

eXtraordinary,
eXciting,
eXceptional

Statistical Section

(Unaudited)

The statistical section sets forth relevant financial and non-financial data depicting the City's historical trends on a multi-year basis and other significant information.

CITY OF HOUSTON, TEXAS
GENERAL REVENUES BY SOURCE⁽¹⁾
Last Ten Fiscal Years
amounts expressed in thousands

Fiscal Year	General Property Taxes	City Sales Tax	Other Taxes	Licenses and Permits	Charges for Services
1994	\$ 412,870	\$ 226,361	\$ 125,440	\$ 10,697	\$ 86,314
%	44.70	24.51	13.58	1.16	9.35
1995	\$ 433,863	\$ 236,879	\$ 127,780	\$ 12,269	\$ 94,552
%	44.45	24.27	13.09	1.26	9.69
1996	\$ 442,833	\$ 247,915	\$ 129,606	\$ 13,236	\$ 97,736
%	43.84	24.54	12.83	1.31	9.67
1997	\$ 447,238	\$ 262,149	\$ 146,418	\$ 13,585	\$ 100,841
%	42.64	24.99	13.96	1.30	9.61
1998	\$ 470,389	\$ 291,899	\$ 155,205	\$ 13,282	\$ 108,280
%	42.07	26.11	13.88	1.19	9.68
1999	\$ 503,925	\$ 305,472	\$ 164,146	\$ 13,653	\$ 99,068
%	43.21	26.19	14.07	1.17	8.49
2000	\$ 542,777	\$ 313,864	\$ 171,703	\$ 13,126	\$ 98,465
%	44.81	25.91	14.17	1.08	8.13
2001	\$ 572,432	\$ 329,705	\$ 200,040	\$ 12,581	\$ 104,360
%	44.54	25.66	15.57	0.98	8.12
2002	\$ 612,834	\$ 341,952	\$ 198,767	\$ 12,559	\$ 119,760
%	45.15	25.19	14.64	0.93	8.82
2003	\$ 636,028	\$ 322,538	\$ 183,505	\$ 15,334	\$ 127,234
%	46.57	23.62	13.44	1.12	9.32

(1) Includes the General Fund only.

Fines, Forfeits, Penalties	Interest	Inter- government	Other	Total
\$ 35,054 3.80	\$ 6,569 0.71	\$ 4,777 0.52	\$ 15,532 1.68	\$ 923,614 100.00
\$ 36,699 3.76	\$ 9,602 0.98	\$ 4,568 0.47	\$ 19,899 2.04	\$ 976,111 100.00
\$ 39,946 3.95	\$ 11,090 1.10	\$ 12,349 1.22	\$ 15,613 1.55	\$ 1,010,324 100.00
\$ 43,449 4.14	\$ 9,537 0.91	\$ 12,358 1.18	\$ 13,304 1.27	\$ 1,048,879 100.00
\$ 48,181 4.31	\$ 8,783 0.79	\$ 12,462 1.11	\$ 9,673 0.87	\$ 1,118,154 100.00
\$ 53,320 4.57	\$ 8,594 0.74	\$ 7,223 0.62	\$ 10,935 0.94	\$ 1,166,336 100.00
\$ 43,977 3.63	\$ 8,202 0.68	\$ 8,040 0.66	\$ 11,246 0.93	\$ 1,211,400 100.00
\$ 43,035 3.35	\$ 11,548 0.90	\$ 698 0.05	\$ 10,691 0.83	\$ 1,285,090 100.00
\$ 37,587 2.77	\$ 8,775 0.65	\$ 12,263 0.90	\$ 12,812 0.94	\$ 1,357,309 100.00
\$ 44,620 3.27	\$ 7,571 0.55	\$ 15,385 1.13	\$ 13,388 0.98	\$ 1,365,603 100.00

CITY OF HOUSTON, TEXAS
GENERAL EXPENDITURES BY FUNCTION⁽¹⁾
Last Ten Fiscal years

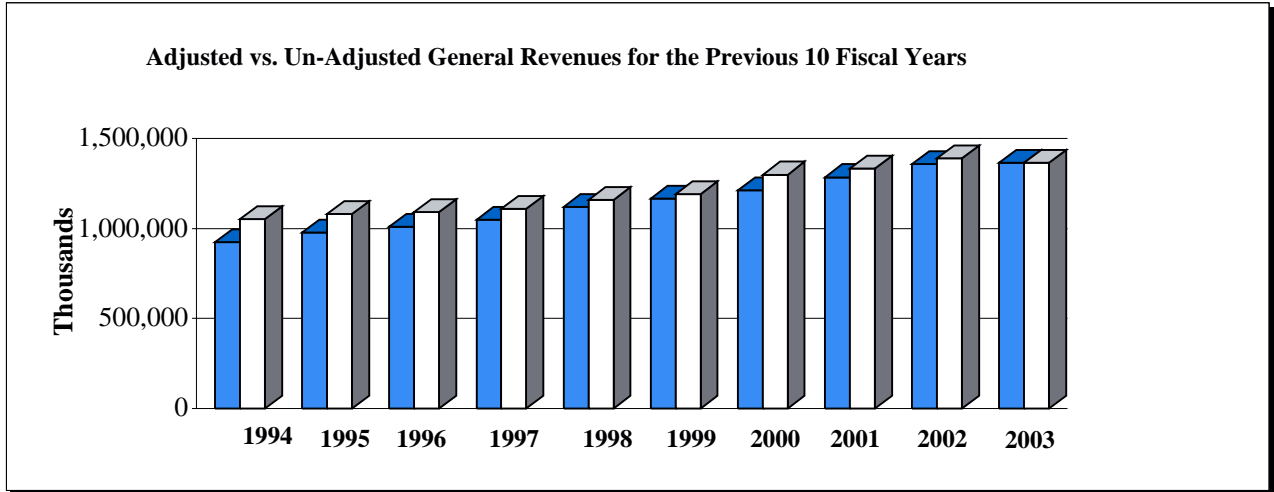
amounts expressed in thousands

Fiscal Year	General Government	Public Safety	Public Works and Solid Waste Management	Health Department	Parks and Recreation Department
1994	\$ 88,290	\$ 490,377	\$ 105,685	\$ 48,668	\$ 40,776
%	8.77	48.72	10.50	4.83	4.05
1995	\$ 83,129	\$ 514,862	\$ 113,895	\$ 50,496	\$ 46,420
%	7.91	48.99	10.84	4.80	4.42
1996	\$ 85,893	\$ 536,146	\$ 108,711	\$ 52,243	\$ 45,314
%	7.92	49.46	10.03	4.82	4.18
1997	\$ 89,616	\$ 557,657	\$ 112,282	\$ 53,468	\$ 47,339
%	7.83	48.75	9.81	4.67	4.14
1998	\$ 92,440	\$ 594,771	\$ 117,382	\$ 54,228	\$ 49,356
%	7.58	48.79	9.63	4.45	4.05
1999	\$ 88,376	\$ 631,212	\$ 121,132	\$ 55,201	\$ 50,157
%	7.11	50.77	9.74	4.44	4.03
2000	\$ 94,506	\$ 656,846	\$ 125,184	\$ 56,547	\$ 53,932
%	7.25	50.39	9.60	4.34	4.14
2001	\$ 93,754	\$ 652,764	\$ 148,598	\$ 55,793	\$ 55,196
%	6.93	48.26	10.99	4.13	4.08
2002	\$ 108,691	\$ 715,329	\$ 191,198	\$ 55,077	\$ 55,999
%	7.47	49.14	13.14	3.78	3.85
2003	\$ 101,611	\$ 731,322	\$ 183,455	\$ 51,596	\$ 54,067
%	7.06	50.83	12.75	3.59	3.76

(1) Includes the General Fund plus Debt Service Fund.

<u>Library</u>	<u>Retiree Benefits</u>	<u>Equipment Acquisition</u>	<u>Debt Service</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 23,558 2.34	\$ 9,090 0.90	\$ 40,752 4.05	\$ 139,705 13.88	\$ 19,681 1.96	\$ 1,006,582 100.00
\$ 24,799 2.36	\$ 6,929 0.66	\$ 34,981 3.33	\$ 149,420 14.22	\$ 26,101 2.48	\$ 1,051,032 100.00
\$ 27,495 2.54	\$ 9,067 0.84	\$ 38,044 3.51	\$ 161,995 14.95	\$ 19,000 1.75	\$ 1,083,908 100.00
\$ 27,983 2.45	\$ 8,720 0.76	\$ 39,977 3.49	\$ 182,283 15.93	\$ 24,698 2.16	\$ 1,144,023 100.00
\$ 31,057 2.55	\$ 9,133 0.75	\$ 64,981 5.33	\$ 178,900 14.67	\$ 26,901 2.21	\$ 1,219,149 100.00
\$ 33,823 2.72	\$ 8,941 0.72	\$ 35,488 2.85	\$ 184,173 14.81	\$ 34,811 2.80	\$ 1,243,314 100.00
\$ 35,758 2.74	\$ 9,597 0.74	\$ 41,008 3.15	\$ 198,656 15.24	\$ 31,531 2.42	\$ 1,303,565 100.00
\$ 36,240 2.68	\$ 11,675 0.86	\$ 50,299 3.72	\$ 212,066 15.68	\$ 36,079 2.67	\$ 1,352,464 100.00
\$ 35,264 2.42	\$ 17,787 1.22	\$ 43,750 3.01	\$ 203,142 13.96	\$ 29,391 2.02	\$ 1,455,628 100.00
\$ 33,485 2.33	\$ 21,440 1.49	\$ 21,108 1.47	\$ 212,290 14.75	\$ 28,483 1.98	\$ 1,438,857 100.00

CITY OF HOUSTON, TEXAS

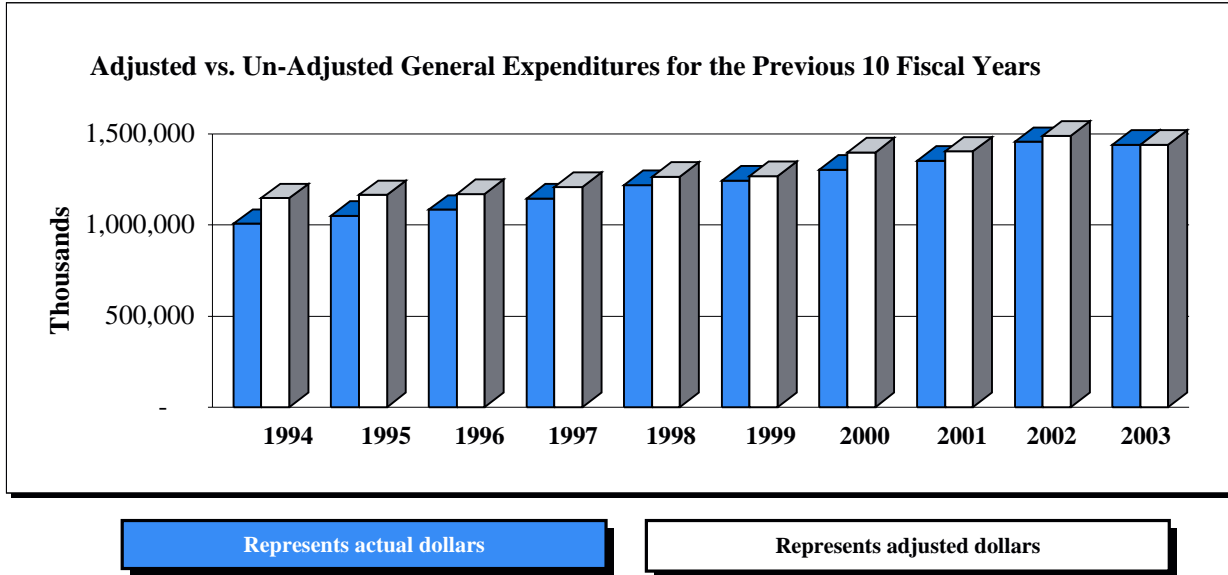


Represents actual dollars

Represents adjusted dollars

Both revenues and expenses are adjusted by the U.S. State & Local Government Expenditures Implicit Deflator, which is derived from the overall GDP (Gross domestic Product) Implicit Deflator. **FY03** is the base year. The factors used to divide into the actual (nominal) values are as follows: **FY94 = 0.88, FY95 = 0.90, FY96 = .93, FY97 = .95, FY98 = .96, FY99 = .98, FY00 = .93, FY01= .96, FY02 = .98 and FY03 = 1.00.**

CITY OF HOUSTON, TEXAS



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CITY OF HOUSTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
amounts expressed in thousands

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Net Tax Levy</u>	<u>Current Tax Collections (a)</u>	<u>Percent of Current Tax Collected</u>
1994	1993	\$ 439,262	\$ 399,530	\$ 385,954	87.86%
1995	1994	\$ 466,909	\$ 423,165	\$ 409,561	87.72%
1996	1995	\$ 476,909	\$ 430,825	\$ 417,170	87.47%
1997	1996	\$ 485,606	\$ 437,589	\$ 425,536	87.63%
1998	1997	\$ 513,643	\$ 461,904	\$ 448,279	87.27%
1999	1998	\$ 548,622	\$ 493,913	\$ 479,856	87.47%
2000	1999	\$ 594,899	\$ 536,599	\$ 522,302	87.80%
2001	2000	\$ 642,834	\$ 574,325	\$ 558,193	86.83%
2002	2001	\$ 702,547	\$ 625,283	\$ 608,337	86.59%
2003	2002	\$ 737,226	\$ 650,450	\$ 632,588	85.81%

- (a) These figures represent collections as of June 30 of each year. Tax delinquency date ordinarily is February 1 of the year following the Tax Year, but such date will be postponed for taxpayers whose tax bills are mailed by the City after January 10 of the year following the Tax Year.

Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Current Tax Levy	Outstanding Delinquent Taxes by Tax Year	Ratio of Delinquent Taxes to Current Tax Levy
\$ 19,710	\$ 405,664	101.5%	\$ 4,633	1.2%
\$ 18,243	\$ 427,804	101.1%	\$ 5,223	1.2%
\$ 17,585	\$ 434,755	100.9%	\$ 6,250	1.5%
\$ 15,726	\$ 441,262	100.8%	\$ 8,575	2.0%
\$ 14,250	\$ 462,529	100.1%	\$ 14,452	3.1%
\$ 15,581	\$ 495,437	100.3%	\$ 29,379	5.9%
\$ 15,302	\$ 537,604	100.2%	\$ 26,728	5.0%
\$ 17,315	\$ 575,508	100.2%	\$ 27,544	4.8%
\$ 18,950	\$ 627,287	100.3%	\$ 27,708	4.4%
\$ 23,285	\$ 655,873	100.8%	\$ 29,379	4.5%

CITY OF HOUSTON, TEXAS
TAXABLE VALUES AND TAX LEVIES
Last Ten Fiscal Years
amounts expressed in thousands

Fiscal Year	Tax Year	Real Property	Personal Property	Taxable Value (b)
1994	1993	\$ 48,447,953	\$ 15,522,639	\$ 63,970,592
1995	1994	\$ 48,367,126	\$ 15,545,980	\$ 63,913,106
1996	1995	\$ 48,972,216	\$ 16,113,132	\$ 65,085,348
1997	1996	\$ 49,228,191	\$ 16,747,637	\$ 65,975,828
1998	1997	\$ 52,201,769	\$ 17,257,527	\$ 69,459,296
1999	1998	\$ 56,101,316	\$ 18,171,308	\$ 74,272,624
2000	1999	\$ 61,997,865	\$ 18,693,686	\$ 80,691,551
2001	2000	\$ 69,004,424	\$ 18,678,764	\$ 87,683,188
2002	2001	\$ 75,855,543	\$ 19,607,584	\$ 95,463,127
2003	2002	\$ 79,404,007	\$ 19,901,369	\$ 99,305,376

(a) The Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for home rule cities such as the City. A voter-approved 1982 amendment to the City's home-rule charter (the "Charter") limits the tax rate for general purposes to \$0.50 per \$100 of assessed valuation, but that Charter limitation does not apply to taxes levied to pay debt service on the Tax Bonds, Tax Certificates, Commercial Paper Notes and Assumed Bonds. The \$0.50 general purpose tax limit can be changed only by amending the Charter at an election (held no more than once every two years) or by State law. The most recent Charter election held in November 1999 did not include a proposition to amend the City's general purpose tax limit.

(b) These amounts do not include revenue from certain property within Industrial Districts created by the City or revenues received from similar agreements with property owners outside of the City's corporate limits. Industrial Districts have a term from seven to ten years and allow property owners to make payments to the City in lieu of paying ad valorem taxes. Similarly, certain other property owners outside of the City's corporate limits have contracted with the City to pay a certain sum in consideration for the City agreeing not to annex their property. These payments are structured like Industrial District payments, but with a minimum payment, by each property owner.

General Purpose	Tax Rate (a)		Levy
	Debt Service	Total	
0.49306	0.13694	0.63000	\$ 427,806
0.49273	0.17227	0.66500	\$ 424,287
0.48733	0.17767	0.66500	\$ 436,773
0.47911	0.18589	0.66500	\$ 437,589
0.47998	0.18502	0.66500	\$ 461,904
0.46070	0.20430	0.66500	\$ 493,913
0.46973	0.19527	0.66500	\$ 536,599
0.46682	0.18818	0.65500	\$ 574,325
0.47601	0.17899	0.65500	\$ 625,283
0.47459	0.18041	0.65500	\$ 650,450

CITY OF HOUSTON, TEXAS
PROPERTY TAX RATES – ALL DIRECT AND OVERLAPPING GOVERNMENTS^(B)
Last Ten Fiscal Years

<u>Purpose</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
City of Houston ^(A)	0.655	0.655	0.655	0.665	0.665
Aldine I.S.D.	1.618	1.25	1.519	1.519	1.515
Alief I.S.D.	1.675	1.675	1.64	1.64	1.6995
Clear Creek I.S.D.	1.74	1.725	1.70084	1.70084	1.64152
Clear Lake City Water Authority ^(A)	0.31	0.33	0.33	0.33	0.33
Conroe I.S.D.	1.7225	0.2025	1.7025	1.7025	1.7505
Crosby I.S.D.	1.67	1.67	1.68	1.68	1.68
Cypress-Fairbanks I.S.D.	1.79	1.709	1.709	1.709	1.77
Deer Park I.S.D.	1.8035	1.6898	1.69	1.67	1.58
Fort Bend County ^(A)	0.53874	0.5641	0.6041	0.6241	0.6241
Galena Park I.S.D.	1.765	1.68352	1.68352	1.68352	1.6768
Harris County ^{(A)(C)}	0.6597	0.6692	0.64173	0.64173	0.64173
Houston Community College System	0.081333	No data	No data	No data	No data
Houston I.S.D.	1.58	1.58	1.519	1.459	1.459
Huffman I.S.D.	1.68	1.68	1.74	1.74	1.88
Humble I.S.D.	1.74	1.74	1.68	1.68	1.66
Katy I.S.D.	1.94	1.92	1.8675	1.695	1.83
Klein I.S.D.	1.72	1.72	1.67	1.67	1.78
Montgomery County	0.471	0.471	0.04747	0.4747	0.4747
New Caney I.S.D.	1.71	1.6554	1.7696	1.69	1.83
North Forest I.S.D.	1.7444	1.7444	1.744	1.6423	1.7923
N. Harris Montgomery Community College	0.1055	0.11	0.11	0.1174	0.1198
Northwood M.U.D. #1	1.25	1.25	1.25	1.25	1.25
Pasadena I.S.D.	1.6875	1.66	1.61	1.52	1.55
San Jacinto Jr. College District ^(A)	0.13071	0.1307	0.126	0.126	0.11
Sheldon I.S.D.	1.633	1.633	1.457	1.538	1.52
Spring I.S.D.	1.76	1.70	1.69	1.74	1.86
Spring Branch I.S.D.	1.81	1.81	1.79	1.79	1.82

(A) The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$100 assessed value.

(B) Includes all major taxing jurisdictions; excludes certain minor overlapping portions.

(C) Harris County includes the Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District and the Harris County Board of Education.

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
0.665	0.665	0.665	0.665	0.63
1.51	1.485	1.485	1.47	1.4459
1.6995	1.6995	1.6995	1.6995	1.6995
1.64152	1.515	1.47	1.47	1.46
0.32	0.33	0.295	0.295	0.295
1.7505	1.6355	1.5955	1.5655	1.5455
1.68	1.68	1.65	1.5899	1.6
1.77	1.75	1.75	1.75	1.72
1.58	1.53	1.53	1.53	1.48
0.6291	0.647	0.647	0.657	0.6598
1.6768	1.6168	1.5868	1.5868	1.5868
0.64173	0.64735	0.62462	0.62665	0.60044
No data	No data	No data	No data	No data
1.384	1.384	1.384	1.384	1.384
1.88	1.92	1.97	2.03	1.83
1.81	1.79	1.79	1.792	1.732
1.83	1.75	1.73	1.67	1.63
1.78	1.78	1.78	1.73	1.67
0.4897	0.4897	0.4927	0.4927	0.4927
1.83	1.6874	1.6874	1.6874	1.6874
1.7923	1.68	1.68	1.68	1.68
0.1198	0.1228	0.1002	0.099	0.099
1.25	9.96	10.25	10.25	10.25
1.5535	1.48	1.45	1.43	1.43
0.11	0.11	0.11	0.11	0.1
1.52	1.52	1.52	1.52	1.432
1.86	1.79	1.74	1.74	1.7
1.82	1.78	1.78	1.78	1.78

CITY OF HOUSTON, TEXAS
RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE AND BONDED DEBT PER CAPITA
Last Ten Fiscal Years
amounts expressed in thousands, except for bonded debt per capita

Fiscal Year	Gross Bonded Debt ⁽¹⁾	Bonded Debt Supported by Revenues	Tax Obligation Bonded Debt ⁽²⁾			Taxable Value ⁽⁴⁾
			Gross	Less Sinking Fund ⁽³⁾	Net	
1994	\$ 3,387,641	\$ 2,087,208	\$ 1,300,433	\$ 94,781	\$ 1,205,652	\$ 63,970,592
1995	\$ 3,630,760	\$ 2,286,746	\$ 1,344,014	\$ 96,113	\$ 1,247,901	\$ 63,913,106
1996	\$ 4,355,761	\$ 2,934,165	\$ 1,421,596	\$ 88,963	\$ 1,332,633	\$ 65,085,348
1997	\$ 4,842,762	\$ 3,246,050	\$ 1,596,712	\$ 82,837	\$ 1,513,875	\$ 65,975,828
1998	\$ 5,077,608	\$ 3,364,015	\$ 1,713,593	\$ 84,792	\$ 1,628,801	\$ 69,459,296
1999	\$ 5,873,155	\$ 4,117,088	\$ 1,756,067	\$ 88,744	\$ 1,667,323	\$ 74,272,624
2000	\$ 6,023,277	\$ 4,195,464	\$ 1,827,813	\$ 86,373	\$ 1,741,440	\$ 80,691,551
2001	\$ 7,420,564	\$ 5,554,520	\$ 1,866,044	\$ 89,603	\$ 1,776,441	\$ 87,683,188
2002	\$ 7,667,358	\$ 5,745,424	\$ 1,921,934	\$ 102,176	\$ 1,819,758	\$ 95,463,127
2003	\$ 8,697,629	\$ 6,695,269	\$ 2,002,360	\$ 99,534	\$ 1,902,826	\$ 99,305,376

Notes:

- (1) Gross Bonded Debt represents the total amount of outstanding bonds issued by the City of Houston in its own name or assumed through annexations.
- (2) Tax Obligation Bonded Debt represents the amount of outstanding bonds which are supported primarily by ad valorem taxes, including all Public Improvement Bonds, Tax and Revenue Certificates of Obligation, and General Obligation Bonds.
- (3) Represents the fund balance available for Debt Service at fiscal year-end.

Ratio of Bond Debt to Taxable Value (Percent)			Population (Est.)⁽⁵⁾	Bonded Debt Per Capita		
Gross Bonded Debt	Tax Obligation Bonded Debt			Gross Bonded Debt	Tax Obligation Bonded Debt	
	Gross	Net			Gross	Net
5.30	2.03	1.88	1,690	\$ 2,004.52	\$ 769.49	\$ 713.40
5.68	2.10	1.95	1,719	\$ 2,112.13	\$ 781.86	\$ 725.95
6.69	2.18	2.05	1,749	\$ 2,490.43	\$ 812.81	\$ 761.94
7.34	2.42	2.29	1,819	\$ 2,662.32	\$ 877.80	\$ 832.26
7.31	2.47	2.34	1,841	\$ 2,758.07	\$ 930.79	\$ 884.74
7.91	2.36	2.24	1,880	\$ 3,124.02	\$ 934.08	\$ 886.87
7.46	2.27	2.16	1,902	\$ 3,166.81	\$ 961.00	\$ 915.58
8.46	2.13	2.03	1,954	\$ 3,797.63	\$ 954.99	\$ 909.13
8.03	2.01	1.91	1,954	\$ 3,923.93	\$ 983.59	\$ 931.30
8.76	2.02	1.92	1,981	\$ 4,390.52	\$ 1,010.78	\$ 960.54

(4) Taxable Value is the assessed value of property, less all exemptions. Taxable Value is as of the following dates: 1994 when the value is as of August 31, 1994; 1995 when value is as of August 3, 1995; 1996 when value is as of August 19, 1996; 1997 when value is as of September 24, 1997; 1998 when value is as of September 21, 1998; 1999 when value is as of September 8, 1999; 2000 when value is as of October 3, 2000; 2001 when value is as of October 4, 2001; 2002 when the value is as of August 9, 2002; and 2003 when the value is as of August 31, 2003.

(5) Population figures are based on population estimates according to the Texas State Data Center.

CITY OF HOUSTON, TEXAS
AD VALOREM TAX OBLIGATION PERCENTAGES
BY TAX YEAR

Fiscal Year	Tax Year	Tax-Supported Debt at December 31 (in thousands)	Tax Roll ^(a) (in thousands)	Tax-Supported Debt as a Percentage of Tax Roll	Tax-Supported Per Capita ^(b)	Debt Service Requirement Payable from Taxes ^(c) (in thousands)
1999	1998	\$ 1,765,406	\$ 74,101,075	2.38%	\$ 959	\$ 178,973
2000	1999	\$ 1,822,927	\$ 80,544,031	2.26%	\$ 970	\$ 200,611
2001	2000	\$ 1,880,688	\$ 87,406,476	2.15%	\$ 963	\$ 224,598
2002	2001	\$ 1,934,789	\$ 95,538,761	2.03%	\$ 990	\$ 205,352
2003	2002	\$ 2,025,330	\$ 99,305,376	2.04%	\$ 1,022	\$ 219,673

(a) The tax rolls reflect the total appraised value (net of exemptions) based on the certified tax rolls provided by the Appraisal District. The total assessed value for the tax year 2002 (including exempt property values) is \$112,553,521 (in thousands), which is the appraised value used to determine the statutory limitation of \$11.3 billion relating to the total bonded indebtedness.

(b) Per capita debt figures are based on a population estimate according to the Texas State Data Center, which were by tax year as follows : 1998 - 1,841,064; 1999 - 1,879,912; and 2000 and 2001 are based on the 2000 U. S. Census population number of 1,953,631. Per capita figures for 2002 are based on the population estimate according to the Texas State Data Center, which is 1,980,950.

(c) These amounts have not been reduced by the ending fund balances in the Debt Service Fund, which were as follows for the Fiscal Years 1999 through 2003: 1998 - \$84,792,000; 1999 - \$88,744,000; 2000 - \$86,373,000; 2001- \$89,603,000 , 2002 - \$102,176,000, and 2003 - \$99,534,000.

CITY OF HOUSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2003
amounts expressed in thousands

Assessed Value(1)				\$	112,553,521
Less:					
Tax Exemptions					13,248,145
Taxable Value				\$	<u>99,305,376</u>
Legal debt limitation, 10% of assessed value(2)				\$	11,255,352
Debt applicable to limitation:					
Public Improvement Bonds	\$	1,524,095			
General Obligation Bonds		2,365			
Aviation		2,167,722			
Commercial Paper - General Obligation		415,300			
Annexed District Bonds assumed		42,946			
Tax and Revenue Certificates of Obligation		<u>40,624</u>			
Total		4,193,052			
Less:					
Amount available for repayment of general obligation debt		<u>(99,534)</u>			
Total debt applicable to limitation					<u>(4,093,518)</u>
Legal debt margin				\$	<u>7,161,834</u>

(1) Assessed Value for the 2002 tax year (fiscal year 2003) is based on the appraised value of property prior to any deductions for exemptions. The Assessed Value is derived from the certified valuations provided by the Harris County Appraisal District as of August 31, 2003.

(2) See Vernon's Annotated Civil Statutes, Article 835p, Section 1 and 2.

