



Harris County, Texas

Popular Annual Financial Report

for the fiscal year ended February 28, 2005



Barbara J. Schott, CPA
County Auditor

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This is the first year that Harris County has submitted a Popular Annual Financial Report to The Government Finance Officers Association of the United States and Canada (GFOA) in hope of receiving an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended February 28, 2005. 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.



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, 2005. 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 information contained in this report has been derived from the 2005 Harris County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of more than 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 2005 Comprehensive Annual Financial Report for all Harris County funds and account groups. 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.

Sincerely,

Barbara J. Schott, CPA
Harris County Auditor



A Brief History

The first written record of the area that is now Harris County was made in 1528 by Alvar Nunez Cabeza DeVaca, a member of a Spanish expedition. In 1821, Stephen F. Austin began a survey of land for a settlement of 300 families. Two years later, John Richardson Harris erected a trading post between Buffalo and Brays Bayous, and within three more years he laid out the town of Harrisburg, which soon became a thriving port. The approval of the County of Harrisburg was one of the first acts of the new Texas congress in 1837. In 1839, it was renamed Harris County.

Buffalo Bayou was the major reason for development of the area. Harris County's first port was located at Allen's Landing near downtown Houston in June, 1841. Over the years wharves were built and a channel dredged, connecting Houston with Galveston Bay. In 1914, President Wilson officially opened the new Port of Houston and linked Houston with ports of the Great Lakes and upper Ohio River system.

Harris County has more than 37 incorporated cities, including Houston, that lie within Harris County or overlap its boundaries. Most of the area is rather flat coastal plain, ranging in altitude from sea level to 311 feet. The prevailing winds from the Gulf of Mexico have a moderating effect on temperatures, resulting in mild winters and relatively warm summers. Other effects of the proximity of the Gulf are high humidity and abundant rainfall (approximately 43 inches a year).

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 approximately 3.4 million residents. Harris County is the most populous county in the State of Texas and the third most populous county in the United States ranking behind Los Angeles and Cook Counties. The County's population base includes a wide variety of racial and ethnic groups that give a rich diversity and cosmopolitan feel. From 2003 to 2030, the Perryman Group sees population growth averaging 1.71 per cent annually in the Houston region. Over the same period, the prominent Texas based economic forecasting firm expects employment to rise at a 1.81 percent annual rate.

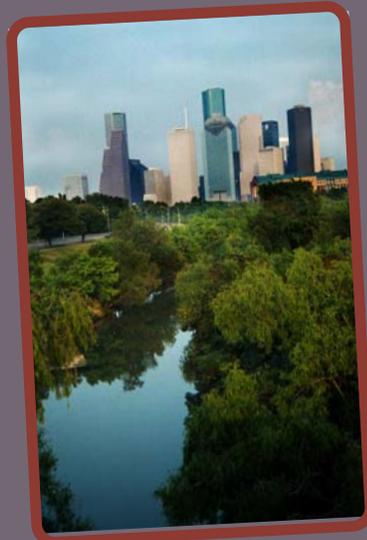
County Structure and Services

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 office of the Commissioners Court.

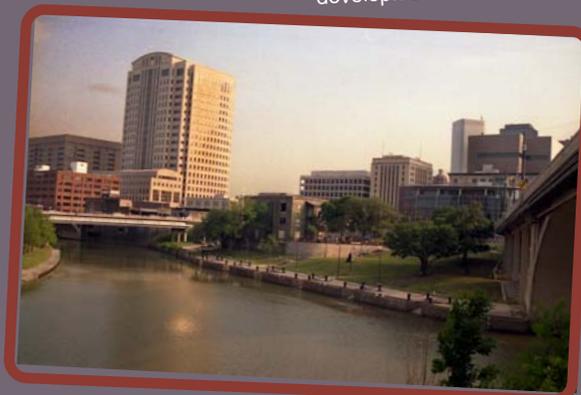
Harris County provides a full range of services to its citizens. These include construction and maintenance of roads and bridges, health and housing services, social services, judicial and law enforcement, juvenile and adult justice programs, economic development, library system, parks, recreation and cultural enrichment, flood control, a sports and entertainment complex, and general administration.



