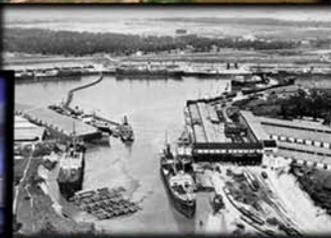




# Popular Annual Financial Report

for the fiscal year ended February 28, 2007

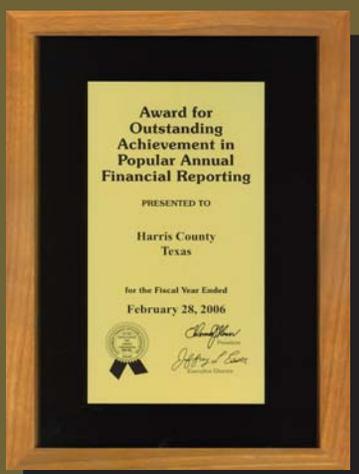
Harris County, Texas



Barbara J. Schott, CPA  
County Auditor

# Table of Contents

A Letter to the Citizens of Harris County.....	1
Profile of Harris County.....	2
A Brief History.....	2
Geographic Location and Population.....	2
County Structure and Services.....	3
The Harris County Auditor’s Office.....	4
Executive Division.....	4
Accounting Division.....	4
Audit Division.....	4
Economic Outlook for Harris County.....	6
Your Harris County Government.....	8
Financial Policies and Major Initiatives .....	10
Financial Policies .....	10
Major Initiatives.....	10
Financial Position Statement.....	12
Summary.....	12
Comments on Financials.....	12
Capital Projects.....	13
Bonded Debt and Commercial Paper.....	13
Financial Activity Statement.....	14
Summary.....	14
Comments on Financials.....	14
Harris County Elected Officials.....	16



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Harris County, Texas for the fiscal year ended February 28, 2006. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentational understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reports is valid for a period of one year only. We believe our current report conforms to the Popular Annual Financial Reporting requirements, therefore submitting it to GFOA.

**Cover Photos:** Meeting the challenges of Harris County, Texas (top to bottom): (1) consolidating and expanding of courts with the completion of the new Criminal Courts Building and Civil Justice Center, (2) generating jobs, allowing businesses to flourish and being a catalyst for growth in Harris County with the opening of the Port of Houston, (3)eliminating flooded streets as seen in 1929, (4) easing of flooding problems by the Harris County Flood Control District with the building of retention ponds throughout the County, (5) the new Criminal Courts Building and Jail built in 1928, (6) hosting some of the largest conventions and trade shows in Houston, Texas at the Reliant Center, (7) creating a center of international trade with the opening of the Port of Houston Turning Basin, (8) ranking first in United States foreign waterborne tonnage, second in United States total tonnage and tenth in world total tonnage with the arrival of huge ships at the Port of Houston ,and (9) eliminating destruction of property during heavy rains as seen during the 1929 flood.



## Letter to the Citizens of Harris County:

I am pleased to present the Harris County Popular Annual Financial Report (PAFR) for the fiscal year ended February 28, 2007. The purpose of the report is to provide a snapshot of the County's financial performance and major initiatives as well as an overview of trends in the local economy. Above all, it is designed to present a more easily understandable financial report. It also represents the County's ongoing commitment to keep Harris County citizens informed about the County's finances and to be accountable in all respects for the receipt and expenditures of public funds.



The financial information contained in this report has been derived from the 2007 Harris County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of approximately 200 pages of detailed financial statements, notes, schedules and reports. The CAFR was audited by Deloitte & Touche, LLP, and received an unqualified opinion.

The Popular Annual Financial Report, which was prepared by the Harris County Auditor's Office, summarizes the financial activities of the primary government of Harris County. The reports and statements contained in the PAFR condense and simplify our 2007 Comprehensive Annual Financial Report for all Harris County funds. The information in this report is unaudited, and not in accordance with generally accepted accounting principles due to the condensed and simplified presentation and absence of notes to the financial statements.

As you review our Popular Annual Financial Report, I invite you to share any questions, concerns or recommendations you may have. Those seeking a deeper understanding of the County's finances are encouraged to review a copy of the County's CAFR. Questions concerning any data provided in the PAFR or requests for additional financial information should be addressed to the County Auditor's Office, 1001 Preston, Suite 800, Houston, Texas 77002 or by visiting the County's website at [www.hctx.net](http://www.hctx.net).

Sincerely,

Barbara J. Schott, CPA  
Harris County Auditor



## A Brief History

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.

In 1836, two other early Harris County settlers, A C and John Allen, set aside a full square block in their original plat of Houston for a County Courthouse. It was called "Courthouse Square". In March, 1837 County government convened under the boughs of a Courthouse Square tree until a courthouse could be built. In 1838, the county's first courthouse was completed and was situated on the northwest corner of the square. It was a crude log cabin with a broad passage between the two rooms. On one side of the passage was a courtroom and the other was a jail. The jail was simply a square log box having neither doors nor windows. A trap door in the roof was used to lower prisoners inside with a ladder.

In 1851, a two-story brick structure was built and stood staunchly until 1857, when "instability in the walls" raised fears and it was vacated. In 1860 a \$25,000 two story masonry structure was begun, but was converted into a Confederate ammunition factory and military officers' quarters. After the Civil War, repairs and remodeling went on for 15 years. In 1882, a storm damaged

the building so badly it was declared unsafe and torn down to make room for a "larger and more pretentious building." A Victorian style structure costing \$98,000 and hailed as a "first class" courthouse was built in 1884. It stood for twenty five years before being replaced in 1910.

The fifth courthouse was constructed of pink Texas granite and brick, reaching 210 feet into the modest Houston skyline. In 1910 this was almost 100 feet above the highest point of any other Houston building. The stairwell and rotunda was lined with "the most perfectly matched marble in the United States". Every piece was measured and fitted at the Georgia quarry and the panels were placed so that the veins of the marble formed all kinds of figures - from owls and peacocks to women's figures. The courthouse attracted visitors from all over the country.

## Geographic Location and Population

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

## Services

Harris County is a political subdivision of the State of Texas and 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.



In 1884 Harris County's fourth courthouse, a Victorian Style structure, was built



The fifth Harris County Courthouse built in 1910 still stands today



The Harris County Courthouse, one of the most significant historical structures in Texas, is being restored to its original 1910 appearance.

