



# HARRIS COUNTY, TEXAS

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



## TRANSPARENCY in Government

Barbara J. Schott, CPA  
County Auditor

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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, 2009. 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, and therefore are submitting it to GFOA.



## *A* 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, 2010. 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 financial, economic, and demographic trends. 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 2010 Harris County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of approximately 200 pages of detailed financial statements, notes, schedules and reports. 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 of the primary government. 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 2010 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.

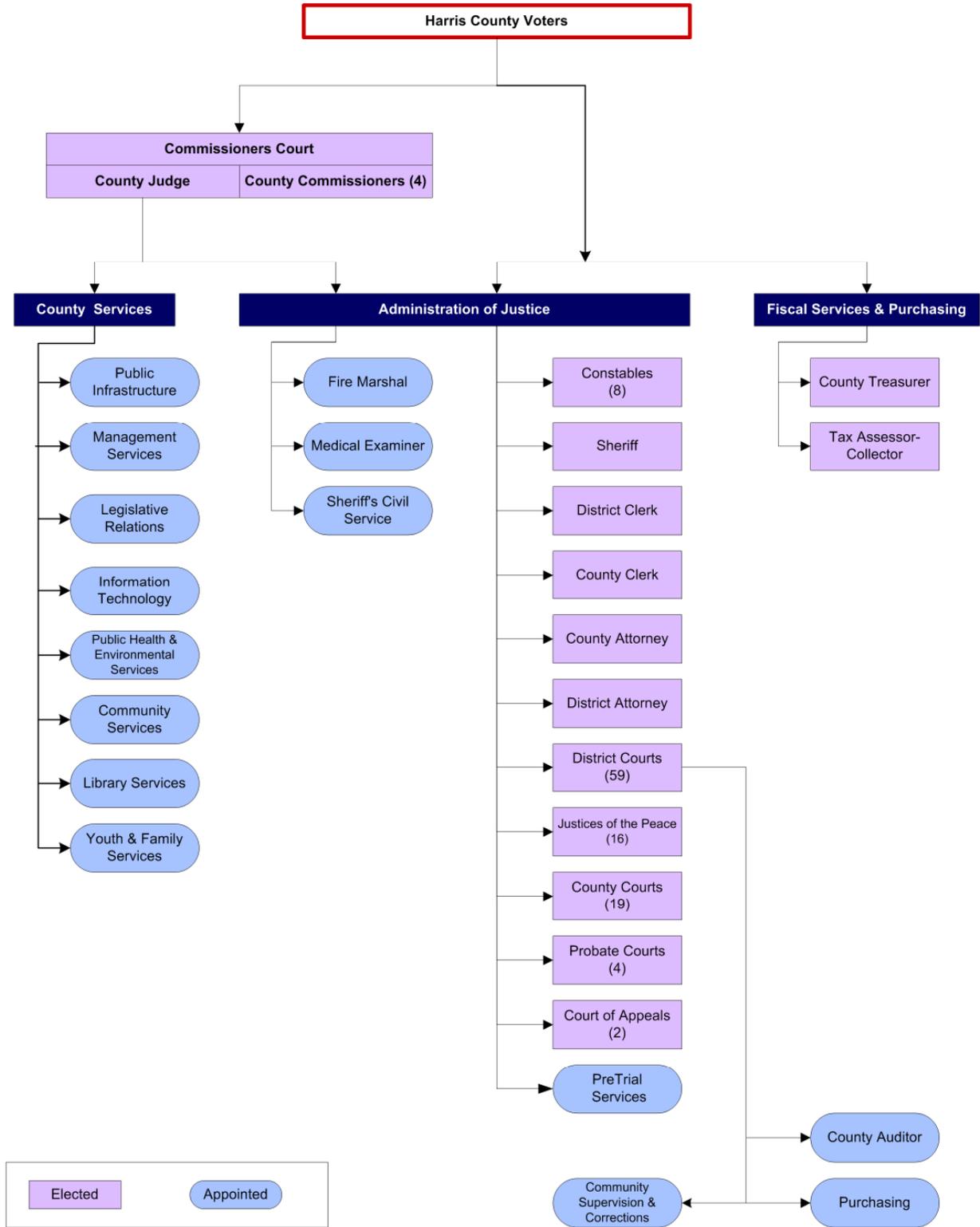
As you review our Popular Annual Financial Report, I invite you to share any questions, concerns or recommendations you may have. Those seeking a deeper understanding of the County's finances are encouraged to review a copy of the County's CAFR. Questions concerning any data provided in the PAFR or requests 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.co.harris.tx.us/auditor](http://www.co.harris.tx.us/auditor).

Sincerely,

Barbara J. Schott, CPA  
Harris County Auditor

## Harris County Organization Chart

03/01/10



## Organization

Harris County had 16,687 employees at February 28, 2010. Administration of Justice, which includes law enforcement and the courts, accounts for the majority of employees. Nineteen percent of County employees work in County Administration and 10 percent 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 2010 (as of 2/28/10)



Administration of Justice  
9,308



County Administration  
3,161



Health & Human Services  
1,718



Road & Bridges  
914



Parks  
797



Tax Administration  
415



Flood Control  
374

**TOTAL 16,687**



Harris County is one of only 13 local governments nationwide to be awarded a perfect score on government transparency by Sunshine Review, a national non-profit that recently evaluated the Web sites of every state and more than 5,000 local governments.

Sunshine Review granted Harris County a "Sunny Award" after an evaluation of the county's Web site, [www.hctx.net](http://www.hctx.net), showed the county provided the necessary public information in all 10 categories evaluated. No other local government in Texas earned a perfect score.

### Most Requested Sites on Harris County Website

#### **Voter Information**

County Clerk Election Information

#### **Appraisal District**

Search appraisal records, view and print parcel maps and forms

#### **County Budget**

County's Current Fiscal Year Budget

#### **County Check Register**

County's Check Register by Month

#### **County Auditor's Office Vendor Payment Search**

County Expenditure Payments to employees and vendors.

#### **County Financials**

County's Financial Statements and Reports

#### **Emergency Management**

Real-time rainfall and flooding information

#### **Employment Opportunities**

Application and available openings

#### **County Auditor's Office**

County's Annual Utility usage and expenses posted in accordance with House Bill 3693.

[www.hctx.net](http://www.hctx.net)

# Profile of Harris County

## 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. 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 of 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.



1884 County Courthouse

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.



1910 County Courthouse

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

## 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.

### Harris County Component Units

- Harris County Flood Control District
- Harris County Hospital District
- Harris County Juvenile Board
- Harris County Sports & Convention Corp.
- Harris County Housing Authority
- Children's Assessment Center Foundation, Inc.
- Mental Health & Mental Retardation Authority of Harris County
- Harris County Industrial Development Corp.
- Harris County Housing Finance Corp.
- Harris County Health Facilities Development Corp.
- Harris County Cultural Education Facilities Finance Corp.



### Comptroller Leadership Circle Member

The Texas Comptroller of Public Accounts awarded Harris County the Gold Leadership Circle Award for its efforts to make its finances open and accessible to all county residents.

