

Harris County, Texas

Comprehensive Annual Financial Report
for the fiscal year ended
February 28, 2010



Barbara J. Schott, CPA
County Auditor

HARRIS COUNTY, TEXAS

Comprehensive Annual Financial Report

For The Fiscal Year Ended

February 28, 2010

**Prepared By:
Barbara J. Schott, C.P.A.
County Auditor
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Houston, Texas 77002**

**HARRIS COUNTY, TEXAS
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Mike Post, C.P.A.
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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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

August 24, 2010

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, 2010. 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, 2010 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 4.0 million residents. The County, the nation's third most populous, gained over 650,000 residents from the 2000 census to 2009.

County Structure and Services

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

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

Component Units

The combined financial statements of the County as a financial reporting entity report all activities, organizations, and functions of the County, both as the primary government and its legally separate component units for which (1) the elected officials of the County are financially accountable and/or (2) exclusion of component units activities would cause the County's financial statements to be misleading or incomplete. The County's component units have been reported as blended with the County as the primary government or as discrete (separate) component units, as appropriate. Criteria used by the County for including activities in preparing these financial statements are in conformity with 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. Houston was one of the last major metropolitan areas in the United States to slip into the recent global recession and it was one of the first to begin to recover. The Houston – Sugar Land – Baytown Metropolitan Area experienced modest job growth during the first quarter of 2010. Most of the job growth occurred in the following sectors: professional and business services (6,600 jobs); food services and drinking places (5,600 jobs); and health care and social assistance (4,200 jobs). However, even with the recent job growth, the Houston – Sugar Land – Baytown Metropolitan Area had a twelve-month net loss of 40,900 jobs as of April 2010.

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 an 8.2 percent decline in closings during 2009 with the total dollar sales volume falling 10.7 percent. In April 2010, the average sales price for a single-family home was \$206,414, which was 6.8 percent higher than in April 2009. The median price was \$153,500, up 2.4% from April 2009. Sales of foreclosed properties increased 3.9 percent in April compared with one year earlier.

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. 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, and state of the art telecommunication services. George Bush Intercontinental Airport, located approximately 23 miles north of downtown Houston, currently ranks third in the country for scheduled non-stop domestic and international service.

Harris County is the nation's third most populous county, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-five companies on the 2010 *Fortune 500* list are headquartered in Houston. Only two metropolitan statistical areas have more *Fortune 500* headquarters: New York with 70 and Chicago with 28.

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 2010 shows that Houston's overall after-taxes living costs are 9 percent below the national average, largely due to housing costs that are 22 percent below the average. Compared to 27 metropolitan areas with more than two million residents, Houston's housing costs were 39 percent below the average and Houston's overall living costs were 18 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, two schools of pharmacy, and schools of dentistry and public health. 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:

- Despite a projected decline in resources, the County will attempt to maintain its policy for expenditures to be budgeted and controlled so that at the end of the fiscal year the minimum undesignated balance for operating funds will be as close as possible to 15% of fiscal year expenditures;
- Full disclosure and open lines of communications will be provided for rating agencies. A continuing goal is sustaining the County's AAA (Standard & Poor's) and Aaa (Moody's) and AAA (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 2009 for the County per \$100 of taxable value are: \$0.33221 for the General Fund, \$0.00180 for the Public Improvement Contingency Fund, and \$0.05823 for debt service, for a total of \$0.39224.

Funds available for investment under the County's investment program as of February 28, 2010 totaled \$2.4 billion with investment earnings for the fiscal year of \$53.1 million. The average yield and maturity of such investments were 1.38% and 622 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 14 of the notes to the financial statements.

The County provides retirement, disability, and death benefits for all of its employees (excluding temporary) through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the County's contribution rate is actuarially determined annually. The contribution rate payable by the employee members for fiscal year 2010 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 12 and 13 of the notes to the financial statements.

Major Initiatives

Flood Control District - The District has \$219.5 million available for continuation of its capital program. Projects include using FEMA grants for County-wide buyouts, Federal flood damage reduction projects, and tributary flood damage reduction projects. The District receives funding for its projects through a combination of bond funds, cost-sharing partnership arrangements with other entities, and commercial paper.

Toll Road Authority - The Authority continues moving forward on projects authorized by Commissioners Court including Grand Parkway segments within Harris County, The Hardy Toll Road Downtown Connector, and the Sam Houston Tollway, Northeast.

Precinct Roads – During FY 2011, \$263.4 million in precinct road capital projects are expected to be bid. Joint participation funding from other agencies (TxDOT, Metro and other cities) is expected to provide \$79.6 million with the County providing the balance of \$183.8 million.

Parks – During FY 2011 and FY 2012, \$58.0 million in precinct park projects are expected to be bid.

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 \$31,000,000
- Replace Administration Building Elevator System 3,000,000
- Demolish the Iron Mountain Warehouse 1,800,000
- 1303 Preston Central Plant (TCEQ compliance) 1,000,000
- Katy Juvenile Facility Sewage Treatment Plant 580,000
- Juvenile Justice Center Gym Heating/HVAC Unit 500,000

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended February 28, 2009. 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-six 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 28, 2009

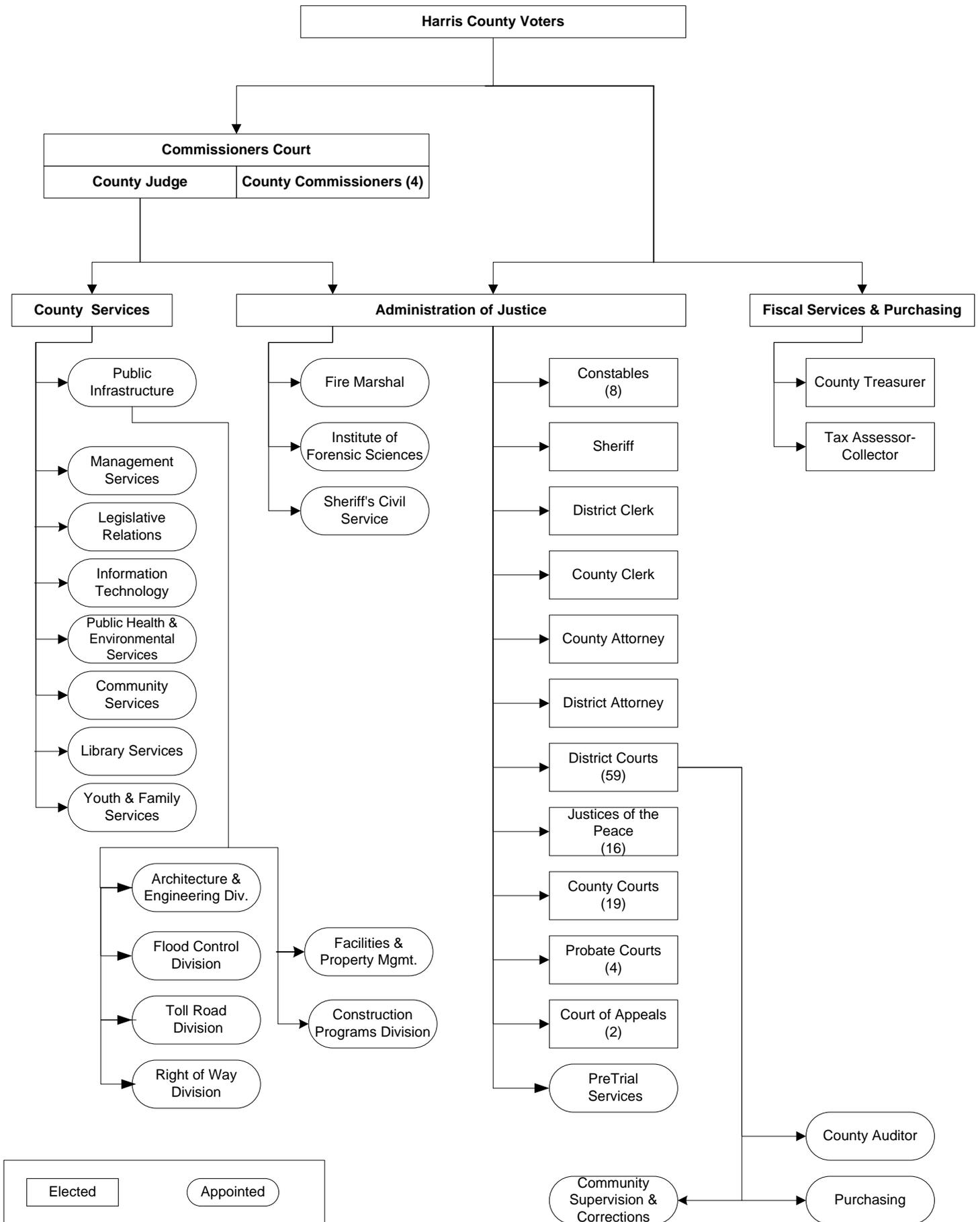
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2010

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

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

Miller, Mike
Ramos, Dion
Bennett, Al
Weiman, Larry
Hancock, Patricia
Carter, Kyle
Sandill, R.K.
Gomez, Michael
McFarland, Jaclanel
Engelhart, Mike
Schaffer, Robert
Wilson, Randy
Smoots-Hogan, Alexandra
Rendon, Josefina
Burke, Bill
Kerrigan, Patricia J.
Kirkland, Steven E.
Rondon, Reece
Hinde, Dan
Gamble, Brent
Matthews, Sylvia A.
Baker, Caroline E.
Halbach, Joseph J. "Tad" Jr.
McCally, Sharon

District Judges - Criminal Courts

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

Guerrero, Ruben
Reagin, Shawna L.
Fine, Kevin
Mendoza, David
Roll, Randy
Stricklin, Debbie Mantooth
Barr, Jeannine
Velasquez, Vanessa
Krocker, Jan
Brown, Susan
Collins, Denise
McSpadden, Michael
Carter, Marc
Hill, Belinda
Keel, Mary Lou
Campbell, Joan
Anderson, Mike
Wallace, Jim
Ritchie, Herb
Jones, Hazel B.
Jackson, Maria T.
Ellis, Mark Kent

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2010

District Judges - Family Courts

245th District Court Kuntz, Annette
 246th District Court York, Jim
 247th District Court Hellums, Bonnie Crane
 257th District Court Warne, Judy
 280th District Court Lindsay, Tony
 308th District Court Dempster, Georgia
 309th District Court Rynd, Frank
 310th District Court Millard, Lisa
 311th District Court Warne, Doug
 312th District Court Hinojosa, Robert

District Judges - Juvenile Courts

313th District Court Shelton, Pat
 314th District Court Phillips, John
 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, Regan (retired February 28, 2010)
 Goodhart, Paula (appointed March 2010)
 Court at Law No. 2 Harmon, Bill
 Court at Law No. 3 Jackson, Don (retired December 31, 2009)
 Fleming, Natalie C. (appointed March 2010)
 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, Chief Justice
 14th Court of Appeals Hedges, Adele, Chief Justice

SELECTED APPOINTED OFFICIALS

Admin. Offices of The District Courts Bowman, Clay
 County Criminal Courts at Law Mgm't Wessels, Bob
 Information Technology Center High, Bruce
 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 Brooks, Tom (Appointed June 15, 2010)
 Law Library Eichstadt, John R.
 Management Services Raycraft, R. L.
 Institute of Forensic Sciences (ME) 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.



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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, 2010, 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 14%, 14% and 19%, 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 29% percent of the assets of the agency funds at February 28, 2010. 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, 2010, 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.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

August 24, 2010

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

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 28, 2010. 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, 2010 by \$10,450,079,198. This is a decrease of \$265,860,798 from the previous year when assets exceeded liabilities by \$10,715,939,996.

Total net assets of the primary government are comprised of the following:

- (1) Capital assets, net of related debt, of \$9,307,983,888 include land, improvements, buildings, infrastructure, construction in progress, and other capital assets, net of accumulated depreciation/amortization, and is reduced by outstanding debt, net of unspent proceeds, related to the purchase or construction in capital assets.
- (2) Net assets of \$1,070,821,179 are restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations.
- (3) Unrestricted net assets of \$71,274,131 represent the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 28, 2010, County governmental funds reported combined fund balances of \$912,964,193. This reflects a decrease of \$97,183,620 from the previous fiscal year, primarily due to an overall increase in expenditures in the current year. Combined unreserved fund balances of \$321,239,819 for fiscal year 2010 shows a decrease of \$158,784,789 from the prior year.
- The General Fund is used to account for the general operations of the County, limited-tax permanent improvement debt service of the County, public improvement contingencies, and the mobility program. At the end of the fiscal year, the unreserved fund balance of the County's General Fund was \$59,062,550, or 4% of the General Fund's total expenditures and 4% of revenues. In addition, the General Fund had a reserved fund balance of \$283,664,193.
- During the fiscal year, the Harris County Toll Road Authority transferred \$120 million of surplus toll road revenue to the mobility program which is accounted for within the General Fund. Mobility program monies are restricted by Section 284.0031 of the Texas Transportation Code for the study, design, construction, maintenance, repair or operation of roads, streets, highways, or other related facilities. The mobility program may not be used for the general operations of the County. The General Fund's unrestricted cash and investment balance at February 28, 2010 includes \$95.4 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, \$80,345,206 of the General Fund balance is reserved for mobility at February 28, 2010.
- The Roads Capital Projects fund is classified as a major fund. It had a fund balance of \$184,026,924 of which \$78,033,279 was reserved for encumbrances as well as prepaids, and the remaining \$105,993,645 is designated for capital projects.
- The nonmajor governmental funds had total combined fund balances of \$386,210,526 at February 28, 2010. Of this amount, \$156,183,624 is unreserved with \$35,767,179 designated for capital projects. The remaining \$230,026,902 is reserved mainly for encumbrances, debt service, advances and prepaids.

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

Long-Term Debt

The County issues debt to finance an ongoing capital improvement program. During fiscal year 2009-2010, the County issued \$914 million in bonds primarily to defease and refund outstanding bonds and \$103 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 is intended to serve as an introduction to the County's basic financial statements, which are comprised of the following three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. This report also contains other supplementary information.

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

The Statement of Net 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 the financial condition of the County.

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 units, as appropriate. The following component units have been included in this year's report: Harris County Flood Control District, Harris County Juvenile Board, Harris County Sports and Convention Corporation, Harris County 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.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports 61 governmental funds, which in some cases are aggregated individual funds (e.g., grant funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds are used for two purposes: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Also, the County uses enterprise funds to account for toll road operations, 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 used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its maintenance of County vehicles, operation of County radios, operation of the printing shop services provided by inmates, workers compensation, health insurance and other risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Toll Road Authority fund is considered to be a major fund of the County. 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 17 agency funds. Agency funds are used to report resources held by the County in a purely custodial capacity (assets equal liabilities) and therefore do not involve measurement of results of operations.

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

Required Supplementary Information for the County's General Fund budgetary schedule is presented herein. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Also presented in this section are the Schedule of Funding Progress for Other Post Employment

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

Benefits and the Schedule of Funding Progress for the Texas County and District Retirement System. Required supplementary information can be found beginning on page 95 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 \$10,450,079,198 for fiscal year 2010 and \$10,715,939,996 for fiscal year 2009. Expenses exceeded revenues during the current year, decreasing net assets by \$265,860,798.

Condensed Statement of Net Assets
February 28, 2010

(Amounts in thousands)

Primary Government

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,396,408	\$ 1,493,961	\$ 2,890,369
Capital assets	11,887,641	1,994,752	13,882,393
Total assets	<u>13,284,049</u>	<u>3,488,713</u>	<u>16,772,762</u>
Current and other liabilities	369,949	86,759	456,708
Long-term liabilities	3,070,721	2,795,254	5,865,975
Total liabilities	<u>3,440,670</u>	<u>2,882,013</u>	<u>6,322,683</u>
Net assets:			
Invested in capital assets, net of related debt	9,524,096	(216,112)	9,307,984
Restricted net assets	257,857	812,964	1,070,821
Unrestricted net assets	61,426	9,848	71,274
Total net assets	<u>\$ 9,843,379</u>	<u>\$ 606,700</u>	<u>\$ 10,450,079</u>

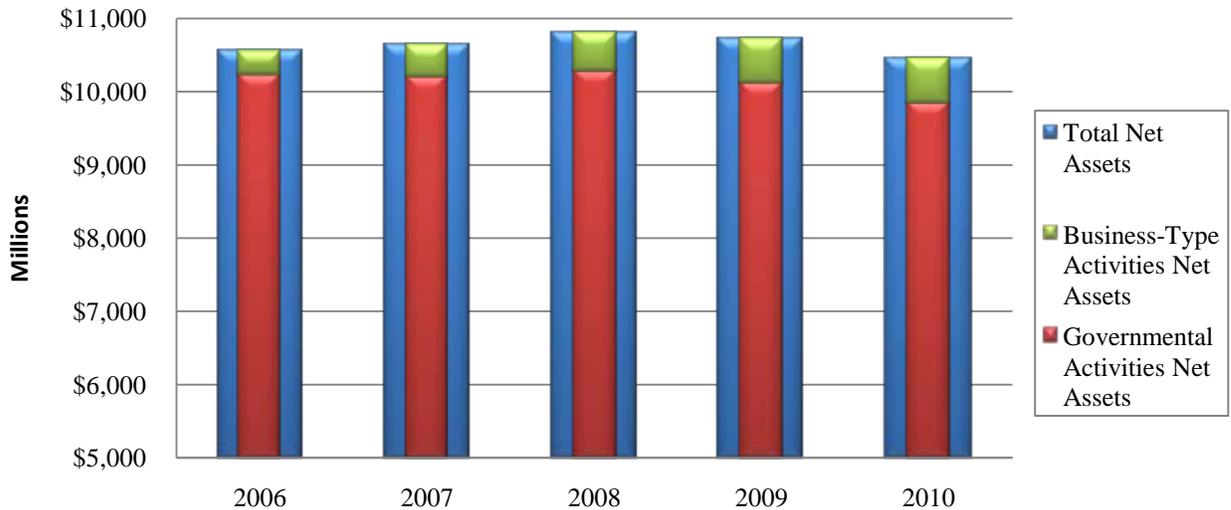
Condensed Statement of Net Assets
February 28, 2009

(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	<u>13,445,964</u>	<u>3,034,504</u>	<u>16,480,468</u>
Current and other liabilities	340,132	65,043	405,175
Long-term liabilities	2,987,226	2,372,126	5,359,352
Total liabilities	<u>3,327,358</u>	<u>2,437,169</u>	<u>5,764,527</u>
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	<u>\$ 10,118,606</u>	<u>\$ 597,334</u>	<u>\$ 10,715,940</u>

Change in Net Assets



The largest portion of the County's current fiscal year net assets, \$9,307,983,888, is invested in capital assets (e.g.; land, improvements, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The decrease of \$146,814,829 in the County's net assets invested in capital assets, net of related debt, is comprised of \$72,712,798 increase in capital assets with an offsetting increase of \$447,064,944 in debt related to capital assets and an increase of unspent debt proceeds of \$227,537,317.

Another portion of the County's current fiscal year net assets, \$71,274,131, 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, \$526,002,066 is for use for the ongoing obligations of the Toll Road Authority. Restricted net assets of \$80,345,206 are related to the mobility program and are restricted because of legal constraints imposed by the Texas Transportation Code; these funds can only be used for mobility purposes. Other restrictions include \$391,038,103 for debt service payments, \$70,114,810 for capital projects, and \$3,063,468 for legislative restricted net assets.

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 \$216,111,628 primarily due to the refunding of debt extending the repayment of the debt beyond the useful life of the assets.

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

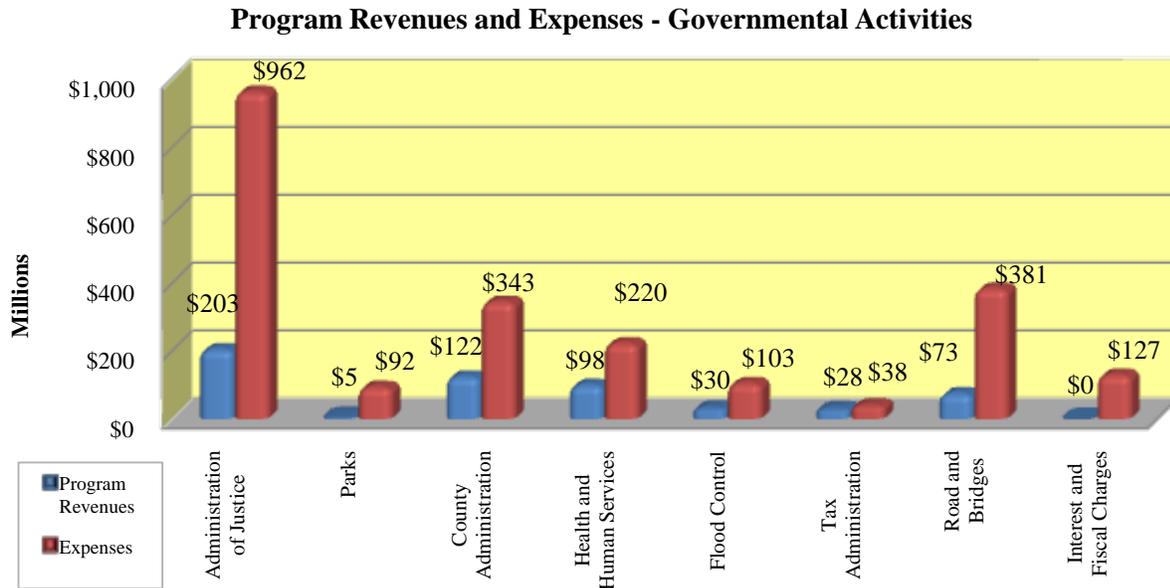
Harris County, Texas
Management's Discussion and Analysis (Unaudited)

	Condensed Statement of Activities		
	(In Thousands)		
	For the Year Ended February 28, 2010		
	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
REVENUES			
Program revenues:			
Charges for Services	\$ 263,017	\$ 464,368	\$ 727,385
Operating Grants and Contributions	224,108	1,164	225,272
Capital Grants and Contributions	71,644	7,221	78,865
General revenues:			
Taxes-levied for General Purposes	1,033,302	-	1,033,302
Taxes-levied for Debt Services	171,768	-	171,768
Hotel Occupancy Tax	21,341	-	21,341
Investment Earnings	19,410	33,679	53,089
Miscellaneous	57,322	1,954	59,276
Total revenues	<u>1,861,912</u>	<u>508,386</u>	<u>2,370,298</u>
EXPENSES			
Administration of Justice	961,588	-	961,588
Parks	91,594	-	91,594
County Administration	342,683	-	342,683
Health and Human Services	220,090	-	220,090
Flood Control	103,435	-	103,435
Tax Administration	38,137	-	38,137
Roads and Bridges	381,380	-	381,380
Interest and Fiscal Charges	127,221	-	127,221
Toll Road	-	360,048	360,048
Subscriber Access	-	580	580
Parking Facilities	-	839	839
Sheriff's Commissary	-	8,564	8,564
Total expenses	<u>2,266,128</u>	<u>370,031</u>	<u>2,636,159</u>
Excess before other items and transfers	(404,216)	138,355	(265,861)
Transfers	128,989	(128,989)	-
Change in net assets	(275,227)	9,366	(265,861)
Net assets - beginning	10,118,606	597,334	10,715,940
Net assets - ending	<u>\$ 9,843,379</u>	<u>\$ 606,700</u>	<u>\$ 10,450,079</u>

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

	Condensed Statement of Activities		
	(In Thousands)		
	For the Year Ended February 28, 2009		
	Primary Government		
	Governmental	Business-type	
	Activities	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	<u>1,965,423</u>	<u>504,225</u>	<u>2,469,648</u>
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	<u>2,247,060</u>	<u>315,342</u>	<u>2,562,402</u>
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	<u>\$ 10,118,606</u>	<u>\$ 597,334</u>	<u>\$ 10,715,940</u>

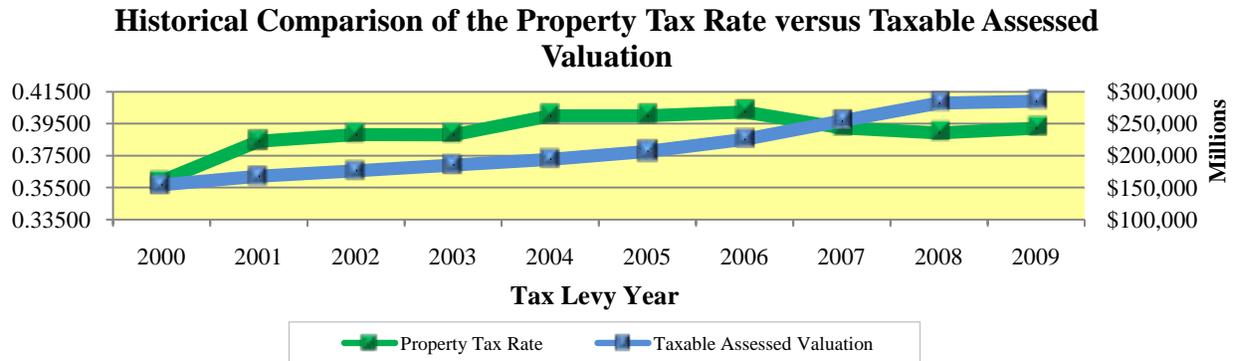
Harris County, Texas
Management's Discussion and Analysis (Unaudited)



Revenues

For fiscal year ended February 28, 2010, revenues for the primary government totaled \$2,370,298,691. The revenues are categorized by activity type: governmental activities totaled \$1,861,912,808 and business-type activities totaled \$508,385,883.

Property and Hotel Occupancy Taxes of \$1,226,410,742 were the largest revenue source for governmental activities and 52% of total revenues. The tax rate was \$.39224 per \$100 of assessed value for fiscal year 2010. The assessed value increased in fiscal year 2010 to \$370,993,457,000 from the assessed value in the prior fiscal year of \$364,193,653,000.

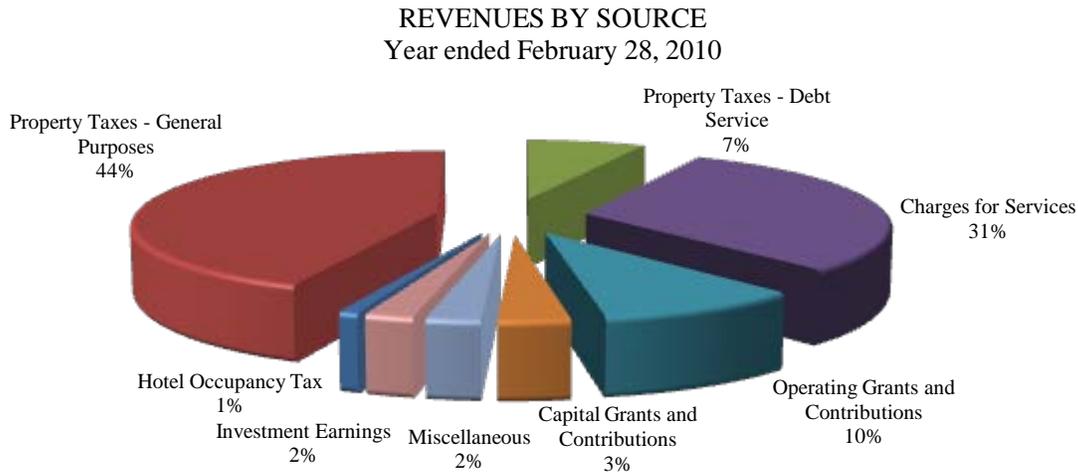


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,031,522,612 or 44% of total revenues. The largest portion of program revenues is Charges for Services of \$727,384,728 (31%). Of that \$263,017,025 is from governmental activities, which represents fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type Charges for Services were \$464,367,703, which are primarily toll road receipts. The other portions of program revenues are Operating Grants and Contributions of \$225,272,430 (10%) and Capital Grants and Contributions of \$78,865,454 (3%). Capital Grants and Contributions decreased \$136,893,024

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

from the prior year, primarily due to less road dedications and donations. These represent receipts from various federal, state, and local agencies and developers.

General revenues are revenues that can not be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of \$53,089,121 (2% of total revenues), and Miscellaneous income of \$59,276,216 (2% of total revenues).



Expenses

For fiscal year ended February 28, 2010, expenses for the primary government totaled \$2,636,159,489. These expenses are divided by activity type: governmental activities of \$2,266,128,131 and business-type activities of \$370,031,358.

The County's largest governmental activities function is Administration of Justice. The main components of this function are the civil and criminal courts and the Sheriff's Office. Total expenses for this activity were \$961,587,874 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 \$381,380,304 or 14% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

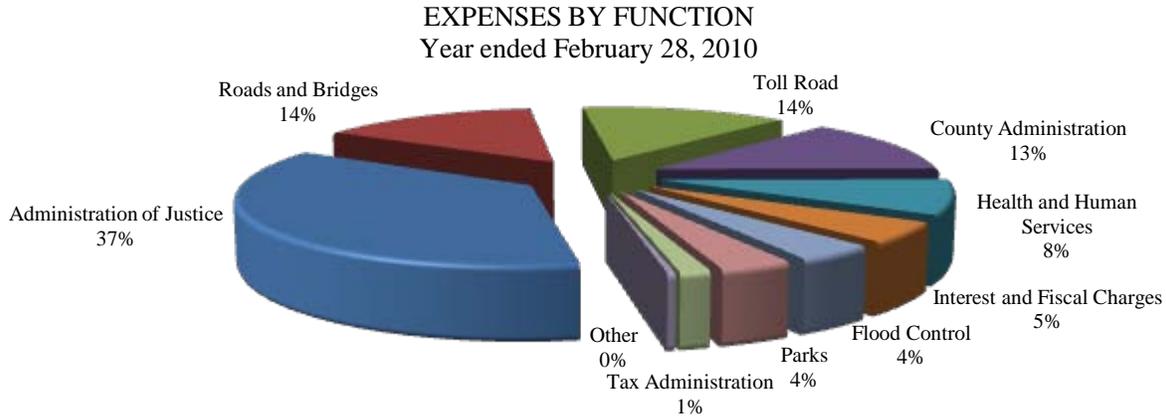
The County Administration governmental activities function expenses were \$342,683,367 or 13% of total expenses. This is a decrease of \$65 million from the prior fiscal year when approximately \$59 million of additional fees and services were incurred as a result of Hurricane Ike.

The Toll Road business-type activities function expenses were \$360,048,350 or 14% of total expenses. The majority is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were \$9,983,008 and were less than 1% of total expenses. These activities are for Subscriber Access, Parking Facilities and Sheriff's Commissary.

The Interest and Fiscal Charges governmental activities functional expenses of \$127,220,370 constituted 5% of total expenses and increased \$2,202,606. This is mostly due to refunding bonds issued in the current year.

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

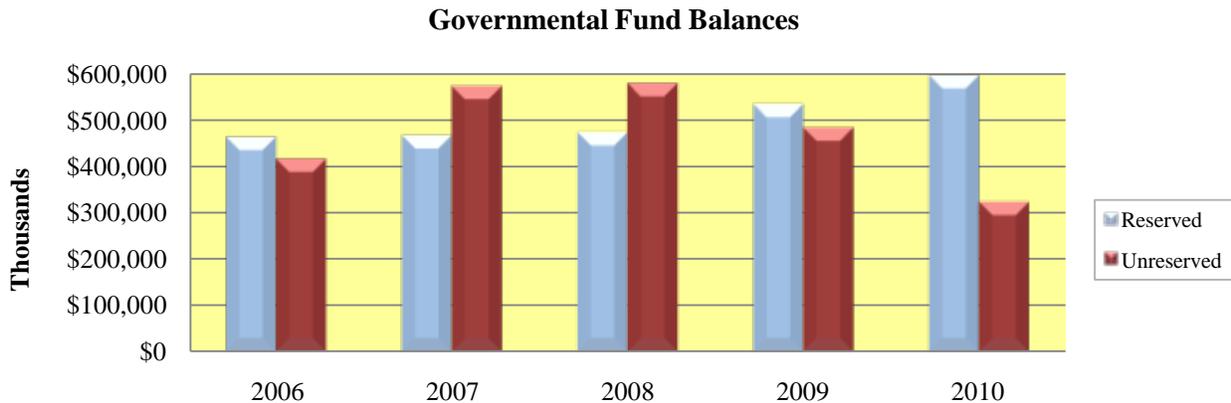
The remaining governmental activities functions are Health and Human Services with expenses of \$220,089,602 or 8%, which includes operation of the County libraries, Flood Control with expenses of \$103,435,364 or 4%, Parks with expenses of \$91,593,887 or 4%, and Tax Administration with expenses of \$38,137,363 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, 2010, the General Fund reported a net fund balance decrease of \$26,320,075. The General Fund total fund balance is \$342,726,743 for the fiscal year of which \$283,664,193 is reserved for encumbrances, debt service payments, prepaids, inventories, notes receivable, legislative issues, the Mobility program and imprest cash. The remaining \$59,062,550 is unreserved, of which \$35,400,794 is designated for public contingency.

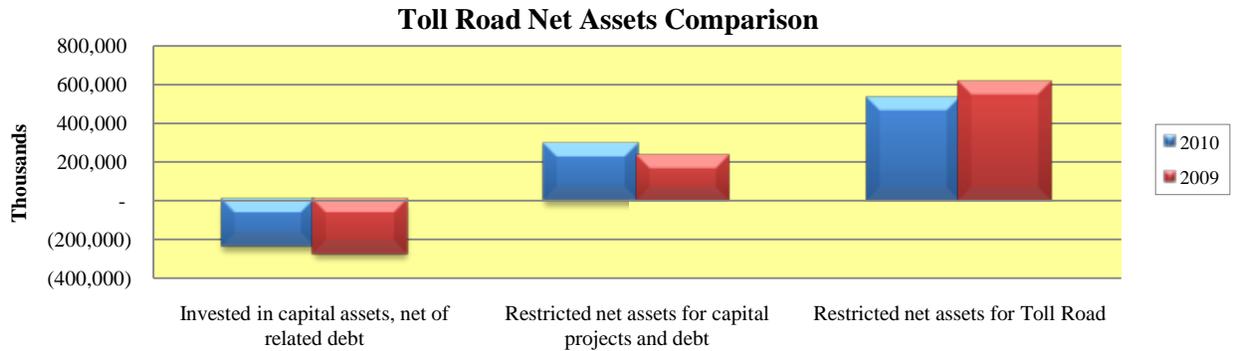
The Roads Capital Projects fund is a major governmental fund in the current year. This is primarily due to a portion of unspent bond proceeds being available for investment. As of February 28, 2010 the total fund balance was \$184,026,924 with \$77,344,244 being reserved for encumbrances.



The Toll Road Fund was the County's only major proprietary fund at February 28, 2010. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 28, 2010, net assets invested in capital assets, net of related debt was a negative \$234,840,099, and restricted net assets were

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

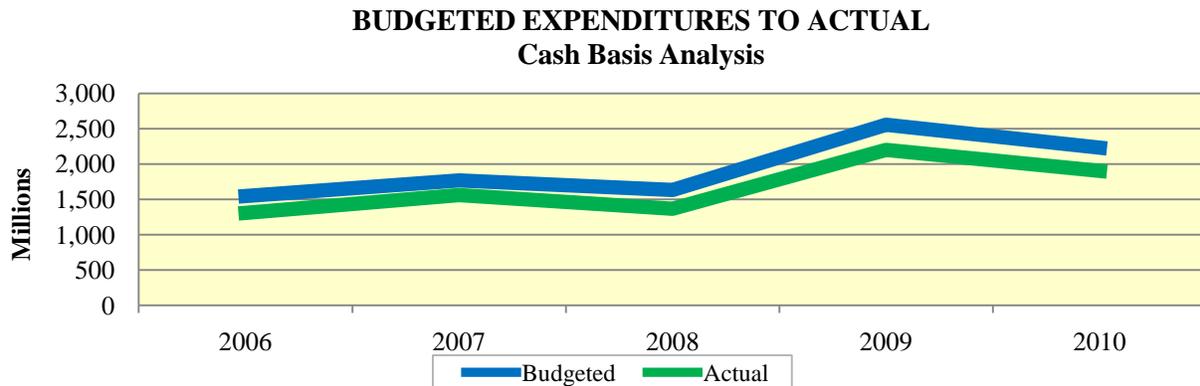
\$812,963,598. Net assets invested in capital assets, net of related debt increased from a February 29, 2009 balance of negative \$273,939,555. Net assets invested in capital assets net of related debt for both years was negative, primarily due to the refunding of debt which extended the repayment of 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 \$337,376,794 in available resources. This increase is primarily due to issuance of refunding bonds. Differences between the original budget and the final amended budget resulted in \$337,378,876 increase in appropriations.

During the year, actual available resources exceeded budgetary estimates by \$65,799,890. This is primarily due to higher collections of taxes, reimbursements and refunds, and miscellaneous income. Actual expenditures were \$331,022,203 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/amortization, for its governmental and business-type activities as of February 28, 2010, was \$13,882,392,918, an increase of \$72,712,798 from capital assets reported February 28, 2009 of \$13,809,680,120. These capital assets include land, construction in progress, land improvements, buildings, park improvements and facilities, infrastructure, equipment, other tangible assets, as well as intangible assets such as easements and the County's license agreement to operate toll facilities on the Katy Freeway.

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

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

- The County has several ongoing capital improvement projects, including a new Plaza/Jury Assembly Facility with a tunnel connection to the Civil Justice Center, Annex 4 (Pasadena Courthouse), and restoration of the 1910 Civil Courts Building.
- The Flood Control District participated in 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 Sam Houston Tollway East.

	Balance	Balance
	February 28, 2010	February 28, 2009
<u>Governmental Activities:</u>		
Land	\$ 3,893,353,019	\$ 3,849,300,763
Construction in progress	426,290,166	384,480,240
Land improvements	11,010,787	3,415,129
Infrastructure	10,061,280,217	9,958,809,600
Park facilities	143,463,317	132,766,553
Flood control projects	652,847,783	632,691,287
Buildings	1,575,420,472	1,589,052,244
Equipment	285,231,758	279,825,395
	<u>17,048,897,519</u>	<u>16,830,341,211</u>
Less: Accumulated depreciation	(5,161,256,932)	(4,838,116,682)
Total governmental activities	<u>\$ 11,887,640,587</u>	<u>\$ 11,992,224,529</u>

	Balance	Balance
	February 28, 2010	February 28, 2009
<u>Business-type Activities:</u>		
Land	\$ 301,382,032	\$ 286,272,148
Construction in progress	414,656,336	229,780,947
License Agreement	237,500,000	237,500,000
Land improvements	4,246,045	2,741,917
Infrastructure	1,776,820,536	1,735,963,226
Other tangible assets	21,598,642	21,181,809
Buildings	38,005,617	41,538,473
Equipment	59,873,598	50,817,800
	<u>2,854,082,806</u>	<u>2,605,796,320</u>
Less: Accumulated depreciation	(859,330,475)	(788,340,729)
Total business-type activities	<u>\$ 1,994,752,331</u>	<u>\$ 1,817,455,591</u>

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

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

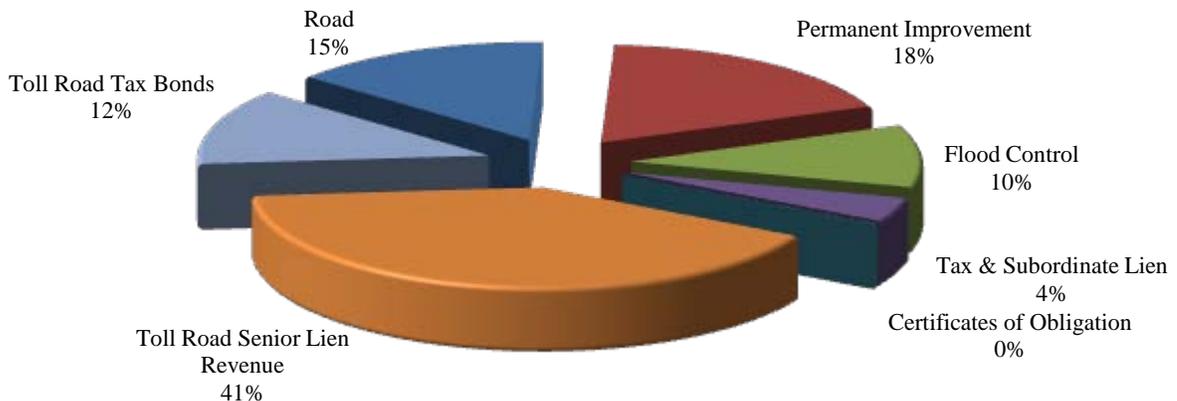
Long-term Liabilities. At February 28, 2010, the County had total long-term liabilities outstanding of \$5,865,975,227. County officials, citizens and investors will find the ratio of bonded debt to taxable value of property and the amount of bonded debt per capita as useful indicators of the County's debt position. General bonded debt represented 0.87% and 0.91% of taxable value of property for fiscal year 2010 and 2009, respectively. Debt per capita was \$1,401 and \$1,327 for fiscal year 2010 and 2009, respectively.

	Outstanding at February 28, 2010	Outstanding at February 28, 2009
<u>Governmental Activities:</u>		
Bonds payable	\$ 2,472,429,606	\$ 2,559,588,635
Commercial paper payable	332,048,000	229,138,000
Compensatory time payable	38,888,981	36,963,277
Obligations under capital leases	21,368,077	23,265,768
Judgments payable	5,353,417	4,145,300
Note payable	-	77,539
Loan payable	9,642,857	-
OPEB obligation	188,310,144	132,403,485
Pollution remediation obligation	2,680,610	1,644,240
Total governmental activities	\$ 3,070,721,692	\$ 2,987,226,244
<u>Business-type Activities:</u>		
Bonds payable	\$ 2,783,578,440	\$ 2,363,579,795
Compensatory time payable	1,316,727	1,300,049
OPEB obligation	10,358,368	7,245,523
Total business-type activities	\$ 2,795,253,535	\$ 2,372,125,367

The County has a continuing goal to sustain 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 Aaa, AAA, and AAA, respectively.

Please refer to Note 10 to the financial statements for further information on the County's long-term liabilities. See Note 13 to the financial statements for further information on the County's Other Post Employment Benefits (OPEB) plan.

Bonds Payable by Type as of February 28, 2010



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

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2009 was 8.1%. This is an unfavorable increase from the prior year rate of 5.5%. The state unemployment rate for calendar year 2009 was 8.0%. The Consumer Price Index for the Houston – Galveston – Baytown Metropolitan Area was 192.412 at February 28, 2010, which was an increase of 2.7% from February 28, 2009.

THE NEXT FISCAL YEAR

At the time that the fiscal year 2011 budget was adopted, the cash and investment balance available for the general operations of the County was projected to be zero at February 28, 2011, the end of the fiscal year.

At May 31, 2010 the cash and investment balance available for the general operations of the County was negative \$68 million as compared with a positive \$49 million at May 31, 2009. These amounts represent unrestricted cash and investments less funds reserved or designated for specific purposes such as the Mobility Fund, which were previously discussed. The General Fund undesignated fund balance at May 31, 2010 was negative \$205,844,002 as compared with negative \$139,236,704 at May 31, 2009. These balances are reported on a budgetary basis which is not in accordance with generally accepted accounting principles and are not audited.

