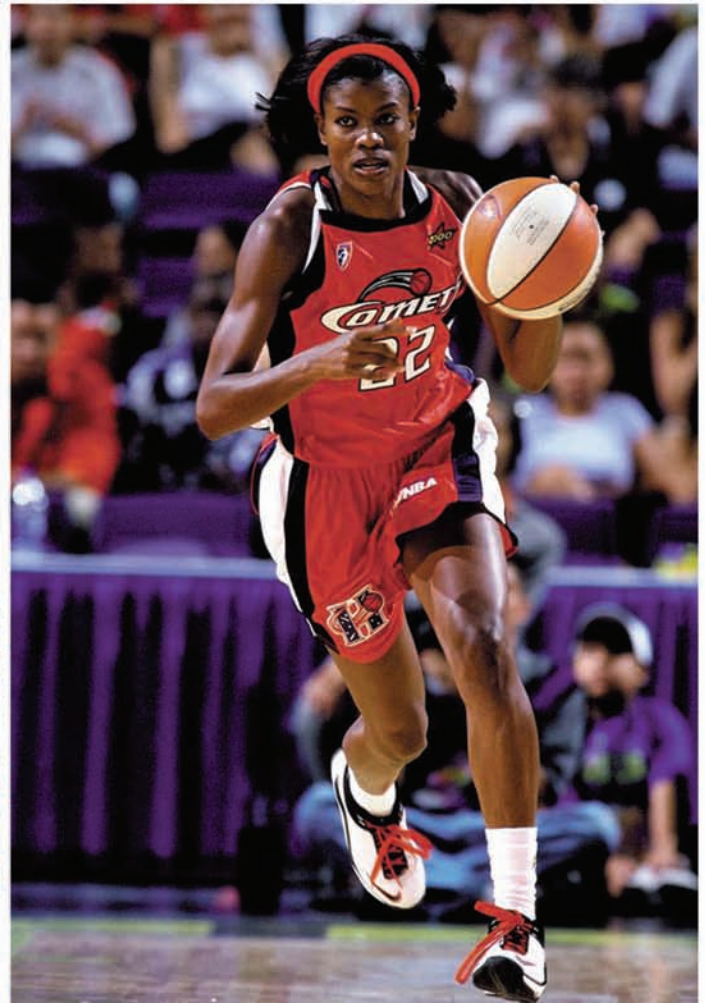




The WNBA Houston Comets bested their male counterparts, winning an incredible four consecutive championships. The team's stars, Cheryl Swoops, Tina Thompson, Cynthia Cooper and the late Kim Perrot, serve as role models for aspiring female athletes.





Office of the City Controller

Houston's City Controller, Annise D. Parker, is the second highest elected official in Houston City Government and its Chief Financial Officer, as dictated by the City Charter. The Office of the Houston City Controller superintends the fiscal affairs of the City, which includes conducting audits, managing investments and debt, preparing financial statements and providing leadership on policy issues pertaining to the City's financial health. The Controller is asked to balance the fiscal needs of Houston with the politics of popular elections and acts as a check-and-balance to the Mayor and City Council, the executive and legislative branches of City government. She serves as an independently elected "financial watchdog" over City government's fiscal affairs.

Controller Parker was sworn in as Houston's 14th City Controller on January 2, 2004. During her first term, she implemented an office reorganization, reestablishing a separate division dedicated solely to financial reporting and preparation of the Comprehensive Annual Financial Report (CAFR). This will allow for a greater focus on the office's financial reporting responsibilities. She also won overwhelming voter approval of Proposition 3, a ballot initiative that broadens the controller's audit authority to include performance reviews of City departments, agencies and programs. Prior to the November 2004 election, Houston was the only major City with an elected City Controller who did not have a charter-defined right to conduct independent performance audits.

The Controller's Office Audit Division completed 50 audits in Fiscal Year 2005 including a comprehensive study of operations and management at the Houston Emergency Center (HEC), the first performance review to be done under the new authority granted the Controller's Office by Proposition 3. The review made 55 recommendations for improved coordination, efficiency and effectiveness of HEC operations and identified more than \$6 million in potential annual savings. Another performance review identified overtime abuses, inconsistent inspections, inadequate training, an atmosphere of mistrust, fear of retribution, and wasteful spending within the City's fire code inspection division. Of particular concern was the lack of a comprehensive listing of high-rise buildings and hazardous material locations. An aggressive audit plan that includes at least 5 performance reviews is planned for Fiscal Year 2006.

