HARRIS COUNTY, TEXAS

Comprehensive Annual Financial Report

Barbara J. Schott, CPA
County Auditor

For the Fiscal Year
Ended February 29, 2012

HARRIS COUNTY, TEXAS

Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 29, 2012

Prepared By:
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HARRIS COUNTY, TEXAS
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FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2012
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INTRODUCTORY SECTION

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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HARRIS COUNTY AUDITOR

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August 14, 2012

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

The County Auditor's Office (the "Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Harris County, Texas (the "County") for the fiscal year ended February 29, 2012. 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 13.

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

The County's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for fiscal year ended February 29, 2012 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 in all material respects. 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 4.1 million residents. The County, the nation's third most populous, gained over 690,000 residents from the 2000 census to 2010.

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 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 Health Facilities Development Corporation
- Harris County Cultural Education Facilities Finance Corporation
- Friends of Countypets

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 Houston – Sugar Land – Baytown Metropolitan Statistical Area is the fifth largest metropolitan area in the United States with an estimated 139,000 residents added between April 1, 2010 and July 1, 2011. It continues to have the fastest job growth rate of the nation's major metropolitan areas. For the 12 months ending March 2012, the Houston - Sugar Land – Baytown Metropolitan Area added 82,300 jobs. Trade, transportation, oil and gas, and utilities experienced significant job growth, while government and construction experienced job losses.

The Houston Association of Realtors reported a 9.6 percent increase in single family home sales in April 2012 compared with April 2011. In April 2012, the average sales price for a single-family home was $223,328, which was 11.2 percent higher than in April 2011. The median price was $160,120, up 8.2% from April 2011. Sales of foreclosed properties decreased 10.1 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-long complex of diversified public and private facilities along the Houston Ship Channel. The Port is ranked first in the United States in foreign waterborne tonnage; first in U.S. imports; second in U.S. export tonnage and second in the U.S. in total tonnage.

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, is the seventh busiest airport in the U.S. for international passengers and the 12th largest international air cargo gateway.

As of the 2010 U.S. Census, Harris County had a population of 4.1 million, making it the most populous

county in Texas and the third most populous county in the United States, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-five companies on the 2012 *Fortune 500* list are headquartered in the Houston – Sugar Land – Baytown Metropolitan Statistical Area. Only two metropolitan statistical areas have more *Fortune 500* headquarters: New York with 67 and Chicago with 29.

The cost of living in Houston is among the lowest of all urban settings in the United States. The Third Quarter 2011 ACCRA Cost of Living Index shows that Houston's overall after-taxes living costs are 10.6 percent below the national average, largely due to housing costs that are 19 percent below the average. Compared to 27 metropolitan areas with more than two million residents, Houston's housing costs were 36 percent below the average and Houston's overall living costs were 19.5 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 three medical schools are the University of Texas Medical School, Baylor College of Medicine, and the Houston Campus of the Texas A&M Health Science Center 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 three medical schools, six 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 in the new BBVA Compass Stadium, which opened on May 12, 2012. 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 and strategies are:

- The County will continue to focus on building reserves to maintain financial stability and current high bond ratings;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and
- A long-term goal is established to build reserves to minimize the need for interim financing over the next several years.

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 2011 for the County per $100 of taxable value

are: $0.33221 for the General Fund, $0.00223 for the Public Improvement Contingency Fund, and $0.05673 for debt service, for a total of $0.39117.

Funds available for investment under the County's investment program as of February 29, 2012 totaled $2.37 billion with investment earnings for the fiscal year of $53.7 million. The average yield and maturity of such investments were 0.97% and 777 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 2012 was 6%. 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 $193.5 million available to fund capital projects along with an additional $200 million in borrowing capacity to fund construction projects and land acquisition over the next few years. 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 the Hardy Toll Road Downtown Connector, widening portions of the Sam Houston Tollway, managed lane projects on US 290, and projects related to SH 249 and SH 288.

Precinct Roads – Projects estimated to cost $224.1 million are under design and available to bid.

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

- Replace 701 San Jacinto Elevator System $4,500,000
- Repair Administration Building Concrete Facade $2,500,000
- Replace Juvenile Justice Center Video System $2,500,000
- Burnett Bayland Facility Replacement $2,000,000
- Install Administrative Building Sprinkler System $1,500,000

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, 2011. 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-eight 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

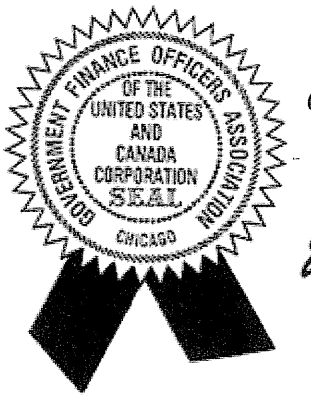
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Harris County Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
February 28, 2011

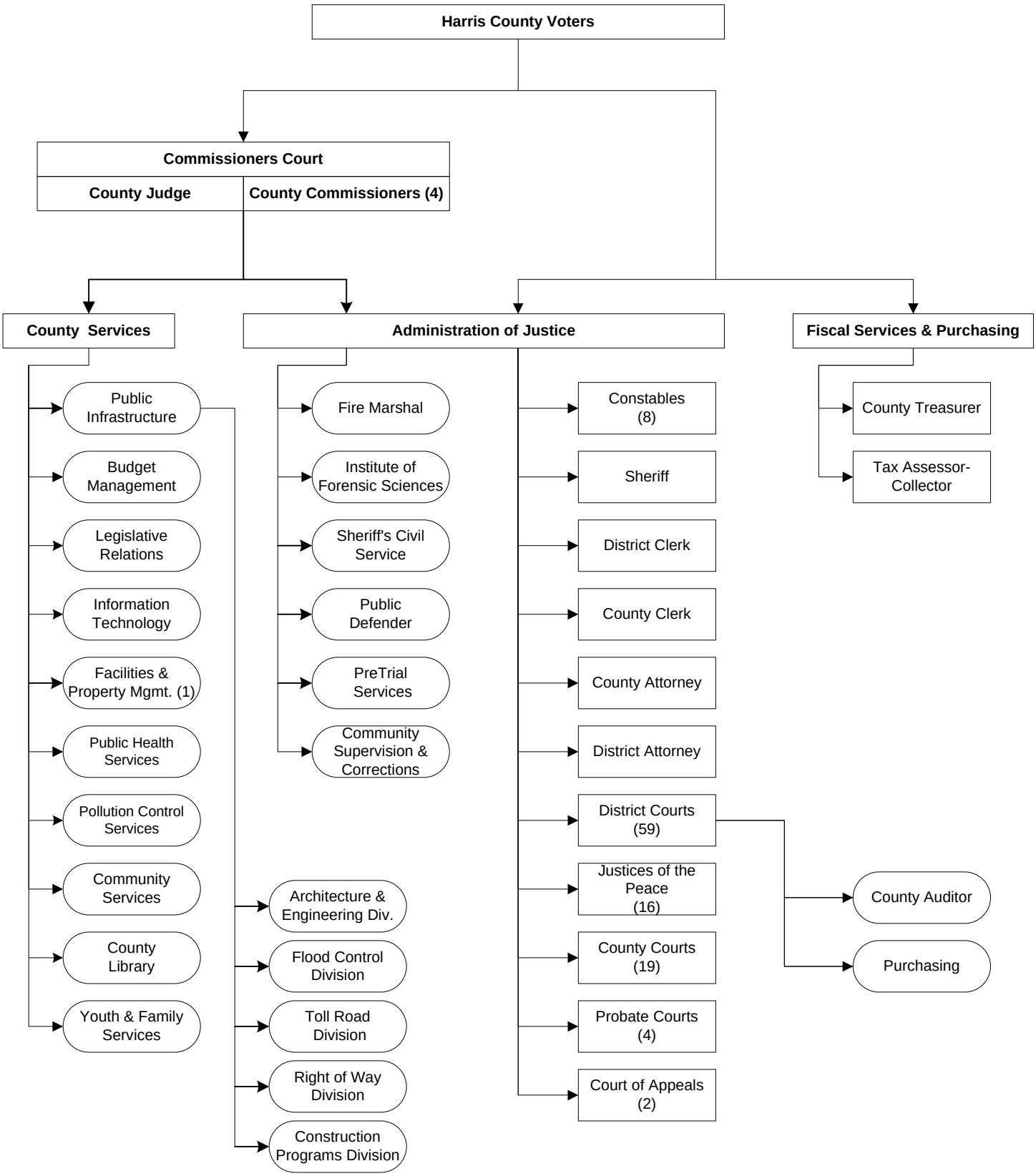
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



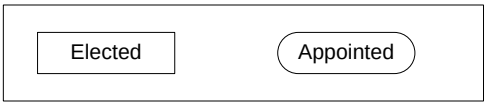
President

Executive Director

Harris County Organization Chart



(1) Facilities & Property Management were under Public Infrastructure prior to 3/1/12.



HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 29, 2012

Commissioner's Court

County Judge	Emmett, Edward
Precinct 1	Lee, El Franco
Precinct 2	Morman, Jack
Precinct 3	Radack, Steve
Precinct 4	Cagle, R. Jack

Sheriff	Garcia, Adrian
District Attorney	Lykos, Pat
County Attorney	Ryan, Vince
Tax Assessor/Collector	Sumners, Don
District Clerk	Daniel, Chris
County Clerk	Stanart, Stan
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	Coffey, Don
Precinct 4, Position 1	Adams, J. Kent
Precinct 4, Position 2	Lawrence, Tom
Precinct 5, Position 1	Ridgway, Russ
Precinct 5, Position 2	Williams, Jeffrey S.
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	Berry, Kenneth W.
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	Sandlin, Phil

District Judges - Civil Courts

11th District Court	Miller, Mike
55th District Court	Shadwick, Jeff
61st District Court	Bennett, Al
80th District Court	Weiman, Larry
113th District Court	Donovan, John
125th District Court	Carter, Kyle
127th District Court	Sandill, R.K.
129th District Court	Gomez, Michael
133rd District Court	McFarland, Jaclanel
151st District Court	Engelhart, Mike
152nd District Court	Schaffer, Robert
157th District Court	Wilson, Randy
164th District Court	Smoots-Hogan, Alexandra
165th District Court	Rendon, Josefina
189th District Court	Burke, Bill
190th District Court	Kerrigan, Patricia J.
215th District Court	Kirkland, Steven E.
234th District Court	Rondon, Reece
269th District Court	Hinde, Dan
270th District Court	Gamble, Brent
281st District Court	Matthews, Sylvia A.
295th District Court	Baker, Caroline E.
333rd District Court	Halbach, Joseph J. "Tad" Jr.
334th District Court	Wise, Ken

District Judges - Criminal Courts

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

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 29, 2012

District Judges - Family Courts

245th District Court	Moore, Roy L.
246th District Court	York, Jim
247th District Court	Hellums, Bonnie Crane
257th District Court	Warne, Judy
280th District Court	Bradshaw-Hull, Lynn
308th District Court	Lombardino, James
309th District Court	Dean, Sheri Y.
310th District Court	Millard, Lisa
311th District Court	Pratt, Denise
312th District Court	Farr, David

District Judges - Juvenile Courts

313th District Court	Devlin, Glenn
314th District Court	Phillips, John
315th District Court	Schneider, Michael

County Courts - Civil

Court at Law No. 1	Mayfield, Debra Ibarra
Court at Law No. 2	Chang, Theresa
Court at Law No. 3	Storey, Linda
Court at Law No. 4	Lloyd, Roberta A.

County Courts - Criminal

Court at Law No. 1	Goodhart, Paula
Court at Law No. 2	Harmon, Bill
Court at Law No. 3	Fleming, Natalie C.
Court at Law No. 4	Clinton, John
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	Smyth, Don
Court at Law No. 14	Fields, Michael R.
Court at Law No. 15	Hughes, Jean Sprading

Probate Courts

Court No. 1	Wright, Loyd
Court No. 2	Wood, Mike
Court No. 3	Olsen, Rory R.
Court No. 4	Butts, Christine

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	Wells, Ed
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	Rau, Russell
Fire and Emergency Services	Montgomery, Michael S.
Community Services Department	Turkel, David B.
Juvenile Probation	Brooks, Tom
Management Services	Jackson, William J.
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.

FINANCIAL SECTION

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Houston, TX 77002-4196
USA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 29, 2012, 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 these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund agency funds, which statements reflect 31% percent of the assets of the agency funds at February 29, 2012. 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 & Convention Corporation, a blended component unit, the Harris County Clerk Registry Agency Fund and the Harris County District Clerk Registry Agency 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas, as of February, 29, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.C. to the County's basic financial statements, the County implemented Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13-26, 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 on pages 95–103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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 and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

August 14, 2012

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 29, 2012. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Government-wide

The total government-wide assets of the County exceeded the liabilities at February 29, 2012 by $10,397,131,909. This is an increase of $34,676,993 from the previous year when assets exceeded liabilities by $10,362,454,916.

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

(1) Capital assets, net of related debt, of $9,149,350,633 include land, improvements, buildings, infrastructure, intangible assets, 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 of capital assets.
(2) Net assets of $1,259,697,793 are restricted by constraints imposed from outside the County such as debt obligations, laws, or regulations, including restrictions related to Toll Road and Mobility funds.
(3) Unrestricted net assets of negative $11,916,517. Unrestricted net assets in Governmental Activities was negative $20,355,293, which was primarily due to an increase in bonds payable and OPEB. These long-term liabilities are not generally paid with current resources.

Governmental Fund Financial Statements

- As of February 29, 2012, County governmental funds reported combined fund balances of $1,033,142,447. This reflects an increase of $77,789,015 from the previous fiscal year. The current year total consists of combined nonspendable fund balance of $23,035,337, restricted fund balance of $837,742,929, committed fund balance of $49,366,205, assigned fund balance of $33,491,342, and unassigned fund balances of $89,506,634 for fiscal year 2012.

- 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 unassigned fund balance of the County's General Fund was $91,926,420. The General Fund had a nonspendable fund balance of $4,839,967, restricted fund balance of $280,566,166, committed fund balance of $2,120,070 and assigned fund balance of $33,491,342 at February 29, 2012.

- 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 cash and investment balance at February 29, 2012 includes $165.9 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, $158,660,973 of the General Fund balance is restricted for mobility at February 29, 2012.

- The nonmajor governmental funds had total combined fund balances of $620,198,482 at February 29, 2012. Of this amount, $18,195,370 is nonspendable, $557,176,763 is restricted ($177,450,156 for special revenue funds, $64,429,923 for debt service and $315,296,684 for capital projects funds), $47,246,135 is committed, and negative $2,419,786 is unassigned.

Long-Term Debt
The County issues debt to finance an ongoing capital improvement program. During fiscal year 2011-2012, the County issued $71 million in commercial paper and $415 million in bonds primarily to defease and refund outstanding bonds. 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 Health Facilities Development Corporation, Harris County Cultural Education Facilities Finance Corporation, and Friends of Countypets. For more detailed information on these component units, refer to Note 1A of the basic financial statements.

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

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

Because the focus of governmental funds is narrower than 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 67 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 18 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 39 of this report.

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

Benefits and the Schedule of Funding Progress for the Texas County and District Retirement System. Required supplementary information can be found beginning on page 95 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

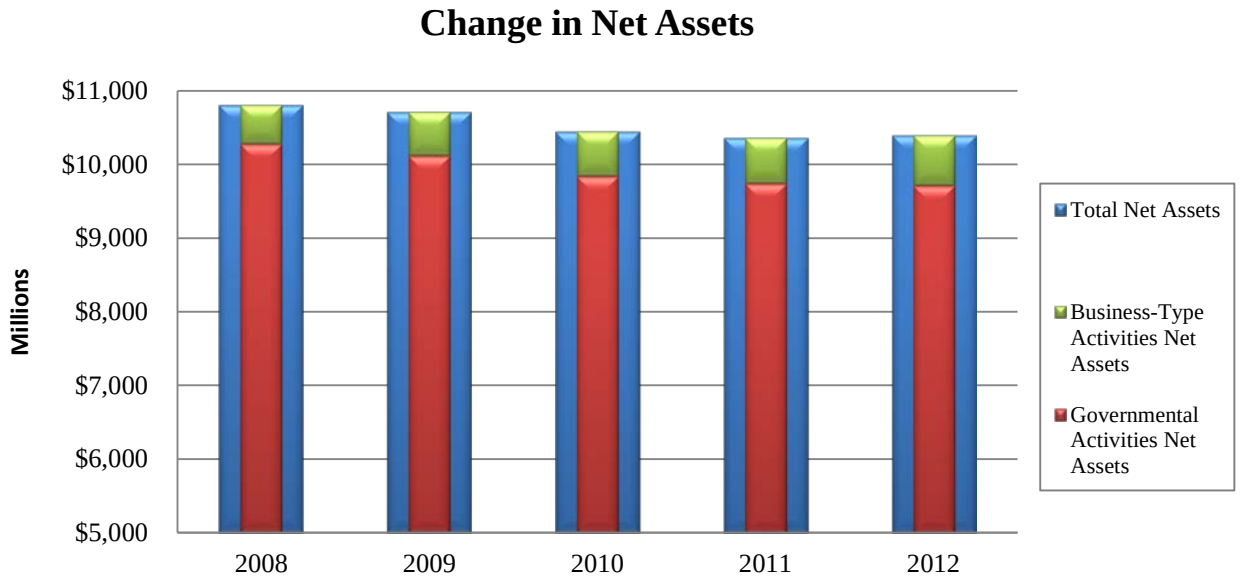
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $10,397,131,909 for fiscal year 2012 and $10,362,454,916 for fiscal year 2011. Revenues exceeded expenses during the current year, increasing net assets by $34,676,993.

Condensed Statement of Net Assets
February 29, 2012
(Amounts in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,468,687	$ 1,470,136	$ 2,938,823
Capital assets	11,901,142	2,003,104	13,904,246
Total assets	13,369,829	3,473,240	16,843,069
Current and other liabilities	322,302	67,829	390,131
Long-term liabilities (including current portion)	3,332,767	2,723,039	6,055,806
Total liabilities	3,655,069	2,790,868	6,445,937
Net assets:			
Invested in capital assets, net of related debt	9,406,205	(256,855)	9,149,350
Restricted net assets	328,910	930,788	1,259,698
Unrestricted net assets	(20,355)	8,439	(11,916)
Total net assets	$ 9,714,760	$ 682,372	$ 10,397,132

Condensed Statement of Net Assets
February 28, 2011
(Amounts in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,436,426	$ 1,367,462	$ 2,803,888
Capital assets	11,941,803	2,090,127	14,031,930
Total assets	13,378,229	3,457,589	16,835,818
Current and other liabilities	366,097	76,760	442,857
Long-term liabilities (including current portion)	3,268,550	2,761,956	6,030,506
Total liabilities	3,634,647	2,838,716	6,473,363
Net assets:			
Invested in capital assets, net of related debt	9,488,369	(211,636)	9,276,733
Restricted net assets	301,914	822,320	1,124,234
Unrestricted net assets	(46,701)	8,189	(38,512)
Total net assets	$ 9,743,582	$ 618,873	$ 10,362,455



The largest portion of the County's current fiscal year net assets, $9,149,350,633, 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 $127,382,184 in the County's net assets invested in capital assets, net of related debt, is comprised of $127,685,292 decrease in capital assets with an offsetting decrease of $75,194,063 in debt related to capital assets and a decrease of unspent debt proceeds of $74,890,955.

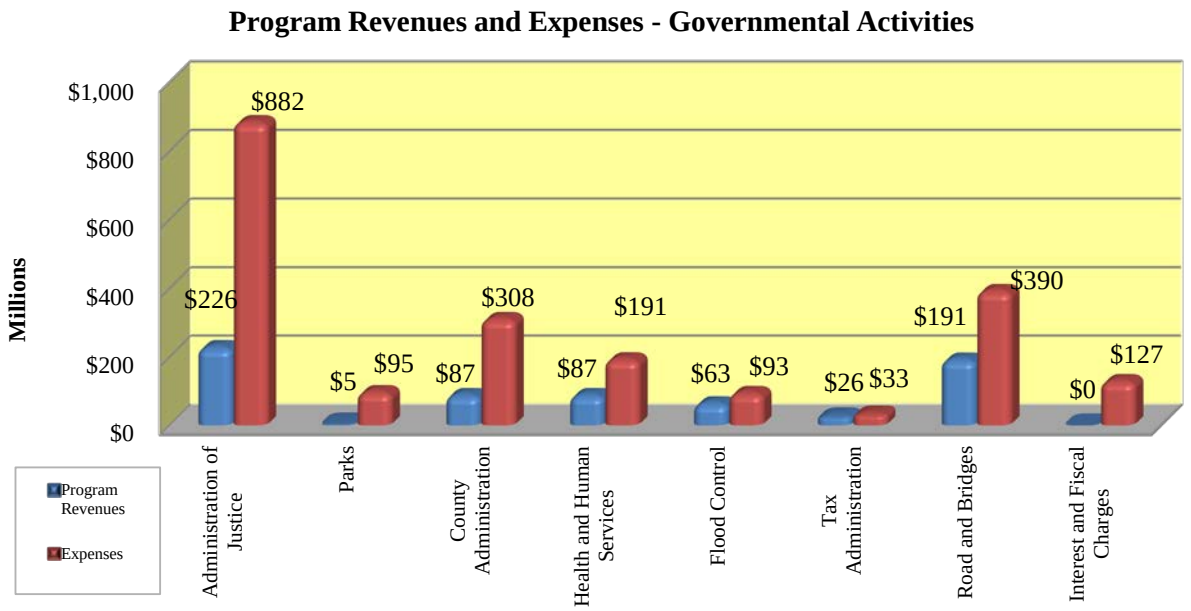
Another portion of the County's current fiscal year net assets, negative $11,916,517, represents unrestricted net assets, which because of the negative balance are not available to meet the County's ongoing unrestricted obligations to citizens and creditors. The remaining balance of net assets represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net assets, $605,663,600 is for use for the ongoing obligations of the Toll Road Authority. Restricted net assets of $158,816,251 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 $401,992,465 for debt service payments, $88,171,475 for capital projects, $493,653 for grant programs and $4,560,349 for legislative restricted net assets.

At the end of the current fiscal year, the County reported positive net assets in two of the 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 $256,854,799 primarily due to the refunding of debt extending the repayment of the debt beyond the useful life of the assets.

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

	Condensed Statement of Activities (In Thousands) For the Year Ended February 29, 2012 Primary Government		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for Services	$ 248,708	$ 527,579	$ 776,287
Operating Grants and Contributions	198,455	6,056	204,511
Capital Grants and Contributions	236,643	360	237,003
General revenues:			
Taxes-levied for General Purposes	1,015,050	-	1,015,050
Taxes-levied for Debt Services	161,528	-	161,528
Hotel Occupancy Tax	26,815	-	26,815
Investment Earnings	14,143	39,563	53,706
Miscellaneous	57,229	799	58,028
Total revenues	1,958,571	574,357	2,532,928
EXPENSES			
Administration of Justice	882,196	-	882,196
Parks	95,479	-	95,479
County Administration	308,346	-	308,346
Health and Human Services	191,253	-	191,253
Flood Control	92,793	-	92,793
Tax Administration	32,951	-	32,951
Roads and Bridges	390,220	-	390,220
Interest and Fiscal Charges	127,403	-	127,403
Toll Road	-	368,627	368,627
Subscriber Access	-	717	717
Parking Facilities	-	763	763
Sheriff's Commissary	-	7,503	7,503
Total expenses	2,120,641	377,610	2,498,251
Excess (deficiency) before other items and transfers	(162,070)	196,747	34,677
Transfers	133,248	(133,248)	-
Change in net assets	(28,822)	63,499	34,677
Net assets - beginning	9,743,582	618,873	10,362,455
Net assets - ending	$ 9,714,760	$ 682,372	$ 10,397,132

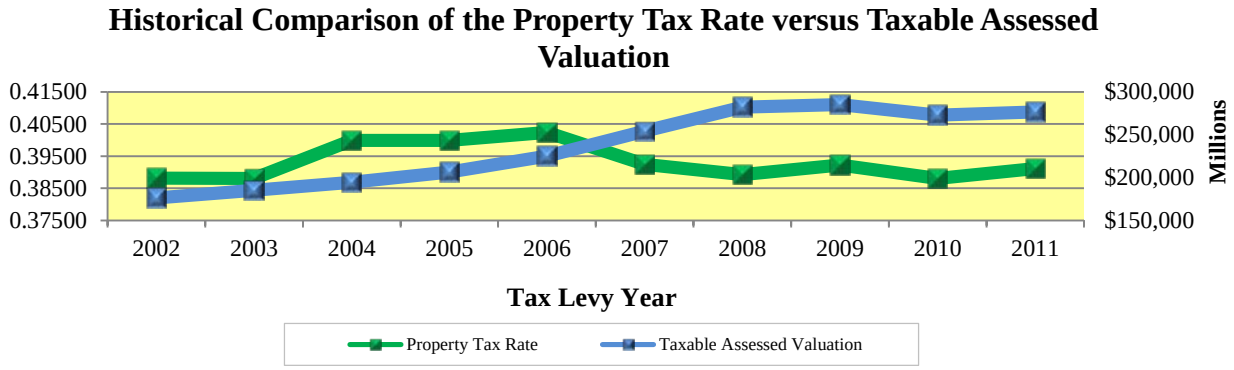
	Condensed Statement of Activities (In Thousands) For the Year Ended February 28, 2011 Primary Government		
	Governmental Activities	Business-type Activities	Total
REVENUES			
Program revenues:			
Charges for Services	$ 255,893	$ 489,097	$ 744,990
Operating Grants and Contributions	236,859	852	237,711
Capital Grants and Contributions	280,755	3,063	283,818
General revenues:			
Taxes-levied for General Purposes	976,341	-	976,341
Taxes-levied for Debt Services	151,337	-	151,337
Hotel Occupancy Tax	23,312	-	23,312
Investment Earnings	6,796	13,542	20,338
Miscellaneous	45,269	953	46,222
Total revenues	1,976,562	507,507	2,484,069
EXPENSES			
Administration of Justice	929,889	-	929,889
Parks	94,145	-	94,145
County Administration	326,162	-	326,162
Health and Human Services	199,518	-	199,518
Flood Control	99,305	-	99,305
Tax Administration	36,152	-	36,152
Roads and Bridges	387,325	-	387,325
Interest and Fiscal Charges	127,520	-	127,520
Toll Road	-	363,266	363,266
Subscriber Access	-	83	83
Parking Facilities	-	889	889
Sheriff's Commissary	-	7,439	7,439
Total expenses	2,200,016	371,677	2,571,693
Excess (deficiency) before other items and transfers	(223,454)	135,830	(87,624)
Transfers	123,657	(123,657)	-
Change in net assets	(99,797)	12,173	(87,624)
Net assets - beginning	9,843,379	606,700	10,450,079
Net assets - ending	$ 9,743,582	$ 618,873	$ 10,362,455



Revenues

For fiscal year ended February 29, 2012, revenues for the primary government totaled $2,532,928,118. The revenues are categorized by activity type: governmental activities totaled $1,958,570,694 and business-type activities totaled $574,357,424.

Property and Hotel Occupancy Taxes of $1,203,392,926 were one of the largest revenue sources for governmental activities and 48% of total revenues, which is a $52M increase from prior year taxes of $1,150,989,577, primarily due to more taxes being collected in the year levied. The tax rate was $.39117 per $100 of assessed value for fiscal year 2012. The taxable assessed value increased in fiscal year 2012 to $276,716,398,000 from the taxable assessed value in the prior fiscal year of $273,032,156,000.

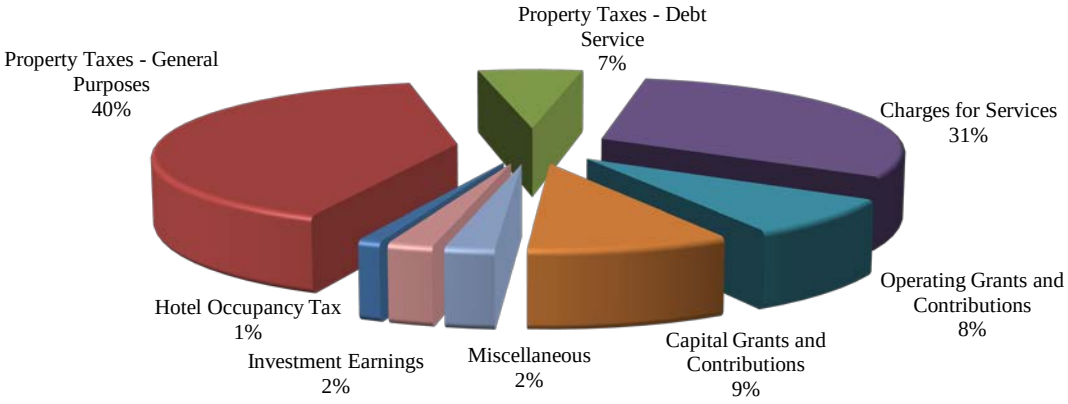


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were $1,217,801,198 or 48% of total revenues, which decreased $48,718,945 compared to the prior year, primarily due to a decrease in Capital Grants and Contributions. The largest portion of program revenues is Charges for Services of $776,287,034 (31%). Of that $248,707,634 is from governmental activities, which includes fees collected by the tax collector, automobile registration, and charges for patrol services. The business-type Charges for Services were $527,579,400 (an increase of $38,482,171 from the prior year), which are primarily toll road receipts. The other portions of program revenues are Operating

Grants and Contributions of $204,510,770 (8%) and Capital Grants and Contributions of $237,003,394 (9%). Capital Grants and Contributions decreased $46,814,984 from the prior year, partially due to a decrease in insurance recoveries in the current year.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of $53,706,060 (2% of total revenues), and Miscellaneous income of $58,027,934 (2% of total revenues).

REVENUES BY SOURCE
Year ended February 29, 2012



Expenses

For fiscal year ended February 29, 2012, expenses for the primary government totaled $2,498,251,125. These expenses are divided by activity type: governmental activities of $2,120,640,592 and business-type activities of $377,610,533.

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 $882,195,617 and were 35% 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.

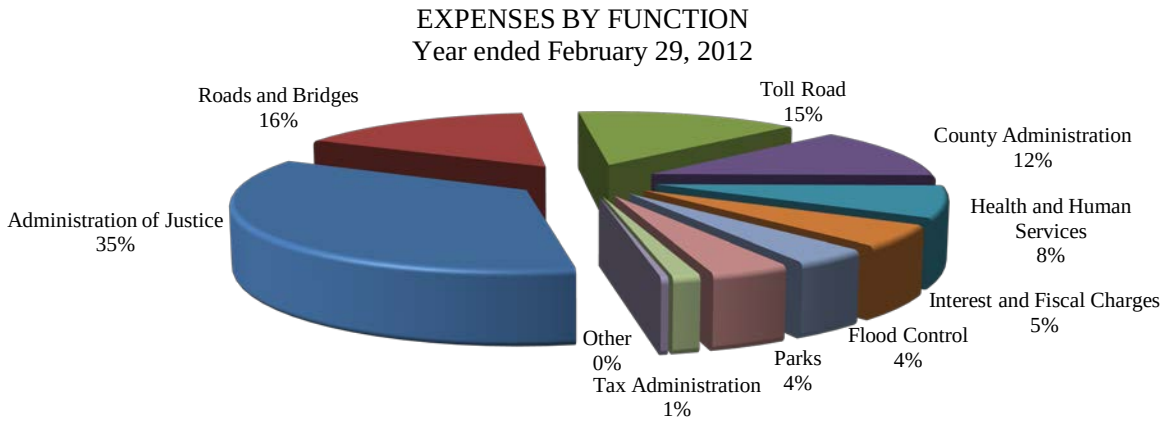
The expenses for the Roads and Bridges governmental activities function were $390,219,554 or 16% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

The County Administration governmental activities function expenses were $308,346,182 or 12% of total expenses. This is a decrease of $18 million from the prior fiscal year which is partially due to closer monitoring of expenditures throughout the year.

The Toll Road business-type activities function expenses were $368,627,153 or 15% of total expenses. 34% is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were $8,983,380 and were less than 1% of total expenses. These activities are for Subscriber Access, Parking Facilities and Sheriff's Commissary.

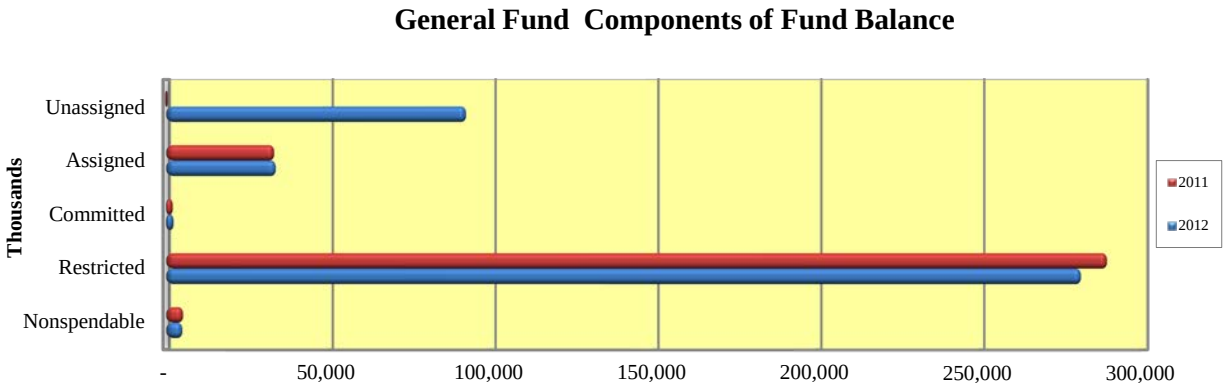
The Interest and Fiscal Charges governmental activities functional expenses of $127,403,125 constituted 5% of total expenses and decreased $117,321.

The remaining governmental activities functions are Health and Human Services with expenses of $191,252,690 or 8%, which includes operation of the County libraries, Flood Control with expenses of $92,793,032 or 4%, Parks with expenses of $95,479,059 or 4%, and Tax Administration with expenses of $32,951,333 or 1%.



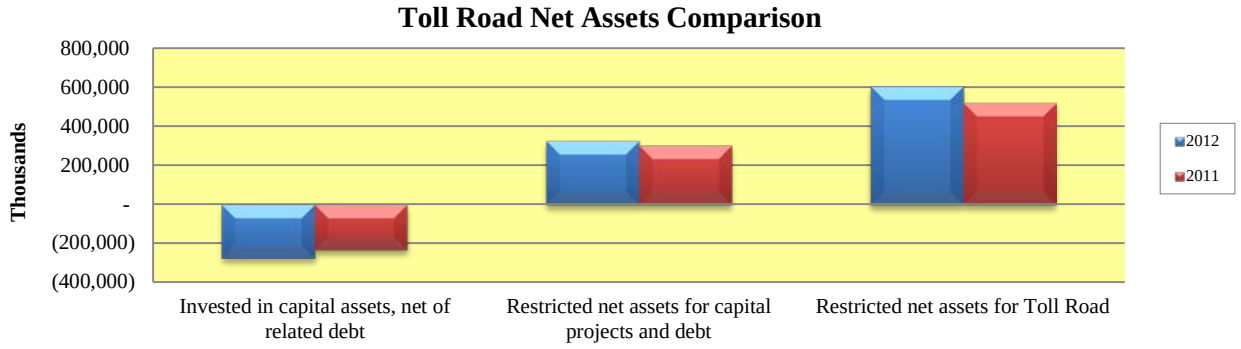
FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 29, 2012, the General Fund reported a net fund balance increase of $84,472,959, largely due to the reclassification of funds that did not meet the criteria for special revenue funds as defined under Governmental Accounting Standards Board, Statement No. 54 and an increase in the fund balance of the mobility sub-fund. The General Fund total fund balance is $412,943,965 for the fiscal year of which $4,839,967 is nonspendable, $280,566,166 is restricted, $2,120,070 is committed, $33,491,342 is assigned, and the remaining $91,926,420 is unassigned and available the County's current and future needs.



The Toll Road Fund was the County's only major proprietary fund at February 29, 2012. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 29, 2012, net assets invested in capital assets, net of related debt was a negative $275,281,450, and restricted net assets were $930,788,023. Net assets invested in capital assets, net of related debt decreased from a February 28, 2011

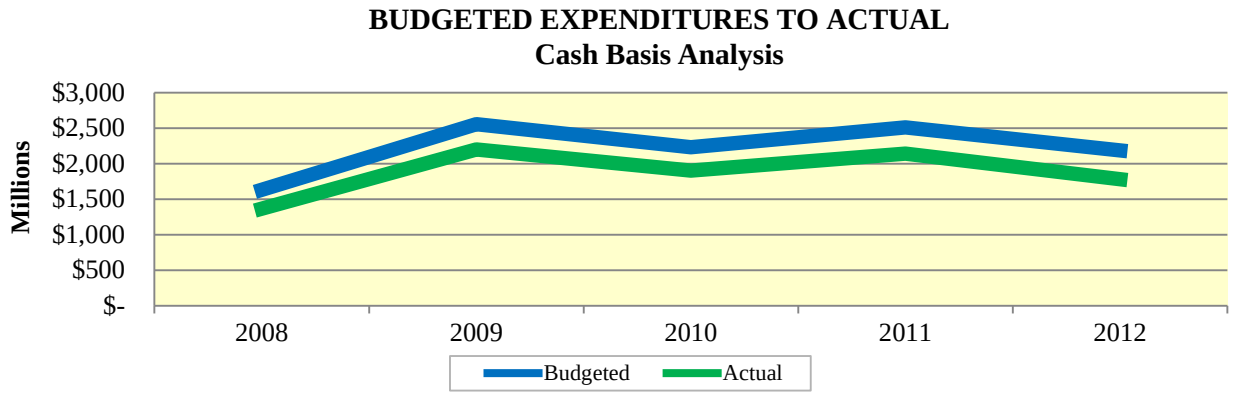
balance of negative $231,001,927. Net assets invested in capital assets net of related debt for both years was negative, primarily due to the refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net assets are considered restricted due to debt obligations and capital projects.



GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of $385,756,493 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 $384,887,726 increase in appropriations; this increase is primarily due to issuance of refunding bonds.

During the year, actual available resources exceeded budgetary estimates by $56,385,505. This is primarily due to an increase in tax revenues. Actual expenditures were $403,915,186 less than budgetary estimates. This difference is primarily due to a decrease in expenditures as a result of the carry forward of budget for capital projects for roads and bridges and 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 29, 2012, was $13,904,245,106, a decrease of $127,685,292 from capital assets reported February 28, 2011 of $14,031,930,398. 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.

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

- The County has several ongoing capital improvement projects, including renovations to the Administration Building and other buildings as well as improvements to County roads.

- 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 Hardy Toll Road Downtown Connector and the Sam Houston Tollway North/East.

	Capital Assets	
	Balance February 29, 2012	**Balance February 28, 2011**
Governmental Activities:		
Land	$ 4,020,306,158	$ 3,972,031,927
Construction in progress	289,347,724	341,793,216
Intangible assets - water rights	2,400,000	2,400,000
Intangible assets - software & licenses	35,973,946	33,418,586
Land improvements	6,319,499	5,684,597
Infrastructure	10,540,880,238	10,324,050,791
Park facilities	164,521,788	159,753,616
Flood control projects	719,064,080	705,436,470
Buildings	1,710,736,440	1,612,268,711
Equipment	321,730,622	311,804,773
	17,811,280,495	17,468,642,687
Less: Accumulated depreciation	(5,910,138,982)	(5,526,839,237)
Total governmental activities	$ 11,901,141,513	$ 11,941,803,450

	Balance February 29, 2012	**Balance February 28, 2011**
Business-type Activities:		
Land	$ 304,519,156	$ 309,521,182
Construction in progress	114,790,682	248,450,760
Intangible assets - license agreement	238,615,651	238,140,451
Land improvements	5,092,974	4,346,766
Infrastructure	2,217,134,429	2,098,798,007
Other tangible assets	22,058,242	22,052,955
Buildings	36,609,870	36,970,545
Equipment	69,516,674	62,967,047
	3,008,337,678	3,021,247,713
Less: Accumulated depreciation	(1,005,234,085)	(931,120,765)
Total business-type activities	$ 2,003,103,593	$ 2,090,126,948

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

Long-term Liabilities. At February 29, 2012, the County had total long-term liabilities outstanding of $6,055,805,595. 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

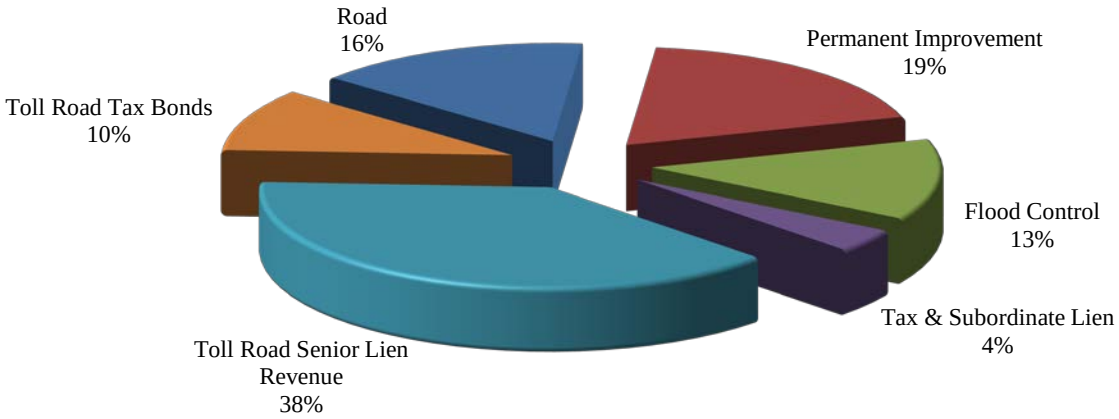
bonded debt represented 1.00% and 0.96% of taxable value of property for fiscal year 2012 and 2011, respectively. Debt per capita was $1,359 and $1,408 for fiscal year 2012 and 2011, respectively.

	Long-term Liabilities	
	Outstanding at February 29, 2012	**Outstanding at February 28, 2011**
Governmental Activities:		
Bonds payable	$ 2,759,938,412	$ 2,616,505,031
Commercial paper payable	214,463,000	343,163,000
Compensatory time payable	29,248,411	35,620,091
Obligations under capital leases	17,040,468	19,448,103
Judgments payable	5,650,000	4,900,000
Loan payable	12,654,182	5,619,676
OPEB obligation	291,651,789	240,428,712
Pollution remediation obligation	2,120,936	2,864,732
Total governmental activities	$ 3,332,767,198	$ 3,268,549,345
Business-type Activities:		
Bonds payable	$ 2,621,849,324	$ 2,704,676,608
Derivative instruments - interest rate swaps	83,949,874	42,580,963
Compensatory time payable	1,008,329	1,231,038
Obligations under capital leases	124,001	186,001
OPEB obligation	16,106,869	13,281,172
Total business-type activities	$ 2,723,038,397	$ 2,761,955,782

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 29, 2012



ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2011 was 7.2%. This is a favorable decrease from the prior year rate of 8.3%. The state unemployment rate for calendar year 2011 was 7.1%.

