



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Mayor and Council

From: Judy Gray Johnson, Director
Annise Parker, City Controller

Date: August 27, 2004

Subject **PURPOSE OF NEW MFOR FORMAT**

You will notice that the format of this month's Monthly Financial and Operations Report is simplified to emphasize the larger funds and performance factors. We plan to use this format for the months that do not coincide with calendar quarters. The quarterly reports (September, December, March, and June) will continue to be produced in the extended format used in each month of prior years.

Our goal is to provide a monthly report with timely information in a format that the readers will find useful. If we have dropped something you would like to have included every month, please let us know. If there is any additional information that you would like to see either on a monthly or quarterly basis, please let us know that as well. We will be glad to experiment with different formats and look forward to your feedback on this approach.

A handwritten signature in cursive script that reads "Judy Gray Johnson".

Judy Gray Johnson, Director
Finance and Administration

A handwritten signature in cursive script that reads "Annise D. Parker".

Annise Parker, City Controller

Monthly Financial and Operations Report
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OFFICE OF CITY CONTROLLER
CITY OF HOUSTON
INTER OFFICE CORRESPONDENCE

To	Mayor Bill White City Council Members	From	Annise D. Parker City Controller
		Date	August 26, 2004
		Subject	July 2004 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending July 31, 2004.

GENERAL FUND – Fiscal Year 2004

Our early estimates are that we will end fiscal year 2004 with an undesignated Fund Balance of \$96.2 million (compared to \$83 million in FY03). This does not include \$2.1 million in Sign Abatement Funds and \$20 million designated for the Rainy Day Fund. This is only a preliminary figure, as the annual audit will not be complete for several months.

GENERAL FUND – Fiscal Year 2005

The projected net activity for fiscal year 2005, allowing for transfers from other funds (Water & Sewer) of \$2 million, indicates a \$31.1 million budget shortfall. In May 2004, we published the Controller's Office Trends Report projecting General Fund Revenues of \$1.433 million, before the inclusion of the \$2 million transfer from the Water and Sewer Fund. Based on the modified tax rate approved by City Council, we now project revenues of \$1.428 million. City Council adopted the FY 2005 revenue budget of \$1.451, with an additional \$3.5 million of transfers from other funds. This month's Monthly Financial and Operating Report incorporates our Trends revenue projections and lowers our estimate for property tax revenues by \$5.541 for the ½ cent reduction in the property tax rate. I have asked the Finance & Administration director for further clarification on three items that could bring our estimates closer together:

- Metro funding (in the intergovernmental category) – currently we are estimating that we will receive \$10 million (the approximate amount received in FY04) and the administration is estimating \$20 million.
- Other fines and forfeits – The administration's budget took this category from an estimated \$2.1 in FY04 to \$4.5 million in FY05, an increase of approximately \$2.4 million.
- Transfers from other funds – I have asked for further clarification on a \$1.5 million budgeted transfer.

ENTERPRISE FUNDS

We are currently projecting the enterprise funds at budget.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation	21.6%
Combined Utility System	19.4%
Aviation	17.1%
Convention and Entertainment	27.1%

**Mayor Bill White
City Council Members
July 2004 Monthly Financial and Operations Report**

SWAPS REPORT

The City's Swap Policy specifies that the City will track and report on the financial implications of its swap agreements on a quarterly basis. The report is to include a summary of key terms of the agreements, mark-to-market value, exposure to counterparties, credit ratings of counterparties or guarantors, and any collateral posted as a result of the Swap agreements. The report for June 30, 2004 is included as an attachment to this letter.

NEW MFOR FORMAT

You probably noticed that the MFOR is somewhat "lighter" this month. My office has been working with F&A to develop a more streamlined version of the MFOR. The goal is to continue to bring the most significant aspects of the report to you monthly while providing the longer version to you on a quarterly basis. This will, hopefully, provide Council Members with the information needed to make sound fiscal decisions, while freeing up staff time in both F&A and the Controller's Office so that these employees can work on other tasks. Your input on this new format is encouraged.

Respectfully submitted,



Annise D. Parker
Annise D. Parker
City Controller

City of Houston, Texas
Swap Agreements Disclosure
June 30, 2004

I. General Obligation Swap

On February 20, 2004 the City entered into a synthetic reduced variance coupon swap with RFPC, LLC (“RFPC” or “the Counterparty”). This swap was a negotiated transaction.

Objective. The objective of the swap is for the City to reduce its fixed rate debt service costs through a swap structure that takes on basis risk.

Terms. The City will pay a variable rate and receive a fixed rate of return on a notional principal value of \$200,000,000, with the underlying bonds being various maturities of PIBS issued between 1998 and 2002. The City pays an amount equal to 5% plus the tax-free BMA rate divided by .667 minus the taxable six-month LIBOR minus a constant of 69 basis points, up to a maximum of 10%. The City receives a fixed rate of 5% from RFPC. The variable rate is fixed for each budget period. The agreement is effective from March 1, 2004 to March 1, 2023. Starting in fiscal year 2017, the notional value of the swap declines as the principal amount of the associated debt is repaid in varying amounts until the debt is retired in 2023. Based on the initial agreement, the City will receive its first payment of \$500,000 on March 1, 2005. After that date a payment will be received or made every six months based on the indexes for the prior budget period.

As of June 30, 2004 the swap created a synthetic variable-rate bond as follows:

	<u>Terms</u>	<u>Rate (%)</u>
Variable rate payment to counterparty	Fixed Rate	5.0000
	BMA/0.667	1.5590
	-LIBOR	-1.1600
	-Constant	<u>-0.6900</u>
	Subtotal	4.7026
Fixed rate payment from counterparty	Fixed	<u>5.0000</u>
Net interest rate swap receipt (payment)		<u>0.2974</u>

The average rate for the underlying PIBS bonds is 5.19%. This swap reduces the effective rate to 4.8926%.

Fair value. RFPC has reported the fair value of the swap to be negative \$1,241,000 as of June 30, 2004. The City is independently verifying this value using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2004, the City was not exposed to credit risk because the swap had a negative fair value. However, if implied forward prices increase and the fair value of the swap becomes positive, the City will be exposed to credit risk on the swap in the amount of its fair value. The swap counterparty has not been rated by the rating agencies. To mitigate this potential credit risk for an unrated counterparty, the counterparty has purchased a surety bond from Ambac Assurance Corporation, a AAA rated insurance company. The City’s obligation is also insured by Ambac. Should Ambac’s rating decline in the future, RFPC will be required to hold collateral for the City.

Interest rate risk. The City has an exposure to interest rate risk because it is paying a variable rate on the swap. However, this risk is mitigated because the payment formula has a BMA-based variable component that is offset by subtracting a LIBOR variable component.

Basis risk. The City is relying on a relationship between the taxable LIBOR index and the tax-free BMA index to gain advantage in the swap. Should marginal tax rates decline, the BMA/LIBOR ratio will increase, and the City’s savings from the swap will be reduced. Conversely, if marginal tax rates rise, the City’s savings will increase.

Termination risk. The City may terminate the swap for any reason. RFPC may terminate the swap if the City or the credit provider fails to perform under the terms of the contract. If the swap has a negative fair value at the time of termination, the City will be liable to RFPC for that payment. The agreement provides that the termination payment may be made in equal installments from time of termination up to termination date of the agreement in 2025.

II. Combined Utility System Swaps

On June 10, 2004 the City entered into three pay-fixed, receive-variable rate swap agreements with identical rates. The City pre-qualified six firms to submit competitive bids on the swap. The bidding took place on June 7, 2004. The three firms selected all matched the lowest fixed rate bid of 3.7784%.

Objective. The objective of the swaps is to protect against the potential of rising interest rates in conjunction with the City's Combined Utility System 2004B auction rate variable interest bonds ("2004B Bonds") and to achieve a lower fixed rate than the market rate for traditional fixed rate debt at time of issuance of the 2004B Bonds.

Terms. The notional amount of the swap agreements totals \$653,325,000, the principal amount of the associated 2004B Bonds. The City's swap agreements contain scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the 2004B Bonds in varying amounts during the years 2028 to 2034.

Under the terms of the swaps, the City will pay a fixed rate of 3.7784% (lower than the rate for fixed rate debt at time of issuance) and receive a floating rate equal to 57.6% of One-Month US Dollar LIBOR plus 37 basis points. All agreements were effective June 10, 2004, the date of issuance of the 2004B Bonds. The termination date is May 15, 2034.

At June 30, 2004, the effective rate on the bonds associated with the swap was computed as follows:

	<u>Terms</u>	Rate (%) Received/ (Paid)
Variable rate payment from counterparties	LIBOR x 57.6% + Constant	0.67896 <u>0.37000</u> 1.04896
Fixed rate paid to counterparties	Fixed	<u>(3.77840)</u>
Net rate (paid)/received for swap		(2.72944)
Average variable rate paid on 2004B bonds		(1.18333)
Plus dealer and auction fees on 2004B bonds		<u>(0.2530)</u>
Effective rate of 2004B bonds		<u>(4.16577)</u>

In contrast, the fixed rate the City paid on its Combined Utility System Series 2004A fixed rate bonds was 5.0795%.

Fair value. Because interest rates have declined, the swaps had a negative fair value of \$14,647,808 as of June 30, 2004. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The negative value may be countered by reductions in total interest payments required under the variable rate 2004B bonds, creating lower synthetic fixed interest rates.

Credit risk. As of June 30, 2004, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the swap become positive, the City would be exposed to credit risk on the swap in the amount of its fair value. The City's swap policy generally requires that swap counterparties be rated double-A or better by at least one nationally recognized rating agency. As of June 30, 2004, the ratings of the three swap counterparties all met this standard (see below). Also, under the agreements, if a counterparty's credit rating falls below double-A, collateral must be posted in varying amounts depending on the credit rating. No collateral has been required to date.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating (Moody's /S&P /Fitch)</u>
Goldman Sachs	\$353,325,000	\$ (7,890,660)	Aa3 /A+ /AA-
Bear Stearns Capital Markets	150,000,000	(3,378,574)	AAA / AAA / --
UBS AG	150,000,000	(3,378,574)	Aa2 /AA+ /AA+
TOTAL	<u>\$653,325,000</u>	<u>\$ (14,647,808)</u>	

Basis risk. The City is exposed to basis risk on the swaps because the variable payment received is based on an index other than BMA. Should the relationship between LIBOR and BMA move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized. The City has issued tax-exempt auction rate bonds with an average rate of 1.18333% (not including dealer and auction agent fees) as of June 30, 2004, whereas the associated LIBOR-based rate of the swap was 1.04896%.

Termination risk. The City may terminate for any reason. A counterparty may terminate a swap if the City fails to perform under the terms of the contract. If a swap should be terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.



CITY OF HOUSTON

Finance and Administration
Department

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To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director
Finance and Administration

Date: August 27, 2004

Subject: **July Monthly Financial and
Operations Report**

Attached is the Monthly Financial and Operations Report for the period ending July 31, 2004.

Fiscal Year 2004

The unaudited preliminary figures are shown for each fund. In accordance with government accounting standards for governmental funds, the final revenues for fiscal year 2004 will include revenues earned through June 30 only if they are collected by the end of August. Expenditures through June 30 will include spendings incurred before the end of June that are, in the normal course of business, paid by the end of August. As a result, these will be additional adjustments made for both revenues and expenditures. We expect the final undesignated fund balance for the General Fund to be about \$92 million.

General Fund

General Fund revenues, except for property taxes, are projected at budget. Harris County Appraisal District has submitted the certified roll which is below the June estimates. We have updated our estimate, which is now \$1.8 million higher than the adopted budget, but \$4.1 million below our June 30 estimate. General Fund expenditures are projected at budget except for the Police Department, which has been increased by \$5.4 million, based on the commitment to fund a cadet class, retain public safety officers, and purchase TASR's as discussed at the June 30 City Council meeting.

All the other funds are projected at budget for both revenues and expenses.

If you have any questions, please let me know.



Judy Gray Johnson, Director

General Fund
Comparative Projections
Controller's Office and Finance and Administration
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005				Controller's Projection	F & A Projection	Variance between Controller and F&A
		Adopted Budget	Current Budget	% of Budget				
Revenues								
General Property Taxes	\$ 661,838	\$ 671,553	\$ 671,553	46%	\$ 668,416	\$ 672,804	4,388	
Industrial Assessments	15,153	14,406	14,406	1%	14,400	14,406	6	
Sales Tax	346,518	371,548	371,548	26%	367,600	371,548	3,948	
Electric Franchise	73,215	77,384	77,384	5%	76,000	77,384	1,384	
Telephone Franchise	51,836	51,000	51,000	4%	51,200	51,000	(200)	
Gas Franchise	16,309	16,568	16,568	1%	16,600	16,568	(32)	
Other Franchise	15,089	15,447	15,447	1%	15,400	15,447	47	
Licenses and Permits	15,271	15,355	15,355	1%	15,200	15,355	155	
Intergovernmental	19,524	30,664	30,664	2%	20,500	30,664	10,164	
Charges for Services	37,922	41,534	41,534	3%	40,500	41,534	1,034	
Direct Interfund Services	57,434	65,961	65,961	5%	65,961	65,961	0	
Indirect Interfund Services	14,647	10,419	10,419	1%	10,419	10,419	0	
Municipal Courts Fines and Forfeits	44,453	47,601	47,601	3%	46,500	47,601	1,101	
Other Fines and Forfeits	2,131	4,540	4,540	0%	2,300	4,540	2,240	
Interest	5,130	5,000	5,000	0%	5,200	5,000	(200)	
Miscellaneous/Other	12,104	11,939	11,939	1%	11,100	11,939	839	
Total Revenues	1,388,574	1,450,919	1,450,919	100%	1,427,296	1,452,170	24,874	
Expenditures								
Affirmative Action	1,627	1,632	1,632	0%	1,632	1,632	0	
Building Services	24,354	23,253	22,942	2%	22,942	22,942	0	
City Council	3,914	4,203	4,203	0%	4,203	4,203	0	
City Secretary	694	707	707	0%	707	707	0	
Controller	5,773	5,837	5,837	0%	5,837	5,837	0	
Finance and Administration	18,584	19,806	20,117	1%	20,117	20,117	0	
Fire	278,101	292,942	292,942	20%	292,942	292,942	0	
Health and Human Services	50,228	49,430	49,430	3%	49,430	49,430	0	
Human Resources	2,345	2,287	2,287	0%	2,287	2,287	0	
Information Technology	12,435	12,394	12,394	1%	12,394	12,394	0	
Legal	10,919	10,798	10,798	1%	10,798	10,798	0	
Library	32,273	32,891	32,891	2%	32,891	32,891	0	
Mayor's Office	1,746	1,768	1,768	0%	1,768	1,768	0	
Municipal Courts - Administration	16,131	16,217	16,217	1%	16,217	16,217	0	
Municipal Courts - Justice	3,917	3,992	3,992	0%	3,992	3,992	0	
Parks and Recreation	43,034	46,993	46,993	3%	46,993	46,993	0	
Planning and Development	13,907	13,456	13,456	1%	13,456	13,456	0	
Police	465,346	516,002	516,002	35%	521,402	521,402	0	
Public Works and Engineering	85,971	88,671	88,671	6%	88,671	88,671	0	
Solid Waste Management	60,836	61,130	61,130	4%	61,130	61,130	0	
Total Departmental Expenditures	1,132,135	1,204,409	1,204,409	83%	1,209,809	1,209,809	0	
Non-Departmental Expenditures and Other Uses								
General Government	85,093	62,497	62,497	4%	62,497	62,497	0	
Debt Service Transfer	165,000	188,000	188,000	13%	188,000	188,000	0	
Total Non-Dept. Exp. and Other Uses	250,093	250,497	250,497	17%	250,497	250,497	0	
Total Expenditures and Other Uses	1,382,228	1,454,907	1,454,907	100%	1,460,307	1,460,307	0	
Net Current Activity	6,346	(3,988)	(3,988)		(33,011)	(8,137)	24,874	
Amount Needed to Balance the Budget	-	-	-		31,011	-		
Transfers from other funds	6,800	3,500	3,500		2,000	3,500		
Disaster Recovery Fund Transfer	-	-	-		-	-		
Change in Reserve for Inventory	-	-	-		-	-		
Fund Balance, Beginning of Year	105,101	107,125	107,125		118,247	118,247		
Fund Balance, End of Year	\$ 118,247	\$ 106,637	\$ 106,637		\$ 118,247	\$ 113,610		
Designated for Sign Abatement	(2,074)	(2,074)	(2,074)		(2,074)	(2,074)		
Designated for Rainy Day Fund	(20,000)	(20,000)	(20,000)		(20,000)	(20,000)		
Undesignated Fund Balance, End of Year	\$ 96,173	\$ 84,563	\$ 84,563		\$ 96,173	\$ 91,536		

