

HARRIS COUNTY, TEXAS

Comprehensive Annual Financial Report

**FOR THE YEAR ENDED
FEBRUARY 28, 2013**

Barbara J. Schott, CPA
County Auditor

HARRIS COUNTY, TEXAS

**Comprehensive Annual Financial Report
For The Fiscal Year Ended
February 28, 2013**

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

**HARRIS COUNTY, TEXAS
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 FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2013
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Mike Post, C.P.A.
Chief Assistant County Auditor
Accounting Division



1001 Preston, Suite 800
Houston, Texas 77002-1817
(713) 755-6505

FAX (713) 755-8932
Help Line (713) 755-HELP

BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

August 28, 2013

Honorable District Judges of Harris County, Honorable Members of the Harris County Commissioners Court, and Citizens of Harris County, Texas

The County Auditor's Office (the "Auditor's Office") is pleased to present the Comprehensive Annual Financial Report ("CAFR") of Harris County, Texas (the "County") for the fiscal year ended February 28, 2013. 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 28, 2013 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the 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.

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 4.25 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, dba Harris Health System
- 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
- Harris County Redevelopment Authority

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 (“Houston MSA”), the fifth largest metropolitan area in the United States, had 2.7 million payroll jobs in September 2012, more than the job counts of 33 states. The Houston MSA’s gross area product in 2011 was \$442.4 billion, according to the Perryman Group. A 2008 *Kiplinger Personal Finance* article ranked the Houston metropolitan area as the number one place to live in the United States, based on criteria such as a strong economy, abundant jobs, reasonable living costs and plentiful entertainment amenities.

The Houston Association of Realtors reported a 27.2 percent increase in single family home sales in April 2013 compared with April 2012. Housing inventory reached a 13-year low of 3.6 months during the first two months of 2013. The housing inventory then dipped to 3.5 months in March, and then to 3.4 months in April 2013. In April 2013, the average sales price for a single-family home was \$253,907 and the median price was \$184,900.

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; first 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 66 and Chicago with 29.

The cost of living in Houston is among the lowest of all urban settings in the United States. According to the *2012 Annual Average Council for Community and Economic Research Cost of Living Index*, Houston has the second lowest cost of living among the nation's 20 most populous metropolitan areas. Houston's housing costs are 33.5 percent below the average for the 29 metro areas with more than 2 million residents, and its overall costs are 16.8 percent below the average for these metropolitan areas.

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.

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, maintain current high bond ratings and continue to reduce the need for short-term borrowing under tax anticipation notes;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and
- A long term funding strategy for the Sports & Convention Corporation will be developed to provide appropriate resources to fund expenses related to Reliant Stadium and all of the other facilities at Reliant Park.

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 2012 for the County per \$100 of taxable value are: \$0.32798 for the General Fund, \$0.00473 for the Public Improvement Contingency Fund, and \$0.06750 for debt service, for a total of \$0.40021.

Funds available for investment under the County's investment program as of February 28, 2013 totaled \$2.63 billion with investment earnings for the fiscal year of \$34.9 million. The average yield and maturity of such investments were 0.76% and 1-15 years.

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 2013 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 had \$151.3 million in available cash as of February 28, 2013 to fund capital projects and ongoing activities relating to grants, inter-local agreements, specific project contingencies, and suspended project purchase orders that may be restarted. Projects include Federal flood damage reduction projects, main channel flood damage reduction projects, and tributary flood damage reduction projects.

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 the Tomball Tollway.

Precinct Roads – In FY 2014, \$133.9 million in precinct road capital projects are available for bidding. Funding for current road and bridge projects primarily consists of the \$190 million in road bonds approved by voters in November 2007, the current METRO general mobility funding program, and the annual allocation transfers from the Toll Road Authority.

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

- New Institute of Forensic Science facility \$75,300,000
- Build four Family Court areas in Civil Courthouse \$ 9,500,000
- Renovate and expand Transtar facility \$ 8,300,000
- Renovate Canal Street Records Warehouse \$ 9,000,000
- Elevator replacement at the 701 Jail \$ 4,500,000

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 29, 2012. 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-nine 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



Government Finance Officers Association

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

Presented to

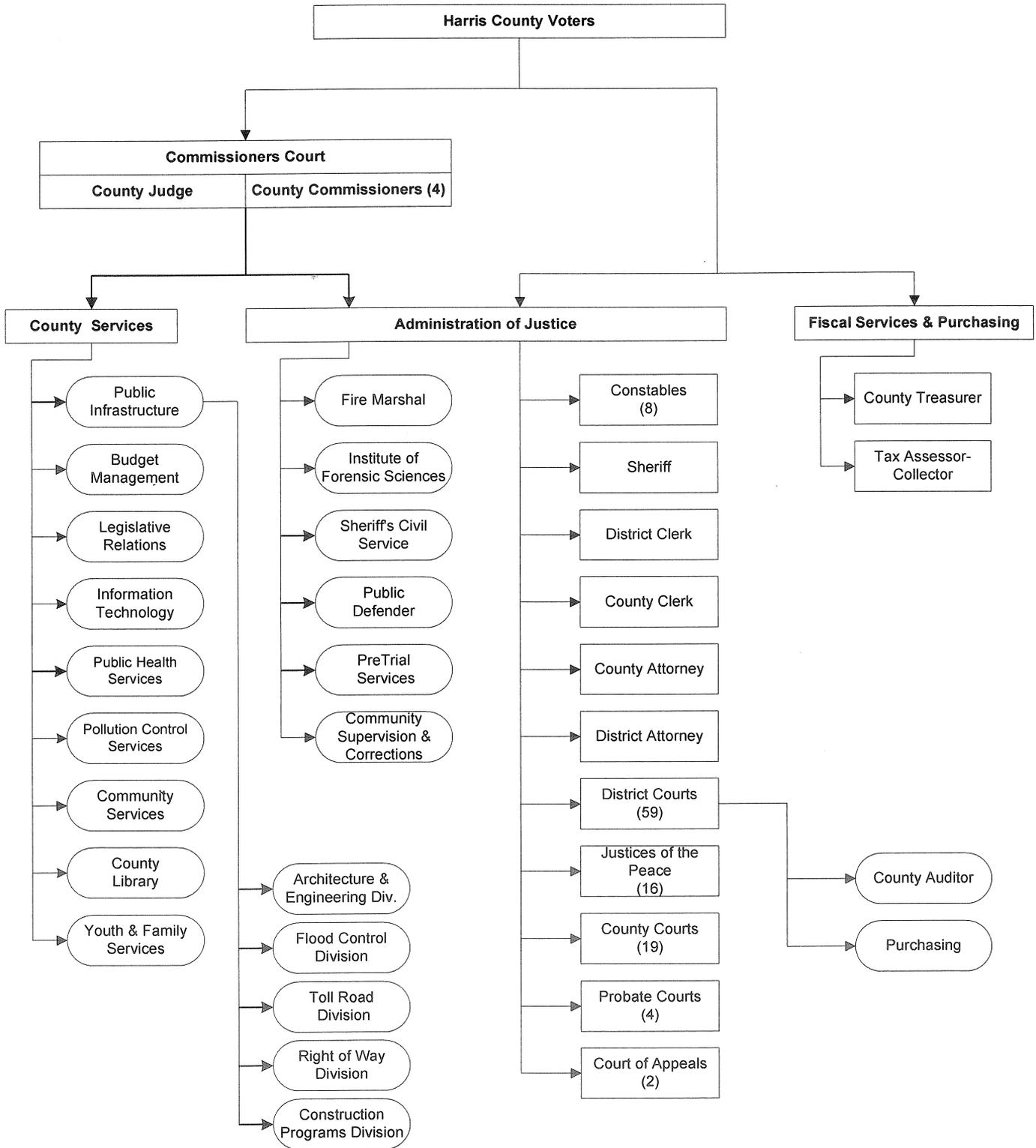
**Harris County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

February 29, 2012

Executive Director/CEO

Harris County Organization Chart



HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2013

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 Anderson, Mike

County Attorney Ryan, Vince

Tax Assessor/Collector Sullivan, Mike

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 Rosen, Alan
Precinct 2 Diaz, Christopher E.
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
55th District Court
61st District Court
80th District Court
113th District Court
125th District Court
127th District Court
129th District Court
133rd District Court
151st District Court
152nd District Court
157th District Court
164th District Court
165th District Court
189th District Court
190th District Court
215th District Court
234th District Court
269th District Court
270th District Court
281st District Court
295th District Court
333rd District Court
334th District Court

Miller, Mike
Shadwick, Jeff
Bennett, Al
Weiman, Larry
Landrum Michael
Carter, Kyle
Sandill, R.K.
Gomez, Michael
McFarland, Jaclanel
Engelhart, Mike
Schaffer, Robert
Wilson, Randy
Smoots-Hogan, Alexandra
Ray, Elizabeth
Burke, Bill
Kerrigan, Patricia J.
Palmer, Elaine H.
Ward, Wesley
Hinde, Dan
Gamble, Brent
Matthews, Sylvia A.
Baker, Caroline E.
Halbach, Joseph J. "Tad" Jr.
Wise, Ken

District Judges - Criminal Courts

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

Guerrero, Ruben
Bond, Stacey W.
Patrick, Ryan
Mendoza, David
Guiney, Kristin M.
Brown, Marc
Barr, Jeannine
Velasquez, Vanessa
Krocker, Jan
Brown, Susan
Collins, Denise
McSpadden, Michael
Carter, Marc
Hart, Brad
Keel, Mary Lou
Cabaniss, Katherine
Bradley, Denise
Wallace, Jim
Magee, Renee
Thomas, Brock
Jackson, Maria T.
Ellis, Mark Kent

HARRIS COUNTY, TEXAS
SCHEDULE OF ELECTED AND SELECTED APPOINTED OFFICIALS
February 28, 2013

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 (resigned May 31, 2013)
 Pre Trial Services Lucik, Ron, (Interim, appointed June 1, 2013)
 Domestic Relations Oeller, Carol
 Greater Harris Co. 9-1-1 Emergency Network Simpson, David W.
 Fire and Emergency Services Rau, Russell
 Community Services Department Montgomery, Michael S.
 Juvenile Probation Turkel, David B.
 Management Services Brooks, Tom
 Institute of Forensic Sciences (ME) Jackson, William J.
 Public Health & Environmental Services Sanchez, Luis A. MD
 Public Infrastructure Department Palacio, Herminia, MD (resigned May 3, 2013)
 Purchasing Shah, Umair A., MD (appointed May 4, 2013)
 Sheriff Civil Services Storey, Arthur L., Jr
 Johnson, Kelly E. (resigned June 2013)
 Dopslauf, DeWight (appointed July 1, 2013)
 Mims, William H. Jr.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harris County, Texas (the "County"), as of and for the year ended February 28, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 position and revenues of the aggregate discretely presented component units. 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 32% of assets of the agency funds at February 28, 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such discretely presented component units and agency funds, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the 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 28, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 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, the Other Post Employment Benefits – Schedule of Funding Progress, and the Texas County and District Retirement System – Schedule of Funding Progress on pages 99-107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining and Individual Fund Information and Other Supplementary Information and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Deloitte Touche LLP

August 28, 2013

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

This section of the Harris County, Texas (the "County") Comprehensive Annual Financial Report ("CAFR") presents a narrative overview and analysis of the financial activities of the primary government for the fiscal year ended February 28, 2013. 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 28, 2013 by \$10,480,032,478. This is an increase of \$82,900,569 from the previous year when assets exceeded liabilities by \$10,397,131,909.

Total net position of the primary government is comprised of the following:

- (1) Net investment in capital assets, of \$9,026,954,076 includes 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 position of \$1,385,680,639 is 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 position of \$67,397,763 represents the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements

- As of February 28, 2013, County governmental funds reported combined fund balances of \$1,142,180,291. This reflects an increase of \$109,037,844 from the previous fiscal year. The current year total consists of combined nonspendable fund balance of \$19,011,675, restricted fund balance of \$881,272,838, committed fund balance of \$35,388,478, assigned fund balance of \$24,012,524, and unassigned fund balances of \$182,494,776 for fiscal year 2013.
- 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 \$189,799,103. The General Fund had a nonspendable fund balance of \$4,462,659, restricted fund balance of \$347,309,422, committed fund balance of \$2,846,900 and assigned fund balance of \$24,012,524 at February 28, 2013.
- 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 28, 2013 includes \$210.8 million that belongs to the mobility program. Because of the legal restrictions imposed on the mobility program, \$201,508,872 of the General Fund fund balance is restricted for mobility at February 28, 2013.
- The nonmajor governmental funds had total combined fund balances of \$573,749,683 at February 28, 2013. Of this amount, \$14,549,016 is nonspendable, \$533,963,416 is restricted (\$212,960,922 for special revenue funds, \$75,317,046 for debt service and \$245,685,448 for capital projects funds), \$32,541,578 is committed, and negative \$7,304,327 is unassigned.

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

Long-Term Debt

The County issues debt to finance an ongoing capital improvement program. During fiscal year 2012-2013, the County issued \$58.6 million in commercial paper and \$950.8 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 Position presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two representing net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial condition of the County.

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

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 Redevelopment Authority, Harris County Hospital District, dba Harris Health System, 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.

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

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

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

The County reports 69 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 19 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

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

Benefits and the Schedule of Funding Progress for the Texas County and District Retirement System. Required supplementary information can be found beginning on page 99 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$10,480,032,478 for fiscal year 2013 and \$10,397,131,909 for fiscal year 2012. Revenues exceeded expenses during the current year, increasing net position by \$82,900,569.

Condensed Statement of Net Position

February 28, 2013

(Amounts in thousands)

Primary Government

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Current and other assets | \$ 1,603,049 | \$ 1,373,292 | \$ 2,976,341 |
| Capital assets | 11,802,995 | 2,011,138 | 13,814,133 |
| Total assets | <u>13,406,044</u> | <u>3,384,430</u> | <u>16,790,474</u> |
| Deferred outflows of resources | - | 47,190 | 47,190 |
| Current and other liabilities | 305,839 | 82,714 | 388,553 |
| Long-term liabilities (including current portion) | 3,384,124 | 2,505,701 | 5,889,825 |
| Total liabilities | <u>3,689,963</u> | <u>2,588,415</u> | <u>6,278,378</u> |
| Deferred inflows of resources | - | 79,253 | 79,253 |
| Net position: | | | |
| Net investment in capital assets | 9,239,146 | (212,192) | 9,026,954 |
| Restricted | 417,632 | 968,049 | 1,385,681 |
| Unrestricted | 59,303 | 8,095 | 67,398 |
| Total net position | <u>\$ 9,716,081</u> | <u>\$ 763,952</u> | <u>\$ 10,480,033</u> |

Condensed Statement of Net Assets

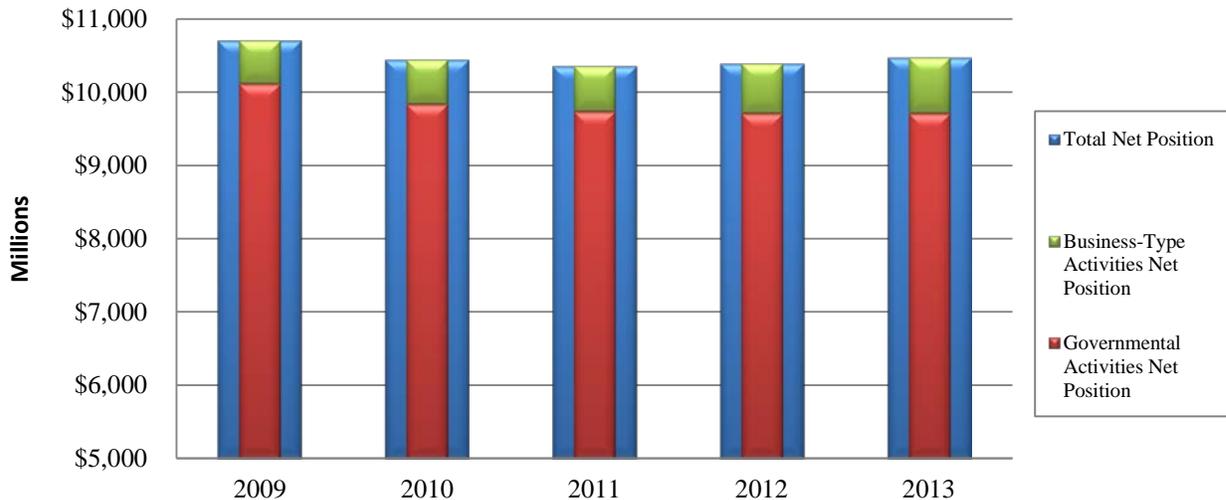
February 29, 2012

(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 | <u>13,369,829</u> | <u>3,473,240</u> | <u>16,843,069</u> |
| 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 | <u>3,655,069</u> | <u>2,790,868</u> | <u>6,445,937</u> |
| 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 | <u>\$ 9,714,760</u> | <u>\$ 682,372</u> | <u>\$ 10,397,132</u> |

Change in Net Position



The largest portion of the County's current fiscal year net position, \$9,026,954,076, 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 \$122,396,557 in the County's net position net investment in capital assets, is comprised of \$90,112,024 decrease in capital assets with an offsetting decrease of \$91,683,405 in debt related to capital assets and a decrease of unspent debt proceeds of \$123,967,938.

Another portion of the County's current fiscal year net position, \$67,397,763, represents unrestricted net position, which is available to meet the County's ongoing unrestricted obligations to citizens and creditors. The remaining balance of net position represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net position, \$549,833,796 is for use for the ongoing obligations of the Toll Road Authority. Restricted net position of \$201,508,872 is related to the mobility program and is restricted because of legal constraints imposed by the Texas Transportation Code; these funds can only be used for mobility purposes. Other restrictions include \$468,016,253 for debt service payments, \$133,377,947 for capital projects, \$25,199,429 for operating reserve per bond covenants, \$493,653 for grant programs and \$7,250,689 for legislative restricted net position.

At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities and positive net position in two of the three categories for its business-type activities. Net position net investment in capital assets for business-type activities was negative \$212,191,780 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 position for governmental and business-type activities:

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

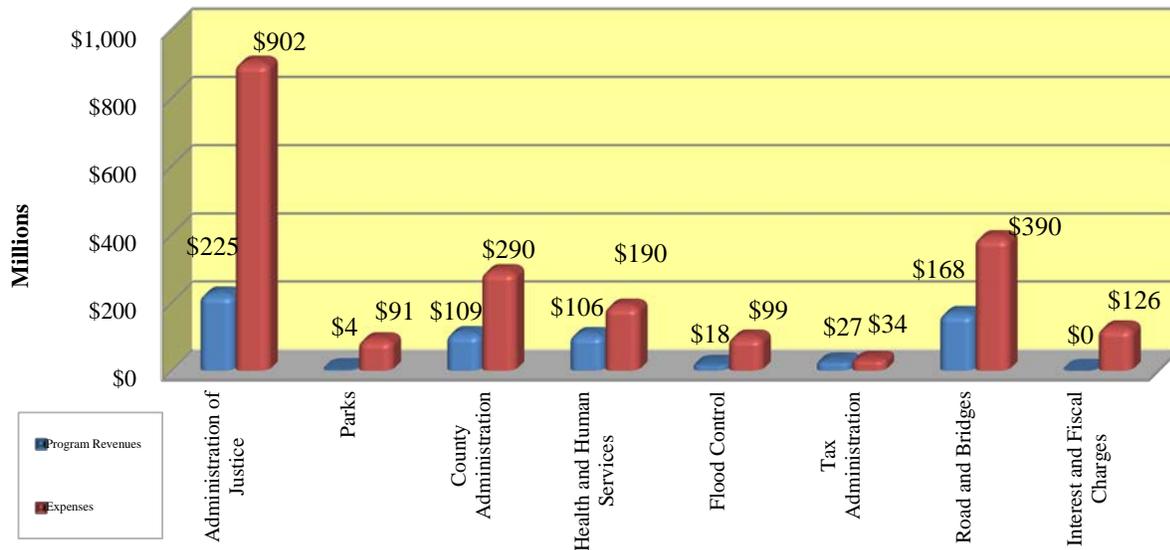
| | Condensed Statement of Activities | | |
|--|---|-------------------|----------------------|
| | (In Thousands) | | |
| | For the Year Ended February 28, 2013 | | |
| | Primary Government | | |
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| REVENUES | | | |
| Program revenues: | | | |
| Charges for Services | \$ 275,796 | \$ 568,782 | \$ 844,578 |
| Operating Grants and Contributions | 229,526 | 634 | 230,160 |
| Capital Grants and Contributions | 152,328 | - | 152,328 |
| General revenues: | | | |
| Taxes-levied for General Purposes | 1,053,604 | - | 1,053,604 |
| Taxes-levied for Debt Services | 196,354 | - | 196,354 |
| Hotel Occupancy Tax | 29,917 | - | 29,917 |
| Investment Earnings | 7,816 | 27,076 | 34,892 |
| Miscellaneous | 57,154 | 790 | 57,944 |
| Total revenues | <u>2,002,495</u> | <u>597,282</u> | <u>2,599,777</u> |
| EXPENSES | | | |
| Administration of Justice | 901,902 | - | 901,902 |
| Parks | 90,629 | - | 90,629 |
| County Administration | 290,415 | - | 290,415 |
| Health and Human Services | 189,798 | - | 189,798 |
| Flood Control | 98,788 | - | 98,788 |
| Tax Administration | 33,834 | - | 33,834 |
| Roads and Bridges | 390,227 | - | 390,227 |
| Interest and Fiscal Charges | 125,530 | - | 125,530 |
| Toll Road | - | 386,047 | 386,047 |
| Subscriber Access | - | 402 | 402 |
| Parking Facilities | - | 764 | 764 |
| Sheriff's Commissary | - | 8,540 | 8,540 |
| Total expenses | <u>2,121,123</u> | <u>395,753</u> | <u>2,516,876</u> |
| Excess (deficiency) before other items and transfers | (118,628) | 201,529 | 82,901 |
| Transfers | 119,949 | (119,949) | - |
| Change in net position | 1,321 | 81,580 | 82,901 |
| Net position - beginning | 9,714,760 | 682,372 | 10,397,132 |
| Net position - ending | <u>\$ 9,716,081</u> | <u>\$ 763,952</u> | <u>\$ 10,480,033</u> |

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

| | Condensed Statement of Activities | | |
|--|---|-------------------|----------------------|
| | (In Thousands) | | |
| | For the Year Ended February 29, 2012 | | |
| | Primary Government | | |
| | Governmental | Business-type | |
| | Activities | 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 | <u>1,958,571</u> | <u>574,357</u> | <u>2,532,928</u> |
| 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 | <u>2,120,641</u> | <u>377,610</u> | <u>2,498,251</u> |
| 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 | <u>\$ 9,714,760</u> | <u>\$ 682,372</u> | <u>\$ 10,397,132</u> |
| | | | |
| | | | |
| | | | |

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

Program Revenues and Expenses - Governmental Activities

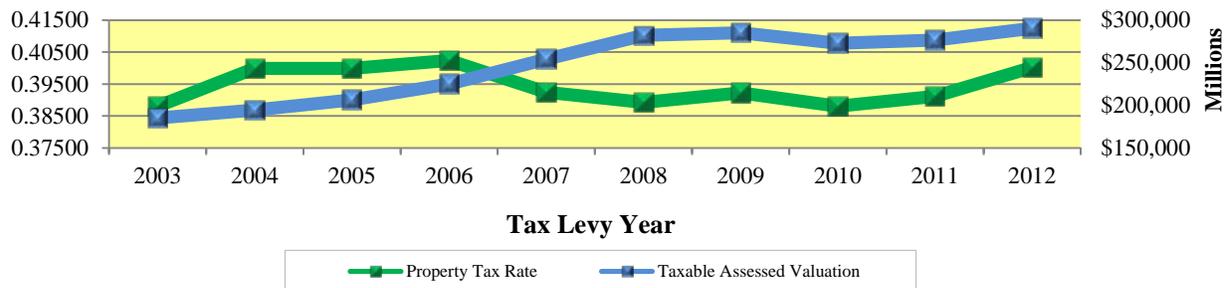


Revenues

For fiscal year ended February 28, 2013, revenues for the primary government totaled \$2,599,776,092. The revenues are categorized by activity type: governmental activities totaled \$2,002,494,181 and business-type activities totaled \$597,281,911.

Property and Hotel Occupancy Taxes of \$1,279,874,287 were one of the largest revenue sources for governmental activities and 50% of total revenues, which is a \$76M increase from prior year taxes of \$1,203,392,926. The tax rate was \$.40021 per \$100 of assessed value for fiscal year 2013. The taxable assessed value increased in fiscal year 2013 to \$290,501,987,000 from the taxable assessed value in the prior fiscal year of \$276,716,398,000.

Historical Comparison of the Property Tax Rate versus Taxable Assessed Valuation

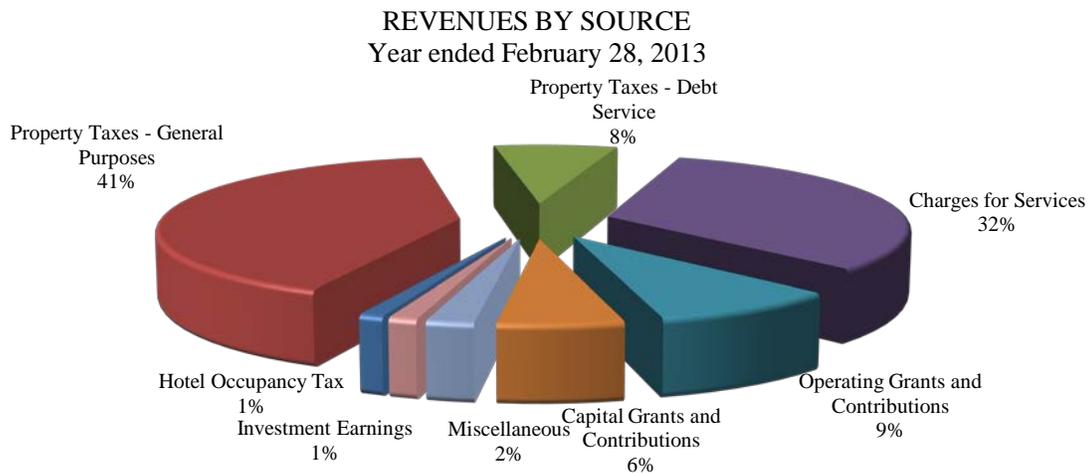


Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$1,227,065,706 or 47% of total revenues, which increased \$9,264,508 compared to the prior year. The largest portion of program revenues is Charges for Services of \$844,578,644 (32%). Of that \$275,796,242 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 \$568,782,402 (an increase of \$41,203,002 from the prior year), which are primarily toll road receipts. The other portions of program revenues are Operating Grants and Contributions of \$230,159,604 (9%) and Capital Grants and

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

Contributions of \$152,327,458 (6%). Capital Grants and Contributions decreased \$84,675,936 from the prior year, partially due to a decrease receipts from FEMA related to the Brays Bayou Flood Control project in the current year and a decrease in capital asset donations, including dedicated roads and flood control projects.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), Earnings on Investments of \$34,892,003 (1% of total revenues), and Miscellaneous income of \$57,944,096 (2% of total revenues).



Expenses

For fiscal year ended February 28, 2013, expenses for the primary government totaled \$2,516,875,523. These expenses are divided by activity type: governmental activities of \$2,121,122,688 and business-type activities of \$395,752,835.

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 \$901,902,506 and were 36% of total expenses. The expenses can be attributed to salaries, fringe benefits, costs of housing and trial of inmates, and fuel costs for patrol vehicles.

The expenses for the Roads and Bridges governmental activities function were \$390,226,849 or 15% of total expenses. The County owns and maintains over six thousand miles of roads and bridges.

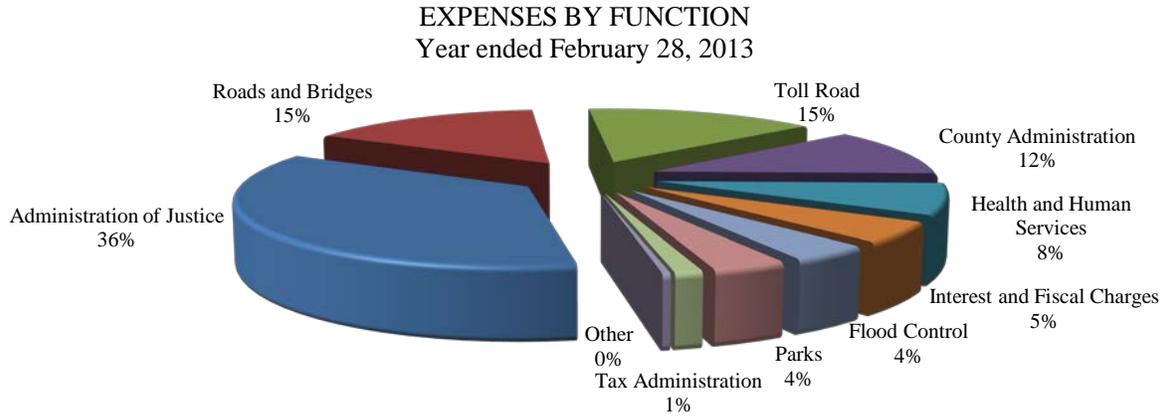
The County Administration governmental activities function expenses were \$290,414,694 or 12% of total expenses. This is a decrease of \$17.9 million from the prior fiscal year which is partially due to closer monitoring of expenditures throughout the year.

The Toll Road business-type activities function expenses were \$386,047,272 or 15% of total expenses. 26% is attributable to interest and fees incurred on outstanding debt balances. Expenses for other business-type activities were \$9,705,563 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 \$125,529,948 constituted 5% of total expenses and decreased \$1,873,177.

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

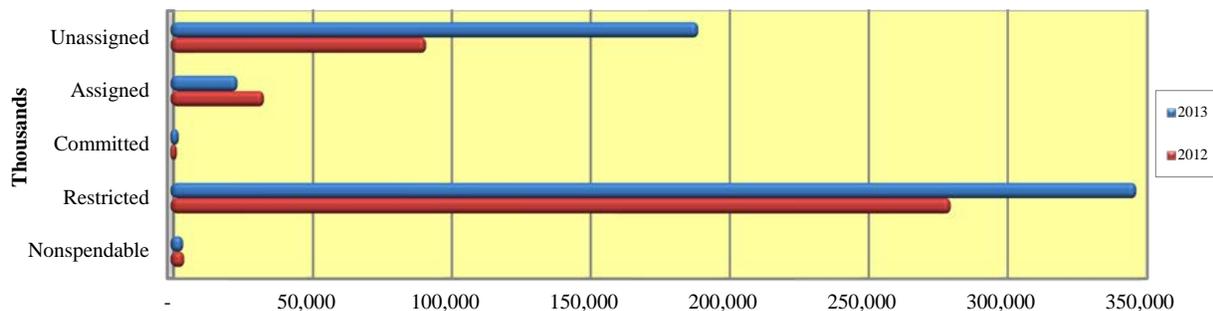
The remaining governmental activities functions are Health and Human Services with expenses of \$189,797,939 or 8%, which includes operation of the County libraries, Flood Control with expenses of \$98,788,051 or 4%, Parks with expenses of \$90,628,900 or 4%, and Tax Administration with expenses of \$33,833,801 or 1%.



FINANCIAL ANALYSIS OF MAJOR FUNDS

The General Fund is the County's chief operating fund and major governmental fund. For the year ended February 28, 2013, the General Fund reported a net fund balance increase of \$155,486,643, largely due an increase in the fund balance of the mobility sub-fund and general operating fund. The General Fund total fund balance is \$568,430,608 for the fiscal year of which \$4,462,659 is nonspendable, \$347,309,422 is restricted, \$2,846,900 is committed, \$24,012,524 is assigned, and the remaining \$189,799,103 is unassigned and available the County's current and future needs.

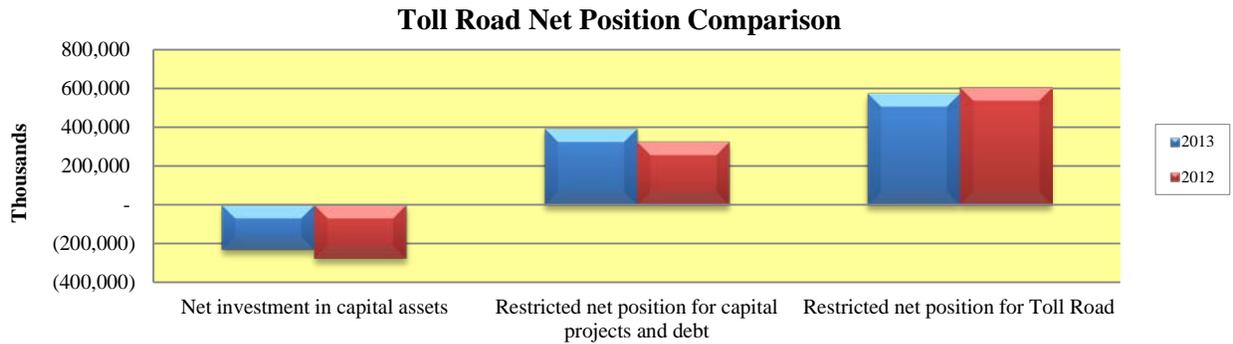
General Fund Components of Fund Balance



The Toll Road Fund was the County's only major proprietary fund at February 28, 2013. This fund is used to account for the acquisition, operation, and maintenance of County toll roads. As of February 28, 2013, net position net investment in capital assets was a negative \$229,967,050, and restricted net position was \$968,048,677. Net investment in capital assets increased from a February 29, 2012 balance of negative \$275,281,450. Net position net investment in capital assets for both years was negative, primarily due to the

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

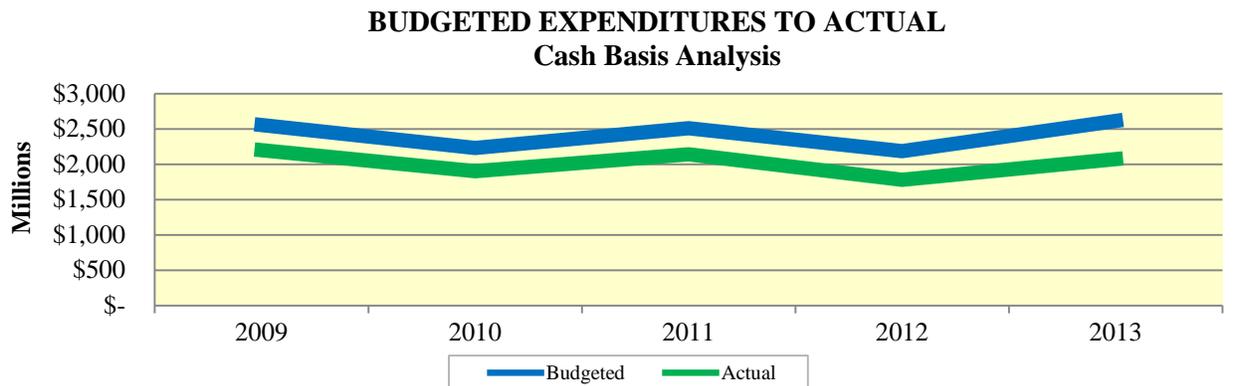
refunding of debt which extended the repayment of the debt beyond the useful life of the assets. Restricted net position is considered restricted due to debt obligations, capital projects and Toll Road operations.



GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflected an increase of \$707,333,838 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 \$707,333,337 increase in appropriations; this increase is primarily due to issuance of refunding bonds.

During the year, actual available resources exceeded budgetary estimates by \$87,701,130. This is primarily due to an increase in tax revenues. Actual expenditures were \$540,396,706 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, maintenance funds, and mobility funds. Budget variances are not expected to impact future services or liquidity.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County's capital assets, net of accumulated depreciation/amortization, for its governmental and business-type activities as of February 28, 2013, was \$13,814,133,082, a decrease of \$90,112,024 from capital assets reported February 29, 2012 of \$13,904,245,106. 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:

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

- 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 widening portions of the Sam Houston Tollway.

| | Capital Assets | |
|---|--------------------------|--------------------------|
| | Balance | Balance |
| | February 28, 2013 | February 29, 2012 |
| Governmental Activities: | | |
| Land | \$ 4,048,288,025 | \$ 4,020,306,158 |
| Construction in progress | 245,882,574 | 289,347,724 |
| Intangible assets - water rights | 2,400,000 | 2,400,000 |
| Intangible assets - software & licenses | 38,643,289 | 35,973,946 |
| Land improvements | 8,587,083 | 6,319,499 |
| Infrastructure | 10,737,463,474 | 10,540,880,238 |
| Park facilities | 169,766,704 | 164,521,788 |
| Flood control projects | 768,911,212 | 719,064,080 |
| Buildings | 1,742,991,170 | 1,710,736,440 |
| Equipment | 334,559,780 | 321,730,622 |
| | <u>18,097,493,311</u> | <u>17,811,280,495</u> |
| Less: Accumulated depreciation | (6,294,498,612) | (5,910,138,982) |
| Total governmental activities | <u>\$ 11,802,994,699</u> | <u>\$ 11,901,141,513</u> |
| | | |
| | Balance | Balance |
| | February 28, 2013 | February 29, 2012 |
| Business-type Activities: | | |
| Land | \$ 296,740,101 | \$ 304,519,156 |
| Construction in progress | 200,872,861 | 114,790,682 |
| Intangible assets - license agreement | 238,615,651 | 238,615,651 |
| Land improvements | 5,160,138 | 5,092,974 |
| Infrastructure | 2,223,551,795 | 2,217,134,429 |
| Other tangible assets | 22,058,242 | 22,058,242 |
| Buildings | 37,044,274 | 36,609,870 |
| Equipment | 81,167,735 | 69,516,674 |
| | <u>3,105,210,797</u> | <u>3,008,337,678</u> |
| Less: Accumulated depreciation | (1,094,072,414) | (1,005,234,085) |
| Total business-type activities | <u>\$ 2,011,138,383</u> | <u>\$ 2,003,103,593</u> |

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

Long-term Liabilities. At February 28, 2013, the County had total long-term liabilities outstanding of \$5,969,078,835. 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

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

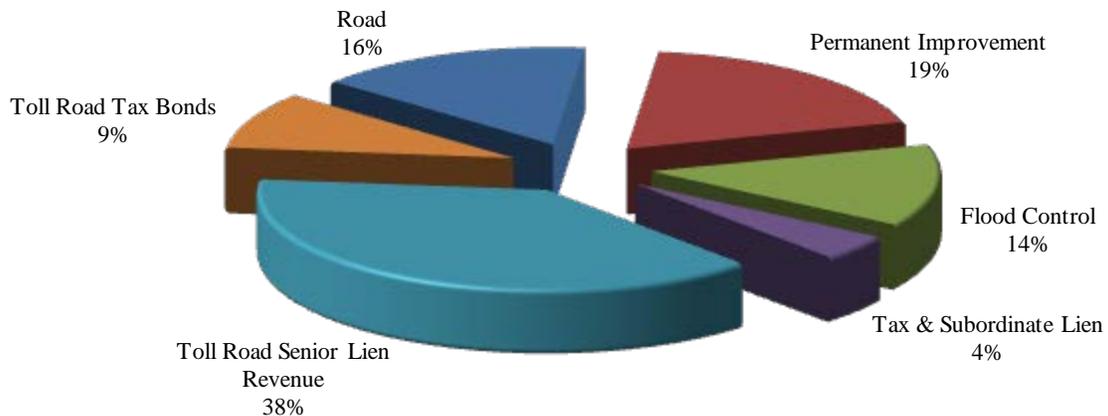
bonded debt represented 0.93% and 1.00% of taxable value of property for fiscal year 2013 and 2012, respectively. Debt per capita was \$1,305 and \$1,359 for fiscal year 2013 and 2012, respectively.

| | Long-term Liabilities | |
|--|---|---|
| | Outstanding at February 28, 2013 | Outstanding at February 29, 2012 |
| Governmental Activities: | | |
| Bonds payable | \$ 2,698,883,267 | \$ 2,759,938,412 |
| Commercial paper payable | 258,593,000 | 214,463,000 |
| Compensatory time payable | 34,255,860 | 29,248,411 |
| Obligations under capital leases | 15,101,258 | 17,040,468 |
| Judgments payable | 8,400,000 | 5,650,000 |
| Loan payable | 23,955,556 | 12,654,182 |
| OPEB obligation | 342,559,743 | 291,651,789 |
| Pollution remediation obligation | 2,375,569 | 2,120,936 |
| Total governmental activities | \$ 3,384,124,253 | \$ 3,332,767,198 |
| Business-type Activities: | | |
| Bonds payable | \$ 2,485,593,082 | \$ 2,621,849,324 |
| Derivative instruments - interest rate swaps | 79,253,133 | 83,949,874 |
| Compensatory time payable | 1,052,557 | 1,008,329 |
| Obligations under capital leases | 62,001 | 124,001 |
| OPEB obligation | 18,935,809 | 16,106,869 |
| Pollution remediation obligation | 58,000 | - |
| Total business-type activities | \$ 2,584,954,582 | \$ 2,723,038,397 |

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

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

Bonds Payable by Type as of February 28, 2013



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

ECONOMIC FACTORS

The unemployment rate for Harris County for calendar year 2012 was 6.0%. This is a favorable decrease from the prior year rate of 7.2%. The state unemployment rate for calendar year 2012 was 6.0%.

SIGNIFICANT ACCOUNTING CHANGES

New Pension Accounting Rules. New accounting rules adopted by GASB in June 2012 will result in significant changes in the County's financial statements relating to its pension plans for current retirees and employees. Statement No. 67 (effective for the County's fiscal year 2015) addresses financial reporting for state and local government pension plans and Statement No. 68 (effective for the County's fiscal year 2016.) establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Changes include, but are not limited to:

- The calculation of the County's funding obligation ("UAAL") will be different and separate from the calculation of the County's "net pension liability" (the amount that it is required to report in the financial statements).
- If current and expected future plan assets (relating to benefits for current plan participants) are insufficient to cover projected benefit payments for current employees and retirees, projected benefit payments will be discounted to their present value using a blended rate, as follows (i) the long-term expected rate of return on plan investments can be used to discount projected benefits that are covered by projected assets and (ii) a yield or index rate for 20-year tax-exempt, high-quality municipal bonds with an average rating of AA/Aa or higher will be used to discount projected benefits that are not covered by projected assets.
- The County will be required to use shorter amortizations of unfunded liabilities than the currently-allowed 30 years. In any year in which there is an unfunded liability, the use of a shorter amortization may result in a higher calculated required contribution than under current accounting rules.
- Numerous changes to the presentation of financial, actuarial and accounting information.

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 POSITION
February 28, 2013

| | Primary Government | | | Component Units |
|---|------------------------------------|--------------------------------------|--------------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 504,785,500 | \$ 62,842,185 | \$ 567,627,685 | \$ 105,981,882 |
| Investments | 607,620,483 | 856,589,479 | 1,464,209,962 | 416,576,949 |
| Taxes receivable, net | 49,375,953 | - | 49,375,953 | 23,134,000 |
| Accounts receivable, net | 61,550,451 | 65,960,593 | 127,511,044 | 64,626,395 |
| Accrued interest receivable | 18,941,844 | 3,700,671 | 22,642,515 | - |
| Lease receivable | 255,300 | - | 255,300 | - |
| Other receivables, net | 112,444,856 | 8,227,302 | 120,672,158 | 200,168,180 |
| Internal balances | (25,344,506) | 25,344,506 | - | - |
| Inventories, prepaids and other assets | 11,827,241 | 2,223,237 | 14,050,478 | 67,711,188 |
| Restricted: | | | | |
| Cash and cash equivalents | 89,094,185 | 10,043,221 | 99,137,406 | 391,366,163 |
| Investments | 136,759,099 | 274,753,545 | 411,512,644 | - |
| Investments, held as collateral by others | - | 44,950,000 | 44,950,000 | - |
| Deferred charges, net of amortization | 17,354,213 | 18,565,978 | 35,920,191 | - |
| Notes receivable | 18,384,068 | 90,975 | 18,475,043 | - |
| Capital assets: | | | | |
| Land and construction in progress | 4,294,170,599 | 497,612,962 | 4,791,783,561 | 118,471,045 |
| Intangible assets, net of amortization (when applicable) | 25,423,566 | 229,085,541 | 254,509,107 | 5,102,008 |
| Other capital assets, net of depreciation | 7,483,400,534 | 1,284,439,880 | 8,767,840,414 | 346,908,582 |
| Total assets | <u>13,406,043,386</u> | <u>3,384,430,075</u> | <u>16,790,473,461</u> | <u>1,740,046,392</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | 47,190,237 | 47,190,237 | 10,057,000 |
| Total deferred outflows of resources | <u>-</u> | <u>47,190,237</u> | <u>47,190,237</u> | <u>10,057,000</u> |
| LIABILITIES | | | | |
| Vouchers payable and other current liabilities | 215,773,177 | 37,567,040 | 253,340,217 | 311,095,451 |
| Due to other governmental units | - | 1,588,430 | 1,588,430 | - |
| Unearned revenue | 48,385,823 | 43,558,460 | 91,944,283 | 2,944,084 |
| Accrued interest | 41,679,455 | - | 41,679,455 | 629,000 |
| Long-term liabilities: | | | | |
| Due within one year | 117,238,889 | 113,642,366 | 230,881,255 | 7,030,415 |
| Due in more than one year | 3,266,885,364 | 2,392,059,083 | 5,658,944,447 | 463,339,904 |
| Total liabilities | <u>3,689,962,708</u> | <u>2,588,415,379</u> | <u>6,278,378,087</u> | <u>785,038,854</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | 79,253,133 | 79,253,133 | - |
| Total deferred inflows of resources | <u>-</u> | <u>79,253,133</u> | <u>79,253,133</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 9,239,145,856 | (212,191,780) | 9,026,954,076 | 152,809,202 |
| Restricted for: | | | | |
| Debt service | 190,104,318 | 277,911,935 | 468,016,253 | 57,641,000 |
| Capital projects | 18,274,430 | 115,103,517 | 133,377,947 | 122,031 |
| Operating reserve per bond covenants | - | 25,199,429 | 25,199,429 | - |
| Donor temporarily restricted | 493,653 | - | 493,653 | 3,189,524 |
| Legislative | 7,250,689 | - | 7,250,689 | - |
| Mobility program | 201,508,872 | - | 201,508,872 | - |
| Toll Road | - | 549,833,796 | 549,833,796 | - |
| Unrestricted | 59,302,860 | 8,094,903 | 67,397,763 | 751,302,781 |
| Total net position | <u>\$ 9,716,080,678</u> | <u>\$ 763,951,800</u> | <u>\$ 10,480,032,478</u> | <u>\$ 965,064,538</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2013

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|--|-------------------------|-----------------------|------------------------------------|----------------------------------|---|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government Business-type Activities | Total | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Administration of Justice | \$ 901,902,506 | \$ 124,154,283 | \$ 100,351,063 | \$ - | \$ (677,397,160) | - | \$ (677,397,160) | |
| Parks | 90,628,900 | 3,762,086 | 105,239 | - | (86,761,575) | - | (86,761,575) | |
| County Administration | 290,414,694 | 65,833,252 | 32,872,640 | 10,370,510 | (181,338,292) | - | (181,338,292) | |
| Health and Human Services | 189,797,939 | 10,064,130 | 96,197,055 | - | (83,536,754) | - | (83,536,754) | |
| Flood Control | 98,788,051 | 724,086 | - | 17,662,763 | (80,401,202) | - | (80,401,202) | |
| Tax Administration | 33,833,801 | 27,390,025 | - | - | (6,443,776) | - | (6,443,776) | |
| Road and Bridges | 390,226,849 | 43,868,380 | - | 124,294,185 | (222,064,284) | - | (222,064,284) | |
| Interest and Fiscal Charges | 125,529,948 | - | - | - | (125,529,948) | - | (125,529,948) | |
| Total governmental activities | <u>2,121,122,688</u> | <u>275,796,242</u> | <u>229,525,997</u> | <u>152,327,458</u> | <u>(1,463,472,991)</u> | <u>-</u> | <u>(1,463,472,991)</u> | |
| Business-type activities: | | | | | | | | |
| Toll Road | 386,047,272 | 560,079,182 | 633,607 | - | - | \$ 174,665,517 | 174,665,517 | |
| Subscriber Access | 402,032 | 201,044 | - | - | - | (200,988) | (200,988) | |
| Parking Facilities | 763,731 | 232,978 | - | - | - | (530,753) | (530,753) | |
| Sheriff's Commissary | 8,539,800 | 8,269,198 | - | - | - | (270,602) | (270,602) | |
| Total business-type activities | <u>395,752,835</u> | <u>568,782,402</u> | <u>633,607</u> | <u>-</u> | <u>-</u> | <u>173,663,174</u> | <u>173,663,174</u> | |
| Total primary government | <u>\$ 2,516,875,523</u> | <u>\$ 844,578,644</u> | <u>\$ 230,159,604</u> | <u>\$ 152,327,458</u> | <u>(1,463,472,991)</u> | <u>173,663,174</u> | <u>(1,289,809,817)</u> | |
| Component units: | | | | | | | | |
| MHMRA | \$ 164,941,135 | \$ 44,224,829 | \$ 98,632,593 | \$ - | | | | \$ (22,083,713) |
| Hospital District | 1,832,160,000 | 294,778,000 | 272,445,000 | 669,394,000 | | | | (595,543,000) |
| Other component units | 3,399,582 | 1,878,458 | 6,827,504 | 735,341 | | | | 6,041,721 |
| Total component units | <u>\$ 2,000,500,717</u> | <u>\$ 340,881,287</u> | <u>\$ 377,905,097</u> | <u>\$ 670,129,341</u> | | | | <u>(611,584,992)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes levied for General Purposes | | | | | 1,053,603,649 | - | 1,053,603,649 | 508,424,000 |
| Property taxes levied for Debt Service | | | | | 196,354,000 | - | 196,354,000 | - |
| Hotel Occupancy Tax | | | | | 29,916,638 | - | 29,916,638 | - |
| Earnings on Investments | | | | | 7,816,532 | 27,075,471 | 34,892,003 | 9,278,645 |
| Miscellaneous | | | | | 57,153,665 | 790,431 | 57,944,096 | 41,727,529 |
| Transfers | | | | | 119,949,276 | (119,949,276) | - | - |
| Total general revenues and other items | | | | | <u>1,464,793,760</u> | <u>(92,083,374)</u> | <u>1,372,710,386</u> | <u>559,430,174</u> |
| Change in net position | | | | | 1,320,769 | 81,579,800 | 82,900,569 | (52,154,818) |
| Net position - beginning | | | | | <u>9,714,759,909</u> | <u>682,372,000</u> | <u>10,397,131,909</u> | <u>1,017,219,356</u> |
| Net position - ending | | | | | <u>\$ 9,716,080,678</u> | <u>\$ 763,951,800</u> | <u>\$ 10,480,032,478</u> | <u>\$ 965,064,538</u> |

See notes to the financial statements.