A young Buffalo grazing at Duessen Park



Buffalo Bayou, the main reason for development of the area



Allen's Landing, Harris County's first port, was established in June, 1841

The Harris County Auditor's Office

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:

- To 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.
- Has a general oversight of all books and records of all County Officials.
- Audits the records and accounts of the various county departments.
- Administers the county budget as approved by the Commissioners Court.
- Forecasts financial data for budgetary formulation purposes.
- Payroll Processing
- Is charged with 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 Accounts Receivable.

- **Financial Accounting** - This department is responsible for general ledger accounting 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. This department is also responsible for the fiscal affairs relating to grants for the entities listed above. The department's goal is to provide timely interim and annual financial reporting.
- **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 accounting activities related to collection of funds by various fee officers throughout the County that collect funds for the County's benefit. 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.

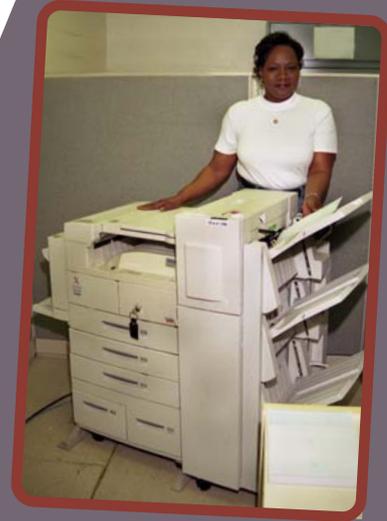
- **Accounts Receivable**
The Accounts Receivable Department is responsible for the billing, monitoring, and pursuit of current and past due collections on certain receivables for the County such as Subdivision Patrol Contracts and interlocal agreements with other governmental agencies.

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; minimize exposure to contingent liabilities; safeguard assets; and comply 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., Harris County Hospital District), financial processes, and general ledger account 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 tests the County's primary revenue sources, taxes and fees, and most transactions at another governmental entity, the Port of Houston.
- **Payroll Audit** - Payroll information is originated in each County department. This department verifies and processes the payroll. In addition the department prepares all required state and federally mandated reports.
- **Systems & Procedures** - This department is responsible for the 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.



Accounts Payable is responsible for auditing, processing and printing checks for payment of all approved claims for Harris County.



Financial Accounting provides timely annual financial reporting.



Revenue Accounting examines the accounting activities related to the collection of funds by various fee officers

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 over the past 22 years 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 countries.

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

Harris County continues to diversify its economy from its traditional concentration in the energy sector. According to a 2004 report by the Perryman Group, "while oil and gas operations – including exploration, refining and production – continue to play highly important roles in the economy's momentum, the broadening and strengthening of the business base is proving of significant value is sustaining and enriching the economy." Harris County continues to be a favorable location for business with 20 of the Fortune 500 companies headquartered in the eight-county Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area.

The County's housing market remains strong. For the 12 months ending in March 2005, the Houston Association of Realtors reported 72,412 closings, up 8.9 percent from the previous 12 months. The value of the closings was \$12.5 billion, up 13.4 percent.

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 sixth in the world overall. Approximately 90 steamship lines utilize the Port of Houston, linking Harris County with over 1,000 ports in 203 countries. 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 project broke ground in June 2004 with the first phase of construction scheduled for completion in mid-2006. 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 regional economy.

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.

For the 12 months ending March 2005, the 10-county Houston-Baytown-Sugar Land Metropolitan Statistical Area (Houston MSA) gained 27,000 jobs, an increase of 1.2 percent. The Houston MSA ranked 36th among the nation's 361 MSAs in per capita personal income in 2003. At \$34,578, annual per capita income was 9.9 percent above the U.S. average.

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 2004 shows that Houston's overall after-taxes living costs are 12 percent below the average for 305 U.S. urban areas, largely due to housing costs that are 24 percent below the average.