General Fund
Controller's Office
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005						
		Adopted Budget	Current Budget	Current Month	YTD	Controller's Projection	Variance from Current Budget	% Variance
Revenues								
General Property Taxes	\$ 661,838	\$ 671,553	\$ 671,553	\$ 885	\$ 885	\$ 668,416	\$ (3,137)	-0.5%
Industrial Assessments	15,153	14,406	14,406	1,222	1,222	14,400	(6)	0.0%
Sales Tax	346,518	371,548	371,548	25,976	25,976	367,600	(3,948)	-1.1%
Electric Franchise	73,215	77,384	77,384	7,948	7,948	76,000	(1,384)	-1.8%
Telephone Franchise	51,836	51,000	51,000	4,281	4,281	51,200	200	0.4%
Gas Franchise	16,309	16,568	16,568	941	941	16,600	32	0.2%
Other Franchise	15,089	15,447	15,447	1,352	1,352	15,400	(47)	-0.3%
Licenses and Permits	15,271	15,355	15,355	1,254	1,254	15,200	(155)	-1.0%
Intergovernmental	19,524	30,664	30,664	139	139	20,500	(10,164)	-33.1%
Charges for Services	37,922	41,534	41,534	2,579	2,579	40,500	(1,034)	-2.5%
Direct Interfund Services	57,434	65,961	65,961	134	134	65,961	0	0.0%
Indirect Interfund Services	14,647	10,419	10,419	797	797	10,419	0	0.0%
Municipal Courts Fines and Forfeits	44,453	47,601	47,601	2,500	2,500	46,500	(1,101)	-2.3%
Other Fines and Forfeits	2,131	4,540	4,540	149	149	2,300	(2,240)	-49.3%
Interest	5,130	5,000	5,000	434	434	5,200	200	4.0%
Miscellaneous/Other	12,104	11,939	11,939	513	513	11,100	(839)	-7.0%
Total Revenues	1,388,574	1,450,919	1,450,919	51,104	51,104	1,427,296	(23,623)	-1.6%
Expenditures								
Departmental								
Affirmative Action	1,627	1,632	1,632	116	116	1,632	0	0.0%
Building Services	24,354	23,253	22,942	1,221	1,221	22,942	0	0.0%
City Council	3,914	4,203	4,203	342	342	4,203	0	0.0%
City Secretary	694	707	707	141	141	707	0	0.0%
Controller	5,773	5,837	5,837	406	406	5,837	0	0.0%
Finance and Administration	18,584	19,806	20,117	1,462	1,462	20,117	0	0.0%
Fire	278,101	292,942	292,942	23,179	23,179	292,942	0	0.0%
Health and Human Services	50,228	49,430	49,430	3,360	3,360	49,430	0	0.0%
Human Resources	2,345	2,287	2,287	183	183	2,287	0	0.0%
Information Technology	12,435	12,394	12,394	683	683	12,394	0	0.0%
Legal	10,919	10,798	10,798	934	934	10,798	0	0.0%
Library	32,273	32,891	32,891	2,530	2,530	32,891	0	0.0%
Mayor's Office	1,746	1,768	1,768	215	215	1,768	0	0.0%
Municipal Courts - Administration	16,131	16,217	16,217	1,239	1,239	16,217	0	0.0%
Municipal Courts - Justice	3,917	3,992	3,992	342	342	3,992	0	0.0%
Parks and Recreation	43,034	46,993	46,993	3,330	3,330	46,993	0	0.0%
Planning and Development	13,907	13,456	13,456	1,006	1,006	13,456	0	0.0%
Police	465,346	516,002	516,002	45,035	45,035	521,402	(5,400)	-1.0%
Public Works and Engineering	85,971	88,671	88,671	4,409	4,409	88,671	0	0.0%
Solid Waste Management	60,836	61,130	61,130	5,141	5,141	61,130	0	0.0%
Total Departmental Expenditures	1,132,135	1,204,409	1,204,409	95,274	95,274	1,209,809	(5,400)	-0.4%
Non-Departmental Expenditures and Other Uses								
General Government	85,093	62,497	62,497	4,058	4,058	62,497	0	0.0%
Debt Service Transfer	165,000	188,000	188,000	0	0	188,000	0	0.0%
Total Non-Dept. Exp. And Other Uses	250,093	250,497	250,497	4,058	4,058	250,497	0	0.0%
Total Expenditures and Other Uses	1,382,228	1,454,907	1,454,907	99,332	99,332	1,460,307	(5,400)	-0.4%
Net Current Activity	6,346	(3,988)	(3,988)	(48,228)	(48,228)	(33,011)	29,023	
Amount Needed to Balance the Budget						31,011		
Transfers from other funds	6,800	3,500	3,500	0	-	2,000	1,500	
Disaster Recovery Fund Transfer	-	-	-	-	-	-	-	
Change in Reserve for Inventory	-	-	-	-	-	-	-	
Fund Balance, Beginning of Year	105,101	107,125	107,125	118,247	118,247	118,247	11,122	
Fund Balance, End of Year	118,247	106,637	106,637	70,019	70,019	118,247	41,645	
Designated for Sign Abatement	(2,074)	(2,074)	(2,074)	-	-	(2,074)	0	
Designated for Rainy Day Fund	(20,000)	(20,000)	(20,000)	-	-	(20,000)	0	
Undesignated Fund Balance, End of Year	\$ 96,173	\$ 84,563	\$ 84,563	\$ 70,019	\$ 70,019	\$ 96,173	\$ 11,610	

General Fund
Finance and Administration
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005						Variance from Current Budget	% Variance
		Adopted Budget	Current Budget	Current Month	YTD	F & A Projection			
Revenues									
General Property Taxes	\$ 661,838	\$ 671,553	671,553	\$ 885	\$ 885	\$ 672,804	1,251	0.2%	
Industrial Assessments	15,153	14,406	14,406	1,222	1,222	14,406	0	0.0%	
Sales Tax	346,518	371,548	371,548	25,976	25,976	371,548	0	0.0%	
Electric Franchise	73,215	77,384	77,384	7,948	7,948	77,384	0	0.0%	
Telephone Franchise	51,836	51,000	51,000	4,281	4,281	51,000	0	0.0%	
Gas Franchise	16,309	16,568	16,568	941	941	16,568	0	0.0%	
Other Franchise	15,089	15,447	15,447	1,352	1,352	15,447	0	0.0%	
Licenses and Permits	15,271	15,355	15,355	1,254	1,254	15,355	0	0.0%	
Intergovernmental	19,524	30,664	30,664	139	139	30,664	0	0.0%	
Charges for Services	37,922	41,534	41,534	2,579	2,579	41,534	0	0.0%	
Direct Interfund Services	57,434	65,961	65,961	134	134	65,961	0	0.0%	
Indirect Interfund Services	14,647	10,419	10,419	797	797	10,419	0	0.0%	
Municipal Courts Fines and Forfeits	44,453	47,601	47,601	2,500	2,500	47,601	0	0.0%	
Other Fines and Forfeits	2,131	4,540	4,540	149	149	4,540	0	0.0%	
Interest	5,130	5,000	5,000	434	434	5,000	0	0.0%	
Miscellaneous/Other	12,104	11,939	11,939	513	513	11,939	0	0.0%	
Total Revenues	1,388,574	1,450,919	1,450,919	51,104	51,104	1,452,170	1,251	0.1%	
Expenditures									
Departmental									
Affirmative Action	1,627	1,632	1,632	116	116	1,632	0	0.0%	
Building Services	24,354	23,253	22,942	1,221	1,221	22,942	0	0.0%	
City Council	3,914	4,203	4,203	342	342	4,203	0	0.0%	
City Secretary	694	707	707	141	141	707	0	0.0%	
Controller	5,773	5,837	5,837	406	406	5,837	0	0.0%	
Finance and Administration	18,584	19,806	20,117	1,462	1,462	20,117	0	0.0%	
Fire	278,101	292,942	292,942	23,179	23,179	292,942	0	0.0%	
Health and Human Services	50,228	49,430	49,430	3,360	3,360	49,430	0	0.0%	
Human Resources	2,345	2,287	2,287	183	183	2,287	0	0.0%	
Information Technology	12,435	12,394	12,394	683	683	12,394	0	0.0%	
Legal	10,919	10,798	10,798	934	934	10,798	0	0.0%	
Library	32,273	32,891	32,891	2,530	2,530	32,891	0	0.0%	
Mayor's Office	1,746	1,768	1,768	215	215	1,768	0	0.0%	
Municipal Courts - Administration	16,131	16,217	16,217	1,239	1,239	16,217	0	0.0%	
Municipal Courts - Justice	3,917	3,992	3,992	342	342	3,992	0	0.0%	
Parks and Recreation	43,034	46,993	46,993	3,330	3,330	46,993	0	0.0%	
Planning and Development	13,907	13,456	13,456	1,006	1,006	13,456	0	0.0%	
Police	465,346	516,002	516,002	45,035	45,035	521,402	(5,400)	-1.0%	
Public Works and Engineering	85,971	88,671	88,671	4,409	4,409	88,671	0	0.0%	
Solid Waste Management	60,836	61,130	61,130	5,141	5,141	61,130	0	0.0%	
Total Departmental Expenditures	1,132,135	1,204,409	1,204,409	95,274	95,274	1,209,809	(5,400)	-0.4%	
Non-Departmental Expenditures and Other Uses									
General Government	85,093	62,497	62,497	4,058	4,058	62,497	0	0.0%	
Debt Service Transfer	165,000	188,000	188,000	0	0	188,000	0	0.0%	
Total Non-Dept. Exp. and Other Uses	250,093	250,497	250,497	4,058	4,058	250,497	0	0.0%	
Total Expenditures and Other Uses	1,382,228	1,454,907	1,454,907	99,332	99,332	1,460,307	(5,400)	-0.4%	
Net Current Activity	6,346	(3,988)	(3,988)	(48,228)	(48,228)	(8,137)	4,149		
Transfers from other funds	6,800	3,500	3,500	-	-	3,500	-		
Disaster Recovery Fund Transfer	-	-	-	-	-	-	-		
Change in Reserve for Inventory	-	-	-	-	-	-	-		
Fund Balance, Beginning of Year	105,101	107,125	107,125	118,247	118,247	118,247	11,122		
Fund Balance, End of Year	118,247	106,637	106,637	70,019	70,019	113,610	15,271		
Designated for Sign Abatement	(2,074)	(2,074)	(2,074)	-	-	(2,074)	-		
Designated for Rainy Day Fund	(20,000)	(20,000)	(20,000)	-	-	(20,000)	-		
Undesignated Fund Balance, End of Year	\$ 96,173	\$ 84,563	\$ 84,563	\$ 70,019	\$ 70,019	\$ 91,536	\$ 6,973		

General Fund
General Government
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005						
		Adopted Budget	Current Budget	Current Month	YTD	YTD as % of Current Budget	Controller's Projection	F&A Projection
Non-Dept. Exp. and Other Uses								
General Government								
Pension-Civilian	0	(14,595)	(14,595)	0	0	0.0%	(14,595)	(14,595)
Insurance-Civilian (Active)	(101)	0	0	0	0	0.0%	0	0
Insurance-Civilian (Retirees)	11,965	13,667	13,667	1,074	1,074	7.9%	13,667	13,667
Pension-Police	0	(22,905)	(22,905)	0	0	0.0%	(22,905)	(22,905)
Insurance-Classified (Retirees)	14,705	16,042	16,042	1,279	1,279	8.0%	16,042	16,042
Long Term Disability	12	0	0	0	0	0.0%	0	0
Compensation Contingency	0	7,600	7,600	0	0	0.0%	7,600	7,600
Total Personnel Services	26,581	(191)	(191)	2,353	2,353	-1231.9%	(191)	(191)
Insurance Fees	1,191	1,470	1,470	6	6	0.4%	1,470	1,470
Accounting and Auditing Svcs	865	608	608	0	0	0.0%	608	608
Advertising Svcs	167	200	200	11	11	5.6%	200	200
Legal Services	2,139	2,262	2,262	411	411	18.2%	2,262	2,262
Management Consulting Svcs.	1,106	372	372	170	170	45.7%	372	372
Misc Support Svcs	236	280	280	0	0	0.0%	280	280
Real Estate Lease	9,069	9,228	9,228	0	0	0.0%	9,228	9,228
Parking Space Rental	1	0	0	0	0	0.0%	0	0
METRO Commuter Passes	541	645	645	231	231	35.8%	645	645
Electricity	0	500	500	0	0	0.0%	500	500
Other Interfund Services	0	0	0	0	0	0.0%	0	0
Limited Purpose Annexation Pmts.	7,225	13,128	13,128	0	0	0.0%	13,128	13,128
Print Shop Services	0	0	0	0	0	0.0%	0	0
Printing and Reproduction Svcs.	8	0	0	0	0	0.0%	0	0
Tax Appraisal Fees	5,082	5,489	5,489	0	0	0.0%	5,489	5,489
Tax Refunds	0	0	0	0	0	0.0%	0	0
Billing and Collection Svcs	750	750	750	0	0	0.0%	750	750
Elections	3,440	1,000	1,000	0	0	0.0%	1,000	1,000
Claims and Judgments	4,550	6,000	6,000	0	0	0.0%	6,000	6,000
Contingency/Reserve	0	0	0	0	0	0.0%	0	0
Zoo Contract	7,372	7,494	7,494	625	625	8.3%	7,494	7,494
Misc Other Services and Charges	1,967	2,473	2,473	0	0	0.0%	2,473	2,473
Membership and Professional Fees	649	780	780	0	0	0.0%	780	780
Mgmt Initiative Savings	0	0	0	0	0	0.0%	0	0
Total Other Services and Charges	46,358	52,679	52,679	1,454	1,454	2.8%	52,679	52,679
Other Financing Uses								
Debt Service-Interest	1,793	2,000	2,000	251	251	12.6%	2,000	2,000
Transfers to General Fund	0	0	0	0	0	0.0%	0	0
Transfers to Conv & Entertain	163	350	350	0	0	0.0%	350	350
Transfers to Special Revenues	10,198	7,659	7,659	0	0	0.0%	7,659	7,659
Total Other Financing Uses	12,154	10,009	10,009	251	251	2.5%	10,009	10,009
Total General Government	85,093	62,497	62,497	4,058	4,058	6.5%	62,497	62,497
Debt Service Transfers								
Transfers to PIB Debt Svc	147,850	184,000	184,000	0	0	0.0%	184,000	184,000
Transfers to CO Debt Svc	17,150	4,000	4,000	0	0	0.0%	4,000	4,000
Total Debt Service Transfers	165,000	188,000	188,000	0	0	0.0%	188,000	188,000
Total Non-Dept. Exp and Other Uses	\$ 250,093	\$ 250,497	\$ 250,497	\$ 4,058	\$ 4,058	1.6%	\$ 250,497	\$ 250,497

Aviation Operating Fund
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
Operating Revenues						
Landing Area	\$ 57,894	\$ 97,754	\$ 97,754	4,815	\$ 97,754	\$ 97,754
Bldg and Ground Area	118,709	146,739	146,739	10,026	146,739	146,739
Parking and Concession	94,697	92,128	92,128	7,640	92,128	92,128
Other	2,627	1,289	1,289	166	1,289	1,289
Total Operating Revenues	<u>273,927</u>	<u>337,910</u>	<u>337,910</u>	<u>22,647</u>	<u>337,910</u>	<u>337,910</u>
Operating Expenses						
Personnel	57,548	69,217	69,217	5,269	69,217	69,217
Supplies	4,516	5,932	5,932	198	5,932	5,932
Services	98,480	112,555	112,555	4,200	112,555	112,555
Non-Capital Outlay	418	830	830	4	830	830
Total Operating Expenses	<u>160,962</u>	<u>188,534</u>	<u>188,534</u>	<u>9,671</u>	<u>188,534</u>	<u>188,534</u>
Operating Income (Loss)	<u>112,965</u>	<u>149,376</u>	<u>149,376</u>	<u>12,976</u>	<u>149,376</u>	<u>149,376</u>
Nonoperating Revenues (Expenses)						
Interest Income	8,406	8,700	8,700	667	8,700	8,700
Other	135	0	0	0	0	0
Total Nonoperating Rev (Exp)	<u>8,541</u>	<u>8,700</u>	<u>8,700</u>	<u>667</u>	<u>8,700</u>	<u>8,700</u>
Income (Loss) Before Operating Transfers	<u>121,506</u>	<u>158,076</u>	<u>158,076</u>	<u>13,644</u>	<u>158,076</u>	<u>158,076</u>
Operating Transfers						
Interfund Transfer - Oper Reserve	3,726	3,000	3,000	0	3,000	3,000
Debt Service Principal	18,865	25,165	25,165	2,097	25,165	25,165
Debt Service Interest	24,257	84,802	84,802	5,393	84,802	84,802
Renewal and Replacement	0	500	500	0	500	500
Capital Improvement	49,317	44,609	44,609	8,364	44,609	44,609
Total Operating Transfers	<u>96,165</u>	<u>158,076</u>	<u>158,076</u>	<u>15,854</u>	<u>158,076</u>	<u>158,076</u>
Net Income (Loss) Operating Fund Only	<u>\$ 25,341</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(2,210)</u>	<u>\$ 0</u>	<u>\$ 0</u>

About the Fund:

The Aviation Operating Fund is an enterprise fund which accounts for operation of the City's airport system. The airport system is comprised of the George Bush Intercontinental Airport/Houston, William P. Hobby Airport, the Central Business District Heliport, and Ellington Field. Activities of the department include: operations, maintenance, planning and construction, public service and administration. The Department coordinates its activities with the Federal Aviation Administration (FAA), other federal and state agencies, the airlines, and tenants of the airport facilities.