**HARRIS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2013**

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------|--|---|
| ASSETS | | | |
| Cash and investments: | | | |
| Cash and cash equivalents | \$ 232,712,005 | \$ 221,890,532 | \$ 454,602,537 |
| Investments | 218,560,066 | 302,294,291 | 520,854,357 |
| Receivables: | | | |
| Taxes, net | 43,394,037 | 5,981,916 | 49,375,953 |
| Accounts, net | 9,254,560 | 49,961,735 | 59,216,295 |
| Accrued interest | 11,026,480 | 7,754,484 | 18,780,964 |
| Lease | 255,300 | - | 255,300 |
| Other, net | 58,289,089 | 47,298,635 | 105,587,724 |
| Due from other funds | 50,203,200 | 7,243,769 | 57,446,969 |
| Prepays and other assets | 2,108,271 | 2,617,114 | 4,725,385 |
| Inventories | 2,314,388 | 2,644,334 | 4,958,722 |
| Advances to other funds | 40,000 | 12,745,000 | 12,785,000 |
| Restricted cash and cash equivalents | 57,184,035 | 31,910,150 | 89,094,185 |
| Restricted investments | 76,962,255 | 59,796,844 | 136,759,099 |
| Notes receivable | 17,972,258 | 411,810 | 18,384,068 |
| Total assets | <u>\$ 780,275,944</u> | <u>\$ 752,550,614</u> | <u>\$ 1,532,826,558</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Vouchers payable | \$ 32,427,980 | \$ 39,144,453 | \$ 71,572,433 |
| Accrued payroll and compensated absences | 86,246,797 | 7,948,866 | 94,195,663 |
| Retainage payable | 1,296,125 | 5,952,408 | 7,248,533 |
| Due to other funds | 1,643,853 | 55,498,233 | 57,142,086 |
| Other liabilities | 40,628 | - | 40,628 |
| Advances from other funds | 25,907,714 | 12,785,000 | 38,692,714 |
| Deferred revenue | 64,282,239 | 57,471,971 | 121,754,210 |
| Total liabilities | <u>211,845,336</u> | <u>178,800,931</u> | <u>390,646,267</u> |
| Fund balances: | | | |
| Nonspendable | 4,462,659 | 14,549,016 | 19,011,675 |
| Restricted | 347,309,422 | 533,963,416 | 881,272,838 |
| Committed | 2,846,900 | 32,541,578 | 35,388,478 |
| Assigned | 24,012,524 | - | 24,012,524 |
| Unassigned | 189,799,103 | (7,304,327) | 182,494,776 |
| Total fund balances | <u>568,430,608</u> | <u>573,749,683</u> | <u>1,142,180,291</u> |
| Total liabilities and fund balances | <u>\$ 780,275,944</u> | <u>\$ 752,550,614</u> | <u>\$ 1,532,826,558</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
February 28, 2013

Total fund balances for governmental funds \$ 1,142,180,291

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets (excluding internal service fund capital assets) consist of:

| | | |
|---|------------------|----------------|
| Land | \$ 4,048,029,025 | |
| Construction in progress | 245,882,574 | |
| Intangible assets - water rights | 2,400,000 | |
| Intangible assets - software and licenses, net of \$15,619,723 accumulated amortization | 23,023,566 | |
| Land improvements, net of \$1,252,143 accumulated depreciation | 7,334,940 | |
| Infrastructure, net of \$5,171,949,608 accumulated depreciation | 5,565,513,866 | |
| Parks, net of \$44,093,920 accumulated depreciation | 125,672,784 | |
| Flood control projects, net of \$303,746,022 accumulated depreciation | 465,165,190 | |
| Buildings, net of \$510,876,585 accumulated depreciation | 1,230,638,615 | |
| Equipment and vehicles, net of \$206,706,445 accumulated depreciation | 80,597,569 | |
| Total capital assets | | 11,794,258,129 |

Long-term assets are not recognized in the current period and accordingly are not reported as fund assets. Balances as of February 28, 2013 were:

| | |
|------------------|------------|
| Deferred charges | 17,354,213 |
|------------------|------------|

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 position.

Balances (excluding internal service fund liabilities, where applicable) as of February 28, 2013 were:

| | | |
|-------------------------------------|-----------------|-----------------|
| Accrued interest on bonds and loans | (41,679,455) | |
| Bonds payable | (2,698,883,267) | |
| Judgments payable | (8,400,000) | |
| Loan payable | (23,955,556) | |
| Capital leases | (15,101,258) | |
| Commercial paper payable | (258,593,000) | |
| Compensated absences | (33,934,371) | |
| OPEB obligation | (342,559,743) | |
| Pollution remediation obligation | (1,480,432) | |
| | | (3,424,587,082) |

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 Position. Internal service fund net position is:

107,988,440

Some of the County's receivables are classified as long-term and therefore are not reported in the funds.

5,464,083

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.

73,422,604

Total net position of governmental activities

\$ 9,716,080,678

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended February 28, 2013

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-----------------------|--|---|
| REVENUES | | | |
| Taxes | \$ 1,102,657,273 | \$ 171,296,983 | \$ 1,273,954,256 |
| Charges for services | 200,195,474 | 25,726,798 | 225,922,272 |
| User fees | 3,167,126 | - | 3,167,126 |
| Fines and forfeitures | 18,149,025 | - | 18,149,025 |
| Lease revenue | 2,012,393 | 306,280 | 2,318,673 |
| Intergovernmental | 36,915,104 | 244,055,021 | 280,970,125 |
| Earnings on investments | 2,666,461 | 3,385,777 | 6,052,238 |
| Miscellaneous | 49,208,498 | 34,646,983 | 83,855,481 |
| Total revenues | <u>1,414,971,354</u> | <u>479,417,842</u> | <u>1,894,389,196</u> |
| EXPENDITURES | | | |
| Current operating: | | | |
| Administration of Justice | 748,200,781 | 102,485,428 | 850,686,209 |
| Parks | 52,684,752 | 10,176,934 | 62,861,686 |
| County Administration | 202,755,340 | 49,976,028 | 252,731,368 |
| Health and Human Services | 93,319,684 | 98,636,999 | 191,956,683 |
| Flood Control | - | 79,244,863 | 79,244,863 |
| Tax Administration | 30,873,513 | 1,174,725 | 32,048,238 |
| Roads and Bridges | 71,097,830 | 16,087,076 | 87,184,906 |
| Capital outlay | 38,337,601 | 177,124,136 | 215,461,737 |
| Debt service: | | | |
| Principal retirement | 29,225,000 | 38,195,000 | 67,420,000 |
| Bond issuance costs | 2,572,054 | 587,291 | 3,159,345 |
| Interest and fiscal charges | 51,939,511 | 69,146,270 | 121,085,781 |
| Total expenditures | <u>1,321,006,066</u> | <u>642,834,750</u> | <u>1,963,840,816</u> |
| Excess (deficiency) of revenues under expenditures | <u>93,965,288</u> | <u>(163,416,908)</u> | <u>(69,451,620)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 132,214,308 | 58,368,846 | 190,583,154 |
| Transfers out | (58,999,482) | (17,317,996) | (76,317,478) |
| Refunding bonds issued | 280,775,000 | 119,240,000 | 400,015,000 |
| Premium on debt issued | 51,402,294 | 25,165,269 | 76,567,563 |
| Commercial paper issued | - | 58,630,000 | 58,630,000 |
| Payment to bond escrow agent | (330,049,282) | (143,494,478) | (473,543,760) |
| Payment to defease commercial paper | (14,500,000) | - | (14,500,000) |
| Proceeds from insurance recoveries | - | 7,825,267 | 7,825,267 |
| Proceeds from loan | - | 8,146,461 | 8,146,461 |
| Proceeds from sale of capital assets | 678,517 | 404,740 | 1,083,257 |
| Total other financing sources (uses) | <u>61,521,355</u> | <u>116,968,109</u> | <u>178,489,464</u> |
| Net changes in fund balances | 155,486,643 | (46,448,799) | 109,037,844 |
| Fund balances, beginning | 412,943,965 | 620,198,482 | 1,033,142,447 |
| Fund balances, ending | <u>\$ 568,430,608</u> | <u>\$ 573,749,683</u> | <u>\$ 1,142,180,291</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended February 28, 2013

Net change in fund balances - total governmental funds \$ 109,037,844

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 \$399,386,639 exceeded capital expenditures of \$215,461,737 in the current period. (183,924,902)

Capital asset donations 99,747,142

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

| | | | |
|------------------------------------|--|------------------|-----------|
| Debt issued: | | | |
| Bonds | | \$ (400,015,000) | |
| Bond premiums | | (76,567,563) | |
| Commercial paper | | (58,630,000) | |
| Loans | | (8,146,461) | |
| Repayments: | | | |
| To paying agent for bond principal | | 67,420,000 | |
| Commercial paper | | 14,500,000 | |
| To refunding bond escrow agent | | 473,543,760 | |
| Loans | | 2,309,170 | |
| Capital lease principal | | 1,939,210 | |
| Refunding interest expense | | (9,973,873) | |
| Net adjustment | | 6,379,243 | 6,379,243 |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. This adjustment combines the net changes of 10 balances.

| | | |
|---|--------------|--------------|
| Compensated absences | (4,925,413) | |
| Judgments payable | (2,750,000) | |
| OPEB obligation | (50,907,954) | |
| Pollution remediation obligation | 27,346 | |
| Amortization of debt premium | 19,079,072 | |
| Accretion of capital appreciation bond interest | (7,982,848) | |
| Amortization of advanced refunding difference | (8,221,323) | |
| Accrued interest on debt | 4,577,166 | |
| Amortization of deferred charges | (1,795,206) | |
| Capitalization of deferred charges | 3,032,190 | |
| Combined adjustment | (49,866,970) | (49,866,970) |

Internal service funds are used by the County. The net revenue of the internal service funds are reported with governmental activities. 21,364,123

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. 9,259,380

The net effect of disposal of capital assets is to decrease net position. (10,675,091)

Change in net position of governmental activities \$ 1,320,769

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
February 28, 2013

| | Enterprise Funds | | | Internal Service Funds |
|---|------------------------|---------------------------------|----------------|------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 57,214,140 | \$ 5,628,045 | \$ 62,842,185 | \$ 50,182,963 |
| Investments | 854,964,100 | 1,625,379 | 856,589,479 | 86,766,126 |
| Receivables, net | 65,722,571 | 238,022 | 65,960,593 | 2,334,156 |
| Accrued interest receivable | 3,700,551 | 120 | 3,700,671 | 160,880 |
| Other receivable, net | 6,772,729 | 1,454,573 | 8,227,302 | 1,393,049 |
| Inventories | 983,208 | 254,939 | 1,238,147 | 1,105,918 |
| Prepays and other assets | 985,090 | - | 985,090 | 1,037,216 |
| Due from other funds | 124,221 | - | 124,221 | 614,850 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 10,043,221 | - | 10,043,221 | - |
| Investments | 274,753,545 | - | 274,753,545 | - |
| Total current assets | 1,275,263,376 | 9,201,078 | 1,284,464,454 | 143,595,158 |
| Noncurrent assets: | | | | |
| Restricted investments, held as collateral by others | 44,950,000 | - | 44,950,000 | - |
| Advances to other funds | 25,907,714 | - | 25,907,714 | - |
| Notes receivable | 90,975 | - | 90,975 | - |
| Deferred charges, net of amortization | 18,565,978 | - | 18,565,978 | - |
| Capital assets: | | | | |
| Land and construction in progress | 493,649,364 | 3,963,598 | 497,612,962 | 259,000 |
| License agreement, net of amortization | 229,085,541 | - | 229,085,541 | - |
| Other capital assets, net of depreciation | 1,270,566,207 | 13,873,673 | 1,284,439,880 | 8,477,570 |
| Total noncurrent assets | 2,082,815,779 | 17,837,271 | 2,100,653,050 | 8,736,570 |
| Total assets | 3,358,079,155 | 27,038,349 | 3,385,117,504 | 152,331,728 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | 47,190,237 | - | 47,190,237 | - |
| Total deferred outflows of resources | 47,190,237 | - | 47,190,237 | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Vouchers payable | 27,597,142 | 472,437 | 28,069,579 | 7,780,713 |
| Accrued payroll and compensated absences | 4,570,976 | 47,552 | 4,618,528 | 1,167,778 |
| Retainage payable | 3,997,103 | - | 3,997,103 | - |
| Estimated outstanding claims | - | - | - | 11,085,437 |
| Incurred but not reported claims | - | - | - | 23,747,518 |
| Customer deposits | 1,275,005 | 164,680 | 1,439,685 | - |
| Due to other funds | 581,901 | 105,528 | 687,429 | 356,525 |
| Due to other units | 1,588,430 | - | 1,588,430 | - |
| Deferred revenue | 43,249,862 | 308,598 | 43,558,460 | 54,217 |
| Current portion of long-term liabilities | 113,022,510 | 62,001 | 113,084,511 | - |
| Total current liabilities | 195,882,929 | 1,160,796 | 197,043,725 | 44,192,188 |
| Noncurrent liabilities: | | | | |
| Noncurrent portion of long-term liabilities | 2,392,051,703 | 7,380 | 2,392,059,083 | 151,100 |
| Total noncurrent liabilities | 2,392,051,703 | 7,380 | 2,392,059,083 | 151,100 |
| Total liabilities | 2,587,934,632 | 1,168,176 | 2,589,102,808 | 44,343,288 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Accumulated decrease in fair value of hedging derivatives | 79,253,133 | - | 79,253,133 | - |
| Total deferred inflows of resources | 79,253,133 | - | 79,253,133 | - |
| NET POSITION | | | | |
| Net investment in capital assets | (229,967,050) | 17,775,270 | (212,191,780) | 8,736,570 |
| Restricted for: | | | | |
| Debt service | 277,911,935 | - | 277,911,935 | - |
| Capital projects | 115,103,517 | - | 115,103,517 | - |
| Operating reserve per bond covenants | 25,199,429 | - | 25,199,429 | - |
| Toll Road | 549,833,796 | - | 549,833,796 | - |
| Unrestricted | - | 8,094,903 | 8,094,903 | 99,251,870 |
| Total net position | \$ 738,081,627 | \$ 25,870,173 | \$ 763,951,800 | \$ 107,988,440 |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For The Year Ended February 28, 2013

| | Enterprise Funds | | | Internal Service Funds |
|---|--------------------------------|--|-----------------------|---------------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| OPERATING REVENUES | | | | |
| Toll revenues | \$ 560,079,182 | \$ - | \$ 560,079,182 | \$ - |
| Lease revenue | - | - | - | 29,418 |
| Intergovernmental | 633,607 | - | 633,607 | 1,827,431 |
| Charges to departments | - | - | - | 237,885,514 |
| Sales | - | 8,269,198 | 8,269,198 | - |
| User fees | - | 384,351 | 384,351 | 6,907,846 |
| Miscellaneous | - | 49,671 | 49,671 | - |
| Total operating revenues | <u>560,712,789</u> | <u>8,703,220</u> | <u>569,416,009</u> | <u>246,650,209</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 49,586,864 | 835,524 | 50,422,388 | 11,302,214 |
| Materials and supplies | 9,937,433 | 604,345 | 10,541,778 | 420,801 |
| Services and fees | 81,449,680 | 3,519,943 | 84,969,623 | 8,416,223 |
| Utilities | 3,413,625 | 300,337 | 3,713,962 | 666,150 |
| Transportation and travel | 2,791,510 | 9,658 | 2,801,168 | 6,267,872 |
| Incurred claims | - | - | - | 195,461,424 |
| Estimated claims & changes in estimates | - | - | - | (5,369,241) |
| Cost of goods sold | - | 3,665,734 | 3,665,734 | 9,164,353 |
| Depreciation | 88,186,025 | 770,022 | 88,956,047 | 5,433,221 |
| Total operating expenses | <u>235,365,137</u> | <u>9,705,563</u> | <u>245,070,700</u> | <u>231,763,017</u> |
| Operating income (loss) | <u>325,347,652</u> | <u>(1,002,343)</u> | <u>324,345,309</u> | <u>14,887,192</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Earnings on investments | 27,068,382 | 7,089 | 27,075,471 | 676,793 |
| Lease income | 24,100 | - | 24,100 | - |
| Interest expense | (99,123,166) | - | (99,123,166) | - |
| Gain (loss) on disposal of capital assets | (298,582) | - | (298,582) | 114,269 |
| Amortization expense | (51,260,387) | - | (51,260,387) | - |
| Other nonoperating revenue (expense) | 766,331 | - | 766,331 | 2,269 |
| Total nonoperating revenues (expenses) | <u>(122,823,322)</u> | <u>7,089</u> | <u>(122,816,233)</u> | <u>793,331</u> |
| Income (loss) before transfers | <u>202,524,330</u> | <u>(995,254)</u> | <u>201,529,076</u> | <u>15,680,523</u> |
| Transfers in | 86,523 | - | 86,523 | 5,683,600 |
| Transfers out | (120,035,799) | - | (120,035,799) | - |
| Total transfers | <u>(119,949,276)</u> | <u>-</u> | <u>(119,949,276)</u> | <u>5,683,600</u> |
| Change in net position | 82,575,054 | (995,254) | 81,579,800 | 21,364,123 |
| Net position, beginning | 655,506,573 | 26,865,427 | 682,372,000 | 86,624,317 |
| Net position, ending | <u>\$ 738,081,627</u> | <u>\$ 25,870,173</u> | <u>\$ 763,951,800</u> | <u>\$ 107,988,440</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended February 28, 2013

| | Enterprise Funds | | | Internal Service Funds |
|---|------------------------|---------------------------------|-----------------------|------------------------------|
| | Toll Road Authority | Nonmajor Enterprise Funds | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 560,809,580 | \$ 8,566,779 | \$ 569,376,359 | \$ 246,079,637 |
| Payment to employees | (46,679,574) | (786,510) | (47,466,084) | (11,190,535) |
| Payment to vendors | (94,092,378) | (7,922,266) | (102,014,644) | (26,860,014) |
| Claims paid | - | - | - | (194,762,406) |
| Receipts from miscellaneous reimbursements | 766,331 | - | 766,331 | - |
| Other receipts | - | - | - | 111,273 |
| Other payments | - | - | - | (109,004) |
| Net cash provided by (used for) operating activities | <u>420,803,959</u> | <u>(141,997)</u> | <u>420,661,962</u> | <u>13,268,951</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Internal activity - net receipts from other funds | 87,897 | - | 87,897 | - |
| Receipt of monies advanced to other funds | 17,043,712 | - | 17,043,712 | - |
| Transfers from other funds | - | - | - | 5,683,600 |
| Transfers to other funds | (119,949,276) | - | (119,949,276) | - |
| Net cash provided by (used for) noncapital financing activities | <u>(102,817,667)</u> | <u>-</u> | <u>(102,817,667)</u> | <u>5,683,600</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Receipts from lease of capital assets | 24,100 | - | 24,100 | - |
| Purchases of capital assets | (116,756,995) | (56,641) | (116,813,636) | (2,024,989) |
| Proceeds from sale of capital assets | 3,001,847 | - | 3,001,847 | - |
| Principal and escrow paid on capital debt | (727,144,818) | - | (727,144,818) | - |
| Interest paid on capital debt | (118,363,100) | - | (118,363,100) | - |
| Proceeds from capital debt | 594,624,695 | - | 594,624,695 | - |
| Bond issuance cost | (3,395,185) | - | (3,395,185) | - |
| Net cash used for capital and related financing activities | <u>(368,009,456)</u> | <u>(56,641)</u> | <u>(368,066,097)</u> | <u>(2,024,989)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (1,725,589,327) | (2,697,110) | (1,728,286,437) | (58,343,369) |
| Proceeds from sales and maturities of investments | 1,740,211,539 | 1,198,920 | 1,741,410,459 | 53,992,448 |
| Interest paid | - | - | - | (11,500,706) |
| Interest received | 26,197,482 | 107,301 | 26,304,783 | 58,334 |
| Net cash provided by (used for) investing activities | <u>40,819,694</u> | <u>(1,390,889)</u> | <u>39,428,805</u> | <u>(15,793,293)</u> |
| Net change in cash and cash equivalents | (9,203,470) | (1,589,527) | (10,792,997) | 1,134,269 |
| Cash and cash equivalents, beginning | 76,460,831 | 7,217,572 | 83,678,403 | 49,048,694 |
| Cash and cash equivalents, ending | <u>\$ 67,257,361</u> | <u>\$ 5,628,045</u> | <u>\$ 72,885,406</u> | <u>\$ 50,182,963</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Operating income (loss) | \$ 325,347,652 | \$ (1,002,343) | \$ 324,345,309 | \$ 14,887,192 |
| Adjustment to reconcile operating income to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 88,186,025 | 770,022 | 88,956,047 | 5,433,221 |
| Other nonoperating revenues | 766,331 | - | 766,331 | 111,273 |
| Other nonoperating expenses | - | - | - | (109,004) |
| Changes in current assets and liabilities: | | | | |
| Receivables, net | (3,842,826) | (161,953) | (4,004,779) | (24,907) |
| Notes and leases receivable | 321,240 | - | 321,240 | - |
| Prepays and other assets | 544,052 | 57,923 | 601,975 | 457,612 |
| Inventories | 1,631,188 | 151,514 | 1,782,702 | 119,976 |
| Vouchers payable and accrued liabilities | 2,391,233 | (36,735) | 2,354,498 | (7,168,475) |
| Due to other governmental units | 253,736 | - | 253,736 | - |
| Other liabilities | (37,530) | 30,561 | (6,969) | - |
| Pollution payable | 58,000 | - | 58,000 | - |
| Deferred revenue | 3,618,377 | - | 3,618,377 | (545,665) |
| Retainage payable | 1,532,470 | - | 1,532,470 | - |
| Compensatory time payable | 34,011 | 49,014 | 83,025 | 107,728 |
| Net cash provided by operating activities | <u>\$ 420,803,959</u> | <u>\$ (141,997)</u> | <u>\$ 420,661,962</u> | <u>\$ 13,268,951</u> |
| Non-Cash Operating, Capital and Related Financing, And Investing Activities: | | | | |
| Increase in fair value of hedging derivatives | \$ 32,062,896 | \$ - | \$ 32,062,896 | \$ - |
| Increase (decrease) in the fair value of investments | 6,496,037 | (99,455) | 6,396,582 | 12,150,801 |
| Purchase of capital assets on account | 9,966,309 | - | 9,966,309 | - |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
February 28, 2013

| | AGENCY FUNDS |
|--|-------------------------|
| | |
| ASSETS | |
| Cash and cash equivalents | \$ 220,955,408 |
| Investments | 124,440,240 |
| Accounts receivable, net | 1,027,110 |
| Other receivables, net | 5,321,210 |
| Accrued interest receivable | 357,632 |
| Total assets | \$ 352,101,600 |
| LIABILITIES | |
| Vouchers payable | \$ 2,116,615 |
| Accrued payroll and compensated absences | 10,864,748 |
| Incurred but not reported claims | 3,492,616 |
| Held for others | 335,627,621 |
| Total liabilities | \$ 352,101,600 |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
FEBRUARY 28, 2013

| | Mental Health Mental Retardation Authority of Harris County | Harris County Hospital District | Nonmajor Component Units | Total |
|--|--|--|---|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,871,538 | \$ 93,641,000 | \$ 6,469,344 | \$ 105,981,882 |
| Investments, including accrued interest | 47,441,394 | 368,929,000 | 206,555 | 416,576,949 |
| Receivables: | | | | |
| Taxes, net | - | 23,134,000 | - | 23,134,000 |
| Accounts, net | 4,434,297 | 59,167,000 | 1,025,098 | 64,626,395 |
| Other | 3,540,180 | 196,628,000 | - | 200,168,180 |
| Inventories | 138,908 | 8,584,000 | - | 8,722,908 |
| Prepays and other assets | 333,692 | 57,870,000 | 784,588 | 58,988,280 |
| Restricted cash and investments | 271,088 | 378,726,000 | 12,369,075 | 391,366,163 |
| Capital assets: | | | | |
| Land, improvements, and construction in progress | 3,421,489 | 104,030,000 | 11,019,556 | 118,471,045 |
| Intangible assets, net of accumulated amortization | 5,102,008 | - | - | 5,102,008 |
| Other capital assets, net of depreciation | 19,126,801 | 321,354,000 | 6,427,781 | 346,908,582 |
| Total assets | <u>89,681,395</u> | <u>1,612,063,000</u> | <u>38,301,997</u> | <u>1,740,046,392</u> |
| Deferred outflow of resources - | | | | |
| Derivative financial instrument | - | 10,057,000 | - | 10,057,000 |
| Total assets and deferred outflow of resources | <u>89,681,395</u> | <u>1,622,120,000</u> | <u>38,301,997</u> | <u>1,750,103,392</u> |
| LIABILITIES | | | | |
| Vouchers payable and accrued liabilities | 14,527,288 | 203,648,000 | 1,028,163 | 219,203,451 |
| Other liabilities | - | 91,892,000 | - | 91,892,000 |
| Deferred revenue | 2,749,109 | - | 194,975 | 2,944,084 |
| Accrued interest payable | - | 629,000 | - | 629,000 |
| Noncurrent liabilities: | | | | |
| Due within one year | 1,153,415 | 5,877,000 | - | 7,030,415 |
| Due in more than one year | 12,251,904 | 451,088,000 | - | 463,339,904 |
| Total liabilities | <u>30,681,716</u> | <u>753,134,000</u> | <u>1,223,138</u> | <u>785,038,854</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 17,603,202 | 135,206,000 | - | 152,809,202 |
| Restricted for: | | | | |
| Debt service | - | 57,641,000 | - | 57,641,000 |
| Capital projects | 122,031 | - | - | 122,031 |
| Donor restrictions | - | - | 3,189,524 | 3,189,524 |
| Unrestricted net position | 41,274,446 | 676,139,000 | 33,889,335 | 751,302,781 |
| Total net position | <u>\$ 58,999,679</u> | <u>\$ 868,986,000</u> | <u>\$ 37,078,859</u> | <u>\$ 965,064,538</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
For The Year Ended February 28, 2013

| | Mental Health Mental Retardation Authority of Harris County | Harris County Hospital District | Nonmajor Component Units | Total |
|---|--|--|---|-----------------------|
| REVENUES | | | | |
| Program Revenues: | | | | |
| Charges for services | \$ 44,224,829 | \$ 294,778,000 | \$ 1,878,458 | \$ 340,881,287 |
| Operating grants and contributions | 98,632,593 | 272,445,000 | 6,827,504 | 377,905,097 |
| Capital grants, contributions and other | - | 669,394,000 | 735,341 | 670,129,341 |
| Total program revenues | <u>142,857,422</u> | <u>1,236,617,000</u> | <u>9,441,303</u> | <u>1,388,915,725</u> |
| EXPENSES | <u>164,941,135</u> | <u>1,832,160,000</u> | <u>3,399,582</u> | <u>2,000,500,717</u> |
| Net program revenues (expenses) | <u>(22,083,713)</u> | <u>(595,543,000)</u> | <u>6,041,721</u> | <u>(611,584,992)</u> |
| General Revenues: | | | | |
| Ad valorem tax revenues | - | 508,424,000 | - | 508,424,000 |
| Earnings on investments | 386,615 | 8,730,000 | 162,030 | 9,278,645 |
| Other | 20,826,504 | 19,991,000 | 883,785 | 41,701,289 |
| Gain on sale of capital assets | 26,240 | - | - | 26,240 |
| Net general revenues | <u>21,239,359</u> | <u>537,145,000</u> | <u>1,045,815</u> | <u>559,430,174</u> |
| Change in net position | (844,354) | (58,398,000) | 7,087,536 | (52,154,818) |
| Net position, beginning | 59,844,033 | 927,384,000 | 29,991,323 | 1,017,219,356 |
| Net position, ending | <u>\$ 58,999,679</u> | <u>\$ 868,986,000</u> | <u>\$ 37,078,859</u> | <u>\$ 965,064,538</u> |

See notes to the financial statements.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

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,

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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.

Harris County Redevelopment Authority ("Redevelopment Authority"). The Redevelopment Authority was organized exclusively for the purposes of aiding and acting on behalf of the County to accomplish any governmental purpose thereof pursuant to Subchapter D of Chapter 431 of the Texas Transportation Code. The criteria used to include Redevelopment Authority as a blended component unit of the County include: the County appoints a voting majority of the Redevelopment Authority's governing body, the County is able to impose its will on the Redevelopment Authority, and the Redevelopment Authority was formed for the exclusive benefit of the County. The Redevelopment Authority is a newly established organization and therefore there are no financial statements to report in the current year.

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, dba Harris Health System ("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 Hospital District

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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are to the citizenry and not to the County. Complete financial statements may be obtained from:

Chief Financial Officer
Harris County Hospital District, dba Harris Health System
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.

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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.

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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 28, 2013
- Harris County Housing Finance Corporation: December 31, 2012
- Mental Health and Mental Retardation Authority of Harris County: August 31, 2012
- Harris County Industrial Development Corporation: August 31, 2012
- Children's Assessment Center Foundation, Inc.: February 28, 2013
- Friends of Countypets: February 28, 2013

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 2013, the County disbursed the following amounts to these organizations: \$6,498,255 to the Port of Houston Authority, \$3,382 to Harris-Galveston Coastal Subsidence

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District, \$1,938,422 to Houston-Galveston Area Council, \$1,910,241 to the Metropolitan Transit Authority of Harris County, \$75,000 to Gulf Coast Freight Rail District, \$1,526,895 to the Harris County Housing Authority and \$673,793 to Houston Ship Channel Security. The County also collected \$241,531 from the Port of Houston Authority, \$83,784 from the Houston-Galveston Area Council, \$24,655,158 from the Metropolitan Transit Authority of Harris County, \$38,793 from the Harris County/Houston Sports Authority and \$3,427,889 from Houston Ship Channel Security.

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 2013 (for the tax year ended 12/31/11), the County disbursed \$5,755,724 to the City of Houston TIRZs, \$160,432 to the City of Baytown TIRZ, \$215,582 to the City of La Porte TIRZ and \$59,016 to the City of Webster TIRZ. The County will subsequently receive an estimated \$850,000 in affordable housing set-aside funds by September 30, 2013, 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 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. Implementation of GASB 60 did not have an impact on the County's financial disclosures.

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

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Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements and notes to the financial statements.

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. Implementation of GASB 63 is reflected in the financial statements.

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. Implementation of GASB 64 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 Position 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

HARRIS COUNTY, TEXAS
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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 position. 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

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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mobility program, and “internal special revenue funds” not meeting the special revenue fund definition of GAAP.

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 nineteen 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.

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.

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- 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, to account for certain imprest bank accounts, and mobility funds which are restricted by statute.

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

Certain assets of the Toll Road Authority are classified as restricted assets because their use is restricted for debt service.

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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/INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows consist of the changes in fair value of the Toll Road's hedging derivative instruments that are applicable to future reporting periods. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of the changes in fair value of the Toll Road's 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.

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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 2013, \$1,729,748 of interest expense was capitalized.

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

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

N. NET POSITION AND FUND BALANCES

NET POSITION CLASSIFICATIONS

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

FUND BALANCE CLASSIFICATIONS

Under GAAP, fund balances are required to be reported according to the following classifications:

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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. To establish, modify, or rescind a fund balance commitment requires an order adopted by Commissioners’ Court.

Assigned – Amounts that are constrained by the County’s intent to be used for a 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. The County Budget Officer, by virtue of appointment to that office and as a normal function of that office, has the authority to assign fund balance to particular purposes. Assignments made by the County Budget Officer can occur during the budget process or throughout the year in the normal course of business. Commissioners’ Court, at their discretion, may make assignments of fund balance or direct other County officials to do so. Constraints imposed on the use of the assigned amounts can be removed with no formal action.

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

For the classification of fund balances in the governmental funds, the County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

In the proprietary fund financial statements and in the government-wide financial statements, restricted net position is 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

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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. The compensatory time earned is at time and a half and is paid at the regular rate of pay. 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.

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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. After which, FDIC insurance is available for funds deposited at any one financial institution up to a maximum of \$250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the 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 not collateralized. At February 28, 2013, the balance per various financial institutions was \$1,016,393,091. The County's deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance or an irrevocable standby letter of credit with the Federal Home Loan Bank of Dallas, in accordance with the Public Funds Collateral Act.

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

The Harris County Investment Policy is reviewed and approved at least annually by Commissioners Court. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy. Additionally, the policy includes specific investment strategies for fund groups that address each group's investment options and describes the priorities for suitable investments.

AUTHORIZED INVESTMENTS

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

1. Direct obligations of the United States, its agencies and instrumentalities.
2. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by, or backed by the full faith and credit of, the State of Texas, the

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United States, or any obligation fully guaranteed or fully insured by the Federal Deposit Insurance Corporation (FDIC).

3. Direct obligations of the State of Texas or its agencies provided the agency has the same debt rating as the State of Texas.
4. Obligations of states, agencies, counties, cities, and other political subdivisions located in the United States, rated not less than A or its equivalent by a nationally recognized investment rating firm.
5. Fully insured or collateralized certificates of deposit/share certificates issued by state and national banks, or a state or federal credit union (having its main or branch office in Texas) guaranteed or insured by the FDIC or its successor; and secured by obligations in number 1 above. In addition to the County's authority to invest funds in certificates of deposit and share certificates stated above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under Tex. Govt. Code Sec 2256.010(b): (1) the funds are invested by the County through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC rule 15c3-3 (17 C.F.R. Section 240.15c3-3) with its main office or branch office in Texas and selected from a list adopted by the County as required by Section 2256.025; or a depository institution that has its main office or a branch office in this state and that is selected by the County; (2) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located for the account of the County; (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (4) the broker or depository institution selected by the County acts as custodian for the County with respect to the certificates of deposit issued for the account of the County.
6. Fully collateralized repurchase agreements provided the County has on file a signed Master Repurchase Agreement detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. The repurchase agreement must have a defined termination date and be secured by obligations in number 1 above. It is required that the securities purchased as part of the repurchase agreement must be assigned to the County, held in the County's name and deposited at the time the investment is made with the County's custodian or with a third-party approved by the County. Securities purchased as part of a repurchase agreement shall be marked-to-market no less than weekly. All repurchase agreements must be conducted through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in this State. Maturities shall be limited to 90 days. The 90-day limit may be exceeded in the case of the flexible repurchase agreements ("flex repos") provided the investment type is specifically authorized within individual bond ordinances and final maturity does not exceed the anticipated spending schedule of bond proceeds.
7. Securities lending programs if the loan is fully collateralized, including accrued income, by securities described in Section 2256.009, by irrevocable bank letters of credit issued by a bank under the laws of the United States or any other state, continuously rated not less than A by at

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

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

Summary of Cash and Investments

Harris County's cash and investments are stated at fair value. The following is a summary of the County's cash and investments at February 28, 2013:

| | Governmental Funds | Proprietary Funds | Total | Fiduciary Funds | Total |
|--------------------------------------|-------------------------------|------------------------------|-------------------------|----------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 454,602,537 | \$ 113,025,148 | \$ 567,627,685 | \$ 220,955,408 | \$ 788,583,093 |
| Restricted Cash and Cash Equivalents | 89,094,185 | 10,043,221 | 99,137,406 | - | 99,137,406 |
| Investments | 520,854,357 | 943,355,605 | 1,464,209,962 | 124,440,240 | 1,588,650,202 |
| Restricted Investments | 136,759,099 | 319,703,545 | 456,462,644 | - | 456,462,644 |
| Total Cash & Investments | \$ 1,201,310,178 | \$ 1,386,127,519 | \$ 2,587,437,697 | \$ 345,395,648 | \$ 2,932,833,345 |

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

The table below indicates the fair value and maturity value of the County's investments as of February 28, 2013, summarized by security type. Also demonstrated are the percentage of total portfolio and the weighted average maturity in days for each summarized security type.

| Security | Fair Value | Percentage of Portfolio | Maturity Amount | Weighted Avg Modified Duration (Years) | Credit Rating S&P/ Moody's |
|--------------------------------------|---------------|----------------------------|--------------------|---|-------------------------------------|
| <i>US Agency Notes</i> | | | | | |
| FFCB | \$ 79,910,000 | 3.02% | \$ 80,000,000 | 0.1048 | AA+/Aaa |
| FHLB | 177,296,530 | 6.71% | 177,250,000 | 0.2877 | AA+/Aaa |
| FHLMC | 81,608,080 | 3.09% | 81,500,000 | 0.1281 | AA+/Aaa |
| FNMA | 433,851,470 | 16.41% | 432,700,000 | 0.6086 | AA+/Aaa |
| FNMA STEP UP NOTE | 26,312,000 | 0.99% | 26,250,000 | 0.0431 | AA+/Aaa |
| <i>Commercial Paper</i> | | | | | |
| FCAR | 52,849,316 | 2.00% | 52,930,000 | 0.0083 | A-1+/P-1 |
| FCAR OWNER TRUST | 112,928,259 | 4.27% | 113,130,000 | 0.0195 | A-1/P-1 |
| GECC | 78,958,200 | 2.99% | 79,144,400 | 0.0170 | A-1+/P-1 |
| TCCI | 95,969,731 | 3.63% | 96,000,000 | 0.0069 | A-1+/P-1 |
| TMCC | 405,808,281 | 15.35% | 406,256,093 | 0.0532 | A-1+/P-1 |
| TMCPR | 11,100,358 | 0.41% | 11,101,400 | 0.0003 | A-1+/P-1 |
| <i>Local Governments</i> | | | | | |
| Alamo TX Community College Dist | 1,059,492 | 0.04% | 1,050,000 | 0.0014 | AA-/Aa2 |
| Allen, TX Economic Development | 418,372 | 0.02% | 400,000 | 0.0005 | Aa3 |
| Auburn Washington Utility System | 2,123,564 | 0.08% | 1,865,000 | 0.0073 | AA |
| Austin, TX Rev 11A | 2,149,820 | 0.08% | 2,000,000 | 0.0105 | AAA/Aaa |
| Bergen City NJ | 1,060,170 | 0.04% | 1,000,000 | 0.0014 | AAA/Aaa |
| Bexar County, TX GO | 4,788,945 | 0.18% | 4,500,000 | 0.0275 | AA+/Aaa |
| Broward Cnty FL Port Facilities | 21,046,783 | 0.80% | 20,970,000 | 0.0119 | AA-/A2 |
| Burien Wash BAB Taxable GO | 1,244,982 | 0.05% | 1,160,000 | 0.0044 | A1 |
| California State Variable Purpose GO | 7,802,005 | 0.30% | 7,500,000 | 0.0070 | A/A1 |
| City of Cedar Rapids IA | 1,063,310 | 0.04% | 1,000,000 | 0.0016 | Aaa |
| Commonwealth Fing AU | 350,776 | 0.01% | 325,000 | 0.0003 | AA-/A1 |
| College Station TX ISD | 1,399,962 | 0.05% | 1,280,000 | 0.0055 | AA-/Aa2 |
| College Station, TX Utility System | 1,163,580 | 0.04% | 1,115,000 | 0.0046 | A+/Aa2 |
| Connecticut St Housing Fin Auth | 987,916 | 0.04% | 995,000 | 0.0010 | AAA/Aaa |
| Connecticut State GO | 1,002,700 | 0.04% | 1,000,000 | 0.0001 | AA/Aa3 |
| Connecticut State HSG Finance Auth | 1,043,370 | 0.04% | 1,045,000 | 0.0001 | AA/Aa3 |
| Conroe TX Industrial Development Rev | 5,905,814 | 0.22% | 5,445,000 | 0.0240 | AA- |
| Conroe TX Industrial Development | 407,996 | 0.02% | 400,000 | 0.0002 | AA-/A1 |
| Dallas, TX REF GO | 2,289,980 | 0.09% | 2,000,000 | 0.0073 | AA+/Aa1 |
| Denver, CO BAB | 3,833,820 | 0.15% | 3,540,000 | 0.0163 | AAA/Aa1 |
| Denver, CO City County | 2,733,247 | 0.10% | 2,495,000 | 0.0026 | A+/A1 |

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| Security | Fair Value | Percentage of Portfolio | Maturity Amount | Weighted Avg Modified Duration (Years) | Credit Rating S&P/ Moody's |
|------------------------------------|------------|----------------------------|--------------------|---|-------------------------------------|
| Ellis County, TX GO | 2,945,030 | 0.11% | 2,640,000 | 0.0105 | Aa2 |
| Franklin WI Taxable | 5,405,029 | 0.20% | 5,175,000 | 0.0018 | Aa1 |
| Frisco, TX GO | 1,160,866 | 0.04% | 1,035,000 | 0.0030 | AA/Aa1 |
| Galveston County, TX | 2,874,622 | 0.11% | 2,775,000 | 0.0101 | Aa1 |
| Grand Strand SC Water & Sewer | 4,183,000 | 0.16% | 4,160,000 | 0.0015 | AA/Aa2 |
| Grayson County, TX Pass Thru Toll | 3,224,650 | 0.12% | 3,040,000 | 0.0113 | AA/Aa2 |
| Greensboro, NC Build America Bnds | 2,262,820 | 0.09% | 2,000,000 | 0.0090 | AAA/Aaa |
| Hamilton TWP NJ Brd | 2,663,053 | 0.10% | 2,650,000 | 0.0030 | AA |
| Hampton Rds Va SA | 1,564,859 | 0.06% | 1,565,000 | 0.0001 | AA+/Aa3 |
| Harris Cnty TX - Hospital Dist 07A | 8,172,628 | 0.31% | 7,370,000 | 0.0265 | A/A2 |
| Hawaii Air System | 1,255,001 | 0.05% | 1,180,000 | 0.0011 | A/A2 |
| Hillsborough County FLA Utility | 15,516,044 | 0.59% | 14,165,000 | 0.0516 | AA+/Aa1 |
| Houston, TX ISD | 5,521,850 | 0.21% | 5,000,000 | 0.0264 | AAA/Aaa |
| Houston TX University | 4,717,485 | 0.18% | 4,500,000 | 0.0188 | AA/Aa2 |
| Houston TX Public Improv 2011B | 1,008,790 | 0.04% | 1,000,000 | 0.0004 | AA/Aa2 |
| Houston TX Utility Systems | 2,434,530 | 0.09% | 2,100,000 | 0.0122 | AA |
| Houston TXBL Ref | 200,626 | 0.01% | 200,000 | 0.0001 | AA/Aa2 |
| Idaho Bond Bank Authority Rev | 4,843,522 | 0.18% | 4,240,000 | 0.0165 | Aa1 |
| Katy, TX ISD | 2,227,590 | 0.08% | 2,000,000 | 0.0074 | AAA/Aaa |
| Louisville & Jefferson Cnty KY | 29,377,032 | 1.11% | 29,035,000 | 0.0085 | SP1+/MIG1 |
| Mansfield, TX | 4,413,680 | 0.17% | 4,000,000 | 0.0169 | AAA/Aaa |
| Maryland State CTFS Partnership | 2,102,580 | 0.08% | 2,000,000 | 0.0019 | AA+/Aa1 |
| Massachusetts DOT | 4,137,190 | 0.15% | 4,075,000 | 0.0021 | Aa3 |
| MET Govt Nash Tax | 1,006,830 | 0.04% | 1,000,000 | 0.0013 | AA/Aa1 |
| MET Washington DC Apartments Auth | 2,173,460 | 0.08% | 2,000,000 | 0.0027 | AA-/Aa3 |
| MET Water District Southern CA | 1,510,800 | 0.06% | 1,500,000 | 0.0013 | AAA/Aa1 |
| Miss St Dev Fin Brd TXBL | 1,268,291 | 0.05% | 1,260,000 | 0.0022 | AA+/Aa2 |
| Missouri St Dev Fin TXBL | 748,509 | 0.03% | 745,000 | 0.0007 | AA+/Aa2 |
| Montgomery County, TX GO | 3,986,500 | 0.15% | 3,500,000 | 0.0180 | AA/Aa1 |
| N Orange County CA Cmnty CLG Dis | 2,520,925 | 0.10% | 2,500,000 | 0.0041 | AA/Aa1 |
| New Britain CT BAB TXBL Go Unltd | 1,905,228 | 0.07% | 1,800,000 | 0.0024 | AA-/A2 |
| New York, NY GO Bond | 4,598,919 | 0.17% | 4,520,000 | 0.0044 | AA/Aa2 |
| New York State Dorm Auth Pers Incm | 15,489,474 | 0.59% | 15,015,000 | 0.0117 | AAA |
| New York State Urban Dev Corp Rev | 15,197,850 | 0.58% | 15,000,000 | 0.0046 | AAA |
| North TX Munipl Water District BAB | 2,990,064 | 0.11% | 2,700,000 | 0.0102 | AAA/Aa2 |
| North TX Tollway | 4,028,185 | 0.15% | 3,500,000 | 0.0184 | AA-/A2 |
| North TX TWY Authority Rev Bds | 5,430,255 | 0.21% | 5,375,000 | 0.0010 | SP1+/Aaa |
| Northwest TX | 2,237,120 | 0.09% | 2,000,000 | 0.0090 | Aaa |
| NY St Dorm Auth Pers Income Tax | 2,000,520 | 0.08% | 2,000,000 | 0.0000 | AAA |
| NY State Env FAC | 1,176,101 | 0.04% | 1,160,000 | 0.0014 | AAA/Aaa |
| Ohio State Development Assistance | 3,455,126 | 0.13% | 3,455,000 | 0.0010 | AA/Aa2 |
| Onslow Cnty NC LTD | 3,079,878 | 0.12% | 3,140,000 | 0.0043 | A+/Aa3 |
| Oregon State ALT Energy Project | 3,011,546 | 0.11% | 2,780,000 | 0.0144 | AA+/Aa1 |
| Orleans Parish LA Sch | 1,018,630 | 0.04% | 1,000,000 | 0.0007 | AA+/Aaa |
| Pearland, TX Ref-Perm Improvement | 1,163,247 | 0.04% | 1,075,000 | 0.0041 | AA-/Aa2 |
| Port Auth NY NJ | 14,937,973 | 0.56% | 15,220,000 | 0.0263 | AA-/Aa3 |
| Port Seattle, Washington GO | 2,838,082 | 0.11% | 2,750,000 | 0.0019 | AAA/Aa1 |

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| <u>Security</u> | <u>Fair Value</u> | <u>Percentage of Portfolio</u> | <u>Maturity Amount</u> | <u>Weighted Avg Modified Duration (Years)</u> | <u>Credit Rating S&P/ Moody's</u> |
|--------------------------------------|-------------------------|------------------------------------|----------------------------|---|---|
| Red River TX Education Finance | 2,669,997 | 0.10% | 2,535,000 | 0.0134 | Aa3 |
| Rhode Island St Econ Dev Corp | 2,081,640 | 0.08% | 2,000,000 | 0.0009 | AA-/Aa3 |
| Round Rock, TX | 3,182,370 | 0.12% | 3,000,000 | 0.0047 | AAA/Aaa |
| Salt Lake County, Utah Sales Tax R | 1,698,167 | 0.06% | 1,630,000 | 0.0074 | AAA |
| San Antonio TX Build America Bnds | 1,893,902 | 0.07% | 1,635,000 | 0.0092 | AAA/Aaa |
| San Antonio, TX Water Rev | 7,481,829 | 0.28% | 6,910,000 | 0.0233 | AA/Aa1 |
| San Marcos, TX ISD | 1,643,580 | 0.06% | 1,500,000 | 0.0056 | AAA/Aaa |
| Sioux Falls SD Sales | 1,445,786 | 0.06% | 1,410,000 | 0.0009 | AA-/Aa2 |
| Snohomish County, WA BAB | 2,969,843 | 0.11% | 2,760,000 | 0.0108 | AA/Aa2 |
| St Louis City MO | 1,767,881 | 0.07% | 1,700,000 | 0.0014 | Aa1 |
| State of Texas Go Bond | 525,205 | 0.02% | 500,000 | 0.0009 | AA+/Aaa |
| Sugar Land TX CTFS | 5,929,686 | 0.22% | 5,400,000 | 0.0288 | AAA/Aaa |
| Tennessee State GO | 2,522,248 | 0.10% | 2,475,000 | 0.0023 | AA+/Aaa |
| Texas City TX ISD | 1,444,404 | 0.06% | 1,285,000 | 0.0063 | AA |
| Texas St A&M Univ Perm Univ Fund | 1,009,670 | 0.04% | 1,000,000 | 0.0013 | AAA/Aaa |
| Texas State Tech University Rev Bnds | 1,874,871 | 0.07% | 1,850,000 | 0.0082 | AA |
| TN St Series C Refunding | 499,680 | 0.02% | 500,000 | 0.0008 | AA+/Aaa |
| Travis County, TX GO | 1,131,770 | 0.04% | 1,115,000 | 0.0004 | AAA/Aaa |
| Travis County, TX CTFS Obligation | 1,647,734 | 0.06% | 1,505,000 | 0.0061 | AAA/Aaa |
| Virginia ST HSG Development Auth | 1,090,518 | 0.04% | 1,100,000 | 0.0016 | AAA/Aaa |
| Virginia St HSG DE | 6,378,325 | 0.24% | 6,500,000 | 0.0074 | AAA/Aaa |
| Virginia ST HSG Dev Auth | 2,453,101 | 0.09% | 2,375,000 | 0.0081 | AA+/Aa1 |
| Virginia St Port Authority | 2,306,158 | 0.09% | 2,275,000 | 0.0027 | AA+/Aa1 |
| Washington Cnty Ore Sch | 1,006,160 | 0.04% | 1,000,000 | 0.0016 | AA+/Aa1 |
| Washington St TXBL | 1,497,870 | 0.06% | 1,500,000 | 0.0016 | AA+/Aa1 |
| WI PMA Levy & Aid Program TXBL | 5,171,166 | 0.20% | 5,150,000 | 0.0012 | MIG1 |
| Williamson Cnty, TX | 2,909,300 | 0.11% | 2,665,000 | 0.0089 | AAA/Aa1 |
| <i>Money Market Mutual Funds</i> | | | | | |
| Fidelity Instl Treasury | 717,787,575 | 27.15% | 717,787,575 | N/A | AAAm/Aaa |
| Fidelity Instl MMKT Tax Exempt | 28,848,981 | 1.09% | 28,848,981 | N/A | AAAm/Aaa |
| Total Investments | 2,643,324,236 | 100.00% | \$ 2,628,158,449 | | |
| <i>Outstanding items</i> | | | | | |
| Total Cash & Investments | \$ 2,932,833,345 | | | | |

RISK DISCLOSURES

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

According to the County investment policy, no more than 50% of the portfolio, excluding those investments held for future capital expenditures, the Health Insurance Fund, debt service payments,

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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 28, 2013, 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 28, 2013, 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

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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. 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 | Maximum Maturity Per Policy (Years) | Maturity Amount | Average Remaining Years To Maturity |
|--------------------------------|---------------------|-------------------------------------|-------------------------|-------------------------------------|
| Pooled Investments | Matching | 3 | \$ 314,295,000 | 0.63 |
| Public Improvement Contingency | Barbell | 6 | 51,015,000 | 3.16 |
| General Fund Group | Matching | 3 | 77,924,600 | 0.34 |
| Special Revenue Funds | Matching | 5 | 3,775,000 | 0.51 |
| Debt Service Funds | Matching | 3 | 488,087,293 | 1.54 |
| Capital Project Funds | Matching/Barbell | 5 | 64,720,000 | 2.54 |
| Proprietary Funds | Matching/Barbell | 6 | 49,025,000 | 2.48 |
| Toll Road Project Funds | Matching | 6 | 408,305,000 | 2.69 |
| Toll Road Renewal/Replacement | Matching | 6 | 174,440,000 | 2.86 |
| Toll Road Bond Reserve | Matching | Maturity of the bonds | 102,705,000 | 15.05 |
| County Clerk Registry | Matching/Barbell | 7 | 37,725,000 | 3.54 |
| District Clerk Registry | Matching/Barbell | 7 | 68,925,000 | 3.42 |
| Harris Co/Metro Joint Escrow | Matching/Barbell | Interlocal Agreement | 40,580,000 | 11.50 |
| Money Market Mutual Funds | N/A | N/A | 746,636,556 | N/A |
| | | | <u>\$ 2,628,158,449</u> | |

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 rates for the County, the Flood Control District, the Hospital District, and the Port of Houston Authority for debt service only. The County adopted the 2012 tax rate, per \$100 of taxable value, for the County and Flood Control District as follows:

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| | <u>Maintenance and Operations</u> | <u>Debt Service</u> | <u>Total</u> |
|------------------------|---------------------------------------|-------------------------|-------------------|
| Harris County | | | |
| Constitutional Funds | \$ 0.33271 | \$ 0.04468 | \$ 0.37739 |
| Road Debt Service | - | 0.02282 | 0.02282 |
| Total - Harris County | <u>\$ 0.33271</u> | <u>\$ 0.06750</u> | <u>\$ 0.40021</u> |
| Flood Control District | <u>\$ 0.02522</u> | <u>\$ 0.00287</u> | <u>\$ 0.02809</u> |

The County is permitted by law to levy tax rates for general fund, jury fund, road and bridge fund and permanent improvement fund purposes up to \$0.80 per \$100 of taxable valuation. The County levied a tax rate of \$0.40021 per \$100 of taxable valuation subject to the \$0.80 tax rate limitation, of which \$0.37739 per \$100 valuation was for Constitutional Funds, and a tax rate of \$0.02282 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 maintenance and operations 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 maintenance and operations is \$0.15 per \$100 of taxable valuation. A tax rate of \$0.02522 per \$100 valuation was set in 2012 for the Flood Control District's maintenance and operations. The County Tax Assessor-Collector 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-Collector's Agency Fund. Tax collections deposited for the County and Flood Control District are distributed on a periodic basis to the respective General Funds and Debt Service Funds. These distributions are based upon the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

Property tax receivables of \$49,375,953 as of February 28, 2013 are reported net of an allowance for uncollectible taxes of \$102,818,705.