To better safeguard the City against the possibility of electronic bank fraud, the Controller's Office has implemented new security measures and tighter internal controls for cash management and bank reconciliation that put Houston on the leading edge of bank fraud security. The plan includes strict deadlines for reconciling departmental bank statements, new safeguards for processing credit card and debit transactions and rejection of all electronic debits from City bank accounts that are not preauthorized.

For the third time in as many years, the City's General Investment Pool, managed by the Treasury Division of the Controller's Office, has received a 'AAAF' credit quality rating from Standard and Poor's Investment Services. The rating reflects the extremely strong protection that the pool's portfolio provides against losses from credit defaults or credit deterioration.

Although the Financial Reporting Division is ultimately responsible for the final product, the preparation of the CAFR requires a concentrated effort by every division of the City Controller's Office. The CAFR is available on the City Controller's website: www.houstoncontroller.org.



Annise D. Parker

Houston City Controller



Houston City Controller Annise D. Parker is a second generation native Houstonian. She attended Rice University, graduating in 1978 with a Bachelor of Arts Degree. In the private sector, Ms. Parker spent 20 years working in the oil and gas industry, including 18 years with Mosbacher Energy Company. She co-owned a retail bookstore for 10 years and still co-owns a bookkeeping and income tax company.

Controller Parker was sworn in as the 14th City Controller for the City of Houston on January 2, 2004. She is the second-highest elected city official and serves as the City's Chief Financial Officer.

During her first term as Controller, Ms. Parker helped win overwhelming voter approval (85%) of Proposition 3, which gives the Controller's Office the independent authority to conduct performance reviews of all City departments, agencies and programs. She was also successful in securing a seat for a controller's appointee on the Houston Municipal Pension System Board of Trustees, marking the first time the city's chief financial officer has had any involvement in the pension system. In addition, Ms. Parker was tapped by Mayor Bill White to serve as a member of the stakeholders committee overseeing an independent investigation of the City's troubled crime lab.

Prior to her election as City Controller, Ms. Parker served for six years as an at-large member of Houston City Council. She chaired city council's Fiscal Affairs and Neighborhood Protection Committees and served on eight other committees, playing leadership roles in the creation of the City's \$20 million Rainy Day Fund, a civic art program, a pooper-scooper law, tighter regulations for inner city development and the City's non-discrimination policy. She also represented Houston on the Alliance for Interstate 69 Texas Board, the Municipal Solid Waste Management and Resource Recovery Advisory Council of Texas Commission on Environmental Quality and the World Energy Cities Partnership.

Despite her duties as City Controller, Ms. Parker remains active in the Houston community, currently serving on the board of the Holocaust Museum and as an advisory board member of the Houston Zoo, the Montrose Counseling Center and Trees for Houston. Her past activities include service as President of the Houston Gay and Lesbian Political Caucus, the Neartown Civic Association and the Neartown Community Development Corporation.

