

HARRIS COUNTY, TEXAS

Popular Annual Financial Report for the fiscal year ended February 29, 2012



A Report for the Citizens of
Harris County, Texas

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, 2011. 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 29, 2012. 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 2012 Harris County Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of approximately 220 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 2012 Comprehensive Annual Financial Report for all Harris County funds. The information in this report is unaudited, and not in accordance with generally accepted accounting principles due to the condensed and simplified presentation and absence of notes to the financial statements.

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

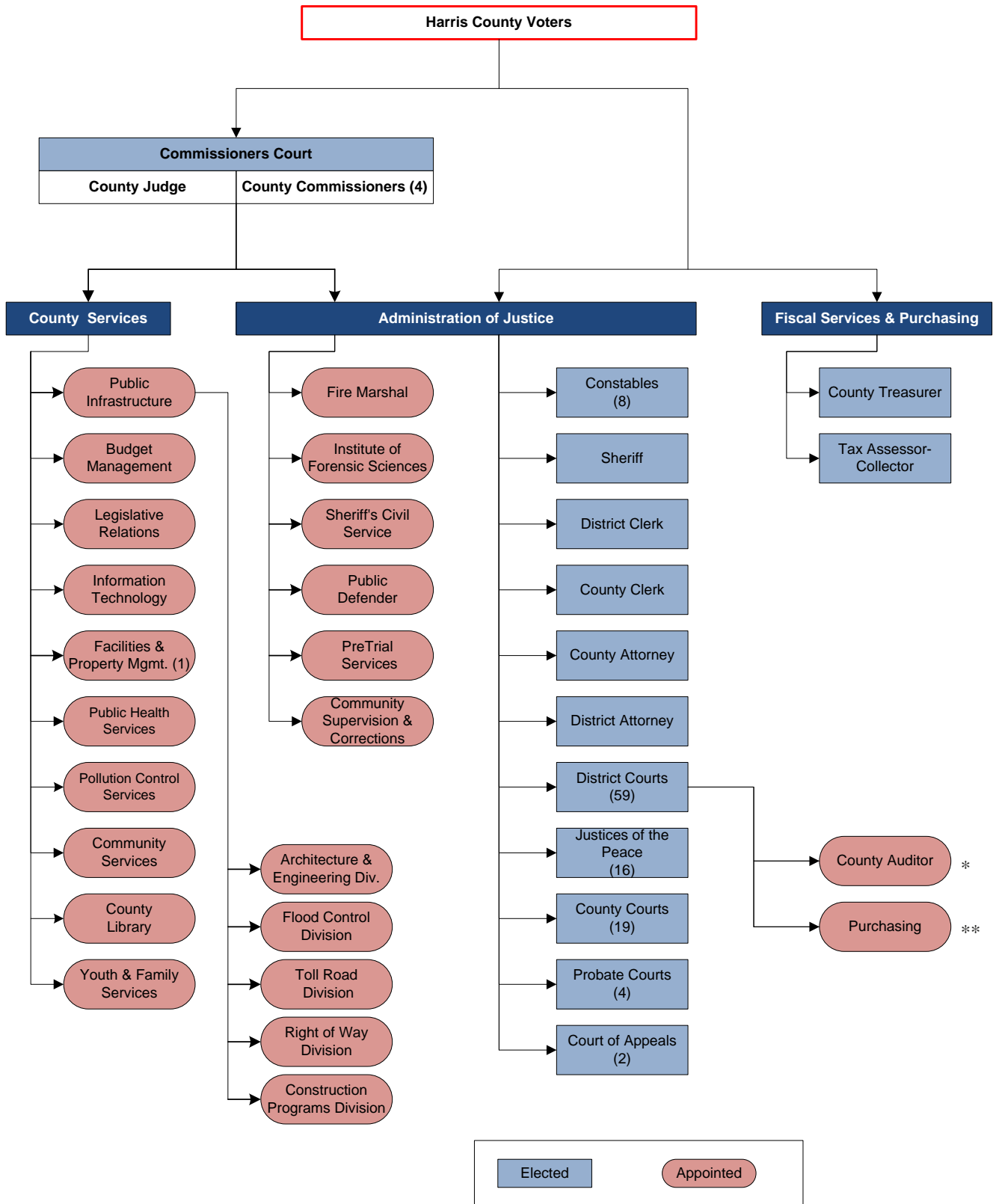
Sincerely,

A handwritten signature in blue ink that reads "Barbara J. Schott".

Barbara J. Schott, CPA
Harris County Auditor

Harris County Organization Chart

3/01/12



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

* The County Auditor is appointed by the Board of District Judges.

** The Purchasing Agent is appointed by the Purchasing Board which is composed of three judges of the District Courts and two members of Commissioners Court.

Organization

Harris County had 14,583 employees at February 29, 2012. Administration of Justice, which includes law enforcement and the courts, accounts for the majority of employees. Twenty percent of County employees work in County Administration and 9 percent in Health and Human Services. The number of employees by function is displayed in the table below.



**Popular 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
- Auditor's Office Vendor Payment Search**
County Expenditure Payments to employees and vendors.
- County Financials**
County's Financial Statements and Reports
- Current Tax Rates**
Property and Hotel Occupancy Tax Rates Imposed by Harris County
- 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

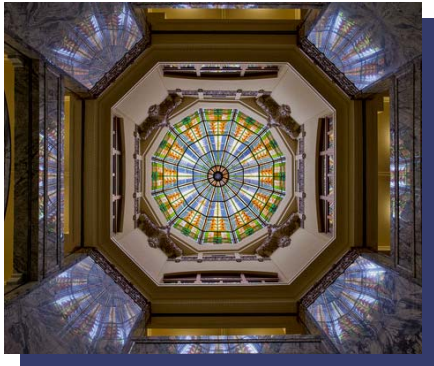
www.hctx.net

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.



Stained Glass Ceiling of 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 4.1 million residents. Harris County, the nation's third most populous, gained over 690,000 residents from the 2000 census to 2010.

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.
- 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.
- Friends of Countypets

Harris County, Texas Operating Indicators—Fiscal Year 2011

Administration of Justice

9,290 cases investigated by the Medical Examiners Office

515,539 filings with the Justice of the Peace Courts

108,327 new cases filed with the County Courts

165,311 cases filed with the District Courts

County Administration

265,887,822 annual traffic on Harris County websites

561,177 real property filings

Health & Human Services

17,728 food inspections performed by PHES Dept.