CITY OF HOUSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2003
amounts expressed in thousands

	<u>Net Direct Debt</u>		<u>% of Debt Applicable to Houston</u>	<u>City of Houston Share of Debt</u>
	<u>Amount</u>	<u>As of</u>		
Aldine I.S.D.	\$ 235,647	06/30/03	52.67%	\$ 124,115
Alief I.S.D.	251,639	08/31/02	79.27%	199,474
Clear Creek I.S.D.	305,767	06/30/03	27.31%	83,505
Clear Lake City Water Authority	76,814	09/30/02	47.39%	36,402
Conroe I.S.D.	410,750	08/31/03	0.08%	329
Crosby I.S.D.	29,214	06/30/03	0.37%	108
Cypress-Fairbanks I.S.D.	659,725	06/30/03	15.40%	101,598
Deer Park I.S.D.	103,712	08/28/03	0.14%	145
Fort Bend County	143,968	06/30/03	4.62%	6,651
Fort Bend Parkway Road ^(A)	950	06/30/03	12.58%	120
Galena Park I.S.D.	158,214	08/31/02	15.65%	24,760
Goose Creek Cons ISD ^(A)	153,629	06/30/03	0.92%	1,413
Harris County (including Toll Road Bonds)	2,106,849	06/30/03	56.87%	1,198,165
Harris County Flood Control	205,389	06/30/03	56.87%	116,805
Harris County MUD's	141,575	06/30/02	100.00%	141,575
Houston I.S.D.	1,328,863	07/31/02	94.33%	1,253,516
Huffman I.S.D.	18,894	06/30/03	30.99%	5,855
Humble I.S.D.	277,518	06/30/03	3.50%	9,713
Katy I.S.D.	437,612	08/31/02	24.60%	107,653
Klein I.S.D.	119,328	06/30/03	2.49%	2,971
Montgomery County	138,385	06/30/02	0.06%	83
New Caney I.S.D.	79,616	08/31/03	0.37%	295
North Forest I.S.D.	74,607	12/31/02	79.24%	59,119
N. Harris-Montgomery Community College Dis.	199,223	06/30/03	19.49%	38,829
Northwood Municipal Utility District #1	2,215	06/30/03	100.00%	2,215
Pasadena ^(A)	270,651	06/30/03	41.21%	111,535
Port of Houston Authority	297,229	06/30/03	56.87%	169,034
San Jacinto Jr. College District	65,854	06/30/03	12.97%	8,541
Sheldon I.S.D.	63,160	08/31/03	0.12%	75
Spring I.S.D.	231,903	06/30/03	2.61%	6,053
Spring Branch I.S.D.	312,888	05/30/03	82.18%	257,131
Total overlapping debt	<u>8,901,788</u>			<u>4,067,784</u>
City of Houston - direct	<u>\$ 1,902,826</u>	06/30/03	100.00%	<u>\$ 1,902,826</u>
Total direct and overlapping debt	<u>\$ 10,804,614</u>			<u>\$ 5,970,610</u>

(A) Gross Debt

Note:

The net direct debt amounts above, except for that which relates to the City of Houston, were provided by the individual government entities. The percentage of debt applicable to Houston was provided by the Municipal Advisory Council of Texas. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

CITY OF HOUSTON, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years
amounts expressed in thousands

Fiscal Year	Principal⁽¹⁾	Interest⁽²⁾	Total Debt Service	Total General Expenditures⁽³⁾	Ratio of Debt Service to General Governmental Expenditures (Percent)
1994	\$ 66,165	\$ 72,831	\$ 138,996	\$ 1,006,582	13.81
1995	\$ 76,505	\$ 72,050	\$ 148,555	\$ 1,051,032	14.13
1996	\$ 81,210	\$ 79,807	\$ 161,017	\$ 1,083,908	14.86
1997	\$ 100,725	\$ 80,539	\$ 181,264	\$ 1,144,023	15.84
1998	\$ 91,940	\$ 82,763	\$ 174,703	\$ 1,219,149	14.33
1999	\$ 93,627	\$ 85,644	\$ 179,271	\$ 1,243,314	14.42
2000	\$ 104,710	\$ 91,847	\$ 196,557	\$ 1,303,565	15.08
2001	\$ 114,425	\$ 93,928	\$ 208,353	\$ 1,352,464	15.41
2002	\$ 110,898	\$ 86,548	\$ 197,446	\$ 1,455,628	13.56
2003	\$ 120,754	\$ 87,438	\$ 208,192	\$ 1,438,857	14.47

Notes:

- (1) Includes principal on public improvement bonds, annexed district bonds assumed, tax and revenue certificates of obligation, and general obligation bonds.
- (2) Includes interest on public improvement bonds, annexed district bonds assumed, tax and revenue certificates of obligation, and general obligation bonds.
- (3) Includes General Fund expenditures with equipment and principal, interest, paying agent fees, and advanced refunding escrow on tax obligation bonded debt from the Debt Service Fund.

CITY OF HOUSTON, TEXAS
OUTSTANDING PRINCIPAL AMOUNT OF OBLIGATIONS
PAYABLE FROM AD VALOREM TAXES AND OTHER REVENUE SOURCES
June 30, 2003

Payable from Ad Valorem Taxes	Original Par (in thousands)	Carrying Value ^(g) (in thousands)
Tax Bonds ^{(a)(b)}	\$ 1,505,000	\$ 1,526,460
Commercial Paper Notes ^(c)	415,300	415,300
Tax Certificates	39,528	40,624
Assumed Bonds ^(d)	42,532	42,946
Subtotal:	<u>2,002,360</u>	<u>2,025,330</u>
Payable from sources other than Ad Valorem Taxes		
Water and Sewer System Revenue Bonds ^(e)	3,842,819	3,979,466
Contract Revenue Obligations ^(f)	262,771	261,791
Airport System Revenue Bonds	2,209,365	2,167,722
Convention and Entertainment Facilities Revenue Bonds and Notes	643,085	665,846
Houston Area Water Corporation	130,260	129,381
Subtotal:	<u>7,088,300</u>	<u>7,204,206</u>
Total Bonds and Contracts Payable by the City ^(g)	<u>\$ 9,090,660</u>	<u>\$ 9,229,536</u>

- (a) A portion of the debt service for Tax Bonds and Assumed Bonds is paid by transfers of certain revenues derived from the City's Water and Sewer System.
- (b) Under Texas law, the City can incur total bonded indebtedness through the issuance of ad valorem tax obligations in an amount not to exceed 10% of the total assessed valuation. Based on the 2002 total assessed valuation as of August 31, 2003, the legal limitation on such bonds is approximately \$11.3 billion.
- (c) The City has authorized a \$348 million Series A General Obligation Commercial paper Program, \$99.3 million Series B General Obligation Commercial paper Program, \$65 million Series C General Obligation Commercial Paper Program, \$165 million Series D General Obligation Commercial Paper Program, and \$75 million Series E General Obligation Commercial Paper Program.
- (d) This amount excludes the principal amount of bonds issued by the Clear Lake City Water Authority, which as of September 30, 2002, was approximately \$76,814,000 in unlimited tax and revenue debt. The City may be required to assume a portion of such debt upon dissolution of such entity. The City has no plan to dissolve this entity.
- (e) This amount includes \$415 million of the \$500 million Series A Water and Sewer System Commercial Paper Program. None of the \$200 million Series B Water and Sewer System Commercial Paper Program is outstanding.
- (f) Contract Revenue Obligations primarily consist of obligations under certain contracts between the City and the Trinity River Authority (Livingston Project) and the Coastal Water Authority, which are payable, as to both principal and interest, as operating expenses of the City's Water and Sewer System.
- (g) Carrying Value reflects the current accreted value of any capital appreciation bonds and unamortized balances from deferred gains on debt refunding transaction.

CITY OF HOUSTON, TEXAS
PRINCIPAL TAXPAYERS
June 30, 2003
amounts expressed in thousands

<u>The Ten Largest Taxpayers</u>	<u>2003 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
1. Reliant Energy H L & P	\$ 1,371,100	1.38%
2. Hines Interests Ltd Partnership	985,641	0.99%
3. Southwestern Bell	902,155	0.91%
4. Crescent Real Estate	858,718	0.86%
5. Continental Airlines, Inc.	618,720	0.62%
6. Anheuser Busch, Inc.	436,378	0.44%
7. Exxon Corp.	416,875	0.42%
8. Trizec Hahn Allen Center LP	360,627	0.36%
9. Weingarten Realty	253,319	0.26%
10. HG Shopping Centers	227,448	0.23%
Total :	<u>\$ 6,430,981</u>	<u>6.47%</u>

Source: Harris County Appraisal District
Based on taxable values at September 30, 2003

Mixed Beverage Taxes

<u>Fiscal Year</u>	<u>Mixed Beverage Taxes (in thousands)</u>
2000	6,469
2001	7,102
2002	7,514
2003.....	7,572
2004 (budgeted)	8,000

**CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2003**

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 1993 through 2002 according to the Texas Employment Commission:

**Houston PMSA Labor Force Estimates
(Employees in thousands)**

	<u>1993</u>	<u>1994</u>
Civilian Labor Force ^(A)	1,929	1,965
Employed	1,787	1,838
Unemployed	141	127
Percent unemployed	7.30%	6.50%
Nonfarm Payroll Employment ^(B)	1,665	1,710
Manufacturing	179	183
Mining	65	66
Contract construction	108	114
Transp/Pub Utils/Communications	114	119
Trade	394	401
Finance/Insurance/Real Estate	98	99
Services & Miscellaneous	477	493
Government	230	237

(A) Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers, and workers involved in labor-management disputes.

(B) Includes the non-agricultural wage and salary jobs estimated to exist in Houston PMSA without reference to place of residence of workers.

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
1,994	2,013	2,054	2,174	2,185	2,163	2,201	2,364
1,879	1,908	1,951	2,075	2,089	2,073	2,107	2,202
114	105	103	98	97	89	94	161
5.70%	5.20%	5.00%	4.50%	4.40%	4.13%	4.29%	6.81%
1,766	1,814	1,892	1,805	1,864	2,082	2,118	2,109
189	199	209	215	206	210	215	192
64	65	68	65	63	64	69	59
120	126	127	143	154	154	159	167
123	126	133	144	151	152	154	143
414	422	435	462	476	474	478	435
95	96	100	110	117	114	116	123
518	534	570	626	633	646	659	699
243	246	249	256	272	269	269	291

CITY OF HOUSTON, TEXAS
CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years

Construction

The City of Houston is the largest U.S. city that has no zoning ordinances. In 2002, the City of Houston issued 8,397 building permits for new structures with an approximate value of \$2.217 million. The following table shows that value of new building permits issued by the City for privately owned structures for each of the last ten years as reported by the City of Houston Department of Public Works.

City of Houston Building Permits

<u>Calendar Year</u>	<u>Residential New Structures</u>	<u>Value (in thousands)</u>	<u>Non-Residential New Structures</u>	<u>Value (in thousands)</u>
2002	5,421	\$ 1,352	2,976	\$ 865
2001	5,187	1,053	3,291	1,696
2000	5,826	1,094	3,811	1,756
1999	5,204	1,041	3,620	1,133
1998	5,632	1,323	3,370	1,227
1997	4,543	918	3,011	453
1996	3,391	549	2,568	477
1995	2,631	527	2,331	308
1994	2,669	444	2,176	411
1993	1,988	310	1,903	288

These figures exclude permits issued for additions and improvements to existing structures.

Bank Deposits

The following table sets forth the deposits for banks chartered in the Houston CMSA, as reported by the Federal Depository Insurance Corporation:

**Deposits of Commercial Banks
(in thousands)**

<u>At June 30</u>	<u>Houston CMSA Chartered Banks</u>
2002	\$ 62,947,000
2001	58,058,000
2000	43,592,000
1999	42,417,000
1998	40,259,000
1997	36,511,007
1996	34,312,040
1995	33,109,000
1994	31,972,000
1993	33,420,000

**CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2004**

Budgeted Resources	Amount (in thousands)
Revenues:	
Ad Valorem Taxes (current and delinquent)	\$662,741
Sales and Use Tax	329,657
Franchise Fees	173,606
Municipal Courts Fines and Forfeits	46,255
Miscellaneous	192,399
Total Current Revenues	1,404,658
Beginning Fund Balance as of July 1, 2003 (a)	104,772
Disaster Recovery Fund Transfer	-
Total Budgeted Resources	\$ 1,509,430
Budgeted Expenditures	
Administrative Services and Public Finance	\$ 58,265
Public Safety	773,058
Development and Maintenance Services	190,681
Human and Cultural Services	133,706
General Government	75,285
Transfers to Debt Service Fund	165,000
Transfer out	10,663
Total Budgeted Expenditures	1,406,658
Designated "Sign Abatement" Amount	2,074
Designated "Rainy Day" Amount	20,000
Budgeted Ending Fund Balance as of June 30, 2004	80,698
Total Budgeted Expenditures and Reserves	\$ 1,509,430

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2004 Budget.

**CITY OF HOUSTON
TAX SUPPORTED DEBT SERVICE FUNDS**

Tax Bond Debt Service Fund for Fiscal Year 2004(a)

	Amount
Budgeted Resources	(in thousands)
Beginning Fund Balance Estimate as of July 1, 2003	\$ 100,401
Interest Earnings on Debt Reserves and Bond Funds	2,121
Transfers in from:	
General Fund	160,993
Water and Sewer Operating Fund	31,066
Other Sources	500
Total Budgeted Resources	\$ 295,081
Budgeted Expenditures	
Debt Service Requirements	
Tax Bonds	\$ 202,793
Assumed Bonds	7,520
Miscellaneous	1,200
Total Budgeted Expenditures	211,513
Budgeted Ending Fund Balance as of June 30, 2004	83,568
Total Budgeted Expenditures and Reserves	\$ 295,081

(a) These funds include the debt service funds for the City's fixed rate Tax Bonds, variable rate Tax Bonds, and Commercial Paper Notes.

Tax Certificates Debt Service Fund for Fiscal Year 2004

	Amount
Budgeted Resources	(in thousands)
Beginning Fund Balance Estimate as of July 1, 2003	\$ 676
Interest Earnings on Debt Reserves and Bond Funds	-
Transfers from General Fund	4,007
Other Sources	-
Total Budgeted Resources	\$ 4,683
Budgeted Expenditures	
Debt Service Requirements	\$ 4,008
Total Budgeted Expenditures	4,008
Budgeted Ending Fund Balance as of June 30, 2004	675
Total Budgeted Expenditures and Reserves	\$ 4,683

CITY OF HOUSTON, TEXAS
June 30, 2003
CONTINUING DEBT DISCLOSURE INFORMATION

Capital Improvement Plan

The tax supported components of the 2004-2008 CIP consist of the facilities described in the following chart. (The 2004-2008 CIP also includes proposed improvements for the Water and Sewer, Airport System and Convention and Entertainment Facilities, which would be financed primarily with revenues of those systems).