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 29, 2012

	Primary Government			
	Governmental Activities	Business- Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 494,174,744	$ 7,217,572	$ 501,392,316	$ 262,131,534
Investments	549,356,556	226,644	549,583,200	188,131,269
Taxes receivable, net	44,534,783	-	44,534,783	29,906,000
Accounts receivable, net	58,164,734	18,573	58,183,307	89,352,228
Accrued interest receivable	17,386,260	877	17,387,137	-
Lease receivable	264,300	-	264,300	-
Other receivables	101,040,001	1,512,069	102,552,070	105,113,573
Internal balances	(42,581,643)	42,581,643	-	-
Inventories, prepaids and other assets	16,025,277	464,376	16,489,653	69,960,681
Restricted:				
Cash and cash equivalents	79,297,541	76,460,831	155,758,372	555,988,552
Investments	109,003,782	1,133,793,818	1,242,797,600	-
Investments, held as collateral by others	-	49,000,000	49,000,000	-
Receivables, net	-	4,724,847	4,724,847	-
Accrued interest receivable	-	3,874,593	3,874,593	-
Other receivables, net	-	5,803,701	5,803,701	-
Prepaids and other assets	-	4,143,538	4,143,538	-
Deferred charges, net of amortization	19,890,149	21,386,961	41,277,110	-
Notes receivable	22,131,258	34,976,067	57,107,325	-
Deferred outflows	-	83,949,874	83,949,874	-
Capital assets:				
Land and construction in progress	4,309,653,882	419,309,838	4,728,963,720	117,157,954
Intangible assets, net of amortization (when applicable)	27,916,579	233,129,401	261,045,980	3,113,739
Other capital assets, net of depreciation	7,563,571,052	1,350,664,354	8,914,235,406	275,874,049
Total assets	13,369,829,255	3,473,239,577	16,843,068,832	1,696,729,579
LIABILITIES				
Vouchers payable and other current liabilities	213,015,616	729,489	213,745,105	221,883,904
Unearned revenue	63,029,911	270,874	63,300,785	229,067
Payable from restricted assets:				
Vouchers payable and other current liabilities	-	66,828,817	66,828,817	-
Current portion of long-term liabilities	-	107,603,334	107,603,334	-
Non-current portion of long-term liabilities	-	2,615,310,090	2,615,310,090	-
Accrued interest	46,256,621	-	46,256,621	605,000
Long-term liabilities:				
Due within one year	88,023,595	62,536	88,086,131	7,658,904
Due in more than one year	3,244,743,603	62,437	3,244,806,040	449,133,348
Total liabilities	3,655,069,346	2,790,867,577	6,445,936,923	679,510,223
NET ASSETS				
Invested in capital assets, net of related debt	9,406,205,432	(256,854,799)	9,149,350,633	115,288,787
Restricted for:				
Debt service	136,558,961	265,433,504	401,992,465	62,363,000
Capital projects	28,480,556	59,690,919	88,171,475	139,392
Donor temporarily restricted	493,653	-	493,653	3,107,713
Legislative	4,560,349	-	4,560,349	-
Mobility program	158,816,251	-	158,816,251	-
Toll Road	-	605,663,600	605,663,600	-
Unrestricted	(20,355,293)	8,438,776	(11,916,517)	836,320,464
Total net assets	$ 9,714,759,909	$ 682,372,000	$ 10,397,131,909	$ 1,017,219,356

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 29, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Primary government:								
Governmental activities:								
Administration of Justice	$ 882,195,617	$ 143,982,640	$ 82,132,547	$ -	$ (656,080,430)	-	$ (656,080,430)	
Parks	95,479,059	3,463,115	1,435,764	-	(90,580,180)	-	(90,580,180)	
County Administration	308,346,182	26,345,371	37,556,678	22,846,075	(221,598,058)	-	(221,598,058)	
Health and Human Services	191,252,690	9,546,486	77,220,146	-	(104,486,058)	-	(104,486,058)	
Flood Control	92,793,032	450,833	11,445	62,201,011	(30,129,743)	-	(30,129,743)	
Tax Administration	32,951,333	25,997,487	-	-	(6,953,846)	-	(6,953,846)	
Road and Bridges	390,219,554	38,921,702	97,731	151,596,308	(199,603,813)	-	(199,603,813)	
Interest and Fiscal Charges	127,403,125	-	-	-	(127,403,125)	-	(127,403,125)	
Total governmental activities	2,120,640,592	248,707,634	198,454,311	236,643,394	(1,436,835,253)	-	(1,436,835,253)	
Business-type activities:								
Toll Road	368,627,153	519,296,886	6,056,459	360,000	-	$ 157,086,192	157,086,192	
Subscriber Access	717,144	226,372	-	-	-	(490,772)	(490,772)	
Parking Facilities	763,013	258,461	-	-	-	(504,552)	(504,552)	
Sheriff's Commissary	7,503,223	7,797,681	-	-	-	294,458	294,458	
Total business-type activities	377,610,533	527,579,400	6,056,459	360,000	-	156,385,326	156,385,326	
Total primary government	$ 2,498,251,125	$ 776,287,034	$ 204,510,770	$ 237,003,394	(1,436,835,253)	156,385,326	(1,280,449,927)	
Component units:								
MHMRA	$ 166,047,498	$ 41,914,660	$ 109,621,168	$ -				$ (14,511,670)
Hospital District	1,568,123,000	308,624,000	224,322,000	559,111,000				(476,066,000)
Other component units	3,536,908	1,857,686	1,463,061	1,473,055				1,256,894
Total component units	$ 1,737,707,406	$ 352,396,346	$ 335,406,229	$ 560,584,055				(489,320,776)
General revenues:								
Taxes:								
Property taxes levied for General Purposes					1,015,049,669	-	1,015,049,669	511,593,000
Property taxes levied for Debt Service					161,528,333	-	161,528,333	-
Hotel Occupancy Tax					26,814,924	-	26,814,924	-
Earnings on Investments					14,142,951	39,563,109	53,706,060	16,069,436
Miscellaneous					57,229,478	798,456	58,027,934	28,581,862
Transfers					133,247,718	(133,247,718)	-	-
Total general revenues and other items					1,408,013,073	(92,886,153)	1,315,126,920	556,244,298
Change in net assets					(28,822,180)	63,499,173	34,676,993	66,923,522
Net assets - beginning					9,743,582,089	618,872,827	10,362,454,916	950,295,834
Net assets - ending					$ 9,714,759,909	$ 682,372,000	$ 10,397,131,909	$ 1,017,219,356

See notes to the financial statements.

HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 29, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments:			
Cash and cash equivalents	$ 208,277,565	$ 236,848,485	$ 445,126,050
Investments	125,497,698	353,594,454	479,092,152
Receivables:			
Taxes, net	38,381,307	6,153,476	44,534,783
Accounts, net	6,031,969	49,746,189	55,778,158
Accrued interest	10,248,779	6,944,965	17,193,744
Lease	264,300	-	264,300
Other, net	63,106,527	36,364,974	99,471,501
Due from other funds	48,829,408	12,279,565	61,108,973
Inventories	2,146,273	857,545	3,003,818
Prepaids and other assets	2,653,694	8,003,568	10,657,262
Advances to other funds	40,000	12,645,000	12,685,000
Restricted cash and cash equivalents	55,448,455	23,849,086	79,297,541
Restricted investments	56,799,620	52,204,162	109,003,782
Notes receivable	21,739,738	391,520	22,131,258
Total assets	$ 639,465,333	$ 799,882,989	$ 1,439,348,322
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	$ 30,503,584	$ 36,614,909	$ 67,118,493
Accrued payroll and compensated absences	81,651,813	7,310,271	88,962,084
Retainage payable	1,332,697	5,401,022	6,733,719
Due to other funds	3,689,420	57,411,842	61,101,262
Other liabilities	60,628	10	60,638
Advances from other funds	42,951,426	12,685,000	55,636,426
Deferred revenue	66,331,800	60,261,453	126,593,253
Total liabilities	226,521,368	179,684,507	406,205,875
Fund balances:			
Nonspendable	4,839,967	18,195,370	23,035,337
Restricted	280,566,166	557,176,763	837,742,929
Committed	2,120,070	47,246,135	49,366,205
Assigned	33,491,342	-	33,491,342
Unassigned	91,926,420	(2,419,786)	89,506,634
Total fund balances	412,943,965	620,198,482	1,033,142,447
Total liabilities and fund balances	$ 639,465,333	$ 799,882,989	$ 1,439,348,322

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
February 29, 2012

Total fund balances for governmental funds		$ 1,033,142,447
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	$ 4,020,047,158	
Construction in progress	289,347,724	
Intangible assets - water rights	2,400,000	
Intangible assets - software and licenses, net of $10,457,367 accumulated amortization	25,516,579	
Land improvements, net of $993,540 accumulated depreciation	5,325,959	
Infrastructure, net of $4,875,406,772 accumulated depreciation	5,665,473,466	
Parks, net of $36,890,833 accumulated depreciation	127,630,955	
Flood control projects, net of $286,073,616 accumulated depreciation	432,990,464	
Buildings, net of $474,768,751 accumulated depreciation	1,234,499,121	
Equipment and vehicles, net of $188,142,759 accumulated depreciation	85,879,554	
Total capital assets		11,889,110,980
Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of February 29, 2012 were:		
Deferred charges		19,890,149
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 29, 2012 were:		
Accrued interest on bonds and loans	(46,256,621)	
Bonds payable	(2,759,938,412)	
Judgments payable	(5,650,000)	
Loan payable	(12,654,182)	
Capital leases	(17,040,468)	
Commercial paper payable	(214,463,000)	
Compensated absences	(29,008,958)	
OPEB obligation	(291,651,789)	
Pollution remediation obligation	(1,507,778)	
		(3,378,171,208)
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:		86,624,317
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.		64,163,224
Total net assets of governmental activities		$ 9,714,759,909

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 29, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 1,040,051,641	$ 151,490,046	$ 1,191,541,687
Charges for services	194,639,499	20,120,852	214,760,351
User fees	3,008,651	-	3,008,651
Fines and forfeitures	17,498,785	-	17,498,785
Lease revenue	1,966,069	281,016	2,247,085
Intergovernmental	41,756,384	269,057,976	310,814,360
Earnings on investments	5,579,624	9,366,176	14,945,800
Miscellaneous	50,893,369	26,678,405	77,571,774
Total revenues	1,355,394,022	476,994,471	1,832,388,493
EXPENDITURES			
Current operating:			
Administration of Justice	748,913,147	85,536,421	834,449,568
Parks	49,427,122	23,720,787	73,147,909
County Administration	220,813,547	50,044,132	270,857,679
Health and Human Services	92,621,583	89,720,652	182,342,235
Flood Control	-	66,463,340	66,463,340
Tax Administration	30,907,440	955,515	31,862,955
Roads and Bridges	72,029,436	20,148,035	92,177,471
Capital outlay	47,857,539	184,250,693	232,108,232
Debt service:			
Principal retirement	33,810,000	29,379,024	63,189,024
Bond issuance costs	1,275,163	555,911	1,831,074
Interest and fiscal charges	53,572,160	67,242,773	120,814,933
Total expenditures	1,351,227,137	618,017,283	1,969,244,420
Excess (deficiency) of revenues under expenditures	4,166,885	(141,022,812)	(136,855,927)
OTHER FINANCING SOURCES (USES)			
Transfers in	236,847,223	84,366,287	321,213,510
Transfers out	(57,746,125)	(126,606,460)	(184,352,585)
Refunding bonds issued	92,780,000	122,565,000	215,345,000
Premium on debt issued	15,325,727	16,806,432	32,132,159
Commercial paper issued	-	71,300,000	71,300,000
Payment to bond escrow agent	(7,394,663)	(38,479,809)	(45,874,472)
Payment to defease commercial paper	(200,000,000)	-	(200,000,000)
Proceeds from insurance recoveries	322,906	-	322,906
Proceeds from loan	-	4,197,356	4,197,356
Proceeds from sale of capital assets	171,006	190,062	361,068
Total other financing sources (uses)	80,306,074	134,338,868	214,644,942
Net changes in fund balances	84,472,959	(6,683,944)	77,789,015
Fund balances, beginning	328,471,006	626,882,426	955,353,432
Fund balances, ending	$ 412,943,965	$ 620,198,482	$ 1,033,142,447

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 29, 2012

Net change in fund balances - total governmental funds		$ 77,789,015
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 $388,752,495 exceeded capital expenditures of $232,108,232 in the current period.		(156,644,263)
Capital asset donations		131,424,291
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	$(215,345,000)	
Bond premiums	(32,132,159)	
Commercial paper	(71,300,000)	
Loans	(11,697,356)	
Repayments:		
To paying agent for bond principal	63,189,024	
To refunding bond escrow agent	45,874,472	
Defeasance of commercial paper	200,000,000	
Loans	4,662,850	
Capital lease principal	2,407,635	
Refunding interest expense	(934,783)	
Net adjustment		(15,275,317)
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	6,293,267	
Judgments payable	(750,000)	
OPEB obligation	(51,223,077)	
Pollution remediation obligation	1,356,954	
Amortization of debt premium	15,709,822	
Accretion of capital appreciation bond interest	(10,736,813)	
Amortization of advanced refunding difference	(9,057,944)	
Accrued interest on debt	(1,972,671)	
Amortization of deferred charges	(1,572,575)	
Capitalization of deferred charges	1,597,191	
Combined adjustment		(50,355,846)
Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities.		(8,426,774)
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.		3,323,621
The net effect of disposal of capital assets is to decrease net assets.		(10,656,907)
Change in net assets of governmental activities		$ (28,822,180)

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
February 29, 2012

	Enterprise Funds			
	Toll Road Authority	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
ASSETS				
Current assets:				
Cash and cash equivalents	$ -	$ 7,217,572	$ 7,217,572	$ 49,048,694
Investments	-	226,644	226,644	70,264,404
Receivables, net	-	18,573	18,573	2,386,576
Accrued interest receivable	-	877	877	192,516
Other receivable, net	-	1,512,069	1,512,069	1,568,500
Inventories	-	406,453	406,453	1,225,894
Prepaids and other assets	-	57,923	57,923	1,138,303
Due from other funds	-	-	-	362,072
Restricted assets:				
Cash and cash equivalents	76,460,831	-	76,460,831	-
Investments	1,133,793,818	-	1,133,793,818	-
Receivables, net	4,724,847	-	4,724,847	-
Accrued interest receivable	3,874,593	-	3,874,593	-
Other receivables, net	5,803,701	-	5,803,701	-
Inventories	2,614,396	-	2,614,396	-
Prepaids and other assets	1,529,142	-	1,529,142	-
Total current assets	1,228,801,328	9,440,111	1,238,241,439	126,186,959
Noncurrent assets:				
Investments, held as collateral by others	49,000,000	-	49,000,000	-
Advances to other funds	42,951,426	-	42,951,426	-
Notes receivable	34,976,067	-	34,976,067	-
Deferred charges, net of amortization	21,386,961	-	21,386,961	-
Deferred outflows	83,949,874	-	83,949,874	-
Capital assets:				
Land and construction in progress	415,346,240	3,963,598	419,309,838	259,000
License agreement, net of amortizatoin	233,129,401	-	233,129,401	-
Other capital assets, net of depreciation	1,336,077,300	14,587,054	1,350,664,354	11,771,533
Total noncurrent assets	2,216,817,269	18,550,652	2,235,367,921	12,030,533
Total assets	3,445,618,597	27,990,763	3,473,609,360	138,217,492
LIABILITIES				
Current liabilities:				
Vouchers payable	-	547,651	547,651	10,282,916
Accrued payroll and compensated absences	-	5,481	5,481	1,099,445
Estimated outstanding claims	-	-	-	13,086,896
Incurred but not reported claims	-	-	-	26,416,282
Customer deposits	-	176,892	176,892	-
Deferred revenue	-	270,874	270,874	599,882
Current portion of long-term liabilities	-	62,001	62,001	-
Payable from restricted assets:				
Vouchers payable	18,112,879	-	18,112,879	-
Accrued payroll and compensated absences	4,526,637	-	4,526,637	-
Retainage payable	2,464,633	-	2,464,633	-
Customer deposits	1,312,535	-	1,312,535	-
Due to other funds	369,783	-	369,783	-
Due to other units	1,334,694	-	1,334,694	-
Deferred revenue	39,631,485	-	39,631,485	-
Current portion of long-term liabilities	107,049,288	-	107,049,288	-
Total current liabilities	174,801,934	1,062,899	175,864,833	51,485,421
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	-	62,437	62,437	107,754
Noncurrent portion of long-term liabilities payable from restricted assets	2,615,310,090	-	2,615,310,090	-
Total noncurrent liabilities	2,615,310,090	62,437	2,615,372,527	107,754
Total liabilities	2,790,112,024	1,125,336	2,791,237,360	51,593,175
NET ASSETS				
Invested in capital assets, net of related debt	(275,281,450)	18,426,651	(256,854,799)	12,030,533
Restricted for:				
Capital projects	59,690,919	-	59,690,919	-
Debt service	265,433,504	-	265,433,504	-
Toll Road	605,663,600	-	605,663,600	-
Unrestricted	-	8,438,776	8,438,776	74,593,784
Total net assets	$ 655,506,573	$ 26,865,427	$ 682,372,000	$ 86,624,317

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For The Year Ended February 29, 2012

	Enterprise Funds			
	Toll Road Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Toll revenues	$ 519,296,886	$ -	$ 519,296,886	$ -
Lease revenue	-	-	-	60,240
Intergovernmental	6,056,459	-	6,056,459	1,871,544
Charges to departments	-	-	-	224,915,589
Sales	-	7,797,681	7,797,681	-
User fees	-	423,702	423,702	7,864,636
Miscellaneous	-	61,131	61,131	-
Total operating revenues	525,353,345	8,282,514	533,635,859	234,712,009
OPERATING EXPENSES				
Salaries	49,453,565	657,163	50,110,728	12,686,695
Materials and supplies	9,593,144	762,280	10,355,424	392,242
Services and fees	77,813,626	3,062,026	80,875,652	7,232,769
Utilities	3,350,959	296,509	3,647,468	807,015
Transportation and travel	2,252,155	15,013	2,267,168	8,270,392
Incurred claims	-	-	-	202,974,580
Estimated claims & changes in estimates	-	-	-	(5,832,307)
Cost of goods sold	-	3,366,326	3,366,326	8,367,828
Depreciation	74,800,445	824,063	75,624,508	6,276,619
Total operating expenses	217,263,894	8,983,380	226,247,274	241,175,833
Operating income (loss)	308,089,451	(700,866)	307,388,585	(6,463,824)
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	39,551,494	11,615	39,563,109	1,482,846
Lease income	18,900	-	18,900	-
Interest expense	(123,752,002)	-	(123,752,002)	-
Gain (loss) on disposal of capital assets	(9,527,004)	-	(9,527,004)	168,548
Amortization expense	(18,084,253)	-	(18,084,253)	-
Other nonoperating revenue (expense)	779,556	-	779,556	(1,137)
Total nonoperating revenues (expenses)	(111,013,309)	11,615	(111,001,694)	1,650,257
Income (loss) before contributions and transfers	197,076,142	(689,251)	196,386,891	(4,813,567)
Contributions	360,000	-	360,000	-
Transfers in	280,745	-	280,745	8,765,316
Transfers out	(133,528,463)	-	(133,528,463)	(12,378,523)
Total contributions and transfers	(132,887,718)	-	(132,887,718)	(3,613,207)
Change in net assets	64,188,424	(689,251)	63,499,173	(8,426,774)
Net assets, beginning	591,318,149	27,554,678	618,872,827	95,051,091
Net assets, ending	$ 655,506,573	$ 26,865,427	$ 682,372,000	$ 86,624,317

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 29, 2012

	Enterprise Funds			
	Toll Road Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 526,994,816	$ 7,466,661	$ 534,461,477	$ 235,879,567
Payment to employees	(46,525,308)	(657,795)	(47,183,103)	(12,712,746)
Payment to vendors	(102,823,078)	(7,757,735)	(110,580,813)	(26,524,635)
Claims paid	-	-	-	(203,294,183)
Receipts from miscellaneous reimbursements	779,556	-	779,556	-
Other receipts	-	-	-	3,757
Other payments	-	-	-	(4,894)
Net cash provided by (used for) operating activities	378,425,986	(948,869)	377,477,117	(6,653,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Internal activity - net receipts from other funds	1,186,804	-	1,186,804	-
Transfers from other funds	-	-	-	8,765,316
Transfers to other funds	(133,247,718)	-	(133,247,718)	(12,378,523)
Net cash used for noncapital financing activities	(132,060,914)	-	(132,060,914)	(3,613,207)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Receipts from lease of capital assets	18,900	-	18,900	-
Purchases of capital assets	(36,373,651)	(8,747)	(36,382,398)	(1,323,013)
Proceeds from sale of capital assets	1,919,290	-	1,919,290	-
Principal and escrow paid on capital debt	(294,115,000)	-	(294,115,000)	-
Interest paid on capital debt	(130,989,464)	-	(130,989,464)	-
Proceeds from capital debt	203,024,892	-	203,024,892	-
Bond issuance cost	(863,442)	-	(863,442)	-
Net cash used for capital and related financing activities	(257,378,475)	(8,747)	(257,387,222)	(1,323,013)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of monies advanced to other funds	8,209,767	-	8,209,767	-
Purchase of investments	(1,927,037,323)	-	(1,927,037,323)	(68,882,189)
Proceeds from sales and maturities of investments	1,937,949,683	-	1,937,949,683	73,727,072
Interest paid	-	-	-	(1,065,103)
Interest received	23,144,390	216,019	23,360,409	7,604,866
Net cash provided by investing activities	42,266,517	216,019	42,482,536	11,384,646
Net change in cash and cash equivalents	31,253,114	(741,597)	30,511,517	(204,708)
Cash and cash equivalents, beginning	45,207,717	7,959,169	53,166,886	49,253,402
Cash and cash equivalents, ending	$ 76,460,831	$ 7,217,572	$ 83,678,403	$ 49,048,694
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	$ 308,089,451	$ (700,866)	$ 307,388,585	$ (6,463,824)
Adjustment to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	74,800,445	824,063	75,624,508	6,276,619
Other nonoperating revenues	779,556	-	779,556	3,757
Other nonoperating expenses	-	-	-	(4,894)
Changes in current assets and liabilities:				
Receivables, net	(3,332,377)	(1,070,590)	(4,402,967)	1,180,733
Notes and leases receivable	302,097	-	302,097	-
Prepaids and other assets	(39,395)	(57,923)	(97,318)	251,821
Inventories	4,378,158	(104,997)	4,273,161	11,837
Vouchers payable and accrued liabilities	(1,423,244)	(92,661)	(1,515,905)	(7,805,061)
Due to other governmental units	252,410	-	252,410	-
Other liabilities	(53,295)	254,737	201,442	-
Deferred revenue	4,671,751	-	4,671,751	(70,027)
Retainage payable	(9,986,006)	-	(9,986,006)	-
Compensatory time payable	(13,565)	(632)	(14,197)	(34,095)
Net cash provided by operating activities	$ 378,425,986	$ (948,869)	$ 377,477,117	$ (6,653,134)
Non-Cash Operating, Capital and Related Financing, And Investing Activities:				
Capital contributions received from other governments	$ 360,000	$ -	$ 360,000	$ -
Increase (decrease) in the fair value of investments	16,408,111	(203,948)	16,204,163	(5,033,768)

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
February 29, 2012

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 274,227,804
Investments	107,250,812
Accounts receivable, net	708,008
Other receivables, net	7,221,480
Accrued interest receivable	459,137
Total assets	$ 389,867,241
LIABILITIES	
Vouchers payable	$ 3,426,219
Accrued payroll and compensated absences	10,193,675
Incurred but not reported claims	4,686,398
Held for others	371,560,949
Total liabilities	$ 389,867,241

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET ASSETS - COMPONENT UNITS
FEBRUARY 29, 2012

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
ASSETS				
Cash and cash equivalents	$ 6,193,351	$ 252,601,000	$ 3,337,183	$ 262,131,534
Investments, including accrued interest	42,254,083	143,461,000	2,416,186	188,131,269
Receivables:				
Taxes, net	-	29,906,000	-	29,906,000
Accounts, net	6,057,274	82,209,000	1,085,954	89,352,228
Other	4,649,590	100,463,000	983	105,113,573
Inventories	163,914	8,355,000	-	8,518,914
Prepaids and other assets	439,873	59,183,000	1,818,894	61,441,767
Restricted cash and investments	215,233	542,961,000	12,812,319	555,988,552
Capital assets:				
Land,improvements, and construction in progress	3,421,489	111,646,000	2,090,465	117,157,954
Intangible assets, net of accumulated amortization	3,113,739	-	-	3,113,739
Other capital assets, net of depreciation	20,269,299	248,730,000	6,874,750	275,874,049
Total assets	86,777,845	1,579,515,000	30,436,734	1,696,729,579
LIABILITIES				
Vouchers payable and accrued liabilities	13,022,598	132,486,000	351,306	145,859,904
Other liabilities	-	76,024,000	-	76,024,000
Deferred revenue	134,962	-	94,105	229,067
Accrued interest payable	-	605,000	-	605,000
Noncurrent liabilities:				
Due within one year	1,105,904	6,553,000	-	7,658,904
Due in more than one year	12,670,348	436,463,000	-	449,133,348
Total liabilities	26,933,812	652,131,000	445,411	679,510,223
NET ASSETS				
Invested in capital assets, net of related debt	16,261,787	99,027,000	-	115,288,787
Restricted for:				
Debt service	-	62,363,000	-	62,363,000
Capital projects	139,392	-	-	139,392
Donor restrictions	-	-	3,107,713	3,107,713
Unrestricted net assets	43,442,854	765,994,000	26,883,610	836,320,464
Total net assets	$ 59,844,033	$ 927,384,000	$ 29,991,323	$ 1,017,219,356

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
COMPONENT UNITS
For The Year Ended February 29, 2012

	Mental Health Mental Retardation Authority of Harris County	Harris County Hospital District	Nonmajor Component Units	Total
REVENUES				
Program Revenues:				
Charges for services	$ 41,914,660	$ 308,624,000	$ 1,857,686	$ 352,396,346
Operating grants and contributions	109,621,168	224,322,000	1,463,061	335,406,229
Capital grants, contributions and other	-	559,111,000	1,473,055	560,584,055
Total program revenues	151,535,828	1,092,057,000	4,793,802	1,248,386,630
EXPENSES	166,047,498	1,568,123,000	3,536,908	1,737,707,406
Net program revenues (expenses)	(14,511,670)	(476,066,000)	1,256,894	(489,320,776)
General Revenues:				
Ad valorem tax revenues	-	511,593,000	-	511,593,000
Earnings on investments	216,671	15,623,000	229,765	16,069,436
Other	18,073,175	10,753,000	(256,777)	28,569,398
Gain on sale of capital assets	12,464	-	-	12,464
Net general revenues	18,302,310	537,969,000	(27,012)	556,244,298
Change in net assets	3,790,640	61,903,000	1,229,882	66,923,522
Net assets, beginning (as restated)	56,053,393	865,481,000	28,761,441	950,295,834
Net assets, ending	$ 59,844,033	$ 927,384,000	$ 29,991,323	$ 1,017,219,356

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

In accordance with these standards, a financial reporting entity consists of the primary government and its component units. Component units are legally separate entities 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, 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 the County for the component unit, whether the County appoints a voting majority of the entities board, the ability to impose the County’s will on the component unit, fiscal dependency criterion, if it 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 and policies to protect homes and businesses from the hazards of flooding and facilitate economic development. The County prepares and approves the budget, sets the tax rate,

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

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

Harris County Sports & Convention Corporation ("Sports & Convention Corporation"). The Sports & 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. Services provided by the Housing Finance Corporation are to the citizenry and not to the County. The beginning net assets were restated by $2,487,000 due to the implementation of GASB No. 61. Complete financial statements may be obtained from:

Chief Financial Officer
Harris County Hospital District
2525 Holly Hall, Suite 270
Houston, TX 77054

Harris County Housing Finance Corporation ("Housing Finance Corporation"). The Housing Finance Corporation is exempt from federal income tax and is authorized to issue debt

instruments for the purpose of purchasing single family home mortgages and providing financing for multifamily projects, both relating to low and moderate income residents. The criterion used to determine the Housing Finance Corporation's inclusion as a discretely presented component unit is based on the Housing Finance Corporation's fiscal dependency on the County, as Commissioners Court must approve all bond issuances and members of the governing body 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, TX 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, TX 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 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 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. 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. The CEFFC is not required to issue separate audited financial statements and therefore are not included in the component unit column of the County's financial statements, but information relating to conduit debt can be found in note 10.D. to the financial statements.

Friends of Countypets. The Friends of Countypets is a public nonprofit corporation organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services. The criteria used to determine inclusion as a discretely presented component unit are: members of the governing body are appointed by Commissioners Court, the County approves the Friends of Countypets budget and the services provided are to the County and not its citizenry.

Condensed Financial Statements. Condensed financial statements of each discretely presented component unit discussed above are presented. The fiscal year-ends for the discretely presented component units are as follows:

- Harris County Hospital District: February 29, 2012
- Harris County Housing Finance Corporation: December 31, 2011
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2011
- Harris County Industrial Development Corporation: August 31, 2011
- Children's Assessment Center Foundation, Inc.: February 29, 2012
- Friends of Countypets: February 29, 2012

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; five board members of Harris County Housing Authority.

During fiscal year 2012, the County disbursed the following amounts to these organizations: $145,448 to the Port of Houston Authority, $2,815 to Harris-Galveston Coastal Subsidence District, $159,022 to Houston-Galveston Area Council, $367,535 to the Metropolitan Transit Authority of Harris County, $37,903 to the Harris County/Houston Sports Authority, $75,000 to Gulf Coast Freight Rail District, and $7,221,784 to the Harris County Housing Authority. The County also collected $249,853 from the Port of Houston Authority, $1,132,629 from the Houston-Galveston Area Council, $37,588,887 from the Metropolitan Transit Authority of Harris County and $38,736 from the Harris County/Houston Sports Authority.

The County is also a participant in several jointly governed Tax Increment Reinvestment Zones, (TIRZs) with the City of Houston, City of La Porte, City of Webster, and the City of

Baytown. The County's participation in each TIRZ is pursuant to an Interlocal Agreement between the County, the municipality, and the respective TIRZ board of directors. For each TIRZ in which the County participates, Commissioners Court appoints one board member, except for the City of Webster TIRZ, where it appoints two board members. There are six City of Houston TIRZs in which Harris County participates: four created by city action (Market Square, Gulfgate, Greenspoint, and East Downtown) and two created by petition (Midtown and South Post Oak). Each of the TIRZs that the County jointly governs has up 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.

During fiscal year 2012 (for the tax year ended 12/31/10), the County disbursed $5,039,196 to the City of Houston TIRZs, $121,463 to the City of Baytown TIRZ, $171,528 to the City of La Porte TIRZ and $82,630 to the City of Webster TIRZ. The County subsequently received $2,118,676 in affordable housing set-aside funds, in accordance with the Interlocal Agreements with the City of Houston petition TIRZs.

C. IMPLEMENTATION OF NEW STANDARDS

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

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. Implementation of GASB 54 is reflected in the financial statements and notes 16 and 18 to the financial statements.

Also, with this implementation certain funds that were reported as special revenue funds in past years did not meet the special revenue fund definition under GASB 54. These funds were reclassified to the General Fund for reporting purposes, effective March 1, 2011.

	Amount
General Fund, beginning fund balance	$ 318,849,493
Hester House	3,676,995
Fire County Clerk Election	19,360,040
Hurricane Ike	(13,415,522)
General Fund, adjusted beginning fund balance	$ 328,471,006

GASB Statement 59, *Financial Instruments Omnibus* ("GASB 59"), updates and improves existing standards regarding financial reporting of certain financial instruments and external

investment pools. Implementation of GASB 59 did not have an impact on the County's financial 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 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. 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 are recognized 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, the mobility program, and "internal special revenue funds" not meeting the special revenue fund definition of GASB 54.

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

Toll Road 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 eighteen agency funds as 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 Commissioners Court for their consideration. The budget represents the financial plan for the new fiscal year.

- Public hearings are held on the proposed budget.

- Commissioners Court must adopt an annual operating budget by a majority vote of Commissioners Court before April 1. The adopted budget must be balanced; that is, 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.

- 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.

- 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 certain imprest bank accounts.

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

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 fair value 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.

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. DEFERRED OUTFLOWS – INTEREST RATE SWAPS

Deferred outflows consist of the changes in fair value of the hedging derivative instruments that are applicable to future reporting periods.

M. 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 other than easements, works of art and historical treasures, regardless of the historical cost. Easements greater than $100,000 are capitalized. Purchased software greater than $100,000 is capitalized, and internally developed software greater than $1,000,000 is capitalized. The threshold for capitalizing land improvements, buildings and building improvements, and park improvements is $100,000. The capitalization threshold for infrastructure ranges from $25,000 to $250,000, depending on the type of infrastructure asset.

All capital assets are stated at historical cost or estimated historical cost if actual cost is not

available. Donated fixed assets are stated at their estimated fair value on the date donated. It is the County's policy not to capitalize interest on construction for capital assets reported in the governmental activities of the government-wide financial statements. The Toll Road Enterprise Fund capitalizes, as a cost of its constructed property, the interest expense and certain other costs of bonds issued for construction purposes less the interest earned on the proceeds of those bonds from the date of the borrowing until the date the property is ready for use. During fiscal year 2012, $620,463 of interest expense was capitalized.

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

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

N. 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.

FUND BALANCE CLASSIFICATIONS

In fiscal year 2012, the County implemented GASB 54 for its governmental funds. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or they are required, legally or contractually, to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables (if the proceeds from the collection of the receivables are not restricted, committed, or assigned).

Restricted – As in the government-wide financial statements, these amounts represent assets that have externally imposed restrictions by creditors, grantors, contributors, or laws or regulations of other governments. Assets may also be restricted as imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

The County's highest level of decision-making authority resides with the Commissioners Court. The constraints imposed by the formal action of the Commissioners Court remain binding unless removed or changed in the same manner employed to previously commit those resources.

Assigned – Amounts that are constrained by the County's intent to be used for specific purposes, but that do not meet the criteria to be restricted or committed. Such intent should be expressed by the Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of the assigned amounts can be removed with no formal action.

Unassigned – Amounts that have not been restricted, committed, or assigned.

For the classification of fund balances in the governmental funds, the County considers expenditures to be funded from the most restrictive category first when more than one classification is available.

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.

O. 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 one-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.

P. 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.

Q. 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.

R. 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.

S. 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 all non-interest bearing demand deposits through December 31, 2012. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the County will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. At February 29, 2012, the carrying amount of the County's demand and time deposits was $496,304,495 and the balance per various financial institutions was $0. The County’s deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance 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

Funds of Harris County may be invested as authorized by the Public Funds Investment Act which is located in Chapter 2256 of the Texas Government Code. Allowable investments include:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies and instrumentalities.
3. 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 United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
4. 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.
5. 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.
6. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act.
7. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by the Public Funds Investment Act and is rated not less than A-1 or P-1, or equivalent by at least two nationally recognized agencies.
8. No-load money market mutual funds registered with and 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.
9. Guaranteed Investment Contracts as authorized by the Public Funds Investment Act.
10. 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 29, 2012:

	Governmental Funds	Proprietary Funds	Total	Fiduciary Funds	Total
Cash and Cash Equivalents	$ 445,126,050	$ 56,266,266	$ 501,392,316	$ 274,227,804	$ 775,620,120
Restricted Cash and Cash Equivalents	79,297,541	76,460,831	155,758,372	-	155,758,372
Investments	479,092,152	70,491,048	549,583,200	107,250,812	656,834,012
Restricted Investments	109,003,782	1,182,793,818	1,291,797,600	-	1,291,797,600
Total Cash & Investments	$ 1,112,519,525	$ 1,386,011,963	$ 2,498,531,488	$ 381,478,616	$ 2,880,010,104

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

The table below indicates the fair value and maturity value of the County's investments as of February 29, 2012, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
US Agency Notes					
FHLB	$ 15,072,074	0.63%	$ 15,111,604	0.0223	AA+/Aaa
FHLMC	298,984,000	12.54%	298,700,000	0.4424	AA+/Aaa
FNMA	615,907,358	25.84%	614,335,000	0.8620	AA+/Aaa
Commercial Paper					
FCAR	202,316,573	8.49%	202,448,000	0.0156	A-1+/P-1
TMCC	238,934,256	10.02%	239,659,000	0.0429	A-1+/P-1
TMCPR	76,875,458	3.22%	77,098,000	0.0187	A-1+/P-1
Local Governments					
Allen, TX Economic Development	780,473	0.03%	765,000	0.0008	Aa3
Auburn Washington Utility System	2,105,380	0.09%	1,865,000	0.0085	AA
Austin, TX	2,131,940	0.09%	2,000,000	0.0120	AAA/Aaa
Bexar County, TX GO	4,723,065	0.20%	4,500,000	0.0310	AA+/Aaa
Broward Cnty FL Port Facilities	20,913,638	0.88%	20,970,000	0.0215	AA-/Aa3
Burien Wash BAB Taxable GO	1,205,031	0.05%	1,160,000	0.0050	A1
California State GO	7,675,000	0.32%	7,500,000	0.0106	A-/A1
College Station TX ISD	1,404,186	0.06%	1,280,000	0.0064	AA-/Aa2
College Station, TX Utility System	1,177,195	0.05%	1,115,000	0.0054	A+/Aa2
Connecticut State GO	2,003,150	0.08%	2,000,000	0.0005	AA/Aa3
Connecticut State HSG Finance Auth	2,179,270	0.09%	2,175,000	0.0007	AA/Aa3
Conroe TX Industrial Development	5,634,709	0.24%	5,445,000	0.0266	AA-
Dallas, TX REF GO	2,283,400	0.09%	2,000,000	0.0086	AA+/Aa1
Denver, CO BAB	3,714,876	0.15%	3,540,000	0.0183	AAA/Aa1
Ellis County, TX GO	2,860,218	0.12%	2,640,000	0.0120	Aa2
Frisco, TX GO	1,169,405	0.05%	1,035,000	0.0036	AA/Aa1
Galveston County, TX	2,917,968	0.12%	2,775,000	0.0121	Aa1
Grand Strand SC Water & Sewer	4,194,804	0.18%	4,160,000	0.0034	AA/Aa2

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
Grayson County, TX Pass Thru Toll	3,204,555	0.13%	3,040,000	0.0132	AA/Aa2
Greensboro, NC Build America Bnds	2,257,200	0.10%	2,000,000	0.0104	AAA/Aaa
Harris Cnty TX - Hospital Dist 07A	7,952,218	0.33%	7,370,000	0.0214	A/A2
Hawaii Air System	1,254,529	0.05%	1,180,000	0.0017	A/A2
Hillsborough County FLA Utility	14,631,088	0.61%	14,165,000	0.0576	AA+/Aa1
Houston, TX ISD	5,580,950	0.23%	5,000,000	0.0304	AAA/Aaa
Houston, TX Utility Sys Rev	4,789,890	0.20%	4,500,000	0.0221	AA/Aa2
Houston TX Public Improv 2011B	992,660	0.04%	1,000,000	0.0008	AA/Aa2
Houston TX Utility Systems	2,396,709	0.10%	2,100,000	0.0140	AA
Idaho Bond Bank Authority Rev	4,710,937	0.20%	4,240,000	0.0188	Aa1
Katy, TX ISD	2,282,590	0.10%	2,000,000	0.0089	AAA/Aaa
Mansfield, TX	4,440,960	0.19%	4,000,000	0.0198	AAA/Aaa
Maryland State CTFS Partnership	2,069,840	0.09%	2,000,000	0.0029	AA+/Aa1
Massachusetts DOT	6,078,444	0.25%	6,060,000	0.0046	Aa3
MMET Washington DC	2,168,810	0.09%	2,000,000	0.0038	AA-/Aa3
Montgomery County, TX GO	3,928,155	0.17%	3,500,000	0.0203	AA/Aa1
New York, NY GO Bond	9,558,102	0.40%	9,520,000	0.0079	AA/Aa2
New York State Dorm Authority Rev	3,028,650	0.13%	3,000,000	0.0010	AA/Aa2
New York State Dorm Authority PI	19,134,555	0.80%	18,555,000	0.0252	AAA
New York State Urban Development	30,435,450	1.28%	30,000,000	0.0163	AAA
North TX Municipal Water District	2,917,347	0.12%	2,700,000	0.0117	AAA/Aa2
North TX TWY	3,861,200	0.16%	3,500,000	0.0201	AA-/Aa3
North TX TWY Authority	5,510,988	0.23%	5,375,000	0.0034	SP-1+
Northwest TX	2,234,280	0.09%	2,000,000	0.0104	Aaa
Ohio State Development Assistance	3,570,862	0.15%	3,455,000	0.0026	AA/Aa2
Oregon State ALT Energy Project	1,916,401	0.08%	1,780,000	0.0068	AA+/Aa1
Oregon State ALT Energy Project	1,076,630	0.05%	1,000,000	0.0021	AA/Aa1
Pearland, TX	1,154,034	0.05%	1,075,000	0.0047	AA-/Aa2
Port Seattle, Washington GO	2,861,403	0.12%	2,750,000	0.0032	AAA/Aa1
Red River TX Education Finance	2,637,831	0.11%	2,535,000	0.0151	Aa3
Round Rock, TX	6,425,945	0.27%	6,255,000	0.0068	Aaa
Salt Lake County, Utah Sales Tax R	1,672,657	0.07%	1,630,000	0.0084	AAA
San Antonio TX Build America Bnds	1,840,961	0.08%	1,635,000	0.0102	AAA/Aaa
San Antonio, TX Water Rev	3,010,240	0.13%	2,820,000	0.0137	AA/Aa1
San Antonio, TX Water Rev BAB	4,375,576	0.18%	4,090,000	0.0136	AA/Aa1
San Marcos, TX ISD	1,654,620	0.07%	1,500,000	0.0067	AAA/Aaa
Snohomish County, WA BAB	2,911,607	0.12%	2,760,000	0.0124	AA/Aa2
South Correctional Wash BAB	505,020	0.02%	500,000	0.0002	AA/Aa3
Sugar Land TX CTFS	5,845,716	0.25%	5,400,000	0.0325	AAA
Tennessee State GO	2,511,160	0.11%	2,475,000	0.0035	AA+/Aaa
Texas City TX ISD	1,423,780	0.06%	1,285,000	0.0072	AA
Texas State Tech University	1,854,484	0.08%	1,850,000	0.0095	AA
Travis County, TX GO	1,123,864	0.05%	1,115,000	0.0009	AAA/Aaa
Travis County, TX CTFS	1,646,034	0.07%	1,505,000	0.0071	AAA/Aaa
Virginia ST HSG Development Auth	2,385,628	0.10%	2,375,000	0.0092	AA+/Aa1
Virginia St Port Authority	2,289,390	0.10%	2,275,000	0.0038	AA+/Aa1

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Weighted Avg Modified Duration (Years)	Credit Rating S&P/ Moody's
Williamson Cnty, TX	2,924,544	0.12%	2,665,000	0.0107	AAA/Aa1
Money Market Mutual Funds					
Fidelity Instl Treasury	625,484,158	26.24%	625,484,158	N/A	AAAm/Aaa
Fidelity Instl MMKT Tax Exempt	38,019,530	1.60%	38,019,530	N/A	AAAm/Aaa
Total Investments	2,383,705,609	100.00%	$ 2,371,315,292		
Demand and Time Deposits	496,304,495				
Total Cash & Investments	$ 2,880,010,104				

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 (2/14/12), no more than 50% 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 36 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 three years. As of February 29, 2012, the County was in compliance with all of these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 50% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer. Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is 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 or AAA-m by at least one nationally recognized investment rating firm.

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

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the County's name and are held by the counterparty. In the event of the failure of the counterparty, the County may not be able to recover the value of its investments that are held by the counterparty. As of February 29, 2012, all of the County's investments are held in the County's name.

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

FUND INVESTMENT CONSIDERATIONS

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

Fund Type	Investment Strategy	Avg Investment Duration Per Policy (Days)	Maturity Amount	Average Remaining Days To Maturity
Pooled Investments	Matching	360	$ 80,000,000	127
Public Improvement Contingency	Barbell	2,160	158,065,000	1,404
General Fund Group	Matching	360	44,078,000	214
Special Revenue Funds	Matching	1,800	3,905,000	193
Debt Service Funds	Matching	720	465,515,000	388
Capital Project Funds	Matching/Barbell	1,800	76,815,000	843
Proprietary Funds	Matching/Barbell	1080/2160	43,590,000	629
Toll Road Project Funds	Matching	1,800	429,502,000	570
Toll Road Renewal/Replacement	Matching	2,160	168,640,000	1,280
Toll Road Bond Reserve	Matching	Maturity of the bonds	102,705,000	5,783
County Clerk Registry	Matching/Barbell	2,520	42,535,000	1,318
District Clerk Registry	Matching/Barbell	2,520	51,881,604	1,374
Harris Co/Metro Joint Escrow	Matching/Barbell	Interlocal Agreement	40,580,000	4,413
Money Market Mutual Funds	N/A	N/A	663,503,688	N/A
			$ 2,371,315,292	

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

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. Taxes are levied on the assessed value of all taxable real and personal property as of the preceding January 1. On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. 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 three 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 2011 tax rate, per $100 of taxable value, for the County and Flood Control District as follows:

	Operations and Maintenance	Debt Service	Total
Harris County			
Constitutional Funds	$ 0.33444	$ 0.03825	$ 0.37269
Road Debt Service	-	0.01848	0.01848
Total - Harris County	$ 0.33444	$ 0.05673	$ 0.39117
Flood Control District	$ 0.02727	$ 0.00082	$ 0.02809

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 $0.39117 per $100 of taxable valuation subject to the $0.80 tax rate limitation, of which $0.37269 per $100 valuation was for Constitutional Funds, and a tax rate of $0.01848 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 $0.02727 per $100 valuation was set in 2011 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 $44,534,783 as of February 29, 2012 are reported net of an allowance for uncollectible taxes of $115,974,082.