Library program attendance of 432,987

Parks

151 active parks

Road & Bridges

6,425 road miles

676 toll road lane miles

34 bridge miles

Tax Administration

1,546,433 tax account statements

1,852,463 voter registrations

Source: Reported by County Departments



Texas Comptroller
Leadership Circle
Gold Member



For the third year in a row, 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.

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 be an independent and progressive organization recognized for professionalism in carrying out the County Auditor's statutory duties and responsibilities.

Vision

Create and maintain an environment of sound fiscal management and efficient financial operations at all levels of county government, while providing support to Commissioners Court, County Officials, Department Heads, and the public with the highest level of integrity and financial stewardship.

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, Accounts Receivable, and Grants Accounting, Revenue 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 Port Function and Continuous Audit. 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.



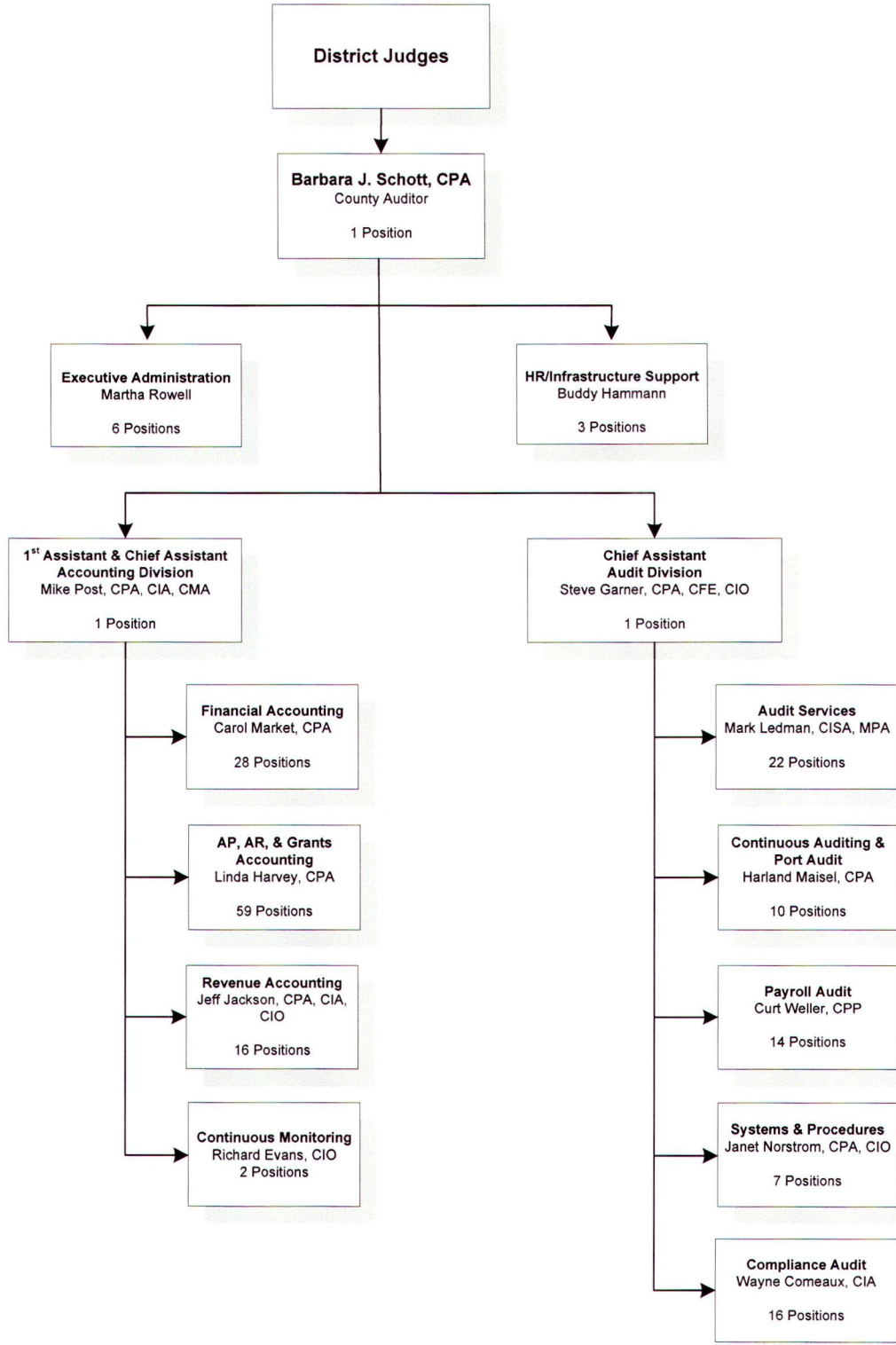
Steve Garner
Audit Division Chief



Harris County Auditor's Office

ORGANIZATION CHART

8/12



TOTALS: Executive Accounting Audit = 186
 10 106 70

(Funded Positions = 170)

Economic Outlook for Harris County

The Houston—Sugar Land—Baytown Metropolitan Statistical Area is the fifth largest metropolitan area in the United States with an estimated 139,000 residents added between April 1, 2010 and July 2, 2011. It continues to have the fastest job growth rate of the nation's major metropolitan areas. For the 12 months ending March 2012, the Houston – Sugar Land – Baytown Metropolitan Area added 82,300 jobs. Trade, transportation, oil and gas, and utilities experienced significant job growth, while government and construction experienced job losses.

The Houston Association of Realtors reported a 9.6 percent increase in single family home sales in April 2012 compared with April 2011. In April 2012, the average sales price for a single-family home was \$223,328 which was 11.2 percent higher than in April 2011. The median price was \$160,120, up 8.2% from April 2011. Sales of foreclosed properties decreased 10.1 percent in April compared with one year earlier.

Catalysts for growth in Harris County, the Port of Houston and the Houston Ship Channel are vibrant components of the regional economy. The Port of Houston is a 25-mile assembly of public and private facilities along the Houston Ship Channel. The Port is ranked first in the United States in foreign waterborne tonnage; first in U.S. imports; second in U.S. export tonnage and second in the U.S. in total tonnage.