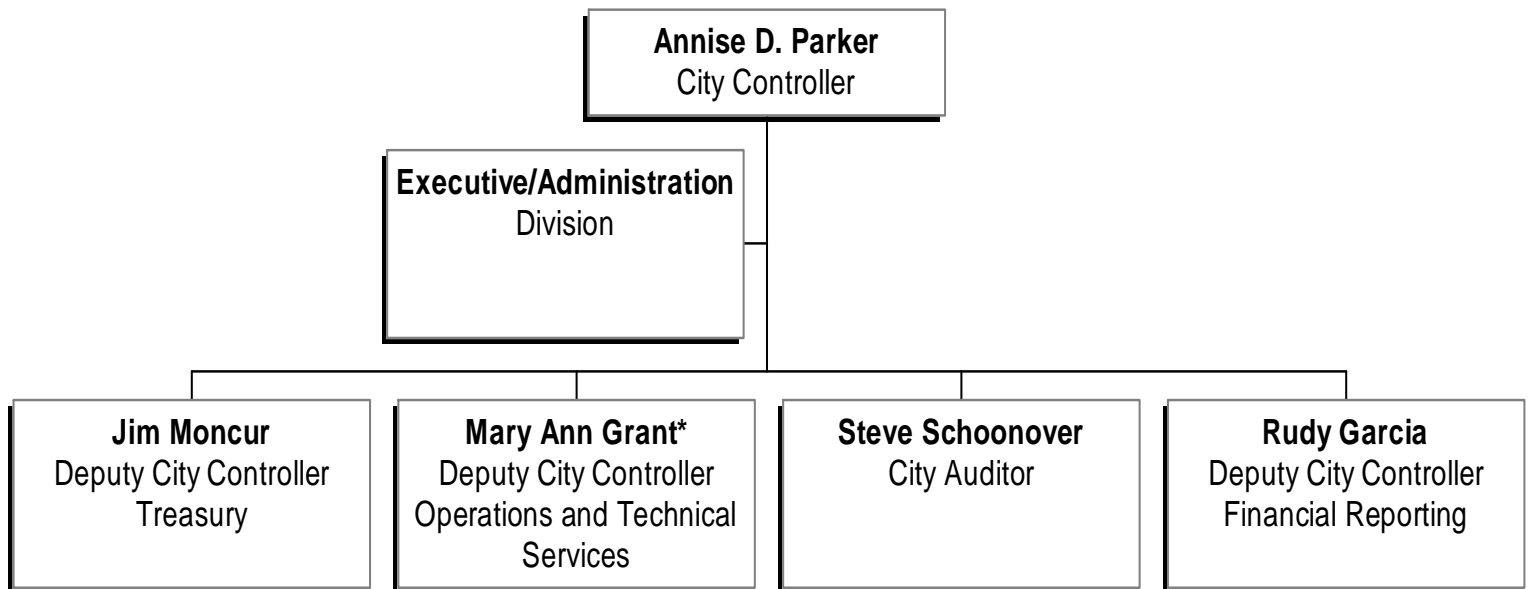
In 2001, Ms. Parker was selected as "Council Member of the Year" by the Houston Police Officers Union. In 2002, she received the "Distinguished Local Elected Official Award" from the Texas Recreation and Park Society. She previously received the "Good Brick Award" from the Greater Houston Preservation Alliance for her restoration of historic properties in the Old Sixth Ward.

Controller Parker is the daughter of Kay Dunagan Parker and Ivy "Les" Parker. Ms. Parker and her life partner, Kathy Hubbard, have been together since 1990. They have two children.



City of Houston

The Office of the City Controller



* Mary Ann Grant is on temporary leave to assist with the City's Enterprise Resource Planning project. In her absence, the Operations and Technical Services Division is reporting to the Deputy Director of Financial Reporting/Operations and Technical Services Division, Lloyd Waguespack.



Elected Officials City of Houston, Texas



Mayor

Bill White

City Controller

Annise D. Parker

Council Members

Carol Alvarado, **Mayor Pro Tem, District I**

Mark Goldberg, **Vice Mayor Pro Tem, District C**

Mark Ellis, **At-Large Position 1** Gordon Quan, **At-Large Position 2**

Shelley Sekula-Gibbs, M.D., **At Large Position 3** Ronald Green, **At-Large Position 4**