On June 30, 2010, the County issued \$450,000,000 in Tax Anticipation Notes to fund the County's cumulative cash flow deficit due to timing differences between expenditures and the receipt of tax revenue.

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, 2010

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 452,344,090	\$ 2,253,958	\$ 454,598,048	\$ 305,867,599
Investments	485,427,083	6,250,044	491,677,127	149,261,927
Taxes receivable, net	49,505,624	-	49,505,624	39,633,000
Accounts receivable, net	65,264,719	75,006	65,339,725	80,419,088
Accrued interest receivable	13,694,996	3,896	13,698,892	-
Lease receivable	282,300	175,750	458,050	-
Due from other governmental units	6,273	-	6,273	-
Other receivables	122,858,973	2,106,751	124,965,724	7,978,184
Internal balances	(66,134,189)	66,134,189	-	-
Inventories, prepaids and other assets	19,781,637	289,383	20,071,020	89,682,605
Restricted:				
Cash and cash equivalents	91,950,418	168,983,185	260,933,603	599,412,375
Investments	113,652,484	1,184,710,023	1,298,362,507	-
Investments, held as collateral by others	-	15,000,000	15,000,000	-
Receivables, net	-	1,187,115	1,187,115	-
Accrued interest receivable	-	3,524,093	3,524,093	-
Other receivables, net	-	3,261,351	3,261,351	-
Prepaids and other assets	-	13,738,387	13,738,387	-
Deferred charges, net of amortization	16,866,665	25,269,119	42,135,784	-
Notes receivable	30,907,405	998,433	31,905,838	4,840,360
Capital assets:				
Land and construction in progress	4,319,643,185	716,038,368	5,035,681,553	92,747,945
Intangible assets, net of amortization	-	236,621,250	236,621,250	2,648,219
Other capital assets, net of depreciation	7,567,997,402	1,042,092,713	8,610,090,115	309,426,470
Total assets	<u>13,284,049,065</u>	<u>3,488,713,014</u>	<u>16,772,762,079</u>	<u>1,681,917,772</u>
LIABILITIES				
Vouchers payable and other current liabilities	254,848,649	1,129,218	255,977,867	215,927,704
Unearned revenue	74,871,564	-	74,871,564	15,018,967
Payable from restricted assets:				
Vouchers payable and other current liabilities	-	85,629,866	85,629,866	-
Current portion of long-term liabilities	-	95,631,026	95,631,026	-
Non-current portion of long-term liabilities	-	2,699,621,114	2,699,621,114	-
Accrued interest	40,228,358	-	40,228,358	1,549,203
Long-term liabilities:				
Due within one year	121,664,655	599	121,665,254	6,042,711
Due in more than one year	2,949,057,037	795	2,949,057,832	432,459,767
Total liabilities	<u>3,440,670,263</u>	<u>2,882,012,618</u>	<u>6,322,682,881</u>	<u>670,998,352</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,524,095,516	(216,111,628)	9,307,983,888	160,109,004
Restricted for:				
Debt service	155,452,455	235,585,648	391,038,103	-
Capital projects	18,738,926	51,375,884	70,114,810	41,560,174
Donor temporarily restricted	257,526	-	257,526	4,696,310
Legislative	3,063,468	-	3,063,468	-
Mobility program	80,345,206	-	80,345,206	-
Toll Road	-	526,002,066	526,002,066	-
Unrestricted	61,425,705	9,848,426	71,274,131	804,553,932
Total net assets	<u>\$ 9,843,378,802</u>	<u>\$ 606,700,396</u>	<u>\$ 10,450,079,198</u>	<u>\$ 1,010,919,420</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
Administration of Justice	961,587,874	\$ 138,701,372	\$ 64,199,093	\$ -	\$ (758,687,409)	-	\$ (758,687,409)	
Parks	91,593,887	3,272,122	1,843,940	-	(86,477,825)	-	(86,477,825)	
County Administration	342,683,367	47,722,204	71,665,657	3,016,547	(220,278,959)	-	(220,278,959)	
Health and Human Services	220,089,602	11,171,663	86,399,324	42,862	(122,475,753)	-	(122,475,753)	
Flood Control	103,435,364	314,334	-	29,527,916	(73,593,114)	-	(73,593,114)	
Tax Administration	38,137,363	28,172,610	-	-	(9,964,753)	-	(9,964,753)	
Road and Bridges	381,380,304	33,662,720	-	39,056,669	(308,660,915)	-	(308,660,915)	
Interest and Fiscal Charges	127,220,370	-	-	-	(127,220,370)	-	(127,220,370)	
Total governmental activities	<u>2,266,128,131</u>	<u>263,017,025</u>	<u>224,108,014</u>	<u>71,643,994</u>	<u>(1,707,359,098)</u>	<u>-</u>	<u>(1,707,359,098)</u>	
Business-type activities:								
Toll Road	360,048,350	455,547,954	1,164,416	7,221,460	-	\$ 103,885,480	103,885,480	
Subscriber Access	580,025	265,077	-	-	-	(314,948)	(314,948)	
Parking Facilities	838,717	364,687	-	-	-	(474,030)	(474,030)	
Sheriff's Commissary	8,564,266	8,189,985	-	-	-	(374,281)	(374,281)	
Total business-type activities	<u>370,031,358</u>	<u>464,367,703</u>	<u>1,164,416</u>	<u>7,221,460</u>	<u>-</u>	<u>102,722,221</u>	<u>102,722,221</u>	
Total primary government	<u>\$ 2,636,159,489</u>	<u>\$ 727,384,728</u>	<u>\$ 225,272,430</u>	<u>\$ 78,865,454</u>	<u>(1,707,359,098)</u>	<u>102,722,221</u>	<u>(1,604,636,877)</u>	
Component units:								
MHMRA	\$ 152,916,042	\$ 31,996,777	\$ 101,245,906	\$ 111,346				\$ (19,562,013)
Hospital District	1,453,099,000	258,457,000	184,671,000	461,637,000				(548,334,000)
Other component units	78,849,887	9,905,955	69,739,494	3,430,783				4,226,345
Total component units	<u>\$ 1,684,864,929</u>	<u>\$ 300,359,732</u>	<u>\$ 355,656,400</u>	<u>\$ 465,179,129</u>				<u>(563,669,668)</u>
General revenues:								
Taxes:								
Property taxes levied for General Purposes					1,033,301,956	-	1,033,301,956	528,613,000
Property taxes levied for Debt Service					171,767,566	-	171,767,566	-
Hotel Occupancy Tax					21,341,220	-	21,341,220	-
Earnings on Investments					19,410,387	33,678,734	53,089,121	14,997,625
Miscellaneous					57,322,646	1,953,570	59,276,216	45,935,628
Gain on disposal of capital assets					-	-	-	73,818
Transfers					128,988,552	(128,988,552)	-	-
Total general revenues and other items					<u>1,432,132,327</u>	<u>(93,356,248)</u>	<u>1,338,776,079</u>	<u>589,620,071</u>
Change in net assets					<u>(275,226,771)</u>	<u>9,365,973</u>	<u>(265,860,798)</u>	<u>25,950,403</u>
Net assets - beginning					<u>10,118,605,573</u>	<u>597,334,423</u>	<u>10,715,939,996</u>	<u>984,969,017</u>
Net assets - ending					<u>\$ 9,843,378,802</u>	<u>\$ 606,700,396</u>	<u>\$ 10,450,079,198</u>	<u>\$ 1,010,919,420</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2010

	<u>General</u>	<u>Roads Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments:				
Cash and cash equivalents	\$ 185,163,984	\$ 73,263,509	\$ 133,616,141	\$ 392,043,634
Investments	78,421,413	120,387,481	228,793,280	427,602,174
Receivables:				
Taxes, net	41,305,368	-	8,200,256	49,505,624
Accounts	8,828,208	3,289,968	50,452,720	62,570,896
Accrued interest	7,426,548	583,774	5,326,965	13,337,287
Lease	282,300	-	-	282,300
Other	73,260,582	-	46,193,173	119,453,755
Due from other funds	33,814,632	-	33,869,166	67,683,798
Due from other governmental units	5,718	-	555	6,273
Inventories and other assets	5,524,066	689,035	10,440,753	16,653,854
Advances to other funds	40,000	-	12,585,000	12,625,000
Restricted cash and cash equivalents	65,189,690	-	26,760,728	91,950,418
Restricted investments	49,794,677	-	63,857,807	113,652,484
Notes receivable	30,369,200	-	538,205	30,907,405
Total assets	<u>\$ 579,426,386</u>	<u>\$ 198,213,767</u>	<u>\$ 620,634,749</u>	<u>\$ 1,398,274,902</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers payable	\$ 42,841,859	\$ 12,017,877	\$ 33,200,308	\$ 88,060,044
Accrued payroll and compensated absences	94,756,670	-	6,442,875	101,199,545
Surplus auction payable	11,213	-	-	11,213
Retainage payable	1,202,093	1,616,874	3,890,330	6,709,297
Due to other funds	2,968,613	42,987	67,419,815	70,431,415
Customer deposits	1,087,122	-	10	1,087,132
Advances from other funds	29,099,062	-	47,086,538	76,185,600
Deferred revenue	64,079,594	509,105	76,384,347	140,973,046
Judgments payable	653,417	-	-	653,417
Total liabilities	<u>236,699,643</u>	<u>14,186,843</u>	<u>234,424,223</u>	<u>485,310,709</u>
Fund balances:				
Reserved for:				
Encumbrances	45,619,703	77,344,244	135,288,059	258,252,006
Debt service	118,217,242	-	80,389,695	198,606,937
Imprest fund	485,308	-	85,180	570,488
Legislative	3,063,468	-	-	3,063,468
Inventory	2,215,977	-	486,275	2,702,252
Prepays	3,308,089	689,035	1,520,167	5,517,291
Mobility program	80,345,206	-	-	80,345,206
Advances	40,000	-	12,000,000	12,040,000
Notes receivable	30,369,200	-	-	30,369,200
Grant programs	-	-	257,526	257,526
Unreserved:				
Designated for capital projects	-	105,993,645	35,767,179	141,760,824
Designated for public contingency	35,400,794	-	-	35,400,794
Undesignated - general fund	23,661,756	-	-	23,661,756
Undesignated - special revenue funds	-	-	120,416,445	120,416,445
Total fund balances	<u>342,726,743</u>	<u>184,026,924</u>	<u>386,210,526</u>	<u>912,964,193</u>
Total liabilities and fund balances	<u>\$ 579,426,386</u>	<u>\$ 198,213,767</u>	<u>\$ 620,634,749</u>	<u>\$ 1,398,274,902</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
February 28, 2010

Total fund balances for governmental funds \$ 912,964,193

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	\$ 3,893,094,019	
Construction in progress	426,290,166	
Land improvements, net of \$570,658 accumulated depreciation	10,440,129	
Infrastructure, net of \$4,297,769,375 accumulated depreciation	5,763,510,842	
Parks, net of \$29,458,300 accumulated depreciation	114,005,017	
Flood control projects, net of \$240,602,086 accumulated depreciation	412,245,697	
Buildings, net of \$408,704,502 accumulated depreciation	1,165,247,402	
Equipment and vehicles, net of \$152,369,188 accumulated depreciation	<u>86,734,770</u>	
Total capital assets		11,871,568,042

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of February 28, 2010 were:

Deferred charges	<u>16,866,665</u>	
		16,866,665

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, 2010 were:

Accrued interest on bonds and loans	(40,228,358)	
Bonds payable	(2,472,429,606)	
Judgments payable	(4,700,000)	
Loan payable	(9,642,857)	
Capital leases	(21,312,109)	
Commercial paper payable	(332,048,000)	
Compensated absences	(38,567,456)	
OPEB obligation	(188,310,144)	
Pollution remediation obligation	<u>(2,680,610)</u>	
		(3,109,919,140)

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:

85,130,333

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.

66,768,709

Total net assets of governmental activities \$ 9,843,378,802

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 28, 2010

	<u>General</u>	<u>Roads Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 1,067,004,433	\$ -	\$ 163,866,173	\$ 1,230,870,606
Charges for services	195,960,672	-	10,783,518	206,744,190
User fees	2,721,751	-	-	2,721,751
Fines and forfeitures	20,868,888	-	-	20,868,888
Lease revenue	2,179,489	-	178,280	2,357,769
Intergovernmental	42,765,668	23,930,997	225,734,936	292,431,601
Earnings on investments	5,960,361	4,782,321	5,944,504	16,687,186
Miscellaneous	41,028,526	1,177,215	17,152,191	59,357,932
Total revenues	<u>1,378,489,788</u>	<u>29,890,533</u>	<u>423,659,602</u>	<u>1,832,039,923</u>
EXPENDITURES				
Current operating:				
Administration of Justice	857,312,833	-	53,987,031	911,299,864
Parks	57,102,899	-	10,567,840	67,670,739
County Administration	224,523,020	409,623	68,628,936	293,561,579
Health and Human Services	115,374,781	-	103,311,689	218,686,470
Flood Control	-	-	69,569,244	69,569,244
Tax Administration	35,700,647	-	977,544	36,678,191
Roads and Bridges	94,634,099	18,574,379	-	113,208,478
Capital outlay	43,106,103	77,248,684	124,140,191	244,494,978
Debt service:				
Principal retirement	45,940,000	-	37,817,483	83,757,483
Bond issuance costs	1,327,425	-	560,634	1,888,059
Interest and fiscal charges	54,186,536	-	68,983,451	123,169,987
Total expenditures	<u>1,529,208,343</u>	<u>96,232,686</u>	<u>538,544,043</u>	<u>2,163,985,072</u>
Deficiency of revenues under expenditures	<u>(150,718,555)</u>	<u>(66,342,153)</u>	<u>(114,884,441)</u>	<u>(331,945,149)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	157,669,060	-	61,832,795	219,501,855
Transfers out	(34,772,470)	(5,634,781)	(50,259,592)	(90,666,843)
Refunding bonds issued	149,655,000	-	98,880,000	248,535,000
Premium on debt issued	18,902,576	-	14,663,075	33,565,651
Commercial paper issued	-	35,800,000	67,110,000	102,910,000
Payment to bond escrow agent	(167,171,813)	-	(112,710,946)	(279,882,759)
Sale of capital assets	116,127	154,985	527,513	798,625
Total other financing sources (uses)	<u>124,398,480</u>	<u>30,320,204</u>	<u>80,042,845</u>	<u>234,761,529</u>
Net changes in fund balances	(26,320,075)	(36,021,949)	(34,841,596)	(97,183,620)
Fund balances, beginning	369,046,818	220,048,873	421,052,122	1,010,147,813
Fund balances, ending	<u>\$ 342,726,743</u>	<u>\$ 184,026,924</u>	<u>\$ 386,210,526</u>	<u>\$ 912,964,193</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2010

Net change in fund balances - total governmental funds \$ (97,183,620)

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 \$348,143,483 exceeded capital expenditures of \$244,494,978 in the current period. (103,648,505)

Capital asset donations 26,931,715

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		\$(248,535,000)	
Bond premiums		(33,565,651)	
Commercial paper		(102,910,000)	
Loans		(12,000,000)	
Repayments:			
To paying agent for bond principal		83,757,483	
To refunding bond escrow agent		279,882,759	
Loans		2,434,682	
Capital lease principal		1,848,024	
Refunding interest expense		3,641,325	
Net adjustment		(25,446,378)	

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	(1,911,474)	
Judgments payable	(554,700)	
OPEB obligation	(55,906,659)	
Pollution remediation obligation	(1,145,816)	
Amortization of debt premium	10,332,860	
Accretion of capital appreciation bond interest	(4,235,859)	
Amortization of advanced refunding difference	(4,281,097)	
Accrued interest on debt	1,141,650	
Amortization of deferred charges	(1,326,362)	
Capitalization of deferred charges	2,208,016	
Combined adjustment	(55,679,441)	

Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities. 6,984,447

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. 167,976

The net effect of disposal of capital assets is to decrease net assets. (27,352,965)

Change in net assets of governmental activities \$ (275,226,771)

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
February 28, 2010

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2,253,958	\$ 2,253,958	\$ 60,300,456
Investments	-	6,250,044	6,250,044	57,824,909
Receivables, net	-	75,006	75,006	2,693,823
Accrued interest receivable	-	3,896	3,896	357,709
Other receivable	-	2,106,751	2,106,751	3,405,218
Inventories	-	225,002	225,002	1,960,478
Prepays and other assets	-	64,381	64,381	1,167,305
Due from other funds	-	-	-	177,924
Restricted assets:				
Cash and cash equivalents	168,983,185	-	168,983,185	-
Investments	1,184,710,023	-	1,184,710,023	-
Investments, held as collateral by others	15,000,000	-	15,000,000	-
Receivables, net	1,187,115	-	1,187,115	-
Accrued interest receivable	3,524,093	-	3,524,093	-
Other receivables	3,261,351	-	3,261,351	-
Due from other funds	2,772,362	-	2,772,362	-
Inventories	6,316,867	-	6,316,867	-
Prepays and other assets	7,421,520	-	7,421,520	-
Total current assets	1,393,176,516	10,979,038	1,404,155,554	127,887,822
Noncurrent assets:				
Advances to other funds	63,560,600	-	63,560,600	-
Lease receivable	175,750	-	175,750	-
Notes receivable	998,433	-	998,433	-
Deferred charges, net of amortization	25,269,119	-	25,269,119	-
Capital assets:				
Land and construction in progress	712,074,770	3,963,598	716,038,368	259,000
License agreement, net of amortization	236,621,250	-	236,621,250	-
Other capital assets, net of depreciation	1,027,327,840	14,764,873	1,042,092,713	15,813,545
Total noncurrent assets	2,066,027,762	18,728,471	2,084,756,233	16,072,545
Total assets	3,459,204,278	29,707,509	3,488,911,787	143,960,367
LIABILITIES				
Current liabilities:				
Vouchers payable	-	910,164	910,164	10,188,518
Accrued payroll and compensated absences	-	5,521	5,521	1,035,294
Estimated outstanding claims	-	-	-	15,168,871
Incurred but not reported claims	-	-	-	31,565,840
Customer deposits	-	214,132	214,132	-
Due to other funds	-	-	-	3,896
Deferred revenue	-	-	-	667,227
Payable from restricted assets:				
Vouchers payable	39,833,663	-	39,833,663	-
Accrued payroll and compensated absences	4,468,004	-	4,468,004	-
Retainage payable	8,323,959	-	8,323,959	-
Customer deposits	1,439,285	-	1,439,285	-
Due to other funds	198,773	-	198,773	-
Due to other units	1,123,720	-	1,123,720	-
Deferred revenue	31,178,003	-	31,178,003	-
Current portion of long-term liabilities	94,894,258	-	94,894,258	-
Total current liabilities	181,459,665	1,129,817	182,589,482	58,629,646
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	795	795	200,388
Noncurrent portion of long-term liabilities payable from restricted assets	2,699,621,114	-	2,699,621,114	-
Total noncurrent liabilities	2,699,621,114	795	2,699,621,909	200,388
Total liabilities	2,881,080,779	1,130,612	2,882,211,391	58,830,034
NET ASSETS				
Invested in capital assets, net of related debt	(234,840,099)	18,728,471	(216,111,628)	16,072,545
Restricted for:				
Capital projects	51,375,884	-	51,375,884	-
Debt service	235,585,648	-	235,585,648	-
Toll Road	526,002,066	-	526,002,066	-
Unrestricted	-	9,848,426	9,848,426	69,057,788
Total net assets	\$ 578,123,499	\$ 28,576,897	\$ 606,700,396	\$ 85,130,333

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, 2010

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Toll revenues	\$ 455,547,954	\$ -	\$ 455,547,954	\$ -
Lease revenue	-	-	-	71,163
Intergovernmental	1,164,416	-	1,164,416	1,733,938
Charges to departments	-	-	-	227,345,108
Sales	-	8,189,985	8,189,985	-
User fees	-	556,910	556,910	9,149,909
Miscellaneous	-	72,854	72,854	-
Total operating revenues	<u>456,712,370</u>	<u>8,819,749</u>	<u>465,532,119</u>	<u>238,300,118</u>
OPERATING EXPENSES				
Salaries	55,466,068	658,468	56,124,536	9,750,635
Materials and supplies	12,824,260	2,143,354	14,967,614	630,433
Services and fees	83,593,937	2,113,188	85,707,125	6,780,000
Utilities	3,397,126	319,988	3,717,114	908,163
Transportation and travel	1,113,147	-	1,113,147	6,030,495
Incurred claims	-	-	-	192,530,843
Estimated claims	-	-	-	3,444,518
Cost of goods sold	-	4,218,252	4,218,252	7,866,618
Depreciation	70,734,726	529,758	71,264,484	6,251,430
Total operating expenses	<u>227,129,264</u>	<u>9,983,008</u>	<u>237,112,272</u>	<u>234,193,135</u>
Operating income (loss)	<u>229,583,106</u>	<u>(1,163,259)</u>	<u>228,419,847</u>	<u>4,106,983</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	33,581,716	97,018	33,678,734	2,281,077
Lease income	309,383	-	309,383	-
Interest expense	(116,887,849)	-	(116,887,849)	-
Gain (loss) on disposal of capital assets	(227,017)	-	(227,017)	1,500
Amortization expense	(15,804,220)	-	(15,804,220)	-
Other nonoperating revenue	1,644,187	-	1,644,187	436,236
Total nonoperating revenues (expenses)	<u>(97,383,800)</u>	<u>97,018</u>	<u>(97,286,782)</u>	<u>2,718,813</u>
Income before contributions and transfers	<u>132,199,306</u>	<u>(1,066,241)</u>	<u>131,133,065</u>	<u>6,825,796</u>
Contributions	7,221,460	-	7,221,460	-
Transfers in	9,982	-	9,982	13,636,127
Transfers out	(127,123,534)	(1,875,000)	(128,998,534)	(13,477,476)
Total contributions and transfers	<u>(119,892,092)</u>	<u>(1,875,000)</u>	<u>(121,767,092)</u>	<u>158,651</u>
Change in net assets	12,307,214	(2,941,241)	9,365,973	6,984,447
Net assets, beginning	565,816,285	31,518,138	597,334,423	78,145,886
Net assets, ending	<u>\$ 578,123,499</u>	<u>\$ 28,576,897</u>	<u>\$ 606,700,396</u>	<u>\$ 85,130,333</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 28, 2010

	Enterprise Funds			Internal Service Funds
	Toll Road Authority	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 464,268,531	\$ 6,677,677	\$ 470,946,208	\$ 237,547,994
Payment to employees	(52,322,774)	(657,154)	(52,979,928)	(9,767,293)
Payment to vendors	(85,272,159)	(10,716,824)	(95,988,983)	(21,389,027)
Claims paid	-	-	-	(192,748,250)
Receipts from miscellaneous reimbursements	1,644,187	-	1,644,187	-
Other receipts	-	-	-	436,236
Net cash provided by (used for) operating activities	<u>328,317,785</u>	<u>(4,696,301)</u>	<u>323,621,484</u>	<u>14,079,660</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Internal activity - net payments to other funds	(2,771,598)	-	(2,771,598)	-
Transfers from other funds	-	-	-	13,636,127
Transfers to other funds	(127,113,552)	(1,875,000)	(128,988,552)	(13,477,476)
Net cash provided by (used for) noncapital financing activities	<u>(129,885,150)</u>	<u>(1,875,000)</u>	<u>(131,760,150)</u>	<u>158,651</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from lease of capital assets	309,383	-	309,383	-
Purchases of capital assets	(244,661,568)	(423,405)	(245,084,973)	(5,735,743)
Proceeds from sale of capital assets	510,601	-	510,601	-
Principal paid on capital lease	-	-	-	(49,668)
Principal and escrow paid on capital debt	(280,860,000)	-	(280,860,000)	-
Interest paid on capital debt	(118,107,211)	-	(118,107,211)	-
Proceeds from capital debt	689,198,529	-	689,198,529	-
Bond issuance cost	(1,425,939)	-	(1,425,939)	-
Net cash provided by (used for) capital and related financing activities	<u>44,963,795</u>	<u>(423,405)</u>	<u>44,540,390</u>	<u>(5,785,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance to other funds	(11,214,197)	-	(11,214,197)	-
Purchase of investments	(1,810,972,941)	(8,483,694)	(1,819,456,635)	(59,087,258)
Proceeds from sales and maturities of investments	1,615,810,628	10,071,527	1,625,882,155	57,709,971
Interest received	36,241,245	1,260,331	37,501,576	20,942,815
Net cash provided by (used for) investing activities	<u>(170,135,265)</u>	<u>2,848,164</u>	<u>(167,287,101)</u>	<u>19,565,528</u>
Net change in cash and cash equivalents	73,261,165	(4,146,542)	69,114,623	28,018,428
Cash and cash equivalents, beginning	95,722,020	6,400,500	102,122,520	32,282,028
Cash and cash equivalents, ending	<u>\$ 168,983,185</u>	<u>\$ 2,253,958</u>	<u>\$ 171,237,143</u>	<u>\$ 60,300,456</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 229,583,106	\$ (1,163,259)	\$ 228,419,847	\$ 4,106,983
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	70,734,726	529,758	71,264,484	6,251,430
Other nonoperating revenues	1,644,187	-	1,644,187	436,236
Changes in current assets and liabilities:				
Receivables, net	3,693,686	(2,131,806)	1,561,880	(654,567)
Notes and leases receivable	3,307,093	-	3,307,093	-
Prepays and other assets	(5,309,660)	(64,381)	(5,374,041)	(63,995)
Inventories	(2,031,347)	(15,432)	(2,046,779)	734,118
Vouchers payable and accrued liabilities	20,088,159	(1,842,229)	18,245,930	3,304,860
Due to other governmental units	(60,026)	-	(60,026)	-
Other liabilities	(171,547)	(10,266)	(181,813)	-
Deferred revenue	555,382	-	555,382	(36,260)
Retainage payable	6,329,120	-	6,329,120	-
Compensatory time payable	(45,094)	1,314	(43,780)	855
Net cash provided by (used for) operating activities	<u>\$ 328,317,785</u>	<u>\$ (4,696,301)</u>	<u>\$ 323,621,484</u>	<u>\$ 14,079,660</u>
Non-Cash Operating, Capital and Related Financing, And Investing Activities:				
Capital contributions received from other governments	\$ 7,221,460	\$ -	\$ 7,221,460	\$ -
Decrease in the fair value of investments	(521,426)	(1,123,055)	(1,644,481)	(18,578,031)

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
February 28, 2010

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	\$257,755,175
Investments	111,850,771
Accounts receivable	434,422
Other receivables	5,315,331
Accrued interest receivable	496,377
Total assets	\$375,852,076
 LIABILITIES	
Vouchers payable	\$ 3,368,446
Incurred but not reported claims	4,727,765
Held for others	367,755,865
Total liabilities	\$375,852,076

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS - COMPONENT UNITS
FEBRUARY 28, 2010

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
ASSETS				
Cash and cash equivalents	\$ 7,034,186	\$ 273,341,000	\$ 25,492,413	\$ 305,867,599
Investments, including accrued interest	31,759,214	110,123,000	7,379,713	149,261,927
Receivables:				
Taxes, net	-	39,633,000	-	39,633,000
Accounts, net	8,182,510	65,643,000	6,593,578	80,419,088
Other	7,976,184	-	2,000	7,978,184
Inventories	198,810	6,764,000	-	6,962,810
Prepays and other assets	476,491	78,946,000	3,297,304	82,719,795
Restricted cash and investments	271,804	589,904,000	9,236,571	599,412,375
Notes receivable	-	-	4,840,360	4,840,360
Capital assets:				
Land, improvements, and construction in progress	3,219,943	83,637,000	5,891,002	92,747,945
Other capital assets, net of depreciation	18,919,405	199,272,000	91,235,065	309,426,470
Intangible assets net of accumulated amortization	-	-	2,648,219	2,648,219
Total assets	<u>78,038,547</u>	<u>1,447,263,000</u>	<u>156,616,225</u>	<u>1,681,917,772</u>
LIABILITIES				
Vouchers payable and accrued liabilities	11,614,202	137,363,000	11,239,502	160,216,704
Other liabilities	-	55,711,000	-	55,711,000
Deferred revenue	712,966	-	14,306,001	15,018,967
Accrued interest payable	-	636,000	913,203	1,549,203
Noncurrent liabilities:				
Due within one year	1,017,560	4,910,000	115,151	6,042,711
Due in more than one year	12,063,928	374,549,000	45,846,839	432,459,767
Total liabilities	<u>25,408,656</u>	<u>573,169,000</u>	<u>72,420,696</u>	<u>670,998,352</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,789,939	106,988,000	41,331,065	160,109,004
Restricted for:				
Capital projects	10,174	41,550,000	-	41,560,174
Donor restrictions	-	-	4,696,310	4,696,310
Unrestricted net assets	40,829,778	725,556,000	38,168,154	804,553,932
Total net assets	<u>\$ 52,629,891</u>	<u>\$ 874,094,000</u>	<u>\$ 84,195,529</u>	<u>\$ 1,010,919,420</u>

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
COMPONENT UNITS
For The Year Ended February 28, 2010

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
REVENUES				
Program Revenues:				
Charges for services	\$ 31,996,777	\$ 258,457,000	\$ 9,905,955	\$ 300,359,732
Operating grants and contributions	101,245,906	184,671,000	69,739,494	355,656,400
Capital grants, contributions and other	111,346	461,637,000	3,430,783	465,179,129
Total program revenues	<u>133,354,029</u>	<u>904,765,000</u>	<u>83,076,232</u>	<u>1,121,195,261</u>
EXPENSES	<u>152,916,042</u>	<u>1,453,099,000</u>	<u>78,849,887</u>	<u>1,684,864,929</u>
Net (expenses) program revenues	<u>(19,562,013)</u>	<u>(548,334,000)</u>	<u>4,226,345</u>	<u>(563,669,668)</u>
General Revenues:				
Ad valorem tax revenues	-	528,613,000	-	528,613,000
Earnings on investments	321,085	14,041,000	635,540	14,997,625
Other	23,549,480	22,626,000	(239,852)	45,935,628
Gain on sale of capital assets	73,818	-	-	73,818
Net general revenues	<u>23,944,383</u>	<u>565,280,000</u>	<u>395,688</u>	<u>589,620,071</u>
Change in net assets	4,382,370	16,946,000	4,622,033	25,950,403
Net assets, beginning	48,247,521	857,148,000	79,573,496	984,969,017
Net assets, ending	<u>\$ 52,629,891</u>	<u>\$ 874,094,000</u>	<u>\$ 84,195,529</u>	<u>\$ 1,010,919,420</u>

See notes to the financial statements.

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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 presented 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

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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 government-wide financial statements includes the financial data of the County's discrete component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Harris County Hospital District ("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

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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 (a Texas nonprofit corporation) was created to raise and provide funding for the Children's Assessment Center ("CAC"). The CAC provides a safe haven to sexually abused children and their families. CAC

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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

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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, 2010
- Harris County Housing Finance Corporation: December 31, 2009
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2009
- Harris County Industrial Development Corporation: August 31, 2009
- Children's Assessment Center Foundation, Inc.: February 28, 2010
- Housing Authority of Harris County: March 31, 2010

B. RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

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

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

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

During fiscal year 2010, the County disbursed the following amounts to these organizations: \$195,279 to the Port of Houston Authority, \$4,349 to Harris-Galveston Coastal Subsidence District, \$14,808,919 to Houston-Galveston Area Council, \$734,830 to the Metropolitan Transit Authority of Harris County, \$192,513 to the Harris County/Houston Sports Authority and \$75,000 to Gulf Coast Freight Rail District. The County also collected \$4,844,391 from the Port of Houston Authority, \$943,231 from the Houston-Galveston Area Council, \$13,319,748 from the Metropolitan Transit Authority of Harris County and \$53,623 from the Harris County/Houston Sports Authority.

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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 2010 (for the tax year ended 12/31/09), the County disbursed \$4,956,130 to the City of Houston TIRZs, \$97,513 to the City of Baytown TIRZ, \$257,543 to the City of La Porte TIRZ and \$77,249 to the City of Webster TIRZ. The County subsequently received \$647,636 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. 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. Implementation of GASB 52 did not have an impact on the County's reporting disclosures.

GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 55"), is to incorporate the hierarchy of GAAP for state and local governments into the GASB authoritative literature. Implementation of GASB 55 did not have an impact on the County's reporting disclosures.

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 GASB authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. Implementation of GASB 56 did not have an impact on the County's reporting disclosures.

GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-*

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Employer Plans (“GASB 57”), establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by agent multiple-employer OPEB plans in which they participate. In addition, it clarifies requirements of Statements 43 and 45 related to coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate. The provisions of GASB 57 related to the use and reporting of the alternative measurement method are effective immediately. Implementation of these provisions of GASB 57 did not have an impact on the County’s reporting disclosures.

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

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely 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 from the government-wide presentation of the financial statements.

Fund Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they

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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, limited-tax permanent improvement debt service of the County, public improvement contingencies, and the mobility program.

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.

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Toll Road Authority - 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.

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- 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.

The Debt Service Funds' cash and investments are restricted for debt service on bonds issued for roads and flood control purposes.

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All of the Toll Road Authority'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

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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 2010, \$5,042,261 of interest expense was capitalized.

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

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

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.

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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.

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R. COMPONENT UNIT TAX REVENUES

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

2. DEPOSITS AND INVESTMENTS

Deposits: Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance Corporation (FDIC) is available for funds deposited at any financial institution with no maximum 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, 2010, the carrying amount of the County's demand and time deposits was \$478,087,134 and the balance per various financial institutions was \$208,238,726. The County's deposits are not exposed to custodial credit risk since all deposits are either covered by FDIC insurance or an irrevocable standby letter of credit with the Federal Home Loan Bank of Dallas, in accordance with the Public Funds Collateral Act.

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

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.

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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 of the County's cash and investments at February 28, 2010:

	Governmental Funds	Proprietary Funds	Total	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 392,043,634	\$ 62,554,414	\$ 454,598,048	\$ 257,755,175	\$ 712,353,223
Restricted Cash and Cash Equivalents	91,950,418	168,983,185	260,933,603	-	260,933,603
Investments	427,602,174	64,074,953	491,677,127	111,850,771	603,527,898
Restricted Investments	113,652,484	1,199,710,023	1,313,362,507	-	1,313,362,507
Total Cash & Investments	\$ 1,025,248,710	\$ 1,495,322,575	\$ 2,520,571,285	\$ 369,605,946	\$ 2,890,177,231

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.

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The table below indicates the fair value and maturity value of the County's investments as of February 28, 2010, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
<i>US Agency Notes</i>					
FAMCA	\$ 26,438,744	1.10%	\$ 25,053,000	0.0156	AAA/Aa1
FFCB	53,990,266	2.24%	52,850,000	0.0393	AAA/Aaa
FHLB	408,720,533	16.94%	406,963,871	0.4166	AAA/Aaa
FHLMC	381,226,927	15.80%	379,300,000	0.4004	AAA/Aaa
FNMA	408,267,412	16.92%	407,505,000	0.4874	AAA/Aaa
<i>Commercial Paper</i>					
AMEX	119,545,831	4.96%	119,600,000	0.0089	F-1/P-1 *
FCAR	333,108,930	13.81%	333,275,000	0.0320	A-1+/P-1
TMCC	102,990,600	4.27%	103,000,000	0.0024	A-1+/P-1
<i>Local Governments</i>					
Atlanta, GA	94,710,000	3.92%	94,710,000	0.0036	A1/AA-
Austin, TX	1,140,194	0.05%	1,120,000	0.0003	Aa3/AAA
College Station, TX	2,334,549	0.10%	2,395,000	0.0113	A1/AA-
Connecticut State G/O	3,590,030	0.15%	3,500,000	0.0020	Aa3/AA
Dallas/Ft Worth, TX	2,095,660	0.09%	2,000,000	0.0006	A1/A+
Dallas, TX WTR	3,453,235	0.14%	3,315,000	0.0080	Aa2/AAA
Ellis Cnty, TX G/O	2,670,932	0.11%	2,640,000	0.0125	Aa3/AA-
Frisco, TX G/O	1,741,868	0.07%	1,630,000	0.0066	Aa2/AA
Gainesville, FL	9,092,127	0.38%	8,900,000	0.0048	Aa2/AAA
Galveston Cnty, TX	4,149,868	0.17%	4,110,000	0.0136	Aa2/AA
Grayson Cnty, TX	3,039,635	0.13%	3,040,000	0.0140	Aa3/AAA
Harris Cnty TX - Hospital District	22,736,731	0.94%	22,370,000	0.0323	A1/A
Houston, TX ISD	5,267,700	0.22%	5,000,000	0.0171	Aaa/AAA
Houston, TX University	4,753,620	0.20%	4,500,000	0.0121	Aa3/AAA
Kent, WA G/O	933,044	0.04%	915,000	0.0003	A1/AA-
Mansfield, TX	4,329,320	0.18%	4,000,000	0.0230	Aaa/AAA
Milwaukee Cnty, WI	6,879,132	0.29%	6,775,000	0.0022	Aa3/AA
Montgomery Cnty, TX	3,637,305	0.15%	3,500,000	0.0208	Aa3/AA
New Jersey Economic Development	11,075,622	0.46%	10,735,000	0.0032	Aa3/AAA
New York, NY	7,008,120	0.29%	7,000,000	0.0045	Aa3/AA
New York St University	3,145,706	0.13%	3,070,000	0.0003	AAA/AA-
North TX TWY	1,638,608	0.07%	1,600,000	0.0002	A2/A-
North TX TWY	3,844,015	0.16%	3,500,000	0.0167	Aa3/AAA
Northwest TX	2,152,980	0.09%	2,000,000	0.0118	Aaa/AAA
Oregon State ALT	2,624,515	0.11%	2,780,000	0.0143	Aa2/AA
Pearland, TX	1,073,291	0.04%	1,075,000	0.0050	Aa3/AAA
Prince George Cnty, MD	409,889	0.02%	410,000	0.0001	Aa2/AA+
S Correctional Facility WA	506,230	0.02%	500,000	0.0006	AA/A1
San Antonio, TX	1,858,475	0.08%	1,820,000	0.0112	Aa2/AA
San Marcos, TX	1,542,135	0.06%	1,500,000	0.0072	Aaa/AAA

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Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
Texas City, TX	1,280,181	0.05%	1,285,000	0.0068	AA
Travis Cnty, TX	1,575,133	0.07%	1,505,000	0.0080	Aaa/AAA
VA State Resources	1,530,006	0.06%	1,490,000	0.0028	AAA/Aaa
Weatherford, TX	2,919,327	0.12%	2,825,000	0.0103	A2/AA-
Williamson Cnty, TX	2,749,560	0.11%	2,665,000	0.0118	Aa2/AAA
Wisconsin State	5,590,000	0.23%	5,590,000	0.0004	Aa3/AAA
<i>Money Market Mutual Funds</i>					
Fidelity Instl Treasury	301,541,542	12.50%	301,541,542	N/A	AAAm/Aaa
Fidelity Instl MMKT Tax Exempt	47,180,569	1.96%	47,180,569	N/A	AAAm/Aaa
Total Investments	<u>2,412,090,097</u>	<u>100.00%</u>	<u>\$ 2,402,038,982</u>	1.7029	
<i>Demand and Time Deposits</i>	478,087,134				
Total Cash & Investments	<u><u>\$ 2,890,177,231</u></u>				

* The credit ratings for this issue are Fitch & Moody's.

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, the Health Insurance Fund, debt service payments, bond fund reserve accounts, capitalized interest funds, Toll Road Renewal and Replacement, Public Improvement Contingency, District Clerk Registry, County Clerk Registry, and Harris County and Metro Joint Deposit Escrow 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, 2010, 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.

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Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimized.

The County's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as A or its equivalent. Money market mutual funds and public funds investment pools must be rated Aaa 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, 2010, 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.

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Fund Type	Investment Strategy	Avg Investment Duration Per Policy (Days)	Maturity Amount	Average Remaining Days To Maturity
Pooled Investments	Matching	360	\$ 212,600,000	198
Public Improvement Contingency	Barbell	1,800	133,100,000	755
General Fund Group	Matching	360	72,990,000	129
Special Revenue Funds	Matching	1,080	14,280,000	215
Debt Service Funds	Matching	1,080	204,850,000	97
Capital Project Funds	Matching	1,080	134,575,000	958
Proprietary Funds	Matching/Barbell	1,080	48,380,000	554
Toll Road Project Funds	Matching	1,080	855,515,000	837
Toll Road Renewal/Replacement	Matching	1,800	158,400,000	877
Toll Road Bond Reserve	Matching	Maturity of the bonds	80,120,000	5,910
County Clerk Registry	Matching/Barbell	2,520	46,613,871	1,419
District Clerk Registry	Matching/Barbell	2,520	57,893,000	1,490
Harris Co/Metro Joint Escrow	Matching/Barbell	5,400	34,000,000	1,119
Money Market Mutual Funds	N/A	N/A	348,722,111	N/A
			<u>\$ 2,402,038,982</u>	

3. PROPERTY TAXES

COUNTY

Property taxes for the County and the Flood Control District are levied on tax rates adopted within 60 days of receiving the certified roll or September 30, whichever is later. Tax rates are usually adopted in 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 2009 tax rate, per \$100 of taxable value, for the County and Flood Control District as follows:

	<u>Operations and Maintenance</u>	<u>Debt Service</u>	<u>Total</u>
Harris County			
Constitutional Funds	\$ 0.33401	\$ 0.03642	\$ 0.37043
Road Debt Service	-	0.02181	0.02181
	<u>\$ 0.33401</u>	<u>\$ 0.05823</u>	<u>\$ 0.39224</u>
Total - Harris County			
	<u>\$ 0.02754</u>	<u>\$ 0.00168</u>	<u>\$ 0.02922</u>

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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 \$0.39224 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.37043 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.02181 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 2009 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 \$49,505,624 as of February 28, 2010 are reported net of an allowance for uncollectible taxes of \$135,847,206.