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



Houston Ship Channel

In addition to the County's moderate climate and diverse economic base, it offers a modern and efficient infrastructure for people working and doing business in the County. This includes local government that encourages business development, high capacity freeways, major rail lines, and state of the art telecommunication services. George Bush Intercontinental Airport, located approximately 23 miles north of downtown Houston, is the seventh busiest airport in the U.S. for international passengers and the 12th largest international air cargo gateway.

As of the 2010 U.S. Census, Harris County had a population of 4.1 million, making it the most populous county in Texas and the third most populous county in the United States, ranking behind Los Angeles County, California and Cook County, Illinois. Twenty-five companies on the 2012 *Fortune 500* list are headquartered in the Houston—Sugarland—Baytown Metropolitan Statistical Area. Only two metropolitan statistical areas have more *Fortune 500* headquarters, New York with 67 and Chicago with 29.

2011 Top 10 Corporate Employers in Harris County

1. Exxon Mobil	11,000
2. Shell Oil Company	10,750
3. National Oilwell Varco Inc.	8,000
4. Chevron Companies	7,000
5. JP Morgan Chase	6,750
6. Jacobs Technology	6,500
7. Halliburton	6,200
8. Centerpoint Energy	4,776
9. KBR Incorporated	4,557
10. ConocoPhillips Walgreens	3,750 3,750

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 third quarter 2011 ACCRA Cost of Living Index shows that Houston's overall after-taxes living costs are 10.6 percent below the national average, largely due to housing costs that are 19 percent below the average. Compared to 27 metropolitan areas with more than two million residents, Houston's housing costs were 36 percent below the average and Houston's overall living costs were 19.5 percent below the average.

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



Harris County Hospital District is the public health care system for the nation's third most populous county.

The County's major hospitals consistently rank among the nation's top institutions. Many of these facilities are located in the Texas Medical Center, a non-profit organization devoted to health education, research and patient care. Located just south of downtown Houston, the Texas Medical Center includes three medical schools, six nursing schools, two schools of pharmacy, and schools of dentistry and public health. The Texas Medical Center is at the forefront of research and treatment of cancer and heart disease.

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

Houston is home to a number of professional sports teams with state-of-the-art facilities. The Astros, Houston's Major League Baseball team, plays its home games at Minute Maid Park; the Texans of the National Football League make their home at Reliant Park; and the Rockets of the National Basketball Association and the Aeros of the American Hockey League share the Toyota Center. The Houston Dynamo soccer team plays its home games in the new BBVA Compass Stadium, which opened May 12, 2012. In addition, collegiate teams from the University of Houston, Rice University, Texas Southern University and Houston Baptist University compete in most major sports.



Houston Dynamo Soccer Team new BBVA Compass Stadium



Houston Texans Reliant Stadium

Financial Policies and Major Initiatives

Financial Policies

Some of the County's financial policies and strategies are:

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

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



Harris County Administration Building

Fair Market Value Harris County Cash and Investments*

	<u>2012</u>	<u>2011</u>
U.S. Agency Notes	\$ 929,963,432	\$1,215,355,576
Commercial Paper	518,126,287	586,568,579
Money Market Mutual Funds	663,503,688	427,362,245
Local Governments	272,112,202	189,221,255
Demand and Time Deposits	<u>496,304,495</u>	<u>332,829,412</u>
Total Cash and Investments	<u>\$2,880,010,104</u>	<u>\$2,751,337,067</u>

*This schedule includes Fiduciary Funds

Major Initiatives

Flood Control District - The District has \$193.5 million available to fund capital projects along with an additional \$200 million in borrowing capacity to fund construction projects and land acquisition over the next few years. Projects include using FEMA grants for County-wide buyouts, federal flood damage reduction projects, and tributary flood damage reduction projects. The District receives funding for its projects through a combination of bond funds, cost-sharing partnership arrangements with other entities, and commercial paper.

Toll Road Authority - The Authority continues to move forward on projects authorized by Commissioners Court including the Hardy Toll Road Downtown Connector, the widening of Sam Houston Tollway, managed lane projects on U.S. 290, and projects related to SH 249 and SH 288.

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

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

Harris County Facilities Major Projects

<u>Facility</u>	<u>Estimated Cost</u>
Replace 701 San Jacinto Elevator System	\$ 4,500,000
Repair Administration Building Concrete Façade	2,500,000
Replace Juvenile Justice Center Video System	2,500,000
Burnett Bayland Facility Replacement	2,000,000
Install Administration Building Sprinkler System	<u>1,500,000</u>
TOTAL	<u>\$13,000,000</u>



The 1910 Harris County Courthouse fully restored massive staircases



The view of the 1910 Harris County Courthouse newly restored rotunda

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 29, 2012 and February 28, 2011).

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 2012. 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.harriscountytexas.gov/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).

The CAFR distinguishes between Governmental Activities and Business-Type Activities. Governmental Activities are generally financed through taxes, intergovernmental revenues, fines, grants, etc. Business-Type Activities such as Harris County’s Toll Road Authority are financed by fees charged to external parties for goods or services. The Financial Position Statement

and the Financial Activity Statement included in the PAFR combine Governmental Activities and Business-Type Activities for reporting purposes.

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 2012, because the County was able to start rebuilding cash reserves and increases in the market value of investments.

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. Capital assets (net of depreciation) decreased during the year, due to a decline in the amount of capital items purchased and a reimbursement from TXDOT for a Toll Road project.

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>2012</u>	<u>2011</u>
Assets		
Cash	\$ 657,150,688	\$ 618,375,103
Investments	1,841,380,800	1,809,716,855
Receivables	294,432,063	272,199,231
Capital Assets	13,904,245,106	14,031,930,398
Other Assets	<u>145,860,175</u>	<u>103,596,261</u>
Total Assets	<u>16,843,068,832</u>	<u>16,835,817,848</u>
Liabilities		
Amounts Owed to Employees & Vendors	280,573,922	328,490,910
Other Current Liabilities	109,557,406	114,366,895
Long Term Liabilities	<u>6,055,805,595</u>	<u>6,030,505,127</u>
Total Liabilities	<u>6,445,936,923</u>	<u>6,473,362,932</u>
Total Assets over Total Liabilities	<u>\$10,397,131,909</u>	<u>\$10,362,454,916</u>

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 a liability associated with interest rate swaps, 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 Harris County bond's payable, increase in OPEB obligations, and a decline in the fair value of Toll Road's interest rate swaps.