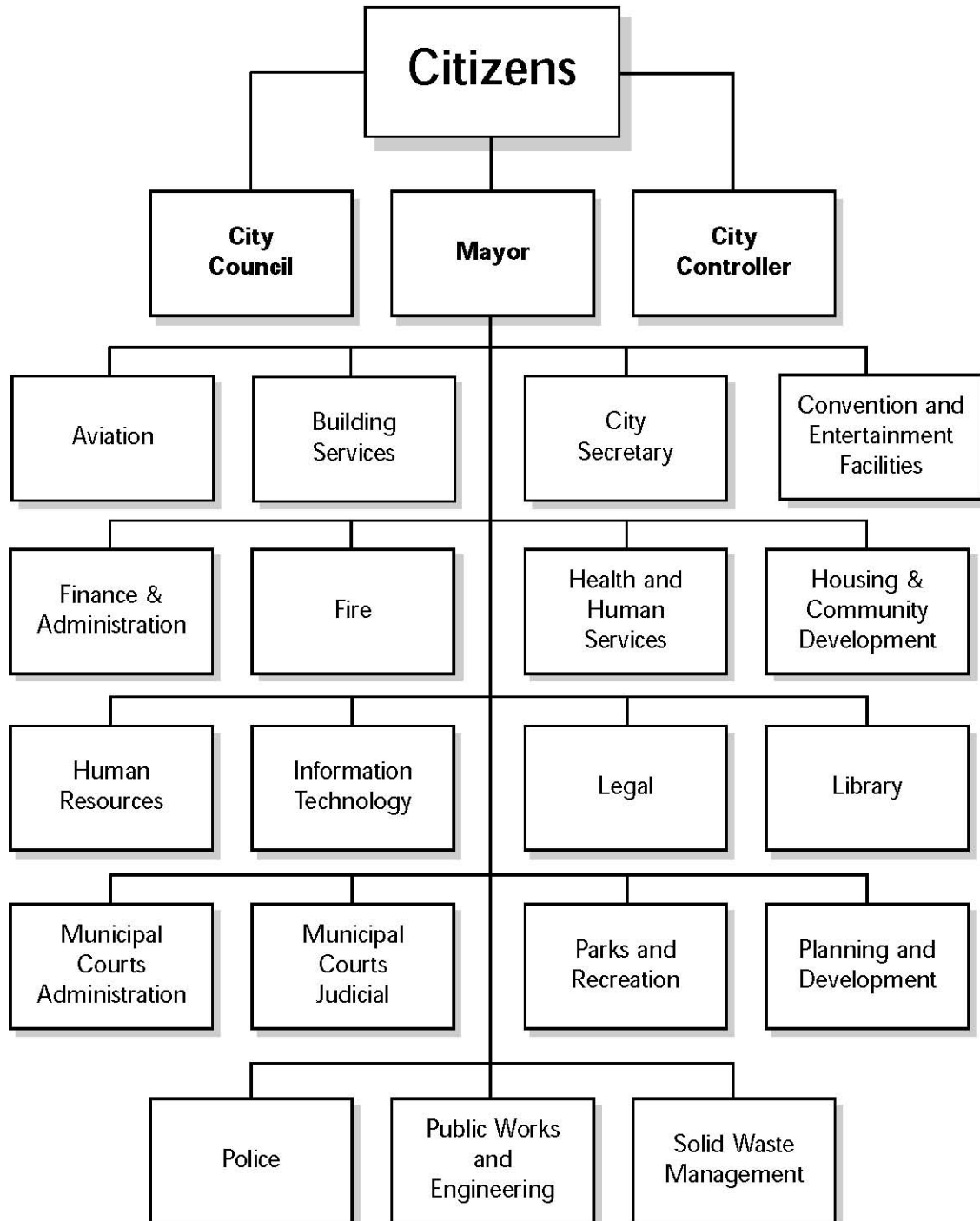
Michael Berry, **At-Large Position 5** Toni Lawrence, **District A**

Carol Mims Galloway, **District B** Ada Edwards, **District D** Addie Wiseman, **District E**

M. J. Khan, **District F** Pam Holm, **District G** Adrian Garcia, **District H**



Organization Chart City Government



CITY OF HOUSTON, TEXAS





OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

February 6, 2006

Citizens of Houston, Honorable Mayor and City Council Members
Houston, Texas:

I am pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Houston, Texas (City) for the year ended June 30, 2005, including the independent auditor's report prepared by Deloitte & Touche LLP. The CAFR was prepared by the City Controller's Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

The City's management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft, or misuse, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

The CAFR is presented in three sections. The introductory section includes this transmittal letter, a list of elected City officials and organizational charts for the Office of the City Controller and for City government. The financial section includes Management's Discussion and Analysis (MD&A), basic financial statements, combining and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The Basic Financial Statements of the City include all government activities, organizations and functions, including those legally separate organizations for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the GASB.

The Reporting Entity and Its Services

The Mayor serves as the Chief Executive Officer of the City. The City Controller is the second-highest elected official within City government and serves as the City's Chief Financial Officer. The legislative body of the City is the City Council, which consists of the mayor, nine district members and five at-large members. The Mayor, City Controller, and Council Members are limited to three two-year elected terms.