COMPONENT UNITS

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

Property tax receivables of \$39,633,000 as of February 28, 2010 are reported net of an allowance for uncollectible taxes of \$57,586,000 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, 2010 is as follows:

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RECEIVABLES, OTHER RECEIVABLES AND DUE FROM OTHER GOVERNMENTAL UNITS

	Customers	Granting Agencies	Tax Assessor	Totals
General	\$ 40,856,828	\$ -	\$ 41,237,680	\$ 82,094,508
Roads Capital Projects	3,289,968	-	-	3,289,968
Nonmajor Governmental	11,841,847	75,728,385	9,076,216	96,646,448
Toll Road	4,448,466	-	-	4,448,466
Nonmajor Enterprise	2,181,757	-	-	2,181,757
Internal Service	6,099,041	-	-	6,099,041
Component Units	80,419,088	7,978,184	-	88,397,272
Totals	<u>\$ 149,136,995</u>	<u>\$ 83,706,569</u>	<u>\$ 50,313,896</u>	<u>\$ 283,157,460</u>

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:

	Earned but Unavailable	Unearned
Taxes receivable (General fund)	\$ 41,305,368	\$ -
Taxes receivable (nonmajor governmental funds)	8,200,256	-
Grant funding (nonmajor governmental funds)	-	48,240,336
Other receivables (General fund)	13,454,873	9,319,353
Other receivables (Roads capital projects)	509,105	-
Other receivables (nonmajor governmental funds)	3,299,107	16,644,648
Other receivables (Toll Road fund)	-	31,178,003
Other receivables (internal service funds)	-	667,227
Total deferred revenue for governmental funds and proprietary funds	<u>\$ 66,768,709</u>	<u>\$ 106,049,567</u>

5. INTERFUND BALANCES AND TRANSFERS

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

The interfund receivable and payable balances, by individual major fund, other governmental funds (aggregated), other proprietary funds (aggregated), internal service funds (aggregated), and fiduciary funds as of February 28, 2010 are as follows:

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Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Payable</u>
General	Roads Capital Projects	\$ 42,987
	Nonmajor Governmental	33,735,249
	Toll Road	32,500
	Internal Service	3,896
		196,251
Nonmajor Governmental	General	196,251
	Nonmajor Governmental	33,672,915
Toll Road	General	2,772,362
Internal Service	Nonmajor Governmental	11,651
	Toll Road	166,273
Total		<u>\$ 70,634,084</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Payable</u>
General	Nonmajor Governmental	\$ 40,000
Nonmajor Governmental	Nonmajor Governmental	12,585,000 (3)
Toll Road	General	29,099,062 (1)
	Nonmajor Governmental	34,461,538 (2)
Total		<u>\$ 76,185,600</u>

(1) 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. (2) 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. During the fiscal year, the note was extended for an additional year. The interfund borrowing was \$34 million at February 28, 2010. (3) The \$12 million relates to the investment discussed in Note 2.

The following is a summary of the County's transfers for the year ended February 28, 2010:

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	Transfers In:		Toll Road	Internal Service	Governmental Capital Assets	Total
	General	Nonmajor Governmental				
Transfers Out:						
General	\$ -	\$ 28,794,470	\$ -	\$ 5,978,000	\$ -	\$ 34,772,470
Road Capital Projects	9,004	5,625,777	-	-	-	5,634,781
Nonmajor Governmental	31,735,690	18,521,690	2,212	-	-	50,259,592
Toll Road	120,068,701	7,054,833	-	-	-	127,123,534
Nonmajor Enterprise	1,875,000	-	-	-	-	1,875,000
Internal Service	3,980,665	1,836,025	-	7,611,586	49,200	13,477,476
Governmental Capital Assets	-	-	7,770	46,541	-	54,311
Total	\$ 157,669,060	\$ 61,832,795	\$ 9,982	\$ 13,636,127	\$ 49,200	\$ 233,197,164

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, such as cash match of grants, debt service payments, and internal service costs.

6. CAPITAL ASSETS

COUNTY

Capital asset activity for the year ended February 28, 2010 was as follows:

	Balance			Transfers	Balance	
	March 1, 2009	Additions	Deletions		February 28, 2010	
Governmental Activities:						
Land	\$ 3,849,300,763	\$ 45,506,633	\$ (935,428)	\$ (518,949)	\$ 3,893,353,019	
Construction in progress	384,480,240	183,250,297	-	(141,440,371)	426,290,166	
Total capital assets not depreciated	4,233,781,003	228,756,930	(935,428)	(141,959,320)	4,319,643,185	
Land improvements	3,415,129	6,308,981	-	1,286,677	11,010,787	
Infrastructure	9,958,809,600	4,694,417	(313,368)	98,089,568	10,061,280,217	
Park facilities	132,766,553	408,146	(66,179)	10,354,797	143,463,317	
Flood control projects	632,691,287	-	(14,152,751)	34,309,247	652,847,783	
Buildings	1,589,052,244	1,161,581	(12,437,057)	(2,356,296)	1,575,420,472	
Equipment	279,825,395	31,827,872	(26,655,773)	234,264	285,231,758	
	12,596,560,208	44,400,997	(53,625,128)	141,918,257	12,729,254,334	
Less accumulated depreciation for:						
Land improvements	(396,167)	(174,491)	-	-	(570,658)	
Infrastructure	(4,028,741,470)	(275,740,831)	6,712,926	-	(4,297,769,375)	
Park facilities	(25,877,876)	(3,580,424)	-	-	(29,458,300)	
Flood control projects	(223,592,587)	(17,009,499)	-	-	(240,602,086)	
Buildings	(378,737,153)	(31,006,728)	231,991	-	(409,511,890)	
Equipment	(180,771,429)	(26,882,940)	24,276,453	33,293	(183,344,623)	
	(4,838,116,682)	(354,394,913)	31,221,370	33,293	(5,161,256,932)	
Total capital assets being depreciated, net	7,758,443,526	(309,993,916)	(22,403,758)	141,951,550	7,567,997,402	
Governmental activities capital assets, net	\$ 11,992,224,529	\$ (81,236,986)	\$ (23,339,186)	\$ (7,770)	\$ 11,887,640,587	

The \$7,770 balance in the transfers column is due to assets that were transferred between the governmental and business-type funds.

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	Balance March 1, 2009	Additions	Deletions	Transfers	Balance February 28, 2010
Business-type Activities:					
Land	\$ 286,272,148	\$ 14,922,268	\$ -	\$ 187,616	\$ 301,382,032
Construction in progress	229,780,947	219,775,505	-	(34,900,116)	414,656,336
Total capital assets not depreciated	<u>516,053,095</u>	<u>234,697,773</u>	<u>-</u>	<u>(34,712,500)</u>	<u>716,038,368</u>
License Agreement	237,500,000	-	-	-	237,500,000
Land improvements	2,741,917	521,543	-	982,585	4,246,045
Infrastructure	1,735,963,226	-	-	40,857,310	1,776,820,536
Other tangible assets	21,181,809	425,083	-	(8,250)	21,598,642
Buildings	41,538,473	5,047,817	(214,838)	(8,365,835)	38,005,617
Equipment	50,817,800	8,016,679	(248,634)	1,287,753	59,873,598
	<u>2,089,743,225</u>	<u>14,011,122</u>	<u>(463,472)</u>	<u>34,753,563</u>	<u>2,138,044,438</u>
Less accumulated depreciation/amortization for:					
License Agreement	-	(878,750)	-	-	(878,750)
Land improvements	(412,503)	(135,367)	-	-	(547,870)
Infrastructure	(754,580,088)	(59,383,150)	-	-	(813,963,238)
Other tangible assets	(7,280,805)	(7,898,078)	-	-	(15,178,883)
Buildings	(8,603,383)	(667,893)	27,054	-	(9,244,222)
Equipment	(17,463,950)	(2,301,246)	280,977	(33,293)	(19,517,512)
	<u>(788,340,729)</u>	<u>(71,264,484)</u>	<u>308,031</u>	<u>(33,293)</u>	<u>(859,330,475)</u>
Total capital assets being depreciated, net	<u>1,301,402,496</u>	<u>(57,253,362)</u>	<u>(155,441)</u>	<u>34,720,270</u>	<u>1,278,713,963</u>
Business-type activities capital assets, net	<u>\$ 1,817,455,591</u>	<u>\$ 177,444,411</u>	<u>\$ (155,441)</u>	<u>\$ 7,770</u>	<u>\$ 1,994,752,331</u>

Intangible Assets – License Agreement

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 began when the project was completed and revenues were being collected in April 2009. The amortization is based on revenues received less reimbursable expenses. 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:

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Governmental activities:

Administration of Justice	\$ 22,474,918
Parks	21,162,842
County Administration	19,272,970
Health and Human Services	1,710,054
Flood Control	18,451,349
Tax Administration	247,227
Roads and Bridges	271,075,553
	<u>\$354,394,913</u>

Business-type activities:

Parking Facilities	\$ 470,005
Sheriff's Commissary	59,753
Toll Road	70,734,726
	<u>\$ 71,264,484</u>

COMPONENT UNITS

<u>MHMRA (August 31, 2009)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land	\$ 3,314,761	\$ -	\$ (94,818)	\$ 3,219,943
Buildings & Improvements	24,672,108	-	(357,124)	24,314,984
Equipment, Furniture & Vehicles	7,891,311	229,360	(138,449)	7,982,222
	<u>35,878,180</u>	<u>229,360</u>	<u>(590,391)</u>	<u>35,517,149</u>
Less accumulated depreciation for:				
Buildings & Improvements	(10,495,528)	(907,484)	185,719	(11,217,293)
Equipment, Furniture & Vehicles	(6,602,614)	(450,608)	129,684	(6,923,538)
	<u>(17,098,142)</u>	<u>(1,358,092)</u>	<u>315,403</u>	<u>(18,140,831)</u>
MHMRA capital assets, net	<u>\$ 18,780,038</u>	<u>\$ (1,128,732)</u>	<u>\$ (274,988)</u>	<u>\$ 17,376,318</u>

<u>Hospital District (February 28, 2010)</u>	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land & Improvements	\$ 28,078,000	\$ 6,061,000	\$ (222,000)	\$ 33,917,000
Construction in progress	30,869,000	18,851,000	-	49,720,000
Total capital assets not depreciated	<u>58,947,000</u>	<u>24,912,000</u>	<u>(222,000)</u>	<u>83,637,000</u>
Buildings and Improvements	298,307,000	25,903,000	(1,651,000)	322,559,000
Equipment	224,544,000	34,964,000	(16,706,000)	242,802,000
	<u>522,851,000</u>	<u>60,867,000</u>	<u>(18,357,000)</u>	<u>565,361,000</u>
Less accumulated depreciation	(342,528,000)	(39,426,000)	15,865,000	(366,089,000)
	<u>(342,528,000)</u>	<u>(39,426,000)</u>	<u>15,865,000</u>	<u>(366,089,000)</u>
Total capital assets being depreciated, net	<u>180,323,000</u>	<u>21,441,000</u>	<u>(2,492,000)</u>	<u>199,272,000</u>
Hospital District capital assets, net	<u>\$ 239,270,000</u>	<u>\$ 46,353,000</u>	<u>\$ (2,714,000)</u>	<u>\$ 282,909,000</u>

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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 \$4,763,030).

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 one for County equipment; the amounts capitalized are \$32,314,676, \$1,279,012, and \$168,663, respectively. Payments for the buildings and equipment during the fiscal year ended February 28, 2010 totaled \$2,969,771 and \$299,519 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 equipment lease, are due as follows as of February 28, 2010:

<u>Fiscal year</u>	<u>Governmental Activities</u>	
	<u>Buildings</u>	<u>Equipment</u>
2011	\$ 2,969,767	\$ 212,987
2012	2,969,767	584,532
2013	2,969,767	-
2014	2,969,767	-
2015	2,532,377	-
2016-2020	11,932,894	-
2021-2025	1,630,098	-
Total future lease payments	27,974,437	797,519
Less: Interest	(7,396,859)	(7,020)
	<u>\$ 20,577,578</u>	<u>\$ 790,499</u>

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 28, 2010 are as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Fort Bend Toll Authority	Toll Road	\$ 1,123,720
Total Due to Other Governmental Units		<u>\$ 1,123,720</u>

9. SHORT-TERM DEBT

Tax Anticipation Notes

The County issues tax anticipation notes to bridge the cash flow deficit created by a mismatch

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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, 2010, was as follows:

	Outstanding March 1, 2009	Issued	Redeemed	Outstanding February 28, 2010
Governmental Activities				
Tax Anticipation Notes	\$ -	\$ 395,000,000	\$ (395,000,000)	\$ -

10. LONG-TERM LIABILITIES

The changes in the County's Governmental Long-Term Liabilities and Enterprise Fund Liabilities for fiscal year 2009-2010 were as follows:

	Outstanding March 1, 2009	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2010	Due Within Year
<u>Governmental Activities:</u>					
<u>General Obligation Debt</u>					
Road Bonds - Principal	\$ 746,974,593	\$ 98,880,000	\$ (127,074,593)	\$ 718,780,000	\$ 35,475,000
Permanent Improvement Bonds - Principal	889,826,629	121,340,000	(122,250,000)	888,916,629	36,515,000
Flood Control Bonds - Principal	530,155,834	-	(11,572,889)	518,582,945	10,268,921
Total Principal General Obligation Debt	2,166,957,056	220,220,000	(260,897,482)	2,126,279,574	82,258,921
Unamortized Premiums, Road Bonds	25,464,320	14,663,075	(5,521,428)	34,605,967	-
Unamortized Premiums, PIB Bonds	26,099,506	14,925,535	(9,409,295)	31,615,746	-
Unamortized Premiums, FC Bonds	30,159,214	-	(2,609,758)	27,549,456	-
Bond Refunding Loss, Road Bonds	(5,620,232)	(13,786,934)	1,076,399	(18,330,767)	-
Bond Refunding Loss, PIB Bonds	(8,555,047)	(5,704,897)	1,260,258	(12,999,686)	-
Bond Refunding Loss, FC Bonds	(14,086,325)	-	1,012,853	(13,073,472)	-
Accretion of Discount - Capital Appreciation Bonds:					
Road Series 1993	2,399,373	185,116	(2,584,489)	-	-
Road Series 1996	30,705,400	3,619,130	-	34,324,530	-
PIB Series 1996	16,849,563	1,985,995	-	18,835,558	-
GO Revenue Series 2002	27,013,907	4,933,744	-	31,947,651	-
Flood Control Series 1993	7,564,955	773,667	(4,677,304)	3,661,318	2,719,847
Total General Obligation Debt	2,304,951,690	241,814,431	(282,350,246)	2,264,415,875	84,978,768

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	Outstanding March 1, 2009	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2010	Due Within Year
<u>Governmental Activities (cont.):</u>					
<u>Tax and Subordinate Lien Revenue Bonds</u>					
Tax and Subordinate Lien Revenue Refunding, Series 2004A	3,680,000	-	(580,000)	3,100,000	925,000
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)	-	-
Tax and Subordinate Lien Revenue Refunding, Series 2009C	-	28,315,000	-	28,315,000	-
Unamortized Premium, Tax & Sub Lien Rev	8,733,662	3,977,041	(755,892)	11,954,811	-
Bond Refunding Loss, Tax & Sub Lien Rev	(12,954,289)	(2,198,937)	1,057,146	(14,096,080)	-
Total Tax and Subordinate Lien Revenue Bonds	197,534,373	30,093,104	(21,553,746)	206,073,731	925,000
<u>Certificates of Obligation</u>					
Series 1998	25,720,000	-	(25,720,000)	-	-
Series 2001	15,060,000	-	(13,120,000)	1,940,000	945,000
Series 2002	15,915,000	-	(15,915,000)	-	-
Unamortized Premium, Series 2002	407,572	-	(407,572)	-	-
Total Certificates of Obligation	57,102,572	-	(55,162,572)	1,940,000	945,000
Total Bonds Payable	2,559,588,635	271,907,535	(359,066,564)	2,472,429,606	86,848,768
Commercial Paper Payable	229,138,000	102,910,000	-	332,048,000	10,039,545
Compensatory Time Payable	36,963,277	21,146,608	(19,220,904)	38,888,981	21,774,880
Obligations Under Capital Leases	23,265,768	-	(1,897,691)	21,368,077	1,919,474
Judgments Payable	4,145,300	1,208,117	-	5,353,417	653,417
Notes Payable	77,539	-	(77,539)	-	-
Loan Payable	-	12,000,000	(2,357,143)	9,642,857	428,571
OPEB Obligation	132,403,485	55,906,659	-	188,310,144	-
Pollution Remediation Obligation	1,644,240	1,817,396	(781,026)	2,680,610	-
Total Governmental Activities	\$ 2,987,226,244	\$ 466,896,315	\$ (383,400,867)	\$ 3,070,721,692	\$ 121,664,655

	Outstanding March 1, 2009	Issued/ Increased	Redeemed/ (Decreased)	Outstanding February 28, 2010	Due Within Year
<u>Business-type Activities:</u>					
Senior Lien Revenue Bonds	\$ 1,699,305,000	\$ 665,370,000	\$ (228,035,000)	\$ 2,136,640,000	\$ 34,460,000
Tax Bonds	665,570,000	-	(41,540,000)	624,030,000	43,285,000
Total Bond Principal	2,364,875,000	665,370,000	(269,575,000)	2,760,670,000	77,745,000
Unamortized Premium, Revenue Bonds	36,810,044	27,175,794	(18,871,591)	45,114,247	-
Unamortized Premium, Tax Bonds	42,878,666	-	(8,170,188)	34,708,478	-
Accretion of Discount - Capital Appreciation Bonds:					
Unlimited Tax Series 1995A	23,261,824	6,181,965	(9,570,000)	19,873,789	8,489,445
Unlimited Tax Series 1997	6,173,278	1,260,388	(1,715,000)	5,718,666	1,559,390
Deferred Amount on Refunding	(115,470,295)	(16,017,783)	41,880,915	(89,607,163)	-
Accrued Interest Payable	5,051,278	117,958,786	(115,909,641)	7,100,423	7,100,423
Total Bonds Payable	2,363,579,795	801,929,150	(381,930,505)	2,783,578,440	94,894,258
Compensatory Time Payable	1,300,049	692,703	(676,025)	1,316,727	737,367
OPEB Obligation	7,245,523	3,112,845	-	10,358,368	-
Total Business-type Activities	\$ 2,372,125,367	\$ 805,734,698	\$ (382,606,530)	\$ 2,795,253,535	\$ 95,631,625

A. BONDED DEBT

Bonded debt of the County consists of various issues of General Obligation Bonds, Certificates of

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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, 2010 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2010
			Issued	Matures	
<u>Road Bonds</u>					
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	72,700,000
Refunding Series 2003A	46,105,000	3.00-5.25%	2003	2015	15,240,000
Refunding Series 2003B	76,510,000	5.00-5.25%	2003	2023	14,390,000
Refunding Series 2004A	56,055,000	3.00-5.00%	2004	2017	41,095,000
Refunding Series 2004B	144,890,000	3.75-5.25%	2004	2024	96,730,000
Refunding Series 2005A	34,420,000	5.00%	2005	2022	34,420,000
Forward Refunding Series 2006A	28,090,000	5.00%	2006	2012	18,245,000
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
Refunding Series 2009A	98,880,000	2.00-5.25%	2009	2023	98,880,000
	<u>1,107,100,000</u>				<u>718,780,000</u>
<u>Permanent Improvement Bonds</u>					
Refunding Series 1996 - CAB	26,254,584	5.90-6.00%	1996	2017	15,944,584
Refunding Series 1997	57,930,000	4.70-5.75%	1997	2014	12,870,000
Refunding Series 2001	23,020,000	4.375-5.00%	2001	2011	1,395,000
Refunding Series 2002	195,665,000	2.75-5.25%	2002	2028	93,695,000
Refunding Series 2003A	29,025,000	3.00-5.00%	2003	2012	7,640,000
Refunding Series 2003B	79,725,000	4.00-5.25%	2003	2013	23,165,000
Refunding Series 2004A	118,535,000	3.00-5.25%	2004	2024	75,375,000
Refunding Series 2005A	69,845,000	5.00%	2005	2022	67,355,000
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	23,375,000
Refunding Series 2008B	79,325,000	3.50-5.00%	2008	2019	64,775,000
Refunding Series 2008C	200,495,000	5.00-5.75%	2008	2028	195,850,000
Refunding Series 2009A	23,485,000	4.00-5.00%	2009	2023	23,485,000
Refunding Series 2009B	97,855,000	4.00-5.50%	2009	2027	97,855,000
Criminal Justice Center Series 2004	63,515,000	3.00-5.00%	2004	2023	50,440,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	62,622,045
	<u>1,379,046,629</u>				<u>888,916,629</u>

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	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2010
			Issued	Matures	
<u>Flood Control Bonds</u>					
Refunding Series 1993 - CAB	94,464,985	5.40-5.60%	1993	2011	902,945
Refunding Series 2002	44,495,000	3.00-5.50%	2002	2014	7,910,000
Refunding Series 2003A	36,945,000	3.00-6.00%	2003	2015	7,070,000
Refunding Series 2004A	139,865,000	3.00-5.25%	2004	2024	29,530,000
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	155,195,000
	<u>794,749,985</u>				<u>518,582,945</u>
<u>Tax & Subordinate Lien Revenue Bonds</u>					
Refunding Series 2004A	3,680,000	4.00-5.00%	2004	2012	3,100,000
Refunding Series 2004B	176,800,000	5.00%	2004	2032	176,800,000
Refunding Series 2009C	28,315,000	4.00-5.25%	2009	2023	28,315,000
	<u>208,795,000</u>				<u>208,215,000</u>
<u>Certificates of Obligation</u>					
Series 2001	32,510,000	4.375-5.125%	2001	2011	1,940,000
	<u>32,510,000</u>				<u>1,940,000</u>
TOTAL	<u><u>\$ 3,522,201,614</u></u>				<u><u>\$ 2,336,434,574</u></u>

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

Outstanding business-type bonded debt at February 28, 2010 follows:

	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2010
			Issued	Matures	
<u>Senior Lien Revenue Bonds</u>					
Refunding Series 2002	\$ 397,520,000	5.00-5.375%	2002	2024	\$ 208,635,000
Refunding Series 2004A	168,715,000	4.50-5.00%	2004	2033	168,715,000
Refunding Series 2004B	478,270,000	5.00%	2004	2018	192,840,000
Refunding Series 2005	207,765,000	4.50-5.25%	2005	2030	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	272,765,000
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
Series 2009A	215,455,000	4.00-5.00%	2009	2038	215,455,000
Refunding Series 2009B	199,915,000	2.00%	2009	2021	199,915,000
Series 2009C	250,000,000	5.00%	2009	2049	250,000,000
	<u>2,798,555,000</u>				<u>2,136,640,000</u>

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	Original Issue Amount	Interest Rates (%)	Date Series		Balance February 28, 2010
			Issued	Matures	
Unlimited Tax and Subordinate Lien Bonds					
Refunding Series 1994A	59,925,000	6.50-8.00%	1994	2013	42,710,000
Refunding Series 1995A - CAB	1,500,000	5.80-6.05%	1995	2012	375,000
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	600,000
Refunding Series 2001	120,740,000	6.00%	2001	2014	103,340,000
Refunding Series 2002	42,260,000	4.00-5.25%	2002	2015	40,155,000
Refunding Series 2003	321,500,000	3.50-5.00%	2003	2033	12,860,000
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
	<u>1,097,095,000</u>				<u>624,030,000</u>
TOTAL	<u><u>\$ 3,895,650,000</u></u>				<u><u>\$ 2,760,670,000</u></u>

Annual debt service requirements to maturity as of February 28, 2010 are as follows:

Fiscal year	Governmental Activities				
	Principal	Capital	Principal	Interest	Total
	At 2/28/2010	Appreciation Bonds	Value At Maturity		
2011	\$ 84,128,921	\$ 2,719,847	\$ 86,848,768	\$ 112,454,655	\$ 199,303,423
2012	85,989,024	941,471	86,930,495	108,162,652	195,093,147
2013	89,645,000	-	89,645,000	101,457,086	191,102,086
2014	81,172,923	14,854,153	96,027,076	102,668,108	198,695,184
2015	85,935,845	14,780,309	100,716,154	98,956,849	199,673,003
2016-2020	491,605,735	45,678,311	537,284,046	447,535,302	984,819,348
2021-2025	683,788,086	5,198,061	688,986,147	293,594,035	982,580,182
2026-2030	532,029,040	4,596,905	536,625,945	141,789,472	678,415,417
2031-2035	202,140,000	-	202,140,000	13,242,633	215,382,633
	<u>\$ 2,336,434,574</u>	<u>\$ 88,769,057</u>	<u>\$ 2,425,203,631</u>	<u>\$ 1,419,860,792</u>	<u>\$ 3,845,064,423</u>

Fiscal year	Business-Type Activities				
	Principal	Capital	Principal	Interest	Total
	At 2/28/2010	Appreciation Bonds	Value At Maturity		
2011	\$ 77,745,000	\$ 10,048,836	\$ 87,793,836	\$ 144,999,039	\$ 232,792,875
2012	81,880,000	7,629,049	89,509,049	140,781,238	230,290,287
2013	90,890,000	6,094,331	96,984,331	136,166,376	233,150,707
2014	104,135,000	1,820,239	105,955,239	123,574,622	229,529,861
2015	113,130,000	-	113,130,000	113,981,816	227,111,816
2016-2020	487,815,000	-	487,815,000	498,113,077	985,928,077
2021-2025	470,315,000	-	470,315,000	383,604,655	853,919,655
2026-2030	408,730,000	-	408,730,000	278,556,668	687,286,668
2031-2035	526,970,000	-	526,970,000	162,889,246	689,859,246
2036-2040	237,665,000	-	237,665,000	61,945,833	299,610,833
2041-2045	90,925,000	-	90,925,000	30,253,956	121,178,956
2046-2050	70,470,000	-	70,470,000	6,376,438	76,846,438
	<u>\$ 2,760,670,000</u>	<u>\$ 25,592,455</u>	<u>\$ 2,786,262,455</u>	<u>\$ 2,081,242,964</u>	<u>\$ 4,867,505,419</u>

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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 2010 was 4.73.

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, 2010, the County has outstanding, \$332.0 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 expired August 20, 2010. 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). Management has negotiated new credit agreements effective August 20, 2010 with Bank of America, N.A., which expire August 20, 2013. For Commercial Paper Series A-1 & D, the County has a credit agreement with the Bank of Nova Scotia and BNP Paribas, which expired August 20, 2010. 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). Management has negotiated new credit agreements effective August 20, 2010 with State Street Bank and Trust Company and JPMorgan Chase Bank, N.A., which expire August 20, 2013. Interest is payable quarterly in arrears, at a rate per annum equal to the adjusted term rate, provided that the principal amount of any term loan not paid when due shall bear interest at a rate per annum equal to the lesser of (A) the default rate (fluctuating rate of per annum interest equal to the greater of (i) the base rate plus 2.00% or (ii) the federal funds rate plus 2.00%) and (B) the highest lawful rate.

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COMMERCIAL PAPER – FLOOD CONTROL

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

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

The County’s commitment under the Flood Contract is the payment to the Flood Control District of amounts necessary for the principal and/or interest due; the fees and expenditures of the issuing and paying agent, the dealer, and the credit provider; amounts related to any special or contingency funds or accounts for the notes; and any amounts to restore deficiencies in such funds or accounts. The County’s payment obligation is secured by a levy and pledge of a portion of the County’s ad valorem taxes which extends until all obligations under the Series F Notes, including any obligations to refund the notes, are no longer outstanding. During the term of the Flood Contract, the County is required to levy taxes computed at a tax rate sufficient to provide the funds required to make the annual payments and to provide and maintain a sinking fund adequate for such amounts as they become due. Commissioners Court issued an order whereby the sinking fund may never be less than 2% of the County’s outstanding indebtedness under the Flood Contract at the time of the tax levy. In setting the tax rate, the County may consider all sources of funding lawfully available or that are to be available including the credit agreement entered into for the Series F Notes, discussed below. The tax year 2009 tax rate adopted by Commissioners Court for fiscal year 2010 to satisfy the annual amount due under the flood contracts related to the 2% limitation was .00965. Based on the County’s outstanding indebtedness as of February 28, 2010 (exclusive of Flood Control District debt), this amount required under the 2% limitation is estimated to be \$2,208,700.

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-Thüringen 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

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per annum rate of 10% and a 365-day year. The term of the letter of credit expires August 1, 2012 and is subject to extension. 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, 2010, 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.

CHANGES IN COMMERCIAL PAPER

The following is a schedule of changes in commercial paper for the year ended February 28, 2010:

	Balance Outstanding March 1, 2009	Issued	Retired/ Refunded	Balance Outstanding February 28, 2010	Amount Due Within One Year
<u>Governmental Activities</u>					
Commercial Paper A-1, B, C	\$ 144,403,000	\$ 44,850,000	\$ -	\$ 189,253,000	\$ -
Commercial Paper D	300,000	32,060,000	-	32,360,000	-
Commercial Paper - Flood Control	84,435,000	26,000,000	-	110,435,000	10,039,545
	<u>\$ 229,138,000</u>	<u>\$ 102,910,000</u>	<u>\$ -</u>	<u>\$ 332,048,000</u>	<u>\$ 10,039,545</u>

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, 2010 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 \$332,048,000 at the average rate for the quarter ending February 28, 2010 by series and reflect the effects of any refundings.

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<u>Fiscal year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 10,039,545	\$ 25,249,484	\$ 35,289,029
2012	114,029,182	41,064,574	155,093,756
2013	114,029,182	23,722,636	137,751,818
2014	93,950,091	6,762,411	100,712,502
2015	-	-	-
	<u>\$ 332,048,000</u>	<u>\$ 96,799,105</u>	<u>\$ 428,847,105</u>

C. COMPONENT UNITS' LONG-TERM LIABILITIES

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

The total long-term liabilities of the Harris County Hospital District was \$379,459,000 as of February 28, 2010 which comprises 87% of the total long-term liabilities 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 \$100,080,000 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, 2010.

The total long-term liabilities of the MHMRA was \$13,081,488 of which \$7,990,051 represents long-term liabilities of the primary government (comprised of \$5,269,921 notes payable and \$2,720,130 compensated absences), as of August 31, 2009 which comprises 3% of the total long-term liabilities of the County's discretely presented component units.

The total long-term liabilities of the Harris County Housing Authority was \$45,961,990 (comprised mainly of mortgage notes payable of their component units) as of March 31, 2010 which comprises 10% of the total long-term liabilities 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

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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, 2009, there were nineteen (19) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at August 31, 2009 for the bonds issued after September 1, 1996, was approximately \$681,905,354.

Harris County Housing Finance Corporation

As of December 31, 2009, there were forty-five (45) series of bonds outstanding with an aggregate principal payable of \$366,990,669. 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, 2010 there were forty (40) series of bonds outstanding with an aggregate principal payable of \$3,381,295,000. 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, 2010 there were twenty (24) series of Bonds outstanding with an aggregate principal payable of \$2,073,575,000. 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.

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E. UNISSUED AUTHORIZED BONDS

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

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

<u>Description</u>	<u>Year of Voter Authorization</u>	<u>Amount Authorized</u>	<u>Issued as of 2/28/2010</u>	<u>Authorized but Unissued as of 2/28/2010</u>
(amounts in millions)				
<u>Ad Valorem Tax Bonds</u>				
Toll Road	1983	\$ 900.0	\$ 882.3	\$ 17.7
Civil Justice Center	1999	119.0	86.0	33.0
Roads	2001	475.0	453.6	21.4
Parks	2007	95.0	5.8	89.2
Forensic Lab	2007	80.0	-	80.0
Family Law Center	2007	70.0	-	70.0
Roads	2007	190.0	-	190.0
Total Ad Valorem Tax Bonds		<u>\$ 1,929.0</u>	<u>\$ 1,427.7</u>	<u>\$ 501.3</u>

F. REFUNDING/ISSUANCE OF DEBT

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, 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. The refunding resulted in a decrease in cash flow requirements of \$2,448,829 and had an economic gain of \$1,634,261.

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 were repaid from fiscal year 2010 tax revenues. The tax anticipation notes, which matured February 25, 2010, were issued at an annual interest rate range of 1.50 to 2.00%.

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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.

On August 13, 2009, the County issued \$199,915,000 Toll Road Senior Lien Revenue Refunding Bonds, Series 2009B to provide additional funds to pay qualifying costs of toll road projects, to partially refund and defease the County's outstanding Toll Road Senior Lien Revenue Bonds, Series 2004B and to pay costs of such issuance. The initial interest rate is 2.0%. The issuance had a premium of \$3,018,716. Interest accrues semiannually and the bonds mature in fiscal year 2021.

On December 17, 2009, the County issued \$97,855,000 Permanent Improvement Refunding Bonds, Series 2009B to refund and defease a portion of the County's outstanding Tax and Revenue Certificates of Obligation, Series 2001, Permanent Improvement Refunding Bonds, Series 2001, Series 2002, Series 2003B, Series 2004A, Series 2008B, and Series 2008C, and to pay costs of such issuance. The annual interest rates range from 4.0% to 5.5%. The issuance had a premium of \$12,167,159. Interest accrues semiannually and the bonds mature in fiscal year 2027. The refunding resulted in a decrease in cash flow requirements of \$4,052,011 and had an economic gain of \$3,528,087.

On December 17, 2009, the County issued \$98,880,000 Unlimited Tax Road Refunding Bonds, Series 2009A to refund and defease all or a portion of the County's outstanding Unlimited Tax and Road Refunding Bonds, Series 2001, Series 2003A, Series 2003B and Series 2004B, and to pay costs of such issuance. The annual interest rates range from 2.0% to 5.25%. The issuance had a premium of \$14,663,075. Interest accrues semiannually and the bonds mature in fiscal year 2023. The refunding resulted in a decrease in cash flow requirements of \$4,276,844 and had an economic gain of \$3,401,227.

On December 17, 2009, the County issued \$28,315,000 Tax and Subordinate Lien Revenue Refunding Bonds, Series 2009C to refund and defease all or a portion of the County's outstanding General obligation and Revenue Certificates of Obligation, Series 2002 and Tax and Subordinate Lien Revenue Refund Bonds, Series 2008A, and to pay costs of such issuance. The annual interest rates range from 4.0% to 5.25%. The issuance had a premium of \$3,977,041. Interest accrues semiannually and the bonds mature in fiscal year 2023. The refunding resulted in an increase in cash flow requirements of \$8,960,945 and had an economic loss of \$1,318,941.

On December 30, 2009, the County issued \$250,000,000 Toll Road Senior Lien Revenue Bonds, Series 2009C to provide additional funds to pay qualifying costs 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 rate is 5.0%. The issuance had a premium of \$18,516,850. Interest accrues semiannually and the bonds mature in fiscal year 2049.

G. DEFEASANCE OF DEBT

In fiscal year 2010 and in prior years, the County has defeased certain property tax bonds, revenue bonds, certificates of obligation and Toll Road revenue bonds by placing the proceeds of the

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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, 2010, the outstanding principal balance of these defeased bonds was as follows:

<u>Property Tax Bonds:</u>	
Road	\$ 250,650,000
Permanent Improvement	421,315,000
<u>Revenue Bonds:</u>	
Hotel Occupancy	4,915,000
<u>Flood Control:</u>	
Flood Control	431,685,000
<u>Certificates of Obligation:</u>	
General Obligation	77,425,000
<u>Tax & Subordinate Lien Bonds:</u>	
Tax & Subordinate Lien	32,480,000
<u>Toll Road Bonds:</u>	
Senior Lien Revenue Bonds	1,156,235,000
Tax Bonds	860,075,000
Total Defeased Bonds	<u>\$ 3,234,780,000</u>

H. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 28, 2010 there were no estimated liabilities for arbitrage rebate on governmental debt or enterprise debt. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

I. SUBSEQUENT DEBT RELATED ACTIVITY

On March 11, 2010, the County issued \$185,390,000 Permanent Improvement Refunding Bonds, Series 2010A to refund and defease a portion of the County's outstanding Permanent Improvement Refunding Bonds, Series 2004A, and Series 2008C, and to pay costs of such issuance. The annual interest rates range from 1.5% to 5.0%. The issuance had a premium of \$21,219,235. Interest accrues semiannually and the bonds mature in fiscal year 2028.

On May 12, 2010, the County pledged a Federal Home Loan Mortgage Corp. (FHLMC) bond to Citibank to cover the collateral threshold shortfall on the \$199,915,000 interest rate SWAP for the 2009B Series bonds. The FHLMC bond pledged on July 7, 2009 was called by the issuer on April 2, 2010.

On June 30, 2010, the County issued \$450,000,000 in Tax Anticipation Notes, Series 2010. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2010 and ending February 28, 2011, and will be repaid from fiscal year

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2011 tax revenues. The tax anticipation notes, which mature February 28, 2011, were issued at an annual interest rate range of 1.5% to 2.0%.

On July 1, 2010, the County pledged a Federal National Mortgage Association (FNMA) bond to Citibank to cover the collateral threshold shortfall on the \$199,915,000 interest rate SWAP for the 2009B Series bonds and a portion of the \$72,785,000 interest rate SWAP for the 2007B Series bonds. The FHLMC bond pledged on May 12, 2010 was returned.

On July 1, 2010, the County pledged a Federal National Mortgage Association (FNMA) bond to JP Morgan Chase to cover the collateral threshold shortfall the \$72,785,000 interest rate SWAP for the 2007B Series bonds.

On July 7, 2010, the County issued \$84,340,000 Unlimited Tax Road Refunding Bonds, Series 2010A to refund and defease a portion of the Unlimited Tax Road Refunding Bonds, Series 2001, Series 2003A, Series 2003B, Series 2004B, and Series 2006B and to pay the costs of such issuance. The annual interest rates range from 4.0% to 5.0%. The issuance had a premium of \$10,370,333. Interest accrues semiannually and the bonds mature in fiscal year 2024.

On July 7, 2010, the County issued \$93,365,000 Permanent Improvement Refunding Bonds, Series 2010B to refund and defease a portion of the Permanent Improvement Refunding Bonds, Series 2002, Series 2003B, Series 2004A, Series 2006A, Series 2008B, and Series 2008C and to pay the costs of such issuance. The annual interest rates range from 4.0% to 5.0%. The issuance had a premium of \$12,804,981. Interest accrues semiannually and the bonds mature in fiscal year 2024.

On August 11, 2010, the County issued \$199,915,000 in Toll Road Senior Lien Revenue Refunding Bonds, Series 2010A to refund and defease the Toll Road Senior Lien Revenue Refunding Bonds, Series 2009B and to pay the costs of such issuance. The initial interest rate is 2.0%. The issuance had a premium of \$3,324,586. Interest accrues semiannually and the bonds mature in fiscal year 2021.

On August 13, 2010, the County pledged a Federal National Mortgage Association (FNMA) bond to JP Morgan Chase to cover the collateral threshold shortfall on the \$72,785,000 interest rate SWAP for the 2007B Series bonds. The FNMA bond pledged on July 1, 2010 was returned.

J. INTEREST RATE SWAPS

The County entered an interest rate swap with Goldman Sachs Capital Markets, L.P., relating to the Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004A and 2004B, 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 (loan payable) on the effective date.

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Terms:

	Goldman Sachs Capital Markets, L.P., Tax & Subordinate Lien, Series 2004A&B
Trade Date:	August 16, 2004
Restructure Date:	July 7, 2006
Effective Date:	August 18, 2004
Restructured Effective Date:	August 15, 2006
Termination Date:	August 15, 2032
Initial Notional Amount: (a)	\$387,315,000
County Pays Floating:	SIFMA Muni Swap Index (b)
Counterparty Pays Fixed:	15.5bp on the notional amount
Counterparty Pays Floating:	60.23% of 5yr LIBOR Swap Rate
Payment Dates:	The 15 th day of February and August
Fair Value as of 2/28/10:	(\$658,018)
(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
Credit Risk: Credit Ratings Moody's, S&P, and Fitch	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.	The County pays the Bond Market Association Municipal Swap Index, while Goldman Sachs pays 60.23% of the 5-year LIBOR Swap rate.
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 \$658,018, 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 maximum exposure for terminating the swap is capped per the “Counterparty Payment Ceiling” at \$50,000,000 for Goldman Sachs Capital Markets, L.P.

TOLL ROAD

The County entered an interest rate swap with Citibank, N.A., New York, relating to the Toll Road Authority, Series 2009B and the Senior Lien Revenue Refunding Bonds, Series 2007B. The County entered an interest rate swap with JPMorgan Chase Bank, National Association, relating to the Senior Lien Revenue Refunding Bonds, Series 2007B. The purpose of the swaps was to create a fixed cost of funds on certain maturities of the related bonds that are lower than the fixed cost achievable in the cash bond market.

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Terms:

	Citibank–Toll Road Authority, Series 2009B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Trade Date:	November 28, 2006	May 22, 2007	May 22, 2007
Effective Date:	August 15, 2009	June 14, 2007	June 14, 2007
Termination Date:	August 15, 2019	February 15, 2035	February 15, 2035
Initial Notional Amount: (a)	\$199,915,000	\$72,785,000	\$72,785,000
Authority Pays Fixed:	3.626%	4.398%	4.398%
Counterparty Pays Floating:	70% of 1 Month LIBOR	67% of 3 Month LIBOR + .67%	67% of 3 Month LIBOR + .67%
Payment Dates:	The 15 th day of each month	The 15 th day of February, May, August and November	The 15 th day of February, May, August and November
Collateral Threshold: (b)	(\$15,000,000) (c)	(\$15,000,000)	(\$15,000,000)
Fair Value as of 2/28/10:	(\$19,119,204)	(\$9,790,470)	(\$9,790,470)
<p>(a) The notional amount for the swaps amortizes to match the outstanding bond.</p> <p>(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is \$45,000,000.</p> <p>(c) The County pledged FHLMC note with a \$15,000,000 par, at 2.125%, has been transferred to Citibank as collateral under the terms of the swap agreements related to the Toll Road Senior Revenue Refunding Bonds, Series 2009B.</p>			

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

Risks:

	Citibank–Toll Road Authority, Series 2009B	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Credit Risk: Credit Ratings Moody's, S&P, and Fitch	A1, A+, and A+	A1, A+, and A+	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 \$19,119,204, which is based on a fair market value calculation.	The exposure to the County is \$9,790,470, which is based on a fair market value calculation.	The exposure to the County is \$9,790,470, which is based on a fair market value calculation.

11. COMPENSATED ABSENCES PAYABLE

Changes in long-term compensated absences for the year ended February 28, 2010 were as follows:

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	Balance			Balance	Amount
	Outstanding		Taken/	Outstanding	Due Within
	March 1, 2009	Earned	Paid	February 28, 2010	One Year
Governmental Activities	\$ 36,963,277	\$ 21,146,608	\$ (19,220,904)	\$ 38,888,981	\$ 21,774,880
Business-type Activities	1,300,049	692,703	(676,025)	1,316,727	737,367
Total	<u>\$ 38,263,326</u>	<u>\$ 21,839,311</u>	<u>\$ (19,896,929)</u>	<u>\$ 40,205,708</u>	<u>\$ 22,512,247</u>

12. RETIREMENT PLAN

Plan Description

Harris County provides retirement, disability, and death benefits for all of its employees (excluding temporary) through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 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 enacted in 1991, effective January 1, 1992, the County selected a 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 2010 is 11.31%. The contribution rates for calendar years 2009 and 2008 were 9.74 % and 9.64 %, 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.

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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 9.74% for the months of the calendar year in 2009, and 11.31% for the months of the calendar year in 2010.

The contribution rate payable by the employee members for 2009 and 2010 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, 2010, the annual pension cost for the TCDRS plan and the actual contributions for its employees were \$84,946,672. (This excludes actuarial contributions of \$3,170,351 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, 2008 and December 31, 2009, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2009 is the most recent valuation.

Actuarial Valuation Method			
Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
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	20	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 %	5.4 %
Inflation	3.5 %	3.5 %	3.5 %
Cost of Living Adjustments	0.0%	0.0%	0.0%
(1) Includes inflation at the stated rate.			

