606	1,187,557
7660	Community Development Block Grant/Entitlement Grants 2007	14.218	B-07-UC-48-0002	3,625,251	2,251,869
7660	Community Development Block Grant/Entitlement Grants 2008	14.218	B-08-UC-48-0002	5,091,801	1,961,522
7086	Lead Hazard Reduction Demonstration Program	14.905	TXLHD0178-07	288,614	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:				
7084	Disaster Recovery	14.218	N/A	3,069,114	1,554,991
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Community Development Block Grant/Entitlement Grants - CAC	14.218	259	22,961	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	256	80,631	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	243	18,059	-
	PASS THROUGH PROGRAMS, CITY OF HOUSTON:				
7041	Stay In School Program	14.218	N/A	33,581	-
7041	Stay In School Program	14.218	N/A	41,949	-
	TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			22,451,699	12,722,058
	U.S. DEPARTMENT OF JUSTICE				
	DIRECT PROGRAMS:				
1000	State Criminal Alien Assistance Program	16.606	N/A	2,934,911	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
1000	Southwest Border Prosecution Initiative Grant	16.609	N/A	258,982	-
2610	Sheriff Seized Assets - Justice Department	16.000	N/A	1,890,453	-
7021	COPS Technology 2007	16.710	2007-CK-WX-0054	1,124,981	-
7215	Human Trafficking Rescue Alliance Support	16.320	2005-VT-BX-0007	312,490	-
8605	Bulletproof Vest Partnership Program 2007	16.607	BPV-2007	137,445	-
8775	DNA Capacity Enhancement Program	16.560	2006-DN-BX-K194	33,854	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2006-DN-BX-K111	254,291	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2007-DN-BX-K108	379,324	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2008-DN-BX-K040	1,076	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0118	45,326	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0286	17,864	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0277	11,244	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2007-JV-FX-0269	9,202	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2008-JV-FX-0034	50,000	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2008-JV-FX-0032	106,858	-
	PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:				
7019	STAR - Success Through Addition Recovery	16.579	DJ-07-A10-16920-05	36,647	-
7195	Truancy Intervention Program - T.I.P.	16.540	JA-07-J21-18563-02	39,665	-
7195	Truancy Intervention Program - T.I.P.	16.540	JA-08-J20-18563-03	631	-
7088	Intensive Supervision for Juvenile Sex Offenders	16.540	JA-07-J20-19656-01	12,991	-
7088	Intensive Supervision for Juvenile Sex Offenders	16.540	JA-08-J20-19656-02	15,180	-
7235	Hurricane Relief	16.738	DH-06-A10-18444-01	177,781	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-06-J20-13316-09	105,354	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-07-J20-13316-10	127,758	-
8410	New Choices	16.593	RT-06-A10-14878-10	58,300	-