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, recorded 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 $29,906,000 as of February 29, 2012 are reported net of an allowance for uncollectible taxes of $56,638,000 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. A breakdown of these

receivables at February 29, 2012 is as follows:

RECEIVABLES AND OTHER RECEIVABLES

	Customers	Granting Agencies	Tax Assessor	Totals
General	$ 34,879,001	$ -	$ 34,259,495	$ 69,138,496
Nonmajor Governmental	18,578,319	57,288,289	10,244,555	86,111,163
Toll Road	10,528,548	-	-	10,528,548
Nonmajor Enterprise	1,530,642	-	-	1,530,642
Internal Service	3,955,076	-	-	3,955,076
Component Units	89,352,228	105,113,573	-	194,465,801
Totals	$ 158,823,814	$ 162,401,862	$ 44,504,050	$ 365,729,726

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)	$ 38,381,307	$ -
Taxes receivable (nonmajor governmental funds)	6,153,476	-
Grant funding (nonmajor governmental funds)	-	28,116,347
Other receivables (General fund)	10,213,132	17,737,361
Other receivables (nonmajor governmental funds)	9,415,309	16,576,321
Other receivables (Toll Road fund)	-	39,631,485
Other receivables (nonmajor enterprise funds)	-	270,874
Other receivables (internal service funds)	-	599,882
Total deferred revenue for governmental funds and proprietary funds	$ 64,163,224	$ 102,932,270

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 29, 2012 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 48,821,697
	Toll Road	7,711
Nonmajor Governmental	General	3,689,420
	Nonmajor Governmental	8,590,145
Internal Service	Toll Road	362,072
Total		$ 61,471,045

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:

Receivable Fund	Payable Fund	Amount	
General	Nonmajor Governmental	$ 40,000	
Nonmajor Governmental	Nonmajor Governmental	12,645,000	(2)
Toll Road	General	42,951,426	(1)
Total		$ 55,636,426	

(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. The repayment of the note plus interest by the Harris County/Houston Sports Authority to the County and subsequently to the Toll Road Fund began in 2011 and will continue through 2020. In October 2008, Commissioners Court approved an interfund borrowing and line of credit from the Toll Road fund to the Hurricane Ike Disaster fund, not to exceed $60 million. The borrowing and line of credit had 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 $14 million at February 29, 2012. (2) 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 29, 2012:

	Transfers In: General	Nonmajor Governmental	Toll Road	Internal Service	Total
Transfers Out:					
General	$ -	$ 51,978,625	$ -	$ 5,767,500	$ 57,746,125
Nonmajor Governmental	107,419,918	16,188,726	-	2,997,816	126,606,460
Toll Road	120,327,305	13,201,158	-	-	133,528,463
Internal Service	9,100,000	2,997,778	280,745	-	12,378,523
Total	$ 236,847,223	$ 84,366,287	$ 280,745	$ 8,765,316	$ 330,259,571

Toll Road transferred $120 million to the General fund for funding of a County thoroughfare and mobility program and an additional $13.2 million for the County to manage a non-toll bridge project for the Toll Road. 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 29, 2012 was as follows:

	Balance March 1, 2011	Additions	Deletions	Transfers	Balance February 29, 2012
Governmental Activities:					
Land	$ 3,972,031,927	$ 49,317,939	$ (1,050,193)	$ 6,485	$ 4,020,306,158
Construction in progress	341,793,216	190,142,583	(6,500,567)	(236,087,508)	289,347,724
Intangible assets - water rights	2,400,000	-	-	-	2,400,000
Total capital assets not depreciated	4,316,225,143	239,460,522	(7,550,760)	(236,081,023)	4,312,053,882
Intangible assets - software & licenses	33,418,586	196,647	-	2,358,713	35,973,946
Land improvements	5,684,597	150,756	-	484,146	6,319,499
Infrastructure	10,324,050,791	98,806,831	(2,077,570)	120,100,186	10,540,880,238
Park facilities	159,753,616	548,046	-	4,220,126	164,521,788
Flood control projects	705,436,470	-	-	13,627,610	719,064,080
Buildings	1,612,268,711	4,981,626	(1,666,865)	95,152,968	1,710,736,440
Equipment	311,804,773	21,677,261	(11,927,095)	175,683	321,730,622
	13,152,417,544	126,361,167	(15,671,530)	236,119,432	13,499,226,613
Less accumulated depreciation for:					
Intangible assets - software & licenses	(4,185,670)	(6,271,697)	-	-	(10,457,367)
Land improvements	(798,258)	(195,282)	-	-	(993,540)
Infrastructure	(4,580,245,962)	(296,623,282)	1,462,472	-	(4,875,406,772)
Park facilities	(32,875,857)	(4,014,976)	-	-	(36,890,833)
Flood control projects	(262,197,053)	(23,876,563)	-	-	(286,073,616)
Buildings	(441,290,522)	(33,527,013)	(810,765)	-	(475,628,300)
Equipment	(205,245,915)	(30,520,301)	11,116,071	(38,409)	(224,688,554)
	(5,526,839,237)	(395,029,114)	11,767,778	(38,409)	(5,910,138,982)
Total capital assets being depreciated, net	7,625,578,307	(268,667,947)	(3,903,752)	236,081,023	7,589,087,631
Governmental activities capital assets, net	$ 11,941,803,450	$ (29,207,425)	$ (11,454,512)	$ -	$ 11,901,141,513

	Balance March 1, 2011	Additions	Deletions	Transfers	Balance February 29, 2012
Business-type Activities:					
Land	$ 309,521,182	$ 6,001,217	$ (11,007,639)	$ 4,396	$ 304,519,156
Construction in progress	248,450,760	28,579,893	(36,803,506)	(125,436,465)	114,790,682
Total capital assets not depreciated	557,971,942	34,581,110	(47,811,145)	(125,432,069)	419,309,838
License Agreement	238,140,451	475,200	-	-	238,615,651
Land improvements	4,346,766	746,208	-	-	5,092,974
Infrastructure	2,098,798,007	-	-	118,336,422	2,217,134,429
Other tangible assets	22,052,955	5,287	-	-	22,058,242
Buildings	36,970,545	311,316	(1,233,911)	561,920	36,609,870
Equipment	62,967,047	1,050,238	(1,025,787)	6,525,176	69,516,674
	2,463,275,771	2,588,249	(2,259,698)	125,423,518	2,589,027,840
Less accumulated depreciation/amortizaiton for:					
License Agreement	(2,778,750)	(2,707,500)	-	-	(5,486,250)
Land improvements	(734,262)	(200,953)	-	-	(935,215)
Infrastructure	(874,332,285)	(71,005,703)	-	-	(945,337,988)
Other tangible assets	(20,725,432)	(838,444)	-	-	(21,563,876)
Buildings	(9,679,673)	(799,004)	810,768	-	(9,667,909)
Equipment	(22,870,363)	(72,904)	691,869	8,551	(22,242,847)
	(931,120,765)	(75,624,508)	1,502,637	8,551	(1,005,234,085)
Total capital assets being depreciated, net	1,532,155,006	(73,036,259)	(757,061)	125,432,069	1,583,793,755
Business-type activities capital assets, net	$ 2,090,126,948	$ (38,455,149)	$ (48,568,206)	$ -	$ 2,003,103,593

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

Governmental activities:	
Administration of Justice	$ 22,910,430
Parks	20,577,894
County Administration	27,358,953
Health and Human Services	1,769,628
Flood Control	25,034,289
Tax Administration	173,675
Roads and Bridges	297,204,245
	$395,029,114
Business-type activities:	
Parking Facilities	$ 470,006
Sheriff's Commissary	354,057
Toll Road	74,800,445
	$ 75,624,508

COMPONENT UNITS

MHMRA (August 31, 2011)	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land	$ 3,421,489	$ -	$ -	$ 3,421,489
Buildings & Improvements	25,121,170	179,370	-	25,300,540
Equipment, Furniture & Vehicles	8,006,971	930,521	(52,473)	8,885,019
Intangible Assets - Software	1,365,734	1,748,005	-	3,113,739
	37,915,364	2,857,896	(52,473)	40,720,787
Less accumulated depreciation for:				
Buildings & Improvements	(12,135,379)	(918,485)	-	(13,053,864)
Equipment, Furniture & Vehicles	(7,027,050)	(348,929)	45,091	(7,330,888)
	(19,162,429)	(1,267,414)	45,091	(20,384,752)
MHMRA capital assets, net	$ 18,752,935	$ 1,590,482	$ (7,382)	$ 20,336,035

Hospital District (February 29, 2012)	Fiscal Year Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Fiscal Year Ending Balance
Land & Improvements	$ 36,631,000	$ 654,000	$ (5,000)	$ 37,280,000
Construction in progress	27,522,000	46,844,000	-	74,366,000
Total capital assets not depreciated	64,153,000	47,498,000	(5,000)	111,646,000
Buildings and Improvements	391,667,000	16,405,000	(2,049,000)	406,023,000
Equipment	260,462,000	25,405,000	(12,582,000)	273,285,000
	652,129,000	41,810,000	(14,631,000)	679,308,000
Less accumulated depreciation	(398,046,000)	(46,849,000)	14,317,000	(430,578,000)
	(398,046,000)	(46,849,000)	14,317,000	(430,578,000)
Total capital assets being depreciated, net	254,083,000	(5,039,000)	(314,000)	248,730,000
Hospital District capital assets, net	$ 318,236,000	$ 42,459,000	$ (319,000)	$ 360,376,000

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

MHMRA records all governmental capital assets at cost, except for donated fixed assets, which are recorded at their fair market value on the date donated. Depreciation is reported at the government-wide level using the straight-line method over the estimated useful lives of the assets. The schedule included here does not include the capital assets of MHMRA's discrete component units (a net value of $6,468,492).

7. CAPITAL LEASES PAYABLE AND INSTALLMENT PURCHASES

The County has entered into several capital lease agreements for the purchase of buildings and one for County equipment; the amounts capitalized are $32,314,676, and $310,001, respectively. Payments for the buildings and equipment during the fiscal year ended February 29, 2012 totaled $2,969,770 and $62,001 respectively. Payments, including interest at an average rate of 6.3% per annum for buildings and no interest for the equipment leases, are due as follows as of February 29, 2012:

Fiscal year	Governmental Activities Buildings	Business-Type Activities Equipment
2013	$ 2,969,767	$ 62,000
2014	2,969,767	62,001
2015	2,532,373	-
2016	2,386,579	-
2017	2,386,579	-
2018-2022	8,789,834	-
Total future lease payments	22,034,899	124,001
Less: Interest	(4,994,431)	-
	$ 17,040,468	$ 124,001

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 29, 2012 are as follows:

Receivable Entity	Payable Entity	
Fort Bend Toll Authority	Toll Road	$ 1,334,694
Total Due to Other Governmental Units		$ 1,334,694

9. SHORT-TERM DEBT

Tax Anticipation Notes

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

Activity for the year ended February 29, 2012, was as follows:

Governmental Activities	Outstanding March 1, 2011	Issued	Redeemed	Outstanding February 29, 2012
Tax Anticipation Notes	$ -	$ 450,000,000	$ (450,000,000)	$ -

10. LONG-TERM LIABILITIES

The changes in the County's Governmental Long-Term Liabilities and Business-Type/Enterprise Fund Liabilities for fiscal year 2011-2012 were as follows:

	Outstanding March 1, 2011	Issued/ Increased	Redeemed/ Decreased	Outstanding February 29, 2012	Due Within Year
Governmental Activities:					
General Obligation Debt					
Road Bonds - Principal	$ 683,820,000	$ 122,565,000	$ (56,770,000)	$ 749,615,000	$ 26,740,000
Permanent Improvement Bonds - Principal	862,411,629	92,780,000	(38,920,000)	916,271,629	28,015,000
Flood Control Bonds - Principal	690,199,024	-	(10,109,024)	680,090,000	11,455,000
Total Principal General Obligation Debt	2,236,430,653	215,345,000	(105,799,024)	2,345,976,629	66,210,000
Unamortized Premiums, Road Bonds	38,015,569	16,806,432	(4,860,717)	49,961,284	-
Unamortized Premiums, PIB Bonds	57,326,251	15,325,727	(7,094,397)	65,557,581	-
Unamortized Premiums, FC Bonds	44,584,899	-	(2,927,078)	41,657,821	-
Bond Refunding Gain (Loss), Road Bonds	(5,395,462)	-	779,226	(4,616,236)	-
Bond Refunding Loss, PIB Bonds	(46,639,691)	(412,130)	5,716,306	(41,335,515)	-
Bond Refunding Loss, FC Bonds	(12,060,618)	-	1,012,853	(11,047,765)	-
Accretion of Discount - Capital Appreciation Bonds:					
Road Series 1996	38,162,818	4,070,753	-	42,233,571	-
PIB Series 1996	20,941,815	2,233,823	-	23,175,638	-
GO Revenue Series 2002	37,153,274	5,493,256	-	42,646,530	-
Flood Control Series 1993	1,061,020	74,945	(1,135,965)	-	-
Total General Obligation Debt	2,409,580,528	258,937,806	(114,308,796)	2,554,209,538	66,210,000
Tax and Subordinate Lien Revenue Bonds					
Tax and Subordinate Lien Revenue Refunding, Series 2004A	2,175,000	-	(965,000)	1,210,000	1,210,000
Tax and Subordinate Lien Revenue Refunding, Series 2004B	176,800,000	-	-	176,800,000	-
Tax and Subordinate Lien Revenue Refunding, Series 2009C	28,315,000	-	-	28,315,000	-
Unamortized Premium, Tax & Sub Lien Rev	11,193,602	-	(785,188)	10,408,414	-
Bond Refunding Loss, Tax & Sub Lien Rev	(12,554,099)	-	1,549,559	(11,004,540)	-
Total Tax and Subordinate Lien Revenue Bonds	205,929,503	-	(200,629)	205,728,874	1,210,000
Certificates of Obligation					
Series 2001	995,000	-	(995,000)	-	-
Total Certificates of Obligation	995,000	-	(995,000)	-	-
Total Bonds Payable	2,616,505,031	258,937,806	(115,504,425)	2,759,938,412	67,420,000
Commercial Paper Payable	343,163,000	71,300,000	(200,000,000)	214,463,000	-
Compensatory Time Payable	35,620,091	15,712,776	(22,084,456)	29,248,411	16,086,626
Obligations Under Capital Leases	19,448,103	-	(2,407,635)	17,040,468	1,938,710
Judgments Payable	4,900,000	750,000	-	5,650,000	-
Loan Payable	5,619,676	11,697,356	(4,662,850)	12,654,182	1,965,101
OPEB Obligation	240,428,712	51,223,077	-	291,651,789	-
Pollution Remediation Obligation	2,864,732	958,258	(1,702,054)	2,120,936	613,158
Total Governmental Activities	$ 3,268,549,345	$ 410,579,273	$ (346,361,420)	$ 3,332,767,198	$ 88,023,595

	Outstanding March 1, 2011	Issued/ Increased	Redeemed/ Decreased	Outstanding February 29, 2012	Due Within Year
Business-type Activities:					
Senior Lien Revenue Bonds	$ 2,104,425,000	$ 199,915,000	$ (237,560,000)	$ 2,066,780,000	$ 44,405,000
Tax Bonds	583,270,000	-	(45,380,000)	537,890,000	47,645,000
Total Bond Principal	2,687,695,000	199,915,000	(282,940,000)	2,604,670,000	92,050,000
Unamortized Premium, Revenue Bonds	41,026,875	3,488,517	(8,421,450)	36,093,942	-
Unamortized Premium/(Discount), Tax Bonds	27,171,884	-	(5,348,050)	21,823,834	-
Accretion of Discount - Capital Appreciation Bonds:					
Unlimited Tax Series 1995A	14,976,832	2,891,034	(9,515,000)	8,352,866	8,352,866
Unlimited Tax Series 1997	5,112,335	963,217	(1,660,000)	4,415,552	1,589,897
Deferred Amount on Refunding	(76,590,164)	(6,424,321)	24,451,090	(58,563,395)	-
Accrued Interest Payable	5,283,846	119,334,308	(119,561,629)	5,056,525	5,056,525
Total Bonds Payable	2,704,676,608	320,167,755	(402,995,039)	2,621,849,324	107,049,288
Derivative instruments - interest rate swaps	42,580,963	41,368,911	-	83,949,874	-
Compensatory Time Payable	1,231,038	540,535	(763,244)	1,008,329	554,581
Obligations Under Capital Leases	186,001	-	(62,000)	124,001	62,001
OPEB Obligation	13,281,172	2,825,697	-	16,106,869	-
Total Business-type Activities	$ 2,761,955,782	$ 364,902,898	$ (403,820,283)	$ 2,723,038,397	$ 107,665,870

A. BONDED DEBT

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

Outstanding governmental bonded debt as of February 29, 2012 follows:

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 29, 2012
Road Bonds					
Refunding Series 1996 - CAB	$ 124,905,000	5.90-6.00%	1996	2017	$ 26,260,000
Refunding Series 2003A	46,105,000	3.00-5.25%	2003	2015	5,135,000
Refunding Series 2004A	56,055,000	3.00-5.00%	2004	2017	32,460,000
Refunding Series 2004B	144,890,000	3.75-5.25%	2004	2024	77,270,000
Refunding Series 2005A	34,420,000	5.00%	2005	2022	34,420,000
Forward Refunding Series 2006A	28,090,000	5.00%	2006	2012	5,005,000
Refunding Series 2006B	266,960,000	4.50-5.00%	2006	2031	230,265,000
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	98,035,000
Refunding Series 2010A	84,340,000	4.00-5.00%	2010	2024	84,340,000
Refunding Series 2011A	122,565,000	1.50-5.25%	2011	2031	122,565,000
	1,041,815,000				749,615,000

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 29, 2012
Permanent Improvement Bonds					
Refunding Series 1996 - CAB	26,254,584	5.90-6.00%	1996	2017	15,944,584
Refunding Series 1997	57,930,000	4.70-5.75%	1997	2014	12,870,000
Refunding Series 2002	195,665,000	2.75-5.25%	2002	2028	48,280,000
Refunding Series 2003A	29,025,000	3.00-5.00%	2003	2012	2,300,000
Refunding Series 2003B	79,725,000	4.00-5.25%	2003	2013	9,750,000
Refunding Series 2004A	118,535,000	3.00-5.25%	2004	2024	46,335,000
Refunding Series 2005A	69,845,000	5.00%	2005	2022	60,160,000
Refunding Series 2006A	73,545,000	4.00-5.00%	2006	2027	46,985,000
Refunding Series 2008A	34,055,000	3.25-5.00%	2008	2015	12,480,000
Refunding Series 2008B	79,325,000	3.50-5.00%	2008	2018	45,850,000
Refunding Series 2008C	200,495,000	5.00-5.75%	2008	2018	17,550,000
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
Refunding Series 2010A	185,390,000	1.50-5.00%	2010	2028	184,525,000
Refunding Series 2010B	93,365,000	4.00-5.00%	2010	2024	93,365,000
Refunding Series 2011A	92,780,000	4.00-5.00%	2011	2031	92,780,000
Criminal Justice Center Series 2004	63,515,000	3.00-5.00%	2004	2023	43,135,000
GO Revenue Refunding 2002	206,772,045	5.00-5.86%	2002	2028	62,622,045
	1,727,561,629				916,271,629
Flood Control Bonds					
Refunding Series 2002	44,495,000	3.00-5.50%	2002	2014	5,775,000
Refunding Series 2003A	36,945,000	3.00-6.00%	2003	2015	4,645,000
Refunding Series 2004A	139,865,000	3.00-5.25%	2004	2014	18,550,000
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	2024	151,260,000
Refunding Series 2010A	181,885,000	5.00%	2010	2039	181,885,000
	882,170,000				680,090,000
Tax & Subordinate Lien Revenue Bonds					
Refunding Series 2004A	3,680,000	4.00-5.00%	2004	2012	1,210,000
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
	208,795,000				206,325,000
TOTAL	$ 3,860,341,629				$ 2,552,301,629

The Toll Road Project has been financed with a combination of unlimited tax and senior lien revenue bonds, subordinate lien revenue bonds and commercial paper. The proceeds from such bonds, including the interest earned, are being used to finance the construction and the related debt service. Outstanding business-type bonded debt at February 29, 2012 follows:

	Original Issue Amount	Interest Rates (%)	Date Series Issued	Date Series Matures	Balance February 29, 2012
Senior Lien Revenue Bonds					
Refunding Series 2002	$ 397,520,000	5.00-5.375%	2002	2024	$ 146,145,000
Refunding Series 2004A	168,715,000	4.50-5.00%	2004	2033	168,715,000
Refunding Series 2004B	478,270,000	2.50-5.00%	2004	2018	161,860,000
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	265,205,000
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
Series 2009C	250,000,000	5.00%	2009	2049	250,000,000
Refunding Series 2010C	18,995,000	0.88-2.79%	2010	2016	18,550,000
Refunding Series 2010D	35,420,000	3.00-5.00%	2010	2030	35,360,000
Refunding Series 2011A	199,915,000	2.00%	2011	2021	199,915,000
	2,645,205,000				2,066,780,000
Unlimited Tax and Subordinate Lien Bonds					
Refunding Series 1994A	59,925,000	6.50-8.00%	1994	2013	22,870,000
Refunding Series 1995A - CAB	1,500,000	5.80-6.05%	1995	2012	125,000
Refunding Series 1997	150,395,000	5.00-5.125%	1997	2024	25,855,000
Refunding Series 1997 - CAB	2,790,000	3.90-5.25%	1997	2013	450,000
Refunding Series 2001	120,740,000	6.00%	2001	2014	65,445,000
Refunding Series 2002	42,260,000	4.00-5.25%	2002	2015	13,020,000
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	63,610,000
Refunding Series 2010B	25,410,000	0.77-2.09%	2010	2015	24,770,000
	801,005,000				537,890,000
TOTAL	3,446,210,000				2,604,670,000

Annual debt service requirements to maturity as of February 29, 2012 are as follows:

	Governmental Activities				
Fiscal year	**Principal At 2/29/2012**	**Capital Appreciation Bonds**	**Principal Value At Maturity**	**Interest**	**Total**
2013	$ 67,420,000	$ -	$ 67,420,000	$ 118,471,608	$ 185,891,608
2014	79,257,924	18,557,366	97,815,290	116,201,718	214,017,008
2015	93,645,845	18,535,540	112,181,385	111,091,303	223,272,688
2016	94,569,530	17,610,259	112,179,789	107,472,175	219,651,964
2017	102,280,455	16,678,801	118,959,256	103,821,539	222,780,795
2018-2022	770,365,751	23,543,589	793,909,340	438,990,613	1,232,899,953
2023-2027	687,977,388	10,161,401	698,138,789	252,418,943	950,557,732
2028-2032	525,224,736	2,968,783	528,193,519	96,503,266	624,696,785
2033-2037	85,205,000	-	85,205,000	21,807,385	107,012,385
2038-2042	46,355,000	-	46,355,000	4,710,750	51,065,750
	$ 2,552,301,629	$ 108,055,739	$ 2,660,357,368	$ 1,371,489,300	$ 4,031,846,668

	Business-Type Activities				
Fiscal year	Principal At 2/29/2012	Capital Appreciation Bonds	Principal Value At Maturity	Interest	Total
2013	$ 92,050,000	$ 9,942,763	$ 101,992,763	$ 133,195,707	$ 235,188,470
2014	105,315,000	2,825,655	108,140,655	122,612,305	230,752,960
2015	114,025,000	-	114,025,000	113,298,847	227,323,847
2016	95,505,000	-	95,505,000	108,652,147	204,157,147
2017	92,335,000	-	92,335,000	104,466,993	196,801,993
2018-2022	511,550,000	-	511,550,000	452,891,509	964,441,509
2023-2027	420,265,000	-	420,265,000	339,892,615	760,157,615
2028-2032	449,800,000	-	449,800,000	235,569,494	685,369,494
2033-2037	476,835,000	-	476,835,000	113,103,104	589,938,104
2038-2042	120,435,000	-	120,435,000	45,812,612	166,247,612
2043-2047	97,930,000	-	97,930,000	20,610,713	118,540,713
2048-2052	28,625,000	-	28,625,000	1,214,656	29,839,656
	$ 2,604,670,000	$ 12,768,418	$ 2,617,438,418	$ 1,791,320,702	$ 4,408,759,120

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 2012 was 4.44.

B. COMMERCIAL PAPER

In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets. The commercial paper program consists of six series totaling $1.0 billion payable from ad valorem taxes levied and Toll Road revenues. As of February 29, 2012, the County has outstanding, $214.5 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 A-1, the County has a credit agreement with State Street Bank and Trust Company, which expires August 20, 2013. For this line of credit, the County is assessed a fee of .55% per annum on the daily amount of the commitment. If converted to a term loan, the principal amount for Series A-1 is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in

which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series B & C, the County has a credit agreement with the Bank of America, N.A., which expires August 20, 2013. For this line of credit, the County is assessed a fee of .45% per annum on the daily amount of commitment. If converted to a term loan, the principal amount for Series B and C is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series D, the County has a credit agreement with JPMorgan Chase Bank, National Association, which expires August 20, 2013. For this line of credit the County is assessed a fee of .50% per annum on the daily amount of commitment. If converted to a term loan, the principal amount outstanding for Series D is to be paid in twelve substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date. Interest is payable quarterly in arrears, at a rate per annum equal to the bank rate, provided that the principal amount of any term loan not paid when due shall bear interest at a rate per annum equal to the lesser of (A) the default rate (fluctuating rate of per annum interest equal to the greater of (i) the base rate plus 2.00% or (ii) the federal funds rate plus 2.00%) and (B) the highest lawful rate.

COMMERCIAL PAPER – FLOOD CONTROL

On August 21, 2001, Commissioners Court authorized a $200,000,000 commercial paper program designated as the Harris County Flood Control District Contract Tax Commercial Paper Notes, Series F ("Series F Notes") to fund projects identified in an agreement between the County and the Flood Control District ("Flood Contract") and refinance, refund, and renew the notes themselves and fund issuance costs. As of February 29, 2012, there is no outstanding Series F commercial paper, nor was there any Series F commercial paper activity during the year then ended.

COMMERCIAL PAPER – TOLL ROAD

In addition to the outstanding long-term debt of the Toll Road Authority ("Toll Road"), the Commissioners Court has established a commercial paper program secured by and payable from Toll Road revenues. The commercial paper program consists of Harris County Toll Road Senior Lien Revenue Notes, Series E ("Notes") in an aggregate principal amount not to exceed $200 million outstanding at any one time. As of February 29, 2012, the Toll Road has no outstanding commercial paper, nor was there any Series E commercial paper activity during the year then ended.

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 29, 2012:

Governmental Activities	Balance Outstanding March 1, 2011	Issued	Retired/ Refunded	Balance Outstanding February 29, 2012	Amount Due Within One Year
Commercial Paper A-1, B, C	$ 264,063,000	$ 48,305,000	$ (140,000,000)	$ 172,368,000	$ -
Commercial Paper D	79,100,000	22,995,000	(60,000,000)	42,095,000	-
	$ 343,163,000	$ 71,300,000	$ (200,000,000)	$ 214,463,000	$ -

DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below. These requirements assume that as of February 29, 2012 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 $214,463,000 at the average rate for the quarter ending February 29, 2012 by series and reflect the effects of any refundings.

	Governmental Activities		
Fiscal year	Principal	Interest	Total
2014	$ 17,871,917	$ 8,154,062	$ 26,025,979
2015	71,487,667	25,821,196	97,308,863
2016	71,487,666	14,949,114	86,436,780
2017	53,615,750	4,077,031	57,692,781
	$ 214,463,000	$ 53,001,403	$ 267,464,403

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 were $443,016,000 as of February 29, 2012 which comprises 97% of the total long-term liabilities of the County's discretely presented component units. A portion of this liability is bonds 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 $168,470,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 29, 2012.

The total long-term liabilities of the MHMRA was $13,776,252 of which $7,028,859 represents long-term liabilities of the primary government (comprised of $3,809,183 notes payable and $3,219,676 compensated absences), as of August 31, 2011 which comprises 3% 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 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, 2011, there were thirteen (13) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at August 31, 2011 for the bonds issued after September 1, 1996, was approximately $588,222,970.

Harris County Housing Finance Corporation

As of December 31, 2011, there were forty (40) series of bonds outstanding with an aggregate principal payable of $313,673,083. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 29, 2012 there were thirty-five (35) series of bonds outstanding with an aggregate principal payable of $2,648,595,000. The bonds will be repaid from sources defined in the various underlying financing agreements between the Health Facilities Development Corporation and the entities for whose benefit the bonds were issued.

Harris County Cultural Education Facilities Finance Corporation

As of February 29, 2012 there were thirty-one (31) series of Bonds outstanding with an aggregate principal payable of $2,120,253,223. 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 and others. The bonds will be repaid from payments required to be made under loan agreements between the issuing entity and the aforementioned parties.

E. UNISSUED AUTHORIZED BONDS

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

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

Description	Year of Voter Authorization	Amount Authorized	Issued as of 2/29/2012	Authorized but Unissued as of 2/29/2012
Ad Valorem Tax Bonds		(amounts in millions)		
Toll Road	1983	$ 900.0	$ 884.9	$ 15.1
Civil Justice Center	1999	119.0	86.0	33.0
Roads	2001	475.0	475.0	-
Parks	2007	95.0	30.0	65.0
Forensic Lab	2007	80.0	-	80.0
Family Law Center	2007	70.0	-	70.0
Roads	2007	190.0	40.3	149.7
Total Ad Valorem Tax Bonds		$ 1,929.0	$ 1,516.2	$ 412.8

F. REFUNDING/ISSUANCE OF DEBT

On May 24, 2011, the County pledged a $20M Federal National Mortgage (FNMA) bond to Citibank to cover the collateral threshold shortfall on the $199,915,000 interest rate swap for the Series 2010A bonds. The FNMA bond pledged on February 25, 2011 was returned.

On July 21, 2011, the County issued $450,000,000 in Tax Anticipation Notes, Series 2011. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2011 and ending February 29, 2012, and were repaid from fiscal year 2012 tax revenues. The tax anticipation notes matured February 29, 2012 and paid interest at a range of 1.5% to 2.5%.

On August 1, 2011, the County pledged a $5M Federal Farm Credit Bank bond to JP Morgan to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds. There was no change to the collateral pledged to Citibank.

On August 11, 2011, the County pledged a $5M Federal Farm Credit Bank bond to JP Morgan to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds. There was no change to the collateral pledged on August 1, 2011.

On August 11, 2011, the County issued $199,915,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2011A to refund and defease the County's outstanding Toll Road Senior Lien Revenue Refunding Bonds, Series 2010A, and to pay the costs of such issuance. The annual interest rate is 2.0%. This issuance had a premium of $3,488,517. Interest accrues semiannually and the bonds mature in 2021. The refunding resulted in no savings or economic benefit.

On August 17, 2011, the County pledged a $23M Federal National Mortgage (FNMA) bond to Citibank to cover the collateral shortfall on the $199,915,000 interest rate swap for the Series 2010A bonds. The FNMA bond pledged on May 24, 2011 was returned.

On August 22, 2011, the County recalled the $23M FNMA bond pledged to Citibank on August 17, 2011 and replaced it with a $30M Federal Home Loan Mortgage Company (FHLMC) bond.

On September 28, 2011, the County pledged a $5M Federal Farm Credit Bank bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds. There was no change to the collateral pledged on August 1 and 11, 2011.

On September 29, 2011, the County issued $122,565,000 of Unlimited Tax Road Refunding Bonds, Series 2011A to refund the Unlimited Tax Road Refunding Bonds, Series 2001 and to refund a portion of the County's outstanding General Obligation Unlimited Tax Commercial Paper Notes, Series C and to pay the cost of such issuance. The annual interest rates range from 1.5% to 5.25%. The issuance had a premium of $16,806,432. Interest accrues semiannually and the bonds mature in 2031. The refunding resulted in a decrease in cash flow requirements of $6,803,288 and had an economic gain of $6,093,941.

On October 6, 2011, the County issued $92,780,000 of Permanent Improvement Refunding Bonds, Series 2011A to refund all or a portion of the County's outstanding General Obligation Commercial Paper Notes, Series B and Series D, a portion of the Permanent Improvement Refunding Bonds, Series 2002 and to pay the cost of such issuance. The annual interest rates range from 4.0% to 5.0%. The issuance had a premium of $15,325,727. Interest accrues semiannually and the bonds mature in 2031. The refunding resulted in a decrease in cash flow requirements of $888,338 and had an economic gain of $605,529.

On October 14, 2011, the $5M Federal Farm Credit Bank bond pledged to JP Morgan Chase on September 28, 2011 was returned.

On November 4, 2011, the County pledged a $1M Federal Farm Credit Bank bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On November 22, 2011, the County pledged a $1M Federal Farm Credit Bank bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On November 23, 2011, the County pledged a $2M Federal Farm Credit Bank bond to JP Morgan

Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On December 9, 2011, the County pledged a $15M of a Federal Home Loan Mortgage Company bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds. The $14M previously pledged from the Federal Farm Credit Bank was returned.

On December 15, 2011, the County pledged a $30M of a Federal Home Loan Mortgage Company (FHLMC) bond to Citibank to cover the collateral shortfalls of the interest rate swaps for the Series 2007B and 2011A bonds. This $30M replaced a $30M FHLMC bond that was pledged on August 22, 2011.

On January 4, 2012, the County pledged an additional $2M of a Federal Home Loan Mortgage Company (FHLMC) bond to Citibank to cover the collateral shortfalls of the interest rate swaps for the Series 2007B and 2011A bonds.

On February 3, 2012, the County pledged an additional $2M of a Federal Home Loan Mortgage Company (FHLMC) bond to Citibank to cover the collateral shortfalls of the interest rate swaps for the Series 2007B and 2011A bonds.

G. DEFEASANCE OF DEBT

In fiscal year 2012 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 refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. The trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements.

As of February 29, 2012, the outstanding principal balance of these defeased bonds was as follows:

Property Tax Bonds:	Road	$ 308,720,000
	Permanent Improvement	650,800,000
Revenue Bonds:	Hotel Occupancy	1,725,000
Flood Control:	Flood Control	428,980,000
Certificates of Obligation:	General Obligation	63,605,000
Tax & Subordinate Lien Bonds:	Tax & Subordinate Lien	11,340,000
Toll Road Bonds:	Senior Lien Revenue Bonds	1,098,640,000
	Tax Bonds	792,475,000
Total Defeased Bonds		$ 3,356,285,000

H. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 29, 2012 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. INTEREST RATE SWAPS

TOLL ROAD: The County entered interest rate swaps with Citibank, N.A., New York, relating to the Toll Road Authority, Series 2011A 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.

Terms:

	Citibank–Toll Road Authority, Series 2011A	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Trade Date:	November 28, 2006	May 22, 2007	May 22, 2007
Effective Date:	August 15, 2009	June 14, 2007	June 14, 2007
Termination Date:	August 15, 2019	February 15, 2035	February 15, 2035
Initial Notional Amount: (a)	$199,915,000	$72,785,000	$72,785,000
Authority Pays Fixed:	3.626%	4.398%	4.398%
Counterparty Pays Floating:	70% of 1 Month LIBOR	67% of 3 Month LIBOR + .67%	67% of 3 Month LIBOR + .67%
Payment Dates:	The 15th day of each month	The 15th day of February, May, August and November	The 15th day of February, May, August and November
Collateral Threshold: (b)	($15,000,000) (c)	($15,000,000) (c)	($15,000,000) (d)
Fair Value as of 2/29/12:	($33,848,602)	($25,050,636)	($25,050,636)
Collateral Pledged:	$20,000,000	$14,000,000	$15,000,000

(a) The notional amount for the swaps amortizes to match the outstanding bond.
(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is $45,000,000.
(c) The County pledged a $34 million FHLMC note with a $50,000,000 par, at 1%, has been transferred to Citibank as collateral under the terms of the swap agreements related to the Toll Road Senior Revenue Refunding Bonds, Series 2011A and a portion of the Series 2007B.
(d) The County pledged a $15 million FHLMC note with a $50,000,000 par at 1% has been transferred to JP Morgan as collateral under the terms of the swap agreements related to the Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B.

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.

Summary of GASB 53 Effectiveness Testing:

	Citibank–Toll Road Authority, Series 2011A	Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B	JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B
Derivative Instrument	Interest Rate Swap	Interest Rate Swap	Interest Rate Swap
Hedge Type	Cash Flow Hedge	Cash Flow Hedge	Cash Flow Hedge
Method of Effectiveness Testing	Dollar Offset	Consistent Critical Terms	Consistent Critical Terms
Result of Effectiveness Testing	Effective	Effective	Effective

Risks:

	Citibank–Toll Road Authority, Series 2011A	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, A+, 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 $33,848,602, which is based on a fair market value calculation.	The exposure to the County is $25,050,636, which is based on a fair market value calculation.	The exposure to the County is $25,050,636, which is based on a fair market value calculation.

J. SUBSEQUENT DEBT RELATED ACTIVITY

On June 1, 2012, the County pledged a $1M Federal National Mortgage (FNMA) bond to Citibank to cover the collateral shortfalls of the interest rate swaps for the Series 2007B and 2011A bonds.

On June 27, 2012, the County issued $375,000,000 in Tax Anticipation Notes, Series 2012. The tax anticipation notes were issued to fund the County's cumulative cash flow deficit for the fiscal year beginning March 1, 2012 and ending February 28, 2013, and will be repaid from fiscal year 2013 tax revenues. The tax anticipation notes mature February 28, 2013 and will pay interest at a range of 1.0% to 2.5%.

On June 29, 2012, the County pledged $200,000 Federal Home Loan Mortgage Company bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On July 10, 2012, the County pledged $500,000 Federal National Mortgage (FNMA) bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On July 11, 2012, the County pledged $1M Federal National Mortgage (FNMA) bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On July 25, 2012, the County pledged $1M Federal National Mortgage (FNMA) bond to JP Morgan Chase to cover the collateral threshold shortfall on the $72,785,000 interest rate swap for the Series 2007B bonds.

On August 9, 2012, the County issued $60,415,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2012A and $139,500,000 Series 2012B to refund and defease the County's outstanding Toll Road Senior Lien Revenue Refunding Bonds, Series 2011A. Interest is payable monthly. The interest rate is the weekly SIFMA plus a spread. The bonds mature in 2021. The refunding resulted in no savings or economic benefit.

On August 14, 2012, the County issued $160,430,000 of Tax & Subordinated Lien Revenue Refunding Bonds, Series 2012A to refund and defease the County's outstanding Tax & Subordinate Lien Refunding Bonds, Series 2004B, and a portion of the General Obligation Revenue Refunding Bonds, Series 2002, and to pay the costs of such issuance. The annual interest rate is 3.0% to 5.0%. This issuance had a premium of $33,237,905. Interest accrues semiannually and the bonds mature in 2032. The refunding resulted in no savings or economic benefit.

11. COMPENSATED ABSENCES PAYABLE

Changes in long-term compensated absences for the year ended February 29, 2012 were as follows:

	Balance Outstanding March 1, 2011	Earned	Taken/ Paid	Balance Outstanding February 29, 2012	Amount Due Within One Year
Governmental Activities	$ 35,620,091	$ 15,712,776	$ (22,084,456)	$ 29,248,411	$ 16,086,626
Business-type Activities	1,231,038	540,535	(763,244)	1,008,329	554,581
Total	$ 36,851,129	$ 16,253,311	$ (22,847,700)	$ 30,256,740	$ 16,641,207

12. RETIREMENT PLAN

Plan Description

Harris County provides retirement, and disability 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 624 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 2012 is 10.67%. The contribution rates for calendar years 2011 and 2010 were 9.82% and 11.31%, respectively.

The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their

age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted by Commissioners Court, within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The County has elected the annually determined contribution rate ("ADCR") plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using actuarially determined rate of 9.82% for the months of the calendar year in 2011, and 10.67% for the months of the calendar year in 2012.

The contribution rate payable by the employee members for 2011 and 2012 is the rate of 6% 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 29, 2012, the annual pension cost for the TCDRS plan and the actual contributions for its employees were $75,064,075. (This excludes actuarial contributions of $3,221,360 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, 2009 and December 31, 2010, the basis for determining the contribution rates for calendar years 2011 and 2012. The December 31, 2011 is the most recent valuation.

The assumptions summarized below include the following: (1) the assets for the County's pension plan are held by TCDRS in two funds – the Employee Savings Fund (ESF) and the Subdivision Accumulation Fund (SAF). Based on expected investment returns of 7% for ESF and 9% for SAF, the assumed long-term rate of return on combined pension plan assets is 8%; (2) under the amortization method described below, it was assumed that payroll would grow at 4% per year.

Actuarial Valuation Method			
Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
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	20	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)	5.4 %	5.4 %	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.			

Harris County Trend Information			
Accounting Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2/29/12	$ 75,064,075	100%	-
2/28/11	$ 89,543,487	100%	-
2/28/10	$ 84,946,672	100%	-

Schedule of Funding (including Community Supervision)	
Actuarial Valuation Date	12/31/11
Actuarial Value of Assets	$2,809,759,604
Actuarial Accrued Liability (AAL)	$3,256,666,141
Unfunded Actuarial Accrued Liability (UAAL)	$ 446,906,537
Funded Ratio	86.28%
Annual Covered Payroll (Actuarial)	$ 794,141,978
UAAL as Percentage of Covered Payroll	56.28%

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, 2011, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	3,852
Active plan members	14,250
Number of participating employers	5

Summary of Significant Accounting Policies

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

Method Used to Value Investments. Investments are reported at fair value, which is based on quoted market prices with the difference between the purchase price and market price being recorded as earnings on investments.

Contributions

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

Retired Prior to March 1, 2002:

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

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

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

Eligible to Retire March 1, 2011 or After:

A combination of age plus a minimum of 10 years of non-forfeited Harris County/ TCDRS service equal to 80 or at least age 65 with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive 100% County contributions for retiree coverage and 50% for dependent coverage.

Employees Hired on or After March 1, 2007:

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

Effective March 1, 2012:

Harris County pays no more for retiree healthcare than the premium it pays for active employees for each rate tier structure (retire only, retiree + spouse, retiree + child, retiree + 2 or more dependents). As a result all non-Medicare retirees pay an additional amount for their coverage regardless of their retirement date.

The Plan rates charged to retirees are set annually by Commissioners Court based on the combination of premiums and costs of the self-funded portion of the plan. The Plan is funded on a pay-as-you-go basis. For the year ended February 29, 2012, plan members or beneficiaries receiving benefits contributed $5.94 million, or approximately 13.3 percent of total benefits paid during the year. Participating employers contributed $38.81 million. The total contributions for the year ended February 29, 2012 were $44.75 million. Total contributions included actual medical claims paid, premiums for other insurance and administrative costs calculated through an annual rate calculation.

THE EMPLOYER:

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2012, the County's annual OPEB cost (expense) was $92,618,903 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 29, 2012 were as follows:

Annual Required Contribution (ARC)	$ 96,605,903
Add interest on Net OPEB Obligation	12,055,321
Less adjustment to Annual Required Contribution	(16,042,321)
Annual OPEB Cost	92,618,903
Less Contributions made	(38,812,133)
Change in Net OPEB Obligation	53,806,770
Net OPEB Obligation beginning of the year	253,796,224
Net OPEB Obligation end of the year	$ 307,602,994

Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2/28/2010	$ 89,338,513	$ 30,407,276	34%	$ 198,932,991
2/28/2011	88,451,513	33,588,280	38%	253,796,224
2/29/2012	92,618,903	38,812,133	42%	307,602,994

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 net OPEB obligation for Emergency 911 and Community Supervision is $468,194 and $0 respectively for fiscal year 2011. The net OPEB obligation for Emergency 911 and Community Supervision is $595,798 and $0 respectively at February 29, 2012.

Funded Status and Funding Progress. The funded status of the plan as of March 1, 2011 (most recent actuarial valuation) was as follows:

Unfunded actuarial accrued liability (UAAL)	$ 976,631,331
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 751,741,400
UAAL as percentage of covered payroll	130%

The above table includes UAAL of $1,355,567 for Emergency 911 and UAAL of $14,780,305 for Community Supervision.

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

Actuarial Methods and Assumptions

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

In the March 1, 2011 actuarial valuation, a 4.75% discount rate was used. The medical trend rates of 7% for 2012 and 6% for 2013 graded down to an ultimate rate of 5% by 2014 were used per the actuary's best estimate of expected long-term plan experience.

The actuarial cost method used in valuing the County's liabilities was the Projected Unit Credit Cost Method. Under this method the benefits of each individual included in the valuation were allocated by a consistent formula over the years. The amortization period and method utilized was 30 year level dollar open period.

Additional Disclosures

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

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

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

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

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

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 29, 2012 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 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 (Workers' Compensation) is available to pay claims and administrative costs of the programs and to fund claim reserves. During fiscal year 2012, a total of $14,417,766 was paid in benefits and administrative costs. As of February 29, 2012, claims liability, including an actuarial estimate of claims that have been incurred but not reported and accrued unpaid claims administration, totaled $23,524,325.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2012 and 2011:

	2012	2011
Claims liability, beginning of fiscal year	$ 25,225,310	$ 25,506,037
Incurred claims (including IBNRs)	4,477,263	5,299,217
Claim payments	(6,178,248)	(5,579,944)
Claims liablility, end of fiscal year	$ 23,524,325	$ 25,225,310

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 excluding medical 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 125% of expected claims in aggregate or individual claims in excess of $800,000. 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 2012 and 2011:

	2012	2011
Claims liability, beginning of fiscal year	$ 30,053,247	$ 30,242,939
Incurred claims (including IBNRs)	182,285,334	176,401,516
Claim payments	(187,864,078)	(176,591,208)
Claims liablility, end of fiscal year	$ 24,474,503	$ 30,053,247

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 $2,120,936. This includes $881,817 of Flood Control District liabilities. There are no estimated recoveries reducing the liability as of February 29, 2012. Additional costs, if any, are not expected to have a material effect on the financial condition of the County. 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 identified and/or not yet quantifiable; and a lawsuit for cost-recovery under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (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.

LITIGATION

The County is involved in lawsuits and other claims in the ordinary course of operations. Such litigation includes lawsuits alleging personal injuries, discriminatory hiring and firing practices, claims from contractors for amounts under construction contracts, inverse condemnation claims, and various other liability claims. The outcome of most of these lawsuits and other claims are not presently determinable and the resolutions of these matters are not expected to have a material effect on the financial condition of the County. There are several civil cases that have resulted in settlements, consent decrees or are expected to have a financial impact on the County in subsequent fiscal years. Total liabilities of $5,650,000 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately $3.87 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 29, 2012.

The Houston Dynamo stadium (BBVA Compass Stadium) project was completed May 2012 when the stadium opened. Inter-local agreements establish the County's obligation through Tax Increment Reinvestment Zone (TIRZ) Number 15 for the Dynamo Stadium Project. 85% of the increase in property tax revenues collected within the TIRZ will be paid to the TIRZ for Dynamo stadium infrastructure and as reimbursement to the City of Houston for the County's 50% ownership interest in the stadium site. The County will have no liability for any shortfall or payment other than what is collected by the County on properties within the TIRZ.

OPERATING LEASES

As of February 29, 2012, the County had several operating leases for office space. As of February 29, 2012, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

Governmental Activities	
Fiscal year	**Office Space**
2013	$ 3,548,702
2014	2,180,055
2015	1,970,334
2016	1,886,398
2017	1,333,391
2018-2028	1,952,645
	$ 12,871,525

CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of $164,096,108. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately $196,298,670.

ENCUMBRANCES

The County uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of February 29, 2012, the encumbrance balances for the governmental funds are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	$ 30,760,879	$ -	$ 18,852,067	$ 49,612,946
Nonmajor Governmental	168,481,413	24,708,330	-	193,189,743
	$ 199,242,292	$ 24,708,330	$ 18,852,067	$242,802,689

17. REVENUE LEASES

OPERATING LEASES

The County is the lessor in several operating leases for certain land and office space. The land leases are for various park areas and expire over the next four years. The office space is in various County owned buildings and expire over the next five to thirty-nine years. The following schedule provides an analysis of the County's investment in the property on the operating leases as of February 29, 2012:

	Carrying Value
Land	$ 3,494,848
Buildings	793,613,730
Total Carrying Value	797,108,578
Less: Accumulated Depreciation	(194,961,126)
	$ 602,147,452

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 29, 2012:

Fiscal year	Governmental Activities
2013	$ 1,206,514
2014	1,189,964
2015	1,026,559
2016	449,807
2017	176,862
2018-2022	47,569
2023-2027	42,619
2028-2032	37,979
2033-2037	33,020
2038-2042	33,020
2043-2047	33,020
2048-2052	33,020
2053-2057	5,504
Total minimum future rentals	$ 4,315,457

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 $1,096,890 in 2012.

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 $264,300. These leases are classified as direct-financing leases and expire at various intervals over the next 45 years and are not considered a significant part of the County's operating activities in terms of revenue.

18. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed,

assigned, and unassigned as described in Note 1. The following is a detail of fund balances for all the major and nonmajor governmental funds at February 29, 2012:

	General Fund	Nonmajor Governmental	Total
Fund Balances:			
Nonspendable:			
Inventories	$ 2,146,273	$ -	$ 2,146,273
Prepaids	2,653,694	5,550,370	8,204,064
Advances	40,000	12,645,000	12,685,000
Total nonspendable	4,839,967	18,195,370	23,035,337
Restricted for:			
Debt service	115,338,468	64,429,923	179,768,391
Imprest cash	200,000	-	200,000
Legislative	2,440,279	-	2,440,279
Mobility	158,660,973	-	158,660,973
Flood control	-	112,637,457	112,637,457
Sports & Convention Corporation	-	2,741,535	2,741,535
District attorney administration	-	10,782,495	10,782,495
Records management	-	13,803,296	13,803,296
Forfeited funds	-	16,640,676	16,640,676
Affordable housing	-	5,255,604	5,255,604
Administration of justice	-	9,862,354	9,862,354
County administration	-	2,290,004	2,290,004
Health and human services	-	2,943,082	2,943,082
Grant programs	-	493,653	493,653
Capital projects	3,926,446	315,296,684	319,223,130
Total restricted	280,566,166	557,176,763	837,742,929
Committed to:			
Legislative	2,120,070	-	2,120,070
Community development	-	937,441	937,441
Donations & other contributions	-	2,923,721	2,923,721
Capital projects	-	43,384,973	43,384,973
Total committed	2,120,070	47,246,135	49,366,205
Assigned to:			
Encumbrances	18,417,068	-	18,417,068
Imprest cash	220,095	-	220,095
Capital projects	14,854,179	-	14,854,179
Total assigned	33,491,342	-	33,491,342
Unassigned	91,926,420	(2,419,786)	89,506,634
Total fund balances	$ 412,943,965	$ 620,198,482	$ 1,033,142,447

Public Contingency Sub-fund

In 2007, the County established a Public Contingency sub-fund. The purpose of this fund is to assist with capital projects and unforeseen catastrophic events to be a stabilizing component for the County's total combined tax rate. The tax rate adopted in October 2011 was $0.00223.

The Public Contingency sub-fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Public Contingency's fund balance in the amount of $24,385,306 is reported as unassigned fund balance in the General Fund.

19. RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements* ("GASB 60"), improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. GASB 60 will be implemented by the County in fiscal year 2013 and the impact has not yet been determined.

GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* ("GASB 61"), which modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances and clarifies the reporting of equity interests in legally separate organizations. GASB 61 will be implemented by the County in fiscal year 2014 and the impact has not yet been determined.

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"), which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 will be implemented by the County in fiscal year 2013 and the impact has not yet been determined.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of the resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. GASB 63 will be implemented by the County in fiscal year 2013 and the impact has not yet been determined.

GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53* ("GASB 64"), clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider and establishes when the effective hedging relationship continues and therefore should continue to be applied. GASB 64 will be implemented by the County in fiscal year 2013 and the impact has not yet been determined.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 will be implemented by the County in fiscal year 2014 and the impact has not yet been determined.

GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62* ("GASB 66"), seeks to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuances of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements.* GASB 66 will be implemented by the County in fiscal year 2014 and the impact has not yet been determined.

GASB Statement 67, *Financial Reporting for Pension Plans* ("GASB 67"), replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and RSI for both defined benefit and defined contribution plans. GASB 67 will be implemented by the County in fiscal year 2015 and the impact has not yet been determined.

GASB Statement 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 will be implemented by the County in fiscal year 2016 and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
GENERAL FUND - OPERATING				
Beginning Cash and Investments	$ 38,841,734	$ 38,841,734	$ 48,569,523	$ 9,727,789
Revenues and Transfers In:				
Taxes	879,935,994	879,935,994	927,508,699	47,572,705
Intergovernmental	36,802,769	40,182,855	41,590,779	1,407,924
Charges for Services	199,543,958	198,444,857	201,963,001	3,518,144
Fines and Forfeitures	18,188,918	18,188,918	18,140,514	(48,404)
Rentals & Parks	4,503,714	3,998,063	4,314,047	315,984
Interest	602,429	602,429	1,331,273	728,844
Miscellaneous	44,748,419	56,274,802	51,966,112	(4,308,690)
Other Transfer In	7,320,775	63,625,832	59,845,069	(3,780,763)
Other Financing Sources	-	-	322,906	322,906
Total Revenues and Transfers In	1,191,646,976	1,261,253,750	1,306,982,400	45,728,650
Total Available Resources - General Fund - Operating	1,230,488,710	1,300,095,484	1,355,551,923	55,456,439
GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY				
Beginning Cash and Investments	36,409,725	36,409,725	36,409,662	(63)
Revenues and Transfers In:				
Taxes	5,226,586	5,226,586	6,150,310	923,724
Interest	260,342	260,342	590,120	329,778
Miscellaneous	4,876	4,876	8,039	3,163
Total Revenues and Transfers In	5,491,804	5,491,804	6,748,469	1,256,665
Total Available Resources - General Fund - Public Imp.	41,901,529	41,901,529	43,158,131	1,256,602
GENERAL FUND - MOBILITY FUND				
Beginning Cash and Investments	169,149,714	169,149,714	170,251,311	1,101,597
Revenues and Transfers In:				
Interest	1,238,951	1,238,951	961,149	(277,802)
Miscellaneous	-	-	7,387	7,387
Other - Transfers In	120,000,000	120,000,000	120,000,000	-
Total Revenues and Transfers In	121,238,951	121,238,951	120,968,536	(270,415)
Total Available Resources - General Fund - Mobility Fund	290,388,665	290,388,665	291,219,847	831,182
GENERAL FUND - DEBT SERVICE				
Beginning Cash and Investments:				
HC/FC Agreement 2008A CP Refunding	6,580,969	6,580,969	6,578,173	(2,796)
HC/FC Agreement 2008C CP Refunding	8,918,450	8,918,450	8,914,578	(3,872)
HC/FC Agreement 2010A CP Refunding	8,724,731	8,724,731	8,721,070	(3,661)
Permanent Improvements Refunding Series 1996	397,365	397,365	397,356	(9)
Permanent Improvements Refunding Series 1997	707,843	707,843	707,833	(10)
Commercial Paper Series B	1,259,000	1,259,000	1,255,205	(3,795)
Commercial Paper Series C	2,113,500	2,113,500	2,079,079	(34,421)
Permanent Improvements Refunding Series 2008C	4,662,501	4,662,501	4,662,484	(17)
Commercial Paper Series A1	3,220,350	3,220,350	3,206,416	(13,934)
HC/FC Agreement 2004A CP Refunding	6,337,500	6,337,500	6,338,170	670
Permanent Improvement Commercial Paper Series D	4,918,725	4,918,725	4,906,032	(12,693)
Flood Control Comm Paper Agreement	1,979,955	1,979,955	1,980,203	248
HC/FC Agreement 2006 CP Refunding	4,431,073	4,431,073	4,429,190	(1,883)
Certificates of Obligation Series 2001	1,052,245	1,052,245	1,052,219	(26)
Permanent Improvement Refunding Series 2001	697,229	697,229	697,220	(9)
Revenue Refunding Series 2002	62,212	62,212	62,210	(2)

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Permanent Improvement Refunding Series 2002	8,663,277	8,663,277	8,663,068	(209)
Permanent Improvement Refunding Series 2003A	2,419,480	2,419,480	2,419,461	(19)
Permanent Improvement Refunding Series 2003 B	669,639	669,639	669,616	(23)
CJC Refunding Series 2004	5,529,177	5,529,177	5,529,133	(44)
Tax & Subordinate Lien Refunding Series 2004A	9	9	9	-
Tax & Subordinate Lien Refunding Series 2004B	98	98	96	(2)
Permanent Improvement Refunding Series 2004A	2,902,521	2,902,521	2,902,515	(6)
Permanent Improvement Refunding Series 2005A	6,485,489	6,485,489	6,485,439	(50)
Permanent Improvement Refunding Series 2006A	4,872,642	4,872,642	4,872,607	(35)
Permanent Improvement Refunding Series 2008A	5,990,808	5,990,808	5,990,744	(64)
Tax & Subordinate Lien Refunding Series 2009C	5,745	5,745	5,746	1
Permanent Improvement Refunding Series 2008B	4,599,666	4,599,666	4,599,604	(62)
Permanent Improvement Refunding Series 2009A	1,083,445	1,083,445	1,083,427	(18)
Permanent Improvement Refunding Series 2009B	4,434,181	4,434,181	4,434,153	(28)
Permanent Improvement Refunding Series 2010A	9,198,062	9,198,062	9,198,002	(60)
Permanent Improvement Refunding Series 2010B	4,255,842	4,255,842	4,278,459	22,617
Total Beginning Cash and Investments	117,173,729	117,173,729	117,119,517	(54,212)
Revenues and Transfers In:				
HC/FC Agreement 2008A CP Refunding	7,473,202	7,473,202	7,096,854	(376,348)
HC/FC Agreement 2008C CP Refunding	10,114,459	10,114,459	9,574,710	(539,749)
HC/FC Agreement 2010A CP Refunding	9,828,570	9,828,570	9,210,764	(617,806)
Permanent Improvements Refunding Series 1996	5,017	5,017	11,578	6,561
Permanent Improvements Refunding Series 1997	810,203	810,203	754,302	(55,901)
Commercial Paper Series B	3,642	40,003,642	40,003,269	(373)
Commercial Paper Series C	102,146	100,102,146	101,418,359	1,316,213
Permanent Improvements Refunding Series 2008C	1,110,398	1,110,398	343,778	(766,620)
Commercial Paper Series A1	25,760	25,760	32,012	6,252
HC/FC Agreement 2004A CP Refunding	7,257,918	7,257,918	6,721,031	(536,887)
Permanent Improvement Commercial Paper Series D	8,565	60,008,565	60,017,491	8,926
Flood Control Comm Paper Agreement	29,585	29,585	321,070	291,485
HC/FC Agreement 2006 CP Refunding	5,029,999	5,029,999	4,804,034	(225,965)
Certificates of Obligation Series 2001	29,377	29,377	27,173	(2,204)
Permanent Improvement Refunding Series 2001	49,762	49,762	41,638	(8,124)
Revenue Refunding Series 2002	-	-	7	7
Permanent Improvement Refunding Series 2002	5,125,089	12,519,752	11,884,179	(635,573)
Permanent Improvement Refunding Series 2003A	2,622,893	2,622,893	2,501,808	(121,085)
Permanent Improvement Refunding Series 2003B	548,039	548,039	354,791	(193,248)
CJC Refunding Series 2004	6,277,474	6,277,474	5,952,762	(324,712)
Tax & Subordinate Lien Refunding Series 2004A	1,049,625	1,049,625	1,049,651	26
Tax & Subordinate Lien Refunding Series 2004B	8,840,173	8,840,173	8,840,062	(111)
Permanent Improvement Refunding Series 2004A	2,509,913	2,509,913	2,313,857	(196,056)
Roads Refunding Series 2011A - Cost of Issuance	-	348,036	348,035	(1)
Permanent Improvement Refunding Series 2005A	7,365,977	7,365,977	6,989,318	(376,659)
Permanent Improvement Refunding Series 2006A	10,053,570	10,053,570	9,672,028	(381,542)
Permanent Improvement Refunding Series 2008A	6,691,938	6,691,938	6,285,743	(406,195)
Tax & Subordinate Lien Refunding Series 2009C	1,351,563	1,351,563	1,363,225	11,662
Permanent Improvement Refunding Series 2008B	2,561,542	2,561,542	2,264,799	(296,743)
Permanent Improvement Refunding Series 2009A	1,248,394	1,248,394	1,187,946	(60,448)
Permanent Improvement Refunding Series 2009B	6,922,721	6,922,721	6,545,374	(377,347)
Permanent Improvement Refunding Series 2010A	10,246,157	10,246,157	9,837,744	(408,413)
Permanent Improvement Refunding Series 2010B	4,754,876	4,754,876	4,536,742	(218,134)
Permanent Improvement Refunding Series 2011A	-	108,105,727	112,486,335	4,380,608
Permanent Improvement Refunding Series 2011A - COI	-	301,293	301,291	(2)
Total Revenues and Transfers In	120,048,547	436,198,266	435,093,760	(1,104,506)

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
GENERAL FUND

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Total Available Resources:				
HC/FC Agreement 2008A CP Refunding	14,054,171	14,054,171	13,675,027	(379,144)
HC/FC Agreement 2008C CP Refunding	19,032,909	19,032,909	18,489,288	(543,621)
HC/FC Agreement 2010A CP Refunding	18,553,301	18,553,301	17,931,834	(621,467)
Permanent Improvements Refunding Series 1996	402,382	402,382	408,934	6,552
Permanent Improvements Refunding Series 1997	1,518,046	1,518,046	1,462,135	(55,911)
Commercial Paper Series B	1,262,642	41,262,642	41,258,474	(4,168)
Commercial Paper Series C	2,215,646	102,215,646	103,497,438	1,281,792
Permanent Improvements Refunding Series 2008C	5,772,899	5,772,899	5,006,262	(766,637)
Commercial Paper Series A1	3,246,110	3,246,110	3,238,428	(7,682)
HC/FC Agreement 2004A CP Refunding	13,595,418	13,595,418	13,059,201	(536,217)
Permanent Improvement Commercial Paper Series D	4,927,290	64,927,290	64,923,523	(3,767)
Flood Control Comm Paper Agreement	2,009,540	2,009,540	2,301,273	291,733
HC/FC Agreement 2006 CP Refunding	9,461,072	9,461,072	9,233,224	(227,848)
Certificates of Obligation Series 2001	1,081,622	1,081,622	1,079,392	(2,230)
Permanent Improvement Refunding Series 2001	746,991	746,991	738,858	(8,133)
Revenue Refunding Series 2002	62,212	62,212	62,217	5
Permanent Improvement Refunding Series 2002	13,788,366	21,183,029	20,547,247	(635,782)
Permanent Improvement Refunding Series 2003A	5,042,373	5,042,373	4,921,269	(121,104)
Permanent Improvement Refunding Series 2003 B	1,217,678	1,217,678	1,024,407	(193,271)
CJC Refunding Series 2004	11,806,651	11,806,651	11,481,895	(324,756)
Tax & Subordinate Lien Refunding Series 2004A	1,049,634	1,049,634	1,049,660	26
Tax & Subordinate Lien Refunding Series 2004B	8,840,271	8,840,271	8,840,158	(113)
Permanent Improvement Refunding Series 2004A	5,412,434	5,412,434	5,216,372	(196,062)
Roads Refunding Series 2011A - Cost of Issuance	-	348,036	348,035	(1)
Permanent Improvement Refunding Series 2005A	13,851,466	13,851,466	13,474,757	(376,709)
Permanent Improvement Refunding Series 2006A	14,926,212	14,926,212	14,544,635	(381,577)
Permanent Improvement Refunding Series 2008A	12,682,746	12,682,746	12,276,487	(406,259)
Tax & Subordinate Lien Refunding Series 2009C	1,357,308	1,357,308	1,368,971	11,663
Permanent Improvement Refunding Series 2008B	7,161,208	7,161,208	6,864,403	(296,805)
Permanent Improvement Refunding Series 2009A	2,331,839	2,331,839	2,271,373	(60,466)
Permanent Improvement Refunding Series 2009B	11,356,902	11,356,902	10,979,527	(377,375)
Permanent Improvement Refunding Series 2010A	19,444,219	19,444,219	19,035,746	(408,473)
Permanent Improvement Refunding Series 2010B	9,010,718	9,010,718	8,815,201	(195,517)
Permanent Improvement Refunding Series 2011A	-	108,105,727	112,486,335	4,380,608
Permanent Improvement Refunding Series 2011A - COI	-	301,293	301,291	(2)
Total Available Resources - General Fund - Debt Service	237,222,276	553,371,995	552,213,277	(1,158,718)
TOTAL GENERAL FUND				
Beginning Cash and Investments	361,574,902	361,574,902	372,350,013	10,775,111
Revenues and Transfers In	1,438,426,278	1,824,182,771	1,869,793,165	45,610,394
TOTAL GENERAL FUND	$ 1,800,001,180	$ 2,185,757,673	$ 2,242,143,178	$ 56,385,505

See notes to required supplementary information.

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

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEPARTMENTS				
Public Infrastructure	$ 3,706,138	$ 2,790,894	$ 2,629,833	$ 161,061
Right of Way	1,984,046	1,859,046	1,680,257	178,789
Construction Programs Division	6,410,530	6,047,795	5,753,101	294,694
Appraisal District	4,553,093	8,833,286	8,833,286	-
County Judge	4,439,808	4,439,808	4,116,295	323,513
Commissioner Precinct 1	56,974,853	51,952,400	23,218,417	28,733,983
Commissioner Precinct 2	18,807,319	34,916,073	16,866,844	18,049,229
Commissioner Precinct 3	26,031,922	38,714,804	26,498,462	12,216,342
Commissioner Precinct 4	29,658,674	24,646,144	13,647,804	10,998,340
Tunnel and Ferries Operation	4,402,605	4,560,730	3,786,891	773,839
Financial Services	12,871,975	35,749,446	27,440,323	8,309,123
Legislative Services	1,295,594	1,345,594	1,307,685	37,909
Public Infrastructure - Architecture & Engineering	25,352,586	24,553,859	24,139,867	413,992
Fire Marshal's Office	5,848,000	6,065,223	5,991,915	73,308
Medical Examiner	18,128,149	20,228,149	18,037,466	2,190,683
Pollution Control Department	-	3,221,146	3,200,022	21,124
Public Health Services	24,559,357	21,268,060	20,457,586	810,474
Public Library	22,758,223	22,644,520	22,566,763	77,757
Domestic Relations	2,489,373	2,489,373	2,348,849	140,524
Community Services	8,572,515	8,572,515	8,280,635	291,880
Information Technology Center	31,500,419	30,250,419	29,732,271	518,148
MHMRA	20,222,007	20,062,104	20,062,101	3
Facilities and Property Management	53,607,839	54,951,184	54,138,019	813,165
Constable Precinct 1	22,009,428	22,297,266	21,918,967	378,299
Constable Precinct 2	5,560,437	5,665,377	5,612,797	52,580
Constable Precinct 3	9,605,859	10,444,224	10,400,979	43,245
Constable Precinct 4	29,000,139	31,103,195	30,740,595	362,600
Constable Precinct 5	26,437,950	26,507,157	26,175,625	331,532
Constable Precinct 6	6,530,013	6,744,733	6,681,256	63,477
Constable Precinct 7	6,980,074	7,154,118	7,086,390	67,728
Constable Precinct 8	5,560,636	5,563,258	5,441,632	121,626
Justice of the Peace 1-1	1,413,552	1,413,552	1,399,396	14,156
Justice of the Peace 1-2	2,018,088	1,988,088	1,966,948	21,140
Justice of the Peace 2-1	763,029	773,029	769,305	3,724
Justice of the Peace 2-2	767,011	767,011	762,252	4,759
Justice of the Peace 3-1	1,487,608	1,437,608	1,392,115	45,493
Justice of the Peace 3-2	1,027,995	1,027,115	1,022,322	4,793
Justice of the Peace 4-1	2,388,357	2,288,024	2,187,818	100,206
Justice of the Peace 4-2	1,192,723	1,192,906	1,181,617	11,289
Justice of the Peace 5-1	1,728,719	1,728,719	1,718,757	9,962
Justice of the Peace 5-2	2,508,325	2,408,325	2,307,472	100,853
Justice of the Peace 6-1	522,731	529,431	517,481	11,950
Justice of the Peace 6-2	576,790	608,521	604,490	4,031
Justice of the Peace 7-1	612,801	612,801	606,420	6,381
Justice of the Peace 7-2	787,602	787,602	777,800	9,802

See notes to required supplementary information.

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

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Justice of the Peace 8-1	939,809	939,666	931,662	8,004
Justice of the Peace 8-2	929,286	869,286	857,513	11,773
County Attorney	16,757,322	19,677,967	18,783,343	894,624
County Clerk	22,473,047	22,167,677	22,007,123	160,554
County Treasurer	1,022,593	1,022,593	1,021,581	1,012
Tax Assessor-Collector	22,700,096	22,700,096	22,170,830	529,266
County Sheriff	392,500,535	397,901,904	389,616,962	8,284,942
District Attorney	55,778,035	55,601,365	52,855,349	2,746,016
District Clerk	24,952,555	25,227,554	24,702,185	525,369
Public Defender Pilot Program	-	675,105	675,105	-
Community Supervision and Correction	689,420	689,420	688,287	1,133
Pretrial Services	6,631,804	6,381,804	6,339,117	42,687
County Auditor	13,153,049	13,153,049	12,640,202	512,847
Purchasing Agent	6,786,984	6,386,984	6,202,017	184,967
District Courts	42,028,836	52,704,090	52,650,425	53,665
Texas Agrilife Extension Services	742,546	740,953	667,505	73,448
Juvenile Probation	65,164,814	62,292,110	61,062,965	1,229,145
Sheriff's Civil Service	198,074	198,074	195,738	2,336
Protective Services- Children and Adults	19,399,535	20,387,541	19,967,792	419,749
Children's Assessment Center	4,574,364	4,607,229	4,446,355	160,874
1st Court of Appeals	69,665	69,665	45,678	23,987
14th Court of Appeals	69,665	89,665	69,665	20,000
County Courts	14,195,187	15,736,191	15,383,842	352,349
Probate Court 1	983,752	984,252	982,109	2,143
Probate Court 2	985,016	985,016	980,683	4,333
Probate Court 3	2,161,635	2,886,635	2,824,621	62,014
Probate Court 4	946,194	946,194	913,486	32,708
Total General Fund By Department	1,230,488,710	1,299,226,717	1,195,689,266	103,537,451
1020 Public Improvement Contingency	41,901,529	41,901,529	19,303,877	22,597,652
1070 Mobility Fund	290,388,665	290,388,665	125,903,029	164,485,636

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 29, 2012

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
GENERAL FUND DEBT SERVICE				
1050 HC/FC Agreement 2008A CP Refunding	14,054,171	14,054,171	6,988,500	7,065,671
1080 HC/FC Agreement 2008C CP Refunding	19,032,909	19,032,909	9,433,500	9,599,409
10A0 HC/FC Agreement 2010A CP Refunding	18,553,301	18,553,301	9,282,500	9,270,801
1250 Permanent Improvement Refunding Series 1996	402,382	402,382	-	402,382
1260 Permanent Improvement Refunding Series 1997	1,518,046	1,518,046	740,025	778,021
1390 Commercial Paper Series B	1,262,642	41,262,642	40,226,772	1,035,870
1400 Commercial Paper Series C	2,215,646	102,215,646	101,726,024	489,622
1410 Permanent Improvement Refunding Series 2008C	5,772,899	5,772,899	4,177,387	1,595,512
1420 Commercial Paper Series A-1	3,246,110	3,246,110	637,841	2,608,269
1440 HC/FC Agreement 2004A CP Refunding	13,595,418	13,595,418	6,639,500	6,955,918
1470 Commercial Paper Series - Flood Control	4,927,290	64,927,290	61,241,235	3,686,055
1480 Flood Control CP Agreement	2,009,540	2,009,540	1,000,100	1,009,440
1490 HC/FC Agreement 2006 CP Refunding	9,461,072	9,461,072	4,708,500	4,752,572
1530 Certificate of Obligation, Series 2001	1,081,622	1,081,622	1,079,391	2,231
1550 Permanent Improvement Refunding Series 2001	746,991	746,991	738,859	8,132
1600 Revenue Refunding Series 2002	62,212	62,212	-	62,212
1620 Permanent Improvement Refunding Series 2002	13,788,366	21,183,029	16,516,351	4,666,678
1650 Permanent Improvement Refunding Series 2003A	5,042,373	5,042,373	2,572,000	2,470,373
1680 Permanent Improvement Refunding Series 2003B	1,217,678	1,217,678	511,875	705,803
1730 CJC Refunding Series 2004B	11,806,651	11,806,651	5,856,512	5,950,139
1750 Tax & Sub Lien Refunding 2004A	1,049,634	1,049,634	1,049,625	9
1770 Tax & Sub Lien Refunding 2004B	8,840,271	8,840,271	8,840,000	271
1780 Permanent Improvement Refunding Series 2004A	5,412,434	5,412,434	2,895,215	2,517,219
17C0 HC Road Ref 2011A Cost of Issuance	-	348,036	348,035	1
1800 PIB Refunding Bonds 2005A Debt Service	13,851,466	13,851,466	6,877,250	6,974,216
1850 PIB Refunding Bonds 2006A - Debt Service	14,926,212	14,926,212	5,135,288	9,790,924
1870 PIB Refunding Bonds 2008A - Debt Service	12,682,746	12,682,746	6,297,750	6,384,996
18A0 HC Tax/Sub 2009C Debt Service	1,357,308	1,357,308	1,351,562	5,746
1910 PIB Refunding Bonds 2008B - Debt Service	7,161,208	7,161,208	4,794,400	2,366,808
1960 HC PIB Refunding Bonds 2009A Debt Service	2,331,839	2,331,839	1,155,150	1,176,689
19A0 HC PIB 2009B Debt Service	11,356,902	11,356,902	4,568,913	6,787,989
19C0 HC PIB Refunding 2010A Debt Service	19,444,219	19,444,219	9,756,687	9,687,532
19E0 HC PIB Refunding 2010B Debt Service	9,010,718	9,010,718	4,525,600	4,485,118
19G0 HC PIB Refunding 2011A Debt Service	-	108,105,727	108,103,910	1,817
19H0 HC PIB Refunding 2011A Cost of Issuance	-	301,293	301,291	2
Total General Fund Debt Service	237,222,276	553,371,995	440,077,548	113,294,447
Total General Fund	$ 1,800,001,180	$ 2,184,888,906	$ 1,780,973,720	$ 403,915,186

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 29, 2012

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	$ 2,242,143,178
Beginning Cash and Investments	(372,350,013)
Accrued in 2011, received in 2012	(40,045,495)
Entry to eliminate transfers between funds	(165,116,030)
Accrued in 2012, to be received in 2013	25,974,702
Internal special revenue funds	10,234,542
Revenues and other sources on modified accrual (GAAP) basis	1,700,840,884
EXPENDITURES AND OTHER USES	
Cash (budgetary) basis	1,780,973,720
Incurred during 2011, paid in 2012	(83,314,268)
Entry to eliminate transfers between funds	(165,116,030)
Incurred during 2012, payable in 2013	69,338,209
Internal special revenue funds	14,486,294
Expenditures and other uses on modified accrual (GAAP) basis	1,616,367,925
Changes in Fund Balances	$ 84,472,959

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

In four departments, the Public Improvement Contingency Sub-fund, the Mobility Sub-fund and several general fund debt service accounts, there were significant variances between the budgeted amount and actual expenditures.

The four departments with significant variances are all Commissioner Precincts, which have a combined positive variance of $69,997,894. 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 Sub-fund has a positive variance of $22,597,652. These funds are set aside by Commissioners Court to assist with capital projects and for use in unforeseen emergency events.

The Mobility Sub-fund has a positive variance of $164,485,636. These funds are set aside to increase general mobility within the County.

The combined positive variance for all the general fund debt service accounts was $113,294,447. 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 these cases, the debt payment amounts are 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 29, 2012

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)
2010	3/1/2009	$ -	$ 859,681,747	$ 859,681,747	0%	$ 766,400,980	112.2%
2011	3/1/2009	-	859,681,747	859,681,747	0%	722,468,180	119.0%
2012	3/1/2011	-	976,631,331	976,631,331	0%	751,741,400	129.9%

The above table includes information for the 5 participating employers to the agent multiple-employer defined benefit post employment healthcare plan that the County administers. Two of the employers, Emergency 911 and Community Supervision are not considered departments or component units of the County; the UAAL for these entities are $1,355,567 and $14,780,305 respectively.

HARRIS COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
February 29, 2012

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial Value of Assets	$2,619,204,575	$2,739,687,861	$2,809,759,604
Actuarial Accrued Liability (AAL)	$2,978,320,920	$3,123,164,193	$3,256,666,141
Unfunded Actuarial Accrued Liability (UAAL)	$ 359,116,345	$ 383,476,332	$ 446,906,537
Funded Ratio	87.94%	87.72%	86.28%
Annual Covered Payroll (Actuarial)	$ 882,729,740	$ 849,143,883	$ 794,141,978
UAAL as Percentage of Covered Payroll	40.68%	45.16%	56.28%

NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 29, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments:				
Cash and cash equivalents	$ 81,151,346	$ -	$ 155,697,139	$ 236,848,485
Investments	134,752,035	-	218,842,419	353,594,454
Receivables:				
Taxes, net	3,772,921	2,380,555	-	6,153,476
Accounts	38,475,309	-	11,270,880	49,746,189
Accrued interest	6,410,434	-	534,531	6,944,965
Other	34,499,050	1,865,924	-	36,364,974
Due from other funds	11,896,339	17,592	365,634	12,279,565
Prepaids and other assets	3,694,057	-	4,309,511	8,003,568
Inventories	857,545	-	-	857,545
Advances to other funds	645,000	-	12,000,000	12,645,000
Restricted cash and cash equivalents	98,587	22,342,245	1,408,254	23,849,086
Restricted investments	-	40,204,162	12,000,000	52,204,162
Notes receivable	391,520	-	-	391,520
Total assets	$ 316,644,143	$ 66,810,478	$ 416,428,368	$ 799,882,989
LIABILITIES AND FUND BALANCE				
Liabilities:				
Vouchers payable	$ 21,879,392	$ -	$ 14,735,517	$ 36,614,909
Accrued payroll and compensated absences	7,310,271	-	-	7,310,271
Retainage payable	875,956	-	4,525,066	5,401,022
Due to other funds	56,959,373	-	452,469	57,411,842
Other liabilities	10	-	-	10
Advances from other funds	685,000	-	12,000,000	12,685,000
Deferred revenue	45,862,922	2,380,555	12,017,976	60,261,453
Total liabilities	133,572,924	2,380,555	43,731,028	179,684,507
Fund balances:				
Nonspendable	1,885,859	-	16,309,511	18,195,370
Restricted	177,450,156	64,429,923	315,296,684	557,176,763
Committed	3,861,162	-	43,384,973	47,246,135
Unassigned	(125,958)	-	(2,293,828)	(2,419,786)
Total fund balances	183,071,219	64,429,923	372,697,340	620,198,482
Total liabilities and fund balances	$ 316,644,143	$ 66,810,478	$ 416,428,368	$ 799,882,989

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For the Year Ended February 29, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 99,106,654	$ 52,383,392	$ -	$ 151,490,046
Charges for services	20,120,852	-	-	20,120,852
Lease revenue	281,016	-	-	281,016
Intergovernmental	201,027,844	-	68,030,132	269,057,976
Earnings on investments	4,624,369	26,064	4,715,743	9,366,176
Miscellaneous	15,744,865	85,750	10,847,790	26,678,405
Total revenues	340,905,600	52,495,206	83,593,665	476,994,471
EXPENDITURES				
Current operating:				
Administration of justice	85,347,573	-	188,848	85,536,421
Parks	10,621,055	-	13,099,732	23,720,787
County administration	34,515,563	-	15,528,569	50,044,132
Health and human services	89,331,042	-	389,610	89,720,652
Flood control	58,903,056	-	7,560,284	66,463,340
Tax administration	955,515	-	-	955,515
Roads and bridges	169,604	-	19,978,431	20,148,035
Capital outlay	56,536,933	-	127,713,760	184,250,693
Debt service:				
Principal retirement	-	29,379,024	-	29,379,024
Bond issuance costs	-	539,911	16,000	555,911
Interest and fiscal charges	-	67,173,529	69,244	67,242,773
Total Expenditures	336,380,341	97,092,464	184,544,478	618,017,283
Excess (deficiency) of revenues over (under) expenditures	4,525,259	(44,597,258)	(100,950,813)	(141,022,812)
OTHER FINANCING SOURCES (USES)				
Transfers in	18,027,799	46,397,251	19,941,237	84,366,287
Transfers out	(19,914,456)	(100,348,033)	(6,343,971)	(126,606,460)
Refunding bonds issued	-	122,565,000	-	122,565,000
Premium on bonds issued	-	16,806,432	-	16,806,432
Commercial paper issued	-	-	71,300,000	71,300,000
Payments to refunding bond escrow agent	-	(38,479,809)	-	(38,479,809)
Proceeds from loan	379,775	-	3,817,581	4,197,356
Sale of capital assets	142,168	-	47,894	190,062
Total other financing sources(uses)	(1,364,714)	46,940,841	88,762,741	134,338,868
Net changes in fund balances	3,160,545	2,343,583	(12,188,072)	(6,683,944)
Fund balances, beginning	179,910,674	62,086,340	384,885,412	626,882,426
Fund balances, ending	$ 183,071,219	$ 64,429,923	$ 372,697,340	$ 620,198,482

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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, per Texas Tax Code Chapter 352, 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 – This fund was established in accordance with Chapter 51 of the Texas Government Code that authorizes the commissioners court of a county to adopt a district court records archive fee 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. These funds may be expended only for preservation and restoration of the district court records archive and for records management and preservation purposes.

PORT SECURITY PROGRAM – This fund was established for the Houston Ship Channel Security District (the District) reimbursement and prepayment of specific operational costs to include security and maintenance that the County has incurred related to the Houston Ship Channel Security District.

DEED RESTRICTION ENFORCEMENT - This fund was established with Chapter 202 and 203 of the Texas Property Code and provides for fees to administer the enforcement of deed restriction violations affecting real property subdivisions. These fees are 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 was established in accordance with Chapter 231 of the Texas Family Code which authorizes filing fees and, fees for issuance and delivery of order, service of process, fees for transfer, writes and the fee that the sheriffs and constables are authorized to charge for serving.

FAMILY PROTECTION - This fund was established in accordance with Texas Government Code Section 51.961 (d) and (e) Family Protection Fee and authorizes the commissioners court of the county to charge a court fee for each divorce case filed. This fund may be used by the commissioner's court of the county only to fund a service provider located in that county or an adjacent county. A service provider may provide family violence and child abuse prevention, intervention, family strengthening, mental health, and counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child.

CPS – SPECIAL REVENUE CONTRACTS - This fund was established through the Pasadena Independent School District - Texas Education Agency grant – Collaborative Dropout Reduction Program contract. This contract allows for the funding of program salaries.

UTILITY BILL ASSISTANCE PROGRAM - This fund was established through contracts with energy companies. The companies provide funds to assist with utility payments for qualified customers.

PROBATE COURT SUPPORT - This fund was established in accordance with Section 51.704 of the Texas Government Code, which requires the clerks of statutory probate courts to collect a "filing fee in each probate, guardianship, mental health, or civil case filed in the court." These funds are to be used only for the support of statutory probate courts in the County.

APPELLATE JUDICIAL SYSTEM - This fund is authorized under the Texas Government Code Sections 22.2021, 22.2031 and 22.2061 and provides for a court fee for each civil suit filed in county court, statutory county court, probate court, or district court in the county to be used for expenditures by the courts of appeals for the court of appeals district courts.

COUNTY ATTORNEY ADMINISTRATION – This fund was established in accordance with Section 284.2031of the Texas Transportation Code which allows a county with a population of 3.3 million or more to impose an administrative charge 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 Texas 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 – This fund is authorized under Texas Code of Criminal Procedures Chapter 59 under Article 18.18, related to confiscated gambling proceeds and Chapter 102 under Articles 102.007(a)(2)(b), 102.007(a)(2)(e) and 102.007(a)(2)(f), related to fees for writing a worthless check (hot check). Confiscated gambling proceeds are available to the District Attorney for use in investigating alleged violations of the Penal Code. Fees collected in connection with processing hot checks may only be used to defray the salaries and expenses of the prosecutor's office.

JUSTICE COURT COURTHOUSE SECURITY - This fund was established in accordance with the Texas Government Code 291.008 and Texas Code of Criminal Procedure 102.017 and requires a defendant convicted of a misdemeanor offense in a justice court shall pay a security fee as a cost of court. Fees collected are to be used to provide security, services, and items for a justice court located in a building that is not the county courthouse.

RECORDS MANAGEMENT - This fund is authorized under Texas Code of Criminal Procedures Chapter 102, Local Government Code Chapter 118 and Texas Government Code Chapter 51 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 / programs including Senior Citizen Programs, DARE and County Libraries. Expenditures are made in accordance with designations.

JUSTICE COURT TECHNOLOGY - This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0173, and justice court technology fee paid by defendants convicted of misdemeanor offenses in a justice court. The funds are to be used for the purchase and maintenance of technological enhancements for a justice court and continuing education and training for enhancement for a justice court.

CHILD ABUSE PREVENTION - This fund is authorized by Senate Bill 6, and the Texas Code of Criminal Procedure, Article 102.0186 and allows the clerks of the respective courts to collect a fee for every person convicted of certain offenses against children. The funds may be used to fund child abuse prevention programs in the county where the court is located.

JUVENILE CASE MANAGER FEE - This fund was authorized under Texas Code of Criminal Procedure, Article 102.0174 and provides for a fee to be assessed to defendants convicted of fine-only misdemeanor offenses in a justice court, county court, or county court at law. The funds may only be used for the salary and benefits of a juvenile case manager.

TAX ASSESSOR CHAPTER 19 – This fund was established in accordance with Chapter 19 of the Texas Election Code for purposes of aiding counties with financing voter registration. Funds disbursed under this chapter may be used only to defray expenses of the registrar's office in connection with voter registration.

STAR DRUG COURTS - This fund was created in accordance with Texas Code of Criminal Procedures 102.0178 and provides for a fee to be assessed for certain intoxication and drug convictions. The funds are to be used exclusively for the development and maintenance of drug court programs operated within the County.

COUNTY & DISTRICT TECHNOLOGY FEE – This fund was established in accordance with the Texas Code of Criminal Procedure, Article 102.0169, for purposes of financing continuing education and training for county court, statutory county court, or district court judges and clerks regarding technological enhancements and purchases and maintenance of technological enhancements including computer systems, networks, hardware, software, imaging systems, electronic kiosks, and docket management systems.

STORMWATER MANAGEMENT - This fund was established in accordance with Chapter 573 of the Texas Local Government Code and allows for the assessing of reasonable charges to fund the implementation, administration, and operation of the stormwater permitting program as necessary to comply with federal or state program requirements.

DA DIVERT PROGRAM - This fund was created in accordance with Texas Code of Criminal Procedures 102.0121 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. The funds must be used for the DA juvenile diversion program.

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.

SJ WETLANDS / TCEQ / POLLUTION MITIGATION - This fund was established to account for donations and monies received under the terms of court settlements involving restitution for pollution violations (Federal, State, and or Local laws) enforced by the County, and restitution for pollution violations enforced by the Texas Commission on Environmental Quality. Funds are primarily used for cleanup, preservation, and related purposes.

COMMUNITY DEVELOPMENT FINANCIAL SURETIES – This fund was established in accordance with Texas Local Government Code 232.004, to account for forfeited engineering fees charged to Residential Commercial Subdivision Developers when the County performs the repairs. Expenditures are for the required repairs.

ELECTION SERVICES - This fund was established pursuant to Texas Election Code 31.1 and 271 for purposes of defraying expenses of the County Clerk's Office in conducting Harris County elections.

LAW ENFORCEMENT FORFEITED FUND - This fund was established to account for transactions associated with the various asset forfeiture programs pursuant to the Federal Comprehensive Crime Control Act of 1984, Texas Code of Criminal Procedure Chapter 59, Texas Code of Criminal Procedure Chapter 18, and Guide to Equitable

Sharing for Foreign Counties and Federal, State, and Local Law Enforcement Agencies. Expenditures are for law enforcement purposes and are further defined by the statutes associated with the source of the forfeited funds.

CRIMINAL COURTS AUDIO/VISUAL - This fund was established in accordance with Texas Code of Criminal Procedure Chapter 59, to be used to upgrade audio-visual equipment in the District and County criminal courts.

MEDICAID ADMINISTRATIVE CLAIM-REIMBURSEMENT - This fund is used to account for the receipt of Medicaid Administrative Claim reimbursements and the associated expenditures for health related services for clients. These funds are authorized under the Medicaid State Plan under Title XIX of the Social Security Act.

DISPUTE RESOLUTION - This fund was established in accordance with Section 152.004 of the Texas Civil Practice and Remedies Code and is used to account for fees assessed on cases to fund an alternative system for the peaceable and expeditious resolution of citizen disputes not requiring formal court action.

FIRE CODE FEE - This fund is authorized under Texas Local Government Code 233.065, to account for the fees for issuance of a building permit for the administration and enforcement of the fire code. Fees may be used only for the administration and enforcement of the fire code.

LEOSE-LAW ENFORCEMENT - This fund was established under the Texas Administrative Code, Title 37, Part 7 for purposes of accounting for state monies to law enforcement agencies utilized for the continuing education of law enforcement personnel.

LIBRARY CONTRIBUTION FUND - This fund accounts for revenues from donations / contributions made to the Harris County Library. Many of these donations are from "Friends of the Library" groups that are active in raising funds for their respective library branches through book sales and other activities based on concession agreements approved by Commissioners Court. The funds are used for library related expenditures.

JUVENILE PROBATION FEE - This fund was established pursuant to Sections 54.061 and 54.0411 of the Texas Family Code to account for the fees charged while a juvenile is on probation. The fees may be used only for juvenile probation or community based juvenile corrections services or facilities.

FOOD PERMIT FEE - This fund was established pursuant to Sections 437.003 and 437.0123 of the Texas Health and Safety Code to account for the fees associated with issuing food permits and enforcing the associating statutory provisions. The fees may be used for reviewing and acting on a permit, amending and renewing a permit, and inspecting a facility for the purpose of issuing a food permit.

COURT REPORTER SERVICE - This fund was established in accordance with Section 51.601 of the Texas Government Code and allows for a fee for each new case filed in a court that has an official court reporter. These fees may be used to assist in the payment of court reporter related services.

JUVENILE DELINQUENCY PREVENTION - This fund was established pursuant to the Texas Code of Criminal Procedure 102.0171 and accounts for fees charged when a child is adjudicated for graffiti-related offenses. These fees are restricted to be used for graffiti eradication.

SUPPLEMENTAL GUARDIANSHIP - This fund was established under Sections 118.052 and 118.067 of the Texas Local Government Code which allows for a supplemental court-initiated guardianship fee charged for a probate original action. These fees may be used only to supplement other county funds used to pay the compensation of a guardian ad litem, pay the compensation of an attorney ad litem, and or fund local guardianship programs that

provide guardians for indigent incapacitated persons who do not have family members suitable and willing to serve as guardians.

COURTHOUSE SECURITY - This fund was authorized under Texas Local Government Code 291.008 and Texas Code of Criminal Procedure 102.017 to account for fees collected and expended for purposes of defraying the costs of courthouse security.

LAW LIBRARY - This fund was established under the authority of Section 323.023 of the Texas Local Government Code, to account for fees assessed for each civil case filed in County and District Courts of Harris County. The funds are to be used for purchasing or leasing law library materials or acquiring equipment, including computers, software, subscriptions to obtain access to electronic research networks for use by judges in the County.

TIRZ AFFORDABLE HOUSING / OTHER RESTRICTED FUNDS - This fund was established in accordance with Section 311.011 of the Texas Tax Code to account for Tax Increment Reinvestment Zone (TIRZ) related activity including the establishment of affordable housing; the revitalization and redevelopment of unproductive, underproductive or blighted areas and other restricted revenues and expenditures defined in the associated interlocal agreements.

HARRIS COUNTY JUVENILE BOARD – This fund was established to account for juvenile probation services fund by the Texas Juvenile Justice Department. The funds may only be used for juvenile probation or community based juvenile corrections services or facilities.

