



Japanese Gardens

An oasis of serenity at the edge of the Texas Medical Center, the beautiful Japanese Gardens are a gift to Houston from the people of Japan. Houston's mild climate and gentle winter make it possible for outdoor enthusiasts to enjoy recreational activities at the City's parks and plazas throughout the year.



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Independent Auditors' Report

To the Mayor, City Council, and City Controller:

We have audited the accompanying general purpose financial statements of the City of Houston, Texas (the City) as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund and the Police Officers' Pension Trust Fund, blended component units of the City, which, in aggregate, reflect 99.6% of total assets of the Fiduciary Fund Type and 100% of the total additions of the Pension Trust Funds. In addition, we did not audit the financial statements of the Cultural Arts Council of Houston, the Greater Greenspoint Redevelopment Authority, the Houston Convention Center Hotel Corporation, the Houston Parks Board, the Main Street Market Square Development Authority, the Memorial-Heights Redevelopment Authority, the Midtown Redevelopment Authority, the OST/Almeda Corridors Redevelopment Authority, and the Uptown Development Authority, discretely presented component units of the City, which in aggregate reflect 90% of total assets and 73.8% of total revenues and other financing sources of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component units and the discrete component units listed above is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Houston, Texas, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2001, on our consideration of the City of Houston, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Required Pension System Supplementary Information, listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The auditors of the Pension System did not audit this information and accordingly, expressed no opinion on it.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Houston, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In addition, the information in the introductory and statistical sections, as listed in the accompanying table of contents, has not been audited by us and, accordingly, we express no opinion on such data.

KPMG LLP

November 30, 2001, except as to
notes 18 (e) and (f), which are
as of December 17, 2001

CITY OF HOUSTON, TEXAS



General Purpose Financial Statements

(Combined Statements - Overview)

Including Notes to the Financial Statements

These statements provide an overview of the financial position and the operating results of all fund types and account groups. They also serve as an introduction to the more detailed statements and schedules.

The various funds are reported in the financial statements by generic fund type within three broad fund categories and two account groups as follows:

Governmental Funds — All government funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Funds — All proprietary funds are accounted for on a cost for services or “economic resources” measurement focus. This means that all assets and liabilities (whether current or non-current) associated with these activities are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements are presented on the full accrual basis of accounting.

Fiduciary Funds — Trust and Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for private organizations, other governments, and/or other funds. Each trust is classified for accounting measurement purposes as either a governmental fund or a proprietary fund. Expendable trust funds are accounted for in the same manner as governmental funds. Nonexpendable trust funds and pension trust funds are accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Account Groups — The General Fixed Assets Account Group is used to maintain cost information on capital assets owned by the City which are not accounted for in the Proprietary Funds. General Long-Term Debt Account Group is used to account for unmatured long-term indebtedness, including unfunded liabilities for compensated absences, of the governmental funds.

CITY OF HOUSTON, TEXAS
**COMBINED BALANCE SHEET — ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS**
June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Assets and other debits						
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	26,250	70,788	90,928	81,772	100,506	7,268
Investments	-	-	-	-	-	-
Receivables, net of allowances						
Accounts and notes	15,531	122,137	567	852	76,921	1
Property taxes, net	68,302	-	-	-	-	-
Other taxes	98,616	-	-	-	11,818	-
Special assessments	35,176	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-
Due from other funds	28,369	28,566	-	587	12,503	663
Due from primary government	-	-	-	-	-	-
Due from other governments	-	23,593	-	-	12	-
Due from component units	-	-	-	-	310,550	-
Inventory	-	2,167	-	-	13,034	-
Prepaid items	1,440	-	-	-	-	-
Restricted assets						
Investments	-	-	-	-	2,116,971	-
Receivables and deposits	-	-	-	-	26,495	-
Other assets	-	-	-	-	230,278	-
Property, plant and equipment, net	-	-	-	-	5,661,285	-
Other debits						
Amount available for debt service	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total assets and other debits	<u>\$ 273,684</u>	<u>\$ 247,251</u>	<u>\$ 91,495</u>	<u>\$ 83,211</u>	<u>\$ 8,560,373</u>	<u>\$ 7,932</u>