8410	New Choices	16.593	RT-07-A10-14878-11	89,160	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-07-V30-13456-10	20,562	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-08-V30-13456-11	22,387	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	DN-07-A10-17480-02	234,238	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-08-A10-17480-04	138,919	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-07-V30-18112-03	28,370	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-08-V30-18112-04	31,942	-
8707	Crime Victims Assistance Coordinator	16.575	VA-07-V30-18216-02	20,690	-
8707	Crime Victims Assistance Coordinator	16.575	VA-08-V30-18216-03	36,686	-
7072	Victims of Crime Act	16.575	VA-08-V30-19974-01	20,606	-
8760	Caseworker Intervention Expansion Project	16.588	WF-07-V30-13454-10	31,659	-
8760	Caseworker Intervention Expansion Project	16.588	WF-08-V30-13454-11	54,073	-
8711	Protective Order Prosecutor Project	16.588	WF-07-V30-13547-10	40,268	-
8711	Protective Order Prosecutor Project	16.588	WF-08-V30-13547-11	34,153	-
8766	Felony Family Violence Caseworker Project	16.588	WF-07-V30-17204-04	16,554	-
8766	Felony Family Violence Caseworker Project	16.588	WF-08-V30-17204-05	21,298	-
8960	Police Training for Violence Against Women	16.588	WF-07-V30-13455-10	7,488	-
8960	Police Training for Violence Against Women	16.588	WF-08-V30-13455-11	35,125	-
	PASS THROUGH PROGRAMS, CITY OF HOUSTON:				
8715	2005 Justice Assistance Grant	16.738	2005-DJ-BX-0119	1,099,629	-
8715	2006 Justice Assistance Grant	16.738	2006-DJ-BX-0286	511,213	-
8715	2007 Justice Assistance Grant	16.738	2007-DJ-BX-1269	557,742	-
	PASS THROUGH PROGRAMS, FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION:				
7168	Public Housing Safety Initiative	16.595	N/A	11,095	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Victims of Crime Act Grant FY2007	16.575	VA-07-V30-13747-08	27,040	-
	Victims of Crime Act Grant FY2008	16.575	VA-08-V30-13747-09	57,016	-
	National Children's Alliance	16.543	N/A	7,442	-
	PASS THROUGH PROGRAMS, SAM HOUSTON STATE UNIVERSITY:				
7101	Project Safe Neighborhood	16.609	321-20-B48B	9,075	-
7707	Project Safe Neighborhood	16.609	321-20-5031	32,132	-
7707	Project Safe Neighborhood	16.609	321-20-S050	2,720	-
7707	Project Safe Neighborhood	16.609	2007-PG-BX-0074	4,521	-
7708	Project Safe Neighborhood	16.609	2007-PG-BX-0074	40,750	-
7464	Project Safe Neighborhood	16.609	2007-GP-CX-0074	35,000	-
7472	Project Safe Neighborhood	16.609	2006-GP-CX-0101	9,000	-
	TOTAL U.S. DEPARTMENT OF JUSTICE			11,431,161	-
	U.S. DEPARTMENT OF LABOR				
	PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION				
7024	PAL - Transition Center	93.558	2807TAN002	60,772	-
7024	PAL - Transition Center	93.558	2808TAN001	54,445	-
	PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:				
7071	Workforce Solutions - RIDES	17.258	N/A	885	-
7071	Workforce Solutions - RIDES	17.258	N/A	422	-
	PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY:				
7062	New Freedom Transportation- RIDES	20.521	N/A	54,974	-
7062	New Freedom Transportation- RIDES	20.521	N/A	18,761	-
	TOTAL U.S. DEPARTMENT OF LABOR			190,259	-
	U.S. DEPARTMENT OF TRANSPORTATION				
	DIRECT PROGRAMS:				
7054	Houston Urbanized Area Formula Funds	20.507	T0701	468,233	-
	PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:				
7017	Non-Emergency Transportation Services	20.205	TRN 06-009	58,716	-