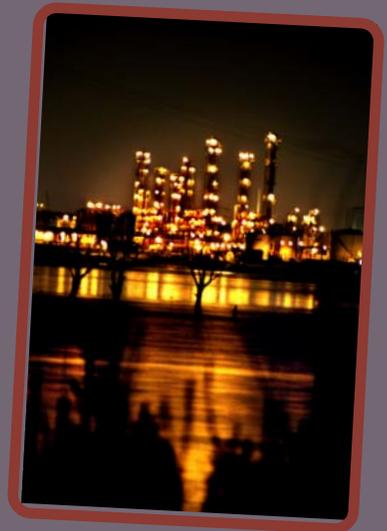
Educational opportunities play a key role in Harris County's quality of life. The County has a number of acclaimed school districts and outstanding colleges and universities. Major institutions of higher learning include Rice University, Texas Southern University, University of Houston, University of St. Thomas and Houston Baptist University. Houston's two medical schools are the University of Texas Medical School and Baylor College of Medicine. In 2003, 77 percent of Harris County residents 25 years of age or older had graduated from high school and 27 percent had a bachelor's degree or higher.

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 offers world-class facilities for general and specialized medical needs.

Cultural attractions within Houston include a thriving theater district and numerous museums. Houston's theater district includes the Wortham Center (ballet and opera), Jones Hall (symphony), Alley Theater (live theater) and the Hobby Center (Broadway productions, etc.). All of these companies have mounted productions that are considered world class by experts in the field.

Houston is home to five 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. Houston hosted the Major League Baseball All-Star Game in July 2004 and is the chosen venue for the 2006 NBA All-Star Game.



Harris County's economy is based on a broad spectrum of industries



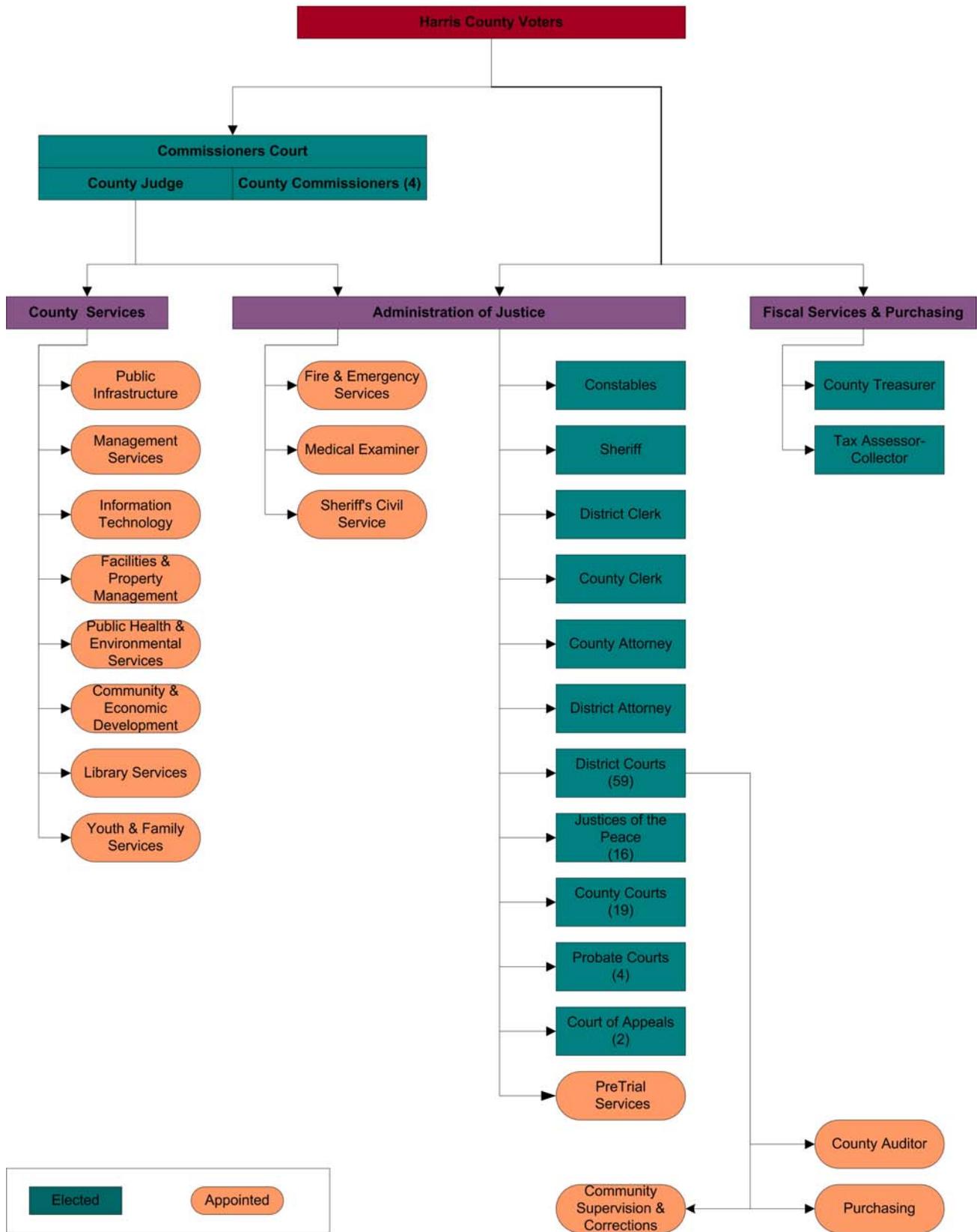
The Port of Houston and the Houston Ship Channel are vibrant components of the regional economy