Fiduciary Fund Types	Account Groups		(Memorandum Only)	Discretely Presented Component Units	(Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Debt		Total Primary Government	Totals - Reporting Entity
					2001	2000
\$ 6,679	\$ -	\$ -	\$ 6,679	\$ 12,721	\$ 19,400	\$ 26,390
20,001	-	-	397,513	-	397,513	432,700
5,752,333	-	-	5,752,333	51,196	5,803,529	5,826,072
40,583	-	-	256,592	18,846	275,438	315,916
-	-	-	68,302	-	68,302	65,376
-	-	-	110,434	-	110,434	103,850
-	-	-	35,176	-	35,176	34,205
34,298	-	-	34,298	-	34,298	60,393
-	-	-	70,688	-	70,688	52,579
-	-	-	-	292,496	292,496	-
630	-	-	24,235	225	24,460	11,414
-	-	-	310,550	-	310,550	-
-	-	-	15,201	-	15,201	17,136
-	-	-	1,440	-	1,440	1,391
-	-	-	2,116,971	732	2,117,703	1,123,335
-	-	-	26,495	-	26,495	13,203
34,475	-	-	264,753	5,177	269,930	273,585
9,524	1,647,484	-	7,318,293	38,341	7,356,634	6,801,473
-	-	89,603	89,603	2,062	91,665	86,373
-	-	2,227,584	2,227,584	11,993	2,239,577	2,187,175
<u>\$ 5,898,523</u>	<u>\$ 1,647,484</u>	<u>\$ 2,317,187</u>	<u>\$ 19,127,140</u>	<u>\$ 433,789</u>	<u>\$ 19,560,929</u>	<u>\$ 17,432,566</u>

(Continued)

CITY OF HOUSTON, TEXAS
COMBINED BALANCE SHEET — ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS - Continued
June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
Liabilities, equity and other credits						
Liabilities						
Accounts payable	\$ 31,929	\$ 6,072	\$ 569	\$ 7,651	\$ 15,749	\$ 54
Accrued payroll liabilities	14,119	1,993	-	-	3,980	66
Accrued interest payable	-	-	1,323	-	894	-
Contracts and retainages payable	-	65,289	-	6,609	14,779	-
Due to other funds	8,903	14,064	-	10,439	33,188	68
Due to primary government	-	-	-	-	-	-
Due to component units	-	-	-	-	292,496	-
Due to other governments	3,976	-	-	492	1,584	-
Advances and deposits	4,255	826	-	127	2,114	-
Claims and judgments	3,677	-	-	-	10,709	4,994
Compensated absences	5,448	-	-	-	31,049	84
Other liabilities - current	-	215	-	-	-	-
Deferred revenue	110,377	127,644	-	-	-	-
Payable from restricted assets	-	-	-	-	289,729	-
General tax obligation debt	-	-	-	-	-	-
Revenue bonds payable	-	-	-	-	5,203,282	-
Long term obligations	-	-	-	-	259,533	-
Commercial paper	-	-	-	-	300,000	-
Arbitrage rebate payable	-	-	-	-	11,893	-
Other liabilities — non-current	-	-	-	-	3,175	993
Total liabilities	<u>182,684</u>	<u>216,103</u>	<u>1,892</u>	<u>25,318</u>	<u>6,474,154</u>	<u>6,259</u>
Equity and other credits						
Investment in general fixed assets	-	-	-	-	-	-
Contributed capital	-	-	-	-	1,160,565	-
Retained earnings						
Reserved	-	-	-	-	480,249	-
Unreserved	-	-	-	-	445,405	1,673
Fund equity						
Reserved fund balance	9,518	2,167	89,603	1,476	-	-
Reserved for pension benefits	-	-	-	-	-	-
Unreserved fund balance						
Designated	2,073	-	-	56,417	-	-
Undesignated	79,409	28,981	-	-	-	-
Total equity and other credits	<u>91,000</u>	<u>31,148</u>	<u>89,603</u>	<u>57,893</u>	<u>2,086,219</u>	<u>1,673</u>
Total liabilities, equity and other credits	<u>\$ 273,684</u>	<u>\$ 247,251</u>	<u>\$ 91,495</u>	<u>\$ 83,211</u>	<u>\$ 8,560,373</u>	<u>\$ 7,932</u>

* The notes to the general purpose financial statements are an integral part of this statement *