The City provides a full range of municipal government services including police and fire protection, emergency medical services, pretrial detention services, traffic and municipal courts, water production and distribution, solid waste collection, sanitary code enforcement, wastewater treatment, health and human services, building and housing code enforcement, construction and maintenance of streets and bridges, traffic and signal installation and maintenance, parks and recreation, library, convention and cultural activities, and operation of three municipal airports: George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Field.

The City does not operate hospitals, schools, transportation systems, or higher education systems. Special districts and governmental entities with independent taxing authorities are responsible for administering these services.

History and Population

Real estate brokers John and Augustus Allen founded Houston, named for General Samuel Houston, in 1836. The Allen brothers paid \$1.40 per acre for 6,642 acres of land along the banks of Buffalo Bayou. Today, Houston covers 617 square miles and has 2.01 million residents, making it the fourth most populous U.S. city, trailing New York, Los Angeles, and Chicago. The City is the business hub of a thriving and diverse metropolitan area that encompasses six counties and is home to 4.4 million residents. Currently, no single ethnic group comprises a majority in Houston. Given current growth rates, Hispanics are poised to become the majority by 2030. Asians, who now comprise nearly 5 percent of the population, will climb to 10 percent of the area's population within the next two decades.

Budgetary Information

Under state law and the City Charter, the City is required to adopt a balanced budget each year. Based upon recommendations by the Mayor, City Council adopts an annual budget for the General Fund, Debt Service Fund, Special Revenue Funds, Internal Service Funds, and Proprietary Funds. Exceptions are the Grant Revenue, Disaster Recovery, Health Special, and Housing Special Revenue Funds, for which City Council adopts separate operating or program budgets throughout the year. The City also does not budget capital projects and other capital expenditures related to the General Fund. Instead, City Council authorizes these expenditures through individual appropriation ordinances.

Proprietary Fund budgets, also called Enterprise Funds, exclude depreciation and amortization expenses. These Proprietary Fund budgets include debt service and capital equipment costs, but exclude buildings and improvements, with the exception of Aviation, which budgets its current year expenses for these projects. As with General Fund capital projects, approval of each Proprietary Fund capital project is accomplished through individual appropriation ordinances. No City expenditures may be made without an appropriation. City Council can legally appropriate only those amounts of money that the City Controller has previously certified are, or will be, in the City treasury.

Although the legal level of budgetary control is at the departmental level within a fund, the City maintains internal budgetary control at the expenditure category (i.e., Personnel Services, Supplies, Other Services and Capital Outlay.) Budget control is primarily managed using an automated encumbrance and accounts payable system.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act, the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-profit Organizations," and the State of Texas Single Audit Circular. These audits are conducted simultaneously with the City's annual financial statement audit. Information related to these Single Audits, including the schedules of financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations is included in separate Single Audit Reports.

The Local Economy

In August 2005, Houston opened its arms and its heart to more than 150,000 hurricane evacuees from Louisiana. A month later, Hurricane Rita roared through eastern Texas and western Louisiana. Months later, the storms continue to have both positive and negative impacts on the area economy. There was the short-term impact from the increased spending for unprecedented relief efforts immediately after the storms. Other positive economic benefits are anticipated as Houston serves as the staging area for the long-term recovery effort. The Federal Reserve Bank of Dallas predicted, "the upward trend in demand for oil-related services observed in Houston since the beginning of the year will be heightened by Hurricanes Katrina and Rita as reconstruction of damaged infrastructure takes place." Increased demand for construction related labor in the Houston metro area is also expected as reconstruction continues. Among the negative impacts are the increased financial burden the City, Harris County and area school districts are experiencing as they attempt to house, educate and provide health care services to more than 150,000 evacuees.

In his annual economic forecast, Dr. Barton Smith, director of the University of Houston's Institute for Regional Forecasting, is predicting continued growth in the energy sector, and higher energy prices brought on by the hurricanes will help Houston ease through a national economic slowdown in 2006. Dr. Smith's forecast anticipates annual employment growth to average a little less than 2 percent and population to increase by 7.3 percent over the next three years. Retail sales are expected to rise by nearly 10 percent between now and 2008.