	Amount (in thousands)
Streets, Bridges and Traffic Control	\$ 917,640
Storm Sewers and Drainage	137,450
Parks and Recreation	96,264
Police Department	58,623
Fire Department	52,791
General Government	49,993
Public Library	61,864
Public Health	22,064
Solid Waste Management	18,715
Housing	33,296
Total :	\$ 1,448,700 (*)

(*) The tax supported components of the 2004-2008 CIP will be funded primarily with Commercial Paper Notes.

General Fund Indirect Charges to Other City Funds

A charge is made by the General Fund to the Water and Sewer System, Airport System, and Convention and Entertainment Facilities Funds, and to certain grant and special revenue funds for indirect charges incurred by the General Fund on behalf of such funds. The total amount of these charges for the past five fiscal years are set forth below:

Fiscal Year	Total Indirect Charges (in thousands)
2003	\$ 15,741
2002	14,980
2001	16,961
2000	16,631
1999	16,903

Industrial District Contracts

Fiscal Year	Contract Amount (in thousands)
2000	17,614
2001	16,906
2002	15,642
2003	15,014
2004 (budgeted).....	16,350

CITY OF HOUSTON, TEXAS
June 30, 2003
CONTINUING DEBT DISCLOSURE INFORMATION

Compensated Absences and Other Liabilities

	Fiscal Year 2003
	(in thousands)
Long-Term Disability Fund	
Assets Available for Future Long-Term Disability Obligations	\$ 5,328
Claims Payable on Long-Term Disability Obligations	5,282
Unrestricted Net Assets	\$ 46

	Fiscal Year 2003
Compensated Absence Liability (a)	
General Fund Liability	\$ 7,794
Internal Service Funds	111
Long-Term Liability	342,828
Total Governmental	350,733
Enterprise Funds Liability	28,720
Total :	\$ 379,453

(a) Funding currently is provided for liabilities recorded in the General Fund and the Enterprise Funds. No funding has been provided for compensated absences' long-term liability.

General Fund Specific Charges to Other City Funds

An additional charge is made by the General Fund to the Water and Sewer, Airport, Convention and Entertainment Facilities Funds, the Capital Projects Fund and certain other funds of the City for specific services provided to such funds by the General Fund. The total amounts of these charges for the past five Fiscal Years are set forth below.

Fiscal Year	Charges for Specific Services (in thousands)
2003	\$ 62,099
2002	73,109
2001	56,283
2000	55,450
1999	55,106

CITY OF HOUSTON, TEXAS
June 30, 2003
CONTINUING DEBT DISCLOSURE INFORMATION

Summary of General Fund Ending Undesignated Fund Balance

The following schedule sets forth the undesignated fund balances for the General Fund for the period shown.

<u>Fiscal Year</u>	<u>Undesignated General Fund Balance</u> (in thousands)
2000	\$70,668
2001	\$79,409
2002	\$78,209
2003	\$83,027
2004 (budgeted)	\$80,698

City Employees

<u>Year</u>	<u>Municipal</u>	<u>Fire</u>	<u>Police</u>	<u>Water & Sewer</u>	<u>Total Employees</u>
1997	12,072	3,124	5,354	2,685	23,235
1998	12,120	3,235	5,362	2,498	23,215
1999	12,218	3,291	5,426	2,190	23,125
2000	12,170	3,233	5,406	2,142	22,951
2001	12,171	3,320	5,355	2,125	22,971
2002	11,621	3,309	5,420	2,062	22,412
2003	11,204	3,431	5,415	2,042	22,092

CITY OF HOUSTON, TEXAS
June 30, 2003
PENSION PLANS

<u>Fiscal Year 2003</u>	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>	<u>Total</u>
Additions (Deductions)	\$139.8	\$139.3	\$98.4	\$377.5
Deductions	69.7	76.2	103.9	249.8
Net Increase (Decrease)	70.1	63.1	(5.5)	127.7
City's Total Contribution	\$34.7	\$27.9	\$40.6	\$103.2

(a) The City's funding policies provide for actuarially determined periodic contributions at rates such that overtime will remain level as a percentage of payroll. The contribution rate for normal cost is determined by using the entry age normal cost method. The pension plans use the level percentage of payroll method to amortize the unfunded actuarially accrued liability (or surplus) over 40 years from January 1, 1993.

CITY OF HOUSTON, TEXAS
June 30, 2003
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)

The following schedule presents the City's annual principal and interest requirements for Fiscal Years 2004 through 2025 for the outstanding Tax Bonds, Tax Certificates and Assumed Bonds, including the effects of the PIBS 2003 refunding bonds issued October 30, 2003 and December 2, 2003. Commercial Paper notes debt services is not reflected in the schedule below. As of June 30, 2003, \$415.3 million of such Commercial Paper Notes was outstanding.

Fiscal Year Ending June 30	Tax Bonds	Tax Certificates	Assumed Bonds	Total Debt Service
2004	191,211,364	4,030,739	6,521,412	201,763,515
2005	205,339,825	4,510,830	1,371,023	211,221,678
2006	212,231,825	5,639,780	1,374,559	219,246,164
2007	215,034,198	2,808,080	1,376,736	219,219,014
2008	214,826,698	2,795,618	1,372,351	218,994,667
2009	169,844,723	4,470,518	1,303,821	175,619,062
2010	162,033,513	2,192,043	1,323,000	165,548,556
2011	121,320,775	11,964,155	1,221,963	134,506,893
2012	116,122,425	2,198,020	1,041,503	119,361,948
2013	107,157,269	2,198,580	928,236	110,284,085
2014	99,777,319	2,195,785	1,007,070	102,980,174
2015	91,102,013	2,198,905	1,180,763	94,481,681
2016	89,334,069	2,197,960	1,182,795	92,714,824
2017	84,753,869	2,202,484	1,182,298	88,138,651
2018	80,914,513	2,201,915	591,480	83,707,908
2019	44,728,050	2,200,285	28,600	46,956,935
2020	38,051,325	2,203,635	184,200	40,439,160
2021	33,826,288	2,201,400	189,988	36,217,676
2022	33,827,025	1,018,500	190,088	35,035,613
2023	33,829,750			33,829,750
2024	7,441,750			7,441,750
2025	7,439,250			7,439,250
Total	\$2,360,147,836	\$61,429,232	\$23,571,886	\$2,445,148,954

CITY OF HOUSTON, TEXAS
June 30, 2003
VOTER-AUTHORIZED OBLIGATIONS

The following schedule sets forth the categories of bond authorization approved by the voters in elections held in November of 1991 (the "1991 Election"), November of 1997 (the "1997 Election") and November of 2001 (the "2001 Election") and the amount of such authorization approved by City Council for issuance as Commercial Paper Notes.

November 1991 Election

<u>Purposes</u>	<u>Voter Authorized</u>	<u>Approved by City Council for Issuance as Commercial Paper Notes</u>	<u>Commercial Paper Issued</u>	<u>Commercial Paper Notes Approved by City Council but Unissued</u>
Streets, Bridges and Traffic Control	\$274,520	\$274,520	\$274,520	\$0
Storm Sewers and Drainage	40,210	40,210	40,210	0
Parks and Recreation	20,300	20,300	20,300	0
Police Department	32,950	32,950	32,950	0
Fire Department	7,800	7,800	7,800	0
Permanent and General Imp.	77,120	77,120	77,120	0
Public Libraries	7,200	7,200	7,200	0
Public Health	12,600	12,600	12,600	0
Low Income Housing	20,000	20,000	20,000	0
Solid Waste Management	7,300	7,300	7,300	0
Total	\$500,000	\$500,000	\$500,000	\$0

November 1997 Election

<u>Purposes</u>	<u>Voter Authorized</u>	<u>Approved by City Council for Issuance as Commercial Paper Notes</u>	<u>Commercial Paper Issued</u>	<u>Commercial Paper Notes Approved by City Council but Unissued</u>
Streets, Bridges, Traffic Control				
Storm Sewers and Drainage	\$350,000	\$350,000	\$321,721	\$28,279
Parks and Recreation	30,000	30,000	30,000	0
Police Department	23,450	23,450	0	23,450
Fire Department	29,710	29,710	20,598	9,112
Permanent and General Imp.	91,840	91,840	51,470	40,370
Low Income Housing	20,000	20,000	14,211	5,789
Total	\$545,000	\$545,000	\$438,000	\$107,000

November 2001 Election

<u>Purposes</u>	<u>Voter Authorized</u>	<u>Approved by City Council for Issuance as Commercial Paper Notes</u>	<u>Commercial Paper Issued</u>	<u>Commercial Paper Notes Approved by City Council but Unissued</u>
Streets, Bridges, Traffic Control				
Storm Sewers and Drainage	\$474,000	\$124,000	\$5,405	\$118,595
Parks and Recreation	80,000	21,500	4,595	16,905
Police and Fire Departments	82,000	6,500	0	6,500
General Public Imp.	80,000	8,000	0	8,000
Library	40,000	0	0	0
Low Income Housing	20,000	5,000	0	5,000
Total	\$776,000	\$165,000	\$10,000	\$155,000
Combined total	\$1,821,000	\$1,210,000	\$948,000	\$262,000

CITY OF HOUSTON, TEXAS
June 30, 2003

SALES AND USE TAX AND FRANCHISE CHARGES AND FEES

<u>Fiscal Year</u>	<u>Sales and Use Tax</u> (in thousands)	<u>Charges and Fees</u> (in thousands)
1999	\$305,472	\$139,477
2000	\$313,864	\$147,349
2001	\$329,705	\$175,759
2002	\$341,952	\$175,360
2003	\$322,538	\$160,673 (a)
2004 (budgeted)	\$329,657	\$173,606

(a) The projected amount of franchise charges and fees was reduced from the previous years to recognize the effect of electric deregulation.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
amounts expressed in thousands

Total Annual Revenues Last Ten Fiscal Years	<u>1994</u>	<u>1995</u>	<u>1996</u>
Operating Revenues			
Fees charged to users, net	\$ 9,286	\$ 9,048	\$ 9,975
Total Operating Revenues	<u>9,286</u>	<u>9,048</u>	<u>9,975</u>
Nonoperating Revenues			
Interest	1,708	2,064	2,735
Hotel occupancy tax (including penalty & interest)	26,643	28,699	30,118
Other income	<u>250</u>	<u>430</u>	<u>489</u>
Total Nonoperating Revenues	<u>28,601</u>	<u>31,193</u>	<u>33,342</u>
Total Revenues	<u>\$ 37,887</u>	<u>\$ 40,241</u>	<u>\$ 43,317</u>

Total Annual Expenses Last Ten Fiscal Years	<u>1994</u>	<u>1995</u>	<u>1996</u>
Operating Expenses			
Maintenance and operating	\$ 16,375	\$ 13,541	\$ 13,980
Depreciation	14,237	5,491	5,318
Bad debt expense	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>30,612</u>	<u>19,032</u>	<u>19,298</u>
Nonoperating Expenses			
Interest on long-term debt	9,187	8,850	8,891
Promotional contracts & other expenses	<u>-</u>	<u>-</u>	<u>6,000</u>
Total Nonoperating Expenses	<u>9,187</u>	<u>8,850</u>	<u>14,891</u>
Total Expenses	<u>\$ 39,799</u>	<u>\$ 27,882</u>	<u>\$ 34,189</u>

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 10,277	\$ 11,018	\$ 15,576	\$ 16,835	\$ 17,469	\$ 15,521	\$ 17,010
10,277	11,018	15,576	16,835	17,469	15,521	17,010
2,690	3,268	3,174	3,642	9,846	23,766	14,311
34,354	38,270	42,459	42,550	46,123	43,452	43,169
567	1,599	1,042	133	181	-	713
37,611	43,137	46,675	46,325	56,150	67,218	58,193
<u>\$ 47,888</u>	<u>\$ 54,155</u>	<u>\$ 62,251</u>	<u>\$ 63,160</u>	<u>\$ 73,619</u>	<u>\$ 82,739</u>	<u>\$ 75,203</u>

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 17,636	\$ 14,378	\$ 16,421	\$ 19,886	\$ 20,331	\$ 21,721	\$ 24,830
6,274	6,412	6,640	6,684	6,356	12,406	13,274
-	-	-	-	-	-	-
23,910	20,790	23,061	26,570	26,687	34,127	38,104
7,884	7,685	7,469	7,194	12,655	28,410	19,347
6,000	6,431	9,565	10,974	20,698	24,193	19,305
13,884	14,116	17,034	18,168	33,353	52,603	38,652
<u>\$ 37,794</u>	<u>\$ 34,906</u>	<u>\$ 40,095</u>	<u>\$ 44,738</u>	<u>\$ 60,040</u>	<u>\$ 86,730</u>	<u>\$ 76,756</u>

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
For Fiscal Year 2003

HISTORICAL PLEDGED REVENUES

Fiscal Year	Pledged HOT (a)	% Change	Pledged Parking Revenues (d)	% Change	Tax Rebates	% Change	Total (e)
1996	\$ 24,310	4.9%	\$ 3,289	9.4%	\$ --	-- %	\$ 27,599
1997	27,728	14.1%	3,260	-0.9%	--	--	30,988
1998 (b)	30,889	11.4%	4,037	23.8%	--	--	34,926
1999 (c)	34,270	10.9%	6,847	69.6%	--	--	41,117
2000	34,344	0.2%	8,152	19.1%	--	--	42,496
2001	37,228	8.4%	9,402	15.3%	--	--	46,630
2002	35,072	-5.8%	7,834	-16.7%	--	--	42,906
2003	34,844	-1.0%	10,052	28.3%	--	--	44,896

- (a) The Pledged Hotel Occupancy Tax (HOT) revenues are revenues (including penalties, interest and delinquencies, if any) received from that portion of the City HOT equal to 5.65% of the cost of substantially all hotel room rentals in the City (excluding any portion thereof attributable to the Hotel during its first ten years of operation). The City HOT is currently imposed at a rate of 7%.
- (b) In 1998 the City began receiving revenues from Lot C and Lot H.
- (c) In 1999 the City began receiving revenues from the Fannin Garage.
- (d) The City's pledge of Pledged Parking Revenues is subordinate to the City's pledge of the first \$1,200,000 of such gross revenues, charges and tolls to the payment of its \$1,000,000 annual obligation under the Music Hall Lease, unless such obligation is paid, defeased, matures or is otherwise restructured.
- (e) Does not include investment earnings, which are included in Pledged Revenues.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years

Schedule of Hotel Occupancy Tax and Occupancy Rates

Fiscal Year	Occupancy % Rate (1)	Average Daily Rate (1)	Tax % Rate	Gross Hotel Occupancy Tax Revenues (in thousands)
1994	65.6%	67.61	7%	26,643
1995	64.5%	70.30	7%	28,699
1996	65.4%	72.98	7%	30,118
1997	68.4%	80.59	7%	34,354
1998	66.7%	85.88	7%	38,270
1999	63.6%	86.92	7%	42,459
2000	65.6%	90.02	7%	42,550
2001	68.9%	90.50	7%	46,123
2002	64.2%	89.61	7%	43,452
2003	62.9%	88.51	7%	43,169