Fiduciary Fund Types	Account Groups		(Memorandum Only)	Discretely Presented Component Units	(Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Debt		Total Primary Government	Totals - Reporting Entity
					2001	2000
\$ 87,670	\$ -	\$ -	\$ 149,694	\$ 15,078	\$ 164,772	\$ 263,978
-	-	-	20,158	695	20,853	18,600
-	-	-	2,217	-	2,217	1,818
-	-	-	86,677	-	86,677	101,960
13	-	-	66,675	-	66,675	49,195
-	-	-	-	310,550	310,550	-
-	-	-	292,496	-	292,496	-
-	-	-	6,052	-	6,052	10,641
130	-	-	7,452	-	7,452	9,232
-	-	71,044	90,424	-	90,424	90,116
-	-	362,780	399,361	-	399,361	392,755
527,890	-	-	528,105	-	528,105	297,194
-	-	-	238,021	13,292	251,313	206,555
-	-	-	289,729	-	289,729	276,825
-	-	1,492,640	1,492,640	-	1,492,640	1,409,224
-	-	-	5,203,282	-	5,203,282	3,784,739
-	-	-	259,533	15,486	275,019	277,510
-	-	376,300	676,300	-	676,300	764,000
-	-	-	11,893	-	11,893	-
-	-	14,423	18,591	24,445	43,036	24,639
615,703	-	2,317,187	9,839,300	379,546	10,218,846	7,978,981
-	1,647,484	-	1,647,484	3,316	1,650,800	1,480,983
-	-	-	1,160,565	-	1,160,565	1,195,297
-	-	-	480,249	-	480,249	420,065
-	-	-	447,078	-	447,078	555,587
-	-	-	102,764	16,297	119,061	123,251
5,276,783	-	-	5,276,783	-	5,276,783	5,484,940
6,037	-	-	64,527	7,696	72,223	68,049
-	-	-	108,390	26,934	135,324	125,413
5,282,820	1,647,484	-	9,287,841	54,243	9,342,084	9,453,585
<u>\$ 5,898,523</u>	<u>\$ 1,647,484</u>	<u>\$ 2,317,187</u>	<u>\$ 19,127,140</u>	<u>\$ 433,789</u>	<u>\$ 19,560,929</u>	<u>\$ 17,432,566</u>

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units
For the Year Ended June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes and assessments	\$ 1,102,177	\$ -	\$ -	\$ -
Licenses and permits	12,581	19,025	-	-
Charges for services	104,360	23,804	-	-
Intergovernmental - grants	698	167,911	-	7,160
Fines and forfeits	43,035	-	-	-
Contributions	-	-	-	-
Investment income	11,548	3,422	8,015	5,510
Other	10,691	20,772	3,129	288
Total revenues	1,285,090	234,934	11,144	12,958
Expenditures				
Current				
General government	93,754	1,525	-	-
Public safety	652,764	31,880	-	-
Public works	148,598	73,159	-	-
Health	55,793	64	-	-
Parks and recreation	55,196	7,546	-	-
Library	36,240	-	-	-
Retiree benefits	11,675	-	-	-
Other current expenditures	36,079	64,693	-	-
Capital outlay	50,299	8,147	-	150,622
Intergovernmental - grants	-	137,767	-	-
Debt service	-	-	212,066	-
Total expenditures	1,140,398	324,781	212,066	150,622
Excess (deficiency) of revenues over expenditures	144,692	(89,847)	(200,922)	(137,664)
Other financing sources (uses)				
Net proceeds from the issuance of debt	45,000	-	209,683	112,026
Operating transfers in	757	92,501	204,063	24,687
Operating transfers from primary government	-	-	-	-
Operating transfers out	(188,672)	(3,755)	-	-
Transfers to fiscal agents	-	-	(209,594)	-
Total other financing sources (uses)	(142,915)	88,746	204,152	136,713
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,777	(1,101)	3,230	(951)
Fund balances, July 1	83,624	37,848	86,373	58,844
Residual equity transfers	5,599	(5,599)	-	-
Fund balances, June 30	\$ 91,000	\$ 31,148	\$ 89,603	\$ 57,893

* The notes to the general purpose financial statements are an integral part of this statement *

Fiduciary Fund Type	(Memorandum Only) Total	Discretely Presented Component Units	(Memorandum Only)	
			Totals - Reporting Entity	
			2001	2000
Expendable Trusts	Primary Government			
\$ -	\$ 1,102,177	\$ 9,879	\$ 1,112,056	\$ 1,028,344
-	31,606	-	31,606	30,621
-	128,164	703	128,867	127,305
-	175,769	2,083	177,852	156,852
-	43,035	-	43,035	43,977
2,092	2,092	5,194	7,286	13,226
1,052	29,547	2,036	31,583	20,283
1,992	36,872	6,994	43,866	29,755
5,136	1,549,262	26,889	1,576,151	1,450,363
3,521	98,800	25,985	124,785	101,179
-	684,644	-	684,644	672,737
-	221,757	-	221,757	219,300
-	55,857	-	55,857	56,547
-	62,742	-	62,742	61,778
-	36,240	-	36,240	35,758
-	11,675	-	11,675	9,597
-	100,772	-	100,772	55,231
-	209,068	6,940	216,008	188,521
-	137,767	9,001	146,768	119,258
-	212,066	899	212,965	199,347
3,521	1,831,388	42,825	1,874,213	1,719,254
1,615	(282,126)	(15,936)	(298,062)	(268,891)
-	366,709	13,741	380,450	176,012
-	322,008	-	322,008	230,087
-	-	8,338	8,338	7,750
-	(192,427)	-	(192,427)	(172,776)
-	(209,594)	-	(209,594)	-
-	286,696	22,079	308,775	241,073
1,615	4,570	6,143	10,713	(27,818)
4,422	271,111	44,784	315,895	344,530
-	-	-	-	-
\$ 6,037	\$ 275,681	\$ 50,927	\$ 326,608	\$ 316,712