As of October 2005, the area's Consumer Price Index, the most popular predictor of inflation, stood at 179.2 or 20 percent behind the average rate of 199.2 for all U.S. cities. After a slowdown in September attributed to Hurricane Rita, Houston homes sales rebounded in October 2005, posting a 12 percent increase over October 2004. Single-family housing starts totaled a record 13,340 in the third quarter of 2005, a 14 percent increase over the same period a year ago. According to the National Association of Realtors, Houston's median home price of \$142,000 is 33.0 percent less than the national median price, which reached \$212,200 in September 2005.

Although there has been much diversification in the region's economy since the early 1980s when 84 percent of Houston's jobs were energy related, Houston remains the base of operations for every aspect of the domestic and international energy industry. According to the Greater Houston Partnership, now 47 percent of the regional economic base is tied to energy. "The energy business is the cornerstone of the State of Texas and the City of Houston," said Luis Marin, former President and CEO of CITGO, referring to the company's 2004 decision to move its headquarters to Houston. "When combined with CITGO's people, resources and assets, I feel confident that this relocation will propel the company to the next level of success." Other energy related companies that have relocated to the area in the last five years include Halliburton, Parker Drilling Company, a 50/50 joint venture of Chevron and Phillips, ConocoPhillips and Amerada Hess.

As dependence on the energy industry has declined, other businesses, including technology, healthcare and service related businesses, have become vital contributors to the metropolitan area's job growth and economic stability. This diversification helps insulate the local economy against the ups and downs of energy prices, thus eliminating the possibility that Houston will ever have to experience the boom and bust cycles of the 1970s and 1980s.

Houston's economic health is further evident in the amount of new development and infrastructure improvements underway all over the City. None is more exciting than the transformation of downtown Houston, which now buzzes with vibrant nightlife featuring more than 70 bars, clubs, lounges, restaurants and hotels as well as professional sports and theater. In the future, a three block area of downtown will be transformed into a three level entertainment, retail, office and condominium complex. A new 12-acre downtown park is also planned. Linking it all together is the Metropolitan Transit Authority's (METRO) 7.4-mile light rail system, offering stops at downtown's entertainment and sports facilities, the Texas Medical Center, Reliant Stadium, parks, museums and several universities. This state-of-the-art rail system will serve as the foundation for \$2 billion of future transit improvements over the next decade.

Other downtown revitalization efforts include the Hilton Americas, a 1200 room city-owned convention center hotel, expansion of the George R. Brown Convention Center (GRBCC), Toyota Center and Minute Maid Park. Toyota Center is home to the two-time National Basketball Association (NBA) world-champion Houston Rockets, four-time Women's National Basketball Association (WNBA) world-champion Houston Comets and the International Hockey League's Houston Aeros. The Houston Astros, Major League Baseball's 2005 National League champions, play at Minute Maid Park. Across town, the National Football League's 32nd franchise, the Houston Texans, play in Reliant Stadium, a state of the art facility with 69,500 seats and a retractable roof.

Major improvements are either already underway or planned for the Houston Airport System and the Port of Houston. 70 million passengers are expected to pass through the gates at Bush International Airport by 2025. A \$440 million international terminal and customs house opened at the airport in 2004. The airport's master plan, unveiled in 2005, calls for two new runways, a METRO rail connection and other support facilities such as cargo buildings and hangers. Hobby Airport's capital improvement plan includes phased reconstruction of the concourses and portions of the terminal, taxiway expansion and runway upgrades. The Houston Airport System is the fourth largest multi-airport system in the U.S. and the sixth largest in the world. The Port of Houston broke ground on the \$1.2 billion Bayport Container and Cruise Terminal and completed deepening and widening of the Houston Ship Channel in 2005. Bayport will provide enough space for seven ships, a new cruise port, and a 378-acre container storage yard. The Port of Houston ranks first in the nation in foreign cargo tonnage.

The world-renowned Texas Medical Center (TMC) is another major contributor to the Houston economy. In 2005, the TMC celebrated its 60th birthday. A 50-year master plan is helping TMC accommodate the continued dramatic growth of its 42 member institutions. At Johnson Space Center, the heart of America's space program and the home of Mission Control, engineers are preparing for the next launch of shuttle Discovery, hopefully in 2006. It will be the second test flight in the return to flight sequence.