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-Collector, are included in the revenues in the period such adjustments are made by the County Tax Assessor-Collector.

Property tax receivables of \$23,134,000 as of February 28, 2013 are reported net of an allowance for uncollectible taxes of \$53,859,000 for the Hospital District.

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4. OTHER RECEIVABLES

The County reports accounts receivables and other receivables in the various funds for amounts to be received from customers, granting agencies, and the Tax Assessor. A breakdown of these receivables at February 28, 2013 is as follows:

RECEIVABLES AND OTHER RECEIVABLES

| | Customers | Granting Agencies | Tax Assessor | Totals | Allowance for Uncollectible |
|-----------------------|-----------------------|------------------------------|-------------------------|-----------------------|--|
| General | \$ 39,822,595 | \$ - | \$ 27,721,054 | \$ 67,543,649 | \$ (1,560,339) |
| Nonmajor Governmental | 14,119,084 | 72,669,327 | 10,471,959 | 97,260,370 | (876,976) |
| Toll Road | 72,495,300 | - | - | 72,495,300 | (110,024,641) |
| Nonmajor Enterprise | 1,692,595 | - | - | 1,692,595 | (38,080) |
| Internal Service | 3,727,205 | - | - | 3,727,205 | (291,920) |
| Component Units | 64,626,395 | 200,168,180 | - | 264,794,575 | (82,889,092) |
| Totals | <u>\$ 196,483,174</u> | <u>\$ 272,837,507</u> | <u>\$ 38,193,013</u> | <u>\$ 507,513,694</u> | <u>\$ (195,681,048)</u> |

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

| | Earned but Unavailable | Unearned |
|---|-----------------------------------|----------------------|
| Taxes receivable (General fund) | \$ 43,394,037 | \$ - |
| Taxes receivable (nonmajor governmental funds) | 5,981,916 | - |
| Grant funding (nonmajor governmental funds) | - | 24,999,346 |
| Other receivables (General fund) | 13,606,099 | 7,282,103 |
| Other receivables (nonmajor governmental funds) | 10,440,552 | 16,050,157 |
| Other receivables (Toll Road fund) | - | 43,249,862 |
| Other receivables (nonmajor enterprise funds) | - | 308,598 |
| Other receivables (internal service funds) | - | 54,217 |
| Total deferred revenue for governmental funds and proprietary funds | <u>\$ 73,422,604</u> | <u>\$ 91,944,283</u> |

5. INTERFUND BALANCES AND TRANSFERS

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

The interfund receivable and payable balances, by individual major fund, other governmental funds (aggregated), other proprietary funds (aggregated), internal service funds (aggregated), and fiduciary funds as of February 28, 2013 are as follows:

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Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|----------------------|
| General | Nonmajor Governmental | \$ 49,691,576 |
| | Toll Road | 51,132 |
| | Nonmajor Enterprise | 105,528 |
| | Internal Service | 354,964 |
| Toll Road | General | 37,698 |
| | Nonmajor Governmental | 86,523 |
| Nonmajor Governmental | General | 1,522,074 |
| | Nonmajor Governmental | 5,720,134 |
| | Internal Service | 1,561 |
| Internal Service | General | 84,081 |
| | Toll Road | 530,769 |
| Total | | <u>\$ 58,186,040</u> |

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

Advances to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|----------------------|
| General | Nonmajor Governmental | \$ 40,000 |
| Nonmajor Governmental | Nonmajor Governmental | 12,745,000 (2) |
| Toll Road | General | 25,907,714 (1) |
| Total | | <u>\$ 38,692,714</u> |

(1) In September 2006, the Toll Road Fund advanced \$26 million to the County's General Fund to cover the County's repayment of a long term note on behalf of the Harris County Sports & Convention Corporation. 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. (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 28, 2013:

| | <u>Transfers In:</u> | | | | <u>Total</u> |
|-----------------------|-----------------------|----------------------------------|----------------------|-----------------------------|-----------------------|
| | <u>General</u> | <u>Nonmajor Governmental</u> | <u>Toll Road</u> | <u>Internal Service</u> | |
| Transfers Out: | | | | | |
| General | \$ - | \$ 53,315,882 | \$ - | \$ 5,683,600 | \$ 58,999,482 |
| Nonmajor Governmental | 12,214,308 | 5,017,165 | 86,523 | - | 17,317,996 |
| Toll Road | 120,000,000 | 35,799 | - | - | 120,035,799 |
| Total | <u>\$ 132,214,308</u> | <u>\$ 58,368,846</u> | <u>\$ 86,523</u> | <u>\$ 5,683,600</u> | <u>\$ 196,353,277</u> |

Toll Road transferred \$120 million to the General fund for funding of a County thoroughfare and mobility program. All other transfers are routine in nature, such as cash match of grants, debt service payments, and internal service costs.

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6. CAPITAL ASSETS

COUNTY

Capital asset activity for the year ended February 28, 2013 was as follows:

| | Balance March 1, 2012 | Additions | Deletions | Transfers | Balance February 28, 2013 |
|---|--------------------------|------------------------|------------------------|----------------------|------------------------------|
| Governmental Activities: | | | | | |
| Land | \$ 4,020,306,158 | \$ 27,689,630 | \$ (106,585) | \$ 398,822 | \$ 4,048,288,025 |
| Construction in progress | 289,347,724 | 176,737,528 | (913,608) | (219,289,070) | 245,882,574 |
| Intangible assets - water rights | 2,400,000 | - | - | - | 2,400,000 |
| Total capital assets not depreciated | <u>4,312,053,882</u> | <u>204,427,158</u> | <u>(1,020,193)</u> | <u>(218,890,248)</u> | <u>4,296,570,599</u> |
| Intangible assets - software & licenses | 35,973,946 | 9,065,668 | (6,396,325) | - | 38,643,289 |
| Land improvements | 6,319,499 | - | - | 2,267,584 | 8,587,083 |
| Infrastructure | 10,540,880,238 | 82,162,353 | (12,192,438) | 126,613,321 | 10,737,463,474 |
| Park facilities | 164,521,788 | - | - | 5,244,916 | 169,766,704 |
| Flood control projects | 719,064,080 | - | - | 49,847,132 | 768,911,212 |
| Buildings | 1,710,736,440 | 7,402 | (2,669,967) | 34,917,295 | 1,742,991,170 |
| Equipment | 321,730,622 | 22,155,157 | (9,325,999) | - | 334,559,780 |
| | <u>13,499,226,613</u> | <u>113,390,580</u> | <u>(30,584,729)</u> | <u>218,890,248</u> | <u>13,800,922,712</u> |
| Less accumulated depreciation for: | | | | | |
| Intangible assets - software & licenses | (10,457,367) | (11,558,681) | 6,396,325 | - | (15,619,723) |
| Land improvements | (993,540) | (258,603) | - | - | (1,252,143) |
| Infrastructure | (4,875,406,772) | (302,304,767) | 5,761,931 | - | (5,171,949,608) |
| Park facilities | (36,890,833) | (7,203,087) | - | - | (44,093,920) |
| Flood control projects | (286,073,616) | (17,672,406) | - | - | (303,746,022) |
| Buildings | (475,628,300) | (36,215,776) | 81,861 | - | (511,762,215) |
| Equipment | (224,688,554) | (29,778,069) | 8,391,642 | - | (246,074,981) |
| | <u>(5,910,138,982)</u> | <u>(404,991,389)</u> | <u>20,631,759</u> | <u>-</u> | <u>(6,294,498,612)</u> |
| Total capital assets being depreciated, net | <u>7,589,087,631</u> | <u>(291,600,809)</u> | <u>(9,952,970)</u> | <u>218,890,248</u> | <u>7,506,424,100</u> |
| Governmental activities capital assets, net | <u>\$ 11,901,141,513</u> | <u>\$ (87,173,651)</u> | <u>\$ (10,973,163)</u> | <u>\$ -</u> | <u>\$ 11,802,994,699</u> |

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| | Balance March 1, 2012 | Additions | Deletions | Transfers | Balance February 28, 2013 |
|---|--------------------------|----------------------|------------------------|---------------------|------------------------------|
| Business-type Activities: | | | | | |
| Land | \$ 304,519,156 | \$ 11,355,133 | \$ (23,180,382) | \$ 4,046,194 | \$ 296,740,101 |
| Construction in progress | 114,790,682 | 107,595,469 | (695,916) | (20,817,374) | 200,872,861 |
| Total capital assets not depreciated | <u>419,309,838</u> | <u>118,950,602</u> | <u>(23,876,298)</u> | <u>(16,771,180)</u> | <u>497,612,962</u> |
| License Agreement | 238,615,651 | - | - | - | 238,615,651 |
| Land improvements | 5,092,974 | 67,164 | - | - | 5,160,138 |
| Infrastructure | 2,217,134,429 | - | (313,039) | 6,730,405 | 2,223,551,795 |
| Other tangible assets | 22,058,242 | - | - | - | 22,058,242 |
| Buildings | 36,609,870 | - | - | 434,404 | 37,044,274 |
| Equipment | 69,516,674 | 2,162,408 | (117,718) | 9,606,371 | 81,167,735 |
| | <u>2,589,027,840</u> | <u>2,229,572</u> | <u>(430,757)</u> | <u>16,771,180</u> | <u>2,607,597,835</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| License Agreement | (5,486,250) | (4,043,860) | - | - | (9,530,110) |
| Land improvements | (935,215) | (225,744) | - | - | (1,160,959) |
| Infrastructure | (945,337,988) | (75,005,990) | - | - | (1,020,343,978) |
| Other tangible assets | (21,563,876) | (2,908,378) | - | - | (24,472,254) |
| Buildings | (9,667,909) | (805,102) | - | - | (10,473,011) |
| Equipment | (22,242,847) | (5,966,973) | 117,718 | - | (28,092,102) |
| | <u>(1,005,234,085)</u> | <u>(88,956,047)</u> | <u>117,718</u> | <u>-</u> | <u>(1,094,072,414)</u> |
| Total capital assets being depreciated, net | <u>1,583,793,755</u> | <u>(86,726,475)</u> | <u>(313,039)</u> | <u>16,771,180</u> | <u>1,513,525,421</u> |
| Business-type activities capital assets, net | <u>\$ 2,003,103,593</u> | <u>\$ 32,224,127</u> | <u>\$ (24,189,337)</u> | <u>\$ -</u> | <u>\$ 2,011,138,383</u> |

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

Governmental activities:

| | |
|---------------------------|----------------------|
| Administration of Justice | \$ 22,308,511 |
| Parks | 23,757,662 |
| County Administration | 36,123,817 |
| Health and Human Services | 1,668,883 |
| Flood Control | 18,706,644 |
| Tax Administration | 136,045 |
| Roads and Bridges | 302,289,827 |
| | <u>\$404,991,389</u> |

Business-type activities:

| | |
|----------------------|----------------------|
| Parking Facilities | \$ 470,005 |
| Sheriff's Commissary | 300,017 |
| Toll Road | 88,186,025 |
| | <u>\$ 88,956,047</u> |

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COMPONENT UNITS

| <u>MHMRA (August 31, 2012)</u> | Fiscal Year Beginning Balance | Additions/ Transfers | Deletions/ Transfers | Fiscal Year Ending Balance |
|------------------------------------|--|---------------------------------|---------------------------------|---|
| Land | \$ 3,421,489 | \$ - | \$ - | \$ 3,421,489 |
| Buildings & Improvements | 25,300,540 | 43,282 | - | 25,343,822 |
| Equipment, Furniture & Vehicles | 8,885,019 | 343,703 | (202,777) | 9,025,945 |
| Intangible Assets - Software | 3,113,739 | 1,988,269 | - | 5,102,008 |
| | <u>40,720,787</u> | <u>2,375,254</u> | <u>(202,777)</u> | <u>42,893,264</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | (13,053,864) | (924,056) | - | (13,977,920) |
| Equipment, Furniture & Vehicles | (7,330,888) | (412,665) | 181,830 | (7,561,723) |
| | <u>(20,384,752)</u> | <u>(1,336,721)</u> | <u>181,830</u> | <u>(21,539,643)</u> |
| MHMRA capital assets, net | <u>\$ 20,336,035</u> | <u>\$ 1,038,533</u> | <u>\$ (20,947)</u> | <u>\$ 21,353,621</u> |

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 \$6,296,677).

| <u>Hospital District (February 28, 2013)</u> | Fiscal Year Beginning Balance | Additions/ Transfers | Deletions/ Transfers | Fiscal Year Ending Balance |
|--|--|---------------------------------|---------------------------------|---|
| Land & Improvements | \$ 37,280,000 | \$ 1,967,000 | \$ (147,000) | \$ 39,100,000 |
| Construction in progress | 74,366,000 | - | (9,436,000) | 64,930,000 |
| Total capital assets not depreciated | <u>111,646,000</u> | <u>1,967,000</u> | <u>(9,583,000)</u> | <u>104,030,000</u> |
| Buildings and Improvements | 406,023,000 | 71,929,000 | (185,000) | 477,767,000 |
| Equipment | 273,285,000 | 54,600,000 | (16,495,000) | 311,390,000 |
| | <u>679,308,000</u> | <u>126,529,000</u> | <u>(16,680,000)</u> | <u>789,157,000</u> |
| Less accumulated depreciation | (430,578,000) | (51,375,000) | 14,150,000 | (467,803,000) |
| | <u>(430,578,000)</u> | <u>(51,375,000)</u> | <u>14,150,000</u> | <u>(467,803,000)</u> |
| Total capital assets being depreciated, net | <u>248,730,000</u> | <u>75,154,000</u> | <u>(2,530,000)</u> | <u>321,354,000</u> |
| Hospital District capital assets, net | <u>\$ 360,376,000</u> | <u>\$ 77,121,000</u> | <u>\$ (12,113,000)</u> | <u>\$ 425,384,000</u> |

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

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 28, 2013 totaled \$2,969,770 and \$62,000 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 28, 2013:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

| <u>Fiscal year</u> | <u>Governmental</u> | <u>Business-Type</u> |
|-----------------------------|----------------------|----------------------|
| | <u>Activities</u> | <u>Activities</u> |
| | <u>Buildings</u> | <u>Equipment</u> |
| 2014 | \$ 2,969,767 | \$ 62,001 |
| 2015 | 2,532,373 | - |
| 2016 | 2,386,579 | - |
| 2017 | 2,386,579 | - |
| 2018 | 2,386,579 | - |
| 2019-2023 | 6,403,255 | - |
| Total future lease payments | 19,065,132 | 62,001 |
| Less: Interest | (3,963,874) | - |
| | <u>\$ 15,101,258</u> | <u>\$ 62,001</u> |

8. OTHER LIABILITIES

The balances Due to Other Governmental Units, by Fund, as of February 28, 2013 are as follows:

| <u>Receivable Entity</u> | <u>Payable Entity</u> | |
|---------------------------------------|-----------------------|---------------------|
| Fort Bend Toll Authority | Toll Road | \$ 1,588,430 |
| Total Due to Other Governmental Units | | <u>\$ 1,588,430</u> |

9. SHORT-TERM DEBT

Tax Anticipation Notes

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

Activity for the year ended February 28, 2013, was as follows:

| | <u>Outstanding</u> <u>March 1,</u> <u>2012</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Outstanding</u> <u>February 28,</u> <u>2013</u> |
|-------------------------|--|----------------|------------------|--|
| Governmental Activities | | | | |
| Tax Anticipation Notes | \$ - | \$ 375,000,000 | \$ (375,000,000) | \$ - |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

10. LONG-TERM LIABILITIES

The changes in the County's Governmental Long-Term Liabilities and Business-Type/Enterprise Fund Liabilities for fiscal year 2012-2013 were as follows:

| | Outstanding March 1, 2012 | Issued/ Increased | Redeemed/ Decreased | Outstanding February 28, 2013 | Due Within Year |
|--|---------------------------------|----------------------|------------------------|-------------------------------------|--------------------|
| Governmental Activities: | | | | | |
| General Obligation Debt | | | | | |
| Road Bonds - Principal | \$ 749,615,000 | \$ 119,240,000 | \$ (157,240,000) | \$ 711,615,000 | \$ 11,207,902 |
| Permanent Improvement Bonds - Principal | 916,271,629 | 120,345,000 | (163,724,438) | 872,892,191 | 44,675,584 |
| Flood Control Bonds - Principal | 680,090,000 | - | (11,455,000) | 668,635,000 | 11,805,000 |
| Total Principal General Obligation Debt | 2,345,976,629 | 239,585,000 | (332,419,438) | 2,253,142,191 | 67,688,486 |
| Unamortized Premiums, Road Bonds | 49,961,284 | 25,165,269 | (9,665,800) | 65,460,753 | - |
| Unamortized Premiums, PIB Bonds | 65,557,581 | 18,164,389 | (11,520,655) | 72,201,315 | - |
| Unamortized Premiums, FC Bonds | 41,657,821 | - | (2,890,860) | 38,766,961 | - |
| Bond Refunding Gain (Loss), Road Bonds | (4,616,236) | (11,393,992) | 3,091,498 | (12,918,730) | - |
| Bond Refunding Loss, PIB Bonds | (41,335,515) | (8,610,137) | 8,627,988 | (41,317,664) | - |
| Bond Refunding Loss, FC Bonds | (11,047,765) | - | 1,012,853 | (10,034,912) | - |
| Accretion of Discount - Capital Appreciation Bonds: | | | | | |
| Road Series 1996 | 42,233,571 | 4,317,230 | - | 46,550,801 | 10,376,467 |
| PIB Series 1996 | 23,175,638 | 2,369,076 | - | 25,544,714 | 5,693,754 |
| GO Revenue Series 2002 | 42,646,530 | 5,506,654 | (4,210,111) | 43,943,073 | - |
| Total General Obligation Debt | 2,554,209,538 | 275,103,489 | (347,974,525) | 2,481,338,502 | 83,758,707 |
| Tax and Subordinate Lien Revenue Bonds | | | | | |
| Tax and Subordinate Lien Revenue Refunding, Series 2004A | 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 | - |
| Tax and Subordinate Lien Revenue Refunding, Series 2012A | - | 160,430,000 | - | 160,430,000 | - |
| Unamortized Premium, Tax & Sub Lien Rev | 10,408,414 | 33,237,905 | (8,889,486) | 34,756,833 | - |
| Bond Refunding Loss, Tax & Sub Lien Rev | (11,004,540) | (6,122,898) | 11,170,370 | (5,957,068) | - |
| Total Tax and Subordinate Lien Revenue Bonds | 205,728,874 | 187,545,007 | (175,729,116) | 217,544,765 | - |
| Total Bonds Payable | 2,759,938,412 | 462,648,496 | (523,703,641) | 2,698,883,267 | 83,758,707 |
| Commercial Paper Payable | 214,463,000 | 58,630,000 | (14,500,000) | 258,593,000 | 7,132,500 |
| Compensatory Time Payable | 29,248,411 | 21,094,075 | (16,086,626) | 34,255,860 | 18,155,606 |
| Obligations Under Capital Leases | 17,040,468 | - | (1,939,210) | 15,101,258 | 2,062,784 |
| Judgments Payable | 5,650,000 | 2,750,000 | - | 8,400,000 | - |
| Loan Payable | 12,654,182 | 13,610,544 | (2,309,170) | 23,955,556 | 5,234,155 |
| OPEB Obligation | 291,651,789 | 50,907,954 | - | 342,559,743 | - |
| Pollution Remediation Obligation | 2,120,936 | 913,325 | (658,692) | 2,375,569 | 895,137 |
| Total Governmental Activities | \$ 3,332,767,198 | \$ 610,554,394 | \$ (559,197,339) | \$ 3,384,124,253 | \$ 117,238,889 |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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| | Outstanding March 1, 2012 | Issued/ Increased | Redeemed/ Decreased | Outstanding February 28, 2013 | Due Within Year |
|---|---------------------------------|-----------------------|-------------------------|-------------------------------------|-----------------------|
| <u>Business-type Activities:</u> | | | | | |
| Senior Lien Revenue Bonds | \$ 2,066,780,000 | \$ 550,770,000 | \$ (629,550,000) | \$ 1,988,000,000 | \$ 58,090,000 |
| Tax Bonds | 537,890,000 | - | (58,260,000) | 479,630,000 | 47,090,000 |
| Total Bond Principal | 2,604,670,000 | 550,770,000 | (687,810,000) | 2,467,630,000 | 105,180,000 |
| Unamortized Premium, Revenue Bonds | 36,093,942 | 43,854,695 | (13,247,859) | 66,700,778 | - |
| Unamortized Premium/(Discount), Tax Bonds | 21,823,834 | - | (3,703,146) | 18,120,688 | - |
| Accretion of Discount - Capital Appreciation Bonds: | | | | | |
| Unlimited Tax Series 1995A | 8,352,866 | 1,137,134 | (9,490,000) | - | - |
| Unlimited Tax Series 1997 | 4,415,552 | 816,359 | (1,725,000) | 3,506,911 | 3,506,911 |
| Deferred Amount on Refunding | (58,563,395) | (90,435,607) | 74,298,108 | (74,700,894) | - |
| Accrued Interest Payable | 5,056,525 | 106,941,843 | (107,662,769) | 4,335,599 | 4,335,599 |
| Total Bonds Payable | 2,621,849,324 | 613,084,424 | (749,340,666) | 2,485,593,082 | 113,022,510 |
| Derivative instruments - interest rate swaps | 83,949,874 | 121,607,762 | (126,304,503) | 79,253,133 | - |
| Compensatory Time Payable | 1,008,329 | 598,809 | (554,581) | 1,052,557 | 557,855 |
| Obligations Under Capital Leases | 124,001 | - | (62,000) | 62,001 | 62,001 |
| OPEB Obligation | 16,106,869 | 2,828,940 | - | 18,935,809 | - |
| Pollution Remediation Obligation | - | 58,000 | - | 58,000 | - |
| Total Business-type Activities | <u>\$ 2,723,038,397</u> | <u>\$ 738,177,935</u> | <u>\$ (876,261,750)</u> | <u>\$ 2,584,954,582</u> | <u>\$ 113,642,366</u> |

A. BONDED DEBT

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

Outstanding governmental bonded debt as of February 28, 2013 follows:

| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 28, 2013 |
|-----------------------------|--------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| <u>Road Bonds</u> | | | | | |
| Refunding Series 1996 - CAB | \$ 124,905,000 | 5.90-6.00% | 1996 | 2017 | \$ 26,260,000 |
| Refunding Series 2004A | 56,055,000 | 3.00-5.00% | 2004 | 2017 | 5,250,000 |
| Refunding Series 2005A | 34,420,000 | 5.00% | 2005 | 2022 | 7,575,000 |
| 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 | 88,140,000 |
| 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 | 116,685,000 |
| Refunding Series 2012A | 66,425,000 | 5.00% | 2012 | 2024 | 66,425,000 |
| Refunding Series 2012B | 52,815,000 | 2.25-4.00% | 2012 | 2024 | 52,815,000 |
| | <u>941,970,000</u> | | | | <u>711,615,000</u> |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 28, 2013 |
|---|--------------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| <u>Permanent Improvement Bonds</u> | | | | | |
| Refunding Series 1996 - CAB | 26,254,584 | 5.90-6.00% | 1996 | 2017 | 15,944,584 |
| Refunding Series 1997 | 57,930,000 | 4.70-5.75% | 1997 | 2014 | 12,870,000 |
| Refunding Series 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 | 3,005,000 |
| Refunding Series 2005A | 69,845,000 | 5.00% | 2005 | 2022 | 56,290,000 |
| Refunding Series 2006A | 73,545,000 | 4.00-5.00% | 2006 | 2031 | 39,450,000 |
| Refunding Series 2008A | 34,055,000 | 3.25-5.00% | 2008 | 2015 | 6,660,000 |
| Refunding Series 2008B | 79,325,000 | 3.50-5.00% | 2008 | 2019 | 45,850,000 |
| Refunding Series 2008C | 200,495,000 | 5.00-5.75% | 2008 | 2028 | 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 | 95,740,000 |
| Refunding Series 2010A | 185,390,000 | 1.50-5.00% | 2010 | 2028 | 183,650,000 |
| 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 |
| Refunding Series 2012A | 77,145,000 | 2.00-5.00% | 2012 | 2028 | 77,145,000 |
| Refunding Series 2012B | 43,200,000 | 0.35-2.473% | 2012 | 2023 | 43,200,000 |
| GO Revenue Refunding 2002 | 206,772,045 | 5.00-5.86% | 2002 | 2028 | 56,157,607 |
| | <u>1,559,701,629</u> | | | | <u>872,892,191</u> |
| <u>Flood Control Bonds</u> | | | | | |
| Refunding Series 2002 | 44,495,000 | 3.00-5.50% | 2002 | 2014 | 3,410,000 |
| Refunding Series 2003A | 36,945,000 | 3.00-6.00% | 2003 | 2015 | 3,460,000 |
| Refunding Series 2004A | 139,865,000 | 3.00-5.25% | 2004 | 2014 | 12,665,000 |
| 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 | 149,240,000 |
| Refunding Series 2010A | 181,885,000 | 5.00% | 2010 | 2039 | 181,885,000 |
| | <u>882,170,000</u> | | | | <u>668,635,000</u> |
| <u>Tax & Subordinate Lien Revenue Bonds</u> | | | | | |
| Refunding Series 2009C | 28,315,000 | 4.00-5.25% | 2009 | 2023 | 28,315,000 |
| Refunding Series 2012A | 160,430,000 | 3.00-5.00% | 2012 | 2032 | 160,430,000 |
| | <u>188,745,000</u> | | | | <u>188,745,000</u> |
| TOTAL | <u><u>\$ 3,572,586,629</u></u> | | | | <u><u>\$ 2,441,887,191</u></u> |

The Toll Road Project has been financed with a combination of unlimited tax and senior lien revenue bonds, subordinate lien revenue bonds and commercial paper. The proceeds from such bonds, including the interest earned, are being used to finance the construction and the related debt service. Outstanding business-type bonded debt at February 28, 2013 follows:

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

| | Original Issue Amount | Interest Rates (%) | Date Series | | Balance February 28, 2013 |
|---|-----------------------------|-----------------------|-------------|---------|---------------------------------|
| | | | Issued | Matures | |
| Senior Lien Revenue Bonds | | | | | |
| Refunding Series 2004B | \$ 478,270,000 | 2.50-5.00% | 2004 | 2015 | \$ 54,970,000 |
| 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 | 261,135,000 |
| Refunding Series 2007B | 145,570,000 | Floating | 2007 | 2036 | 145,570,000 |
| Refunding Series 2008B | 324,475,000 | 4.625-5.25% | 2008 | 2047 | 321,175,000 |
| 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 | 18,100,000 |
| Refunding Series 2010D | 35,420,000 | 3.00-5.00% | 2010 | 2030 | 35,295,000 |
| Refunding Series 2012A | 60,415,000 | Floating | 2012 | 2018 | 60,415,000 |
| Refunding Series 2012B | 139,500,000 | Floating | 2012 | 2021 | 139,500,000 |
| Refunding Series 2012C | 252,845,000 | 2.00-5.00% | 2012 | 2033 | 252,845,000 |
| Refunding Series 2012D | 98,010,000 | 0.40-1.68% | 2012 | 2018 | 98,010,000 |
| | <u>2,429,825,000</u> | | | | <u>1,988,000,000</u> |
| Unlimited Tax and Subordinate Lien Bonds | | | | | |
| Refunding Series 1994A | 59,925,000 | 6.50-8.00% | 1994 | 2013 | 11,805,000 |
| Refunding Series 1997 | 150,395,000 | 5.00-5.125% | 1997 | 2024 | 26,005,000 |
| Refunding Series 1997 - CAB | 2,790,000 | 3.90-5.25% | 1997 | 2013 | 150,000 |
| Refunding Series 2001 | 120,740,000 | 6.00% | 2001 | 2014 | 44,840,000 |
| 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 | 50,960,000 |
| Refunding Series 2010B | 25,410,000 | 0.77-2.09% | 2010 | 2015 | 24,125,000 |
| | <u>757,245,000</u> | | | | <u>479,630,000</u> |
| TOTAL | <u><u>3,187,070,000</u></u> | | | | <u><u>2,467,630,000</u></u> |

Annual debt service requirements to maturity as of February 28, 2013 are as follows:

| Fiscal year | Governmental Activities | | | | |
|-------------|--------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | Principal | Capital | Principal | Interest | Total |
| | At 2/28/2013 | Appreciation | Value | | |
| | Bonds | At Maturity | | | |
| 2014 | \$ 67,688,486 | \$ 16,070,221 | \$ 83,758,707 | \$ 112,871,441 | \$ 196,630,148 |
| 2015 | 88,445,845 | 20,577,109 | 109,022,954 | 116,408,400 | 225,431,354 |
| 2016 | 94,969,530 | 19,558,979 | 114,528,509 | 113,605,940 | 228,134,449 |
| 2017 | 102,485,455 | 18,529,381 | 121,014,836 | 110,648,185 | 231,663,021 |
| 2018 | 104,508,514 | 17,533,851 | 122,042,365 | 107,097,746 | 229,140,111 |
| 2019-2023 | 762,622,236 | 8,822,504 | 771,444,740 | 424,625,235 | 1,196,069,975 |
| 2024-2028 | 701,527,388 | 11,566,132 | 713,093,520 | 257,912,658 | 971,006,178 |
| 2029-2033 | 421,149,737 | 3,380,411 | 424,530,148 | 90,445,377 | 514,975,525 |
| 2034-2038 | 66,840,000 | - | 66,840,000 | 18,265,050 | 85,105,050 |
| 2039-2043 | 31,650,000 | - | 31,650,000 | 2,393,000 | 34,043,000 |
| | <u>\$ 2,441,887,191</u> | <u>\$ 116,038,588</u> | <u>\$ 2,557,925,779</u> | <u>\$ 1,354,273,032</u> | <u>\$ 3,912,198,811</u> |

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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| Fiscal year | Business-Type Activities | | | | |
|--------------------|-----------------------------------|---|--|-------------------------|-------------------------|
| | Principal At 2/28/2013 | Capital Appreciation Bonds | Principal Value At Maturity | Interest | Total |
| 2014 | \$ 105,180,000 | \$ 3,506,911 | \$ 108,686,911 | \$ 116,492,449 | \$ 225,179,360 |
| 2015 | 116,565,000 | - | 116,565,000 | 107,622,794 | 224,187,794 |
| 2016 | 97,710,000 | - | 97,710,000 | 103,533,918 | 201,243,918 |
| 2017 | 93,585,000 | - | 93,585,000 | 100,581,288 | 194,166,288 |
| 2018 | 97,210,000 | - | 97,210,000 | 97,053,429 | 194,263,429 |
| 2019-2023 | 494,330,000 | - | 494,330,000 | 416,680,542 | 911,010,542 |
| 2024-2028 | 397,030,000 | - | 397,030,000 | 308,381,793 | 705,411,793 |
| 2029-2033 | 455,150,000 | - | 455,150,000 | 206,804,805 | 661,954,805 |
| 2034-2038 | 395,785,000 | - | 395,785,000 | 91,972,723 | 487,757,723 |
| 2039-2043 | 106,415,000 | - | 106,415,000 | 40,054,531 | 146,469,531 |
| 2044-2048 | 102,370,000 | - | 102,370,000 | 15,391,837 | 117,761,837 |
| 2049-2050 | 6,300,000 | - | 6,300,000 | 317,500 | 6,617,500 |
| | <u>\$ 2,467,630,000</u> | <u>\$ 3,506,911</u> | <u>\$ 2,471,136,911</u> | <u>\$ 1,604,887,609</u> | <u>\$ 4,076,024,520</u> |

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 2013 was 4.73.

B. COMMERCIAL PAPER

In addition to the outstanding bonded debt of the County, the Commissioners Court has established a general obligation commercial paper program secured by ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term capital assets. The commercial paper program consists of six series totaling \$1.0 billion payable from ad valorem taxes levied and Toll Road revenues. As of February 28, 2013, the County has outstanding, \$258.6 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 19, 2016. 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

HARRIS COUNTY, TEXAS
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which such payment is due, commencing with the first such installment due on the term loan commencement date. For Commercial Paper Series B, 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 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. Management has negotiated a new credit agreement effective August 14, 2013 with State Street Bank, NA, which expires August 12, 2016. For Commercial Paper Series C, the County has a credit agreement with the Bank of Tokyo, which expires September 25, 2015. For this line of credit, the County is assessed a fee of .47% per annum on the daily amount of commitment. If converted to a term loan, the principal amount for Series B 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 19, 2016. 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 28, 2013, 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 28, 2013, 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.

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CHANGES IN COMMERCIAL PAPER

The following is a schedule of changes in commercial paper for the year ended February 28, 2013:

| | Balance Outstanding March 1, 2012 | Issued | Retired/ Refunded | Balance Outstanding February 28, 2013 | Amount Due Within One Year |
|---------------------------------------|--|----------------------|------------------------|--|----------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Commercial Paper A-1, B, C | \$ 172,368,000 | \$ 34,700,000 | \$ (14,500,000) | \$ 192,568,000 | \$ 1,630,417 |
| Commercial Paper D | 42,095,000 | 23,930,000 | - | 66,025,000 | 5,502,083 |
| | <u>\$ 214,463,000</u> | <u>\$ 58,630,000</u> | <u>\$ (14,500,000)</u> | <u>\$ 258,593,000</u> | <u>\$ 7,132,500</u> |

DEBT SERVICE TO MATURITY - COMMERCIAL PAPER

Expected debt service requirements for the various Commercial Paper issuances are shown below. These requirements assume that as of February 28, 2013 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 \$258,593,000 at the average rate for the quarter ending February 28, 2013 by series and reflect the effects of any refundings.

| <u>Fiscal year</u> | <u>Governmental Activities</u> | | |
|--------------------|--------------------------------|----------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2014 | \$ 7,132,500 | \$ 3,254,203 | \$ 10,386,703 |
| 2015 | 28,530,000 | 10,304,977 | 38,834,977 |
| 2016 | 42,946,917 | 10,351,185 | 53,298,102 |
| 2017 | 79,065,167 | 22,456,542 | 101,521,709 |
| 2018 | 57,667,666 | 12,059,150 | 69,726,816 |
| 2019 | 43,250,750 | 3,288,859 | 46,539,609 |
| | <u>\$ 258,593,000</u> | <u>\$ 61,714,916</u> | <u>\$ 320,307,916</u> |

C. COMPONENT UNITS' LONG-TERM LIABILITIES

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

The total long-term liabilities of the MHMRA was \$13,405,319 of which \$6,355,222 represents long-term liabilities of the primary government (comprised of \$3,012,954 notes payable and \$3,342,268 compensated absences), as of August 31, 2012 which comprises 3% of the total long-term liabilities of the County's discretely presented component units.

The total long-term liabilities of the Harris County Hospital District were \$456,965,000 as of February 28, 2013 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 \$148,785,000 whereby the proceeds are held as irrevocable deposits of funds sufficient with trustees to pay the principal and interest of such bonds through their maturity. Accordingly, these trustee funds and the related defeased indebtedness are excluded from the Harris County Hospital District's balance sheet as of February 28, 2013.

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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, 2012, there were twelve (12) series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable at July 9, 2013 for the bonds issued after September 1, 1996, was approximately \$753,087,752.

Harris County Housing Finance Corporation

As of December 31, 2012, there were thirty-four (34) series of bonds outstanding with an aggregate principal payable of \$259,472,045. These bonds have been issued by the Housing Finance Corporation to provide financing for the purpose of purchasing single family home mortgages and multifamily home projects for low and moderate income owners/residents, and will be repaid from sources defined in the various underlying financing agreements between the Housing Finance Corporation and the entities for whose benefit the bonds were issued.

Harris County Health Facilities Development Corporation

The corporation issues bonds if there is a public benefit or public purpose that is necessary or convenient for health care, research or education. As of February 28, 2013 there were twenty-three (23) series of bonds outstanding with an aggregate principal payable of \$2,104,635,000. 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.

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Harris County Cultural Education Facilities Finance Corporation

As of February 28, 2013 there were thirty-seven (37) series of Bonds outstanding with an aggregate principal payable of \$2,597,131,364. 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:

| <u>Description</u> | <u>Year of Voter Authorization</u> | <u>Amount Authorized</u> | <u>Issued as of 2/28/2013</u> | <u>Authorized but Unissued as of 2/28/2013</u> |
|-----------------------------|--|------------------------------|---------------------------------------|--|
| (amounts in millions) | | | | |
| <u>Ad Valorem Tax Bonds</u> | | | | |
| 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 | 72.2 | 117.8 |
| Total Ad Valorem Tax Bonds | | <u>\$ 1,929.0</u> | <u>\$ 1,548.1</u> | <u>\$ 380.9</u> |

F. REFUNDING/ISSUANCE OF DEBT

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 were repaid from fiscal year 2013 tax revenues. The tax anticipation notes matured February 28, 2013 and had an interest 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 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.

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On July 11, 2012, the County pledged \$1M 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 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 Securities Industry and Financial Markets Association ("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.

On August 29, 2012 the County recalled all collateral pledged to Citibank and replaced it with \$27.3 million of a FNMA note with a \$45 million par. The County also pledged \$10 million of a FNMA note with a \$12 million par amount to cover a collateral threshold shortfall on the \$199,915,000 interest rate swap for the 2012A & 2012B Series bonds and a portion and a portion of the \$72,785,000 interest rate swap for the 2007B Series bonds.

On August 29, 2012 the County recalled all collateral pledged to JP Morgan Chase N.A. and replaced it with \$17.7 million of a FNMA note with a \$45 million par amount to cover a collateral threshold shortfall on the \$72,785,000 interest rate swap for the 2007B Series bonds.

On October 25, 2012, the County issued \$252,845,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2012C to refund and defease the County's outstanding Toll Road Senior Lien Revenue Refunding Bonds, Series 2002 and 2004A and Toll Road Unlimited Tax & Subordinated Lien Revenue Refunding Bonds, Series 2002 and to pay for the costs of such issuance. The annual interest rate is 2.0% to 5%. The issuance had a premium of \$43,854,695. Interest accrues semiannually and the bonds mature in 2033. The refunding resulted in a savings of \$102,076,783 due to a decrease in the cash flow requirements and had an economic gain of \$70,266,376.

On October 25, 2012, the County issued \$98,000,000 of Toll Road Senior Lien Revenue Refunding Bonds, Series 2012D to refund and defease the County's outstanding Toll Road Senior Lien Revenue Refunding Bonds, Series 2004B-1 and to pay for the costs of such issuance. The annual interest rate is 0.400% to 1.68%. Interest accrues semiannually and the bonds mature in 2018. The refunding resulted in a savings of \$6,766,806 due to a decrease in the cash flow requirements and had an economic gain of \$6,495,177.

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On December 12, 2012, the County issued \$66,425,000 of Unlimited Tax Road Refunding Bonds, Series 2012A to refund and defease the County's outstanding Unlimited Tax Road and Refunding Bonds, Series 2004B, and to pay the cost of such issuance. The annual interest rate is 5%. The issuance had a premium of \$18,739,026. Interest accrues semiannually and the bonds mature in 2024. The refunding resulted in a savings of \$17,482,524 due to a decrease in the cash flow requirements and had an economic gain of \$14,482,366.

On December 12, 2012, the County issued \$52,815,000 of Unlimited Tax Road Refunding Bonds, Series 2012B to refund and defease the County's outstanding Unlimited Tax Road and Refunding Bonds, Series 2003A, a portion of Unlimited Tax Road Refunding Bonds, Series 2004A and Series 2005A, and to pay the cost of such issuance. The annual interest rate is 2.25% to 4%. The issuance had a premium of \$6,426,243. Interest accrues semiannually and the bonds mature in 2024. The refunding resulted in a savings of \$9,037 due to a decrease in the cash flow requirements and had an economic gain of \$2,054,120.

On December 12, 2012, the County issued \$77,145,000 of Permanent Improvement Refunding Bonds, Series 2012A to refund and defease the County's outstanding Permanent Improvement and Refunding Bonds, Series 2002, a portion of Permanent Improvement and Refunding Bonds, Series 2004A, and to pay the cost of such issuance. The annual interest rate is 2% to 5%. The issuance had a premium of \$18,164,389. Interest accrues semiannually and the bonds mature in 2028. The refunding resulted in a savings of \$21,070,247 due to a decrease in the cash flow requirements and had an economic gain of \$17,606,716.

On December 12, 2012, the County issued \$43,200,000 of Permanent Improvement Refunding Bonds, Series 2012B to refund and defease the County's outstanding Criminal Justice Center Refunding Bonds, Series 2004, and to pay the cost of such issuance. The annual interest rate is .35% to 2.473%. Interest accrues semiannually and the bonds mature in 2028. The refunding resulted in a savings of \$5,203,483 due to a decrease in the cash flow requirements and had an economic gain of \$4,678,048.

On January 9, 2013, Citibank released \$5 million of the \$27.3 million of the \$45 million FNMA note pledged as collateral on August 29, 2012.

On January 9, 2013, JP Morgan Chase N.A released \$5.05 million of the \$17.7 million of the \$45 million FNMA note pledged as collateral on August 29, 2012.

G. DEFEASANCE OF DEBT

In fiscal year 2013 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.

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As of February 28, 2013, the outstanding principal balance of these defeased bonds was as follows:

| | | |
|-------------------------------|---------------------------|-------------------------|
| Property Tax Bonds: | Road | \$ 417,545,000 |
| | Permanent Improvement | 726,170,000 |
| Flood Control: | Flood Control | 427,550,000 |
| Certificates of Obligation: | General Obligation | 62,954,438 |
| Tax & Subordinate Lien Bonds: | Tax & Subordinate Lien | 176,800,000 |
| Toll Road Bonds: | Senior Lien Revenue Bonds | 1,604,934,000 |
| | Tax Bonds | 751,725,000 |
| Total Defeased Bonds | | <u>\$ 4,167,678,438</u> |

H. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. As of February 28, 2013 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 2012A and Series 2012B, and the Senior Lien Revenue Refunding Bonds, Series 2007B. The County entered an interest rate swap with JPMorgan Chase Bank, National Association, relating to the Senior Lien Revenue Refunding Bonds, Series 2007B. The purpose of the swaps was to create a fixed cost of funds on certain maturities of the related bonds that are lower than the fixed cost achievable in the cash bond market.

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Terms:

| | Citibank–Toll Road Authority, Series 2012A&B | Citibank-Senior Lien Revenue Refunding Bonds, Series 2007B | JP Morgan Chase-Senior Lien Revenue Refunding Bonds, Series 2007B |
|---|--|--|---|
| Trade Date: | November 28, 2006 | May 22, 2007 | May 22, 2007 |
| Effective Date: | August 15, 2009 | June 14, 2007 | June 14, 2007 |
| Termination Date: | August 15, 2019 | February 15, 2035 | February 15, 2035 |
| Initial Notional Amount: (a) | \$199,915,000 | \$72,785,000 | \$72,785,000 |
| Authority Pays Fixed: | 3.626% | 4.398% | 4.398% |
| Counterparty Pays Floating: | 70% of 1 Month LIBOR | 67% of 3 Month LIBOR + .67% | 67% of 3 Month LIBOR + .67% |
| Payment Dates: | The 15 th day of each month | The 15 th day of February, May, August and November | The 15 th day of February, May, August and November |
| Collateral Threshold: (b) | (\$15,000,000) (c) | (\$15,000,000) (c) | (\$15,000,000) (d) |
| Fair Value as of 2/28/13: | (\$32,392,891) | (\$23,430,121) | (\$23,430,121) |
| Collateral Pledged: | \$20,300,000 | \$12,000,000 | \$12,650,000 |
| <p>(a) The notional amount for the swaps amortizes to match the outstanding bond.</p> <p>(b) Collateral threshold represents the maximum exposure that the counterparty is required to accept without a pledge of collateral. The difference between the fair value and the collateral threshold must be covered by County collateral. The maximum collateral threshold ceiling is \$45,000,000.</p> <p>(c) The County pledged a \$22.3 million FNMA note with a \$45,000,000 par, at 1.125% and a \$10 million FNMA note with a \$12,000,000 par, at 1.32% to Citibank as collateral under the terms of the swap agreements related to the Toll Road Senior Revenue Refunding Bonds, Series 2012A&B and a portion of the Series 2007B.</p> <p>(d) The County pledged a \$12.65 million FNMA note with a \$45,000,000 par at 1.125% to JP Morgan as collateral under the terms of the swap agreements related to the Toll Road Senior Lien Revenue Refunding Bonds, Series 2007B.</p> | | | |

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

Summary of GASB 53 Effectiveness Testing:

| | Citibank–Toll Road Authority, Series 2012A&B | 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 |

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Risks:

| | Citibank–Toll Road Authority, Series 2012A&B | 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 | A3, A, and A | A3, A, and A | A3, A+, and A+ |
| Interest Rate Risk – risk that changes of rates in the bond market will negatively affect the cash flow to the County in a SWAP transaction. | 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 \$32,392,891, which is based on a fair market value calculation. | The exposure to the County is \$23,430,122, which is based on a fair market value calculation. | The exposure to the County is \$23,430,122, which is based on a fair market value calculation. |

J. SUBSEQUENT DEBT RELATED ACTIVITY

On April 5, 2013, Citibank released \$3 million of the \$27.3 million of the \$45 million FNMA note pledged as collateral on August 29, 2012.

On April 8, 2013, JP Morgan Chase N.A released \$2.02 million of the \$17.7 million of the \$45 million FNMA note pledged as collateral on August 29, 2012.

On April 18, 2013 the County recalled the \$45 million FNMA noted pledged on August 29, 2012 pledged to Citibank and replaced it with \$19.3 million of a FNMA note with a \$40 million par.

On April 18, 2013 the County recalled the \$45 million FNMA noted pledged on August 29, 2012 pledged to JP Morgan Chase N.A. and replaced it with \$10.63 million of a FNMA note with a \$40 million par.

On May 16, 2013 the County recalled the \$10 million FNMA note pledged on August 29, 2012 pledged to Citibank and replaced it with \$10 million of a FNMA note with a \$20 million par.

On June 4, 2013, the County recalled \$4 million of the collateral note pledged on April 18, 2013 to JP Morgan Chase N.A.

On June 5, 2013, the County recalled \$9 million of the collateral note pledged on April 18, 2013 to Citibank.

On July 2, 2013, the County recalled \$2.5 million of the collateral note pledged on April 18, 2013 and \$2.5 million of the collateral noted pledged on May 16, 2013 to Citibank.

On July 2, 2013, the County recalled \$3.095 million of the collateral note pledged on April 18, 2013 to JP Morgan Chase N.A.

On August 7, 2013, the County issued \$295,000,000 in Tax Anticipation Notes, Series 2013. The tax anticipation notes were issued to fund the County’s cumulative cash flow deficit for the fiscal

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year beginning March 1, 2013 and ending February 28, 2014, and will be repaid from fiscal year 2014 tax revenues. The tax anticipation notes mature February 28, 2014 and will pay interest at a range of 1.0% to 2.0%.

11. COMPENSATED ABSENCES PAYABLE

Changes in long-term compensated absences for the year ended February 28, 2013 were as follows:

| | Balance | | | Balance | Amount |
|--------------------------|----------------------|----------------------|------------------------|--------------------------|----------------------|
| | Outstanding | | Taken/ | Outstanding | Due Within |
| | March 1, 2012 | Earned | Paid | February 28, 2013 | One Year |
| Governmental Activities | \$ 29,248,411 | \$ 21,094,075 | \$ (16,086,626) | \$ 34,255,860 | \$ 18,155,606 |
| Business-type Activities | 1,008,329 | 598,809 | (554,581) | 1,052,557 | 557,855 |
| Total | <u>\$ 30,256,740</u> | <u>\$ 21,692,884</u> | <u>\$ (16,641,207)</u> | <u>\$ 35,308,417</u> | <u>\$ 18,713,461</u> |

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 641 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 2013 is 11.59%. The contribution rates for calendar years 2012 and 2011 were 10.67% and 9.82%, 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.

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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 an actuarially determined rate of 10.67% for the months of the calendar year in 2012, and 11.59% for the months of the calendar year in 2013.

The contribution rate payable by the employee members for 2012 and 2013 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 28, 2013, the annual pension cost for the TCDRS plan and the actual contributions for its employees were \$80,833,553. (This excludes actuarial contributions of \$3,503,664 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, 2010 and December 31, 2011, the basis for determining the contribution rates for calendar years 2012 and 2013. The December 31, 2012 is the most recent valuation.

The assumptions at December 31, 2012 summarized below included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period.

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| Actuarial Valuation Method | | | |
|--|--|--|--|
| Actuarial Valuation Date | 12/31/10 | 12/31/11 | 12/31/12 |
| 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 |
| 2/28/13 | \$ 80,833,553 | 100% | - |
| 2/29/12 | \$ 75,064,075 | 100% | - |
| 2/28/11 | \$ 89,543,487 | 100% | - |

| Schedule of Funding (including Community Supervision) | |
|--|-----------------|
| Actuarial Valuation Date | 12/31/12 |
| Actuarial Value of Assets | \$2,900,822,171 |
| Actuarial Accrued Liability (AAL) | \$3,415,552,240 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 514,730,069 |
| Funded Ratio | 84.93% |
| Annual Covered Payroll (Actuarial) | \$ 779,898,383 |
| UAAL as Percentage of Covered Payroll | 66.00% |

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:

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| | |
|---|--------|
| 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.