Convention and Entertainment Facilities Operating Fund
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary 2004	FY2005				
		Adopted Budget	Current Budget	YTD	Controllers Projection	F & A Projection
Operating Revenues						
Facility Rentals	\$ 5,177	\$ 5,094	\$ 5,094	\$ 504	\$ 5,094	\$ 5,094
Parking	9,091	10,499	10,499	1	10,499	10,499
Food and Beverage Concessions	1,840	2,346	2,346	0	2,346	2,346
Contract Cleaning	176	246	246	0	246	246
Total Operating Revenues	<u>16,284</u>	<u>18,185</u>	<u>18,185</u>	<u>505</u>	<u>18,185</u>	<u>18,185</u>
Operating Expenses						
Personnel	5,825	6,010	6,010	439	6,010	6,010
Supplies	468	533	533	18	533	533
Services	19,755	23,295	23,295	401	23,295	23,295
Total Operating Expenses	<u>26,048</u>	<u>29,838</u>	<u>29,838</u>	<u>858</u>	<u>29,838</u>	<u>29,838</u>
Operating Income (Loss)	<u>(9,764)</u>	<u>(11,653)</u>	<u>(11,653)</u>	<u>(353)</u>	<u>(11,653)</u>	<u>(11,653)</u>
Nonoperating Revenues (Expenses)						
Hotel Occupancy Tax						
Current	42,568	44,000	44,000	4,154	44,000	44,000
Delinquent	1,222	900	900	139	900	900
Advertising Services	(9,545)	(10,120)	(10,120)	0	(10,120)	(10,120)
Promotion Contracts	(7,885)	(8,360)	(8,360)	0	(8,360)	(8,360)
Contracts/Sponsorships	(3,184)	(2,192)	(2,192)	0	(2,192)	(2,192)
Net Hotel Occupancy Tax	<u>23,176</u>	<u>24,228</u>	<u>24,228</u>	<u>4,293</u>	<u>24,228</u>	<u>24,228</u>
Interest Income	917	1,050	1,050	68	1,050	1,050
Capital Outlay	(449)	(5,379)	(5,379)	(6)	(5,379)	(5,379)
Non-Capital Outlay	14	(59)	(59)	0	(59)	(59)
Other Interest	(104)	(550)	(550)	0	(550)	(550)
Other	(1,023)	60	60	60	60	60
Total Nonoperating Rev (Exp)	<u>22,531</u>	<u>19,350</u>	<u>19,350</u>	<u>4,415</u>	<u>19,350</u>	<u>19,350</u>
Income (Loss) Before Operating Transfers	<u>12,767</u>	<u>7,697</u>	<u>7,697</u>	<u>4,062</u>	<u>7,697</u>	<u>7,697</u>
Operating Transfers						
Transfers for Interest	6,064	7,100	7,100	654	7,100	7,100
Transfers for Principal	6,536	6,900	6,900	224	6,900	6,900
Interfund Transfers	1,531	0	0	0	0	0
Transfers to Special	(3,591)	(2,500)	(2,500)	0	(2,500)	(2,500)
Total Operating Transfers	<u>10,540</u>	<u>11,500</u>	<u>11,500</u>	<u>878</u>	<u>11,500</u>	<u>11,500</u>
Net Income (Loss)						
Operating Fund Only	<u>\$ 2,227</u>	<u>\$ (3,803)</u>	<u>\$ (3,803)</u>	<u>\$ 3,184</u>	<u>\$ (3,803)</u>	<u>\$ (3,803)</u>

About the Fund:

The Convention and Entertainment Facilities operating fund is an enterprise fund that accounts for the operation of the City's six major entertainment centers and City-owned parking garages. These centers include the following: Jesse H. Jones Hall; Bayou Place; Houston Center for The Arts; Gus S. Wortham Center; George R. Brown Convention Center and the Tranquility Park and Civic Center garages.

Combined Utility System Fund
For the period ended July 31, 2004
(amounts expressed in thousands)

	Unaudited Preliminary FY2004	FY2005				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
Operating Revenues						
Water Sales	\$ 265,384	\$ 311,068	\$ 311,068	\$ 25,411	\$ 311,068	\$ 311,068
Sewer Sales	257,860	299,253	299,253	24,407	299,253	299,253
Penalties	4,150	3,741	3,741	384	3,741	3,741
Other	4,561	4,360	4,360	386	4,360	4,360
Total Operating Revenues	<u>531,955</u>	<u>618,422</u>	<u>618,422</u>	<u>50,588</u>	<u>618,422</u>	<u>618,422</u>
Operating Expenses						
Personnel	115,538	122,241	122,241	10,101	122,241	122,241
Supplies	25,392	26,007	26,007	1,267	26,007	26,007
Electricity and Gas	38,919	47,169	47,169	3,058	47,169	47,169
Contracts & Other Payments	75,818	96,621	96,621	2,104	96,621	96,621
Total Operating Expenses	<u>255,667</u>	<u>292,038</u>	<u>292,038</u>	<u>16,530</u>	<u>292,038</u>	<u>292,038</u>
Operating Income (Loss)	<u>276,288</u>	<u>326,384</u>	<u>326,384</u>	<u>34,058</u>	<u>326,384</u>	<u>326,384</u>
Nonoperating Revenues (Expenses)						
Interest Income	13,461	5,161	5,161	440	5,161	5,161
Sale of Property, Mains and Scrap	596	508	508	180	508	545
Other	70,832	7,863	7,863	0	7,863	7,863
Impact Fees	0	14,000	14,000	0	14,000	14,000
CWA & TRA Contracts (P & I)	<u>(31,454)</u>	<u>(32,317)</u>	<u>(32,317)</u>	<u>(3,974)</u>	<u>(32,317)</u>	<u>(32,317)</u>
Total Nonoperating Rev (Exp)	<u>53,435</u>	<u>(4,785)</u>	<u>(4,785)</u>	<u>(3,354)</u>	<u>(4,785)</u>	<u>(4,748)</u>
Income (Loss) Before Operating Transfers	<u>329,723</u>	<u>321,599</u>	<u>321,599</u>	<u>30,704</u>	<u>321,599</u>	<u>321,636</u>
Operating Transfers						
Debt Service Principal	67,492	12,675	12,675	1,169	12,675	12,675
Debt Service Interest	154,238	179,902	179,902	7,767	179,902	179,902
Discretionary Debt	29,572	28,934	28,934	0	28,934	28,934
Other Contractual Obligations	0	474	474	0	474	474
Equipment Acquisition	8,145	17,862	17,862	0	17,862	17,862
CUS General Purpose Fund	0	49,752	49,752	0	49,752	49,789
Transfer to General Fund	4,100	2,000	2,000	0	2,000	2,000
Transfer to Combined Utility System	56,076	0	0	0	0	0
Transfer to Stormwater	10,100	30,000	30,000	0	30,000	30,000
Total Operating Transfers	<u>329,723</u>	<u>321,599</u>	<u>321,599</u>	<u>8,936</u>	<u>321,599</u>	<u>321,636</u>
Net Current Activity						
Operating Fund Only	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>21,768</u>	\$ <u>0</u>	\$ <u>0</u>

About the Fund:

The Combined Utility System Fund is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receive and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.

Stormwater Fund
For the period ending July 31, 2004
(amounts expressed in thousands)

	Unaudited	FY2005			
	Preliminary FY2004	Adopted Budget	YTD	Controller's Projection	F&A Projection
Revenues					
Miscellaneous	\$ 164	\$ 145	\$ 25	\$ 145	\$ 145
Total Revenues	<u>164</u>	<u>145</u>	<u>25</u>	<u>145</u>	<u>145</u>
Expenditures					
Personnel	14,954	17,492	1,309	17,492	17,492
Supplies	1,226	1,290	65	1,290	1,290
Other Services	10,009	11,142	76	11,142	11,142
Capital Outlay	862	131	34	131	131
Total Expenditures	<u>27,051</u>	<u>30,055</u>	<u>1,484</u>	<u>30,055</u>	<u>30,055</u>
Other Financing Sources (Uses)					
Interest Income	221	310	5	310	310
Operating Transfers In	10,100	30,000	0	30,000	30,000
Operating Transfers Out	0	(400)	0	(400)	(400)
Total Other Financing Sources (Uses)	<u>10,321</u>	<u>29,910</u>	<u>5</u>	<u>29,910</u>	<u>29,910</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)					
	(16,566)	0	(1,454)	0	0
Fund Balance, Beginning of Year	<u>18,778</u>	<u>2,212</u>	<u>2,212</u>	<u>2,212</u>	<u>2,212</u>
Fund Balance, End of Year	<u>\$ 2,212</u>	<u>\$ 2,212</u>	<u>\$ 758</u>	<u>\$ 2,212</u>	<u>\$ 2,212</u>

The Stormwater Fund provides for the maintenance and repair of streets, rights-of-way and drainage infrastructure, such as storm sewers and roadside ditches. The City undertook a major restructuring of its water, sewer and drainage financing at the end of FY2004. This restructuring created a new Combined Utility System with the capacity to transfer funds from its surplus amounts to the Stormwater Fund to support stormwater drainage operations and maintenance.

Note: The Stormwater Fund is not technically an enterprise fund, but is grouped with the Combined Utility System for clarity.

City of Houston, Texas
Commercial Paper Issued and Available
For the period ended July 31, 2004
(amounts expressed in thousands)

COMMERCIAL PAPER	Draws FY05	Draws in July	Amount Available to be Drawn	Amount Outstanding
	(in millions)	(in millions)	(in millions)	(in millions)
General Obligation				
<i>(Series A & B)</i>				
<i>Public Improvement Bonds</i>	\$ 0.00	\$ 0.00	\$ 56.00	\$ 322.30
<i>(Series D)</i>	10.00	10.00	195.00	80.00
<i>(Series E)</i>				
<i>Downtown Streetscape</i>	0.00	0.00	0.10	5.40
<i>Equipment</i>	5.00	5.00	51.90	27.10
<i>Metro Street Projects</i>	0.00	0.00	56.00	7.00
<i>Cotswold Project</i>	0.00	0.00	6.50	1.00
<i>(Series F)</i>	0.00	0.00	139.50	0.00
Combined Utility System	0.00	0.00	860.00	40.00
<i>(Series A)</i>				
Aviation	5.00	5.00	275.00	25.00
<i>(Series A,B, & C)</i>				
Convention & Entertainment	0.00	0.00	52.50	22.50
<i>(Series A)</i>				
Totals	\$ <u>20.00</u>	\$ <u>20.00</u>	\$ <u>1,692.50</u>	\$ <u>530.30</u>

City of Houston, Texas
Summarized Construction/Bond Fund Status Report
For the period ended July 31, 2004
(amounts expressed in thousands)

Purpose	Available for Appropriation
Equipment and Miscellaneous	
Total Dangerous Building Funds	\$ 39
Total Equipment Acquisition Funds	13,003
Certificates of Obligation Lamar Terrace 2000A	329
Total Equipment and Miscellaneous	13,370
Public Improvement	
Total Fire Department	4,261
Total Housing	1,823
Total General Improvement	4,248
Total Public Health and Welfare	2,684
Total Public Library	8,993
Total Parks and Recreation	2,790
Total Police Department	14,164
Total Solid Waste	1,046
Total Storm Sewer	129,501
Total Street & Bridge	68,677
Total Public Improvement	238,186
Airport	
Total Airport	455,652
Convention and Entertainment Facilities	
Total Convention and Entertainment	58,695
Combined Utility System	
Total Combined Utility System	362,546
Total All Purposes	\$ 1,128,449

City of Houston, Texas
Total Outstanding Debt
July 31, 2004 and July 31, 2003
(amounts expressed in thousands)

	July 31, 2004	July 31, 2003
Payable from Ad Valorem Taxes		
Tax Bonds (a)		
Public Improvement Bonds	\$ 1,556,435	\$ 1,502,635
GO Commercial Paper Notes (b)	442,800	418,300
Judgment Bonds	1,365	2,365
Certificates of Obligations (c)	33,519	39,529
Assumed Bonds	12,420	42,532
Subtotal	\$ 2,046,539	\$ 2,005,361
Payable from Sources Other Than Ad Valorem Taxes		
Combined Utility System Bonds		
Combined Utility System Revenue Bonds	\$ 3,029,170	\$ 0
Combined Utility System Commercial Paper Notes (d)	40,000	0
Water and Sewer System Revenue Bonds (e)	864,409	3,427,569
Water and Sewer System Commercial Paper Notes (f)	0	485,250
Airport System Bonds		
Airport System Revenue Bonds	2,172,515	2,191,380
Airport System Commercial Paper Notes (g)	25,000	0
Airport Special Facilities Revenue Bonds	675,965	680,410
Sports Arena Revenue Bonds	0	0
Hotel Occupancy Tax and Civic Parking		
Facilities Revenue Bonds (h)	614,320	620,584
Hotel Occupancy Tax Commercial Paper (i)	22,500	22,500
Contract Revenue Obligations - CWA, HAWC, TRA	352,345	368,450
Subtotal	\$ 7,796,224	\$ 7,796,143
Total Debt Payable by the City	\$ 9,842,763	\$ 9,801,504

- (a) As of the date above, the amount of tax bonds authorized by voters in 1997 but unissued totals \$56 million of which \$56 million is authorized commercial paper that has not been drawn (Series A&B). In November 2001 the voters authorized \$776 million in tax bonds of which \$205 million is authorized commercial paper that has not been drawn (Series D).
- (b) The City has authorized a maximum issuance of General Obligation Commercial Paper Programs Series A: \$279 million; B: \$99.3 million; D: \$275 million; E: \$155 million; and F: \$139.5 million. As of the date above, the following amounts were outstanding: Series A: \$250.3 million, B: \$72.0 million, D: \$80 million, E: \$40.5 million, and F: \$0.
- (c) Excludes \$1.3 million accreted value of capital appreciation certificates, or 3.9% of face value.
- (d) The City authorized issuance of \$900 million Combined Utility System Commercial Paper Series A Notes as of June 10, 2004.
- (e) Excludes \$60.1 million accreted value of capital appreciation bonds, or 7.0% of face value.
- (f) The City discontinued Water and Sewer Commercial Paper programs in June 2004 upon creation of the Combined Utility System.
- (g) City Council made the following authorizations for issuances of Airport System Commercial Paper:
October 21, 1993, \$100 million Senior Lien Series A and B. October 1, 1998, \$50 million Inferior Lien Series C.
December 28, 1999, additional \$100 million Inferior Lien Series C. January 19, 2000, additional \$50 million Senior Lien Series Series A & B.
- (h) Excludes \$22.5 million accreted value of capital appreciation bonds, or 3.7% of face value.
- (i) The City has authorized \$75 million Subordinate Lien Hotel Occupancy Tax and Parking Revenue Commercial Paper, Series A.

