

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: May 25, 2006

Subject: **April 2006
Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending April 30, 2006.

GENERAL FUND

We are currently projecting a \$26.1 million surplus for the General Fund for Fiscal Year 2006, a decrease of \$3.5 million in Fund Balance from the number reported last month. The Intergovernmental Revenue projection reflects a \$2.6 million decrease in projected revenue for Metro to adjust a projection previously reported in Fund 205 for the Safe Clear program. Additionally, a decrease of \$700,000 in Licenses and Permits is due to less than expected sales.

ENTERPRISE FUND

The Aviation Operating Fund reflects a net \$693,000 decrease in Income Before Operating Transfers. Service Expenditures increased by \$962,000 due to various true ups. This is offset by \$378,000 in reductions in Personnel Expenditures attributed to delays in filling vacant positions. The Aviation department has reduced its transfer for debt service interest by \$24.3 million, primarily due to the receipt of two additional FAA reimbursement grants. These grants are reimbursement for project costs originally funded with bond proceeds. When grants, such as these, are received, the department moves the project costs to the grant fund, therefore increasing the amount of available bond funds, which now become replacement proceeds. Replacement proceeds are restricted to paying down outstanding bond principal or paying debt service and must be spent within 30 days. The department has elected to apply the funds to debt service interest.

The Convention and Entertainment Operating Fund shows a net decrease of \$500,000 in Income Before Operating Transfers. This is mostly due to an increase in Service Expenditures consisting of \$257,000 in insurance expense and \$267,000 in hotel tax refunds.

The Combined Utility System Operating Fund shows an increase of \$5.2 million in Income Before Operating Transfers. Contributing to the increase is \$4.4 million in higher than expected Sewer Sales and \$800,000 in Interest Revenues resulting from higher than expected interest earnings.

COMMERCIAL PAPER AND BONDS

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

General Obligation	19.3%
Combined Utility System	20.9%
Aviation	21.8%
Convention and Entertainment	28.0%

Respectfully submitted,



Annise D. Parker
City Controller