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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 (retiree 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 28, 2013, plan members or beneficiaries receiving benefits contributed \$9.19 million, or approximately 19.4 percent of total benefits paid during the year. Participating employers contributed \$38.17 million. The total contributions for the year ended February 28, 2013 were \$47.36 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 2013, the County's annual OPEB cost (expense) was \$91,773,629 for the post-employment healthcare plan. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended February 28, 2013 were as follows:

| | |
|---|------------------------------|
| Annual Required Contribution ("ARC") | \$ 96,605,903 |
| Add interest on Net OPEB Obligation | 14,611,143 |
| Less adjustment to ARC | <u>(19,443,417)</u> |
| Annual OPEB Cost | 91,773,629 |
| Less Contributions made | <u>(38,172,557)</u> |
| Change in Net OPEB Obligation | 53,601,072 |
| Net OPEB Obligation beginning of the year | <u>307,602,994</u> |
| Net OPEB Obligation end of the year | <u><u>\$ 361,204,066</u></u> |

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Trend Information:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contribution | Percentage of Annual OPEB Cost Contributed | Net Ending OPEB Obligation |
|----------------------|---------------------|--------------------------|--|-------------------------------|
| 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 |
| 2/28/2013 | 91,773,629 | 38,172,557 | 42% | 361,204,066 |

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 \$595,798 and \$0 respectively for fiscal year 2012. The net OPEB obligation for Emergency 911 and Community Supervision is \$716,073 and \$0 respectively at February 28, 2013.

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) | \$ 727,014,798 |
| UAAL as percentage of covered payroll | 134% |

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.

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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 economic assumptions used in this valuation implicitly assume a general inflation level of approximately 3%.

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 RSI, 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

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maintenance activities. The Office of Human Resources & Risk Management is responsible for identifying, evaluating, and managing risk in order to reduce the exposure from liability and accidental loss of property and human resources.

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

The County is self-insured for workers' compensation claims and reimburses a third-party administrator who evaluates and pays claims in accordance with State statute. The County's workers' compensation self-insurance program provides medical and indemnity payments as required by law for job-related injuries. The County has insurance coverage for excess workers' compensation and employer's liability. The retention (deductible) for the policy for the fiscal year ended February 28, 2013 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.

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 2013, a total of \$12,733,960 was paid in benefits and administrative costs. As of February 28, 2013, claims liability, including an actuarial estimate of claims that have been incurred but not reported and accrued unpaid claims administration, totaled \$21,912,453.

The following is a summary of the changes in worker's compensation claims liability for the Risk Management Fund for the fiscal years 2013 and 2012:

| | 2013 | 2012 |
|--|---------------|---------------|
| Claims liability, beginning of fiscal year | \$ 23,524,325 | \$ 25,225,310 |
| Incurred claims (including IBNRs) | 4,243,702 | 4,477,263 |
| Claim payments | (5,855,574) | (6,178,248) |
| Claims liability, end of fiscal year | \$ 21,912,453 | \$ 23,524,325 |

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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. Employees and retirees can pay an additional premium for a higher level of benefit coverage. Non-Medicare retirees pay an additional amount for their coverage regardless of years of service. 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 2013 and 2012:

| | 2013 | 2012 |
|--|---------------|---------------|
| Claims liability, beginning of fiscal year | \$ 24,474,503 | \$ 30,053,247 |
| Incurred claims (including IBNRs) | 175,047,663 | 182,285,334 |
| Claim payments | (179,575,008) | (187,864,078) |
| Claims liability, end of fiscal year | \$ 19,947,158 | \$ 24,474,503 |

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 Texas Commission on Environmental Quality (“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.

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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 \$2,433,569. This includes \$565,984 of Flood Control District liabilities. There are no estimated recoveries reducing the liability as of February 28, 2013. 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 \$8,400,000 for judgments payable have been recorded in the governmental activities of the Government-Wide financial statements. An additional amount of approximately \$3.12 million is considered possible for payment in relation to other cases; accounting standards require that this amount be disclosed, but it is not recorded as a liability in the financial statements.

OTHER

The County received significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any financial statements of the individual fund types included herein or on the overall financial position of the County as of February 28, 2013.

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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.

On July 23, 2002, the Commissioners Court approved an agreement for a joint deposit/escrow account between the Authority and Metro and to deposit \$13.8 million in the account. An additional \$16.4 million was approved by Commissioners Court in November 2003 and deposited into the escrow account. The Authority’s construction and operation of toll road facilities within the Westpark Corridor may necessitate Metro’s incurring architectural and engineering costs in connection with its future development of its public transit projects in the Westpark Corridor over and above the costs it would otherwise incur if no toll road facilities were constructed in the easements acquired by the Authority. The terms of the escrow agreement provide that the principal and interest can only be used if and when Metro elects to proceed with the development of a transit system in its portion of the Westpark Corridor. The escrow agreement terminates December 31, 2025 and any funds remaining in the escrow account will be disbursed to the Toll Road Authority.

A second amendment to the agreement between Metro and the County related to the Westpark Corridor has been approved by Commissioners’ Court on May 7, 2013. This amendment calls for the closing of the joint bank account held as escrow for potential future liabilities to Metro. The monies held in this account will be released back to the County with the agreement that the County’s obligation to reimburse Metro for certain increased project costs, to the Agreement shall remain in effect. The County’s liability to Metro under the agreement shall not exceed the Cap which is \$41 million and the escalation thereof. Ad valorem taxes are irrevocably pledged to the payment. Additionally, in this agreement Metro will grant two licenses and an easement to the County.

OPERATING LEASES

As of February 28, 2013, the County had several operating leases for office space. As of February 28, 2013, the County's obligation for such annual rental payments, if the annual renewal option is exercised, is as follows:

| <u>Governmental Activities</u> | |
|--------------------------------|----------------------|
| <u>Fiscal year</u> | <u>Office Space</u> |
| 2014 | \$ 3,756,976 |
| 2015 | 2,866,225 |
| 2016 | 1,907,734 |
| 2017 | 1,442,236 |
| 2018 | 1,019,075 |
| 2019-2028 | 1,983,547 |
| | <u>\$ 12,975,793</u> |

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CONSTRUCTION COMMITMENTS

The County is committed under various contracts in connection with the construction of County facilities, buildings, and roads of \$139,705,336. In addition, the County has construction commitments outstanding relating to the Toll Road of approximately \$257,232,233.

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 28, 2013, the encumbrance balances for the governmental funds are reported as follows:

| | Restricted | Committed | Assigned | Total |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| General Fund | \$ 32,342,953 | \$ - | \$ 23,705,971 | \$ 56,048,924 |
| Nonmajor Governmental | 150,497,443 | 12,115,984 | - | 162,613,427 |
| | <u>\$ 182,840,396</u> | <u>\$ 12,115,984</u> | <u>\$ 23,705,971</u> | <u>\$218,662,351</u> |

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 28, 2013:

| | |
|--------------------------------|------------------------------|
| | <u>Carrying Value</u> |
| Land | \$ 7,231,900 |
| Buildings | 795,814,305 |
| Total Carrying Value | <u>803,046,205</u> |
| Less: Accumulated Depreciation | <u>(196,600,263)</u> |
| | <u>\$ 606,445,942</u> |

The following is a schedule by years of minimum future rental receipts on non-cancelable operating leases as of February 28, 2013:

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| <u>Fiscal year</u> | <u>Governmental Activities</u> |
|------------------------------|------------------------------------|
| 2014 | \$ 1,103,846 |
| 2015 | 931,442 |
| 2016 | 435,463 |
| 2017 | 152,322 |
| 2018 | 14,035 |
| 2019-2023 | 49,624 |
| 2024-2028 | 47,886 |
| 2029-2033 | 36,516 |
| 2034-2038 | 33,172 |
| 2039-2043 | 33,172 |
| 2044-2048 | 33,172 |
| 2049-2053 | 32,067 |
| 2054-2058 | 5 |
| Total minimum future rentals | <u>\$ 2,902,722</u> |

The total minimum future rentals amount above does not include contingent rentals which may be received under certain leases based on percentage of receipts. Contingent rentals amounted to \$1,212,763 in 2013.

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 \$255,300. These leases are classified as direct-financing leases and expire at various intervals over the next 44 years and are not considered a significant part of the County's operating activities in terms of revenue.

18. FUND BALANCES

The following non-major governmental funds had negative fund balance at February 28, 2013:

Special Revenue Funds:

| | | |
|-------------------------------|----------|--|
| Healthcare Alliance | \$ 4,418 | Negative due to timing differences in expenditures and billing procedures. |
| CPS-Special Revenue Contracts | 4,518 | Negative due to timing differences in expenditures and billing procedures. |
| Tax Assessor Chapter 19 | 22,226 | Negative due to timing differences in expenditures and billing procedures. |

Capital Project Funds:

| | | |
|-----------------------------------|---------|--|
| Sports and Convention Corporation | 914,151 | This will be funded with a transfer from operations in fiscal year 2014. |
|-----------------------------------|---------|--|

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 28, 2013:

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| | General Fund | Nonmajor Governmental | Total |
|----------------------------------|-----------------------|--------------------------|-------------------------|
| Fund Balances: | | | |
| Nonspendable: | | | |
| Inventories | \$ 2,314,388 | \$ - | \$ 2,314,388 |
| Prepays | 2,108,271 | 1,804,016 | 3,912,287 |
| Advances | 40,000 | 12,745,000 | 12,785,000 |
| Total nonspendable | <u>4,462,659</u> | <u>14,549,016</u> | <u>19,011,675</u> |
| Restricted for: | | | |
| Debt service | 137,007,404 | 75,317,046 | 212,324,450 |
| Imprest cash | 200,000 | - | 200,000 |
| Legislative | 4,812,465 | - | 4,812,465 |
| Mobility | 201,508,872 | - | 201,508,872 |
| Flood control | - | 125,276,003 | 125,276,003 |
| Sports & Convention Corporation | - | 15,360,544 | 15,360,544 |
| Tourism | - | 1,401,499 | 1,401,499 |
| District attorney administration | - | 7,151,775 | 7,151,775 |
| Records management | - | 18,221,646 | 18,221,646 |
| Forfeited funds | - | 18,219,151 | 18,219,151 |
| Affordable housing | - | 5,171,913 | 5,171,913 |
| Donations & other contributions | - | 1,337,009 | 1,337,009 |
| Administration of justice | - | 10,952,934 | 10,952,934 |
| County administration | - | 6,734,406 | 6,734,406 |
| Health and human services | - | 2,640,389 | 2,640,389 |
| Grant programs | - | 493,653 | 493,653 |
| Capital projects | 3,780,681 | 245,685,448 | 249,466,129 |
| Total restricted | <u>347,309,422</u> | <u>533,963,416</u> | <u>881,272,838</u> |
| Committed to: | | | |
| Legislative | 2,438,223 | - | 2,438,223 |
| Community development | - | 938,621 | 938,621 |
| Other contributions | - | 107,907 | 107,907 |
| Capital projects | 408,677 | 31,495,050 | 31,903,727 |
| Total committed | <u>2,846,900</u> | <u>32,541,578</u> | <u>35,388,478</u> |
| Assigned to: | | | |
| Encumbrances | 23,689,690 | - | 23,689,690 |
| Imprest cash | 220,095 | - | 220,095 |
| Capital projects | 102,739 | - | 102,739 |
| Total assigned | <u>24,012,524</u> | <u>-</u> | <u>24,012,524</u> |
| Unassigned | <u>189,799,103</u> | <u>(7,304,327)</u> | <u>182,494,776</u> |
| Total fund balances | <u>\$ 568,430,608</u> | <u>\$ 573,749,683</u> | <u>\$ 1,142,180,291</u> |

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

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

County's total combined tax rate. The tax rate adopted in October 2012 was \$0.00473.

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 \$27,181,154 is reported as unassigned fund balance in the General Fund.

19. RECENT ACCOUNTING PRONOUNCEMENTS

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 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.

HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
February 28, 2013

GASB Statement 69, *Government Combinations and Disposals of Government Operations* (“GASB 69”), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB 69 will be implemented by the County in fiscal year 2015 and the impact has not yet been determined.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (“GASB 70”), provides guidance to improve accounting and reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB 70 will be implemented by the District in fiscal year 2015 and the impact has not yet been determined.



REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

**HARRIS COUNTY, TEXAS
GENERAL FUND**

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---|---------------------------|----------------------------|----------------------|-------------------------|
| GENERAL FUND - OPERATING | | | | |
| Beginning Cash and Investments | \$ 145,954,000 | \$ 145,954,000 | \$ 157,084,385 | \$ 11,130,385 |
| <u>Revenues and Transfers In:</u> | | | | |
| Taxes | 907,692,298 | 907,692,298 | 964,648,249 | 56,955,951 |
| Intergovernmental | 35,618,948 | 39,440,611 | 37,325,659 | (2,114,952) |
| Charges for Services | 190,405,616 | 196,320,974 | 199,791,676 | 3,470,702 |
| Fines and Forfeitures | 17,881,860 | 17,881,860 | 18,272,782 | 390,922 |
| Rentals & Parks | 4,328,934 | 4,325,406 | 5,168,838 | 843,432 |
| Interest | 707,500 | 707,500 | 1,502,996 | 795,496 |
| Miscellaneous | 36,930,412 | 40,789,572 | 47,444,317 | 6,654,745 |
| Other Transfer In | - | 11,779,808 | 12,372,022 | 592,214 |
| Total Revenues and Transfers In | <u>1,193,565,568</u> | <u>1,218,938,029</u> | <u>1,286,526,539</u> | <u>67,588,510</u> |
| Total Available Resources - General Fund - Operating | <u>1,339,519,568</u> | <u>1,364,892,029</u> | <u>1,443,610,924</u> | <u>78,718,895</u> |
| GENERAL FUND - PUBLIC IMPROVEMENT CONTINGENCY | | | | |
| Beginning Cash and Investments | 23,213,525 | 23,213,525 | 23,854,254 | 640,729 |
| <u>Revenues and Transfers In:</u> | | | | |
| Taxes | 6,240,253 | 6,240,253 | 13,389,733 | 7,149,480 |
| Interest | 4,000 | 4,000 | 11,516 | 7,516 |
| Miscellaneous | 40,989 | 40,989 | 345,173 | 304,184 |
| Total Revenues and Transfers In | <u>6,285,242</u> | <u>6,285,242</u> | <u>13,746,422</u> | <u>7,461,180</u> |
| Total Available Resources - General Fund - Public Imp. | <u>29,498,767</u> | <u>29,498,767</u> | <u>37,600,676</u> | <u>8,101,909</u> |
| GENERAL FUND - MOBILITY FUND | | | | |
| Beginning Cash and Investments | 163,731,014 | 163,731,014 | 165,476,512 | 1,745,498 |
| <u>Revenues and Transfers In:</u> | | | | |
| Intergovernmental | - | - | 17,803 | 17,803 |
| Charges for Services | - | - | 1 | 1 |
| Interest | 231,470 | 231,470 | 1,007,063 | 775,593 |
| Miscellaneous | - | - | 760,412 | 760,412 |
| Other - Transfers In | 120,000,000 | 120,000,000 | 120,000,000 | - |
| Total Revenues and Transfers In | <u>120,231,470</u> | <u>120,231,470</u> | <u>121,785,279</u> | <u>1,553,809</u> |
| Total Available Resources - General Fund - Mobility Fund | <u>283,962,484</u> | <u>283,962,484</u> | <u>287,261,791</u> | <u>3,299,307</u> |
| GENERAL FUND - DEBT SERVICE | | | | |
| <u>Beginning Cash and Investments:</u> | | | | |
| HC/FC Agreement 2008A CP Refunding | 6,624,988 | 6,624,988 | 6,686,526 | 61,538 |
| HC/FC Agreement 2008C CP Refunding | 8,971,956 | 8,971,956 | 9,055,787 | 83,831 |
| HC/FC Agreement 2010A CP Refunding | 8,570,466 | 8,570,466 | 8,649,334 | 78,868 |
| Permanent Improvements Refunding Series 1996 | 408,398 | 408,398 | 408,934 | 536 |
| Permanent Improvements Refunding Series 1997 | 714,673 | 714,673 | 722,110 | 7,437 |
| Commercial Paper Series B | 1,029,451 | 1,029,451 | 1,031,412 | 1,961 |
| Commercial Paper Series C | 1,741,827 | 1,741,827 | 1,771,382 | 29,555 |
| Permanent Improvements Refunding Series 2008C | 823,339 | 823,339 | 828,874 | 5,535 |
| Commercial Paper Series A1 | 2,589,769 | 2,589,769 | 2,600,567 | 10,798 |
| HC/FC Agreement 2004A CP Refunding | 6,363,106 | 6,363,106 | 6,419,701 | 56,595 |
| Permanent Improvement Commercial Paper Series D | 3,670,485 | 3,670,485 | 3,682,201 | 11,716 |
| Flood Control Comm Paper Agreement | 1,298,659 | 1,298,659 | 1,300,769 | 2,110 |
| HC/FC Agreement 2006 CP Refunding | 4,482,083 | 4,482,083 | 4,524,724 | 42,641 |
| Certificates of Obligation Series 2001 | 62,217 | 62,217 | 62,217 | - |
| Permanent Improvement Refunding Series 2001 | 3,985,841 | 3,985,841 | 4,028,946 | 43,105 |
| Revenue Refunding Series 2002 | 2,325,704 | 2,325,704 | 2,349,269 | 23,565 |
| Permanent Improvement Refunding Series 2002 | 509,562 | 509,562 | 512,533 | 2,971 |
| CJC Refunding Series 2004 | 5,569,514 | 5,569,514 | 5,625,383 | 55,869 |

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|--|---------------------------|----------------------------|--------------------|-------------------------|
| Tax & Subordinate Lien Refunding Series 2004A | 35 | 35 | 36 | 1 |
| Tax & Subordinate Lien Refunding Series 2004B | 142 | 142 | 159 | 17 |
| Permanent Improvement Refunding Series 2004A | 2,298,514 | 2,298,514 | 2,321,157 | 22,643 |
| Permanent Improvement Refunding Series 2005A | 6,532,631 | 6,532,631 | 6,597,507 | 64,876 |
| Permanent Improvement Refunding Series 2006A | 9,318,368 | 9,318,368 | 9,409,154 | 90,786 |
| Permanent Improvement Refunding Series 2008A | 5,920,498 | 5,920,498 | 5,978,737 | 58,239 |
| Tax & Subordinate Lien Refunding Series 2009C | 17,409 | 17,409 | 17,408 | (1) |
| Permanent Improvement Refunding Series 2008B | 2,048,673 | 2,048,673 | 2,070,002 | 21,329 |
| Permanent Improvement Refunding Series 2009A | 1,104,661 | 1,104,661 | 1,116,222 | 11,561 |
| Permanent Improvement Refunding Series 2009B | 6,347,621 | 6,347,621 | 6,410,599 | 62,978 |
| Permanent Improvement Refunding Series 2010A | 9,190,079 | 9,190,079 | 9,279,058 | 88,979 |
| Permanent Improvement Refunding Series 2010B | 4,248,523 | 4,248,523 | 4,289,600 | 41,077 |
| Permanent Improvement Refunding Series 2011A | 4,340,522 | 4,340,522 | 4,382,425 | 41,903 |
| Total Beginning Cash and Investments | <u>111,109,714</u> | <u>111,109,714</u> | <u>112,132,733</u> | <u>1,023,019</u> |
| <u>Revenues and Transfers In:</u> | | | | |
| HC/FC Agreement 2008A CP Refunding | 7,271,325 | 7,271,325 | 7,240,448 | (30,877) |
| HC/FC Agreement 2008C CP Refunding | 9,835,328 | 9,835,328 | 9,755,804 | (79,524) |
| HC/FC Agreement 2010A CP Refunding | 9,417,723 | 9,417,723 | 9,496,609 | 78,886 |
| Permanent Improvements Refunding Series 1996 | 9,230,593 | 9,230,593 | 9,146,350 | (84,243) |
| Permanent Improvements Refunding Series 1997 | 7,042,801 | 7,042,801 | 6,956,643 | (86,158) |
| Commercial Paper Series B | 8,879 | 8,879 | 3,840 | (5,039) |
| Commercial Paper Series C | 1,652,455 | 1,652,455 | 1,317,938 | (334,517) |
| Permanent Improvements Refunding Series 2008C | 2,512,436 | 2,512,436 | 2,456,805 | (55,631) |
| Commercial Paper Series A1 | 17,523 | 14,517,523 | 14,520,143 | 2,620 |
| HC/FC Agreement 2004A CP Refunding | 7,050,124 | 7,050,124 | 7,063,419 | 13,295 |
| Permanent Improvement Commercial Paper Series D | 20,761 | 20,761 | 46,592 | 25,831 |
| Flood Control Comm Paper Agreement | 35,534 | 35,534 | 658,818 | 623,284 |
| HC/FC Agreement 2006 CP Refunding | 4,880,133 | 4,880,133 | 4,871,395 | (8,738) |
| Certificates of Obligation Series 2001 | 101 | 11,197,146 | 11,197,089 | (57) |
| Permanent Improvement Refunding Series 2001 | 6,207,365 | 55,295,977 | 52,377,063 | (2,918,914) |
| Revenue Refunding Series 2002 | 287,917 | 287,917 | 161,724 | (126,193) |
| Permanent Improvement Refunding Series 2002 | 10,272,367 | 10,272,367 | 10,309,263 | 36,896 |
| CJC Refunding Series 2004 | 2,173,486 | 45,078,027 | 44,171,375 | (906,652) |
| Tax & Subordinate Lien Refunding Series 2004A | 1,300,000 | 1,300,000 | 1,240,253 | (59,747) |
| Tax & Subordinate Lien Refunding Series 2004B | 7,403,601 | 188,623,601 | 181,220,280 | (7,403,321) |
| Permanent Improvement Refunding Series 2004A | 3,936,476 | 49,575,561 | 49,519,861 | (55,700) |
| Permanent Improvement Refunding Series 2005A | 7,224,869 | 7,224,869 | 7,104,888 | (119,981) |
| Permanent Improvement Refunding Series 2006A | 2,434,607 | 2,434,607 | 2,344,541 | (90,066) |
| Permanent Improvement Refunding Series 2008A | 565,202 | 565,202 | 513,944 | (51,258) |
| Tax & Subordinate Lien Refunding Series 2009C | 1,360,028 | 1,360,028 | 1,334,371 | (25,657) |
| Permanent Improvement Refunding Series 2008B | 9,130,627 | 9,130,627 | 9,021,065 | (109,562) |
| Permanent Improvement Refunding Series 2009A | 1,207,093 | 1,207,093 | 1,187,258 | (19,835) |
| Permanent Improvement Refunding Series 2009B | 10,245,604 | 10,245,604 | 10,121,144 | (124,460) |
| Permanent Improvement Refunding Series 2010A | 10,319,221 | 10,319,221 | 10,183,885 | (135,336) |
| Permanent Improvement Refunding Series 2010B | 4,802,677 | 4,802,677 | 4,734,724 | (67,953) |
| Permanent Improvement Refunding Series 2011A | 4,777,615 | 4,777,615 | 4,607,008 | (170,607) |
| Permanent Improvement Refunding Series 2011A - COI | - | 236,732 | 236,754 | 22 |
| Permanent Improvement Refunding Series 2011B - COI | - | 170,681 | 170,697 | 16 |
| Tax & Subordinate Lien Refunding Series 2012A DS | - | 197,610,437 | 198,586,015 | 975,578 |
| Tax & Subordinate Lien Refunding Series 2012A COI | - | 493,618 | 493,616 | (2) |
| Permanent Improvement Refunding Series 2012A | - | 95,309,389 | 101,299,233 | 5,989,844 |
| Permanent Improvement Refunding Series 2012A - COI | - | 263,551 | 263,576 | 25 |
| Permanent Improvement Refunding Series 2012B | - | 43,200,000 | 45,081,719 | 1,881,719 |
| Permanent Improvement Refunding Series 2012B - COI | - | 127,686 | 127,698 | 12 |
| Total Revenues and Transfers In | <u>142,624,471</u> | <u>824,585,848</u> | <u>821,143,848</u> | <u>(3,442,000)</u> |

See notes to required supplementary information.

**HARRIS COUNTY, TEXAS
GENERAL FUND**

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|--|---------------------------|----------------------------|-------------------------|-------------------------|
| <u>Total Available Resources:</u> | | | | |
| HC/FC Agreement 2008A CP Refunding | 13,896,313 | 13,896,313 | 13,926,974 | 30,661 |
| HC/FC Agreement 2008C CP Refunding | 18,807,284 | 18,807,284 | 18,811,591 | 4,307 |
| HC/FC Agreement 2010A CP Refunding | 17,988,189 | 17,988,189 | 18,145,943 | 157,754 |
| Permanent Improvements Refunding Series 1996 | 9,638,991 | 9,638,991 | 9,555,284 | (83,707) |
| Permanent Improvements Refunding Series 1997 | 7,757,474 | 7,757,474 | 7,678,753 | (78,721) |
| Commercial Paper Series B | 1,038,330 | 1,038,330 | 1,035,252 | (3,078) |
| Commercial Paper Series C | 3,394,282 | 3,394,282 | 3,089,320 | (304,962) |
| Permanent Improvements Refunding Series 2008C | 3,335,775 | 3,335,775 | 3,285,679 | (50,096) |
| Commercial Paper Series A1 | 2,607,292 | 17,107,292 | 17,120,710 | 13,418 |
| HC/FC Agreement 2004A CP Refunding | 13,413,230 | 13,413,230 | 13,483,120 | 69,890 |
| Permanent Improvement Commercial Paper Series D | 3,691,246 | 3,691,246 | 3,728,793 | 37,547 |
| Flood Control Comm Paper Agreement | 1,334,193 | 1,334,193 | 1,959,587 | 625,394 |
| HC/FC Agreement 2006 CP Refunding | 9,362,216 | 9,362,216 | 9,396,119 | 33,903 |
| Certificates of Obligation Series 2001 | 62,318 | 11,259,363 | 11,259,306 | (57) |
| Permanent Improvement Refunding Series 2001 | 10,193,206 | 59,281,818 | 56,406,009 | (2,875,809) |
| Revenue Refunding Series 2002 | 2,613,621 | 2,613,621 | 2,510,993 | (102,628) |
| Permanent Improvement Refunding Series 2002 | 10,781,929 | 10,781,929 | 10,821,796 | 39,867 |
| CJC Refunding Series 2004 | 7,743,000 | 50,647,541 | 49,796,758 | (850,783) |
| Tax & Subordinate Lien Refunding Series 2004A | 1,300,035 | 1,300,035 | 1,240,289 | (59,746) |
| Tax & Subordinate Lien Refunding Series 2004B | 7,403,743 | 188,623,743 | 181,220,439 | (7,403,304) |
| Permanent Improvement Refunding Series 2004A | 6,234,990 | 51,874,075 | 51,841,018 | (33,057) |
| Permanent Improvement Refunding Series 2005A | 13,757,500 | 13,757,500 | 13,702,395 | (55,105) |
| Permanent Improvement Refunding Series 2006A | 11,752,975 | 11,752,975 | 11,753,695 | 720 |
| Permanent Improvement Refunding Series 2008A | 6,485,700 | 6,485,700 | 6,492,681 | 6,981 |
| Tax & Subordinate Lien Refunding Series 2009C | 1,377,437 | 1,377,437 | 1,351,779 | (25,658) |
| Permanent Improvement Refunding Series 2008B | 11,179,300 | 11,179,300 | 11,091,067 | (88,233) |
| Permanent Improvement Refunding Series 2009A | 2,311,754 | 2,311,754 | 2,303,480 | (8,274) |
| Permanent Improvement Refunding Series 2009B | 16,593,225 | 16,593,225 | 16,531,743 | (61,482) |
| Permanent Improvement Refunding Series 2010A | 19,509,300 | 19,509,300 | 19,462,943 | (46,357) |
| Permanent Improvement Refunding Series 2010B | 9,051,200 | 9,051,200 | 9,024,324 | (26,876) |
| Permanent Improvement Refunding Series 2011A | 9,118,137 | 9,118,137 | 8,989,433 | (128,704) |
| Permanent Improvement Refunding Series 2011A - COI | - | 236,732 | 236,754 | 22 |
| Permanent Improvement Refunding Series 2011B - COI | - | 170,681 | 170,697 | 16 |
| Tax & Subordinate Lien Refunding Series 2012A DS | - | 197,610,437 | 198,586,015 | 975,578 |
| Tax & Subordinate Lien Refunding Series 2012A COI | - | 493,618 | 493,616 | (2) |
| Permanent Improvement Refunding Series 2012A | - | 95,309,389 | 101,299,233 | 5,989,844 |
| Permanent Improvement Refunding Series 2012A - COI | - | 263,551 | 263,576 | 25 |
| Permanent Improvement Refunding Series 2012B | - | 43,200,000 | 45,081,719 | 1,881,719 |
| Permanent Improvement Refunding Series 2012B - COI | - | 127,686 | 127,698 | 12 |
| Total Available Resources - General Fund - Debt Service | <u>253,734,185</u> | <u>935,695,562</u> | <u>933,276,581</u> | <u>(2,418,981)</u> |
| TOTAL GENERAL FUND | | | | |
| Beginning Cash and Investments | 444,008,253 | 444,008,253 | 458,547,884 | 14,539,631 |
| Revenues and Transfers In | 1,462,706,751 | 2,170,040,589 | 2,243,202,088 | 73,161,499 |
| TOTAL GENERAL FUND | <u>\$ 1,906,715,004</u> | <u>\$ 2,614,048,842</u> | <u>\$ 2,701,749,972</u> | <u>\$ 87,701,130</u> |

See notes to required supplementary information.

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

For The Year Ended February 28, 2013

| GENERAL FUND DEPARTMENTS | Adopted Budget | Adjusted Budget | Actual | (Over) Under |
|--|---------------------------|----------------------------|---------------|-------------------------|
| Public Infrastructure | \$ 3,707,000 | \$ 3,707,000 | \$ 2,735,848 | \$ 971,152 |
| PID Shared Operations | - | 750,000 | - | 750,000 |
| Right of Way | 1,985,000 | 1,985,000 | 1,641,264 | 343,736 |
| Construction Programs Division | 6,741,000 | 6,741,000 | 5,857,575 | 883,425 |
| Appraisal District | 8,850,000 | 8,853,952 | 8,853,952 | - |
| County Judge | 4,595,000 | 4,609,245 | 3,809,870 | 799,375 |
| Commissioner Precinct 1 | 43,063,720 | 43,047,031 | 23,886,409 | 19,160,622 |
| Commissioner Precinct 2 | 34,715,799 | 37,252,008 | 16,988,522 | 20,263,486 |
| Commissioner Precinct 3 | 31,741,644 | 39,582,976 | 26,540,663 | 13,042,313 |
| Commissioner Precinct 4 | 26,138,315 | 26,213,156 | 14,647,534 | 11,565,622 |
| Tunnel and Ferries Operation | 4,653,000 | 4,653,000 | 3,842,016 | 810,984 |
| Budget Management | 4,600,000 | 6,050,000 | 5,001,923 | 1,048,077 |
| General Administration | 72,412,387 | 69,054,027 | 19,054,992 | 49,999,035 |
| Financial Services | 1,450,000 | - | - | - |
| Legislative Services | 1,395,000 | 1,410,700 | 1,166,625 | 244,075 |
| Public Infrastructure - Architecture & Engineering | 25,300,000 | 26,077,849 | 22,496,224 | 3,581,625 |
| Fire Marshal's Office | 5,150,000 | 5,187,169 | 4,804,177 | 382,992 |
| Medical Examiner | 20,800,000 | 22,756,000 | 19,511,292 | 3,244,708 |
| Pollution Control Department | 3,576,000 | 3,576,000 | 3,527,750 | 48,250 |
| Public Health Services | 20,164,000 | 20,285,257 | 18,879,266 | 1,405,991 |
| Public Library | 23,400,000 | 23,483,646 | 23,428,386 | 55,260 |
| Domestic Relations | 2,700,000 | 2,699,500 | 2,345,119 | 354,381 |
| Community Services | 8,777,000 | 8,774,500 | 8,498,814 | 275,686 |
| Information Technology Center | 33,000,000 | 38,001,610 | 35,146,841 | 2,854,769 |
| MHMRA | 20,400,000 | 20,247,804 | 20,247,804 | - |
| FPM Utilities and Leases | 25,600,000 | 25,473,332 | 25,393,451 | 79,881 |
| Facilities and Property Management | 29,856,000 | 29,829,265 | 27,108,864 | 2,720,401 |
| Constable Precinct 1 | 23,050,000 | 23,949,785 | 21,703,501 | 2,246,284 |
| Constable Precinct 2 | 5,900,000 | 5,899,018 | 5,524,308 | 374,710 |
| Constable Precinct 3 | 10,800,000 | 11,709,015 | 11,029,043 | 679,972 |
| Constable Precinct 4 | 31,800,000 | 32,186,659 | 30,975,172 | 1,211,487 |
| Constable Precinct 5 | 28,175,000 | 28,357,403 | 27,049,059 | 1,308,344 |
| Constable Precinct 6 | 7,050,000 | 7,048,980 | 6,869,665 | 179,315 |
| Constable Precinct 7 | 7,415,000 | 8,080,198 | 7,586,620 | 493,578 |
| Constable Precinct 8 | 5,710,000 | 5,746,449 | 5,443,783 | 302,666 |
| Justice of the Peace 1-1 | 1,588,000 | 1,588,000 | 1,483,464 | 104,536 |
| Justice of the Peace 1-2 | 2,019,000 | 2,019,000 | 1,956,893 | 62,107 |
| Justice of the Peace 2-1 | 818,000 | 818,000 | 780,270 | 37,730 |
| Justice of the Peace 2-2 | 771,000 | 775,000 | 735,252 | 39,748 |
| Justice of the Peace 3-1 | 1,488,000 | 1,488,000 | 1,357,985 | 130,015 |
| Justice of the Peace 3-2 | 1,028,000 | 1,028,000 | 1,014,402 | 13,598 |
| Justice of the Peace 4-1 | 2,359,000 | 2,355,000 | 2,180,649 | 174,351 |
| Justice of the Peace 4-2 | 1,255,000 | 1,255,000 | 1,212,435 | 42,565 |
| Justice of the Peace 5-1 | 1,815,000 | 1,815,000 | 1,728,202 | 86,798 |
| Justice of the Peace 5-2 | 2,662,000 | 2,662,000 | 2,520,585 | 141,415 |
| Justice of the Peace 6-1 | 565,000 | 565,000 | 542,231 | 22,769 |
| Justice of the Peace 6-2 | 635,000 | 655,000 | 643,693 | 11,307 |
| Justice of the Peace 7-1 | 850,000 | 848,684 | 733,028 | 115,656 |
| Justice of the Peace 7-2 | 835,000 | 835,000 | 798,267 | 36,733 |

See notes to required supplementary information.

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

For The Year Ended February 28, 2013

| | <u>Adopted</u> <u>Budget</u> | <u>Adjusted</u> <u>Budget</u> | <u>Actual</u> | <u>(Over)</u> <u>Under</u> |
|--|---------------------------------|----------------------------------|----------------------|-------------------------------|
| Justice of the Peace 8-1 | 1,028,000 | 1,028,000 | 962,505 | 65,495 |
| Justice of the Peace 8-2 | 930,000 | 926,312 | 882,806 | 43,506 |
| County Attorney | 17,550,000 | 17,651,900 | 16,698,961 | 952,939 |
| County Clerk | 24,110,000 | 25,897,200 | 25,115,531 | 781,669 |
| County Treasurer | 1,025,000 | 1,025,000 | 1,005,731 | 19,269 |
| Tax Assessor-Collector | 22,850,000 | 22,859,575 | 22,072,416 | 787,159 |
| County Sheriff | 392,550,000 | 391,143,816 | 372,689,541 | 18,454,275 |
| District Attorney | 57,500,000 | 57,522,611 | 56,164,472 | 1,358,139 |
| District Clerk | 27,300,000 | 27,297,476 | 25,958,373 | 1,339,103 |
| Public Defender Pilot Program | 1,621,000 | 4,199,874 | 3,973,522 | 226,352 |
| Community Supervision and Correction | 690,000 | 689,500 | 689,500 | - |
| Pretrial Services | 6,632,000 | 6,631,500 | 6,504,607 | 126,893 |
| County Auditor | 14,685,703 | 14,685,703 | 13,064,529 | 1,621,174 |
| Purchasing Agent | 6,866,000 | 6,866,000 | 6,436,705 | 429,295 |
| District Courts | 47,126,000 | 50,441,451 | 50,433,098 | 8,353 |
| Texas Agrilife Extension Services | 745,000 | 745,000 | 615,051 | 129,949 |
| Juvenile Probation | 67,001,000 | 66,916,975 | 59,851,647 | 7,065,328 |
| Sheriff's Civil Service | 205,000 | 205,000 | 192,672 | 12,328 |
| Protective Services- Children and Adults | 19,525,000 | 19,752,296 | 19,041,712 | 710,584 |
| Children's Assessment Center | 4,801,000 | 4,801,000 | 4,501,246 | 299,754 |
| 1st Court of Appeals | 85,000 | 85,000 | 45,681 | 39,319 |
| 14th Court of Appeals | 85,000 | 85,000 | 45,680 | 39,320 |
| County Courts | 15,250,000 | 15,245,200 | 14,507,485 | 737,715 |
| Probate Court 1 | 1,050,000 | 1,050,000 | 1,033,396 | 16,604 |
| Probate Court 2 | 1,050,000 | 1,050,000 | 1,041,737 | 8,263 |
| Probate Court 3 | 2,850,000 | 3,055,422 | 3,039,065 | 16,357 |
| Probate Court 4 | 1,050,000 | 1,050,000 | 1,023,306 | 26,694 |
| Total General Fund By Department | <u>1,339,519,568</u> | <u>1,364,892,029</u> | <u>1,186,874,663</u> | <u>178,017,366</u> |
| 1020 Public Improvement Contingency | 29,498,767 | 29,498,767 | 11,029,500 | 18,469,267 |
| 1070 Mobility Fund | 283,962,484 | 283,961,984 | 76,599,072 | 207,362,912 |

See notes to required supplementary information.

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

For The Year Ended February 28, 2013

| | Adopted Budget | Adjusted Budget | Actual | (Over) Under |
|---|-------------------|--------------------|------------------|-----------------|
| GENERAL FUND DEBT SERVICE | | | | |
| 1050 HC/FC Agreement 2008A CP Refunding | 13,896,313 | 13,896,313 | 6,994,000 | 6,902,313 |
| 1080 HC/FC Agreement 2008C CP Refunding | 18,807,284 | 18,807,284 | 9,432,500 | 9,374,784 |
| 10A0 HC/FC Agreement 2010A CP Refunding | 17,988,189 | 17,988,189 | 9,094,000 | 8,894,189 |
| 1250 Permanent Improvement Refunding Series 1996 | 9,638,991 | 9,638,991 | - | 9,638,991 |
| 1260 Permanent Improvement Refunding Series 1997 | 7,757,474 | 7,757,474 | 740,025 | 7,017,449 |
| 1390 Commercial Paper Series B | 1,038,330 | 1,038,330 | 208,026 | 830,304 |
| 1400 Commercial Paper Series C | 3,394,282 | 3,394,282 | 1,574,903 | 1,819,379 |
| 1410 Permanent Improvement Refunding Series 2008C | 3,335,775 | 3,335,775 | 932,887 | 2,402,888 |
| 1420 Commercial Paper Series A-1 | 2,607,292 | 17,107,292 | 15,170,543 | 1,936,749 |
| 1440 HC/FC Agreement 2004A CP Refunding | 13,413,230 | 13,413,230 | 6,749,000 | 6,664,230 |
| 1470 Commercial Paper Series - Flood Control | 3,691,246 | 3,691,246 | 1,122,454 | 2,568,792 |
| 1480 Flood Control CP Agreement | 1,334,193 | 1,334,193 | 1,101,573 | 232,620 |
| 1490 HC/FC Agreement 2006 CP Refunding | 9,362,216 | 9,362,216 | 4,709,000 | 4,653,216 |
| 1600 Revenue Refunding Series 2002 | 62,318 | 11,259,363 | 11,197,045 | 62,318 |
| 1620 Permanent Improvement Refunding Series 2002 | 10,193,206 | 59,281,818 | 56,407,959 | 2,873,859 |
| 1650 Permanent Improvement Refunding Series 2003A | 2,613,621 | 2,613,621 | 2,510,992 | 102,629 |
| 1680 Permanent Improvement Refunding Series 2003B | 10,781,929 | 10,781,929 | 511,875 | 10,270,054 |
| 1730 CJC Refunding Series 2004B | 7,743,000 | 50,647,540 | 49,796,758 | 850,782 |
| 1750 Tax & Sub Lien Refunding 2004A | 1,300,035 | 1,300,035 | 1,240,289 | 59,746 |
| 1770 Tax & Sub Lien Refunding 2004B | 7,403,743 | 188,623,743 | 181,220,439 | 7,403,304 |
| 1780 Permanent Improvement Refunding Series 2004A | 6,234,990 | 51,874,075 | 48,037,715 | 3,836,360 |
| 17D0 HC Road Ref Bond 2012A | - | 236,732 | 200,568 | 36,164 |
| 17E0 HC Road Ref Bond 2012B | - | 170,681 | 142,440 | 28,241 |
| 1800 PIB Refunding Bonds 2005A Debt Service | 13,757,500 | 13,757,500 | 6,878,000 | 6,879,500 |
| 1850 PIB Refunding Bonds 2006A - Debt Service | 11,752,975 | 11,752,975 | 9,794,687 | 1,958,288 |
| 1870 PIB Refunding Bonds 2008A - Debt Service | 6,485,700 | 6,485,700 | 6,269,250 | 216,450 |
| 18A0 HC Tax/Sub 2009C Debt Service | 1,377,437 | 1,377,437 | 1,351,562 | 25,875 |
| 18C0 HC Tax/Sub LIEN REV REF 20 | - | 197,610,437 | 197,610,224 | 213 |
| 18D0 HC Tax/Sub LIEN REV REF 20 | - | 493,618 | 493,617 | 1 |
| 1910 PIB Refunding Bonds 2008B - Debt Service | 11,179,300 | 11,179,300 | 2,174,650 | 9,004,650 |
| 1960 HC PIB Refunding Bonds 2009A Debt Service | 2,311,754 | 2,311,754 | 1,155,150 | 1,156,604 |
| 19A0 HC PIB 2009B Debt Service | 16,593,225 | 16,593,225 | 6,683,912 | 9,909,313 |
| 19C0 HC PIB Refunding 2010A Debt Service | 19,509,300 | 19,509,300 | 9,753,712 | 9,755,588 |
| 19E0 HC PIB Refunding 2010B Debt Service | 9,051,200 | 9,051,200 | 4,525,600 | 4,525,600 |
| 19G0 HC PIB Refunding 2011A Debt Service | 9,118,137 | 9,118,137 | 4,527,187 | 4,590,950 |
| 19I0 HC PIB Ref Bond 2011A D | - | 95,309,389 | 95,306,524 | 2,865 |
| 19J0 HC PIB Ref Bond 2012A C | - | 263,551 | 223,323 | 40,228 |
| 19K0 HC Tax PIB Ref 2012B DS | - | 43,200,000 | 43,199,552 | 448 |
| 19L0 HC Tax PIB Ref 2012B CO | - | 127,686 | 106,459 | 21,227 |
| Total General Fund Debt Service | 253,734,185 | 935,695,561 | 799,148,400 | 136,547,161 |
| Total General Fund | \$ 1,906,715,004 | \$ 2,614,048,341 | \$ 2,073,651,635 | \$ 540,396,706 |

See notes to required supplementary information.

HARRIS COUNTY, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
February 28, 2013

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 | \$ 2,701,749,972 |
| Beginning Cash and Investments | (458,547,884) |
| Accrued in 2012, received in 2013 | (25,974,702) |
| Entry to eliminate transfers between funds | (361,938,873) |
| Accrued in 2013, to be received in 2014 | 10,199,177 |
| Internal special revenue funds | 14,553,783 |
| Revenues and other sources on modified accrual (GAAP) basis | 1,880,041,473 |
| EXPENDITURES AND OTHER USES | |
| Cash (budgetary) basis | 2,073,651,635 |
| Incurred during 2012, paid in 2013 | (69,338,209) |
| Entry to eliminate transfers between funds | (361,938,873) |
| Incurred during 2013, payable in 2014 | 66,548,830 |
| Internal special revenue funds | 15,631,447 |
| Expenditures and other uses on modified accrual (GAAP) basis | 1,724,554,830 |
| Changes in Fund Balances | \$ 155,486,643 |

2. ANALYSIS OF SIGNIFICANT EXPENDITURE VARIANCES

In five 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.

Four of the departments with significant variances are the Commissioner Precincts, which have a combined positive variance of \$64,032,043. 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 other department is General Administration which has a positive variance of \$49,999,035.

The Public Improvement Contingency Sub-fund has a positive variance of \$18,469,267. 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 \$207,362,912. 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 \$136,547,161. 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 28, 2013**

| 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) |
|-------------|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 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% |
| 2013 | 3/1/2011 | - | 976,631,331 | 976,631,331 | 0% | 727,014,798 | 134.3% |

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 28, 2013**

| Actuarial Valuation Date | 12/31/10 | 12/31/11 | 12/31/12 |
|---|-----------------|-----------------|-----------------|
| Actuarial Value of Assets | \$2,739,687,861 | \$2,809,759,604 | \$2,900,822,171 |
| Actuarial Accrued Liability (AAL) | \$3,123,164,193 | \$3,256,666,141 | \$3,415,552,240 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$ 383,476,332 | \$ 446,906,537 | \$ 514,730,069 |
| Funded Ratio | 87.72% | 86.28% | 84.93% |
| Annual Covered Payroll (Actuarial) | \$ 849,143,883 | \$ 794,141,978 | \$ 779,898,383 |
| UAAL as Percentage of Covered Payroll | 45.16% | 56.28% | 66.00% |



NONMAJOR GOVERNMENTAL FUNDS

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
February 28, 2013

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|----------------------------|-------------------------|-----------------------------|--|
| ASSETS | | | | |
| Cash and Investments: | | | | |
| Cash and cash equivalents | \$ 105,047,976 | \$ - | \$ 116,842,556 | \$ 221,890,532 |
| Investments | 120,296,071 | - | 181,998,220 | 302,294,291 |
| Receivables: | | | | |
| Taxes, net | 3,289,515 | 2,692,401 | - | 5,981,916 |
| Accounts, net | 44,641,635 | - | 5,320,100 | 49,961,735 |
| Accrued interest | 7,349,914 | - | 404,570 | 7,754,484 |
| Other, net | 45,264,915 | 1,996,303 | 37,417 | 47,298,635 |
| Due from other funds | 7,226,098 | 17,671 | - | 7,243,769 |
| Prepays and other assets | 2,104,771 | - | 512,343 | 2,617,114 |
| Inventories | 2,644,334 | - | - | 2,644,334 |
| Advances to other funds | 745,000 | - | 12,000,000 | 12,745,000 |
| Restricted cash and cash equivalents | 98,590 | 25,506,228 | 6,305,332 | 31,910,150 |
| Restricted investments | - | 47,796,844 | 12,000,000 | 59,796,844 |
| Notes receivable | 411,810 | - | - | 411,810 |
| Total assets | <u>\$ 339,120,629</u> | <u>\$ 78,009,447</u> | <u>\$ 335,420,538</u> | <u>\$ 752,550,614</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Vouchers payable | \$ 24,125,966 | \$ - | \$ 15,018,487 | \$ 39,144,453 |
| Accrued payroll and compensated absences | 7,888,179 | - | 60,687 | 7,948,866 |
| Retainage payable | 687,932 | - | 5,264,476 | 5,952,408 |
| Due to other funds | 54,411,735 | - | 1,086,498 | 55,498,233 |
| Advances from other funds | 785,000 | - | 12,000,000 | 12,785,000 |
| Deferred revenue | 35,262,538 | 2,692,401 | 19,517,032 | 57,471,971 |
| Total liabilities | <u>123,161,350</u> | <u>2,692,401</u> | <u>52,947,180</u> | <u>178,800,931</u> |
| Fund balances: | | | | |
| Nonspendable | 2,036,673 | - | 12,512,343 | 14,549,016 |
| Restricted | 212,960,922 | 75,317,046 | 245,685,448 | 533,963,416 |
| Committed | 1,046,528 | - | 31,495,050 | 32,541,578 |
| Unassigned | (84,844) | - | (7,219,483) | (7,304,327) |
| Total fund balances | <u>215,959,279</u> | <u>75,317,046</u> | <u>282,473,358</u> | <u>573,749,683</u> |
| Total liabilities and fund balances | <u>\$ 339,120,629</u> | <u>\$ 78,009,447</u> | <u>\$ 335,420,538</u> | <u>\$ 752,550,614</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For the Year Ended February 28, 2013

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|----------------------------|-------------------------|-----------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 98,710,471 | \$ 72,586,512 | \$ - | \$ 171,296,983 |
| Charges for services | 25,726,798 | - | - | 25,726,798 |
| Lease revenue | 306,280 | - | - | 306,280 |
| Intergovernmental | 214,276,493 | - | 29,778,528 | 244,055,021 |
| Earnings on investments | 1,194,443 | 89,015 | 2,102,319 | 3,385,777 |
| Miscellaneous | 24,396,122 | 94,662 | 10,156,199 | 34,646,983 |
| Total revenues | <u>364,610,607</u> | <u>72,770,189</u> | <u>42,037,046</u> | <u>479,417,842</u> |
| EXPENDITURES | | | | |
| Current operating: | | | | |
| Administration of justice | 101,933,123 | - | 552,305 | 102,485,428 |
| Parks | 4,045,707 | - | 6,131,227 | 10,176,934 |
| County administration | 39,914,337 | - | 10,061,691 | 49,976,028 |
| Health and human services | 98,253,378 | - | 383,621 | 98,636,999 |
| Flood control | 58,843,531 | - | 20,401,332 | 79,244,863 |
| Tax administration | 1,174,725 | - | - | 1,174,725 |
| Roads and bridges | 116,496 | - | 15,970,580 | 16,087,076 |
| Capital outlay | 37,042,042 | - | 140,082,094 | 177,124,136 |
| Debt service: | | | | |
| Principal retirement | - | 38,195,000 | - | 38,195,000 |
| Bond issuance costs | - | 500,291 | 87,000 | 587,291 |
| Interest and fiscal charges | - | 69,094,834 | 51,436 | 69,146,270 |
| Total Expenditures | <u>341,323,339</u> | <u>107,790,125</u> | <u>193,721,286</u> | <u>642,834,750</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>23,287,268</u> | <u>(35,019,936)</u> | <u>(151,684,240)</u> | <u>(163,416,908)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,909,482 | 45,403,679 | 55,685 | 58,368,846 |
| Transfers out | (11,871,446) | (407,411) | (5,039,139) | (17,317,996) |
| Refunding bonds issued | - | 119,240,000 | - | 119,240,000 |
| Premium on bonds issued | - | 25,165,269 | - | 25,165,269 |
| Commercial paper issued | - | - | 58,630,000 | 58,630,000 |
| Payments to refunding bond escrow agent | - | (143,494,478) | - | (143,494,478) |
| Proceeds from insurance recoveries | 7,825,267 | - | - | 7,825,267 |
| Proceeds from loan | 450,000 | - | 7,696,461 | 8,146,461 |
| Sale of capital assets | 287,489 | - | 117,251 | 404,740 |
| Total other financing sources(uses) | <u>9,600,792</u> | <u>45,907,059</u> | <u>61,460,258</u> | <u>116,968,109</u> |
| Net changes in fund balances | 32,888,060 | 10,887,123 | (90,223,982) | (46,448,799) |
| Fund balances, beginning | 183,071,219 | 64,429,923 | 372,697,340 | 620,198,482 |
| Fund balances, ending | <u>\$ 215,959,279</u> | <u>\$ 75,317,046</u> | <u>\$ 282,473,358</u> | <u>\$ 573,749,683</u> |

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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.