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 \$10,397,131,909 for fiscal year 2012 and \$10,362,454,916 for fiscal year 2011. The resources received exceeded the cost of services rendered during fiscal year 2012, increasing net assets by \$34,676,993.

Capital Assets

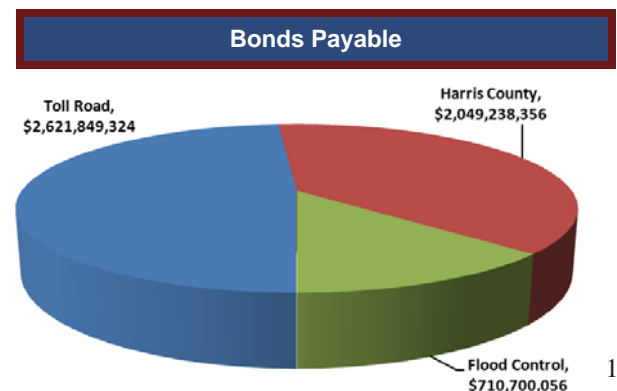
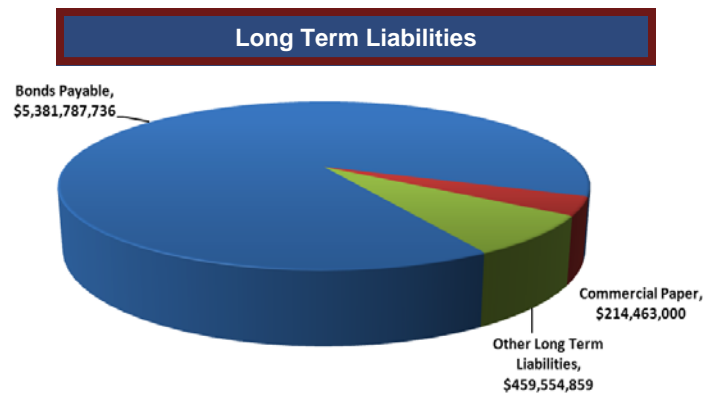
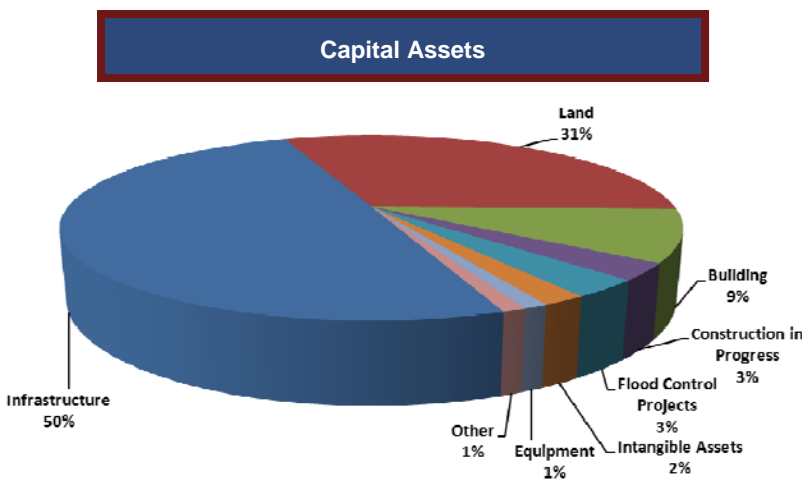
The County's capital assets include land, improvements, structures, park improvements and facilities, infrastructure, equipment, vehicles, machinery, other tangible and intangible assets, and construction in

progress. Major capital asset projects include the following:

- The County has several ongoing capital improvement projects, including renovations to the Administration Building and other buildings as well as improvements to County roads.
- The Flood Control District participated in ongoing flood damage reduction and mitigation projects in cooperation with the Federal Emergency Management Agency and the United States Army Corps of Engineers.
- The Harris County Toll Road Authority has several ongoing projects, including the Hardy Toll Road Downtown Connector and the Sam Houston Tollway North/East.

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.



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 \$1,203,392,926 were the largest revenue source for governmental activities and 48% of total revenues. The tax rate was \$.39117 per \$100 of assessed value for fiscal year 2012. The taxable value increased in fiscal year 2012 to \$276,716,398,000 from the taxable value in the prior fiscal year of \$273,032,156,000.

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 \$37.9 million from fiscal year 2011 to fiscal year 2012.

Intergovernmental Revenue and Other Contributions include grants, reimbursements or contributions to the County from other governmental agencies. Operating grants and contributions decreased

primarily due to a reduction in FEMA grants. Capital grants and contributions decreased from the prior year partially due to a decrease in insurance recoveries in the current year.

Investment Earnings include interest earned, realized and unrealized gains on County investments. The fair market value of investments and the amount of monies available to invest increased during the year which primarily accounts for the increase in investment earnings.

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

County Ad Valorem Tax Rates

<u>Purpose</u>	<u>2011</u>
Harris County	
Maintenance & Operation	\$0.33444
County Debt Service	0.03825
Road Bond Debt Service	0.01848
Toll Road Authority Tax	
Bond Debt Service	-0-
Total Harris County Tax Rate	<u>0.39117</u>
Harris County Flood Control District	0.02809
Port of Houston Authority	
Debt Service	0.01856
Harris County Hospital District	0.19216
Total County-Wide Ad Valorem Tax Rate	<u>\$0.62998</u>

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

Harris County Financial Activity Statement		
	<u>2012</u>	<u>2011</u>
Resources Received		
Taxes	\$1,203,392,926	\$1,150,989,577
Charges for Services	776,287,034	744,990,466
Intergovernmental Revenue	441,514,164	521,529,677
Investment Earnings	53,706,060	20,337,319
Miscellaneous	58,027,934	46,221,956
Total Resources Received	<u>2,532,928,118</u>	<u>2,484,068,995</u>
Services Rendered		
Administration of Justice	882,195,617	929,888,978
Parks	95,479,059	94,144,575
County Administration	308,346,182	326,161,689
Health & Human Services	191,252,690	199,517,570
Flood Control	92,793,032	99,304,877
Tax Administration	32,951,333	36,151,768
Roads & Bridges	390,219,554	387,325,558
Interest & Fiscal Charges	127,403,125	127,520,446
Toll Road	368,627,153	363,266,054
Other Business Type Activity	8,983,380	8,411,762
Total Services Rendered	<u>2,498,251,125</u>	<u>2,571,693,277</u>
Resources Received over Services Rendered	<u>\$ 34,676,993</u>	<u>\$ (87,624,282)</u>

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 decrease in expenses from fiscal year 2011 correlates to staffing levels being lower during fiscal year 2012.

