



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: February 26, 2010

Subject: January 2010
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending January 31, 2010.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$138.298 million for FY2010. This is \$3.1 million higher than last month's projection. This is also \$24.8 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 \$12.6 million higher than ours; (b) Finance is including \$4.9 million of transfers not yet approved by City Council; and (c) Finance is including \$7.3 million of Sale of Capital Assets not yet finalized. Based on our current projections, the fund balance will be \$12.6 million above the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve.

Our revenue projection decreased \$2.2 million, across several categories. Our projection for Other Taxes decreased \$700,000 for lower than expected Mixed Beverage receipts. We also increased our projection for Telephone Franchise Fees by \$420,000 for prior year receipts, and trend data for the current year. Our projection for Other Franchise fees increased \$1.6 million primarily in Cable, due to higher than expected receipts from Comcast and AT&T. Licenses and Permits increased \$475,000 to reflect current revenue trends above expected. Our projection for Charges for Services decreased \$2.6 million, mainly reflecting current trends in Ambulance Fees. Direct Interfund revenues projection was decreased \$387,000 to reflect lower salary recovery from CIP projects. Other Fines and Forfeits was decreased \$332,000 reflecting lower trends within the category. Miscellaneous/Other revenues was decreased \$662,000, again, for current revenues trending below expected.

Expenditure projections increased \$580,000. Our projection for Affirmative Action decreased \$398,000 for the projected cost of the Disparity Study being moved to General Government. Fire increased \$583,000 for higher termination pay (\$1 million) and Single Non-Profit Trust savings (\$417,000). Parks increased \$1.1 million mainly for lower than expected attrition (\$778,000) and higher electricity (\$417,000). Police decreased \$577,000 for Single Non-Profit Trust savings. PWE decreased \$570,000, mainly for lower electricity costs. Finally, our projection for General Government increased \$637,000 reflecting an increase of \$1.2 million for Single Non-Profit Trust savings moved to departments, an increase of \$398,000 moved from Affirmative Action, and a net decrease of \$1 million in the projection for payments to LPA's.

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

Within Other Financing Sources, our projection for Transfers from Other Funds was increased \$2.8 million reflecting transfers either completed or approved by Council. Finally, Sale of Capital Assets increased \$3.2 million for sales which have been completed.

ENTERPRISE FUNDS

In the Aviation Operating Fund, our projection for Debt Service Principal and Interest remains the same in total, except the split between the two has changed to reflect current rates and estimates.

Our projection for Convention & Entertainment Facilities Operating Fund is being reduced for Food and Beverage Concessions by \$298,000 due to lower than expected event attendance.

In the Parking Management Fund, we have increased our projection for Interfund Transfers Out by \$1.5 million, reflecting an increased amount to be transferred to the General Fund.

Our projection for Combined Utility System Operating Revenues decreased \$4.1 million mainly due to lower than expected usage by the Water Authorities. We also increased Operating Expenses by \$1.3 million mainly for higher personnel costs than expected, due to lower attrition. We also increased our projection for Interest Income by \$2.7 million. Finally, we decreased our projection for Equipment Acquisition by \$4.1 million for purchases of pumps and vehicles not expected to be received by June 30, 2010.

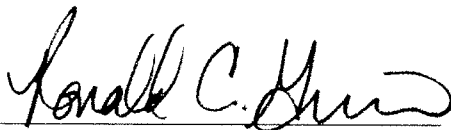
The projection for Equipment in the Stormwater Fund was reduced \$1.7 million for purchases of equipment which will not be received by June 30, 2010.

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 January 31, 2010 the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	6.5%
Combined Utility System	5.5%
Aviation	16.9%
Convention and Entertainment	30.5%

Respectfully submitted,



Ronald C. Green
City Controller