HEALTHCARE ALLIANCE – This fund was established for the purpose to facilitate coordination and collaboration among healthcare providers in Harris County and bringing additional resources to Harris County to provide health care to uninsured residents. The Harris County Healthcare Alliance is a non-profit organization that reimburses the County 100% for payroll and all out of pocket expenses.

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 284.2031 of 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 outside cash donations accepted by Commissioners Court for designated purposes / programs including Senior Citizen Programs and DARE. 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 DWI PRE-TRIAL INTERVENTION PROGRAM - This fund was created in accordance with Texas Code of Criminal Procedures Article 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 expenditures related to pretrial intervention programs.

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.

ENVIRONMENTAL PROJECTS - 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, restitution for pollution violations enforced by the Texas Commission on Environmental Quality, court settlements involving Household Hazardous Waste violations, and court orders of which the defendant volunteer to contribute to the Victim’s Right Division of the District Attorney’s Office. 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 28, 2013

| | Flood Control | Sports & Convention Corporation | Hotel Occupancy Tax Revenue | District Court Records Archive | Port Security Program |
|--|--------------------------|--|--|---|--------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 40,605,984 | \$ 853,192 | \$ 2,495,478 | \$ 135,933 | \$ - |
| Investments | 85,377,302 | - | 2,644,231 | 111,364 | - |
| Receivables: | | | | | |
| Taxes, net | 3,289,515 | - | - | - | - |
| Accounts, net | 2,435 | 7,550,364 | 493,550 | - | 71,460 |
| Accrued interest | 176,723 | 7,130,121 | 2,517 | 106 | - |
| Other, net | 1,969,423 | - | 6,012,683 | - | 8,979 |
| Due from other funds | 3,390,065 | 2,677,088 | 120,022 | - | - |
| Prepays and other assets | 269,477 | 95,290 | 262,231 | - | 90,661 |
| Inventories | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Restricted cash and cash equivalents | 98,590 | - | - | - | - |
| Notes receivable | - | - | - | - | - |
| Total assets | <u>\$ 135,179,514</u> | <u>\$ 18,306,055</u> | <u>\$ 12,030,712</u> | <u>\$ 247,403</u> | <u>\$ 171,100</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ 3,830,212 | \$ 1,149,385 | \$ 1,464,462 | \$ - | \$ 23,899 |
| Accrued payroll and compensated absences | 2,247,611 | 83,311 | - | 34,084 | 9,552 |
| Retainage payable | 266,696 | 15,000 | - | - | - |
| Due to other funds | - | 120,022 | 1,074,733 | - | 88,448 |
| Advances from other funds | - | - | - | - | - |
| Deferred revenue | 3,289,515 | 1,482,503 | 4,922,977 | - | 12,222 |
| Total liabilities | <u>9,634,034</u> | <u>2,850,221</u> | <u>7,462,172</u> | <u>34,084</u> | <u>134,121</u> |
| Fund Balances: | | | | | |
| Nonspendable | 269,477 | 95,290 | 262,231 | - | 90,661 |
| Restricted | 125,276,003 | 15,360,544 | 4,306,309 | 213,319 | - |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | (53,682) |
| Total fund balances | <u>125,545,480</u> | <u>15,455,834</u> | <u>4,568,540</u> | <u>213,319</u> | <u>36,979</u> |
| Total liabilities and fund balances | <u>\$ 135,179,514</u> | <u>\$ 18,306,055</u> | <u>\$ 12,030,712</u> | <u>\$ 247,403</u> | <u>\$ 171,100</u> |

(continued)

| Healthcare Alliance | Deed Restriction Enforcement | Child Support Enforcement | Family Protection | CPS-Special Revenue Contracts | Utility Bill Assistance Program | Probate Court Support |
|----------------------------|-------------------------------------|----------------------------------|--------------------------|--------------------------------------|--|------------------------------|
| \$ - | \$ 7,091 | \$ 38,277 | \$ 34,239 | \$ - | \$ 55,059 | \$ 246,695 |
| - | 5,772 | 31,236 | 30,557 | - | 59,417 | 209,827 |
| - | - | - | - | - | - | - |
| - | - | - | - | 5,381 | - | - |
| - | 6 | 30 | 29 | - | 56 | 200 |
| - | 700 | - | - | - | 322 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,899 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 13,569</u> | <u>\$ 69,543</u> | <u>\$ 64,825</u> | <u>\$ 5,381</u> | <u>\$ 114,854</u> | <u>\$ 458,621</u> |
| \$ 480 | \$ - | \$ - | \$ 4,539 | \$ 74 | \$ 6,947 | \$ 13,343 |
| - | - | - | - | 4,827 | - | 5,644 |
| - | - | - | - | - | - | - |
| 3,938 | - | - | - | 4,998 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>4,418</u> | <u>-</u> | <u>-</u> | <u>4,539</u> | <u>9,899</u> | <u>6,947</u> | <u>18,987</u> |
| - | - | - | - | - | - | 1,899 |
| - | 13,569 | 69,543 | 60,286 | - | - | 437,735 |
| - | - | - | - | - | 107,907 | - |
| (4,418) | - | - | - | (4,518) | - | - |
| <u>(4,418)</u> | <u>13,569</u> | <u>69,543</u> | <u>60,286</u> | <u>(4,518)</u> | <u>107,907</u> | <u>439,634</u> |
| <u>\$ -</u> | <u>\$ 13,569</u> | <u>\$ 69,543</u> | <u>\$ 64,825</u> | <u>\$ 5,381</u> | <u>\$ 114,854</u> | <u>\$ 458,621</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2013

| | Appellate Judicial System | County Attorney Administration | District Attorney Administration | Justice Court Courthouse Security | Records Management |
|--|--|---|---|--|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 44,234 | \$ 149,632 | \$ 5,313,593 | \$ 467,399 | \$ 10,056,639 |
| Investments | 41,083 | 141,243 | 2,011,045 | 382,307 | 8,309,908 |
| Receivables: | | | | | |
| Taxes, net | - | - | - | - | - |
| Accounts, net | 47,588 | 93,943 | - | - | - |
| Accrued interest | 39 | 134 | 14,157 | 364 | 7,909 |
| Other, net | 158,542 | - | 15,000 | - | - |
| Due from other funds | 111 | - | - | - | - |
| Prepays and other assets | - | - | - | - | 202,647 |
| Inventories | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Notes receivable | - | - | - | - | - |
| Total assets | <u>\$ 291,597</u> | <u>\$ 384,952</u> | <u>\$ 7,353,795</u> | <u>\$ 850,070</u> | <u>\$ 18,577,103</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ 5,705 | \$ 192,352 | \$ 139,789 | \$ - | \$ 68,801 |
| Accrued payroll and compensated absences | - | 3,745 | - | - | 84,009 |
| Retainage payable | - | 9,411 | - | - | - |
| Due to other funds | - | 672 | 62,231 | - | - |
| Advances from other funds | - | - | - | - | - |
| Deferred revenue | 158,542 | - | - | - | - |
| Total liabilities | <u>164,247</u> | <u>206,180</u> | <u>202,020</u> | <u>-</u> | <u>152,810</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | - | 202,647 |
| Restricted | 127,350 | 178,772 | 7,151,775 | 850,070 | 18,221,646 |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>127,350</u> | <u>178,772</u> | <u>7,151,775</u> | <u>850,070</u> | <u>18,424,293</u> |
| Total liabilities and fund balances | <u>\$ 291,597</u> | <u>\$ 384,952</u> | <u>\$ 7,353,795</u> | <u>\$ 850,070</u> | <u>\$ 18,577,103</u> |

(continued)

| Donation Fund | Justice Court Techonology | Child Abuse Prevention | Juvenile Case Manager Fee | Tax Assessor Chapter 19 | Star Drug Court |
|--------------------------|--|-----------------------------------|--|--|----------------------------|
| \$ 244,190 | \$ 1,871,292 | \$ 27,246 | \$ 1,881,906 | \$ 14 | \$ 756,180 |
| 964,934 | 1,530,925 | 22,409 | 1,539,413 | - | 618,617 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 918 | 1,457 | 21 | 1,465 | - | 589 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 6,545 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 1,210,042</u> | <u>\$ 3,410,219</u> | <u>\$ 49,676</u> | <u>\$ 3,422,784</u> | <u>\$ 14</u> | <u>\$ 1,375,386</u> |
| | | | | | |
| \$ 198,685 | \$ 900 | \$ - | \$ 1,554 | \$ - | \$ - |
| - | - | - | 76,026 | - | - |
| - | - | - | - | - | - |
| - | - | - | 9 | 22,240 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>198,685</u> | <u>900</u> | <u>-</u> | <u>77,589</u> | <u>22,240</u> | <u>-</u> |
| | | | | | |
| - | 6,545 | - | - | - | - |
| 1,011,357 | 3,402,774 | 49,676 | 3,345,195 | - | 1,375,386 |
| - | - | - | - | - | - |
| - | - | - | - | (22,226) | - |
| <u>1,011,357</u> | <u>3,409,319</u> | <u>49,676</u> | <u>3,345,195</u> | <u>(22,226)</u> | <u>1,375,386</u> |
| | | | | | |
| <u>\$ 1,210,042</u> | <u>\$ 3,410,219</u> | <u>\$ 49,676</u> | <u>\$ 3,422,784</u> | <u>\$ 14</u> | <u>\$ 1,375,386</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2013

| | County & District Technology Fee | Stormwater Management | DA DWI Pre-Trial Prevention Program | Gulf of Mexico Energy Security Act | Environmental Projects |
|--|--|--------------------------|---|--|---------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 111,364 | \$ 69,339 | \$ 229,883 | \$ 68,271 | \$ 582,225 |
| Investments | 90,993 | 72,319 | 188,097 | 56,022 | 120,532 |
| Receivables: | | | | | |
| Taxes, net | - | - | - | - | - |
| Accounts, net | - | - | - | - | - |
| Accrued interest | 87 | 69 | 179 | 53 | 115 |
| Other, net | - | - | - | - | 1,326 |
| Due from other funds | - | - | - | - | - |
| Prepays and other assets | - | 37 | - | - | - |
| Inventories | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Notes receivable | - | - | - | - | - |
| Total assets | <u>\$ 202,444</u> | <u>\$ 141,764</u> | <u>\$ 418,159</u> | <u>\$ 124,346</u> | <u>\$ 704,198</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ - | \$ 1,539 | \$ - | \$ - | \$ - |
| Accrued payroll and compensated absences | - | - | 24,456 | - | - |
| Retainage payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>1,539</u> | <u>24,456</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | 37 | - | - | - |
| Restricted | 202,444 | - | 393,703 | 124,346 | 704,198 |
| Committed | - | 140,188 | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>202,444</u> | <u>140,225</u> | <u>393,703</u> | <u>124,346</u> | <u>704,198</u> |
| Total liabilities and fund balances | <u>\$ 202,444</u> | <u>\$ 141,764</u> | <u>\$ 418,159</u> | <u>\$ 124,346</u> | <u>\$ 704,198</u> |

(continued)

| Community Development Financial Sureties | Election Services | Law Enforcement Forfeited Fund | Criminal Courts Audio/Visual | Medicaid Administrative Claim-Reimburse | Dispute Resolution | Fire Code Fee | LEOSE- Law Enforcement |
|---|------------------------------|---|---|--|-------------------------------|--------------------------|---------------------------------------|
| \$ 442,240 | \$ 251,266 | \$ 16,195,054 | \$ 32,089 | \$ 516,290 | \$ 163,250 | \$ 1,349,988 | \$ 249,651 |
| 361,935 | 305,574 | 1,855,272 | 26,144 | 430,520 | 133,774 | 1,107,195 | 205,413 |
| - | - | - | - | - | - | - | - |
| - | 401,110 | - | - | 302,556 | - | - | - |
| 345 | 291 | 4,009 | 25 | 410 | 127 | 1,054 | 196 |
| - | - | 389,227 | - | 86,666 | - | - | - |
| - | - | 19,067 | - | - | - | - | - |
| - | - | 243,490 | - | - | - | 806 | 1,258 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 804,520</u> | <u>\$ 958,241</u> | <u>\$ 18,706,119</u> | <u>\$ 58,258</u> | <u>\$ 1,336,442</u> | <u>\$ 297,151</u> | <u>\$ 2,459,043</u> | <u>\$ 456,518</u> |
| \$ 2,982 | \$ - | \$ 137,595 | - | \$ 33,452 | \$ 98,510 | \$ 2,677 | \$ 7,566 |
| - | - | - | - | - | - | 90,402 | - |
| 3,105 | - | - | - | - | - | - | - |
| - | - | 105,883 | - | - | - | - | 286 |
| - | - | - | - | - | - | - | - |
| - | 110,310 | - | - | 401,386 | - | - | - |
| <u>6,087</u> | <u>110,310</u> | <u>243,478</u> | <u>-</u> | <u>434,838</u> | <u>98,510</u> | <u>93,079</u> | <u>7,852</u> |
| - | - | 243,490 | - | - | - | 806 | 1,258 |
| - | 847,931 | 18,219,151 | 58,258 | 901,604 | 198,641 | 2,365,158 | 447,408 |
| 798,433 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>798,433</u> | <u>847,931</u> | <u>18,462,641</u> | <u>58,258</u> | <u>901,604</u> | <u>198,641</u> | <u>2,365,964</u> | <u>448,666</u> |
| <u>\$ 804,520</u> | <u>\$ 958,241</u> | <u>\$ 18,706,119</u> | <u>\$ 58,258</u> | <u>\$ 1,336,442</u> | <u>\$ 297,151</u> | <u>\$ 2,459,043</u> | <u>\$ 456,518</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
February 28, 2013

| | Library Contribution Fund | Juvenile Probation Fee | Food Permit Fee | Court Reporter Service | Juvenile Delinquency Prevention |
|--|--|---------------------------------------|--------------------------------|---------------------------------------|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 183,139 | \$ 5,531 | \$ 140,236 | \$ 68,661 | \$ 577 |
| Investments | 151,768 | 4,753 | 115,778 | 56,361 | 340 |
| Receivables: | | | | | |
| Taxes, net | - | - | - | - | - |
| Accounts, net | - | - | - | - | - |
| Accrued interest | 144 | 5 | 110 | 54 | - |
| Other, net | - | - | - | - | - |
| Due from other funds | - | 1,980 | - | - | - |
| Prepays and other assets | 7,997 | - | - | - | - |
| Inventories | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Restricted cash and cash equivalents | - | - | - | - | - |
| Notes receivable | - | - | - | - | - |
| Total assets | <u>\$ 343,048</u> | <u>\$ 12,269</u> | <u>\$ 256,124</u> | <u>\$ 125,076</u> | <u>\$ 917</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ 9,399 | \$ - | \$ 8,695 | \$ - | \$ - |
| Accrued payroll and compensated absences | - | - | - | - | - |
| Retainage payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Total liabilities | <u>9,399</u> | <u>-</u> | <u>8,695</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Nonspendable | 7,997 | - | - | - | - |
| Restricted | 325,652 | 12,269 | 247,429 | 125,076 | 917 |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>333,649</u> | <u>12,269</u> | <u>247,429</u> | <u>125,076</u> | <u>917</u> |
| Total liabilities and fund balances | <u>\$ 343,048</u> | <u>\$ 12,269</u> | <u>\$ 256,124</u> | <u>\$ 125,076</u> | <u>\$ 917</u> |

(continued)

| Supplemental Guardianship | Courthouse Security | Law Library | TIRZ Affordable Housing / Other Restricted Funds | Harris County Juvenile Board | Flood Control Grants | Grants | Total |
|--------------------------------------|--------------------------------|------------------------|---|---|-------------------------------------|----------------------|-----------------------|
| \$ 46,496 | \$ 76,701 | \$ 402,367 | \$ 3,354,900 | \$ 10,817,428 | \$ 260,871 | \$ 4,145,886 | \$ 105,047,976 |
| 38,027 | 62,812 | 348,694 | 2,212,354 | 4,996,549 | 91,304 | 3,231,951 | 120,296,071 |
| - | - | - | - | - | - | - | 3,289,515 |
| - | - | 2 | 5,533 | 906,156 | 1,154,418 | 33,607,139 | 44,641,635 |
| 36 | 60 | 332 | 2,106 | - | 189 | 3,077 | 7,349,914 |
| - | - | - | 9,655 | 199 | 2,359,206 | 34,252,987 | 45,264,915 |
| - | - | - | - | - | 160,438 | 857,327 | 7,226,098 |
| - | - | 109,335 | - | - | 152,497 | 660,601 | 2,104,771 |
| - | - | - | - | - | - | 2,644,334 | 2,644,334 |
| - | - | - | 745,000 | - | - | - | 745,000 |
| - | - | - | - | - | - | - | 98,590 |
| - | - | - | 214,353 | - | - | 197,457 | 411,810 |
| <u>\$ 84,559</u> | <u>\$ 139,573</u> | <u>\$ 860,730</u> | <u>\$ 6,543,901</u> | <u>\$ 16,720,332</u> | <u>\$ 4,178,923</u> | <u>\$ 79,600,759</u> | <u>\$ 339,120,629</u> |
| \$ - | \$ 22,561 | \$ 219,245 | \$ 12,365 | \$ 600,637 | \$ 697,934 | \$ 15,169,682 | \$ 24,125,966 |
| - | - | 63,859 | - | 1,549,783 | - | 3,610,870 | 7,888,179 |
| - | - | - | - | - | 90,924 | 302,796 | 687,932 |
| - | - | - | - | - | 3,390,065 | 49,538,210 | 54,411,735 |
| - | - | - | 327,500 | - | - | 457,500 | 785,000 |
| - | - | - | 287,123 | 14,569,912 | - | 10,028,048 | 35,262,538 |
| - | <u>22,561</u> | <u>283,104</u> | <u>626,988</u> | <u>16,720,332</u> | <u>4,178,923</u> | <u>79,107,106</u> | <u>123,161,350</u> |
| - | - | 109,335 | 745,000 | - | - | - | 2,036,673 |
| 84,559 | 117,012 | 468,291 | 5,171,913 | - | - | 493,653 | 212,960,922 |
| - | - | - | - | - | - | - | 1,046,528 |
| - | - | - | - | - | - | - | (84,844) |
| <u>84,559</u> | <u>117,012</u> | <u>577,626</u> | <u>5,916,913</u> | <u>-</u> | <u>-</u> | <u>493,653</u> | <u>215,959,279</u> |
| <u>\$ 84,559</u> | <u>\$ 139,573</u> | <u>\$ 860,730</u> | <u>\$ 6,543,901</u> | <u>\$ 16,720,332</u> | <u>\$ 4,178,923</u> | <u>\$ 79,600,759</u> | <u>\$ 339,120,629</u> |

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2013

| | Flood Control | Sports and Convention Corporation | Hotel Occupancy Tax Revenue | District Court Records Archive | Port Security Program |
|--|--------------------------|--|--|---|--------------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 69,872,695 | \$ - | \$ 28,837,776 | \$ - | \$ - |
| Charges for services | - | - | - | 316,371 | - |
| Lease revenue | 306,279 | - | 1 | - | - |
| Intergovernmental | 85,000 | 1,092,000 | - | - | 577,003 |
| Earnings on investments | 871,719 | 3,203 | 16,777 | 778 | - |
| Miscellaneous | 529,415 | 7,227,181 | 1,579,814 | - | 96,567 |
| Total revenues | <u>71,665,108</u> | <u>8,322,384</u> | <u>30,434,368</u> | <u>317,149</u> | <u>673,570</u> |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| Administration of justice | - | - | - | 367,372 | 252,320 |
| Parks | - | 4,007,292 | - | - | - |
| County administration | - | - | 18,303,717 | - | 339,998 |
| Health and human services | - | - | - | - | - |
| Flood control | 58,166,708 | - | - | - | - |
| Tax administration | 609,506 | - | 1,591 | - | - |
| Roads and bridges | - | - | - | - | - |
| Capital outlay | 629,153 | - | - | - | 54,799 |
| Total expenditures | <u>59,405,367</u> | <u>4,007,292</u> | <u>18,305,308</u> | <u>367,372</u> | <u>647,117</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,259,741</u> | <u>4,315,092</u> | <u>12,129,060</u> | <u>(50,223)</u> | <u>26,453</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 38,414 | - | - | - | - |
| Transfers out | - | - | (7,467,063) | - | - |
| Proceeds from insurance recoveries | - | 7,825,267 | - | - | - |
| Proceeds from loan | - | 450,000 | - | - | - |
| Sale of capital assets | 287,489 | - | - | - | - |
| Total other financial sources (uses) | <u>325,903</u> | <u>8,275,267</u> | <u>(7,467,063)</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 12,585,644 | 12,590,359 | 4,661,997 | (50,223) | 26,453 |
| Fund balances, beginning | 112,959,836 | 2,865,475 | (93,457) | 263,542 | 10,526 |
| Fund balances, ending | <u>\$ 125,545,480</u> | <u>\$ 15,455,834</u> | <u>\$ 4,568,540</u> | <u>\$ 213,319</u> | <u>\$ 36,979</u> |

(continued)

| Healthcare Alliance | Deed Restriction Enforcement | Child Support Enforcement | Family Protection | CPS-Special Revenue Contracts | Utility Bill Assistance Program | Probate Court Support |
|----------------------------|-------------------------------------|----------------------------------|--------------------------|--------------------------------------|--|------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 7,300 | - | 278,495 | - | - | - |
| - | - | - | - | - | - | - |
| 67,077 | - | 110,229 | - | 65,104 | 9,228 | 324,886 |
| - | 53 | - | 281 | - | 853 | 1,460 |
| - | - | - | - | - | 342,972 | 370 |
| <u>67,077</u> | <u>7,353</u> | <u>110,229</u> | <u>278,776</u> | <u>65,104</u> | <u>353,053</u> | <u>326,716</u> |
| - | - | 213,425 | 22,001 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 34,323 | - | - | 587,315 |
| 71,495 | - | - | 190,853 | 68,335 | 325,988 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>71,495</u> | <u>-</u> | <u>213,425</u> | <u>247,177</u> | <u>68,335</u> | <u>325,988</u> | <u>587,315</u> |
| (4,418) | 7,353 | (103,196) | 31,599 | (3,231) | 27,065 | (260,599) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (4,418) | 7,353 | (103,196) | 31,599 | (3,231) | 27,065 | (260,599) |
| - | 6,216 | 172,739 | 28,687 | (1,287) | 80,842 | 700,233 |
| <u>\$ (4,418)</u> | <u>\$ 13,569</u> | <u>\$ 69,543</u> | <u>\$ 60,286</u> | <u>\$ (4,518)</u> | <u>\$ 107,907</u> | <u>\$ 439,634</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2013

| | Appellate Judicial System | County Attorney Administration | District Attorney Administration | Justice Court Courthouse Security | Records Management |
|--|--|---|---|--|-------------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 392,951 | 1,158,255 | 139,736 | 174,212 | 9,289,765 |
| Lease revenue | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Earnings on investments | 320 | 1,999 | 15,433 | 3,005 | 68,026 |
| Miscellaneous | 100,073 | 25,000 | 873,245 | - | 30 |
| Total revenues | <u>493,344</u> | <u>1,185,254</u> | <u>1,028,414</u> | <u>177,217</u> | <u>9,357,821</u> |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| Administration of justice | 514,096 | 10,399 | 4,828,134 | - | 1,886,506 |
| Parks | - | - | - | - | - |
| County administration | - | 1,597,954 | - | 6,687 | 2,812,865 |
| Health and human services | - | - | - | - | - |
| Flood control | - | - | - | - | - |
| Tax administration | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - |
| Capital outlay | - | 326,059 | - | - | 492,334 |
| Total expenditures | <u>514,096</u> | <u>1,934,412</u> | <u>4,828,134</u> | <u>6,687</u> | <u>5,191,705</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,752)</u> | <u>(749,158)</u> | <u>(3,799,720)</u> | <u>170,530</u> | <u>4,166,116</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 169,000 | - | - |
| Transfers out | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | - | - | - |
| Proceeds from loan | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>169,000</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (20,752) | (749,158) | (3,630,720) | 170,530 | 4,166,116 |
| Fund balances, beginning | 148,102 | 927,930 | 10,782,495 | 679,540 | 14,258,177 |
| Fund balances, ending | <u>\$ 127,350</u> | <u>\$ 178,772</u> | <u>\$ 7,151,775</u> | <u>\$ 850,070</u> | <u>\$ 18,424,293</u> |

(continued)

| Donation Fund | Justice Court Technology | Child Abuse Prevention | Juvenile Case Manager Fee | Tax Assessor Chapter 19 | Star Drug Court |
|--------------------------|---|-----------------------------------|--|--|----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 696,707 | 11,487 | 869,471 | - | 279,791 |
| - | - | - | - | - | - |
| - | - | - | - | 521,164 | - |
| - | 12,120 | 183 | 12,181 | - | 4,880 |
| 236,189 | - | - | - | - | - |
| <u>236,189</u> | <u>708,827</u> | <u>11,670</u> | <u>881,652</u> | <u>521,164</u> | <u>284,671</u> |
| 54,366 | 120,974 | - | 646,073 | - | 8,704 |
| 19,638 | - | - | - | - | - |
| 45,598 | - | - | - | - | - |
| 118,301 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 513,240 | - |
| - | - | - | - | - | - |
| - | 60,083 | - | - | - | 7,211 |
| <u>237,903</u> | <u>181,057</u> | <u>-</u> | <u>646,073</u> | <u>513,240</u> | <u>15,915</u> |
| (1,714) | 527,770 | 11,670 | 235,579 | 7,924 | 268,756 |
| - | - | - | - | - | - |
| (1,543,831) | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(1,543,831)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (1,545,545) | 527,770 | 11,670 | 235,579 | 7,924 | 268,756 |
| 2,556,902 | 2,881,549 | 38,006 | 3,109,616 | (30,150) | 1,106,630 |
| <u>\$ 1,011,357</u> | <u>\$ 3,409,319</u> | <u>\$ 49,676</u> | <u>\$ 3,345,195</u> | <u>\$ (22,226)</u> | <u>\$ 1,375,386</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2013

| | County & District Technology Fee | Stormwater Management | DA DWI Pre-Trial Prevention Program | Gulf of Mexico Energy Security Act | Environmental Projects |
|--|--|--------------------------|---|--|---------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 73,983 | - | 221,619 | - | - |
| Lease revenue | - | - | - | - | - |
| Intergovernmental | - | 79,486 | - | - | 804 |
| Earnings on investments | 771 | 491 | 1,520 | 431 | 1,148 |
| Miscellaneous | - | - | - | - | 117,785 |
| Total revenues | <u>74,754</u> | <u>79,977</u> | <u>223,139</u> | <u>431</u> | <u>119,737</u> |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| Administration of justice | - | - | 237,923 | - | - |
| Parks | - | - | - | - | - |
| County administration | - | 185,290 | - | - | - |
| Health and human services | - | - | - | - | 46,326 |
| Flood control | - | - | - | - | - |
| Tax administration | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>185,290</u> | <u>237,923</u> | <u>-</u> | <u>46,326</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>74,754</u> | <u>(105,313)</u> | <u>(14,784)</u> | <u>431</u> | <u>73,411</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | - | - | - |
| Proceeds from loan | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 74,754 | (105,313) | (14,784) | 431 | 73,411 |
| Fund balances, beginning | 127,690 | 245,538 | 408,487 | 123,915 | 630,787 |
| Fund balances, ending | <u>\$ 202,444</u> | <u>\$ 140,225</u> | <u>\$ 393,703</u> | <u>\$ 124,346</u> | <u>\$ 704,198</u> |

(continued)

| Community Development Financial Sureties | Election Services | Law Enforcement Forfeited Fund | Criminal Courts Audio/Visual | Medicaid Administrative Claim-Reimburse | Dispute Resolution | Fire Code Fee | LEOSE- Law Enforcement |
|---|------------------------------|---|---|--|-------------------------------|--------------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 220,260 | - | 135,841 | - | 65,847 | 851,554 | 4,407,050 | - |
| - | - | - | - | - | - | - | - |
| - | - | 64,705 | - | 319,888 | - | - | - |
| 2,766 | 2,688 | 16,224 | 201 | 2,666 | 1,360 | 10,885 | 1,425 |
| - | 201,559 | 6,693,364 | - | - | - | - | - |
| <u>223,026</u> | <u>204,247</u> | <u>6,910,134</u> | <u>201</u> | <u>388,401</u> | <u>852,914</u> | <u>4,417,935</u> | <u>1,425</u> |
| - | - | 5,075,349 | - | - | 962,572 | 951,971 | 144,506 |
| - | - | - | - | - | - | - | - |
| - | 25,782 | - | - | - | - | 1,100,000 | 415 |
| - | - | - | - | 902,867 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 116,496 | - | - | - | - | - | - | - |
| - | - | 229,764 | - | - | - | - | - |
| <u>116,496</u> | <u>25,782</u> | <u>5,305,113</u> | <u>-</u> | <u>902,867</u> | <u>962,572</u> | <u>2,051,971</u> | <u>144,921</u> |
| 106,530 | 178,465 | 1,605,021 | 201 | (514,466) | (109,658) | 2,365,964 | (143,496) |
| - | - | 23,624 | - | 41 | - | - | - |
| - | - | (24,329) | - | (92,000) | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | (705) | - | (91,959) | - | - | - |
| 106,530 | 178,465 | 1,604,316 | 201 | (606,425) | (109,658) | 2,365,964 | (143,496) |
| 691,903 | 669,466 | 16,858,325 | 58,057 | 1,508,029 | 308,299 | - | 592,162 |
| <u>\$ 798,433</u> | <u>\$ 847,931</u> | <u>\$ 18,462,641</u> | <u>\$ 58,258</u> | <u>\$ 901,604</u> | <u>\$ 198,641</u> | <u>\$ 2,365,964</u> | <u>\$ 448,666</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For The Year Ended February 28, 2013

| | Library Contribution Fund | Juvenile Probation Fee | Food Permit Fee | Court Reporter Services | Juvenile Delinquency Prevention |
|--|--|---------------------------------------|--------------------------------|--|--|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | 32,222 | 1,700,795 | 1,174,335 | 914 |
| Lease revenue | - | - | - | - | - |
| Intergovernmental | 3,000 | - | - | - | - |
| Earnings on investments | 1,280 | 47 | 1,518 | 2,741 | 3 |
| Miscellaneous | 274,088 | - | 320 | - | - |
| Total revenues | <u>278,368</u> | <u>32,269</u> | <u>1,702,633</u> | <u>1,177,076</u> | <u>917</u> |
| EXPENDITURES | | | | | |
| Current operating: | | | | | |
| Administration of justice | - | 5,522 | - | 1,052,000 | - |
| Parks | - | - | - | - | - |
| County administration | - | - | - | - | - |
| Health and human services | 227,780 | - | 1,455,204 | - | - |
| Flood control | - | - | - | - | - |
| Tax administration | - | - | - | - | - |
| Roads and bridges | - | - | - | - | - |
| Capital outlay | - | 14,478 | - | - | - |
| Total expenditures | <u>227,780</u> | <u>20,000</u> | <u>1,455,204</u> | <u>1,052,000</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>50,588</u> | <u>12,269</u> | <u>247,429</u> | <u>125,076</u> | <u>917</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Proceeds from insurance recoveries | - | - | - | - | - |
| Proceeds from loan | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financial sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 50,588 | 12,269 | 247,429 | 125,076 | 917 |
| Fund balances, beginning | 283,061 | - | - | - | - |
| Fund balances, ending | <u>\$ 333,649</u> | <u>\$ 12,269</u> | <u>\$ 247,429</u> | <u>\$ 125,076</u> | <u>\$ 917</u> |

(continued)

| Supplemental Guardianship | Courthouse Security | Law Library | TIRZ Affordable Housing / Other Restricted Funds | Harris County Juvenile Board | Flood Control Grants | Grants | Total |
|--------------------------------------|--------------------------------|------------------------|---|---|-------------------------------------|--------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 98,710,471 |
| 173,120 | 1,773,331 | 1,179,459 | 6,744 | - | - | 95,183 | 25,726,798 |
| - | - | - | - | - | - | - | 306,280 |
| - | - | - | 13,951 | 30,033,292 | 11,695,562 | 169,214,114 | 214,276,493 |
| 460 | 1,386 | 2,506 | 20,156 | 93,423 | 141 | 14,935 | 1,194,443 |
| - | - | 17,797 | 938,410 | 6,978 | - | 5,134,965 | 24,396,122 |
| <u>173,580</u> | <u>1,774,717</u> | <u>1,199,762</u> | <u>979,261</u> | <u>30,133,693</u> | <u>11,695,703</u> | <u>174,459,197</u> | <u>364,610,607</u> |
| - | 1,657,705 | - | - | 30,407,636 | - | 52,513,569 | 101,933,123 |
| - | - | - | - | - | - | 18,777 | 4,045,707 |
| - | - | - | 9,692 | - | - | 14,864,701 | 39,914,337 |
| 89,021 | - | 1,341,230 | 931,250 | - | - | 92,484,728 | 98,253,378 |
| - | - | - | - | - | 676,823 | - | 58,843,531 |
| - | - | - | - | - | - | 50,388 | 1,174,725 |
| - | - | - | - | - | - | - | 116,496 |
| - | - | - | 16,661 | - | 13,081,738 | 22,129,762 | 37,042,042 |
| <u>89,021</u> | <u>1,657,705</u> | <u>1,341,230</u> | <u>957,603</u> | <u>30,407,636</u> | <u>13,758,561</u> | <u>182,061,925</u> | <u>341,323,339</u> |
| 84,559 | 117,012 | (141,468) | 21,658 | (273,943) | (2,062,858) | (7,602,728) | 23,287,268 |
| - | - | - | - | 273,943 | 2,156,957 | 10,247,503 | 12,909,482 |
| - | - | - | (5,349) | - | (94,099) | (2,644,775) | (11,871,446) |
| - | - | - | - | - | - | - | 7,825,267 |
| - | - | - | - | - | - | - | 450,000 |
| - | - | - | - | - | - | - | 287,489 |
| - | - | - | (5,349) | 273,943 | 2,062,858 | 7,602,728 | 9,600,792 |
| 84,559 | 117,012 | (141,468) | 16,309 | - | - | - | 32,888,060 |
| - | - | 719,094 | 5,900,604 | - | - | 493,653 | 183,071,219 |
| <u>\$ 84,559</u> | <u>\$ 117,012</u> | <u>\$ 577,626</u> | <u>\$ 5,916,913</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 493,653</u> | <u>\$ 215,959,279</u> |

(concluded)

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS-
SPECIAL REVENUE - GRANTS
February 28, 2013

| | Federal Grant Programs | State and Local Grant Programs | Total |
|--|---------------------------------------|---|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,966,547 | \$ 1,179,339 | 4,145,886 |
| Investments | 1,926,473 | 1,305,478 | 3,231,951 |
| Accounts receivable | 33,046,492 | 560,647 | 33,607,139 |
| Accrued interest receivable | 1,834 | 1,243 | 3,077 |
| Other receivables | 29,653,715 | 4,599,272 | 34,252,987 |
| Due from other funds | 857,327 | - | 857,327 |
| Inventories | 2,644,334 | - | 2,644,334 |
| Prepays and other assets | 617,413 | 43,188 | 660,601 |
| Notes receivable | 197,457 | - | 197,457 |
| Total assets | <u>\$ 71,911,592</u> | <u>\$ 7,689,167</u> | <u>\$ 79,600,759</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Vouchers payable | \$ 14,915,016 | \$ 254,666 | \$ 15,169,682 |
| Accrued payroll and compensated absences | 2,230,981 | 1,379,889 | 3,610,870 |
| Retainage payable | 302,796 | - | 302,796 |
| Due to other funds | 49,272,044 | 266,166 | 49,538,210 |
| Advances from other funds | 457,500 | - | 457,500 |
| Deferred revenue | 4,239,602 | 5,788,446 | 10,028,048 |
| Total liabilities | <u>71,417,939</u> | <u>7,689,167</u> | <u>79,107,106</u> |
| Fund Balances: | | | |
| Restricted | <u>493,653</u> | <u>-</u> | <u>493,653</u> |
| Total liabilities and fund balances | <u>\$ 71,911,592</u> | <u>\$ 7,689,167</u> | <u>\$ 79,600,759</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE - GRANTS
For The Year Ended February 28, 2013

| | Federal Grant Programs | State and Local Grant Programs | Total |
|--|---------------------------------------|---|--------------------|
| REVENUES | | | |
| Intergovernmental | \$ 158,151,088 | \$ 11,063,026 | \$ 169,214,114 |
| Charges for services | 95,183 | - | 95,183 |
| Earnings on investments | 12,984 | 1,951 | 14,935 |
| Miscellaneous | 3,062,910 | 2,072,055 | 5,134,965 |
| Total revenues | <u>161,322,165</u> | <u>13,137,032</u> | <u>174,459,197</u> |
| EXPENDITURES | | | |
| Administration of justice | 37,621,968 | 14,891,601 | 52,513,569 |
| Parks | 27 | 18,750 | 18,777 |
| County administration | 13,148,132 | 1,716,569 | 14,864,701 |
| Health and human services | 90,586,595 | 1,898,133 | 92,484,728 |
| Tax administration | - | 50,388 | 50,388 |
| Capital outlay | 21,696,060 | 433,702 | 22,129,762 |
| Total expenditures | <u>163,052,782</u> | <u>19,009,143</u> | <u>182,061,925</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,730,617)</u> | <u>(5,872,111)</u> | <u>(7,602,728)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 4,359,452 | 5,888,051 | 10,247,503 |
| Transfers out | (2,628,835) | (15,940) | (2,644,775) |
| Total transfers | <u>1,730,617</u> | <u>5,872,111</u> | <u>7,602,728</u> |
| Net changes in fund balances | - | - | - |
| Fund balances, beginning | <u>493,653</u> | <u>-</u> | <u>493,653</u> |
| Fund balances, ending | <u>\$ 493,653</u> | <u>\$ -</u> | <u>\$ 493,653</u> |

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS
FEDERAL PROGRAMS
February 28, 2013

| | Department of Department of Agriculture | Department of Housing and Urban Development | Department of Justice | Department of Transportation | Department of Energy | Department of Homeland Security | Department of Health and Human Services | Other Federal Programs | Total |
|--------------------------------------|---|---|-----------------------------|------------------------------------|----------------------------|--|---|------------------------------|----------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 1,862,728 | \$ 701,201 | \$ - | \$ - | \$ 402,618 | \$ - | \$ 2,966,547 |
| Investments | - | - | 1,629,727 | 288,937 | - | - | - | 7,809 | 1,926,473 |
| Accounts receivable | 693,620 | 4,918,687 | 87,019 | 947,496 | - | 24,012,144 | 1,906,238 | 481,288 | 33,046,492 |
| Accrued interest receivable | - | - | 1,551 | 275 | - | - | - | 8 | 1,834 |
| Other receivables | 1,347,183 | 17,196,049 | 3,297 | - | - | 3,778,622 | 6,578,574 | 749,990 | 29,653,715 |
| Due from other funds | - | 857,301 | 26 | - | - | - | - | - | 857,327 |
| Inventories | - | 2,644,334 | - | - | - | - | - | - | 2,644,334 |
| Prepays and other assets | - | 218,275 | 13,866 | - | - | 192,101 | 33,723 | 159,448 | 617,413 |
| Notes receivable | - | 197,457 | - | - | - | - | - | - | 197,457 |
| Total assets | <u>\$ 2,040,803</u> | <u>\$ 26,032,103</u> | <u>\$ 3,598,214</u> | <u>\$ 1,937,909</u> | <u>\$ -</u> | <u>\$ 27,982,867</u> | <u>\$ 8,921,153</u> | <u>\$ 1,398,543</u> | <u>\$ 71,911,592</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Vouchers payable | \$ 42,727 | \$ 5,771,921 | \$ 373,410 | \$ 780,132 | \$ - | \$ 3,754,619 | \$ 3,360,808 | \$ 831,399 | \$ 14,915,016 |
| Accrued payroll and compensated abs | 654,780 | 545,664 | 190,716 | 50,214 | - | 83,818 | 679,872 | 25,917 | 2,230,981 |
| Retainage payable | - | 201,615 | - | 101,181 | - | - | - | - | 302,796 |
| Due to other funds | 1,343,296 | 18,856,271 | - | - | - | 24,144,430 | 4,386,820 | 541,227 | 49,272,044 |
| Advances from other funds | - | 457,500 | - | - | - | - | - | - | 457,500 |
| Deferred revenue | - | 199,132 | 3,034,088 | 1,006,382 | - | - | - | - | 4,239,602 |
| Total liabilities | <u>2,040,803</u> | <u>26,032,103</u> | <u>3,598,214</u> | <u>1,937,909</u> | <u>-</u> | <u>27,982,867</u> | <u>8,427,500</u> | <u>1,398,543</u> | <u>71,417,939</u> |
| Fund balances-restricted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>493,653</u> | <u>-</u> | <u>493,653</u> |
| Total liabilities and fund balances | <u>\$ 2,040,803</u> | <u>\$ 26,032,103</u> | <u>\$ 3,598,214</u> | <u>\$ 1,937,909</u> | <u>\$ -</u> | <u>\$ 27,982,867</u> | <u>\$ 8,921,153</u> | <u>\$ 1,398,543</u> | <u>\$ 71,911,592</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE-GRANTS-FEDERAL PROGRAMS
For the Year Ended February 28, 2013

| | Department of Agriculture | Department of Housing and Urban Development | Department of Justice | Department of Transportation | Department of Energy | Department of Homeland Security | Department of Health and Human | Other Federal | Total |
|---|---------------------------------|---|-----------------------------|------------------------------------|----------------------------|--|---|------------------|--------------------|
| REVENUES | | | | | | | | | |
| Intergovernmental | \$ 9,106,362 | \$ 52,478,663 | \$ 8,401,629 | \$ 4,270,635 | \$ 3,483,388 | \$ 43,516,396 | \$ 33,533,086 | \$ 3,360,929 | \$ 158,151,088 |
| Charges for services | - | - | - | - | - | - | 95,183 | - | 95,183 |
| Earnings on investments | - | 101 | 12,471 | - | - | 412 | - | - | 12,984 |
| Miscellaneous | - | 802,249 | 31,145 | 569,431 | - | 128,721 | 1,529,676 | 1,688 | 3,062,910 |
| Total revenues | <u>9,106,362</u> | <u>53,281,013</u> | <u>8,445,245</u> | <u>4,840,066</u> | <u>3,483,388</u> | <u>43,645,529</u> | <u>35,157,945</u> | <u>3,362,617</u> | <u>161,322,165</u> |
| EXPENDITURES | | | | | | | | | |
| Administration of justice | - | - | 8,457,427 | 2,138,352 | - | 21,774,536 | 2,550,334 | 2,701,319 | 37,621,968 |
| Parks | - | - | - | - | - | - | - | 27 | 27 |
| County administration | - | - | 8,619 | 3,435,906 | - | 9,005,120 | 428,354 | 270,133 | 13,148,132 |
| Health and human services | 9,070,246 | 47,841,894 | - | 1,582,478 | - | 188,121 | 31,587,586 | 316,270 | 90,586,595 |
| Capital outlay | - | 6,465,686 | 295,508 | - | 3,483,388 | 11,246,088 | 116,811 | 88,579 | 21,696,060 |
| Total expenditures | <u>9,070,246</u> | <u>54,307,580</u> | <u>8,761,554</u> | <u>7,156,736</u> | <u>3,483,388</u> | <u>42,213,865</u> | <u>34,683,085</u> | <u>3,376,328</u> | <u>163,052,782</u> |
| Excess of revenues over (under) expenditures | <u>36,116</u> | <u>(1,026,567)</u> | <u>(316,309)</u> | <u>(2,316,670)</u> | <u>-</u> | <u>1,431,664</u> | <u>474,860</u> | <u>(13,711)</u> | <u>(1,730,617)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | 134 | 1,028,878 | 324,288 | 2,316,670 | - | 217,059 | 451,028 | 21,395 | 4,359,452 |
| Transfers out | (36,250) | (2,311) | (7,979) | - | - | (1,648,723) | (925,888) | (7,684) | (2,628,835) |
| Total transfers | <u>(36,116)</u> | <u>1,026,567</u> | <u>316,309</u> | <u>2,316,670</u> | <u>-</u> | <u>(1,431,664)</u> | <u>(474,860)</u> | <u>13,711</u> | <u>1,730,617</u> |
| Net changes in fund balances | - | - | - | - | - | - | - | - | - |
| Fund balance, beginning | - | - | - | - | - | - | 493,653 | - | 493,653 |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 493,653</u> | <u>\$ -</u> | <u>\$ 493,653</u> |

HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
GRANTS - STATE AND LOCAL PROGRAMS
February 28, 2013

| | 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 | \$ - | \$ 50,612 | \$ 39,499 | \$ 156,168 | \$ 34,319 | \$ 898,741 | \$ 1,179,339 |
| Investments | - | 42,780 | 26,483 | 137,508 | 334,094 | 764,613 | 1,305,478 |
| Accounts receivable | 75,263 | 156,132 | 22,935 | - | 2,572 | 303,745 | 560,647 |
| Accrued interest receivable | - | 41 | 25 | 131 | 318 | 728 | 1,243 |
| Other receivables | 46,171 | 74,182 | 3,223,789 | 394,394 | 860,236 | 500 | 4,599,272 |
| Prepays and other assets | 7,327 | 210 | - | 5,723 | 29,928 | - | 43,188 |
| Total assets | <u>\$ 128,761</u> | <u>\$ 323,957</u> | <u>\$ 3,312,731</u> | <u>\$ 693,924</u> | <u>\$ 1,261,467</u> | <u>\$ 1,968,327</u> | <u>\$ 7,689,167</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Vouchers payable | \$ 2,078 | \$ 1,638 | \$ 1,429 | \$ 25,597 | \$ 221,879 | \$ 2,045 | \$ 254,666 |
| Accrued payroll and compensated absences | 64,429 | 322,319 | 54,797 | 668,327 | 215,367 | 54,650 | 1,379,889 |
| Due to other funds | 62,254 | - | - | - | 203,395 | 517 | 266,166 |
| Deferred revenue | - | - | 3,256,505 | - | 620,826 | 1,911,115 | 5,788,446 |
| Total liabilities | <u>128,761</u> | <u>323,957</u> | <u>3,312,731</u> | <u>693,924</u> | <u>1,261,467</u> | <u>1,968,327</u> | <u>7,689,167</u> |
| Fund balances | - | - | - | - | - | - | - |
| Total liabilities and fund balances | <u>\$ 128,761</u> | <u>\$ 323,957</u> | <u>\$ 3,312,731</u> | <u>\$ 693,924</u> | <u>\$ 1,261,467</u> | <u>\$ 1,968,327</u> | <u>\$ 7,689,167</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - GRANTS - STATE AND LOCAL PROGRAMS
For The Year Ended February 28, 2013

| | 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 | \$ 891,176 | \$ 1,317,131 | \$ 2,505,003 | \$ 4,485,474 | \$ 1,121,799 | \$ 742,443 | \$ 11,063,026 |
| Earnings on investments | - | - | - | 694 | 1,257 | - | 1,951 |
| Miscellaneous | - | - | - | - | 94,486 | 1,977,569 | 2,072,055 |
| Total revenues | <u>891,176</u> | <u>1,317,131</u> | <u>2,505,003</u> | <u>4,486,168</u> | <u>1,217,542</u> | <u>2,720,012</u> | <u>13,137,032</u> |
| EXPENDITURES | | | | | | | |
| Administration of justice | - | 2,698,878 | 1,069,765 | 8,042,277 | 1,060,214 | 2,020,467 | 14,891,601 |
| Parks | - | - | - | - | - | 18,750 | 18,750 |
| County administration | - | - | 1,642,114 | - | - | 74,455 | 1,716,569 |
| Health and human services | 952,444 | - | - | - | 153,707 | 791,982 | 1,898,133 |
| Tax administration | - | 50,388 | - | - | - | - | 50,388 |
| Capital outlay | - | - | 77,780 | 336,665 | 19,257 | - | 433,702 |
| Total expenditures | <u>952,444</u> | <u>2,749,266</u> | <u>2,789,659</u> | <u>8,378,942</u> | <u>1,233,178</u> | <u>2,905,654</u> | <u>19,009,143</u> |
| Excess of revenues over (under) expenditures | <u>(61,268)</u> | <u>(1,432,135)</u> | <u>(284,656)</u> | <u>(3,892,774)</u> | <u>(15,636)</u> | <u>(185,642)</u> | <u>(5,872,111)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 61,268 | 1,448,075 | 284,656 | 3,892,774 | 15,636 | 185,642 | 5,888,051 |
| Transfers out | - | (15,940) | - | - | - | - | (15,940) |
| Total transfers | <u>61,268</u> | <u>1,432,135</u> | <u>284,656</u> | <u>3,892,774</u> | <u>15,636</u> | <u>185,642</u> | <u>5,872,111</u> |
| Net changes in fund balances | - | - | - | - | - | - | - |
| Fund balance, beginning | - | - | - | - | - | - | - |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**HARRIS COUNTY, TEXAS
SPECIAL REVENUE FUNDS**

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 208,620,341 | \$ 208,620,341 | \$ 227,437,379 | \$ 18,817,038 |
| Revenues and Transfers In: | | | | |
| Taxes | 99,286,643 | 99,286,643 | 100,212,852 | 926,209 |
| Charges for Services | 22,159,949 | 22,295,558 | 25,505,599 | 3,210,041 |
| Forfeitures | - | - | 49,984 | 49,984 |
| Lease revenue | 212,001 | 212,001 | 308,022 | 96,021 |
| Intergovernmental | 2,829,000 | 3,182,761 | 2,549,249 | (633,512) |
| Interest | 290,485 | 878,597 | 1,196,559 | 317,962 |
| Miscellaneous | 1,597,345 | 2,288,212 | 12,960,909 | 10,672,697 |
| Other - Transfers In | 4,457,156 | 5,308,470 | 3,697,393 | (1,611,077) |
| Total Revenues and Transfers In | <u>130,832,579</u> | <u>133,452,242</u> | <u>146,480,567</u> | <u>13,028,325</u> |
| Total Available Resources | <u>\$ 339,452,920</u> | <u>\$ 342,072,583</u> | <u>\$ 373,917,946</u> | <u>\$ 31,845,363</u> |