Harris County's housing market remains strong

Harris County Organization Chart

03/01/05

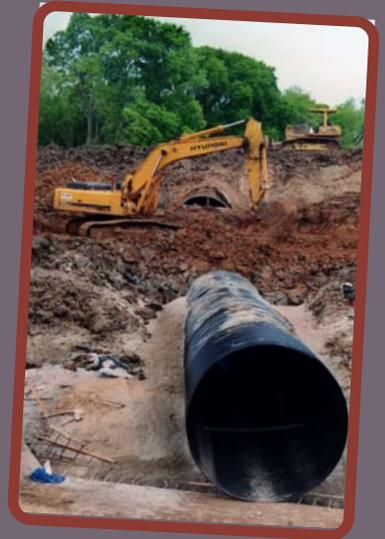


Organization

The reorganization plan approved by Commissioners Court for FY 1999 continues to evolve as department directors seek to provide efficient services at the lowest cost over time. The reorganization plan reduced the number of departments reporting to Commissioners Court and required more collaboration between directors.

Number of Harris County Employees By Year

2005	15,061
2004	14,739
2003	14,004
2002	13,926
2001	13,604



Requiring more collaboration between directors



Photo Courtesy of Public Health & Environmental Services

Seeking to provide efficient services at the lowest cost over time



Reducing the number of departments reporting to Commissioners Court

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:

- Each department is encouraged to develop long-range plans and savings for future needs;
- Expenditures are to be budgeted and controlled so they will not exceed current revenues;
- Balanced financial operations will be maintained;
- Department heads and business managers are to keep expenditures within allocated budget amounts;
- The minimum undesignated fund balance for the general fund and other operating funds should be no less than 15% of fiscal year expenditures;
- Full disclosure and open lines of communications are maintained with 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.

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+

- 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 Investments				
	Categories			Fair Value
	1	2	3	
U. S. Government Securities	\$1,149,767,852	\$2,672,904	\$ -	\$1,152,441,756
Commercial Paper	384,974,516	-	-	384,974,516
Municipal Bonds	105,699,557	-	-	105,699,557
Subtotal	<u>\$1,640,442,925</u>	<u>\$2,672,904</u>	<u>\$ -</u>	<u>\$1,643,115,829</u>
Investments not subject to categorization:				
Money Market Mutual Funds				231,646,591
Total Investments				<u>\$1,874,762,420</u>

Major Initiatives

Flood Control District - The District's plans for improvements over the five-year period from FY 2006 through FY 2010 total \$978.7 million. Federal reimbursements, watershed impact fees, and wetland mitigation funds would cover \$133.7 million or 13.7 % of the cost, and county funds would be required for \$845 million, or 86.3% of the five-year total.