With everything else going on, Houston has not forgotten the economic impact of the arts. The Downtown Theater District ranks second to New York City in the number of theater seats concentrated downtown and is one of only five cities with permanent professional resident companies in all of the major performing arts disciplines of opera, ballet, music, and theater. Just ten minutes from downtown, via METRO's light rail line, is the museum district, which is home to 16 museums including the Museum of Fine Arts, the sixth largest museum in the country; the Contemporary Arts Museum; the Children's Museum of Houston; the Museum of Health and Medical Science and the Houston Museum of Natural Science.

Financial Policies and Planning

As it builds for the future, Houston is also taking important steps to ensure continued financial stability. The City's Financial Policy Ordinance requires an Undesignated General Fund Balance of 5 percent of total expenses less debt service. Any funds in excess of 7.5 percent of total expenses less debt service are available for non-recurring expenses. The City's Undesignated Fund Balance has remained relatively stable but it consists mainly of non-cash items. In addition to the fund balance, the City has \$20 million in cash in its Rainy Day Fund to cover expenses resulting from an unforeseen emergency. Increased cash reserves and a Rainy Day Fund of \$50 million should be goals for the future.

The Financial Policies Ordinance further requires that any capital projects financed through the issuance of bonds or other obligations shall be financed for a period not to exceed the expected life of the project. Annual contributions to the Debt Service Fund from the General Fund are limited to 20 percent of total General Fund revenues, excluding state and federal grants. In addition, Texas law mandates that the City's total tax supported indebtedness shall not exceed 10 percent of the total assessed valuation of property in the City. As of September 2005, the City's total outstanding debt payable from taxes and other revenue sources totaled \$10.7 billion. This is manageable, given current trends in revenue growth. It is also in compliance with all applicable financial policies.

A 1983 resolution adopted by City Council requires the Mayor to develop and submit annually to the City Council for approval a continuous five-year Capital Improvement Plan (CIP). Each year, the Mayor must review the CIP, revise it as necessary and obtain approval and adoption by City Council. The tax-supported portion of the 2006-2010 CIP consists of \$1.6 billion of projects and facility improvements. There are also proposed improvements for the Combined Utility System, Airport System and Convention and Entertainment Facilities, which are financed primarily with revenues generated by those enterprise systems.

The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity and return on investment. The success of this deliberate approach is evident in the 'AAAF' credit quality rating and "S1" volatility rating assigned to the City's General Investment Portfolio by Standard and Poor's Rating Services.

Long-term Financial Forecast and Major Initiatives

A five-year forecast prepared in the spring of 2005 indicates modest growth in revenues. It also predicts increasing expenditures. The main factors driving the increase in expenditures are pensions, contractual obligations for police and fire personnel pay hikes and rising employee health care costs. Increased employee contributions and benefits changes are expected to address rising health care and pension costs. Obviously, cost-cutting and productivity improvements will also be needed. Additionally, the City is exploring refinancing opportunities for its General Obligation Debt that could reduce the amount of increase in debt service over the next few years. Other strategies include maintaining an affordable CIP, zero-based review of departmental budgets and increased collection rates for fines and forfeits. A new 30-year franchise fee agreement with CenterPoint Energy will help fund increased costs for public safety, including a new long-term collective bargaining agreement which will give the City's 3700 firefighters compounded raises of 29 percent over the next three years. The agreement, which allows CenterPoint Energy to use City-owned rights-of-way for power lines, includes increased revenue for the City and gives CenterPoint the incentive to maintain and invest in a reliable distribution of electric power so Houston avoids blackouts.

Hurricanes Katrina and Rita

As a result of emergency declarations signed by President Bush, the City is eligible for federal reimbursement of all costs associated with the response to the hurricanes. According to information supplied by the City's Building Services and Finance and Administration Departments, the total cost of the City's response is expected to reach approximately \$350 million. Approximately 85 percent of the estimated costs are associated with the temporary housing of the evacuees in area apartments for periods of up to one year. As of the date of this letter, the City anticipates advances and reimbursements from the Federal Emergency Management Association (FEMA) will be sufficient to cover all of the costs. However, the City is unable to predict whether reimbursements will be made in a timely manner or whether FEMA may change, reduce or redirect resources dedicated to this effort to another effort.