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
General, Special Revenue, and Debt Service Funds
For the Year Ended June 30, 2001
amounts expressed in thousands

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes and assessments	\$ 1,085,473	\$ 1,102,177	\$ 16,704
Licenses and permits	13,513	12,581	(932)
Charges for services	119,151	104,360	(14,791)
Intergovernmental - Grants	1,652	698	(954)
Fines and forfeits	44,810	43,035	(1,775)
Investment income (loss)	6,168	11,548	5,380
Other	15,416	10,691	(4,725)
Total revenues	1,286,183	1,285,090	(1,093)
Expenditures			
Current			
General government	99,934	93,754	6,180
Public safety	660,254	652,764	7,490
Public works	153,171	148,598	4,573
Health	56,422	55,793	629
Parks and recreation	55,157	55,196	(39)
Library	37,109	36,240	869
Retiree benefits	10,246	11,675	(1,429)
Other current expenditures	31,586	36,079	(4,493)
Capital outlay	41,473	50,299	(8,826)
Debt service	-	-	-
Total expenditures	1,145,352	1,140,398	4,954
Excess (deficiency) of revenues over expenditures	140,831	144,692	3,861
Other financing sources (uses)			
Proceeds from the issuance of debt	45,000	45,000	-
Operating transfers in	1,932	757	(1,175)
Operating transfers out	(188,672)	(188,672)	-
Total other financing sources (uses)	(141,740)	(142,915)	(1,175)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(909)	1,777	2,686
Fund balances, July 1	83,624	83,624	-
Residual equity transfers	-	5,599	5,599
Fund balances, June 30	\$ 82,715	\$ 91,000	\$ 8,285

*The notes to the general purpose financial statements are an integral part of this statement *

Budgeted Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,237	19,025	1,788	-	-	-
25,829	23,804	(2,025)	-	-	-
21,671	21,564	(107)	-	-	-
-	-	-	-	-	-
1,511	2,390	879	3,290	8,015	4,725
2,812	2,143	(669)	4,796	3,129	(1,667)
<u>69,060</u>	<u>68,926</u>	<u>(134)</u>	<u>8,086</u>	<u>11,144</u>	<u>3,058</u>
4,505	3,824	681	-	-	-
34,622	29,581	5,041	-	-	-
83,332	73,159	10,173	-	-	-
-	-	-	-	-	-
8,260	7,546	714	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,457	7,749	3,708	-	-	-
-	-	-	214,527	212,066	2,461
<u>142,176</u>	<u>121,859</u>	<u>20,317</u>	<u>214,527</u>	<u>212,066</u>	<u>2,461</u>
<u>(73,116)</u>	<u>(52,933)</u>	<u>20,183</u>	<u>(206,441)</u>	<u>(200,922)</u>	<u>5,519</u>
-	-	-	-	209,683	209,683
50,646	52,214	1,568	201,459	204,063	2,604
(3,634)	(3,345)	289	-	(209,594)	(209,594)
<u>47,012</u>	<u>48,869</u>	<u>1,857</u>	<u>201,459</u>	<u>204,152</u>	<u>2,693</u>
(26,104)	(4,064)	22,040	(4,982)	3,230	8,212
33,931	33,931	-	81,937	86,373	4,436
-	(5,599)	(5,599)	-	-	-
<u>\$ 7,827</u>	<u>\$ 24,268</u>	<u>\$ 16,441</u>	<u>\$ 76,955</u>	<u>\$ 89,603</u>	<u>\$ 12,648</u>