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Harris County Trend Information			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/28/10	\$ 84,946,672	100%	-
2/28/09	\$ 79,047,481	100%	-
2/29/08	\$ 75,944,968	100%	-

Schedule of Funding (including Community Supervision)	
Actuarial Valuation Date	12/31/09
Actuarial Value of Assets	\$2,619,204,575
Actuarial Accrued Liability (AAL)	\$2,978,320,920
Unfunded Actuarial Accrued Liability (UAAL)	\$ 359,116,345
Funded Ratio	87.94%
Annual Covered Payroll (Actuarial)	\$ 882,729,740
UAAL as Percentage of Covered Payroll	40.68%

13. 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, 2009, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	3,361
Active plan members	14,841
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

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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, 2010, plan members or beneficiaries receiving benefits contributed \$4.82 million, or approximately 13.7 percent of total benefits paid during the year. Participating employers contributed \$30.41 million. The total contributions for the year ended February 28, 2010 were \$35.23 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.

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THE EMPLOYER:

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2010, the County's annual OPEB cost (expense) was \$89,338,513 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, 2010 were as follows:

Annual Required Contribution (ARC)	\$ 91,445,740
Add interest on Net OPEB Obligation	7,000,088
Less adjustment to Annual Required Contribution	<u>(9,107,315)</u>
Annual OPEB Cost	89,338,513
Less Contributions made	<u>(30,407,276)</u>
Change in Net OPEB Obligation	58,931,237
Net OPEB Obligation beginning of the year	<u>140,001,754</u>
Net OPEB Obligation end of the year	<u><u>\$ 198,932,991</u></u>

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
2/28/2010	89,338,513	30,407,276	34%	198,932,991

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 \$286,167 and \$66,579 respectively for fiscal year 2009. The annual net OPEB obligation for Emergency 911 and Community Supervision is \$379,397 and \$0 respectively at February 28, 2010.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2009 (most recent actuarial valuation) was as follows:

Unfunded actuarial accrued liability (UAAL)	\$ 859,681,747
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 766,400,980
UAAL as percentage of covered payroll	112%

The above table includes UAAL of \$915,483 for Emergency 911 and UAAL of \$16,210,643 for Community Supervision.

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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, 2009 actuarial valuation, a 5.00% discount rate was used. The medical trend rates of 8% for 2009 and 7% for 2010 graded down to an ultimate rate of 5% by 2012 per the 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

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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.

14. 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, 2010 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 paid that exceeded the insurance coverage.

Contracted insurance providers receive disbursements from the Risk Management 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

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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 2010, a total of \$13,187,572 was paid in benefits and administrative costs. As of February 28, 2010, claims liability, including an actuarial estimate of claims that have been incurred but not reported, totaled \$25,506,037.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2010 and 2009:

	2010	2009
Claims liability, beginning of fiscal year	\$ 23,996,709	\$ 24,389,445
Incurred claims (including IBNRs)	5,926,363	4,360,205
Claim payments	(4,417,035)	(4,752,941)
Claims liability, end of fiscal year	\$ 25,506,037	\$ 23,996,709

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 the Health Insurance Management internal service fund. Retirees and their dependents are accounted for in the Retiree Healthcare agency fund.

For medical insurance benefits, the County is self-insured and contracts with Aetna to administer the program. Claims liability includes an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is based on past claim experience. The County has an excess coverage insurance policy that activates when claims reach 115% of expected claims in aggregate or individual claims in excess of \$750,000. There were no significant reductions in insurance coverage from the prior year. During the past three fiscal years, there were no claims paid that exceeded the insurance coverage.

The following is a summary of the changes in medical insurance liability for the Health Insurance Management Fund for the fiscal years 2010 and 2009:

	2010	2009
Claims liability, beginning of fiscal year	\$ 27,808,556	\$ 30,466,342
Incurred claims (including IBNRs)	172,303,320	158,122,425
Claim payments	(169,868,937)	(160,780,211)
Claims liability, end of fiscal year	\$ 30,242,939	\$ 27,808,556

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15. LANDFILL POSTCLOSURE CARE COST

Harris County operated three permitted and/or licensed landfills which were closed prior to October 1993 according to the rules and regulations at the time. All three sites have completed applicable post closure care requirements and are no longer owned by Harris County. A fourth site, a former unpermitted landfill, now known as Allison R. Peirce, Jr. Wetlands Nature Sanctuary, was part of an enforcement action by the County and acquired by the County to ensure that the site was appropriately remediated under TCEQ requirements. The County received Supplemental Environmental Project (SEP) funds as the primary funding of this project. The site has met the requirements of the Texas Commission on Environmental Quality's Texas Risk Reduction Program. A "No Further Action" letter has been issued by the Texas Risk Reduction Program of the Texas Commission on Environmental Quality for this site and plans are being made to convert this site to a park facility. A fifth site was acquired when Harris County Flood Control acquired land for a detention basin. When construction for the detention basin began several years ago, an unpermitted landfill was discovered. This landfill was capped per the requirements at the time. Currently, the Harris County Flood Control has no regulatory requirement to remediate this site. The costs for this landfill are included with the pollution remediation obligation.

16. COMMITMENTS AND CONTINGENT LIABILITIES

POLLUTION REMEDIATION

The County is subject to numerous Federal, State and local environmental laws and regulations. GASB 49 established standards for the accounting and reporting of obligations incurred to address current or potential detrimental effects of existing pollution. The County recorded in the financial statements pollution remediation liabilities of \$2,680,610. This includes \$353,052 of Flood Control District liabilities. The County primarily has ground water and air pollution remediation obligations. The liabilities were calculated based on historical expenditures and professional judgment. The liabilities are an estimate and are subject to revision because of price increases or reductions, changes in technology, changes in applicable laws or regulations, or other circumstances that could cause changes. There are a few potential pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable at this time. These obligations include examples, such as ground water plumes whose extent and reach of contamination is in the process of being delineated under regulatory requirements and thus corrective action has not yet been determined; obligations recently indentified and/or not yet quantifiable; and a lawsuit for cost-recovery under CERCLA where the matter is under litigation, large numbers of responsible parties have been identified, and cost have not been apportioned yet by the court. Although uncertainties associated with environmental assessment remain and certain costs are not quantifiable, management believes the current provision for such costs is adequate. There are no estimated recoveries reducing the liability as of February 28, 2010. 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

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010

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 \$5,353,417 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately \$5.4 million is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements. Also, an amount relating to the Toll Road of approximately \$1.3 million is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 28, 2010.

OPERATING LEASES

As of February 28, 2010, the County had several operating leases for office space. 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, 2010, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

<u>Governmental Activities</u>	
<u>Fiscal year</u>	<u>Office Space</u>
2011	\$ 3,545,576
2012	1,836,658
2013	984,764
2014	548,857
2015	378,370
2016-2027	1,043,380
	<u>\$ 8,337,605</u>

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$181,693,241. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately \$285,321,866.

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

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010

owned buildings and expire over the next five to forty years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 28, 2010:

	<u>Carrying Value</u>
Land	\$ 3,494,848
Buildings	794,268,634
Total Carrying Value	797,763,482
Less: Accumulated Depreciation	(138,186,235)
	\$ 659,577,247

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 28, 2010:

<u>Fiscal year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2011	\$ 1,039,668	\$ 452,969	\$ 1,492,637
2012	296,287	452,968	749,255
2013	169,766	452,969	622,735
2014	167,601	452,968	620,569
2015	65,208	452,969	518,177
2016-2020	89,960	973,611	1,063,571
2021-2025	31,008	135,800	166,808
2026-2030	31,008	-	31,008
2031-2035	31,008	-	31,008
2036-2040	31,008	-	31,008
2041-2045	31,008	-	31,008
2046-2050	31,008	-	31,008
2051-2055	11,891	-	11,891
Total minimum future rentals	\$ 2,026,429	\$ 3,374,254	\$ 5,400,683

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 \$1,254,483 in 2010.

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 \$282,300. These leases are classified as direct-financing leases and expire at various intervals over the next 47 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 \$175,750. This lease was terminated in January 2010 with revenue expected to be collected through July 2010 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,

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2010

2010, 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	\$ 105,993,645
Permanent Improvements	(44,585,747)
Reliant Park	1,386
Sports and Convention Corporation	(5,867,809)
Flood Control	86,219,349
Total unreserved, designated for capital projects	\$ 141,760,824

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. 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 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies* (“GASB 58”), establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB 58 will be implemented by the County in fiscal year 2011 and is not expected to impact the County’s financial disclosures.

GASB Statement 59, *Financial Instruments Omnibus* (“GASB 59”), updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. GASB 59 will be implemented by the County in fiscal year 2012 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, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
GENERAL FUND - OPERATING				
Beginning Cash and Investments	\$ 255,740,997	\$ 255,740,997	\$ 261,207,369	\$ 5,466,372
<u>Revenues and Transfers In:</u>				
Taxes	919,651,749	919,651,749	967,909,622	48,257,873
Intergovernmental	36,813,265	40,161,545	44,512,408	4,350,863
Charges for Services	203,948,551	203,996,769	196,796,615	(7,200,154)
Fines and Forfeitures	21,088,367	21,088,367	20,537,582	(550,785)
Rentals & Parks	4,715,935	5,113,748	4,946,404	(167,344)
Reimbursements and Refunds	29,638,272	29,957,297	44,220,065	14,262,768
Interest	4,847,910	4,847,910	5,084,616	236,706
Miscellaneous	8,261,165	8,442,657	12,047,870	3,605,213
Other Transfer In	980,665	1,980,665	8,091,768	6,111,103
Total Revenues and Transfers In	<u>1,229,945,879</u>	<u>1,235,240,707</u>	<u>1,304,146,950</u>	<u>68,906,243</u>
Total Available Resources - General Fund - Operating	<u>1,485,686,876</u>	<u>1,490,981,704</u>	<u>1,565,354,319</u>	<u>74,372,615</u>
GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY				
Beginning Cash and Investments	27,952,000	27,952,000	27,951,891	(109)
<u>Revenues and Transfers In:</u>				
Taxes	16,171,525	16,171,525	6,293,368	(9,878,157)
Interest	149,475	149,475	475,723	326,248
Miscellaneous	9,000	9,000	29,336	20,336
Total Revenues and Transfers In	<u>16,330,000</u>	<u>16,330,000</u>	<u>6,798,427</u>	<u>(9,531,573)</u>
Total Available Resources - General Fund - Public Imp.	<u>44,282,000</u>	<u>44,282,000</u>	<u>34,750,318</u>	<u>(9,531,682)</u>
GENERAL FUND - MOBILITY FUND				
Beginning Cash and Investments	-	-	-	-
<u>Revenues and Transfers In:</u>				
Interest	-	-	253,601	253,601
Other - Transfers In	120,000,000	120,000,000	120,000,000	-
Total Revenues and Transfers In	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,253,601</u>	<u>253,601</u>
Total Available Resources - General Fund - Mobility Fund	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,253,601</u>	<u>253,601</u>
GENERAL FUND - DEBT SERVICE				
<u>Beginning Cash and Investments:</u>				
HC/FC Agreement 2008A CP Refunding	6,407,960	6,407,960	6,422,614	14,654
HC/FC Agreement 2008C CP Refunding	6,454,000	6,454,000	6,469,517	15,517
Permanent Improvements Refunding Series 1996	368,405	368,405	366,010	(2,395)
Permanent Improvements Refunding Series 1997	767,000	767,000	765,263	(1,737)
Commercial Paper Series B	1,580,000	1,580,000	1,580,006	6
Commercial Paper Series C	4,175,000	4,175,000	4,152,842	(22,158)
Permanent Improvements Refunding Series 2008C	10,127,000	10,127,000	10,128,631	1,631
Commercial Paper Series A1	1,316,000	1,316,000	1,313,564	(2,436)
HC/FC Agreement 2004A CP Refunding	6,626,000	6,626,000	6,630,919	4,919
Permanent Improvement Commercial Paper Series D	3,695,000	3,695,000	3,676,023	(18,977)
Flood Control Comm Paper Agreement	3,964,000	3,964,000	3,974,476	10,476
HC/FC Agreement 2006 CP Refunding	4,249,000	4,249,000	4,258,319	9,319
Certificates of Obligation Series 1998	1,038,000	1,038,000	1,037,002	(998)
Certificates of Obligation Series 2001	1,527,000	1,527,000	1,523,601	(3,399)
Permanent Improvement Refunding Series 2001	755,000	755,000	754,138	(862)
Revenue Refunding Series 2002	62,140	62,140	62,050	(90)
Revenue Certificates Series 2002	180	180	213	33
Permanent Improvement Refunding Series 2002	15,056,000	15,056,000	15,056,510	510
Permanent Improvement Refunding Series 2003A	3,318,000	3,318,000	3,316,588	(1,412)

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, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Permanent Improvement Refunding Series 2003 B	6,566,000	6,566,000	6,563,501	(2,499)
Permanent Improvement Refunding Series 2008C - COI	17,783	17,783	-	(17,783)
Permanent Improvement Refunding Series 1999	809,000	809,000	806,840	(2,160)
CJC Refunding Series 2004	5,318,500	5,318,500	5,319,023	523
Tax & Subordinate Lien Refunding Series 2004A	414	414	417	3
Tax & Subordinate Lien Refunding Series 2004B	746,679	746,679	747,011	332
Permanent Improvement Refunding Series 2004A	5,925,000	5,925,000	5,924,191	(809)
Permanent Improvement Refunding Series 2005A	5,442,000	5,442,000	5,441,413	(587)
Permanent Improvement Refunding Series 2006A	3,443,000	3,443,000	3,442,769	(231)
Permanent Improvement Refunding Series 2008A	6,033,000	6,033,000	6,033,461	461
Permanent Improvement Refunding Series 2008B	8,600,000	8,600,000	8,601,483	1,483
Permanent Improvement Refunding Series 2008B - COI	28,215	28,215	-	(28,215)
Tax & Subordinate Lien Refunding Series 2008A	140	140	172	32
Total Beginning Cash and Investments	<u>114,415,416</u>	<u>114,415,416</u>	<u>114,368,567</u>	<u>(46,849)</u>

Revenues and Transfers In:

HC/FC Agreement 2008A CP Refunding	7,001,648	7,001,648	7,138,825	137,177
HC/FC Agreement 2008C CP Refunding	9,828,285	9,828,285	9,815,983	(12,302)
Permanent Improvements Refunding Series 1996	26,866	26,866	17,757	(9,109)
Permanent Improvements Refunding Series 1997	752,244	752,245	645,848	(106,397)
Commercial Paper Series B	58,204	58,204	14,356	(43,848)
Commercial Paper Series C	257,548	257,548	54,142	(203,406)
Permanent Improvements Refunding Series 2008C	14,293,346	14,293,346	18,748,533	4,455,187
Commercial Paper Series A1	118,588	118,588	66,065	(52,523)
HC/FC Agreement 2004A CP Refunding	6,875,744	6,875,744	5,853,043	(1,022,701)
Permanent Improvement Commercial Paper Series D	197,138	197,138	80,781	(116,357)
Flood Control Comm Paper Agreement	150,954	150,954	113,700	(37,254)
HC/FC Agreement 2006 CP Refunding	4,718,880	4,718,880	4,867,512	148,632
Certificates of Obligation Series 1998	1,162,198	27,132,968	26,048,116	(1,084,852)
Certificates of Obligation Series 2001	1,640,833	15,333,758	15,315,347	(18,411)
Permanent Improvement Refunding Series 2001	845,733	3,484,590	3,513,201	28,611
Revenue Refunding Series 2002	620	620	126	(494)
Revenue Certificates Series 2002	3,232,090	18,090,213	17,724,161	(366,052)
Permanent Improvement Refunding Series 2002	16,413,190	37,053,425	37,366,007	312,582
Permanent Improvement Refunding Series 2003A	3,390,857	3,390,857	3,423,921	33,064
Permanent Improvement Refunding Series 2003 B	1,786,096	13,137,105	13,303,551	166,446
Permanent Improvement Refunding Series 1999	90,160	101,035	97,447	(3,588)
CJC Refunding Series 2004	5,862,033	5,862,033	5,972,966	110,933
Tax & Subordinate Lien Refunding Series 2004A	740,278	740,278	739,910	(368)
Tax & Subordinate Lien Refunding Series 2004B	11,851,471	11,851,471	9,455,327	(2,396,144)
Permanent Improvement Refunding Series 2004A	6,496,567	52,057,478	52,194,297	136,819
Road Refunding Series 2009A - COI	-	270,075	270,096	21
Permanent Improvement Refunding Series 2005A	6,887,856	6,887,856	6,999,080	111,224
Permanent Improvement Refunding Series 2006A	3,489,891	3,489,891	3,481,221	(8,670)
Permanent Improvement Refunding Series 2008A	6,343,042	6,343,042	6,186,094	(156,948)
Tax & Subordinate Lien Refunding Series 2009C	-	32,509,793	32,506,582	(3,211)
Tax & Subordinate Lien Refunding Series 2009C - COI	-	102,511	102,519	8
Permanent Improvement Refunding Series 2008B	9,464,284	19,554,692	19,738,024	183,332
Tax & Subordinate Lien Refunding Series 2008A	5,810,267	22,973,961	22,568,767	(405,194)
Permanent Improvement Refunding Series 2009A	-	26,778,875	27,754,850	975,975
Permanent Improvement Refunding Series 2009A - COI	-	122,470	122,470	-
Permanent Improvement Refunding Series 2009B	-	110,022,159	110,022,159	-
Permanent Improvement Refunding Series 2009B - COI	-	298,275	298,298	23
Total Revenues and Transfers In	<u>129,786,911</u>	<u>461,868,877</u>	<u>462,621,082</u>	<u>752,205</u>

Total Available Resources:

HC/FC Agreement 2008A CP Refunding	13,409,608	13,409,608	13,561,439	151,831
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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, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
HC/FC Agreement 2008C CP Refunding	16,282,285	16,282,285	16,285,500	3,215
Permanent Improvements Refunding Series 1996	395,271	395,271	383,767	(11,504)
Permanent Improvements Refunding Series 1997	1,519,244	1,519,245	1,411,111	(108,134)
Commercial Paper Series B	1,638,204	1,638,204	1,594,362	(43,842)
Commercial Paper Series C	4,432,548	4,432,548	4,206,984	(225,564)
Permanent Improvements Refunding Series 2008C	24,420,346	24,420,346	28,877,164	4,456,818
Commercial Paper Series A1	1,434,588	1,434,588	1,379,629	(54,959)
HC/FC Agreement 2004A CP Refunding	13,501,744	13,501,744	12,483,962	(1,017,782)
Permanent Improvement Commercial Paper Series D	3,892,138	3,892,138	3,756,804	(135,334)
Flood Control Comm Paper Agreement	4,114,954	4,114,954	4,088,176	(26,778)
HC/FC Agreement 2006 CP Refunding	8,967,880	8,967,880	9,125,831	157,951
Certificates of Obligation Series 1998	2,200,198	28,170,968	27,085,118	(1,085,850)
Certificates of Obligation Series 2001	3,167,833	16,860,758	16,838,948	(21,810)
Permanent Improvement Refunding Series 2001	1,600,733	4,239,590	4,267,339	27,749
Revenue Refunding Series 2002	62,760	62,760	62,176	(584)
Revenue Certificates Series 2002	3,232,270	18,090,393	17,724,374	(366,019)
Permanent Improvement Refunding Series 2002	31,469,190	52,109,425	52,422,517	313,092
Permanent Improvement Refunding Series 2003A	6,708,857	6,708,857	6,740,509	31,652
Permanent Improvement Refunding Series 2003 B	8,352,096	19,703,105	19,867,052	163,947
Permanent Improvement Refunding Series 2008C - COI	17,783	17,783	-	(17,783)
Permanent Improvement Refunding Series 1999	899,160	910,035	904,287	(5,748)
CJC Refunding Series 2004	11,180,533	11,180,533	11,291,989	111,456
Tax & Subordinate Lien Refunding Series 2004A	740,692	740,692	740,327	(365)
Tax & Subordinate Lien Refunding Series 2004B	12,598,150	12,598,150	10,202,338	(2,395,812)
Permanent Improvement Refunding Series 2004A	12,421,567	57,982,478	58,118,488	136,010
Road Refunding Series 2009A - COI	-	270,075	270,096	21
Permanent Improvement Refunding Series 2005A	12,329,856	12,329,856	12,440,493	110,637
Permanent Improvement Refunding Series 2006A	6,932,891	6,932,891	6,923,990	(8,901)
Permanent Improvement Refunding Series 2008A	12,376,042	12,376,042	12,219,555	(156,487)
Tax & Subordinate Lien Refunding Series 2009C	-	32,509,793	32,506,582	(3,211)
Tax & Subordinate Lien Refunding Series 2009C - COI	-	102,511	102,519	8
Permanent Improvement Refunding Series 2008B	18,064,284	28,154,692	28,339,507	184,815
Permanent Improvement Refunding Series 2008B - COI	28,215	28,215	-	(28,215)
Tax & Subordinate Lien Refunding Series 2008A	5,810,407	22,974,101	22,568,939	(405,162)
Permanent Improvement Refunding Series 2009A	-	26,778,875	27,754,850	975,975
Permanent Improvement Refunding Series 2009A - COI	-	122,470	122,470	-
Permanent Improvement Refunding Series 2009B	-	110,022,159	110,022,159	-
Permanent Improvement Refunding Series 2009B - COI	-	298,275	298,298	23
Total Available Resources - General Fund - Debt Service	<u>244,202,327</u>	<u>576,284,293</u>	<u>576,989,649</u>	<u>705,356</u>
 TOTAL GENERAL FUND				
Beginning Cash and Investments	398,108,413	398,108,413	403,527,827	5,419,414
Revenues and Transfers In	1,496,062,790	1,833,439,584	1,893,820,060	60,380,476
TOTAL GENERAL FUND	<u>\$ 1,894,171,203</u>	<u>\$ 2,231,547,997</u>	<u>\$ 2,297,347,887</u>	<u>\$ 65,799,890</u>

See notes to required supplementary information.

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
GENERAL FUND DEPARTMENTS				
Public Infrastructure	\$ 6,400,561	\$ 3,447,003	\$ 3,355,036	91,967
Right of Way	2,214,495	2,184,495	2,169,837	14,658
Construction Programs Division	6,100,950	6,686,770	6,658,718	28,052
Appraisal District	4,626,564	9,070,672	9,070,672	-
County Judge	4,999,250	5,215,618	4,827,394	388,224
Commissioner Precinct 1	89,007,872	31,944,324	25,424,269	6,520,055
Commissioner Precinct 2	70,127,308	69,579,395	36,954,078	32,625,317
Commissioner Precinct 3	73,521,321	47,615,190	35,797,025	11,818,165
Commissioner Precinct 4	92,734,579	56,645,445	43,118,194	13,527,251
Tunnel and Ferries Operation	4,990,493	5,006,719	4,517,162	489,557
Management Services	25,606,886	42,154,013	41,510,218	643,795
Legislative Services	1,042,273	1,306,023	1,263,720	42,303
Public Infrastructure - Architecture & Engineering	28,007,188	29,372,877	28,801,415	571,462
Fire Marshal's Office	6,501,030	7,016,248	6,950,331	65,917
Medical Examiner	21,100,668	22,764,668	22,040,903	723,765
Public Health Services	28,526,284	29,441,156	29,033,146	408,010
Public Library	25,301,914	25,725,191	25,696,879	28,312
Domestic Relations	2,815,969	3,019,969	2,874,645	145,324
Community Services	11,103,021	11,103,021	10,828,012	275,009
Information Technology Center	36,000,466	37,149,466	37,016,610	132,856
MHMRA	23,002,907	22,834,844	22,834,844	-
Facilities and Property Management	61,113,100	60,930,184	59,879,811	1,050,373
Constable Precinct 1	23,445,790	26,396,127	26,322,703	73,424
Constable Precinct 2	5,971,217	6,238,612	6,191,287	47,325
Constable Precinct 3	10,465,070	10,856,105	10,839,971	16,134
Constable Precinct 4	30,390,146	34,746,111	34,662,698	83,413
Constable Precinct 5	28,070,337	31,694,858	31,632,838	62,020
Constable Precinct 6	7,101,772	7,635,653	7,559,785	75,868
Constable Precinct 7	7,625,082	8,752,915	8,734,381	18,534
Constable Precinct 8	6,075,279	6,568,169	6,549,600	18,569
Justice of the Peace 1-1	1,548,750	1,643,133	1,634,065	9,068
Justice of the Peace 1-2	2,220,098	2,243,098	2,238,579	4,519
Justice of the Peace 2-1	825,293	870,783	870,024	759
Justice of the Peace 2-2	830,013	843,513	841,022	2,491
Justice of the Peace 3-1	1,562,482	1,532,482	1,524,441	8,041
Justice of the Peace 3-2	1,101,466	1,105,466	1,097,502	7,964
Justice of the Peace 4-1	2,514,991	2,372,384	2,311,435	60,949
Justice of the Peace 4-2	1,269,956	1,262,956	1,258,211	4,745

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, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Justice of the Peace 5-1	1,741,319	1,741,319	1,731,681	9,638
Justice of the Peace 5-2	2,419,625	2,449,023	2,428,197	20,826
Justice of the Peace 6-1	558,590	561,590	555,212	6,378
Justice of the Peace 6-2	623,432	665,932	659,013	6,919
Justice of the Peace 7-1	658,668	658,668	658,638	30
Justice of the Peace 7-2	841,448	870,448	868,382	2,066
Justice of the Peace 8-1	1,003,950	973,595	970,288	3,307
Justice of the Peace 8-2	1,010,864	1,011,864	1,010,378	1,486
County Attorney	18,400,279	21,779,809	21,452,007	327,802
County Clerk	24,606,520	24,564,823	24,542,147	22,676
County Treasurer	1,181,214	1,141,214	1,108,096	33,118
Tax Assessor-Collector	26,504,754	26,761,754	26,690,542	71,212
County Sheriff	371,502,360	429,792,971	425,022,481	4,770,490
District Attorney	55,100,035	61,234,945	61,134,021	100,924
District Clerk	28,901,221	29,655,615	29,376,289	279,326
Community Supervision and Correction	800,835	800,835	794,898	5,937
Pretrial Services	7,592,560	7,737,560	7,710,640	26,920
County Auditor	14,422,512	14,129,941	13,293,230	836,711
Purchasing Agent	7,139,499	6,793,279	6,710,478	82,801
District Courts	43,502,756	52,804,607	52,793,223	11,384
Texas Agrilife Extension Services	850,046	850,046	837,793	12,253
Juvenile Probation	72,901,066	78,492,430	78,195,669	296,761
Sheriff's Civil Service	230,082	220,082	215,221	4,861
Protective Services- Children and Adults	21,655,038	22,116,920	21,927,668	189,252
Children's Assessment Center	5,112,408	4,929,304	4,764,465	164,839
1st Court of Appeals	80,405	101,005	100,921	84
14th Court of Appeals	80,405	90,305	90,259	46
County Courts	14,800,354	16,557,460	16,294,436	263,024
Probate Court 1	1,062,004	1,306,004	1,200,346	105,658
Probate Court 2	1,062,004	1,251,004	1,178,909	72,095
Probate Court 3	2,415,777	2,817,777	2,776,366	41,411
Probate Court 4	1,062,004	1,146,004	1,113,098	32,906
Total General Fund By Department	<u>1,485,686,875</u>	<u>1,490,983,789</u>	<u>1,413,096,453</u>	<u>77,887,336</u>
1020 Public Improvement Contingency	44,282,000	44,282,000	71,500	44,210,500
1070 Mobility Fund	120,000,000	120,000,000	25,329,364	94,670,636

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, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
GENERAL FUND DEBT SERVICE				
1050 HC/FC Agreement 2008A CP Refunding	13,409,608	13,409,608	6,980,000	6,429,608
1080 HC/FC Agreement 2008C R	16,282,286	16,282,285	7,328,000	8,954,285
1250 Permanent Improvement Refunding Series 1996	395,271	395,271	-	395,271
1260 Permanent Improvement Refunding Series 1997	1,519,245	1,519,245	740,025	779,220
1390 Commercial Paper Series B	1,638,204	1,638,204	163,812	1,474,392
1400 Commercial Paper Series C	4,432,549	4,432,548	1,677,228	2,755,320
1410 Permanent Improvement Refunding Series 2008C	24,420,346	24,420,346	15,499,607	8,920,739
1420 Commercial Paper Series A-1	1,434,588	1,434,588	365,513	1,069,075
1440 HC/FC Agreement 2004A CP Refunding	13,501,744	13,501,744	6,334,200	7,167,544
1470 Commercial Paper Series - Flood Control	3,892,137	3,892,137	744,562	3,147,575
1480 Flood Control CP Agreement	4,114,954	4,114,954	1,167,990	2,946,964
1490 HC/FC Agreement 2006 CP Refunding	8,967,880	8,967,880	4,709,000	4,258,880
1500 Certificate of Obligation, Series 1998	2,200,198	28,170,968	27,085,118	1,085,850
1530 Certificate of Obligation, Series 2001	3,167,833	16,860,758	15,018,612	1,842,146
1550 Permanent Improvement Refunding Series 2001	1,600,734	4,239,591	3,425,005	814,586
1600 Revenue Refunding Series 2002	62,760	62,760	-	62,760
1610 Revenue Certificates Series 2002	3,232,270	18,090,393	17,724,374	366,019
1620 Permanent Improvement Refunding Series 2002	31,469,190	52,109,426	37,040,123	15,069,303
1650 Permanent Improvement Refunding Series 2003A	6,708,856	6,708,856	3,591,250	3,117,606
1680 Permanent Improvement Refunding Series 2003B	8,352,096	19,703,104	18,167,759	1,535,345
1700 PIB Refunding Bonds 2008C - Cost of Issuance	17,783	17,783	-	17,783
1710 Permanent Improvement Refunding Series 1999	899,159	910,034	904,287	5,747
1730 CJC Refunding Series 2004B	11,180,533	11,180,533	5,852,763	5,327,770
1750 Tax & Sub Lien Refunding 2004A	740,692	740,692	740,250	442
1770 Tax & Sub Lien Refunding 2004B	12,598,150	12,598,150	7,346,895	5,251,255
1780 Permanent Improvement Refunding Series 2004A	12,421,567	57,982,478	52,058,288	5,924,190
17B0 HC Road Ref 2009A Cost	-	270,075	59,884	210,191
1800 PIB Refunding Bonds 2005A Debt Service	12,329,856	12,329,856	5,982,250	6,347,606
1850 PIB Refunding Bonds 2006A - Debt Service	6,932,891	6,932,891	3,478,225	3,454,666
1870 PIB Refunding Bonds 2008A - Debt Service	12,376,042	12,376,042	6,349,625	6,026,417
18A0 HC Tax/Sub 2009C Debt Service	-	32,509,792	32,506,547	3,245
18B0 HC Tax/Sub 2009C Cost of Issuance	-	102,511	16,315	86,196
1910 PIB Refunding Bonds 2008B - Debt Service	18,064,284	28,154,692	19,541,474	8,613,218
1920 PIB Refunding Bonds 2008B - Cost of Issuance	28,215	28,215	-	28,215
1940 Tax & Sub Lien Refunding 2008A - Debt Service	5,810,407	22,974,100	22,568,938	405,162
1960 HC PIB Refunding Bonds 2009A Debt Service	-	26,778,875	26,658,748	120,127
1970 HC PIB Refunding 2009A Cost of Issuance	-	122,470	122,470	-
19A0 HC PIB 2009B Debt Service	-	110,022,159	110,021,922	237
19B0 HC PIB Refunding 2009B Cost of Issuance	-	298,276	59,500	238,776
Total General Fund Debt Service	<u>244,202,328</u>	<u>576,284,290</u>	<u>462,030,559</u>	<u>114,253,731</u>
Total General Fund	<u>\$ 1,894,171,203</u>	<u>\$ 2,231,550,079</u>	<u>\$ 1,900,527,876</u>	<u>\$ 331,022,203</u>

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 28, 2010

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	\$ 2,297,347,887
Beginning Cash and Investments	(403,527,827)
Accrued in 2009, received in 2010	(75,239,414)
Entry to eliminate transfers between funds	(168,324,481)
Accrued in 2010, to be received in 2011	54,576,386
Revenues and other sources on modified accrual (GAAP) basis	1,704,832,551
 EXPENDITURES AND OTHER USES	
Cash (budgetary) basis	1,900,527,876
Incurred during 2009, paid in 2010	(103,808,249)
Entry to eliminate transfers between funds	(168,324,481)
Incurred during 2010, payable in 2011	102,757,480
Expenditures and other uses on modified accrual (GAAP) basis	1,731,152,626
Changes in Fund Balances	\$ (26,320,075)

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

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

In four departments, the Public Improvement Contingency Fund, the Mobility Fund and one general fund debt service account, 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 \$64,490,788. 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 Public Improvement Contingency Fund has a positive variance of \$44,210,500. These funds are set aside by Commissioners Court to assist with capital projects and for use in unforeseen emergency events.

The Mobility Fund has a positive variance of \$94,670,636. These funds are set aside to increase general mobility within the County.

The Permanent Improvement Refunding Series 2002 has a positive variance of \$15,069,303. 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
February 28, 2010**

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%
2010	3/1/2009	-	859,681,747	859,681,747	0%	766,400,980	112.2%

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 \$915,483 and \$16,210,643 respectively.

**HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
February 28, 2010**

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
Actuarial Value of Assets	\$2,375,906,657	\$2,355,663,641	\$2,619,204,575
Actuarial Accrued Liability (AAL)	\$2,521,078,602	\$2,724,786,646	\$2,978,320,920
Unfunded Actuarial Accrued Liability (UAAL)	\$ 145,171,945	\$ 369,123,005	\$ 359,116,345
Funded Ratio	94.24%	86.45%	87.94%
Annual Covered Payroll (Actuarial)	\$ 755,852,867	\$ 839,919,068	\$ 882,729,740
UAAL as Percentage of Covered Payroll	19.21%	43.95%	40.68%



NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 28, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Investments:				
Cash and cash equivalents	\$ 85,006,046	\$ -	\$ 48,610,095	\$ 133,616,141
Investments	108,321,328	-	120,471,952	228,793,280
Receivables:				
Taxes, net	4,407,819	3,792,437	-	8,200,256
Accounts	50,452,720	-	-	50,452,720
Accrued interest	4,858,481	-	468,484	5,326,965
Other	43,780,863	2,412,310	-	46,193,173
Due from other funds	32,617,691	-	1,251,475	33,869,166
Due from other governmental units	555	-	-	555
Inventories and other assets	9,984,563	-	456,190	10,440,753
Advances to other funds	585,000	-	12,000,000	12,585,000
Restricted cash and cash equivalents	106,812	26,012,766	641,150	26,760,728
Restricted investments	-	51,857,807	12,000,000	63,857,807
Notes receivable	538,205	-	-	538,205
Total assets	<u>\$ 340,660,083</u>	<u>\$ 84,075,320</u>	<u>\$ 195,899,346</u>	<u>\$ 620,634,749</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Vouchers payable	\$ 21,222,769	\$ -	\$ 11,977,539	\$ 33,200,308
Accrued payroll and compensated absences	6,442,875	-	-	6,442,875
Retainage payable	387,230	-	3,503,100	3,890,330
Due to other funds	56,068,337	-	11,351,478	67,419,815
Customer deposits	10	-	-	10
Advances from other funds	35,086,538	-	12,000,000	47,086,538
Deferred revenue	68,097,047	3,792,437	4,494,863	76,384,347
Total liabilities	<u>187,304,806</u>	<u>3,792,437</u>	<u>43,326,980</u>	<u>234,424,223</u>
Fund balances:				
Reserved for:				
Encumbrances	30,939,062	-	104,348,997	135,288,059
Debt service	106,812	80,282,883	-	80,389,695
Imprest funds	85,180	-	-	85,180
Inventory	486,275	-	-	486,275
Prepays	1,063,977	-	456,190	1,520,167
Advances	-	-	12,000,000	12,000,000
Grant programs	257,526	-	-	257,526
Unreserved:				
Designated for capital projects	-	-	35,767,179	35,767,179
Undesignated	120,416,445	-	-	120,416,445
Total fund balances	<u>153,355,277</u>	<u>80,282,883</u>	<u>152,572,366</u>	<u>386,210,526</u>
Total liabilities and fund balances	<u>\$ 340,660,083</u>	<u>\$ 84,075,320</u>	<u>\$ 195,899,346</u>	<u>\$ 620,634,749</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY

For the Year Ended February 28, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 96,599,451	\$ 67,266,722	\$ -	\$ 163,866,173
Charges for services	10,783,518	-	-	10,783,518
Lease revenue	178,280	-	-	178,280
Intergovernmental	223,028,951	-	2,705,985	225,734,936
Earnings on investments	2,883,059	251,345	2,810,100	5,944,504
Miscellaneous	13,377,494	153,950	3,620,747	17,152,191
Total revenues	<u>346,850,753</u>	<u>67,672,017</u>	<u>9,136,832</u>	<u>423,659,602</u>
EXPENDITURES				
Current operating:				
Administration of justice	53,731,639	-	255,392	53,987,031
Parks	6,238,955	-	4,328,885	10,567,840
County administration	62,134,906	-	6,494,030	68,628,936
Health and human services	102,503,244	-	808,445	103,311,689
Flood control	64,250,118	-	5,319,126	69,569,244
Tax administration	977,544	-	-	977,544
Capital outlay	44,773,103	-	79,367,088	124,140,191
Debt service:				
Principal retirement	-	37,817,483	-	37,817,483
Bond issuance costs	-	560,634	-	560,634
Interest and fiscal charges	1,139,098	67,844,353	-	68,983,451
Total Expenditures	<u>335,748,607</u>	<u>106,222,470</u>	<u>96,572,966</u>	<u>538,544,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,102,146</u>	<u>(38,550,453)</u>	<u>(87,436,134)</u>	<u>(114,884,441)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,337,612	37,223,667	271,516	61,832,795
Transfers out	(31,352,841)	(270,075)	(18,636,676)	(50,259,592)
Refunding bonds issued	-	98,880,000	-	98,880,000
Premium on bonds issued	-	14,663,075	-	14,663,075
Commercial paper issued	-	-	67,110,000	67,110,000
Payments to refunding bond escrow agent	-	(112,710,946)	-	(112,710,946)
Sale of capital assets	308,159	-	219,354	527,513
Total other financing sources(uses)	<u>(6,707,070)</u>	<u>37,785,721</u>	<u>48,964,194</u>	<u>80,042,845</u>
Net changes in fund balances	4,395,076	(764,732)	(38,471,940)	(34,841,596)
Fund balances, beginning	148,960,201	81,047,615	191,044,306	421,052,122
Fund balances, ending	<u>\$ 153,355,277</u>	<u>\$ 80,282,883</u>	<u>\$ 152,572,366</u>	<u>\$ 386,210,526</u>

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

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

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

DISTRICT COURT RECORDS ARCHIVE - Senate Bill 1658 amends Government Code Chapter 51, by adding Section 51.305 and authorizes the commissioners court of a county to adopt a district court records archive fee of not more than \$5.00 for the filing of a suit, including an appeal from an inferior court, or a cross-action, counterclaim, intervention, contempt action, motion for a new trial, or third-party petition in a district court in the county as part of the county's annual budget.

DEED RESTRICTION ENFORCEMENT - 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 - 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 - 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 284.2031 of 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 - 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.

COUNTY & DISTRICT TECHNOLOGY FEE - This fund was established under House Bill 3637. This bill amends Code of Criminal Procedure, Chapter 102, adding Article 102.0169, to create a new \$4.00 county and district court technology fee as a court cost for a defendant convicted in a county court, statutory county court, or district court.

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

DA DIVERT PROGRAM - This fund was established in November, 2009 to account for a fee to reimburse the county for expenses related to a defendant's participation in a pretrial intervention program offered by the county.

GULF OF MEXICO ENERGY SECURITY ACT - These funds were established to implement the provisions of the US Minerals Management Service (MMS). The MMS under the Gulf of Mexico Energy Security Act of 2006 distributes revenues to coastal producing states from the Outer Continental Shelf lease in Planning Area 181 Eastern and South Zones. These funds are to be used in projects and activities for the purpose of coastal conservation, coastal restoration, hurricane protection and infrastructure directly affected by coastal wetland losses.