### Harris County, Texas Operating Indicators—Fiscal Year 2009

#### Administration of Justice

- 16,357 cases investigated by the Medical Examiners Office
- 545,619 filings with the Justice of the Peace Courts
- 96,099 new cases filed with the County Courts
- 140,942 cases filed with the District Courts

#### County Administration

- 250,830,197 annual traffic on Harris County websites
- 601,263 real property filings

#### Health & Human Services

- 16,285 food inspections performed by PHES Dept.
- Library program attendance of 384,175

#### Parks

- 147 active parks

#### Road & Bridges

- 6,317 road miles
- 556 toll road lane miles
- 33 bridge miles

#### Tax Administration

- 1,531,794 tax account statements
- 1,868,588 voter registrations

Source: Reported by County Departments and Harris County's Fiscal Year 2010 Budget Book. Operating indicators for fiscal year 2010 will be published at the end of fiscal year 2011.



# The Harris County Auditor's Office

The County Auditor is responsible for the accounting and internal audit functions for Harris County, the Toll Road Authority and the Harris County Flood Control District. Although not all inclusive, the following enumerates the County Auditor's responsibilities:

- Strict enforcement of the laws governing county finances as set forth by state statute.
- Maintain 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.
- Provides general oversight of the books and records of all County Officials which include statutory compliance and financial reviews.
- Keeps the general accounting records and prepares financial reports.
- Prescribes the system of accounting for the County.
- Audits the records and accounts of the various elected and appointed officials and department heads.
- Administers the County budgets as approved by the Commissioners Court.
- Forecast revenues for budgetary formulation purposes.
- Payroll processing.

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

## Mission Statement

To perform professionally the statutory duties of County Auditor with integrity, independence, and a spirit of technological innovation while emphasizing outstanding customer service, excellent public information and efficient use of taxpayer resources.

## Vision

Create and maintain an environment of sound fiscal management and efficient fiscal operations at all levels of county government, through aggressive ancillary support, increased interactive collaboration and communication to assure compliance with the laws governing County finances.

## 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, Grants & Accounts Receivable Accounting, and Continuous Monitoring.



**Mike Post**  
First Assistant & Accounting Division Chief

## AUDIT DIVISION

This division includes the following departments: Audit Division Chief, Audit Services, Compliance Audit, Payroll Audit, Systems & Procedures, and Continuous Auditing. The responsibilities of the Audit Division are to assist the County and other entities 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, governing County finances.

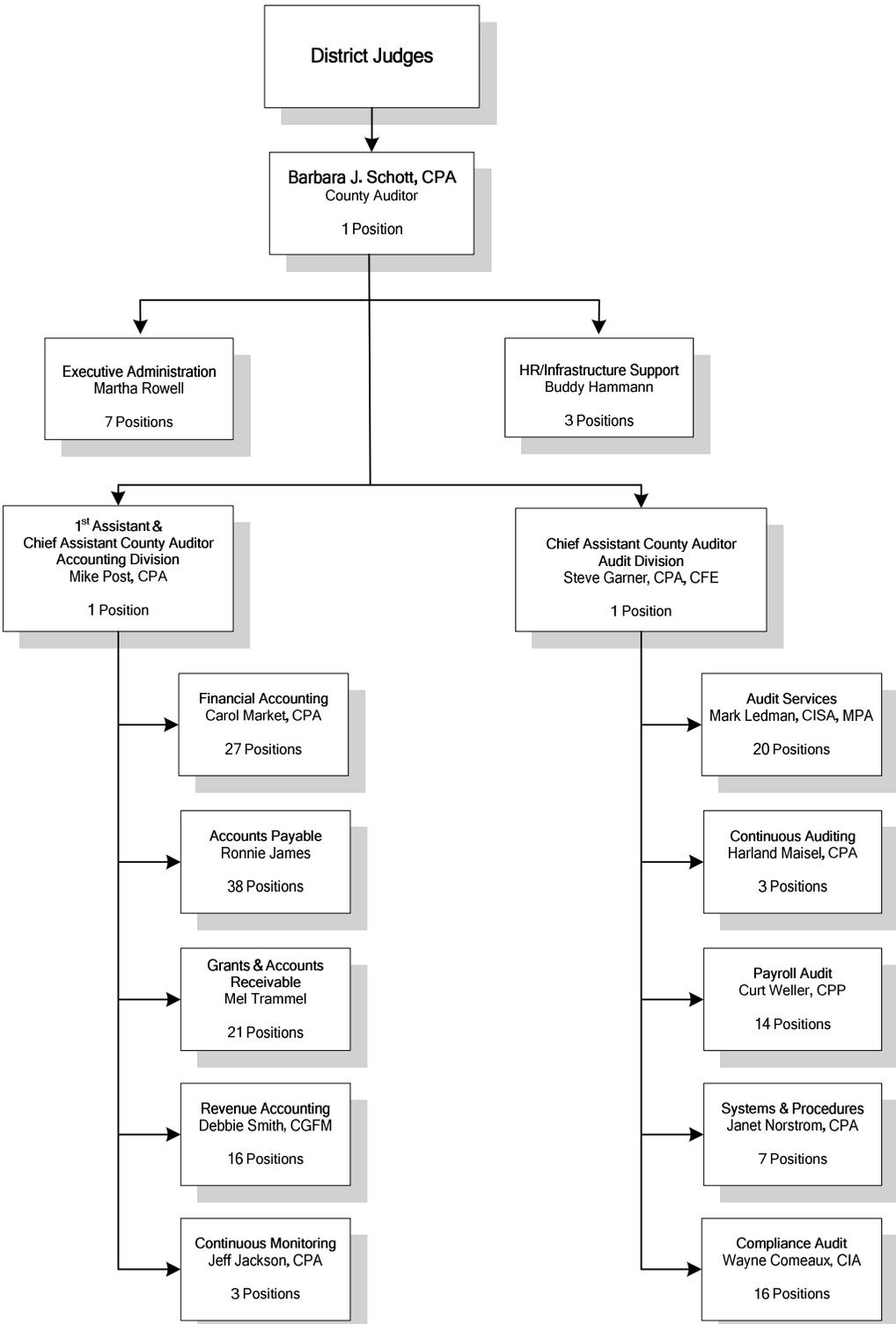


**Steve Garner**  
Audit Division Chief

# Harris County Auditor's Office

## ORGANIZATION CHART

12-30-09



TOTALS:    Executive    Accounting    Audit    =    178  
                   11                    106                    61

# Economic Outlook for Harris County

The global recession along with weak energy prices have curtailed the County's robust employment growth. Houston was one of the last major metropolitan areas in the United States to slip into the recent global recession and it was one of the first to begin to recover. The Houston – Sugar Land – Baytown Metropolitan Area experienced modest job growth during the first quarter of 2010. However, even with the recent job growth, the Houston – Sugar Land – Baytown Metropolitan Area had a twelve-month net loss of 40,900 jobs as of April 2010.

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

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

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

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile assembly of public and private facilities along the Houston Ship Channel. In November 1999, Harris County voters approved a \$387 million bond issue for the construction of a new container facility at the Port's Bayport Terminal. The opening phase of the project celebrated its grand opening in February 2007. The Bayport facility is expected to generate almost 12,000 jobs in its first ten years of operation and nearly \$1 billion in new business revenues and more than \$40 million in new tax revenues annually.