CITY OF HOUSTON

**PENSION FUND PAYMENTS AND
UNFUNDED LIABILITY SUMMARY**

31-Jul-04

PAYMENTS

	FY04 Actual (\$1,000)	FY 05			Year to Date (\$1,000)
		City Payment Rate	Employee Payment Rate	Annual Payment (\$1,000)	
Firefighters Plan	28,325	18.0%	9.0%	32,176	2,660
Police Plan (Note 1)	36,645	Note 1	8.75%	36,645	4,189
Municipal Plan					
General Fund	31,915	Note 2	5.0%	10,550	2,532
Other Funds	26,148	Note 2	5.0%	22,450	2,097
Pension Bonds				33,000	
Total Municipal Plan (Note 2)	58,063			66,000	4,629
Total All Three Plans	123,033			134,821	11,478

UNFUNDED ACCRUED LIABILITY AND FUNDED STATUS

	<u>Date of Most Recent Valuation</u>	<u>Unfunded Accrued Liability (\$ millions)</u>	<u>Assets as % of Liabilities</u>
Firefighters Plan	7/1/2002	47.0	97%
Police Plan (Note 3)	7/1/2003	536.6	82%
Municipal Plan (Note 3)	7/1/2003	1,724.6	47%

Note 1: City contribution currently being negotiated under Meet and Confer Agreement

Note 2: The City Council and the Municipal Pension System have agreed to a total contribution amount for FY05, rather than an amount determined by applying a formula to the payroll

Note 3: Reports prepared by Mercer Human Resource Consulting

**DEPARTMENTAL PERFORMANCE MEASURES
FOR THE MONTH ENDING JULY 31, 2004 (8.33% OF FISCAL YEAR)**

Department Performance Measure	FY2004			FY2005		
	Actual	YTD	% Actual	Objective	YTD	% Objective
AFFIRMATIVE ACTION						
Applications Processed	1,950	170	8.7%	2,100	152	7.2%
Days to Process New Applicants	40	26	65.0%	21	22	N/A
Field Audits	1,711	223	13.0%	2,300	90	3.9%
Payrolls Audited	26,449	1,734	6.6%	14,300	1,198	8.4%
SBE/MWDBE Owners Trained	7,107	277	3.9%	4,100	410	10.0%
City Employees Trained	3,659	75	2.0%	1,500	141	9.4%
MOPD Citizens Assistance Request	3,771	309	8.2%	3,000	392	13.1%
OSBC Getting Started Packets Distributed	8,350	845	10.1%	8,500	590	6.9%
MWBE Monitoring Correspondence	NA	NA	NA	20,000	3,500	17.5%
AVIATION						
Passenger Enplanements	21,768,074	1,920,027	8.8%	21,567,000	1,659,000	7.7%
Cargo Tonnage	771,715,260	60,101,464	7.8%	778,913,000	62,120,000	8.0%
Cost per Enplanement	\$7.35	\$7.20	NA	\$7.24	\$5.86	N/A
Complaints per 100,000 Enplanements	0.85	0.47	NA	0.80	0.85	N/A
BUILDING SERVICES						
Design & Construction						
Days to issue Notice to Proceed (NTP)	16.6	19.5	N/A	18	16.6	N/A
Property Mgmt. (Work Orders Compl.)	17,745	1,359	7.7%	17,700	1,815	10.3%
Security Management						
Number of Reported Incidents Investigated upon Receipt	295	23	7.8%	350	26	7.4%
CONVENTION & ENTERTAINMENT FACILITIES						
Days Booked-GRB Convention Center	1,835	70	3.8%	2,430	491	20.2%
Days Booked-Wortham Theatre Center	518	7	1.4%	485	4	0.8%
Days Booked-Jones Hall	338	-	0.0%	290	0	0.0%
Occupancy Days-GRB Convention Center	1,640	39	2.4%	1,965	177	9.0%
Occupancy Days-Wortham Theatre Center	467	10	2.1%	444	13	2.9%
Occupancy Days-Jones Hall	254	-	0.0%	247	6	2.4%
Occupancy Days-Theatre District Parks Hall	168	15	8.9%	166	14	8.4%
Customer Satisfaction (Periodic)-GRB Convention Center	94.3%	95.4%	NA	94.0%	94.3%	N/A
Customer Satisfaction (Periodic)-Wortham Theatre Center	95.9%	90.0%	NA	94.0%	95.9%	N/A
Customer Satisfaction (Periodic)-Jones Hall	97.9%	100.0%	NA	95.0%	97.9%	N/A
Customer Satisfaction (Periodic)-Houston Center	93.4%	0.0%	NA	97.0%	93.4%	N/A
Customer Satisfaction (Periodic)- Fannin Garage	0.0%	0.0%	NA	80.0%	0.0%	N/A
Customer Satisfaction (Periodic)-Theater District Parking	74.7%	0.0%	NA	80.0%	74.7%	N/A

**DEPARTMENTAL PERFORMANCE MEASURES
FOR THE MONTH ENDING JULY 31, 2004 (8.33% OF FISCAL YEAR)**

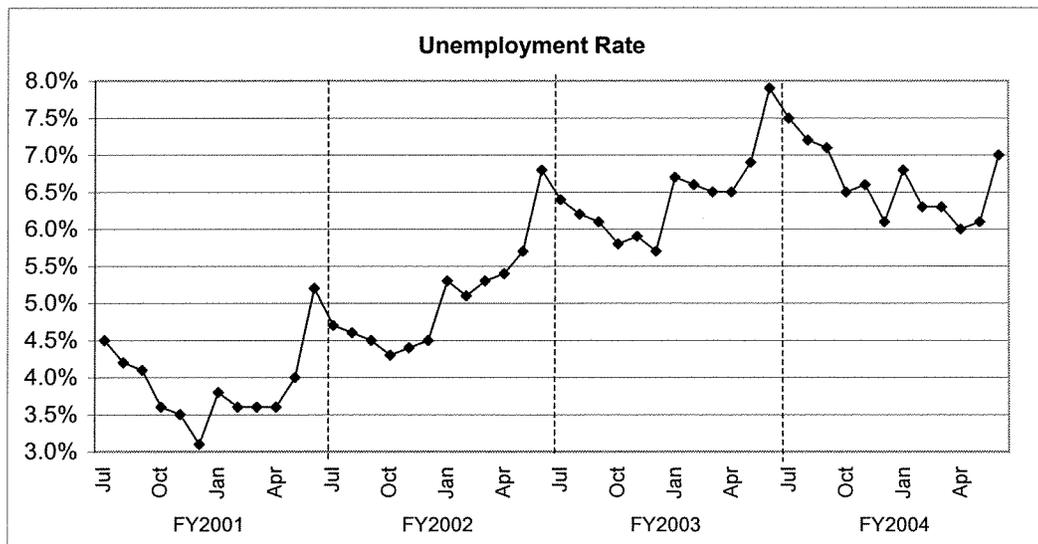
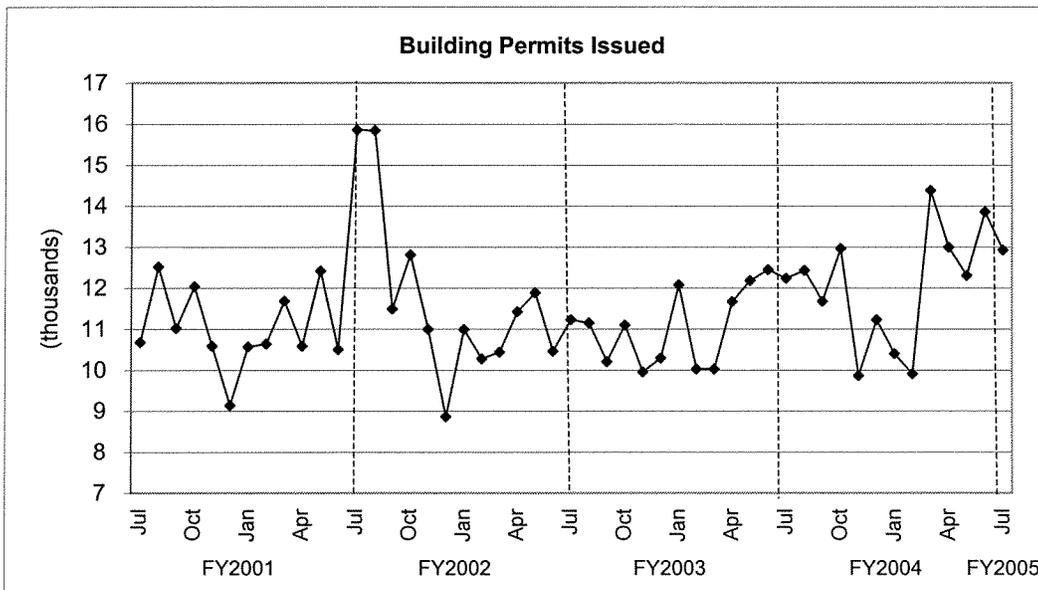
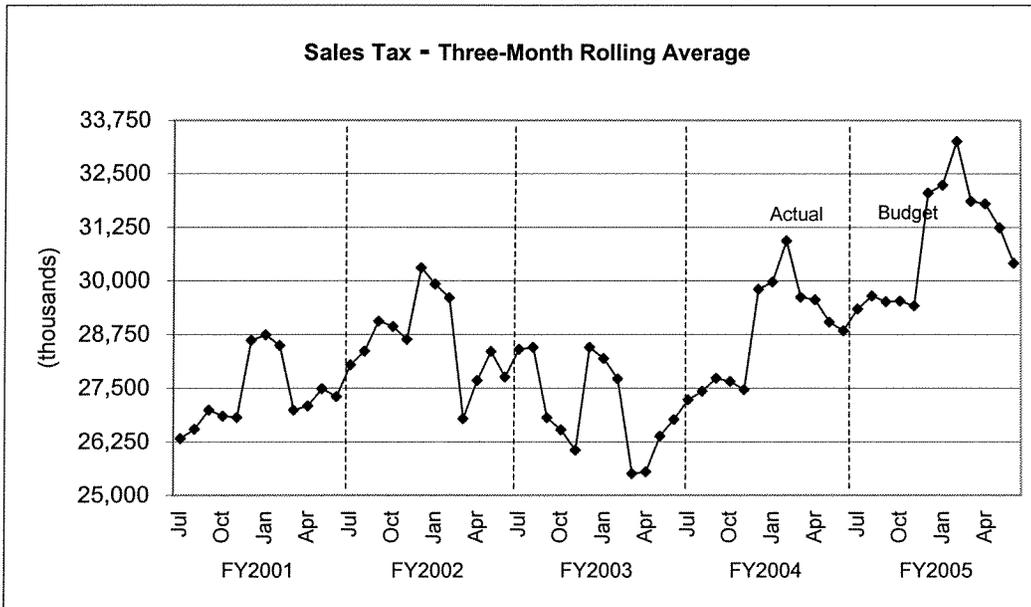
Department Performance Measure	FY2004			FY2005		
	Actual	YTD	% Actual	Objective	YTD	% Objective
FINANCE & ADMINISTRATION						
Avg Days to Award Procurement Contracts	158	115	NA	160	157	NA
3-1-1 Avg Time Customer in Queue (seconds)	66.83	85.00	NA	95.00	162.00	NA
Liens Collections	\$2,579,385	\$221,969	8.6%	\$2,419,501	\$309,756	12.8%
Ambulance Revenue per Transport	\$177.90	\$174.04	97.8%	\$198.57	\$148.32	74.7%
Cable Company Complaints	734	54	7.4%	682	53	7.8%
Deferred Compensation Participation	63.72%	60.88%	NA	66.00%	64.85%	NA
Audits Completed	17	2	11.8%	23	2	8.7%
FIRE DEPARTMENT *						
Fire Response Time (Minutes)	8.2	8.2	N/A	7.6	8.2	N/A
First Response Time-EMS (Minutes)	8.6	8.6	N/A	8.5	8.6	N/A
Ambulance Response Time (Minutes)	11.3	11.3	N/A	11.0	11.3	N/A
HEALTH & HUMAN SERVICES						
Environmental Inspections	74,281	7,239	9.7%	72,740	5,394	7.4%
First Trimester Prenatal Enrollment	40.6%	29.8%	N/A	41.0%	37.0%	N/A
WIC Client Satisfaction	92.9%	92.9%	N/A	95.0%	95.0%	N/A
Immunization Compliance (2 Yr. Olds)	85.0%	71.0%	N/A	85.0%	85.0%	N/A
TB Therapy Completed	92.1%	86.7%	N/A	95.0%	92.1%	N/A
HOUSING						
Housing Units Assisted	5,000	505	10.1%	5,000	490	9.8%
Council Actions on HUD Projects	75	14	18.7%	75	11	14.7%
Annual Spending (Millions)	\$55	\$2	3.6%	\$55	\$1	1.8%
HUMAN RESOURCES						
Total Jobs Filled-(As Vacancies Occur)	4,206	296	7.0%	4,000	368	9.2%
Days to Fill Jobs	60	60	100.0%	60	60	100.0%
Training Courses Conducted	151	5	3.3%	150	14	9.3%
Lost Time Injuries (As They Occur)	218	19	8.7%	447	29	6.5%
LEGAL						
Deed Restriction Complaints Received	734	41	5.6%	701	49	7.0%
Deed Restriction Lawsuits Filed	26	1	3.8%	32	0	0.0%
Deed Restriction Warning Letters Sent	245	0	0.0%	236	30	12.7%
LIBRARY						
Total Circulation	5,929,474	615,316	10.4%	5,380,000	565,256	10.5%
Juvenile Circulation	2,975,755	334,616	11.2%	2,784,085	300,015	10.8%
Customer Satisfaction (Three/Year)	83%	81%	97.6%	85%	83%	97.6%
Reference Questions Answered	2,881,992	255,336	8.9%	2,428,267	224,696	9.3%
In-house Computer Users	1,224,800	121,640	9.9%	1,278,676	111,296	8.7%
Public Computer Training Classes Held	638	64	10.0%	550	40	7.3%
Public Computer Training Attendance	5,678	723	12.7%	5,675	694	12.2%
MUNICIPAL COURTS						
Total Case Filings	1,240,552	106,086	8.6%	1,593,719	97,441	6.1%
Total Dispositions	1,096,377	85,573	7.8%	1,110,396	92,533	8.3%
Cost per Disposition	\$14.67	\$17.91	N/A	\$16.36	\$12.73	N/A
Incomplete Docket Reduction (Cases/Day)	15.52	8.55	N/A	13	18.62	N/A

* = FY05 YTD is as of 8/31/03. July data is unavailable at this time.

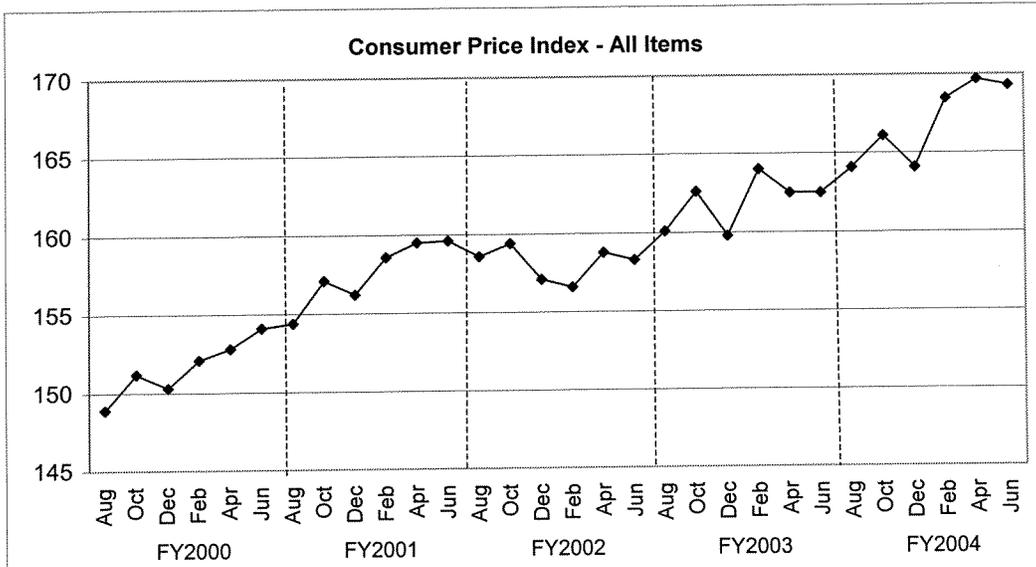
**DEPARTMENTAL PERFORMANCE MEASURES
FOR THE MONTH ENDING JULY 31, 2004 (8.33% OF FISCAL YEAR)**