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

For the Year Ended February 28, 2013

| | Adopted Budget | Budget | Actual | (Over) Under |
|---|---------------------------|---------------|---------------|-------------------------|
| Flood Control | | | | |
| Commercial Paper Series F - Flood Control | \$ 98,790 | \$ 98,790 | \$ - | \$ 98,790 |
| Flood Control General Fund | 188,753,012 | 188,753,012 | 58,887,946 | 129,865,066 |
| Total Flood Control | 188,851,802 | 188,851,802 | 58,887,946 | 129,963,856 |
| Hotel Occupancy Tax | 30,342,696 | 30,342,696 | 27,961,027 | 2,381,669 |
| District Court Records Archive | 617,618 | 617,618 | 372,954 | 244,664 |
| Port Security Program | 2,862,294 | 3,012,294 | 713,441 | 2,298,853 |
| Healthcare Alliance | 301,000 | 301,000 | 71,015 | 229,985 |
| Deed Restriction Enforcement | 6,202 | 6,202 | - | 6,202 |
| Child Support Enforcement | 1,482,441 | 1,482,441 | 311,287 | 1,171,154 |
| Family Protection | 338,469 | 338,469 | 275,312 | 63,157 |
| CPS - Special Revenue Contracts | - | 93,252 | 68,316 | 24,936 |
| Utility Bill Assistance Program | 103,931 | 455,809 | 329,382 | 126,427 |
| Probate Court Support | 954,948 | 954,948 | 583,441 | 371,507 |
| Appellate Judicial System | 678,748 | 678,748 | 513,754 | 164,994 |
| County Attorney Administration | 2,106,839 | 2,106,839 | 1,851,336 | 255,503 |
| District Attorney Administration | | | | |
| District Attorney Special Investigation | 7,134,747 | 7,134,747 | 3,484,760 | 3,649,987 |
| District Attorney Hot Check Depository | 3,928,611 | 3,928,611 | 1,105,537 | 2,823,074 |
| Total District Attorney Administration | 11,063,358 | 11,063,358 | 4,590,297 | 6,473,061 |
| Courthouse Security Justice Court | 807,473 | 807,473 | 6,687 | 800,786 |
| Records Management | 22,619,023 | 22,619,023 | 5,045,793 | 17,573,230 |
| Donation Fund | 2,702,176 | 2,833,719 | 849,903 | 1,983,816 |
| Justice Court Technology | 3,522,031 | 3,522,031 | 187,603 | 3,334,428 |
| Child Abuse Prevention | 47,805 | 47,805 | - | 47,805 |
| Juvenile Case Manager Fee | 3,748,511 | 3,748,511 | 619,155 | 3,129,356 |
| Tax Office - Chapter 19 | 700,015 | 700,015 | 513,239 | 186,776 |
| Star Drug Court | 1,394,997 | 1,394,997 | 15,915 | 1,379,082 |
| County & District Technology Fee | 209,104 | 209,104 | - | 209,104 |
| Stormwater Management Fund | 180,092 | 239,301 | 198,538 | 40,763 |
| DA Divert Program | 691,379 | 691,379 | 227,803 | 463,576 |
| Gulf of Mexico Energy Security Act | 123,667 | 123,667 | - | 123,667 |
| Hester House | | | | |
| Hester House Operating | 83,792 | 83,792 | - | 83,792 |
| Hester House Construction | 3,988,873 | 3,988,873 | 242,272 | 3,746,601 |
| Total Hester House | 4,072,665 | 4,072,665 | 242,272 | 3,830,393 |
| San Jacinto Wetlands Project | 45,522 | 45,522 | - | 45,522 |
| TCEQ - Pollution Control | 254,737 | 257,437 | 32,293 | 225,144 |
| Community Development Financial Sureties | 645,127 | 744,137 | 120,709 | 623,428 |
| EPH TCEQ SEP Fund | 336,859 | 392,401 | 13,998 | 378,403 |
| Election Services | 787,152 | 787,152 | 25,451 | 761,701 |

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

For the Year Ended February 28, 2013

| | Adopted Budget | Budget | Actual | (Over) Under |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| Law Enforcement Forfeited Fund | | | | |
| District Attorney Seized Assets - Treasury | 12,695 | 12,695 | - | 12,695 |
| District Attorney Seized Assets - Justice | 197,934 | 197,934 | - | 197,934 |
| Constable Seized Assets - Treasury | 14,078 | 14,078 | - | 14,078 |
| Constable Seized Assets - Justice | 94,443 | 94,443 | - | 94,443 |
| Sheriff Seized Assets - Treasury | 1,659,873 | 1,659,873 | 322,951 | 1,336,922 |
| Sheriff Seized Assets - Justice | 2,876,524 | 2,876,524 | 447,771 | 2,428,753 |
| Sheriff Seized Assets - State | 1,746,143 | 1,746,143 | 1,204,904 | 541,239 |
| District Attorney Seized Assets - State | 6,915,026 | 6,915,026 | 3,169,604 | 3,745,422 |
| Constable Seized Assets - State | 446,392 | 446,392 | 88,653 | 357,739 |
| Seized Assets - Commissioner's Court | 2,542,865 | 2,542,865 | 568,591 | 1,974,274 |
| Fire Marshall Seized Assets | 8,895 | 8,895 | 4,235 | 4,660 |
| CA Forfeited Assets - State | 17,363 | 17,363 | 958 | 16,405 |
| Sheriff Chapter 18 State Forfeited | 23,147 | 404,911 | 1,000 | 403,911 |
| Constable Chapter 18 State Forfeited | 52,578 | 52,578 | - | 52,578 |
| Total Law Enforcement Forfeited Fund | <u>16,607,956</u> | <u>16,989,720</u> | <u>5,808,667</u> | <u>11,181,053</u> |
| Crim Courts Audio/Visual | 57,884 | 57,884 | - | 57,884 |
| Dispute Resolution | 1,484,970 | 1,484,970 | 967,962 | 517,008 |
| Fire Code Fee | 2,200,000 | 2,200,000 | 1,959,697 | 240,303 |
| Fire County Clerk Election | 14,415,549 | 14,998,049 | 14,878,924 | 119,125 |
| LEOSE - Law Enforcement | 595,135 | 595,135 | 153,191 | 441,944 |
| Library Donation Fund | 505,749 | 505,749 | 253,782 | 251,967 |
| Juvenile Probation Fee | 20,000 | 20,000 | 20,000 | - |
| Law Library | 1,993,366 | 1,993,366 | 1,321,375 | 671,991 |
| Food Permit Fees | 1,614,400 | 1,615,271 | 1,446,729 | 168,542 |
| Court Reporter Services | 1,280,000 | 1,280,000 | 1,052,000 | 228,000 |
| Juvenile Delinquency Prevention | 600 | 600 | - | 600 |
| Supplemental Guardianship | 161,000 | 161,000 | 89,021 | 71,979 |
| Courthouse Security | 1,635,995 | 1,635,995 | 1,635,144 | 851 |
| Medicaid Admin Claim Reimbursement | 2,533,307 | 2,670,440 | 1,034,689 | 1,635,751 |
| Restricted Fund | | | | |
| Restricted Fund | 3,082,254 | 3,655,015 | 1,039,110 | 2,615,905 |
| Restricted Fund - General | 197,573 | 199,073 | 19,103 | 179,970 |
| Total Restricted Fund | <u>3,279,827</u> | <u>3,854,088</u> | <u>1,058,213</u> | <u>2,795,875</u> |
| TIRZ Affordable Housing | | | | |
| TIRZ Affordable Housing - Non Interest Bearing | 1,036,167 | 1,036,167 | 369,550 | 666,617 |
| TIRZ Affordable Housing - Interest Bearing | 1,652,695 | 1,652,695 | - | 1,652,695 |
| Total TIRZ Affordable Housing | <u>2,688,862</u> | <u>2,688,862</u> | <u>369,550</u> | <u>2,319,312</u> |
| Hurricane Ike | 5,779,639 | 5,779,639 | 2,937,952 | 2,841,687 |
| Total Special Revenue Fund | <u>\$ 339,452,920</u> | <u>\$ 342,072,583</u> | <u>\$ 139,615,763</u> | <u>\$202,456,820</u> |

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HARRIS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
February 28, 2013

| | Roads | Flood Control | Total |
|--------------------------------------|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Restricted cash and cash equivalents | \$ 22,282,587 | \$ 3,223,641 | \$ 25,506,228 |
| Restricted investments | 42,629,233 | 5,167,611 | 47,796,844 |
| Taxes Receivable, net | 2,421,991 | 270,410 | 2,692,401 |
| Other receivables | 1,768,577 | 227,726 | 1,996,303 |
| Due from other funds | 17,156 | 515 | 17,671 |
| Total assets | <u>\$ 69,119,544</u> | <u>\$ 8,889,903</u> | <u>\$ 78,009,447</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Deferred revenue | \$ 2,421,991 | \$ 270,410 | \$ 2,692,401 |
| Total liabilities | <u>2,421,991</u> | <u>270,410</u> | <u>2,692,401</u> |
| Fund Balances: | | | |
| Restricted | 66,697,553 | 8,619,493 | 75,317,046 |
| Total fund balances | <u>66,697,553</u> | <u>8,619,493</u> | <u>75,317,046</u> |
| Total liabilities and fund balances | <u>\$ 69,119,544</u> | <u>\$ 8,889,903</u> | <u>\$ 78,009,447</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For The Year Ended February 28, 2013

| | Roads | Flood Control | Total |
|---|----------------------|--------------------------|----------------------|
| REVENUES | | | |
| Taxes - Property | \$ 64,718,812 | \$ 7,867,700 | \$ 72,586,512 |
| Earnings on investments | 76,121 | 12,894 | 89,015 |
| Miscellaneous | 85,614 | 9,048 | 94,662 |
| Total revenues | <u>64,880,547</u> | <u>7,889,642</u> | <u>72,770,189</u> |
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal retirement | 26,740,000 | 11,455,000 | 38,195,000 |
| Bond issuance costs | 500,291 | - | 500,291 |
| Interest and fiscal charges | 35,064,546 | 34,030,288 | 69,094,834 |
| Total expenditures | <u>62,304,837</u> | <u>45,485,288</u> | <u>107,790,125</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>2,575,710</u> | <u>(37,595,646)</u> | <u>(35,019,936)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 8,132,258 | 37,271,421 | 45,403,679 |
| Transfers out | (407,411) | - | (407,411) |
| Refunding bonds issued | 119,240,000 | - | 119,240,000 |
| Premium on bonds issued | 25,165,269 | - | 25,165,269 |
| Payments to escrow agent | (143,494,478) | - | (143,494,478) |
| Total other financing sources (uses) | <u>8,635,638</u> | <u>37,271,421</u> | <u>45,907,059</u> |
| Net changes in fund balances | 11,211,348 | (324,225) | 10,887,123 |
| Fund balances, beginning | 55,486,205 | 8,943,718 | 64,429,923 |
| Fund balances, ending | <u>\$ 66,697,553</u> | <u>\$ 8,619,493</u> | <u>\$ 75,317,046</u> |

HARRIS COUNTY, TEXAS
DEBT SERVICE FUNDS
SCHEDULE OF AVAILABLE RESOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 61,919,769 | \$ 61,919,769 | \$ 62,537,816 | \$ 618,047 |
| Revenues and Transfers In: | | | | |
| Taxes | 67,567,462 | 67,567,462 | 72,466,830 | 4,899,368 |
| Interest | 45,703 | 45,703 | 95,849 | 50,146 |
| Miscellaneous | 117,030 | 117,030 | 123,672 | 6,642 |
| Other Transfers In | 51,612,631 | 339,512,379 | 336,300,330 | (3,212,049) |
| Total Revenues and Transfers In | <u>119,342,826</u> | <u>407,242,574</u> | <u>408,986,681</u> | <u>1,744,107</u> |
| Total Available Resources | <u>\$ 181,262,595</u> | <u>\$ 469,162,343</u> | <u>\$ 471,524,497</u> | <u>\$ 2,362,154</u> |

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
|---|---------------------------|----------------------------|-----------------------|-------------------------|
| Roads | | | | |
| Road Series 1996 | \$ 17,550,014 | \$ 17,550,014 | \$ - | \$ 17,550,014 |
| Road Refunding Series 2003A | 3,033,700 | 7,280,970 | 6,603,970 | 677,000 |
| Road Refunding Series 2004A-D | 12,637,750 | 37,573,868 | 31,224,118 | 6,349,750 |
| Unlimited Tax Road Refunding Series 2004 | 7,727,000 | 92,345,915 | 90,570,661 | 1,775,254 |
| Unlimited Tax Road Refunding Series 2005A | 3,442,000 | 33,134,176 | 31,413,176 | 1,721,000 |
| Unlimited Tax Forward Refunding 2006A-D | 5,581,023 | 5,581,023 | 5,358,932 | 222,091 |
| Roads Refunding 2006B | 21,776,832 | 21,776,832 | 10,888,250 | 10,888,582 |
| Unlimited Tax Road Refunding Series 2008A | 3,555,300 | 3,555,300 | 1,777,650 | 1,777,650 |
| Road Refunding Series 2009A | 23,894,445 | 23,894,445 | 14,787,287 | 9,107,158 |
| Road Refunding Series 2010A | 8,286,200 | 8,286,200 | 4,143,100 | 4,143,100 |
| Road Refunding Series 2011A | 19,825,496 | 19,825,496 | 11,528,784 | 8,296,712 |
| Road Refunding Series 2012A | - | 85,164,026 | 85,162,239 | 1,787 |
| Road Refunding Series 2012B | - | 59,241,243 | 59,239,943 | 1,300 |
| Total Roads | <u>127,309,760</u> | <u>415,209,508</u> | <u>352,698,110</u> | <u>62,511,398</u> |
| Flood Control | | | | |
| Flood Control Contract Refunding 2006A | 4,711,521 | 4,711,521 | 4,709,250 | 2,271 |
| Flood Control Refunding Series 1993A | 5,328,958 | 5,328,958 | 2,682,625 | 2,646,333 |
| Flood Control Refunding Series 2003 | 2,764,561 | 2,764,561 | 1,376,544 | 1,388,017 |
| Flood Control Contract Refunding 2004A-D | 6,831,561 | 6,831,561 | 6,812,500 | 19,061 |
| Flood Control Improvement Bonds 2007 | 8,775,149 | 8,775,149 | 4,384,000 | 4,391,149 |
| Flood Control Contract Refunding 2010A | 9,100,525 | 9,100,525 | 9,094,250 | 6,275 |
| Flood Control Contract Refunding 2008A | 7,000,358 | 7,000,358 | 6,993,600 | 6,758 |
| Flood Control Contract Refunding 2008C | 9,440,202 | 9,440,202 | 9,432,519 | 7,683 |
| Total Flood Control | <u>53,952,835</u> | <u>53,952,835</u> | <u>45,485,288</u> | <u>8,467,547</u> |
| Total Debt Service Funds | <u>\$ 181,262,595</u> | <u>\$ 469,162,343</u> | <u>\$ 398,183,398</u> | <u>\$ 70,978,945</u> |

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

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 28, 2013

| | <u>Roads</u> | <u>Permanent Improvements</u> | <u>Reliant Park</u> | <u>Sports and Convention Corporation</u> | <u>Flood Control</u> | <u>Total</u> |
|--|-----------------------|-----------------------------------|----------------------|--|--------------------------|-----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 41,327,573 | \$ 19,192,421 | \$ - | \$ 4,433,533 | \$ 51,889,029 | \$ 116,842,556 |
| Investments | 97,461,503 | 3,779,947 | - | - | 80,756,770 | 181,998,220 |
| Accounts receivable | 596,472 | - | - | - | 4,723,628 | 5,320,100 |
| Accrued interest receivable | 215,860 | 3,598 | - | - | 185,112 | 404,570 |
| Other receivables | - | 37,417 | - | - | - | 37,417 |
| Prepays and other assets | 381,341 | 130,652 | - | - | 350 | 512,343 |
| Advances to other funds | - | - | 12,000,000 | - | - | 12,000,000 |
| Restricted cash and cash equivalents | - | - | - | 6,305,332 | - | 6,305,332 |
| Restricted investments | - | - | - | 12,000,000 | - | 12,000,000 |
| Total assets | <u>\$ 139,982,749</u> | <u>\$ 23,144,035</u> | <u>\$ 12,000,000</u> | <u>\$ 22,738,865</u> | <u>\$ 137,554,889</u> | <u>\$ 335,420,538</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Vouchers payable | \$ 6,877,310 | \$ 3,538,375 | \$ - | \$ - | \$ 4,602,802 | \$ 15,018,487 |
| Accrued payroll and compensated absences | - | 60,687 | - | - | - | 60,687 |
| Retainage payable | 2,184,184 | 467,813 | - | - | 2,612,479 | 5,264,476 |
| Due to other funds | 51,394 | 16,413 | - | - | 1,018,691 | 1,086,498 |
| Advances from other funds | - | - | - | 12,000,000 | - | 12,000,000 |
| Deferred revenue | 225,750 | 2,914,638 | - | 11,653,016 | 4,723,628 | 19,517,032 |
| Total liabilities | <u>9,338,638</u> | <u>6,997,926</u> | <u>-</u> | <u>23,653,016</u> | <u>12,957,600</u> | <u>52,947,180</u> |
| Fund Balances: | | | | | | |
| Nonspendable | 381,341 | 130,652 | 12,000,000 | - | 350 | 12,512,343 |
| Restricted | 103,058,150 | 11,725,027 | - | 6,305,332 | 124,596,939 | 245,685,448 |
| Committed | 27,204,620 | 4,290,430 | - | - | - | 31,495,050 |
| Unassigned | - | - | - | (7,219,483) | - | (7,219,483) |
| Total fund balances | <u>130,644,111</u> | <u>16,146,109</u> | <u>12,000,000</u> | <u>(914,151)</u> | <u>124,597,289</u> | <u>282,473,358</u> |
| Total liabilities and fund balances | <u>\$ 139,982,749</u> | <u>\$ 23,144,035</u> | <u>\$ 12,000,000</u> | <u>\$ 22,738,865</u> | <u>\$ 137,554,889</u> | <u>\$ 335,420,538</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
For The Year Ended February 28, 2013

| | Roads | Permanent Improvements | Reliant Park | Sports and Convention Corporation | Flood Control | Total |
|--|-----------------------|---------------------------|----------------------|---|-----------------------|-----------------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ 26,308,735 | \$ 2,406,505 | \$ - | \$ - | \$ 1,063,288 | \$ 29,778,528 |
| Earnings on investments | 1,057,767 | 15,903 | - | - | 1,028,649 | 2,102,319 |
| Miscellaneous | 2,843,180 | 497,840 | - | 5,403,661 | 1,411,518 | 10,156,199 |
| Total revenues | <u>30,209,682</u> | <u>2,920,248</u> | <u>-</u> | <u>5,403,661</u> | <u>3,503,455</u> | <u>42,037,046</u> |
| EXPENDITURES | | | | | | |
| Administration of justice | - | 552,305 | - | - | - | 552,305 |
| Parks | - | 961,093 | - | 5,170,134 | - | 6,131,227 |
| County administration | 373,194 | 9,688,497 | - | - | - | 10,061,691 |
| Health and human services | - | 383,621 | - | - | - | 383,621 |
| Flood control | - | - | - | - | 20,401,332 | 20,401,332 |
| Roads and bridges | 15,916,672 | 53,908 | - | - | - | 15,970,580 |
| Tax administration | - | - | - | - | - | - |
| Capital outlay | 74,540,176 | 33,925,437 | - | 1,914,719 | 29,701,762 | 140,082,094 |
| Debt service: | | | | | | |
| Bond issuance costs | 87,000 | - | - | - | - | 87,000 |
| Interest and fiscal charges | 51,436 | - | - | - | - | 51,436 |
| Total expenditures | <u>90,968,478</u> | <u>45,564,861</u> | <u>-</u> | <u>7,084,853</u> | <u>50,103,094</u> | <u>193,721,286</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(60,758,796)</u> | <u>(42,644,613)</u> | <u>-</u> | <u>(1,681,192)</u> | <u>(46,599,639)</u> | <u>(151,684,240)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | 55,685 | 55,685 |
| Transfers out | (1,455,613) | (1,129,665) | - | - | (2,453,861) | (5,039,139) |
| Loans issued | - | 6,043,846 | - | 1,652,615 | - | 7,696,461 |
| Commercial paper issued | 31,900,000 | 26,730,000 | - | - | - | 58,630,000 |
| Sale of capital assets | 117,251 | - | - | - | - | 117,251 |
| Total other financing sources (uses) | <u>30,561,638</u> | <u>31,644,181</u> | <u>-</u> | <u>1,652,615</u> | <u>(2,398,176)</u> | <u>61,460,258</u> |
| Net change in fund balances | (30,197,158) | (11,000,432) | - | (28,577) | (48,997,815) | (90,223,982) |
| Fund balances, beginning | 160,841,269 | 27,146,541 | 12,000,000 | (885,574) | 173,595,104 | 372,697,340 |
| Fund balances, ending | <u>\$ 130,644,111</u> | <u>\$ 16,146,109</u> | <u>\$ 12,000,000</u> | <u>\$ (914,151)</u> | <u>\$ 124,597,289</u> | <u>\$ 282,473,358</u> |

**HARRIS COUNTY, TEXAS
CAPITAL PROJECTS FUNDS**

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

For The Year Ended February 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>Over (Under)</u> |
|---------------------------------|---------------------------|----------------------------|-----------------------|-------------------------|
| Beginning Cash and Investments | \$ 309,245,789 | \$ 329,990,419 | \$ 373,891,047 | \$ 43,900,628 |
| Revenues and Transfers In: | | | | |
| Charges for Services | - | 34,238 | - | (34,238) |
| Interest | - | 2,396,293 | 2,395,681 | (612) |
| Miscellaneous | - | 9,308,941 | 5,104,135 | (4,204,806) |
| Intergovernmental | - | 22,593,769 | 29,773,382 | 7,179,613 |
| Other Proceeds Comm Paper | 611,773,989 | 603,348,220 | 58,630,000 | (544,718,220) |
| Other Transfers In | - | - | 524,054 | 524,054 |
| Total Revenues and Transfers In | <u>611,773,989</u> | <u>637,681,461</u> | <u>96,427,252</u> | <u>(541,254,209)</u> |
| Total Available Resources | <u>\$ 921,019,778</u> | <u>\$ 967,671,880</u> | <u>\$ 470,318,299</u> | <u>\$ (497,353,581)</u> |

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 28, 2013

| | <u>Adopted Budget</u> | <u>Adjusted Budget</u> | <u>Actual</u> | <u>(Over) Under</u> |
|--|---------------------------|----------------------------|-----------------------|-------------------------|
| Roads | | | | |
| METRO Street Improvement | \$ 5,827,484 | \$ 5,871,854 | \$ - | \$ 5,871,854 |
| 1975 Road Bonds Construction | 513,848 | 514,212 | 514,212 | - |
| Road Capital Projects | 43,301,741 | 45,197,577 | 19,478,953 | 25,718,624 |
| METRO Designated Projects | 43,048,414 | 64,243,219 | 25,643,048 | 38,600,171 |
| Road Refunding 2004B | 15,766,779 | 15,938,664 | 5,658,924 | 10,279,740 |
| Road Refunding 2006B | 59,525,856 | 59,226,987 | 9,526,701 | 49,700,286 |
| Road Series 1993 Construction | 47,288 | 47,314 | 5,010 | 42,304 |
| Road 1996 Construction | 171,739 | 171,965 | 234 | 171,731 |
| Commercial Paper Series C | 119,381,786 | 118,677,497 | 31,766,473 | 86,911,024 |
| Total Roads | <u>287,584,935</u> | <u>309,889,289</u> | <u>92,593,555</u> | <u>217,295,734</u> |
| Permanent Improvements | | | | |
| Buildings/Parks/Library Projects | 8,919,023 | 11,670,363 | 4,388,510 | 7,281,853 |
| 1982 Park Bonds Construction | 335,549 | 337,164 | 1,806 | 335,358 |
| CO Series 2001 Construction | 2,133,363 | 2,093,342 | 853,199 | 1,240,143 |
| Permanent Improvements 2002 Construction | 36,780 | 36,777 | 36,777 | - |
| Permanent Improvements 1994 Construction | 370,782 | 371,027 | 74,251 | 296,776 |
| CO Series 1994 Construction | 1,320,278 | 1,313,646 | 199,423 | 1,114,223 |
| Commercial Paper Series B | 57,595,464 | 57,508,992 | 10,529,411 | 46,979,581 |
| Commercial Paper Series A-1 | 55,143,763 | 69,759,357 | 3,243,447 | 66,515,910 |
| Commercial Paper Series New D | 131,199,506 | 128,362,065 | 21,251,466 | 107,110,599 |
| Total Permanent Improvements | <u>257,054,508</u> | <u>271,452,733</u> | <u>40,578,290</u> | <u>230,874,443</u> |
| Flood Control | | | | |
| Regional Flood Control Projects | 13,994,337 | 14,116,462 | 1,460,442 | 12,656,020 |
| Flood Control Capital Projects | 75,261,258 | 79,803,178 | 19,058,657 | 60,744,521 |
| FC Bonds 2004A-Construction | 9,686,359 | 9,685,272 | 279,197 | 9,406,075 |
| FC Improvement Bonds 2007 | 28,984,910 | 28,604,992 | 8,840,005 | 19,764,987 |
| Commercial Paper - Flood Control | 248,453,471 | 245,753,281 | 20,709,639 | 225,043,642 |
| Total Flood Control | <u>376,380,335</u> | <u>377,963,185</u> | <u>50,347,940</u> | <u>327,615,245</u> |
| Total Capital Projects Funds | <u>\$ 921,019,778</u> | <u>\$ 959,305,207</u> | <u>\$ 183,519,785</u> | <u>\$ 775,785,422</u> |



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

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

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

SHERIFF'S COMMISSARY FUND - This fund is used to account for the operation of a commissary for jail inmates. The Commissary is funded primarily through profits on sales of commissary items to inmates.

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
February 28, 2013

| | <u>Subscriber Access</u> | <u>Parking Facilities</u> | <u>Sheriff's Commissary</u> | <u>Total</u> |
|---|------------------------------|-------------------------------|---------------------------------|----------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 160,959 | \$ - | \$ 5,467,086 | \$ 5,628,045 |
| Investments | 125,625 | - | 1,499,754 | 1,625,379 |
| Accounts receivable, net | 14,908 | 36,434 | 186,680 | 238,022 |
| Accrued interest receivable | 120 | - | - | 120 |
| Other receivables | 15,234 | - | 1,439,339 | 1,454,573 |
| Due from other funds | - | - | - | - |
| Prepays and other assets | - | - | - | - |
| Inventories | - | - | 254,939 | 254,939 |
| Total current assets | <u>316,846</u> | <u>36,434</u> | <u>8,847,798</u> | <u>9,201,078</u> |
| Noncurrent assets: | | | | |
| Land | - | 3,963,598 | - | 3,963,598 |
| Buildings | - | 21,154,443 | - | 21,154,443 |
| Equipment | 735,145 | - | 4,025,482 | 4,760,627 |
| Accumulated depreciation | (735,145) | (8,231,985) | (3,074,267) | (12,041,397) |
| Total noncurrent assets | <u>-</u> | <u>16,886,056</u> | <u>951,215</u> | <u>17,837,271</u> |
| Total assets | <u>316,846</u> | <u>16,922,490</u> | <u>9,799,013</u> | <u>27,038,349</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Vouchers payable | 4,694 | 36,314 | 431,429 | 472,437 |
| Accrued payroll and compensated absences | 4,826 | - | 42,726 | 47,552 |
| Customer deposits | 164,680 | - | - | 164,680 |
| Due to other funds | - | 5,049 | 100,479 | 105,528 |
| Deferred revenue | - | - | 308,598 | 308,598 |
| Current portion of long-term liabilities | - | - | 62,001 | 62,001 |
| Total current liabilities | <u>174,200</u> | <u>41,363</u> | <u>945,233</u> | <u>1,160,796</u> |
| Noncurrent liabilities: | | | | |
| Noncurrent portion of long-term liabilities | 451 | - | 6,929 | 7,380 |
| Total noncurrent liabilities | <u>451</u> | <u>-</u> | <u>6,929</u> | <u>7,380</u> |
| Total Liabilities | <u>174,651</u> | <u>41,363</u> | <u>952,162</u> | <u>1,168,176</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 16,886,056 | 889,214 | 17,775,270 |
| Unrestricted | 142,195 | (4,929) | 7,957,637 | 8,094,903 |
| Total net position | <u>\$ 142,195</u> | <u>\$ 16,881,127</u> | <u>\$ 8,846,851</u> | <u>\$ 25,870,173</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - NON MAJOR ENTERPRISE FUNDS

For The Year Ended February 28, 2013

| | <u>Subscriber Access</u> | <u>Parking Facilities</u> | <u>Sheriff's Commissary</u> | <u>Total</u> |
|---|------------------------------|-------------------------------|---------------------------------|----------------------|
| OPERATING REVENUES | | | | |
| Sales | \$ - | \$ - | \$ 8,269,198 | \$ 8,269,198 |
| User fees | 151,373 | 232,978 | - | 384,351 |
| Miscellaneous | 49,671 | - | - | 49,671 |
| Total operating revenues | <u>201,044</u> | <u>232,978</u> | <u>8,269,198</u> | <u>8,703,220</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 59,049 | - | 776,475 | 835,524 |
| Materials and supplies | - | - | 604,345 | 604,345 |
| Services and fees | 342,983 | - | 3,176,960 | 3,519,943 |
| Utilities | - | 293,726 | 6,611 | 300,337 |
| Transportation and travel | - | - | 9,658 | 9,658 |
| Cost of goods sold | - | - | 3,665,734 | 3,665,734 |
| Depreciation | - | 470,005 | 300,017 | 770,022 |
| Total operating expenses | <u>402,032</u> | <u>763,731</u> | <u>8,539,800</u> | <u>9,705,563</u> |
| Operating Income (Loss) | <u>(200,988)</u> | <u>(530,753)</u> | <u>(270,602)</u> | <u>(1,002,343)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Earnings on investments | - | - | 7,089 | 7,089 |
| Total nonoperating revenue (expenses) | <u>-</u> | <u>-</u> | <u>7,089</u> | <u>7,089</u> |
| Change in net position | (200,988) | (530,753) | (263,513) | (995,254) |
| Net position, beginning | 343,183 | 17,411,880 | 9,110,364 | 26,865,427 |
| Net position, ending | <u>\$ 142,195</u> | <u>\$ 16,881,127</u> | <u>\$ 8,846,851</u> | <u>\$ 25,870,173</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
For The Year Ended February 28, 2013

| | <u>Subscriber Access</u> | <u>Parking Facilities</u> | <u>Sheriff's Commissary</u> | <u>Total</u> |
|---|------------------------------|-------------------------------|---------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 194,663 | \$ 197,055 | \$ 8,175,061 | \$ 8,566,779 |
| Payments to employees | (59,690) | - | (726,820) | (786,510) |
| Payments to vendors | (285,564) | (284,641) | (7,352,061) | (7,922,266) |
| Net cash provided by (used for) operating activities | <u>(150,591)</u> | <u>(87,586)</u> | <u>96,180</u> | <u>(141,997)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | - | - | (56,641) | (56,641) |
| Net cash used for capital and related financing activities | <u>-</u> | <u>-</u> | <u>(56,641)</u> | <u>(56,641)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | - | - | (2,697,110) | (2,697,110) |
| Proceeds from sales and maturities of investments | - | - | 1,198,920 | 1,198,920 |
| Interest received | 71,194 | 30,582 | 5,525 | 107,301 |
| Net cash provided by (used for) investing activities | <u>71,194</u> | <u>30,582</u> | <u>(1,492,665)</u> | <u>(1,390,889)</u> |
| Net change in cash and cash equivalents | (79,397) | (57,004) | (1,453,126) | (1,589,527) |
| Cash and cash equivalents, beginning | 240,356 | 57,004 | 6,920,212 | 7,217,572 |
| Cash and cash equivalents, ending | <u>\$ 160,959</u> | <u>\$ -</u> | <u>\$ 5,467,086</u> | <u>\$ 5,628,045</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | | |
| Operating loss | \$ (200,988) | \$ (530,753) | \$ (270,602) | \$ (1,002,343) |
| Adjustment to reconcile operating loss to net cash provided by (used for) operating activities: | | | | |
| Depreciation | - | 470,005 | 300,017 | 770,022 |
| Change in current assets and liabilities: | | | | |
| Receivables, net | 5,831 | (35,923) | (131,861) | (161,953) |
| Prepays and other assets | 57,923 | - | - | 57,923 |
| Inventories | - | - | 151,514 | 151,514 |
| Vouchers payable and accrued liabilities | (504) | 4,036 | (40,267) | (36,735) |
| Other liabilities | (12,212) | 5,049 | 37,724 | 30,561 |
| Compensatory time payable | (641) | - | 49,655 | 49,014 |
| Net cash provided by (used for) operating activities | <u>\$ (150,591)</u> | <u>\$ (87,586)</u> | <u>\$ 96,180</u> | <u>\$ (141,997)</u> |
| Non-Cash Investing Activities: | | | | |
| Increase (decrease) in the fair value of investments | \$ (70,555) | \$ (30,464) | \$ 1,564 | \$ (99,455) |

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

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

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

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

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

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

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
February 28, 2013

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Total |
|---|------------------------|---------------------|----------------------|--------------------------------|----------------------|-----------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 8,162,890 | \$ 1,588 | \$ 1,787,101 | \$ 34,252,346 | \$ 5,979,038 | \$ 50,182,963 |
| Investments | 7,774,475 | 8,828 | 1,464,038 | 28,037,748 | 49,481,037 | 86,766,126 |
| Receivables: | | | | | | |
| Accounts | 8,818 | 495,324 | - | 1,829,764 | 250 | 2,334,156 |
| Accrued interest | 7,400 | 8 | 1,394 | 26,687 | 125,391 | 160,880 |
| Other | 1,096 | 43,643 | 493 | 1,829 | 1,345,988 | 1,393,049 |
| Inventories | 923,051 | 182,867 | - | - | - | 1,105,918 |
| Prepays and other assets | - | 3,886 | 9,105 | - | 1,024,225 | 1,037,216 |
| Due from other funds | 612,823 | 2,027 | - | - | - | 614,850 |
| Total current assets | <u>17,490,553</u> | <u>738,171</u> | <u>3,262,131</u> | <u>64,148,374</u> | <u>57,955,929</u> | <u>143,595,158</u> |
| Noncurrent assets: | | | | | | |
| Land | 259,000 | - | - | - | - | 259,000 |
| Buildings | 1,475,970 | - | - | - | - | 1,475,970 |
| Equipment | 45,267,387 | 1,504,717 | 483,662 | - | - | 47,255,766 |
| Accumulated depreciation | (38,381,970) | (1,482,262) | (389,934) | - | - | (40,254,166) |
| Total noncurrent assets | <u>8,620,387</u> | <u>22,455</u> | <u>93,728</u> | <u>-</u> | <u>-</u> | <u>8,736,570</u> |
| Total assets | <u>26,110,940</u> | <u>760,626</u> | <u>3,355,859</u> | <u>64,148,374</u> | <u>57,955,929</u> | <u>152,331,728</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Vouchers payable | 949,641 | 39,743 | 13,944 | 6,278,415 | 498,970 | 7,780,713 |
| Accrued payroll and compensated absences | 356,172 | 296,465 | - | - | 515,141 | 1,167,778 |
| Estimated outstanding claims | - | - | - | - | 11,085,437 | 11,085,437 |
| Incurred but not reported claims | - | - | - | 12,920,502 | 10,827,016 | 23,747,518 |
| Due to other funds | - | - | - | - | 356,525 | 356,525 |
| Deferred revenue | - | - | - | - | 54,217 | 54,217 |
| Total current liabilities | <u>1,305,813</u> | <u>336,208</u> | <u>13,944</u> | <u>19,198,917</u> | <u>23,337,306</u> | <u>44,192,188</u> |
| Noncurrent liabilities: | | | | | | |
| Noncurrent portion of long-term liabilities | 60,036 | 30,740 | - | - | 60,324 | 151,100 |
| Total noncurrent liabilities | <u>60,036</u> | <u>30,740</u> | <u>-</u> | <u>-</u> | <u>60,324</u> | <u>151,100</u> |
| Total liabilities | <u>1,365,849</u> | <u>366,948</u> | <u>13,944</u> | <u>19,198,917</u> | <u>23,397,630</u> | <u>44,343,288</u> |
| NET POSITION | | | | | | |
| Net investments in capital assets | 8,620,387 | 22,455 | 93,728 | - | - | 8,736,570 |
| Unrestricted | 16,124,704 | 371,223 | 3,248,187 | 44,949,457 | 34,558,299 | 99,251,870 |
| Total net position | <u>\$ 24,745,091</u> | <u>\$ 393,678</u> | <u>\$ 3,341,915</u> | <u>\$ 44,949,457</u> | <u>\$ 34,558,299</u> | <u>\$ 107,988,440</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2013

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Totals |
|---|--------------------------------|-----------------------------|------------------------------|--|----------------------------|-----------------------|
| OPERATING REVENUES | | | | | | |
| Lease revenue | \$ - | \$ 29,418 | \$ - | \$ - | \$ - | \$ 29,418 |
| Intergovernmental | - | - | - | 1,827,431 | - | 1,827,431 |
| Charges to departments | 22,009,088 | 403,904 | 453,488 | 195,583,405 | 19,435,629 | 237,885,514 |
| User fees | 4,484,117 | 2,423,729 | - | - | - | 6,907,846 |
| Total operating revenues | <u>26,493,205</u> | <u>2,857,051</u> | <u>453,488</u> | <u>197,410,836</u> | <u>19,435,629</u> | <u>246,650,209</u> |
| OPERATING EXPENSES | | | | | | |
| Salaries | 2,766,738 | 2,974,903 | - | - | 5,560,573 | 11,302,214 |
| Materials and supplies | 104,091 | 101,801 | 109,091 | 16,067 | 89,751 | 420,801 |
| Services and fees | 3,376,927 | 2,255,836 | 34,532 | 128,477 | 2,620,451 | 8,416,223 |
| Utilities | 91,229 | 573,959 | - | - | 962 | 666,150 |
| Transportation and travel | 6,251,142 | 5,332 | - | - | 11,398 | 6,267,872 |
| Incurred claims | - | - | - | 189,893,491 | 5,567,933 | 195,461,424 |
| Estimated claims | - | - | - | (4,252,133) | (1,117,108) | (5,369,241) |
| Cost of goods sold | 9,142,596 | 21,757 | - | - | - | 9,164,353 |
| Depreciation | 5,364,441 | 47,123 | 21,657 | - | - | 5,433,221 |
| Total operating expenses | <u>27,097,164</u> | <u>5,980,711</u> | <u>165,280</u> | <u>185,785,902</u> | <u>12,733,960</u> | <u>231,763,017</u> |
| Operating income (loss) | <u>(603,959)</u> | <u>(3,123,660)</u> | <u>288,208</u> | <u>11,624,934</u> | <u>6,701,669</u> | <u>14,887,192</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Earnings on investments | 45,157 | 1,017 | 3,586 | 207,777 | 419,256 | 676,793 |
| Gain on sale of capital assets | 114,269 | - | - | - | - | 114,269 |
| Other nonoperating revenues (expenses) | (109,004) | 111,273 | - | - | - | 2,269 |
| Total nonoperating revenues (expenses) | <u>50,422</u> | <u>112,290</u> | <u>3,586</u> | <u>207,777</u> | <u>419,256</u> | <u>793,331</u> |
| Income (loss) before transfers | <u>(553,537)</u> | <u>(3,011,370)</u> | <u>291,794</u> | <u>11,832,711</u> | <u>7,120,925</u> | <u>15,680,523</u> |
| Transfers in | - | 3,333,600 | - | - | 2,350,000 | 5,683,600 |
| Total transfers | <u>-</u> | <u>3,333,600</u> | <u>-</u> | <u>-</u> | <u>2,350,000</u> | <u>5,683,600</u> |
| Change in net position | <u>(553,537)</u> | <u>322,230</u> | <u>291,794</u> | <u>11,832,711</u> | <u>9,470,925</u> | <u>21,364,123</u> |
| Net position, beginning | 25,298,628 | 71,448 | 3,050,121 | 33,116,746 | 25,087,374 | 86,624,317 |
| Net position, ending | <u>\$ 24,745,091</u> | <u>\$ 393,678</u> | <u>\$ 3,341,915</u> | <u>\$ 44,949,457</u> | <u>\$ 34,558,299</u> | <u>\$ 107,988,440</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For The Year Ended February 28, 2013

| | Vehicle Maintenance | Radio Operations | Inmate Industries | Health Insurance Management | Risk Management | Total |
|---|------------------------|-----------------------|----------------------|--------------------------------|---------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | \$ 26,214,485 | \$ 2,436,095 | \$ 454,340 | \$ 197,308,650 | \$ 19,666,067 | \$ 246,079,637 |
| Payments to employees | (2,781,635) | (2,937,705) | - | - | (5,471,195) | (11,190,535) |
| Payments to vendors | (19,726,226) | (3,037,525) | (139,586) | (1,831,104) | (2,125,573) | (26,860,014) |
| Claims paid | - | - | - | (188,699,709) | (6,062,697) | (194,762,406) |
| Other receipts | - | 111,273 | - | - | - | 111,273 |
| Other payments | (109,004) | - | - | - | - | (109,004) |
| Net cash provided by (used for) operating activities | <u>3,597,620</u> | <u>(3,427,862)</u> | <u>314,754</u> | <u>6,777,837</u> | <u>6,006,602</u> | <u>13,268,951</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers from other funds | - | 3,333,600 | - | - | 2,350,000 | 5,683,600 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>3,333,600</u> | <u>-</u> | <u>-</u> | <u>2,350,000</u> | <u>5,683,600</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Purchases of capital assets | (1,955,411) | (69,578) | - | - | - | (2,024,989) |
| Net cash used for capital and related financing activities | <u>(1,955,411)</u> | <u>(69,578)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,024,989)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investments | - | - | - | - | (58,343,369) | (58,343,369) |
| Proceeds from sales and maturities of investments | - | - | - | - | 53,992,448 | 53,992,448 |
| Interest paid | (1,893,399) | - | (432,254) | (8,481,588) | (693,465) | (11,500,706) |
| Interest received | - | 58,334 | - | - | - | 58,334 |
| Net cash provided by (used for) investing activities | <u>(1,893,399)</u> | <u>58,334</u> | <u>(432,254)</u> | <u>(8,481,588)</u> | <u>(5,044,386)</u> | <u>(15,793,293)</u> |
| Net change in cash and cash equivalents | (251,190) | (105,506) | (117,500) | (1,703,751) | 3,312,216 | 1,134,269 |
| Cash and cash equivalents, beginning | 8,414,080 | 107,094 | 1,904,601 | 35,956,097 | 2,666,822 | 49,048,694 |
| Cash and cash equivalents, ending | <u>\$ 8,162,890</u> | <u>\$ 1,588</u> | <u>\$ 1,787,101</u> | <u>\$ 34,252,346</u> | <u>\$ 5,979,038</u> | <u>\$ 50,182,963</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | | |
| Operating income (loss) | \$ (603,959) | \$ (3,123,660) | \$ 288,208 | \$ 11,624,934 | \$ 6,701,669 | \$ 14,887,192 |
| Adjustments to reconcile operating income to net cash | | | | | | |
| Provided by operating activities: | | | | | | |
| Depreciation expense | 5,364,441 | 47,123 | 21,657 | - | - | 5,433,221 |
| Other non-operating revenues | - | 111,273 | - | - | - | 111,273 |
| Other non-operating expenses | (109,004) | - | - | - | - | (109,004) |
| Change in assets and liabilities: | | | | | | |
| Receivables, net | (278,720) | 162,788 | 852 | (102,186) | 192,359 | (24,907) |
| Prepays and other assets | - | 225 | (974) | - | 458,361 | 457,612 |
| Inventories | 159,535 | (39,559) | - | - | - | 119,976 |
| Vouchers payable and accrued liabilities | (939,555) | (15,776) | 5,011 | (4,744,911) | (1,473,244) | (7,168,475) |
| Deferred revenue | - | (583,744) | - | - | 38,079 | (545,665) |
| Compensatory time payable | 4,882 | 13,468 | - | - | 89,378 | 107,728 |
| Net cash provided by (used for) operating activities | <u>\$ 3,597,620</u> | <u>\$ (3,427,862)</u> | <u>\$ 314,754</u> | <u>\$ 6,777,837</u> | <u>\$ 6,006,602</u> | <u>\$ 13,268,951</u> |
| Non-Cash Investing Activities: | | | | | | |
| Increase (decrease) in the fair value of investments | \$ 1,953,664 | \$ (57,070) | \$ 438,412 | \$ 8,737,311 | \$ 1,078,484 | \$ 12,150,801 |

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AGENCY FUNDS:

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

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

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

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

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.

DA FRAUD FEE RESTITUTION - This fund is used to distribute restitution of collected restitution funds for Harris County District Attorney's office.