7017	Non-Emergency Transportation Services	20.205	TRN 06-009	22,936	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:				
7416	Elderly and Disabled Transportation Program	20.513	51512F7185	97,137	-
7416	Elderly and Disabled Transportation Program	20.513	51612F7192	144,759	-
7416	Elderly and Disabled Transportation Program	20.513	51712F7140	257,999	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
7416	Elderly and Disabled Transportation Program	20.513	51712F7140	800	-
7416	Elderly and Disabled Transportation Program	20.513	51712F7140	282,667	-
7416	Elderly and Disabled Transportation Program	20.513	51712F7140	97,263	-
7459	STEP - Impaired Driving Mobilization	20.601	2009-HARRIS4-S-IDM-00014	11,158	-
7066	STEP - Click it or Ticket	20.600	588XXF5061	14,166	-
7057	STEP - Comprehensive	20.600	588EGF5053	60,975	-
8865	STEP - Driving While Intoxicated (DWI)	20.600	588XXF5003	82,007	-
8880	STEP - Comprehensive	20.600	2009-HARRISP5-S-SYG-0284	23,145	-
8895	STEP - Comprehensive	20.600	588EGF5050	51,481	-
8895	STEP - Comprehensive	20.600	2009-HARRISCO-S-SYG-0101	32,957	-
8897	STEP - Comprehensive Commercial Motor Vehicle	20.600	588EGF5051	21,591	-
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION			1,727,990	-
	U.S. DEPARTMENT OF AGRICULTURE				
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:				
8320	WIC - Women, Infant, and Children	10.557	2008-024627	5,131,068	-
8320	WIC - Women, Infant, and Children	10.557	2009-029990	3,123,921	-
	PASS THROUGH PROGRAMS, TEXAS HEALTH AND HUMAN SERVICES COMMISSION:				
1000	National School Lunch and Breakfast Program -Juvenile Probation	10.553	75F4006	1,019,540	-
1000	National School Lunch and Breakfast Program - CPS	10.553	75D4002	36,884	-
	National School Lunch Program Commodities - CPS	10.555	75D4002	1,534	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	185,985	-
	TOTAL U.S. DEPARTMENT OF AGRICULTURE			9,498,932	-
	U.S. ENVIRONMENTAL PROTECTION AGENCY				
	DIRECT PROGRAMS:				
7097	Community Action for a Renewal Environment Program	66.035	RE-96682501	4,091	-
	TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			4,091	-
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	DIRECT PROGRAMS:				
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	1,483,168	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	1,216	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	13,067	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	3,431	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	2,015	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-03	2,683	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-04	777,627	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	06CY0847/03	36,163	-
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	221,817	216,771
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	40,637	39,164
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-17	2,475,872	2,342,731
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-18	14,334,293	12,437,238
7052	Minority AIDS Initiative Programs	93.914	H3MHAO8461AO	759,313	715,050
7052	Minority AIDS Initiative Programs	93.914	H3MHA08461-02	834,019	783,108