As the County's chief financial officer of Harris County, the Toll Road Authority and the Harris County Flood Control District, the County Auditor has the following responsibilities:

- Maintaining the integrity of financial administration in county government by jointly approving or rejecting claims for disbursement of county funds as entrusted by law in a dual control system of "checks and balances" with Commissioners Court.
- Providing general oversight of all books and records of all County Officials.
- Auditing the records and accounts of the various county departments.
- Administering the county budget as approved by the Commissioners Court.
- Forecasting revenues for budgetary formulation purposes.
- Payroll Processing
- Strictly enforcing laws governing county finances as set forth by state law.

The County Auditor is appointed by the State District Judges for a two-year term.

## EXECUTIVE DIVISION

The Executive Division consists of the County Auditor and the Executive Administration Department. The Executive Administration Department is an operational support department within the Auditor's Office.

## ACCOUNTING DIVISION

The Accounting Division consists of the accounting functions for the Auditor's Office that includes the following departments: Accounting Division Chief, Financial Accounting, Accounts Payable, Revenue Accounting, and Grants & Accounts Receivable Accounting.

- **Financial Accounting** - This department is responsible for the general accounting and financial reporting of transactions for Harris County, Harris County Flood Control District, Toll Road Authority, Harris County Juvenile Board, and Harris County Community Supervision and Corrections Department. The department's goal is to provide timely and accurate interim and annual financial reporting. The CAFR, PAFR, and interim monthly financial reports are prepared by the Financial Accounting Department.
- **Accounts Payable** - The Accounts Payable department is responsible for auditing and processing all claims submitted for payment for Harris County, Harris County Flood Control District, Harris County Toll Road, Harris County Juvenile Board and Harris County Community Supervision and Corrections Department. The audited claims are then approved by Commissioners Court prior to distribution to the vendor by the County Treasurer. All payments are made in compliance with budgetary control and with the approvals of the user departments.

- **Revenue Accounting** - This department forecasts revenues for the County, Flood Control, and Toll Road Authority for the annual budget. After the adoption of the budget, this department monitors collection of revenues compared to annual revenue estimates. It is also responsible for ensuring that funds collected by the County's Fee Officers are accounted for according to statute. This department performs reconciliations of bank and investment accounts maintained by Harris County, Harris County Flood Control, Harris County Toll Road, Harris County Juvenile Board and Harris County Community Supervisions and Corrections Department.

- **Grants & Accounts Receivable Accounting** – This department is responsible for the accounting of grants and certain receivables of the County including inter-local agreements with other governmental entities. The department is also responsible for reporting County receivables at fiscal year-end including receivables related to fines, fees and court costs.

## AUDIT DIVISION

This division includes the following departments: Audit Division Chief, Audit Services, Compliance Audit, Payroll Audit, and Systems & Procedures. The responsibilities of the Audit Division are to assist the County and other entities' management with the effective discharge of their responsibilities, including management's efforts to provide the public and concerned entities with financial accountability; minimizing exposure to contingent liabilities; safeguarding assets; and compliance with applicable policies, laws,

regulations, and covenants. The Division has adopted the professional standards of the Institute of Internal Auditors.

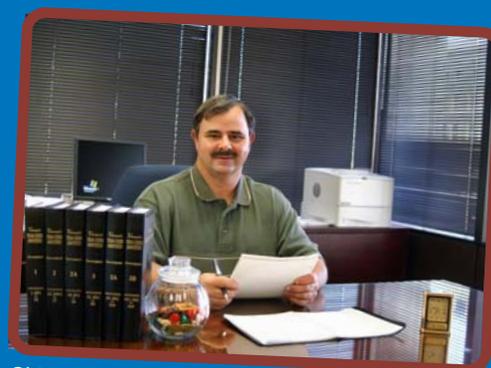
- **Audit Services** - This department performs procedures relative to elected and appointed County officials, external entities (e.g., Port of Houston, Harris County Hospital District, Harris County Sports and Convention Corporation), financial processes, and financial balances. Engagements are selected for inclusion on the annual audit plan based upon the perceived level of inherent and control risk.
- **Compliance Audit** - In compliance with specific statutes, this department performs procedures to test the County's primary revenue sources (e.g., tax and fee collections) and most financial transactions at the Port of Houston Authority.
- **Payroll Audit** - Payroll information originates in each County department. This department works with the County's Human Resources and Risk Management Department and the Information Technology Center to establish automated edits in the County's human resources, time collection, and payroll systems to enforce compliance with federal and state statutes, as well as Harris County's Personnel Regulations. Payroll Audit also verifies the accuracy of the payroll, processes the payroll, and prepares the required state and federal mandated reports.
- **Systems & Procedures** - This department is responsible for statutory research, legislative monitoring, and the development, distribution and implementation of county-wide financial policies, procedures and forms. In addition, this department coordinates the responses to Open Record Requests, the Auditor's Office Web Page e-mail, and the Auditor's Office Help Line inquiries.
- **Continuous Auditing** - Performs procedures focused on providing assurances that internal controls are working properly within the County's financial accounting system(s) and over the data and operation of the system(s). This group principally uses automated audit techniques to identify weaknesses through the monitoring of individual controls and transactions against a set of control rules.



Chief Assistant County Auditor - Accounting Division



A partial view of the County Auditor's Office in 1924



Chief Assistant County Auditor - Audit Division

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

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

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

Harris County continues to diversify its economy from its traditional concentration in the energy sector.

Much of the recent growth in the economy has come from the trade, transportation, utilities and professional and business services sectors. Since 1995, the services sector of the economy has provided 85 percent of the growth in Houston employment. Harris County continues to be a favorable location for business with 24 of the Fortune 500 companies headquartered in the eight-county Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area.

For 2006, the Houston Association of Realtors reported 87,435 closings, up 10.7 percent from 2005. The value of the closings was \$16.6 billion, up from \$14.8 billion for 2005. The median sales price of a resale single-family home in Houston in 2006 was \$149,100 compared to a median sales price of \$221,900 for the entire nation.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is ranked first in the U.S. in foreign waterborne commerce, second in total tonnage, and tenth in the world overall. The Port of Houston handled over 200 million tons of cargo and 7550 vessels in 2006. Two major railroads and numerous trucking lines connect the Port with the rest of the United States, Mexico and Canada. In November 1999, Harris County voters approved a \$387 million bond issue for the construction of new container facility at the Port's Bayport Terminal. The opening phase of the project celebrated its grand opening in February 2007. The Bayport facility is expected to generate almost 12,000 jobs in its first ten years of operation and to generate nearly \$1 billion in new business revenues annually.