The Houston Ship Channel is a 52-mile inland waterway which connects Houston to the Bay of Galveston, the Gulf Intra-coastal Waterway, and the Gulf of Mexico. It traces its origin to early trade on Buffalo Bayou and in 1837, the first steamboat, the *Laura*, ascended Buffalo Bayou to the town of Houston. Deepened and widened over the years, the Houston Ship Channel has become one of the busiest waterways in the United States and is home to the largest petrochemical complex in the world.

In addition to the County's moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes local government that encourages business development, high capacity freeways, major rail lines, and state of the art telecommunication services. George Bush Intercontinental Airport, located approximately 23 miles north of downtown Houston, currently ranks third in the country for scheduled non-stop domestic and international service.

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

## 2009 Top 10 Corporate Employers in Harris County

1.	Continental Airlines	14,651
2.	Exxon Mobil	13,353
3.	Shell Oil	11,855
4.	Chevron	7,000
5.	JP Morgan Chase	6,500
6.	AT&T	6,047
7.	Baker Hughes Inc.	5,369
8.	KBR Inc.	5,089
9.	CenterPoint Energy	4,750
10.	Aramark Halliburton	4,500 4,500

Source: Houston Business Journal, Harris County Community Services Dept., Office of Economic Development

The cost of living in Houston is among the lowest of all urban settings in the United States. The ACCRA Cost of Living Index for the first quarter of 2010 shows that Houston's overall after-taxes living costs are 9 percent below the national average, largely due to housing costs that are 22 percent below the average. Compared to 27 metropolitan areas with more than two million residents, Houston's housing costs were 39 percent below the average and Houston's overall living costs were 18 percent below the average.

Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's two medical schools are the University of Texas Medical School and Baylor College of Medicine.

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are located in the Texas Medical Center, a non-profit organization devoted to health education,

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



**Ben Taub General Hospital**



**Reliant Stadium**

research and patient care. Located just south of downtown Houston, the Texas Medical Center includes 13 hospitals, two medical schools, four nursing schools, two schools of pharmacy, and schools of dentistry and public health. The Texas Medical Center is at the forefront of research and treatment of cancer and heart disease.



# Financial Policies and Major Initiatives

## Financial Policies

Some of the County's financial policies are:

- Despite a projected decline in resources, the County will attempt to maintain its policy for expenditures to be budgeted and controlled so that at the end of the fiscal year the minimum undesignated balance for operating funds will be as close as possible to 15% of fiscal year expenditures;
- Full disclosure and open lines of communications will be provided for rating agencies. A continuing goal is sustaining the County's AAA (Standard & Poor's) and Aaa (Moody's) and AAA (Fitch) debt rating with a stable outlook;
- Tax anticipation notes for annual cash flow purposes will be issued for the general operating fund; and
- The County's investment policy has been adopted to establish policies and procedures that enhance opportunities for a prudent and systematic investment of County funds. The County's general objectives in investing its funds are: understanding the suitability of the investment to the financial requirements of the County, preservation and safety of principal, liquidity, marketability of the investment if the need arises to liquidate the investment before maturity, diversification of the investment portfolio, and yield. The "prudent person" standard has been adopted for managing the portfolio for the County. To ensure safety of public funds, the policy adheres to Chapter 2256 of the Texas Government Code, The Public Funds Investment Act, and the statutory requirements of Local Government Code 116.112.

## Harris County Long Term Bond Ratings

<u>Bond Rating Service</u>	<u>Bond Rating</u>
Moody Investment Service, Inc.	Aaa
Standard & Poor's Rating Service	AAA
Fitch Group, Inc.	AAA



## Fair Market Value Harris County Cash and Investments\*

	<u>2010</u>	<u>2009</u>
U.S. Agency Notes	\$1,278,643,882	\$ 1,274,714,546
Commercial Paper	555,645,361	30,475,252
Money Market Mutual Funds	348,722,111	763,360,241
Local Governments	229,078,743	347,647,603
Demand and Time Deposits	<u>478,087,134</u>	<u>331,546,846</u>
Total Investments	<u>\$2,890,177,231</u>	<u>\$ 2,747,744,488</u>

\*This schedule includes Fiduciary Funds

**Major Initiatives**

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

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

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

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

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

<b>Harris County Facilities Major Projects</b>	
<u>Facility</u>	<u>Estimated Cost</u>
North Bayou Central Plant	\$ 31,000,000
Replace Admin. Bldg. Elevator System	3,000,000
Demolish Iron Mountain Warehouse	1,800,000
1303 Preston Central Plant (TCEQ compliance)	1,000,000
Katy Juvenile Facility Sewage Treatment Plant	580,000
Juvenile Justice Center Gym Heating/HVAC Unit	<u>500,000</u>
<b>TOTAL</b>	<b>\$ <u>37,880,000</u></b>



The new Jury Assembly Room and Transportation Plaza project will be the centerpiece for the recently consolidated Harris County Courts complex. Four 250-seat jury assembly rooms will feed civil, criminal, juvenile and family courts.



The restoration of the Harris County Courthouse, built in 1910, will bring the historic building back to its original condition.

# 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, 2010 and February 28, 2009).

## Financial Statements Comments

The financial information in the Harris County Financial Position Statement and the Harris County Financial Activity Statement is derived from information presented in the Harris County's Comprehensive Annual Financial Report ("CAFR") for 2010. 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 herein do not include the 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 agency notes, commercial paper, money market mutual funds, and local government securities. This allows the County to earn interest on its surplus cash. Cash and investments increased during fiscal year 2010 due to an increase in restricted cash and investments, which can only be used for specified purposes.

**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, and construction in progress.

**Other assets** are assets that cannot be classified in any other asset category. These include prepaid accounts, inventory, and deferred charges.

## Harris County Financial Position Statement

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash	\$ 715,531,651	\$ 620,329,798
Investments	1,805,039,634	1,717,939,496
Receivables	293,852,685	277,294,212
Capital Assets	13,882,392,918	13,809,680,120
Other Assets	75,945,191	55,223,620
<b>Total Assets</b>	<b><u>16,772,762,079</u></b>	<b><u>16,480,467,246</u></b>
<b>Liabilities</b>		
Amounts Owed to Employees & Vendors	341,607,733	310,727,905
Other Current Liabilities	115,099,922	94,446,958
Long Term Liabilities	<u>5,865,975,226</u>	<u>5,359,352,387</u>
<b>Total Liabilities</b>	<b><u>6,322,682,881</u></b>	<b><u>5,764,527,250</u></b>
<b>Total Assets over Total Liabilities</b>	<b><u>\$10,450,079,198</u></b>	<b><u>\$10,715,939,996</u></b>

*Fiduciary funds are excluded.*

*Harris County Flood Control District, the Harris County Juvenile Board, and the Harris County Sports & Convention Corporation are included as blended component units of Harris County.*

*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 unearned revenue, funds due to other governmental units, and accrued interest.

**Long Term Liabilities** represent amounts owed for bonds, commercial paper, and notes the County has issued, as well as compensatory time, capital leases, judgments, other Post Employment Benefits (OPEB), pollution remediation obligations, and other long term liabilities. The County issues debt to finance an ongoing capital improvement program. Long term liabilities increased during the year due in part to an increase in Toll Road bond's payable.

### Total Assets Over Total Liabilities

This amount represents the difference between the assets of the County and the liabilities owed. Total assets over total liabilities may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$10,450,079,198 for fiscal year 2010 and \$10,715,939,996 for fiscal year 2009. The costs of services rendered exceeded the resources received during fiscal year 2010, decreasing net assets by \$265,860,798.