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:				
7375	Cities Readiness Initiative	93.283	7604545149-2006-13A	955	-
7375	Cities Readiness Initiative	93.283	2008-023012-001A	323,310	-
7375	Cities Readiness Initiative	93.283	2008-028184-001	225,789	-
8050	Title V - Maternal & Child Health	93.994	2008-024107-001	480,967	-
8050	Title V - Maternal & Child Health	93.994	2009-029491-001	455,021	-
8060	Refugee Health Screening Program	93.576	2008-023335-001	630,743	-
8060	Refugee Health Screening Program	93.576	2009-030301-001	366,680	-
8070	Immunization Action Plan	93.268	2008-023788-001	253,261	-
8070	Immunization Action Plan	93.268	2009-028958-001	608,987	-
8090	Tuberculosis Prevention and Control	93.116	2008-025335	92,833	-
8090	Tuberculosis Prevention and Control	93.116	2009-030519-001	16,048	-
8100	TB - Prevention and Control	93.116	2008-025345-001	40,104	-
8100	TB - Prevention and Control	93.116	2009-030583-001	7,708	-
8110	Title X - Family Planning	93.217	2008-023954-001	809,629	-
8110	Title X - Family Planning	93.217	2009-030494-001	817,354	-
8140	HIV Prevention	93.940	2008-025320-001	216,900	-
8140	HIV Prevention	93.940	2009-030869-001	19,246	-
8150	HIV Prevention	93.940	2008-024474-001	109,409	-
8150	HIV Prevention	93.940	2009-030613-001	16,837	-
8160	Community Health Services - Population Based	93.994	2008-022990-001	173,102	-
8160	Community Health Services - Population Based	93.994	2009-029533-001	6,405	-
8165	Bioterrorism Preparedness	93.283	7604545149-2006-09	83,250	-
8165	Bioterrorism Preparedness	93.283	2008-022950-001	928,258	-
8165	Bioterrorism Preparedness	93.283	2008-028176-001	587,681	-
8180	TDH Vaccine-Medical Records	93.268	N/A	3,993,783	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2008-025188	116,492	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2009-030506-001	6,630	-
	PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION				
7024	PAL - Transition Center	93.558	2807TAN002	63,252	-
7024	PAL - Transition Center	93.558	2808TAN001	56,668	-
	PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:				
7012	Harris County Integrated Child Support System	93.563	06-C0042	18,325	-
7012	Harris County Integrated Child Support System	93.563	07-C0062	1,084,737	-
7091	Court Order Parent Education Project - COPE	93.601	08-C0048	14,425	-
	PASS THROUGH PROGRAMS, FAITH ACCESS TO COMMUNITY ECONOMIC DEVELOPMENT:				
7048	Built Environment Program	93.135	50532868	2,745	-
7048	Built Environment Program	93.135	50532868	4,908	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:				
7023	TITLE IV-E Child Welfare Services FY2008	93.658	2003063076	666,113	-
7023	TITLE IV-E Child Welfare Services FY2009	93.658	23380590	396,570	-
7007	TITLE IV-E Legal Services	93.658	23380591	701,265	-
7007	TITLE IV-E Legal Services	93.658	23401961	765,921	-
7275	Stand_Alone Drug Services	93.556	23368038	8,345	-
7275	Stand_Alone Drug Services	93.556	23368038	32,251	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
7275	Stand_Alone Drug Services	93.556	23368038	32,362	-
8488	Community Youth Development FY2007	93.556	23362203	5	-
8488	Community Youth Development FY2008	93.556	23362203	732,661	564,837
8488	Community Youth Development FY2009	93.556	23362203	228,301	108,415
8045	STAR - Services to At Risk Youth Program	93.556	23335721-FY08	142,917	-
8045	STAR - Services to At Risk Youth Program	93.556	23420901	125,042	-
8487	Preparation for Adult Living (PAL-204)	93.556	23367184	298,571	-
8487	Preparation for Adult Living (PAL-206)	93.674	23367184	418,086	-
8487	Preparation for Adult Living (PAL-204)	93.556	23367184	218,278	-
8487	Preparation for Adult Living (PAL-206)	93.674	23367184	307,680	-
	PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON				
8145	ST.Louis Encephalitis - UTMB	93.856	N01-AI-25489	235,612	-
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			38,927,743	17,207,314
	OFFICE OF NATIONAL DRUG CONTROL POLICY				
	DIRECT PROGRAMS:				
8620	Houston Money Laundering 2004	07.999	I3PHNP510	71,679	-