The Houston Ship Channel is a 52-mile inland waterway which connects Houston to the Bay of Galveston, the Gulf Intra-coastal Waterway, and the Gulf of Mexico. It traces its origin to early trade on

Buffalo Bayou and in 1837, the first steamboat, the *Laura*, ascended Buffalo Bayou to the town of Houston. Deepened and widened over the years, the Houston Ship Channel has become one of the busiest waterways in the United States and is home to the largest petrochemical complex in the world.

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

During 2006, the 10-county Houston-Baytown-Sugar Land Metropolitan Statistical Area (Houston MSA) gained 95,100 jobs, an increase of 4.0 percent versus a 1.5 percent increase nationwide. At \$39,199, annual per capita income for the Houston MSA was 13.7 percent above the national average.

Harris County is the nation's third most populous county, ranking behind Los Angeles County and Cook County. The County's population base includes a wide variety of racial and ethnic groups that give diversity and cosmopolitan feel. Among the nation's largest metropolitan areas, the Houston MSA ranked fifth in Hispanic population and tenth in Asian and Pacific Islander population in 2005.

The cost of living in Houston is among the lowest of all urban settings in the United States. The ACCRA Cost of Living Index for the fourth quarter of 2006 shows that Houston's overall after-taxes living costs are 11 percent below the nationwide average, largely due to

housing costs that are 26 percent below the national average.

Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's two medical schools are the University of Texas Medical School and Baylor College of Medicine. Houston area colleges and universities granted 31,758 bachelors, masters, doctoral and professional degrees during the 2005-2006 academic year.

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

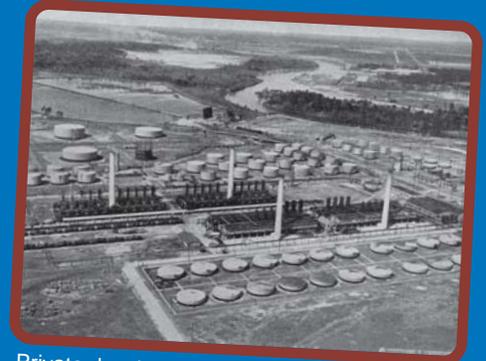
Cultural attractions within Houston include a thriving theater district and numerous museums. Year-round resident companies in the major performing arts include the Houston Symphony Orchestra, the Houston Grand Opera, the Houston Ballet, and The Alley Theater. Major museums include the Museum of Fine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

Houston is home to a number of professional sports teams with state-of-the-art facilities. The Astros, Houston's Major League Baseball team, plays its home games at Minute Maid Park; the Texans of the National Football

League make their home at Reliant Stadium; and the Rockets of the National Basketball Association, the Comets of the Women's National Basketball Association and the Aeros of the American Hockey League all share the Toyota Center. The Houston Dynamo soccer team plays its home games at the University of Houston's Robertson Stadium. In addition, collegiate teams from the University of Houston, Rice University, Texas Southern University and Houston Baptist University compete in major sports.

Harris County experienced dramatic improvements during the 1920s in the quality of life for its citizens as it pertains to

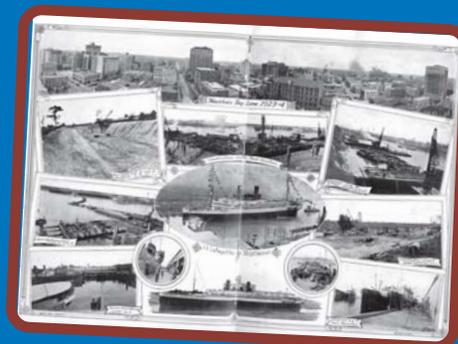
## GROWTH



Private development along the Houston Ship Channel skyrocketed



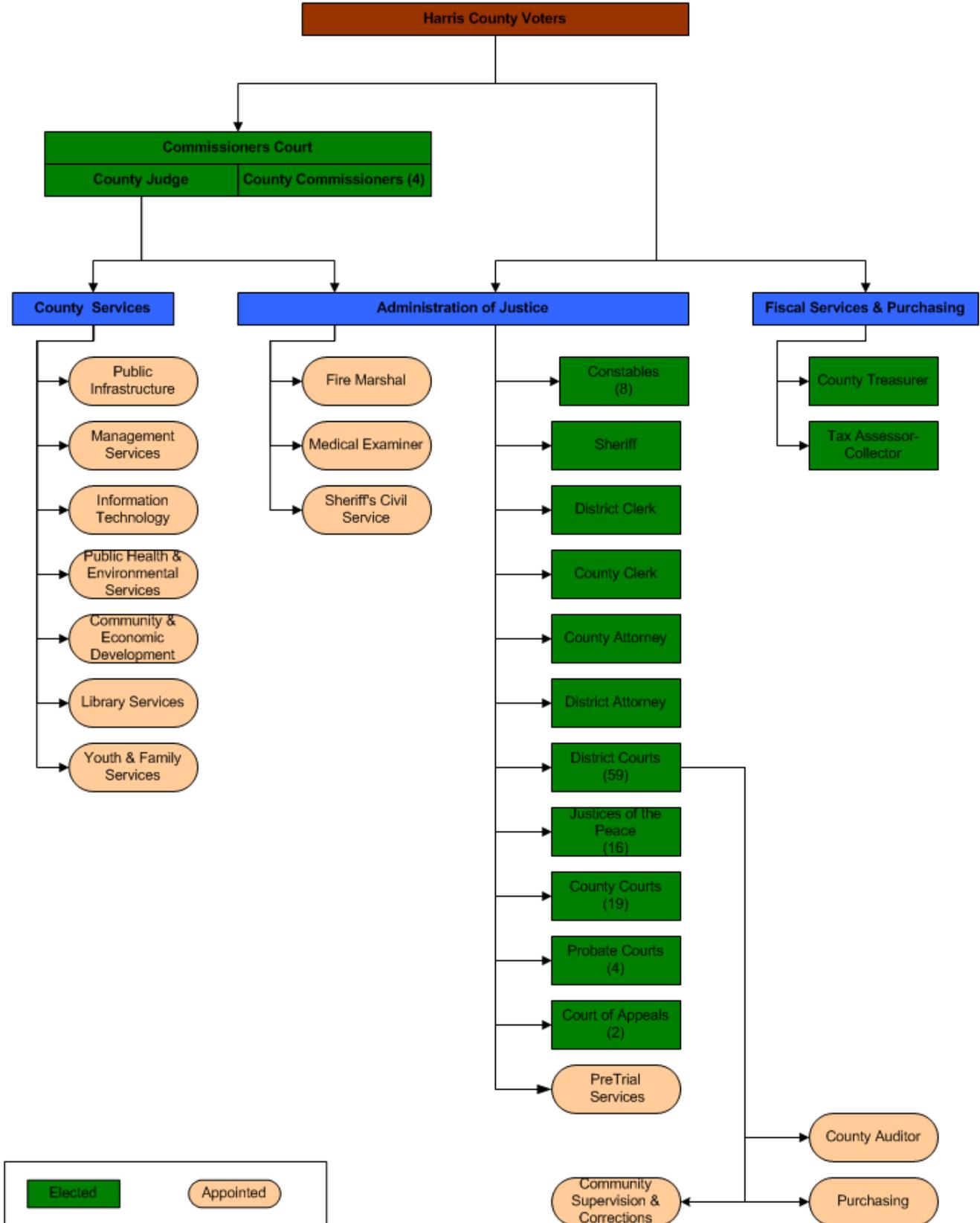
Harris County continues to build beautiful buildings and make dramatic improvements to meet the needs of its citizens