Toll Road Authority - The Toll Road Authority has planned expenditures over the next five years of \$2.16 billion. Current projects are completion of the Westpark Tollway, the Fort Bend Toll Road Connector, and Sam Houston Tollway lane widening from US 59 South to I-45 North. Engineering work is underway for the Hardy Extension Downtown, Beltway 8 East and lane widening for Sam Houston Tollway South.

Precinct Roads - Expenditures of \$722.3 million are planned over the next five years for various road projects. Joint funding of \$160.5 million is expected from Metro, the City of Houston, the Toll Road Authority for connectivity projects, and the Texas Department of Transportation.

Investments - The County's investments are presented below with an indication of the level of risk. Category 1 is the lowest level of risk and Category 3 being the highest level of risk. Investments are included in the credit risk categories as follows:

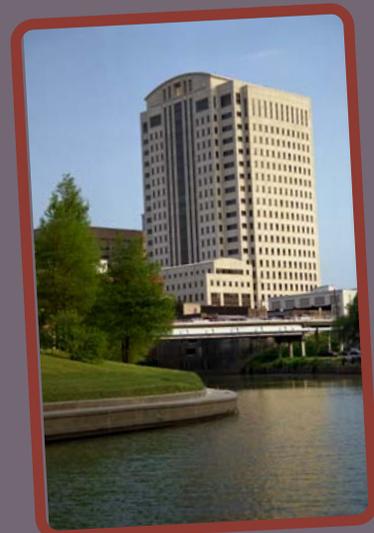
County Buildings - Various County facility projects are underway or are being considered. Some of the projects and estimated costs are shown in the table below.

**Harris County Facilities
Renovation Projects**

Facility	Estimated Cost
Civil Courthouse	\$119,000,000
Juvenile Justice Center	9,254,000
Plaza and Jury Assembly	14,601,600
Tunnels	2,877,000
West Dallas Detention Center	30,600,000
Youth Service Center Replacement	8,900,000
Parking Garage Expansion	13,062,000
1910 Civil Courthouse Renovation	47,027,968
Annexes 10 and 67	2,860,000
Renovation of Family Law	33,500,000
Precinct 3 Courthouse Annex	5,820,000
Mosquito Control Renovations & OST/288 Improvements	3,350,000



The new Civil Courts Building



The Criminal Courts Building



The Harris County Jail

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, 2005 and February 29, 2004).

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 2005. 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. 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).

The largest portion of the County's net assets is investment in capital assets (e.g., land, land improvements, buildings, equipment and roads) less any outstanding debt used to acquire the assets. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. The remaining balance of the County's net assets is subject to external restrictions on how it may be used.

Harris County Financial Position Statement

	2005	2004
Assets		
Cash	\$246,517,529	\$142,767,187
Investments	1,316,628,037	1,255,426,605
Receivables	239,909,655	223,179,151
Capital Assets:		
Land	3,864,711,518	3,774,052,450
Construction in Progress	748,915,242	621,041,603
Land Improvements	1,087,588	694,561
Infrastructure	10,464,324,750	10,130,037,901
Park Facilities	26,454,483	25,954,133
Other Tangible Assets	514,250	514,250
Flood Control Projects	275,006,250	272,703,569
Buildings	754,144,350	732,546,416
Equipment	213,264,149	209,454,771
Less: Accumulated Depreciation	(3,988,468,390)	(3,665,008,670)
Other Assets	52,125,071	52,797,648
Deferred Charges, net of amortization	32,206,399	29,204,595
Total Assets	\$14,247,340,881	\$13,805,366,170
Liabilities		
Amts Owed to Employees & Vendors	\$239,015,212	\$224,291,003
Deferred Revenue	24,051,412	36,167,990
Accrued Interest	37,376,457	22,293,918
Due to Other Governmental Units	2,995,226	2,860,148
Long Term Debt	4,213,608,924	3,766,700,680
Other Liabilities	3,800,000	1,950,300
Total Liabilities	\$4,520,847,231	\$4,054,264,039
Net Assets		
Invested in Capital Assets,		
Net of Related Debt	\$8,620,070,676	\$8,533,291,070
Restricted Net Assets	722,619,858	789,789,977
Unrestricted Net Assets	383,803,116	428,021,084
Total Net Assets	\$9,726,493,650	\$9,751,102,131