8002	Operation Burning Crow 2005	07.999	I5PHNP510	217,000	-
8008	Houston Money Laundering 2006	07.999	I6PHNP510	11,357	-
8008	Operation Scorned Fury 2006	07.999	I6PHNP510	2,530	-
8008	Operation Molson Ice 2006	07.999	I6PHNP510	3,518	-
8008	Gang & Non-Traditional Gang Squad 2006	07.999	I6PHNP510	3,518	-
8008	Major Drug Squad 2007	07.999	I7PHNP510	61,993	-
8008	Houston Money Laundering 2007	07.999	I7PHNP510	67,221	-
8008	Houston Intelligence Support Center 2007	07.999	I7PHNP510	944,637	-
8008	Truck, Air, Rail, and Port 2007	07.999	I7PHNP510	23,970	-
8008	Gang Squad 2007	07.999	I7PHNP510	8,819	-
8008	Major Drug Squad 2008	07.999	18PHNP510	42,161	-
8008	Houston Money Laundering	07.999	18PHNP510	377,891	-
8008	Houston Intelligence Support Center 2008	07.999	18PHNP510	82,750	-
8008	Truck, Air, Rail & Port	07.999	18PHNP510	12,514	-
8008	Gang Squad 2008	07.999	18PHNP510	11,952	-
	TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			1,943,510	-
	U.S. DEPARTMENT OF HOMELAND SECURITY				
	PASS THROUGH PROGRAMS, UNITED WAY:				
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	496,246	-
	PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:				
7016	Urban Area Security Initiative	97.008	2005-HSGP-48201	91,849	-
7016	Urban Area Security Initiative	97.008	2006-HSGP-48201	462,554	-
7016	Urban Area Security Initiative	97.008	2007-HSGP-48201	4,125,200	-
7037	Buffer Zone Protection Program	97.078	2006-BZ-T6-0055	92,778	-
7037	Buffer Zone Protection Program	97.078	2006-BZ-T6-0055	1,881,171	-
7037	Buffer Zone Protection Program	97.078	2007-BZ-T7-0023	250,004	-
7155	Residential Safe Room Rebate Program	97.039	DR-1606-031	840	-
7289	Emergency Management Performance Grant 2008	97.042	08TX-EMPG-0348	244,213	-
7282	FEMA-Tropical Storm Allison Hazard Mitigation	97.039	FEMA-1379-DR-TX	3,498	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
7294	FEMA - Public Assistance - Hurricane Katrina	97.036	FEMA-3216-EM-TX	1,336,867	-
7295	FEMA - Public Assistance - Hurricane Rita	97.036	FEMA-1606-DR-TX	3,567,199	-
7094	FEMA - Public Assistance - Hurricane Ike	97.036	FEMA-1791-DR-TX	34,350,773	-
7093	FEMA - Public Assistance - Hurricane Dean	97.036	FEMA-3277-EM-TX	13,761	-
8525	Law Enforcement Terror - LETPP	97.074	2006-GE-T6-0068	1,038	-
8525	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	1,072,000	-
8525	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	456,501	-
8525	Port Security Grant Program - FY2006	97.056	2006-GB-T6-0062	135,198	-
8525	Port Security Grant Program - FY2007	97.056	2007-GB-T7-K271	800,883	-
8525	Homeland Security Grant Program	97.073	2007-HSGP-48201	142,663	-
8525	Homeland Security Grant Program	97.073	2006-HSGP-48201	409,516	-
8525	Homeland Security Grant Program	97.073	2005-HSGP-48201	79,998	-
	PASS THROUGH PROGRAMS, TEXAS ASSOCIATION OF REGIONAL COUNCILS (TARC):				
7107	Citizens Corps Grant FY2006	97.053	2006 HSGP - 48201	2,396	-
7107	Citizens Corps Grant FY2007	97.053	2007 HSGP - 48201	39,891	
	TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			50,057,037	-
	NATIONAL ENDOWMENT FOR THE HUMANITIES				
	PASS THROUGH PROGRAMS, ARTS MIDWEST:				
7169	Big Read	45.024	11206	3,780	-
	TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			3,780	-
	U.S. FISH AND WILDLIFE SERVICE				
	DIRECT PROGRAMS:				
7026	Wildlife Habitat Development & Management Activities	15.623	1448-20181-05	2,860	-
7029	Challenger Seven Memorial Park	15.623	1448-20181-06	1,852	-
	PASS THROUGH PROGRAMS, TEXAS PARKS AND WILDLIFE				
7027	Harris County Bane Park	15.916	48-01060	255,058	-
	PASS THROUGH PROGRAMS, MONTGOMERY COUNTY:				
7087	Spring Creek Greenway Project	15.916	48-01069	296,204	-
	TOTAL U.S. FISH AND WILDLIFE SERVICE			555,974	-
	U.S. DEPARTMENT OF THE TREASURY				
	DIRECT PROGRAMS:				
2600	Sheriff Seized Assets	21.000	N/A	2,641,513	-
	TOTAL U.S. DEPARTMENT OF TREASURY			2,641,513	-
	TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 139,433,689	$ 29,929,372