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

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

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2012

	Flood Control	Sports & Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program
ASSETS					
Cash and cash equivalents	$ 8,014,079	$ 6,302,230	$ 1,036,430	$ 196,930	$ -
Investments	102,661,752	-	1,165,632	105,868	12
Receivables:					
Taxes, net	3,772,921	-	-	-	-
Accounts, net	-	3,160,246	-	-	84,905
Accrued interest	124,157	6,190,619	4,507	410	6
Other	2,614,229	3,185,238	5,764,402	-	18,370
Due from other funds	4,657,527	6,339,387	686,527	-	-
Prepaids and other assets	322,379	123,940	1,064	-	-
Inventories	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and cash equivalents	98,587	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	$ 122,265,631	$ 25,301,660	$ 8,658,562	$ 303,208	$ 103,293
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	$ 3,118,735	$ 1,290,097	$ 1,689,472	$ -	$ 8,400
Accrued payroll and compensated absences	2,200,944	53,900	-	39,666	-
Retainage payable	213,195	15,000	-	-	-
Due to other funds	-	11,790,069	2,779,684	-	26,474
Other liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	3,772,921	9,287,119	4,282,863	-	57,893
Total liabilities	9,305,795	22,436,185	8,752,019	39,666	92,767
Fund Balances:					
Nonspendable	322,379	123,940	1,064	-	-
Restricted	112,637,457	2,741,535	-	263,542	-
Committed	-	-	-	-	10,526
Unassigned	-	-	(94,521)	-	-
Total fund balances	112,959,836	2,865,475	(93,457)	263,542	10,526
Total liabilities and fund balances	$ 122,265,631	$ 25,301,660	$ 8,658,562	$ 303,208	$ 103,293

(continued)

Deed Restriction Enforcement	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support
$ 4,047	$ 163,194	$ 38,914	$ -	$ 54,123	$ 457,708
2,161	87,503	22,470	-	31,328	250,843
-	-	-	-	-	-
-	-	-	8,460	-	-
8	338	87	-	121	970
-	19,565	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	7,294
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,216	$ 270,600	$ 61,471	$ 8,460	$ 85,572	$ 716,815
$ -	$ 1,757	$ 31,635	$ 64	$ 4,730	$ 9,476
-	96,104	1,149	4,818	-	7,106
-	-	-	-	-	-
-	-	-	4,865	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	97,861	32,784	9,747	4,730	16,582
-	-	-	-	-	7,294
6,216	172,739	28,687	-	-	692,939
-	-	-	-	80,842	-
-	-	-	(1,287)	-	-
6,216	172,739	28,687	(1,287)	80,842	700,233
$ 6,216	$ 270,600	$ 61,471	$ 8,460	$ 85,572	$ 716,815

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2012

	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management
ASSETS					
Cash and cash equivalents	$ 99,616	$ 573,909	$ 8,807,652	$ 439,872	$ 9,052,307
Investments	54,230	319,549	2,076,175	238,744	4,986,829
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	103,475	-	-	-
Accrued interest	210	1,236	14,364	923	19,283
Other	117,434	-	4,098	1	1,717
Due from other funds	-	-	-	-	-
Prepaids and other assets	-	-	-	-	454,881
Inventories	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and cash equivalents			-	-	-
Notes receivable	-	-	-	-	-
Total assets	$ 271,490	$ 998,169	$ 10,902,289	$ 679,540	$ 14,515,017
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	$ 5,954	$ 67,368	$ 70,272	$ -	$ 184,342
Accrued payroll and compensated absences	-	2,871	-	-	72,498
Retainage payable	-	-	-	-	-
Due to other funds	-	-	49,522	-	-
Other liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	117,434	-	-	-	-
Total liabilities	123,388	70,239	119,794	-	256,840
Fund Balances:					
Nonspendable	-	-	-	-	454,881
Restricted	148,102	927,930	10,782,495	679,540	13,803,296
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	148,102	927,930	10,782,495	679,540	14,258,177
Total liabilities and fund balances	$ 271,490	$ 998,169	$ 10,902,289	$ 679,540	$ 14,515,017

(continued)

Donation Fund	Justice Court Techonology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Star Drug Court	County & District Technology Fee
$ 1,784,331	$ 1,872,128	$ 24,775	$ 2,053,063	$ 15	$ 718,318	$ 82,865
959,296	1,005,533	13,180	1,102,759	-	385,879	44,508
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,710	3,888	51	4,264	-	1,492	172
-	-	-	2	-	941	145
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 2,747,337	$ 2,881,549	$ 38,006	$ 3,160,088	$ 15	$ 1,106,630	$ 127,690
$ 190,425	$ -	$ -	$ 1,185	$ -	$ -	$ -
-	-	-	49,287	-	-	-
-	-	-	-	-	-	-
-	-	-	-	30,165	-	-
10	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
190,435	-	-	50,472	30,165	-	-
-	-	-	-	-	-	-
-	2,881,549	38,006	3,109,616	-	1,106,630	127,690
2,556,902	-	-	-	-	-	-
-	-	-	-	(30,150)	-	-
2,556,902	2,881,549	38,006	3,109,616	(30,150)	1,106,630	127,690
$ 2,747,337	$ 2,881,549	$ 38,006	$ 3,160,088	$ 15	$ 1,106,630	$ 127,690

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2012

	Stormwater Management	DA Divert Program	Gulf of Mexico Energy Security Act	SJ Wetlands/ TCEQ / Pollution Mitigation	Community Development Financial Sureties
ASSETS					
Cash and cash equivalents	$ 167,242	$ 270,655	$ 80,537	$ 545,437	$ 458,940
Investments	92,689	145,407	43,211	79,941	246,522
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	-	-	-	-
Accrued interest	358	562	167	309	953
Other	-	6,199	-	5,100	-
Due from other funds	-	-	-	-	-
Prepaids and other assets	-	-	-	-	-
Inventories	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and cash equivalents			-	-	-
Notes receivable	-	-	-	-	-
Total assets	$ 260,289	$ 422,823	$ 123,915	$ 630,787	$ 706,415
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	$ 14,751	$ -	$ -	$ -	$ 6,984
Accrued payroll and compensated absences	-	14,336	-	-	-
Retainage payable	-	-	-	-	7,528
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	14,751	14,336	-	-	14,512
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	408,487	123,915	630,787	-
Committed	245,538	-	-	-	691,903
Unassigned	-	-	-	-	-
Total fund balances	245,538	408,487	123,915	630,787	691,903
Total liabilities and fund balances	$ 260,289	$ 422,823	$ 123,915	$ 630,787	$ 706,415

(continued)

Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE-Law Enforcement
$ 337,123	$ 14,747,389	$ 37,669	$ 1,017,488	$ 251,264	$ -	$ 392,882
180,624	1,938,860	20,309	568,664	160,315	-	214,977
-	-	-	-	-	-	-
150,690	-	-	-	-	-	-
698	11,483	79	2,199	620	-	831
-	159,730	-	82,223	-	-	-
-	12,694	-	-	-	-	-
331	217,649	-	-	-	-	275
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 669,466	$ 17,087,805	$ 58,057	$ 1,670,574	$ 412,199	$ -	$ 608,965
$ -	$ 167,888	$ -	$ 80,638	$ 103,900	$ -	$ 16,803
-	31,907	-	-	-	-	-
-	-	-	-	-	-	-
-	29,685	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	81,907	-	-	-
-	229,480	-	162,545	103,900	-	16,803
331	217,649	-	-	-	-	275
669,135	16,640,676	58,057	1,508,029	308,299	-	591,887
-	-	-	-	-	-	-
-	-	-	-	-	-	-
669,466	16,858,325	58,057	1,508,029	308,299	-	592,162
$ 669,466	$ 17,087,805	$ 58,057	$ 1,670,574	$ 412,199	$ -	$ 608,965

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 29, 2012

	Library Contribution Fund	Juvenile Probation Fee	Food Permit Fee	Court Reporter Service	Juvenile Delinquency Prevention
ASSETS					
Cash and cash equivalents	$ 199,893	$ -	$ -	$ -	$ -
Investments	108,461	-	-	-	-
Receivables:					
Taxes, net	-	-	-	-	-
Accounts, net	-	-	-	-	-
Accrued interest	419	-	-	-	-
Other	254	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaids and other assets	7,610	-	-	-	-
Inventories	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	$ 316,637	$ -	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers payable	$ 33,576	$ -	$ -	$ -	$ -
Accrued payroll and compensated absences	-	-	-	-	-
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	33,576	-	-	-	-
Fund Balances:					
Nonspendable	7,610	-	-	-	-
Restricted	-	-	-	-	-
Committed	275,451	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	283,061	-	-	-	-
Total liabilities and fund balances	$ 316,637	$ -	$ -	$ -	$ -

(continued)

Supplemental Guardianship	Courthouse Security	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Juvenile Board	Flood Control Grants	Grants	Total
$ -	$ -	$ 457,267	$ 4,016,860	$ 9,555,791	$ -	$ 6,838,403	$ 81,151,346
-	-	268,992	1,668,830	9,967,965	79,414	3,452,603	134,752,035
-	-	-	-	-	-	-	3,772,921
-	-	-	3,548	193,875	1,780,205	32,989,905	38,475,309
-	-	1,040	6,453	-	96	13,351	6,410,434
-	-	400	64,001	212,920	1,456,610	20,785,471	34,499,050
-	-	-	-	-	190,304	9,900	11,896,339
-	-	105,436	-	-	1,715,971	737,227	3,694,057
-	-	-	-	-	-	857,545	857,545
-	-	-	645,000	-	-	-	645,000
-	-	-	-	-	-	-	98,587
-	-	-	164,344	-	-	227,176	391,520
$ -	$ -	$ 833,135	$ 6,569,036	$ 19,930,551	$ 5,222,600	$ 65,911,581	$ 316,644,143
$ -	$ -	$ 63,014	$ 107,625	$ 806,410	$ 521,905	$ 13,281,986	$ 21,879,392
-	-	51,027	-	1,416,461	-	3,268,197	7,310,271
-	-	-	4,962	-	-	635,271	875,956
-	-	-	-	3,910	4,700,695	37,544,304	56,959,373
-	-	-	-	-	-	-	10
-	-	-	327,500		-	357,500	685,000
-	-	-	228,345	17,703,770	-	10,330,670	45,862,922
-	-	114,041	668,432	19,930,551	5,222,600	65,417,928	133,572,924
-	-	105,436	645,000	-	-	-	1,885,859
-	-	613,658	5,255,604	-	-	493,653	177,450,156
-	-	-	-	-	-	-	3,861,162
-	-	-	-	-	-	-	(125,958)
-	-	719,094	5,900,604	-	-	493,653	183,071,219
$ -	$ -	$ 833,135	$ 6,569,036	$ 19,930,551	$ 5,222,600	$ 65,911,581	$ 316,644,143

(concluded)

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

For The Year Ended February 29, 2012

	Flood Control	Sports and Convention Corporation	Hotel Occupancy Tax Revenue	District Court Records Archive	Port Security Program
REVENUES					
Taxes	$ 72,340,021	$ -	$ 26,766,633	$ -	$ -
Charges for services	-	-	-	311,927	-
Lease revenue	281,015	-	1	-	-
Intergovernmental	126,600	4,163,658	-	-	304,245
Earnings on investments	913,925	2,912,019	26,125	3,436	21
Miscellaneous	347,212	1,046,430	791,530	-	-
Total revenues	74,008,773	8,122,107	27,584,289	315,363	304,266
EXPENDITURES					
Current operating:					
Administration of justice	-	-	-	287,160	77,998
Parks	-	8,699,837	1,916,210	-	-
County administration	-	-	21,307,385	-	215,742
Health and human services	-	-	-	-	-
Flood control	58,336,251	-	-	-	-
Tax administration	647,319	-	-	-	-
Roads and bridges	-	-	-	-	-
Capital outlay	337,445	-	-	-	-
Total expenditures	59,321,015	8,699,837	23,223,595	287,160	293,740
Excess (deficiency) of revenues over (under) expenditures	14,687,758	(577,730)	4,360,694	28,203	10,526
OTHER FINANCING SOURCES (USES)					
Transfers in	9,274	-	-	-	-
Transfers out	(5,941,526)	(6,190,619)	(4,315,000)	-	-
Proceeds from loan	-	379,775	-	-	-
Sale of capital assets	142,168	-	-	-	-
Total other financial sources (uses)	(5,790,084)	(5,810,844)	(4,315,000)	-	-
Net changes in fund balances	8,897,674	(6,388,574)	45,694	28,203	10,526
Fund balances, beginning	104,062,162	9,254,049	(139,151)	235,339	-
Fund balances, ending	$ 112,959,836	$ 2,865,475	$ (93,457)	$ 263,542	$ 10,526

(continued)

Deed Restriction Enforcement	Child Support Enforcement	Family Protection	CPS-Special Revenue Contracts	Utility Bill Assistance Program	Probate Court Support
$ -	$ -	$ -	$ -	$ -	$ -
-	-	286,943	-	-	-
-	-	-	-	-	-
-	803,613	-	49,904	6,416	248,231
74	4,800	1,170	-	1,570	8,899
-	563	-	-	325,000	342
74	808,976	288,113	49,904	332,986	257,472
-	1,032,649	33,283	-	-	-
-	-	-	-	-	-
-	-	30,183	-	-	355,638
-	-	267,582	50,764	313,240	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,032,649	331,048	50,764	313,240	355,638
74	(223,673)	(42,935)	(860)	19,746	(98,166)
-	-	-	-	-	-
-	-	(4,592)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(4,592)	-	-	-
74	(223,673)	(47,527)	(860)	19,746	(98,166)
6,142	396,412	76,214	(427)	61,096	798,399
$ 6,216	$ 172,739	$ 28,687	$ (1,287)	$ 80,842	$ 700,233

(continued)

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

For The Year Ended February 29, 2012

	Appellate Judicial System	County Attorney Administration	District Attorney Administration	Justice Court Courthouse Security	Records Management
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	402,533	1,153,198	192,157	170,061	5,418,217
Lease revenue	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Earnings on investments	1,366	8,487	48,720	7,546	176,783
Miscellaneous	118,377	-	178,752	16,316	-
Total revenues	522,276	1,161,685	419,629	193,923	5,595,000
EXPENDITURES					
Current operating:					
Administration of justice	460,529	7,029	2,452,711	-	2,587,020
Parks	-	-	-	-	-
County administration	3,347	650,257	-	-	2,349,547
Health and human services	-	-	-	-	-
Flood control	-	-	-	-	-
Tax administration	-	-	-	-	-
Roads and bridges	-	-	-	-	-
Capital outlay	-	-	-	72,875	1,568,343
Total expenditures	463,876	657,286	2,452,711	72,875	6,504,910
Excess (deficiency) of revenues over (under) expenditures	58,400	504,399	(2,033,082)	121,048	(909,910)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(201,056)	-	-
Proceeds from loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financial sources (uses)	-	-	(201,056)	-	-
Net changes in fund balances	58,400	504,399	(2,234,138)	121,048	(909,910)
Fund balances, beginning	89,702	423,531	13,016,633	558,492	15,168,087
Fund balances, ending	$ 148,102	$ 927,930	$ 10,782,495	$ 679,540	$ 14,258,177

(continued)

Donation Fund	Justice Court Technology	Child Abuse Prevention	Juvenile Case Manager Fee	Tax Assessor Chapter 19	Star Drug Court	County & District Technology Fee
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	680,164	10,331	844,668	-	272,105	75,264
-	-	-	-	-	-	-
-	-	-	-	270,555	-	-
32,807	31,581	394	35,757	-	11,614	1,122
177,724	-	-	-	-	-	-
210,531	711,745	10,725	880,425	270,555	283,719	76,386
22,556	116,298	-	483,209	-	-	-
5,008	-	-	-	-	-	-
-	-	-	-	-	-	-
148,802	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	284,484	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
176,366	116,298	-	483,209	284,484	-	-
34,165	595,447	10,725	397,216	(13,929)	283,719	76,386
17	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17	-	-	-	-	-	-
34,182	595,447	10,725	397,216	(13,929)	283,719	76,386
2,522,720	2,286,102	27,281	2,712,400	(16,221)	822,911	51,304
$ 2,556,902	$ 2,881,549	$ 38,006	$ 3,109,616	$ (30,150)	$ 1,106,630	$ 127,690

(continued)

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

For The Year Ended February 29, 2012

	Stormwater Management	DA Divert Program	Gulf of Mexico Energy Security Act	SJ Wetlands / TCEQ / Pollution Mitigation	Community Development Financial Sureties
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	-	262,844	-	-	202,230
Lease revenue	-	-	-	-	-
Intergovernmental	87,629	-	1,387	-	-
Earnings on investments	3,566	4,379	1,467	3,484	8,342
Miscellaneous	-	-	-	4,537	-
Total revenues	91,195	267,223	2,854	8,021	210,572
EXPENDITURES					
Current operating:					
Administration of justice	-	151,119	-	-	-
Parks	-	-	-	-	-
County administration	167,925	-	-	-	-
Health and human services	-	-	-	181,066	-
Flood control	-	-	-	-	-
Tax administration	-	-	-	-	-
Roads and bridges	-	-	-	-	169,604
Capital outlay	-	-	-	-	-
Total expenditures	167,925	151,119	-	181,066	169,604
Excess (deficiency) of revenues over (under) expenditures	(76,730)	116,104	2,854	(173,045)	40,968
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-
Net changes in fund balances	(76,730)	116,104	2,854	(173,045)	40,968
Fund balances, beginning	322,268	292,383	121,061	803,832	650,935
Fund balances, ending	$ 245,538	$ 408,487	$ 123,915	$ 630,787	$ 691,903

(continued)

Election Services	Law Enforcement Forfeited Fund	Criminal Courts Audio/Visual	Medicaid Administrative Claim-Reimburse	Dispute Resolution	Fire Code Fee	LEOSE-Law Enforcement
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	17,392	-	41,461	873,326	2,957,142	-
-	-	-	-	-	-	-
-	38,015	-	1,738,289	-	-	309,732
5,178	54,008	3,141	11,361	6,341	-	8,086
283,083	5,600,067	-	-	-	-	-
288,261	5,709,482	3,141	1,791,111	879,667	2,957,142	317,818
-	4,333,022	1,040	-	987,037	2,957,142	188,179
-	-	-	-	-	-	-
35,209	-	-	-	-	-	-
-	-	-	417,397	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	686,890	-	-	-	-	-
35,209	5,019,912	1,040	417,397	987,037	2,957,142	188,179
253,052	689,570	2,101	1,373,714	(107,370)	-	129,639
-	33,397	-	100,000	-	-	-
-	(2,232,484)	-	34,315	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(2,199,087)	-	134,315	-	-	-
253,052	(1,509,517)	2,101	1,508,029	(107,370)	-	129,639
416,414	18,367,842	55,956	-	415,669	-	462,523
$ 669,466	$ 16,858,325	$ 58,057	$ 1,508,029	$ 308,299	$ -	$ 592,162

(continued)

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE

For The Year Ended February 29, 2012

	Library Donation Fund	Juvenile Probation Fee	Food Permit Fee	Court Reporter Services	Juvenile Delinquency Prevention
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	-	32,333	1,353,140	1,203,601	666
Lease revenue	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Earnings on investments	3,906	-	-	-	-
Miscellaneous	229,729	-	-	-	-
Total revenues	233,635	32,333	1,353,140	1,203,601	666
EXPENDITURES					
Current operating:					
Administration of justice	-	32,333	-	1,203,601	666
Parks	-	-	-	-	-
County administration	-	-	-	-	-
Health and human services	256,778	-	1,353,140	-	-
Flood control	-	-	-	-	-
Tax administration	-	-	-	-	-
Roads and bridges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	256,778	32,333	1,353,140	1,203,601	666
Excess (deficiency) of revenues over (under) expenditures	(23,143)	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financial sources (uses)	-	-	-	-	-
Net changes in fund balances	(23,143)	-	-	-	-
Fund balances, beginning	306,204	-	-	-	-
Fund balances, ending	$ 283,061	$ -	$ -	$ -	$ -

(continued)

Supplemental Guardianship	Courthouse Security	Law Library	TIRZ Affordable Housing / Other Restricted Funds	Harris County Juvenile Board	Flood Control Grants	Grants	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 99,106,654
164,140	1,722,204	1,208,043	22,251	-	-	242,511	20,120,852
-	-	-	-	-	-	-	281,016
-	-	-	922,939	28,848,088	18,409,501	144,699,042	201,027,844
-	-	9,058	56,254	105,511	228	111,843	4,624,369
-	-	26,858	2,167,135	9,659	1,920	4,419,631	15,744,865
164,140	1,722,204	1,243,959	3,168,579	28,963,258	18,411,649	149,473,027	340,905,600
-	1,722,204	-	-	33,421,317	-	32,789,471	85,347,573
-	-	-	-	-	-	-	10,621,055
164,140	-	5,945	38,231	-	-	9,192,014	34,515,563
-	-	1,242,218	1,295,203	-	-	83,804,852	89,331,042
-	-	-	-	-	566,805	-	58,903,056
-	-	-	-	-	-	23,712	955,515
-	-	-	-	-	-	-	169,604
-	-	-	-	108,317	21,544,063	32,219,000	56,536,933
164,140	1,722,204	1,248,163	1,333,434	33,529,634	22,110,868	158,029,049	336,380,341
-	-	(4,204)	1,835,145	(4,566,376)	(3,699,219)	(8,556,022)	4,525,259
-	-	-	-	4,566,376	4,257,953	9,060,782	18,027,799
-	-	-	-	-	(558,734)	(504,760)	(19,914,456)
-	-	-	-	-	-	-	379,775
-	-	-	-	-	-	-	142,168
-	-	-	-	4,566,376	3,699,219	8,556,022	(1,364,714)
-	-	(4,204)	1,835,145	-	-	-	3,160,545
-	-	723,298	4,065,459	-	-	493,653	179,910,674
$ -	$ -	$ 719,094	$ 5,900,604	$ -	$ -	$ 493,653	$ 183,071,219

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 29, 2012

	Federal Grant Programs	State and Local Grant Programs	Total
ASSETS			
Cash and cash equivalents	$ 5,116,260	$ 1,722,143	6,838,403
Investments	2,503,245	949,358	3,452,603
Accounts receivable	30,823,172	2,166,733	32,989,905
Accrued interest receivable	9,680	3,671	13,351
Other receivables	18,089,044	2,696,427	20,785,471
Due from other funds	9,900	-	9,900
Inventories	857,545	-	857,545
Prepaids and other assets	667,585	69,642	737,227
Notes receivable	227,176	-	227,176
Total assets	$ 58,303,607	$ 7,607,974	$ 65,911,581
LIABILITIES AND FUND BALANCES			
Liabilities:			
Vouchers payable	$ 12,913,825	$ 368,161	$ 13,281,986
Accrued payroll and compensated absences	2,036,418	1,231,779	3,268,197
Retainage payable	565,271	70,000	635,271
Due to other funds	34,853,791	2,690,513	37,544,304
Advances from other funds	357,500	-	357,500
Deferred revenue	7,083,149	3,247,521	10,330,670
Total liabilities	57,809,954	7,607,974	65,417,928
Fund Balances:			
Restricted	493,653	-	493,653
Total liabilities and fund balances	$ 58,303,607	$ 7,607,974	$ 65,911,581

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
For The Year Ended February 29, 2012

	Federal Grant Programs	State and Local Grant Programs	Total
REVENUES			
Intergovernmental	$ 125,205,294	$ 19,493,748	$ 144,699,042
Charges for services	242,511	-	242,511
Earnings on investments	100,437	11,406	111,843
Miscellaneous	4,320,779	98,852	4,419,631
Total revenues	129,869,021	19,604,006	149,473,027
EXPENDITURES			
Administration of justice	21,641,250	11,148,221	32,789,471
County administration	686,700	8,505,314	9,192,014
Health and human services	81,509,525	2,295,327	83,804,852
Tax administration	-	23,712	23,712
Capital outlay	29,992,317	2,226,683	32,219,000
Total expenditures	133,829,792	24,199,257	158,029,049
Excess (deficiency) of revenues over (under) expenditures	(3,960,771)	(4,595,251)	(8,556,022)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,440,575	4,620,207	9,060,782
Transfers out	(479,804)	(24,956)	(504,760)
Total transfers	3,960,771	4,595,251	8,556,022
Net changes in fund balances	-	-	-
Fund balances, beginning	493,653	-	493,653
Fund balances, ending	$ 493,653	$ -	$ 493,653

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 29, 2012

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Energy	Department of Homeland Security	Department of Health and Human Services	Other Federal Programs	Total
ASSETS								
Cash and cash equivalents	$ -	$ 77,448	$ 4,207,914	$ -	$ -	$ 493,653	$ 337,245	$ 5,116,260
Investments	-	-	2,295,181	-	-	-	208,064	2,503,245
Accounts receivable	753,463	2,806,317	233,303	5,895,222	16,922,404	2,122,236	2,090,227	30,823,172
Accrued interest receivable	-	-	8,875	-	-	-	805	9,680
Other receivables	1,232,727	8,598,636	47,076	1,278,770	748,281	6,122,474	61,080	18,089,044
Due from other funds	-	-	2,263	-	7,637	-	-	9,900
Inventories	-	857,545	-	-	-	-	-	857,545
Prepaids and other assets	2,276	-	22,318	-	498,163	67,082	77,746	667,585
Notes receivable	-	227,176	-	-	-	-	-	227,176
Total assets	$ 1,988,466	$ 12,567,122	$ 6,816,930	$ 7,173,992	$ 18,176,485	$ 8,805,445	$ 2,775,167	$ 58,303,607
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers payable	$ 36,453	$ 6,968,568	$ 222,810	$ 780,552	$ 1,098,513	$ 3,542,087	$ 264,842	$ 12,913,825
Accrued payroll and compensated absences	523,809	484,491	268,380	-	74,810	609,993	74,935	2,036,418
Retainage payable	-	67,053	-	498,218	-	-	-	565,271
Due to other funds	1,428,204	4,460,748	-	5,895,222	17,003,162	4,159,712	1,906,743	34,853,791
Advances from other funds	-	357,500	-	-	-	-	-	357,500
Deferred revenue	-	228,762	6,325,740	-	-	-	528,647	7,083,149
Total liabilities	1,988,466	12,567,122	6,816,930	7,173,992	18,176,485	8,311,792	2,775,167	57,809,954
Fund balances	-	-	-	-	-	493,653	-	493,653
Total liabilities and fund balances	$ 1,988,466	$ 12,567,122	$ 6,816,930	$ 7,173,992	$ 18,176,485	$ 8,805,445	$ 2,775,167	$ 58,303,607

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - FEDERAL PROGRAMS

For The Year Ended February 29, 2012

	Department of Agriculture	Department of Housing and Urban Development	Department of Justice	Department of Energy	Department of Homeland Security	Department of Health and Human	Other Federal	Total
REVENUES								
Intergovernmental	$ 9,203,626	$ 35,384,517	$ 6,457,881	$ 10,290,012	$ 22,117,952	$ 34,579,200	$ 7,172,106	$ 125,205,294
Charges for services	-	-	19,387	-	-	223,124	-	242,511
Earnings on investments	-	13	77,632	-	20,229	-	2,563	100,437
Miscellaneous	440	1,874,178	-	-	6,584	1,902,798	536,779	4,320,779
Total revenues	9,204,066	37,258,708	6,554,900	10,290,012	22,144,765	36,705,122	7,711,448	129,869,021
EXPENDITURES								
Administration of justice	5,852	-	6,994,254	-	10,366,420	2,254,069	2,020,655	21,641,250
County administration	13,852	-	217,174	-	-	455,674	-	686,700
Health and human services	9,179,254	36,818,999	-	-	280,775	34,076,898	1,153,599	81,509,525
Capital outlay	5,108	2,504,426	362,164	10,290,012	11,190,498	142,107	5,498,002	29,992,317
Total expenditures	9,204,066	39,323,425	7,573,592	10,290,012	21,837,693	36,928,748	8,672,256	133,829,792
Excess of revenues over (under) expenditures	-	(2,064,717)	(1,018,692)	-	307,072	(223,626)	(960,808)	(3,960,771)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,064,717	1,031,401	-	158,185	223,643	962,629	4,440,575
Transfers out	-	-	(12,709)	-	(465,257)	(17)	(1,821)	(479,804)
Total transfers	-	2,064,717	1,018,692	-	(307,072)	223,626	960,808	3,960,771
Net changes in fund balances	-	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-	493,653	-	493,653
Fund balance, ending	$ -	$ -	$ -	$ -	$ -	$ 493,653	$ -	$ 493,653

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 29, 2012

	Texas Department of Health	Texas Department of Motor Vehicles	Texas Commission on Environmental Quality	Texas Office of Court Administration	Other State Programs	Local Grants	Total
ASSETS							
Cash and cash equivalents	$ -	$ 332,821	$ 565,119	$ -	$ 42,079	$ 782,124	$ 1,722,143
Investments	-	180,840	299,672	-	35,866	432,980	949,358
Accounts receivable	37,327	-	-	1,003,981	991,499	133,926	2,166,733
Accrued interest receivable	-	699	1,159	-	139	1,674	3,671
Other receivables	131,351	638	1,023,244	1,218,881	302,851	19,462	2,696,427
Prepaids and other assets	1,836	3,403	-	185	63,303	915	69,642
Total assets	$ 170,514	$ 518,401	$ 1,889,194	$ 2,223,047	$ 1,435,737	$ 1,371,081	$ 7,607,974
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers payable	$ 3,582	$ 1,046	$ 2,453	$ 24,191	$ 158,038	$ 178,851	$ 368,161
Accrued payroll and compensated absences	66,226	302,848	29,440	504,446	72,288	256,531	1,231,779
Retainage payable	-	-	-	-	70,000	-	70,000
Due to other funds	100,706	-	-	1,694,410	893,337	2,060	2,690,513
Deferred revenue	-	214,507	1,857,301	-	242,074	933,639	3,247,521
Total liabilities	170,514	518,401	1,889,194	2,223,047	1,435,737	1,371,081	7,607,974
Fund balances	-	-	-	-	-	-	-
Total liabilities and fund balances	$ 170,514	$ 518,401	$ 1,889,194	$ 2,223,047	$ 1,435,737	$ 1,371,081	$ 7,607,974

HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - STATE AND LOCAL PROGRAMS

For The Year Ended February 29, 2012

	Texas Department of Health	Texas Department of Motor Vehicles	Texas Commission on Environmental Quality	Texas Office of Court Administration	Other State Programs	Local Grants	Total
REVENUES							
Intergovernmental	$ 853,368	$ 335,777	$ 8,920,880	$ 5,061,287	$ 2,579,552	$ 1,742,884	$ 19,493,748
Earnings on investments	-	2,165	7,134	-	2,107	-	11,406
Miscellaneous	-	92,377	-	-	-	6,475	98,852
Total revenues	853,368	430,319	8,928,014	5,061,287	2,581,659	1,749,359	19,604,006
EXPENDITURES							
Administration of justice	-	2,873,277	544,735	5,233,429	618,434	1,878,346	11,148,221
County administration	-	-	8,420,037	-	-	85,277	8,505,314
Health and human services	836,364	-	-	-	350,750	1,108,213	2,295,327
Tax administration	-	23,712	-	-	-	-	23,712
Capital outlay	-	-	103,942	502,963	1,619,778	-	2,226,683
Total expenditures	836,364	2,896,989	9,068,714	5,736,392	2,588,962	3,071,836	24,199,257
Excess of revenues over (under) expenditures	17,004	(2,466,670)	(140,700)	(675,105)	(7,303)	(1,322,477)	(4,595,251)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	2,473,875	141,447	675,105	7,303	1,322,477	4,620,207
Transfers out	(17,004)	(7,205)	(747)	-	-	-	(24,956)
Total transfers	(17,004)	2,466,670	140,700	675,105	7,303	1,322,477	4,595,251
Net changes in fund balances	-	-	-	-	-	-	-
Fund balance, beginning	-	-	-	-	-	-	-
Fund balance, ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 192,987,697	$ 192,987,697	$ 196,453,327	$ 3,465,630
Revenues and Transfers In:				
Taxes	90,998,636	90,998,636	97,929,525	6,930,889
Charges for Services	11,722,491	11,865,216	12,425,423	560,207
Forfeitures	-	1,504	17,095	15,591
Lease revenue	174,001	174,001	281,016	107,015
Intergovernmental	2,053,532	7,940,682	4,992,172	(2,948,510)
Interest	1,501,905	1,501,977	1,197,745	(304,232)
Miscellaneous	1,672,690	8,265,670	20,285,550	12,019,880
Other - Transfers In	11,401,636	12,469,057	1,430,198	(11,038,859)
Total Revenues and Transfers In	119,524,891	133,216,743	138,558,724	5,341,981
Total Available Resources	$ 312,512,588	$ 326,204,440	$ 335,012,051	$ 8,807,611

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

For the Year Ended February 29, 2012

	Adopted Budget	Budget	Actual	(Over) Under
Flood Control				
Commercial Paper Series F - Flood Control	$ 98,582	$ 98,582	$ -	$ 98,582
Flood Control General Fund	175,517,120	175,643,720	66,784,000	108,859,720
Total Flood Control	175,615,702	175,742,302	66,784,000	108,958,302
Hotel Occupancy Tax	24,899,454	24,899,454	24,912,740	(13,286)
District Court Records Archive	628,743	628,743	277,077	351,666
Port Security Program	-	2,968,500	285,340	2,683,160
Deed Restriction Enforcement	6,198	6,198	-	6,198
Child Support Enforcement	1,489,961	1,489,961	1,020,151	469,810
Family Protection	379,915	379,915	323,837	56,078
CPS - Special Revenue Contracts	442	70,442	46,748	23,694
Utility Bill Assistance Program	70,195	401,611	316,051	85,560
Probate Court Support	911,792	911,792	357,448	554,344
Appellate Judicial System	641,914	641,914	466,870	175,044
County Attorney Administration	1,089,775	1,089,775	622,970	466,805
Commerical Development Financial Surity	607,465	750,190	162,253	587,937
District Attorney Administration				
District Attorney Special Investigation	8,025,666	8,025,666	729,650	7,296,016
District Attorney Hot Check Depository	5,408,952	5,408,952	1,870,291	3,538,661
Total District Attorney Administration	13,434,618	13,434,618	2,599,941	10,834,677
Courthouse Security Justice Court	772,808	772,808	117,875	654,933
Records Management	20,777,022	20,777,022	7,015,417	13,761,605
Donation Fund	2,771,905	2,814,045	215,529	2,598,516
Justice Court Technology	3,001,265	3,001,265	116,298	2,884,967
Child Abuse Prevention	35,500	35,500	-	35,500
Juvenile Case Manager Fee	3,640,059	3,640,059	467,422	3,172,637
Tax Office - Chapter 19	504,957	504,957	284,484	220,473
Star Drug Court	1,072,532	1,072,532	-	1,072,532
County & District Technology Fee	97,744	97,744	-	97,744
Stormwater Management Fund	325,618	413,247	153,174	260,073
DA Divert Program	655,732	655,732	148,071	507,661
Gulf of Mexico Energy Security Act	122,173	122,173	-	122,173
Hester House				
Hester House Operating	83,731	83,733	-	83,733
Hester House Construction	3,668,996	4,121,618	209,037	3,912,581
Total Hester House	3,752,727	4,205,351	209,037	3,996,314
San Jacinto Wetlands Project	45,521	45,521	-	45,521
TCEQ - Pollution Control	290,220	299,595	45,657	253,938
EPH TCEQ SEP Fund	476,262	480,799	141,106	339,693
Election Services	740,827	740,827	35,539	705,288

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

For the Year Ended February 29, 2012

	Adopted Budget	Budget	Actual	(Over) Under
Law Enforcement Forfeited Fund				
District Attorney Seized Assets - Treasury	12,763	12,763	-	12,763
District Attorney Seized Assets - Justice	134,007	134,007	-	134,007
Constable Seized Assets - Treasury	38,724	38,724	24,398	14,326
Constable Seized Assets - Justice	111,149	111,149	13,595	97,554
Sheriff Seized Assets - Treasury	2,869,852	2,869,852	1,796,214	1,073,638
Sheriff Seized Assets - Justice	2,365,424	2,365,424	700,992	1,664,432
Sheriff Seized Assets - State	881,717	1,625,509	525,911	1,099,598
District Attorney Seized Assets - State	8,399,668	8,399,668	4,076,930	4,322,738
Constable Seized Assets - State	628,002	629,506	197,483	432,023
Seized Assets - Commissioner's Court	2,376,497	2,376,497	62,897	2,313,600
Fire Marshall Seized Assets	4,484	8,867	-	8,867
CA Forfeited Assets - State	2,367	2,367	1,202	1,165
Constable CH 18 State Forfeited	-	60,482	7,991	52,491
Total Law Enforcement Forfeited Fund	17,824,654	18,634,815	7,407,613	11,227,202
Crim Courts Audio/Visual	833,938	833,938	766,918	67,020
Dispute Resolution	1,579,797	1,579,797	935,224	644,573
Fire County Clerk Election	21,811,361	26,811,361	13,900,564	12,910,797
LEOSE - Law Enforcement	834,144	834,144	225,733	608,411
Library Donation Fund	539,086	539,086	246,685	292,401
Law Library	2,105,121	2,105,121	1,189,765	915,356
Medicaid Admin Claim Reimbursement	-	1,809,561	312,353	1,497,208
Restricted Fund				
Restricted Fund	2,269,307	4,105,891	1,223,268	2,882,623
Restricted Fund - General	213,194	213,194	45,667	167,527
Total Restricted Fund	2,482,501	4,319,085	1,268,935	3,050,150
TIRZ Affordable Housing				
TIRZ Affordable Housing - Non Interest Bearing	1	1	-	1
TIRZ Affordable Housing - Interest Bearing	1,467,194	1,467,194	1,002,556	464,638
Total TIRZ Affordable Housing	1,467,195	1,467,195	1,002,556	464,639
Hurricane Ike	4,099,385	4,099,385	130,895	3,968,490
Total Special Revenue Fund	$ 312,436,228	$ 326,128,080	$ 134,512,276	$ 191,615,804

DEBT SERVICE FUNDS

HARRIS COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE

February 29, 2012

	Roads	Flood Control	Total
ASSETS			
Restricted cash and cash equivalents	$ 19,141,125	$ 3,201,120	$ 22,342,245
Restricted investments	34,574,422	5,629,740	40,204,162
Taxes Receivable, net	2,188,112	192,443	2,380,555
Due From Other Funds	17,484	108	17,592
Other receivables	1,753,174	112,750	1,865,924
Total assets	$ 57,674,317	$ 9,136,161	$ 66,810,478
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	$ 2,188,112	$ 192,443	$ 2,380,555
Total liabilities	2,188,112	192,443	2,380,555
Fund Balances:			
Restricted	55,486,205	8,943,718	64,429,923
Total fund balances	55,486,205	8,943,718	64,429,923
Total liabilities and fund balances	$ 57,674,317	$ 9,136,161	$ 66,810,478

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 29, 2012

	Roads	Flood Control	Total
REVENUES			
Taxes - Property	$ 49,959,207	$ 2,424,185	$ 52,383,392
Earnings on investments	11,755	14,309	26,064
Miscellaneous	64,064	21,686	85,750
Total revenues	50,035,026	2,460,180	52,495,206
EXPENDITURES			
Debt Service:			
Principal retirement	19,270,000	10,109,024	29,379,024
Bond issuance costs	539,911	-	539,911
Interest and fiscal charges	31,359,071	35,814,458	67,173,529
Total expenditures	51,168,982	45,923,482	97,092,464
Deficiency of revenue under expenditures	(1,133,956)	(43,463,302)	(44,597,258)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,883,425	43,513,826	46,397,251
Transfers out	(100,348,033)	-	(100,348,033)
Refunding on bonds issued	122,565,000	-	122,565,000
Premium on bonds issued	16,806,432	-	16,806,432
Payments to escrow agent	(38,479,809)	-	(38,479,809)
Total other financing sources (uses)	3,427,015	43,513,826	46,940,841
Net changes in fund balances	2,293,059	50,524	2,343,583
Fund balances, beginning	53,193,146	8,893,194	62,086,340
Fund balances, ending	$ 55,486,205	$ 8,943,718	$ 64,429,923

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
For The Year Ended Febraruy 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 59,732,001	$ 59,732,001	$ 58,578,950	$ (1,153,051)
Revenues and Transfers In:				
Taxes	70,690,566	70,690,566	52,469,409	(18,221,157)
Interest	366,633	366,633	28,297	(338,336)
Miscellaneous	51,082	51,082	89,924	38,842
Other Transfers In	37,269,014	215,120,255	226,004,594	10,884,339
Total Revenues and Transfers In	108,377,295	286,228,536	278,592,224	(7,636,312)
Total Available Resources	$ 168,109,296	$ 345,960,537	$ 337,171,174	$ (8,789,363)

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

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Roads				
Road Series 1996	$ 1,263,728	$ 1,263,728	$ -	$ 1,263,728
Road Refunding Series 2001	17,995,759	56,475,568	48,016,343	8,459,225
Road Refunding Series 2003A	4,235,046	4,235,046	2,556,225	1,678,821
Road Refunding Series 2003B	-	-	-	-
Road Refunding Series 2004A-D	12,585,004	12,585,004	6,216,750	6,368,254
Unlimited Tax Road Refunding Series 2004	7,843,127	7,843,127	3,863,500	3,979,627
Unlimited Tax Road Refunding Series 2005A	3,458,788	3,458,788	1,721,000	1,737,788
Unlimited Tax Forward Refunding 2006A-D	12,083,454	12,083,454	6,718,250	5,365,204
Roads Refunding 2006B	22,227,798	22,227,798	10,888,250	11,339,548
Unlimited Tax Road Refunding Series 2008A	3,564,298	3,564,298	1,777,650	1,786,648
Road Refunding Series 2009A	19,642,519	19,642,519	4,892,288	14,750,231
Road Refunding Series 2010A	8,312,666	8,312,666	4,143,100	4,169,566
Road Refunding Series 2011A	-	139,371,432	139,367,753	3,679
Total Roads	113,212,187	291,063,428	230,161,109	60,902,319
Flood Control				
Flood Control Contract Refunding 2006A	4,710,517	4,710,517	4,709,250	1,267
Flood Control Refunding Series 1993A	1,496,809	1,496,809	1,466,626	30,183
Flood Control Refunding Series 2002	4,164,465	4,164,465	1,435,925	2,728,540
Flood Control Refunding Series 2003	2,908,477	2,908,477	1,439,544	1,468,933
Flood Control Contract Refunding 2004A-D	6,931,487	6,931,487	6,812,750	118,737
Flood Control Improvement Bonds 2007	8,922,089	8,922,089	4,384,000	4,538,089
Flood Control Contract Refunding 2010A	9,300,622	9,300,622	9,296,344	4,278
Flood Control Contract Refunding 2008A	6,999,055	6,999,055	6,993,600	5,455
Flood Control Contract Refunding 2008C	9,463,588	9,463,588	9,457,069	6,519
Total Flood Control	54,897,109	54,897,109	45,995,108	8,902,001
Total Debt Service Funds	$ 168,109,296	$ 345,960,537	$ 276,156,217	$ 69,804,320

CAPITAL PROJECTS FUNDS

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

ROADS – This fund is used for construction and improvement of roads in the County.