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
All Proprietary Fund Types
For the Year Ended June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Proprietary Fund Types		(Memorandum Only)	
	Internal		Totals	
	Enterprise	Service	2001	2000
Operating revenues				
Charges for services	\$ 786,935	\$ 114,901	\$ 901,836	\$ 897,038
Total operating revenues	<u>786,935</u>	<u>114,901</u>	<u>901,836</u>	<u>897,038</u>
Operating expenses				
Maintenance and operating	391,528	-	391,528	358,586
Administrative costs	-	2,548	2,548	2,308
Claims costs	-	112,575	112,575	105,626
Depreciation and amortization	315,725	-	315,725	265,920
Bad debt expense	-	-	-	1,000
Total operating expenses	<u>707,253</u>	<u>115,123</u>	<u>822,376</u>	<u>733,440</u>
Operating income (loss)	<u>79,682</u>	<u>(222)</u>	<u>79,460</u>	<u>163,598</u>
Nonoperating revenues (expenses)				
Investment income (loss)	133,606	1,143	134,749	61,306
Other revenues	69,652	-	69,652	63,546
Loss on disposal of assets	(3,493)	-	(3,493)	(4,119)
Other expenses	(24,565)	-	(24,565)	(10,974)
Interest expense	(238,158)	-	(238,158)	(216,136)
Total nonoperating revenues (expenses)	<u>(62,958)</u>	<u>1,143</u>	<u>(61,815)</u>	<u>(106,377)</u>
Income before operating transfers	<u>16,724</u>	<u>921</u>	<u>17,645</u>	<u>57,221</u>
Contributions	37,467	-	37,467	19,185
Operating transfers to component units	(8,588)	-	(8,588)	(7,500)
Operating transfers out	(129,581)	-	(129,581)	(57,311)
Net loss	(83,978)	921	(83,057)	11,595
Fund equity, July 1	<u>2,170,197</u>	<u>752</u>	<u>2,170,949</u>	<u>2,159,354</u>
Fund equity, June 30	<u>\$ 2,086,219</u>	<u>\$ 1,673</u>	<u>\$ 2,087,892</u>	<u>\$ 2,170,949</u>

* The notes to the general purpose financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Year Ended June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

Additions:	<u>2001</u>	<u>2000</u>
Contributions		
City of Houston	\$ 95,976	\$ 93,596
Members	42,594	41,419
Total contributions	<u>138,570</u>	<u>135,015</u>
Investment income (loss)		
Interest	101,843	85,035
Net appreciation (depreciation) in fair value of investments	(307,978)	610,066
Dividends	38,660	41,009
Income on securities lending	13,765	11,293
Earnings from real estate, limited partnerships, and real estate investment trusts	16,337	5,582
Other	969	567
Total investment income (loss)	<u>(136,404)</u>	<u>753,552</u>
Less - investment expense	(20,517)	(20,576)
Less - cost of securities lending	(11,844)	(9,762)
Total additions (deductions)	<u>(30,195)</u>	<u>858,229</u>
 Deductions:		
Benefits paid to members	166,499	141,065
Refunds to members	1,491	2,068
Other	9,972	7,790
Total deductions	<u>177,962</u>	<u>150,923</u>
 Net increase (decrease)	 (208,157)	 707,306
Plan net assets held in trust for pension benefits, beginning of year	 <u>5,484,940</u>	 <u>4,777,634</u>
Plan net assets held in trust for pension benefits, end of year	 <u><u>\$ 5,276,783</u></u>	 <u><u>\$ 5,484,940</u></u>

* The notes to the general purpose financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF CASH FLOWS
All Proprietary Fund Types
For the Year Ended June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Proprietary Fund Types		(Memorandum Only)	
	Enterprise	Internal	Totals	
		Service	2001	2000
Cash flows from operating activities				
Receipts from customers	\$ 775,774	\$ 114,900	\$ 890,674	\$ 894,138
Payments to employees	(145,912)	(1,697)	(147,609)	(145,407)
Payments to suppliers	(212,833)	(841)	(213,674)	(168,660)
Internal activity-payments to other funds	(3,691)	(7,654)	(11,345)	(56,007)
Claims paid	(3,961)	(112,881)	(116,842)	(111,453)
Due from other governments	(4,024)	-	(4,024)	4,025
Other revenues	23,520	-	23,520	20,962
Other expenses	(11,532)	-	(11,532)	(10,974)
Net cash provided by (used for) operating activities	417,341	(8,173)	409,168	426,624
Cash flows from investing activities				
Interest income on investments	101,005	1,143	102,148	75,363
Proceeds from sale of investments	1,180,160	-	1,180,160	468,755
Purchase of investments	(2,166,856)	-	(2,166,856)	(230,434)
Net cash provided by (used for) investing activities	(885,691)	1,143	(884,548)	313,684
Cash flows from capital and related financing activities				
Retirement of revenue bonds	(194,156)	-	(194,156)	(246,654)
Retirement of notes payable	(7,120)	-	(7,120)	(433)
Proceeds from issuance of revenue bonds, net of discount	1,567,987	-	1,567,987	217,240
Retirement of Commercial Paper	(393,700)	-	(393,700)	(213,980)
Proceeds from issuance of commercial paper	351,000	-	351,000	320,000
Interest paid on				
Revenue bonds	(204,221)	-	(204,221)	(191,656)
Commercial Paper	(9,602)	-	(9,602)	(11,381)
Contracts payable	(20,470)	-	(20,470)	(15,770)
Retirement of contractual obligations	(13,996)	-	(13,996)	(17,615)
Advances and deposits on construction	(1,201)	-	(1,201)	1,482
Contributed capital	34,150	-	34,150	19,117
Acquisition of garage rights	(10,000)	-	(10,000)	-
Acquisition of property, plant and equipment	(582,732)	-	(582,732)	(553,711)
Accrued maintenance repair and replacement cost	83	-	83	89
Net cash provided by (used for) capital and related financing activities	516,022	-	516,022	(693,272)