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	STATE GRANTS				
	OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION				
	DIRECT PROGRAMS:				
7089	Rescue Mentoring Program	N/A	SF-08-J20-19317-01	41,568	-
7089	Rescue Mentoring Program	N/A	SF-09-J20-19317-02	24,904	-
7196	School Resource Officer - Pct. 6	N/A	SF-08-A10-19454-01	37,709	-
7196	School Resource Officer - Pct. 6	N/A	SF-09-A10-19454-02	29,786	-
7697	Sex Offender Compliance Enforcement and Monitoring Program	N/A	SF-06-A10-18099-01	2,494	-
7697	Sex Offender Compliance Enforcement and Monitoring Program	N/A	SF-08-A10-18099-03	5,158	-
7076	High Tech Criminal Investigator	N/A	SF-09-A10-20289-01	39,333	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-08-A10-17374-04	3,198	-
8768	247th District Family Intervention Court - JAG	N/A	DJ-05-A10-20867-01	69,614	-
8980	CPS Runaway Investigator	N/A	SF-06-A10-17577-01	507	-
8980	CPS Runaway Investigator	N/A	SF-08-A10-17577-03	3,539	-
7028	Abducted and Missing Persons Unit	N/A	SF-06-A10-17578-01	1,359	-
7028	Abducted and Missing Persons Unit	N/A	SF-08-A10-17578-03	13,876	-
	TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION			273,045	-
	TEXAS PARKS AND WILDLIFE DEPARTMENT				
	DIRECT PROGRAMS:				
7136	Harris County Halls Bayou Greenway	N/A	53-00008	454,985	-
	TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT			454,985	-
	TEXAS OFFICE OF THE ATTORNEY GENERAL				
	DIRECT PROGRAMS:				
8270	Texas Automated Victim Notification - VINE	N/A	09-08145	123,449	-
7056	Other Victim Assistance Grant	N/A	08-02868	28,807	-
7056	Other Victim Assistance Grant	N/A	08-02868	23,909	-
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Other Victims Assistance Grant FY2007	N/A	246	23,255	-
	Other Victims Assistance Grant FY2008	N/A	247	26,594	-
	TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL			226,014	-
	CHILDREN'S ADVOCACY CENTERS OF TEXAS				
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Children's Advocacy Center Grant	N/A	244	174,752	-
	Children's Advocacy Center Grant	N/A	261	245,473	-
	TOTAL CHILDREN'S ADVOCACY CENTERS OF TEXAS			420,225	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	OFFICE OF THE COMPTROLLER				
	DIRECT PROGRAMS:				
8685	Tobacco Compliance 2008	N/A	N/A	2,579	-
8685	Tobacco Compliance 2009	N/A	N/A	1,707	-
	TOTAL OFFICE OF THE COMPTROLLER			4,286	-
	TEXAS HEALTH AND HUMAN SERVICES COMMISSION				
	DIRECT PROGRAMS:				
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-07-0130-02	35,563	-
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-08-0386-03	35,909	-
	TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			71,472	-
	TEXAS DEPARTMENT OF STATE HEALTH SERVICES				
	DIRECT PROGRAMS:				
8020	Tuberculosis Prevention and Control	N/A	7604545149C-2007-01	27,049	-
8020	Tuberculosis Prevention and Control	N/A	2008-023148-001	329,569	-
8020	Tuberculosis Prevention and Control	N/A	2009-028466-001	265,413	-
8030	Regional and Local Services	N/A	2008-024577	129,376	-
8030	Regional and Local Services	N/A	2009-028245	133,968	-
	PASS THROUGH PROGRAMS, THE RESOURCE GROUP:				
8515	Early Medical Intervention Program	N/A	08HCS00SS	54,070	-
8515	Early Medical Intervention Program	N/A	09HCS00SS	45,987	-
	TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES			985,432	-
	TEXAS DEPARTMENT OF TRANSPORTATION				
	PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:				
8710	Auto Theft Division	N/A	SA-T01-10052-08	237,050	-
8710	Auto Theft Division	N/A	SA-T01-10052-09	896,556	-
	TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			1,133,606	-
	TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				
	DIRECT PROGRAMS:				
8285	Loan Star Libraries Program FY08	N/A	442-08235	162,927	-
8285	Loan Star Libraries Program FY09	N/A	442-09236	85,178	-
	TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION			248,105	-
	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
	DIRECT PROGRAMS:				
7222	Low Income Vehicle Repair Assistance Program	N/A	582-2-55082-02	14,663,893	14,663,893
7222	Low Income Vehicle Repair Assistance Program	N/A	582-2-55082-01	2,686,202	2,686,202