(1) Source: Greater Houston Partnership.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
For Fiscal Year 2003

Schedule of Hotel Occupancy Tax Collections

The Twelve Largest Taxpayers	Gross Hotel Occupancy Tax Collections
Hyatt Regency	\$ 1,661,371
Four Seasons Houston Center	1,252,152
JW Marriott Galleria	1,158,408
Marriott Hotel	886,720
Westin Galleria	884,790
Houstonian Hotel	768,178
Doubletree Hotel Post Oak	767,512
Marriott Medical Center	727,545
Doubletree Allen Center	714,774
Wyndham Hotel Greenspoint	710,647
Renaissance Houston Hotel	703,887
Omni Hotel	702,629
Total:	\$ 10,938,613

**CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
For Fiscal Year 2003**

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	\$70.00	\$125.00 \$75.00 (3)	\$3.00 per hour \$9.00 Maximum	\$5.00
City Hall Annex Parking Garage	\$51.76	\$75.00	n/a	\$5.00
City Hall Annex Parking Meters	n/a	n/a	\$.40 per hour	\$5.00
Fannin Garage	\$70.00	\$76.00	\$2.00 per hour \$5.00 Maximum	\$5.00
Lots C and H	\$44.33	\$48.00	n/a	\$3.00

(1) Does not include sales and use tax of 8.25%

(2) Includes sales and use tax of 8.25%

(3) Rates paid by Convention & Entertainment Facilities departmental contractors

Source: City of Houston, Convention & Entertainment Facilities Department

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Debt Service Schedule
For Fiscal Year 2003

Fiscal Year Ending June 30	Series 2001 A Bonds	Series 2001 B Bonds	Series 2001 C Bonds (1)	Total Debt Service
2004	13,755,956	11,188,594	2,034,375	26,978,925
2005	13,759,581	11,188,594	2,237,813	27,185,988
2006	13,761,581	17,761,406	2,034,375	33,557,362
2007	13,766,081	18,122,738	2,138,546	34,027,365
2008	13,733,281	20,075,231	2,133,542	35,942,054
2009	13,731,419	20,190,150	2,138,646	36,060,215
2010	13,742,113	21,718,544	2,133,542	37,594,199
2011	13,727,994	22,556,050	2,138,646	38,422,690
2012	13,731,719	22,829,244	2,133,542	38,694,505
2013	13,737,953	24,382,988	2,034,375	40,155,316
2014	13,735,941	24,521,616	2,138,646	40,396,203
2015	13,738,425	24,440,238	2,133,542	40,312,205
2016	13,743,525	16,325,319	2,138,646	32,207,490
2017	8,756,572	22,986,963	2,133,542	33,877,077
2018	9,696,281	22,698,700	2,138,646	34,533,627
2019	4,548,731	21,654,794	8,362,300	34,565,825
2020	5,512,031	22,066,819	8,527,597	36,106,447
2021	6,561,881	21,094,119	8,828,935	36,484,935
2022		29,121,925	9,120,510	38,242,435
2023		29,261,563	9,414,907	38,676,470
2024		30,597,669	9,695,448	40,293,117
2025		30,932,488	9,978,089	40,910,577
2026		32,207,594	10,297,105	42,504,699
2027		32,889,456	10,609,962	43,499,418
2028		33,368,825	11,026,843	44,395,668
2029		34,620,331	11,284,434	45,904,765
2030		35,123,056	11,776,256	46,899,312
2031		36,179,756	12,160,132	48,339,888
2032		36,631,363	12,588,401	49,219,764
2033		36,734,713	13,055,871	49,790,584
2034		38,108,331	11,734,990	49,843,321
Total	<u>\$ 213,741,065</u>	<u>\$ 801,579,177</u>	<u>\$ 200,302,204</u>	<u>\$ 1,215,622,446</u>

(1) Assumes a rate of interest of the Series 2001C ARCs equal to 1.4%

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
For Fiscal Year 2003

Convention & Entertainment Budget for Fiscal Year 2004

Budgeted Resources

Operating Revenues

Facility Rentals	\$ 4,810
Parking	10,485
Food and Beverage Concessions	2,417
Contract Cleaning	<u>153</u>
Total Operating Revenues	<u>17,865</u>

Operating Expenses

Personnel	5,543
Supplies	465
Services	<u>26,027</u>
Total Operating Expenses	<u>32,035</u>
Operating Income (Loss)	<u>(14,170)</u>

Nonoperating Revenues (Expenses)

Hotel Occupancy Tax	
Current	41,500
Delinquent	750
Advertising Services	(9,545)
Promotion Contracts	(7,885)
Contracts/Sponsorships	<u>(3,660)</u>
Net Hotel Occupancy Tax	<u>21,160</u>
Investment Income (Loss)	1,450
Capital Outlay	(1,389)
Non-Capital Outlay	(34)
Other	<u>1,481</u>
Total nonoperating Rev (Exp)	<u>22,668</u>
Income (Loss) Before Operating Transfers	<u>8,498</u>

Operating Transfers

Transfers to Interest	(6,800)
Transfers to Principal	(6,600)
Interfund Transfers	-
Transfers to Special	2,500
Contingency/Reserve	<u>-</u>
Total Operating Transfers	<u>(10,900)</u>
Net Income (Loss) Operating Fund	<u><u>\$ (2,402)</u></u>

CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
amounts expressed in thousands

Total Annual Revenues Last Ten Fiscal Years	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Operating Revenues				
Water sales	\$ 248,804	\$ 245,634	\$ 250,721	\$ 239,978
Waste water system user charges	250,020	252,314	255,989	250,821
Penalties	3,880	3,706	3,963	3,938
Other services and charges	2,401	2,538	2,607	3,273
Total Operating Revenues	<u>505,105</u>	<u>504,192</u>	<u>513,280</u>	<u>498,010</u>
Nonoperating Revenues				
Interest	27,152	32,061	40,671	41,176
Other income	14,539	7,727	8,644	10,819
Total Nonoperating Revenues	<u>41,691</u>	<u>39,788</u>	<u>49,315</u>	<u>51,995</u>
Total Revenues	<u>\$ 546,796</u>	<u>\$ 543,980</u>	<u>\$ 562,595</u>	<u>\$ 550,005</u>
Total Annual Expenses Last Ten Fiscal Years	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Operating Expenses				
Maintenance and operating	\$ 240,938	\$ 240,459	\$ 252,026	\$ 224,641
Depreciation	407,512	112,454	163,034	166,244
Bad debt expense	892	986	1,290	1,733
Total Operating Expenses	<u>649,342</u>	<u>353,899</u>	<u>416,350</u>	<u>392,618</u>
Nonoperating Expenses				
Interest on long-term debt	135,164	110,142	127,672	143,123
Other expenses	-	-	12,040	9,498
Total Nonoperating Expenses	<u>135,164</u>	<u>110,142</u>	<u>139,712</u>	<u>152,621</u>
Total Expenses	<u>\$ 784,506</u>	<u>\$ 464,041</u>	<u>\$ 556,062</u>	<u>\$ 545,239</u>

1998	1999	2000	2001	2002	2003
\$ 262,481	\$ 266,381	\$ 281,757	\$ 271,553	\$ 271,098	\$ 267,125
264,576	264,076	275,782	268,492	265,091	264,159
3,957	3,947	3,493	4,440	4,214	4,036
3,178	2,962	3,006	2,807	2,993	3,997
<u>534,192</u>	<u>537,366</u>	<u>564,038</u>	<u>547,292</u>	<u>543,396</u>	<u>539,317</u>
41,078	37,978	32,019	56,914	33,703	24,043
12,193	18,116	20,641	22,511	32,368	26,894
<u>53,271</u>	<u>56,094</u>	<u>52,660</u>	<u>79,425</u>	<u>66,071</u>	<u>50,937</u>
<u>\$ 587,463</u>	<u>\$ 593,460</u>	<u>\$ 616,698</u>	<u>\$ 626,717</u>	<u>\$ 609,467</u>	<u>\$ 590,254</u>

1998	1999	2000	2001	2002	2003
\$ 222,930	\$ 212,877	\$ 225,258	\$ 248,603	\$ 245,943	\$ 250,226
174,994	190,205	212,846	256,959	228,147	233,401
1,071	740	1,000	-	-	-
<u>398,995</u>	<u>403,822</u>	<u>439,104</u>	<u>505,562</u>	<u>474,090</u>	<u>483,627</u>
160,253	155,201	164,650	172,749	164,482	165,509
7,225	4,863	4,057	3,315	9,708	722
<u>167,478</u>	<u>160,064</u>	<u>168,707</u>	<u>176,064</u>	<u>174,190</u>	<u>166,231</u>
<u>\$ 566,473</u>	<u>\$ 563,886</u>	<u>\$ 607,811</u>	<u>\$ 681,626</u>	<u>\$ 648,280</u>	<u>\$ 649,858</u>

CITY OF HOUSTON, TEXAS
WATER AND SEWER REVENUE BOND COVERAGE
For the Year Ended June 30, 2003
amounts expressed in thousands

	Water and Sewer System (in thousands)
Operating Revenues	
Sales of water, net	\$ 267,125
Sewer system user charges	264,159
Penalties	4,036
Other services and charges	3,997
Total operating revenues	539,317
Investment Income	20,748
Other non-operating revenues	9,837
Total gross revenues	569,902
Operating Expenses	
Maintenance and Operations	250,226
Total operating expenses	250,226
Non Operating Expenses	
Coastal Water Authority ("CWA")	
Debt Service	28,878
Trinity River Authority ("TRA")	
Debt Service	2,056
Total Non Operating Expenses	30,934
Total Expenses	281,160
NET REVENUES UNDER BOND ORDINANCE	\$ 288,742
BOND DEBT SERVICE	
Prior Lien Bonds	16,254
Junior Lien Bonds	210,600
Total Debt Service	\$ 226,854
BOND DEBT SERVICE COVERAGE	
Prior Lien Bond Coverage	17.76x
Junior Lien Bond Coverage	1.29x
TOTAL COVERAGE	1.27x

Water and Sewer:

Net revenues include all income less operating expenses (net of depreciation) of the water and sewer system. Net revenues in each fiscal year are required to be at least equal to 120% of the current year debt service prior lien bonds plus required additions to the Prior Lien Reserve Fund, plus 110% of the current year debt service requirements on the junior lien bonds.

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

System Budget (Fiscal Year 2004)

The following is the summary of the Fiscal Year 2004 Budget for the System as adopted by City Council:

Revenues	(in thousands)
Beginning Fund Balance (July 1, 2003)	\$ 38,198
Current Revenues	589,410
Total Revenues	\$ 627,608
Expenditures	
Maintenance and Operations	\$ 262,721
CWA Debt Service	30,105
TRA Debt Service	2,596
HAWC Debt Service	2,237
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)	218,343
Total Expenditures	516,002
Other	
Renewal and Replacement Fund (including Discretionary Debt Service)	73,408
Planned Fund Balance (June 30, 2004)	38,198
Total Expenditures and Reserves	\$ 627,608

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Prior Lien Bonds and Junior Lien Bonds after issuance of the Bonds:

Maximum Annual Prior Lien Principal and Interest Requirements (2003)	\$	-
Maximum Annual Junior Lien Principal and Interest Requirements (2017)		257,704,479
Total Maximum Annual Principal and Interest Requirements (2017)		257,704,479
Net Revenues for Fiscal Year ended June 30, 2003		288,742,000
Coverage of Total Maximum Annual Principal and Interest Requirements (2017)		1.12x

THE SYSTEM - Sewer Facilities General

The Sewer Facilities receive and process wastewater generated in a service area that includes the City and certain municipalities and unincorporated communities in the Houston metropolitan area. The Sewer Facilities consist of sanitary sewer lines, permitted wastewater treatment plants, sludge treatment facilities, pumping stations and a centralized laboratory. The general condition of the collection lines of the Sewer Facilities varies depending on age, location and type of construction. The average daily wastewater flow through the Sewer Facilities for Fiscal Year 2003 was 264.0 mgd. The effective treatment capacity of the Sewer Facilities, as reflected by State permits, was 564.0 mgd as of June 30, 2003.

THE SYSTEM - Annexation Program - In-City Districts

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction. One public improvement district has \$175,000 in bonds outstanding. Harris County Improvement District No. 1, created by the Texas Legislature and located within the corporate limits of the City, has issued \$11,000,000 in bonds.

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2004 - 2008 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in millions)
System Revenue Bonds (Net Proceeds and interest earnings)	\$ 1,695 (*)
Other sources	55
Total	\$ 1,750

(*) The department's fiscal year 2004 - 2008 CIP anticipates the periodic issuance of additional Prior Lien Bonds, Junior Lien Bonds and Subordinate Lien Commercial Paper. City Council must approve each issuance of bonds.

Obligations Payable from System Revenues

The following sets forth the total outstanding principal amount of the system obligations payable from revenues of the system as of June 30, 2003:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds (1)	\$ 228,190,095
TRA Bonds (2)	10,000,000
HAWC Bonds (3)	130,260,000
	368,450,095
 System Revenue Bonds Payable from System Net Revenues (4)	
Prior Lien Bonds	0
Junior Lien Bonds	3,427,568,883
Subordinate Lien Obligations (5)	415,250,000
	3,842,818,883
Total - All Bonds Payable from System Revenues	\$ 4,211,268,978

(1) Under a 1968 agreement, as amended and superseded in part, and a 1995 agreement, CWA agreed to construct the CWA conveyance system and certain other projects and the City agreed to pay, as a maintenance and operation expense of the System, amounts calculated to be sufficient to cover maintenance and operation expenses of the CWA Conveyance System plus debt service of the CWA Bonds. CWA has reserved the right to issue an unlimited amount of additional bonds on parity with those currently outstanding, however, such issuances are subject to the approval of the City.

(2) Under the 1964 agreement, as supplemented, the City and TRA agreed to construct Lake Livingston, and the City agreed to pay, as a maintenance and operation expense of the System, amounts calculated to be sufficient to cover the maintenance and operation expenses of Lake Livingston, plus debt service on the TRA (Livingston Project) Bonds, less recoupment of a maximum of 30 percent of such cost.

(3) Under a 2001 agreement, the City contracted with HAWC to cause the construction of the NEWPP, and, pursuant to the treated water supply contract, the City agreed to pay, as a maintenance and operating expense of the System, debt service on HAWC's first series of bonds which were issued in the principal amount of \$130,260,000, in May, 2002 to finance the NEWPP, along with all maintenance and operating expenses relating to the NEWPP and HAWC.