Pensions

Through an aggressive restructuring of benefits combined with increases in employee contributions and the issuance of Pension Obligation Bonds (POBs), the City has cut in half a \$2 billion unfunded liability in its municipal, police and fire pension systems. In addition, a package of governance changes agreed to by the City and the Houston Municipal Employees Pension System (HMEPS) will bring increased accountability to HMEPS. Among the changes is a requirement that five members of the 11-member board be independently appointed, non-beneficiaries of the pension system. One of those five will be appointed by the Mayor, one by the City Controller, two by City Council and one appointed by the elected trustees of the pension board. Those appointees will also be required to have financial, accounting, investment or actuarial expertise. As noted previously in this letter, it is likely the City will need to negotiate additional benefits reductions and increased employee contributions if it is to reduce any additional financial burdens on the City's General Fund and Enterprise Funds. It is not anticipated that the City will rely on POBs in developing a long-term pension-financing plan.

Propositions 1 and 2

In 2004, Houston voters approved two ballot propositions limiting City revenue growth. Proposition 1 limits annual growth in property taxes to the lesser of the actual revenues in the preceding fiscal year, plus 4.5 percent, or the revenues received in the previous fiscal year, plus the cumulative combined rates of inflation and the city's population growth. Proposition 2 caps growth in all City revenues, including the General Fund, Special Revenue Funds and Enterprise Funds. Under Proposition 2, any annual increase in total revenues above the consumer price index and population growth would require a 60 percent vote at a regular election. Although both propositions received a majority of votes in the 2004 election, it is the City's position that only Proposition 1 prevails because it received a higher number of favorable votes. Supporters of Proposition 2 have sued in State District court to enforce the provisions of Proposition 2. The district court ruled in favor of the plaintiffs and ordered that both propositions be in effect. The City will appeal the ruling. According to an analysis conducted by the City Controller's Office, the Fiscal Year 2006 budget complies with the requirements of both propositions.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Houston for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the dedicated services and hard work of a highly qualified staff. The City of Houston has such a staff in the City Controller's Office. Although much time and effort in preparation of this report lies in the Financial Reporting Division, there was support from the other divisions of the Office: Administration, Audit, Executive, Operations and Technical Services and Treasury. I would like to express my appreciation to the entire staff of the City Controller's Office, and to the staffs of the Finance and Administration, Aviation, Convention and Entertainment Facilities, and Public Works and Engineering departments who assisted and contributed to the preparation of this report.

The City Controller's Office also received invaluable assistance and support from many others outside its immediate organization. Within the City of Houston, the accounting staffs of the operating departments and the technical staff of the Information Services Division all played key roles in producing this report. Deloitte & Touche LLP was not only our independent auditor, but also served as an invaluable source of information and ideas for improving the way that City finances are reported. The design is the creative work of Carlos St. Mary of PMG Advertising and Marketing. We also acknowledge the Mayor and City Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated, and I look forward to working with them to continue improving the City's financial condition.

Finally, I want to thank the Houston Convention and Visitors Bureau, Houston Texans, the Houston Rockets and Comets, Josh Merwin, World Team Tennis and Camerawork U.S.A., Houston Livestock Show and Rodeo, Houston Golf Association, Houston Aeros, Houston Thunder, University of Houston, Houston Baptist University, Texas Southern University and Rice University for their assistance in gathering the photos that have captured the diversity and excitement of sports in Houston.

Request for Information

This financial report is designed to provide a general overview of the City of Houston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 901 Bagby, 8th Floor, Houston, Texas 77002.



Annise D. Parker
City Controller

Sources:

Houston Chronicle
City of Houston FY 06 Operating Budget
Official Statement, City of Houston, Texas, Certificates of Obligation, Series 2005E and Public Improvement Refunding Bonds, Series 2005E
City of Houston General Fund Five-Year Planning Scenario
Greater Houston Convention and Visitors Bureau
Greater Houston Partnership
Federal Reserve Bank of Dallas
Port Authority of Houston
Houston Aviation System
Metropolitan Transit Authority of Harris County
Houston Downtown Management District and Central Houston
University of Houston Center for Economic Forecasting
Texas Workforce Commission
Houston Association of Realtors
Bureau of Labor Statistics
Texas Workforce Commission

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Houston,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Enev

Executive Director