(Continued)

CITY OF HOUSTON, TEXAS
COMBINED STATEMENT OF CASH FLOWS - Continued
All Proprietary Fund Types
For the Year Ended June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Proprietary Fund Types		(Memorandum Only)	
	Totals			
	Enterprise	Internal Service	2001	2000
Cash flows from noncapital financing activities				
Operating transfers to component units	\$ (8,588)	\$ -	\$ (8,588)	\$ (7,500)
Operating transfers to debt service fund	(38,584)	-	(38,584)	(34,044)
Operating transfers to other funds	(64,151)	-	(64,151)	(23,267)
Contributions	(26,846)	-	(26,846)	-
Hotel occupancy tax revenue	45,755	-	45,755	41,550
Other nonoperating income	-	-	-	27
Net cash used for noncapital financing activities	<u>(92,414)</u>	<u>-</u>	<u>(92,414)</u>	<u>(23,234)</u>
Net increase (decrease) in cash and cash equivalents	(44,742)	(7,030)	(51,772)	23,802
Cash and cash equivalents, July 1	145,248	14,298	159,546	135,744
Cash and cash equivalents, June 30	<u>\$ 100,506</u>	<u>\$ 7,268</u>	<u>\$ 107,774</u>	<u>\$ 159,546</u>
Non cash transactions				
Unrealized gain (loss) on investments	\$ 25,799	\$ -	\$ 25,799	\$ (13,832)
Loss on disposal of assets	(3,493)	-	(3,493)	(4,109)
Land exchanged for garage rights	3,144	-	3,144	-
	<u>\$ 25,450</u>	<u>\$ -</u>	<u>\$ 25,450</u>	<u>\$ (17,941)</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 79,682	\$ (222)	\$ 79,460	\$ 163,598
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and amortization	315,725	-	315,725	265,920
Other revenues	23,605	-	23,605	20,962
Other expenses	(11,532)	-	(11,532)	(10,974)
Changes in assets and liabilities				
Net due from component unit	(7,313)	-	(7,313)	-
Accounts receivable, net	(9,825)	(1)	(9,826)	(2,640)
Contracts receivable	97	-	97	51
Due from other funds	10,650	(648)	10,002	(21,593)
Amounts held by other governments	(10,319)	-	(10,319)	-
Inventory	(227)	-	(227)	3,661
Accounts payable	4,227	(45)	4,182	410
Accrued payroll liabilities	(513)	17	(496)	697
Construction and retainages payable	(52)	-	(52)	(33)
Due to other funds	28,432	(6,991)	21,441	3,103
Due to other governments	(4,024)	-	(4,024)	3,609
Advances and deposits	(1,387)	-	(1,387)	1,075
Claims and judgments	424	(289)	135	(2,241)
Compensated absences	(309)	6	(303)	1,019
Net cash provided by (used for) operating activities	<u>\$ 417,341</u>	<u>\$ (8,173)</u>	<u>\$ 409,168</u>	<u>\$ 426,624</u>

* The notes to the general purpose financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Cultural Arts Council of Houston	Greenspoint Redevelopment Authority	HALAN Fund
Assets and Other Debits			
Assets			
Cash	\$ 1,259	\$ 65	\$ -
Investments	-	-	2,652
Receivables (net of allowances)			
Accounts and notes receivable	54	2,645	2
Due from primary government	703	-	-
Due from other governments	225	-	-
Restricted assets			
Investments	-	-	-
Other assets	12	-	-
Property, plant and equipment, net	154	361	-
Other debits			
Amount available in debt service	-	-	-
Amount to be provided for debt retirement	-	-	-
Total assets and other debits	\$ 2,407	\$ 3,071	\$ 2,654
Liabilities, Equity and Other Credits			
Liabilities			
Accounts payable	\$ 1,652	\$ 24	\$ 57
Accrued liabilities	20	174	-
Deferred revenue	-	-	-
Due to primary government	-	-	-
Notes payable	-	-	-
Other liabilities - non-current	-	-	-
Total liabilities	1,672	198	57
Equity and other credits			
Investment in general fixed assets	-	361	-
Fund balances			
Reserved	197	-	-
Unreserved			
Designated	450	-	-
Undesignated	88	2,512	2,597
Total equity and other credits	735	2,873	2,597
Total liabilities, equity and other credits	\$ 2,407	\$ 3,071	\$ 2,654