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

County Administration expenses are incurred for administrative offices including Commissioners Court, Management Services, the Budget Office, Auditor's Office, County Treasurer, Purchasing, County Attorney, Information Technology Center and other administrative areas of the County. These expenses decreased \$17.8 million from the prior fiscal year primarily as a result of a reduction in personnel costs.

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.

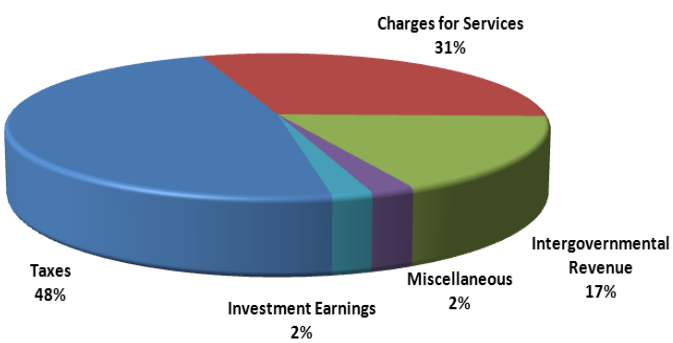
Roads and Bridges expenditures are the costs incurred to maintain County roads and bridges. The County owns and maintains over 6,000 miles of roads and bridges.

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

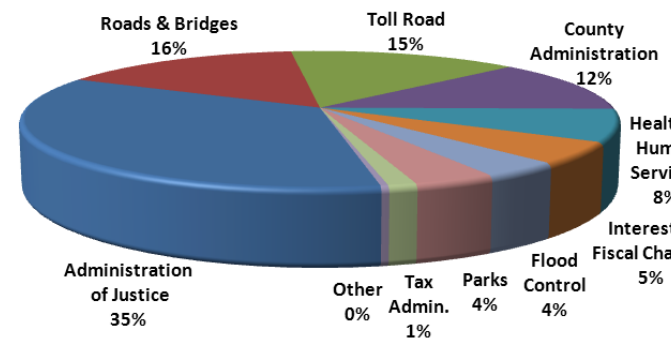
Toll Road expenses are the costs of operating the Harris County Toll Road Authority and maintaining the roads within the toll road system.

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

Resources By Source
Year Ended February 29, 2012

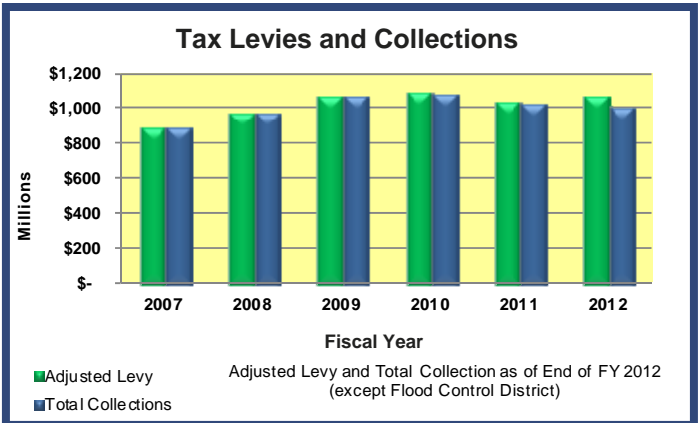
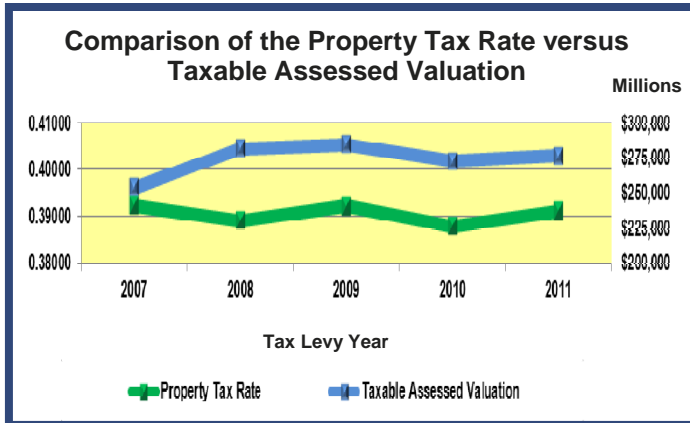


Expenses By Function
Year Ended February 29, 2012



Property Taxes

Property taxes are a large revenue source for governmental activities, and is 47% 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 2011 for the County per \$100 of taxable value are: \$0.33221 for the General Fund, \$0.00223 for the Public Improvement Contingency Fund, and \$0.05673 for debt service, for a total of \$0.39117 for Harris County excluding component units. The taxable assessed value was 276,716,398,000 at February 29, 2012.