### Capital Assets

The County's capital assets include land, improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, and construction in

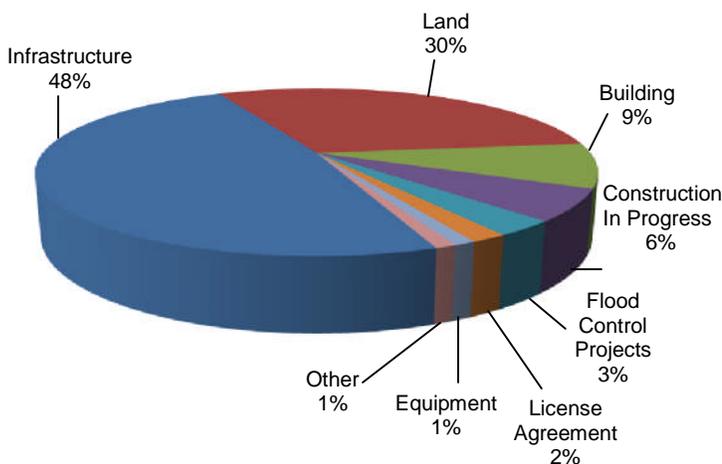
progress. Major capital asset projects include the following:

- 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 restoration of the 1910 Civil Courts Building.
- The Flood Control District participated in ongoing flood damage reduction and mitigation projects in cooperation with the Federal Emergency Management Agency and the United States Army Corps of Engineers.
- The Harris County Toll Road Authority has several ongoing projects, including Sam Houston Tollway East.

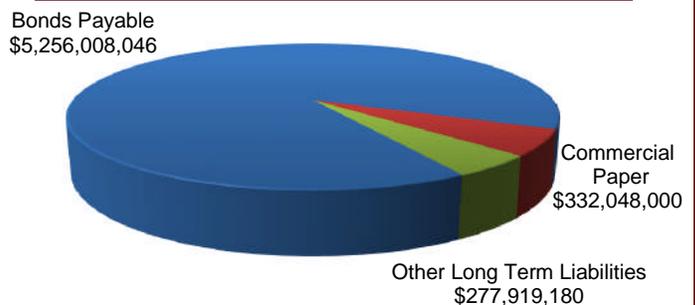
### Bonded Debt and Commercial Paper

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 debt. 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.

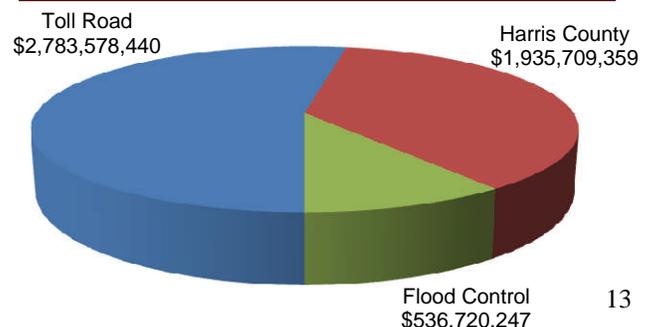
**Capital Assets**



**Long Term Liabilities**



**Bonds Payable**



# 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 as follows.

## Resources Received

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

**Property and Hotel Occupancy Taxes** of \$1,226,410,742 were the largest revenue source for governmental activities and 52% of total revenues. The tax rate was \$.39224 per \$100 of assessed value for fiscal year 2010. The taxable value increased in fiscal year 2010 to \$285,090,656,000 from the taxable value in the prior fiscal year of \$282,177,265,000.

**Charges for Services** are resources from various County departments and agencies for fees paid to them, such as fees collected by the tax collector, charges for patrol services, and court costs and fees. Toll Road receipts are also included as charges for services. Toll Road receipts increased \$13.5 million from fiscal year 2009 to fiscal year 2010.

**Intergovernmental Revenue** include grants, reimbursements or contributions to the County from other governmental agencies. Capital grants and contributions decreased from the prior year primarily due to a decrease in road dedications.

**Investment Earnings** include interest earned, realized and unrealized gains on County investments. Since interest rates declined during fiscal year 2010, the County's investment earnings decreased.

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

### County Ad Valorem Tax Rates

Purpose	2009
Harris County	
Maintenance & Operation	\$0.33401
County Debt Service	0.03642
Road Bond Debt Service	<u>0.02181</u>
<b>Total Harris County Tax Rate</b>	<b><u>0.39224</u></b>
Harris County Flood Control District	0.02922
Port of Houston Authority	
Debt Service	0.01636
Harris County Hospital District	<u>0.19216</u>
<b>Total County-Wide Ad Valorem Tax Rate</b>	<b><u>\$0.62998</u></b>

(Table reflects ad valorem tax rates per \$100 of assessed value levied by Harris County)

## Harris County Financial Activity Statement

	2010	2009
<b>Resources Received</b>		
Taxes	\$1,226,410,742	\$1,187,697,538
Charges for Services	727,384,728	709,710,235
Intergovernmental Revenue	304,137,884	430,633,122
Investment Earnings	53,089,121	74,388,609
Miscellaneous	<u>59,276,216</u>	<u>67,363,989</u>
<b>Total Resources Received</b>	<b><u>2,370,298,691</u></b>	<b><u>2,469,793,493</u></b>
<b>Services Rendered</b>		
Administration of Justice	961,587,874	944,399,706
Parks	91,593,887	78,910,844
County Administration	342,683,367	407,483,418
Health & Human Services	220,089,602	182,119,902
Flood Control	103,435,364	97,695,485
Tax Administration	38,137,363	37,949,451
Roads & Bridges	381,380,304	373,484,374
Interest & Fiscal Charges	127,220,370	125,017,764
Toll Road	360,048,350	305,753,503
Other Business Type Activity	<u>9,983,008</u>	<u>9,587,729</u>
<b>Total Services Rendered</b>	<b><u>2,636,159,489</u></b>	<b><u>2,562,402,176</u></b>
<b>Resources Received over Services Rendered</b>	<b><u>\$ (265,860,798)</u></b>	<b><u>\$ (92,608,683)</u></b>

Fiduciary Funds are excluded.

Miscellaneous resources includes the gain on capital assets.

## Services Rendered

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

**Administration of Justice** expenses include the costs of administering justice through the civil and criminal courts, Pretrial Services, District Attorney, District Clerk, Medical Examiner, Juvenile Probation, Constables, and the Sheriff's Department. The increase in expenses from fiscal year 2009 can be mostly attributed to increases in salaries and fringe benefits.

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

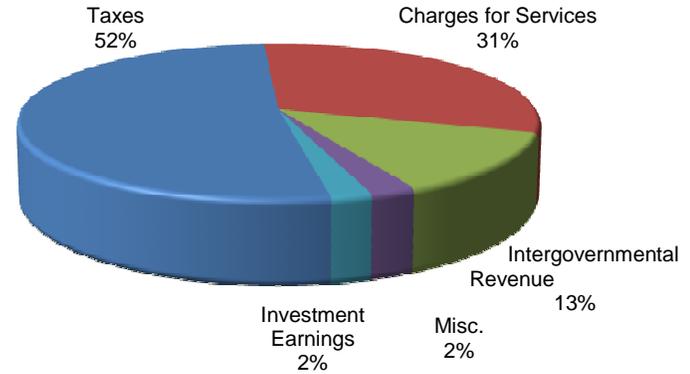
**County Administration** expenses are incurred for administrative offices including Commissioners Court, Management Services, Auditor's Office, County Treasurer, Purchasing, County Attorney, Information Technology Center and other administrative areas of the County. These expenses decreased \$65 million from the prior fiscal year when approximately \$59 million of additional fees and service expense were incurred as a result of Hurricane Ike.