Department Performance Measure	FY2004			FY2005		
	Actual	YTD	% Actual	Objective	YTD	% Objective
PARKS & RECREATION						
Registrants in Youth Sports Programs	19,512	3,169	16.2%	20,100	4,374	21.8%
Registrants in Adult Fitness & Craft Programs	NA	NA	NA	5,200	435	8.4%
Number of Teams in Adult Sports Programs	1,052	NA	NA	1,400	56	4.0%
Vehicle Downtime-Days out of Service (avg)	20	18	NA	20	14	NA
Golf Rounds Played at Privitized Courses	98,155	10,940	11.1%	93,500	7,033	7.5%
Golf Rounds Played at COH - Operated Courses	159,744	11,275	7.1%	164,400	14,997	9.1%
Work Orders Completed-Parks and Community Ctr Facilities	21,931	1,663	7.6%	21,900	1,666	7.6%
Grounds Maintenance Cycle-Days:						
Central Region	NA	NA	NA	10	14	NA
Southeast Region	NA	NA	NA	14	22	NA
Northeast Region	NA	NA	NA	14	24	NA
Northwest Region	NA	NA	NA	14	21	NA
Southwest Region	NA	NA	NA	14	22	NA
PLANNING & DEVELOPMENT						
Subdivision Plats Reviewed	2,448	341	13.9%	2,448	295	12.1%
TIRZ Management Portfolio	0	0	0.0%	22	0	0.0%
DB's Corrected (by Owner/City)	300	67	22.3%	500	44	8.8%
Rail Corridor Master Plan	0	0	0.0%	2	0	0.0%
Number of Permits Sold	130,000	12,242	9.4%	140,000	12,935	9.2%
No. of Inspections Per Day Per Inspector	18	21	116.7%	58	80	137.9%
Violation Investigations	14,000	1,298	9.3%	14,000	575	4.1%
HOUSTON POLICE						
Response Time (Code 1)-Minutes	4.7	4.3	91.5%	4.9	4.7	95.9%
Violent Crime Clearance Rate	30.6%	31.9%	104.2%	38.8%	30.6%	78.9%
Crime Lab Cases Completed	96.6%	83.8%	86.7%	90.0%	63.0%	70.0%
Fleet Availability	96.6%	96.0%	99.4%	90.0%	96.7%	107.4%
Complaints - total cases	878	69	7.9%	861	36	4.2%
Tot. Cases Reviewed by Citizens Rev. Com.	564	63	11.2%	248	37	14.9%
Records Processed	728,329	762,867	104.7%	753,205	721,664	95.8%
PUBLIC WORKS AND ENGINEERING						
Maintenance and Right-of-Way						
In-House Overlay (Lane Miles)	284	18	6.3%	280	18	6.5%
Potholes/Skin Patches (Tonnage)	18,879	1,197	6.3%	18,000	1,415	7.9%
Roadside Ditch Regraded/Cleaned (Miles)	321	28	8.7%	250	31	12.2%
Storm Sewers Cleaned (Miles)	382	10	2.6%	350	38	10.7%
Storm Sewer Inlets/Manholes Cleaned/Inspected	143,074	9,278	6.5%	130,900	8,792	6.7%
ECRE						
PIB Appropriations as % of CIP	109.1%	1.5%	1.4%	100.0%	3.6%	3.6%
W/S Appropriations as % of CIP	88.6%	2.1%	2.4%	100.0%	2.0%	2.0%
Awarded Overlay Under Contract (Lane Miles)	221	30	0.0%	200	0.0%	0.0%
Sidewalk Program (Miles Awarded - Design & Construction)	41	0	0.0%	50	0.0%	0.0%
Street Light Installations Authorized	1,820	126	6.9%	1,700	106	6.2%
Water and Sewer						
No. of Water Repairs Completed	10,326	962	9.3%	12,000	853	7.1%
No. of Sewer Repairs Completed	3,348	323	9.6%	4,000	223	5.6%
SOLID WASTE MANAGEMENT						
Cost per Unit Served-Excludes Recycling and Special Collections Programs	\$13.50	\$13.50	100.0%	\$13.48	\$13.48	100.0%
Units with Recycling	152,080	152,080	100.0%	152,080	152,080	100.0%
Tires Disposed	133,500	23,189	17.4%	133,500	8,437	6.3%

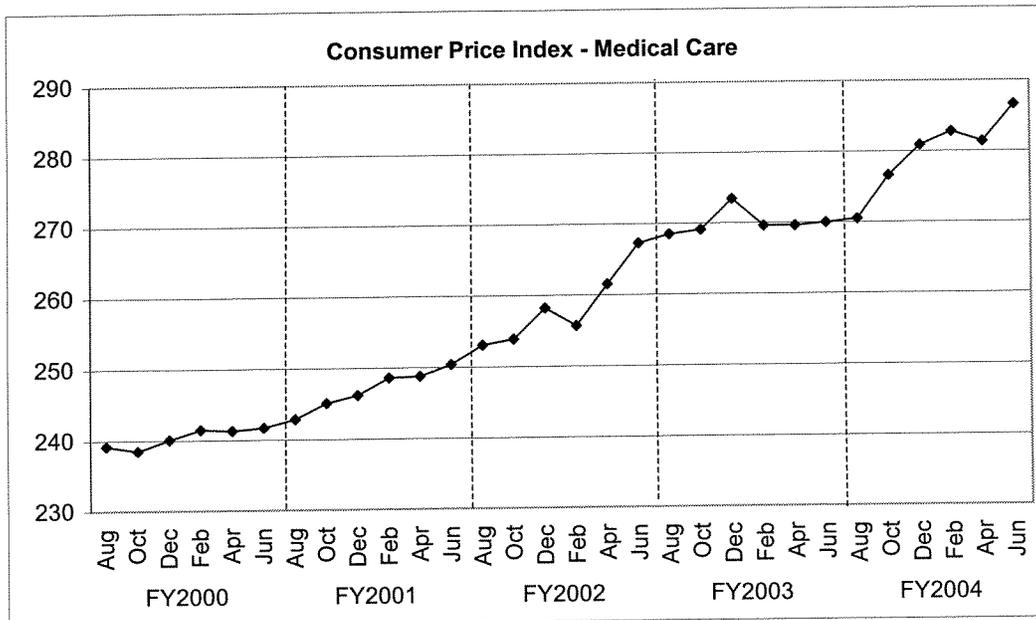
TREND INDICATORS - LOCAL ECONOMY



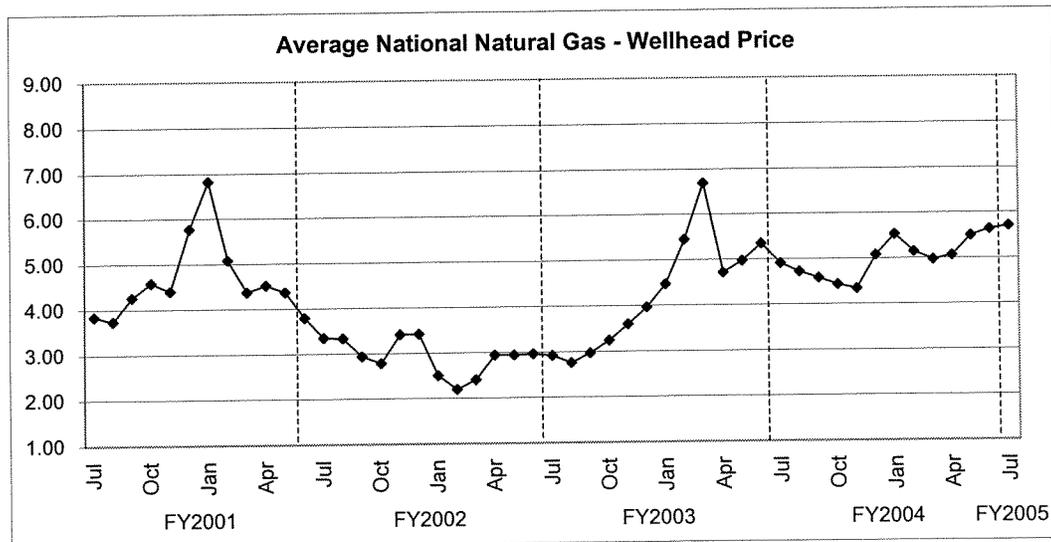
TREND INDICATORS - LOCAL ECONOMY



Source: Bureau of Labor Statistics - Houston, Galveston, Brazoria TX

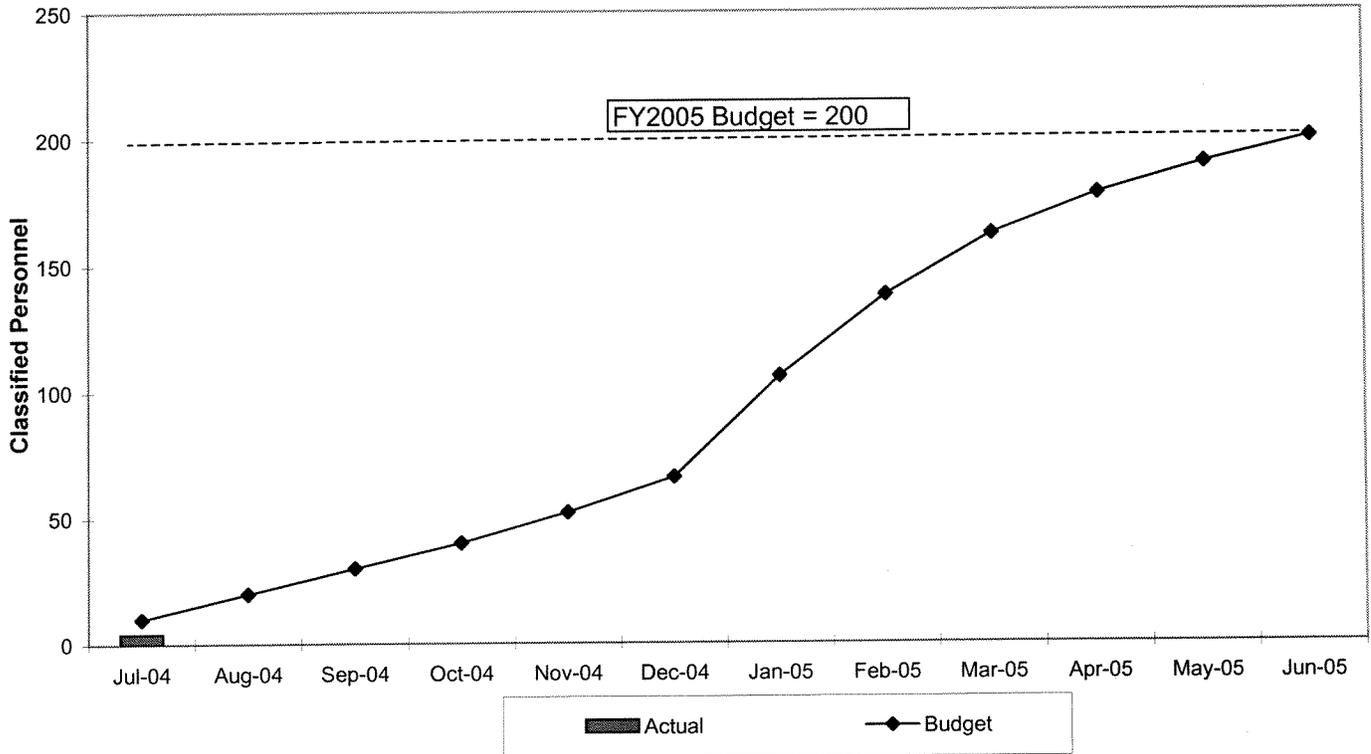


Source: Bureau of Labor Statistics - Houston, Galveston, Brazoria TX

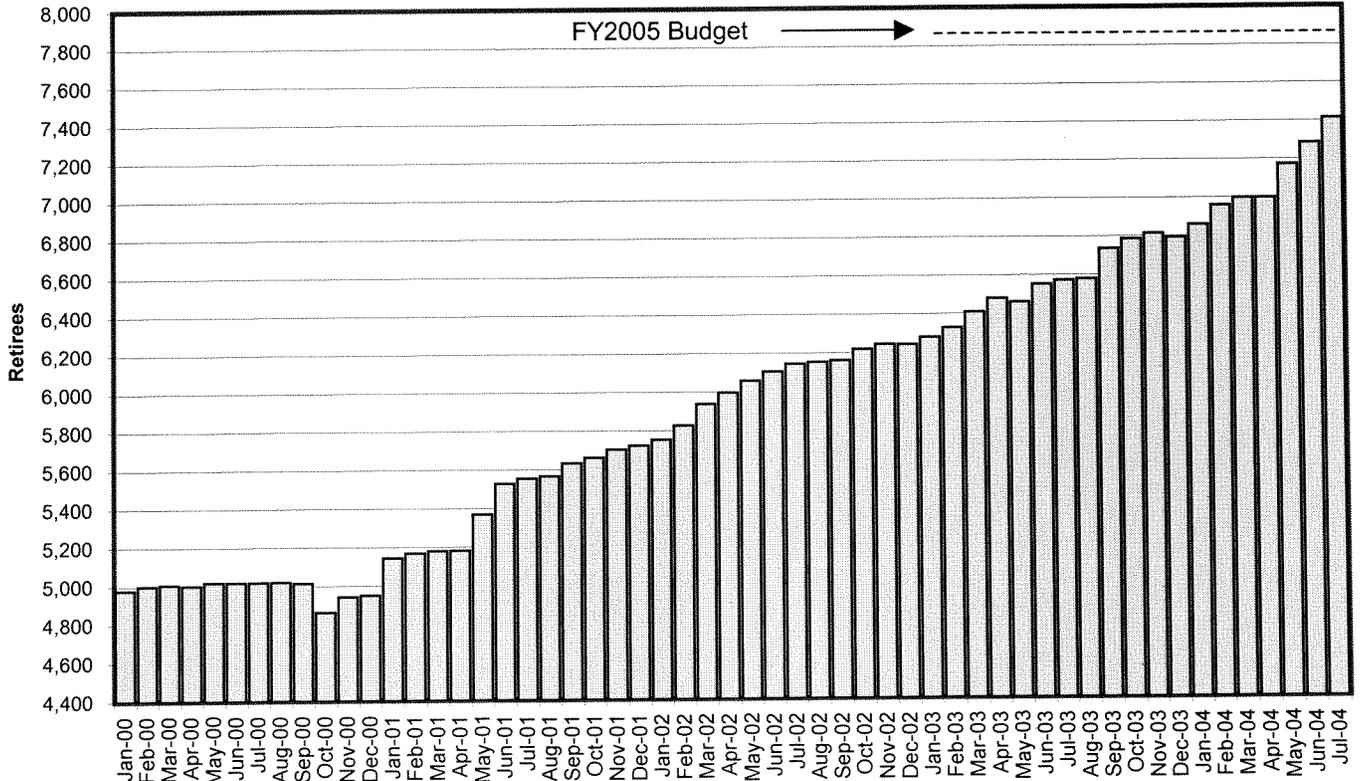


TREND INDICATORS - RETIREMENTS

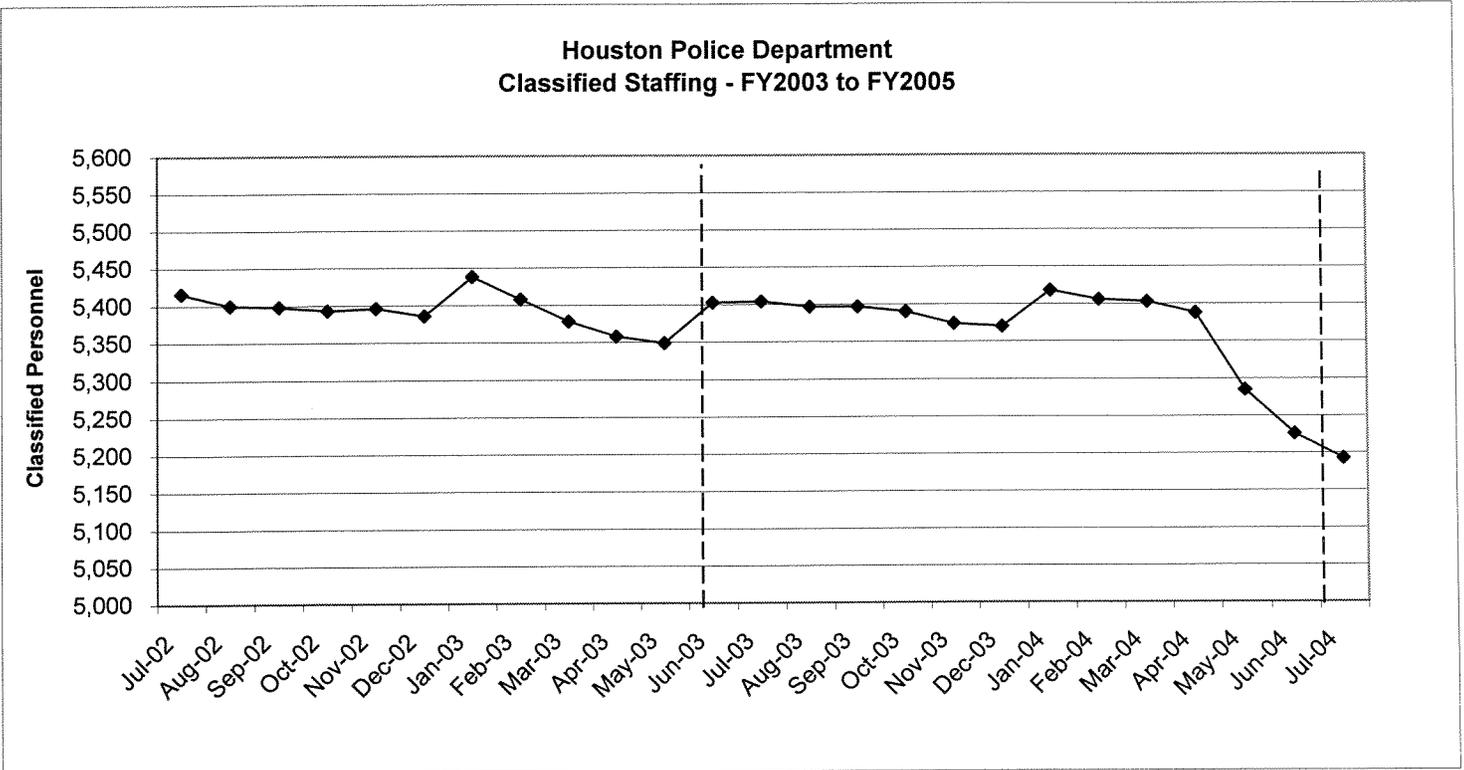
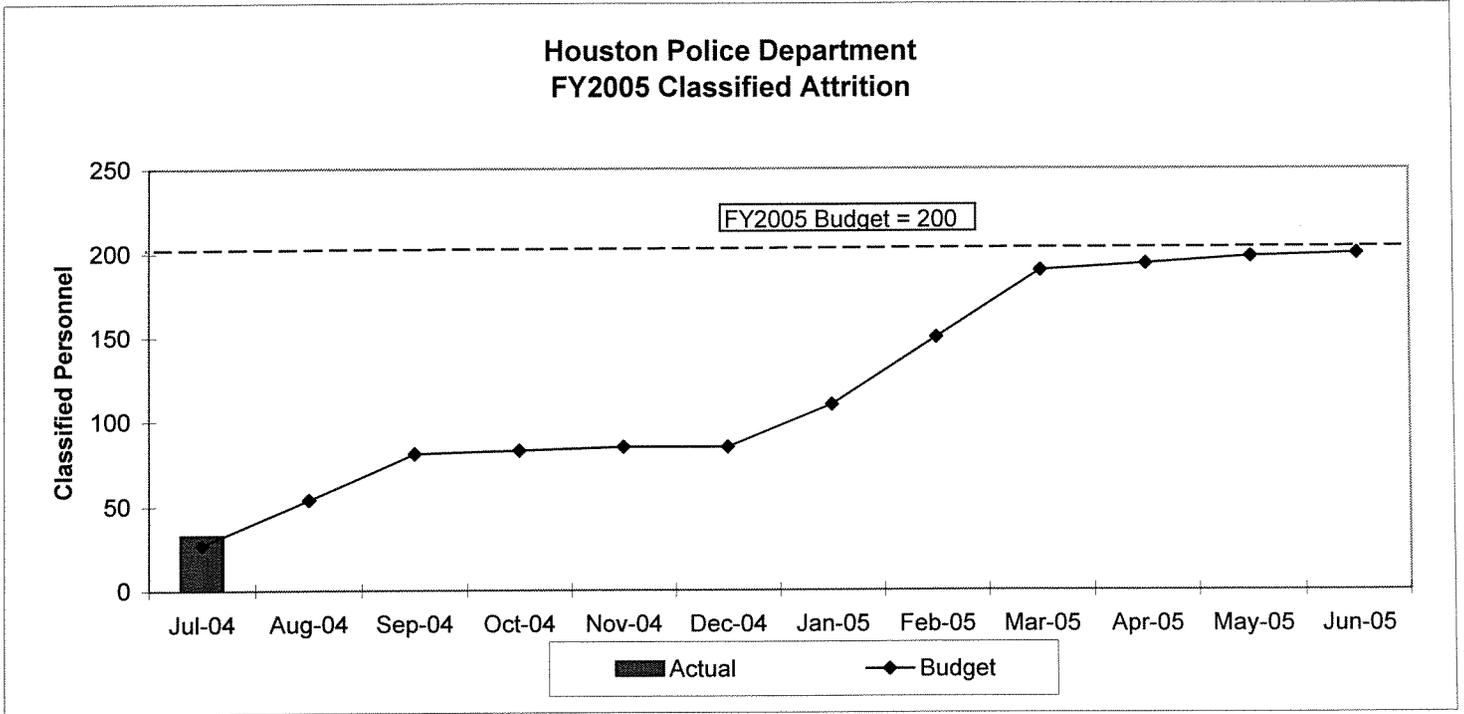
Houston Fire Department
FY2005 Classified Attrition