Harris County, Texas 2012 Principal Property Tax Payers

Rank	Taxpayers	2011 Taxable Valuations (a) (amt. in thousands)	% of Total 2011 Taxable Valuation (b)
1	Exxon Mobil Corporation	\$ 2,835,690	1.02%
2	CenterPoint Energy, Inc.	2,393,467	0.86%
3	Shell Oil Company	2,319,116	0.84%
4	Chevron Chemical Company	1,531,505	0.55%
5	Hines Interests Ltd Partnership	1,180,205	0.43%
6	Hewlett Packard Company	1,118,454	0.40%
7	Crescent Real Estate	1,076,212	0.39%
8	National Oilwell Inc	1,053,525	0.38%
9	Equistar Chemicals LP	984,726	0.36%
10	Houston Refining	948,896	0.34%
11	Walmart	808,079	0.29%
12	AT&T Mobility LLC	780,563	0.28%
13	Lyondell Chemical	728,917	0.26%
14	Amoco Chemical Company	577,210	0.21%
15	Continental Airlines Inc. (c)	492,228	0.18%
		<u>\$18,828,793</u>	<u>6.79%</u>

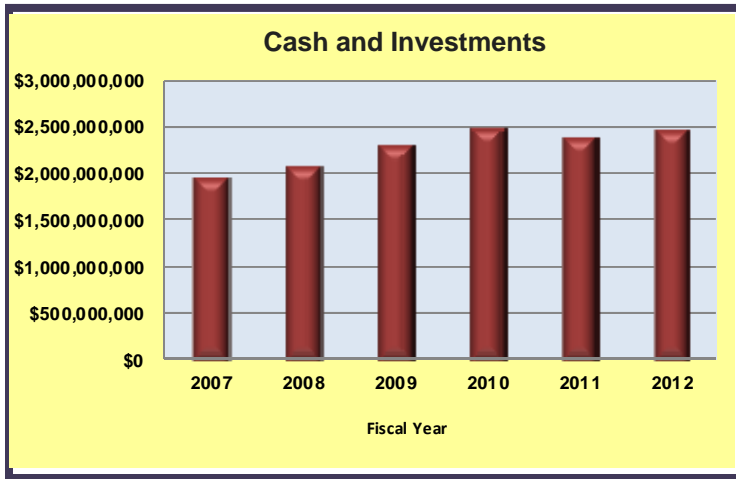
Source: Harris County Appraisal District
 (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
 (b) Based on the County's total taxable value as of February 29, 2012.
 (c) Continental Airlines Inc. is now a wholly-owned subsidiary of United Continental Holdings Inc.

Harris County, Texas 2012 Assessed Value Taxable Value By Type (Billions)

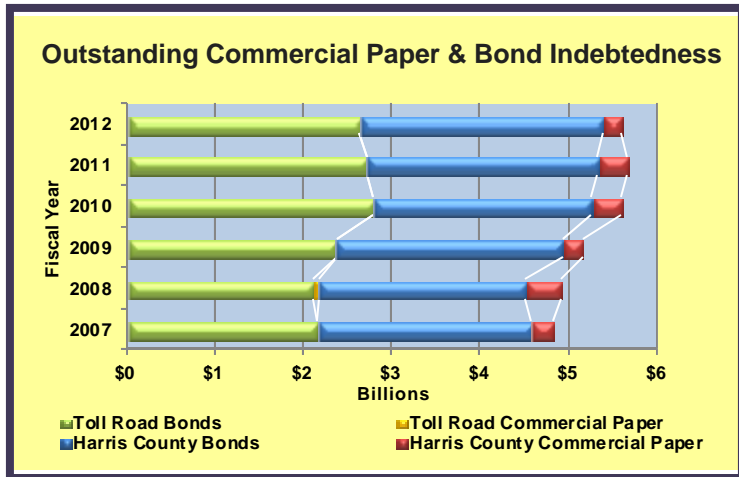
Rank	Taxable Type	2012 Total Taxable Assessed Value	% of Total
1	Residential & Rural Improved	\$117.586	42.49%
2	Commercial	63.246	22.85%
3	Commercial Personal	23.932	8.65%
4	Industrial Personal	24.120	8.72%
5	Apartments	18.401	6.65%
6	Industrial Real	15.653	5.66%
7	Vacant Land	8.926	3.23%
8	Utility	4.254	1.54%
9	Other	0.598	0.21%
		<u>\$276.716</u>	<u>100.00%</u>

Source: Harris County Appraisal Districts' Adjusted Certified Roll as of February 10, 2012.

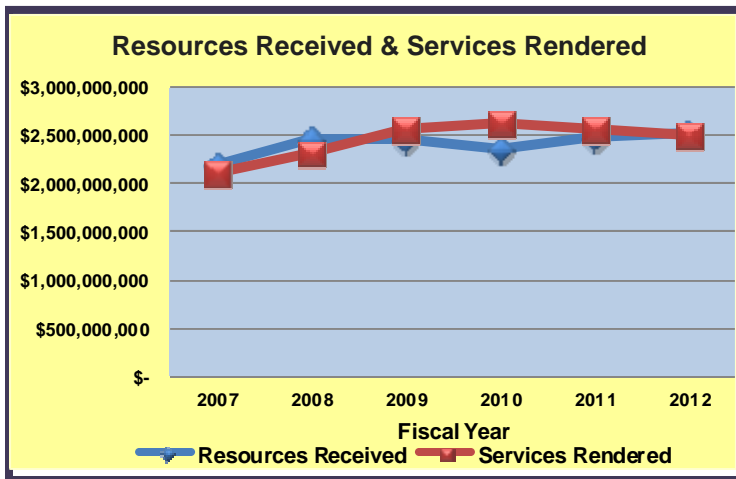
Government-wide Financial Trends



This 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.



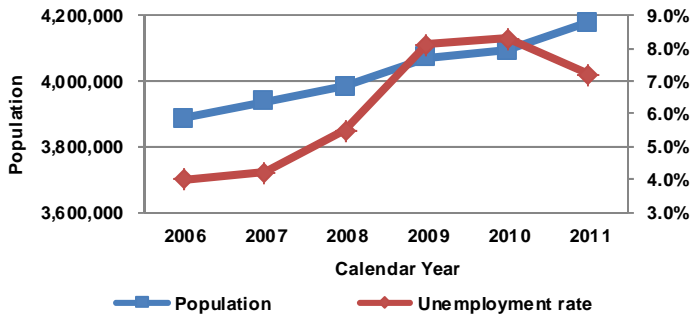
The County issues debt to finance an ongoing capital improvement program. Harris County Bonds also includes Flood Control bonds.



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.