Houston Convention Center Hotel Corp.	Houston Housing Finance Corporation	Houston Library Board	Houston Parks Board
\$ 1,033	\$ 595	\$ 1,545	\$ 3,968
12,865	6,568	15,858	2,803
2	12,955	88	197
291,793	-	-	-
-	-	-	-
-	732	-	-
1,952	-	-	2,953
25,707	672	-	4,446
-	-	-	-
-	-	-	-
<u>\$ 333,352</u>	<u>\$ 21,522</u>	<u>\$ 17,491</u>	<u>\$ 14,367</u>
\$ 5,003	\$ 459	\$ 60	\$ 314
-	-	-	-
13,145	-	-	-
310,550	-	-	-
5,325	4,060	-	-
-	672	-	198
<u>334,023</u>	<u>5,191</u>	<u>60</u>	<u>512</u>
-	-	-	-
-	-	16,909	6,373
-	-	437	5,071
(671)	16,331	85	2,411
<u>(671)</u>	<u>16,331</u>	<u>17,431</u>	<u>13,855</u>
<u>\$ 333,352</u>	<u>\$ 21,522</u>	<u>\$ 17,491</u>	<u>\$ 14,367</u>

(Continued)

CITY OF HOUSTON, TEXAS
COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2001
(With comparative totals for 2000)
amounts expressed in thousands

	Lamar Terrace Public Improvement District	Main Street Market Square Development Authority	Memorial- Heights Redevelopment Authority	Midtown Redevelopment Authority
Assets and Other Debits				
Assets				
Cash	\$ -	\$ 961	\$ 238	\$ 415
Investments	586	-	-	2,759
Receivables (net of allowances)				
Accounts and notes receivable	102	746	321	1,073
Due from primary government	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets				
Investments	-	-	-	-
Other assets	-	-	-	168
Property, plant and equipment, net	-	-	-	3,999
Other debits				
Amount available in debt service	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-
Total assets and other debits	\$ 688	\$ 1,707	\$ 559	\$ 8,414
Liabilities, Equity and Other Credits				
Liabilities				
Accounts payable	\$ 29	\$ 105	\$ -	\$ 4,298
Accrued liabilities	-	142	359	-
Deferred revenue	96	-	-	-
Due to primary government	-	-	-	-
Notes payable	-	-	5,760	-
Other liabilities - non-current	-	-	-	9,000
Total liabilities	125	247	6,119	13,298
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Fund balances				
Reserved	-	-	(5,881)	(6,254)
Unreserved				
Designated	-	-	321	1,370
Undesignated	563	1,460	-	-
Total equity and other credits	563	1,460	(5,560)	(4,884)
Total liabilities, equity and other credits	\$ 688	\$ 1,707	\$ 559	\$ 8,414

OST/Alameda Corridors Redevelopment Authority	Reinvestment Zone #1	Uptown Development Authority	Totals 2001	Totals 2000
\$ 368	\$ 750	\$ 1,524	\$ 12,721	\$ 4,773
112	-	6,993	51,196	27,791
466	55	140	18,846	23,450
-	-	-	292,496	-
-	-	-	225	264
-	-	-	732	1,534
2	90	-	5,177	3,313
47	-	2,955	38,341	5,789
-	-	2,062	2,062	-
-	-	11,993	11,993	2,700
<u>\$ 995</u>	<u>\$ 895</u>	<u>\$ 25,667</u>	<u>\$ 433,789</u>	<u>\$ 69,614</u>
\$ 2,373	\$ 247	\$ 457	\$ 15,078	\$ 3,589
-	-	-	695	31
-	51	-	13,292	339
-	-	-	310,550	-
341	-	-	15,486	8,155
520	-	14,055	24,445	3,850
<u>3,234</u>	<u>298</u>	<u>14,512</u>	<u>379,546</u>	<u>15,964</u>
-	-	2,955	3,316	-
(2,286)	-	7,239	16,297	24,256
47	-	-	7,696	8,168
-	597	961	26,934	21,226
<u>(2,239)</u>	<u>597</u>	<u>11,155</u>	<u>54,243</u>	<u>53,650</u>
<u>\$ 995</u>	<u>\$ 895</u>	<u>\$ 25,667</u>	<u>\$ 433,789</u>	<u>\$ 69,614</u>

CITY OF HOUSTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2001
(With comparative amounts for 2000)
amounts expressed in thousands