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

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

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

## Resources By Source Year Ended February 28, 2010



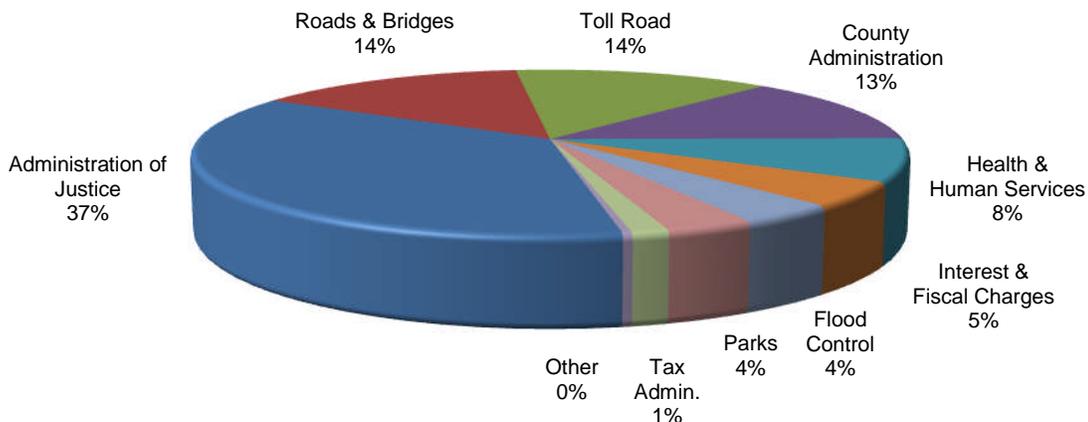
**Roads and Bridges** expenditures are the costs incurred to maintain County roads and bridges. The County owns and maintains over 6,000 miles of roads and bridges.

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

**Toll Road** expenses are the costs of administering the Harris County Toll Road Authority and maintaining the roads within the toll road system. Toll Road services and fees increased \$31.7 million from the prior fiscal year primarily due to an increase in the maintenance and engineering of roadways and facilities, because of an aging infrastructure, additional constable support, and banking fees related to credit card transactions.

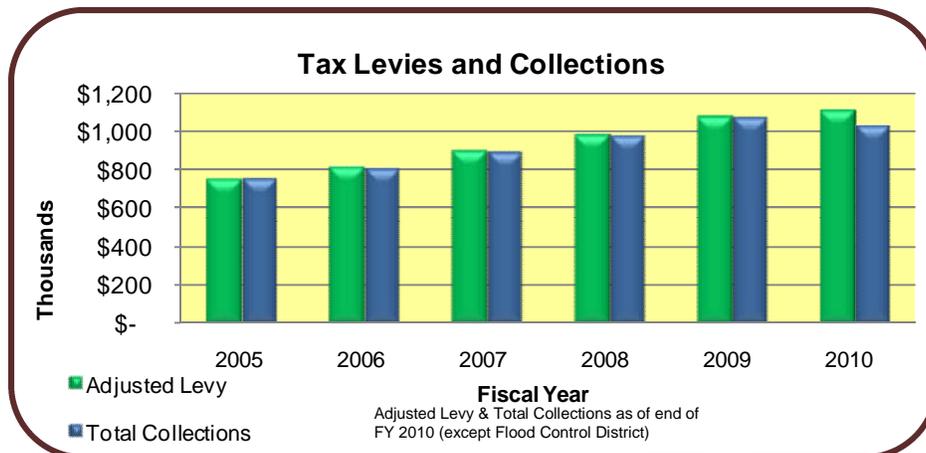
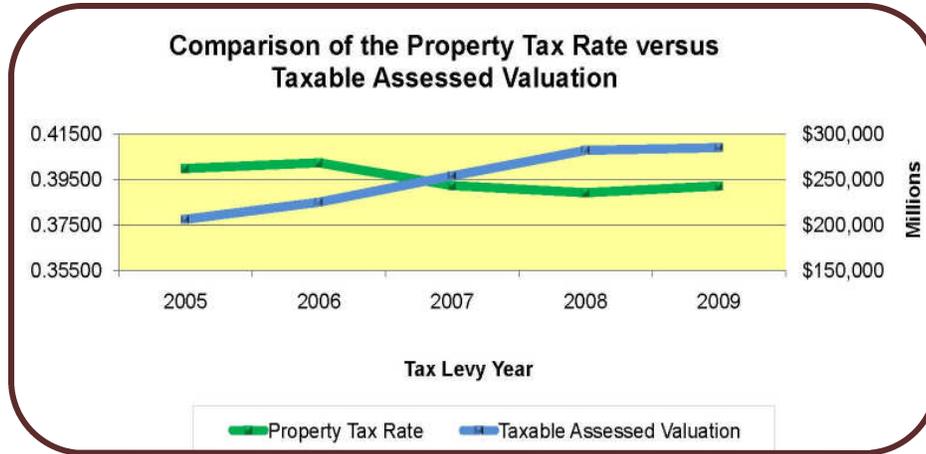
**Other Business-Type Activities** are services that are self-supporting through user charges. These include Subscriber Access, Parking Facilities, and the Sheriff's Commissary.

## Expenses By Function Year Ended February 28, 2010



# Property Taxes

Property taxes are a large revenue source for governmental activities, and is 51% of the total resources received. Tax rates are levied for maintenance and operations and debt service requirements. The respective tax rates which were adopted in 2009 for the County per \$100 of taxable value are: \$0.33221 for the General Fund, \$0.00180 for the Public Improvement Contingency Fund, and \$0.05823 for debt service, for a total of \$0.39224 for Harris County excluding component units. The taxable assessed value was 285,090,656,000 at February 28, 2010.