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

Discretionary Debt Service Paid by the System

The total amount of Discretionary Debt Service paid from Net Revenues of the System of the past five Fiscal Years and the amount budgeted for Fiscal year 2004 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2004 (budgeted)	\$ 30.0
2003	23.8
2002	36.5
2001	38.6
2000	34.0
1999	37.9

Indirect Charges Paid by the System

In October 1992, the City enacted an ordinance imposing a charge against the System equal to 2% of its net (after adjustments) water and sewer service charge revenues to compensate the City's General Fund for costs incurred in ditch and storm sewer maintenance as a result of operations of the System. Beginning in fiscal year 1997, the charge was increased to 4%. For Fiscal Year 1998, such charge was \$20.6 million; Fiscal Year 1999, \$20.9 million; Fiscal Year 2000, \$20.9 million; Fiscal Year 2001, \$21.3 million; Fiscal Year 2002, \$21.6 million and Fiscal Year 2003, \$21.7 million.

The total amounts of such indirect charges, excluding the annual 4% service charge, for the past five Fiscal Years and the amount budgeted for Fiscal Year 2004 are set forth below:

Fiscal Year	Indirect Charges (in thousands)
2004 (budgeted)	\$ 4,696
2003	6,877
2002	6,877
2001	7,637
2000	7,463

(4) Excludes the principal amount of bonds payable from Discretionary Debt Service Transfers of the City Debt Service Fund.

(5) The City currently issues water and sewer system commercial paper notes pursuant to an ordinance authorizing the issuance of Water and Sewer System Commercial Paper Notes, Series A (the "Series A Notes") in an aggregate amount not to exceed \$700,000,000. The program is structured as a revolving commercial paper program. An ordinance authorizing the Water and Sewer Commercial Paper Notes, Series B (the "Series B Notes"), in the aggregate principal amount of \$200,000,000 (the Series A Notes and the Series B Notes, collectively the "Commercial Paper Notes"), was adopted by the City Council on March 1, 1995. The City has no current plans to issue more than \$700,000,000 in the aggregate of the Commercial Paper Notes. The Commercial Paper Notes are secured by lines of credit from Wesdeutsche Landesbank Gironzentrale, New York Branch, Bayerische Landesbank Gironzentrale, New York Branch, and Landesbank Baden-Wuerttemberg, New York Branch.

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

Largest Sewer Customers

The following schedule presents information concerning the ten largest customers of the Sewer Facilities for the twelve month period ended June 30, 2003. The total charges to such customers represent approximately 4.1% of the System Gross Revenues and 9.0% of Sewer Facilities' gross charges during such period.

Customer	Gross Charges
1. Anheuser-Busch, Inc.	\$ 8,552,758
2. City of Houston	2,906,233
3. Harris County	2,656,985
4. Houston Independent School District	2,179,479
5. General Foods, Inc.	2,142,356
6. University of Houston	1,447,504
7. Gerald D. Hines	1,048,564
8. Methodist Hospital	1,046,760
9. Memorial Hermann Hospital	997,570
10. M D Anderson Hospital	866,760
Total	\$ 23,844,969

Current Rates

Current water rates are based on customer class. The amount of the bill is the sum of the minimum charge based on meter size and an additional charge based on the volume of consumption above a minimum volume. The water rates vary from \$1.92 per thousand gallons for multi-family customers to \$4.30 for outdoor customers.

Usage of the Sewer Facilities is not metered for rate purposes. Instead, sewer rates vary from \$1.08 per thousand gallons for wholesale customers to \$3.98 for industrial customers. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge.

The bill for a typical single family residential customer using 7,000 gallons per month would be \$41.96 for both water and sewer services. However, the City has lower-user rates ranging from \$8.50 to \$29.88 per month for water and sewer services for single-family residential customers using less than 6,000 gallons per month, which are below the cost of providing services.

Rate Adjustments

In recent years, the water and sewer rates have been adjusted on the average as follows:

Date of Change	Average Percent Rate Increase (Decrease)	
	Water	Sewer
January 1983	31.0%	
July 1983		20.0%
July 1985		22.0%
September 1986	20.0%	21.7%
April 1987		32.3%
August 1987	21.0%	
November 1987		(5.0)%
July 1988	8.5%	7.6%
August 1989	6.0%	7.5%
July 1990	5.5%	7.5%
February 1992	2.0%	6.0%
March 1993	2.5%	4.0%

CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS
Debt Service Schedule

Fiscal Year Ending June 30	Total Payable From System Gross Revenues ⁽¹⁾	Payable From System Net Revenues			Total Debt Service
		Prior Lien Bonds	Junior Lien Bonds	Total Payable From System Net Revenues	
2004	38,285,596	0	232,472,408	232,472,408	270,758,004
2005	37,151,371	0	242,264,723	242,264,723	279,416,094
2006	39,420,453	0	251,504,712	251,504,712	290,925,165
2007	39,842,274	0	249,960,039	249,960,039	289,802,313
2008	39,609,814	0	252,615,929	252,615,929	292,225,743
2009	35,069,799	0	254,909,425	254,909,425	289,979,224
2010	30,783,116	0	256,630,694	256,630,694	287,413,810
2011	28,333,510	0	254,815,137	254,815,137	283,148,647
2012	27,553,453	0	254,898,374	254,898,374	282,451,827
2013	26,806,325	0	254,942,594	254,942,594	281,748,919
2014	26,011,503	0	254,982,349	254,982,349	280,993,852
2015	25,215,725	0	257,673,253	257,673,253	282,888,978
2016	24,513,750	0	257,686,161	257,686,161	282,199,911
2017	14,036,556	0	257,704,479	257,704,479	271,741,035
2018	13,231,706	0	244,261,309	244,261,309	257,493,015
2019	13,219,006	0	239,980,988	239,980,988	253,199,994
2020	13,221,781	0	241,722,220	241,722,220	254,944,001
2021	13,216,131	0	241,974,509	241,974,509	255,190,640
2022	13,205,681	0	241,981,095	241,981,095	255,186,776
2023	13,202,769	0	241,982,253	241,982,253	255,185,022
2024	13,192,044	0	241,979,415	241,979,415	255,171,459
2025	13,186,831	0	241,982,925	241,982,925	255,169,756
2026	13,179,475	0	241,981,650	241,981,650	255,161,125
2027	9,076,606	0	241,977,806	241,977,806	251,054,412
2028	9,076,950	0	241,977,244	241,977,244	251,054,194
2029	9,074,613	0	241,977,119	241,977,119	251,051,732
2030	9,073,825	0	121,638,869	121,638,869	130,712,694
2031	9,078,563	0	121,850,194	121,850,194	130,928,757
2032	9,077,544	0	96,842,103	96,842,103	105,919,647
2033			96,841,381	96,841,381	96,841,381
Total	<u>\$ 605,946,770</u>	<u>\$ -</u>	<u>\$ 6,874,011,357</u>	<u>\$ 6,874,011,357</u>	<u>\$ 7,479,958,127</u>

(1) Includes CWA Bonds and TRA Bonds and Houston Area Water Corporation Bonds (HAWC)

CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS
Water Supply

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2003 (million gallons per day):

	<u>Available</u>	<u>Capacity</u>	<u>Daily</u>	<u>Peak</u>	<u>Sales</u>
Ground	137.2	333.0	111.5	183.2	N/A
Surface	1,135.0	1,169.0	514.4	588.0	N/A
Total	<u>1,272.2</u>	<u>1,502.0</u>	<u>625.9</u>	<u>771.2</u>	<u>528.9</u>
					296.1
Treated					232.8
Untreated					<u>528.9</u>

Sources of System Revenues - General

As of June 30, 2003, the Water Facilities and the Sewer Facilities served approximately 415,000 and 400,000 active service connections, respectively. During Fiscal Year 2003 approximately 47% of System Gross Revenues were derived from the sale of water (88% from treated water and 12% from untreated water), approximately 47% from providing wastewater treatment services, 4% from interest income and the remaining 2% from various other sources. Of the treated water sales, 91% of revenues were from retail customers and 9% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS
Water Supply

Largest Treated Water Customers

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2003. The total charges to such customers during such period represent approximately 3.4% of the System Gross Revenues and 7.5% of total water sales revenues for such period.

<u>Customers</u>	<u>Charges</u>
1. City of Pasadena	\$ 4,847,780
2. North Channel Water Authority	2,622,953
3. Anheuser-Busch, Inc.	2,445,533
4. Clear Lake City Water Authority	2,266,579
5. Harris County	1,882,503
6. Houston Independent School District	1,516,749
7. Gulf Coast Water Authority	1,294,936
8. Texas Medical Center	1,054,291
9. University of Houston	1,012,513
10. LaPorte Water Authority	970,359
	<u>\$ 19,914,196</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2003. The total of the contract payments by these ten customers during such period represents approximately 3.7% of the System Gross Revenues and 8.0% of total water sales revenues for such period.

<u>Customers</u>	<u>Charges</u>
1. Equistar Chemicals LP	\$ 4,040,669
2. Shell Oil Company	3,742,143
3. Battleground Water Company	2,548,530
4. Lyondell - Citgo Refining Company LTD	2,211,447
5. Air Liquide America Corporation	1,956,489
6. Chevron Phillips Chemical Company, LP	1,808,027
7. Baytown Water Authority	1,580,046
8. Hoescht Celanese Chemical Group, LTD	1,318,763
9. Occidental Chemical Corporation	1,153,181
10. Texas Petrochemical	905,139
	<u>\$ 21,264,434</u>

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
amounts expressed in thousands

Total Annual Revenues Last Ten Fiscal Years	1994	1995	1996	1997
Operating Revenues				
Landing area fees	\$ 35,239	\$ 38,951	\$ 41,741	\$ 43,371
Building and ground area fees	44,603	49,592	50,824	54,362
Parking, concession and other revenues	55,438	61,762	66,654	69,272
Total Operating Revenues	<u>135,280</u>	<u>150,305</u>	<u>159,219</u>	<u>167,005</u>
Nonoperating Revenues				
Interest income	7,023	7,805	10,871	10,894
Other nonoperating revenues	328	665	236	56
Total Nonoperating Revenues	<u>7,351</u>	<u>8,470</u>	<u>11,107</u>	<u>10,950</u>
Total Revenues	<u>\$ 142,631</u>	<u>\$ 158,775</u>	<u>\$ 170,326</u>	<u>\$ 177,955</u>
Total Annual Expenses Last Ten Fiscal Years	1994	1995	1996	1997
Operating Expenses				
Maintenance and operating	\$ 84,430	\$ 90,488	\$ 91,836	\$ 93,471
Depreciation	33,451	36,638	37,932	39,002
Total Operating Expenses	<u>117,881</u>	<u>127,126</u>	<u>129,768</u>	<u>132,473</u>
Nonoperating Expenses				
Interest expense and others	21,003	20,502	20,180	18,859
Total Nonoperating Expenses	<u>21,003</u>	<u>20,502</u>	<u>20,180</u>	<u>18,859</u>
Total Expenses	<u>\$ 138,884</u>	<u>\$ 147,628</u>	<u>\$ 149,948</u>	<u>\$ 151,332</u>

1998	1999	2000	2001	2002	2003
\$ 43,739	\$ 37,506	\$ 40,930	\$ 48,298	\$ 50,826	\$ 51,162
54,479	59,921	72,988	74,168	84,752	91,801
75,827	84,944	95,217	99,708	91,877	97,804
<u>174,045</u>	<u>182,371</u>	<u>209,135</u>	<u>222,174</u>	<u>227,455</u>	<u>240,767</u>
13,213	21,762	25,027	66,846	37,629	30,278
664	207	188	828	1,725	6,170
<u>13,877</u>	<u>21,969</u>	<u>25,215</u>	<u>67,674</u>	<u>39,354</u>	<u>36,448</u>
<u>\$ 187,922</u>	<u>\$ 204,340</u>	<u>\$ 234,350</u>	<u>\$ 289,848</u>	<u>\$ 266,809</u>	<u>\$ 277,215</u>

1998	1999	2000	2001	2002	2003
\$ 100,040	\$ 117,206	\$ 113,442	\$ 122,594	\$ 142,950	\$ 154,541
43,166	42,537	46,390	52,410	60,088	61,720
<u>143,206</u>	<u>159,743</u>	<u>159,832</u>	<u>175,004</u>	<u>203,038</u>	<u>216,261</u>
18,376	32,471	44,354	65,387	44,948	50,294
18,376	32,471	44,354	65,387	44,948	50,294
<u>\$ 161,582</u>	<u>\$ 192,214</u>	<u>\$ 204,186</u>	<u>\$ 240,391</u>	<u>\$ 247,986</u>	<u>\$ 266,555</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics

Fiscal Year	Domestic Passengers					
	Intercontinental		Hobby		Ellington Field	
	Enplanements	Percentage	Enplanements	Percentage	Enplanements	Percentage
	& Deplanements	Change	& Deplanements	Change	& Deplanements	Change
	(in thousands)		(in thousands)		(in thousands)	
1994	18,243	4.3%	8,276	-2.6%	114	-5.0%
1995	21,282	16.7%	8,199	-0.9%	105	-7.9%
1996	22,541	5.9%	8,209	0.1%	89	-15.2%
1997	23,839	5.8%	8,330	1.5%	101	13.5%
1998	25,543	7.1%	8,597	3.2%	113	11.9%
1999	27,271	6.8%	8,795	2.3%	100	-11.5%
2000	28,892	5.9%	9,053	2.9%	89	-11.0%
2001	30,105	4.2%	9,038	-0.2%	64	-28.1%
2002	28,168	-6.4%	8,192	-9.4%	68	6.3%
2003	27,890	-1.0%	7,796	-4.8%	81	19.1%

Domestic Passengers		International Passengers		Total Passengers	
Total		Intercontinental			
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
26,633	2.0%	2,679	10.8%	29,312	2.8%
29,586	11.1%	2,868	7.1%	32,454	10.7%
30,839	4.2%	3,148	9.8%	33,987	4.7%
32,270	4.6%	3,614	14.8%	35,884	5.6%
34,253	6.1%	4,161	15.1%	38,414	7.1%
36,166	5.6%	4,801	15.4%	40,967	6.6%
38,034	5.2%	5,340	11.2%	43,374	5.9%
39,207	3.1%	5,811	8.8%	45,018	3.8%
36,428	-7.1%	5,556	-4.4%	41,984	-6.7%
35,767	-1.8%	5,526	-0.5%	41,293	-1.6%

**CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Airline Market Shares**

Domestic

Airlines	Intercontinental				Hobby			
	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2002		Fiscal Year 2003	
	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
Air Tran	0	0.0%	0	0.0%	299,122	3.7%	319,525	4.1%
America West	384,875	1.1%	372,709	1.1%	0	0.0%	0	0.0%
American	944,591	2.8%	936,875	2.8%	108,013	1.3%	62,862	0.8%
American Eagle	0	0.0%	0	0.0%	272,240	3.3%	231,367	3.0%
American Trans Air	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Atlantic Southeast	55,539	0.2%	94,262	0.3%	73,967	0.9%	79,088	1.0%
Casino Express	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Champion Air	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Charter Airlines	25,726	0.1%	27,056	0.1%	2,561	0.0%	3,277	0.0%
Comair	74,317	0.2%	83,623	0.3%	54,088	0.7%	63,565	0.8%
Continental	20,302,674	60.2%	19,304,173	57.8%	0	0.0%	0	0.0%
Continental Express	3,435,860	10.2%	4,275,975	12.8%	4,349	0.1%	0	0.0%
Delta	580,115	1.7%	531,843	1.6%	358,486	4.4%	363,277	4.7%
Frontier	72,087	0.2%	86,908	0.3%	0	0.0%	0	0.0%
Kalitta Flying Service	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mesa	17,985	0.1%	23,807	0.1%	0	0.0%	0	0.0%
Miami Air	0	0.0%	0	0.0%	0	0.0%	0	0.0%
North American	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Northwest	717,255	2.1%	708,536	2.1%	0	0.0%	0	0.0%
Pace	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sky Service	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Skywest	35,126	0.1%	51,335	0.2%	0	0.0%	0	0.0%
Southwest	192,490	0.6%	193,205	0.6%	7,018,951	85.7%	6,673,485	85.6%
Sports Jet	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Sun Country Airways	1,055	0.0%	1,990	0.0%	0	0.0%	0	0.0%
TWA	81,051	0.2%	0	0.0%	0	0.0%	0	0.0%
United	708,067	2.1%	715,798	2.1%	0	0.0%	0	0.0%
US Airways	538,768	1.6%	482,326	1.4%	0	0.0%	0	0.0%
Total Domestic	28,167,581	83.5%	27,890,421	83.6%	8,191,777	100.0%	7,796,446	100.0%

International

Airlines	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2002		Fiscal Year 2003	
	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
	AeroMexico	152,164	0.5%	138,771	0.4%			
Aerolitoral	2,084	0.0%	586	0.0%				
Air Canada	143,254	0.4%	134,338	0.4%				
Air France	144,514	0.4%	132,786	0.4%				
Air Jamaica	40,636	0.0%	42,130	0.1%				
Alegiant	0	0.0%	0	0.0%				
Allegro	0	0.0%	0	0.0%				
Aviacsa	60,151	0.2%	67,166	0.2%				
British Airways	185,141	0.5%	177,455	0.5%				
Canadian Airlines	0	0.0%	0	0.0%				
Cayman	21,393	0.1%	17,765	0.1%				
Charter Airlines	120,885	0.4%	108,819	0.3%				
Continental	4,099,766	12.2%	3,975,451	11.9%				
Continental Express	242,659	0.7%	355,916	1.1%				
KLM	162,779	0.5%	169,583	0.5%				
Kuwait Airlines	0	0.0%	0	0.0%				
Lufthansa	114,687	0.3%	137,691	0.4%				
Qatar	0	0.0%	0	0.0%				
Ryan International	0	0.0%	0	0.0%				
Saudia	0	0.0%	0	0.0%				
Sun Country Airlines	66,003	0.2%	0	0.0%				
TACA	0	0.0%	67,466	0.2%				
Transmeridian Airlines	0	0.0%	0	0.0%				
United Arab Emirates	0	0.0%	0	0.0%				
World Airways	0	0.0%	0	0.0%				
Total International	5,556,116	16.5%	5,525,923	16.5%				
Total Airlines	33,723,697	100.0%	33,416,344	100.0%	8,191,777	100.0%	7,796,446	100.0%

Domestic only

Ellington Field				Houston Airport System			
Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2002		Fiscal Year 2003	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
0	0.0%	0	0.0%	299,122	0.7%	319,525	0.8%
0	0.0%	0	0.0%	384,875	0.9%	372,709	0.9%
0	0.0%	0	0.0%	1,052,604	2.5%	999,737	2.4%
0	0.0%	0	0.0%	272,240	0.6%	231,367	0.6%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	129,506	0.3%	173,350	0.4%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	28,287	0.1%	30,333	0.1%
0	0.0%	0	0.0%	128,405	0.3%	147,188	0.4%
0	0.0%	0	0.0%	20,302,674	48.4%	19,304,173	46.7%
67,696	100.0%	80,591	100.0%	3,507,905	8.4%	4,356,566	10.6%
0	0.0%	0	0.0%	938,601	2.2%	895,120	2.2%
0	0.0%	0	0.0%	72,087	0.2%	86,908	0.2%
0	0.0%	4	0.0%	0	0.0%	4	0.0%
0	0.0%	0	0.0%	17,985	0.0%	23,807	0.1%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	717,255	1.7%	708,536	1.7%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	35,126	0.1%	51,335	0.1%
0	0.0%	0	0.0%	7,211,441	17.2%	6,866,690	16.6%
0	0.0%	0	0.0%	0	0.0%	0	0.0%
0	0.0%	0	0.0%	1,055	0.0%	1,990	0.0%
0	0.0%	0	0.0%	81,051	0.2%	0	0.0%
0	0.0%	0	0.0%	708,067	1.7%	715,798	1.7%
0	0.0%	0	0.0%	538,768	1.3%	482,326	1.2%
67,696	100.0%	80,595	100.0%	36,427,054	86.8%	35,767,462	86.7%

Houston Airport System							
Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2002		Fiscal Year 2003	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
				152,164	0.3%	138,771	0.3%
				2,084	0.0%	586	0.0%
				143,254	0.3%	134,338	0.3%
				144,514	0.3%	132,786	0.3%
				40,636	0.0%	42,130	0.1%
				0	0.1%	0	0.0%
				0	0.1%	0	0.0%
				60,151	0.1%	67,166	0.2%
				185,141	0.5%	177,455	0.4%
				0	0.0%	0	0.0%
				21,393	0.1%	17,765	0.0%
				120,885	0.1%	108,819	0.3%
				4,099,766	9.6%	3,975,451	9.6%
				242,659	0.5%	355,916	0.9%
				162,779	0.4%	169,583	0.4%
				0	0.4%	0	0.0%
				114,687	0.3%	137,691	0.3%
				0	0.3%	0	0.0%
				0	0.3%	0	0.0%
				0	0.3%	0	0.0%
				66,003	0.1%	0	0.0%
				0	0.1%	67,466	0.2%
				0	0.1%	0	0.0%
				0	0.1%	0	0.0%
				0	0.1%	0	0.0%
				5,556,116	13.2%	5,525,923	13.4%
67,696	100.0%	80,595	100.0%	41,983,170	100.0%	41,293,385	100.0%

Domestic only

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information

	Fiscal Years (dollars in thousands)			
	1994	1995	1996	1997
Operating Revenues				
Landing Area Fees:				
Landing Fees	\$33,911	\$37,526	\$40,232	\$41,930
Aviation Fuel	896	933	1,022	1,062
Aircraft Parking	432	492	486	379
Subtotal	<u>35,239</u>	<u>38,951</u>	<u>41,740</u>	<u>43,371</u>
Building and Ground Area Revenues:				
Terminal Space	38,563	42,630	42,154	42,855
Cargo Building	1,230	1,803	1,898	2,035
Other Building	709	737	1,551	2,135
Hangar Rental	650	903	1,202	1,001
Ground Rental	3,451	3,519	4,018	3,701
Concourse Security	1,190	1,318	1,288	1,287
Flight Information Display System	406	456	538	571
Public Address System	596	682	753	777
Subtotal	<u>46,795</u>	<u>52,048</u>	<u>53,402</u>	<u>54,362</u>
Parking, Concession and other Revenues:				
Terminal Concessions	13,257	13,474	14,366	14,670
Auto Parking	28,397	31,861	33,242	36,794
Auto Rental	8,853	10,498	12,719	14,412
Ground Transportation	2,434	2,565	2,619	2,906
Other Operating Income	305	908	1,131	490
Subtotal	<u>53,246</u>	<u>59,306</u>	<u>64,077</u>	<u>69,272</u>
Total Operating Revenues	<u><u>\$135,280</u></u>	<u><u>\$150,305</u></u>	<u><u>\$159,219</u></u>	<u><u>\$167,005</u></u>
Nonoperating Revenues				
Interest on Investments	4,125	6,269	8,629	6,080
Other	328	665	236	56
Subtotal	<u>4,453</u>	<u>6,934</u>	<u>8,865</u>	<u>6,136</u>
Total Gross Revenues	<u><u>\$139,733</u></u>	<u><u>\$157,239</u></u>	<u><u>\$168,084</u></u>	<u><u>\$173,141</u></u>
Operation and Maintenance Expenses				
Personnel and Other Current Expenses	\$84,428	\$90,501	\$91,886	\$95,020
Bad Debt Expense	3	(13)	(50)	8
Total Operating and Maintenance Expenses	<u><u>\$84,431</u></u>	<u><u>\$90,488</u></u>	<u><u>\$91,836</u></u>	<u><u>\$95,028</u></u>
Net Revenues	<u><u>\$55,302</u></u>	<u><u>\$66,751</u></u>	<u><u>\$76,248</u></u>	<u><u>\$78,113</u></u>
Debt Service Requirements of Outstanding Bonds	\$31,170	\$31,045	\$33,035	\$32,220
Less: grant revenue available for debt service	-	-	-	-
Net Debt Service Requirement	<u><u>\$31,170</u></u>	<u><u>\$31,045</u></u>	<u><u>\$33,035</u></u>	<u><u>\$32,220</u></u>
Coverage of Debt Service Requirements by Net Revenues	x <u><u>1.77</u></u> x	x <u><u>2.15</u></u> x	x <u><u>2.31</u></u> x	x <u><u>2.42</u></u>

1998	1999	2000	2001	2002	2003
\$42,275	\$35,930	\$39,116	\$46,735	\$49,424	\$49,211
1,111	978	1,259	895	838	910
353	598	555	668	564	1,041
<u>43,739</u>	<u>37,506</u>	<u>40,930</u>	<u>48,298</u>	<u>50,826</u>	<u>51,162</u>
42,892	47,775	62,738	63,172	73,116	79,547
2,084	2,075	2,077	1,923	1,863	1,638
2,075	2,103	2,036	2,078	2,262	2,192
1,063	1,039	1,251	1,605	1,902	2,499
3,838	4,296	4,886	5,388	5,607	5,923
1,270	1,287	-	2	2	2
531	566	-	-	-	-
726	780	-	-	-	-
<u>54,479</u>	<u>59,921</u>	<u>72,988</u>	<u>74,168</u>	<u>84,752</u>	<u>91,801</u>
16,455	19,802	25,262	23,721	22,444	25,355
39,213	42,304	46,662	51,285	46,955	50,103
15,828	15,423	18,326	18,787	16,886	15,978
3,334	4,701	2,549	4,535	3,274	3,834
997	2,714	2,418	1,380	2,318	2,534
<u>75,827</u>	<u>84,944</u>	<u>95,217</u>	<u>99,708</u>	<u>91,877</u>	<u>97,804</u>
<u>\$174,045</u>	<u>\$182,371</u>	<u>\$209,135</u>	<u>\$222,174</u>	<u>\$227,455</u>	<u>\$240,767</u>
9,813	9,631	9,677	12,396	12,816	10,650
95	207	99	680	4,520	504
<u>9,908</u>	<u>9,838</u>	<u>9,776</u>	<u>13,076</u>	<u>17,336</u>	<u>11,154</u>
<u>\$183,953</u>	<u>\$192,209</u>	<u>\$218,911</u>	<u>\$235,250</u>	<u>\$244,791</u>	<u>\$251,921</u>
\$100,032	\$117,189	\$113,042	\$122,542	\$142,877	\$153,173
8	17	400	52	73	1,368
<u>\$100,040</u>	<u>\$117,206</u>	<u>\$113,442</u>	<u>\$122,594</u>	<u>\$142,950</u>	<u>\$154,541</u>
<u>\$83,913</u>	<u>\$75,003</u>	<u>\$105,469</u>	<u>\$112,656</u>	<u>\$101,841</u>	<u>\$97,380</u>
\$32,955	\$33,942	\$38,455	\$50,027	\$51,611	\$63,988
-	-	-	(2,798)	(37,153)	(30,282)
<u>\$32,955</u>	<u>\$33,942</u>	<u>\$38,455</u>	<u>\$47,229</u>	<u>\$14,458</u>	<u>\$33,706</u>
x <u>2.55</u> x	<u>2.21</u> x	<u>2.74</u> x	<u>2.39</u> x	<u>7.04</u>	<u>2.89</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations and Aircraft Landing Weight

Fiscal Year	Aircraft Operations (in thousands)			Aircraft Landed Weight (in thousand pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
1994	667	(13)	-1.91%	24,768	(331)	-1.32%
1995	712	45	6.75%	26,610	1,842	7.44%
1996	734	22	3.09%	26,078	(532)	-2.00%
1997	768	34	4.63%	26,822	744	2.85%
1998	789	21	2.73%	28,253	1,431	5.34%
1999	796	7	0.89%	30,119	1,866	6.60%
2000	827	31	3.89%	31,495	1,376	4.57%
2001	823	(4)	-0.48%	32,083	588	1.87%
2002	790	(33)	-4.01%	30,496	(1,587)	-4.95%
2003	811	21	2.66%	30,779	283	0.93%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges

	Bush Intercontinental		Hobby	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2002	2003	2002	2003
Landing Rates (1)	\$1.518 - \$1.75	\$1.651	\$1.905	\$2.078
Terminal Space Rentals (2)	\$22.54 - \$45.76	\$24.36 - 53.83	\$35.63 - \$56.68	\$35.19 - 54.82
Apron (2)	\$1.133 - 24.54	\$1.296 - 2.903	\$1.936	\$1.831
Parking Rates (maximum per day)				
Economy	\$5.00 - \$6.00	\$6.00	\$5.00 - \$6.00	\$6.00
Structured	\$10.00 - \$12.00	\$12.00	\$10.00 - \$12.00	\$12.00
Surface	\$7.00 - \$9.00	\$9.00	--	--
Short-Term	\$30.00	\$30.00	\$30.00	\$30.00
Sure Park	\$15.00	\$5.00 - 15.00	--	--

(1) Per 1,000 pounds for landing weight

(2) Range per square foot

(3) Maximum per day

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
System Debt Service Schedule

The following table sets forth the Debt Service Requirements on all Airport Bonds Outstanding after issuance of the Series 2002 Bonds, assuming scheduled mandatory redemption of any term bonds. The amounts do not include the Airport System's Senior Lien Commercial Paper Notes.