	Cultural Arts Council of Houston	Greater Greenspoint Redevelopment Authority	HALAN Fund
Revenues			
Taxes and assessments	\$ -	\$ 2,603	\$ -
Charges for services	-	-	-
Intergovernmental - grants	559	-	1,357
Contributions	14	-	-
Investment Income (loss)	69	18	256
Other	8	-	-
Total revenues	<u>650</u>	<u>2,621</u>	<u>1,613</u>
Expenditures			
Current expenditures	488	517	1,210
Intergovernmental - grant	9,001	-	-
Capital outlay	-	162	-
Debt service	-	-	-
Total expenditures	<u>9,489</u>	<u>679</u>	<u>1,210</u>
Excess (deficiency) of revenues over expenditures	<u>(8,839)</u>	<u>1,942</u>	<u>403</u>
Other Financing Sources (Uses)			
Net proceeds from the issuance of debt	-	-	-
Operating transfers from primary government	8,338	-	-
Total other financing sources (uses)	<u>8,338</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(501)	1,942	403
Fund balances, July 1	<u>1,236</u>	<u>570</u>	<u>2,194</u>
Fund balances, June 30	<u>\$ 735</u>	<u>\$ 2,512</u>	<u>\$ 2,597</u>

* The notes to the general purpose financial statements are an integral part of this statement *

Houston Convention Center Hotel Corp.	Houston Housing Finance Corporation	Houston Library Board	Houston Parks Board
\$ -	\$ -	\$ -	\$ -
6	697	-	-
-	-	167	-
-	-	2,076	3,104
-	1,110	(314)	465
-	6,193	255	33
<u>6</u>	<u>8,000</u>	<u>2,184</u>	<u>3,602</u>
677	6,752	2,772	5,494
-	-	-	-
-	-	-	-
-	-	-	-
<u>677</u>	<u>6,752</u>	<u>2,772</u>	<u>5,494</u>
<u>(671)</u>	<u>1,248</u>	<u>(588)</u>	<u>(1,892)</u>
-	-	-	-
-	-	-	-
-	-	-	-
(671)	1,248	(588)	(1,892)
-	15,083	18,019	15,747
<u>\$ (671)</u>	<u>\$ 16,331</u>	<u>\$ 17,431</u>	<u>\$ 13,855</u>

(Continued)

CITY OF HOUSTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2001
(With comparative amounts for 2000)
amounts expressed in thousands

	Lamar Terrace Public Improvement District	Main Street Market Square Development Authority	Memorial- Heights Redevelopment Authority	Midtown Redevelopment Authority
Revenues				
Taxes and assessments	\$ 275	\$ 1,862	\$ 547	\$ 2,239
Charges for services	-	-	-	-
Intergovernmental - grants	-	-	-	-
Contributions	-	-	-	-
Investment Income (loss)	45	42	3	176
Other	122	-	-	90
Total revenues	<u>442</u>	<u>1,904</u>	<u>550</u>	<u>2,505</u>
Expenditures				
Current expenditures	644	358	1,768	1,824
Intergovernmental - grant	-	-	-	-
Capital outlay	-	86	-	-
Debt service	135	-	-	469
Total expenditures	<u>779</u>	<u>444</u>	<u>1,768</u>	<u>2,293</u>
Excess (deficiency) of revenues over expenditures	<u>(337)</u>	<u>1,460</u>	<u>(1,218)</u>	<u>212</u>
Other Financing Sources (Uses)				
Net proceeds from the issuance of debt	-	-	-	-
Operating transfers from primary government	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(337)	1,460	(1,218)	212
Fund balances, July 1	<u>900</u>	<u>-</u>	<u>(4,342)</u>	<u>(5,096)</u>
Fund balances, June 30	<u>\$ 563</u>	<u>\$ 1,460</u>	<u>\$ (5,560)</u>	<u>\$ (4,884)</u>

* The notes to the general purpose financial statements are an integral part of this statement *

OST/Alameda Corridors Redevelopment Authority	Reinvestment Zone #1	Uptown Development Authority	Totals 2001	Totals 2000
\$ 833	\$ 355	\$ 1,165	9,879	\$ 811
-	-	-	703	364
-	-	-	2,083	3,048
-	-	-	5,194	10,742
13	46	107	2,036	3,165
-	185	108	6,994	7,019
<u>846</u>	<u>586</u>	<u>1,380</u>	<u>26,889</u>	<u>25,149</u>
3,075	201	205	25,985	20,239
-	-	-	9,001	8,100
-	-	6,692	6,940	-
-	271	24	899	691
<u>3,075</u>	<u>472</u>	<u>6,921</u>	<u>42,825</u>	<u>29,030</u>
<u>(2,229)</u>	<u>114</u>	<u>(5,541)</u>	<u>(15,936)</u>	<u>(3,881)</u>
-	-	13,741	13,741	-
-	-	-	8,338	7,750
-	-	<u>13,741</u>	<u>22,079</u>	<u>7,750</u>
(2,229)	114	8,200	6,143	3,869
<u>(10)</u>	<u>483</u>	<u>-</u>	<u>44,784</u>	<u>49,781</u>
<u>\$ (2,239)</u>	<u>\$ 597</u>	<u>\$ 8,200</u>	<u>\$ 50,927</u>	<u>\$ 53,650</u>

CITY OF HOUSTON, TEXAS