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 POSITION
AGENCY FUNDS
February 28, 2013

| | <u>District Clerk</u> <u>Registry</u> | <u>County Clerk</u> <u>Registry</u> | <u>Officers' Fees</u> | <u>Bail Security</u> | <u>Tax</u> <u>Collector's</u> | <u>Inmate</u> <u>Property</u> |
|--|--|--|-----------------------|----------------------|----------------------------------|----------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 1,980,683 | \$ 1,425,731 | \$ 14,911,095 | \$ 12,462,645 | \$ 157,136,102 | \$ 1,493,064 |
| Investments | 69,317,253 | 38,031,500 | 9,673,446 | 3,142,656 | - | - |
| Accounts receivable | - | - | 24,688 | - | - | - |
| Other receivables | - | - | - | - | - | 36,130 |
| Accrued interest receivable | 207,276 | 134,066 | 9,207 | 2,991 | - | - |
| Total assets | <u>\$ 71,505,212</u> | <u>\$ 39,591,297</u> | <u>\$ 24,618,436</u> | <u>\$ 15,608,292</u> | <u>\$ 157,136,102</u> | <u>\$ 1,529,194</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,177,072 |
| Accrued payroll and compensated absences | - | - | - | - | - | - |
| Incurred but not reported claims | - | - | - | - | - | - |
| Held for others | 71,505,212 | 39,591,297 | 24,618,436 | 15,608,292 | 157,136,102 | 352,122 |
| Total liabilities | <u>\$ 71,505,212</u> | <u>\$ 39,591,297</u> | <u>\$ 24,618,436</u> | <u>\$ 15,608,292</u> | <u>\$ 157,136,102</u> | <u>\$ 1,529,194</u> |

| Treasurer Escheat | Juvenile Restitution | Forfeited Restitution | DA Fraud Fee Restitution | District Clerk Contingency | Army Corps of Engineers Escrow | JJC Subcontractor Underpayment | Retiree Healthcare Fund |
|------------------------------|---------------------------------|----------------------------------|---|---|---|---|--|
| \$ 468,297 | \$ 105,266 | \$ 4,147 | \$ 37,944 | \$ 221,157 | \$ 25,733 | \$ 13,787 | \$ - |
| - | - | - | - | 180,968 | - | 11,204 | - |
| - | - | - | - | - | - | - | 750,473 |
| - | - | - | - | - | - | - | 3,661,152 |
| - | - | - | - | 172 | - | 11 | - |
| <u>\$ 468,297</u> | <u>\$ 105,266</u> | <u>\$ 4,147</u> | <u>\$ 37,944</u> | <u>\$ 402,297</u> | <u>\$ 25,733</u> | <u>\$ 25,002</u> | <u>\$ 4,411,625</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 919,009 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 3,492,616 |
| 468,297 | 105,266 | 4,147 | 37,944 | 402,297 | 25,733 | 25,002 | - |
| <u>\$ 468,297</u> | <u>\$ 105,266</u> | <u>\$ 4,147</u> | <u>\$ 37,944</u> | <u>\$ 402,297</u> | <u>\$ 25,733</u> | <u>\$ 25,002</u> | <u>\$ 4,411,625</u> |

(continued)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
February 28, 2013

| | Retirement Adjustment Underpayment | DA Seized Assets | Houston HIDTA Seized Funds | Payroll Fund | Custodial | Total Agency Funds |
|--|---|---------------------------------|---|----------------------|---------------------|-------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 12,334 | \$ 21,695,964 | \$ 1,666,613 | \$ 4,946,870 | \$ 2,347,976 | \$ 220,955,408 |
| Investments | 9,846 | - | - | 4,073,367 | - | 124,440,240 |
| Accounts receivable | - | - | - | 251,949 | - | 1,027,110 |
| Other receivables | - | - | - | 1,623,928 | - | 5,321,210 |
| Accrued interest receivable | 9 | - | - | 3,900 | - | 357,632 |
| Total assets | <u>\$ 22,189</u> | <u>\$ 21,695,964</u> | <u>\$ 1,666,613</u> | <u>\$ 10,900,014</u> | <u>\$ 2,347,976</u> | <u>\$ 352,101,600</u> |
| LIABILITIES | | | | | | |
| Vouchers payable | \$ - | \$ - | \$ - | \$ 20,534 | \$ - | \$ 2,116,615 |
| Accrued payroll and compensated absences | - | - | - | 10,864,748 | - | 10,864,748 |
| Incurred but not reported claims | - | - | - | - | - | 3,492,616 |
| Held for others | 22,189 | 21,695,964 | 1,666,613 | 14,732 | 2,347,976 | 335,627,621 |
| Total liabilities | <u>\$ 22,189</u> | <u>\$ 21,695,964</u> | <u>\$ 1,666,613</u> | <u>\$ 10,900,014</u> | <u>\$ 2,347,976</u> | <u>\$ 352,101,600</u> |

(concluded)

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2013

| | <u>Balance</u> <u>March 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>February 28, 2013</u> |
|--------------------------------|--|-------------------------|-------------------------|--|
| District Clerk Registry | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 14,447,370 | \$ 143,751,960 | \$ 156,218,647 | \$ 1,980,683 |
| Investments | 52,071,300 | 152,392,389 | 135,146,436 | 69,317,253 |
| Accrued interest receivable | 224,654 | 207,276 | 224,654 | 207,276 |
| Total Assets | <u>\$ 66,743,324</u> | <u>\$ 296,351,625</u> | <u>\$ 291,589,737</u> | <u>\$ 71,505,212</u> |
| LIABILITIES | | | | |
| Held for others | <u>\$ 66,743,324</u> | <u>\$ 38,824,149</u> | <u>\$ 34,062,261</u> | <u>\$ 71,505,212</u> |
| Total Liabilities | <u>\$ 66,743,324</u> | <u>\$ 38,824,149</u> | <u>\$ 34,062,261</u> | <u>\$ 71,505,212</u> |
| County Clerk Registry | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 11,183,220 | \$ 147,980,756 | \$ 157,738,245 | \$ 1,425,731 |
| Investments | 42,910,584 | 59,721,636 | 64,600,720 | 38,031,500 |
| Accrued interest receivable | 184,410 | 134,066 | 184,410 | 134,066 |
| Total Assets | <u>\$ 54,278,214</u> | <u>\$ 207,836,458</u> | <u>\$ 222,523,375</u> | <u>\$ 39,591,297</u> |
| LIABILITIES | | | | |
| Held for others | <u>\$ 54,278,214</u> | <u>\$ 84,025,839</u> | <u>\$ 98,712,756</u> | <u>\$ 39,591,297</u> |
| Total Liabilities | <u>\$ 54,278,214</u> | <u>\$ 84,025,839</u> | <u>\$ 98,712,756</u> | <u>\$ 39,591,297</u> |
| Officers' Fees | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 16,487,386 | \$ 110,867,403 | \$ 112,443,694 | \$ 14,911,095 |
| Investments | 6,678,561 | 9,673,446 | 6,678,561 | 9,673,446 |
| Accounts receivable | 18,899 | 58,831 | 53,042 | 24,688 |
| Accrued interest receivable | 28,550 | 9,207 | 28,550 | 9,207 |
| Total Assets | <u>\$ 23,213,396</u> | <u>\$ 120,608,887</u> | <u>\$ 119,203,847</u> | <u>\$ 24,618,436</u> |
| LIABILITIES | | | | |
| Held for others | <u>\$ 23,213,396</u> | <u>\$ 241,147,409</u> | <u>\$ 239,742,369</u> | <u>\$ 24,618,436</u> |
| Total Liabilities | <u>\$ 23,213,396</u> | <u>\$ 241,147,409</u> | <u>\$ 239,742,369</u> | <u>\$ 24,618,436</u> |
| Bail Security | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 12,720,672 | \$ 5,170,413 | \$ 5,428,440 | \$ 12,462,645 |
| Investments | 2,190,177 | 3,142,656 | 2,190,177 | 3,142,656 |
| Accrued interest receivable | 8,469 | 2,991 | 8,469 | 2,991 |
| Total Assets | <u>\$ 14,919,318</u> | <u>\$ 8,316,060</u> | <u>\$ 7,627,086</u> | <u>\$ 15,608,292</u> |
| LIABILITIES | | | | |
| Held for others | <u>14,919,318</u> | <u>2,668,880</u> | <u>1,979,906</u> | <u>15,608,292</u> |
| Total Liabilities | <u>\$ 14,919,318</u> | <u>\$ 2,668,880</u> | <u>\$ 1,979,906</u> | <u>\$ 15,608,292</u> |
| Tax Collector's | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 179,391,446 | \$ 7,691,545,554 | \$ 7,713,800,898 | \$ 157,136,102 |
| Investments | - | 24,934,376 | 24,934,376 | - |
| Total Assets | <u>\$ 179,391,446</u> | <u>\$ 7,716,479,930</u> | <u>\$ 7,738,735,274</u> | <u>\$ 157,136,102</u> |
| LIABILITIES | | | | |
| Held for others | <u>\$ 179,391,446</u> | <u>\$ 7,666,611,177</u> | <u>\$ 7,688,866,521</u> | <u>\$ 157,136,102</u> |
| Total Liabilities | <u>\$ 179,391,446</u> | <u>\$ 7,666,611,177</u> | <u>\$ 7,688,866,521</u> | <u>\$ 157,136,102</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2013

| | Balance March 1, 2012 | Additions | Deletions | Balance February 28, 2013 |
|---------------------------------------|--------------------------|----------------------|----------------------|------------------------------|
| Inmate Property | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,475,057 | \$ 19,636,548 | \$ 19,618,541 | \$ 1,493,064 |
| Accounts receivable | - | 1,302,702 | 1,302,702 | - |
| Other receivable | 36,130 | - | - | 36,130 |
| Total Assets | <u>\$ 1,511,187</u> | <u>\$ 20,939,250</u> | <u>\$ 20,921,243</u> | <u>\$ 1,529,194</u> |
| LIABILITIES | | | | |
| Payables | \$ 1,223,284 | \$ 10,385,109 | \$ 10,431,321 | \$ 1,177,072 |
| Held for others | 287,903 | 17,598,354 | 17,534,135 | 352,122 |
| Total Liabilities | <u>\$ 1,511,187</u> | <u>\$ 27,983,463</u> | <u>\$ 27,965,456</u> | <u>\$ 1,529,194</u> |
| Treasurer Escheat | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 257,058 | \$ 212,277 | \$ 1,038 | \$ 468,297 |
| Total Assets | <u>\$ 257,058</u> | <u>\$ 212,277</u> | <u>\$ 1,038</u> | <u>\$ 468,297</u> |
| LIABILITIES | | | | |
| Held for others | \$ 257,058 | \$ 212,257 | \$ 1,018 | \$ 468,297 |
| Total Liabilities | <u>\$ 257,058</u> | <u>\$ 212,257</u> | <u>\$ 1,018</u> | <u>\$ 468,297</u> |
| Juvenile Restitution | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 91,396 | \$ 225,324 | \$ 211,454 | \$ 105,266 |
| Total Assets | <u>\$ 91,396</u> | <u>\$ 225,324</u> | <u>\$ 211,454</u> | <u>\$ 105,266</u> |
| LIABILITIES | | | | |
| Held for others | \$ 91,396 | \$ 55,581 | \$ 41,711 | \$ 105,266 |
| Total Liabilities | <u>\$ 91,396</u> | <u>\$ 55,581</u> | <u>\$ 41,711</u> | <u>\$ 105,266</u> |
| Forfeited Restitution | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,147 | \$ - | \$ - | \$ 4,147 |
| Total Assets | <u>\$ 4,147</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,147</u> |
| LIABILITIES | | | | |
| Held for others | \$ 4,147 | \$ - | \$ - | \$ 4,147 |
| Total Liabilities | <u>\$ 4,147</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,147</u> |
| DA Fraud Fee Restitution | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 1,076,001 | \$ 1,038,057 | \$ 37,944 |
| Total Assets | <u>\$ -</u> | <u>\$ 1,076,001</u> | <u>\$ 1,038,057</u> | <u>\$ 37,944</u> |
| LIABILITIES | | | | |
| Held for others | \$ - | \$ 283,722 | \$ 245,778 | \$ 37,944 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 283,722</u> | <u>\$ 245,778</u> | <u>\$ 37,944</u> |
| District Clerk Contingency | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 261,860 | \$ 142,935 | \$ 183,638 | \$ 221,157 |
| Investments | 140,654 | 180,968 | 140,654 | 180,968 |
| Accrued interest receivable | 544 | 172 | 544 | 172 |
| Total Assets | <u>\$ 403,058</u> | <u>\$ 324,075</u> | <u>\$ 324,836</u> | <u>\$ 402,297</u> |
| LIABILITIES | | | | |
| Held for others | \$ 403,058 | \$ 2,650 | \$ 3,411 | \$ 402,297 |
| Total Liabilities | <u>\$ 403,058</u> | <u>\$ 2,650</u> | <u>\$ 3,411</u> | <u>\$ 402,297</u> |
| Army Corps of Engineers Escrow | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 25,733 | \$ 606,280 | \$ 606,280 | \$ 25,733 |
| Total Assets | <u>\$ 25,733</u> | <u>\$ 606,280</u> | <u>\$ 606,280</u> | <u>\$ 25,733</u> |
| LIABILITIES | | | | |
| Held for others | \$ 25,733 | \$ 606,280 | \$ 606,280 | \$ 25,733 |
| Total Liabilities | <u>\$ 25,733</u> | <u>\$ 606,280</u> | <u>\$ 606,280</u> | <u>\$ 25,733</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2013

| | <u>Balance</u> <u>March 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>February 28, 2013</u> |
|---|--|---------------------|---------------------|--|
| JJC Subcontractor Underpayment | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 16,240 | \$ 8,913 | \$ 11,366 | \$ 13,787 |
| Investments | 8,642 | 11,204 | 8,642 | 11,204 |
| Accrued interest receivable | 33 | 11 | 33 | 11 |
| Total Assets | <u>\$ 24,915</u> | <u>\$ 20,128</u> | <u>\$ 20,041</u> | <u>\$ 25,002</u> |
| LIABILITIES | | | | |
| Held for others | \$ 24,915 | \$ 294 | \$ 207 | \$ 25,002 |
| Total Liabilities | <u>\$ 24,915</u> | <u>\$ 294</u> | <u>\$ 207</u> | <u>\$ 25,002</u> |
| Retiree Healthcare | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 530,675 | \$ 750,473 | \$ 530,675 | \$ 750,473 |
| Other receivables | 5,148,997 | 4,989,483 | 6,477,328 | 3,661,152 |
| Total Assets | <u>\$ 5,679,672</u> | <u>\$ 5,739,956</u> | <u>\$ 7,008,003</u> | <u>\$ 4,411,625</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 993,274 | \$ 919,009 | \$ 993,274 | 919,009 |
| Incurred but not reported claims | 4,686,398 | 4,820,947 | 6,014,729 | 3,492,616 |
| Total Liabilities | <u>\$ 5,679,672</u> | <u>\$ 5,739,956</u> | <u>\$ 7,008,003</u> | <u>\$ 4,411,625</u> |
| Retirement Adjustment Underpayment | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 11,028 | \$ 11,185 | \$ 9,879 | \$ 12,334 |
| Investments | 6,050 | 9,846 | 6,050 | 9,846 |
| Accrued interest receivable | 23 | 9 | 23 | 9 |
| Total Assets | <u>\$ 17,101</u> | <u>\$ 21,040</u> | <u>\$ 15,952</u> | <u>\$ 22,189</u> |
| LIABILITIES | | | | |
| Held for others | \$ 17,101 | \$ 5,233 | \$ 145 | \$ 22,189 |
| Total Liabilities | <u>\$ 17,101</u> | <u>\$ 5,233</u> | <u>\$ 145</u> | <u>\$ 22,189</u> |
| DA Seized Assets | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 26,991,189 | \$ - | \$ 5,295,225 | \$ 21,695,964 |
| Total Assets | <u>\$ 26,991,189</u> | <u>\$ -</u> | <u>\$ 5,295,225</u> | <u>\$ 21,695,964</u> |
| LIABILITIES | | | | |
| Held for others | \$ 26,991,189 | \$ - | \$ 5,295,225 | \$ 21,695,964 |
| Total Liabilities | <u>\$ 26,991,189</u> | <u>\$ -</u> | <u>\$ 5,295,225</u> | <u>\$ 21,695,964</u> |
| Houston HIDTA Seized Funds | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,530,413 | \$ 477,513 | \$ 341,313 | \$ 1,666,613 |
| Total Assets | <u>\$ 1,530,413</u> | <u>\$ 477,513</u> | <u>\$ 341,313</u> | <u>\$ 1,666,613</u> |
| LIABILITIES | | | | |
| Held for others | \$ 1,530,413 | \$ 1,166,229 | \$ 1,030,029 | \$ 1,666,613 |
| Total Liabilities | <u>\$ 1,530,413</u> | <u>\$ 1,166,229</u> | <u>\$ 1,030,029</u> | <u>\$ 1,666,613</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended February 28, 2013

| | <u>Balance</u> <u>March 1, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>February 28, 2013</u> |
|--|--|--------------------------|--------------------------|--|
| Payroll Fund | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,972,085 | \$ 1,175,608,712 | \$ 1,177,633,927 | \$ 4,946,870 |
| Investments | 3,244,844 | 4,073,367 | 3,244,844 | 4,073,367 |
| Accounts receivable | 158,434 | 2,232,147 | 2,138,632 | 251,949 |
| Other receivables | 2,036,353 | 1,113,623,080 | 1,114,035,505 | 1,623,928 |
| Accrued interest receivable | 12,454 | 3,900 | 12,454 | 3,900 |
| Total Assets | <u>\$ 12,424,170</u> | <u>\$ 2,295,541,206</u> | <u>\$ 2,297,065,362</u> | <u>\$ 10,900,014</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 1,209,661 | \$ 40,450,573 | \$ 41,639,700 | \$ 20,534 |
| Accrued payroll and compensated absences | 10,193,675 | 601,355,694 | 600,684,621 | 10,864,748 |
| Held for others | 1,020,834 | 27,523,613 | 28,529,715 | 14,732 |
| Total Liabilities | <u>\$ 12,424,170</u> | <u>\$ 669,329,880</u> | <u>\$ 670,854,036</u> | <u>\$ 10,900,014</u> |
| Custodial | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,361,504 | \$ 10,018,226 | \$ 10,031,754 | \$ 2,347,976 |
| Total Assets | <u>\$ 2,361,504</u> | <u>\$ 10,018,226</u> | <u>\$ 10,031,754</u> | <u>\$ 2,347,976</u> |
| LIABILITIES | | | | |
| Held for others | \$ 2,361,504 | \$ 8,598,354 | \$ 8,611,882 | \$ 2,347,976 |
| Total Liabilities | <u>\$ 2,361,504</u> | <u>\$ 8,598,354</u> | <u>\$ 8,611,882</u> | <u>\$ 2,347,976</u> |
| Total Agency Funds | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 274,227,804 | \$ 9,307,340,000 | \$ 9,360,612,396 | \$ 220,955,408 |
| Investments | 107,250,812 | 254,139,888 | 236,950,460 | 124,440,240 |
| Accounts receivable | 708,008 | 4,344,153 | 4,025,051 | 1,027,110 |
| Other receivable | 7,221,480 | 1,118,612,563 | 1,120,512,833 | 5,321,210 |
| Accrued interest receivable | 459,137 | 357,632 | 459,137 | 357,632 |
| Total Assets | <u>\$ 389,867,241</u> | <u>\$ 10,684,794,236</u> | <u>\$ 10,722,559,877</u> | <u>\$ 352,101,600</u> |
| LIABILITIES | | | | |
| Vouchers payable | \$ 3,426,219 | \$ 51,754,691 | \$ 53,064,295 | \$ 2,116,615 |
| Accrued payroll and compensated absences | 10,193,675 | 601,355,694 | 600,684,621 | 10,864,748 |
| Incurred but not reported claims | 4,686,398 | 4,820,947 | 6,014,729 | 3,492,616 |
| Held for others | 371,560,949 | 8,089,330,021 | 8,125,263,349 | 335,627,621 |
| Total Liabilities | <u>\$ 389,867,241</u> | <u>\$ 8,747,261,353</u> | <u>\$ 8,785,026,994</u> | <u>\$ 352,101,600</u> |

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

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

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

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

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 POSITION - NONMAJOR COMPONENT UNITS
FEBRUARY 28, 2013

| | Harris County Housing Finance Corporation | Harris County Industrial Development Corporation | Children's Assessment Center Foundation | Friends of CountyPets | Total |
|---|--|---|--|----------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 5,072,764 | \$ 139,788 | \$ 1,219,645 | \$ 37,147 | \$ 6,469,344 |
| Investments, including accrued interest | - | 206,555 | - | - | 206,555 |
| Receivables: | | | | | |
| Accounts | - | - | 1,025,098 | - | 1,025,098 |
| Prepays and other assets | 738,873 | 2,925 | 42,790 | - | 784,588 |
| Restricted cash and investments | - | - | 12,369,075 | - | 12,369,075 |
| Capital assets: | | | | | |
| Land, improvements and construction in progress | - | - | 11,019,556 | - | 11,019,556 |
| Other capital assets, net of depreciation | - | - | 6,427,781 | - | 6,427,781 |
| Total assets | <u>5,811,637</u> | <u>349,268</u> | <u>32,103,945</u> | <u>37,147</u> | <u>38,301,997</u> |
| LIABILITIES | | | | | |
| Vouchers payable and accrued liabilities | 131,830 | - | 896,333 | - | 1,028,163 |
| Deferred revenue | - | - | 194,975 | - | 194,975 |
| Total liabilities | <u>131,830</u> | <u>-</u> | <u>1,091,308</u> | <u>-</u> | <u>1,223,138</u> |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Donor restrictions | - | - | 3,189,524 | - | 3,189,524 |
| Unrestricted net position | <u>5,679,807</u> | <u>349,268</u> | <u>27,823,113</u> | <u>37,147</u> | <u>33,889,335</u> |
| Total net position | <u>\$ 5,679,807</u> | <u>\$ 349,268</u> | <u>\$ 31,012,637</u> | <u>\$ 37,147</u> | <u>\$ 37,078,859</u> |

HARRIS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For The Year Ended February 28, 2013

| | 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 | \$ 701,740 | \$ 1,000 | \$ 1,175,718 | \$ - | \$ 1,878,458 |
| Operating grants and contributions | - | - | 6,805,292 | 22,212 | 6,827,504 |
| Capital grants and contributions | - | - | 735,341 | - | 735,341 |
| Total program revenues | <u>701,740</u> | <u>1,000</u> | <u>8,716,351</u> | <u>22,212</u> | <u>9,441,303</u> |
| EXPENSES | <u>1,075,103</u> | <u>23,524</u> | <u>2,300,195</u> | <u>760</u> | <u>3,399,582</u> |
| Net (expenses) program revenues | <u>(373,363)</u> | <u>(22,524)</u> | <u>6,416,156</u> | <u>21,452</u> | <u>6,041,721</u> |
| General Revenues (Expenses): | | | | | |
| Earnings on investments | 123,376 | 484 | 38,170 | - | 162,030 |
| Other | <u>130,099</u> | <u>-</u> | <u>753,686</u> | <u>-</u> | <u>883,785</u> |
| Net general revenues (expenses) | <u>253,475</u> | <u>484</u> | <u>791,856</u> | <u>-</u> | <u>1,045,815</u> |
| Change in net position | (119,888) | (22,040) | 7,208,012 | 21,452 | 7,087,536 |
| Net position, beginning | <u>5,799,695</u> | <u>371,308</u> | <u>23,804,625</u> | <u>15,695</u> | <u>29,991,323</u> |
| Net position, ending | <u>\$ 5,679,807</u> | <u>\$ 349,268</u> | <u>\$ 31,012,637</u> | <u>\$ 37,147</u> | <u>\$ 37,078,859</u> |



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HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
February 28, 2013

| | Total |
|---|-------------------|
| Governmental funds capital assets: | |
| Land | \$ 4,048,029,025 |
| Construction in progress | 245,882,574 |
| Intangible assets - water rights | 2,400,000 |
| Intangible assets - software & licenses | 38,643,289 |
| Land improvements | 8,587,083 |
| Infrastructure | 10,737,463,474 |
| Park facilities | 169,766,704 |
| Flood control projects | 768,911,212 |
| Buildings | 1,741,515,200 |
| Equipment | 287,304,014 |
| Total governmental funds capital assets | \$ 18,048,502,575 |
| Investments in governmental funds capital assets by source: | |
| 3002 General fund | \$ 679,843,987 |
| 3003 Special revenue fund | 310,287,550 |
| 3001 Capital projects fund | 14,968,762,884 |
| 3004 Gifts | 2,089,608,154 |
| | \$ 18,048,502,575 |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$48,990,736 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
For The Year Ended February 28, 2013

| Function | Land | Construction in Progress | Intangible Assets | Land Improvements | Infrastructure | Park Facilities | Flood Control Projects | Buildings | Equipment | Total |
|---|-------------------------|-------------------------------------|------------------------------|------------------------------|--------------------------|----------------------------|-----------------------------------|-------------------------|-----------------------|--------------------------|
| Administration of justice | \$ 16,664,986 | \$ 6,413,195 | \$ - | \$ 359,250 | \$ 13,361,780 | \$ - | \$ - | \$ 699,047,193 | \$ 71,115,297 | \$ 806,961,701 |
| Parks | 145,057,524 | (8,799,031) | - | 1,897,907 | 848,932 | 136,743,904 | - | 687,230,459 | 34,851,468 | 997,831,163 |
| County administration | 173,459,015 | 172,585,793 | 45,039,615 | (283,433) | 17,221,866 | 9,650,000 | - | 278,073,473 | 81,401,215 | 777,147,544 |
| Health and human services | 8,364,243 | 12,378,140 | - | 830,967 | 2,441,688 | 2,228,295 | - | 37,779,861 | 14,190,750 | 78,213,944 |
| Flood control | 1,572,966,029 | 126,171,517 | 2,400,000 | 641,531 | - | - | 768,911,212 | 11,870,371 | 9,467,396 | 2,492,428,056 |
| Tax administration | - | - | - | - | - | - | - | 7,011,581 | 1,199,213 | 8,210,794 |
| Roads and bridges | 2,131,517,228 | (62,867,040) | (6,396,326) | 5,140,861 | 10,703,589,208 | 21,144,505 | - | 20,502,262 | 75,078,675 | 12,887,709,373 |
| Total governmental funds capital assets | <u>\$ 4,048,029,025</u> | <u>\$ 245,882,574</u> | <u>\$ 41,043,289</u> | <u>\$ 8,587,083</u> | <u>\$ 10,737,463,474</u> | <u>\$ 169,766,704</u> | <u>\$ 768,911,212</u> | <u>\$ 1,741,515,200</u> | <u>\$ 287,304,014</u> | <u>\$ 18,048,502,575</u> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$48,990,736 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.

HARRIS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
For The Year Ended February 28, 2013

| Function | Balance March 1, 2012 | Additions | Deletions | Balance February 28, 2013 |
|---|----------------------------------|-----------------------|------------------------|--------------------------------------|
| Administration of justice | \$ 801,749,869 | \$ 5,464,878 | \$ (253,046) | \$ 806,961,701 |
| Parks | 996,592,839 | 2,334,864 | (1,096,540) | 997,831,163 |
| County administration | 732,037,998 | 54,014,718 | (8,905,172) | 777,147,544 |
| Health and human services | 70,701,862 | 7,545,988 | (33,906) | 78,213,944 |
| Flood control | 2,444,537,843 | 48,231,566 | (341,353) | 2,492,428,056 |
| Tax administration | 8,179,411 | 31,383 | - | 8,210,794 |
| Roads and bridges | 12,708,044,796 | 197,757,015 | (18,092,438) | 12,887,709,373 |
| Total governmental funds capital assets | <u>\$17,761,844,618</u> | <u>\$ 315,380,412</u> | <u>\$ (28,722,455)</u> | <u>\$ 18,048,502,575</u> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the \$48,990,736 of capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included within the governmental activities in the statement of net assets.



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

Listed below are the areas covered in the statistical section:

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

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

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

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

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

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



Table 1

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 9,239,146 |
| Restricted for: | | | | | | | | | | |
| Debt service | 152,193 | 153,846 | 142,250 | 151,067 | 154,297 | 150,777 | 155,452 | 137,053 | 136,559 | 190,104 |
| Capital projects | 228,351 | 36,162 | 48,564 | 24,659 | 22,129 | 33,791 | 18,739 | 28,365 | 28,481 | 18,274 |
| Donor temporarily restricted | 3,048 | 2,307 | 1,669 | 809 | 752 | 53 | 258 | 468 | 494 | 494 |
| Legislative | - | 1,462 | 1,577 | 1,637 | 1,687 | 4,657 | 3,063 | 2,837 | 4,560 | 7,251 |
| Mobility program | - | - | - | - | - | - | 80,345 | 133,191 | 158,816 | 201,509 |
| Unrestricted | 416,360 | 372,614 | 366,255 | 360,744 | 399,503 | 219,424 | 61,426 | (46,701) | (20,355) | 59,303 |
| Total governmental activities net position | <u>\$ 9,682,582</u> | <u>\$ 9,865,722</u> | <u>\$ 10,239,655</u> | <u>\$ 10,198,171</u> | <u>\$ 10,279,161</u> | <u>\$ 10,118,606</u> | <u>\$ 9,843,379</u> | <u>\$ 9,743,582</u> | <u>\$ 9,714,760</u> | <u>\$ 9,716,081</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ (349,339) | \$ (357,245) | \$ (401,045) | \$ (491,756) | \$ (314,975) | \$ (255,104) | \$ (216,112) | \$ (211,636) | \$ (256,855) | \$ (212,192) |
| Restricted for: | | | | | | | | | | |
| Debt service | 68,071 | 122,387 | 128,540 | 144,027 | 164,840 | 187,086 | 235,586 | 245,933 | 265,433 | 277,912 |
| Capital projects | 27,436 | 41,866 | 42,038 | 36,337 | 48,600 | 44,748 | 51,376 | 56,245 | 59,691 | 115,104 |
| Operating reserve per bond covenants | - | - | - | - | - | - | - | - | - | 25,199 |
| Toll road | 310,691 | 364,590 | 524,388 | 734,894 | 618,163 | 607,922 | 526,002 | 520,142 | 605,664 | 549,834 |
| Unrestricted | 11,661 | 10,021 | 11,260 | 12,652 | 12,759 | 12,683 | 9,848 | 8,189 | 8,439 | 8,095 |
| Total business-type activities | <u>\$ 68,520</u> | <u>\$ 181,619</u> | <u>\$ 305,181</u> | <u>\$ 436,154</u> | <u>\$ 529,387</u> | <u>\$ 597,335</u> | <u>\$ 606,700</u> | <u>\$ 618,873</u> | <u>\$ 682,372</u> | <u>\$ 763,952</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 9,026,954 |
| Restricted | 789,790 | 722,620 | 889,026 | 1,093,430 | 1,010,468 | 1,029,034 | 1,070,821 | 1,124,234 | 1,259,698 | 1,385,681 |
| Unrestricted | 428,021 | 382,635 | 377,515 | 373,396 | 412,262 | 232,107 | 71,274 | (38,512) | (11,916) | 67,398 |
| Total primary government | <u>\$ 9,751,102</u> | <u>\$ 10,047,341</u> | <u>\$ 10,544,836</u> | <u>\$ 10,634,325</u> | <u>\$ 10,808,548</u> | <u>\$ 10,715,941</u> | <u>\$ 10,450,079</u> | <u>\$ 10,362,455</u> | <u>\$ 10,397,132</u> | <u>\$ 10,480,033</u> |

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Administration of Justice | \$ 565,038 | \$ 613,153 | \$ 621,764 | \$ 704,472 | \$ 846,107 | \$ 944,400 | \$ 961,588 | \$ 929,889 | \$ 882,196 | \$ 901,902 |
| Parks | 50,446 | 51,333 | 60,417 | 72,865 | 82,222 | 78,911 | 91,594 | 94,145 | 95,479 | 90,629 |
| County Administration | 230,597 | 267,178 | 250,098 | 277,592 | 299,310 | 407,483 | 342,683 | 326,162 | 308,346 | 290,415 |
| Health and Human Services | 174,341 | 171,065 | 185,057 | 197,880 | 193,348 | 182,120 | 220,090 | 199,518 | 191,253 | 189,798 |
| Flood Control | 65,744 | 81,182 | 72,445 | 81,126 | 90,253 | 97,695 | 103,435 | 99,305 | 92,793 | 98,788 |
| Tax Administration | 34,308 | 30,040 | 30,709 | 31,300 | 35,191 | 37,949 | 38,137 | 36,152 | 32,951 | 33,834 |
| Roads and Bridges | 320,911 | 332,468 | 347,524 | 347,061 | 364,111 | 373,484 | 381,380 | 387,325 | 390,220 | 390,227 |
| Interest and Fiscal Charges | 72,691 | 81,899 | 108,636 | 116,178 | 136,944 | 125,018 | 127,221 | 127,520 | 127,403 | 125,530 |
| Total governmental activities expenses | <u>1,514,076</u> | <u>1,628,318</u> | <u>1,676,650</u> | <u>1,828,474</u> | <u>2,047,486</u> | <u>2,247,060</u> | <u>2,266,128</u> | <u>2,200,016</u> | <u>2,120,641</u> | <u>2,121,123</u> |
| Business-type activities: | | | | | | | | | | |
| Toll Road | 213,526 | 213,358 | 230,254 | 276,671 | 272,972 | 305,754 | 360,048 | 363,266 | 368,627 | 386,047 |
| Subscriber Access | 328 | 368 | 267 | 239 | 161 | 132 | 580 | 83 | 717 | 402 |
| Parking Facilities | 421 | 491 | 786 | 867 | 952 | 895 | 839 | 889 | 763 | 764 |
| Sheriff's Commissary | 5,012 | 4,816 | 6,251 | 6,946 | 8,142 | 8,561 | 8,564 | 7,439 | 7,503 | 8,540 |
| Total business-type activities | <u>219,287</u> | <u>219,033</u> | <u>237,558</u> | <u>284,723</u> | <u>282,227</u> | <u>315,342</u> | <u>370,031</u> | <u>371,677</u> | <u>377,610</u> | <u>395,753</u> |
| Total primary government expenses | <u>\$ 1,733,363</u> | <u>\$ 1,847,351</u> | <u>\$ 1,914,208</u> | <u>\$ 2,113,197</u> | <u>\$ 2,329,713</u> | <u>\$ 2,562,402</u> | <u>\$ 2,636,159</u> | <u>\$ 2,571,693</u> | <u>\$ 2,498,251</u> | <u>\$ 2,516,876</u> |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Administration of Justice | \$ 104,344 | \$ 96,367 | \$ 117,322 | \$ 116,644 | \$ 126,189 | \$ 128,469 | \$ 138,701 | \$ 137,540 | \$ 143,983 | \$ 124,154 |
| Parks | 1,079 | 1,151 | 2,579 | 3,288 | 3,560 | 1,237 | 3,272 | 3,144 | 3,463 | 3,762 |
| County Administration | 57,028 | 50,999 | 53,636 | 59,751 | 62,780 | 58,259 | 47,722 | 45,200 | 26,345 | 65,833 |
| Health and Human Services | 9,238 | 6,959 | 7,827 | 9,062 | 9,637 | 10,139 | 11,172 | 14,265 | 9,547 | 10,064 |
| Flood Control | 2,899 | 2,545 | 1,008 | 849 | 410 | 551 | 314 | 751 | 451 | 724 |
| Tax Administration | 50,872 | 65,195 | 66,392 | 46,448 | 28,749 | 26,920 | 28,173 | 25,659 | 25,997 | 27,390 |
| Roads and Bridges | 29,080 | 28,093 | 30,632 | 32,132 | 32,703 | 32,835 | 33,663 | 29,334 | 38,922 | 43,869 |
| Interest and Fiscal Charges | 2,288 | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 140,624 | 168,325 | 170,733 | 144,548 | 148,358 | 213,880 | 224,108 | 236,859 | 198,455 | 229,526 |
| Capital grants and contributions | 28,418 | 161,929 | 659,448 | 227,271 | 312,732 | 206,561 | 71,644 | 280,755 | 236,643 | 152,328 |
| Total governmental activities program revenues | <u>425,870</u> | <u>581,563</u> | <u>1,109,577</u> | <u>639,993</u> | <u>725,118</u> | <u>678,851</u> | <u>558,769</u> | <u>773,507</u> | <u>683,806</u> | <u>657,650</u> |

Business-type activities:

Charges for services:

| | | | | | | | | | | |
|---|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Toll Road | 265,913 | 317,712 | 349,341 | 392,993 | 428,868 | 442,015 | 455,548 | 481,346 | 519,297 | 560,079 |
| Subscriber Access | 354 | 205 | 395 | 347 | 265 | 283 | 265 | 249 | 226 | 201 |
| Parking Facilities | 837 | 451 | 409 | 406 | 368 | 382 | 365 | 387 | 258 | 233 |
| Sheriff's Commissary | 5,517 | 5,954 | 6,961 | 7,552 | 8,267 | 8,620 | 8,190 | 7,115 | 7,798 | 8,269 |
| Operating grants and contributions | - | 11,764 | - | 1,612 | 1,286 | 994 | 1,164 | 852 | 6,056 | 634 |
| Capital grants and contributions | 15,189 | 12,522 | 3,130 | 3,113 | 3,059 | 9,198 | 7,221 | 3,063 | 360 | - |
| Total business-type activities program revenues | <u>287,810</u> | <u>348,608</u> | <u>360,236</u> | <u>406,023</u> | <u>442,113</u> | <u>461,492</u> | <u>472,753</u> | <u>493,012</u> | <u>533,995</u> | <u>569,416</u> |
| Total primary government program revenues | <u>\$ 713,680</u> | <u>\$ 930,171</u> | <u>\$ 1,469,813</u> | <u>\$ 1,046,016</u> | <u>\$ 1,167,231</u> | <u>\$ 1,140,343</u> | <u>\$ 1,031,522</u> | <u>\$ 1,266,519</u> | <u>\$ 1,217,801</u> | <u>\$ 1,227,066</u> |

NET (EXPENSE)/REVENUE

| | | | | | | | | | | |
|--------------------------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | \$ (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) | \$ (1,463,473) |
| Business-type activities | <u>68,523</u> | <u>129,575</u> | <u>122,678</u> | <u>121,300</u> | <u>159,886</u> | <u>146,150</u> | <u>102,722</u> | <u>121,335</u> | <u>156,385</u> | <u>173,663</u> |
| Total primary government net expense | <u>\$ (1,019,683)</u> | <u>\$ (917,180)</u> | <u>\$ (444,395)</u> | <u>\$ (1,067,181)</u> | <u>\$ (1,162,482)</u> | <u>\$ (1,422,059)</u> | <u>\$ (1,604,637)</u> | <u>\$ (1,305,174)</u> | <u>\$ (1,280,450)</u> | <u>\$ (1,289,810)</u> |

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

| | | | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 769,749 | \$ 854,735 | \$ 856,870 | \$ 988,162 | \$ 1,103,852 | \$ 1,161,088 | \$ 1,205,070 | \$ 1,127,678 | \$ 1,176,578 | \$ 1,249,958 |
| Hotel occupancy taxes | 15,535 | 16,830 | 19,271 | 20,727 | 26,371 | 26,610 | 21,341 | 23,312 | 26,815 | 29,917 |
| Earnings on investments | 14,644 | 12,555 | 30,748 | 47,500 | 58,751 | 32,717 | 19,410 | 6,796 | 14,143 | 7,816 |
| Miscellaneous | 126,717 | 25,181 | 32,029 | 59,380 | 59,378 | 66,157 | 57,322 | 45,269 | 57,229 | 57,154 |
| Gain (Loss) on sale of capital assets | (492) | 21 | 877 | 115 | 43 | 145 | - | - | - | - |
| Transfers | 67,500 | 23,401 | 20,284 | 31,112 | 121,236 | 120,937 | 128,989 | 123,657 | 133,248 | 119,949 |
| Special item | - | - | (19,074) | - | 33,727 | - | - | - | - | - |
| Total governmental activities | <u>993,653</u> | <u>932,723</u> | <u>941,005</u> | <u>1,146,996</u> | <u>1,403,358</u> | <u>1,407,654</u> | <u>1,432,132</u> | <u>1,326,712</u> | <u>1,408,013</u> | <u>1,464,794</u> |

Business-type activities:

| | | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Earnings on investments | 10,528 | 6,439 | 20,168 | 40,035 | 49,690 | 41,671 | 33,679 | 13,542 | 39,563 | 27,076 |
| Miscellaneous | 1,707 | 487 | 1,001 | 741 | 4,754 | 1,062 | 1,954 | 953 | 799 | 790 |
| Gain (Loss) on sale of capital assets | (478) | - | - | 11 | 140 | - | - | - | - | - |
| Transfers | (67,500) | (23,401) | (20,284) | (31,112) | (121,236) | (120,937) | (128,989) | (123,657) | (133,248) | (119,949) |
| Total business-type activities | <u>(55,743)</u> | <u>(16,475)</u> | <u>885</u> | <u>9,675</u> | <u>(66,652)</u> | <u>(78,204)</u> | <u>(93,356)</u> | <u>(109,162)</u> | <u>(92,886)</u> | <u>(92,083)</u> |
| Total primary government | <u>\$ 937,910</u> | <u>\$ 916,248</u> | <u>\$ 941,890</u> | <u>\$ 1,156,671</u> | <u>\$ 1,336,706</u> | <u>\$ 1,329,450</u> | <u>\$ 1,338,776</u> | <u>\$ 1,217,550</u> | <u>\$ 1,315,127</u> | <u>\$ 1,372,711</u> |

CHANGE IN NET POSITION

| | | | | | | | | | | |
|--------------------------|--------------------|-----------------|-------------------|------------------|-------------------|--------------------|---------------------|--------------------|------------------|------------------|
| Governmental activities | \$ (94,553) | \$ (114,032) | \$ 373,932 | \$ (41,485) | \$ 80,990 | \$ (160,555) | \$ (275,227) | \$ (99,797) | \$ (28,822) | \$ 1,321 |
| Business-type activities | <u>12,780</u> | <u>113,100</u> | <u>123,563</u> | <u>130,975</u> | <u>93,234</u> | <u>67,946</u> | <u>9,366</u> | <u>12,173</u> | <u>63,499</u> | <u>81,580</u> |
| Total primary government | <u>\$ (81,773)</u> | <u>\$ (932)</u> | <u>\$ 497,495</u> | <u>\$ 89,490</u> | <u>\$ 174,224</u> | <u>\$ (92,609)</u> | <u>\$ (265,861)</u> | <u>\$ (87,624)</u> | <u>\$ 34,677</u> | <u>\$ 82,901</u> |

Table 3

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Reserved | \$ 100,143 | \$ 112,291 | \$ 146,215 | \$ 175,301 | \$ 175,956 | \$ 202,321 | \$ 283,664 | \$ 341,139 | \$ - | \$ - |
| Unreserved | 250,939 | 203,684 | 175,581 | 128,418 | 192,616 | 166,726 | 59,063 | (22,290) | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | 4,840 | 4,463 |
| Restricted | - | - | - | - | - | - | - | - | 280,566 | 347,309 |
| Committed | - | - | - | - | - | - | - | - | 2,120 | 2,847 |
| Assigned | - | - | - | - | - | - | - | - | 33,491 | 24,013 |
| Unassigned | - | - | - | - | - | - | - | - | 91,927 | 189,799 |
| Total general fund | <u>\$ 351,082</u> | <u>\$ 315,975</u> | <u>\$ 321,796</u> | <u>\$ 303,719</u> | <u>\$ 368,572</u> | <u>\$ 369,047</u> | <u>\$ 342,727</u> | <u>\$ 318,849</u> | <u>\$ 412,944</u> | <u>\$ 568,431</u> |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | \$ 331,606 | \$ 310,683 | \$ 313,717 | \$ 287,549 | \$ 293,213 | \$ 327,803 | \$ 308,060 | \$ 249,061 | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 109,072 | 114,248 | 120,682 | 134,012 | 142,857 | 112,052 | 120,416 | 148,474 | - | - |
| Debt service funds | (3) | - | - | - | - | - | - | - | - | - |
| Capital projects funds | (18,714) | 155,377 | 118,213 | 308,020 | 240,871 | 201,246 | 141,761 | 238,969 | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | 18,195 | 14,549 |
| Restricted | - | - | - | - | - | - | - | - | 557,177 | 533,963 |
| Committed | - | - | - | - | - | - | - | - | 47,246 | 32,542 |
| Unassigned | - | - | - | - | - | - | - | - | (2,420) | (7,304) |
| Total all other governmental funds | <u>\$ 421,961</u> | <u>\$ 580,308</u> | <u>\$ 552,612</u> | <u>\$ 729,581</u> | <u>\$ 676,941</u> | <u>\$ 641,101</u> | <u>\$ 570,237</u> | <u>\$ 636,504</u> | <u>\$ 620,198</u> | <u>\$ 573,750</u> |

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)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|--------------------|-------------------|--------------------|-------------------|------------------|--------------------|--------------------|------------------|------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 797,098 | \$ 845,544 | \$ 902,656 | \$ 994,398 | \$ 1,110,571 | \$ 1,202,832 | \$ 1,230,871 | \$ 1,167,016 | \$ 1,191,542 | \$ 1,273,954 |
| Charges for Services | 183,959 | 188,018 | 218,835 | 225,159 | 222,568 | 206,075 | 206,744 | 204,706 | 214,760 | 225,923 |
| User fees | - | - | 1,942 | 2,833 | 2,693 | 2,904 | 2,722 | 2,841 | 3,008 | 3,167 |
| Fines and Forfeitures | 23,513 | 23,974 | 24,801 | 23,363 | 20,903 | 21,138 | 20,869 | 18,629 | 17,499 | 18,149 |
| Lease revenue | - | - | 2,270 | 2,104 | 2,179 | 2,485 | 2,358 | 2,085 | 2,247 | 2,319 |
| Intergovernmental | 182,276 | 201,293 | 239,072 | 205,469 | 209,889 | 305,421 | 292,431 | 360,021 | 310,814 | 280,970 |
| Earnings on investments | 12,570 | 10,766 | 28,131 | 48,237 | 58,042 | 31,385 | 16,687 | 5,520 | 14,946 | 6,052 |
| Miscellaneous | 53,045 | 53,182 | 64,966 | 51,143 | 56,058 | 71,684 | 59,358 | 74,688 | 77,572 | 83,855 |
| Total revenues | <u>1,252,461</u> | <u>1,322,777</u> | <u>1,482,673</u> | <u>1,552,706</u> | <u>1,682,903</u> | <u>1,843,924</u> | <u>1,832,040</u> | <u>1,835,506</u> | <u>1,832,388</u> | <u>1,894,389</u> |
| EXPENDITURES | | | | | | | | | | |
| Administration of Justice | 547,406 | 595,623 | 608,878 | 681,412 | 783,755 | 896,488 | 911,300 | 881,592 | 834,450 | 850,686 |
| Parks | 39,832 | 40,509 | 49,518 | 52,031 | 57,524 | 66,130 | 67,671 | 71,128 | 73,148 | 62,862 |
| County Administration | 203,978 | 217,169 | 239,179 | 264,922 | 276,798 | 358,308 | 293,562 | 299,313 | 270,858 | 252,731 |
| Health and Human Services | 173,590 | 171,756 | 184,370 | 196,891 | 185,616 | 193,127 | 218,687 | 199,105 | 182,342 | 191,957 |
| Flood Control | 49,534 | 48,450 | 58,761 | 66,721 | 71,590 | 69,792 | 69,569 | 75,116 | 66,463 | 79,245 |
| Tax Administration | 29,985 | 29,740 | 30,169 | 31,263 | 33,358 | 36,269 | 36,678 | 34,848 | 31,863 | 32,048 |
| Roads and Bridges | 62,609 | 68,437 | 84,341 | 84,338 | 87,946 | 91,351 | 113,208 | 103,910 | 92,177 | 87,185 |
| Capital Outlay | 329,324 | 326,820 | 283,937 | 263,492 | 241,272 | 214,553 | 244,495 | 305,169 | 232,108 | 215,462 |
| Debt Service: | | | | | | | | | | |
| Bond issuance costs | - | 5,672 | 1,094 | 4,509 | 293 | 6,270 | 1,888 | 5,678 | 1,831 | 3,159 |
| Interest and fiscal charges | 64,590 | 54,588 | 101,802 | 114,938 | 140,405 | 116,723 | 123,170 | 106,921 | 120,815 | 121,086 |
| Principal | 97,000 | 65,180 | 76,600 | 70,191 | 64,868 | 75,396 | 83,757 | 83,614 | 63,189 | 67,420 |
| | <u>1,597,848</u> | <u>1,623,944</u> | <u>1,718,649</u> | <u>1,830,708</u> | <u>1,943,425</u> | <u>2,124,407</u> | <u>2,163,985</u> | <u>2,166,394</u> | <u>1,969,244</u> | <u>1,963,841</u> |
| Excess of revenues over (under) expenditures | (345,387) | (301,167) | (235,976) | (278,002) | (260,522) | (280,483) | (331,945) | (330,888) | (136,856) | (69,452) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Proceeds from borrowings | 716,518 | 447,081 | 195,582 | 195,640 | 146,355 | 122,961 | 102,910 | 214,524 | 75,497 | 66,776 |
| Proceeds from refundings | - | 502,743 | 113,224 | 578,613 | - | 851,958 | 282,101 | 609,097 | 247,477 | 476,583 |
| Payments to escrow agent | (117,095) | (316,461) | (112,236) | (66,181) | - | (563,174) | (279,883) | (404,915) | (45,874) | (473,544) |
| Payments to defease commercial paper | (367,330) | (226,000) | (335) | (298,936) | - | (282,763) | - | (200,000) | (200,000) | (14,500) |
| Capital leases | 839 | 1,279 | 311 | 833 | 168 | - | - | - | - | - |
| Proceeds from insurance recovery | - | - | - | - | - | 438 | - | 32,500 | 323 | 7,825 |
| Sale of capital assets | 3,306 | 2,062 | 1,966 | 1,267 | 8,253 | 424 | 799 | 1,064 | 361 | 1,083 |
| Capital contributions | 9,657 | - | 2,500 | 2,500 | - | - | - | 2,211 | - | - |
| Transfers in | 568,209 | 543,651 | 114,442 | 481,768 | 211,513 | 185,813 | 219,502 | 417,015 | 321,214 | 190,583 |
| Transfers out | (504,887) | (528,780) | (101,351) | (458,611) | (93,555) | (70,538) | (90,667) | (298,219) | (184,353) | (76,317) |
| Total other financing sources (uses) | <u>309,217</u> | <u>425,575</u> | <u>214,103</u> | <u>436,893</u> | <u>272,734</u> | <u>245,119</u> | <u>234,762</u> | <u>373,277</u> | <u>214,645</u> | <u>178,489</u> |
| Net change in fund balances | <u>\$ (36,170)</u> | <u>\$ 124,408</u> | <u>\$ (21,873)</u> | <u>\$ 158,891</u> | <u>\$ 12,212</u> | <u>\$ (35,364)</u> | <u>\$ (97,183)</u> | <u>\$ 42,389</u> | <u>\$ 77,789</u> | <u>\$ 109,037</u> |
| Debt service as a percentage of noncapital expenditures | 12.7% | 9.2% | 12.4% | 11.8% | 12.1% | 10.1% | 10.8% | 10.2% | 10.6% | 10.8% |

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 |
|--------------------|----------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| 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 |
| 2013 | 324,827,229 | 57,313,966 | 91,639,208 | 290,501,987 | 0.40021 |

(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 |
|--------------------|----------------------|--------------------------|----------------------------|-------------------------------------|------------------------------|
| 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 |
| 2013 | 334,997,328 | 47,104,735 | 101,809,361 | 280,292,702 | 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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Harris County - | | | | | | | | | | |
| General Fund | \$0.34490 | \$0.33117 | \$0.34728 | \$0.34221 | \$0.33918 | \$0.33815 | \$0.33401 | \$0.33401 | \$0.33444 | \$0.33271 |
| General Bonds Debt Service | 0.01889 | 0.04303 | 0.03047 | 0.03885 | 0.03200 | 0.03192 | 0.03642 | 0.03635 | 0.03825 | 0.04468 |
| Total - Constitutional Funds | 0.36379 | 0.37420 | 0.37775 | 0.38106 | 0.37118 | 0.37007 | 0.37043 | 0.37036 | 0.37269 | 0.37739 |
| County-Wide Road Debt Service | 0.02424 | 0.02566 | 0.02211 | 0.02133 | 0.02121 | 0.01916 | 0.02181 | 0.01769 | 0.01848 | 0.02282 |
| Total - Harris County | 0.38803 | 0.39986 | 0.39986 | 0.40239 | 0.39239 | 0.38923 | 0.39224 | 0.38805 | 0.39117 | 0.40021 |
| Flood Control District - | | | | | | | | | | |
| Maintenance | 0.02981 | 0.02553 | 0.02733 | 0.02733 | 0.02754 | 0.02754 | 0.02754 | 0.02727 | 0.02727 | 0.02522 |
| Debt Service | 0.01193 | 0.00765 | 0.00589 | 0.00508 | 0.00352 | 0.00332 | 0.00168 | 0.00196 | 0.00082 | 0.00287 |
| Total - Flood Control | 0.04174 | 0.03318 | 0.03322 | 0.03241 | 0.03106 | 0.03086 | 0.02922 | 0.02923 | 0.02809 | 0.02809 |
| Port of Houston Authority - | | | | | | | | | | |
| Debt Service | 0.02000 | 0.01673 | 0.01474 | 0.01302 | 0.01437 | 0.01773 | 0.01636 | 0.02054 | 0.01856 | 0.01952 |
| Hospital District - General | 0.19021 | 0.19021 | 0.19216 | 0.19216 | 0.19216 | 0.19216 | 0.19216 | 0.19216 | 0.19216 | 0.18216 |
| Total | <u>\$0.63998</u> | <u>\$0.63998</u> | <u>\$0.63998</u> | <u>\$0.63998</u> | <u>\$0.62998</u> | <u>\$0.62998</u> | <u>\$0.62998</u> | <u>\$0.62998</u> | <u>\$0.62998</u> | <u>\$0.62998</u> |

Source: Harris County Auditor.