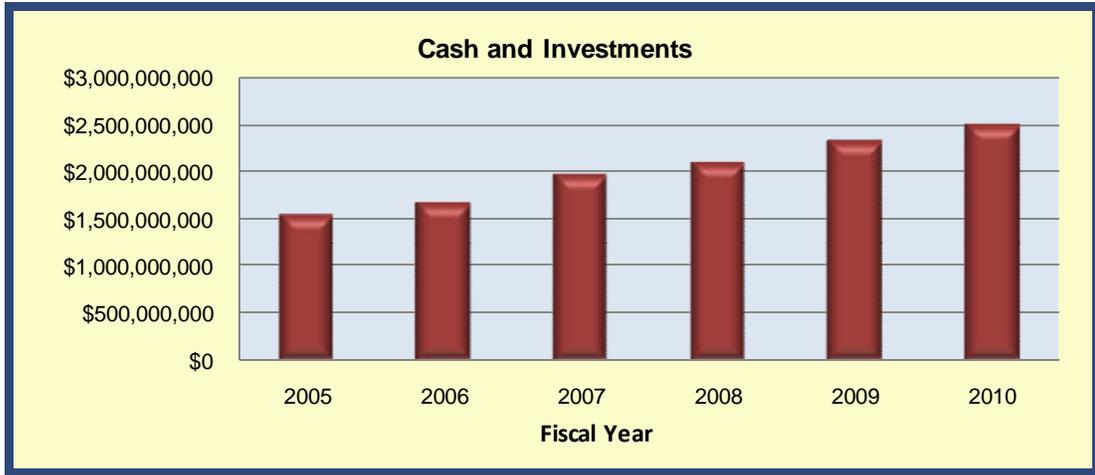
Harris County, Texas 2010 Top 15 Property Tax Payers		
Taxpayers	2009 Taxable Valuations (a)	% of Total 2009 Taxable Valuation (b)
1 Exxon Mobil Corporation	\$ 3,173,961	1.11%
2 CenterPoint Energy	2,515,491	0.88%
3 Shell Oil	2,098,922	0.74%
4 Houston Refining	1,506,923	0.53%
5 Chevron Chemical	1,504,773	0.53%
6 AT&T	922,964	0.32%
7 Hewlett Packard	902,828	0.32%
8 Hines Interests Ltd Partnership	846,907	0.30%
9 Crescent Real Estate	824,060	0.29%
10 Equistar Chemicals	777,240	0.27%
11 Walmart	768,751	0.27%
12 National Oilwell	708,729	0.25%
13 Amoco Chemical	689,661	0.24%
14 Cullen Allen Holdings	679,739	0.24%
15 Lyondell Chemical	585,844	0.21%
	<b><u>\$18,506,793</u></b>	<b><u>6.50%</u></b>

Source: Harris County Appraisal District

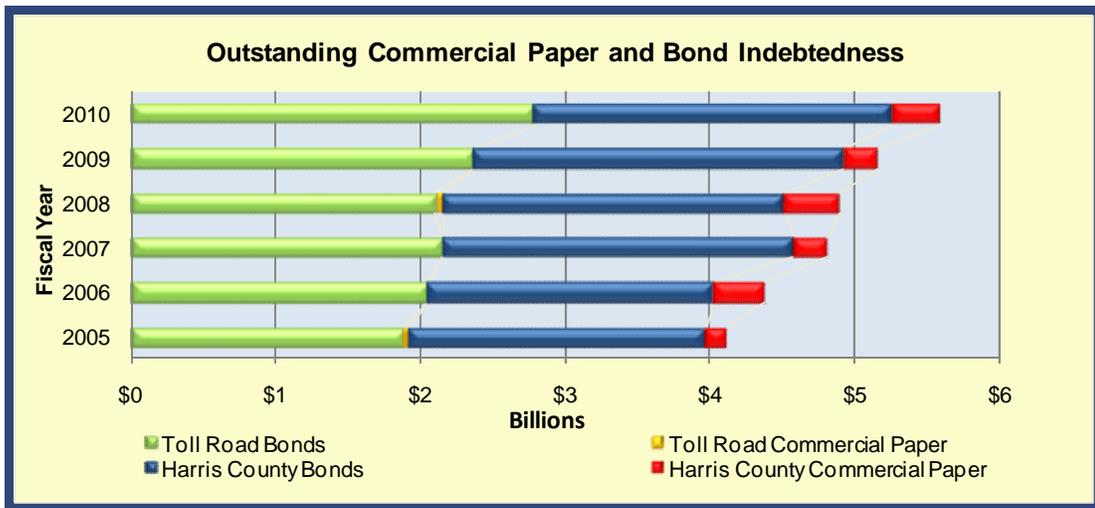
(a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

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

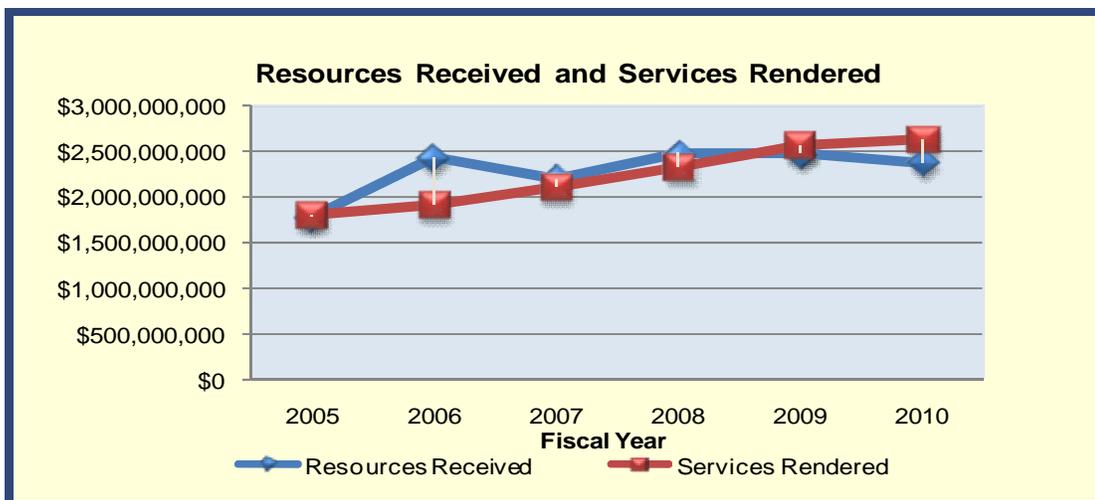
# Government-wide Financial Trends



The above graph includes cash and investments (excluding fiduciary funds) that are available for use as well as restricted cash and investments (and collateral held by others). Investments are stated at fair value.