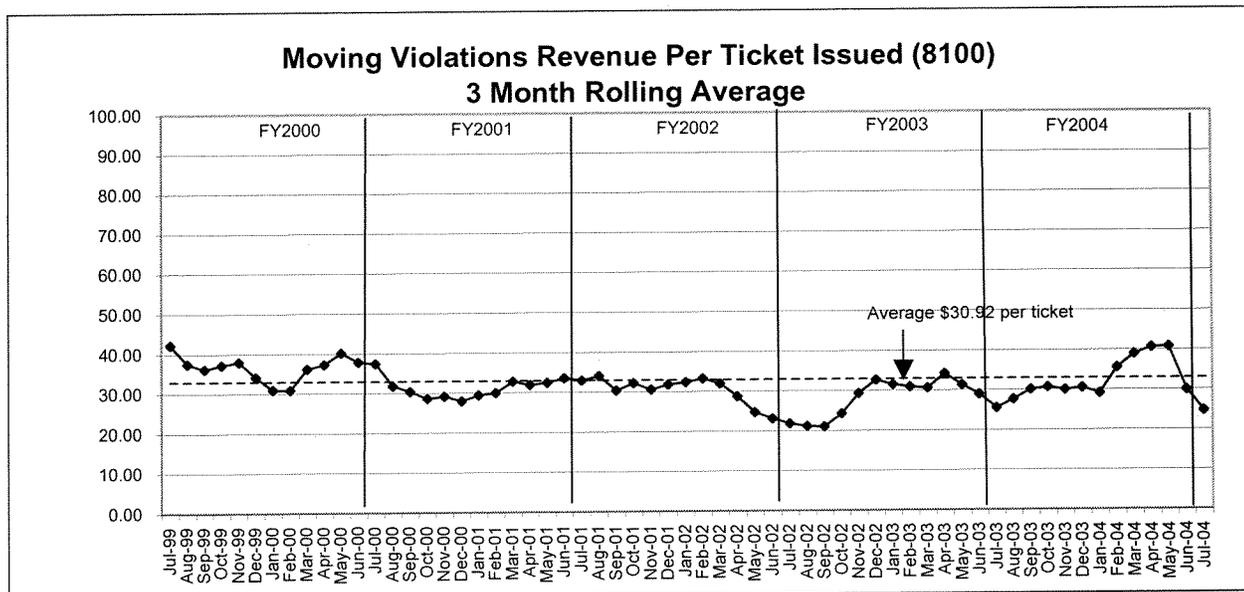
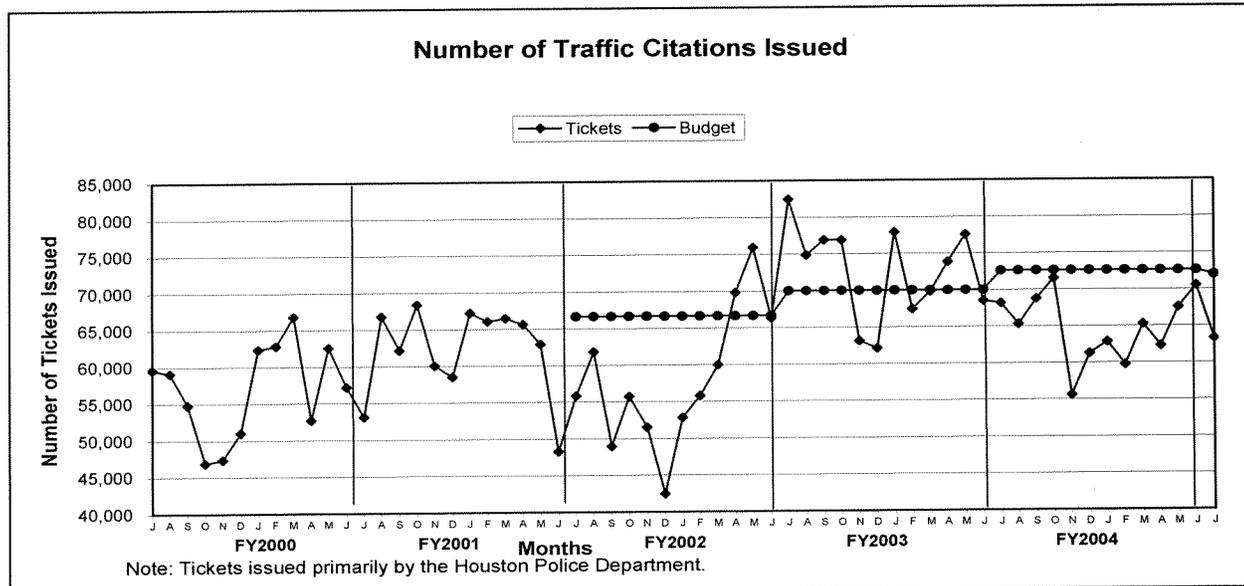
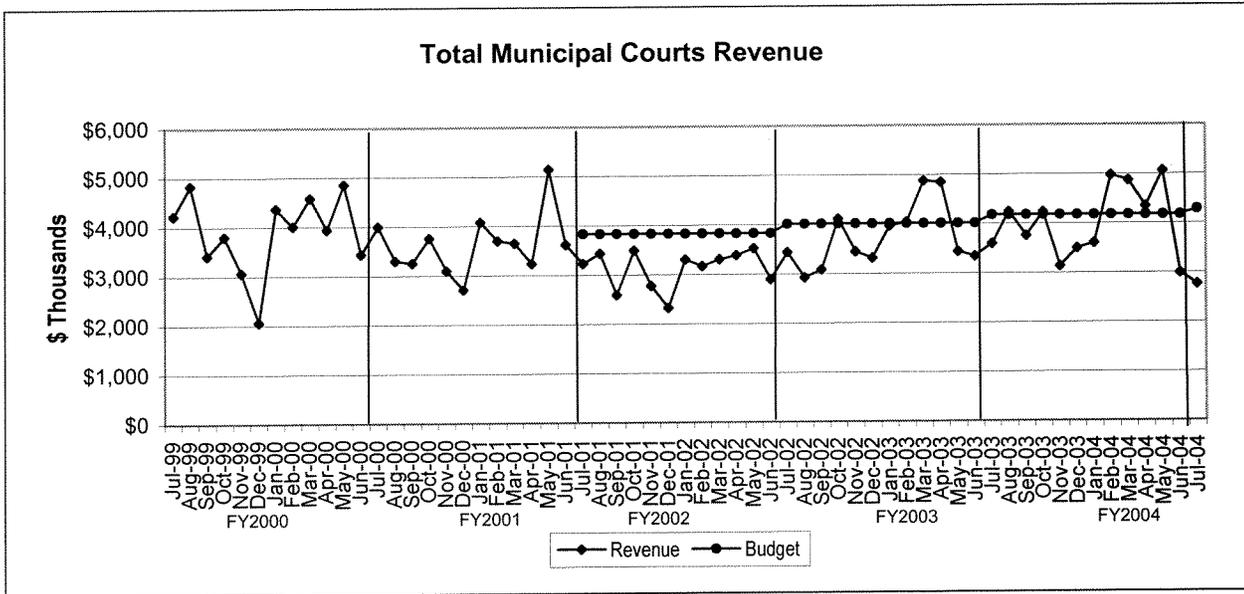
Retirees Receiving Health Benefits



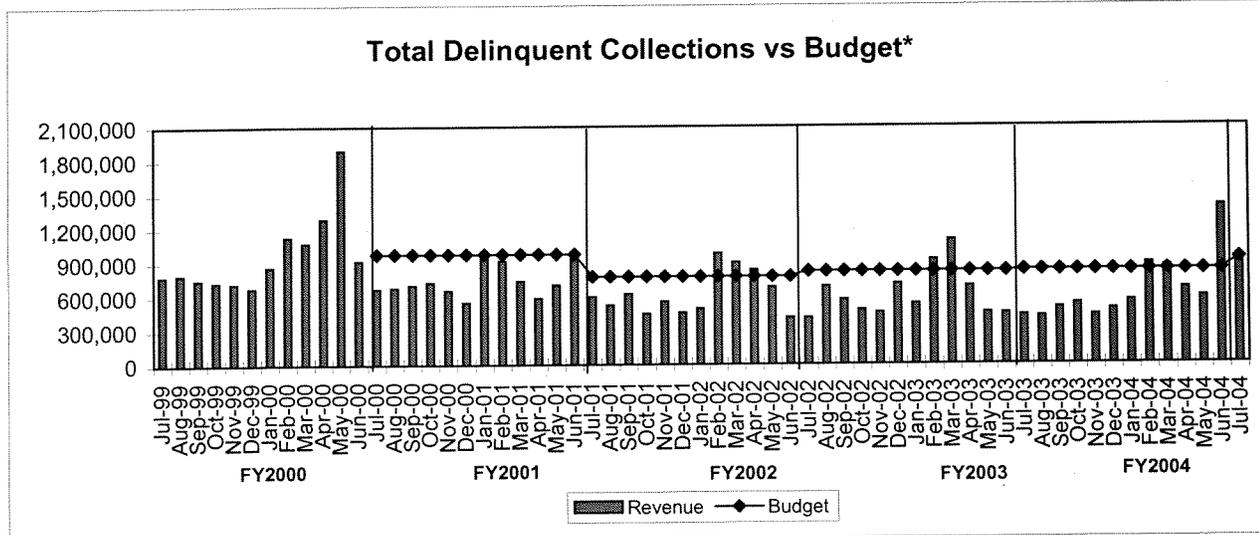
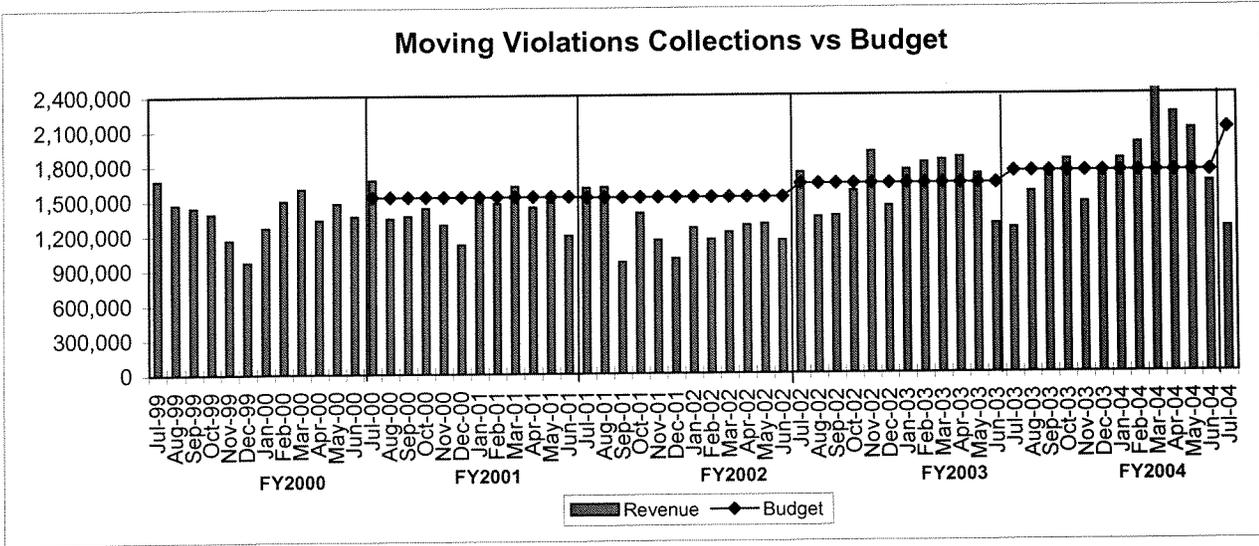
TREND INDICATORS - HIRING AND RETIREMENTS



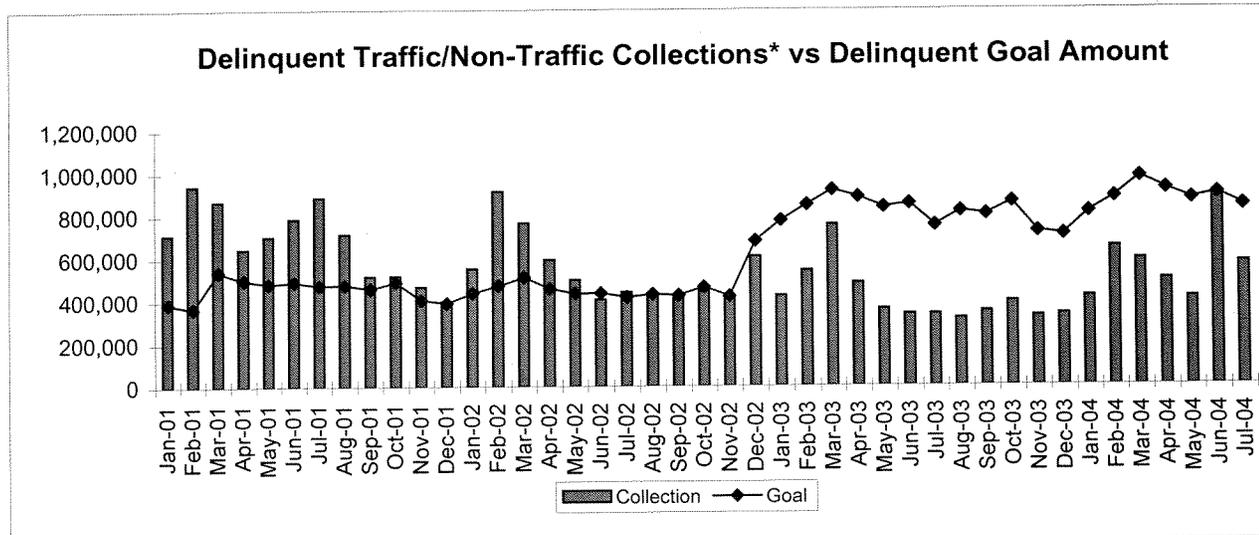
TREND INDICATORS - MUNICIPAL COURTS



TREND INDICATORS - MUNICIPAL COURTS



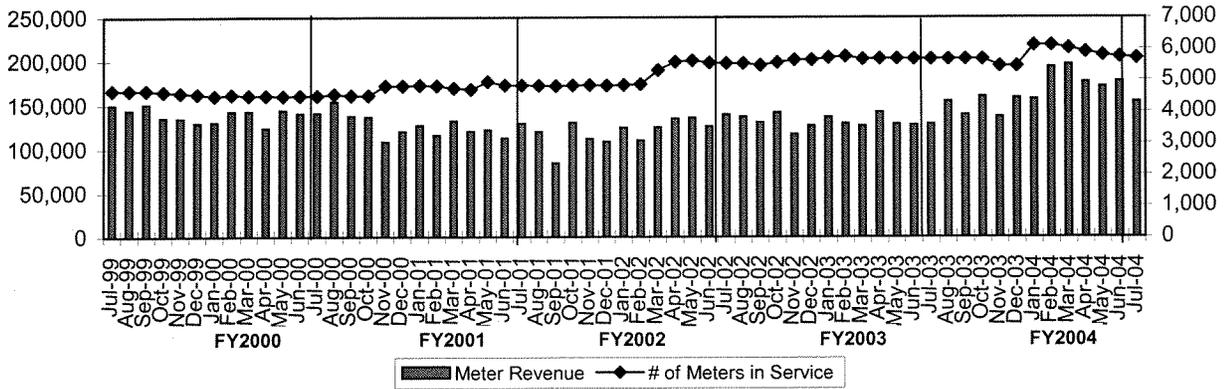
*Net of fees and expenses paid to Linebarger