Table 8

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

| <u>Purpose</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| County-Wide Taxing Jurisdiction: | | | | | | | | | | |
| Harris County | \$ 0.3880 | \$ 0.3999 | \$ 0.3999 | \$ 0.4024 | \$ 0.3924 | \$ 0.3892 | \$ 0.3922 | \$ 0.3881 | \$ 0.3912 | \$ 0.4002 |
| Harris County Flood Control District | 0.0417 | 0.0332 | 0.0332 | 0.0324 | 0.0311 | 0.0309 | 0.0292 | 0.0292 | 0.0281 | 0.0281 |
| Port of Houston Authority | 0.0200 | 0.0167 | 0.0147 | 0.0130 | 0.0144 | 0.0177 | 0.0164 | 0.0205 | 0.0185 | 0.0195 |
| Harris County Hospital District | 0.1902 | 0.1902 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1922 | 0.1822 |
| Total | <u>\$ 0.6399</u> | <u>\$ 0.6400</u> | <u>\$ 0.6400</u> | <u>\$ 0.6400</u> | <u>\$ 0.6301</u> | <u>\$ 0.6300</u> |
| Cities: | | | | | | | | | | |
| Baytown | 0.7370 | 0.7370 | 0.7370 | 0.7370 | 0.7370 | 0.7870 | 0.7870 | 0.7870 | 0.8220 | 0.8220 |
| Bellaire | 0.4800 | 0.4800 | 0.4700 | 0.4400 | 0.4400 | 0.3775 | 0.3759 | 0.3999 | 0.3999 | 0.3999 |
| Deer Park | 0.7000 | 0.7200 | 0.7200 | 0.7200 | 0.7200 | 0.7050 | 0.7050 | 0.7050 | 0.7050 | 0.7200 |
| Houston | 0.6550 | 0.6550 | 0.6500 | 0.6475 | 0.6450 | 0.6438 | 0.6388 | 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 | 0.6400 | 0.6400 | 0.6275 | 0.6088 | 0.6088 | 0.6300 | 0.6300 | 0.6160 | 0.6160 | 0.5970 |
| Missouri City | 0.5100 | 0.5017 | 0.4980 | 0.4945 | 0.4993 | 0.5172 | 0.5284 | 0.5284 | 0.5284 | 0.5448 |
| Pasadena | 0.5670 | 0.5670 | 0.5670 | 0.5670 | 0.5670 | 0.5620 | 0.5620 | 0.5916 | 0.5916 | 0.5916 |
| Pearland | 0.6960 | 0.6950 | 0.6744 | 0.6527 | 0.6526 | 0.6526 | 0.6526 | 0.6651 | 0.6851 | 0.7051 |
| Seabrook | 0.6082 | 0.6196 | 0.6307 | 0.6210 | 0.6203 | 0.5884 | 0.5884 | 0.6268 | 0.6500 | 0.6652 |
| South Houston | 0.7000 | 0.7000 | 0.6863 | 0.6588 | 0.6770 | 0.6784 | 0.6732 | 0.6732 | 0.6732 | 0.7083 |
| Webster | 0.2510 | 0.2680 | 0.2575 | 0.2575 | 0.2489 | 0.2060 | 0.2325 | 0.2575 | 0.2853 | 0.2853 |
| West University Place | 0.4467 | 0.4467 | 0.4300 | 0.4020 | 0.3660 | 0.3590 | 0.3588 | 0.3741 | 0.3741 | 0.3741 |
| School Districts and Junior Colleges: | | | | | | | | | | |
| Aldine | 1.6680 | 1.6890 | 1.7090 | 1.6040 | 1.2770 | 1.2920 | 1.3005 | 1.4305 | 1.3284 | 1.3284 |
| Alief | 1.6750 | 1.6750 | 1.7200 | 1.5900 | 1.5900 | 1.3400 | 1.3400 | 1.3400 | 1.3400 | 1.3200 |
| Clear Creek | 1.7300 | 1.7450 | 1.7750 | 1.6300 | 1.3200 | 1.3600 | 1.3600 | 1.2937 | 1.3600 | 1.3600 |
| Cypress-Fairbanks | 1.7900 | 1.7900 | 1.8000 | 1.8000 | 1.6450 | 1.3240 | 1.3500 | 1.4100 | 1.4300 | 1.4500 |
| Deer Park | 1.8071 | 1.8055 | 1.8055 | 1.6623 | 1.3177 | 1.3367 | 1.3667 | 1.3967 | 1.3967 | 1.5267 |
| Galena Park | 1.7650 | 1.7950 | 1.8150 | 1.7100 | 1.4309 | 1.4550 | 1.4784 | 1.5134 | 1.5134 | 1.5134 |
| Goose Creek | 1.6837 | 1.6837 | 1.7275 | 1.5956 | 1.3020 | 1.2821 | 1.2821 | 1.3021 | 1.3321 | 1.3321 |
| Houston | 1.5800 | 1.5800 | 1.7275 | 1.6200 | 1.1570 | 1.1567 | 1.1567 | 1.1567 | 1.1567 | 1.1567 |
| Humble | 1.7400 | 1.7400 | 1.7700 | 1.7700 | 1.3100 | 1.5200 | 1.5200 | 1.5200 | 1.5200 | 1.5200 |
| Katy | 1.9700 | 2.0000 | 2.0000 | 1.8150 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 | 1.5266 |
| Klein | 1.7200 | 1.7000 | 1.7000 | 1.5800 | 1.2600 | 1.3100 | 1.3600 | 1.4100 | 1.4300 | 1.4400 |
| LaPorte | 1.6800 | 1.7335 | 1.7335 | 1.6350 | 1.3200 | 1.3250 | 1.3250 | 1.3250 | 1.3550 | 1.3300 |
| North Forest | 1.7444 | 1.7444 | 1.7125 | 1.7125 | 1.2367 | 1.3143 | 1.3500 | 1.3500 | 1.4693 | 1.4432 |
| Lone Star College System* | 0.1145 | 0.1145 | 0.1207 | 0.1167 | 0.1144 | 0.1101 | 0.1101 | 0.1176 | 0.1210 | 0.1198 |
| Pasadena | 1.7750 | 1.7750 | 1.8050 | 1.6900 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 | 1.3500 |
| Pearland | 1.8092 | 1.7922 | 1.7922 | 1.6622 | 1.4272 | 1.4194 | 1.4194 | 1.4194 | 1.4194 | 1.4194 |
| San Jacinto Junior College | 0.1307 | 0.1391 | 0.1391 | 0.1454 | 0.1454 | 0.1634 | 0.1708 | 0.1708 | 0.1763 | 0.1856 |
| Sheldon | 1.7030 | 1.7460 | 1.7500 | 1.6340 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 | 1.4300 |
| Spring | 1.7600 | 1.8700 | 1.9500 | 1.7100 | 1.4400 | 1.4400 | 1.4600 | 1.4600 | 1.4600 | 1.5700 |
| Spring Branch | 1.8100 | 1.8100 | 1.8100 | 1.8100 | 1.2850 | 1.3825 | 1.3945 | 1.3945 | 1.3945 | 1.3945 |
| Tomball | 1.7300 | 1.7300 | 1.7100 | 1.5800 | 1.2750 | 1.3600 | 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)**

| Taxpayers | 2013 | | | 2004 | | |
|-----------------------------------|--------------------------------|------|---|--------------------------------|------|---|
| | 2012 Taxable Valuations (a) | Rank | Percentage of Total 2012 Taxable Valuation (b) | 2003 Taxable Valuations (a) | Rank | Percentage of Total 2003 Taxable Valuation (c) |
| Exxon Mobil Corporation | \$ 3,049,210 | 1 | 1.05% | \$ 2,763,577 | 1 | 1.49% |
| Centerpoint Energy, Inc. | 2,458,242 | 2 | 0.85 | 2,249,887 | 2 | 1.22 |
| Shell Oil Company | 2,146,430 | 3 | 0.74 | 1,420,247 | 3 | 0.77 |
| Chevron Chemical Company | 1,805,850 | 4 | 0.62 | - | | 0.00 |
| Hines Interests Ltd Partnership | 1,393,328 | 5 | 0.48 | 989,539 | 6 | 0.53 |
| Crescent Real Estate | 1,222,765 | 6 | 0.42 | 494,650 | 8 | 0.27 |
| National Oilwell Inc | 1,202,593 | 7 | 0.41 | - | | 0.00 |
| Hewlett Packard Company | 1,128,141 | 8 | 0.39 | 437,851 | 11 | 0.24 |
| Equistar Chemicals LP | 1,032,142 | 9 | 0.36 | 1,071,332 | 4 | 0.58 |
| Lyondell Chemical | 825,232 | 10 | 0.28 | 721,265 | 7 | 0.39 |
| Walmart | 815,969 | 11 | 0.28 | - | | 0.00 |
| Houston Refining | 762,242 | 12 | 0.26 | - | | 0.00 |
| AT&T Mobility LLC | 758,853 | 13 | 0.26 | - | | 0.00 |
| Halliburton Company | 678,610 | 14 | 0.23 | - | | 0.00 |
| Valero Energy Corporation | 571,888 | 15 | 0.20 | - | | 0.00 |
| Southwestern Bell Telephone | - | | 0.00 | 1,038,554 | 5 | 0.56 |
| Anhueser Busch Incorporated | - | | 0.00 | 485,180 | 9 | 0.26 |
| Chevron Phillips Chemical Company | - | | 0.00 | 478,044 | 10 | 0.26 |
| Oxy Vinlys LP | - | | 0.00 | 402,431 | 12 | 0.22 |
| Continental Airlines Inc. (d) | - | | 0.00 | 377,673 | 13 | 0.20 |
| Lyondell-Citgo Refining Company | - | | 0.00 | 367,030 | 14 | 0.20 |
| Conoco Phillips Company | - | | 0.00 | 343,348 | 15 | 0.19 |
| Total | \$ 19,851,495 | | 6.83% | \$ 13,640,608 | | 7.38% |

Source: Harris County Appraisal District.

- (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
- (b) Based on the County's total taxable value as of February 28, 2013.
- (c) Based on the County's total taxable value as of February 29, 2004.
- (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 |
| 2004 | \$ 704,093 | \$ 704,923 | \$ 693,384 | 98.5% | \$ 8,140 | \$ 701,524 | 99.5% |
| 2005 | 793,759 | 762,134 | 740,302 | 93.3 | 17,999 | 758,301 | 99.5 |
| 2006 | 796,885 | 820,152 | 719,922 | 90.3 | 96,695 | 816,617 | 99.6 |
| 2007 | 887,598 | 903,967 | 793,835 | 89.4 | 106,430 | 900,265 | 99.6 |
| 2008 | 929,929 | 991,494 | 910,828 | 97.9 | 76,489 | 987,317 | 99.6 |
| 2009 | 1,089,141 | 1,085,407 | 981,807 | 90.1 | 98,235 | 1,080,042 | 99.5 |
| 2010 | 1,114,429 | 1,101,285 | 1,036,477 | 93.0 | 58,024 | 1,094,501 | 99.4 |
| 2011 | 1,058,623 | 1,049,755 | 987,684 | 93.3 | 54,618 | 1,042,302 | 99.3 |
| 2012 | 1,081,861 | 1,074,211 | 1,022,187 | 94.5 | 40,911 | 1,063,098 | 99.0 |
| 2013 | 1,160,905 | 1,160,905 | 1,100,588 | 94.8 | - | 1,100,588 | 94.8 |

* 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 |
| 2004 | \$ 75,721 | \$ 75,811 | \$ 74,979 | 99.0% | \$ 467 | \$ 75,446 | 99.5% |
| 2005 | 64,263 | 64,145 | 61,911 | 96.3 | 1,916 | 63,827 | 99.5 |
| 2006 | 64,981 | 67,108 | 60,008 | 92.3 | 6,803 | 66,811 | 99.6 |
| 2007 | 70,782 | 71,494 | 62,680 | 88.6 | 8,524 | 71,204 | 99.6 |
| 2008 | 72,083 | 76,815 | 69,058 | 95.8 | 7,473 | 76,531 | 99.6 |
| 2009 | 84,057 | 83,768 | 74,344 | 88.4 | 8,998 | 83,342 | 99.5 |
| 2010 | 80,534 | 79,556 | 74,798 | 92.9 | 4,254 | 79,052 | 99.4 |
| 2011 | 77,374 | 76,719 | 72,089 | 93.2 | 4,069 | 76,158 | 99.3 |
| 2012 | 75,400 | 74,849 | 71,159 | 94.4 | 2,893 | 74,052 | 98.9 |
| 2013 | 78,616 | 78,616 | 74,486 | 94.7 | - | 74,486 | 94.7 |

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

Table 12

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

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income (b) | Debt Per Capita (b) |
|-------------|-------------------------|------------------|----------------|---------------|--------------|---------------------------|------------|------------------|----------------|--------------------------|-----------------------------------|---------------------|
| | General Bonded Debt (a) | Commercial Paper | Capital Leases | Notes Payable | Loan Payable | Senior Lien Revenue Bonds | Tax Bonds | Commercial Paper | Capital Leases | | | |
| 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 | 2.78% | 1,359 |
| 2013 | 2,698,883 | 258,593 | 15,101 | - | 23,956 | 2,054,701 | 501,258 | - | 62 | 5,552,554 | n/a | 1,305 |

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.

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

| Fiscal Year | General Bonded Debt Outstanding | | | | | Less: Restricted for Debt Payments | Total Net General Bonded Debt | Percentage of Actual Taxable Value of Property (a) | Percentage of Personal Income (b) | Debt Per Capita (b) | Net Debt Per Capita (b) |
|-------------|---------------------------------|---------------|--|----------------------------|--------------|------------------------------------|-------------------------------|--|-----------------------------------|---------------------|-------------------------|
| | General Obligation Bonds | Revenue Bonds | Tax and Subordinate Lien Revenue Bonds | Certificates of Obligation | Total | | | | | | |
| 2004 | \$ 1,485,836 | \$ 12,770 | \$ 41,430 | \$ 130,456 | \$ 1,670,492 | \$ 152,193 | \$ 1,518,299 | 0.90% | 1.25% | \$ 465 | \$ 422 |
| 2005 | 1,721,630 | - | 213,810 | 112,846 | 2,048,286 | 153,846 | 1,894,440 | 1.05% | 1.44% | 562 | 520 |
| 2006 | 1,698,587 | - | 210,311 | 69,857 | 1,978,755 | 142,250 | 1,836,505 | 0.96% | 1.26% | 536 | 497 |
| 2007 | 2,147,020 | - | 205,176 | 66,710 | 2,418,906 | 151,067 | 2,267,839 | 1.07% | 1.36% | 622 | 584 |
| 2008 | 2,080,487 | - | 201,278 | 62,270 | 2,344,035 | 154,297 | 2,189,738 | 0.92% | 1.21% | 596 | 556 |
| 2009 | 2,304,952 | - | 197,534 | 57,103 | 2,559,589 | 150,777 | 2,408,812 | 0.91% | 1.35% | 642 | 605 |
| 2010 | 2,264,416 | - | 206,074 | 1,940 | 2,472,430 | 155,452 | 2,316,978 | 0.87% | 1.26% | 607 | 569 |
| 2011 | 2,409,581 | - | 205,929 | 995 | 2,616,505 | 137,053 | 2,479,452 | 0.96% | 1.42% | 639 | 606 |
| 2012 | 2,554,210 | - | 205,729 | - | 2,759,939 | 136,559 | 2,623,380 | 1.00% | 1.35% | 660 | 628 |
| 2013 | 2,481,338 | - | 217,545 | - | 2,698,883 | 190,104 | 2,508,779 | 0.93% | n/a | 634 | 590 |

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

(a) See Table 5 for property value data.

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

Table 14

HARRIS COUNTY, TEXAS
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
February 28, 2013
(Unaudited)

| | Percentage Applicable To Name of Government | Net Debt (Thousands) |
|---|--|---------------------------------|
| County-Wide Jurisdiction: | | |
| Harris County (2/28/13) | 100.00% | \$ 2,031,819 |
| Harris County Flood Control District (2/28/13) | 100.00 | 622,531 |
| Port of Houston Authority (12/31/12) | 100.00 | 731,969 |
| Total County-Wide Direct Debt | | <u>3,386,319</u> |
| Cities: | | |
| Baytown (9/30/12) | 80.75 | \$ 90,850 |
| Bellaire (9/30/12) | 100.00 | 67,906 |
| Bunker Hill Village (2/13/13) | 100.00 | 14,977 |
| Deer Park (9/30/12) | 100.00 | 25,705 |
| Friendswood (9/30/12) | 100.00 | 17,150 |
| Galena Park (9/30/12) | 100.00 | 6,706 |
| Houston (6/30/12) | 99.36 | 3,358,022 |
| Jersey Village (9/30/12) | 100.00 | 19,330 |
| Katy (1/31/13) | 69.19 | 9,207 |
| La Porte (9/30/12) | 100.00 | 20,614 |
| League City (9/30/12) | 5.52 | 118,429 |
| Missouri City (7/01/12) | 8.33 | 59,530 |
| Pasadena (9/30/12) | 100.00 | 92,856 |
| Pearland (9/30/12) | 6.16 | 299,733 |
| Seabrook (9/30/12) | 100.00 | 15,246 |
| South Houston (9/30/12) | 100.00 | 5,586 |
| Southside Place (5/7/12) | 100.00 | 9,127 |
| Tomball (9/30/12) | 100.00 | 25,175 |
| Webster (10/01/12) | 100.00 | 19,319 |
| West University Place (1/01/13) | 100.00 | 73,626 |
| Other Cities (a) | 100.00 | 19,701 |
| Sub-Total Cities | | <u>4,368,795</u> |
| School Districts and Junior Colleges: | | |
| Aldine (6/30/12) | 100.00 | 584,704 |
| Alief (8/31/12) | 100.00 | 186,117 |
| Channelview (8/31/12) | 100.00 | 245,841 |
| Clear Creek (8/31/12) | 80.62 | 957,625 |
| Crosby (8/31/12) | 100.00 | 52,711 |
| Cypress-Fairbanks (6/30/12) | 100.00 | 1,685,396 |
| Deer Park (6/30/12) | 100.00 | 216,166 |
| Galena Park (8/31/12) | 100.00 | 216,208 |
| Goose Creek (8/31/12) | 80.04 | 295,568 |
| Houston (2/29/12) | 100.00 | 2,571,794 |
| Huffman (1/31/13) | 100.00 | 48,855 |
| Humble (6/30/12) | 100.00 | 574,371 |
| Katy (8/31/12) | 88.64 | 1,121,273 |
| Klein (8/31/12) | 100.00 | 717,190 |
| LaPorte (7/01/12) | 100.00 | 211,286 |
| Lone Star College System (8/31/12) | 78.67 | 524,488 |
| North Forest (8/31/12) | 100.00 | 54,078 |
| Pasadena (8/31/12) | 100.00 | 426,337 |
| Pearland (8/31/12) | 2.25 | 319,936 |
| San Jacinto Junior College (2/28/13) | 100.00 | 304,215 |
| Sheldon (8/31/12) | 100.00 | 140,894 |
| Spring (6/30/12) | 100.00 | 974,210 |
| Spring Branch (6/30/12) | 100.00 | 736,744 |
| Tomball (8/31/12) | 88.02 | 309,634 |
| Waller (2/4/13) | 31.68 | 81,793 |
| Other Schools (b) | 100.00 | 28,336 |
| Sub-Total School Districts and Junior Colleges | | <u>13,585,770</u> |
| Utility Districts (c) | 100.00 | 4,345,094 |
| Total Overlapping Debt | | <u>22,299,659</u> |
| Total Direct and Overlapping Debt (Estimated \$6,039 Per Capita) (d) | | <u>\$ 25,685,978</u> |

- (a) Aggregate net debt of 12 cities, each of which had a net debt of less than \$5,000,000.
- (b) Aggregate net debt of 2 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 4,253,700. Source: Bureau of the Census.

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

| | |
|--|-----------------------------|
| Assessed Value of All Taxable Property | \$ 382,141,195 |
| Assessed Value of Real Property | <u>\$ 324,827,229</u> |
| Debt Limit (25% of real property assessed value) (a) | 81,206,807 |
| Amount of Debt Applicable to Constitutional Debt Limit: | |
| Total Bonded Applicable Debt | 1,191,245 |
| Less: Debt Service Funds Cash | <u>(128,137)</u> |
| Total Net Debt Applicable to Limit | <u>1,063,108</u> |
| Legal Debt Margin, Bonds Issued Under Article III, Section 52 of the Texas Constitution | <u><u>\$ 80,143,699</u></u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Debt Limit | \$ 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 | \$ 81,206,807 |
| Total Net Debt Applicable to Limit | 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 | 1,063,108 |
| Legal Debt Margin | <u>\$ 46,259,321</u> | <u>\$ 48,665,817</u> | <u>\$ 56,359,695</u> | <u>\$ 61,358,800</u> | <u>\$ 68,999,700</u> | <u>\$ 77,156,949</u> | <u>\$ 78,031,928</u> | <u>\$ 75,640,964</u> | <u>\$ 77,207,877</u> | <u>\$ 80,143,699</u> |
| Total Net Debt Applicable to the Limit as a percentage of Debt Limit | 2.27% | 2.36% | 2.00% | 2.22% | 1.87% | 1.63% | 1.52% | 1.49% | 1.48% | 1.31% |

(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 \$19,107,060 compared to applicable bonds outstanding at February 28, 2013 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 \$0.00287 per \$100 of taxable value for debt service, was levied by the Flood Control District in tax year 2012.

**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 | | | Coverage |
|---------------------------------------|---------------------------|---|----------------------------------|-----------------|--------------|-----------------|
| | | | Principal | Interest | Total | |
| <u>TOLL ROAD REVENUE BONDS</u> | | | | | | |
| 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 |
| 2013 | 560,713 | 560,713 | 58,090 | 89,770 | 147,860 | 3.79 |

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 |
|--------------------------|-------------------|------------------------------|---|---|
| 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% | 204,593,445 | 48,963 |
| 2012 | 4,253,700 | 6.0% | n/a | n/a |

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

Table 18

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

| Employer | 2012 | | | 2003 | | |
|---|-----------|------|---------------------------------------|-----------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Exxon Mobil | 13,000 | 1 | 0.47% | 9,500 | 4 | 0.41% |
| Shell Oil Company | 12,500 | 2 | 0.45% | 8,650 | 5 | 0.37% |
| National Oilwell Varco Inc. | 11,000 | 3 | 0.40% | | | |
| Chevron Companies | 8,000 | 4 | 0.29% | | | |
| Baker Hughes | 7,700 | 5 | 0.28% | 6,800 | 7 | 0.29% |
| JP Morgan Chase | 7,000 | 6 | 0.25% | | | |
| Halliburton | 4,955 | 7 | 0.18% | 11,400 | 2 | 0.49% |
| CenterPoint Energy | 4,800 | 8 | 0.17% | 5,550 | 9 | 0.24% |
| KBR Inc. | 4,600 | 9 | 0.17% | | | |
| Kinder Morgan Inc. | 4,100 | 10 | 0.15% | | | |
| Continental Airlines | | | | 17,000 | 1 | 0.73% |
| Hewlett-Packard Co. (includes acquisition of Compaq Computer in 2001) | | | | 9,800 | 3 | 0.42% |
| SBC Communications/AT&T | | | | 8,200 | 6 | 0.35% |
| BP America Inc | | | | 5,800 | 8 | 0.25% |
| Schlumberger Ltd. | | | | 5,500 | 10 | 0.24% |
| | 77,655 | | | 88,200 | | |

* Based on calendar year.

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

Note: Total County Employment for 2012 was an estimated 2,759,000 (based on prior year employment figures) and for 2003 was 2,323,951.

Table 19

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration of Justice | 8,450 | 8,554 | 8,380 (a) | 8,168 | 8,740 | 9,425 | 9,308 | 8,779 | 8,462 | 8,723 |
| Parks | * | * | 715 | 706 | 732 | 787 | 797 | 670 | 625 | 675 |
| County Administration | 2,720 | 2,787 | 2,726 | 2,871 | 3,024 | 3,339 | 3,161 | 3,032 | 2,901 | 2,957 |
| Health and Human Service: | * | * | 1,613 | 1,604 | 1,706 | 1,796 | 1,718 | 1,467 | 1,385 | 1,326 |
| Flood Control | 331 | 342 | 312 | 333 | 325 | 354 | 374 | 335 | 308 | 290 |
| Tax Administration | 465 | 442 | 428 | 426 | 435 | 428 | 415 | 378 | 341 | 340 |
| Roads and Bridges | 817 | 837 | 782 | 779 | 807 | 856 | 914 | 597 | 561 | 536 |
| Other * | 2,287 | 2,441 | * | * | * | * | * | * | * | * |

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

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

Note: (1) As of February 28, 2013, it is estimated that approximately 2,456 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 TEN FISCAL YEARS
(Unaudited)**

| <u>Function/Program</u> | <u>Fiscal Years</u> | | | | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| <u>Administration of Justice</u> | | | | | | | | | | |
| Law Enforcement Vehicles | 1,733 | 2,013 | 1,988 | 1,739 | 1,753 | 2,117 | 2,043 | 1,938 | 2,000 | 2,096 |
| Jail Facilities (Incl. Only Jails Owned by County) | 2 | 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 | 5 |
| Forensic Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Parks</u> | | | | | | | | | | |
| Number of Active Parks | 118 | 119 | 118 | 129 | 129 | 145 | 147 | 147 | 151 | 167 |
| <u>County Administration</u> | | | | | | | | | | |
| Stadiums | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Exhibition Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Arena | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ferries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <u>Health and Human Services</u> | | | | | | | | | | |
| Libraries (Incl. Only Library Buildings Owned by County) | 19 | 19 | 19 | 19 | 19 | 18* | 18* | 18* | 18* | 19 |
| Veterinary Public Health Shelter | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Flood Control</u> | | | | | | | | | | |
| Sites by Acreage (Incl. Easements and Fee Simple Ownership) | | | | | | | | | | |
| Basins | 8,827 | 11,403 | 12,309 | 13,192 | 14,866 | 15,361 | 15,467 | 15,724 | 16,081 | 16,107 |
| Buyouts | 414 | 640 | 763 | 776 | 825 | 845 | 880 | 931 | 958 | 1,016 |
| Channels | 20,562 | 20,661 | 20,704 | 20,753 | 20,799 | 20,832 | 20,858 | 20,935 | 21,117 | 21,143 |
| <u>Roads and Bridges</u> | | | | | | | | | | |
| Road Miles | 5,433 | 5,784 | 6,073 | 6,307 | 6,194 | 6,564 | 6,317 | 6,454 | 6,425 | 6,531 |
| Bridge Miles | 22 | 24 | 24 | 24 | 22 | 24 | 33 | 23 | 34 | 33 |
| <u>Toll Road</u> | | | | | | | | | | |
| Road Miles | 85 | 85 | 96 | 103 | 103 | 107 | 107 | 115 | 128 | 125 |
| Lane Miles | 471 | 479 | 491 | 491 | 550 | 556 | 556 | 598 | 676 | 631 |

Source: Various County Departments.

* Evelyn Meador Library excluded from total due to damage from Hurricane Ike. Evelyn Meador Library reopened in June 2011.

Table 21

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

| <u>Function/Program</u> | <u>Fiscal Years</u> | | | | | | | | | |
|---|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| <u>Administration of Justice</u> | | | | | | | | | | |
| 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 | 51,733 |
| 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 | 53,681 |
| 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 | 78,988 |
| 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 | 84,126 |
| Civil Courts- New Cases Filed | 21,215 | 22,488 | 21,148 | 20,730 | 28,038 | 27,768 | 20,984 | 21,849 | 29,381 | 23,897 |
| Civil Courts- New Instruments Filed | 400,991 | 412,077 | 430,693 | 517,076 | 539,356 | 573,032 | 475,899 | 466,433 | 534,960 | 430,236 |
| 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 | 419,476 |
| Civil Filings | 68,226 | 74,080 | 73,872 | 78,893 | 82,047 | 100,452 | 100,822 | 88,478 | 91,401 | 93,275 |
| Fire Marshal | | | | | | | | | | |
| Fire Safety Inspections | 1,307 | 1,197 | 1,250 | 1,450 | 4,475 | 7,298 | 8,156 | 12,049 | 9,595 | 8,239 |
| Constables | | | | | | | | | | |
| Traffic Tickets Issued | 130,454 | 186,282 | 114,479 | 116,449 | 131,041 | 131,921 | 131,472 | 146,170 | 125,403 | 134,999 |
| Civil Papers Executed | 439,659 | 455,788 | 449,431 | 533,013 | 519,572 | 509,788 | 485,252 | 505,403 | 469,704 | 438,334 |
| Criminal Warrants Executed | 220,914 | 188,698 | 187,578 | 176,849 | 215,635 | 146,918 | 142,752 | 144,198 | 157,101 | 131,804 |
| Juvenile Probation | | | | | | | | | | |
| Juvenile Probation Referrals | 20,069 | 23,600 | 25,459 | 23,939 | 24,918 | 22,872 | 20,225 | 19,581 | 17,275 | 15,950 |
| Average Daily Population at Facilities | 776 | 707 | 685 | 691 | 691 | 732 | 687 | 612 | 567 | 464 |
| Sheriff | | | | | | | | | | |
| Jail Prisoners, Average/Day | 6,958 | 7,337 | 8,397 | 8,882 | 8,929 | 9,723 | 10,988 | 11,064 | 10,249 | 9,277 |
| District Attorney | | | | | | | | | | |
| Cases Filed DA Intake | 91,329 | 97,478 | 102,775 | 114,879 | 114,588 | 113,353 | 112,676 | 117,968 | 113,697 | 113,517 |
| Medical Examiner | | | | | | | | | | |
| Harris County Autopsies** | 3,140 | 2,828 | 2,862 | 3,073 | 4,198 | 4,199 | 4,199 | 3,859 | 3,858 | 3,678 |
| Cases Investigated | 11,375 | 12,586 | 12,291 | 13,911 | 15,304 | 16,357 | 16,357 | 9,321 | 9,290 | 9,209 |
| <u>Parks</u> | | | | | | | | | | |
| Precincts | | | | | | | | | | |
| Number of Park Concessionaire Agreements | 68 | 68 | 68 | 68 | 72 | 74 | 75 | 77 | 79 | 81 |
| Number of Bus Trips *** | 5,021 | 5,200 | 7,790 | 8,077 | 7,582 | 8,454 | 8,494 | 7,767 | 8,810 | 7,961 |
| <u>County Administration</u> | | | | | | | | | | |
| 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 | 122,124 |
| 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 | 396,855 |
| Audit Chargeable Service Hours | 25,221 | 23,763 | 24,629 | 25,901 | 23,811 | 26,375 | 17,255 | 21,394 | 17,861 | 18,501 |
| 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 | 15,414 |
| Management Services | | | | | | | | | | |
| Tort Claims Incidents | 1,563 | 2,492 | 2,286 | 2,235 | 2,067 | 2,231 | 2,603 | 2,452 | 2,455 | 2,552 |
| 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 | 205,115,853 |
| 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 | 33,136 |
| Real Property Filings | 835,230 | 957,740 | 858,236 | 832,821 | 860,798 | 736,403 | 601,263 | 582,386 | 561,177 | 554,367 |
| Assumed Name Certificates (DBAs) | 72,773 | 76,916 | 75,717 | 68,135 | 66,630 | 66,909 | 62,255 | 62,424 | 62,193 | 64,156 |

Table 21

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

| <u>Function/Program</u> | <u>Fiscal Years</u> | | | | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| <u>Health and Human Services</u> | | | | | | | | | | |
| 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 | 18,185 |
| Animals Adopted | 1,614 | 1,900 | 1,855 | 2,685 | 2,334 | 2,283 | 1,979 | 1,665 | 1,289 | 1,569 |
| 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 | 4,857 |
| Adults Served by the Guardianship Program | 1,298 | 1,314 | 1,365 | 1,398 | 1,406 | 1,431 | 1,447 | 1,451 | 1,422 | 1,400 |
| County Library | | | | | | | | | | |
| Library Program Attendance | 203,686 | 228,005 | 262,211 | 284,973 | 351,869 | 417,712 | 384,175 | 419,894 | 432,987 | 413,516 |
| 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 | 11,171,002 |
| <u>Flood Control</u> | | | | | | | | | | |
| Developer Plans Approved- Watershed Mgt. | 1,095 | 976 | 1,114 | 1,221 | 1,467 | 1,578 | 1,713 | 1,833 | 1,831 | 2,051 |
| Citizen Services Requests | 2,462 | 1,980 | 2,393 | 2,681 | 2,948 | 2,573 | 2,476 | 2,479 | 1,738 | 1,393 |
| <u>Tax Administration</u> | | | | | | | | | | |
| Tax Assessor-Collector | | | | | | | | | | |
| Tax Account/Statements | 1,290,045 | 1,316,006 | 1,417,878 | 1,431,975 | 1,452,912 | 1,505,318 | 1,531,794 | 1,544,299 | 1,546,433 | 1,552,717 |
| 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 | 3,504,597 |
| Beer and Wine Licenses Issued | 7,377 | 7,566 | 7,915 | 7,526 | 7,106 | 6,775 | 6,859 | 6,675 | 3,946 | 3,700 |
| Liquor Licenses Issued | 3,191 | 3,176 | 3,167 | 3,062 | 4,901 | 6,973 | 5,085 | 4,806 | 4,703 | 5,796 |
| 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 | 1,892,314 |
| <u>Roads and Bridges</u> | | | | | | | | | | |
| Engineering Department | | | | | | | | | | |
| Traffic Studies/Counts | 412 | 375 | 583 | 848 | 827 | 618 | 676 | 586 | 681 | 591 |
| Road Crossing Inspections **** | 1,408 | 1,660 | 1,676 | 2,026 | 2,156 | 1,738 | 1,738 | 1,240 | 1,426 | 1,338 |
| Road Crossing Permits **** | 704 | 820 | 838 | 1,013 | 1,078 | 869 | 869 | 620 | 713 | 669 |
| <u>Toll Road</u> | | | | | | | | | | |
| Traffic Transactions | 289,229,167 | 289,080,403 | 284,865,914 | 297,237,479 | 359,952,935 | 375,731,726 | 353,948,710 | 371,245,774 | 380,664,408 | 408,307,389 |

Source: Various County Departments

* Criminal Courts - Incoming Cases Include: Misdemeanor Indictments, Felony Indictments, Complaints, Motion 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.

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

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

**** 2011 number was corrected by the department.

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

| | <u>County's Total Outstanding Tax Debt (a)</u> |
|--|--|
| Limited Tax Debt | \$ 1,061,637,191 |
| Unlimited Tax Debt | 711,615,000 |
| Flood Control | 572,165,000 |
| Toll Road Tax Bonds | <u>479,630,000</u> |
| Total | \$ 2,825,047,191 |
| Less: Toll Road Tax Bonds | <u>(479,630,000)</u> |
| Total (Approximately 0.61% of 2012 Assessed Value) | <u><u>\$ 2,345,417,191</u></u> |

(a) Excluding Flood Control District debt of \$96,470,000 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.

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 2003-2004 through 2012-13.

| 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 |
|----------------|--|-------------------------------------|--|-----------------------------|-----------------------------------|--------------------------------------|
| 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 |
| 2013 | 2,825,047 | 290,501,987 | 0.97 | 4,253,700 | 664 | 551 |

(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.

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

| Fiscal Year | Limited Tax Debt | | | Unlimited Tax Debt | | | Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds | | | Flood Control (a) | | | Total County-Wide Tax Debt | | |
|--------------|---------------------|-------------------|---------------------|--------------------|-------------------|---------------------|--|-------------------|-------------------|-------------------|-------------------|---------------------|----------------------------|---------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2014 | \$ 44,676 | \$ 45,787 | \$ 90,463 | \$ 11,208 | \$ 33,592 | \$ 44,800 | \$ 47,090 | \$ 26,722 | \$ 73,812 | \$ 11,805 | \$ 33,492 | \$ 45,297 | \$ 114,779 | \$ 139,593 | \$ 254,372 |
| 2015 | 59,052 | 44,844 | 103,896 | 18,633 | 32,302 | 50,935 | 62,770 | 20,086 | 82,856 | 10,760 | 32,932 | 43,692 | 151,215 | 130,164 | 281,379 |
| 2016 | 60,982 | 42,684 | 103,666 | 24,203 | 31,714 | 55,917 | 40,685 | 17,832 | 58,517 | 9,785 | 32,420 | 42,205 | 135,655 | 124,650 | 260,305 |
| 2017 | 69,832 | 40,430 | 110,262 | 23,609 | 31,025 | 54,634 | 26,380 | 16,419 | 42,799 | 9,045 | 31,961 | 41,006 | 128,866 | 119,835 | 248,701 |
| 2018 | 67,021 | 37,610 | 104,631 | 28,037 | 30,316 | 58,353 | 26,610 | 15,128 | 41,738 | 9,450 | 31,530 | 40,980 | 131,118 | 114,584 | 245,702 |
| 2019 | 69,071 | 34,955 | 104,026 | 42,605 | 29,352 | 71,957 | 27,445 | 13,742 | 41,187 | 24,245 | 31,058 | 55,303 | 163,366 | 109,107 | 272,473 |
| 2020 | 62,981 | 32,082 | 95,063 | 38,010 | 27,234 | 65,244 | 28,345 | 12,277 | 40,622 | 40,100 | 29,791 | 69,891 | 169,436 | 101,384 | 270,820 |
| 2021 | 71,205 | 29,097 | 100,302 | 42,690 | 25,338 | 68,028 | 29,285 | 10,765 | 40,050 | 40,655 | 27,704 | 68,359 | 183,835 | 92,904 | 276,739 |
| 2022 | 94,365 | 25,822 | 120,187 | 25,405 | 23,251 | 48,656 | 19,445 | 9,486 | 28,931 | 45,170 | 25,664 | 70,834 | 184,385 | 84,223 | 268,608 |
| 2023 | 55,290 | 21,501 | 76,791 | 65,540 | 22,007 | 87,547 | 20,240 | 8,449 | 28,689 | 45,290 | 23,298 | 68,588 | 186,360 | 75,255 | 261,615 |
| 2024 | 51,326 | 19,127 | 70,453 | 67,495 | 18,830 | 86,325 | 20,700 | 7,385 | 28,085 | 46,605 | 21,033 | 67,638 | 186,126 | 66,375 | 252,501 |
| 2025 | 82,932 | 17,173 | 100,105 | 59,370 | 15,522 | 74,892 | 21,165 | 6,297 | 27,462 | 17,055 | 18,703 | 35,758 | 180,522 | 57,695 | 238,217 |
| 2026 | 38,854 | 13,282 | 52,136 | 43,075 | 12,640 | 55,715 | 12,070 | 5,430 | 17,500 | 33,255 | 17,838 | 51,093 | 127,254 | 49,190 | 176,444 |
| 2027 | 52,500 | 11,022 | 63,522 | 43,075 | 10,486 | 53,561 | 12,090 | 4,796 | 16,886 | 34,255 | 16,175 | 50,430 | 141,920 | 42,479 | 184,399 |
| 2028 | 53,375 | 8,374 | 61,749 | 43,075 | 8,333 | 51,408 | 12,115 | 4,161 | 16,276 | 35,280 | 14,462 | 49,742 | 143,845 | 35,330 | 179,175 |
| 2029 | 33,065 | 6,211 | 39,276 | 43,070 | 6,304 | 49,374 | 12,135 | 3,524 | 15,659 | 35,735 | 12,730 | 48,465 | 124,005 | 28,769 | 152,774 |
| 2030 | 23,410 | 4,290 | 27,700 | 32,645 | 4,275 | 36,920 | 12,160 | 2,886 | 15,046 | 36,205 | 10,975 | 47,180 | 104,420 | 22,426 | 126,846 |
| 2031 | 24,405 | 3,095 | 27,500 | 29,935 | 2,768 | 32,703 | 12,185 | 2,247 | 14,432 | 36,705 | 9,197 | 45,902 | 103,230 | 17,307 | 120,537 |
| 2032 | 25,485 | 1,848 | 27,333 | 29,935 | 1,384 | 31,319 | 12,210 | 1,607 | 13,817 | 37,225 | 7,362 | 44,587 | 104,855 | 12,201 | 117,056 |
| 2033 | 21,810 | 545 | 22,355 | - | - | - | 12,240 | 965 | 13,205 | 11,520 | 5,501 | 17,021 | 45,570 | 7,011 | 52,581 |
| 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 | \$ 1,061,637 | \$ 439,779 | \$ 1,501,416 | \$ 711,615 | \$ 366,673 | \$ 1,078,288 | \$ 479,630 | \$ 190,526 | \$ 670,156 | \$ 668,635 | \$ 454,484 | \$ 1,123,119 | \$ 2,921,517 | \$ 1,451,462 | \$ 4,372,979 |

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

Table 25

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

| Fiscal Year | County-Wide Tax Debt (a) | | | Toll Road Senior Lien Revenue Bonds | | | Total County-Wide Bonded Debt | | |
|-------------|--------------------------|--------------|--------------|-------------------------------------|--------------|--------------|-------------------------------|--------------|--------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2014 | \$ 114,779 | \$ 139,593 | \$ 254,372 | \$ 58,090 | \$ 89,770 | \$ 147,860 | \$ 172,869 | \$ 229,363 | \$ 402,232 |
| 2015 | 151,215 | 130,164 | 281,379 | 53,795 | 87,537 | 141,332 | 205,010 | 217,701 | 422,711 |
| 2016 | 135,655 | 124,650 | 260,305 | 57,025 | 85,702 | 142,727 | 192,680 | 210,352 | 403,032 |
| 2017 | 128,866 | 119,835 | 248,701 | 67,205 | 84,162 | 151,367 | 196,071 | 203,997 | 400,068 |
| 2018 | 131,118 | 114,584 | 245,702 | 70,600 | 81,926 | 152,526 | 201,718 | 196,510 | 398,228 |
| 2019 | 163,366 | 109,107 | 272,473 | 71,735 | 79,230 | 150,965 | 235,101 | 188,337 | 423,438 |
| 2020 | 169,436 | 101,384 | 270,820 | 75,435 | 76,142 | 151,577 | 244,871 | 177,526 | 422,397 |
| 2021 | 183,835 | 92,904 | 276,739 | 78,475 | 72,559 | 151,034 | 262,310 | 165,463 | 427,773 |
| 2022 | 184,385 | 84,223 | 268,608 | 84,015 | 68,728 | 152,743 | 268,400 | 152,951 | 421,351 |
| 2023 | 186,360 | 75,255 | 261,615 | 59,910 | 65,303 | 125,213 | 246,270 | 140,558 | 386,828 |
| 2024 | 186,126 | 66,375 | 252,501 | 62,275 | 62,358 | 124,633 | 248,401 | 128,733 | 377,134 |
| 2025 | 180,522 | 57,695 | 238,217 | 64,735 | 59,292 | 124,027 | 245,257 | 116,987 | 362,244 |
| 2026 | 127,254 | 49,190 | 176,444 | 65,530 | 56,090 | 121,620 | 192,784 | 105,280 | 298,064 |
| 2027 | 141,920 | 42,479 | 184,399 | 63,930 | 52,860 | 116,790 | 205,850 | 95,339 | 301,189 |
| 2028 | 143,845 | 35,330 | 179,175 | 62,420 | 49,712 | 112,132 | 206,265 | 85,042 | 291,307 |
| 2029 | 124,005 | 28,769 | 152,774 | 66,080 | 46,528 | 112,608 | 190,085 | 75,297 | 265,382 |
| 2030 | 104,420 | 22,426 | 126,846 | 69,925 | 43,181 | 113,106 | 174,345 | 65,607 | 239,952 |
| 2031 | 103,230 | 17,307 | 120,537 | 81,915 | 39,466 | 121,381 | 185,145 | 56,773 | 241,918 |
| 2032 | 104,855 | 12,201 | 117,056 | 86,295 | 35,356 | 121,651 | 191,150 | 47,557 | 238,707 |
| 2033 | 45,570 | 7,011 | 52,581 | 90,005 | 31,043 | 121,048 | 135,575 | 38,054 | 173,629 |
| 2034 | 24,360 | 5,247 | 29,607 | 95,260 | 26,638 | 121,898 | 119,620 | 31,885 | 151,505 |
| 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 | 17,359 | 126,599 | 122,575 | 21,044 | 143,619 |
| 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 | 238 | 3,338 | 3,100 | 238 | 3,338 |
| 2050 | - | - | - | 3,200 | 80 | 3,280 | 3,200 | 80 | 3,280 |
| Total | \$ 2,921,517 | \$ 1,451,462 | \$ 4,372,979 | \$ 1,988,000 | \$ 1,414,361 | \$ 3,402,361 | \$ 4,909,517 | \$ 2,865,823 | \$ 7,775,340 |

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

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

As of February 28, 2013, 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.

| <u>County Ad Valorem Tax Bonds</u> | | | |
|--|----|---------|------------|
| 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 | | 117,777 | |
| Total Unlimited Tax Bonds | | | 117,777 |
| 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 | | | 380,925 |
| Total Authorized but Unissued Bonds | | | \$ 380,925 |

HARRIS COUNTY, TEXAS
TABLE OF OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2013-2014
(Unaudited)

On February 26, 2013 the Commissioners Court adopted the budget for the County for the Fiscal Year 2013-2014. The Fiscal Year 2014 budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2013-2014 budget for the County's Current Operating Fund:

| | |
|------------------------------------|-------------------------|
| Cash Balance as of March 1, 2013 | \$ 240,000,000 |
| Estimated Revenues: | |
| Ad Valorem and Miscellaneous Taxes | 1,006,023,000 |
| Charges for Services | 200,209,000 |
| Fines and Forfeitures | 18,173,000 |
| Intergovernmental Revenues | 34,357,000 |
| Interest | 1,931,000 |
| Other | 45,800,000 |
| Total Cash and Estimated Revenues | <u>\$ 1,546,493,000</u> |
| Appropriations: | |
| Current Operating Expenses | \$ 1,533,732,000 |
| Capital Outlay: | |
| Roads | 10,854,000 |
| Parks | 1,398,000 |
| Office/Courts | 509,000 |
| Total Appropriations | <u>\$ 1,546,493,000</u> |

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

County Capital Projects Funds are used to construct roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at February 28, 2013 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 | \$ 138,789,076 |
| Permanent Improvements | 22,972,368 |
| Flood Control | 132,645,799 |
| Reliant Park | <u>22,738,865</u> |
| Total | <u>\$ 317,146,108</u> |

Table 29

**HARRIS COUNTY, TEXAS
BALANCE SHEET
GENERAL FUND SUB-FUNDS
February 28, 2013**

| | <u>General Operating</u> | <u>Public Contingency</u> | <u>Mobility Fund</u> | <u>General Debt</u> | <u>Other</u> | <u>Total General Fund</u> |
|--|------------------------------|-------------------------------|--------------------------|-------------------------|---------------------|-----------------------------------|
| ASSETS | | | | | | |
| Cash and investments: | | | | | | |
| Cash and cash equivalents | \$ 107,274,214 | \$ 6,801,852 | \$ 115,405,953 | \$ - | \$ 3,229,986 | \$ 232,712,005 |
| Investments | 100,589,442 | 19,951,058 | 95,361,754 | - | 2,657,812 | 218,560,066 |
| Receivables: | | | | | | |
| Taxes, net | 43,394,037 | - | - | - | - | 43,394,037 |
| Accounts | 9,254,560 | - | - | - | - | 9,254,560 |
| Accrued interest | 10,850,002 | 67,008 | 90,767 | 16,173 | 2,530 | 11,026,480 |
| Capital leases | 255,300 | - | - | - | - | 255,300 |
| Other | 54,398,009 | 361,236 | - | 3,529,844 | - | 58,289,089 |
| Due from other funds | 50,165,449 | - | 34,228 | 3,523 | - | 50,203,200 |
| Inventories | 2,314,388 | - | - | - | - | 2,314,388 |
| Prepays and other assets | 2,099,996 | - | - | 8,275 | - | 2,108,271 |
| Advances to other funds | 40,000 | - | - | - | - | 40,000 |
| Restricted cash and cash equivalents | - | - | - | 57,184,035 | - | 57,184,035 |
| Restricted investments | - | - | - | 76,962,255 | - | 76,962,255 |
| Note receivable | 17,972,258 | - | - | - | - | 17,972,258 |
| Total assets | <u>\$ 398,607,655</u> | <u>\$ 27,181,154</u> | <u>\$ 210,892,702</u> | <u>\$ 137,704,105</u> | <u>\$ 5,890,328</u> | <u>\$ 780,275,944</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Vouchers payable | \$ 24,759,453 | \$ - | \$ 6,980,101 | \$ 688,426 | \$ - | \$ 32,427,980 |
| Accrued payroll and compensated absences | 85,003,316 | - | 1,243,481 | - | - | 86,246,797 |
| Retainage payable | 135,877 | - | 1,160,248 | - | - | 1,296,125 |
| Due to other funds | 45,622 | - | - | - | 1,598,231 | 1,643,853 |
| Customer deposits | 40,628 | - | - | - | - | 40,628 |
| Advances from other funds | 25,907,714 | - | - | - | - | 25,907,714 |
| Deferred revenue | 64,282,239 | - | - | - | - | 64,282,239 |
| Total liabilities | <u>200,174,849</u> | <u>-</u> | <u>9,383,830</u> | <u>688,426</u> | <u>1,598,231</u> | <u>211,845,336</u> |
| Fund balances: | | | | | | |
| Nonspendable | 4,454,384 | - | - | 8,275 | - | 4,462,659 |
| Restricted | 5,012,465 | - | 201,508,872 | 137,007,404 | 3,780,681 | 347,309,422 |
| Committed | 2,438,223 | - | - | - | 408,677 | 2,846,900 |
| Assigned | 23,909,785 | - | - | - | 102,739 | 24,012,524 |
| Unassigned | 162,617,949 | 27,181,154 | - | - | - | 189,799,103 |
| Total fund balances | <u>198,432,806</u> | <u>27,181,154</u> | <u>201,508,872</u> | <u>137,015,679</u> | <u>4,292,097</u> | <u>568,430,608</u> |
| Total liabilities and fund balances | <u>\$ 398,607,655</u> | <u>\$ 27,181,154</u> | <u>\$ 210,892,702</u> | <u>\$ 137,704,105</u> | <u>\$ 5,890,328</u> | <u>\$ 780,275,944</u> |

Table 30

HARRIS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - SUB-FUNDS
For The Twelve Months Ended February 28, 2013

| | General Operating | Public Contingency | Mobility Fund | General Debt | Other | Consolidating Entries | Total General Fund |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|--------------------------|--------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 958,721,402 | \$ 13,528,791 | \$ - | \$ 130,407,080 | \$ - | \$ - | \$ 1,102,657,273 |
| Charges for services | 200,195,473 | - | 1 | - | - | - | 200,195,474 |
| User fees | 3,167,126 | - | - | - | - | - | 3,167,126 |
| Fines and forfeitures | 18,149,025 | - | - | - | - | - | 18,149,025 |
| Lease revenue | 2,012,393 | - | - | - | - | - | 2,012,393 |
| Intergovernmental | 36,897,301 | - | 17,803 | - | - | - | 36,915,104 |
| Interest | 1,479,911 | 282,181 | 789,561 | 121,521 | (6,713) | - | 2,666,461 |
| Miscellaneous | 36,580,414 | 14,376 | 760,413 | 176,799 | 11,676,496 | - | 49,208,498 |
| Total revenues | <u>1,257,203,045</u> | <u>13,825,348</u> | <u>1,567,778</u> | <u>130,705,400</u> | <u>11,669,783</u> | <u>-</u> | <u>1,414,971,354</u> |
| EXPENDITURES | | | | | | | |
| Current operating: | | | | | | | |
| Administration of justice | 748,200,781 | - | - | - | - | - | 748,200,781 |
| Parks | 52,684,752 | - | - | - | - | - | 52,684,752 |
| County administration | 203,457,055 | 1,400,000 | - | - | (2,101,715) | - | 202,755,340 |
| Health and human services | 93,161,122 | - | - | - | 158,562 | - | 93,319,684 |
| Tax administration | 30,873,513 | - | - | - | - | - | 30,873,513 |
| Roads and bridges | 29,957,972 | - | 41,139,858 | - | - | - | 71,097,830 |
| Capital outlay | 7,632,088 | - | 28,527,748 | - | 2,177,765 | - | 38,337,601 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | 29,225,000 | - | - | 29,225,000 |
| Bond issuance costs | 190,822 | - | - | 2,381,232 | - | - | 2,572,054 |
| Interest and fiscal charges | 288,943 | - | - | 50,654,336 | 996,232 | - | 51,939,511 |
| Total expenditures | <u>1,166,447,048</u> | <u>1,400,000</u> | <u>69,667,606</u> | <u>82,260,568</u> | <u>1,230,844</u> | <u>-</u> | <u>1,321,006,066</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>90,755,997</u> | <u>12,425,348</u> | <u>(68,099,828)</u> | <u>48,444,832</u> | <u>10,438,939</u> | <u>-</u> | <u>93,965,288</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 13,304,460 | - | 120,000,000 | 357,964,721 | 2,884,000 | (361,938,873) | 132,214,308 |
| Transfers out | (15,332,059) | (9,629,500) | (9,207,551) | (372,368,642) | (14,400,603) | 361,938,873 | (58,999,482) |
| Refunding bonds issued | - | - | - | 280,775,000 | - | - | 280,775,000 |
| Premium on bonds issued | - | - | - | 51,402,294 | - | - | 51,402,294 |
| Payment to refunding bond escrow agent | - | - | - | (330,049,282) | - | - | (330,049,282) |
| Payment to defease commercial paper | - | - | - | (14,500,000) | - | - | (14,500,000) |
| Sale of capital assets | 678,517 | - | - | - | - | - | 678,517 |
| Total other financing sources (uses) | <u>(1,349,082)</u> | <u>(9,629,500)</u> | <u>110,792,449</u> | <u>(26,775,909)</u> | <u>(11,516,603)</u> | <u>-</u> | <u>61,521,355</u> |
| Net changes in fund balances | 89,406,915 | 2,795,848 | 42,692,621 | 21,668,923 | (1,077,664) | - | 155,486,643 |
| Fund balances, beginning | 109,025,891 | 24,385,306 | 158,816,251 | 115,346,756 | 5,369,761 | - | 412,943,965 |
| Fund balances, ending | <u>\$ 198,432,806</u> | <u>\$ 27,181,154</u> | <u>\$ 201,508,872</u> | <u>\$ 137,015,679</u> | <u>\$ 4,292,097</u> | <u>\$ -</u> | <u>\$ 568,430,608</u> |