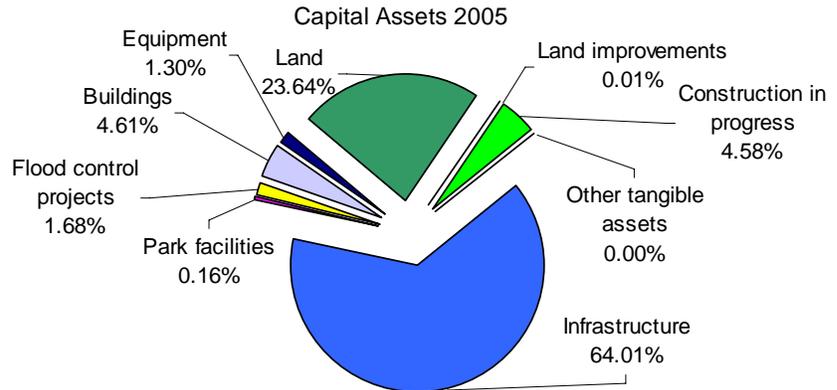
Capital Assets

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 the Juvenile Justice Center, the West Dallas Detention Center, the Civil Justice Center, a new Plaza/Jury Assembly Facility with a tunnel and a Fire Training and Sheriff's Academy.

- The County made several land purchases during the year, primarily due to flood control pre-disaster mitigation buyouts in cooperation with the Federal Emergency Management Agency.
- The Harris County Toll Road Authority has several ongoing projects, including the widening of the Sam Houston Toll Road, Westpark Tollway Phase II and Fort Bend Tollway.

Capital Assets 2005

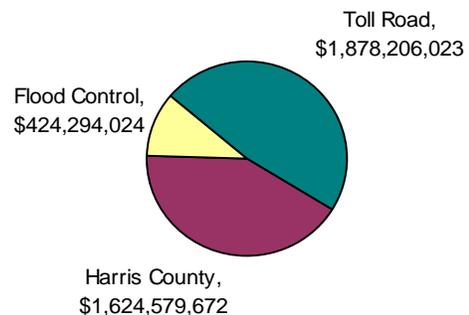
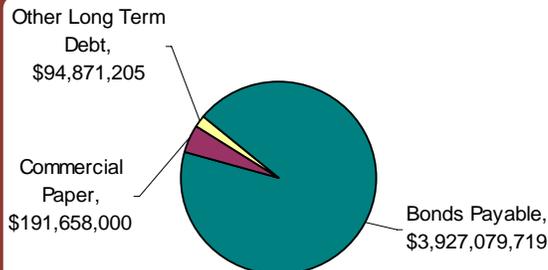


Bonded Debt and Commercial Paper

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 fixed assets.

Long Term Debt

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 on the following pages.

Comments on Financials

Revenues Received can be divided into two categories: General Revenues and Program Revenues. General revenues are monies that can not be assigned to a specific function and provide the largest revenue source. The majority of the general revenues were derived from property and hotel occupancy taxes in the amount of \$871,565,147 which was 50% of total revenues. Other general revenues included earnings on investments and miscellaneous revenues.

Program revenues are derived from the department and mainly represent fees collected to reduce costs to the County for providing services. Total program revenues were \$860,706,237 or 48% of total revenues. Charges for Services, the largest portion of program revenues, represented 32% or \$575,631,180 of the total revenues.

Services Rendered distinguish functions of the County that are principally supported by taxes and governmental activities and are intended to recover all or in part a portion of costs through user fees and charges. The governmental activities of the County include administration of justice, parks, county administration, health and human services, flood control, tax administration, and roads and bridges. Business-type activities of the County include toll road, subscriber access, parking facilities and sheriff's commissary fund activities.

Expenses for the fiscal year ending February 28, 2005, totaled \$1,801,562,168. These expenses can be divided by activity type: governmental activities of \$1,582,528,583 and \$219,033,585 for business-type activities.