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 29, 2012

	Roads	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
ASSETS						
Cash and cash equivalents	$ 60,112,483	$ 29,039,940	$ -	$ -	$ 66,544,716	$ 155,697,139
Investments	106,829,667	4,110,066	-	-	107,902,686	218,842,419
Accounts receivable	3,675,256	7,996	-	-	7,587,628	11,270,880
Accrued interest receivable	373,887	15,893	-	-	144,751	534,531
Due from other funds	-	322,466	-	-	43,168	365,634
Prepaids and other assets	336,748	3,156,672	-	-	816,091	4,309,511
Advances to other funds	-	-	12,000,000	-	-	12,000,000
Restricted cash and cash equivalents	-	-	-	1,408,254	-	1,408,254
Restricted investments	-	-	-	12,000,000	-	12,000,000
Total assets	$ 171,328,041	$ 36,653,033	$ 12,000,000	$ 13,408,254	$ 183,039,040	$ 416,428,368
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 7,818,167	$ 3,198,942	$ -	$ 647,010	$ 3,071,398	$ 14,735,517
Retainage payable	2,539,346	527,626	-	-	1,458,094	4,525,066
Due to other funds	124,113	137,540	-	-	190,816	452,469
Advances from other funds	-	-	-	12,000,000	-	12,000,000
Deferred revenue	5,146	5,642,384	-	1,646,818	4,723,628	12,017,976
Total liabilities	10,486,772	9,506,492	-	14,293,828	9,443,936	43,731,028
Fund Balances:						
Nonspendable	336,748	3,156,672	12,000,000	-	816,091	16,309,511
Restricted	119,721,457	21,387,960	-	1,408,254	172,779,013	315,296,684
Committed	40,783,064	2,601,909	-	-	-	43,384,973
Unassigned	-	-	-	(2,293,828)	-	(2,293,828)
Total fund balances	160,841,269	27,146,541	12,000,000	(885,574)	173,595,104	372,697,340
Total liablities and fund balances	$ 171,328,041	$ 36,653,033	$ 12,000,000	$ 13,408,254	$ 183,039,040	$ 416,428,368

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 29, 2012

	Roads	Permanent Improvements	Reliant Park	Sports and Convention Corporation	Flood Control	Total
REVENUES						
Intergovernmental	$ 36,756,937	$ 1,116,000	$ -	$ -	$ 30,157,195	$ 68,030,132
Earnings on investments	2,801,092	189,884	-	-	1,724,767	4,715,743
Miscellaneous	1,857,405	1,410,402	-	6,402,612	1,177,371	10,847,790
Total revenues	41,415,434	2,716,286	-	6,402,612	33,059,333	83,593,665
EXPENDITURES						
Administration of justice	-	188,848	-	-	-	188,848
Parks	-	2,167,865	-	10,931,867	-	13,099,732
County administration	620,009	14,908,560	-	-	-	15,528,569
Health and human services	-	389,610	-	-	-	389,610
Flood control	-	-	-	-	7,560,284	7,560,284
Roads and bridges	19,648,460	329,971	-	-	-	19,978,431
Capital outlay	77,324,945	26,441,701	-	236,731	23,710,383	127,713,760
Debt service:						
Bond issuance costs	4,000	12,000	-	-	-	16,000
Interest and fiscal charges	68,359	885	-	-	-	69,244
Total expenditures	97,665,773	44,439,440	-	11,168,598	31,270,667	184,544,478
Excess (deficiency) of revenues over (under) expenditures	(56,250,339)	(41,723,154)	-	(4,765,986)	1,788,666	(100,950,813)
OTHER FINANCING SOURCES (USES)						
Transfers in	13,201,158	-	-	6,190,619	549,460	19,941,237
Transfers out	(1,399,455)	(134,404)	-	-	(4,810,112)	(6,343,971)
Proceeds from loan	-	-	-	3,817,581	-	3,817,581
Commercial paper issued	20,200,000	51,100,000	-	-	-	71,300,000
Sale of capital assets	47,894	-	-	-	-	47,894
Total other financing sources (uses)	32,049,597	50,965,596	-	10,008,200	(4,260,652)	88,762,741
Net change in fund balances	(24,200,742)	9,242,442	-	5,242,214	(2,471,986)	(12,188,072)
Fund balances, beginning	185,042,011	17,904,099	12,000,000	(6,127,788)	176,067,090	384,885,412
Fund balances, ending	$ 160,841,269	$ 27,146,541	$ 12,000,000	$ (885,574)	$ 173,595,104	$ 372,697,340

HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS

SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	Over (Under)
Beginning Cash and Investments	$ 337,584,344	$ 339,497,433	$ 412,703,006	$ 73,205,573
Revenues and Transfers In:				
Interest	-	2,700,652	2,774,871	74,219
Miscellaneous	-	3,241,509	4,437,183	1,195,674
Intergovernmental	-	54,885,824	62,682,397	7,796,573
Other Sale of Real Property	-	47,894	47,894	-
Other Proceeds Comm Paper	486,084,772	685,133,711	71,300,000	(613,833,711)
Other Transfers In	-	13,201,158	13,750,618	549,460
Total Revenues and Transfers In	486,084,772	759,210,748	154,992,963	(604,217,785)
Total Available Resources	$ 823,669,116	$ 1,098,708,181	$ 567,695,969	$ (531,012,212)

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

For The Year Ended February 29, 2012

	Adopted Budget	Adjusted Budget	Actual	(Over) Under
Roads				
METRO Street Improvement	$ 5,801,719	$ 5,827,491	$ -	$ 5,827,491
1975 Road Bonds Construction	561,443	564,966	51,313	513,653
Road Capital Projects	54,447,718	65,052,116	22,575,897	42,476,219
METRO Designated Projects	37,368,552	80,526,274	38,317,104	42,209,170
Road Refunding 2004B	21,482,110	20,864,942	5,127,918	15,737,024
Road Refunding 2006B	76,090,428	76,970,752	18,513,153	58,457,599
Road Series 1993 Construction	51,479	51,485	4,202	47,283
Road 1996 Construction	314,086	185,962	14,232	171,730
Commercial Paper Series C	40,559,472	140,557,731	21,880,376	118,677,355
Total Roads	236,677,007	390,601,719	106,484,195	284,117,524
Permanent Improvements				
Buildings/Parks/Library Projects	11,397,328	14,031,587	5,193,930	8,837,657
1982 Park Bonds Construction	335,829	337,999	2,641	335,358
CO Series 2001 Construction	4,024,494	4,041,020	1,949,025	2,091,995
Permanent Improvements 2002 Construction	36,776	36,780	4	36,776
Permanent Improvements 1994 Construction	371,776	371,821	1,045	370,776
CO Series 1994 Construction	1,990,557	2,001,204	693,459	1,307,745
Commercial Paper Series B	22,161,346	62,054,352	4,546,611	57,507,741
Commercial Paper Series A-1	61,778,565	61,778,777	6,519,533	55,259,244
Commercial Paper Series New D	94,056,989	153,977,171	25,682,115	128,295,056
Total Permanent Improvements	196,153,660	298,630,711	44,588,363	254,042,348
Flood Control				
Regional Flood Control Projects	15,010,808	15,139,366	1,310,891	13,828,475
Flood Control Capital Projects	60,296,169	79,003,106	4,716,485	74,286,621
FC Bonds 2004A-Construction	11,539,436	11,661,762	2,079,241	9,582,521
FC Improvement Bonds 2007	36,463,636	36,877,637	8,501,406	28,376,231
Commercial Paper - Flood Control	267,528,400	266,793,880	21,044,583	245,749,297
Total Flood Control	390,838,449	409,475,751	37,652,606	371,823,145
Total Capital Projects Funds	$ 823,669,116	$ 1,098,708,181	$ 188,725,164	$ 909,983,017

ENTERPRISE FUNDS

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

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

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

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

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HARRIS COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS

February 29, 2012

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 240,356	$ 57,004	$ 6,920,212	$ 7,217,572
Investments	196,180	30,464	-	226,644
Accounts receivable, net	18,062	511	-	18,573
Accrued interest receivable	759	118	-	877
Other receivables	17,911	-	1,494,158	1,512,069
Prepaids and other assets	57,923	-	-	57,923
Inventories	-	-	406,453	406,453
Total current assets	531,191	88,097	8,820,823	9,440,111
Noncurrent assets:				
Land	-	3,963,598	-	3,963,598
Buildings	-	21,154,443	-	21,154,443
Equipment	749,188	-	3,968,841	4,718,029
Accumulated depreciation	(749,188)	(7,761,980)	(2,774,250)	(11,285,418)
Total noncurrent assets	-	17,356,061	1,194,591	18,550,652
Total assets	531,191	17,444,158	10,015,414	27,990,763
LIABILITIES				
Current liabilities:				
Vouchers payable	5,198	32,278	510,175	547,651
Accrued payroll and compensated absences	5,481	-	-	5,481
Customer deposits	176,892	-	-	176,892
Deferred revenue	-	-	270,874	270,874
Current portion of long-term liabilities	-	-	62,001	62,001
Total current liabilities	187,571	32,278	843,050	1,062,899
Noncurrent liabilities:				
Noncurrent portion of long-term liabilities	437	-	62,000	62,437
Total noncurrent liabilities	437	-	62,000	62,437
Total Liabilities	188,008	32,278	905,050	1,125,336
NET ASSETS				
Invested in capital assets, net of related debt	-	17,356,061	1,070,590	18,426,651
Unrestricted	343,183	55,819	8,039,774	8,438,776
Total net assets	$ 343,183	$ 17,411,880	$ 9,110,364	$ 26,865,427

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - NON MAJOR ENTERPRISE FUNDS
For The Year Ended February 29, 2012

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
OPERATING REVENUES				
Sales	$ -	$ -	$ 7,797,681	$ 7,797,681
User fees	165,241	258,461	-	423,702
Miscellaneous	61,131	-	-	61,131
Total operating revenues	226,372	258,461	7,797,681	8,282,514
OPERATING EXPENSES				
Salaries	57,163	-	600,000	657,163
Materials and supplies	-	-	762,280	762,280
Services and fees	659,981	-	2,402,045	3,062,026
Utilities	-	293,007	3,502	296,509
Transportation and travel	-	-	15,013	15,013
Cost of goods sold	-	-	3,366,326	3,366,326
Depreciation	-	470,006	354,057	824,063
Total operating expenses	717,144	763,013	7,503,223	8,983,380
Operating Income (Loss)	(490,772)	(504,552)	294,458	(700,866)
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	10,019	801	795	11,615
Total nonoperating revenue (expenses)	10,019	801	795	11,615
Change in net assets	(480,753)	(503,751)	295,253	(689,251)
Net assets, beginning	823,936	17,915,631	8,815,111	27,554,678
Net assets, ending	$ 343,183	$ 17,411,880	$ 9,110,364	$ 26,865,427

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 29, 2012

	Subscriber Access	Parking Facilities	Sheriff's Commissary	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 209,876	$ 296,936	$ 6,959,849	$ 7,466,661
Payments to employees	(57,795)	-	(600,000)	(657,795)
Payments to vendors	(717,325)	(292,777)	(6,747,633)	(7,757,735)
Net cash provided by (used for) operating activities	(565,244)	4,159	(387,784)	(948,869)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(8,747)	(8,747)
Net cash used for capital and related financing activities	-	-	(8,747)	(8,747)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	204,290	10,934	795	216,019
Net cash provided by investing activities	204,290	10,934	795	216,019
Net change in cash and cash equivalents	(360,954)	15,093	(395,736)	(741,597)
Cash and cash equivalents, beginning	601,310	41,911	7,315,948	7,959,169
Cash and cash equivalents, ending	$ 240,356	$ 57,004	$ 6,920,212	$ 7,217,572
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	$ (490,772)	$ (504,552)	$ 294,458	$ (700,866)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	470,006	354,057	824,063
Change in current assets and liabilities:				
Receivables, net	(359)	38,475	(1,108,706)	(1,070,590)
Prepaids and other assets	(57,923)	-	-	(57,923)
Inventories	-	-	(104,997)	(104,997)
Vouchers payable and accrued liabilities	579	230	(93,470)	(92,661)
Other liabilities	(16,137)	-	270,874	254,737
Compensatory time payable	(632)	-	-	(632)
Net cash provided by operating activities	$ (565,244)	$ 4,159	$ (387,784)	$ (948,869)
Non-Cash Investing Activities:				
Increase (decrease) in the fair value of investments	$ (193,823)	$ (10,125)	$ -	$ (203,948)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
February 29, 2012

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ 8,414,080	$ 107,094	$ 1,904,601	$ 35,956,097	$ 2,666,822	$ 49,048,694
Investments	5,820,811	65,898	1,025,626	19,300,437	44,051,632	70,264,404
Receivables:						
Accounts	4,116	680,937	-	1,701,523	-	2,386,576
Accrued interest	22,508	255	3,966	74,633	91,154	192,516
Other	674	-	1,345	27,884	1,538,597	1,568,500
Inventories	1,082,586	143,308	-	-	-	1,225,894
Prepaids and other assets	-	4,111	8,131	-	1,126,061	1,138,303
Due from other funds	339,227	22,845	-	-	-	362,072
Total current assets	15,684,002	1,024,448	2,943,669	57,060,574	49,474,266	126,186,959
Noncurrent assets:						
Land	259,000	-	-	-	-	259,000
Buildings	1,468,568	-	-	-	-	1,468,568
Equipment	45,627,840	1,596,807	483,662	-	-	47,708,309
Accumulated depreciation	(35,440,260)	(1,596,807)	(368,277)	-	-	(37,405,344)
Total noncurrent assets	11,915,148	-	115,385	-	-	12,030,533
Total assets	27,599,150	1,024,448	3,059,054	57,060,574	49,474,266	138,217,492
LIABILITIES						
Current liabilities:						
Vouchers payable	1,869,417	79,249	8,933	7,964,975	360,342	10,282,916
Accrued payroll and compensated absences	375,951	272,735	-	-	450,759	1,099,445
Estimated outstanding claims	-	-	-	-	13,086,896	13,086,896
Incurred but not reported claims	-	-	-	15,978,853	10,437,429	26,416,282
Deferred revenue	-	583,744	-	-	16,138	599,882
Total current liabilities	2,245,368	935,728	8,933	23,943,828	24,351,564	51,485,421
Noncurrent liabilities:						
Noncurrent portion of long-term liabilities	55,154	17,272	-	-	35,328	107,754
Total noncurrent liabilities	55,154	17,272	-	-	35,328	107,754
Total liabilities	2,300,522	953,000	8,933	23,943,828	24,386,892	51,593,175
NET ASSETS						
Invested in capital assets, net of related debt	11,915,148	-	115,385	-	-	12,030,533
Unrestricted	13,383,480	71,448	2,934,736	33,116,746	25,087,374	74,593,784
Total net assets	$ 25,298,628	$ 71,448	$ 3,050,121	$ 33,116,746	$ 25,087,374	$ 86,624,317

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - INTERNAL SERVICE FUNDS
For The Year Ended February 29, 2012

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Totals
OPERATING REVENUES						
Lease revenue	$ -	$ 60,240	$ -	$ -	$ -	$ 60,240
Intergovernmental	-	-	-	1,871,544	-	1,871,544
Charges to departments	21,093,105	377,506	413,155	187,137,684	15,894,139	224,915,589
User fees	5,725,772	2,138,864	-	-	-	7,864,636
Total operating revenues	26,818,877	2,576,610	413,155	189,009,228	15,894,139	234,712,009
OPERATING EXPENSES						
Salaries	2,674,621	2,915,658	-	-	7,096,416	12,686,695
Materials and supplies	144,832	27,027	131,610	11,000	77,773	392,242
Services and fees	2,714,334	1,809,845	59,632	72,880	2,576,078	7,232,769
Utilities	85,295	720,703	-	-	1,017	807,015
Transportation and travel	8,262,355	-	-	-	8,037	8,270,392
Incurred claims	-	-	-	197,281,859	5,692,721	202,974,580
Estimated claims & changes in estimates	-	-	-	(4,798,031)	(1,034,276)	(5,832,307)
Cost of goods sold	8,303,185	64,643	-	-	-	8,367,828
Depreciation	6,158,653	95,175	22,791	-	-	6,276,619
Total operating expenses	28,343,275	5,633,051	214,033	192,567,708	14,417,766	241,175,833
Operating income (loss)	(1,524,398)	(3,056,441)	199,122	(3,558,480)	1,476,373	(6,463,824)
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	151,338	4,385	33,924	675,239	617,960	1,482,846
Gain on sale of capital assets	165,551	2,997	-	-	-	168,548
Other nonoperating revenues (expenses)	3,757	(4,894)	-	-	-	(1,137)
Total nonoperating revenues (expenses)	320,646	2,488	33,924	675,239	617,960	1,650,257
Income (loss) before transfers	(1,203,752)	(3,053,953)	233,046	(2,883,241)	2,094,333	(4,813,567)
Transfers in	813	2,764,503	-	3,000,000	3,000,000	8,765,316
Transfers out	(278,523)	-	-	(5,000,000)	(7,100,000)	(12,378,523)
Total transfers	(277,710)	2,764,503	-	(2,000,000)	(4,100,000)	(3,613,207)
Change in net assets	(1,481,462)	(289,450)	233,046	(4,883,241)	(2,005,667)	(8,426,774)
Net assets, beginning	26,780,090	360,898	2,817,075	37,999,987	27,093,041	95,051,091
Net assets, ending	$ 25,298,628	$ 71,448	$ 3,050,121	$ 33,116,746	$ 25,087,374	$ 86,624,317

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 29, 2012

	Vehicle Maintenance	Radio Operations	Inmate Industries	Health Insurance Management	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 26,711,129	$ 2,734,956	$ 412,191	$ 190,109,035	$ 15,912,256	$ 235,879,567
Payments to employees	(2,660,134)	(2,922,095)	-	-	(7,130,517)	(12,712,746)
Payments to vendors	(19,672,162)	(2,618,062)	(194,691)	(1,248,528)	(2,791,192)	(26,524,635)
Claims paid	-	-	-	(196,934,753)	(6,359,430)	(203,294,183)
Other receipts	3,757	-	-	-	-	3,757
Other payments		(4,894)	-	-	-	(4,894)
Net cash provided by (used for) operating activities	4,382,590	(2,810,095)	217,500	(8,074,246)	(368,883)	(6,653,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	813	2,764,503	-	3,000,000	3,000,000	8,765,316
Transfers to other funds	(278,523)	-	-	(5,000,000)	(7,100,000)	(12,378,523)
Net cash provided by noncapital financing activities	(277,710)	2,764,503	-	(2,000,000)	(4,100,000)	(3,613,207)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(1,312,027)	(5,925)	(5,061)	-	-	(1,323,013)
Net cash used for capital and related financing activities	(1,312,027)	(5,925)	(5,061)	-	-	(1,323,013)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	-	-	-	(68,882,189)	(68,882,189)
Proceeds from sales and maturities of investments	-	-	-	-	73,727,072	73,727,072
Interest paid	(1,065,103)	-	-	-	-	(1,065,103)
Interest received	-	158,611	75,636	7,280,953	89,666	7,604,866
Net cash used for investing activities	(1,065,103)	158,611	75,636	7,280,953	4,934,549	11,384,646
Net change in cash and cash equivalents	1,727,750	107,094	288,075	(2,793,293)	465,666	(204,708)
Cash and cash equivqlents, beginning	6,686,330	-	1,616,526	38,749,390	2,201,156	49,253,402
Cash and cash equivalents, ending	$ 8,414,080	$ 107,094	$ 1,904,601	$ 35,956,097	$ 2,666,822	$ 49,048,694
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating income (loss)	$ (1,524,398)	$ (3,056,441)	$ 199,122	$ (3,558,480)	$ 1,476,373	$ (6,463,824)
Adjustments to reconcile operating income to net cash Provided by operating activites:						
Depreciation expense	6,158,653	95,175	22,791	-	-	6,276,619
Other non-operating revenues	3,757	-	-	-	-	3,757
Other non-operating expenses	-	(4,894)	-	-	-	(4,894)
Change in assets and liabilities:						
Receivables, net	(107,748)	231,869	(964)	1,099,807	(42,231)	1,180,733
Prepaids and other assets	-	(4,111)	599	-	255,333	251,821
Inventories	1,757	10,080	-	-	-	11,837
Vouchers payable and accrued liabilities	(154,859)	(2,828)	(4,048)	(5,615,573)	(2,027,753)	(7,805,061)
Deferred revenue	-	(73,523)	-	-	3,496	(70,027)
Compensatory time payable	5,428	(5,422)	-	-	(34,101)	(34,095)
Net cash provided by (used for) operating activities	$ 4,382,590	$ (2,810,095)	$ 217,500	$ (8,074,246)	$ (368,883)	$ (6,653,134)
Non-Cash Investing Activities:						
Increase (decrease) in the fair value of investments	$ 1,208,214	$ (153,801)	$ (42,371)	$ (6,600,158)	$ 554,348	$ (5,033,768)

FIDUCIARY FUNDS

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.

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 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).

PAYROLL FUND - This fund is used to pay amounts due to external parties withheld and related payroll liabilities from the central payroll system.

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
February 29, 2012

	District Clerk Registry	County Clerk Registry	Officers' Fees	Bail Security	Tax Collector's	Inmate Property
ASSETS						
Cash and cash equivalents	$ 14,447,370	$ 11,183,220	$ 16,487,386	$ 12,720,672	$ 179,391,446	$ 1,475,057
Investments	52,071,300	42,910,584	6,678,561	2,190,177	-	-
Accounts receivable	-	-	18,899	-	-	-
Other receivables	-	-	-	-	-	36,130
Accrued interest receivable	224,654	184,410	28,550	8,469	-	-
Total assets	$ 66,743,324	$ 54,278,214	$ 23,213,396	$ 14,919,318	$ 179,391,446	$ 1,511,187
LIABILITIES						
Vouchers payable	$ -	$ -	$ -	$ -	$ -	$ 1,223,284
Accrued payroll and compensated absences	-	-	-	-	-	-
Incurred but not reported claims	-	-	-	-	-	-
Held for others	66,743,324	54,278,214	23,213,396	14,919,318	179,391,446	287,903
Total liabilities	$ 66,743,324	$ 54,278,214	$ 23,213,396	$ 14,919,318	$ 179,391,446	$ 1,511,187

Treasurer Escheat	Juvenile Restitution	Forfeited Restitution	District Clerk Contingency	Army Corps of Engineers Escrow	JJC Subcontractor Underpayment	Retiree Healthcare Fund	Retirement Adjustment Underpayment
$ 257,058	$ 91,396	$ 4,147	$ 261,860	$ 25,733	$ 16,240	$ -	$ 11,028
-	-	-	140,654	-	8,642	-	6,050
-	-	-	-	-	-	530,675	-
-	-	-	-	-	-	5,148,997	-
-	-	-	544	-	33	-	23
$ 257,058	$ 91,396	$ 4,147	$ 403,058	$ 25,733	$ 24,915	$ 5,679,672	$ 17,101
$ -	$ -	$ -	$ -	$ -	$ -	$ 993,274	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,686,398	-
257,058	91,396	4,147	403,058	25,733	24,915	-	17,101
$ 257,058	$ 91,396	$ 4,147	$ 403,058	$ 25,733	$ 24,915	$ 5,679,672	$ 17,101

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
February 29, 2012

	DA Seized Assets	Houston HIDTA Seized Funds	Payroll Fund	Custodial	Total Agency Funds
ASSETS					
Cash and cash equivalents	$ 26,991,189	$ 1,530,413	$ 6,972,085	$ 2,361,504	$ 274,227,804
Investments	-	-	3,244,844	-	107,250,812
Accounts receivable	-	-	158,434	-	708,008
Other receivables	-	-	2,036,353	-	7,221,480
Accrued interest receivable	-	-	12,454	-	459,137
Total assets	$ 26,991,189	$ 1,530,413	$ 12,424,170	$ 2,361,504	$ 389,867,241
LIABILITIES					
Vouchers payable	$ -	$ -	$ 1,209,661	$ -	$ 3,426,219
Accrued payroll and compensated absences	-	-	10,193,675	-	10,193,675
Incurred but not reported claims	-	-	-	-	4,686,398
Held for others	26,991,189	1,530,413	1,020,834	2,361,504	371,560,949
Total liabilities	$ 26,991,189	$ 1,530,413	$ 12,424,170	$ 2,361,504	$ 389,867,241

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2012

	Balance March 1, 2011	Additions	Deletions	Balance February 29, 2012
District Clerk Registry				
ASSETS				
Cash and cash equivalents	$ 3,239,840	$ 127,169,454	$ 115,961,924	$ 14,447,370
Investments	52,706,206	111,414,326	112,049,232	52,071,300
Accrued interest receivable	175,211	224,654	175,211	224,654
Total Assets	$ 56,121,257	$ 238,808,434	$ 228,186,367	$ 66,743,324
LIABILITIES				
Held for others	$ 56,121,257	$ 41,062,080	$ 30,440,013	$ 66,743,324
Total Liabilities	$ 56,121,257	$ 41,062,080	$ 30,440,013	$ 66,743,324
County Clerk Registry				
ASSETS				
Cash and cash equivalents	$ 2,122,768	$ 141,909,245	$ 132,848,793	$ 11,183,220
Investments	47,680,316	71,281,779	76,051,511	42,910,584
Accrued interest receivable	167,195	184,410	167,195	184,410
Total Assets	$ 49,970,279	$ 213,375,434	$ 209,067,499	$ 54,278,214
LIABILITIES				
Held for others	$ 49,970,279	$ 73,080,515	$ 68,772,580	$ 54,278,214
Total Liabilities	$ 49,970,279	$ 73,080,515	$ 68,772,580	$ 54,278,214
Officers' Fees				
ASSETS				
Cash and cash equivalents	$ 15,553,325	$ 123,921,135	$ 122,987,074	$ 16,487,386
Investments	7,003,295	6,678,561	7,003,295	6,678,561
Accounts receivable	11,497	147,116	139,714	18,899
Accrued interest receivable	24,407	25,825	21,682	28,550
Total Assets	$ 22,592,524	$ 130,772,637	$ 130,151,765	$ 23,213,396
LIABILITIES				
Held for others	$ 22,592,524	$ 257,193,627	$ 256,572,755	$ 23,213,396
Total Liabilities	$ 22,592,524	$ 257,193,627	$ 256,572,755	$ 23,213,396
Bail Security				
ASSETS				
Cash and cash equivalents	$ 11,451,175	$ 8,030,006	$ 6,760,509	$ 12,720,672
Investments	2,339,586	2,190,177	2,339,586	2,190,177
Accrued interest receivable	7,243	8,469	7,243	8,469
Total Assets	$ 13,798,004	$ 10,228,652	$ 9,107,338	$ 14,919,318
LIABILITIES				
Vouchers payable	$ 10,000	$ 923,271	$ 933,271	$ -
Held for others	13,788,004	1,786,257	654,943	14,919,318
Total Liabilities	$ 13,798,004	$ 2,709,528	$ 1,588,214	$ 14,919,318
Tax Collector's				
ASSETS				
Cash and cash equivalents	$ 138,825,734	$ 6,508,536,179	$ 6,467,970,467	$ 179,391,446
Investments	-	17,018,316	17,018,316	-
Total Assets	$ 138,825,734	$ 6,525,554,495	$ 6,484,988,783	$ 179,391,446
LIABILITIES				
Held for others	$ 138,825,734	$ 6,482,961,467	$ 6,442,395,755	$ 179,391,446
Total Liabilities	$ 138,825,734	$ 6,482,961,467	$ 6,442,395,755	$ 179,391,446

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2012

	Balance March 1, 2011	Additions	Deletions	Balance February 29, 2012
Inmate Property				
ASSETS				
Cash and cash equivalents	$ 1,748,625	$ 17,492,684	$ 17,766,252	$ 1,475,057
Other receivable	36,130	-	-	36,130
Total Assets	1,784,755	$ 17,492,684	$ 17,766,252	$ 1,511,187
LIABILITIES				
Payables	$ 385,452	$ 10,385,493	$ 9,547,661	$ 1,223,284
Held for others	1,399,303	17,491,280	18,602,680	287,903
Total Liabilities	$ 1,784,755	$ 27,876,773	$ 28,150,341	$ 1,511,187
Treasurer Escheat				
ASSETS				
Cash and cash equivalents	$ 191,292	$ 66,239	$ 473	$ 257,058
Total Assets	$ 191,292	$ 66,239	$ 473	$ 257,058
LIABILITIES				
Held for others	$ 191,292	$ 67,065	$ 1,299	$ 257,058
Total Liabilities	$ 191,292	$ 67,065	$ 1,299	$ 257,058
Juvenile Restitution				
ASSETS				
Cash and cash equivalents	$ 63,631	$ 224,455	$ 196,690	$ 91,396
Total Assets	$ 63,631	$ 224,455	$ 196,690	$ 91,396
LIABILITIES				
Held for others	$ 63,631	$ 50,714	$ 22,949	$ 91,396
Total Liabilities	$ 63,631	$ 50,714	$ 22,949	$ 91,396
Forfeited Restitution				
ASSETS				
Cash and cash equivalents	$ 4,115	$ 32	$ -	$ 4,147
Total Assets	$ 4,115	$ 32	$ -	$ 4,147
LIABILITIES				
Held for others	$ 4,115	$ 32	$ -	$ 4,147
Total Liabilities	$ 4,115	$ 32	$ -	$ 4,147
District Clerk Contingency				
ASSETS				
Cash and cash equivalents	$ 242,175	$ 365,305	$ 345,620	$ 261,860
Investments	158,707	140,654	158,707	140,654
Accrued interest receivable	492	544	492	544
Total Assets	$ 401,374	$ 506,503	$ 504,819	$ 403,058
LIABILITIES				
Held for others	$ 401,374	$ 1,684	$ -	$ 403,058
Total Liabilities	$ 401,374	$ 1,684	$ -	$ 403,058
Army Corps of Engineers Escrow				
ASSETS				
Cash and cash equivalents	$ 625,738	$ 9,049	$ 609,054	$ 25,733
Total Assets	$ 625,738	$ 9,049	$ 609,054	$ 25,733
LIABILITIES				
Held for others	$ 625,738	$ 9,049	$ 609,054	$ 25,733
Total Liabilities	$ 625,738	$ 9,049	$ 609,054	$ 25,733

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2012

	Balance March 1, 2011	Additions	Deletions	Balance February 29, 2012
JJC Subcontractor Underpayment				
ASSETS				
Cash and cash equivalents	$ 14,925	$ 22,511	$ 21,196	$ 16,240
Investments	9,664	8,642	9,664	8,642
Accrued interest receivable	30	33	30	33
Total Assets	$ 24,619	$ 31,186	$ 30,890	$ 24,915
LIABILITIES				
Held for others	$ 24,619	$ 399	$ 103	$ 24,915
Total Liabilities	$ 24,619	$ 399	$ 103	$ 24,915
Retiree Healthcare				
ASSETS				
Accounts receivable	$ 493,845	$ 530,675	$ 493,845	$ 530,675
Other receivables	5,843,257	6,477,328	7,171,588	5,148,997
Total Assets	$ 6,337,102	$ 7,008,003	$ 7,665,433	$ 5,679,672
LIABILITIES				
Vouchers payable	$ 1,303,599	$ 993,274	$ 1,303,599	993,274
Incurred but not reported claims	5,033,503	6,014,729	6,361,834	4,686,398
Total Liabilities	$ 6,337,102	$ 7,008,003	$ 7,665,433	$ 5,679,672
Retirement Adjustment Underpayment				
ASSETS				
Cash and cash equivalents	$ 6,215	$ 16,620	$ 11,807	$ 11,028
Investments	4,295	6,050	4,295	6,050
Accrued interest receivable	13	23	13	23
Total Assets	$ 10,523	$ 22,693	$ 16,115	$ 17,101
LIABILITIES				
Held for others	$ 10,523	$ 6,650	$ 72	$ 17,101
Total Liabilities	$ 10,523	$ 6,650	$ 72	$ 17,101
DA Seized Assets				
ASSETS				
Cash and cash equivalents	$ 24,967,913	$ 4,474,451	$ 2,451,175	$ 26,991,189
Total Assets	$ 24,967,913	$ 4,474,451	$ 2,451,175	$ 26,991,189
LIABILITIES				
Held for others	$ 24,967,913	$ 4,474,451	$ 2,451,175	$ 26,991,189
Total Liabilities	$ 24,967,913	$ 4,474,451	$ 2,451,175	$ 26,991,189
Houston HIDTA Seized Funds				
ASSETS				
Cash and cash equivalents	$ 882,031	$ 715,982	$ 67,600	$ 1,530,413
Total Assets	$ 882,031	$ 715,982	$ 67,600	$ 1,530,413
LIABILITIES				
Held for others	$ 882,031	$ 851,182	$ 202,800	$ 1,530,413
Total Liabilities	$ 882,031	$ 851,182	$ 202,800	$ 1,530,413

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 29, 2012

	Balance March 1, 2011	Additions	Deletions	Balance February 29, 2012
Payroll Fund				
ASSETS				
Cash and cash equivalents	$ 6,800,114	$ 1,145,964,133	$ 1,145,792,162	$ 6,972,085
Investments	4,496,079	3,244,844	4,496,079	3,244,844
Accounts receivable	167,931	2,040,835	2,050,332	158,434
Other receivables	125,482	1,107,226,248	1,105,315,377	2,036,353
Accrued interest receivable	13,874	12,453	13,873	12,454
Total Assets	$ 11,603,480	$ 2,258,488,513	$ 2,257,667,823	$ 12,424,170
LIABILITIES				
Vouchers payable	$ 1,257,563	$ 41,024,151	$ 41,072,053	$ 1,209,661
Accrued payroll and compensated absences	10,312,629	595,326,746	595,445,700	10,193,675
Held for others	33,288	25,801,416	24,813,870	1,020,834
Total Liabilities	$ 11,603,480	$ 662,152,313	$ 661,331,623	$ 12,424,170
Custodial				
ASSETS				
Cash and cash equivalents	$ 2,107,345	$ 8,387,093	$ 8,132,934	$ 2,361,504
Total Assets	$ 2,107,345	$ 8,387,093	$ 8,132,934	$ 2,361,504
LIABILITIES				
Held for others	$ 2,107,345	$ 7,752,893	$ 7,498,734	$ 2,361,504
Total Liabilities	$ 2,107,345	$ 7,752,893	$ 7,498,734	$ 2,361,504
Total Agency Funds				
ASSETS				
Cash and cash equivalents	$ 208,846,961	$ 8,087,304,573	$ 8,021,923,730	$ 274,227,804
Investments	114,398,148	211,983,349	219,130,685	107,250,812
Accounts receivable	673,273	2,718,626	2,683,891	708,008
Other receivable	6,004,869	1,113,703,576	1,112,486,965	7,221,480
Accrued interest receivable	388,465	456,411	385,739	459,137
Total Assets	$ 330,311,716	$ 9,416,166,535	$ 9,356,611,010	$ 389,867,241
LIABILITIES				
Vouchers payable	$ 2,956,614	$ 53,326,189	$ 52,856,584	$ 3,426,219
Accrued payroll and compensated absences	10,312,629	595,326,746	595,445,700	10,193,675
Incurred but not reported claims	5,033,503	6,014,729	6,361,834	4,686,398
Held for others	312,008,970	6,912,590,761	6,853,038,782	371,560,949
Total Liabilities	$ 330,311,716	$ 7,567,258,425	$ 7,507,702,900	$ 389,867,241

COMPONENT UNITS

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

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

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

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

FRIENDS OF COUNTYPETS – This corporation was organized to aid and act on behalf of Harris County, Texas in providing funds for the operation, maintenance, and improvement of veterinary public health programs of Harris County Public Health and Environmental Services.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS - NONMAJOR COMPONENT UNITS
FEBRUARY 29, 2012

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
ASSETS					
Cash and cash equivalents	$ 1,982,244	$ 162,243	$ 1,177,001	$ 15,695	$ 3,337,183
Investments, including accrued interest	2,211,029	205,157	-	-	2,416,186
Receivables:					
Accounts	-	-	1,085,954	-	1,085,954
Other	-	983	-	-	983
Prepaids and other assets	1,772,289	2,925	43,680	-	1,818,894
Restricted cash and investments	-	-	12,812,319	-	12,812,319
Capital assets:					
Land, improvements and construction in progress	-	-	2,090,465	-	2,090,465
Other capital assets, net of depreciation	-	-	6,874,750	-	6,874,750
Total assets	5,965,562	371,308	24,084,169	15,695	30,436,734
LIABILITIES					
Vouchers payable and accrued liabilities	165,867	-	185,439	-	351,306
Deferred revenue	-	-	94,105	-	94,105
Total liabilities	165,867	-	279,544	-	445,411
NET ASSETS					
Restricted for:					
Donor restrictions	-	-	3,107,713	-	3,107,713
Unrestricted net assets	5,799,695	371,308	20,696,912	15,695	26,883,610
Total net assets	$ 5,799,695	$ 371,308	$ 23,804,625	$ 15,695	$ 29,991,323

HARRIS COUNTY, TEXAS

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

NONMAJOR COMPONENT UNITS

For The Year Ended February 29, 2012

	Harris County Housing Finance Corporation	Harris County Industrial Development Corporation	Children's Assessment Center Foundation	Friends of CountyPets	Total
REVENUES					
Program Revenues:					
Charges for services	$ 843,591	$ 37,500	$ 976,595	$ -	$ 1,857,686
Operating grants and contributions	15,000	-	1,393,465	54,596	1,463,061
Capital grants and contributions	-	-	1,473,055	-	1,473,055
Total program revenues	858,591	37,500	3,843,115	54,596	4,793,802
EXPENSES	1,366,258	27,704	2,104,045	38,901	3,536,908
Net (expenses) program revenues	(507,667)	9,796	1,739,070	15,695	1,256,894
General Revenues (Expenses):					
Earnings on investments	166,450	1,627	61,688	-	229,765
Other	255,131	-	(511,908)	-	(256,777)
Net general revenues (expenses)	421,581	1,627	(450,220)	-	(27,012)
Change in net assets	(86,086)	11,423	1,288,850	15,695	1,229,882
Net assets, beginning	5,885,781	359,885	22,515,775	-	28,761,441
Net assets, ending	$ 5,799,695	$ 371,308	$ 23,804,625	$ 15,695	$ 29,991,323

CAPITAL ASSETS

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
February 29, 2012

		Total
Governmental funds capital assets:		
Land	$	4,020,047,158
Construction in progress		289,347,724
Intangible assets - water rights		2,400,000
Intangible assets - software & licenses		35,973,946
Land improvements		6,319,499
Infrastructure		10,540,880,238
Park facilities		164,521,788
Flood control projects		719,064,080
Buildings		1,709,267,872
Equipment		274,022,313
Total governmental funds capital assets	$	17,761,844,618

Investments in governmental funds capital assets by source:			
3002	General fund	$	648,084,347
3003	Special revenue fund		273,799,871
3001	Capital projects fund		14,837,674,104
3004	Gifts		2,002,286,296
		$	17,761,844,618

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $49,435,877 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
For The Year Ended February 29, 2012

Function	Land	Construction in Progress	Intangible Assets	Land Improvements	Infrastructure	Park Facilities	Flood Control Projects	Buildings	Equipment	Total
Administration of justice	$ 16,664,986	$ 18,463,656	$ -	$ 359,250	$ -	$ -	$ -	$ 698,710,528	$ 67,551,449	$ 801,749,869
Parks	144,962,424	(8,011,169)	-	1,844,721	1,932,061	135,449,671	-	687,230,459	33,184,672	996,592,839
County administration	167,466,579	179,961,911	35,973,946	(2,497,831)	17,143,446	8,085,954	-	248,772,790	77,131,203	732,037,998
Health and human services	8,260,920	8,627,108	-	830,967	274,171	1,967,673	-	36,851,514	13,889,509	70,701,862
Flood control	1,560,243,160	141,188,982	2,400,000	641,531	-	-	719,064,080	11,870,371	9,129,719	2,444,537,843
Tax administration	-	-	-	-	-	-	-	7,011,581	1,167,830	8,179,411
Roads and bridges	2,122,449,089	(50,882,764)	-	5,140,861	10,521,530,560	19,018,490	-	18,820,629	71,967,931	12,708,044,796
Total governmental funds capital assets	$ 4,020,047,158	$ 289,347,724	$ 38,373,946	$ 6,319,499	$ 10,540,880,238	$ 164,521,788	$ 719,064,080	$ 1,709,267,872	$ 274,022,313	$ 17,761,844,618

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $49,435,877 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
For The Year Ended February 29, 2012

Function	Balance March 1, 2011	Additions	Deletions	Balance February 29, 2012
Administration of justice	$ 797,290,731	$ 4,973,743	$ (514,605)	$ 801,749,869
Parks	991,731,901	6,038,196	(1,177,258)	996,592,839
County administration	642,375,233	198,360,421	(108,697,656)	732,037,998
Health and human services	68,365,623	4,763,152	(2,426,913)	70,701,862
Flood control	2,380,350,312	64,604,195	(416,664)	2,444,537,843
Tax administration	8,179,411	-	-	8,179,411
Roads and bridges	12,527,598,068	308,082,057	(127,635,329)	12,708,044,796
Total governmental funds capital assets	$ 17,415,891,279	$ 586,821,764	$ (240,868,425)	$ 17,761,844,618

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the $49,435,877 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

STATISTICAL SECTION

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

Listed below are the areas covered in the statistical section:

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

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

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

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

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

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

Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 9,488,369	$ 9,406,205
Restricted for:										
Debt service	139,699	152,193	153,846	142,250	151,067	154,297	150,777	155,452	137,053	136,559
Capital projects	270,658	228,351	36,162	48,564	24,659	22,129	33,791	18,739	28,365	28,481
Donor temporarily restricted	6,806	3,048	2,307	1,669	809	752	53	258	468	494
Legislative	-	-	1,462	1,577	1,637	1,687	4,657	3,063	2,837	4,560
Mobility program	-	-	-	-	-	-	-	80,345	133,191	158,816
Unrestricted	161,747	416,360	372,614	366,255	360,744	399,503	219,424	61,426	(46,701)	(20,355)
Total governmental activities net assets	$ 9,774,029	$ 9,682,582	$ 9,865,722	$ 10,239,655	$ 10,198,171	$ 10,279,161	$ 10,118,606	$ 9,843,379	$ 9,743,582	$ 9,714,760
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)	$ (211,636)	$ (256,855)
Restricted for:										
Debt service	82,178	68,071	122,387	128,540	144,027	164,840	187,086	235,586	245,933	265,433
Capital projects	21,310	27,436	41,866	42,038	36,337	48,600	44,748	51,376	56,245	59,691
Toll road	189,116	310,691	364,590	524,388	734,894	618,163	607,922	526,002	520,142	605,664
Unrestricted	9,185	11,661	10,021	11,260	12,652	12,759	12,683	9,848	8,189	8,439
Total business-type activities	$ 55,739	$ 68,520	$ 181,619	$ 305,181	$ 436,154	$ 529,387	$ 597,335	$ 606,700	$ 618,873	$ 682,372
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	$ 9,276,733	$ 9,149,350
Restricted	709,767	789,790	722,620	889,026	1,093,430	1,010,468	1,029,034	1,070,821	1,124,234	1,259,698
Unrestricted	170,932	428,021	382,635	377,515	373,396	412,262	232,107	71,274	(38,512)	(11,916)
Total primary government	$ 9,829,768	$ 9,751,102	$ 10,047,341	$ 10,544,836	$ 10,634,325	$ 10,808,548	$ 10,715,941	$ 10,450,079	$ 10,362,455	$ 10,397,132

Table 2

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental activities:										
Administration of Justice	$ 549,453	$ 565,038	$ 613,153	$ 621,764	$ 704,472	$ 846,107	$ 944,400	$ 961,588	$ 929,889	$ 882,196
Parks	37,509	50,446	51,333	60,417	72,865	82,222	78,911	91,594	94,145	95,479
County Administration	311,997	230,597	267,178	250,098	277,592	299,310	407,483	342,683	326,162	308,346
Health and Human Services	142,918	174,341	171,065	185,057	197,880	193,348	182,120	220,090	199,518	191,253
Flood Control	23,263	65,744	81,182	72,445	81,126	90,253	97,695	103,435	99,305	92,793
Tax Administration	29,286	34,308	30,040	30,709	31,300	35,191	37,949	38,137	36,152	32,951
Roads and Bridges	325,921	320,911	332,468	347,524	347,061	364,111	373,484	381,380	387,325	390,220
Interest and Fiscal Charges	96,328	72,691	81,899	108,636	116,178	136,944	125,018	127,221	127,520	127,403
Total governmental activities expenses	1,516,675	1,514,076	1,628,318	1,676,650	1,828,474	2,047,486	2,247,060	2,266,128	2,200,016	2,120,641
Business-type activities:										
Toll Road	180,727	213,526	213,358	230,254	276,671	272,972	305,754	360,048	363,266	368,627
Subscriber Access	619	328	368	267	239	161	132	580	83	717
Parking Facilities	359	421	491	786	867	952	895	839	889	763
Sheriff's Commissary	5,759	5,012	4,816	6,251	6,946	8,142	8,561	8,564	7,439	7,503
Total business-type activities	187,464	219,287	219,033	237,558	284,723	282,227	315,342	370,031	371,677	377,610
Total primary government expenses	$ 1,704,139	$ 1,733,363	$ 1,847,351	$ 1,914,208	$ 2,113,197	$ 2,329,713	$ 2,562,402	$ 2,636,159	$ 2,571,693	$ 2,498,251
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	$ 137,540	$ 143,983
Parks	956	1,079	1,151	2,579	3,288	3,560	1,237	3,272	3,144	3,463
County Administration	43,844	57,028	50,999	53,636	59,751	62,780	58,259	47,722	45,200	26,345
Health and Human Services	8,579	9,238	6,959	7,827	9,062	9,637	10,139	11,172	14,265	9,547
Flood Control	3,862	2,899	2,545	1,008	849	410	551	314	751	451
Tax Administration	64,151	50,872	65,195	66,392	46,448	28,749	26,920	28,173	25,659	25,997
Roads and Bridges	27,585	29,080	28,093	30,632	32,132	32,703	32,835	33,663	29,334	38,922
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	236,859	198,455
Capital grants and contributions	23,231	28,418	161,929	659,448	227,271	312,732	206,561	71,644	280,755	236,643
Total governmental activities program revenues	433,074	425,870	581,563	1,109,577	639,993	725,118	678,851	558,769	773,507	683,806

Business-type activities:										
Charges for services:										
Toll Road	244,171	265,913	317,712	349,341	392,993	428,868	442,015	455,548	481,346	519,297
Subscriber Access	235	354	205	395	347	265	283	265	249	226
Parking Facilities	643	837	451	409	406	368	382	365	387	258
Sheriff's Commissary	5,023	5,517	5,954	6,961	7,552	8,267	8,620	8,190	7,115	7,798
Operating grants and contributions	-	-	11,764	-	1,612	1,286	994	1,164	852	6,056
Capital grants and contributions	5,048	15,189	12,522	3,130	3,113	3,059	9,198	7,221	3,063	360
Total business-type activities program revenues	255,120	287,810	348,608	360,236	406,023	442,113	461,492	472,753	493,012	533,995
Total primary government program revenues	$ 688,194	$ 713,680	$ 930,171	$ 1,469,813	$ 1,046,016	$ 1,167,231	$ 1,140,343	$ 1,031,522	$ 1,266,519	$ 1,217,801
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)	$ (1,426,509)	$ (1,436,835)
Business-type activities	67,656	68,523	129,575	122,678	121,300	159,886	146,150	102,722	121,335	156,385
Total primary government net expense	$ (1,015,945)	$ (1,019,683)	$ (917,180)	$ (444,395)	$ (1,067,181)	$ (1,162,482)	$ (1,422,059)	$ (1,604,637)	$ (1,305,174)	$ (1,280,450)
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	$ 1,127,678	$ 1,176,578
Hotel occupancy taxes	-	15,535	16,830	19,271	20,727	26,371	26,610	21,341	23,312	26,815
Earnings on investments	20,543	14,644	12,555	30,748	47,500	58,751	32,717	19,410	6,796	14,143
Miscellaneous	228,245	126,717	25,181	32,029	59,380	59,378	66,157	57,322	45,269	57,229
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	123,657	133,248
Special item	-	-	-	(19,074)	-	33,727	-	-	-	-
Total governmental activities	1,020,996	993,653	932,723	941,005	1,146,996	1,403,358	1,407,654	1,432,132	1,326,712	1,408,013
Business-type activities:										
Earnings on investments	16,267	10,528	6,439	20,168	40,035	49,690	41,671	33,679	13,542	39,563
Miscellaneous	124	1,707	487	1,001	741	4,754	1,062	1,954	953	799
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)	(123,657)	(133,248)
Total business-type activities	(3,787)	(55,743)	(16,475)	885	9,675	(66,652)	(78,204)	(93,356)	(109,162)	(92,886)
Total primary government	$ 1,017,209	$ 937,910	$ 916,248	$ 941,890	$ 1,156,671	$ 1,336,706	$ 1,329,450	$ 1,338,776	$ 1,217,550	$ 1,315,127
CHANGE IN NET ASSETS										
Governmental actvities	$ (62,605)	$ (94,553)	$ (114,032)	$ 373,932	$ (41,485)	$ 80,990	$ (160,555)	$ (275,227)	$ (99,797)	$ (28,822)
Business-type activities	63,869	12,780	113,100	123,563	130,975	93,234	67,946	9,366	12,173	63,499
Total primary government	$ 1,264	$ (81,773)	$ (932)	$ 497,495	$ 89,490	$ 174,224	$ (92,609)	$ (265,861)	$ (87,624)	$ 34,677

Table 3

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	$ 105,162	$ 100,143	$ 112,291	$ 146,215	$ 175,301	$ 175,956	$ 202,321	$ 283,664	$ 341,139	$ -
Unreserved	214,160	250,939	203,684	175,581	128,418	192,616	166,726	59,063	(22,290)	-
Nonspendable	-	-	-	-	-	-	-	-	-	4,840
Restricted	-	-	-	-	-	-	-	-	-	280,566
Committed	-	-	-	-	-	-	-	-	-	2,120
Assigned	-	-	-	-	-	-	-	-	-	33,491
Unassigned	-	-	-	-	-	-	-	-	-	91,927
Total general fund	$ 319,322	$ 351,082	$ 315,975	$ 321,796	$ 303,719	$ 368,572	$ 369,047	$ 342,727	$ 318,849	$ 412,944
All Other Governmental Funds:										
Reserved	$ 333,288	$ 331,606	$ 310,683	$ 313,717	$ 287,549	$ 293,213	$ 327,803	$ 308,060	$ 249,061	$ -
Unreserved, reported in:										
Special revenue funds	98,593	109,072	114,248	120,682	134,012	142,857	112,052	120,416	148,474	-
Debt service funds	-	(3)	-	-	-	-	-	-	-	-
Capital projects funds	58,012	(18,714)	155,377	118,213	308,020	240,871	201,246	141,761	238,969	-
Nonspendable	-	-	-	-	-	-	-	-	-	18,195
Restricted	-	-	-	-	-	-	-	-	-	557,177
Committed	-	-	-	-	-	-	-	-	-	47,246
Unassigned	-	-	-	-	-	-	-	-	-	(2,420)
Total all other governmental funds	$ 489,893	$ 421,961	$ 580,308	$ 552,612	$ 729,581	$ 676,941	$ 641,101	$ 570,237	$ 636,504	$ 620,198

Note: GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, replaced the categories that previously had been used to classify fund balance. The County implemented GASB No. 54 for fiscal year 2012.