*Excludes Delinquent Parking Collections

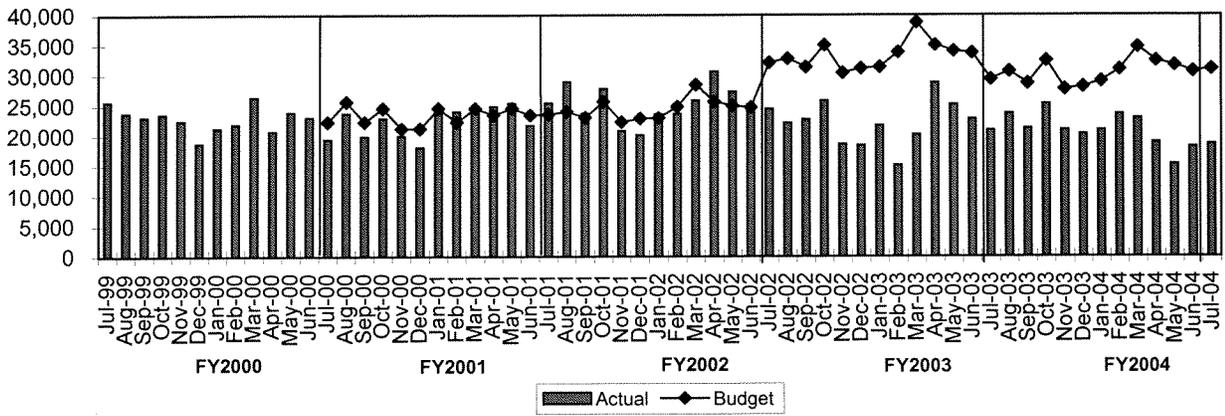
TREND INDICATORS - MUNICIPAL COURTS

Meter Revenue vs # Meters in Service



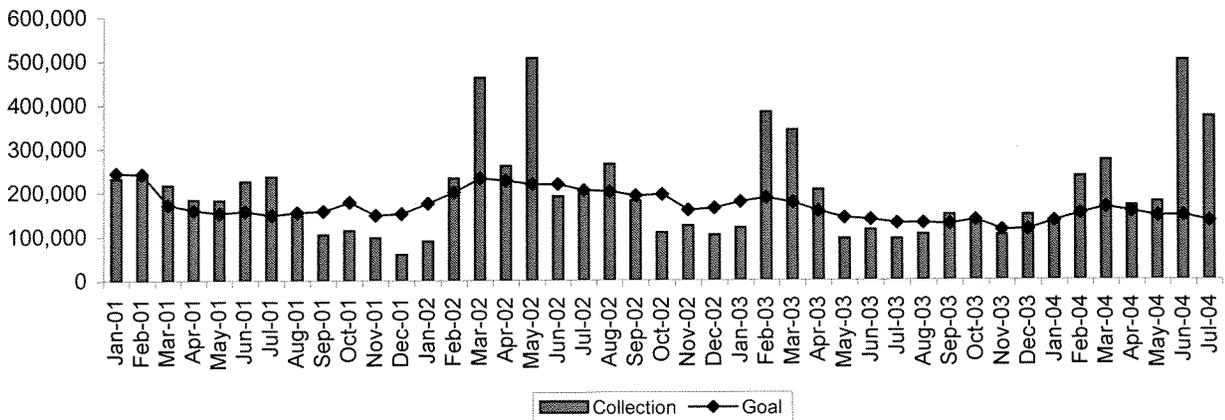
Meter Revenue # of Meters in Service

Parking Violations vs Budget



Actual Budget

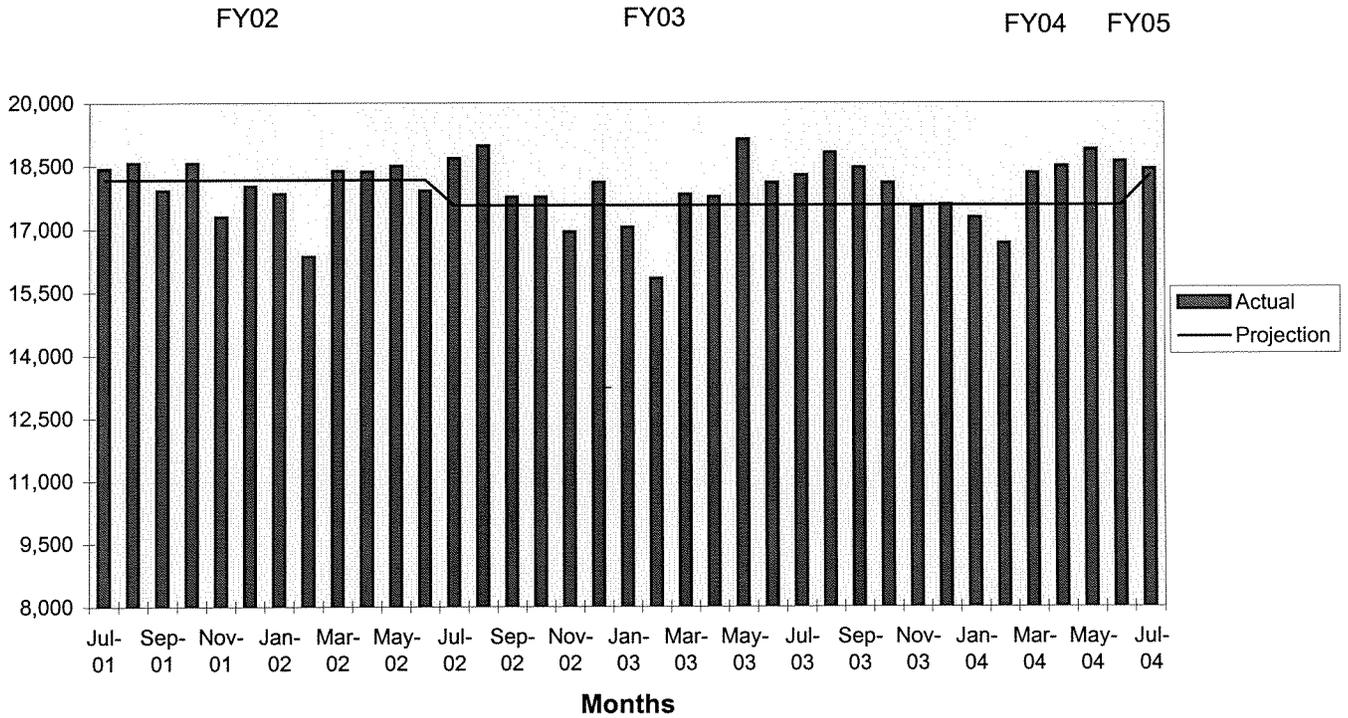
Delinquent Parking Collections vs Delinquent Goal Amount