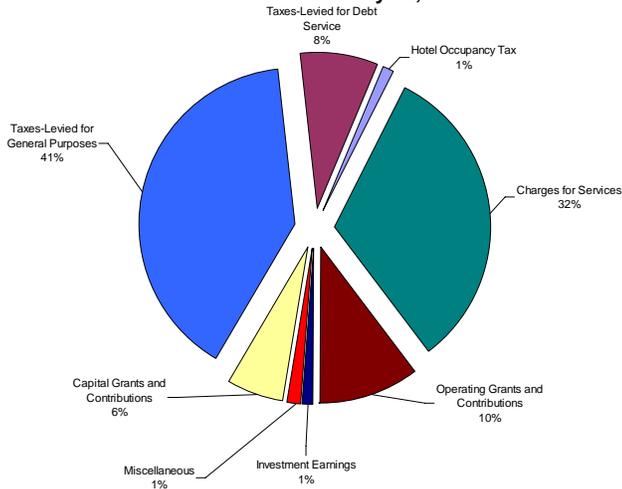
The County's largest governmental activities expense, Administration of Justice, increased slightly from 2004

Harris County Financial Activity Statement

	2005	2004
Revenues Received		
General Revenues:		
Taxes-levied for general purposes	\$ 708,791,306	\$ 669,466,719
Taxes-levied for debt service	145,944,293	100,281,804
Hotel occupancy tax	16,829,548	15,535,349
Investment Earnings	18,994,243	25,171,704
Miscellaneous	25,667,139	128,424,744
Program Revenues:		
Charges for Services	575,631,180	529,446,648
Operating grants and contributions	180,088,685	140,623,786
Capital grants and contributions	104,986,372	43,607,405
Total Revenues Received	\$ 1,776,932,766	\$1,652,558,159
Services Rendered		
Administration of Justice	\$ 614,180,931	\$ 565,038,026
Parks	45,986,894	50,446,435
County Administration	255,897,454	230,596,836
Health and Human Services	171,374,193	174,341,361
Flood Control	57,624,580	65,743,500
Tax Administration	30,039,785	34,307,829
Roads and Bridges	325,598,812	320,910,629
Interest and Fiscal Charges	81,825,934	72,691,363
Toll Road	213,357,624	213,526,452
Other	5,675,961	5,760,997
Total Services Rendered	\$ 1,801,562,168	\$1,733,363,428
Excess (Deficiency)	\$ (24,629,402)	\$ (80,805,269)
Gain on Sale of Capital Assets	20,921	-
Loss on Sale of Capital Assets	-	(969,883)
Transfers	-	-
Change in Net Assets	(24,608,481)	(81,775,152)
Net Assets - Beginning	9,751,102,131	9,832,877,283
Net Assets - Ending	\$ 9,726,493,650	\$9,751,102,131

Revenues Received

REVENUES BY SOURCE Year Ended February 28, 2005



to 2005, but remained at 33% of total expenses.

County Administration costs increased by \$25,300,618 from 2004 to 2005, but the overall percentage decreased from 18% to 14% in 2005. The increase is primarily due to landfill remediation and the reclassification of a transfer to establish the Insurance Trust Fund.

Road and Bridge governmental activities expenses increased slightly due to an increase in salaries and fringe benefits and an increase in maintenance projects.

The remaining governmental activities accounted for 20% of the remaining expenses and are as follows: Health and Human Services – 10%, Interest and Fiscal Charges – 5%, Parks – 3% and Tax Administration – 2%.

The business-type activities expenses decreased from 2004 to 2005. These included the Toll Road and Other.

