

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: March 31, 2006

Subject: **February 2006
Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending February 28, 2006.

GENERAL FUND

We are currently projecting a \$7.5 million surplus for the General Fund for Fiscal Year 2006.

Revenues

Collection of delinquent Property Tax Revenues is coming in higher than anticipated. As a result, we have increased our projection in this revenue category by \$4 million. We have also increased our projection of Interest Income by \$1 million to reflect higher interest earnings. True-ups in several other sources of revenue accounted for another \$200,000 increase in revenues, for a total increase in our revenue projections of \$5.2 million.

Expenditures

Our overall expenditure projection increased by \$600,000. This is the net increase after \$1.9 million in higher electricity costs in Building Services and Public Works are offset by a \$1.3 million decline in anticipated insurance costs for retirees.

ENTERPRISE FUND

The Aviation Operating Fund reflects a \$1.9 million increase in Income Before Operating Transfers. This is the net impact of a \$2.8 million increase in interest earnings, \$600,000 of increased electricity costs and an overall reduction of \$300,000 in Operating Revenues due to various revenue true-ups.

The Convention and Entertainment Operating Fund shows an increase of \$8.7 million in Income Before Operating Transfers. The defining factor in this increase is a reduction in Service Expenditures of \$3.4 million and a decline in Capital Outlay of \$1.3 million, which is attributed to delays in several projects. We are also projecting an increase of \$2.1 million in Hotel Occupancy Taxes due to actual revenues being higher than expected. The rest of the increase is due to various true-ups in both Operating Revenues and Non-operating revenue categories.

The Combined Utility System Operating Fund shows an increase of \$5.6 million in Income Before Operating Transfers, due in large part to increased water sales caused by the ongoing drought. Reduced staffing levels and decreased overtime have helped lower spending on personnel by \$1.6 million. Another \$1.6 million decrease in anticipated expenditures is attributed to lower costs for chemicals. These changes are offset by a \$1.8 million increase in electricity and gas consumption, a \$630,000 increase in property insurance rates and a reduction in CIP Recovery revenues of \$1.3 million, which is attributed to the program being discontinued.

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	18.3%
Combined Utility System	20.4%
Aviation	21.7%
Convention and Entertainment	28.0%

Respectfully submitted,



Annise D. Parker
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