With the deepening of the Ship Channel, Harris County saw an increase in imports and exports from 1.3 tons in 1919 to 4.8 tons in 1923

Harris County Organization Chart

03/01/07



## Organization

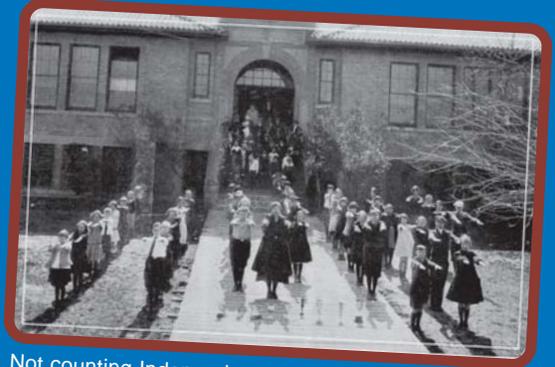
Harris County has 16,244 employees. The total increased 2.55 per cent during the fiscal year ended February 28, 2007, with the addition of 404 employees. Administration of Justice, which includes law enforcement and the courts, accounts for the majority of the new employees. Eighteen per cent of County employees work in County Administration and 10 per cent in Health and Human Services. The number of employees by function is displayed in the table below.

### Number of Harris County Employees By Function for 2007

Administration of Justice	9,280
County Administration	2,984
Health & Human Services	1,656
Roads & Bridges	804
Parks	742
Tax Administration	438
Flood Control	340
<b>TOTAL</b>	<b>16,244</b>

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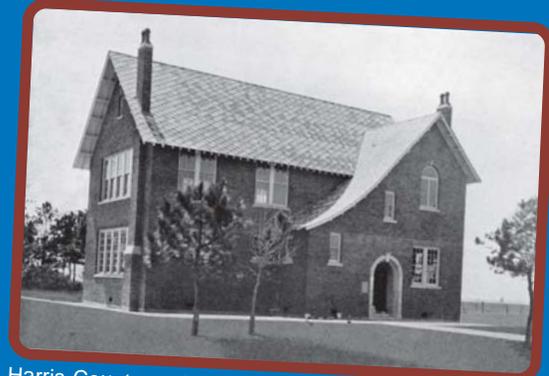
## SCHOOLS



Not counting Independent School Districts, Harris County was divided into 34 Common School Districts with the schools maintained by State Funds and interest on Permanent School Funds



Harris County continues to provide school districts and colleges with libraries as seen in the above photograph of the library at Barker-Cypress College



Harris County assisted in the building of rural schools in those Independent School Districts with less than 500 students

# Financial Policies and Major Initiatives

## Financial Policies

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

- Expenditures are to be budgeted and controlled so that at the end of the fiscal year the minimum designated fund balance for the general fund and other operating funds will be no less than 15% of the fiscal year expenditures;
- Balanced financial operations will be maintained;
- Department heads and business managers are to keep expenditures within allocated budget amounts;
- Full disclosure and open lines of communications will be provided for rating agencies. A continuing goal is to upgrade the County's debt rating. The long term bond ratings assigned to Harris County are presented below.
- Commercial paper is utilized to take advantage of short-term interest rates during interim financing for voter authorized and other court approved projects rather than initially issuing long-term bonds.
- The County's investment policy has been adopted to establish policies and procedures that enhance opportunities for a prudent and systematic investment of County funds.

The County's general objectives in investing its funds are: understanding the suitability of the investment to the financial requirements of the County, preservation and safety of principal, liquidity, marketability of the investment, diversification, and yield. The "prudent person" standard has been adopted for managing the portfolio for the County. To ensure safety of public funds, the policy adheres to Chapter 2256 of the Texas Government Code, The Public Funds Investment Act, and the statutory requirements of Local Government Code 116.112.

Harris County Long Term Bond Ratings	
Bond Rating Service	Harris County Bond Rating
Moody Investment Service, Inc.	Aa1
Standard and Poor's Rating Services	AA+
Fitch IBCA, Inc.	AA+

## Major Initiatives

**Flood Control District** - The District plans to spend \$366 million of available funds for ongoing and planned projects for the five-year period from FY 2008 to FY 2012. The District's partnership with the Federal Government through the U.S. Army Corps of Engineers and FEMA is anticipated to form the foundation of the District's Capital Improvements program for the next fifteen years or more.

**Toll Road Authority** - The Toll Road Authority (TRA) has planned expenditures over the next five years of \$2.09 billion. Planned projects include Beltway 8 Northeast, segments of the Grand Parkway, and Hempstead managed lanes at U.S. 290.