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

SAN JACINTO WETLANDS PROJECT - 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 - 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 - 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, 2010

	<u>Flood Control</u>	<u>Sports & Convention Corporation</u>	<u>Hotel Occupancy Tax Revenue</u>	<u>District Court Records Archive</u>	<u>Deed Restriction Enforcement</u>	<u>Child Support Enforcement</u>
ASSETS						
Cash and cash equivalents	\$ 5,327,591	\$ 1,305,846	\$ 2,880,840	\$ 94,868	\$ 4,852	\$ 334,833
Investments	76,260,946	-	901,912	23,899	1,247	84,268
Receivables:						
Taxes, net	4,407,819	-	-	-	-	-
Accounts, net	-	5,165,932	-	-	-	-
Accrued interest	233,023	4,494,863	4,482	119	6	419
Other	2,869,288	-	3,794,618	-	-	56,905
Due from other funds	17,258,848	3,930,246	88,324	-	-	-
Due from other governmental units	555	-	-	-	-	-
Inventories and other assets	257,526	176,097	354,298	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	106,812	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 106,722,408</u>	<u>\$ 15,072,984</u>	<u>\$ 8,024,474</u>	<u>\$ 118,886</u>	<u>\$ 6,105</u>	<u>\$ 476,425</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	\$ 4,023,425	\$ 1,572,569	\$ 1,991,668	\$ -	\$ -	\$ -
Accrued payroll and compensated absences	2,201,750	52,468	-	9,092	-	84,849
Retainage payable	166,747	33,625	-	-	-	-
Due to other funds	12,206	-	32,552	-	-	-
Other liabilities	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	4,407,819	1,525,022	2,921,577	-	-	-
Total liabilities	<u>10,811,947</u>	<u>3,183,684</u>	<u>4,945,797</u>	<u>9,092</u>	<u>-</u>	<u>84,849</u>
Fund Balances:						
Reserved for encumbrances	27,078,992	-	2,404	-	-	-
Reserved for debt service	106,812	-	-	-	-	-
Reserved for imprest funds	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	-	176,097	354,298	-	-	-
Reserved for grant programs	257,526	-	-	-	-	-
Unreserved:						
Undesignated	68,467,131	11,713,203	2,721,975	109,794	6,105	391,576
Total fund balances	<u>95,910,461</u>	<u>11,889,300</u>	<u>3,078,677</u>	<u>109,794</u>	<u>6,105</u>	<u>391,576</u>
Total liabilities and fund balances	<u>\$ 106,722,408</u>	<u>\$ 15,072,984</u>	<u>\$ 8,024,474</u>	<u>\$ 118,886</u>	<u>\$ 6,105</u>	<u>\$ 476,425</u>

(continued)

Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Courthouse Security Justice Court
\$ 67,165	\$ -	\$ 33,429	\$ 422,722	\$ 99,528	\$ 193,998	\$ 4,215,426	\$ 570,781
18,392	-	21,301	106,400	29,198	51,226	8,913,064	143,599
-	-	-	-	-	-	-	-
-	25,173	-	-	-	54,073	-	-
91	-	106	529	145	255	38,533	714
-	-	-	-	109,734	-	22,044	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,758	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 85,648</u>	<u>\$ 25,173</u>	<u>\$ 54,836</u>	<u>\$ 529,651</u>	<u>\$ 238,605</u>	<u>\$ 299,552</u>	<u>\$ 13,192,825</u>	<u>\$ 715,094</u>

\$ 19,602	\$ -	\$ 788	\$ 1,213	\$ 7,723	\$ 58,215	\$ 7,056	\$ -
-	8,805	-	-	4,616	-	-	-
-	-	-	-	-	-	-	-
-	25,369	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	109,734	-	-	-
<u>19,602</u>	<u>34,174</u>	<u>788</u>	<u>1,213</u>	<u>122,073</u>	<u>58,215</u>	<u>7,056</u>	<u>-</u>

1,461	-	-	-	62,883	118,391	79,990	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,758	-
-	-	-	-	-	-	-	-
<u>64,585</u>	<u>(9,001)</u>	<u>54,048</u>	<u>528,438</u>	<u>53,649</u>	<u>122,946</u>	<u>13,094,521</u>	<u>715,094</u>
<u>66,046</u>	<u>(9,001)</u>	<u>54,048</u>	<u>528,438</u>	<u>116,532</u>	<u>241,337</u>	<u>13,185,769</u>	<u>715,094</u>
<u>\$ 85,648</u>	<u>\$ 25,173</u>	<u>\$ 54,836</u>	<u>\$ 529,651</u>	<u>\$ 238,605</u>	<u>\$ 299,552</u>	<u>\$ 13,192,825</u>	<u>\$ 715,094</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2010

	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19
ASSETS						
Cash and cash equivalents	\$ 12,001,008	\$ 2,460,082	\$ 1,619,026	\$ 14,714	\$ 1,690,512	\$ -
Investments	3,022,235	624,688	407,419	3,741	425,291	-
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Accrued interest	15,018	3,104	2,025	18	2,113	-
Other	1	-	-	84	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Inventories and other assets	164,660	200	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 15,202,922</u>	<u>\$ 3,088,074</u>	<u>\$ 2,028,470</u>	<u>\$ 18,557</u>	<u>\$ 2,117,916</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	\$ 464,853	\$ 338,108	\$ 11,324	\$ -	\$ 1,327	\$ -
Accrued payroll and compensated absences	-	-	-	-	13,269	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	4,617
Other liabilities	-	10	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>464,853</u>	<u>338,118</u>	<u>11,324</u>	<u>-</u>	<u>14,596</u>	<u>4,617</u>
Fund Balances:						
Reserved for encumbrances	683,841	47,173	-	-	300	-
Reserved for debt service	-	-	-	-	-	-
Reserved for imprest funds	-	550	-	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	164,660	200	-	-	-	-
Reserved for grant programs	-	-	-	-	-	-
Unreserved:						
Undesignated	13,889,568	2,702,033	2,017,146	18,557	2,103,020	(4,617)
Total fund balances	<u>14,738,069</u>	<u>2,749,956</u>	<u>2,017,146</u>	<u>18,557</u>	<u>2,103,320</u>	<u>(4,617)</u>
Total liabilities and fund balances	<u>\$ 15,202,922</u>	<u>\$ 3,088,074</u>	<u>\$ 2,028,470</u>	<u>\$ 18,557</u>	<u>\$ 2,117,916</u>	<u>\$ -</u>

(continued)

Star Drug Court	County & District Technology Fee	Stormwater Management	DA Divert Program	Gulf of Mexico Energy Security Act	Hester House	San Jacinto Wetlands Project	TCEQ Pollution Control
\$ 453,848 114,193	\$ 623 104	\$ 527,345 185,370	\$ 6,769 1,663	\$ 93,118 23,379	\$ 3,356,563 844,451	\$ 39,270 9,871	\$ 575,224 144,846
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
567	1	921	8	116	4,196	49	720
-	4	7,727	2,712	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	583
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 568,608</u>	<u>\$ 732</u>	<u>\$ 721,363</u>	<u>\$ 11,152</u>	<u>\$ 116,613</u>	<u>\$ 4,205,210</u>	<u>\$ 49,190</u>	<u>\$ 721,373</u>
\$ -	\$ -	\$ 2,764	\$ -	\$ -	\$ -	\$ -	\$ 1,035
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,764	-	-	-	-	1,035
-	-	225,938	-	-	177,000	-	23,897
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	583
-	-	-	-	-	-	-	-
568,608	732	492,661	11,152	116,613	4,028,210	49,190	695,858
<u>568,608</u>	<u>732</u>	<u>718,599</u>	<u>11,152</u>	<u>116,613</u>	<u>4,205,210</u>	<u>49,190</u>	<u>720,338</u>
<u>\$ 568,608</u>	<u>\$ 732</u>	<u>\$ 721,363</u>	<u>\$ 11,152</u>	<u>\$ 116,613</u>	<u>\$ 4,205,210</u>	<u>\$ 49,190</u>	<u>\$ 721,373</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2010

	<u>Election Services</u>	<u>Law Enforcement Forfeited Fund</u>	<u>Criminal Courts Audio Visual</u>	<u>Dispute Resolution</u>	<u>LEOSE- Law Enforcement</u>	<u>Library Donation Fund</u>
ASSETS						
Cash and cash equivalents	\$ 137,549	\$ 15,163,963	\$ 1,325,356	\$ 405,710	\$ 407,500	\$ 244,133
Investments	36,367	4,059,092	333,437	138,923	104,114	63,695
Receivables:						
Taxes, net	-	-	-	-	-	-
Accounts, net	122,813	-	-	-	-	-
Accrued interest	181	30,305	1,657	690	517	317
Other	-	286,319	-	-	-	-
Due from other funds	-	50,026	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Inventories and other assets	55,314	134,795	-	-	4,935	3,566
Advances to other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Total assets	<u>\$ 352,224</u>	<u>\$ 19,724,500</u>	<u>\$ 1,660,450</u>	<u>\$ 545,323</u>	<u>\$ 517,066</u>	<u>\$ 311,711</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	\$ 23	\$ 540,419	\$ -	\$ 92,378	\$ 28,226	\$ 20,835
Accrued payroll and compensated absences	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	18,789	-	-	-	-	-
Total liabilities	<u>18,812</u>	<u>540,419</u>	<u>-</u>	<u>92,378</u>	<u>28,226</u>	<u>20,835</u>
Fund Balances:						
Reserved for encumbrances	2,043	494,550	-	-	12,578	22,192
Reserved for debt service	-	-	-	-	-	-
Reserved for imprest funds	-	77,000	-	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for prepaids	55,314	134,795	-	-	-	3,566
Reserved for grant programs	-	-	-	-	-	-
Unreserved:						
Undesignated	276,055	18,477,736	1,660,450	452,945	476,262	265,118
Total fund balances	<u>333,412</u>	<u>19,184,081</u>	<u>1,660,450</u>	<u>452,945</u>	<u>488,840</u>	<u>290,876</u>
Total liabilities and fund balances	<u>\$ 352,224</u>	<u>\$ 19,724,500</u>	<u>\$ 1,660,450</u>	<u>\$ 545,323</u>	<u>\$ 517,066</u>	<u>\$ 311,711</u>

(continued)

Law Library	Restricted Funds	TIRZ Affordable Housing	Hurricane Ike	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ 534,110 166,251	\$ 2,713,448 689,942	\$ 849,279 213,633	\$ 7,175,427 1,805,382	\$ 10,771,825 6,622,062	\$ 351,549 98,441	\$ 6,536,216 1,627,286	\$ 85,006,046 108,321,328
-	-	-	-	-	-	-	4,407,819
7	-	-	-	138,185	4,636,568	40,309,969	50,452,720
826	3,428	1,061	8,971	-	301	8,086	4,858,481
281	3,850	-	586,737	6,044,388	9,671,722	20,324,449	43,780,863
-	-	-	10,488,026	213,162	589,059	-	32,617,691
-	-	-	-	-	-	-	555
161,714	-	-	-	49,800	2,976,997	5,640,320	9,984,563
-	-	585,000	-	-	-	-	585,000
-	-	-	-	-	-	-	106,812
-	249,000	-	-	-	-	289,205	538,205
<u>\$ 863,189</u>	<u>\$ 3,659,668</u>	<u>\$ 1,648,973</u>	<u>\$ 20,064,543</u>	<u>\$ 23,839,422</u>	<u>\$ 18,324,637</u>	<u>\$ 74,735,531</u>	<u>\$ 340,660,083</u>

\$ 30,851	\$ 601,513	\$ -	\$ 5,213	\$ 222,154	\$ 152,727	\$ 11,026,760	\$ 21,222,769
37,777	-	-	-	1,287,234	-	2,743,015	6,442,875
-	75,609	-	-	-	-	111,249	387,230
-	-	-	3,670,245	99,582	18,171,692	34,052,074	56,068,337
-	-	-	-	-	-	-	10
-	327,500	-	34,461,538	-	-	297,500	35,086,538
7	249,000	-	10,624,763	22,230,452	218	26,009,666	68,097,047
<u>68,635</u>	<u>1,253,622</u>	<u>-</u>	<u>48,761,759</u>	<u>23,839,422</u>	<u>18,324,637</u>	<u>74,240,264</u>	<u>187,304,806</u>

61,064	948,240	-	896,125	-	-	-	30,939,062
-	-	-	-	-	-	-	106,812
130	-	-	-	-	-	-	85,180
-	-	-	-	-	-	486,275	486,275
161,714	-	-	-	-	-	8,992	1,063,977
-	-	-	-	-	-	-	257,526
571,646	1,457,806	1,648,973	(29,593,341)	-	-	-	120,416,445
<u>794,554</u>	<u>2,406,046</u>	<u>1,648,973</u>	<u>(28,697,216)</u>	<u>-</u>	<u>-</u>	<u>495,267</u>	<u>153,355,277</u>
<u>\$ 863,189</u>	<u>\$ 3,659,668</u>	<u>\$ 1,648,973</u>	<u>\$ 20,064,543</u>	<u>\$ 23,839,422</u>	<u>\$ 18,324,637</u>	<u>\$ 74,735,531</u>	<u>\$ 340,660,083</u>

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2010

	Flood Control	Sports and Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Deed Restriction Enforcement	Child Support Enforcement
REVENUES						
Taxes	\$ 75,485,688	\$ -	\$ 21,113,763	\$ -	\$ -	\$ -
Charges for services	-	-	-	118,515	-	-
Lease revenue	178,280	-	-	-	-	-
Intergovernmental	-	1,872,193	-	-	-	1,145,100
Earnings on investments	1,199,340	19,441	90,636	371	96	8,669
Miscellaneous	501,754	1,046,430	612,696	-	-	-
Total revenues	<u>77,365,062</u>	<u>2,938,064</u>	<u>21,817,095</u>	<u>118,886</u>	<u>96</u>	<u>1,153,769</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	-	-	9,092	-	1,146,384
Parks	-	6,184,962	42,552	-	-	-
County administration	-	-	16,950,755	-	-	-
Health and human services	-	-	-	-	-	-
Flood control	63,750,557	-	-	-	-	-
Tax administration	699,455	-	6,998	-	-	-
Capital outlay	948,310	-	-	-	-	-
Debt service:						
Interest and fiscal charges	395,007	-	-	-	-	-
Total expenditures	<u>65,793,329</u>	<u>6,184,962</u>	<u>17,000,305</u>	<u>9,092</u>	<u>-</u>	<u>1,146,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,571,733</u>	<u>(3,246,898)</u>	<u>4,816,790</u>	<u>109,794</u>	<u>96</u>	<u>7,385</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	400,000	-	-	-	-	-
Transfers out	(9,723,894)	-	(7,671,960)	-	-	-
Sale of capital assets	308,159	-	-	-	-	-
Total other financial sources (uses)	<u>(9,015,735)</u>	<u>-</u>	<u>(7,671,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	2,555,998	(3,246,898)	(2,855,170)	109,794	96	7,385
Fund balances, beginning	93,354,463	15,136,198	5,933,847	-	6,009	384,191
Fund balances, ending	<u>\$ 95,910,461</u>	<u>\$ 11,889,300</u>	<u>\$ 3,078,677</u>	<u>\$ 109,794</u>	<u>\$ 6,105</u>	<u>\$ 391,576</u>

(continued)

Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Courthouse Security Justice Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
283,641	-	-	-	396,212	641,641	222,373	171,078
-	-	-	-	-	-	-	-
-	985,084	-	315,819	-	-	-	-
2,260	-	8,534	9,653	1,181	13,604	182,295	13,326
117	-	548,587	-	106,464	-	220,569	-
<u>286,018</u>	<u>985,084</u>	<u>557,121</u>	<u>325,472</u>	<u>503,857</u>	<u>655,245</u>	<u>625,237</u>	<u>184,404</u>
28,000	-	-	-	568,113	-	435,695	-
-	-	-	-	-	-	-	-
25,972	1,041	-	192,123	258	1,175,331	-	-
222,555	806,813	814,568	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	212,136	-
-	-	-	-	-	-	-	-
<u>276,527</u>	<u>807,854</u>	<u>814,568</u>	<u>192,123</u>	<u>568,371</u>	<u>1,175,331</u>	<u>647,831</u>	<u>-</u>
9,491	177,230	(257,447)	133,349	(64,514)	(520,086)	(22,594)	184,404
-	-	41,300	-	85,387	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	41,300	-	85,387	-	-	-
9,491	177,230	(216,147)	133,349	20,873	(520,086)	(22,594)	184,404
56,555	(186,231)	270,195	395,089	95,659	761,423	13,208,363	530,690
<u>\$ 66,046</u>	<u>\$ (9,001)</u>	<u>\$ 54,048</u>	<u>\$ 528,438</u>	<u>\$ 116,532</u>	<u>\$ 241,337</u>	<u>\$ 13,185,769</u>	<u>\$ 715,094</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2010

	Records Management	Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,680,713	-	684,011	6,750	844,759	-
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	266,474
Earnings on investments	332,457	72,777	38,305	298	38,590	-
Miscellaneous	-	283,512	-	-	-	-
Total revenues	<u>5,013,170</u>	<u>356,289</u>	<u>722,316</u>	<u>7,048</u>	<u>883,349</u>	<u>266,474</u>
EXPENDITURES						
Current operating:						
Administration of justice	618,542	536,369	114,983	-	176,277	-
Parks	-	10,041	-	-	-	-
County administration	3,688,448	12,475	-	-	-	-
Health and human services	-	208,298	-	-	-	-
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	271,091
Capital outlay	453,171	53,251	11,324	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>4,760,161</u>	<u>820,434</u>	<u>126,307</u>	<u>-</u>	<u>176,277</u>	<u>271,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>253,009</u>	<u>(464,145)</u>	<u>596,009</u>	<u>7,048</u>	<u>707,072</u>	<u>(4,617)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	253,009	(464,145)	596,009	7,048	707,072	(4,617)
Fund balances, beginning	14,485,060	3,214,101	1,421,137	11,509	1,396,248	-
Fund balances, ending	<u>\$ 14,738,069</u>	<u>\$ 2,749,956</u>	<u>\$ 2,017,146</u>	<u>\$ 18,557</u>	<u>\$ 2,103,320</u>	<u>\$ (4,617)</u>

(continued)

Star Drug Court	County & District Technology Fee	Stormwater Management	DA Divert Program	Gulf of Mexico Energy Security Act	Hester House	San Jacinto Wetlands Project	TCEQ Pollution Control
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
234,442	731	-	11,128	-	-	-	-
-	-	-	-	-	-	-	-
-	-	297,931	-	116,386	-	-	-
9,373	1	21,802	24	227	92,622	1,045	16,020
-	-	-	-	-	-	-	38,254
<u>243,815</u>	<u>732</u>	<u>319,733</u>	<u>11,152</u>	<u>116,613</u>	<u>92,622</u>	<u>1,045</u>	<u>54,274</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,400	-
-	-	460,486	-	-	-	-	375
-	-	-	-	-	-	-	36,845
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	460,486	-	-	-	1,400	37,220
<u>243,815</u>	<u>732</u>	<u>(140,753)</u>	<u>11,152</u>	<u>116,613</u>	<u>92,622</u>	<u>(355)</u>	<u>17,054</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
243,815	732	(140,753)	11,152	116,613	92,622	(355)	17,054
324,793	-	859,352	-	-	4,112,588	49,545	703,284
<u>\$ 568,608</u>	<u>\$ 732</u>	<u>\$ 718,599</u>	<u>\$ 11,152</u>	<u>\$ 116,613</u>	<u>\$ 4,205,210</u>	<u>\$ 49,190</u>	<u>\$ 720,338</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2010

	Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio Visual	Dispute Resolution	LEOSE- Law Enforcement	Library Donation Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	71,383	-	858,065	-	-
Lease revenue	-	-	-	-	-	-
Intergovernmental	-	302,170	-	-	313,198	5,500
Earnings on investments	7,942	171,617	39,231	12,842	16,239	7,674
Miscellaneous	204,436	4,667,270	-	-	77	148,682
Total revenues	<u>212,378</u>	<u>5,212,440</u>	<u>39,231</u>	<u>870,907</u>	<u>329,514</u>	<u>161,856</u>
EXPENDITURES						
Current operating:						
Administration of justice	-	4,013,897	444,172	858,068	340,031	-
Parks	-	-	-	-	-	-
County administration	212,974	-	-	-	3,836	-
Health and human services	-	-	-	-	-	189,599
Flood control	-	-	-	-	-	-
Tax administration	-	-	-	-	-	-
Capital outlay	-	302,136	-	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>212,974</u>	<u>4,316,033</u>	<u>444,172</u>	<u>858,068</u>	<u>343,867</u>	<u>189,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(596)</u>	<u>896,407</u>	<u>(404,941)</u>	<u>12,839</u>	<u>(14,353)</u>	<u>(27,743)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	376,871	-	-	-	-
Transfers out	-	-	-	-	-	(1,947)
Sale of capital assets	-	-	-	-	-	-
Total other financial sources (uses)	<u>-</u>	<u>376,871</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,947)</u>
Net changes in fund balance	(596)	1,273,278	(404,941)	12,839	(14,353)	(29,690)
Fund balances, beginning	334,008	17,910,803	2,065,391	440,106	503,193	320,566
Fund balances, ending	<u>\$ 333,412</u>	<u>\$ 19,184,081</u>	<u>\$ 1,660,450</u>	<u>\$ 452,945</u>	<u>\$ 488,840</u>	<u>\$ 290,876</u>

(continued)

Law Library	Restricted Funds	TIRZ Affordable Housing	Hurricane Ike	Harris County Juvenile Board	Flood Control Grants	Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,599,451
1,189,447	163,746	-	-	-	-	204,883	10,783,518
-	-	-	-	-	-	-	178,280
-	208,369	-	-	30,244,168	18,295,715	168,660,844	223,028,951
19,160	101,662	9,830	-	145,493	333	178,089	2,883,059
28,738	491,600	647,636	1,129,071	43	-	2,701,558	13,377,494
1,237,345	965,377	657,466	1,129,071	30,389,704	18,296,048	171,745,374	346,850,753
-	-	-	97,520	30,389,704	-	13,954,792	53,731,639
-	-	-	-	-	-	-	6,238,955
13,341	258,522	-	5,221,893	-	-	33,917,076	62,134,906
1,305,909	2,803,935	-	-	-	-	96,114,722	102,503,244
-	-	-	-	-	499,561	-	64,250,118
-	-	-	-	-	-	-	977,544
-	1,552,951	-	72,748	-	20,918,816	20,248,260	44,773,103
-	-	-	744,091	-	-	-	1,139,098
1,319,250	4,615,408	-	6,136,252	30,389,704	21,418,377	164,234,850	335,748,607
(81,905)	(3,650,031)	657,466	(5,007,181)	-	(3,122,329)	7,510,524	11,102,146
-	3,065,784	-	11,881,768	-	3,393,845	5,092,657	24,337,612
-	-	(806,165)	-	-	(271,516)	(12,877,359)	(31,352,841)
-	-	-	-	-	-	-	308,159
-	3,065,784	(806,165)	11,881,768	-	3,122,329	(7,784,702)	(6,707,070)
(81,905)	(584,247)	(148,699)	6,874,587	-	-	(274,178)	4,395,076
876,459	2,990,293	1,797,672	(35,571,803)	-	-	769,445	148,960,201
\$ 794,554	\$ 2,406,046	\$ 1,648,973	\$ (28,697,216)	\$ -	\$ -	\$ 495,267	\$ 153,355,277

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 28, 2010

	Federal Grant Programs	State and Local Grant Programs	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 5,610,236	\$ 925,980	\$ 6,536,216
Investments	1,354,426	272,860	1,627,286
Accounts receivable	37,858,835	2,451,134	40,309,969
Accrued interest receivable	6,730	1,356	8,086
Other receivables	11,419,482	8,904,967	20,324,449
Inventories	4,601,486	-	4,601,486
Prepays and other assets	1,038,834	-	1,038,834
Notes receivable	289,205	-	289,205
Total assets	<u>\$ 62,179,234</u>	<u>\$ 12,556,297</u>	<u>\$ 74,735,531</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	\$ 10,683,669	\$ 343,091	\$ 11,026,760
Accrued payroll and compensated absences	2,003,225	739,790	2,743,015
Retainage payable	96,974	14,275	111,249
Due to other funds	31,410,781	2,641,293	34,052,074
Advances from other funds	297,500	-	297,500
Deferred revenue	17,191,818	8,817,848	26,009,666
Total liabilities	<u>61,683,967</u>	<u>12,556,297</u>	<u>74,240,264</u>
 Fund Balances:			
Reserved	<u>495,267</u>	<u>-</u>	<u>495,267</u>
Total liabilities and fund balances	<u>\$ 62,179,234</u>	<u>\$ 12,556,297</u>	<u>\$ 74,735,531</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANTS
For The Year Ended February 28, 2010

	Federal Grant Programs	State and Local Grant Programs	Total
REVENUES			
Intergovernmental	\$ 137,235,096	\$ 31,425,748	\$ 168,660,844
Charges for services	204,883	-	204,883
Earnings on investments	75,781	102,308	178,089
Miscellaneous	2,665,708	35,850	2,701,558
Total revenues	<u>140,181,468</u>	<u>31,563,906</u>	<u>171,745,374</u>
EXPENDITURES			
Administration of justice	10,952,599	3,002,193	13,954,792
County administration	14,944,942	18,972,134	33,917,076
Health and human services	91,055,538	5,059,184	96,114,722
Capital outlay	12,405,829	7,842,431	20,248,260
Total expenditures	<u>129,358,908</u>	<u>34,875,942</u>	<u>164,234,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,822,560</u>	<u>(3,312,036)</u>	<u>7,510,524</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,518,602	3,574,055	5,092,657
Transfers out	<u>(12,615,340)</u>	<u>(262,019)</u>	<u>(12,877,359)</u>
Total transfers	<u>(11,096,738)</u>	<u>3,312,036</u>	<u>(7,784,702)</u>
Net changes in fund balances	(274,178)	-	(274,178)
Fund balances, beginning	<u>769,445</u>	<u>-</u>	<u>769,445</u>
Fund balances, ending	<u>\$ 495,267</u>	<u>\$ -</u>	<u>\$ 495,267</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 28, 2010

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Homeland Security	Department of Health and Human Services	Other Federal Programs	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 5,103,966	\$ 196	\$ 495,267	\$ 10,807	\$ 5,610,236
Investments	-	-	1,351,517	-	-	2,909	1,354,426
Accounts receivable	874,591	3,080,714	559,712	27,615,094	3,069,086	2,659,638	37,858,835
Accrued interest receivable	-	-	6,716	-	-	14	6,730
Other receivables	1,552,563	3,835,923	102,933	232	5,034,312	893,519	11,419,482
Inventories	-	2,810,593	442,418	-	1,348,475	-	4,601,486
Prepays and other assets	16	1,005,759	20,666	3,401	8,992	-	1,038,834
Notes receivable	-	289,205	-	-	-	-	289,205
Total assets	<u>\$ 2,427,170</u>	<u>\$ 11,022,194</u>	<u>\$ 7,587,928</u>	<u>\$ 27,618,923</u>	<u>\$ 9,956,132</u>	<u>\$ 3,566,887</u>	<u>\$ 62,179,234</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers payable	\$ 60,788	\$ 3,775,554	\$ 254,127	\$ 476,940	\$ 5,516,640	\$ 599,620	\$ 10,683,669
Accrued payroll and compensated absences	661,415	210,965	262,530	29,016	821,173	18,126	2,003,225
Retainage payable	-	96,974	-	-	-	-	96,974
Due to other funds	1,704,967	6,351,996	-	17,592,661	3,123,052	2,638,105	31,410,781
Advances from other funds	-	297,500	-	-	-	-	297,500
Deferred revenue	-	289,205	7,071,271	9,520,306	-	311,036	17,191,818
Total liabilities	<u>2,427,170</u>	<u>11,022,194</u>	<u>7,587,928</u>	<u>27,618,923</u>	<u>9,460,865</u>	<u>3,566,887</u>	<u>61,683,967</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,267</u>	<u>-</u>	<u>495,267</u>
Total liabilities and fund balances	<u>\$ 2,427,170</u>	<u>\$ 11,022,194</u>	<u>\$ 7,587,928</u>	<u>\$ 27,618,923</u>	<u>\$ 9,956,132</u>	<u>\$ 3,566,887</u>	<u>\$ 62,179,234</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - FEDERAL PROGRAMS
For The Year Ended February 28, 2010

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Homeland Security	Department of Health and Human Services	Other Federal Programs	Total
REVENUES							
Intergovernmental	\$ 10,343,937	\$ 39,467,534	\$ 6,482,854	\$ 34,930,089	\$ 40,487,504	\$ 5,523,178	\$ 137,235,096
Charges for services	-	-	-	-	204,883	-	204,883
Earnings on investments	-	341	75,104	322	-	14	75,781
Miscellaneous	-	1,035,746	-	-	1,162,336	467,626	2,665,708
Total revenues	<u>10,343,937</u>	<u>40,503,621</u>	<u>6,557,958</u>	<u>34,930,411</u>	<u>41,854,723</u>	<u>5,990,818</u>	<u>140,181,468</u>
EXPENDITURES							
Administration of justice	-	32,181	5,999,272	1,434,070	1,413,303	2,073,773	10,952,599
County administration	-	3,182	-	12,981,630	408,892	1,551,238	14,944,942
Health and human services	10,294,995	38,603,580	94,486	420,285	40,301,352	1,340,840	91,055,538
Capital outlay	48,942	1,964,209	1,218,791	8,654,298	5,354	514,235	12,405,829
Total expenditures	<u>10,343,937</u>	<u>40,603,152</u>	<u>7,312,549</u>	<u>23,490,283</u>	<u>42,128,901</u>	<u>5,480,086</u>	<u>129,358,908</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(99,531)</u>	<u>(754,591)</u>	<u>11,440,128</u>	<u>(274,178)</u>	<u>510,732</u>	<u>10,822,560</u>
Transfers in	-	99,531	757,154	105,633	-	556,284	1,518,602
Transfers out	-	-	(2,563)	(11,545,761)	-	(1,067,016)	(12,615,340)
Total transfers	<u>-</u>	<u>99,531</u>	<u>754,591</u>	<u>(11,440,128)</u>	<u>-</u>	<u>(510,732)</u>	<u>(11,096,738)</u>
Net changes in fund balances	-	-	-	-	(274,178)	-	(274,178)
Fund balance, beginning	-	-	-	-	769,445	-	769,445
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,267</u>	<u>\$ -</u>	<u>\$ 495,267</u>

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 28, 2010

	<u>Texas Department of Health</u>	<u>Texas Department of Transportation</u>	<u>Texas Commission on Environmental Quality</u>	<u>Texas Department of Protective & Regulatory Services</u>	<u>Texas Historical Commission</u>	<u>Other State Programs</u>	<u>Local Grants</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 175,010	\$ -	\$ -	\$ 111,821	\$ 639,149	\$ 925,980
Investments	-	-	79,489	-	-	29,198	164,173	272,860
Accounts receivable	110,334	509,775	-	372,693	703,246	544,643	210,443	2,451,134
Accrued interest receivable	-	-	395	-	-	145	816	1,356
Other receivables	131,212	210,993	7,541,627	304,538	-	355,555	361,042	8,904,967
Total assets	<u>\$ 241,546</u>	<u>\$ 720,768</u>	<u>\$ 7,796,521</u>	<u>\$ 677,231</u>	<u>\$ 703,246</u>	<u>\$ 1,041,362</u>	<u>\$ 1,375,623</u>	<u>\$ 12,556,297</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	\$ 395	\$ 1,535	\$ 53,916	\$ 98,476	\$ -	\$ 27,881	\$ 160,888	\$ 343,091
Accrued payroll and compensated absences	101,581	275,111	-	119,994	-	37,626	205,478	739,790
Retainage payable	-	-	-	-	-	-	14,275	14,275
Due to other funds	139,570	444,122	-	458,761	703,246	581,790	313,804	2,641,293
Deferred revenue	-	-	7,742,605	-	-	394,065	681,178	8,817,848
Total liabilities	<u>241,546</u>	<u>720,768</u>	<u>7,796,521</u>	<u>677,231</u>	<u>703,246</u>	<u>1,041,362</u>	<u>1,375,623</u>	<u>12,556,297</u>
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 241,546</u>	<u>\$ 720,768</u>	<u>\$ 7,796,521</u>	<u>\$ 677,231</u>	<u>\$ 703,246</u>	<u>\$ 1,041,362</u>	<u>\$ 1,375,623</u>	<u>\$ 12,556,297</u>

**HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS**

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 187,625,187	\$ 187,625,187	\$ 186,930,594	\$ (694,593)
Revenues and Transfers In:				
Taxes	98,148,894	98,148,894	97,895,822	(253,072)
Charges for Services	10,516,122	10,705,737	10,825,169	119,432
Forfeitures	-	2,294	74,113	71,819
Interest	1,276,749	1,281,955	2,559,437	1,277,482
Intergovernmental	3,642,481	4,149,920	3,724,204	(425,716)
Miscellaneous	1,373,024	7,926,922	16,998,920	9,071,998
Other - Transfers In	26,000,000	29,412,816	16,990,924	(12,421,892)
Total Revenues and Transfers In	<u>140,957,270</u>	<u>151,628,538</u>	<u>149,068,589</u>	<u>(2,559,949)</u>
Total Available Resources	<u>\$ 328,582,457</u>	<u>\$ 339,253,725</u>	<u>\$ 335,999,183</u>	<u>\$ (3,254,542)</u>

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Flood Control				
Commercial Paper Series F - Flood Control	\$ 4,125,207	\$ 4,125,207	\$ 395,007	\$ 3,730,200
Flood Control General Fund	171,561,952	171,561,952	75,747,589	95,814,363
Total Flood Control	<u>175,687,159</u>	<u>175,687,159</u>	<u>76,142,596</u>	<u>99,544,563</u>
Hotel Occupancy Tax	28,584,005	28,584,005	23,849,269	4,734,736
Deed Restriction Enforcement	6,066	6,066	-	6,066
Child Support Enforcement	1,533,831	1,533,831	1,093,875	439,956
Family Protection	363,819	363,819	303,541	60,278
CPS - Special Revenue Contracts	943,726	1,094,734	890,108	204,626
Utility Bill Assistance Program	272,259	820,847	814,689	6,158
Probate Court Support	580,184	580,184	191,104	389,080
Appellate Judicial System	640,055	640,055	570,782	69,273
County Attorney Administration	1,422,268	1,422,268	1,252,470	169,798
District Attorney Administration				
District Attorney Special Investigating	8,087,744	8,087,744	583,474	7,504,270
District Attorney Hot Check Depository	5,297,257	5,297,257	80,146	5,217,111
Total District Attorney Administration	<u>13,385,001</u>	<u>13,385,001</u>	<u>663,620</u>	<u>12,721,381</u>
Courthouse Security Justice Court	682,872	682,872	-	682,872
Records Management	19,904,091	19,904,091	4,989,236	14,914,855
Donation Fund	3,241,499	3,396,091	705,579	2,690,512
Justice Court Technology	2,095,775	2,095,775	126,307	1,969,468
Child Abuse Prevention	17,545	17,545	-	17,545
Juvenile Case Manager Fee	2,194,961	2,194,961	173,769	2,021,192
Tax Office Chapter 19	800,000	800,000	271,091	528,909
Star Drug Court	547,200	547,200	-	547,200
Stormwater Management	1,481,534	1,481,534	770,405	711,129
Hester House				
Hester House Operating	81,120	81,120	-	81,120
Hester House Construction	4,054,684	4,054,684	-	4,054,684
Total Hester House	<u>4,135,804</u>	<u>4,135,804</u>	<u>-</u>	<u>4,135,804</u>
San Jacinto Wetlands Project	51,810	51,810	2,964	48,846
TCEQ - Pollution Control	779,647	817,382	107,258	710,124
Election Services	685,013	685,013	298,410	386,603
Law Enforcement Forfeited Fund				
District Attorney Seized Assets - Treasury	8,708	8,708	-	8,708
District Attorney Seized Assets - Justice	85,300	85,300	-	85,300
Constable Seized Assets - Treasury	40,811	40,811	-	40,811
Constable Seized Assets - Justice	141,841	141,841	-	141,841
Sheriff Seized Assets - Treasury	2,752,581	2,951,801	415,368	2,536,433
Sheriff Seized Assets - Justice	1,764,568	1,816,733	503,821	1,312,912
Sheriff Seized Assets - State	3,645,126	3,645,126	2,151,867	1,493,259
District Attorney Seized Assets - State	6,543,885	6,543,885	1,532,166	5,011,719
Constable Seized Assets - State	617,352	635,074	110,585	524,489
Commissioner's Court Seized Assets	2,280,731	2,280,731	124,755	2,155,976
Fire Marshall Seized Assets	16,991	16,991	8,433	8,558
Total Law Enforcement Forfeited Fund	<u>17,897,894</u>	<u>18,167,001</u>	<u>4,846,995</u>	<u>13,320,006</u>
Criminal Courts Audio/Visual	2,076,816	2,076,816	444,172	1,632,644
Dispute Resolution	1,529,952	1,529,952	949,727	580,225
LEOSE Law Enforcement	841,317	841,317	338,763	502,554
Library Donation Fund	515,014	515,014	180,743	334,271
Law Library	2,031,736	2,031,736	1,375,809	655,927
Restricted Fund				
Restricted Fund	3,921,231	7,755,415	4,498,512	3,256,903
Restricted Fund - General	53,026	379,080	242,487	136,593
Total Restricted Fund	<u>3,974,257</u>	<u>8,134,495</u>	<u>4,740,999</u>	<u>3,393,496</u>
TIRZ Affordable Housing				
TIRZ Affordable Housing - Non Interest Bearing	760,201	760,201	760,200	1
TIRZ Affordable Housing - Interest Bearing	597,167	947,167	806,165	141,002
Total TIRZ Affordable Housing	<u>1,357,368</u>	<u>1,707,368</u>	<u>1,566,365</u>	<u>141,003</u>
Hurricane Ike	38,321,979	43,321,979	9,468,845	33,853,134
Total Special Revenue Fund	<u>\$ 328,582,457</u>	<u>\$ 339,253,725</u>	<u>\$ 137,129,491</u>	<u>\$ 202,124,234</u>



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**HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 28, 2010**

	<u>Roads</u>	<u>Flood Control</u>	<u>Total</u>
ASSETS			
Restricted cash and cash equivalents	\$ 24,872,779	\$ 1,139,987	\$ 26,012,766
Restricted investments	41,807,545	10,050,262	51,857,807
Taxes receivable, net	3,294,049	498,388	3,792,437
Other receivables	2,212,434	199,876	2,412,310
Total assets	<u>\$ 72,186,807</u>	<u>\$ 11,888,513</u>	<u>\$ 84,075,320</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ 3,294,049	\$ 498,388	\$ 3,792,437
Total liabilities	<u>3,294,049</u>	<u>498,388</u>	<u>3,792,437</u>
Fund Balances:			
Reserved for debt service	68,892,758	11,390,125	80,282,883
Total fund balances	<u>68,892,758</u>	<u>11,390,125</u>	<u>80,282,883</u>
Total liabilities and fund balances	<u>\$ 72,186,807</u>	<u>\$ 11,888,513</u>	<u>\$ 84,075,320</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 28, 2010

	<u>Roads</u>	<u>Flood Control</u>	<u>Total</u>
REVENUES			
Taxes - Property	\$ 62,266,133	\$ 5,000,589	\$ 67,266,722
Earnings on investments	184,712	66,633	251,345
Miscellaneous	137,579	16,371	153,950
Total revenues	<u>62,588,424</u>	<u>5,083,593</u>	<u>67,672,017</u>
EXPENDITURES			
Debt Service:			
Principal retirement	26,244,593	11,572,890	37,817,483
Bond issuance costs	560,634	-	560,634
Interest and fiscal charges	38,049,424	29,794,929	67,844,353
Total expenditures	<u>64,854,651</u>	<u>41,367,819</u>	<u>106,222,470</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,266,227)</u>	<u>(36,284,226)</u>	<u>(38,550,453)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,625,777	31,597,890	37,223,667
Transfers out	(270,075)	-	(270,075)
Refunding bonds issued	98,880,000	-	98,880,000
Premium on bonds issued	14,663,075	-	14,663,075
Payments to escrow agent	(112,710,946)	-	(112,710,946)
Total other financing sources (uses)	<u>6,187,831</u>	<u>31,597,890</u>	<u>37,785,721</u>
Net changes in fund balances	3,921,604	(4,686,336)	(764,732)
Fund balances, beginning	<u>64,971,154</u>	<u>16,076,461</u>	<u>81,047,615</u>
Fund balances, ending	<u>\$ 68,892,758</u>	<u>\$ 11,390,125</u>	<u>\$ 80,282,883</u>

**HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS**

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 77,876,106	\$ 77,876,106	\$ 77,871,596	\$ (4,510)
Revenues and Transfers In:				
Taxes	77,260,960	77,260,960	68,028,879	(9,232,081)
Interest	237,040	237,040	200,845	(36,195)
Miscellaneous	51,915	51,915	146,076	94,161
Other Transfers In	31,257,019	257,511,040	263,610,202	6,099,162
Total Revenues and Transfers In	<u>108,806,934</u>	<u>335,060,955</u>	<u>331,986,002</u>	<u>(3,074,953)</u>
Total Available Resources	<u>\$ 186,683,040</u>	<u>\$ 412,937,061</u>	<u>\$ 409,857,598</u>	<u>\$ (3,079,463)</u>

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Roads				
Road Series 1996	\$ 1,318,877	\$ 1,318,877	\$ -	\$ 1,318,877
Road Refunding Series 1993	3,429,447	3,429,447	3,268,288	161,159
Road Refunding Series 2001	41,945,051	70,231,776	48,608,204	21,623,572
Road Refunding Series 2003A	8,354,310	9,041,777	3,513,679	5,528,098
Road Refunding Series 2003B	3,930,079	33,832,070	31,958,992	1,873,078
Road Refunding Series 2004A-D	11,839,557	65,674,320	59,968,638	5,705,682
Unlimited Tax Road Refunding Series 2004	14,350,003	14,350,003	7,248,050	7,101,953
Unlimited Tax Road Refunding Series 2005A	3,277,430	3,277,430	1,721,000	1,556,430
Unlimited Tax Forward Refunding 2006A-D	13,728,422	13,728,422	6,235,750	7,492,672
Roads Refunding 2006B	26,192,461	26,192,461	12,723,000	13,469,461
Unlimited Tax Road Refunding Series 2008A	3,671,395	3,671,395	1,777,650	1,893,745
HC Road Refunding 2009A Debt	-	113,543,075	113,541,655	1,420
Total Roads	<u>132,037,032</u>	<u>358,291,053</u>	<u>290,564,906</u>	<u>67,726,147</u>
Flood Control				
Flood Control Contract Refunding 2006A	4,709,984	4,709,984	4,709,250	734
Flood Control Refunding Series 1993A	8,985,248	8,985,248	5,845,000	3,140,248
Flood Control Refunding Series 2002	2,920,276	2,920,276	1,568,925	1,351,351
Flood Control Refunding Series 2003	2,911,629	2,911,629	1,567,881	1,343,748
Flood Control Contract Refunding 2004A-D	7,189,485	7,189,485	6,813,300	376,185
Flood Control Improvement Bonds 2007	9,269,672	9,269,672	4,384,000	4,885,672
Flood Control Contract Refunding 2008A	7,009,115	7,009,115	6,993,600	15,515
Flood Control Contract Refunding 2008C	11,535,072	11,535,072	9,485,863	2,049,209
Flood Control Contract Refunding 2008C - COI	115,527	115,527	114,227	1,300
Total Flood Control	<u>54,646,008</u>	<u>54,646,008</u>	<u>41,482,046</u>	<u>13,163,962</u>
Total Debt Service Funds	<u>\$ 186,683,040</u>	<u>\$ 412,937,061</u>	<u>\$ 332,046,952</u>	<u>\$ 80,890,109</u>

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Capital Projects Funds are used to account for bond sale proceeds and other revenues which are used for the construction and acquisition of major capital projects of the County, 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, 2010**

	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
ASSETS					
Cash and cash equivalents	\$ 24,264,464	\$ 1,386	\$ 11,518,026	\$ 12,826,219	\$ 48,610,095
Investments	11,040,857	-	-	109,431,095	120,471,952
Accrued interest receivable	34,129	-	-	434,355	468,484
Due from other funds	338,631	-	-	912,844	1,251,475
Prepays and other assets	201,353	-	-	254,837	456,190
Advances to other funds	-	12,000,000	-	-	12,000,000
Restricted cash and cash equivalents	-	-	641,150	-	641,150
Restricted investments	-	-	12,000,000	-	12,000,000
Total assets	<u>\$ 35,879,434</u>	<u>\$ 12,001,386</u>	<u>\$ 24,159,176</u>	<u>\$ 123,859,350</u>	<u>\$ 195,899,346</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	\$ 5,703,464	\$ -	\$ 2,955,771	\$ 3,318,304	\$ 11,977,539
Retainage payable	1,289,870	-	-	2,213,230	3,503,100
Due to other funds	186,068	-	10,576,351	589,059	11,351,478
Advances from other funds	-	-	12,000,000	-	12,000,000
Deferred revenue	-	-	4,494,863	-	4,494,863
Total liabilities	<u>7,179,402</u>	<u>-</u>	<u>30,026,985</u>	<u>6,120,593</u>	<u>43,326,980</u>
Fund Balances:					
Reserved for encumbrances	73,084,426	-	-	31,264,571	104,348,997
Reserved for prepaids	201,353	-	-	254,837	456,190
Reserved for advances	-	12,000,000	-	-	12,000,000
Unreserved - designated for capital projects	(44,585,747)	1,386	(5,867,809)	86,219,349	35,767,179
Total fund balances	<u>28,700,032</u>	<u>12,001,386</u>	<u>(5,867,809)</u>	<u>117,738,757</u>	<u>152,572,366</u>
Total liabilities and fund balances	<u>\$ 35,879,434</u>	<u>\$ 12,001,386</u>	<u>\$ 24,159,176</u>	<u>\$ 123,859,350</u>	<u>\$ 195,899,346</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 28, 2010