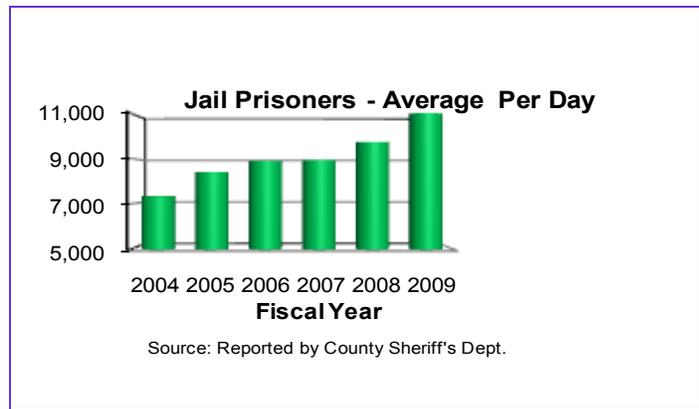
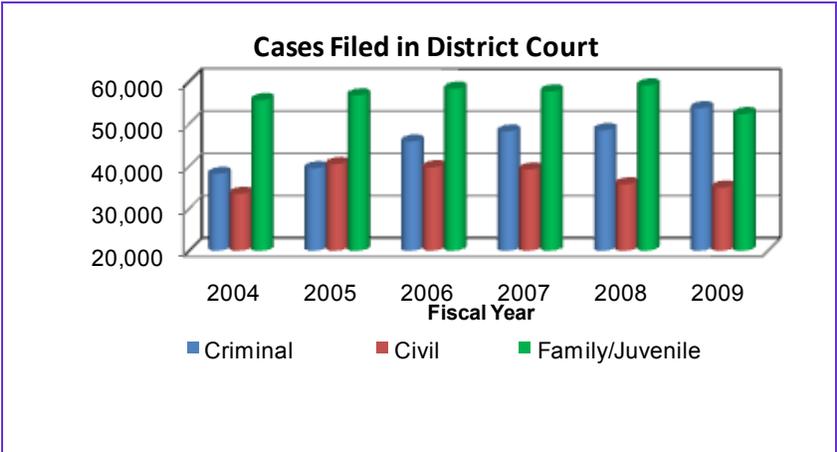
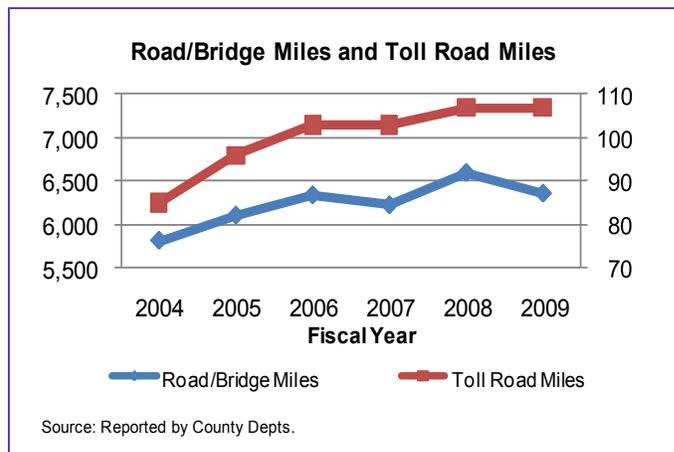
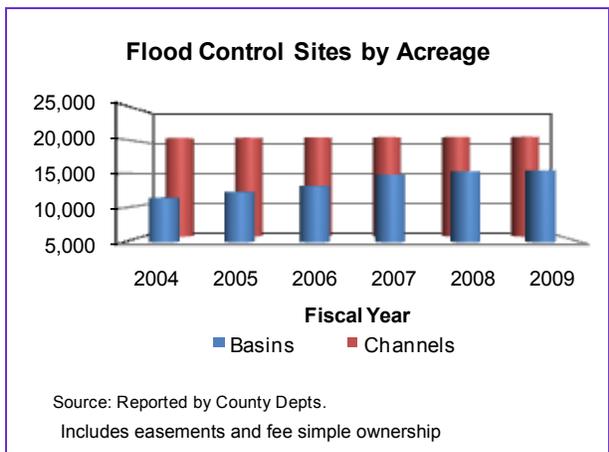
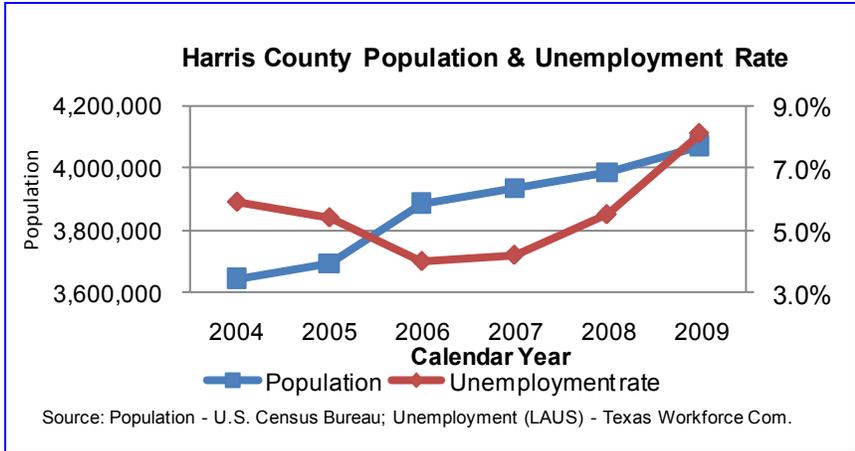


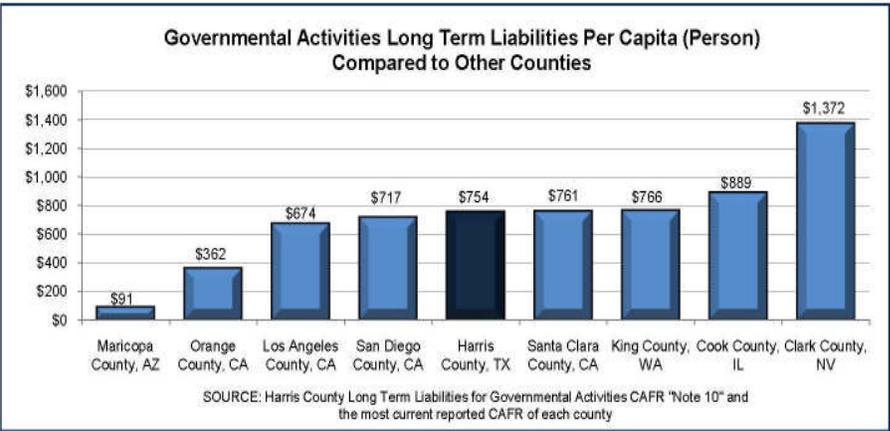
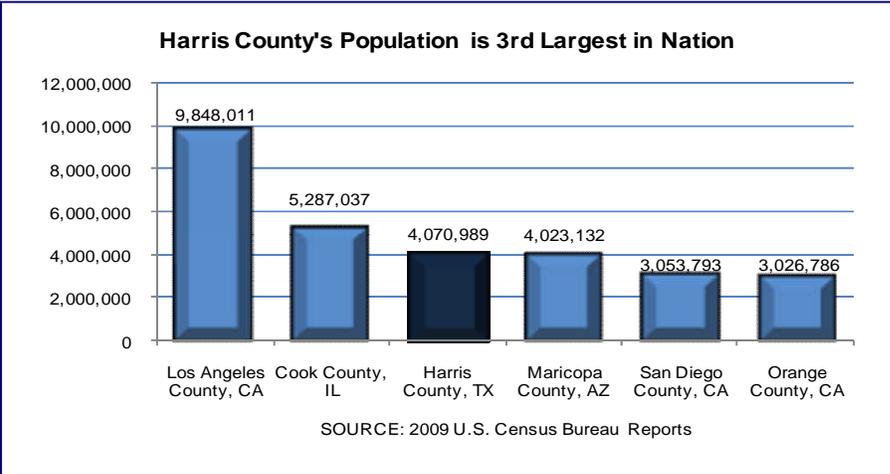
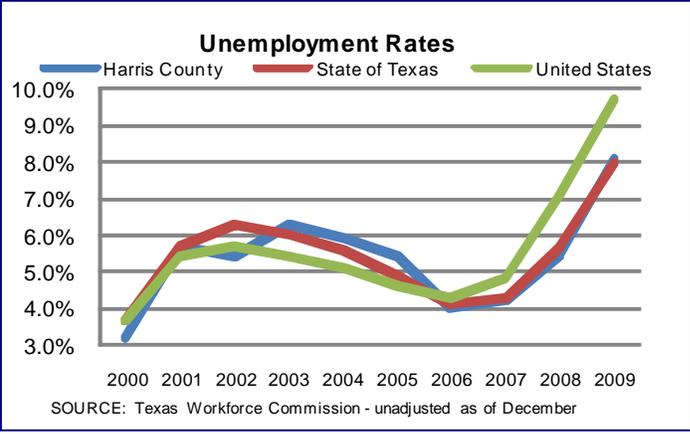
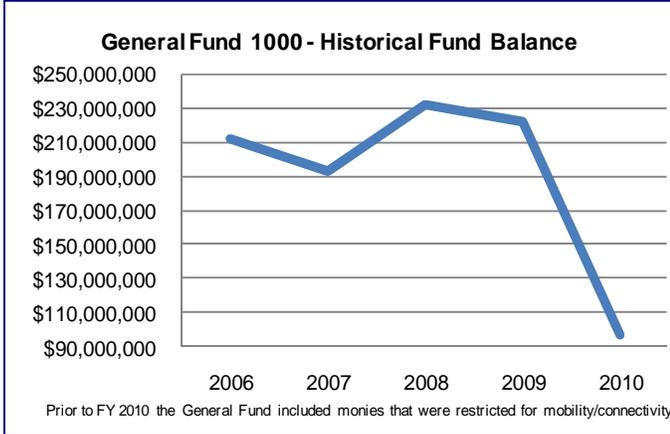
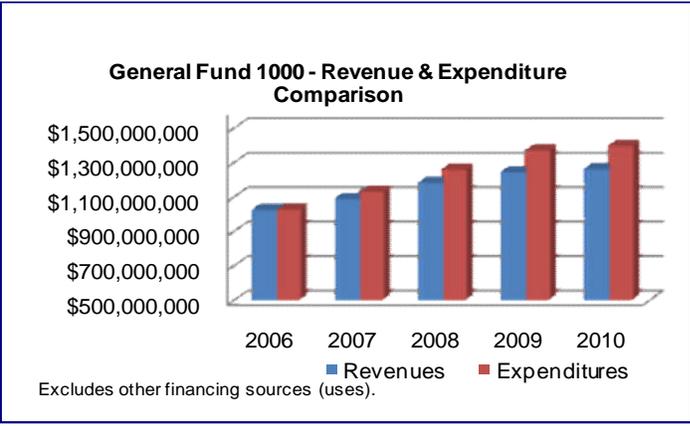
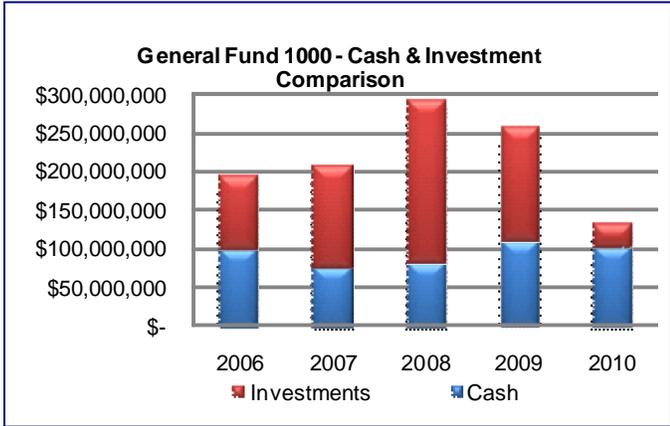
The County issues debt to finance an ongoing capital improvement program. Harris County Bonds also includes Flood Control bonds.