County Ad Valorem Tax Rates

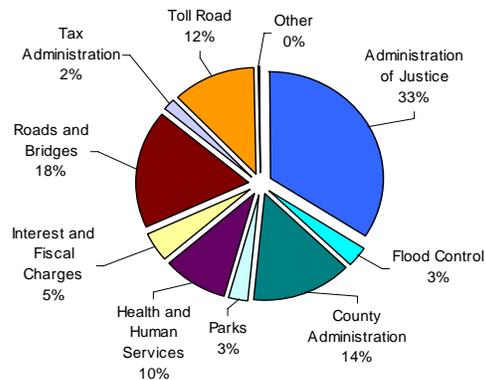
County Tax Rates

Purpose	2004
Harris County Operating Fund	0.33117
County Debt Service	0.04303
Road Bond Debt Service	0.02566
Toll Road Authority Tax Bond Debt Service	—
Total Harris County Tax Rate	<u>\$0.39986</u>
Harris County Flood Control District	0.03318
Port of Houston Authority Debt Service	0.01673
Harris County Hospital District	<u>0.19021</u>
Total County-Wide Ad Valorem Tax Rate	<u>\$0.63998</u>

The above table shows the ad valorem tax rates per \$100 of assessed value levied by Harris County.

Services Rendered

EXPENSES BY FUNCTION Year Ended February 28, 2005



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
Sullivan, Kent
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
Oakley, Bruce D.
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
Rondon, Reece

District Judges - Criminal Courts

174th District Court
Godwin, George H.
176th District Court
Rains, Brian
177th District Court
Davies, Carol G.
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
Huffman, Joan
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

Cato, Jack

District Judges - Family Courts

- 245th District Court
Galik, Annette
- 246th District Court
York, Jim
- 247th District Court
Hellums, Bonnie C.
- 257th District Court
Motheral, Linda
- 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
Ellis, Kent



Children's Protective Service protecting our children



Photo Courtesy of the Sheriff's Department

Harris County Sheriff's Department on patrol



New County buildings, the Criminal and Civil Justice Centers



County Courts - Criminal

Court at Law No. 1
Helm, Reagan C.
Court at Law No. 2
Peters, Michael A.
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
Karaham, 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
Block, Gary Michael
Court at Law No. 3
Bradshaw-Hull, Lynn
Court at Law No. 4
Crowe, Cynthia

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
Calloway, Alfred J.
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
Butler, Michael C.
Precinct 8
Bailey, Bill

Court of Appeals

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

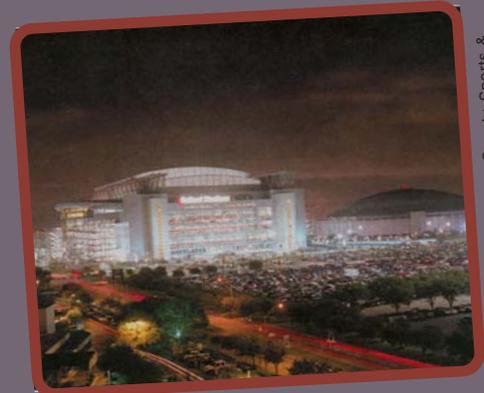
**SELECTED APPOINTED OFFICIALS
& DEPARTMENT HEADS**

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
Children's Protective Services
Ford, George
Com. Supervision and Corrections
Donnelly, Paul
Cooperative Extension
Russell, Susan K.
County Auditor
Schott, Barbara J.
County Library
Park, Catherine S.
Pre Trial Services
Oeller, Carol
Domestic Relations
Simpson, David W.
Emergency Services Network
Hogan, Laverne Heath
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
Hetzel, 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 provides safe and attractive environments for it's citizens. Shown is the Clear Lake Park Pavalion



Seating 69,500 fans, Reliant Stadium is a world class facility with an adjustable roof resulting in year round, climate controlled comfort.

Photo Courtesy of Harris County Sports & Convention Corporation



Learning about computers at a Senior Citizen Community Center

Photo Courtesy of Precinct 3



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

The following sources were used to compile this report:

Greater Houston Partnership
Houston Chronicle
Port of Houston Authority
U S Census Bureau
The Houston Meeting Planners Guide

Handbook of Texas Online
Houston East End Chamber of Commerce
University of Houston
CenterPoint Energy

Cover designed by Tommy Jenkins

Photographs by Tommy Jenkins, Public Health & Environmental Services, Sheriff's Department, Harris County Sports & Convention Corporation and Precinct 3 (excluding the photograph of Barbara J. Schott).