	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
REVENUES					
Intergovernmental	\$ 967,566	\$ -	\$ -	\$ 1,738,419	\$ 2,705,985
Earnings on investments	309,788	3	-	2,500,309	2,810,100
Miscellaneous	1,506,500	-	1,144,354	969,893	3,620,747
Total revenues	<u>2,783,854</u>	<u>3</u>	<u>1,144,354</u>	<u>5,208,621</u>	<u>9,136,832</u>
EXPENDITURES					
Administration of justice	255,392	-	-	-	255,392
Parks	505,209	-	3,823,676	-	4,328,885
County administration	6,494,030	-	-	-	6,494,030
Health and human services	808,445	-	-	-	808,445
Flood control	-	-	-	5,319,126	5,319,126
Capital outlay	31,095,347	-	606,301	47,665,440	79,367,088
Total expenditures	<u>39,158,423</u>	<u>-</u>	<u>4,429,977</u>	<u>52,984,566</u>	<u>96,572,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,374,569)</u>	<u>3</u>	<u>(3,285,623)</u>	<u>(47,775,945)</u>	<u>(87,436,134)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	271,516	271,516
Transfers out	(13,824,143)	(507)	-	(4,812,026)	(18,636,676)
Commercial paper issued	41,110,000	-	-	26,000,000	67,110,000
Sale of capital assets	219,505	-	-	(151)	219,354
Total other financing sources (uses)	<u>27,505,362</u>	<u>(507)</u>	<u>-</u>	<u>21,459,339</u>	<u>48,964,194</u>
Net change in fund balances	(8,869,207)	(504)	(3,285,623)	(26,316,606)	(38,471,940)
Fund balances, beginning	37,569,239	12,001,890	(2,582,186)	144,055,363	191,044,306
Fund balances, ending	<u>\$ 28,700,032</u>	<u>\$ 12,001,386</u>	<u>\$ (5,867,809)</u>	<u>\$ 117,738,757</u>	<u>\$ 152,572,366</u>

**HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS**

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

For The Year Ended February 28, 2010

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Beginning Cash and Investments	\$ 392,414,007	\$ 392,414,007	\$ 393,518,035	\$ 1,104,028
Revenues and Transfers In:				
Interest	-	7,707,518	8,124,403	416,885
Miscellaneous	-	2,647,605	3,951,620	1,304,015
Intergovernmental	-	15,876,782	24,162,424	8,285,642
Other Sale of Real Property	-	320,543	374,339	53,796
Other Proceeds Comm Paper	551,239,796	549,887,096	102,910,000	(446,977,096)
Other Transfers In	-	-	281,516	281,516
Total Revenues and Transfers In	<u>551,239,796</u>	<u>576,439,544</u>	<u>139,804,302</u>	<u>(436,635,242)</u>
Total Available Resources	<u>\$ 943,653,803</u>	<u>\$ 968,853,551</u>	<u>\$ 533,322,337</u>	<u>\$ (435,531,214)</u>

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

For The Year Ended February 28, 2010

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Roads				
METRO Street Improvement	\$ 6,962,337	\$ 7,073,250	\$ -	\$ 7,073,250
1975 Road Bonds Construction	575,647	590,818	30,163	560,655
Road Capital Projects	44,323,367	52,869,232	20,936,398	31,932,834
METRO Designated Projects	23,720,770	33,681,935	10,820,263	22,861,672
Road Refunding 2004B	37,557,210	38,430,895	9,476,582	28,954,313
Road Refunding 2006B	111,892,202	114,497,859	21,311,859	93,186,000
Road Series 1993 Construction	82,974	83,174	27,094	56,080
Road 1996 Construction	454,295	440,375	58,368	382,007
Commercial Paper Series C	118,475,380	118,483,162	36,949,991	81,533,171
Total Roads	<u>344,044,182</u>	<u>366,150,700</u>	<u>99,610,718</u>	<u>266,539,982</u>
Permanent Improvements				
Buildings/Parks/Library Projects	2,263,404	4,041,882	653,043	3,388,839
1982 Park Bonds Construction	336,232	345,116	9,758	335,358
CO Series 2001 Construction	10,956,588	11,124,969	1,887,550	9,237,419
Permanent Improvements 2002 Construction	56,801	56,940	20,164	36,776
Permanent Improvements 1994 Construction	475,960	477,154	1,184	475,970
CO Series 1994 Construction	3,913,528	3,950,153	946,645	3,003,508
Commercial Paper Series B	44,222,622	44,230,022	8,171,652	36,058,370
Commercial Paper Series A-1	88,610,702	88,584,171	3,905,228	84,678,943
Commercial Paper Series New D	182,719,398	182,752,615	33,914,570	148,838,045
Total Permanent Improvements	<u>333,555,235</u>	<u>335,563,022</u>	<u>49,509,794</u>	<u>286,053,228</u>
Reliant Park				
Commercial Paper Series D	1,679	1,893	507	1,386
Total Reliant Park	<u>1,679</u>	<u>1,893</u>	<u>507</u>	<u>1,386</u>
Flood Control				
Regional Flood Control Projects	16,259,562	15,858,868	1,355,863	14,503,005
Flood Control Capital Projects	46,062,462	47,914,545	3,876,853	44,037,692
FC Bonds 2004A-Construction	22,102,437	22,395,943	6,974,817	15,421,126
FC Improvement Bonds 2007	64,416,552	65,559,976	21,531,593	44,028,383
Commercial Paper - Flood Control	117,211,694	115,897,988	26,036,203	89,861,785
Total Flood Control	<u>266,052,707</u>	<u>267,627,320</u>	<u>59,775,329</u>	<u>207,851,991</u>
Total Capital Projects Funds	<u>\$ 943,653,803</u>	<u>\$ 969,342,935</u>	<u>\$ 208,896,348</u>	<u>\$ 760,446,587</u>



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

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

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

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
February 28, 2010

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 649,875	\$ 364,727	\$ 1,239,356	\$ 2,253,958
Investments	161,263	91,750	5,997,031	6,250,044
Accounts receivable, net	41,487	33,519	-	75,006
Accrued interest receivable	802	455	2,639	3,896
Other receivables	-	-	2,106,751	2,106,751
Prepays and other assets	25,670	38,711	-	64,381
Inventories	-	-	225,002	225,002
Total current assets	<u>879,097</u>	<u>529,162</u>	<u>9,570,779</u>	<u>10,979,038</u>
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Buildings	-	21,154,443	-	21,154,443
Equipment	757,739	-	2,606,692	3,364,431
Accumulated depreciation	(757,739)	(6,821,968)	(2,174,294)	(9,754,001)
Total noncurrent assets	<u>-</u>	<u>18,296,073</u>	<u>432,398</u>	<u>18,728,471</u>
Total assets	<u>879,097</u>	<u>18,825,235</u>	<u>10,003,177</u>	<u>29,707,509</u>
LIABILITIES				
Current liabilities:				
Vouchers payable	5,491	32,791	871,882	910,164
Accrued payroll and compensated absences	5,521	-	-	5,521
Customer deposits	214,132	-	-	214,132
Total current liabilities	<u>225,144</u>	<u>32,791</u>	<u>871,882</u>	<u>1,129,817</u>
Noncurrent liabilities:				
Noncurrent portion of compensatory time payable	795	-	-	795
Total noncurrent liabilities	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Total Liabilities	<u>225,939</u>	<u>32,791</u>	<u>871,882</u>	<u>1,130,612</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	18,296,073	432,398	18,728,471
Unrestricted	653,158	496,371	8,698,897	9,848,426
Total net assets	<u>\$ 653,158</u>	<u>\$18,792,444</u>	<u>\$ 9,131,295</u>	<u>\$ 28,576,897</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2010

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ 8,189,985	\$ 8,189,985
User fees	192,223	364,687	-	556,910
Miscellaneous	72,854	-	-	72,854
Total operating revenues	<u>265,077</u>	<u>364,687</u>	<u>8,189,985</u>	<u>8,819,749</u>
OPERATING EXPENSES				
Salaries	58,468	-	600,000	658,468
Materials and supplies	2,500	-	2,140,854	2,143,354
Services and fees	519,057	48,724	1,545,407	2,113,188
Utilities	-	319,988	-	319,988
Cost of goods sold	-	-	4,218,252	4,218,252
Depreciation	-	470,005	59,753	529,758
Total operating expenses	<u>580,025</u>	<u>838,717</u>	<u>8,564,266</u>	<u>9,983,008</u>
Operating Loss	<u>(314,948)</u>	<u>(474,030)</u>	<u>(374,281)</u>	<u>(1,163,259)</u>
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	23,778	17,124	56,116	97,018
Total nonoperating revenues (expenses)	<u>23,778</u>	<u>17,124</u>	<u>56,116</u>	<u>97,018</u>
Loss before transfers	(291,170)	(456,906)	(318,165)	(1,066,241)
Transfers out	-	(875,000)	(1,000,000)	(1,875,000)
Total contributions and transfers	<u>-</u>	<u>(875,000)</u>	<u>(1,000,000)</u>	<u>(1,875,000)</u>
Change in net assets	(291,170)	(1,331,906)	(1,318,165)	(2,941,241)
Net assets, beginning	944,328	20,124,350	10,449,460	31,518,138
Net assets, ending	<u>\$ 653,158</u>	<u>\$ 18,792,444</u>	<u>\$ 9,131,295</u>	<u>\$ 28,576,897</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2010

	<u>Subscriber Access</u>	<u>Parking Facilities</u>	<u>Sheriff's Commissary</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 252,416	\$ 342,027	\$ 6,083,234	\$ 6,677,677
Payments to employees	(57,154)	-	(600,000)	(657,154)
Payments to vendors	(551,279)	(374,632)	(9,790,913)	(10,716,824)
Net cash used for operating activities	<u>(356,017)</u>	<u>(32,605)</u>	<u>(4,307,679)</u>	<u>(4,696,301)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	(875,000)	(1,000,000)	(1,875,000)
Net cash used for noncapital financing activities	<u>-</u>	<u>(875,000)</u>	<u>(1,000,000)</u>	<u>(1,875,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(423,405)	(423,405)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(423,405)</u>	<u>(423,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(8,483,694)	(8,483,694)
Proceeds from sales and maturities of investments	-	-	10,071,527	10,071,527
Interest received	490,632	673,726	95,973	1,260,331
Net cash provided by investing activities	<u>490,632</u>	<u>673,726</u>	<u>1,683,806</u>	<u>2,848,164</u>
Net change in cash and cash equivalents	134,615	(233,879)	(4,047,278)	(4,146,542)
Cash and cash equivalents, beginning	515,260	598,606	5,286,634	6,400,500
Cash and cash equivalents, ending	<u>\$ 649,875</u>	<u>\$ 364,727</u>	<u>\$ 1,239,356</u>	<u>\$ 2,253,958</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating loss	\$ (314,948)	\$ (474,030)	\$ (374,281)	\$ (1,163,259)
Adjustment to reconcile operating loss to net cash used for operating activities:				
Depreciation	-	470,005	59,753	529,758
Change in current assets and liabilities:				
Receivables, net	(2,395)	(22,660)	(2,106,751)	(2,131,806)
Prepays and other assets	(25,670)	(38,711)	-	(64,381)
Inventories	-	-	(15,432)	(15,432)
Vouchers payable and accrued liabilities	(4,052)	32,791	(1,870,968)	(1,842,229)
Other liabilities	(10,266)	-	-	(10,266)
Compensatory time payable	1,314	-	-	1,314
Net cash used for operating activities	<u>\$ (356,017)</u>	<u>\$ (32,605)</u>	<u>\$ (4,307,679)</u>	<u>\$ (4,696,301)</u>
Non-Cash Investing Activities:				
Decrease in the fair value of investments	\$ (464,625)	\$ (653,449)	\$ (4,981)	\$ (1,123,055)

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

VEHICLE MAINTENANCE - This fund is used to account for the operation 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, 2010

	<u>Vehicle Maintenance</u>	<u>Radio Operations</u>	<u>Inmate Industries</u>	<u>Health Insurance Management</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,054,982	\$ 66,321	\$ 1,803,726	\$ 48,149,759	\$ 3,225,668	\$ 60,300,456
Investments	1,960,618	37,406	456,982	12,377,904	42,991,999	57,824,909
Receivables:						
Accounts	25,902	1,151,903	-	1,515,968	50	2,693,823
Accrued interest	9,743	186	2,271	61,508	284,001	357,709
Other	4,516	7,927	3,075	8,871	3,380,829	3,405,218
Inventories	1,395,914	564,564	-	-	-	1,960,478
Prepays and other assets	60	10,939	7,641	-	1,148,665	1,167,305
Due from other funds	113,431	3,196	-	-	61,297	177,924
Total current assets	<u>10,565,166</u>	<u>1,842,442</u>	<u>2,273,695</u>	<u>62,114,010</u>	<u>51,092,509</u>	<u>127,887,822</u>
Noncurrent assets:						
Land	259,000	-	-	-	-	259,000
Buildings	1,468,568	-	-	-	-	1,468,568
Equipment	43,972,757	1,683,168	471,875	-	-	46,127,800
Accumulated depreciation	(29,965,612)	(1,497,074)	(320,137)	-	-	(31,782,823)
Total noncurrent assets	<u>15,734,713</u>	<u>186,094</u>	<u>151,738</u>	<u>-</u>	<u>-</u>	<u>16,072,545</u>
Total assets	<u>26,299,879</u>	<u>2,028,536</u>	<u>2,425,433</u>	<u>62,114,010</u>	<u>51,092,509</u>	<u>143,960,367</u>
LIABILITIES						
Current liabilities:						
Vouchers payable	1,063,386	157,007	14,330	8,583,487	370,308	10,188,518
Accrued payroll and compensated absences	369,469	243,127	-	-	422,698	1,035,294
Estimated outstanding claims	-	-	-	-	15,168,871	15,168,871
Incurred but not reported claims	-	-	-	21,228,674	10,337,166	31,565,840
Due to other funds	-	3,808	-	88	-	3,896
Deferred revenue	-	652,660	-	-	14,567	667,227
Total current liabilities	<u>1,432,855</u>	<u>1,056,602</u>	<u>14,330</u>	<u>29,812,249</u>	<u>26,313,610</u>	<u>58,629,646</u>
Noncurrent liabilities:						
Noncurrent portion of long-term liabilities	63,922	91,357	-	-	45,109	200,388
Total noncurrent liabilities	<u>63,922</u>	<u>91,357</u>	<u>-</u>	<u>-</u>	<u>45,109</u>	<u>200,388</u>
Total liabilities	<u>1,496,777</u>	<u>1,147,959</u>	<u>14,330</u>	<u>29,812,249</u>	<u>26,358,719</u>	<u>58,830,034</u>
NET ASSETS						
Invested in capital assets, net of related debt	15,734,713	186,094	151,738	-	-	16,072,545
Unrestricted	9,068,389	694,483	2,259,365	32,301,761	24,733,790	69,057,788
Total net assets	<u>\$ 24,803,102</u>	<u>\$ 880,577</u>	<u>\$ 2,411,103</u>	<u>\$ 32,301,761</u>	<u>\$ 24,733,790</u>	<u>\$ 85,130,333</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2010

	<u>Vehicle Maintenance</u>	<u>Radio Operations</u>	<u>Inmate Industries</u>	<u>Health Insurance Management</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING REVENUES						
Lease revenue	\$ -	\$ 71,163	\$ -	\$ -	\$ -	\$ 71,163
Intergovernmental	25,000	-	-	1,708,938	-	1,733,938
Charges to departments	18,410,917	309,136	468,268	192,837,227	15,319,560	227,345,108
User fees	7,586,770	1,563,139	-	-	-	9,149,909
Total operating revenues	<u>26,022,687</u>	<u>1,943,438</u>	<u>468,268</u>	<u>194,546,165</u>	<u>15,319,560</u>	<u>238,300,118</u>
OPERATING EXPENSES						
Salaries	2,859,952	3,023,357	-	-	3,867,326	9,750,635
Materials and supplies	135,935	175,303	85,988	-	233,207	630,433
Services and fees	2,086,176	1,821,651	133,262	56,289	2,682,622	6,780,000
Utilities	115,904	792,077	-	-	182	908,163
Transportation and travel	6,007,573	-	-	-	22,922	6,030,495
Incurred claims	-	-	-	187,430,635	5,100,208	192,530,843
Estimated claims	-	-	-	2,163,413	1,281,105	3,444,518
Cost of goods sold	6,893,963	972,655	-	-	-	7,866,618
Depreciation	6,130,015	87,590	33,825	-	-	6,251,430
Total operating expenses	<u>24,229,518</u>	<u>6,872,633</u>	<u>253,075</u>	<u>189,650,337</u>	<u>13,187,572</u>	<u>234,193,135</u>
Operating income (loss)	<u>1,793,169</u>	<u>(4,929,195)</u>	<u>215,193</u>	<u>4,895,828</u>	<u>2,131,988</u>	<u>4,106,983</u>
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	139,224	8,347	46,638	1,039,465	1,047,403	2,281,077
Gain on sale of capital assets	1,500	-	-	-	-	1,500
Other nonoperating revenues	11,429	424,807	-	-	-	436,236
Total nonoperating revenues (expenses)	<u>152,153</u>	<u>433,154</u>	<u>46,638</u>	<u>1,039,465</u>	<u>1,047,403</u>	<u>2,718,813</u>
Income (loss) before transfers	<u>1,945,322</u>	<u>(4,496,041)</u>	<u>261,831</u>	<u>5,935,293</u>	<u>3,179,391</u>	<u>6,825,796</u>
Transfers in	58,127	4,178,000	-	4,000,000	5,400,000	13,636,127
Transfers out	(1,885,225)	-	(11,586)	-	(11,580,665)	(13,477,476)
Total transfers	<u>(1,827,098)</u>	<u>4,178,000</u>	<u>(11,586)</u>	<u>4,000,000</u>	<u>(6,180,665)</u>	<u>158,651</u>
Change in net assets	118,224	(318,041)	250,245	9,935,293	(3,001,274)	6,984,447
Net assets, beginning	24,684,878	1,198,618	2,160,858	22,366,468	27,735,064	78,145,886
Net assets, ending	<u>\$ 24,803,102</u>	<u>\$ 880,577</u>	<u>\$ 2,411,103</u>	<u>\$ 32,301,761</u>	<u>\$ 24,733,790</u>	<u>\$ 85,130,333</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2010

	<u>Vehicle Maintenance</u>	<u>Radio Operations</u>	<u>Inmate Industries</u>	<u>Health Insurance Management</u>	<u>Risk Management</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 26,081,436	\$ 1,459,699	\$ 469,369	\$ 194,258,349	\$ 15,279,141	\$ 237,547,994
Payments to employees	(2,848,192)	(3,049,758)	-	-	(3,869,343)	(9,767,293)
Payments to vendors	(15,205,037)	(2,915,610)	(224,020)	635,793	(3,680,153)	(21,389,027)
Claims paid	-	-	-	(187,876,265)	(4,871,985)	(192,748,250)
Other receipts	11,429	424,807	-	-	-	436,236
Net cash provided by (used for) operating activities	<u>8,039,636</u>	<u>(4,080,862)</u>	<u>245,349</u>	<u>7,017,877</u>	<u>2,857,660</u>	<u>14,079,660</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	58,127	4,178,000	-	4,000,000	5,400,000	13,636,127
Transfers to other funds	(1,885,225)	-	(11,586)	-	(11,580,665)	(13,477,476)
Net cash provided by (used for) noncapital financing activities	<u>(1,827,098)</u>	<u>4,178,000</u>	<u>(11,586)</u>	<u>4,000,000</u>	<u>(6,180,665)</u>	<u>158,651</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on capital lease	-	(49,668)	-	-	-	(49,668)
Purchases of capital assets	(5,728,536)	(18,792)	11,585	-	-	(5,735,743)
Net cash provided by (used for) capital and related financing activities	<u>(5,728,536)</u>	<u>(68,460)</u>	<u>11,585</u>	<u>-</u>	<u>-</u>	<u>(5,785,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	-	-	-	(59,087,258)	(59,087,258)
Proceeds from sales and maturities of investments	-	-	-	-	57,709,971	57,709,971
Interest received	3,326,904	37,643	689,622	15,570,718	1,317,928	20,942,815
Net cash provided by (used for) investing activities	<u>3,326,904</u>	<u>37,643</u>	<u>689,622</u>	<u>15,570,718</u>	<u>(59,359)</u>	<u>19,565,528</u>
Net change in cash and cash equivalents	3,810,906	66,321	934,970	26,588,595	(3,382,364)	28,018,428
Cash and cash equivalents, beginning	3,244,076	-	868,756	21,561,164	6,608,032	32,282,028
Cash and cash equivalents, ending	<u>\$ 7,054,982</u>	<u>\$ 66,321</u>	<u>\$ 1,803,726</u>	<u>\$ 48,149,759</u>	<u>\$ 3,225,668</u>	<u>\$ 60,300,456</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	\$ 1,793,169	\$ (4,929,195)	\$ 215,193	\$ 4,895,828	\$ 2,131,988	\$ 4,106,983
Adjustments to reconcile operating income to net cash						
Provided by operating activities:						
Depreciation expense	6,130,015	87,590	33,825	-	-	6,251,430
Other non-operating revenues	11,429	424,807	-	-	-	436,236
Change in assets and liabilities:						
Receivables, net	58,749	(452,462)	1,101	(287,816)	25,861	(654,567)
Prepays and other assets	(60)	28,975	(3,451)	-	(89,459)	(63,995)
Inventories	(92,419)	826,537	-	-	-	734,118
Vouchers payable and accrued liabilities	139,903	(39,859)	(1,319)	2,409,865	796,270	3,304,860
Deferred revenue	-	(31,277)	-	-	(4,983)	(36,260)
Compensatory time payable	(1,150)	4,022	-	-	(2,017)	855
Net cash provided by (used for) operating activities	<u>\$ 8,039,636</u>	<u>\$ (4,080,862)</u>	<u>\$ 245,349</u>	<u>\$ 7,017,877</u>	<u>\$ 2,857,660</u>	<u>\$ 14,079,660</u>
Non-Cash Investing Activities:						
Decrease in the fair value of investments	\$ (3,172,572)	\$ (29,160)	\$ (639,945)	\$ (14,462,819)	\$ (273,535)	\$ (18,578,031)

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AGENCY FUNDS:

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

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

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

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

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.

RETIREMENT ADJUSTMENT UNDERPAYMENT - This fund is used to account for monies owed to the Texas County and District Retirement System (TCDRS) for missed deductions from employees paychecks caused when they move from one department to another within the County.

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

HOUSTON HIDTA SEIZED FUNDS - This fund is used to account for assets seized on behalf of the Houston High Intensity Drug Trafficking Area (HIDTA).

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, 2010

	<u>District Clerk Registry</u>	<u>County Clerk Registry</u>	<u>Officers' Fees</u>	<u>Bail Security</u>	<u>Tax Collector's</u>	<u>Inmate Property</u>
ASSETS						
Cash and cash equivalents	\$ 421,111	\$ 1,515,291	\$ 19,358,202	\$ 12,409,865	\$ 189,638,907	\$ 3,956,667
Investments	58,521,916	47,198,871	4,876,037	1,167,185	-	-
Accounts receivable	-	-	3,644	-	-	-
Other receivables	-	-	-	-	-	36,130
Accrued interest receivable	295,612	168,304	26,230	5,800	-	-
Total assets	<u>\$ 59,238,639</u>	<u>\$ 48,882,466</u>	<u>\$ 24,264,113</u>	<u>\$ 13,582,850</u>	<u>\$ 189,638,907</u>	<u>\$ 3,992,797</u>
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ 224,253	\$ 5,228	\$ -	\$ 2,106,751
Incurred but not reported claims	-	-	-	-	-	-
Held for others	59,238,639	48,882,466	24,039,860	13,577,622	189,638,907	1,886,046
Total liabilities	<u>\$ 59,238,639</u>	<u>\$ 48,882,466</u>	<u>\$ 24,264,113</u>	<u>\$ 13,582,850</u>	<u>\$ 189,638,907</u>	<u>\$ 3,992,797</u>

<u>Treasurer Escheat</u>	<u>Juvenile Restitution</u>	<u>Forfeited Restitution</u>	<u>District Clerk Contingency</u>	<u>Army Corps of Engineers Escrow</u>	<u>JJC Subcontractor Underpayment</u>	<u>Retiree Healthcare Fund</u>
\$ 115,027	\$ 69,705	\$ 4,115	\$ 320,733	\$ 1,343,453	\$ 19,564	\$ -
-	-	-	80,943	-	4,884	-
-	-	-	-	-	-	430,778
-	-	-	-	-	-	5,279,201
-	-	-	402	-	24	-
<u>\$ 115,027</u>	<u>\$ 69,705</u>	<u>\$ 4,115</u>	<u>\$ 402,078</u>	<u>\$ 1,343,453</u>	<u>\$ 24,472</u>	<u>\$ 5,709,979</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,214
-	-	-	-	-	-	4,727,765
115,027	69,705	4,115	402,078	1,343,453	24,472	-
<u>\$ 115,027</u>	<u>\$ 69,705</u>	<u>\$ 4,115</u>	<u>\$ 402,078</u>	<u>\$ 1,343,453</u>	<u>\$ 24,472</u>	<u>\$ 5,709,979</u>

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
February 28, 2010

	Retirement Adjustment Underpayment	DA Seized Assets	Houston HIDTA Seized Funds	Custodial	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 3,599	\$ 26,014,866	\$ 326,614	\$ 2,237,456	\$ 257,755,175
Investments	935	-	-	-	111,850,771
Accounts receivable	-	-	-	-	434,422
Other receivables	-	-	-	-	5,315,331
Accrued interest receivable	5	-	-	-	496,377
Total assets	<u>\$ 4,539</u>	<u>\$ 26,014,866</u>	<u>\$ 326,614</u>	<u>\$ 2,237,456</u>	<u>\$ 375,852,076</u>
LIABILITIES					
Vouchers payable	\$ -	\$ -	\$ -	\$ 50,000	\$ 3,368,446
Incurred but not reported claims	-	-	-	-	4,727,765
Held for others	4,539	26,014,866	326,614	2,187,456	367,755,865
Total liabilities	<u>\$ 4,539</u>	<u>\$ 26,014,866</u>	<u>\$ 326,614</u>	<u>\$ 2,237,456</u>	<u>\$ 375,852,076</u>

(Concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2010

	Balance March 1, 2009	Additions	Deletions	Balance February 28, 2010
District Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 11,941,756	\$ 97,838,089	\$ 109,358,734	\$ 421,111
Investments	59,140,758	71,970,374	72,589,216	58,521,916
Accrued interest receivable	472,414	295,612	472,414	295,612
Total Assets	<u>\$ 71,554,928</u>	<u>\$ 170,104,075</u>	<u>\$ 182,420,364</u>	<u>\$ 59,238,639</u>
LIABILITIES				
Held for others	\$ 71,554,928	\$ 26,006,284	\$ 38,322,573	\$ 59,238,639
Total Liabilities	<u>\$ 71,554,928</u>	<u>\$ 26,006,284</u>	<u>\$ 38,322,573</u>	<u>\$ 59,238,639</u>
County Clerk Registry				
ASSETS				
Cash and cash equivalents	\$ 2,942,732	\$ 115,138,838	\$ 116,566,279	\$ 1,515,291
Investments	54,355,217	70,089,885	77,246,231	47,198,871
Accrued interest receivable	476,241	168,304	476,241	168,304
Total Assets	<u>\$ 57,774,190</u>	<u>\$ 185,397,027</u>	<u>\$ 194,288,751</u>	<u>\$ 48,882,466</u>
LIABILITIES				
Held for others	\$ 57,774,190	\$ 38,649,794	\$ 47,541,518	\$ 48,882,466
Total Liabilities	<u>\$ 57,774,190</u>	<u>\$ 38,649,794</u>	<u>\$ 47,541,518</u>	<u>\$ 48,882,466</u>
Officers' Fees				
ASSETS				
Cash and cash equivalents	\$ 10,484,078	\$ 131,288,066	\$ 122,413,942	\$ 19,358,202
Investments	14,049,353	4,876,037	14,049,353	4,876,037
Accounts receivable	59,433	134,973	190,762	3,644
Accrued interest receivable	68,016	26,230	68,016	26,230
Total Assets	<u>\$ 24,660,880</u>	<u>\$ 136,325,306</u>	<u>\$ 136,722,073</u>	<u>\$ 24,264,113</u>
LIABILITIES				
Vouchers payable	\$ 304,562	\$ 41,532,365	\$ 41,612,674	\$ 224,253
Held for others	24,356,318	184,130,036	184,446,494	24,039,860
Total Liabilities	<u>\$ 24,660,880</u>	<u>\$ 225,662,401</u>	<u>\$ 226,059,168</u>	<u>\$ 24,264,113</u>
Bail Security				
ASSETS				
Cash and cash equivalents	\$ 10,171,166	\$ 7,643,229	\$ 5,404,530	\$ 12,409,865
Investments	2,972,055	1,167,185	2,972,055	1,167,185
Accrued interest receivable	14,388	5,800	14,388	5,800
Total Assets	<u>\$ 13,157,609</u>	<u>\$ 8,816,214</u>	<u>\$ 8,390,973</u>	<u>\$ 13,582,850</u>
LIABILITIES				
Vouchers payable	\$ -	\$ 481,648	\$ 476,420	\$ 5,228
Held for others	13,157,609	2,030,222	1,610,209	13,577,622
Total Liabilities	<u>\$ 13,157,609</u>	<u>\$ 2,511,870</u>	<u>\$ 2,086,629</u>	<u>\$ 13,582,850</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2010

	Balance March 1, 2009	Additions	Deletions	Balance February 28, 2010
CPS Beneficiary Trust				
ASSETS				
Cash and cash equivalents	\$ 24,730	\$ 31,222	\$ 55,952	\$ -
Total Assets	<u>\$ 24,730</u>	<u>\$ 31,222</u>	<u>\$ 55,952</u>	<u>\$ -</u>
LIABILITIES				
Held for others	\$ 24,730	\$ 61,138	\$ 85,868	\$ -
Total Liabilities	<u>\$ 24,730</u>	<u>\$ 61,138</u>	<u>\$ 85,868</u>	<u>\$ -</u>
Tax Collector's				
ASSETS				
Cash and cash equivalents	\$ 210,266,340	\$ 6,823,916,439	\$ 6,844,543,872	\$ 189,638,907
Investments	-	15,276,483	15,276,483	-
Total Assets	<u>\$ 210,266,340</u>	<u>\$ 6,839,192,922</u>	<u>\$ 6,859,820,355</u>	<u>\$ 189,638,907</u>
LIABILITIES				
Held for others	\$ 210,266,340	\$ 6,778,688,706	\$ 6,799,316,139	\$ 189,638,907
Total Liabilities	<u>\$ 210,266,340</u>	<u>\$ 6,778,688,706</u>	<u>\$ 6,799,316,139</u>	<u>\$ 189,638,907</u>
Inmate Property				
ASSETS				
Cash and cash equivalents	\$ 947,845	\$ 39,159,390	\$ 36,150,568	\$ 3,956,667
Other receivable	36,130	8,517,707	8,517,707	36,130
Total Assets	<u>983,975</u>	<u>\$ 47,677,097</u>	<u>\$ 44,668,275</u>	<u>\$ 3,992,797</u>
LIABILITIES				
Payables	\$ -	\$ 4,055,575	\$ 1,948,824	\$ 2,106,751
Held for others	983,975	35,477,646	34,575,575	1,886,046
Total Liabilities	<u>\$ 983,975</u>	<u>\$ 39,533,221</u>	<u>\$ 36,524,399</u>	<u>\$ 3,992,797</u>
Treasurer Escheat				
ASSETS				
Cash and cash equivalents	\$ 63,937	\$ 51,600	\$ 510	\$ 115,027
Total Assets	<u>\$ 63,937</u>	<u>\$ 51,600</u>	<u>\$ 510</u>	<u>\$ 115,027</u>
LIABILITIES				
Held for others	\$ 63,937	\$ 74,697	\$ 23,607	\$ 115,027
Total Liabilities	<u>\$ 63,937</u>	<u>\$ 74,697</u>	<u>\$ 23,607</u>	<u>\$ 115,027</u>
Juvenile Restitution				
ASSETS				
Cash and cash equivalents	\$ 68,130	\$ 481,745	\$ 480,170	\$ 69,705
Total Assets	<u>\$ 68,130</u>	<u>\$ 481,745</u>	<u>\$ 480,170</u>	<u>\$ 69,705</u>
LIABILITIES				
Held for others	\$ 68,130	\$ 157,122	\$ 155,547	\$ 69,705
Total Liabilities	<u>\$ 68,130</u>	<u>\$ 157,122</u>	<u>\$ 155,547</u>	<u>\$ 69,705</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2010

	Balance March 1, 2009	Additions	Deletions	Balance February 28, 2010
Forfeited Restitution				
ASSETS				
Cash and cash equivalents	\$ 107	\$ 730,258	\$ 726,250	\$ 4,115
Total Assets	<u>\$ 107</u>	<u>\$ 730,258</u>	<u>\$ 726,250</u>	<u>\$ 4,115</u>
LIABILITIES				
Held for others	\$ 107	\$ 729,183	\$ 725,175	\$ 4,115
Total Liabilities	<u>\$ 107</u>	<u>\$ 729,183</u>	<u>\$ 725,175</u>	<u>\$ 4,115</u>
District Clerk Contingency				
ASSETS				
Cash and cash equivalents	\$ 178,867	\$ 380,722	\$ 238,856	\$ 320,733
Investments	223,391	80,943	223,391	80,943
Accrued interest receivable	1,082	402	1,082	402
Total Assets	<u>\$ 403,340</u>	<u>\$ 462,067</u>	<u>\$ 463,329</u>	<u>\$ 402,078</u>
LIABILITIES				
Held for others	\$ 403,340	\$ 1,534	\$ 2,796	\$ 402,078
Total Liabilities	<u>\$ 403,340</u>	<u>\$ 1,534</u>	<u>\$ 2,796</u>	<u>\$ 402,078</u>
Army Corps of Engineers Escrow				
ASSETS				
Cash and cash equivalents	\$ 1,168,026	\$ 1,647,922	\$ 1,472,495	\$ 1,343,453
Total Assets	<u>\$ 1,168,026</u>	<u>\$ 1,647,922</u>	<u>\$ 1,472,495</u>	<u>\$ 1,343,453</u>
LIABILITIES				
Held for others	\$ 1,168,026	\$ 1,647,942	\$ 1,472,515	\$ 1,343,453
Total Liabilities	<u>\$ 1,168,026</u>	<u>\$ 1,647,942</u>	<u>\$ 1,472,515</u>	<u>\$ 1,343,453</u>
JJC Subcontractor Underpayment				
ASSETS				
Cash and cash equivalents	\$ 10,660	\$ 23,418	\$ 14,514	\$ 19,564
Investments	13,257	4,884	13,257	4,884
Accrued interest receivable	64	24	64	24
Total Assets	<u>\$ 23,981</u>	<u>\$ 28,326</u>	<u>\$ 27,835</u>	<u>\$ 24,472</u>
LIABILITIES				
Held for others	\$ 23,981	\$ 788	\$ 297	\$ 24,472
Total Liabilities	<u>\$ 23,981</u>	<u>\$ 788</u>	<u>\$ 297</u>	<u>\$ 24,472</u>
Retiree Healthcare				
ASSETS				
Accounts receivable	\$ 406,172	\$ 430,778	\$ 406,172	\$ 430,778
Other receivables	4,630,899	5,279,201	4,630,899	5,279,201
Total Assets	<u>\$ 5,037,071</u>	<u>\$ 5,709,979</u>	<u>\$ 5,037,071</u>	<u>\$ 5,709,979</u>
LIABILITIES				
Vouchers payable	\$ 754,936	\$ 982,214	\$ 754,936	982,214
Incurred but not reported claims	4,282,135	4,727,765	4,282,135	4,727,765
Total Liabilities	<u>\$ 5,037,071</u>	<u>\$ 5,709,979</u>	<u>\$ 5,037,071</u>	<u>\$ 5,709,979</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2010

	Balance March 1, 2009	Additions	Deletions	Balance February 28, 2010
Retirement Adjustment Underpayment				
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,350	\$ 2,751	\$ 3,599
Investments	-	935	-	935
Accrued interest receivable	-	5	-	5
Total Assets	<u>\$ -</u>	<u>\$ 7,290</u>	<u>\$ 2,751</u>	<u>\$ 4,539</u>
LIABILITIES				
Held for others	\$ -	\$ 4,555	\$ 16	\$ 4,539
Total Liabilities	<u>\$ -</u>	<u>\$ 4,555</u>	<u>\$ 16</u>	<u>\$ 4,539</u>
DA Seized Assets				
ASSETS				
Cash and cash equivalents	\$ 28,176,404	\$ 4,601,488	\$ 6,763,026	\$ 26,014,866
Total Assets	<u>\$ 28,176,404</u>	<u>\$ 4,601,488</u>	<u>\$ 6,763,026</u>	<u>\$ 26,014,866</u>
LIABILITIES				
Held for others	\$ 28,176,404	\$ 4,601,488	\$ 6,763,026	\$ 26,014,866
Total Liabilities	<u>\$ 28,176,404</u>	<u>\$ 4,601,488</u>	<u>\$ 6,763,026</u>	<u>\$ 26,014,866</u>
Houston HIDTA Seized Funds				
ASSETS				
Cash and cash equivalents	\$ -	\$ 326,614	\$ -	\$ 326,614
Total Assets	<u>\$ -</u>	<u>\$ 326,614</u>	<u>\$ -</u>	<u>\$ 326,614</u>
LIABILITIES				
Held for others	\$ -	\$ 326,614	\$ -	\$ 326,614
Total Liabilities	<u>\$ -</u>	<u>\$ 326,614</u>	<u>\$ -</u>	<u>\$ 326,614</u>
Custodial				
ASSETS				
Cash and cash equivalents	\$ 2,276,385	\$ 12,219,944	\$ 12,258,873	\$ 2,237,456
Total Assets	<u>\$ 2,276,385</u>	<u>\$ 12,219,944</u>	<u>\$ 12,258,873</u>	<u>\$ 2,237,456</u>
LIABILITIES				
Vouchers payable	\$ -	\$ 50,000	\$ -	\$ 50,000
Held for others	2,276,385	3,662,751	3,751,680	2,187,456
Total Liabilities	<u>\$ 2,276,385</u>	<u>\$ 3,712,751</u>	<u>\$ 3,751,680</u>	<u>\$ 2,237,456</u>
Total Agency Funds				
ASSETS				
Cash and cash equivalents	\$ 278,721,163	\$ 7,235,485,334	\$ 7,256,451,322	\$ 257,755,175
Investments	130,754,031	163,466,726	182,369,986	111,850,771
Accounts receivable	465,605	565,751	596,934	434,422
Other receivable	4,667,029	13,796,908	13,148,606	5,315,331
Accrued interest receivable	1,032,205	496,377	1,032,205	496,377
Total Assets	<u>\$ 415,640,033</u>	<u>\$ 7,413,811,096</u>	<u>\$ 7,453,599,053</u>	<u>\$ 375,852,076</u>
LIABILITIES				
Vouchers payable	\$ 1,059,498	\$ 47,101,802	\$ 44,792,854	\$ 3,368,446
Incurred but not reported claims	4,282,135	4,727,765	4,282,135	4,727,765
Held for others	410,298,400	7,076,250,500	7,118,793,035	367,755,865
Total Liabilities	<u>\$ 415,640,033</u>	<u>\$ 7,128,080,067</u>	<u>\$ 7,167,868,024</u>	<u>\$ 375,852,076</u>

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

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

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

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

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - NONMAJOR COMPONENT UNITS
FEBRUARY 28, 2010

	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	\$ 3,157,551	\$ 188,642	\$ 1,761,197	\$ 20,385,023	\$ 25,492,413
Investments, including accrued interest	3,226,787	202,708	-	3,950,218	7,379,713
Receivables:					
Accounts	-	-	671,960	5,921,618	6,593,578
Other	-	2,000	-	-	2,000
Prepays and other assets	653,034	2,925	18,950	2,622,395	3,297,304
Restricted cash and investments	-	-	5,883,250	3,353,321	9,236,571
Notes receivable	-	-	-	4,840,360	4,840,360
Capital assets:					
Land, improvements and construction in progress	-	-	3,422,272	2,468,730	5,891,002
Other capital assets, net of depreciation	-	-	9,275,304	81,959,761	91,235,065
Intangible assets net of accumulated amortization	-	-	-	2,648,219	2,648,219
Total assets	<u>7,037,372</u>	<u>396,275</u>	<u>21,032,933</u>	<u>128,149,645</u>	<u>156,616,225</u>
LIABILITIES					
Vouchers payable and accrued liabilities	194,899	6,291	54,459	10,983,853	11,239,502
Deferred revenue	-	-	35,625	14,270,376	14,306,001
Accrued interest payable	-	-	-	913,203	913,203
Noncurrent liabilities:					
Due within one year	-	-	-	115,151	115,151
Due in more than one year	-	-	-	45,846,839	45,846,839
Total liabilities	<u>194,899</u>	<u>6,291</u>	<u>90,084</u>	<u>72,129,422</u>	<u>72,420,696</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-	-	41,331,065	41,331,065
Restricted for:					
Donor restrictions	-	-	1,444,183	3,252,127	4,696,310
Unrestricted net assets	<u>6,842,473</u>	<u>389,984</u>	<u>19,498,666</u>	<u>11,437,031</u>	<u>38,168,154</u>
Total net assets	<u>\$ 6,842,473</u>	<u>\$ 389,984</u>	<u>\$ 20,942,849</u>	<u>\$ 56,020,223</u>	<u>\$ 84,195,529</u>

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR COMPONENT UNITS
For The Year Ended February 28, 2010

	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	\$ 1,069,324	\$ 2,000	\$ 1,021,896	\$ 7,812,735	\$ 9,905,955
Operating grants and contributions	-	-	1,317,446	68,422,048	69,739,494
Capital grants and contributions	-	-	-	3,430,783	3,430,783
Total program revenues	<u>1,069,324</u>	<u>2,000</u>	<u>2,339,342</u>	<u>79,665,566</u>	<u>83,076,232</u>
EXPENSES	<u>2,579,206</u>	<u>22,324</u>	<u>1,473,035</u>	<u>74,775,322</u>	<u>78,849,887</u>
Net (expenses) program revenues	<u>(1,509,882)</u>	<u>(20,324)</u>	<u>866,307</u>	<u>4,890,244</u>	<u>4,226,345</u>
General Revenues (Expenses):					
Earnings on investments	150,681	6,392	24,035	454,432	635,540
Other	-	-	(241,727)	1,875	(239,852)
Net general revenues (expenses)	<u>150,681</u>	<u>6,392</u>	<u>(217,692)</u>	<u>456,307</u>	<u>395,688</u>
Change in net assets	(1,359,201)	(13,932)	648,615	5,346,551	4,622,033
Net assets, beginning	<u>8,201,674</u>	<u>403,916</u>	<u>20,294,234</u>	<u>50,673,672</u>	<u>79,573,496</u>
Net assets, ending	<u>\$ 6,842,473</u>	<u>\$ 389,984</u>	<u>\$ 20,942,849</u>	<u>\$ 56,020,223</u>	<u>\$ 84,195,529</u>



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HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
February 28, 2010

	Total
Governmental funds capital assets:	
Land	\$ 3,893,094,019
Construction in progress	426,290,166
Land improvements	11,010,787
Infrastructure	10,061,280,217
Park facilities	143,463,317
Flood control projects	652,847,783
Buildings	1,573,951,904
Equipment	239,103,958
Total governmental funds capital assets	\$ 17,001,042,151
Investments in governmental funds capital assets by source:	
3002 General fund	\$ 555,901,085
3003 Special revenue fund	181,305,914
3001 Capital projects fund	14,512,920,604
3004 Gifts	1,750,914,548
	\$ 17,001,042,151

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$47,855,368 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, 2010

<u>Function</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Infrastructure</u>	<u>Park Facilities</u>	<u>Flood Control Projects</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Administration of justice	\$ 16,664,986	\$ 15,063,483	\$ 359,250	\$ -	\$ -	\$ -	\$ 698,610,581	\$ 49,865,443	\$ 780,563,743
Parks	144,610,437	(5,939,645)	1,344,721	1,848,112	131,367,762	-	679,423,079	30,971,983	983,626,449
County administration	146,313,222	182,194,110	3,176,248	12,330,239	1,854,188	-	126,788,202	62,485,452	535,141,661
Health and human services	7,913,680	6,840,275	830,967	274,171	960,397	-	34,859,529	13,476,309	65,155,328
Flood control	1,496,494,927	131,191,111	641,531	-	-	652,847,783	11,870,371	9,404,021	2,302,449,744
Tax administration	-	-	-	-	-	-	7,011,581	969,062	7,980,643
Roads and bridges	2,081,096,767	96,940,832	4,658,070	10,046,827,695	9,280,970	-	15,388,561	71,931,688	12,326,124,583
Total governmental funds capital assets	<u>\$ 3,893,094,019</u>	<u>\$ 426,290,166</u>	<u>\$ 11,010,787</u>	<u>\$ 10,061,280,217</u>	<u>\$ 143,463,317</u>	<u>\$ 652,847,783</u>	<u>\$ 1,573,951,904</u>	<u>\$ 239,103,958</u>	<u>\$ 17,001,042,151</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$47,855,368 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, 2010

Function	Balance March 1, 2009	Additions	Deletions	Balance February 28, 2010
Administration of justice	\$ 778,574,492	\$ 6,223,792	\$ (4,234,541)	\$ 780,563,743
Parks	978,797,078	10,543,671	(5,714,300)	983,626,449
County administration	493,102,791	74,008,675	(31,969,805)	535,141,661
Health and human services	61,085,853	8,799,651	(4,730,176)	65,155,328
Flood control	2,237,452,366	135,695,030	(70,697,652)	2,302,449,744
Tax administration	8,030,576	42,691	(92,624)	7,980,643
Roads and bridges	12,224,711,229	213,575,946	(112,162,592)	12,326,124,583
Total governmental funds capital assets	<u>\$16,781,754,385</u>	<u>\$ 448,889,456</u>	<u>\$ (229,601,690)</u>	<u>\$ 17,001,042,151</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$47,855,368 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.