**Precinct Roads** – Expenditures of \$1.02 billion are planned over the next five years for various road projects. Projected growth shows additional bond funds will be needed along with other sources, including mobility grants, intergovernmental participation funding and toll road connectivity funds.

**Investments** - The fair market value of the County's investment portfolio increased approximately 16 per cent from \$2,043,216,740 to \$2,363,124,355. A chart by investment type is presented below.

Fair Market Value Harris County Cash & Investments*		
	2007	2006
U. S. Government Securities	\$ 1,444,443,108	\$ 1,396,524,864
Commercial Paper	447,990,113	315,604,568
Money Market Mutual Funds	435,497,140	286,882,197
Local Governments	35,193,994	44,205,111
<b>Total Cash &amp; Investments</b>	<b>\$ 2,363,124,355</b>	<b>\$ 2,043,216,740</b>

\*This schedule includes Fiduciary Funds

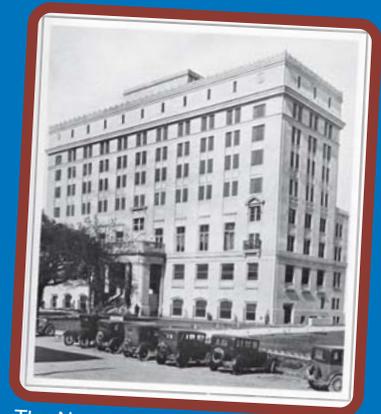
County Buildings - Various County facility projects are underway or are being considered. Some of the projects and estimated costs are shown in the table below.

**Harris County Facilities  
Major Projects**

Facility	Estimated Cost
Adult Detention Central Processing Center	\$ 213,000,000
Atascocita Adult Detention	39,000,000
Medical Examiner's Forensic Center	114,000,000
New Family Law Center	86,013,769
Plaza and Jury Assembly	16,500,000
1910 Civil Courthouse Renovation	65,000,000
Transtar Facility Expansion & Renovation	<u>35,000,000</u>
<b>TOTAL</b>	<b><u>\$ 568, 513,769</u></b>

Harris County experienced dramatic improvements during the 1920s in the quality of life for its citizens as it pertains to

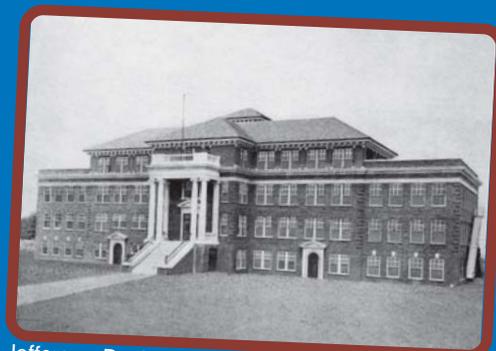
**COUNTY BUILDINGS**



The New Criminal Courts Building and Jail was completed in 1928 at a cost of \$809,000.00 for the building and furnishings



Today Harris County leads the way in the construction of buildings to meet the needs of its citizens



Jefferson Davis Hospital, jointly constructed by Harris County and the City, was completed in 1924

# Financial Position Statement

## Summary

The Harris County Financial Position Statement, known in accounting terms as the "Statement of Net Assets" presents the financial condition of the County at a specific point in time (in this case, as of the end of the County's fiscal years, February 28, 2007 and February 28, 2006).

## Comments on Financials

The financial information in the Harris County Financial Position Statement and the Harris County Financial Activity Statement which follows is derived from information presented in the Harris County's Comprehensive Annual Financial Report ("CAFR") for 2007. The CAFR is lengthy and somewhat complex; however, it is available on the County Auditor's webpage, which can be accessed from the County's website, [www.co.harris.tx.us/auditor](http://www.co.harris.tx.us/auditor). The condensed statements presented here do not include detail presented in the CAFR including footnotes required for full disclosure. In addition, the statements do not include information related to Harris County's discrete component units (separate legal entities whose financial information is provided in the CAFR separately from the County's financial information).

## Assets

**Cash** is the amount of physical cash held by the County in checking accounts and on-hand to pay expenses.

**Investments** are funds not required to pay current expenses which are invested in a variety of securities such as U.S. government securities,

commercial paper, money market mutual funds, and local government securities. This allows the County to earn interest on its surplus cash.

**Receivables** are amounts owed to the County by external parties and includes property taxes, accounts receivable, and notes receivable.

**Capital assets** include land, structures, improvements, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, easements, and construction in progress.

**Other assets** are assets that cannot be classified in any other asset category. These include prepaid accounts, inventory, deferred charges, and intangible assets that do not fall within capital assets. Intangible Assets increased \$100,000,000 from fiscal year 2006 in accordance with the tri-party agreement among Harris County (through the Harris County Toll Road Authority), TXDOT and the Federal Highway Administration to participate in the reconstruction of the Katy Freeway.

## Harris County Financial Position Statement

	2007	2006
<b>Assets</b>		
Cash	\$ 591,345,452	\$ 411,723,178
Investments	1,397,457,326	1,264,360,836
Receivables	259,341,048	274,055,283
Capital Assets	13,371,998,518	13,270,921,359
Other Assets	232,432,364	133,647,583
<b>Total Assets</b>	<b>15,852,574,708</b>	<b>15,354,708,239</b>
<b>Liabilities</b>		
Amounts Owed to Employees & Vendors	267,474,390	261,156,797
Other Current Liabilities	68,804,336	71,458,581
Long Term Liabilities	4,881,970,382	4,477,256,934
<b>Total Liabilities</b>	<b>5,218,249,108</b>	<b>4,809,872,312</b>
<b>Total Assets over Total Liabilities</b>	<b>\$ 10,634,325,600</b>	<b>\$ 10,544,835,927</b>

*Fiduciary funds are excluded.*

*The 2006 CAFR was revised October, 2007.*

*Readers of the Financial Position Statement and the Financial Activity Statement should keep in mind that these statements are presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP.*

## Liabilities

**Amounts Owed to Employees and Vendors** are funds the County owes individuals and companies for goods or services with expected payment due within 12 months.

**Other Current Liabilities** include deferred revenue and monies due to other governmental units.

**Long Term Liabilities** represent monies owed for bonds, commercial paper, and notes the County has issued, as well as compensatory time, capital leases, judgments, and landfill remediation. While portions of these liabilities may require payments within the next 12 months, the overall liabilities extend beyond one year.

