



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 29, 2013

Subject: February 2013
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending February 28, 2013.

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$141.5 million for FY2013. This is \$23.3 million lower than the projection of the Finance Department. The difference is due to a \$23.3 million higher revenue projection from the Finance Department. Based on our current projections, the fund balance will be \$12.1 million above the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve.

While we have increased and decreased several revenue projections, the total increased \$10.9 million over last month's projection. Property Tax was increased \$4.9 million mainly for higher collection rates and delinquent collections. Industrial Assessments increased \$300,000 to reflect current collection rates as well. Sales Tax was increased \$2.6 million to reflect the January sales tax receipt. Other Franchise Fees increased \$2 million mainly for higher than expected Cable TV receipts. Licenses & Permits increased \$512,000 for Plan Review fees and Liquor Licenses. Intergovernmental was increased \$1.8 million for receipt related to the TX1115 Health Waiver, which is offset by a corresponding increase in expenditures in Health. Charges for Services was decreased \$1.2 million for lower extra container and ambulance collections. Other Fines and Forfeits was decreased \$822,000 mainly for lower false alarm penalties. Miscellaneous/Other revenues were decreased \$312,000 for lower contributions from others. Transfers from Other Funds was increased \$684,000 for higher HOT tax collections. Finally, we increased the projection for Sale of Capital Assets \$257,000 for an unprojected land sale.

The major differences are still in seven categories: (1) Property Tax revenues are now \$4.9 million lower due to the Controller's Office using a higher TIRZ payment projection and lower collection rate. (2) Industrial Assessments are now \$1.6 million lower as Controller's Office is using a lower collection rate than Finance. (3) Sales Tax revenues are now \$5.7 million lower, as the Controller's Office is using Barton Smith's April 2012 growth estimate, discounted by his margin of error, plus actual receipts for July through January 2013. (4) Licenses & Permits are now \$2.6 million lower, as we are awaiting additional data on several annual permit categories for the year. (5) Charges for Services are now \$2.6 million lower, as the Controller's Office is projecting lower Ambulance collections. (6) Municipal Courts are still \$3 million lower, as the Controller's Office expects lower ticket issuance than Finance. (7) Miscellaneous/Other is now \$2.1 million lower because of one-time revenues.

Expenditure projections have increased \$3.3 million, which is \$17.7 million above the Adopted Budget. Our projection for General Services increased \$436,000 to reflect higher chiller costs for the Braeswood Lab. We also increased our projection for Health and Human Services \$1.8 million for the 1115 Waiver cost (offset above). We also increased General Government \$1.6 million for higher HOT tax expenditures, and transfer to DDSRF for captured revenue. Finally, we decreased Debt Service Transfer \$897,000 for the DDSRF transfer as well.

901 BAGBY, 6TH FLOOR • P.O. BOX 1562 • HOUSTON, TEXAS 77251-1562

**Mayor Annise D. Parker
City Council Members
February 2013 Monthly Financial and Operations Report**

ENTERPRISE FUNDS

In the Aviation Operating Fund, we have decreased Operating Expenses \$462,000 for lower personnel and services costs. We also increased our projection for Capital Improvement Transfer by the same amount.

Within the Convention & Entertainment Facilities Operating Fund, we have increased Non-Operating revenues \$4.9 million for higher HOT tax collections. Capital Outlay decreased \$710,000 for a transaction delayed to FY2014. Operating Transfers increased \$4.4 million as a result.

Our projection for the Combined Utility System Operating Revenues decreased \$6.3 million for lower water and sewer sales, from higher rainfall and lower water demand. Operating Expenses decreased \$3.8 million for higher vacancies reducing Personnel costs. Non-operating Revenues increased \$6.3 million for higher easement sales, impact fees, and escrow refunds. Operating Transfers decreased \$24.2 million primarily for lower debt service transfers, delays in vehicle purchases, and lower Storm Water transfer cost.

In the Dedicated Drainage & Street Renewal Fund, we have increased our Revenue projection \$733,000 reflecting higher captured revenues transferred from the General Fund. Expenses decreased \$2.7 million for savings in Personnel and delayed vehicle purchases.

Finally, in the Stormwater Fund this month we have decreased our projection for expenditures \$1.4 million for delayed vehicle purchases. Operating Transfers In increased \$1.6 million for a transfer from DDSRF for drainage ditch infrastructure.

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 February 28, 2013, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	8.4%
Combined Utility System	3.1%
Aviation	17.4%
Convention and Entertainment	18.3%

Respectfully submitted,



Ronald C. Green
City Controller