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

Listed below are the areas covered in the statistical section:

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

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

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

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

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

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



Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 9,524,096
Restricted for:								
Debt service	139,699	152,193	153,846	142,250	151,067	154,297	150,777	155,452
Capital projects	270,658	228,351	36,162	48,564	24,659	22,129	33,791	18,739
Donor temporarily restricted	6,806	3,048	2,307	1,669	809	752	53	258
Legislative	-	-	1,462	1,577	1,637	1,687	4,657	3,063
Mobility program	-	-	-	-	-	-	-	80,345
Unrestricted	161,747	416,360	372,614	366,255	360,744	399,503	219,424	61,426
Total governmental activities net assets	<u>\$ 9,774,029</u>	<u>\$ 9,682,582</u>	<u>\$ 9,865,722</u>	<u>\$ 10,239,655</u>	<u>\$ 10,198,171</u>	<u>\$ 10,279,161</u>	<u>\$ 10,118,606</u>	<u>\$ 9,843,379</u>
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)	\$ (216,112)
Restricted for:								
Debt service	82,178	68,071	122,387	128,540	144,027	164,840	187,086	235,586
Capital projects	21,310	27,436	41,866	42,038	36,337	48,600	44,748	51,376
Toll road	189,116	310,691	364,590	524,388	734,894	618,163	607,922	526,002
Unrestricted	9,185	11,661	10,021	11,260	12,652	12,759	12,683	9,848
Total business-type activities	<u>\$ 55,739</u>	<u>\$ 68,520</u>	<u>\$ 181,619</u>	<u>\$ 305,181</u>	<u>\$ 436,154</u>	<u>\$ 529,387</u>	<u>\$ 597,335</u>	<u>\$ 606,700</u>
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	\$ 9,307,984
Restricted	709,767	789,790	722,620	889,026	1,093,430	1,010,468	1,029,034	1,070,821
Unrestricted	170,932	428,021	382,635	377,515	373,396	412,262	232,107	71,274
Total primary government	<u>\$ 9,829,768</u>	<u>\$ 9,751,102</u>	<u>\$ 10,047,341</u>	<u>\$ 10,544,836</u>	<u>\$ 10,634,325</u>	<u>\$ 10,808,548</u>	<u>\$ 10,715,941</u>	<u>\$ 10,450,079</u>

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES								
Governmental activities:								
Administration of Justice	\$ 549,453	\$ 565,038	\$ 613,153	\$ 621,764	\$ 704,472	\$ 846,107	\$ 944,400	\$ 961,588
Parks	37,509	50,446	51,333	60,417	72,865	82,222	78,911	91,594
County Administration	311,997	230,597	267,178	250,098	277,592	299,310	407,483	342,683
Health and Human Services	142,918	174,341	171,065	185,057	197,880	193,348	182,120	220,090
Flood Control	23,263	65,744	81,182	72,445	81,126	90,253	97,695	103,435
Tax Administration	29,286	34,308	30,040	30,709	31,300	35,191	37,949	38,137
Roads and Bridges	325,921	320,911	332,468	347,524	347,061	364,111	373,484	381,380
Interest and Fiscal Charges	96,328	72,691	81,899	108,636	116,178	136,944	125,018	127,221
Total governmental activities expenses	<u>1,516,675</u>	<u>1,514,076</u>	<u>1,628,318</u>	<u>1,676,650</u>	<u>1,828,474</u>	<u>2,047,486</u>	<u>2,247,060</u>	<u>2,266,128</u>
Business-type activities:								
Toll Road	180,727	213,526	213,358	230,254	276,671	272,972	305,754	360,048
Subscriber Access	619	328	368	267	239	161	132	580
Parking Facilities	359	421	491	786	867	952	895	839
Sheriff's Commissary	5,759	5,012	4,816	6,251	6,946	8,142	8,561	8,564
Total business-type activities	<u>187,464</u>	<u>219,287</u>	<u>219,033</u>	<u>237,558</u>	<u>284,723</u>	<u>282,227</u>	<u>315,342</u>	<u>370,031</u>
Total primary government expenses	<u>\$ 1,704,139</u>	<u>\$ 1,733,363</u>	<u>\$ 1,847,351</u>	<u>\$ 1,914,208</u>	<u>\$ 2,113,197</u>	<u>\$ 2,329,713</u>	<u>\$ 2,562,402</u>	<u>\$ 2,636,159</u>
PROGRAM REVENUES								
Governmental activities:								
Charges for services:								
Administration of Justice	\$ 101,587	\$ 104,344	\$ 96,367	\$ 117,322	\$ 116,644	\$ 126,189	\$ 128,469	\$ 138,701
Parks	956	1,079	1,151	2,579	3,288	3,560	1,237	3,272
County Administration	43,844	57,028	50,999	53,636	59,751	62,780	58,259	47,722
Health and Human Services	8,579	9,238	6,959	7,827	9,062	9,637	10,139	11,172
Flood Control	3,862	2,899	2,545	1,008	849	410	551	314
Tax Administration	64,151	50,872	65,195	66,392	46,448	28,749	26,920	28,173
Roads and Bridges	27,585	29,080	28,093	30,632	32,132	32,703	32,835	33,663
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	224,108
Capital grants and contributions	23,231	28,418	161,929	659,448	227,271	312,732	206,561	71,644
Total governmental activities program revenues	<u>433,074</u>	<u>425,870</u>	<u>581,563</u>	<u>1,109,577</u>	<u>639,993</u>	<u>725,118</u>	<u>678,851</u>	<u>558,769</u>

Business-type activities:

Charges for services:								
Toll Road	244,171	265,913	317,712	349,341	392,993	428,868	442,015	455,548
Subscriber Access	235	354	205	395	347	265	283	265
Parking Facilities	643	837	451	409	406	368	382	365
Sheriff's Commissary	5,023	5,517	5,954	6,961	7,552	8,267	8,620	8,190
Operating grants and contributions	-	-	11,764	-	1,612	1,286	994	1,164
Capital grants and contributions	5,048	15,189	12,522	3,130	3,113	3,059	9,198	7,221
Total business-type activities program revenues	<u>255,120</u>	<u>287,810</u>	<u>348,608</u>	<u>360,236</u>	<u>406,023</u>	<u>442,113</u>	<u>461,492</u>	<u>472,753</u>
Total primary government program revenues	<u>\$ 688,194</u>	<u>\$ 713,680</u>	<u>\$ 930,171</u>	<u>\$ 1,469,813</u>	<u>\$ 1,046,016</u>	<u>\$ 1,167,231</u>	<u>\$ 1,140,343</u>	<u>\$ 1,031,522</u>

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)	\$ (1,707,359)
Business-type activities	67,656	68,523	129,575	122,678	121,300	159,886	146,150	102,722
Total primary government net expense	<u>\$ (1,015,945)</u>	<u>\$ (1,019,683)</u>	<u>\$ (917,180)</u>	<u>\$ (444,395)</u>	<u>\$ (1,067,181)</u>	<u>\$ (1,162,482)</u>	<u>\$ (1,422,059)</u>	<u>\$ (1,604,637)</u>

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	\$ 1,205,070
Hotel occupancy taxes	-	15,535	16,830	19,271	20,727	26,371	26,610	21,341
Earnings on investments	20,543	14,644	12,555	30,748	47,500	58,751	32,717	19,410
Miscellaneous	228,245	126,717	25,181	32,029	59,380	59,378	66,157	57,322
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	128,989
Special item	-	-	-	(19,074)	-	33,727	-	-
Total governmental activities	<u>1,020,996</u>	<u>993,653</u>	<u>932,723</u>	<u>941,005</u>	<u>1,146,996</u>	<u>1,403,358</u>	<u>1,407,654</u>	<u>1,432,132</u>

Business-type activities:

Earnings on investments	16,267	10,528	6,439	20,168	40,035	49,690	41,671	33,679
Miscellaneous	124	1,707	487	1,001	741	4,754	1,062	1,954
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)	(128,989)
Total business-type activities	<u>(3,787)</u>	<u>(55,743)</u>	<u>(16,475)</u>	<u>885</u>	<u>9,675</u>	<u>(66,652)</u>	<u>(78,204)</u>	<u>(93,356)</u>
Total primary government	<u>\$ 1,017,209</u>	<u>\$ 937,910</u>	<u>\$ 916,248</u>	<u>\$ 941,890</u>	<u>\$ 1,156,671</u>	<u>\$ 1,336,706</u>	<u>\$ 1,329,450</u>	<u>\$ 1,338,776</u>

CHANGE IN NET ASSETS

Governmental activities	\$ (62,605)	\$ (94,553)	\$ (114,032)	\$ 373,932	\$ (41,485)	\$ 80,990	\$ (160,555)	\$ (275,227)
Business-type activities	63,869	12,780	113,100	123,563	130,975	93,234	67,946	9,366
Total primary government	<u>\$ 1,264</u>	<u>\$ (81,773)</u>	<u>\$ (932)</u>	<u>\$ 497,495</u>	<u>\$ 89,490</u>	<u>\$ 174,224</u>	<u>\$ (92,609)</u>	<u>\$ (265,861)</u>

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

Table 3

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:										
Reserved	\$ 71,535	\$ 69,003	\$ 105,162	\$ 100,143	\$ 112,291	\$ 146,215	\$ 175,301	\$ 175,956	\$ 202,321	\$ 283,664
Unreserved	204,672	246,811	214,160	250,939	203,684	175,581	128,418	192,616	166,726	59,063
Total general fund	<u>\$ 276,207</u>	<u>\$ 315,814</u>	<u>\$ 319,322</u>	<u>\$ 351,082</u>	<u>\$ 315,975</u>	<u>\$ 321,796</u>	<u>\$ 303,719</u>	<u>\$ 368,572</u>	<u>\$ 369,047</u>	<u>\$ 342,727</u>
All Other Governmental Funds:										
Reserved	\$ 256,318	\$ 197,453	\$ 333,288	\$ 331,606	\$ 310,683	\$ 313,717	\$ 287,549	\$ 293,213	\$ 327,803	\$ 308,060
Unreserved, reported in:										
Special revenue funds	68,328	91,509	98,593	109,072	114,248	120,682	134,012	142,857	112,052	120,416
Debt service funds	-	-	-	(3)	-	-	-	-	-	-
Capital projects funds	66,469	68,987	58,012	(18,714)	155,377	118,213	308,020	240,871	201,246	141,761
Total all other governmental funds	<u>\$ 391,115</u>	<u>\$ 357,949</u>	<u>\$ 489,893</u>	<u>\$ 421,961</u>	<u>\$ 580,308</u>	<u>\$ 552,612</u>	<u>\$ 729,581</u>	<u>\$ 676,941</u>	<u>\$ 641,101</u>	<u>\$ 570,237</u>

Table 4

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES										
Taxes	\$ 665,765	\$ 714,646	\$ 759,430	\$ 797,098	\$ 845,544	\$ 902,656	\$ 994,398	\$ 1,110,571	\$ 1,202,832	\$ 1,230,871
Charges for Services	157,800	180,390	168,333	183,959	188,018	218,835	225,159	222,568	206,075	206,744
User fees	-	-	-	-	-	1,942	2,833	2,693	2,904	2,722
Fines and Forfeitures	22,173	23,248	22,619	23,513	23,974	24,801	23,363	20,903	21,138	20,869
Lease revenue	-	-	-	-	-	2,270	2,104	2,179	2,485	2,358
Intergovernmental	166,866	195,622	193,959	182,276	201,293	239,072	205,469	209,889	305,421	292,431
Earnings on investments	43,077	31,111	18,048	12,570	10,766	28,131	48,237	58,042	31,385	16,687
Miscellaneous	47,131	58,669	54,847	53,045	53,182	64,966	51,143	56,058	71,684	59,358
Total revenues	<u>1,102,812</u>	<u>1,203,686</u>	<u>1,217,236</u>	<u>1,252,461</u>	<u>1,322,777</u>	<u>1,482,673</u>	<u>1,552,706</u>	<u>1,682,903</u>	<u>1,843,924</u>	<u>1,832,040</u>
EXPENDITURES										
Administration of Justice	450,196	475,695	520,771	547,406	595,623	608,878	681,412	783,755	896,488	911,300
Parks	30,128	34,633	32,803	39,832	40,509	49,518	52,031	57,524	66,130	67,671
County Administration	188,424	202,303	259,848	203,978	217,169	239,179	264,922	276,798	358,308	293,562
Health and Human Services	134,463	180,830	141,011	173,590	171,756	184,370	196,891	185,616	193,127	218,687
Flood Control	43,460	44,534	39,395	49,534	48,450	58,761	66,721	71,590	69,792	69,569
Tax Administration	27,920	29,055	28,706	29,985	29,740	30,169	31,263	33,358	36,269	36,678
Roads and Bridges	48,558	41,881	56,212	62,609	68,437	84,341	84,338	87,946	91,351	113,208
Capital Outlay	290,993	326,026	235,333	329,324	326,820	283,937	263,492	241,272	214,553	244,495
Debt Service:										
Interest and fiscal charges	79,469	75,770	89,135	64,590	60,260	102,896	119,447	140,698	122,993	125,058
Principal	48,905	49,715	46,020	97,000	65,180	76,600	70,191	64,868	75,396	83,757
	<u>1,342,516</u>	<u>1,460,442</u>	<u>1,449,234</u>	<u>1,597,848</u>	<u>1,623,944</u>	<u>1,718,649</u>	<u>1,830,708</u>	<u>1,943,425</u>	<u>2,124,407</u>	<u>2,163,985</u>
Excess of revenues over (under) expenditures	(239,704)	(256,756)	(231,998)	(345,387)	(301,167)	(235,976)	(278,002)	(260,522)	(280,483)	(331,945)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowings	194,369	232,818	684,835	716,518	447,081	195,582	195,640	146,355	122,961	102,910
Proceeds from refundings	23,062	205,127	-	-	502,743	113,224	578,613	-	851,958	282,101
Payments to escrow agent	(22,796)	(78,964)	(157,712)	(117,095)	(316,461)	(112,236)	(66,181)	-	(563,174)	(279,883)
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	799
Capital contributions	-	-	4,556	9,657	-	2,500	2,500	-	-	-
Transfers in	54,661	49,557	203,730	568,209	543,651	114,442	481,768	211,513	185,813	219,502
Transfers out	(54,961)	(30,833)	(185,773)	(504,887)	(528,780)	(101,351)	(458,611)	(93,555)	(70,538)	(90,667)
Total other financing sources (uses)	<u>217,840</u>	<u>252,705</u>	<u>345,534</u>	<u>309,217</u>	<u>425,575</u>	<u>214,103</u>	<u>436,893</u>	<u>272,734</u>	<u>245,119</u>	<u>234,762</u>
Net change in fund balances	<u>\$ (21,864)</u>	<u>\$ (4,051)</u>	<u>\$ 113,536</u>	<u>\$ (36,170)</u>	<u>\$ 124,408</u>	<u>\$ (21,873)</u>	<u>\$ 158,891</u>	<u>\$ 12,212</u>	<u>\$ (35,364)</u>	<u>\$ (97,183)</u>
Debt service as a percentage of noncapital expenditures	12.2%	11.1%	11.1%	12.7%	9.7%	12.5%	12.1%	12.1%	10.4%	10.9%

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
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
2010	316,949,419	54,044,038	85,902,801	285,090,656	0.39224

(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
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
2010	325,453,516	45,496,068	94,414,243	276,535,341	0.02922

(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)**

<u>Purpose</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Harris County -										
General Fund	\$0.32599	\$0.33606	\$0.33538	\$0.34490	\$0.33117	\$0.34728	\$0.34221	\$0.33918	\$0.33815	\$0.33401
General Bonds Debt Service	0.01772	0.02368	0.03056	0.01889	0.04303	0.03047	0.03885	0.03200	0.03192	0.03642
Total - Constitutional Funds	0.34371	0.35974	0.36594	0.36379	0.37420	0.37775	0.38106	0.37118	0.37007	0.37043
County-Wide Road Debt Service	0.01531	0.02419	0.02220	0.02424	0.02566	0.02211	0.02133	0.02121	0.01916	0.02181
Total - Harris County	0.35902	0.38393	0.38814	0.38803	0.39986	0.39986	0.40239	0.39239	0.38923	0.39224
Flood Control District -										
Maintenance	0.04001	0.02853	0.02853	0.02981	0.02553	0.02733	0.02733	0.02754	0.02754	0.02754
Debt Service	0.02172	0.01905	0.01321	0.01193	0.00765	0.00589	0.00508	0.00352	0.00332	0.00168
Total - Flood Control	0.06173	0.04758	0.04174	0.04174	0.03318	0.03322	0.03241	0.03106	0.03086	0.02922
Port of Houston Authority -										
Debt Service	0.01830	0.01826	0.01989	0.02000	0.01673	0.01474	0.01302	0.01437	0.01773	0.01636
Hospital District - General	0.20268	0.19021	0.19021	0.19021	0.19021	0.19216	0.19216	0.19216	0.19216	0.19216
Total	<u>\$0.64173</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.63998</u>	<u>\$0.62998</u>	<u>\$0.62998</u>	<u>\$0.62998</u>

Source: Harris County Auditor.

Table 8

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

Purpose	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County-Wide Taxing Jurisdiction:										
Harris County	\$ 0.3590	\$ 0.3839	\$ 0.3881	\$ 0.3880	\$ 0.3999	\$ 0.3999	\$ 0.4024	\$ 0.3924	\$ 0.3892	\$ 0.3922
Harris County Flood Control District	0.0617	0.0475	0.0417	0.0417	0.0332	0.0332	0.0324	0.0311	0.0309	0.0292
Port of Houston Authority	0.0183	0.0183	0.0199	0.0200	0.0167	0.0147	0.0130	0.0144	0.0177	0.0164
Harris County Hospital District	0.2027	0.1902	0.1902	0.1902	0.1902	0.1922	0.1922	0.1922	0.1922	0.1922
Total	<u>\$ 0.6417</u>	<u>\$ 0.6399</u>	<u>\$ 0.6399</u>	<u>\$ 0.6399</u>	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>	<u>\$ 0.6400</u>	<u>\$ 0.6301</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>
Cities:										
Baytown	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7870	0.7870
Bellaire	0.4900	0.4900	0.4900	0.4800	0.4800	0.4700	0.4400	0.4400	0.3775	0.3759
Deer Park	0.7000	0.7000	0.6990	0.7000	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050
Houston	0.6650	0.6650	0.6550	0.6550	0.6550	0.6500	0.6475	0.6450	0.6438	0.6388
LaPorte	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	0.6700	0.6700	0.6625	0.6400	0.6400	0.6275	0.6088	0.6088	0.6300	0.6300
Missouri City	0.5503	0.5200	0.5033	0.5100	0.5017	0.4980	0.4945	0.4993	0.5172	0.5284
Pasadena	0.5790	0.5790	0.5670	0.5670	0.5670	0.5670	0.5670	0.5670	0.5620	0.5620
Pearland	0.6950	0.6860	0.6860	0.6960	0.6950	0.6744	0.6527	0.6526	0.6526	0.6526
Seabrook	0.5840	0.6010	0.6006	0.6082	0.6196	0.6307	0.6210	0.6203	0.5884	0.5884
South Houston	0.6910	0.6950	0.0000	0.7000	0.7000	0.6863	0.6588	0.6770	0.6784	0.6732
Webster	0.2600	0.2600	0.2400	0.2510	0.2680	0.2575	0.2575	0.2489	0.2060	0.2325
West University Place	0.4000	0.4200	0.4300	0.4467	0.4467	0.4300	0.4020	0.3660	0.3590	0.3588
School Districts and Junior Colleges:										
Aldine	1.5190	1.5880	1.6180	1.6680	1.6890	1.7090	1.6040	1.2770	1.2920	1.3005
Alief	1.6400	1.6400	1.6750	1.6750	1.6750	1.7200	1.5900	1.5900	1.3400	1.3400
Clear Creek	1.6415	1.7250	1.7400	1.7300	1.7450	1.7750	1.6300	1.3200	1.3600	1.3600
Cypress-Fairbanks	1.7010	1.7450	1.7900	1.7900	1.7900	1.8000	1.8000	1.6450	1.3240	1.3500
Deer Park	1.6900	1.6900	1.8035	1.8071	1.8055	1.8055	1.6623	1.3177	1.3367	1.3667
Galena Park	1.6135	1.6830	1.7135	1.7650	1.7950	1.8150	1.7100	1.4309	1.4550	1.4784
Goose Creek	1.6610	1.7110	1.6942	1.6837	1.6837	1.7275	1.5956	1.3020	1.2821	1.2821
Houston	1.5190	1.5800	1.5800	1.5800	1.5800	1.7275	1.6200	1.1570	1.1567	1.1567
Humble	1.7110	1.6800	1.7400	1.7400	1.7400	1.7700	1.7700	1.3100	1.5200	1.5200
Katy	1.8680	1.9200	1.9400	1.9700	2.0000	2.0000	1.8150	1.5266	1.5266	1.5266
Klein	1.6700	1.7200	1.7200	1.7200	1.7000	1.7000	1.5800	1.2600	1.3100	1.3600
LaPorte	1.6300	1.6300	1.6800	1.6800	1.7335	1.7335	1.6350	1.3200	1.3250	1.3250
North Forest	1.7440	1.7440	1.7444	1.7444	1.7444	1.7125	1.7125	1.2367	1.3143	1.3500
Lone Star College System*	0.1100	0.1100	0.1055	0.1145	0.1145	0.1207	0.1167	0.1144	0.1101	0.1101
Pasadena	1.5200	1.6600	1.6875	1.7750	1.7750	1.8050	1.6900	1.3500	1.3500	1.3500
Pearland	1.6500	1.8200	1.8370	1.8092	1.7922	1.7922	1.6622	1.4272	1.4194	1.4194
San Jacinto Junior College	0.1100	0.1260	0.1307	0.1307	0.1391	0.1391	0.1454	0.1454	0.1634	0.1708
Sheldon	1.5630	1.6330	1.6330	1.7030	1.7460	1.7500	1.6340	1.4300	1.4300	1.4300
Spring	1.6900	1.6900	1.7000	1.7600	1.8700	1.9500	1.7100	1.4400	1.4400	1.4600
Spring Branch	1.7900	1.8100	1.7900	1.8100	1.8100	1.8100	1.8100	1.2850	1.3825	1.3945
Tomball	1.5900	1.6500	1.6800	1.7300	1.7300	1.7100	1.5800	1.2750	1.3600	1.3600

* Name change in FY2009 from North Harris Montgomery Community College

Table 9

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

Taxpayers	2010			2001		
	2009 Taxable Valuations (a)	Rank	Percentage of Total 2009 Taxable Valuation (b)	2000 Taxable Valuations (a)	Rank	Percentage of Total 2000 Taxable Valuation (c)
Exxon Mobil Corporation	\$ 3,173,961	1	1.11%	\$ 3,036,331	1	1.97%
Centerpoint Energy, Inc.	2,515,491	2	0.88	-		0.00
Shell Oil Company	2,098,922	3	0.74	1,319,878	4	0.86
Houston Refining	1,506,923	4	0.53	-		0.00
Chevron Chemical Company	1,504,773	5	0.53	466,393	10	0.30
AT&T Corporation	922,964	6	0.32	-		0.00
Hewlett Packard Company	902,828	7	0.32	-		0.00
Hines Interests Ltd Partnership	846,907	8	0.30	452,264	11	0.29
Crescent Real Estate	824,060	9	0.29	369,976	15	0.24
Equistar Chemicals LP	777,240	10	0.27	1,248,405	5	0.81
Walmart	768,751	11	0.27	-		0.00
National Oilwell Inc	708,729	12	0.25	-		0.00
Amoco Chemical Company	689,661	13	0.24	-		0.00
Cullen Allen Holdings LP	679,739	14	0.24	-		0.00
Lyondell Chemical	585,844	15	0.21	923,706	6	0.60
Houston Lighting and Power Company	-		0.00	2,034,703	2	1.32
Southwestern Bell Telephone	-		0.00	1,352,634	3	0.88
Compaq Computer Corporation	-		0.00	710,101	7	0.46
Crescent Real Estate Equities	-		0.00	589,342	8	0.38
Lyondell-Citgo Refining Company	-		0.00	496,316	9	0.32
Occidental Chemical Corporation	-		0.00	415,896	12	0.27
Celanese Ltd	-		0.00	399,033	13	0.26
Anhueser Busch Incorporated	-		0.00	392,509	14	0.25
Total	\$ 18,506,793		6.50%	\$ 14,207,487		9.21%

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, 2010.
- (c) Based on the County's total taxable value as of February 28, 2001.

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
2001	\$ 553,216	\$ 553,104	\$ 547,846	99.0%	\$ 2,563	\$ 550,409	99.5%
2002	643,711	643,632	617,800	96.0	22,349	640,149	99.5
2003	682,975	682,818	657,498	96.3	21,324	678,822	99.4
2004	704,093	705,144	693,384	98.5	7,607	700,991	99.4
2005	793,759	762,431	740,302	93.3	17,101	757,403	99.3
2006	796,885	820,331	719,922	90.3	95,190	815,112	99.4
2007	887,598	903,974	793,835	89.4	103,866	897,701	99.3
2008	929,929	991,387	910,828	97.9	71,838	982,666	99.1
2009	1,089,141	1,088,502	981,807	90.1	90,398	1,072,205	98.5
2010	1,114,429	1,114,429	1,036,477	93.0	-	1,036,477	93.0

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

Table 11

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Adjusted Levy as of End of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 95,094	\$ 95,076	\$ 91,358	96.1%	\$ 3,253	\$ 94,611	99.5%
2002	79,755	79,753	77,629	97.3	1,692	79,321	99.5
2003	73,429	73,413	71,492	97.4	1,492	72,984	99.4
2004	75,721	75,835	74,979	99.0	409	75,388	99.4
2005	64,263	64,167	61,911	96.3	1,839	63,750	99.4
2006	64,981	67,110	60,008	92.3	6,668	66,676	99.4
2007	70,782	71,489	62,680	88.6	8,306	70,986	99.3
2008	72,083	76,831	69,058	95.8	7,083	76,141	99.1
2009	84,057	83,997	74,344	88.4	8,365	82,709	98.5
2010	80,534	80,534	74,798	92.9	-	74,798	92.9

* 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)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Loan Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases			
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	2.78%	1,327
2010	2,472,430	332,048	21,368	-	9,643	2,181,754	684,331	-	-	5,701,574	n/a	1,401

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

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

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

Table 13**HARRIS COUNTY, TEXAS****RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS****(Unaudited)****(amounts in thousands, except per capita)**

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)
	General Obligation Bonds	Revenue Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total			
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%	1.35%	642
2010	2,264,416	-	206,074	1,940	2,472,430	0.87%	n/a	607

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, 2010
(Unaudited)

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/28/10) (a)	100.00%	\$ 2,236,575
Harris County Flood Control District (2/28/10)	100.00	478,368
Port of Houston Authority (12/31/08)	100.00	620,289
Total County-Wide Direct Debt		<u>3,335,232</u>
Cities:		
Baytown (9/30/09)	80.75	\$ 65,334
Bellaire (2/28/10)	100.00	60,242
Bunker Hill Village (5/24/10)	100.00	11,224
Deer Park (9/30/09)	100.00	28,873
Friendswood (9/30/09)	100.00	20,411
Galena Park (9/30/09)	100.00	7,614
Houston (6/30/09)	99.36	3,018,253
Jacinto City (9/30/09)	100.00	5,929
Jersey Village (9/30/09)	100.00	21,840
Katy (9/30/09)	69.19	13,448
La Porte (9/30/09)	100.00	13,039
League City (9/30/09)	5.52	64,154
Missouri City (6/30/09)	8.33	84,033
Pasadena (9/30/09)	100.00	144,469
Pearland (1/31/09)	6.16	272,690
Piney Point Village (2/3/10)	100.00	7,125
Seabrook (9/30/09)	100.00	16,593
South Houston (2/09/10)	100.00	7,227
Southside Place (5/20/10)	100.00	11,248
Tomball (9/30/09)	100.00	14,382
Webster (10/01/09)	100.00	17,485
West University Place (12/31/09)	100.00	66,778
Other Cities (b)	100.00	8,241
Sub-Total Cities		<u>3,980,632</u>
School Districts and Junior Colleges:		
Aldine (2/28/10)	100.00	339,836
Alief (8/31/09)	100.00	238,757
Channelview (8/31/09)	100.00	77,290
Clear Creek (8/31/10)	80.62	1,113,649
Crosby (8/31/09)	100.00	58,048
Cypress-Fairbanks (6/30/09)	100.00	1,505,173
Deer Park (8/31/09)	100.00	168,830
Galena Park (8/31/09)	100.00	336,007
Goose Creek (2/28/10)	80.04	330,204
Houston (2/28/10)	100.00	2,533,547
Huffman (8/30/09)	100.00	90,161
Humble (6/30/09)	100.00	538,703
Katy (8/31/09)	88.64	912,224
Klein (8/31/09)	100.00	530,268
LaPorte (01/19/10)	100.00	199,234
North Forest (8/31/09)	100.00	58,278
Lone Star College System (8/31/09)	78.67	291,915
Pasadena (8/31/09)	100.00	419,126
Pearland (8/31/09)	2.25	549,536
San Jacinto Junior College (2/28/10)	100.00	258,900
Sheldon (8/31/09)	100.00	145,052
Spring (6/30/09)	100.00	1,131,894
Spring Branch (6/30/09)	100.00	514,880
Tomball (8/31/09)	88.02	266,833
Waller (8/31/10)	31.68	158,661
Other Schools (c)	100.00	15,633
Sub-Total School Districts and Junior Colleges		<u>12,782,639</u>
Utility Districts (d)	100.00	3,547,725
Total Overlapping Debt		<u>20,310,996</u>
Total Direct and Overlapping Debt (Estimated \$5,808 Per Capita) (e)		<u>\$ 23,646,228</u>

(a) Includes all Tax Bonds.

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

(c) Aggregate net debt of 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 4,070,989. Source: Bureau of the Census.

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

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

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value of All Taxable Property	\$ 370,993,457
Assessed Value of Real Property	<u>\$ 316,949,419</u>
Debt Limit (25% of real property assessed value) (a)	79,237,355
Amount of Debt Applicable to Constitutional Debt Limit:	
Total Bonded Applicable Debt	1,342,810
Less: Debt Service Funds Cash	<u>(137,383)</u>
Total Net Debt Applicable to Limit	<u>1,205,427</u>
Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution	<u><u>\$ 78,031,928</u></u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 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	\$ 79,237,355
Total Net Debt Applicable to Limit	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	1,205,427
Legal Debt Margin	<u>\$ 36,707,061</u>	<u>\$ 40,385,360</u>	<u>\$ 43,425,955</u>	<u>\$ 46,259,321</u>	<u>\$ 48,665,817</u>	<u>\$ 56,359,695</u>	<u>\$ 61,358,800</u>	<u>\$ 68,999,700</u>	<u>\$ 77,156,949</u>	<u>\$ 78,031,928</u>
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	2.66%	2.57%	2.31%	2.27%	2.36%	2.00%	2.22%	1.87%	1.63%	1.52%

(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 \$18,549,673 compared to applicable bonds outstanding at February 28, 2010 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 \$0.02922 per \$100 of taxable value, which includes \$0.00168 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2009.

Table 16

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

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
<u>TOLL ROAD REVENUE BONDS</u>						
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
2010	456,712	456,712	34,460	101,877	136,337	3.35

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
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%	190,226,395	47,743
2009	4,070,989	8.1%	n/a	n/a

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

Table 18

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Continental Airlines (merger pending w/ United Airlines)	14,651	1	0.54%	16,779	1	0.74%
Exxon Mobil	13,353	2	0.49%			
Shell Oil Company	11,855	3	0.44%	7,425	10	0.33%
Chevron Companies	7,000	4	0.26%			
JP Morgan Chase	6,500	5	0.24%			
AT&T Inc. (former Southwestern Bell)	6,047	6	0.22%			
Baker Hughes Incorporated	5,369	7	0.20%			
KBR Inc. (spun off from Halliburton)	5,089	8	0.19%	15,550	3	0.68%
CenterPoint Energy (spun off from Reliant Energy)	4,750	9	0.17%			
Aramark	4,500	10	0.17%			
Halliburton Company	4,500	10	0.17%			
Administaff				16,458	2	0.72%
Enron				13,669	4	0.60%
Compaq Computer				13,400	5	0.59%
Wal-Mart				9,560	6	0.42%
Kroger Food Stores				9,100	7	0.40%
Southwestern Bell/SWB				7,800	8	0.34%
Reliant Energy Inc/Center Point Energy				7,670	9	0.34%
	83,614			117,411		

* Based on calendar year.

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

Note: Total County Employment for 2009 was approximately 2,715,000 and for 2000 was 2,278,600

Table 19

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration of Justice	8,054	8,177	8,115	8,450	8,554	8,380 (a)	8,168	8,740	9,425	9,308
Parks	*	*	*	*	*	715	706	732	787	797
County Administration	2,758	2,817	2,627	2,720	2,787	2,726	2,871	3,024	3,339	3,161
Health and Human Services	*	*	*	*	*	1,613	1,604	1,706	1,796	1,718
Flood Control	270	277	289	331	342	312	333	325	354	374
Tax Administration	460	468	450	465	442	428	426	435	428	415
Roads and Bridges	716	736	752	817	837	782	779	807	856	914
Other *	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: (1) As of February 28, 2010, it is estimated that approximately 2,900 of the County's employees were members of various labor organizations, some of which are unions affiliated with the AFL-CIO. The County does not maintain collective bargaining agreements with any unions.

(2) This schedule represents the number of County employees at the end of each fiscal year.

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

<u>Function/Program</u>	<u>Fiscal Years</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Administration of Justice</u>							
Law Enforcement Vehicles	1,733	2,013	1,988	1,739	1,753	2,117	2,043
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities)	5	5	5	5	5	5	5
Forensic Center	1	1	1	1	1	1	1
<u>Parks</u>							
Number of Active Parks	118	119	118	129	129	145	147
<u>County Administration</u>							
Stadiums	2	2	2	2	2	2	2
Exhibition Center	1	1	1	1	1	1	1
Arena	1	1	1	1	1	1	1
Ferries	2	2	2	2	2	2	2
<u>Health and Human Services</u>							
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	19	19	18*	18
Veterinary Public Health Shelter	1	1	1	1	1	1	1
<u>Flood Control</u>							
Sites by Acreage (Incl. Easements and Fee Simple Ownership)							
Basins	8,827	11,403	12,309	13,192	14,866	15,361	15,467
Buyouts	414	640	763	776	825	845	880
Channels	20,562	20,661	20,704	20,753	20,799	20,832	20,858
<u>Roads and Bridges</u>							
Road Miles	5,433	5,784	6,073	6,307	6,194	6,564	6,317
Bridge Miles	22	24	24	24	22	24	33
<u>Toll Road</u>							
Road Miles	85	85	96	103	103	107	107
Lane Miles	471	479	491	491	550	556	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 SEVEN FISCAL YEARS
(Unaudited)**

Function/Program	Fiscal Years						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Administration of Justice							
District Courts *							
Criminal Courts- Cases Filed with District Clerk	36,900	38,173	39,501	45,814	48,203	48,501	53,677
Civil Courts- Cases Filed with District Clerk	30,615	33,467	40,479	39,724	39,201	35,703	34,942
Family and Juv. Courts- Cases Filed with District Clerk	53,558	55,626	56,743	58,314	57,654	59,092	52,323
County Courts							
Criminal Courts- New Cases Filed	61,537	68,048	72,967	80,144	79,638	76,108	75,115
Civil Courts- New Cases Filed	21,215	22,488	21,148	20,730	28,038	27,768	20,984
Civil Courts- New Instruments Filed	400,991	412,077	430,693	517,076	539,356	573,032	475,899
Justices of the Peace Courts							
Criminal Filings	556,366	571,917	526,593	529,839	489,483	455,400	444,797
Civil Filings	68,226	74,080	73,872	78,893	82,047	100,452	100,822
Fire Marshal							
Fire Safety Inspections	1,307	1,197	1,250	1,450	4,475	7,298	8,156
Constables							
Traffic Tickets Issued	130,454	186,282	114,479	116,449	131,041	131,921	131,472
Civil Papers Executed	439,659	455,788	449,431	533,013	519,572	509,788	485,252
Criminal Warrants Executed	220,914	188,698	187,578	176,849	215,635	146,918	142,752
Juvenile Probation							
Juvenile Probation Referrals	20,069	23,600	25,459	23,939	24,918	22,872	20,225
Average Daily Population at Facilities	776	707	685	691	691	732	687
Sheriff							
Jail Prisoners, Average/Day	6,958	7,337	8,397	8,882	8,929	9,723	10,988
District Attorney							
Cases Filed DA Intake	91,329	97,478	102,775	114,879	114,588	113,353	112,676
Medical Examiner							
Harris County Autopsies**	3,140	2,828	2,862	3,073	4,198	4,199	4,199
Cases Investigated	11,375	12,586	12,291	13,911	15,304	16,357	16,357
Parks							
Precincts							
Number of Park Concessionaire Agreements	68	68	68	68	72	74	75
Number of Bus Trips ***	5,021	5,200	7,790	8,077	7,582	8,454	8,494
County Administration							
County Auditor							
Accounts Payable Checks and EFTs Issued	105,208	147,002	131,727	133,058	132,026	129,257	128,011
Payroll Checks/Direct Deposit/Pay Cards Processed	367,120	371,318	386,570	393,550	397,124	425,197	438,695
Audit Chargeable Service Hours	25,221	23,763	24,629	25,901	23,811	26,375	17,255
Purchasing							
Number of Purchase Orders Issued (for Harris County)	13,900	16,250	16,319	16,725	19,526	21,904	23,603
Management Services							
Tort Claims Incidents	1,563	2,492	2,286	2,235	2,067	2,231	2,603
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	250,830,197
County Clerk							
Marriage and Informal Marriage Licenses	34,793	32,660	33,178	32,714	32,859	33,027	32,406
Real Property Filings	835,230	957,740	858,236	832,821	860,798	736,403	601,263
Assumed Name Certificates (DBAs)	72,773	76,916	75,717	68,135	66,630	66,909	62,255
Health and Human Services							
Public Health and Environmental Services							
Food Inspections	14,259	15,652	15,000	16,213	15,788	15,948	16,285
Animals Adopted	1,614	1,900	1,855	2,685	2,334	1,979	1,979
Protective Services for Children & Adults							

Table 21

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

<u>Function/Program</u>	<u>Fiscal Years</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Children in Conservatorship at Year End (August)	3,989	3,674	4,393	4,953	5,180	5,108	4,962
Adults Served by the Guardianship Program	1,298	1,314	1,365	1,398	1,406	1,431	1,447
County Library							
Library Program Attendance	203,686	228,005	262,211	284,973	351,869	417,712	384,175
Library Books/Materials Circulated	6,718,923	8,775,334	10,000,000	10,724,945	10,958,109	11,096,150	10,834,511
<u>Flood Control</u>							
Developer Plans Approved- Watershed Mgt. ****	1,095	976	1,114	1,221	1,467	1,578	1,713
Citizen Services Requests	2,462	1,980	2,393	2,681	2,948	2,573	2,476
<u>Tax Administration</u>							
Tax Assessor-Collector							
Tax Account/Statements	1,290,045	1,316,006	1,417,878	1,431,975	1,452,912	1,505,318	1,531,794
Auto Licenses/Registrations	2,817,697	2,837,285	2,866,994	2,959,176	3,107,456	3,219,906	3,332,920
Beer and Wine Licenses Issued	7,377	7,566	7,915	7,526	7,106	6,775	6,859
Liquor Licenses Issued	3,191	3,176	3,167	3,062	4,901	6,973	5,085
Voter Registration	1,773,121	1,807,933	1,842,625	1,880,749	1,780,271	1,835,385	1,868,588
<u>Roads and Bridges</u>							
Engineering Department							
Traffic Studies/Counts	412	375	583	848	827	618	676
Road Crossing Inspections	1,408	1,660	1,676	2,026	2,156	1,738	1,738
Road Crossing Permits	704	820	838	1,013	1,078	869	869
<u>Toll Road</u>							
Traffic Transactions	289,229,167	289,080,403	284,865,914	297,237,479	359,952,935	375,731,726	353,948,710

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

**Harris County Autopsies - includes autopsies and external exams.

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

**** 2008 number was corrected by the department.

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

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 1,099,071,629
Unlimited Tax Debt	718,780,000
Flood Control	413,100,000
Toll Road Tax Bonds	<u>624,030,000</u>
Total	\$ 2,854,981,629
Less: Toll Road Tax Bonds	<u>(624,030,000)</u>
Total (Approximately 0.60% of 2009 Assessed Value)	<u><u>\$ 2,230,951,629</u></u>

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

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

The following table sets forth the County's ad valorem tax debt outstanding, as of the end of the Fiscal years 2000-2001 through 2009-10.