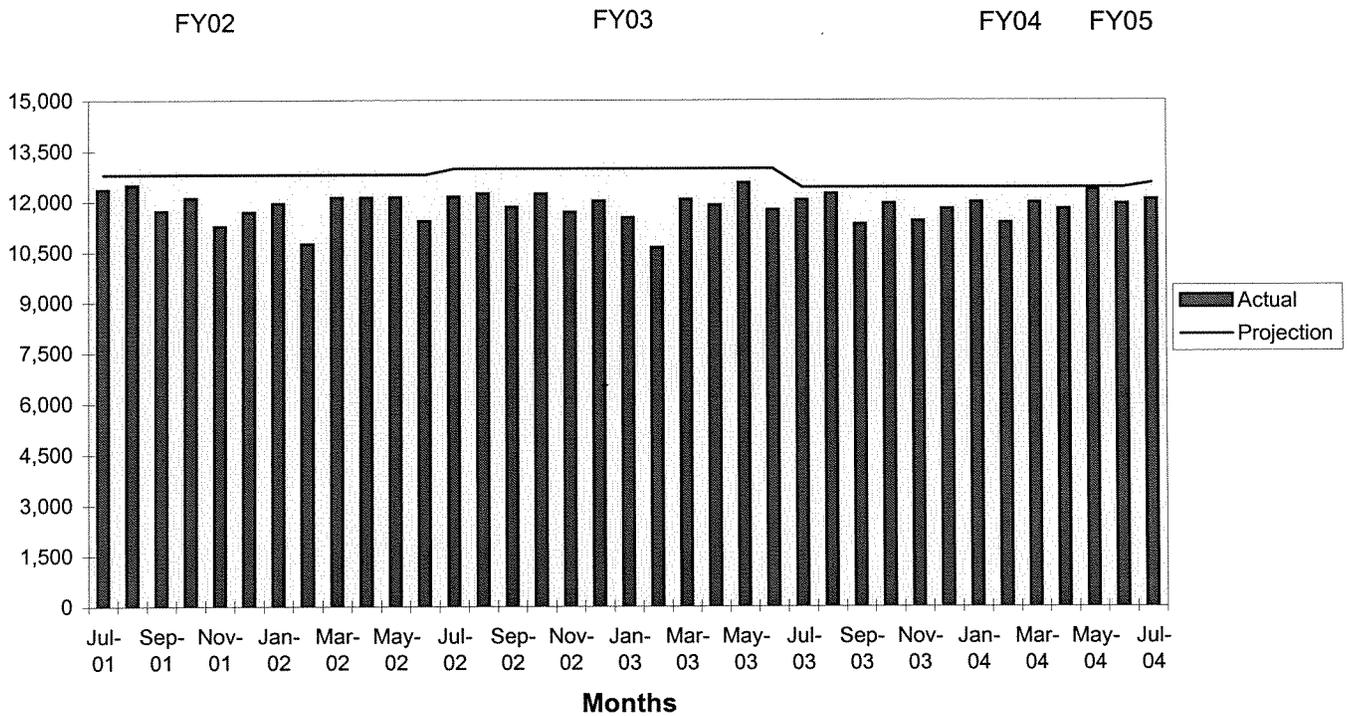
Collection Goal

TREND INDICATORS - AMBULANCE SERVICES

EMS Incidents

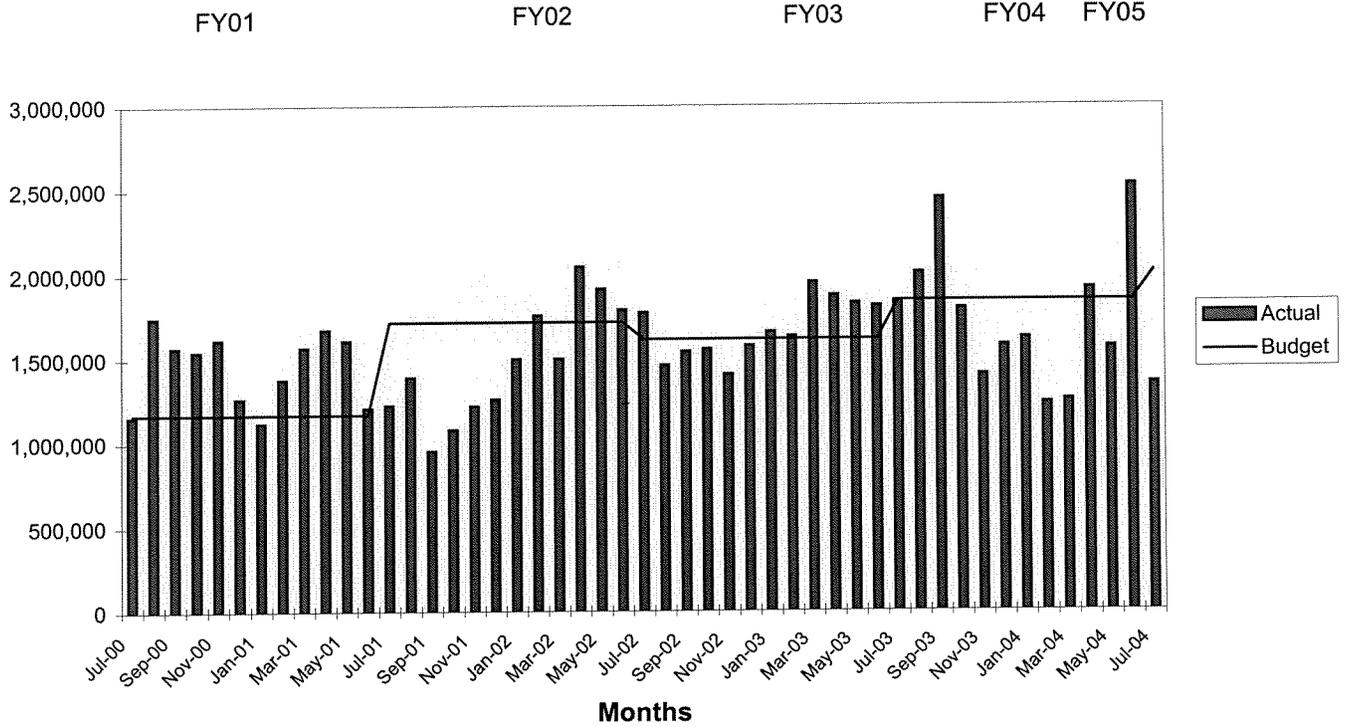


EMS Transports

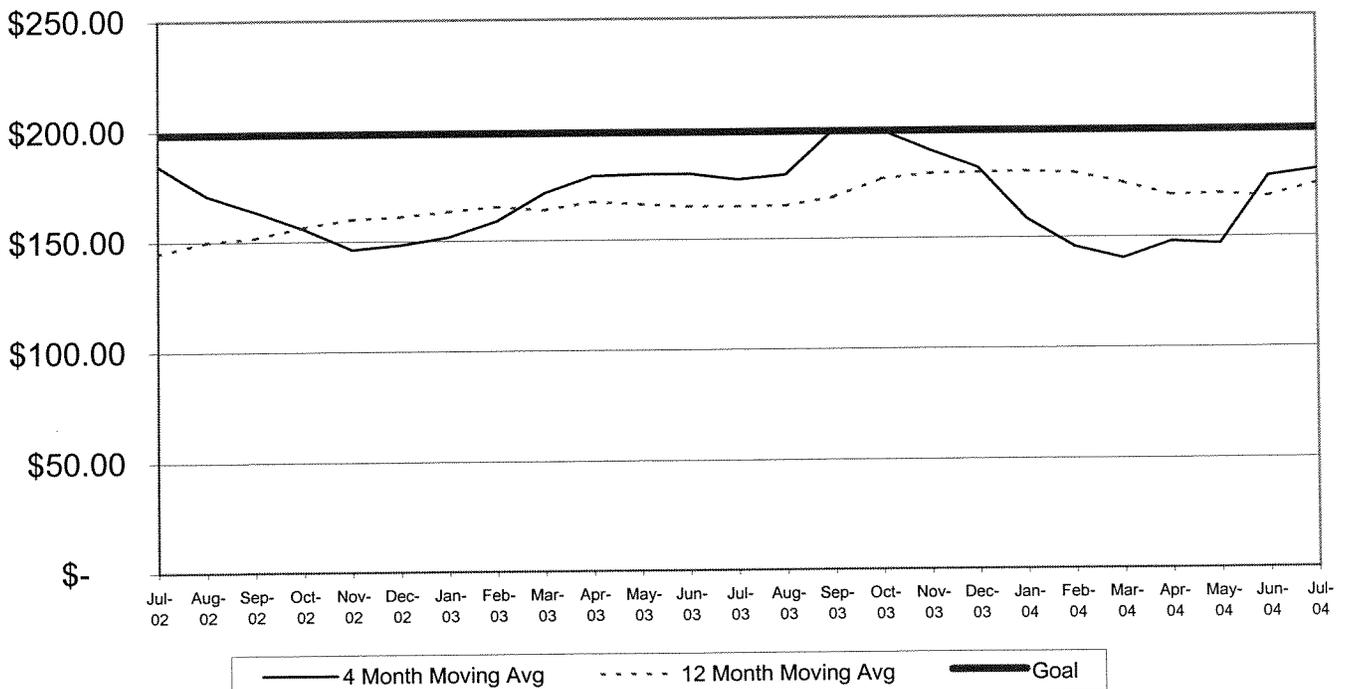


TREND INDICATORS - AMBULANCE SERVICES

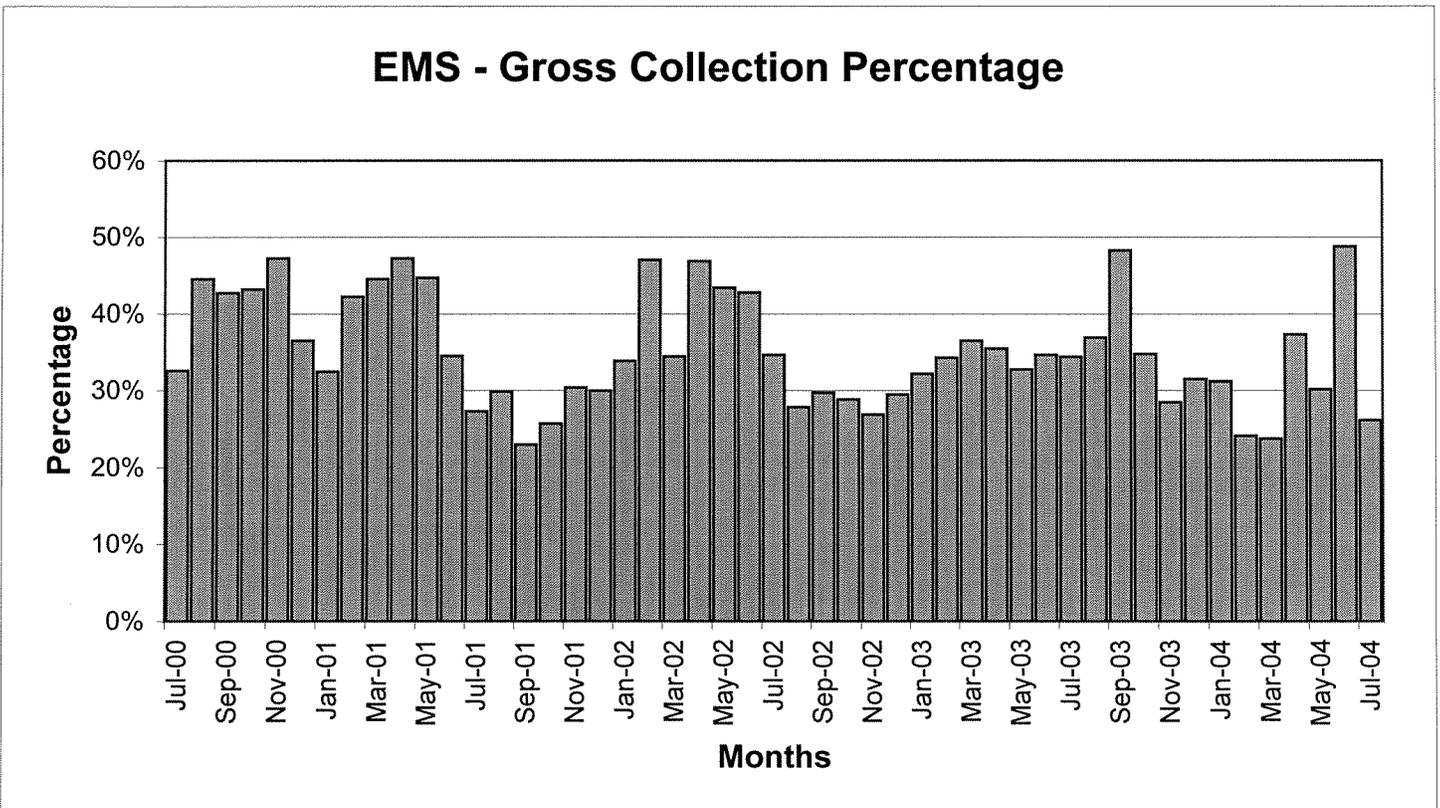
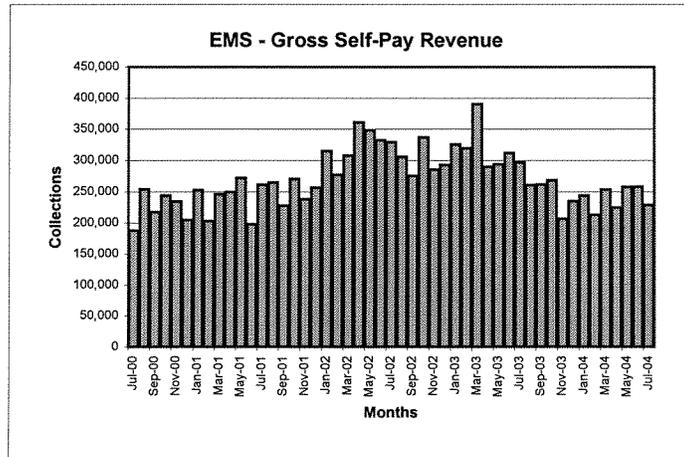
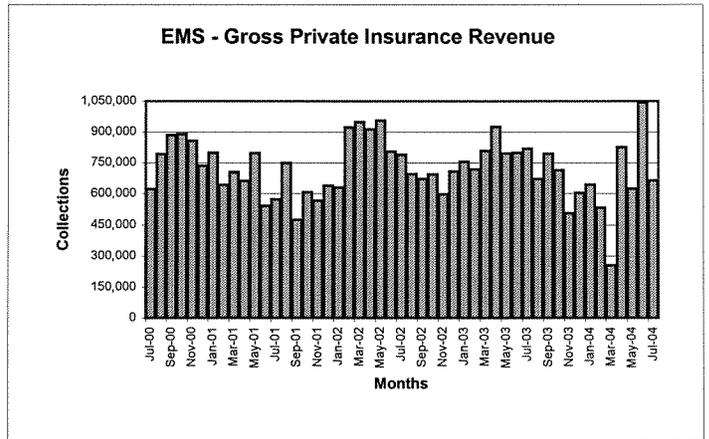
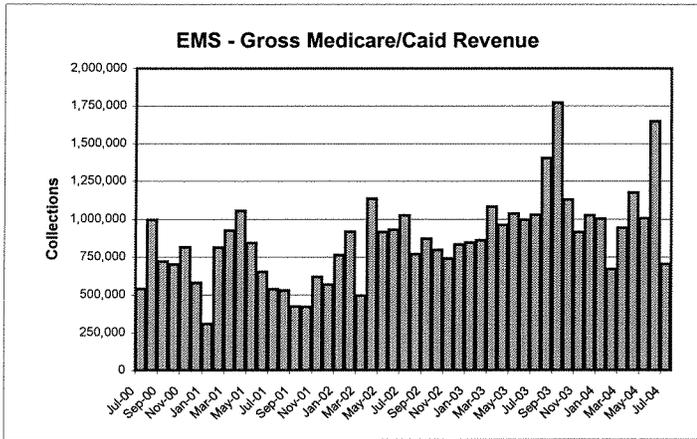
EMS Revenue (Net Collections)



4 Month and 12 Month EMS Revenue Per Transport

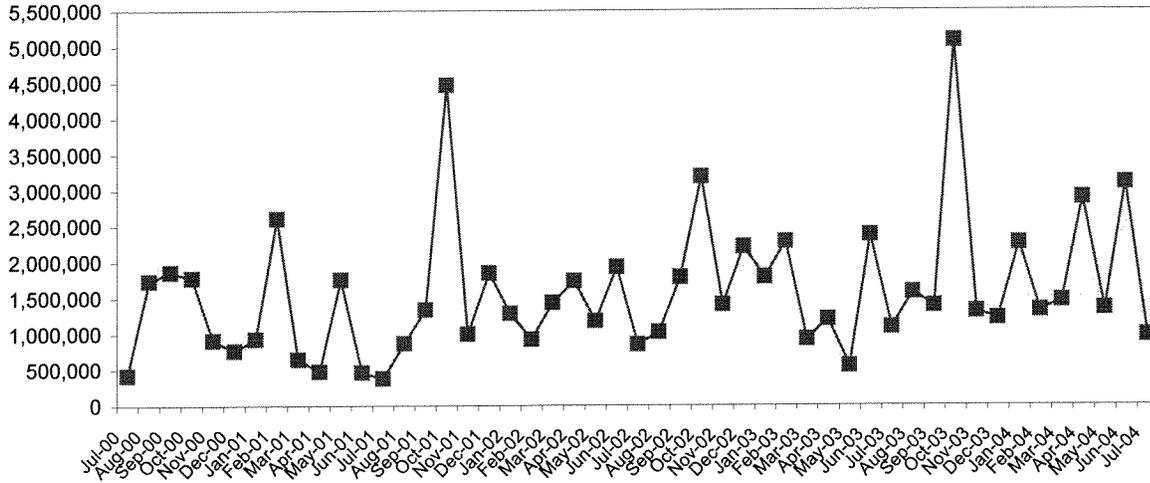


TREND INDICATORS - AMBULANCE SERVICES



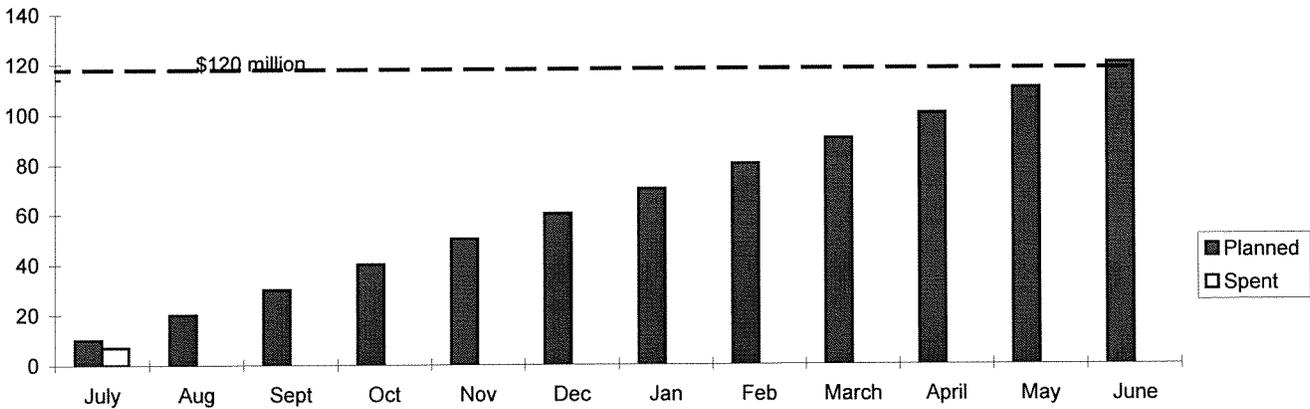
TREND INDICATORS - MISCELLANEOUS

Delinquent Property Tax

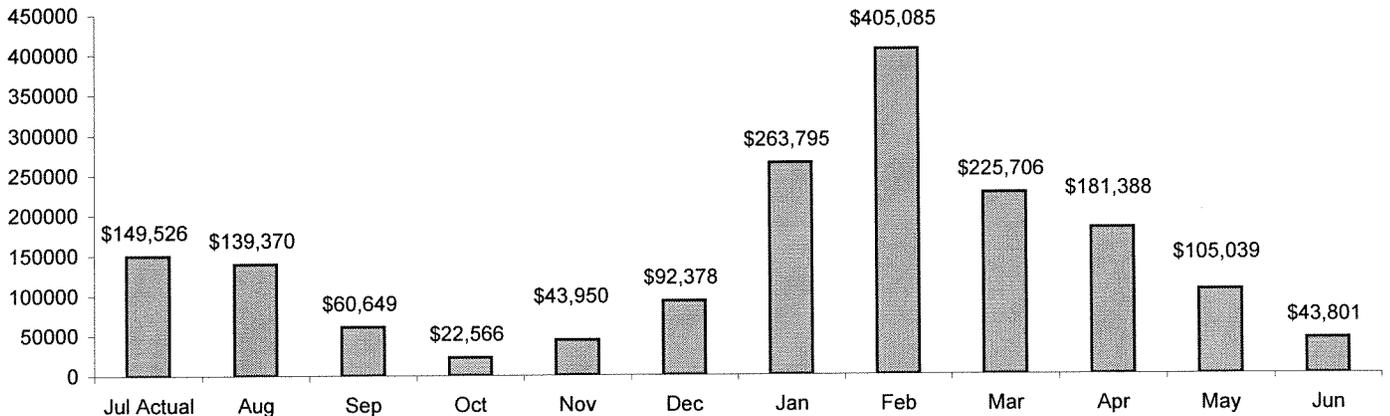


FY05 Budget is \$34,400,922

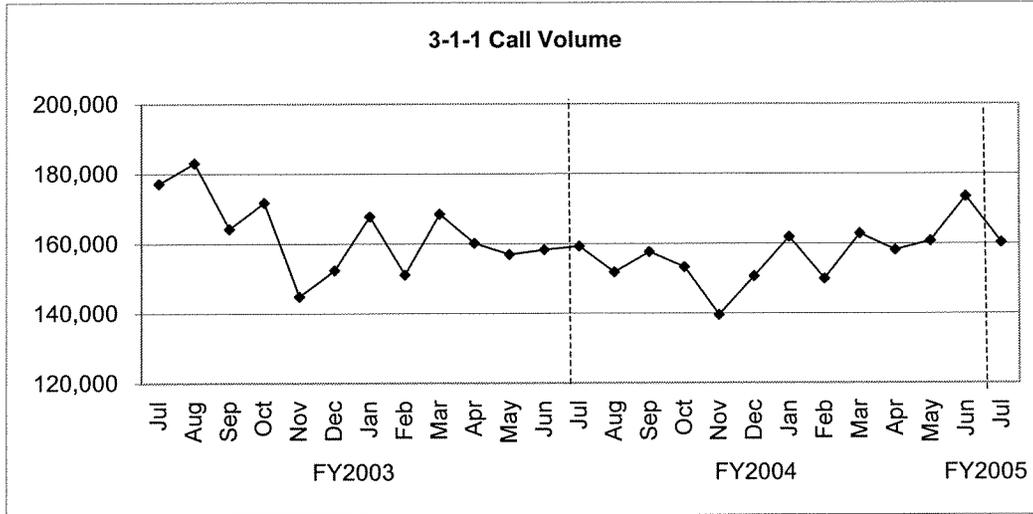
FY2005 Public Improvement Bonds Commercial Paper Planned vs Spent (\$Millions)



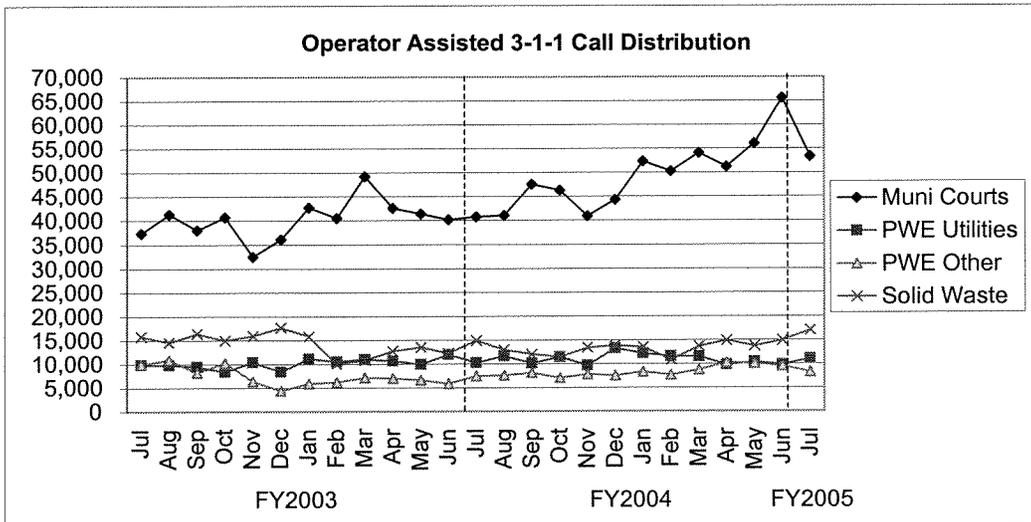
FY2005 Projected City of Houston General Fund Ending Cash Balances (In \$000)



TREND INDICATORS - MISCELLANEOUS



3-1-1 became fully operational in August 2001



4 largest users of operator assisted 3-1-1 calls.