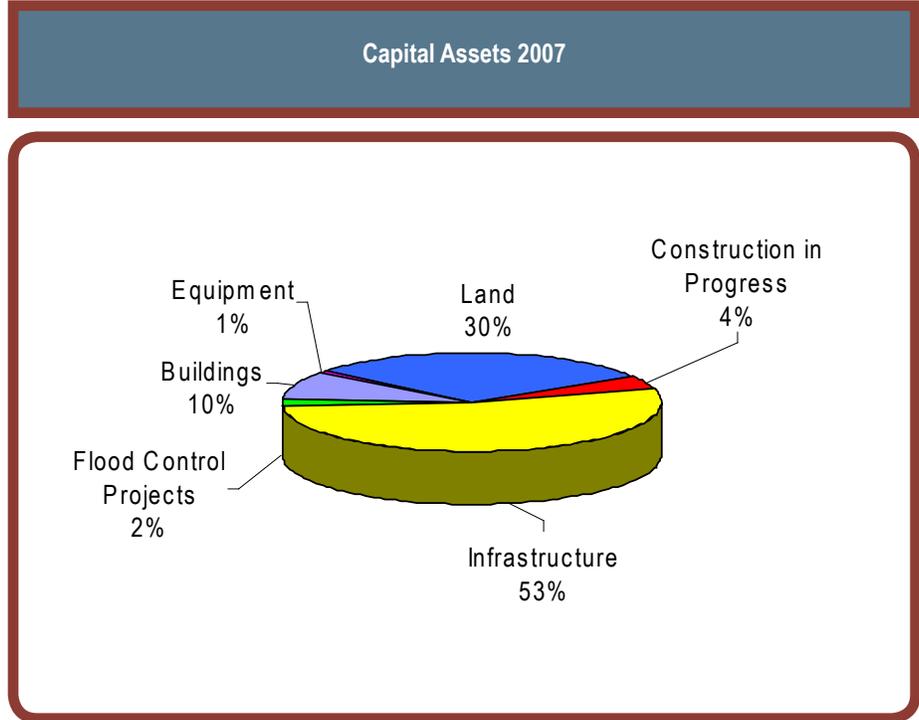
## Total Assets over Total Liabilities

This amount represents the difference between the assets of the County and the liabilities owed. The amount provides the net worth of the County.

## Capital Assets

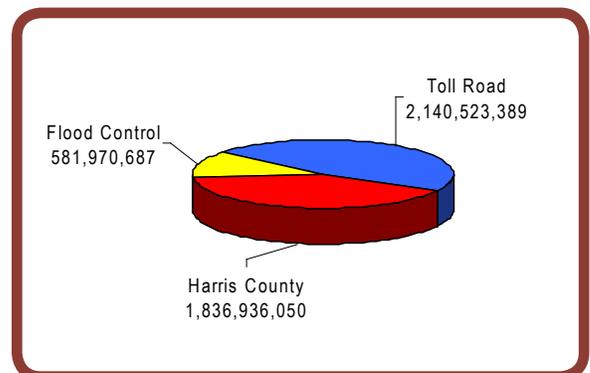
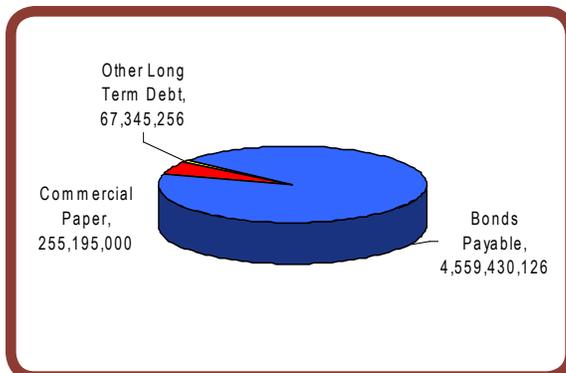
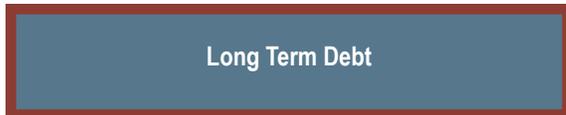
The County's capital assets include land, improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, easements, and construction in progress. Major capital asset events during the fiscal year included the following:

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



## Bonded Debt and Commercial Paper

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 toward the payment of this obligation. Revenue Bonds are generally payable from the pledged revenue generated by the respective activity for which the bonds are issued. 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.



# Financial Activity Statement

## Summary

The Financial Activity Statement, known in accounting terms as the "Income Statement" provides a record of funds received and spent during the year. Explanations of specific resources and services are provided on the following pages.

## Comments on Financials

### Resources Received

**Resources Received** are monies the County receives from a variety of sources in order to pay for the services it provides.

**Taxes** are resources that include property taxes, hotel occupancy taxes, and a variety of other smaller taxes. The total taxable assessed value of property per the Harris County Appraisal District increased in fiscal year 2007 to \$225,237,250,000 from the value in the prior fiscal year of \$206,346,375,000.

**Charges for Services** are resources from various County departments and agencies for fees paid to them by the public, such as court costs and fees for recording deeds and transferring property.

**Intergovernmental Revenue** is grants, reimbursements, or contributions to the County from other governmental agencies. Capital grants and contributions decreased 432,194,111 from fiscal year 2006 to fiscal year 2007.

**Investment Earnings** include interest earned, realized gains, and unrealized gains on County investments.

**Miscellaneous Resources** received are revenue receipts that cannot be classified in any other category.

### Services Rendered

**Services Rendered** are the funds spent to provide services to citizens.

**Administration of Justice** expenditures include the costs of administering justice through the civil and criminal courts, Pretrial Services, District Attorney, District Clerk, Medical Examiner, Juvenile Probation, Constables, and Sheriff Department. The increase in expenses from fiscal year 2006 can be attributed to increases in salaries, fringe benefits, costs of housing and trial of inmates and an increase in fuel costs for patrol vehicles.

**Parks** expenditures are the costs of maintaining the County's parks.

**County Administration** expenditures are the expenses incurred for administrative offices including Commissioners, Management Services, Auditor's Office, County Treasurer, Purchasing, County Attorney, County Clerk, and Information Technology Center.