Fiscal Year (ending June 30)	Subordinate Lien Bonds Debt Service		Total
	Principal	Interest	
2004	17,985,000	102,250,861	120,235,861
2005	18,865,000	101,255,403	120,120,403
2006	26,690,000	100,393,397	127,083,397
2007	28,285,000	98,772,436	127,057,436
2008	29,725,000	97,604,034	127,329,034
2009	41,365,000	95,758,098	137,123,098
2010	44,070,000	93,765,660	137,835,660
2011	45,930,000	91,805,449	137,735,449
2012	48,840,000	89,437,861	138,277,861
2013	51,500,000	87,212,664	138,712,664
2014	53,860,000	84,530,576	138,390,576
2015	57,485,000	82,119,881	139,604,881
2016	59,885,000	79,221,574	139,106,574
2017	63,530,000	76,433,232	139,963,232
2018	66,560,000	73,286,093	139,846,093
2019	70,550,000	70,079,977	140,629,977
2020	74,275,000	66,840,742	141,115,742
2021	77,890,000	63,182,811	141,072,811
2022	82,225,000	59,747,635	141,972,635
2023	86,385,000	55,682,910	142,067,910
2024	91,385,000	51,793,990	143,178,990
2025	95,730,000	47,467,784	143,197,784
2026	101,055,000	42,956,192	144,011,192
2027	106,395,000	38,229,977	144,624,977
2028	111,910,000	33,154,437	145,064,437
2029	118,005,000	27,879,533	145,884,533
2030	124,215,000	22,146,847	146,361,847
2031	131,175,000	16,114,752	147,289,752
2032	138,265,000	9,814,202	148,079,202
2033	145,330,000	3,251,240	148,581,240
	\$ 2,209,365,000	\$ 1,962,190,248	\$ 4,171,555,248

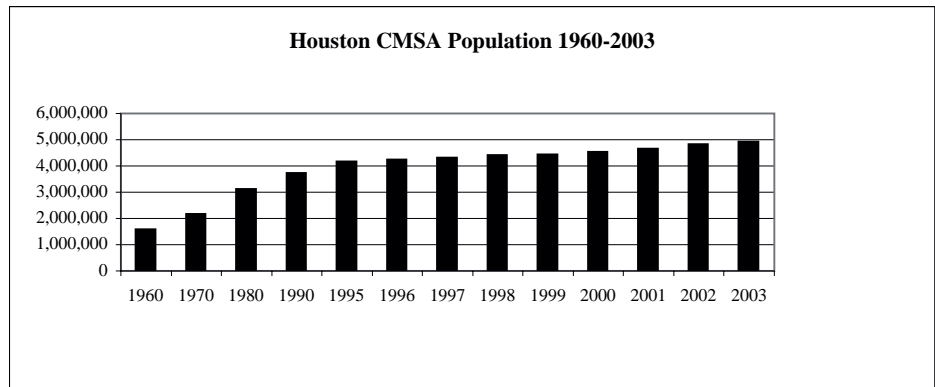
**CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Service Area**

The airports service region for the Houston Airport System consists of (1) the seven county Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area (Brazoria, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller counties)--referred to as the Houston CMSA, and (2) a large secondary area surrounding the Houston CMSA. The limits of this secondary area are generally defined by the range and quality of airline service at other air carrier airports, including Beaumont Jefferson County Airport to the east, Dallas/Fort Worth International Airport and Dallas Love Field to the north, Corpus Christi International Airport to the southwest, and Austin-Bergstrom International Airport and San Antonio International Airport to the west.

Houston, the nation's fourth most populous city, is the largest in the South and Southwest. The Houston CMSA ranks 10th in population among the nation's metropolitan areas.

Service Area Population

<u>Year</u>	<u>Houston CMSA Population</u>
1960	1,581,117
1970	2,181,315
1980	3,118,080
1990	3,731,131
1995	4,164,393
1996	4,239,927
1997	4,320,041
1998	4,407,579
1999	4,440,938
2000	4,538,022
2001	4,669,571
2002	4,825,964
2003	4,938,556



Source: Texas State Data Center

**2003 Largest Private Employers Houston-CMSA
(Alphabetical)**

Aramark	Kroger Company
B.P. America	Memorial Herman Healthcare Systems
Continental Airlines/Continental Express	Methodist Hospital
Foleys	Pappas Restaurant
H.C.A. Health	Randall's
H. E. B. Grocery	Reliant Energy
Halliburton	SBC Southwestern Bell
Hewlett-Packard Corporation	Shell Oil
J. P. Morgan	

Sources: Greater Houston Partnership; Business Houston

CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2003

amounts expressed in thousands, except for deductible amounts

Policy Number	Insurer	Policy Expires
61BSBBK4955	Hartford Casualty Insurance Co.	12/ 31/03
61BSBBL0688	Hartford Casualty Insurance Co.	12/ 31/03
61BSSBBZ1066	Hartford Casualty Insurance Co.	1/ 1/05
69296859	Western Surety Company	3/ 20/04
69149047	Western Surety Company	5/ 9/04
6923194	Western Surety Company	1/7/2004 (continuous)
6218	Texas Municipal League	8-16-2003/8-16-2004
6218	Texas Municipal League	8-16-2003/8-16-2004
IMO4200061	St. Paul	10-20-2002/10-20-2003
3F 788548-02	Kemper Insurance Company	2-1-2003/2-01-2004
S67MZX80785632	Fireman's Fund Insurance	7-29-2003/7-20-2004
S67MZA80224766	Fireman's Fund Insurance	7-29-2003/7-29-2004
SBP0001047044	Texas Workers Compensation Fund	7-29-2003/7-29-2004
XYZ00084554831	Fireman's Fund Insurance	7-29-2003/7-29-2004
PHSD053857	Philadelphia Indemnity Insurance	4-27-2003/4-27-2004
061BU103549845BCM	Travelers Insurance	1-24-2003/1-24-2004
FPA359790-1	Westchester Fire Co.	4-1-2003/4-1-2004
FBP-HN-7318124	Federal Insurance Co.	2-18-2003/2-18-2004
IM04200103	St Paul Insurance Co.	6-26-2003/6-26-2004
IM04200103	St Paul Insurance Co.	6-26-2003/6-26-2004
IM04200103	St Paul Insurance Co.	6-26-2003/6-26-2004
CCP 002 76 41	Fidelity & Deposit Co. of Maryland	5-29-2003/5-29-2004
61BPEAM5075	Hartford Casualty Ins. Co.	10-29-2001/10-29-2002
61BPEAI9468	Hartford Casualty Ins. Co.	2-11-2003/2-11-2004
Various	Western Surety Company	4 yrs term per bond
SRG 805 80 52	The AIG Life Companies	Pending volunteer contract neg.
DOC 368230500	Zurich	9-09-2003/9-9-2004
04GL000068013	Mid-Continent Casualty Company	10-16-2002/10-16-2003
61UECIN5840	Hartford	10-16-2002/10-16-2003
61WECDZ1867	Hartford	10-16-2002/10-16-2003
EXO(03)530049480	Ohio Casualty Group	10-16-2002/10-16-2003
TBD	National Union Fire	7-1-2003/7-01-2004
TBD	Zurich American Ins.	7-1-2003/7-01-2004
TBD	Gulf Insurance Company	9-14-2003/9-14-2004
TBD	Gulf Insurance Company	9-14-2003/9-14-2004
TBD	Gulf Insurance Company	9-14-2003/9-14-2004
TBD	Hartford Underwriter's Insurance	9-14-2003/9-14-2004

Property at Risk	Type of Coverage	Amount of Coverage (in thousands)
Mayor	Public Official Bond	\$ 10
City Controller	Public Official Bond	\$ 50
Deputy Controller	Public Official Bond	\$ 50
Director, Municipal Courts	Public Official Bond	\$ 25
Director, Finance & Administration	Public Official Bond	\$ 25
Deputy Assessor-Collector, Finance & Administration	Public Official Bond	\$ 25
Houston Housing Finance Corporation	Broad Form Property Insurance	\$ 1,515
Houston Housing Finance Corporation	Commercial General Liability	\$ 10,000
Houston Area Library Automated Network	Electronic Equipment (HALAN)	\$ 1,036
Houston Read Commission	Commercial Crime Policy - Public Employee Dishonesty	\$ 60
Small Business Development Corporation	Commercial General Liability	\$ 5,105
Small Business Development Corporation	Hired and Non-Owned Auto Liability	\$ 1,000
Small Business Development Corporation	Workers' Compensation/Employers Liability	\$ 3,000
Small Business Development Corporation	Commercial Excess Liability	\$ 4,000
Small Business Development Corporation	Director's, Trustee's, & Officer's Liability	\$ 1,000
Small Business Development Corporation	Employee Dishonesty	\$ 500
City of Houston	Blanket Bonds	\$ 5,104,789
City of Houston	Comprehensive Boiler/Other Machinery	\$ 45,000
City of Houston	Electronic Equipment for Library	\$ 819
City of Houston	Fine Arts Floater - Rare Book for Library	\$ 3,365
City of Houston	Fine Arts Floater - Film Collection for Lib.	\$ 1,000
City of Houston	Public Employee Dishonesty	\$ 2,000
Houston Parks Board	Public Employee Dishonesty	\$ 10
Library Board	Public Employee Dishonesty	\$ 10
Various City of Houston Notaries	Notary Bonds for Various City Notary	\$ 3
Adopt-A-Lot Program	Accident Insurance for Volunteers	\$ 301
Houston Convention Center Hotel Corp	Liability for Directors & Officers	\$ 10,000
Houston Convention Center Hotel Corp	General Liability	\$ 1,000
Houston Convention Center Hotel Corp	Automobile	\$ 1,000
Houston Convention Center Hotel Corp	Workers' Compensation/Employers Liability	\$ 1,000
Houston Convention Center Hotel Corp	Umbrella	\$ 25,000
Houston Area Water Corp	Director's, Trustee's, & Officer's Liability	\$ 25
Houston Area Water Corp	Director's, Trustee's, & Officer's Liability	\$ 5,000
Houston Image Group	Commercial General Liability	\$ 1,000
Houston Image Group	Automobile	\$ 1,000
Houston Image Group	Excess Liability	\$ 5,000
Houston Image Group	Workers' Compensation/Employers Liability	\$ 1,000

**CITY OF HOUSTON, TEXAS
SALARIES OF ELECTED OFFICIALS
June 30, 2003**

<u>Name and Title of Official</u>	<u>Authorized Annual Salary</u>
Lee P. Brown, Mayor	\$ 165,817
Judy Gray Johnson , City Controller	110,544
Bruce Tatro, Council member - District A	44,218
Carol Mims Galloway, Council member - District B	44,218
Mark Goldberg, Council member - District C	44,218
Ada Edwards, Council member - District D	44,218
Addie Wiseman, Council member - District E	44,218
Mark Ellis, Council member - District F	44,218
Albert L. Keller, Council member - District G	44,218
Gabriel Vasquez, Council member - District H	44,218
Carol Alvarado, Council member - District I	44,218
Annise D. Parker, Council member - At Large Position #1	44,218
Gordon Quan, Council member - At Large Position #2	44,218
Shelley Sekula-Gibbs, Council member - At Large Position #3	44,218
Michael Berry, Council member - At Large Position #4	44,218
Carroll G. Robinson, Council member - At Large Position #5	44,218

CITY OF HOUSTON, TEXAS
Schedule of Credits

Comprehensive Annual Financial Report:

Executive Division

Judy Gray Johnson, City Controller

Staff:

Janice Evans, Director of Communications/
Governmental Relations
Sarah Smith, Administrative Specialist
Andrea Campos, Administrative Specialist
Carlethya Guillory, Administrative Coordinator

Design Oversight and Writing

Financial and Technical Services

Mary Ann Grant, Deputy Controller

Staff:

Alicia Cai, Assistant City Controller
Wesley Dormer, Assistant City Controller
Keith Fulkerson, Assistant City Controller
Rudy Garcia, Assistant City Controller
Rosa Henderson, Assistant City Controller
Gregory Jackson, Assistant City Controller
Isabel Kato, Assistant City Controller
Toai Le, Assistant City Controller
Claudia Morales, Assistant City Controller
Chris Okeagu, Assistant City Controller
Jacqueline Brown, Administrative Associate
Beverly Riggans, Assistant City Controller
Solomon Tettey, Assistant City Controller
Suong Vu, Assistant City Controller
Dinah Walter, Assistant City Controller
Melanie West, Assistant City Controller
Bonita Wright, Assistant City Controller
Ingrid Chang, Assistant City Controller
Mary Villarreal, Accountant Supervisor

Interns:

Christina Lee
Jules Marshall-Smith

Information Systems:

Martina Lee, System Accountant
Leon Phelps, System Accountant

Preparation and Coordination

Audit Division

Steve Schoonover, City Auditor

Kenneth Teer, Assistant City Auditor
Linda McDonald, Assistant City Auditor
Monika De Los Santos, Assistant City Auditor
Dennis Frazier, Assistant City Auditor
Ebenezer Robinson, Assistant City Auditor
Carolyn Armstead, Assistant City Auditor
Scott Hiflich, Assistant City Auditor
Charles Hao, Assistant City Auditor
Getechew Wakgira, Assistant City Auditor

Consulting and general support

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued

Treasury Division

James Moncur, Deputy Controller

Staff:

Susan Bailey, Debt Manager

Thomas Lane, Portfolio Manager

Irma Rodriquez, Financial Analyst

Shawnell Holman-Smith, Financial Analyst

Catherine Smith, Administrative Assistant

Debt and Management Disclosures

Administrative Division

Madeleine Appel, Deputy Director

Staff:

Harry Singh, Division Manager

Lenard Polk, Administrative Supervisor

Contract Preparation

Finance and Administration Department

Philip B. Schepps, PhD, Director

Staff:

Al Mays, Assistant Director

Gary Gray, Assistant Director

Susan Bandy, Assistant Director

Regina Dickson, Division Manager

Ronald Headley, Division Manager

Jane Nyambura, Division Manager

Harold Jackson, Division Manager

Carl Medley, Division Manager

Sophia Chang, Division Manager

Professional Consultants

Carlos St. Mary, PMG Advertising and Marketing, L.L.C

Deloitte & Touche, LLP

**Project Management and Design
Auditors**

Photos

Melissa Tatum, Houston Parks and Recreation Department

Houston Convention and Visitors Bureau

Greater Houston Partnership

Houston International Festival

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Comprehensive Annual Financial Report. However, we have included the major participants who made the issuance of this document possible.