Resources received are monies the County receives from a variety of sources to pay for the services it provides. Services rendered are the funds spent to provide services to citizens.

# Demographics / Key Indicators





# Harris County Elected Officials as of February 28, 2010

## Commissioner's Court

County Judge	Emmett, Edward
Precinct 1	Lee, El Franco
Precinct 2	Garcia, Sylvia R.
Precinct 3	Radack, Steve
Precinct 4	Eversole, Jerry

## Sheriff

Garcia, Adrian

## District Attorney

Lykos, Pat

## County Attorney

Ryan, Vince

## Tax Assessor/ Collector

Vasquez, Leo

## District Clerk

Jackson, Loren

## County Clerk

Kaufman, Beverly

## County Treasurer

Sanchez, Orlando

## Justices of the Peace

Precinct 1, Position 1	Gorczyński, Dale M.
Precinct 1, Position 2	Patronella, David M.
Precinct 2, Position 1	Delgado, JoAnn
Precinct 2, Position 2	Risner, George E.
Precinct 3, Position 1	Parrott, Mike
Precinct 3, Position 2	Polumbo, Tony
Precinct 4, Position 1	Adams, J. Kent
Precinct 4, Position 2	Lawrence, Tom
Precinct 5, Position 1	Ridgway, Russ
Precinct 5, Position 2	Yeoman, William V.
Precinct 6, Position 1	Vara, Richard C.
Precinct 6, Position 2	Rodriguez, Armando V.
Precinct 7, Position 1	Green, Hilary
Precinct 7, Position 2	Burney, Zinetta
Precinct 8, Position 1	Williamson, Holly
Precinct 8, Position 2	Ditta, Louie

## Constables

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

## District Judges - Civil Courts

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

## District Judges - Criminal Courts

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

# Harris County Elected Officials (cont'd.)

## District Judges - Family Courts

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

## District Judges - Juvenile Courts

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

## County Courts - Civil

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

## County Courts - Criminal

Court at Law No. 1	Helm, Regan (retired 2/28/10) Goodhart, Paula (appointed 3/10)
Court at Law No. 2	Harmon, Bill
Court at Law No. 3	Jackson, Don (retired 12/31/09) Fleming, Natalie C. (appointed 3/10)
Court at Law No. 4	Anderson, James
Court at Law No. 5	Harris, Margaret
Court at Law No. 6	Standley, Larry
Court at Law No. 7	Derbyshire, Pam
Court at Law No. 8	Karahan, Jay
Court at Law No. 9	Wilkerson, Analia
Court at Law No. 10	Ross, Sherman
Court at Law No. 11	Bull, Diane
Court at Law No. 12	Brown, Robin
Court at Law No. 13	Atkinson, Mark
Court at Law No. 14	Fields, Michael R.
Court at Law No. 15	Hughes, Jean Sprading

## Probate Courts

Court No. 1	Stone, Kathleen S.
Court No. 2	Wood, Mike
Court No. 3	Olsen, Rory R.
Court No. 4	McCulloch, William C.

## Court of Appeals

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

## SELECTED APPOINTED OFFICIALS

Admin. Offices, District Courts	Bowman, Clay
Children's Assessment Center	Stolte, Elaine
County Auditor	Schott, Barbara J.
County Criminal Courts at Law Mgm't	Wessels, Bob
County Library	Goldberg, Rhoda
Domestic Relations	Simpson, David W.
Fire and Emergency Services	Montgomery, Michael S.
Greater Harris Co. 9-1-1 Emergency Network	Schwender, Lavergne
Housing and Economic Development	Turkel, David B.
Information Technology Center	High, Bruce
Institute of Forensic Sciences (ME)	Sanchez, Luis A. MD
Juvenile Probation	Brooks, Tom (appointed 6/15/10)
Law Library	Eichstadt, John R.
Management Services	Raycraft, R. L.
Pretrial Services	Oeller, Carol
Protective Services for Children and Adults	Ford, George
Public Health & Environmental Services	Palacio, Herminia MD
Public Infrastructure Department	Storey, Arthur L., Jr
Purchasing	Johnson, Kelly E.
Sheriff Civil Services	Mims, William H. Jr.
Texas AgriLife Extension-Harris County	Williams-Willis, Linda