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
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
2010	2,854,982	285,090,656	1.00	4,070,989	701	548

(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 Year	Limited Tax Debt			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total County-Wide Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 38,385	\$ 50,734	\$ 89,119	\$ 35,475	\$ 33,029	\$ 68,504	\$ 43,285	\$ 43,122	\$ 86,407	\$ 10,269	\$ 28,692	\$ 38,961	\$ 127,414	\$ 155,577	\$ 282,991
2012	45,190	49,265	94,455	30,690	32,379	63,069	44,740	40,509	85,249	10,109	26,518	36,627	130,729	148,671	279,400
2013	50,355	45,676	96,031	27,835	30,845	58,680	47,000	37,983	84,983	11,455	24,936	36,391	136,645	139,440	276,085
2014	51,045	42,015	93,060	18,323	31,504	49,827	57,050	27,731	84,781	11,805	24,399	36,204	138,223	125,649	263,872
2015	55,242	40,028	95,270	19,933	28,761	48,694	62,295	20,637	82,932	10,760	23,838	34,598	148,230	113,264	261,494
2016	56,997	37,875	94,872	19,663	28,068	47,731	40,575	18,016	58,591	9,785	23,326	33,111	127,020	107,285	234,305
2017	59,832	35,684	95,516	18,719	27,380	46,099	26,380	16,419	42,799	9,045	22,866	31,911	113,976	102,349	216,325
2018	61,741	33,257	94,998	19,062	26,718	45,780	26,610	15,128	41,738	9,450	22,436	31,886	116,863	97,539	214,402
2019	55,291	30,615	85,906	31,720	26,022	57,742	27,445	13,742	41,187	24,245	21,964	46,209	138,701	92,343	231,044
2020	42,586	28,127	70,713	33,370	24,364	57,734	28,345	12,277	40,622	40,100	20,697	60,797	144,401	85,465	229,866
2021	53,160	26,067	79,227	35,120	22,620	57,740	29,285	10,765	40,050	40,655	18,610	59,265	158,220	78,062	236,282
2022	54,045	23,253	77,298	37,480	20,823	58,303	19,445	9,486	28,931	45,170	16,570	61,740	156,140	70,132	226,272
2023	56,565	20,733	77,298	39,345	18,948	58,293	20,240	8,449	28,689	45,290	14,203	59,493	161,440	62,333	223,773
2024	47,531	18,725	66,256	41,330	16,977	58,307	20,700	7,385	28,085	46,605	11,939	58,544	156,166	55,026	211,192
2025	87,683	16,620	104,303	43,755	14,911	58,666	21,165	6,297	27,462	10,055	9,609	19,664	162,658	47,437	210,095
2026	38,764	12,224	50,988	38,140	12,723	50,863	12,070	5,430	17,500	26,255	9,093	35,348	115,229	39,470	154,699
2027	52,540	10,118	62,658	38,140	10,816	48,956	12,090	4,796	16,886	26,255	7,780	34,035	129,025	33,510	162,535
2028	54,790	7,641	62,431	38,140	8,909	47,049	12,115	4,161	16,276	26,255	6,468	32,723	131,300	27,179	158,479
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	359	21,909	-	-	-	12,240	965	13,205	-	-	-	33,790	1,324	35,114
2034	-	-	-	-	-	-	12,265	322	12,587	-	-	-	12,265	322	12,587
Total	\$ 1,099,072	\$ 541,182	\$ 1,640,254	\$ 718,780	\$ 433,615	\$ 1,152,395	\$ 624,030	\$ 313,884	\$ 937,914	\$ 518,583	\$ 346,975	\$ 865,558	\$ 2,960,465	\$ 1,635,656	\$ 4,596,121

(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 Year	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 127,414	\$ 155,577	\$ 282,991	\$ 34,460	\$ 101,877	\$ 136,337	\$ 161,874	\$ 257,454	\$ 419,328
2012	130,729	148,671	279,400	37,140	100,273	137,413	167,869	248,944	416,813
2013	136,645	139,440	276,085	43,890	98,183	142,073	180,535	237,623	418,158
2014	138,223	125,649	263,872	47,085	95,844	142,929	185,308	221,493	406,801
2015	148,230	113,264	261,494	50,835	93,345	144,180	199,065	206,609	405,674
2016	127,020	107,285	234,305	54,605	90,759	145,364	181,625	198,044	379,669
2017	113,976	102,349	216,325	65,925	87,845	153,770	179,901	190,194	370,095
2018	116,863	97,539	214,402	70,320	84,579	154,899	187,183	182,118	369,301
2019	138,701	92,343	231,044	72,175	81,264	153,439	210,876	173,607	384,483
2020	144,401	85,465	229,866	75,435	78,084	153,519	219,836	163,549	383,385
2021	158,220	78,062	236,282	78,475	75,039	153,514	236,695	153,101	389,796
2022	156,140	70,132	226,272	84,015	71,444	155,459	240,155	141,576	381,731
2023	161,440	62,333	223,773	63,105	68,060	131,165	224,545	130,393	354,938
2024	156,166	55,026	211,192	65,635	64,951	130,586	221,801	119,977	341,778
2025	162,658	47,437	210,095	68,250	61,729	129,979	230,908	109,166	340,074
2026	115,229	39,470	154,699	69,210	58,362	127,572	184,439	97,832	282,271
2027	129,025	33,510	162,535	67,770	54,946	122,716	196,795	88,456	285,251
2028	131,300	27,179	158,479	66,455	51,606	118,061	197,755	78,785	276,540
2029	115,665	21,215	136,880	70,335	48,204	118,539	186,000	69,419	255,419
2030	101,380	15,327	116,707	74,390	44,641	119,031	175,770	59,968	235,738
2031	102,105	10,707	112,812	86,620	40,688	127,308	188,725	51,395	240,120
2032	102,880	6,030	108,910	91,190	36,314	127,504	194,070	42,344	236,414
2033	33,790	1,324	35,114	95,150	31,750	126,900	128,940	33,074	162,014
2034	12,265	322	12,587	100,825	26,927	127,752	113,090	27,249	140,339
2035	-	-	-	104,285	22,069	126,354	104,285	22,069	126,354
2036	-	-	-	109,240	17,227	126,467	109,240	17,227	126,467
2037	-	-	-	42,830	13,711	56,541	42,830	13,711	56,541
2038	-	-	-	31,905	11,874	43,779	31,905	11,874	43,779
2039	-	-	-	33,545	10,238	43,783	33,545	10,238	43,783
2040	-	-	-	20,145	8,896	29,041	20,145	8,896	29,041
2041	-	-	-	20,810	7,855	28,665	20,810	7,855	28,665
2042	-	-	-	14,030	6,950	20,980	14,030	6,950	20,980
2043	-	-	-	17,885	6,116	24,001	17,885	6,116	24,001
2044	-	-	-	18,680	5,164	23,844	18,680	5,164	23,844
2045	-	-	-	19,520	4,169	23,689	19,520	4,169	23,689
2046	-	-	-	20,505	3,126	23,631	20,505	3,126	23,631
2047	-	-	-	21,340	2,036	23,376	21,340	2,036	23,376
2048	-	-	-	22,325	897	23,222	22,325	897	23,222
2049	-	-	-	3,100	237	3,337	3,100	237	3,337
2050	-	-	-	3,200	80	3,280	3,200	80	3,280
Total	\$ 2,960,465	\$ 1,635,656	\$ 4,596,121	\$ 2,136,640	\$ 1,767,359	\$ 3,903,999	\$ 5,097,105	\$ 3,403,015	\$ 8,500,120

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

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

As of February 28, 2010, the following County-wide ad valorem tax bonds authorized by the voters at elections held in September, 1983, November, 1999, November, 2001 and November, 2007 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, 2007 but remain unissued. Harris County has no legal responsibility for repayment of these bonds.

<u>County Ad Valorem Tax Bonds</u>			
Limited Tax:			
Civil Justice Center	\$ 33,000		
Parks	89,200		
Forensic Lab	80,000		
Family Law Center	70,000		
Total Limited Tax Bonds		\$ 272,200	
Unlimited Tax:			
Road Bonds	211,393		
Total Unlimited Tax Bonds		211,393	
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			501,266
<u>Port of Houston Authority Unlimited Tax Bonds</u>			
Port Improvements - Docks & Security Enhancements	164,655		
Total Port of Houston Authority Bonds			164,655
Total Authorized but Unissued Bonds			\$ 665,921

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2010-2011
(Unaudited)

On March 9, 2010 the Commissioners Court adopted the budget for the County for the Fiscal Year 2010-2011. The Fiscal Year 2011 Budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2010-2011 Budget for the County's Current Operating Funds:

Cash Balance as of March 1, 2010	\$ 168,638,758 (a)
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	889,513,533
Charges for Services	196,163,891
Fines and Forfeitures	22,404,093
Intergovernmental Revenues	37,188,440
Interest	1,635,418
Other	52,467,808
Total Cash and Estimated Revenues	<u>\$ 1,368,011,941</u>
Appropriations:	
Current Operating Expenses	\$ 1,303,753,040
Capital Outlay:	
Roads	42,086,987
Parks	22,139,944
Office/Courts	31,970
Total Appropriations	<u>\$ 1,368,011,941</u>

(a) The actual cash balance on March 1, 2010 was \$152,574,000.

**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, 2010 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	<u>\$ 193,650,990</u>
Permanent Improvements	<u>35,305,321</u>
Flood Control	<u>122,257,314</u>
Reliant Park	<u>24,160,562</u>
Total	<u><u>\$ 375,374,187</u></u>

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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, 2010. 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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

August 24, 2010

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

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

We have audited the financial statements of Harris County, Texas (the "County") as of and for the year ended February 28, 2010, and have issued our report thereon dated August 24, 2010. We audited the financial statements of the Harris County Hospital District, a discretely presented component unit, but did not audit the financial statements of the remaining discretely presented component units which statements reflect 14%, 14%, and 19%, 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 29% of the assets of the agency funds at February 28, 2010. 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, and discrete component units Harris County Housing Finance Corporation and the Harris County Industrial Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated August 24, 2010.

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

August 24, 2010

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
DIRECT PROGRAMS:					
7020	Supportive Housing Program 2007	14.235	TX01B60	\$ 42,720	\$ 42,720
7020	Supportive Housing Program 2008	14.235	N/A	111,381	111,381
7034	Economic Development Initiative (EDI)	14.246	B-06-SP-TX-0977	148,500	-
7034	Livable Communities Initiative	14.251	B-08-SP-TX-0223	51,318	-
7055	Unincorporated Area Revitalization Program	14.246	B-04-SP-TX-0782	81,410	-
7086	Lead Hazard Reduction Demonstration Program	14.905	TXLHD0178-07	1,086,516	-
7130	Emergency Shelter Grant Program 2006	14.231	S-06-UC-48-0002	509	509
7130	Emergency Shelter Grant Program 2007	14.231	S-07-UC-48-0002	49,284	49,284
7130	Emergency Shelter Grant Program 2008	14.231	S-08-UC-48-0002	165,179	165,179
7130	Emergency Shelter Grant Program 2009	14.231	S-09-UC-48-0002	320,922	280,903
7140	HOME Investment Partnership Program 2002	14.239	M-02-UC-48-0215	259,840	259,840
7140	HOME Investment Partnership Program 2003	14.239	M-03-UC-48-0215	320,252	320,252
7140	HOME Investment Partnership Program 2004	14.239	M-04-UC-48-0215	25,619	25,619
7140	HOME Investment Partnership Program 2005	14.239	M-05-UC-48-0215	180,343	180,343
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	853,131	847,693
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	1,693,278	823,422
7140	HOME Investment Partnership Program 2008	14.239	M-08-UC-48-0215	1,449,016	48,540
7140	HOME Investment Partnership Program 2009	14.239	M-09-UC-48-0215	1,892,083	-
7200	Shelter Plus Care Program 1996	14.238	TX21C96	93,310	93,310
7200	Shelter Plus Care Program 2007	14.238	TX01C70	662,762	606,804
7200	Shelter Plus Care Program 2008	14.238	N/A	1,763,998	1,639,350
7250	HUD Microloan Program	14.000	N/A	3,182	-
7660	Community Development Block Grant/Entitlement Grants 2004	14.218	B-04-UC-48-0002	15,934	4,720
7660	Community Development Block Grant/Entitlement Grants 2005	14.218	B-05-UC-48-0002	36,005	-
7660	Community Development Block Grant/Entitlement Grants 2006	14.218	B-06-UC-48-0002	612,023	307,143
7660	Community Development Block Grant/Entitlement Grants 2007	14.218	B-07-UC-48-0002	2,226,884	1,990,007
7660	Community Development Block Grant/Entitlement Grants 2008	14.218	B-08-UC-48-0002	3,106,961	1,950,622
7660	CDBG - Neighborhood Stabilization Program 2008	14.228	B-08-UN-48-0401	8,415,809	846,414
7660	Community Development Block Grant/Entitlement Grants 2009	14.218	B-09-UC-48-0002	5,056,390	1,069,392
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:					
7084	Disaster Recovery	14.218	N/A	8,076,331	6,339,313
7514	Emergency Shelter Grant Program	14.231	42090000641	58,652	-
8112	Community Development Block Grant/Disaster Recovery Program	14.228	70090003	2,660,443	-
PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:					
	Community Development Block Grant/Entitlement Grants - CAC	14.218	256	51	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	259	30,675	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	264	79,882	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	268	41,655	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
7041	Stay In School Program	14.218	N/A	38,391	-
7135	ESG Child Care Council 08	14.231	N/A	79,990	-
7135	ESG Child Care Council 09	14.231	N/A	53,690	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				41,844,319	18,002,760
<u>U.S. DEPARTMENT OF JUSTICE</u>					
DIRECT PROGRAMS:					
1000	State Criminal Alien Assistance Program	16.606	N/A	3,561,746	-
1000	Southwest Border Prosecution Initiative Grant	16.609	N/A	839,165	-
2610	Sheriff Seized Assets - Justice Department	16.000	N/A	531,260	-
7058	Medico-Legal Death Investigation Conference	16.560	2007-DN-BX-K213	43,439	-
7096	Social Science Research in Forensic Science	16.560	2008-NI-CX-0004	1,494	-
7098	Digital Asset Management (DAM) Project	16.753	2008-DD-BX-0385	1,661,699	-
7215	Human Trafficking Rescue Alliance Support	16.320	2005-VT-BX-0007	306,336	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
7215	Human Trafficking Rescue Alliance Support	16.320	2008-VT-BX-K001	51,173	-
7477	Terrorism Prevention Grant	16.753	2009-D1-BX-0027	69,719	-
7478	Street Crimes-Gang Task Force	16.753	2009-D1-BX-0021	24,012	-
7512	Solving Cold Cases with DNA	16.560	2008-DN-BX-K312	142,645	-
7695	Sex Offenders Program	16.753	2009-DD-BX-0020	53,094	-
8605	Bulletproof Vest Partnership Program 2007	16.607	BPV-2007	95,580	-
8605	Bulletproof Vest Partnership Program 2008	16.607	BPV-2008	39,480	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2007-DN-BX-K108	419,852	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2008-DN-BX-K040	651,352	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2009-DN-BX-K078	30,212	-
8825	Gang Resistance Education And Training (GREAT)	16.737	2008-JV-FX-0032	43,142	-
PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:					
7019	STAR - Success Through Addition Recovery	16.738	DJ-07-A10-16920-06	103,323	-
7019	STAR - Success Through Addition Recovery	16.738	DJ-08-A10-16920-07	84,171	-
7072	Victims of Crime Act	16.575	VA-08-V30-19974-01	35,020	-
7072	Victims of Crime Act	16.575	VA-09-V30-19974-02	29,842	-
7195	Truancy Intervention Program - T.I.P.	16.540	JA-08-J20-18563-03	39,008	-
7543	Violence Against Women Unit	16.588	WF-09-V30-21326-01	23,872	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-07-J20-13316-10	135,744	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-08-J20-13316-11	101,806	-
8410	New Choices	16.593	RT-07-A10-14878-11	81,468	-
8410	New Choices	16.593	DJ-07-V30-14878-12	129,626	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-08-V30-13456-11	23,897	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-09-V30-13456-12	21,984	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-08-A10-17480-04	118,753	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-08-V30-18112-04	32,031	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-09-V30-18112-05	32,776	-
8707	Crime Victims Assistance Coordinator	16.575	VA-08-V30-18216-03	30,510	-
8707	Crime Victims Assistance Coordinator	16.575	VA-09-V30-18216-04	31,790	-
8711	Protective Order Prosecutor Project	16.588	WF-08-V30-13547-11	42,572	-
8711	Protective Order Prosecutor Project	16.588	WF-09-V30-13457-12	32,177	-
8760	Caseworker Intervention Expansion Project	16.588	WF-08-V30-13454-11	25,927	-
8760	Caseworker Intervention Expansion Project	16.588	WF-09-V30-13454-12	33,315	-
8766	Felony Family Violence Caseworker Project	16.588	WF-08-V30-17204-05	27,165	-
8766	Felony Family Violence Caseworker Project	16.588	WF-09-V30-17204-06	22,516	-
8768	247th District Family Intervention Court - JAG	16.738	DJ-05-A10-20867-01	822	-
8960	Police Training for Violence Against Women	16.588	WF-08-V30-13455-11	38,377	-
8960	Police Training for Violence Against Women	16.588	WF-09-V30-13455-12	36,977	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
8715	2006 Justice Assistance Grant	16.738	2006-DJ-BX-0286	372,268	-
8715	2007 Justice Assistance Grant	16.738	2007-DJ-BX-1269	660,980	-
PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:					
	Victims of Crime Act Grant FY2008	16.575	VA-07-V30-13747-09	30,985	-
	Victims of Crime Act Grant FY2009	16.575	VA-08-V30-13747-10	41,598	-
	National Children's Alliance	16.543	N/A	6,017	-
PASS THROUGH PROGRAMS, SAM HOUSTON STATE UNIVERSITY:					
7101	Project Safe Neighborhood	16.609	321-20-B48B	17,124	-
7464	Project Safe Neighborhood - Texas Southern District	16.609	321-20-C03L	431	-
7707	Project Safe Neighborhood	16.609	2007-PG-BX-0074	28,008	-
TOTAL U.S. DEPARTMENT OF JUSTICE				11,038,280	-
U.S. DEPARTMENT OF LABOR					
PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:					
7024	PAL - Transition Center	93.558	2808TAN001	88,887	-
7024	PAL - Transition Center	93.558	2809TAN002	112,990	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

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:					
7071	Workforce Solutions - RIDES	17.258	N/A	2,432	-
TOTAL U.S. DEPARTMENT OF LABOR				204,309	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X790-00	252,454	-
7054	Houston Urbanized Area Formula Funds	20.507	T0701	412,822	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X824-00	360,862	-
PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:					
7017	Non-Emergency Transportation Services	20.205	TRN 06-009	54,977	-
7017	Non-Emergency Transportation Services	20.205	TS7111-09	119,551	-
7017	Non-Emergency Transportation Services	20.205	TS7111-12	27,102	-
PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY:					
7062	New Freedom Transportation- RIDES	20.521	N/A	162,612	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:					
7103	STEP - Click it or Ticket	20.600	2009-HARRIS4-CIOT-00060	8,184	-
7103	STEP - Click it or Ticket Mobilization	20.600	2010-HARRIS4-CIOT-00026	3,910	-
7376	STEP - Impaired Driving Mobilization	20.601	2009-HARRISP5-STEP IDM-00015	10,477	-
7416	Elderly and Disabled Transportation Program	20.513	51912F7218	247,773	-
7459	STEP - Impaired Driving Mobilization	20.601	2009-HARRIS4-S-IDM-00014	35,998	-
7501	STEP - Click it or Ticket Mobilization	20.600	2010-HARRISP7-CIOT-00001	2,491	-
7502	Houston TranStar Expansion	20.205	12-0XXF5007	41,745	-
7545	Transportation Plaza Grant	20.505	12-0XXF5006	563,063	-
8880	STEP - Comprehensive	20.600	2009-HARRISP5-S-SYG-0284	142,002	-
8895	STEP - Comprehensive	20.600	2009-HARRISCO-S-SYG-0101	55,565	-
8895	STEP - Comprehensive	20.600	2010-HARRISCO-S-SYG-0037	112,594	-
7556	Hurricane Ike 2008	20.000	HTA-TX	1,178,473	-
7556	Hurricane Ike 2008	20.000	HTA-TX	43,747	-
PASS THROUGH PROGRAMS, TEXAS PARKS AND WILDLIFE DEPARTMENT:					
7068	Dixie Farm Road - TPWD	20.219	N/A	96,000	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				3,932,402	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
8320	WIC - Women, Infant, and Children	10.557	2009-029990	6,268,066	-
8320	WIC - Women, Infant, and Children	10.557	2010-033296	3,981,305	-
PASS THROUGH PROGRAMS, TEXAS HEALTH AND HUMAN SERVICES COMMISSION:					
1000	National School Lunch and Breakfast Program -Juvenile Probation	10.553	75F4006	945,776	-
1000	National School Lunch and Breakfast Program - CPS	10.553	75D4002	29,171	-
	National School Lunch Program Commodities - CPS	10.555	75D4002	1,802	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	145,503	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				11,371,623	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S DEPARTMENT OF COMMERCE</u>					
PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:					
7067	Public Safety Interoperable Communications Grant Program	11.555	07-SR 48201-04	382,804	-
TOTAL U.S. DEPARTMENT OF COMMERCE				382,804	-
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>					
DIRECT PROGRAMS:					
7097	Community Action for a Renewal Environment Program	66.035	RE-96682501	12,642	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				12,642	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
DIRECT PROGRAMS:					
7052	Minority AIDS Initiative Programs	93.914	H3MHA08461AO	-	(550)
7052	Minority AIDS Initiative Programs	93.914	H3MHA08461-02	835,175	788,820
7052	Minority AIDS Initiative Programs	93.914	H3MHA08461-03	748,645	693,991
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-04	1,483,485	-
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-05	747,564	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	09CY2425/01	2,756	-
8125	HRSA-Special Projects of National Significance	93.928	H97HA03786	251,881	251,634
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-18	4,079,173	3,985,567
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-19	13,974,151	11,974,668
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:					
7375	Cities Readiness Initiative	93.283	2008-028184-001	344,757	-
7375	Cities Readiness Initiative	93.283	2009-031671-001	130,629	-
7524	Pandemic Influenza Preparedness/H1N1 Novel Influenza	93.069	2010-033324-001	873,533	-
8050	Title V - Maternal & Child Health	93.994	2009-029491-001	155,382	-
8050	Title V - Maternal & Child Health	93.994	2010-031675-001	50,329	-
8050	Title V - Maternal & Child Health	93.994	2010-034113-001	54,953	-
8060	Refugee Health Screening Program	93.576	2009-030301-001	1,009,625	-
8060	Refugee Health Screening Program	93.576	2010-033426-001	574,032	-
8070	Immunization Action Plan	93.268	2009-028958-001	234,010	-
8070	Immunization Action Plan	93.268	2010-032006-001	509,018	-
8090	Tuberculosis Prevention and Control	93.116	2009-030519-001	87,627	-
8090	Tuberculosis Prevention and Control	93.116	2010-034143-001	19,454	-
8100	TB - Prevention and Control	93.116	2009-030583-001	37,184	-
8100	TB - Prevention and Control	93.116	2010-034193-001	7,508	-
8110	Title X - Family Planning	93.217	2009-030494-001	755,838	-
8110	Title X - HIV	93.217	2010-032949-001	23,691	-
8110	Title X - Family Planning	93.217	2010-032230-001	218,910	-
8110	Title X - HIV	93.217	2010-034380-001	51,444	-
8110	Title X - Family Planning	93.217	2010-034338-001	493,057	-
8140	HIV Prevention	93.940	2009-030869-001	197,352	-
8140	HIV Prevention	93.940	2010-034414-001	25,883	-
8150	HIV Prevention	93.940	2009-030613-001	133,163	-
8150	HIV Prevention	93.940	2010-034401-001	15,618	-
8160	Community Health Services - Population Based	93.994	2009-029533-001	92,023	-
8160	Community Health Services - Population Based	93.994	2010-032884-001	56,715	-
8165	Bioterrorism Preparedness	93.283	2008-028176-001	548,139	-
8165	Bioterrorism Preparedness	93.283	2009-031936-001	538,401	-
8180	TDH Vaccine-Medical Records	93.268	N/A	6,551,219	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2009-030506-001	106,499	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2010-034581-001	7,180	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

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:					
7523	HGAC-Social Service Block Grant	93.667	714-10	149,606	-
PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:					
7012	Harris County Integrated Child Support System	93.563	07-C0062	482,201	-
7012	Harris County Integrated Child Support System	93.563	10-C0015	642,669	-
7091	Court Order Parent Education Project - COPE	93.601	08-C0048	22,739	-
PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:					
7007	TITLE IV-E Legal Services	93.658	23380591	906,183	-
7007	TITLE IV-E Legal Services	93.658	23380591	549,221	-
7023	TITLE IV-E Child Welfare Services FY2009	93.658	23380590	723,021	-
7023	TITLE IV-E Child Welfare Services FY2010	93.658	23380590	239,009	-
7275	Stand_Alone Drug Services	93.556	23368038	27,638	-
7275	Stand_Alone Drug Services	93.556	23368038	35,165	-
7519	Permanency Planning Services	93.556	23367168	461,901	-
7521	Family Assessment Services	93.556	23367167	182,509	-
7522	Concrete Services	93.658	23367460	38,350	-
8045	STAR - Services to At Risk Youth Program	93.556	23420901	147,283	-
8045	STAR - Services to At Risk Youth Program	93.556	23420901	117,441	-
8487	Preparation for Adult Living (PAL-204)	93.556	23367184	122,305	-
8487	Preparation for Adult Living (PAL-206)	93.674	23367184	407,721	-
8487	Preparation for Adult Living (PAL-204)	93.556	23367184	195,179	-
8487	Preparation for Adult Living (PAL-206)	93.674	23367184	362,333	-
8488	Community Youth Development FY2009	93.556	23362203	735,512	561,499
8488	Community Youth Development FY2010	93.556	23362203	291,467	168,148
PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON:					
8145	ST.Louis Encephalitis - UTMB	93.856	N01-AI-25489	119,579	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				42,985,035	18,423,777
OFFICE OF NATIONAL DRUG CONTROL POLICY					
DIRECT PROGRAMS:					
8008	Houston Money Laundering 2006	07.999	16PHNP510	1,135	-
8008	Truck, Air, Rail, and Port 2006	07.999	16PHNP510	1,788	-
8008	Gang Squad 2006	07.999	16PHNP510	610	-
8008	Major Drug Squad 2007	07.999	17PHNP510	22,865	-
8008	Houston Money Laundering 2007	07.999	17PHNP510	89,349	-
8008	Houston Intelligence Support Center 2007	07.999	17PHNP510	54,907	-
8008	Gang Squad 2007	07.999	17PHNP510	3,614	-
8008	Houston Money Laundering	07.999	18PHNP510	32,517	-
8008	Truck, Air, Rail & Port	07.999	18PHNP510	6,975	-
8008	Gang Squad 2008	07.999	18PHNP510	6,933	-
8008	Operation Hemisphere 2008	07.999	G09HN0004A	910,705	-
8008	Major Drug Squad 2009	07.999	G09HN0004A	41,440	-
8008	Houston Money Laundering	07.999	G09HN0004A	341,973	-
8008	Houston Intelligence Support Center 2009	07.999	G09HN0004A	74,115	-
8008	Truck, Air, Rail, and Port	07.999	G09HN0004A	17,079	-
8008	Gang Squad 2009	07.999	G09HN0004A	9,824	-
8540	Major Drug Squad 2005	07.999	15PHNP510	6,454	-
8610	Truck, Air, Rail & Port	07.999	15PHNP510	2,094	-
8620	Houston Money Laundering 2005	07.999	15PHNP510	6,227	-
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY				1,630,604	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
PASS THROUGH PROGRAMS, UNITED WAY:					
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	415,090	-
PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:					
7016	Urban Area Security Initiative	97.008	2006-HSGP-48201	1,980,387	-
7016	Urban Area Security Initiative	97.008	2007-HSGP-48201	3,459,620	-
7016	Urban Area Security Initiative	97.008	2008-GE-T8-0034	5,026,662	-
7037	Buffer Zone Protection Program	97.078	2006-BZ-T6-0055	647,054	-
7037	Buffer Zone Protection Program	97.078	2006-BZ-T6-0055	308,059	-
7037	Buffer Zone Protection Program	97.078	2007-BZ-T7-0023	224,966	-
7037	Buffer Zone Protection Program	97.078	2008-BZ-T8-0007	247,104	-
7094	FEMA - Public Assistance - Hurricane Ike	97.036	FEMA-1791-DR-TX	18,649,172	-
7107	Citizens Corps Grant FY2006	97.053	2006 HSGP - 48201	25	-
7107	Citizens Corps Grant FY2007	97.053	2007 HSGP - 48201	6,513	-
7107	Citizens Corps Grant FY2008	97.053	2008-GE-T8-0034	40,404	-
7155	Residential Safe Room Rebate Program	97.039	DR-1606-031	2,125	-
7289	Emergency Management Performance Grant 2009	97.042	09TX-EMPG-0348	244,213	-
7295	FEMA - Public Assistance - Hurricane Rita	97.036	FEMA-1606-DR-TX	219,116	-
8034	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	1,597,605	-
8034	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	1,331	-
8034	Port Security Grant Program - FY2005	97.056	2005-GB-T5-0050	274,920	-
8034	Port Security Grant Program - FY	97.056	2006-GB-T6-0062	45,066	-
8525	Homeland Security Grant Program	97.073	2006-HSGP-48201	79,249	-
8525	Homeland Security Grant Program	97.073	2007-HSGP-48201	148,361	-
8525	Homeland Security Grant Program	97.073	2008-GE-T8-0034	454,436	-
8525	Law Enforcement Terror - LETPP	97.074	2006-GE-T6-0068	339,263	-
8525	Law Enforcement Terror - LETPP	97.074	2007-GE-T7-0024	223,403	-
PASS THROUGH HARRIS COUNTY HOUSING AUTHORITY:					
7083	Disaster Housing Assistance Program	97.049	PIH-2007-26	7,134	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				34,641,278	-
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>					
PASS THROUGH PROGRAMS, ARTS MIDWEST:					
7169	Big Read	45.024	33950	20,000	-
TOTAL NATIONAL ENDOWMENT FOR THE ARTS				20,000	-
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
DIRECT PROGRAMS:					
2600	Sheriff Seized Assets	21.000	N/A	415,368	-
TOTAL U.S. DEPARTMENT OF TREASURY				415,368	-
TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING ARRA FEDERAL GRANTS)				\$ 148,478,664	\$ 36,426,537
<u>ARRA FEDERAL GRANTS</u>					
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
DIRECT PROGRAMS:					
7439	ARRA Healthy Homes Demonstration Program	14.901	TXLHH0179-08	\$ 107,879	\$ -
7507	ARRA Community Development Block Grant (CDBG-R)	14.253	B-09-UY-48-0002	979,401	951,321
7511	ARRA Homelessness Prevention and Rapid Re-Housing	14.257	S-09-UY-48-0002	532,119	35,630
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - ARRA GRANTS				1,619,399	986,951

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
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Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S. DEPARTMENT OF JUSTICE</u>					
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
7529	ARRA JAG Formula Allocation	14.901	2009-SB-B9-0717	21,150	-
7529	ARRA JAG Formula Allocation	14.253	2009-SB-B9-0717	843,739	-
PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:					
7548	ARRA Internet Crimes Against Children Task Force	16.800	1018571	25,082	-
7551	ARRA Internet Crimes Against Children Task Force	16.800	1018415	9,304	-
TOTAL U.S. DEPARTMENT OF JUSTICE - ARRA GRANTS				899,275	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DIRECT PROGRAMS:					
7509	ARRA Houston Urbanized Area Formula	20.507	TX-96-X041-00	10,193	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION - ARRA GRANT				10,193	-
TOTAL EXPENDITURES OF ARRA FEDERAL AWARDS				\$ 2,528,867	\$ 986,951
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 151,007,531	\$ 37,413,488
<u>STATE GRANTS</u>					
<u>OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</u>					
DIRECT PROGRAMS:					
7076	High Tech Criminal Investigator	N/A	SF-09-A10-20289-01	\$ 58,218	\$ -
7076	High Tech Criminal Investigator	N/A	SF-10-A10-20289-02	44,068	-
7088	Intensive Supervision Juvenile Sex Offender	N/A	JA-08-J20-19656-02	5,481	-
7088	Intensive Supervision Juvenile Sex Offender	N/A	JA-08-J20-19656-03	13,265	-
7196	School Resource Officer - Pct. 6	N/A	SF-09-A10-19454-02	2,213	-
7196	School Resource Officer - Pct. 6	N/A	SF-09-A10-19454-03	20,616	-
7462	Dowling Middle School Gang Free Zone	N/A	SF-09-J20-20367-01	34,316	-
7462	Dowling Middle School Gang Free Zone	N/A	SF-10-A10-20367-02	35,652	-
7528	Systems of Hope Sunnyside	N/A	SF-10-J21-21367-01	686	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-08-A10-17374-05	46,190	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-08-A10-17374-06	33,653	-
TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION				294,358	-
<u>TEXAS PARKS AND WILDLIFE DEPARTMENT</u>					
PASS THROUGH PROGRAMS, MONTGOMERY COUNTY:					
7087	Spring Creek Greenway Project	N/A	48-01069	203,797	-
7087	Spring Creek Greenway Project	N/A	50-000400	20,553	-
TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT				224,350	-
<u>TEXAS OFFICE OF THE ATTORNEY GENERAL</u>					
DIRECT PROGRAMS:					
8270	Texas Automated Victim Notification - VINE	N/A	1012285	123,449	-
7056	Other Victim Assistance Grant	N/A	08-02868	25,884	-
PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:					
	Other Victims Assistance Grant FY2008	N/A	247	23,406	-
	Other Victims Assistance Grant FY2009	N/A	269	27,873	-
TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL				200,612	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>CHILDREN'S ADVOCACY CENTERS OF TEXAS</u>					
PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:					
	Children's Advocacy Center Grant	N/A	261	236,888	-
	Children's Advocacy Center Grant	N/A	271	283,101	-
TOTAL CHILDREN'S ADVOCACY CENTERS OF TEXAS				519,989	-
<u>OFFICE OF THE COMPTROLLER</u>					
DIRECT PROGRAMS:					
8685	Tobacco Compliance 2009	N/A	N/A	1,886	-
8685	Tobacco Compliance 2010	N/A	N/A	3,405	-
TOTAL OFFICE OF THE COMPTROLLER				5,291	-
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>					
DIRECT PROGRAMS:					
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-07-0130-02	16,057	-
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-08-0386-03	34,091	-
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-08-0136-01	32,715	-
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION				82,863	-
<u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u>					
DIRECT PROGRAMS:					
7503	Community Preparedness Section	N/A	2009-031094-001	19,100	-
8020	Tuberculosis Prevention and Control	N/A	2009-028466-001	267,399	-
8020	Tuberculosis Prevention and Control	N/A	2010-032849-001	262,243	-
8030	Regional and Local Services	N/A	2009-028245	99,636	-
8030	Regional and Local Services	N/A	2010-032802-001	128,680	-
8175	IDCU/FLU Internet Based Web	N/A	2009-030712	12,480	-
PASS THROUGH PROGRAMS, THE RESOURCE GROUP:					
8515	Early Medical Intervention Program	N/A	09HCS00SS	52,049	-
8515	Early Medical Intervention Program	N/A	10HCS00SS	45,793	-
TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES				887,380	-
<u>TEXAS DEPARTMENT OF TRANSPORTATION</u>					
PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:					
8710	Auto Theft Division	N/A	SA-T01-10052-09	149,904	-
8710	Auto Theft Division	N/A	SA-T01-10052-10	1,001,782	-
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION				1,151,686	-
<u>TEXAS HISTORICAL COMMISSION</u>					
DIRECT PROGRAMS:					
7075	Texas Historical Courthouse Preservation Program	N/A	CTH-HARRIS-05-2008	1,509,465	-
TOTAL TEXAS HISTORICAL COMMISSION				1,509,465	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures	Amount Provided to Subrecipients
<u>THE SUPREME COURT OF TEXAS</u>					
DIRECT PROGRAMS:					
7709	Dedicated MDL Asbestos Court	N/A	201-10-00001	60,425	-
7709	Dedicated MDL Asbestos Court	N/A	201-10-00001	42,953	-
TOTAL THE SUPREME COURT OF TEXAS				103,378	-
<u>TEXAS STATE LIBRARY AND ARCHIVES COMMISSION</u>					
DIRECT PROGRAMS:					
8285	Loan Star Libraries Program FY09	N/A	442-09236	180,731	-
8285	Loan Star Libraries Program FY10	N/A	442-10149	5,015	-
7525	Teen Tech 2.0: Technology Training on the Go	N/A	478-10004	19,997	-
PASS THROUGH PROGRAMS, CITY OF HOUSTON:					
7453	HALS-Staff Development Grant	N/A	NONE	1,963	-
TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				207,706	-
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>					
DIRECT PROGRAMS:					
7222	Low Income Vehicle Repair Assistance Program	N/A	582-2-55082-01	11,241,096	11,241,096
7222	Low Income Vehicle Repair Assistance Program	N/A	582-9-90416-06	7,449,258	7,449,258
7504	LIRAP - Local Initiative Project	N/A	582-8-89962-01	2,758,053	-
PASS THROUGH PROGRAMS, HOUSTON GALVESTON AREA COUNCIL:					
7044	Solid Waste Implementation Grant	N/A	09-16-G09	54,938	-
8730	Household Hazardous Waste FY09	N/A	09-16-G11	604,104	-
8731	Local Enforcement Program/Equipment	N/A	03-16-G13	1,200	-
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				22,108,649	18,690,354
<u>TEXAS OFFICE OF COURT ADMINISTRATION</u>					
DIRECT PROGRAMS:					
1000	Indigent Defense Formula Grant	N/A	N/A	4,182,696	-
TOTAL TEXAS OFFICE OF COURT ADMINISTRATION				4,182,696	-
TOTAL EXPENDITURES OF STATE AWARDS				\$ 31,478,423	\$ 18,690,354
GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS				\$ 182,485,954	\$ 56,103,842

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

- The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the County and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

- 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, 2010:

Federal expenditures (excluding ARRA Federal Grants) per schedule	\$ 148,478,664
ARRA Federal expenditures per schedule	2,528,867
State expenditures per schedule	31,478,423
Subtotal	182,485,954
Add:	
Trial Balance adjustments for modified accrual basis of accounting	128,485
County funded portion of grants	4,773,648
Local grants	2,930,105
Less:	
Trial Balance adjustments for modified accrual basis of accounting	(14,629,390)
Grants - other fund types	(11,453,952)
Total	\$ 164,234,850
Balance per CAFR - Grants Special Revenue Fund	\$ 164,234,850

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 28, 2010

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	\$ 6,551,219
Value of vaccines on hand	1,348,475

U.S. Department of Agriculture

Donated Commodities (CFDA #10.555)

Value of commodities issued	\$ 147,305
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**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2010**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:
Material weakness (es) identified? No.

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

Noncompliance material to financial statements noted? No.

Federal Awards

Internal control over major programs:
Material weakness (es) identified? No.

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

Type of auditors' report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133 (section 510(a))? No.

Identification of major programs:

Name of Major Federal/State Program	CFDA Number	
WIC - Women, Infant, and Children	10.557	
Community Development Block Grant/Entitlement Grants	14.218	
CDBG - Neighborhood Stabilization Program	14.228	
ARRA - Community Development Block Grant (CDBG-R), JAG Formula Allocation	14.253	
ARRA - Homelessness Prevention and Rapid Re-Housing	14.257	
Immunization Action Plan	93.268	
Ryan White Title I - Formula & Supplement	93.914	
Homeland Security Cluster - Urban Area Initiative, Homeland Security Grant Program, Law Enforcement Terror	97.008, 97.053, 97.073, & 97.074	
Low Income Vehicle Repair Assistance Program	State	
LIRAP - Local Initiative Project	State	
Texas Historical Courthouse Preservation Program	State	

Dollar threshold used to distinguish between Type A and
Type B programs: \$3,000,000 and \$944,353
for federal and state, respectively

Auditee qualified as a low-risk auditee? No.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2010**

II. FINANCIAL STATEMENT FINDINGS SECTION

None noted.

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

None noted.

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2010**

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
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Finding 03-01

N/A

Condition: The Harris County Sports & Convention Corporation’s (the “Corporation”), a blended component unit of Harris County, Texas (the “County”), investment activities are governed by the State of Texas Public Funds Investment Act (the “Act”). The Corporation made a \$12 million investment in the Harris County – Houston Sports Authority’s Subordinate Lien Notes Series 2001 C-1 and Series C-2 (the “Notes”) that were not in compliance with the Act, because the Notes did not receive a rating from at least one nationally recognized investment rating firm.

Criteria: Under the Act, the Corporation is authorized to invest in (1) direct debt securities of the United States or its Agencies, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States, (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

Recommendation: Ensure compliance with the Act.

FY 2010 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 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 than 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.

HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2010

Program	Finding/Noncompliance	Questioned Cost
	<p><u>Cause:</u> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><u>Effect:</u> 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.</p> <p><u>Recommendation:</u> 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.</p>	

**HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 28, 2010**

Program	Finding/Noncompliance	Questioned Cost
	<p data-bbox="404 344 1289 407"><u>Status:</u> The County Treasurer's Office staff have been instructed to make internal cash transfers only on the date requested on the transfer form.</p> <p data-bbox="404 443 1289 537">The Tax Office in working with the Auditor's Office has changed the reconciliation process, made format changes to the reconciliation form, and is changing the method of identifying material reconciling items.</p> <p data-bbox="404 573 1289 903">County departments with custodial bank accounts are required to follow Accounting Procedure C.8. Specifically, they are required to forward monthly receipt and disbursement activity directly to Financial Accounting by the fifth calendar day of the month following the month end close. This allows for Financial Accounting sufficient time to record monthly activity before closing the monthly books for monthly business. Financial Accounting follows up with departments who fail to submit their monthly activity reports. This process separates the reconciliation from the recording process therefore providing a more accurate and true bank reconciliation.</p>	