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	$ 759,430	$ 797,098	$ 845,544	$ 902,656	$ 994,398	$ 1,110,571	$ 1,202,832	$1,230,871	$1,167,016	$ 1,191,542
Charges for Services	168,333	183,959	188,018	218,835	225,159	222,568	206,075	206,744	204,706	214,760
User fees	-	-	-	1,942	2,833	2,693	2,904	2,722	2,841	3,008
Fines and Forfeitures	22,619	23,513	23,974	24,801	23,363	20,903	21,138	20,869	18,629	17,499
Lease revenue	-	-	-	2,270	2,104	2,179	2,485	2,358	2,085	2,247
Intergovernmental	193,959	182,276	201,293	239,072	205,469	209,889	305,421	292,431	360,021	310,814
Earnings on investments	18,048	12,570	10,766	28,131	48,237	58,042	31,385	16,687	5,520	14,946
Miscellaneous	54,847	53,045	53,182	64,966	51,143	56,058	71,684	59,358	74,688	77,572
Total revenues	1,217,236	1,252,461	1,322,777	1,482,673	1,552,706	1,682,903	1,843,924	1,832,040	1,835,506	1,832,388
EXPENDITURES										
Administration of Justice	520,771	547,406	595,623	608,878	681,412	783,755	896,488	911,300	881,592	834,450
Parks	32,803	39,832	40,509	49,518	52,031	57,524	66,130	67,671	71,128	73,148
County Administration	259,848	203,978	217,169	239,179	264,922	276,798	358,308	293,562	299,313	270,858
Health and Human Services	141,011	173,590	171,756	184,370	196,891	185,616	193,127	218,687	199,105	182,342
Flood Control	39,395	49,534	48,450	58,761	66,721	71,590	69,792	69,569	75,116	66,463
Tax Administration	28,706	29,985	29,740	30,169	31,263	33,358	36,269	36,678	34,848	31,863
Roads and Bridges	56,212	62,609	68,437	84,341	84,338	87,946	91,351	113,208	103,910	92,177
Capital Outlay	235,333	329,324	326,820	283,937	263,492	241,272	214,553	244,495	305,169	232,108
Debt Service:										
Bond issuance costs	-	-	5,672	1,094	4,509	293	6,270	1,888	5,678	1,831
Interest and fiscal charges	89,135	64,590	54,588	101,802	114,938	140,405	116,723	123,170	106,921	120,815
Principal	46,020	97,000	65,180	76,600	70,191	64,868	75,396	83,757	83,614	63,189
	1,449,234	1,597,848	1,623,944	1,718,649	1,830,708	1,943,425	2,124,407	2,163,985	2,166,394	1,969,244
Excess of revenues over (under) expenditures	(231,998)	(345,387)	(301,167)	(235,976)	(278,002)	(260,522)	(280,483)	(331,945)	(330,888)	(136,856)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowings	684,835	716,518	447,081	195,582	195,640	146,355	122,961	102,910	214,524	75,497
Proceeds from refundings	-	-	502,743	113,224	578,613	-	851,958	282,101	609,097	247,477
Payments to escrow agent	(157,712)	(117,095)	(316,461)	(112,236)	(66,181)	-	(563,174)	(279,883)	(404,915)	(45,874)
Payments to defease commercial paper	(209,000)	(367,330)	(226,000)	(335)	(298,936)	-	(282,763)	-	(200,000)	(200,000)
Capital leases	-	839	1,279	311	833	168	-	-	-	-
Proceeds from insurance recovery	-	-	-	-	-	-	438	-	32,500	323
Sale of capital assets	4,898	3,306	2,062	1,966	1,267	8,253	424	799	1,064	361
Capital contributions	4,556	9,657	-	2,500	2,500	-	-	-	2,211	-
Transfers in	203,730	568,209	543,651	114,442	481,768	211,513	185,813	219,502	417,015	321,214
Transfers out	(185,773)	(504,887)	(528,780)	(101,351)	(458,611)	(93,555)	(70,538)	(90,667)	(298,219)	(184,353)
Total other financing sources (uses)	345,534	309,217	425,575	214,103	436,893	272,734	245,119	234,762	373,277	214,645
Net change in fund balances	$ 113,536	$ (36,170)	$ 124,408	$ (21,873)	$ 158,891	$ 12,212	$ (35,364)	$ (97,183)	$ 42,389	$ 77,789
Debt service as a percentage of noncapital expenditures	11.1%	12.7%	9.2%	12.4%	11.8%	12.1%	10.1%	10.8%	10.2%	10.6%

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
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
2011	307,139,208	51,636,041	85,743,093	273,032,156	0.38805
2012	313,475,950	51,539,733	88,299,285	276,716,398	0.39117

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of $160,000 ($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 must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per $100 of assessed value.

Table 6

HARRIS COUNTY, 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
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
2011	315,200,613	43,537,642	93,805,049	264,933,206	0.02923
2012	321,629,707	43,346,546	96,453,218	268,523,035	0.02809

(a) The majority of exemptions are made up of the optional 20% homestead property exemption. In addition, persons 65 years of age or older or disabled receive an exemption up to a maximum individual amount of $160,000 ($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 must be revalued every three years. Property is assessed at market value; therefore, the taxable values are equal to market value less applicable exemptions. Tax rates are per $100 of assessed value.

Table 7

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

Purpose	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Harris County -										
General Fund	$0.33538	$0.34490	$0.33117	$0.34728	$0.34221	$0.33918	$0.33815	$0.33401	$0.33401	$0.33444
General Bonds Debt Service	0.03056	0.01889	0.04303	0.03047	0.03885	0.03200	0.03192	0.03642	0.03635	0.03825
Total - Constitutional Funds	0.36594	0.36379	0.37420	0.37775	0.38106	0.37118	0.37007	0.37043	0.37036	0.37269
County-Wide Road Debt Service	0.02220	0.02424	0.02566	0.02211	0.02133	0.02121	0.01916	0.02181	0.01769	0.01848
Total - Harris County	0.38814	0.38803	0.39986	0.39986	0.40239	0.39239	0.38923	0.39224	0.38805	0.39117
Flood Control District -										
Maintenance	0.02853	0.02981	0.02553	0.02733	0.02733	0.02754	0.02754	0.02754	0.02727	0.02727
Debt Service	0.01321	0.01193	0.00765	0.00589	0.00508	0.00352	0.00332	0.00168	0.00196	0.00082
Total - Flood Control	0.04174	0.04174	0.03318	0.03322	0.03241	0.03106	0.03086	0.02922	0.02923	0.02809
Port of Houston Authority -										
Debt Service	0.01989	0.02000	0.01673	0.01474	0.01302	0.01437	0.01773	0.01636	0.02054	0.01856
Hospital District - General	0.19021	0.19021	0.19021	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216	0.19216
Total	$0.63998	$0.63998	$0.63998	$0.63998	$0.63998	$0.62998	$0.62998	$0.62998	$0.62998	$0.62998

Source: Harris County Auditor.

Table 8

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

Purpose	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County-Wide Taxing Jurisdiction:										
Harris County	$ 0.3881	$ 0.3880	$ 0.3999	$ 0.3999	$ 0.4024	$ 0.3924	$ 0.3892	$ 0.3922	$ 0.3881	$ 0.3912
Harris County Flood Control District	0.0417	0.0417	0.0332	0.0332	0.0324	0.0311	0.0309	0.0292	0.0292	0.0281
Port of Houston Authority	0.0199	0.0200	0.0167	0.0147	0.0130	0.0144	0.0177	0.0164	0.0205	0.0185
Harris County Hospital District	0.1902	0.1902	0.1902	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922	0.1922
Total	$ 0.6399	$ 0.6399	$ 0.6400	$ 0.6400	$ 0.6400	$ 0.6301	$ 0.6300	$ 0.6300	$ 0.6300	$ 0.6300
Cities:										
Baytown	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7870	0.7870	0.7870	0.8220
Bellaire	0.4900	0.4800	0.4800	0.4700	0.4400	0.4400	0.3775	0.3759	0.3999	0.3999
Deer Park	0.6990	0.7000	0.7200	0.7200	0.7200	0.7200	0.7050	0.7050	0.7050	0.7050
Houston	0.6550	0.6550	0.6550	0.6500	0.6475	0.6450	0.6438	0.6388	0.6388	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	0.6625	0.6400	0.6400	0.6275	0.6088	0.6088	0.6300	0.6300	0.6160	0.6160
Missouri City	0.5033	0.5100	0.5017	0.4980	0.4945	0.4993	0.5172	0.5284	0.5284	0.5284
Pasadena	0.5670	0.5670	0.5670	0.5670	0.5670	0.5670	0.5620	0.5620	0.5916	0.5916
Pearland	0.6860	0.6960	0.6950	0.6744	0.6527	0.6526	0.6526	0.6526	0.6651	0.6851
Seabrook	0.6006	0.6082	0.6196	0.6307	0.6210	0.6203	0.5884	0.5884	0.6268	0.6500
South Houston	0.0000	0.7000	0.7000	0.6863	0.6588	0.6770	0.6784	0.6732	0.6732	0.6732
Webster	0.2400	0.2510	0.2680	0.2575	0.2575	0.2489	0.2060	0.2325	0.2575	0.2853
West University Place	0.4300	0.4467	0.4467	0.4300	0.4020	0.3660	0.3590	0.3588	0.3741	0.3741
School Districts and Junior Colleges:										
Aldine	1.6180	1.6680	1.6890	1.7090	1.6040	1.2770	1.2920	1.3005	1.4305	1.3284
Alief	1.6750	1.6750	1.6750	1.7200	1.5900	1.5900	1.3400	1.3400	1.3400	1.3400
Clear Creek	1.7400	1.7300	1.7450	1.7750	1.6300	1.3200	1.3600	1.3600	1.2937	1.3600
Cypress-Fairbanks	1.7900	1.7900	1.7900	1.8000	1.8000	1.6450	1.3240	1.3500	1.4100	1.4300
Deer Park	1.8035	1.8071	1.8055	1.8055	1.6623	1.3177	1.3367	1.3667	1.3967	1.3967
Galena Park	1.7135	1.7650	1.7950	1.8150	1.7100	1.4309	1.4550	1.4784	1.5134	1.5134
Goose Creek	1.6942	1.6837	1.6837	1.7275	1.5956	1.3020	1.2821	1.2821	1.3021	1.3321
Houston	1.5800	1.5800	1.5800	1.7275	1.6200	1.1570	1.1567	1.1567	1.1567	1.1567
Humble	1.7400	1.7400	1.7400	1.7700	1.7700	1.3100	1.5200	1.5200	1.5200	1.5200
Katy	1.9400	1.9700	2.0000	2.0000	1.8150	1.5266	1.5266	1.5266	1.5266	1.5266
Klein	1.7200	1.7200	1.7000	1.7000	1.5800	1.2600	1.3100	1.3600	1.4100	1.4300
LaPorte	1.6800	1.6800	1.7335	1.7335	1.6350	1.3200	1.3250	1.3250	1.3250	1.3550
North Forest	1.7444	1.7444	1.7444	1.7125	1.7125	1.2367	1.3143	1.3500	1.3500	1.4693
Lone Star College System*	0.1055	0.1145	0.1145	0.1207	0.1167	0.1144	0.1101	0.1101	0.1176	0.1210
Pasadena	1.6875	1.7750	1.7750	1.8050	1.6900	1.3500	1.3500	1.3500	1.3500	1.3500
Pearland	1.8370	1.8092	1.7922	1.7922	1.6622	1.4272	1.4194	1.4194	1.4194	1.4194
San Jacinto Junior College	0.1307	0.1307	0.1391	0.1391	0.1454	0.1454	0.1634	0.1708	0.1708	0.1763
Sheldon	1.6330	1.7030	1.7460	1.7500	1.6340	1.4300	1.4300	1.4300	1.4300	1.4300
Spring	1.7000	1.7600	1.8700	1.9500	1.7100	1.4400	1.4400	1.4600	1.4600	1.4600
Spring Branch	1.7900	1.8100	1.8100	1.8100	1.8100	1.2850	1.3825	1.3945	1.3945	1.3945
Tomball	1.6800	1.7300	1.7300	1.7100	1.5800	1.2750	1.3600	1.3600	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)

	2012			2003		
Taxpayers	2011 Taxable Valuations (a)	Rank	Percentage of Total 2011 Taxable Valuation (b)	2002 Taxable Valuations (a)	Rank	Percentage of Total 2002 Taxable Valuation (c)
Exxon Mobil Corporation	$ 2,835,690	1	1.02%	$ 3,046,389	1	1.73%
Centerpoint Energy, Inc.	2,393,467	2	0.86	-		0.00
Shell Oil Company	2,319,116	3	0.84	1,287,819	4	0.73
Chevron Chemical Company	1,531,505	4	0.55	-		0.00
Hines Interests Ltd Partnership	1,180,205	5	0.43	976,536	6	0.55
Hewlett Packard Company	1,118,454	6	0.40	-		0.00
Crescent Real Estate	1,076,212	7	0.39	495,025	9	0.28
National Oilwell Inc	1,053,525	8	0.38	-		0.00
Equistar Chemicals LP	984,726	9	0.36	1,103,139	5	0.63
Houston Refining	948,896	10	0.34	-		0.00
Walmart	808,079	11	0.29	-		0.00
AT&T Mobility LLC	780,563	12	0.28	-		0.00
Lyondell Chemical	728,917	13	0.26	759,179	7	0.43
Amoco Chemical Company	577,210	14	0.21	-		0.00
Continental Airlines Inc. (d)	492,228	15	0.18	-		0.00
Houston Lighting and Power Company	-		0.00	2,012,039	2	1.14
Southwestern Bell Telephone	-		0.00	1,428,158	3	0.81
Oxy Vinlys LP	-		0.00	519,389	8	0.29
Compaq Computer Corporation	-		0.00	482,200	10	0.27
Chevron Phillips Chemical Company	-		0.00	463,732	11	0.26
Anhueser Busch Incorporated	-		0.00	436,378	12	0.25
Crescent Real Estate Equities	-		0.00	363,755	13	0.21
Trizechahn Allen Center LP	-		0.00	360,627	14	0.20
Lyondell-Citgo Refining Company	-		0.00	354,337	15	0.20
Total	$ 18,828,793		6.79%	$ 14,088,702		7.98%

Source: Harris County Appraisal District.

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

(b) Based on the County's total taxable value as of February 29, 2012.

(c) Based on the County's total taxable value as of February 28, 2003.

(d) Continental Airlines Inc. is now a wholly owned subsidiary of United Continental Holdings, Inc.

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
2003	$ 682,975	$ 682,666	$ 657,498	96.3%	$ 21,581	$ 679,079	99.5%
2004	704,093	704,992	693,384	98.5	8,032	701,416	99.5
2005	793,759	762,204	740,302	93.3	17,841	758,143	99.5
2006	796,885	820,263	719,922	90.3	96,417	816,339	99.5
2007	887,598	904,085	793,835	89.4	105,903	899,738	99.5
2008	929,929	991,312	910,828	97.9	75,434	986,262	99.5
2009	1,089,141	1,085,143	981,807	90.1	96,630	1,078,437	99.4
2010	1,114,429	1,101,323	1,036,477	93.0	55,755	1,092,232	99.2
2011	1,058,623	1,050,905	987,684	93.3	51,110	1,038,794	98.8
2012	1,081,861	1,081,861	1,022,187	94.5	-	1,022,187	94.5

* 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
2003	$ 73,429	$ 73,397	$ 71,492	97.4%	$ 1,520	$ 73,012	99.5%
2004	75,721	75,818	74,979	99.0	455	75,434	99.5
2005	64,263	64,151	61,911	96.3	1,900	63,811	99.5
2006	64,981	67,117	60,008	92.3	6,780	66,788	99.5
2007	70,782	71,503	62,680	88.6	8,482	71,162	99.5
2008	72,083	76,800	69,058	95.8	7,381	76,439	99.5
2009	84,057	83,747	74,344	88.4	8,863	83,207	99.4
2010	80,534	79,557	74,798	92.9	4,069	78,867	99.1
2011	77,374	76,805	72,089	93.2	3,798	75,887	98.8
2012	75,400	75,400	71,159	94.4	-	71,159	94.4

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

Table 12

HARRIS COUNTY, TEXAS

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

	Governmental Activities					Business-Type Activities						
Fiscal Year	General Bonded Debt (a)	Commercial Paper	Capital Leases	Notes Payable	Loan Payable	Senior Lien Revenue Bonds	Tax Bonds	Commercial Paper	Capital Leases	Total Primary Government	Percentage of Personal Income (b)	Debt Per Capita (b)
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	2.90%	1,401
2011	2,616,505	343,163	19,448	-	5,620	2,145,452	630,531	-	186	5,760,905	3.13%	1,408
2012	2,759,938	214,463	17,040	-	12,654	2,102,874	572,482	-	124	5,679,575	n/a	1,359

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

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

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

Table 13

HARRIS COUNTY, TEXAS

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

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Revenue Bonds	Tax and Subordinate Lien Revenue Bonds	Certificates of Obligation	Total	Percentage of Actual Taxable Value of Property (a)	Percentage of Personal Income (b)	Debt Per Capita (b)
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%	1.26%	607
2011	2,409,581	-	205,929	995	2,616,505	0.96%	1.42%	639
2012	2,554,210	-	205,729	-	2,759,939	1.00%	n/a	660

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

(a) See Table 5 for property value data.

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

Table 14

HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 29, 2012
(Unaudited)

	Percentage Applicable To Name of Government	Net Debt (Thousands)
County-Wide Jurisdiction:		
Harris County (2/29/12)	100.00%	$ 2,259,579
Harris County Flood Control District (2/29/12)	100.00	634,518
Port of Houston Authority (12/31/11)	100.00	745,874
Total County-Wide Direct Debt		3,639,971
Cities:		
Baytown (9/30/11)	80.75	$ 67,111
Bellaire (9/30/11)	100.00	71,139
Bunker Hill Village (2/2/12)	100.00	16,917
Deer Park (9/30/11)	100.00	43,886
Friendswood (9/30/11)	100.00	17,510
Galena Park (9/30/11)	100.00	7,045
Houston (6/30/11)	99.36	3,286,892
Jacinto City (9/30/11)	100.00	5,177
Jersey Village (9/30/11)	100.00	20,405
Katy (9/30/11)	69.19	11,087
La Porte (9/30/11)	100.00	11,607
League City (9/30/11)	5.52	104,310
Missouri City (6/30/11)	8.33	101,361
Pasadena (9/30/11)	100.00	102,474
Pearland (1/31/11)	6.16	283,967
Piney Point Village (02/23/12)	100.00	5,458
Seabrook (9/30/11)	100.00	15,161
South Houston (9/30/11)	100.00	5,281
Southside Place (5/8/12)	100.00	10,619
Tomball (9/30/11)	100.00	22,784
Webster (10/01/11)	100.00	14,908
West University Place (12/31/11)	100.00	5,827
Other Cities (a)	100.00	10,185
Sub-Total Cities		4,241,111
School Districts and Junior Colleges:		
Aldine (6/30/11)	100.00	392,930
Alief (8/31/11)	100.00	208,757
Channelview (8/31/11)	100.00	175,150
Clear Creek (3/31/11)	80.62	1,015,045
Crosby (8/31/11)	100.00	58,905
Cypress-Fairbanks (6/30/11)	100.00	1,697,441
Deer Park (8/31/11)	100.00	189,843
Galena Park (8/31/11)	100.00	227,207
Goose Creek (2/29/12)	80.04	305,888
Houston (2/29/12)	100.00	2,234,510
Humble (6/30/11)	100.00	593,694
Katy (8/21/11)	88.64	1,037,264
Klein (8/31/11)	100.00	695,027
LaPorte (2/15/12)	100.00	312,684
Lone Star College System (8/31/11)	78.67	549,047
North Forest (8/30/11)	100.00	55,446
Pasadena (8/31/11)	100.00	608,804
Pearland (2/6/12)	2.25	321,589
San Jacinto Junior College (2/29/12)	100.00	291,718
Sheldon (8/31/11)	100.00	147,014
Spring (6/30/11)	100.00	1,042,755
Spring Branch (6/30/11)	100.00	685,799
Tomball (8/31/11)	88.02	316,008
Waller (2/3/12)	31.68	140,880
Other Schools (b)	100.00	35,774
Sub-Total School Districts and Junior Colleges		13,339,179
Utility Districts (c)	100.00	4,489,112
Total Overlapping Debt		22,069,402
Total Direct and Overlapping Debt (Estimated $6,153 Per Capita) (d)		$ 25,709,373

(a) Aggregate net debt of 10 cities, each of which had a net debt of less than $5,000,000.
(b) Aggregate net debt of 3 schools, each of which had a net debt of less than $25,000,000.
(c) Estimated aggregate net debt of several hundred utility districts. Source: Municipal Advisory Council.
(d) Census Bureau population estimated at 4,178,574. Source: Bureau of the Census.

Table 15

HARRIS COUNTY, TEXAS
LEGAL DEBT MARGIN INFORMATION

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

Legal Debt Margin Calculation for Fiscal Year 2012		
Assessed Value of All Taxable Property		$ 365,015,683
Assessed Value of Real Property		$ 313,475,950
Debt Limit (25% of real property assessed value) (a)		78,368,988
Amount of Debt Applicable to Constitutional Debt Limit:		
Total Bonded Applicable Debt	1,287,505	
Less: Debt Service Funds Cash	(126,394)	
Total Net Debt Applicable to Limit		1,161,111
Legal Debt Margin, Bonds Issued Uner Article III, Section 52 of the Texas Constitution		$ 77,207,877

	Fiscal Year									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Debt Limit	$ 44,452,279	$ 47,333,564	$ 49,844,576	$ 57,512,650	$ 62,749,472	$ 70,312,808	$ 78,435,050	$ 79,237,355	$ 76,784,802	$ 78,368,988
Total Net Debt Applicable to Limit	1,026,324	1,074,243	1,178,759	1,152,955	1,390,672	1,313,108	1,278,101	1,205,427	1,143,838	1,161,111
Legal Debt Margin	$ 43,425,955	$ 46,259,321	$ 48,665,817	$ 56,359,695	$ 61,358,800	$ 68,999,700	$ 77,156,949	$ 78,031,928	$ 75,640,964	$ 77,207,877
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	2.31%	2.27%	2.36%	2.00%	2.22%	1.87%	1.63%	1.52%	1.49%	1.48%

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

Bonds Issued Under Article VIII, Section 9:

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

Certain of the County's bonds payable from such limited tax may be issued under the provisions of Chapter 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 $18,250,784 compared to applicable bonds outstanding at February 29, 2012 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 $0.02809 per $100 of taxable value, which includes $0.00082 per $100 of taxable value for debt service, was levied by the Flood Control District in tax year 2011.

Table 16

HARRIS COUNTY, TEXAS
REVENUE BOND COVERAGES

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

Fiscal Year	Gross Revenues	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
TOLL ROAD REVENUE BONDS						
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
2011	482,198	482,198	37,645	98,031	135,676	3.55
2012	525,353	525,353	44,405	95,934	140,339	3.74

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
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%	196,779,227	48,337
2010	4,092,459	8.3%	183,899,347	44,936
2011	4,178,574	7.2%	n/a	n/a

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

Table 18

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

	2011			2002		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Exxon Mobil	11,000	1	0.41%	6,800	8	0.29%
Shell Oil Company	10,750	2	0.40%	9,324	4	0.40%
National Oilwell Varco Inc.	8,000	3	0.30%			
Chevron Companies	7,000	4	0.26%			
JP Morgan Chase	6,750	5	0.25%			
Jacobs Technology	6,500	6	0.24%			
Halliburton	6,200	7	0.23%	14,078	3	0.61%
CenterPoint Energy (spun off from Reliant Energy)	4,776	8	0.18%			
KBR Inc.	4,557	9	0.17%			
ConocoPhillips	3,750	10	0.14%			
Walgreens	3,750	10	0.14%			
Continental Airlines				19,440	1	0.84%
Compaq Computer				18,044	2	0.78%
Wal-Mart Stores Inc.				8,951	5	0.39%
Reliant Energy Inc.				8,838	6	0.38%
SBC Southwestern Bell Inc.				7,822	7	0.34%
Baker Hughes				6,100	9	0.26%
BP America				6,000	10	0.26%
	73,033			105,397		

* Based on calendar year.

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

Note: Total County Employment for 2011 was an estimated 2,665,000 (based on prior year employment figures) and for 2002 was 2,321,720.

Table 19

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

	2003	2004	2005	2006		2007	2008	2009	2010	2011	2012
Administration of Justice	8,115	8,450	8,554	8,380	(a)	8,168	8,740	9,425	9,308	8,779	8,462
Parks	*	*	*	715		706	732	787	797	670	625
County Administration	2,627	2,720	2,787	2,726		2,871	3,024	3,339	3,161	3,032	2,901
Health and Human Services	*	*	*	1,613		1,604	1,706	1,796	1,718	1,467	1,385
Flood Control	289	331	342	312		333	325	354	374	335	308
Tax Administration	450	465	442	428		426	435	428	415	378	341
Roads and Bridges	752	817	837	782		779	807	856	914	597	561
Other *	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 29, 2012, it is estimated that approximately 2,639 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.

Table 20

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

	Fiscal Years								
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Administration of Justice									
Law Enforcement Vehicles	1,733	2,013	1,988	1,739	1,753	2,117	2,043	1,938	2,000
Jail Facilities (Incl. Only Jails Owned by County)	2	2	2	2	2	2	2	2	2
Juvenile Probation Facilities (Incl. Only County Owned Facilities	5	5	5	5	5	5	5	5	5
Forensic Center	1	1	1	1	1	1	1	1	1
Parks									
Number of Active Parks	118	119	118	129	129	145	147	147	151
County Administration									
Stadiums	2	2	2	2	2	2	2	2	2
Exhibition Center	1	1	1	1	1	1	1	1	1
Arena	1	1	1	1	1	1	1	1	1
Ferries	2	2	2	2	2	2	2	2	2
Health and Human Services									
Libraries (Incl. Only Library Buildings Owned by County)	19	19	19	19	19	18*	18*	18*	18*
Veterinary Public Health Shelter	1	1	1	1	1	1	1	1	1
Flood Control									
Sites by Acreage (Incl. Easements and Fee Simple Ownership)									
Basins	8,827	11,403	12,309	13,192	14,866	15,361	15,467	15,724	16,081
Buyouts	414	640	763	776	825	845	880	931	958
Channels	20,562	20,661	20,704	20,753	20,799	20,832	20,858	20,935	21,117
Roads and Bridges									
Road Miles	5,433	5,784	6,073	6,307	6,194	6,564	6,317	6,454	6,425
Bridge Miles	22	24	24	24	22	24	33	23	34
Toll Road									
Road Miles	85	85	96	103	103	107	107	115	128
Lane Miles	471	479	491	491	550	556	556	598	676

Source: Various County Departments.

* Evelyn Meador Library excluded from total due to damage from Hurricane Ike. The library has closed and not re-opened. Construction of a new facility began in FY2011. Completed FY2012.

** Reporting statistical information began with implementation of GASB 44.

Table 21

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

	Fiscal Years								
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Administration of Justice									
District Courts **									
Criminal Courts- Cases Filed with District Clerk	41,597	41,802	43,284	44,642	49,975	51,318	52,803	51,490	46,034
Civil Courts- Cases Filed with District Clerk	27,677	30,513	35,192	38,293	38,164	36,364	34,970	41,681	47,908
Family and Juv. Courts- Cases Filed with District Clerk	71,250	70,151	74,380	74,431	74,253	74,785	74,325	72,055	71,369
County Courts									
Criminal Courts- New Cases Filed	60,371	64,226	68,402	74,599	79,638	76,108	75,113	82,328	78,946
Civil Courts- New Cases Filed	21,215	22,488	21,148	20,730	28,038	27,768	20,984	21,849	29,381
Civil Courts- New Instruments Filed	400,991	412,077	430,693	517,076	539,356	573,032	475,899	466,433	534,960
Justices of the Peace Courts									
Criminal Filings	556,366	571,917	526,593	529,839	489,483	455,400	444,797	448,608	424,138
Civil Filings	68,226	74,080	73,872	78,893	82,047	100,452	100,822	88,478	91,401
Fire Marshal									
Fire Safety Inspections	1,307	1,197	1,250	1,450	4,475	7,298	8,156	12,049	9,595
Constables									
Traffic Tickets Issued	130,454	186,282	114,479	116,449	131,041	131,921	131,472	146,170	125,403
Civil Papers Executed	439,659	455,788	449,431	533,013	519,572	509,788	485,252	505,403	469,704
Criminal Warrants Executed	220,914	188,698	187,578	176,849	215,635	146,918	142,752	144,198	157,101
Juvenile Probation									
Juvenile Probation Referrals	20,069	23,600	25,459	23,939	24,918	22,872	20,225	19,581	17,275
Average Daily Population at Facilities	776	707	685	691	691	732	687	612	567
Sheriff									
Jail Prisoners, Average/Day	6,958	7,337	8,397	8,882	8,929	9,723	10,988	11,064	10,249
District Attorney									
Cases Filed DA Intake	91,329	97,478	102,775	114,879	114,588	113,353	112,676	117,968	113,697
Medical Examiner									
Harris County Autopsies***	3,140	2,828	2,862	3,073	4,198	4,199	4,199	3,859	3,858
Cases Investigated	11,375	12,586	12,291	13,911	15,304	16,357	16,357	9,321	9,290
Parks									
Precincts									
Number of Park Concessionaire Agreements	68	68	68	68	72	74	75	77	79
Number of Bus Trips ****	5,021	5,200	7,790	8,077	7,582	8,454	8,494	7,767	8,810
County Administration									
County Auditor									
Accounts Payable Checks and EFTs Issued	105,208	147,002	131,727	133,058	132,026	129,257	128,011	127,165	125,359
Payroll Checks/Direct Deposit/Pay Cards Processed	367,120	371,318	386,570	393,550	397,124	425,197	438,695	453,387	428,945
Audit Chargeable Service Hours	25,221	23,763	24,629	25,901	23,811	26,375	17,255	21,394	17,861
Purchasing									
Number of Purchase Orders Issued (for Harris County)	13,900	16,250	16,319	16,725	19,526	21,904	23,603	22,386	16,332
Management Services									
Tort Claims Incidents	1,563	2,492	2,286	2,235	2,067	2,231	2,603	2,452	2,455
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	257,908,836	265,887,822
County Clerk									
Marriage and Informal Marriage Licenses	34,793	32,660	33,178	32,714	32,859	33,027	32,406	29,947	31,132
Real Property Filings	835,230	957,740	858,236	832,821	860,798	736,403	601,263	582,386	561,177
Assumed Name Certificates (DBAs)	72,773	76,916	75,717	68,135	66,630	66,909	62,255	62,424	62,193

Table 21

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

	Fiscal Years								
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
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	17,557	17,728
Animals Adopted	1,614	1,900	1,855	2,685	2,334	2,283	1,979	1,665	1,289
Protective Services for Children & Adults									
Children in Conservatorship at Year End (August)	3,989	3,674	4,393	4,953	5,180	5,108	4,962	5,640	5,629
Adults Served by the Guardianship Program	1,298	1,314	1,365	1,398	1,406	1,431	1,447	1,451	1,422
County Library									
Library Program Attendance	203,686	228,005	262,211	284,973	351,869	417,712	384,175	419,894	432,987
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	11,485,172	11,095,065
Flood Control									
Developer Plans Approved- Watershed Mgt. *****	1,095	976	1,114	1,221	1,467	1,578	1,713	1,833	1,831
Citizen Services Requests	2,462	1,980	2,393	2,681	2,948	2,573	2,476	2,479	1,738
Tax Administration									
Tax Assessor-Collector									
Tax Account/Statements	1,290,045	1,316,006	1,417,878	1,431,975	1,452,912	1,505,318	1,531,794	1,544,299	1,546,433
Auto Licenses/Registrations	2,817,697	2,837,285	2,866,994	2,959,176	3,107,456	3,219,906	3,332,920	3,307,065	3,281,378
Beer and Wine Licenses Issued	7,377	7,566	7,915	7,526	7,106	6,775	6,859	6,675	3,946
Liquor Licenses Issued	3,191	3,176	3,167	3,062	4,901	6,973	5,085	4,806	4,703
Voter Registration	1,773,121	1,807,933	1,842,625	1,880,749	1,780,271	1,835,385	1,868,588	1,891,033	1,852,463
Roads and Bridges									
Engineering Department									
Traffic Studies/Counts	412	375	583	848	827	618	676	586	681
Road Crossing Inspections	1,408	1,660	1,676	2,026	2,156	1,738	1,738	1,240	1,338
Road Crossing Permits	704	820	838	1,013	1,078	869	869	620	669
Toll Road									
Traffic Transactions	289,229,167	289,080,403	284,865,914	297,237,479	359,952,935	375,731,726	353,948,710	371,245,774	380,664,408

Source: Various County Departments

* Reporting statistical information began with implementation of GASB 44.

** Criminal Courts - Incoming Cases Include: Appeals, Misdemeanor Indictments, Felony Indictments, Complaints, Motions to Revoke Probation and Motions to Adjudicate and Order for New Trials.
Civil Courts - Includes Tax Cases. Also includes bond forfeiture actions (as of 2011).
Family & Juv. Courts - Includes CPS and Delinquency Cases, including Motions to Revoke Probation and Motions to Adjudicate Guilt.
NOTE: 2003-2010 numbers were corrected by the department.

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

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

***** 2008 and 2010 numbers were corrected by the department.

****** 2010 number was corrected by the department.

Table 22

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

	County's Total Outstanding Tax Debt (a)
Limited Tax Debt	$ 1,122,596,629
Unlimited Tax Debt	749,615,000
Flood Control	580,070,000
Toll Road Tax Bonds	537,890,000
Total	$ 2,990,171,629
Less: Toll Road Tax Bonds	(537,890,000)
Total (Approximately 0.67% of 2011 Assessed Value)	$ 2,452,281,629

(a) Excluding Flood Control District debt of $100,020,000 paid for by the District's ad valorem tax revenues. Amounts expressed at gross value, not considering unamortized premium or discount or accretion of capital appreciation bonds.

Table 23

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

The following table sets forth the County's ad valorem tax debt outstanding, as of the end of the Fiscal years 2002-2003 through 2011-12.

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
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
2011	2,925,447	273,032,156	1.07	4,092,459	715	572
2012	2,990,172	276,716,398	1.08	4,178,574	716	587

(a) Includes debt paid for by the County's ad valorem tax revenues. Excludes Flood Control debt paid by District's ad valorem tax revenues.

(b) Taxable values are net of exemptions and abatements. Property is assessed at 100% of appraised value.

(c) Source: Bureau of the Census.

Table 24

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

Fiscal	Limited Tax Debt			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total County-Wide Tax Debt		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	$ 29,225	$ 49,377	$ 78,602	$ 26,740	$ 35,065	$ 61,805	$ 47,645	$ 37,262	$ 84,907	$ 11,455	$ 34,030	$ 45,485	$ 115,065	$ 155,734	$ 270,799
2014	49,995	46,784	96,779	17,458	35,924	53,382	57,705	27,001	84,706	11,805	33,492	45,297	136,963	143,201	280,164
2015	58,883	44,867	103,750	24,003	33,292	57,295	62,770	20,086	82,856	10,760	32,932	43,692	156,416	131,177	287,593
2016	60,907	42,615	103,522	23,878	32,438	56,316	40,685	17,832	58,517	9,785	32,420	42,205	135,255	125,305	260,560
2017	69,822	40,295	110,117	23,414	31,566	54,980	26,380	16,419	42,799	9,045	31,961	41,006	128,661	120,241	248,902
2018	67,496	37,430	104,926	28,127	30,746	58,873	26,610	15,128	41,738	9,450	31,530	40,980	131,683	114,834	246,517
2019	71,046	34,518	105,564	42,550	29,650	72,200	27,445	13,742	41,187	24,245	31,058	55,303	165,286	108,968	274,254
2020	65,241	31,370	96,611	40,995	27,491	68,486	28,345	12,277	40,622	40,100	29,791	69,891	174,681	100,929	275,610
2021	73,445	28,206	101,651	63,720	25,551	89,271	29,285	10,765	40,050	40,655	27,704	68,359	207,105	92,226	299,331
2022	96,670	24,866	121,536	61,455	23,416	84,871	19,445	9,486	28,931	45,170	25,664	70,834	222,740	83,432	306,172
2023	57,625	20,509	78,134	52,300	22,171	74,471	20,240	8,449	28,689	45,290	23,298	68,588	175,455	74,427	249,882
2024	53,851	18,012	71,863	31,470	18,908	50,378	20,700	7,385	28,085	46,605	21,033	67,638	152,626	65,338	217,964
2025	85,222	15,819	101,041	48,695	15,561	64,256	21,165	6,297	27,462	17,055	18,703	35,758	172,137	56,380	228,517
2026	41,339	11,739	53,078	43,075	12,640	55,715	12,070	5,430	17,500	33,255	17,838	51,093	129,739	47,647	177,386
2027	54,865	9,527	64,392	43,075	10,486	53,561	12,090	4,796	16,886	34,255	16,175	50,430	144,285	40,984	185,269
2028	55,540	7,078	62,618	43,075	8,333	51,408	12,115	4,161	16,276	35,280	14,462	49,742	146,010	34,034	180,044
2029	35,350	4,975	40,325	43,070	6,304	49,374	12,135	3,524	15,659	35,735	12,730	48,465	126,290	27,533	153,823
2030	24,125	3,125	27,250	32,645	4,275	36,920	12,160	2,886	15,046	36,205	10,975	47,180	105,135	21,261	126,396
2031	24,825	2,228	27,053	29,935	2,768	32,703	12,185	2,247	14,432	36,705	9,197	45,902	103,650	16,440	120,090
2032	25,575	1,307	26,882	29,935	1,384	31,319	12,210	1,607	13,817	37,225	7,362	44,587	104,945	11,660	116,605
2033	21,550	359	21,909	-	-	-	12,240	965	13,205	11,520	5,501	17,021	45,310	6,825	52,135
2034	-	-	-	-	-	-	12,265	322	12,587	12,095	4,925	17,020	24,360	5,247	29,607
2035	-	-	-	-	-	-	-	-	-	12,700	4,320	17,020	12,700	4,320	17,020
2036	-	-	-	-	-	-	-	-	-	13,335	3,685	17,020	13,335	3,685	17,020
2037	-	-	-	-	-	-	-	-	-	14,005	3,018	17,023	14,005	3,018	17,023
2038	-	-	-	-	-	-	-	-	-	14,705	2,318	17,023	14,705	2,318	17,023
2039	-	-	-	-	-	-	-	-	-	15,440	1,582	17,022	15,440	1,582	17,022
2040	-	-	-	-	-	-	-	-	-	16,210	810	17,020	16,210	810	17,020
Total	$ 1,122,597	$ 475,006	$ 1,597,603	$ 749,615	$ 407,969	$ 1,157,584	$ 537,890	$ 228,067	$ 765,957	$ 680,090	$ 488,514	$ 1,168,604	$ 3,090,192	$ 1,599,556	$ 4,689,748

(a) Includes Flood Control District debt paid for by the District's ad valorem tax revenues and debt paid for by the County's ad valorem tax revenues as a result of refunded commercial paper.

Table 25

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

Fiscal	County-Wide Tax Debt (a)			Toll Road Senior Lien Revenue Bonds			Total County-Wide Bonded Debt		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	$ 115,065	$ 155,734	$ 270,799	$ 44,405	$ 95,934	$ 140,339	$ 159,470	$ 251,668	$ 411,138
2014	136,963	143,201	280,164	47,610	95,611	143,221	184,573	238,812	423,385
2015	156,416	131,177	287,593	51,255	93,213	144,468	207,671	224,390	432,061
2016	135,255	125,305	260,560	54,820	90,820	145,640	190,075	216,125	406,200
2017	128,661	120,241	248,902	65,955	88,048	154,003	194,616	208,289	402,905
2018	131,683	114,834	246,517	70,320	84,817	155,137	202,003	199,651	401,654
2019	165,286	108,968	274,254	72,175	81,461	153,636	237,461	190,429	427,890
2020	174,681	100,929	275,610	75,435	78,459	153,894	250,116	179,388	429,504
2021	207,105	92,226	299,331	78,475	75,294	153,769	285,580	167,520	453,100
2022	222,740	83,432	306,172	84,015	71,463	155,478	306,755	154,895	461,650
2023	175,455	74,427	249,882	63,105	67,958	131,063	238,560	142,385	380,945
2024	152,626	65,338	217,964	65,635	64,849	130,484	218,261	130,187	348,448
2025	172,137	56,380	228,517	68,250	61,627	129,877	240,387	118,007	358,394
2026	129,739	47,647	177,386	69,210	58,260	127,470	198,949	105,907	304,856
2027	144,285	40,984	185,269	67,800	54,841	122,641	212,085	95,825	307,910
2028	146,010	34,034	180,044	66,490	51,495	117,985	212,500	85,529	298,029
2029	126,290	27,533	153,823	70,360	48,102	118,462	196,650	75,635	272,285
2030	105,135	21,261	126,396	74,385	44,571	118,956	179,520	65,832	245,352
2031	103,650	16,440	120,090	86,570	40,662	127,232	190,220	57,102	247,322
2032	104,945	11,660	116,605	91,190	36,314	127,504	196,135	47,974	244,109
2033	45,310	6,825	52,135	95,150	31,750	126,900	140,460	38,575	179,035
2034	24,360	5,247	29,607	100,825	26,928	127,753	125,185	32,175	157,360
2035	12,700	4,320	17,020	104,285	22,069	126,354	116,985	26,389	143,374
2036	13,335	3,685	17,020	109,240	17,358	126,598	122,575	21,043	143,618
2037	14,005	3,018	17,023	42,830	13,711	56,541	56,835	16,729	73,564
2038	14,705	2,318	17,023	31,905	11,874	43,779	46,610	14,192	60,802
2039	15,440	1,582	17,022	33,545	10,238	43,783	48,985	11,820	60,805
2040	16,210	810	17,020	20,145	8,896	29,041	36,355	9,706	46,061
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	$ 3,090,192	$ 1,599,556	$ 4,689,748	$ 2,066,780	$ 1,563,253	$ 3,630,033	$ 5,156,972	$ 3,162,809	$ 8,319,781

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

Table 26

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

As of February 29, 2012, 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.

County Ad Valorem Tax Bonds		
Limited Tax:		
Civil Justice Center	$ 33,000	
Parks	65,000	
Forensic Lab	80,000	
Family Law Center	70,000	
Total Limited Tax Bonds		$ 248,000
Unlimited Tax:		
Road Bonds	149,677	
Total Unlimited Tax Bonds		149,677
Combination Unlimited Tax and Revenue:		
Toll Roads	15,148	
Total Unlimited Tax and Revenue Bonds		15,148
Harris County Flood Control District Limited Tax Bonds		-
Total Harris County Ad Valorem Tax Bonds		412,825
Total Authorized but Unissued Bonds		$ 412,825

Table 27

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2012-2013
(Unaudited)

On March 13, 2012 the Commissioners Court adopted the budget for the County for the Fiscal Year 2012-2013. The Fiscal Year 2013 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2012-2013 budget for the County's Current Operating Fund:

Cash Balance as of March 1, 2012	$ 145,954,000
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	907,692,298
Charges for Services	190,405,616
Fines and Forfeitures	17,881,860
Intergovernmental Revenues	35,618,948
Interest	707,500
Other	41,259,346
Total Cash and Estimated Revenues	$ 1,339,519,568
Appropriations:	
Current Operating Expenses	$ 1,329,086,633
Capital Outlay:	
Roads	8,852,227
Parks	1,450,708
Office/Courts	130,000
Total Appropriations	$ 1,339,519,568

Table 28

HARRIS COUNTY, TEXAS
TABLE OF COUNTY CAPITAL PROJECTS FUNDS BUDGETING
(Unaudited)

County Capital Projects Funds are used to construct roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at February 29, 2012 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	$ 166,942,150
Permanent Improvements	33,150,006
Flood Control	174,447,402
Reliant Park	13,408,254
Total	$ 387,947,812

Table 29

HARRIS COUNTY, TEXAS
BALANCE SHEET
GENERAL FUND SUB-FUNDS
February 29, 2012

	General Operating	Public Contingency	Mobility Fund	General Debt	Other	Total General Fund
ASSETS						
Cash and investments:						
Cash and cash equivalents	$ 75,153,893	$ 10,354,254	$107,593,657	$ -	$ 15,175,761	$ 208,277,565
Investments	45,237,952	13,753,935	58,355,897	-	8,149,914	125,497,698
Receivables:						
Taxes, net	38,381,307	-	-	-	-	38,381,307
Accounts	6,031,969	-	-	-	-	6,031,969
Accrued interest	9,884,121	57,798	225,655	49,690	31,515	10,248,779
Capital leases	264,300	-	-	-	-	264,300
Other	59,191,151	219,319	-	3,696,057	-	63,106,527
Due from other funds	37,722,872	-	-	2,994	11,103,542	48,829,408
Inventories	2,146,273	-	-	-	-	2,146,273
Prepaids and other assets	2,490,128	-	155,278	8,288	-	2,653,694
Advances to other funds	40,000	-	-	-	-	40,000
Restricted cash and cash equivalents	-	-	-	55,448,455	-	55,448,455
Restricted investments	-	-	-	56,799,620	-	56,799,620
Note receivable	21,739,738	-	-	-	-	21,739,738
Total assets	$ 298,283,704	$ 24,385,306	$166,330,487	$116,005,104	$ 34,460,732	$ 639,465,333
LIABILITIES AND FUND BALANCES						
Liabilities:						
Vouchers payable	$ 24,625,128	$ -	$ 5,023,871	$ 658,348	$ 196,237	$ 30,503,584
Accrued payroll and compensated absences	80,345,474	-	1,306,339	-	-	81,651,813
Retainage payable	148,671	-	1,184,026	-	-	1,332,697
Due to other funds	134,052	-	-	-	3,555,368	3,689,420
Customer deposits	60,628	-	-	-	-	60,628
Advances from other funds	28,715,602	-	-	-	14,235,824	42,951,426
Deferred revenue	55,228,258	-	-	-	11,103,542	66,331,800
Total liabilities	189,257,813	-	7,514,236	658,348	29,090,971	226,521,368
Fund balances:						
Nonspendable	4,676,401	-	155,278	8,288	-	4,839,967
Restricted	2,640,279	-	158,660,973	115,338,468	3,926,446	280,566,166
Committed	2,120,070	-	-	-	-	2,120,070
Assigned	18,637,163	-	-	-	14,854,179	33,491,342
Unassigned	80,951,978	24,385,306	-	-	(13,410,864)	91,926,420
Total fund balances	109,025,891	24,385,306	158,816,251	115,346,756	5,369,761	412,943,965
Total liabilities and fund balances	$ 298,283,704	$ 24,385,306	$166,330,487	$116,005,104	$ 34,460,732	$ 639,465,333

Table 30

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - SUB-FUNDS
For The Twelve Months Ended February 29, 2012

	General Operating	Public Contingency	Mobility Fund	General Debt	Other	Consolidating Entries	Total General Fund
REVENUES							
Taxes	$ 926,616,881	$ 6,183,269	$ -	$ 107,251,491	$ -	$ -	$ 1,040,051,641
Charges for services	194,639,499	-	-	-	-	-	194,639,499
User fees	3,008,651	-	-	-	-	-	3,008,651
Fines and forfeitures	17,498,785	-	-	-	-	-	17,498,785
Lease revenue	1,966,069	-	-	-	-	-	1,966,069
Intergovernmental	41,756,384	-	-	-	-	-	41,756,384
Interest	1,966,754	1,057,219	1,911,600	340,353	303,698	-	5,579,624
Miscellaneous	40,954,723	7,971	7,387	160,496	9,762,792	-	50,893,369
Total revenues	1,228,407,746	7,248,459	1,918,987	107,752,340	10,066,490	-	1,355,394,022
EXPENDITURES							
Current operating:							
Administration of justice	748,913,147	-	-	-	-	-	748,913,147
Parks	49,427,122	-	-	-	-	-	49,427,122
County administration	209,652,363	286,321	-	-	10,874,863	-	220,813,547
Health and human services	92,370,395	-	-	-	251,188	-	92,621,583
Tax administration	30,907,440	-	-	-	-	-	30,907,440
Roads and bridges	31,379,190	-	40,650,246	-	-	-	72,029,436
Capital outlay	3,826,929	-	40,670,367	-	3,360,243	-	47,857,539
Debt service:							
Principal retirement	-	-	-	33,810,000	-	-	33,810,000
Bond issuance costs	236,587	-	-	1,038,576	-	-	1,275,163
Interest and fiscal charges	417,646	-	-	53,154,514	-	-	53,572,160
Total expenditures	1,167,130,819	286,321	81,320,613	88,003,090	14,486,294	-	1,351,227,137
Excess (deficiency) of revenues over (under) expenditures	61,276,927	6,962,138	(79,401,626)	19,749,250	(4,419,804)	-	4,166,885
OTHER FINANCING SOURCES (USES)							
Transfers in	62,288,901	-	120,000,000	219,506,300	168,052	(165,116,030)	236,847,223
Transfers out	(18,129,679)	(14,140,775)	(45,759,040)	(144,832,661)	-	165,116,030	(57,746,125)
Refunding bonds issued	-	-	-	92,780,000	-	-	92,780,000
Premium on bonds issued	-	-	-	15,325,727	-	-	15,325,727
Payment to refunding bond escrow agent	-	-	-	(7,394,663)	-	-	(7,394,663)
Payment to defease commercial paper	-	-	-	(200,000,000)	-	-	(200,000,000)
Proceeds from insurance	322,906	-	-	-	-	-	322,906
Sale of capital assets	171,006	-	-	-	-	-	171,006
Total other financing sources (uses)	44,653,134	(14,140,775)	74,240,960	(24,615,297)	168,052	-	80,306,074
Net changes in fund balances	105,930,061	(7,178,637)	(5,160,666)	(4,866,047)	(4,251,752)	-	84,472,959
Fund balances, beginning	3,095,830	31,563,943	163,976,917	120,212,803	9,621,513	-	328,471,006
Fund balances, ending	$ 109,025,891	$ 24,385,306	$ 158,816,251	$ 115,346,756	$ 5,369,761	$ -	$ 412,943,965

COMPLIANCE SECTION

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Harris County, Texas's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended February 29, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended February 29, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs as item 12-1.