**Health and Human Services** expenditures include the costs of providing public health assistance, social services, economic development, and libraries.

**Flood Control** expenditures are the costs to administer the Harris County Flood Control District and maintain the flood control system of drainage ditches and bayous throughout the County.

## Harris County Financial Activity Statement

	2007	2006
<b>Resources Received</b>		
Taxes	\$ 1,008,889,377	\$ 876,141,635
Charges for Services	669,471,694	636,501,477
Intergovernmental Revenue	376,543,845	833,311,078
Investment Earnings	87,535,532	50,916,199
Miscellaneous	60,246,759	33,907,168
<b>Total Resources Received</b>	<b>2,202,687,207</b>	<b>2,430,777,557</b>
<b>Services Rendered</b>		
Administration of Justice	704,471,670	621,764,132
Parks	72,865,610	60,416,485
County Administration	277,592,148	250,098,031
Health and Human Services	197,880,258	185,056,824
Flood Control	81,126,093	72,445,450
Tax Administration	31,299,836	30,709,102
Roads and Bridges	347,060,615	347,524,327
Interest and Fiscal Charges	116,177,599	108,635,880
Toll Road	276,671,545	230,254,202
Other Business Type Activities	8,052,160	7,304,509
<b>Total Services Rendered</b>	<b>2,113,197,534</b>	<b>1,914,208,942</b>
<b>Special Item - Asset Impairment</b>		<b>19,073,748</b>
<b>Resources Received over Services Rendered</b>	<b>\$ 89,489,673</b>	<b>\$ 497,494,867</b>

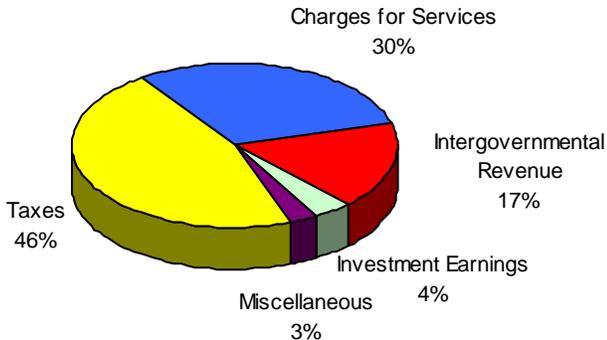
Miscellaneous revenue includes the gain on capital assets.

Fiduciary Funds are excluded.

The 2006 CAFR was revised October, 2007.

## Resources Received

### REVENUES BY SOURCE Year ended February 28, 2007



## County Ad Valorem Tax Rates

### County Tax Rates

Purpose	2006
Harris County Operating Fund	\$0.34221
County Debt Service	0.03885
Road Bond Debt Service	0.02133
Toll Road Authority Tax Bond Debt Service	—
<b>Total Harris County Tax Rate</b>	<u>0.40239</u>
Harris County Flood Control District	0.03241
Port of Houston Authority Debt Service	0.01302
Harris County Hospital District	<u>0.19216</u>
<b>Total County-Wide Ad Valorem Tax Rate</b>	<u><u>\$0.63998</u></u>

**Tax Administration** expenditures are the expenses incurred in the collection of taxes for the County.

**Roads and Bridges** expenditures are the costs incurred to maintain County roads and bridges.

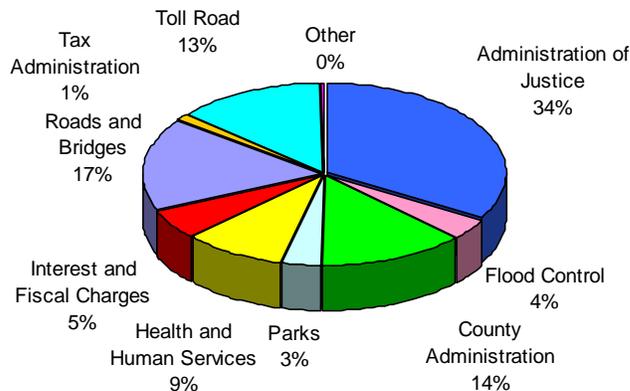
**Interest and Fiscal Charges** are expenses related to the issuance and repayment of County bonds.

**Toll Road** expenditures are the costs of administering the Harris County Toll Road Authority and maintaining the roads within the toll road system. Toll Road expenses increased from fiscal year 2006. This increase is primarily due to an increase in depreciable assets being added in the prior year, which causes more depreciation expense to be recorded in the current year. Another factor in the increase is an increase in materials and supplies due to the upgrade of various traffic control equipment.

**Other Business-Type Activities** are services that are self-supporting through user charges. These include Subscriber Access, Parking Facilities, and Sheriff's Commissary.

## Services Rendered

### EXPENSES BY FUNCTION Year Ended February 28, 2007



# Harris County Elected Officials



## District Judges - Civil Courts

11th District Court  
Davidson, Mark  
55th District Court  
Brown, Jeffery  
61st District Court  
Donovan, John  
80th District Court  
Bradshaw-Hull, Lynn  
113th District Court  
Hancock, Patricia  
125th District Court  
Coselli, John  
127th District Court  
Wood, Sharolyn  
129th District Court  
Dorfman, S. Grant  
133rd District Court  
McCorkle, T. Lamar  
151st District Court  
Baker, Caroline E.  
152nd District Court  
Wise, Ken  
157th District Court  
Wilson, Randy  
164th District Court  
Jamison, Martha Hill  
165th District Court  
Ray, Elizabeth  
189th District Court  
Burke, Bill R. Jr.  
190th District Court  
Elrod, Jennifer Walker  
215th District Court  
Benton, Levi  
234th District Court  
Rondon, Reece  
269th District Court  
Wooldridge, John T.  
270th District Court  
Gamble, Brent  
280th District Court  
Lindsay, Tony  
281st District Court  
Bernal, David J.  
295th District Court  
Christopher, Tracy  
333rd District Court  
Halbach, Joseph J.  
334th District Court  
McCally, Sharon

## District Judges - Criminal Courts

174th District Court  
Godwin, George H.  
176th District Court  
Rains, Brian  
177th District Court  
Anderson, Devon  
178th District Court  
Harmon, Bill  
179th District Court  
Wilkinson, J. Michael  
180th District Court  
Stricklin, Debbie Mantooth  
182nd District Court  
Barr, Jeannine  
183rd District Court  
Velasquez, Vanessa  
184th District Court  
Krocker, Jan  
185th District Court  
Brown, Susan  
208th District Court  
Collins, Denise  
209th District Court  
McSpadden, Michael T.  
228th District Court  
Carter, Marc C.  
230th District Court  
Hill, Belinda  
232nd District Court  
Keel, Mary Lou  
248th District Court  
Campbell, Joan  
262nd District Court  
Anderson, Mike  
263rd District Court  
Wallace, Jim  
337th District Court  
Stricklin, Don  
338th District Court  
Thomas, Brock  
339th District Court  
Casper, Caprice  
351st District Court  
Ellis, Mark Kent

## Commissioners Court

County Judge	Eckels, Robert A.
Precinct 1	Lee, El Franco
Precinct 2	Garcia, Sylvia R.
Precinct 3	Radack, Steve
Precinct 4	Eversole, Jerry

## Sheriff

Thomas, Tommy B.