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, HOUSTON GALVESTON AREA COUNCIL:				
8730	Household Hazardous Waste FY09	N/A	09-16-G11	18,296	-
8731	Local Enforcement Program/Equipment	N/A	06-16-G09	4,313	-
	TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			17,372,704	17,350,095
	TEXAS OFFICE OF COURT ADMINISTRATION				
	DIRECT PROGRAMS:				
1000	Indigent Defense Formula Grant	N/A	N/A	2,592,407	-
	TOTAL TEXAS OFFICE OF COURT ADMINISTRATION			2,592,407	-
	TOTAL EXPENDITURES OF STATE AWARDS			$ 23,782,281	$ 17,350,095
	GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS			$ 163,215,970	$ 47,279,467

See notes to schedule.

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2009

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 28, 2009:

Federal expenditures per schedule	$ 139,433,689
State expenditures per schedule	23,782,281
Subtotal	163,215,970
Add:	
Trial Balance adjustments for modified accrual basis of accounting	518,440
County funded portion of grants	3,053,330
Local grants	2,160,536
Less:	
Grants - other fund types	(12,529,273)
Total	$ 156,419,003
Balance per CAFR - Grants Special Revenue Fund	$ 156,419,003

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	$	3,993,783
Value of vaccines on hand		620,724

U.S. Department of Agriculture

Donated Commodities (CFDA #10.555)		
Value of commodities issued	$	187,519

HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2009

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:
Material weakness (es) identified? Yes.

Significant deficiency (ies) identified not considered to be a material weakness? None reported.

Noncompliance material to financial statements noted? No.

Federal Awards

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))? No.

Identification of major programs:

Name of Major Federal/State Program	CFDA Number
Community Development Block Grant/Entitlement Grants	14.218
Ryan White Title I - Formula & Supplement	93.914
FEMA - Public Assistance	97.036
Low Income Vehicle Repair Assistance Program	State
Auto Theft Division	State

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000 and $713,468 for federal and state, respectively

Auditee qualified as a low-risk auditee? No.

II. FINANCIAL STATEMENT FINDINGS SECTION

Program	Finding/Noncompliance	Questioned Cost

Finding 09-01 – Material Weakness in Internal Controls Dealing with Internal Cash Transfer

Condition: The County Treasurer's Office released a cash transfer from the Tax Assessor's agency account earlier that it was originally scheduled to be released; this transfer was completed based on a telephone request from Management Services without authorization of the change in transfer date with the County Tax Office. The bank reconciliation process, an existing detective control within the County Tax Office and the County Auditor's Office, did not detect the issue on a timely basis.

Cause: During the testing of bank reconciliations for cash, D&T selected a $17.3 million deposit in transit item within the Tax Assessor's bank account. At the end of February 2009, the County Tax Office had submitted its requests to the County Treasurer's Office for payments to be made to the other County entities and contracted third parties on 3/2/09.

The internal portion of the requested transfer related to the County and Flood Control funds was made by the County Treasurer's Office on 2/27/09, based on a telephone request from Management Services. There is no written documentation of the request or documentation that the change in the transfer date was discussed with or agreed to by authorized personnel of the County Tax Office.

The custodial bank reconciliation prepared by the County Tax Office incorrectly identified the $17.3 million as cash in transit. The subsequent bank reconciliation to the general ledger prepared by the County Auditor's Revenue Accounting Department also did not reflect this transfer correctly. As a result, the $17.3 million was still included in deposits in transit, causing the cash balance of the Tax Assessor's bank account on the general ledger to be overstated as of 2/28/09.

The design of the controls surrounding this process, which are segregated among 3 departments, appear adequately designed. However, the controls were overridden for this transaction.

Program	Finding/Noncompliance	Questioned Cost
	Effect: Although the transfer discussed above was made to the correct accounts, the existing controls surrounding the disbursement were circumvented. Controls deficiencies included: (1) the County Treasurer's Office responsible for making transfers did not maintain documentation of the change in the transfer date and did not obtain authorization from the Tax Office to process the transfer prior to the date originally authorized and, (2) the Tax Office and Auditor's Office reconciliation processes that should have identified the error did not do so, resulting in an $17.3 million overstatement of the Tax Assessor's agency fund cash account at year end. When cash transfer controls are not operating as designed, errors in the financial statements could result.	
	Recommendation: Management of the departments involved should review the existing preventative and detective controls for this cash transfer process for any gaps in control processes. Additionally, management should re-emphasize to employees involved in this process that controls should not be circumvented.	
	Corrective Action Plan of Management: Management Services recognizes that monies remain under the sole custody and control of the Tax Assessor-Collector until transferred to the County Treasurer. Management Services will continue to work with the Auditor, Tax Assessor-Collector, and the Treasurer in coordination of year end closing policies and procedures, and to enhance controls for timely detection and prevention of any weaknesses.	
	Effective immediately, the County Treasurer's Office staff have been instructed to make internal cash transfers only on the date requested on the transfer form. Although the Treasurer's Office made this transfer one business day sooner than stated on the form the actual transfer had all the approval signatures and a copy of the transfer was given to the Tax Office.	
	The Tax Office recognizes that the reconciling item for the custodial property tax account was not identified sufficiently enough so that is would raise an appropriate level of concern during the review performed by the Auditor's Office. The reconciliation was prepared in the format promulgated by the Auditor's Office, but a notation of this item as an "unrecorded disbursement" would have correctly identified the item shown within the "In-Transit" line. Additionally, the Tax Office did not record the transaction in its internal ledger on the same day that the transaction was recorded in the County's financial records.	