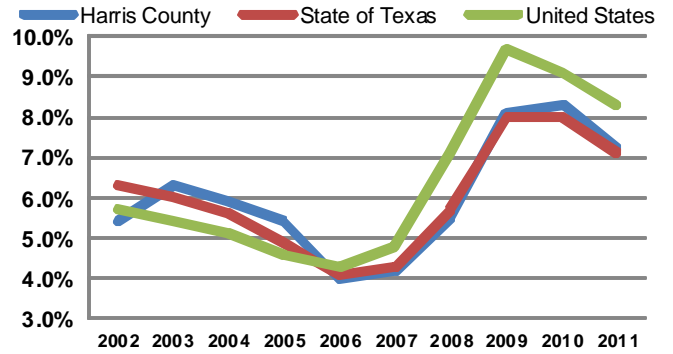
Demographics / Key Indicators

Harris County Population & Unemployment Rate



Source: Population - U.S. Census Bureau; Unemployment (LAUS) - Texas Workforce Commission

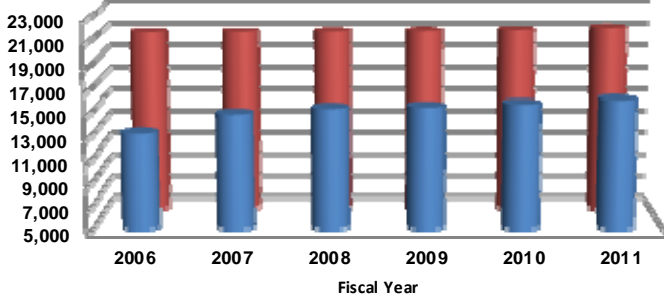
Unemployment Rates



SOURCE: Texas Workforce Commission - unadjusted as of December

Flood Control Sites by Acreage

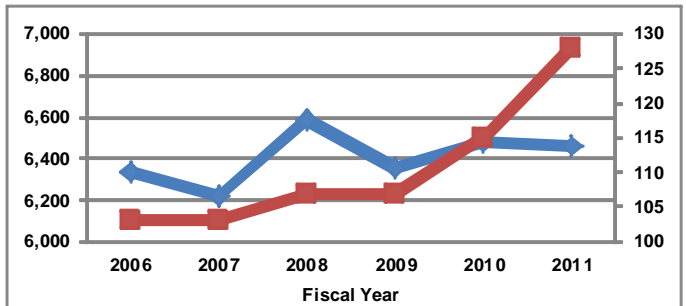
Includes easements and fee simple ownership.



Source: Reported by County Depts.

■ Basins ■ Channels

Road/Bridge Miles & Toll Road Miles

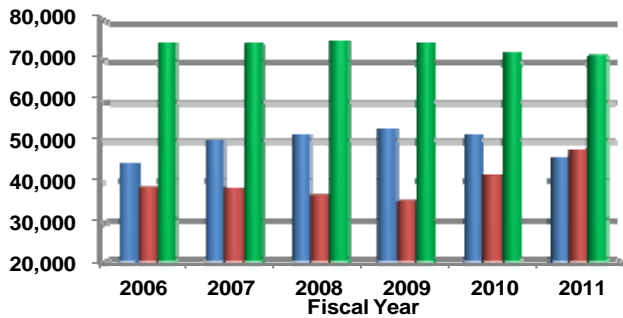


Source: Reported by County depts.

■ Road/Bridge Miles ■ Toll Road Miles



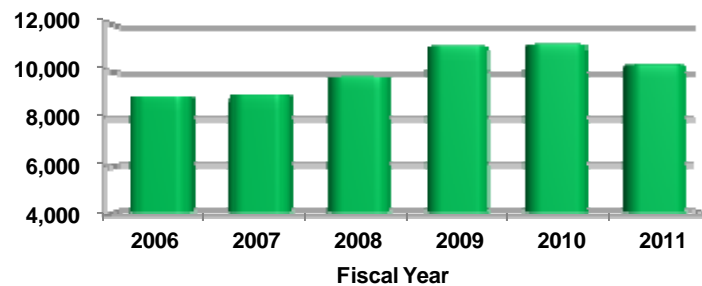
Cases Filed in District Court



Source: Reported by County Dept. Cases filed with District Clerk: Criminal Courts-Incoming cases include Appeals, Misdemeanor Indictments, Felony Indictments, Complaints, Motions to Revoke Probation and Motions to Adjudicate and order new trials; Civil Courts include Tax Cases; also includes bond forfeiture actions (as of 2011). Family & Juv. Courts—Include CPS and Delinquency Cases.

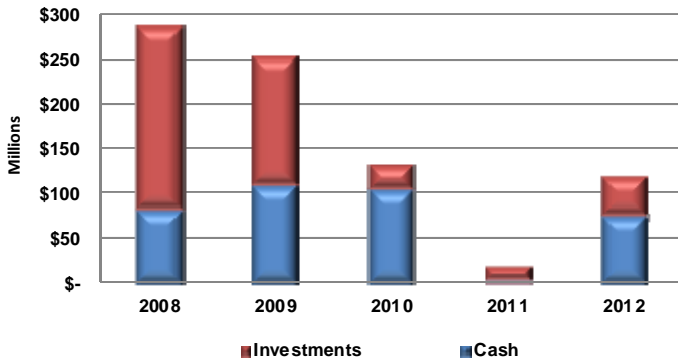
■ Criminal ■ Civil ■ Family/Juvenile

Jail Prisoners—Average Per Day

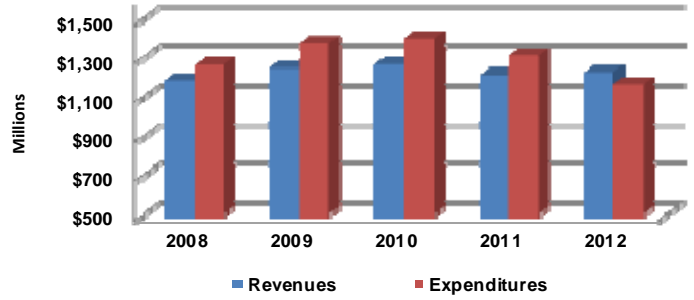


Source: Reported by County Sheriff's Dept.