## District Attorney

Rosenthal, Charles A., Jr.

## County Attorney

Stafford, Michael A.

## Tax Assessor/Collector

Bettencourt, Paul

## District Clerk

Bacarisse, Charles

## County Clerk

Kaufman, Beverly

## County Treasurer

Sanchez, Orlando

**District Judges - Family Courts**

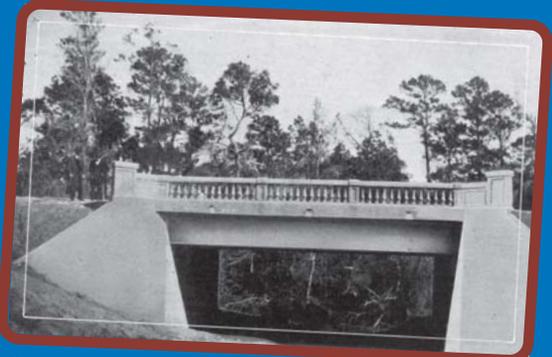
- 245th District Court  
Galik, Annette
- 246th District Court  
York, Jim
- 247th District Court  
Hellums, Bonnie C.
- 257th District Court  
Warne, Judy
- 308th District Court  
Dempster, Georgia
- 309th District Court  
Rynd, Frank
- 310th District Court  
Millard, Lisa A.
- 311th District Court  
Warne, Doug
- 312th District Court  
Squier, James D.

**District Judges - Juvenile Courts**

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

Harris County experienced dramatic improvements during the 1920s in the quality of life for its citizens as it pertains to

**ROAD AND BRIDGES**



Galveston Road Bridge over Plum Creek was built in 1922



The Fred Hartman Bridge, a magnificent accomplishment carries commuters from the city of La Porte to Baytown



Old Humble Road Bridge over Greens Bayou was built in 1925



**County Courts - Criminal**

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

**County Courts - Civil**

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

**Probate Courts**

- Court No. 1  
Austin, Russell
- Court No. 2  
Wood, Mike
- Court No. 3  
Olsen, Rory R.
- Court No. 4  
McCulloch, William C.

**Justices of the Peace**

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

**Constables**

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

## Court of Appeals

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

## SELECTED APPOINTED OFFICIALS & DEPARTMENT HEADS

Admin. Offices of The District Courts  
Thompson, Jack  
County Criminal Courts at Law Mgm't  
Wessels, Bob  
Central Technology Center  
Jennings, Steve W.  
Children's Assessment Center  
Stolte, Elaine  
Protective Services for Children &  
Adults  
Ford, George  
Cooperative Extension  
Miller, Hurley  
County Auditor  
Schott, Barbara J.  
County Library  
Goldberg, Rhoda (Interim)  
Pre Trial Services  
Oeller, Carol  
Domestic Relations  
Simpson, David W.  
Greater Harris County 9-1-1  
Emergency Network  
Schwender, Lavergne  
Facilities and Property Mgm't  
Yancey, Michael  
Financial Services  
Harrison, Edwin  
Fire and Emergency Services  
Montgomery, Michael S.  
Fleet Services  
Branner, Keith  
Flood Control  
Talbott, Michael  
Housing and Economic Development  
Turkel, David B.  
Juvenile Probation  
Hetzl, Harvey  
Law Library  
Eichstadt, John R.  
Management Services  
Raycraft, R. L.  
Medical Examiner  
Sanchez, Luis A. MD

Public Health & Environmental Serv.  
Palacio, Herminia MD  
Public Infrastructure Department  
Storey, Arthur L.  
Purchasing  
McCown, Jack R.  
Sheriff Civil Services  
Mims, William H. Jr.  
Toll Road Authority  
Strech, Harold M.

Harris County experienced dramatic improvements during the 1920s in the quality of life for its citizens as it pertains to

## WATERWAYS

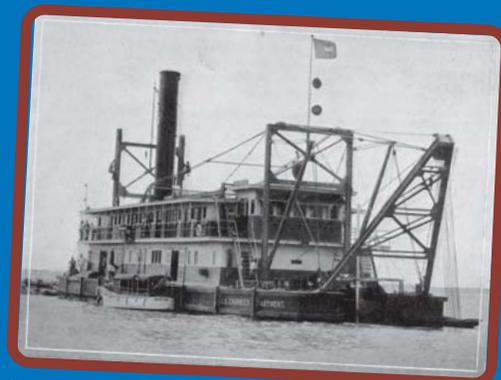


Harris County realized and made a concerted effort to clean out obstructions, growth and silt accumulation from the numerous waterways within the County



Photo courtesy of the Port of Houston Authority

The Bayport Facility has created new economic opportunities for major retailers, consumer goods manufacturers and marketers



Dredges were purchased to maintain and deepen the Ship Channel from 25 feet to 30 feet



### **Information Sources - Economic Outlook for Harris County (Pages 6 & 7)**

The following sources were used to compile this report:

Greater Houston Partnership	Handbook of Texas Online
Houston Chronicle	Harris County Flood Control District
Port of Houston Authority	U.S. Department of Commerce Bureau of Economic Analysis
U S Census Bureau	National Association of Realtors
The Harris County Toll Road Authority	

**Cover designed** by Tommy Jenkins

**Photographs** taken and/or supplied by Tommy Jenkins, Port of Houston Authority and the Harris County Archives (excluding the photograph of Barbara J. Schott).

