



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

RONALD C. GREEN

To: Mayor Annise D. Parker
City Council Members

From: Ronald C. Green
City Controller

Date: May 28, 2010

Subject: April 2010
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending April 30, 2010.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$145.6 million for FY2010. This is \$13.4 million higher than last month's projection. This is also \$14.5 million lower than the projection of the Finance Department. The difference between our projection and that of the Finance department is due to the following: (a) Finance's revenue projection is \$14 million higher than ours; and (b) Finance is including \$491,000 of Sale of Capital Assets not yet finalized. Based on our current projections, the fund balance will be \$20.2 million above the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve.

Our revenue projection increased \$4.3 million. Property Tax revenues decreased \$1.1 million reflecting current taxable values. Our projection for Sales Tax revenues increased by \$5.4 million reflecting the first positive growth monthly tax receipt received this fiscal year. The receipt for March 2010 increased 3.91% over the prior year, although Current Period Collections increased only 2%. Municipal Courts Fines & Forfeits increased \$370,000 to reflect Suspended Sentence revenues trending higher. Finally, we decreased Miscellaneous/Other by \$468,000 for continued lower Recoveries and Refunds year-to-date activity.

Expenditure projections effectively remained the same.

Our projections for Other Financing Sources increased \$9 million. This includes an increase of \$1.2 million in Transfers from Other funds, recognizing transfers approved in April as part of the General Appropriation ordinance. We also increased our projection for Sales of Capital Assets \$7.5 million for the sale of the Summit/Compaq Center to Lakewood Church.

ENTERPRISE FUNDS

In the Aviation Operating Fund, we have increased our projection for Renewal and Replacement \$2.4 million for higher than expected Ike repair costs, with a decrease for the same amount to the operating transfer for Capital Improvements.

Within the Convention & Entertainment Facilities Operating Fund, we are increasing our projection for Non-Operating Revenues by \$630,000, primarily due to higher than expected receipts in Current Hotel Occupancy Tax.

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**Mayor Annise D. Parker
City Council Members
April 2010 Monthly Financial and Operations Report**

Our projection for Combined Utility System Operating Revenues decreased an additional \$7.9 million, again mainly due to lower than expected usage by the Water Authorities and commercial customers, as well as the dissolution of the Houston Area Water Corporation (HAWC). We also decreased Operating Expenses by \$5.2 million, mainly for Chemicals and Contracts costs, again, related to lower water usage and the dissolution of the HAWC. Our projection for Non-Operating Revenues (Expenses) increased \$726,000 mainly for a debt service payment that was made directly from the Coastal Water Authority. Finally, we decreased our projection for Operating Transfers by \$3.2 million mainly for System Debt Service Transfers for variable rate cost lower than expected.

There were no significant changes in the Parking Management Fund or the Stormwater Fund.

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. Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the hotel corporation. As of April 30, 2010 the ratio of unhedged variable rate debt for each type of outstanding debt was:

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|------------------------------|-------|
| General Obligation | 8.8% |
| Combined Utility System | 6.3% |
| Aviation | 16.9% |
| Convention and Entertainment | 30.3% |

Respectfully submitted,



Ronald C. Green
City Controller