General Fund 1000—Cash & Investment Comparison

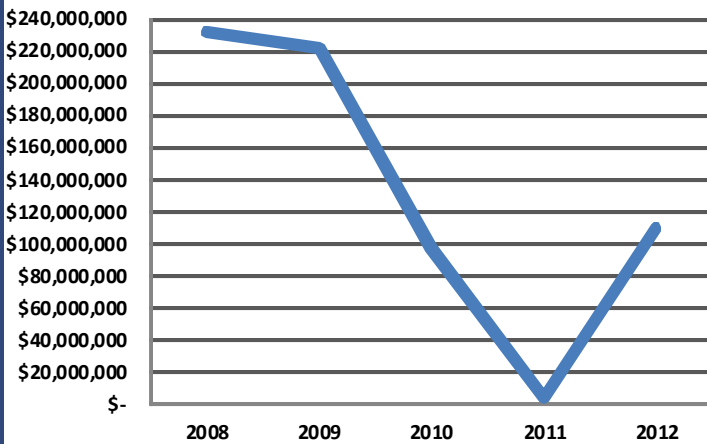


General Fund 1000 Revenue & Expenditure Comparison



Excludes other financing sources (uses).

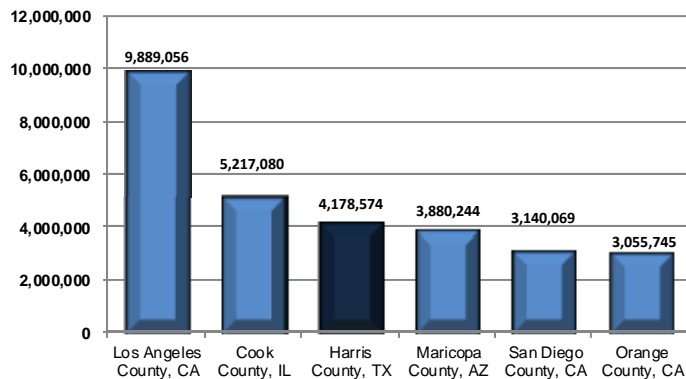
General Fund 1000—Historical Fund Balance



Prior to fiscal year 2010 the General Fund included monies that were restricted for mobility/connectivity.

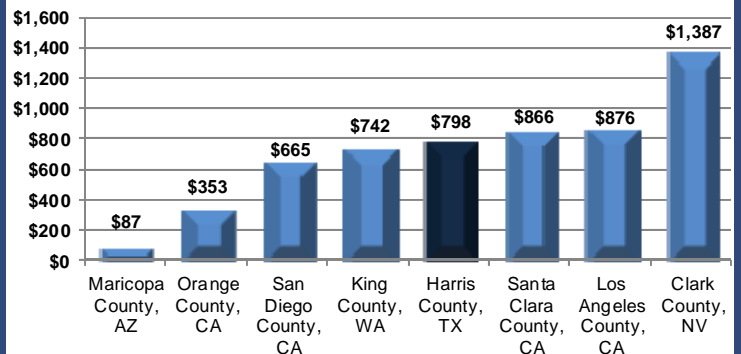


Harris County's Population is 3rd Largest in Nation



SOURCE: 2011 U.S. Census Bureau Reports

Governmental Activities Long Term Liabilities Per Capita (Person) Compared to Other Counties



SOURCE: Harris County Long Term Liabilities for Governmental Activities CAFR "Note 10" and the most current reported CAFR of each county

Harris County Elected Officials as of February 29, 2012

Commissioner's Court

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

Sheriff

Garcia, Adrian

District Attorney

Lykos, Pat

County Attorney

Ryan, Vince

Tax Assessor/Collector

Sumners, Don

District Clerk

Daniel, Chris

County Clerk

Stanart, Stan

County Treasurer

Sanchez, Orlando

Justices of the Peace

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

Constables

Precinct 1	Berry, Kenneth W.
Precinct 2	Freeman, Gary L.
Precinct 3	Jones, Ken
Precinct 4	Hickman, Ron
Precinct 5	Camus, Phil
Precinct 6	Trevino, Victor
Precinct 7	Walker, May
Precinct 8	Sandlin, Phil

District Judges - Civil Courts

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

District Judges - Criminal Courts

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

Harris County Elected Officials (cont'd.)

District Judges - Family Courts

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

District Judges - Juvenile Courts

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

County Courts - Civil

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

County Courts - Criminal

Court at Law No. 1	Goodhart, Paula
Court at Law No. 2	Harmon, Bill
Court at Law No. 3	Fleming, Natalie C.
Court at Law No. 4	Clinton, John
Court at Law No. 5	Harris, Margaret
Court at Law No. 6	Standley, Larry
Court at Law No. 7	Derbyshire, Pam
Court at Law No. 8	Karahan, Jay
Court at Law No. 9	Wilkerson, Analia
Court at Law No. 10	Ross, Sherman
Court at Law No. 11	Bull, Diane
Court at Law No. 12	Brown, Robin
Court at Law No. 13	Smyth, Don
Court at Law No. 14	Fields, Michael R.
Court at Law No. 15	Hughes, Jean Sprading

Probate Courts

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

Court of Appeals

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

SELECTED APPOINTED OFFICIALS

Admin. Offices of The District Courts	Bowman, Clay
County Criminal Courts at Law Mgm't	Wells, Ed
Information Technology Center	High, Bruce
Children's Assessment Center	Stolte, Elaine
Protective Services for Children and Adults	Ford, George
Texas AgriLife Extension-Harris County	Williams-Willis, Linda
County Auditor	Schott, Barbara J.
County Library	Goldberg, Rhoda
Pre Trial Services	Oeller, Carol
Domestic Relations	Simpson, David W.
Greater Harris Co. 9-1-1 Emergency Network	Rau, Russell
Fire and Emergency Services	Montgomery, Michael S.
Community Services Department	Turkel, David B.
Juvenile Probation	Brooks, Tom
Management Services	Jackson, William J.
Institute of Forensic Sciences (ME)	Sanchez, Luis A. MD
Public Health & Environmental Services	Palacio, Herminia MD
Public Infrastructure Department	Storey, Arthur L., Jr
Purchasing	Johnson, Kelly E.
Sheriff Civil Services	Mims, William H. Jr.





HARRIS COUNTY, TEXAS

Information Sources

The following sources were used to compile this report:

Greater Houston Partnership
Harris County Toll Road Authority
Harris County Flood Control District
Houston Association of Realtors
Metropolitan Transit Authority
Port of Houston Authority
Handbook of Texas Online

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