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 to determine the 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. However, we identified a certain deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items 12-1.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

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 14, 2012

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

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

We have audited the financial statements of the Harris County, Texas (the "County") as of and for the year ended February 29, 2012, and have issued our report thereon dated August 14, 2012. We did not audit the financial statements of the discretely presented component units which statements reflect 100% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Harris County Clerk Registry Fund and the Harris County District Clerk Registry Fund agency funds, which statements reflect 31% of the assets of the agency funds at February 29, 2012. 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 unit Harris County Sports & Convention Corporation, the Harris County Clerk Registry Agency Fund and the Harris County District Clerk Registry Agency Fund, and discrete component units the 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

Management of the County is responsible for establishing and maintaining effective 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 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 14, 2012.

This report is intended solely for the information and use of the County Judge and Commissioner Court members, management, federal 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 14, 2012

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	FEDERAL GRANTS				
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	DIRECT PROGRAMS:				
7020	Supportive Housing Program 2009	14.235	N/A	$ 32,585	$ 32,585
7020	Supportive Housing Program 2010	14.235	N/A	102,614	102,614
7086	Lead Hazard Reduction Demonstration Program	14.905	TXLHD0234-11	21,971	-
7130	Emergency Shelter Grant Program 2008	14.231	S-08-UC-48-0002	30,091	11,929
7130	Emergency Shelter Grant Program 2009	14.231	S-09-UC-48-0002	69,155	69,155
7130	Emergency Shelter Grant Program 2010	14.231	S-10-UC-48-0002	88,562	88,654
7130	Emergency Shelter Grant Program 2011	14.231	E-11-UC-48-0002	325,544	301,877
7140	HOME Investment Partnership Program 2006	14.239	M-06-UC-48-0215	98,500	100,000
7140	HOME Investment Partnership Program 2007	14.239	M-07-UC-48-0215	49,711	43,763
7140	HOME Investment Partnership Program 2008	14.239	M-08-UC-48-0215	346,189	-
7140	HOME Investment Partnership Program 2009	14.239	M-09-UC-48-0215	133,738	-
7140	HOME Investment Partnership Program 2011	14.239	M-11-UC-48-0215	845,220	35,000
7200	Shelter Plus Care Program 1996	14.238	TX21C96	195,755	195,755
7200	Shelter Plus Care Program 2009	14.238	N/A	191,833	172,567
7200	Shelter Plus Care Program 2010	14.238	N/A	1,781,117	1,658,068
7594	Neighborhood Stabilization Program 3	14.228	B-11-UN-48-0401	245,914	-
7594	CDBG - Neighborhood Stabilization Program 2008	14.228	B-08-UN-48-0401	5,499,756	3,086,762
7660	Community Development Block Grant/Entitlement Grants 2006	14.218	B-06-UC-48-0002	2,875	-
7660	Community Development Block Grant/Entitlement Grants 2008	14.218	B-08-UC-48-0002	885,166	427,069
7660	Community Development Block Grant/Entitlement Grants 2009	14.218	B-09-UC-48-0002	372,966	261,038
7660	Community Development Block Grant/Entitlement Grants 2010	14.218	B-10-UC-48-0002	3,022,698	1,548,395
7660	Community Development Block Grant/Entitlement Grants 2011	14.218	B-11-UC-48-0002	4,051,013	891,268
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:				
7084	Disaster Recovery	14.218	N/A	4,698,909	4,676,079
8112	Community Development Block Grant/Disaster Recovery Program	14.228	70090003	7,096,046	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF RURAL AFFAIRS:				
7517	CDBG Supplemental Disaster Recovery Funds	14.228	DRS010064	1,955,129	-
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Community Development Block Grant/Entitlement Grants - CAC	14.218	277	25,417	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	284	67,412	-
	Community Development Block Grant/Entitlement Grants - CAC	14.218	289	26,397	-
	TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			32,262,283	13,702,578
	U.S. DEPARTMENT OF JUSTICE				
	DIRECT PROGRAMS:				
1000	State Criminal Alien Assistance Program	16.606	N/A	2,387,007	-
1000	Southwest Border Prosecution Initiative Grant	16.609	N/A	1,086,516	-
2610	Sheriff Seized Assets - Justice Department	16.000	N/A	644,571	-
7058	Medico-Legal Death Investigation Conference	16.560	2007-DN-BX-K213	18,989	-
7098	Digital Asset Management (DAM) Project	16.753	2008-DD-BX-0385	235,289	-
7126	Solving Cold Cases with DNA	16.560	2008-DN-BX-K312	19,945	-
7215	Human Trafficking Rescue Alliance Support	16.320	2010-VT-BX-0028	107,009	-
7477	Terrorism Prevention Grant	16.753	2009-D1-BX-0027	75,908	-
7512	Solving Cold Cases with DNA	16.560	2008-DN-BX-K312	3,700	-
7527	FY09 Paul Coverdell Forensic Science Improvement Grant Program	16.742	2009-CD-BX-0089	16,104	-
7561	Human Trafficking Initiative - OVC Collaborative '10	16.320	2010-VT-BX-K015	278,336	-
7579	Collection of DNS Samples from Buried Unidentified Decedents	16.560	2010-DN-BX-K207	73,021	-
7581	R&D on Forensic Crime Scene and Medicolegal Death Investigation	16.560	2010-DN-BX-K194	63,673	-
7582	Forensic DNA R&D	16.560	2010-DN-BX-K230	10,560	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
7583	Fundamental Research to Improve Understanding of Forensic Science Disciplines	16.560	2010-DN-BX-K222	1,595	-
7586	Forensic Anthropology: Understanding Error Rates in Microscopic Analysis	16.560	2010-DN-BX-K235	712	-
7587	Gang Prevention and Enforcement Unit	16.753	2010-DD-BX-0001	65,180	-
7588	Preventing Violence Against Women	16.753	2010-DD-BX-0431	51,853	-
7695	Sex Offenders Program	16.753	2009-DD-BX-0020	68,347	-
7738	Pressure Cycling Technology	16.560	2011-DN-BX-K554	6,100	-
8038	Adult Drug Court Discretionary Grant	16.585	2010-DC-BX-0017	55,864	-
8039	Family Drug Court Program	16.585	2010-DC-BX-0090	39,884	-
8046	Felony Mental Health Court	16.812	2011-RM-BX-0003	22,344	-
8605	Bulletproof Vest Partnership Program 2009	16.607	BPV-2009	28,540	-
8605	Bulletproof Vest Partnership Program 2011	16.607	BPV-2011	5,020	-
8778	Forensic Casework DNA Backlog Reduction Program	16.743	2009-DN-BX-K078	36,169	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2010-DN-BX-K097	499,792	-
8778	Forensic Casework DNA Backlog Reduction Program	16.741	2011-DN-BX-K422	101,064	-
	PASS THROUGH PROGRAMS, NATIONAL FORENSIC SCIENCE TECHNOLOGY CENTER:				
7604	Evaluation of LC-TOFMS vs. LC-MS/MS Screening	16.560	2010-DN-BX-K210	47,156	-
7605	Creation of a Digital Handbook	16.560	2010-DN-BX-K210	5,706	-
	PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:				
7019	STAR - Success Through Addiction Recovery Drug Court Program	16.738	DJ-09-A10-16920-08	32,744	-
7076	Consolidated Law Enforcement Application	16.738	DJ-09-A10-20289-03	184,665	-
7076	High Crime Area Prevention Unit FY'12	16.738	DJ-11-A10-25344-01	24,917	-
7072	Victims of Crime Act	16.575	VA-10-V30-19974-03	31,180	-
7072	Victims of Crime Act	16.575	VA-11-V30-19974-04	27,899	-
7543	Violence Against Women Unit	16.588	WF-10-V30-21326-02	1,379	-
7543	Violence Against Women Unit	16.588	WF-11-V30-21326-03	30,489	-
7553	Veterans' Court Program	16.738	DJ-09-A10-22830-02	92,678	-
7577	Gang Prevention Youth Mentoring Grant	16.540	JA-10-J20-23697-01	59,551	-
7577	Gang Prevention Youth Mentoring Grant	16.540	JA-11-J20-23697-02	24,957	-
7611	Domestic Violence and Child Abuse: Services and Training	16.588	WF-11-V30-24822-01	7,800	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24901-01	37,586	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24899-01	10,361	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24900-01	22,620	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24814-01	80,743	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24893-01	88,496	-
7612	Electronic Citation & Technology Project	16.738	DJ-10-A10-24875-01	14,512	-
7736	Victim Assistance Officer	16.575	VA-11-V30-24892-01	10,616	-
7737	Victims of Crime Act Formula Grant Program	16.575	VA-11-V30-24601-01	3,998	-
7739	Specialized Investigator	16.588	WF-11-V30-24745-01	23,478	-
7742	Electronic Citation & Technology Project	16.738	DJ-10-A10-24826-01	25,879	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-09-J20-13316-12	157,736	-
7980	Coordinated Juvenile Crime Enforcement	16.523	JB-10-J20-13316-13	66,966	-
8410	New Choices	16.593	DJ-09-A10-14878-13	143,419	-
8410	New Choices	16.593	DJ-09-A10-14878-14	93,799	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-10-V30-13456-13	28,550	-
8520	Domestic Violence Enhancement/Victims Assistance	16.588	WF-11-V30-13456-14	23,731	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-10-A10-17480-06	319,625	-
8676	Harris County Medical Examiner Office Coverdell Improvement Project	16.742	CD-11-A10-17480-07	101,254	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-10-V30-18112-06	30,375	-
8705	Crime Victims Assistance Unit - Pct.5	16.588	WF-11-V30-18112-07	30,194	-
8707	Crime Victims Assistance Coordinator	16.575	VA-10-V30-18216-05	40,148	-
8707	Crime Victims Assistance Coordinator	16.575	VA-11-V30-18216-06	27,019	-
8707	Crime Victims Assistance Deputy	16.575	VA-11-V30-24437-01	35,978	-
8711	Protective Order Prosecutor Project	16.588	WF-10-V30-13457-13	42,230	-
8711	Protective Order Prosecutor Project	16.588	WF-11-V30-13457-14	30,565	-
8760	Caseworker Intervention Expansion Project	16.588	WF-10-V30-13454-13	41,298	-
8760	Caseworker Intervention Expansion Project	16.588	WF-11-V30-13454-14	31,163	-
8766	Felony Family Violence Caseworker Project	16.588	WF-10-V30-17204-07	27,434	-
8766	Felony Family Violence Caseworker Project	16.588	WF-11-V30-17204-08	22,237	-
8960	Police Training for Violence Against Women	16.588	WF-10-V30-13455-13	38,107	-
8960	Police Training for Violence Against Women	16.588	WF-11-V30-13455-14	26,600	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, CITY OF HOUSTON:				
8715	2008 Justice Assistance Grant	16.738	2008-DJ-BX-0596	346	-
8715	2009 Justice Assistance Grant	16.738	2009-DJ-BX-1284	666,349	-
8715	2010 Justice Assistance Grant	16.738	2010-DJ-BX-1032	596,400	-
8715	2011 Justice Assistance Grant	16.738	2011-DJ-BX-3222	77,972	-
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Victims of Crime Act Grant	16.575	VA-10-V30-13747-11	39,126	-
	Victims of Crime Act Grant	16.575	VA-11-V30-13747-12	36,558	-
	National Children's Alliance	16.543	N/A	10,000	-
	PASS THROUGH PROGRAMS, SAM HOUSTON STATE UNIVERSITY:				
7101	Project Safe Neighborhood	16.609	321-20-B48B	8,027	-
7101	Project Safe Neighborhood	16.609	321-20-C03B	2,655	-
7464	Project Safe Neighborhood - Texas Southern District	16.609	321-20-C03L	9,398	-
7464	Project Safe Neighborhood - Texas Southern District	16.609	321-20-C52L	22,262	-
7707	Project Safe Neighborhood	16.609	2007-PG-BX-0074	59,633	-
	PASS THROUGH PROGRAMS, PASADENA ISD:				
7557	Internet Crimes Against Children (ICAC)	16.543	N/A	37,117	-
7557	Internet Crimes Against Children (ICAC)	16.543	N/A	47,326	-
	TOTAL U.S. DEPARTMENT OF JUSTICE			9,864,099	-
	U.S. DEPARTMENT OF TRANSPORTATION				
	DIRECT PROGRAMS:				
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X790-00	40,470	-
7054	Houston Urbanized Area Formula Funds	20.507	T0701	141,275	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X824-00	274,042	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X853-00	727,558	-
7054	Houston Urbanized Area Formula Funds	20.507	TX-90-X919-00	85,381	-
	PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:				
7017	Non-Emergency Transportation Services	20.205	TS7111-14	10,512	-
	PASS THROUGH PROGRAMS, METROPOLITAN TRANSIT AUTHORITY:				
7062	New Freedom Transportation- RIDES	20.521	N/A	307,494	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF TRANSPORTATION:				
7057	STEP - Comprehensive FY12	20.600	2012-HARRISP7-S-1YG-0084	20,921	-
7416	Elderly and Disabled Transportation Program	20.513	51012F7271	186,462	-
7502	Houston TranStar Expansion	20.205	12-0XXF5007	176,204	-
7545	Transportation Plaza Grant	20.505	12-0XXF5006	588,514	-
7572	No Refusal DWI Program	20.600	2011-HARRISDA-G-3YG-0026	215,445	-
7578	Houston TranStar Building Improvement	20.205	12-0XXF5007	35,695	-
7601	STEP - Click it or Ticket it	20.602	2011-HARRISCO-CIOT-00006	24,933	-
8865	STEP - Single Year - 2012 DWI	20.600	2012-HARRIS4-S-1YG-0081	10,524	-
8895	STEP - Comprehensive	20.600	2011-HARRISCO-S-3YG-0013	209,485	-
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION			3,054,915	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	U.S. DEPARTMENT OF AGRICULTURE				
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE:				
7602	National School Lunch Program Equipment Assistance Grant	10.579	6TX310385	5,852	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:				
8320	WIC - Women, Infant, and Children	10.557	2011-037159	5,907,230	-
8320	WIC - Obesity Prevention	10.557	2012-040011	3,432,318	-
	PASS THROUGH PROGRAMS, TEXAS FOREST SERVICE:				
8451	Community Wildfire Protection Plan	10.664	08.10	13,852	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF AGRICULTURE:				
1000	National School Lunch and Breakfast Program - Juvenile Probation	10.553	75F4006	813,057	-
1000	National School Lunch and Breakfast Program - CPS	10.553	75D4002	30,325	-
	National School Lunch Program Commodities - CPS	10.555	75D4002	1,802	-
	National School Lunch Program Commodities - Juvenile Probation	10.555	75F4006	28,894	-
	TOTAL U.S. DEPARTMENT OF AGRICULTURE			10,233,330	-
	U.S DEPARTMENT OF COMMERCE				
	PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:				
7067	Public Safety Interoperable Communications Grant Program	11.555	07-SR 48201-04	8,399	-
7559	Public Safety Interoperable Communications Grant Program	11.555	07-GA 97263-04	2,954,230	-
	TOTAL U.S. DEPARTMENT OF COMMERCE			2,962,629	-
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	DIRECT PROGRAMS:				
7296	Harris County Alliance for Children & Families	93.104	5 U79 SM57024-06	488,339	-
7479	Specialized Substance Abuse and Trauma Treatment for Females	93.243	5 H79 TI021529-02	208,718	-
7479	Specialized Substance Abuse and Trauma Treatment for Females	93.243	6H79TI021529-03	50,713	-
7987	Voluntary Food Standards Program	93.103	HHSF223200920035M	2,395	-
7987	Voluntary Food Standards Program	93.103	HHSF223201010129M	883	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY2425/02	56,272	-
8040	Basic Center Program for Runaway and Homeless Youth	93.623	90CY2425/03	859	-
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-20	3,974,698	3,842,967
8200	Ryan White Title I - Formula & Supplemental	93.914	H89HA00004-21	16,495,768	14,443,324
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF STATE HEALTH SERVICES:				
7375	Cities Readiness Initiative	93.283	2009-031671-001	145,841	-
7375	Cities Readiness Initiative	93.283	2010-035560-001	171,556	-
7375	Cities Readiness Initiative	93.283	2011-038559-001	180,205	-
7524	Pandemic Influenza Preparedness/H1N1 Novel Influenza	93.069	2011-037439-001	1,801,586	-
7607	Public Health Emergency Preparedness	93.283	2011-038804-011	485,634	-
7716	Preparedness and Prevention Community Section/Risk Based	93.069	2012-040267-001	8,892	-
8050	Title V - Maternal & Child Health	93.994	2011-036630-001	333,543	-
8050	Title V - Family Planning	93.994	2011-036997-001	188,283	-
8050	Title V - Child Health and Dental	93.994	2012-039468-001	140,724	-
8050	Title V - Family Planning	93.994	2012-039468-001	11,221	-
8060	Refugee Health Screening Program	93.576	2011-037298-001	1,075,544	-
8060	Refugee Health Screening Program	93.576	2012-039779-001	513,312	-
8070	Immunization Action Plan	93.268	2011-036369-001	391,906	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
8090	Tuberculosis Prevention and Control	93.116	2011-037475-001	266,997	-
8090	Tuberculosis Prevention and Control	93.116	2012-040153-001	39,108	-
8100	TB - Prevention and Control	93.116	2011-037657-001	37,867	-
8110	Title X - HIV	93.217	2011-037303-001	56,682	-
8110	Title X - Family Planning	93.217	2011-037036-001	978,962	-
8110	Title X - HIV Prevention/Family Planning	93.217	2012-040226-001	48,896	-
8110	Title X - Family Planning	93.217	2012-039923-001	455,213	-
8110	Title X - Family Planning; Fees for Services	93.667	2012-040714-001	44,163	-
8140	HIV Prevention	93.940	2011-037641-001	179,773	-
8140	HIV Prevention	93.940	2012-040437-001	23,177	-
8165	Bioterrorism Preparedness	93.283	2009-031936-001	188,075	-
8165	Bioterrorism Preparedness	93.283	2010-035376-001	563,677	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2011-037564-001	142,020	-
8215	Infectious Disease Epidemiology and Surveillance - West Nile	93.283	2012-040648-001	14,389	-
	PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:				
7523	HGAC-Social Service Block Grant	93.667	714-10	823,554	-
7983	Hurricane Ike Recovery Assistance Round II	93.667	754-10	22,635	-
	PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:				
7003	Access and Visitation Shared Parenting	93.597	11-C0107	11,473	-
7003	Access and Visitation Shared Parenting	93.597	11-C0107	40,695	-
	PASS THROUGH PROGRAMS, TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES:				
7007	TITLE IV-E Legal Services	93.658	23380591	937,279	-
7007	TITLE IV-E Legal Services	93.658	23941790	586,517	-
7275	Stand Alone Drug Services	93.556	23812221	12,674	-
7275	Stand Alone Drug Services	93.556	23812221	4,214	-
7519	Permanency Planning Services	93.556	23785482	504,527	-
7519	Permanency Planning Services	93.556	23785482	430,359	-
7521	Family Assessment Services	93.556	23789561	196,469	-
7521	Family Assessment Services	93.556	23839761	156,090	-
7522	Concrete Services	93.658	23810661	22,155	-
7522	Concrete Services	93.658	23810661	20,250	-
7986	Pre-Adopt Review and Approval Staffing Services '11	93.556	23714601	20,758	-
7986	Pre-Adopt Review and Approval Staffing Services '12	93.556	23714601	12,497	-
8045	STAR - Services to At Risk Youth Program	93.556	23420901	146,279	-
8045	STAR - Services to At Risk Youth Program	93.556	23420901	87,337	-
8487	Preparation for Adult Living (PAL-204)	93.556	23787501	232,342	-
8487	Preparation for Adult Living (PAL-206)	93.674	23787501	463,402	-
8487	Preparation for Adult Living (PAL-204)	93.556	23939348	105,241	-
8487	Preparation for Adult Living (PAL-206)	93.674	23939348	246,318	-
8488	Community Youth Development FY2011	93.556	23794361	725,086	547,011
8488	Community Youth Development FY2012	93.556	23794361	149,545	86,525
	PASS THROUGH PROGRAMS, TEXAS CENTER FOR THE JUDICIARY:				
7476	Harris County Infant Toddler Court	93.643	CJA-11-05	40,000	-
	PASS THROUGH PROGRAMS, TEXAS WORKFORCE COMMISSION:				
7024	PAL - Transition Center	93.558	2811TAN002	163,380	-
7024	PAL - Transition Center	93.558	2812TAN001	96,941	-

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, UNIVERSITY OF TEXAS PREVENTION RESEARCH CENTER:				
7982	UT: Health Promotion and Disease Prevention Centers	93.135	0007159A	20,918	-
7982	UT: Health Promotion and Disease Prevention Centers	93.135	0007159A	4,000	-
7591	Teenage Pregnancy Prevention (TPP)	93.297	0008092B	18,397	-
7591	Teenage Pregnancy Prevention (TPP)	93.297	0008092B	21,719	-
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			36,088,942	18,919,827
	OFFICE OF NATIONAL DRUG CONTROL POLICY				
	DIRECT PROGRAMS:				
8008	Major Drug Squad 2008	07.999	18PHNP510	69,028	-
8008	Houston Money Laundering	07.999	18PHNP510	683,587	-
8008	Houston Intelligence Support Center 2008	07.999	18PHNP510	6,075	-
8008	Truck, Air, Rail and Port	07.999	18PHNP510	8,466	-
8008	Gang Squad 2008	07.999	18PHNP510	604	-
8008	Operation Hemisphere 2008	07.999	G09HN0004A	39,295	-
8008	Major Drug Squad 2009	07.999	G09HN0004A	71,569	-
8008	Houston Money Laundering	07.999	G09HN0004A	8,370	-
8008	Houston Intelligence Support Center 2009	07.999	G09HN0004A	8,014	-
8008	Truck, Air, Rail, and Port	07.999	G09HN0004A	19,755	-
8008	Gang Squad 2009	07.999	G09HN0004A	3,495	-
8008	Operation Hemisphere 2009	07.999	G09HN0004A	39,421	-
8008	Major Drug Squad 2010	07.999	G10HN0004A	42,734	-
8008	Houston Money Laundering	07.999	G10HN0004A	316,452	-
8008	Houston Intelligence Support Center 2010	07.999	G10HN0004A	30,698	-
8008	Truck, Air, Rail, and Port	07.999	G10HN0004A	9,714	-
8008	Gang Squad 2010	07.999	G10HN0004A	3,331	-
8008	Operation Hemisphere 2010	07.999	G10HN0004A	845,784	-
8008	Houston Money Laundering 2011	07.999	G11HN0004A	78,993	-
8008	Houston Intelligence Support Center 2011	07.999	G11HN0004A	56,512	-
	TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY			2,341,897	-
	U.S. DEPARTMENT OF HOMELAND SECURITY				
	PASS THROUGH PROGRAMS, UNITED WAY:				
7280	FEMA Phase XXV - Emergency Food & Shelter Program	97.024	N/A	277,303	-
	PASS THROUGH PROGRAMS, GOVERNORS DIVISION OF EMERGENCY MANAGEMENT:				
7016	Urban Area Security Initiative	97.008	2008-GE-T8-0034	392,778	-
7016	Urban Area Security Initiative	97.008	2009-SS-T9-0064	1,722,209	-
7016	Urban Area Security Initiative	97.008	2010-SS-T0-0008	6,142,524	-
7016	Urban Area Security Initiative	97.008	EMW-2011-SS-00019	34,540	-
7037	Buffer Zone Protection Program	97.078	2008-BZ-T8-0007	79,681	-
7037	Buffer Zone Protection Program	97.078	2009-BF-T9-0003	15,440	-
7094	FEMA - Public Assistance - Hurricane Ike	97.036	FEMA-1791-DR-TX	329,635	-
7107	Citizens Corps Grant FY2009	97.053	2009-SS-T9-0064	1,825	-
7289	Emergency Management Performance Grant 2011	97.042	11TX-EMPG-0348	280,845	-
7558	Regional Catastrophic Preparedness Initiative '09	97.111	2009-CA-T9-0002	128,000	-
7558	Regional Catastrophic Preparedness Initiative '10	97.111	2010-CA-T0-0005	20,016	-
8034	Port Security Grant Program	97.056	2006-GB-T6-0062	7,116,649	-
8034	Port Security Grant Program	97.056	2007-GB-T7-K271	7,339,852	7,339,852
8034	Port Security Grant Program	97.056	2008-GB-T8-K006	255,647	86,250
8525	Homeland Security Grant Program	97.073	2010-SS-T0-0008	38,909	-
	TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			24,175,853	7,426,102

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	U.S. ELECTION ASSISTANCE COMMISSION				
	PASS THROUGH PROGRAMS, TEXAS SECRETARY OF STATE:				
7262	Title II-HAVA / County Education	90.401	N/A	983	-
7262	General HAVA Title III Compliance	90.401	78576	1,906,638	-
	TOTAL U.S. ELECTION ASSISTANCE COMMISSION			1,907,621	-
	U.S. DEPARTMENT OF THE TREASURY				
	DIRECT PROGRAMS:				
2600	Sheriff Seized Assets	21.000	N/A	1,796,214	-
	PASS THROUGH PROGRAMS, DEPARTMENT OF HOMELAND SECURITY:				
7598	Homeland Security Investigations '11	21.000	N/A	4,884	-
	TOTAL U.S. DEPARTMENT OF TREASURY			1,801,098	-
	TOTAL EXPENDITURES OF FEDERAL AWARDS (EXCLUDING ARRA FEDERAL GRANTS)			$ 124,692,667	$ 40,048,507
	ARRA FEDERAL GRANTS				
	U.S. DEPARTMENT OF COMMERCE				
	PASS THROUGH PROGRAMS, TEXAS STATE LIBRARY AND ARCHIVES COMMISSION:				
7596	ARRA Public Computer Center Grant	11.557	461-11015	$ 707,295	$ -
	TOTAL U.S. DEPARTMENT OF COMMERCE - ARRA GRANT			707,295	-
	U.S. DEPARTMENT OF ENERGY				
	DIRECT PROGRAMS:				
7547	ARRA Harris County Energy Efficiency & Conservation Block Grant	81.128	DE-EE0000914	9,468,378	-
	TOTAL U.S. DEPARTMENT OF ENERGY - ARRA GRANTS			9,468,378	-
	U.S. DEPARTMENT OF HOMELAND SECURITY				
	DIRECT PROGRAMS:				
7546	ARRA Port Security Grant Program	97.116	2009-PU-R1-0232	242,273	-
	TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY - ARRA GRANTS			242,273	-
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	DIRECT PROGRAMS:				
7439	ARRA Healthy Homes Demonstration Program	14.901	TXLHH0179-08	393,699	-
7507	ARRA Community Development Block Grant (CDBG-R)	14.253	B-09-UY-48-0002	28,902	-
7511	ARRA Homelessness Prevention and Rapid Re-Housing	14.257	S-09-UY-48-0002	1,636,541	293,057
	TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - ARRA GRANTS			2,059,142	293,057

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	U.S. DEPARTMENT OF JUSTICE				
	PASS THROUGH PROGRAMS, CITY OF HOUSTON:				
7529	ARRA JAG Formula Allocation	16.804	2009-SB-B9-0717	969,872	-
	PASS THROUGH PROGRAMS, TEXAS OFFICE OF THE ATTORNEY GENERAL:				
7551	ARRA Internet Crimes Against Children Task Force	16.800	1018415	24,822	-
	PASS THROUGH PROGRAMS, OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION:				
7572	ARRA Family Violence Prosecution Fortification Project	16.588	EF-09-V30-22931-01	30,478	-
7574	ARRA Domestic Violence Court Support	16.588	EF-09-V30-23078-01	10,481	-
7711	ARRA Domestic Violence Equipment and Training	16.588	EF-09-V30-22871-01	3,605	-
7712	ARRA Domestic Violence Court Equipment	16.588	EF-09-V30-23101-01	1,361	-
7713	ARRA Domestic Violence and Child Abuse	16.588	EF-09-V30-23065-01	25,003	-
7985	ARRA Violence Against Women Equipment and Training	16.588	EF-09-V30-22942-01	3,794	-
	TOTAL U.S. DEPARTMENT OF JUSTICE - ARRA GRANTS			1,069,416	-
	U.S. DEPARTMENT OF TRANSPORTATION				
	DIRECT PROGRAMS:				
7509	ARRA Houston Urbanized Area Formula	20.507	TX-96-X041-00	256,071	-
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION - ARRA GRANTS			256,071	-
	TOTAL EXPENDITURES OF ARRA FEDERAL AWARDS			$ 13,802,575	$ 293,057
	TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 138,495,242	$ 40,341,564
	STATE GRANTS				
	OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION				
	DIRECT PROGRAMS:				
7019	STAR - Success Through Addiction Recovery Drug Court Program	N/A	DC-12-A10-16920-09	$ 26,335	$ -
7462	Dowling Middle School Gang Free Zone	N/A	SF-11-J20-20367-03	12,702	-
7528	Systems of Hope Sunnyside	N/A	SF-11-J20-21367-02	31,797	-
7528	Systems of Hope Sunnyside	N/A	SF-12-J20-21367-03	16,272	-
7553	Veterans' Court Program	N/A	DC-12-A10-22830-03	33,352	-
7593	Gang Disruption Initiative	N/A	C0-11-A10-24287-01	147,838	-
8768	Success Through Addiction Recovery - State Drug Court	N/A	DC-11-A10-17374-07	80,279	-
8768	DC - Drug Court Program	N/A	DC-12-A10-17374-08	34,260	-
	PASS THROUGH PROGRAMS, HOUSTON-GALVESTON AREA COUNCIL:				
8641	Regional Law Enforcement Training Program	N/A	N/A	4,513	-
8641	Regional Law Enforcement Training Program	N/A	N/A	14,186	-
	TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION			401,534	-
	TEXAS PARKS AND WILDLIFE DEPARTMENT				
	DIRECT PROGRAMS:				
8114	Armand Bayou Nature Center	N/A	51-000066	12,598	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, MONTGOMERY COUNTY:				
7087	Spring Creek Greenway Project	N/A	50-000400	643,240	-
	TOTAL TEXAS PARKS AND WILDLIFE DEPARTMENT			655,838	-
	TEXAS OFFICE OF THE ATTORNEY GENERAL				
	DIRECT PROGRAMS:				
8270	Texas Automated Victim Notification - VINE	N/A	1224518	125,918	-
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Other Victims Assistance Grant	N/A	270	25,518	-
	Other Victims Assistance Grant	N/A	290	20,023	-
	TOTAL TEXAS OFFICE OF THE ATTORNEY GENERAL			171,459	-
	CHILDREN'S ADVOCACY CENTERS OF TEXAS				
	PASS THROUGH PROGRAMS, CHILDRENS ASSESSMENT CENTER FOUNDATION:				
	Children's Advocacy Center Grant	N/A	280	112,927	-
	Children's Advocacy Center Grant	N/A	291	165,653	-
	TOTAL CHILDREN'S ADVOCACY CENTERS OF TEXAS			278,580	-
	OFFICE OF THE COMPTROLLER				
	DIRECT PROGRAMS:				
8685	Tobacco Compliance 2011/2012	N/A	N/A	1,298	-
	TOTAL OFFICE OF THE COMPTROLLER			1,298	-
	TEXAS HEALTH AND HUMAN SERVICES COMMISSION				
	DIRECT PROGRAMS:				
7724	Expansion of Guardianship Program - Ward Mentor Program	N/A	HHSC-529-08-0136-01	7,905	-
	PASS THROUGH PROGRAMS, ONESTAR FOUNDATION:				
7599	Improving the Capacity of HC Community Housing Development Organization	N/A	NA	37,592	-
	TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			45,497	-
	TEXAS DEPARTMENT OF STATE HEALTH SERVICES				
	DIRECT PROGRAMS:				
8020	Tuberculosis Prevention and Control	N/A	2011-035280-001	219,156	-
8020	Tuberculosis Prevention and Control	N/A	2012-039042-001	224,776	-
8030	Regional and Local Services	N/A	2011-035634-001	113,060	-
8030	Regional and Local Services	N/A	2012-039487-001	15,163	-
8175	IDCU/FLU Internet Based Web	N/A	2011-036345	13,559	-

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	PASS THROUGH PROGRAMS, THE RESOURCE GROUP:				
8515	Early Medical Intervention Program	N/A	11HCS00SS	92,740	-
8515	Early Medical Intervention Program	N/A	12HCS00SS	77,151	-
	TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES			755,605	-
	TEXAS DEPARTMENT OF MOTOR VEHICLES				
	PASS THROUGH PROGRAMS, AUTOMOBILE THEFT PREVENTION AUTHORITY:				
8710	Auto Theft Division	N/A	SA-T01-10052-11	106,700	-
8710	Auto Theft Division	N/A	SA-T01-10052-12	484,841	-
	TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES			591,541	-
	TEXAS HISTORICAL COMMISSION				
	DIRECT PROGRAMS:				
7075	Texas Historical Courthouse Preservation Program	N/A	CTH-HARRIS-05-2008	187,410	-
	TOTAL TEXAS HISTORICAL COMMISSION			187,410	-
	TEXAS VETERANS COMMISSION				
	DIRECT PROGRAMS:				
7597	Veterans Assistance Program	N/A	FVA_11_0020	23,252	-
	TOTAL TEXAS VETERANS COMMISSION			23,252	-
	THE SUPREME COURT OF TEXAS				
	DIRECT PROGRAMS:				
7709	Dedicated MDL Asbestos Court	N/A	201-11-00001	52,896	-
7709	Dedicated MDL Asbestos Court	N/A	201-12-00001	35,359	-
	TOTAL THE SUPREME COURT OF TEXAS			88,255	-
	TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				
	DIRECT PROGRAMS:				
8285	Loan Star Libraries Program FY11	N/A	442-11582	265,467	-
	TOTAL TEXAS STATE LIBRARY AND ARCHIVES COMMISSION			265,467	-
	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
	DIRECT PROGRAMS:				
7222	Low Income Vehicle Repair Assistance Program	N/A	582-9-90416-06	8,378,136	8,378,136
7504	LIRAP - Local Initiative Project	N/A	582-8-89962	404,326	-
	PASS THROUGH PROGRAMS, HOUSTON GALVESTON AREA COUNCIL:				
7044	Solid Waste Implementation Grant	N/A	10-16-G14	42,600	-
7552	Lynchburg Ferry Engine Upgrade	N/A	TC9103-01	78,489	-
	TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			8,903,551	8,378,136

See notes to schedule.

HARRIS COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

Fund No.	Federal Grantor / Pass-Through Agency Grantor / Program	CFDA Number	Grantor or Pass-through Grantor's Number	FY12 Program Expenditures	Amount Provided to Subrecipients
	TEXAS OFFICE OF COURT ADMINISTRATION				
	DIRECT PROGRAMS:				
1000	Indigent Defense Formula Grant	N/A	N/A	4,232,149	-
7553	Targeted Specific Discretionary Grant	N/A	N/A	17,166	-
8275	Public Defender Pilot Program	N/A	212-11-D03	3,019,245	-
8275	Public Defender Pilot Program	N/A	212-12-D03	1,892,809	-
	TOTAL TEXAS OFFICE OF COURT ADMINISTRATION			9,161,369	-
	TOTAL EXPENDITURES OF STATE AWARDS			$ 21,530,656	$ 8,378,136
	GRAND TOTAL EXPENDITURES OF FEDERAL & STATE AWARDS			$ 160,025,898	$ 48,719,700

See notes to schedule.

HARRIS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED FEBRUARY 29, 2012

1. The accompanying schedule of expenditures of federal and state awards includes the federal grant activity and state grant activity of the County and is presented on the 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.

2. Reconciliation of the Schedule of Expenditures of Federal and State Awards to Grants Special Revenue Fund of the Comprehensive Annual Financial Report ("CAFR") for the year ended February 29, 2012:

Federal expenditures (excluding ARRA Federal Grants) per schedule	$ 124,692,667
ARRA Federal expeditures per schedule	13,802,575
State expenditures per schedule	21,530,656
Subtotal	160,025,898
Add:	
County funded portion of grants	9,342,726
Local grants	3,709,621
Less:	
Trial Balance adjustments for modified accrual basis of accounting	(3,499,630)
Grants - other fund types	(11,549,566)
Total	$ 158,029,049
Balance per CAFR - Grants Special Revenue Fund	$ 158,029,049

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
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 commodities as follows:

U.S. Department of Agriculture

Donated Commodities (CFDA #10.555)		
Value of commodities issued	$	30,696

HARRIS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED FEBRUARY 29, 2012

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	
ARRA - Public Computer Center Grant	11.557	
ARRA - Healthy Homes Demonstration Program	14.901	
ARRA - Harris County Energy Efficiency & Conservation Block Grant	81.128	
Ryan White Title I - Formula & Supplemental	93.914	
Urban Area Security Initiative	97.008	
Spring Creek Greenway Project	State	
Public Defender Pilot Program	State	

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000 and $645,919 for federal and state, respectively

Auditee qualified as a low-risk auditee? Yes.

II. FINANCIAL STATEMENT FINDINGS SECTION

None noted.

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

Program	Finding/Noncompliance	Questioned Cost
CFDA 11.557 ARRA Public Computer Center	**Finding 12-01 – Reporting Control Deficiency & Reporting Non-Compliance**	**N/A**

Condition: The quarterly performance report for the ARRA Public Computer Center Grant covering the period 10/1/11-12/31/11 was submitted timely, but was incomplete. The required report was submitted by the due date of 1/7/12, however was missing the second page of the "Key Indicators" information, which contains the average users per week, information that is required per the grant agreement.

Criteria: Per Article VII of the Public Computer Center Grant Agreement, "The Grantee agrees to submit a Broadband Technology Opportunities Program ("BTOP") quarterly performance report on all activities relating to the program to the Grantor on or before due dates listed in the following schedule for each year of the grant:

Reporting Period	Due Date
October 1-December 31	January 7
January 1-March 31	April 7
April 1-June 30	July 7
July 1-September 30	August 7

The following performance report measures are the minimum required to be submitted on a quarterly basis for the term of the contract:

a. Narrative description of Significant Project Accomplishments Completed
b. Number of New Workstations Installed and Available to the Public
c. Average Users per Week
d. Upgraded broadband connectivity at PCC (if applicable)
e. Number of Existing Workstations Upgraded (if applicable)
f. Narrative description of Outreach Activities
g. Name, length, number of participants, and number of hours for any training programs
h. Number of jobs created-contact program manager for details

The BTOP Performance Report can be found at:
http://www.tsl.state.tx.us/agency/forms/grantforms.html".

Program	Finding/Noncompliance	Questioned Cost
	Impact: The required forms could be delayed at the Texas State Library level, which could lead to the agency violating ARRA regulations. Recommendation: Prior to submitting required quarterly performance reports, the Grant Coordinator and preparers of respective reports should review the report to ensure it is complete, containing all required information as outlined in the grant agreement. Further, tangible proof should be maintained in the review process of these reports to corroborate that the review was performed. Corrective Action Plan of Management: The Grant Coordinator prepares and reviews the quarterly performance reports. Then the Library's Marketing Director completes the training detail section of the quarterly performance reports. Prior to filing the reports, the Director is reviewing all the other sections to verify they are complete. Once the report has been reviewed and approved for submittal, a copy is initialed by the two staff members who reviewed the report. Then the copy is maintained to corroborate that the review was performed. Nothing has been left off subsequent reports. Estimated Completion Date: June 30, 2012 County Contact Person: Linda Stevens, Marketing Director, Harris County Library	

IV. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Program	Finding/Noncompliance	Questioned Cost
	Finding 03-01	
	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.	N/A
	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 2012 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.	

CFDA 14.218 Community Development Block Grants, Disaster Recover, Stay in School Programs

CFDA 14.253 ARRA Community Development Block Grant (CDBG-R)

CFDA 14.257 ARRA Homelessness Prevention and Rapid Re-Housing

CFDA 16.803 ARRA JAG Assistance Grant – State Solicitation

CFDA 97.036 FEMA – Public Assistance – Hurricane Ike

CFDA 97.056 Port Security Grant Program – FY2005

Finding 11-01 – Internal Control - Procurement, Suspension & Debarment — **N/A**

Condition: Per review of bid packages for procurement expenditures funded by federal funds, it was noted that there was not tangible proof that vendors awarded contracts through the County and funded with federal grant money, were reviewed against the Excluded Party Listing to confirm they were not suspended or debarred prior to award.

Criteria: All non-federal entities shall follow federal laws and implement regulations applicable to procurements, as noted in federal agency implementation of the A-102 Common Rule and OMB Circular A-110. The guidance states that the "common rule restricts sub-awards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or activities."

Impact: Grant funded contracts could be awarded to vendors that are suspended or debarred which would be in violation of federal regulations.

Recommendation: Prior to procuring expenditures funded by federal awards, the County Purchasing Department and County Public Infrastructure Department – Architecture and Engineering Division, should review the Excluded Party Listing at www.epls.gov to confirm the vendor is not suspended or debarred. Further, tangible proof should be maintained in the bid packages to corroborate that the review was performed.

Status: The Harris County Purchasing Department and Harris County Public Infrastructure Department (HCPID) are following the policy and procedures established by the Harris County Purchasing Agent's Office to verify that HCPID is not doing business with federally excluded vendors. The Purchasing Department and HCPID are maintaining printed documentation of the verification in the bid file.

County Contact Person: Dave Bechtol, Director of Finance in HCPID and Kelly Johnson, Harris County Purchasing Agent

CFDA 93.556/93.674 Preparation for Adult Living (PAL-204/206)

Finding 11-02 – Internal Control – Fraud Allegation — $50,000 (estimated)

Condition: Harris County Protective Services for Children and Adults (Protective Services) did not maintain effective internal controls which resulted in alleged employee fraud. The fraud has been reported to the applicable county departments and is still being investigated.

Program	Finding/Noncompliance	Questioned Cost
	Criteria: Protective Services is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. Cause: Not maintaining effective internal controls resulted in an employee(s) using purchase orders (PO's) at certain merchants fraudulently. The employee was able to purchase personal items including gift cards. This occurred over a six year period. The employee who was authorized to use these PO's was also the person approving the invoices for payment. Management did not adequately monitor the employee's activity. Effect: Federal funds estimated to be $50,000 were used inappropriately and should be refunded to the granting agency by the County. Recommendation: Protective Services should revise existing, or establish new, policies and procedures which would maintain effective internal controls. These controls should require two employees present when using PO's at stores. The employee approving the invoice for payment should not be one of the employees who purchased items on the PO. Management should periodically review the purchasing activities of employees. Status: The department has reviewed the purchasing and payables procedures with the staff and Program Directors and training was held on purchase and authorization controls. These controls include: 1) having the purchaser and the purchase order preparer being two different individuals, 2) the purchaser must provide a budget and list of items to be purchased to the Program Director prior to receiving a store card, 3) the purchaser must present a store card, valid ID and a copy of the purchase order in order to make a purchase, 4) the Program Director must review the detailed receipts and agree to the pre-authorized list. The purchasing and authorization controls will be reviewed and training will be conducted perdiodically. County Contact Person: Beverly Pettway, Chief Financial Officer, Protective Services for Children and Adults	