



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: March 2, 2012

Subject: January 2012
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending January 31, 2012.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$136.5 million for FY2012. This is \$16.8 million lower than the projection of the Finance Department. The difference is due to a \$15.3 million higher revenue projection from the Finance Department and a \$1.5 million higher projection for the Sale of Capital Assets from the Finance Department. Based on our current projections, the fund balance will be \$15.8 million **above** the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve. This amount includes the un-designation of the \$20 million in the Rainy Day Fund, as well as the designation of \$2.7 million of contingent funding of the DARLEP settlement.

While we have increased and decreased several revenue projections, the total increased \$9.2 million over last months projection. Property Tax increased \$3.4 million for higher taxable value actuals received from the Harris County Appraisal District. Sales Tax was increased \$4.9 million to recognize December receipts, which were higher than expected. Our projection for Licenses & Permits increased \$842,000 for additional receipts of Plan Review Fees. Intergovernmental was increased \$623,000 mainly for Medicare Part D Reimbursement received. Direct Interfund was decreased \$254,000 for Interfund Auditing that will not be provided to Houston First. Indirect Interfund was decreased \$329,000 for lower recoverable costs from C&E related to City usage of the George R. Brown. Our projection for Other Fines & Forfeits increased \$261,000 for higher trends in Other Interest Income and Miscellaneous Fines & Forfeits. We have also decreased our projection for Interest \$500,000 for continued low interest rates being earned. Finally, we are increasing Miscellaneous/Other revenues \$433,000 for higher than expected Prior Year Expenditure Recoveries.

The major differences (over \$1 million) are in eight categories: (1) Property Tax revenues are \$3.4 million lower than the Finance Department due to the Controller's office using a collection rate of 97.4% versus 97.7% for Finance. (2) Finance is projecting Sales Tax \$2.2 million higher than the Controller's projection. (3) Telephone Franchise Fees are \$1.1 million higher than the Finance Department. (4) Finance is projecting Other Franchise fees \$1.1 million higher than Controller's, mainly for Cable and Solid Waste fees. (5) Finance is reporting Licenses and Permits \$2.3 million higher than the Controller's projection. The Controller's office recognized the fee increases, and has increased our projection in those trending higher at this time. (6) Finance is reporting Charges for Services \$2.5 million higher than the Controller's projection. Ambulance fees are the largest single revenue in this category. (7) Finance is reporting Municipal Courts Fines & Forfeits \$2.9 million higher than Controller's projection. Low ticket issuance in the beginning of the fiscal year has caused the collections to be under budget. (8) Sale of Capital Assets are \$1.5 million lower than the Finance Department, as the Controller's office has not recognized all proposed land sales, which have yet to be finalized and approved by Council.

**Mayor Annise D. Parker
City Council Members
January 31, 2012, Monthly Financial and Operations Report**

Expenditure projections remained approximately flat, although we did have slight changes in ARA and Finance to reflect a transfer of employees between the departments.

ENTERPRISE FUNDS

In the Aviation Operating Fund, we have decreased our projection for Operating Expenses \$3.3 million for lower Building Maintenance Services and Personnel costs. We have also increased our projection for Other Non-Operating Revenue \$1.3 million for prior year rental revenues received from Continental. We have also increased our projection for Operating Transfers \$4.7 million for the changes above.

Within the Convention & Entertainment Facilities Operating Fund, we have increased our projection for Non-Operating Revenues \$980,000 reflecting higher trending of the Hotel Occupancy Tax.

Our projection for the Combined Utility System Operating Expenses increased \$425,000 for higher electricity usage. We have also increased our projection for Operating Transfers \$36.6 million, mainly from an increase in funding for Capital Projects, partially offset by savings in Debt Service interest.

In the Dedicated Drainage & Street Renewal Fund we have decreased Revenues \$8.2 million. This is comprised of a decrease in Drainage Charge revenue of \$15.9 million to reflect corrections of drainage charge calculations as part of the verification and appeal process, netted with an increase of \$7.7 million in Interfund Drainage Fee, which is paid by Enterprise and Special Revenue funds.

There were no material changes in the Stormwater Fund this month.

The Controller's Office is normally in agreement with Finance concerning the projections on the Special Revenue funds, and do not address this in our memo, but this month we are reducing our projection of revenues in the Parking Management fund \$1.3 million as a result of delays in increasing the number of parking spaces expected, and implementation of extended hours of operation of the metered spaces. These do not agree with the Finance projections.

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. As of January 31, 2012, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	9.0%
Combined Utility System	3.4%
Aviation	16.9%
Convention and Entertainment	18.3%

Respectfully submitted,



Ronald C. Green
City Controller