Program	Finding/Noncompliance	Questioned Cost
	The Tax Office is working with the Auditor's Office to revamp the reconciliation process, make format changes to the reconciliation form, and change the method of identifying material reconciling items. To strengthen controls relative to the timely detection of unusual or erroneous bank reconciliation items, the County Auditor's Office will, in accordance with Accounting Procedure C.8, require departments with custodial accounts to forward receipt and disbursement information to the Financial Accounting Department in a timely manner and to provide explanations and support for bank reconciliation items to the Revenue Accounting Department. The Revenue Accounting and Financial Accounting departments will contact the responsible department as necessary for further explanation. Estimated Completion Date: December 31, 2009. County Contact Persons: Department of Management Services: Jack Yuran; County Treasurer's Office: Linda Langlois; County Tax Office: Susan Banks; County Auditor's Office: Mike Post	

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None noted.

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost

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 08-01 – Reporting - Improper Cutoff

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.

Program	Finding/Noncompliance	Questioned Cost
	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. Status: The following measures have been implemented to address these and similar issues: 1) a meeting is 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 has placed more focus on appropriate fiscal year from March through June.	
	Finding 08-02 – Reporting	
State Program Harris County Halls Bayou	Condition: 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. Criteria: The Reporting Compliance Requirement as mandated by the Texas Recreation & Parks Account Program Project Agreement requires that quarterly reports be submitted within two weeks of quarter end. Cause: The delay in submitting the report is a result of a change in project management at Harris County Flood Control District and a delay in communication from Harris County Flood Control District to the County as to the status of this project.	None

Program	Finding/Noncompliance	Questioned Cost

Effect: 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.

Recommendation: 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.

Status: 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.

Finding 08-03 – Allowable Costs – Improper Cutoff

State Program
Harris County Halls Bayou $215,483

Condition: 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.

Criteria: 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.

Cause: County personnel did not identify these expenditures as being related to the Halls Bayou grant on a timely basis.

Effect: $215,483 of fiscal year 2007 expenditures are included in the fiscal year 2008 SEFA.

Recommendation: 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.

Status: The following measures have been implemented to address these and similar issues: 1) a meeting is 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 has placed more focus on appropriate fiscal year from March through June.

Program	Finding/Noncompliance	Questioned Cost
	Finding 08-04 – Reporting	
CFDA 93.914 HIV Emergency Project Relief Grants		N/A

Condition: 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.

Criteria: 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 (http://www.dpm/psc/gov/grant_recipient/reports/du_dates.aspx?), the due date for the third quarter was November 14, 2007.

Cause: The reason for the delay in submitting the 3rd quarter report is that there was a change in County personnel responsible for this report during the third quarter.

Effect: Of the four Quarterly Status Reports required by the grant agreement in fiscal year 2008, Harris County failed to submit the 3rd 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?), 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.

Status: 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

Program	Finding/Noncompliance	Questioned Cost
	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.	
	Finding 08-05 – Internal Control	
CFDA 16.606 State Criminal Alien Assistance Program (SCAAP)	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.	N/A

Program	Finding/Noncompliance	Questioned Cost
	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. Status: Revisions were made to CDD report (SO_TOB_PAY_DNLD) during the current year to reflect general ledger account changes.	