



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: September 7, 2012

Subject: July 2012
Financial Report

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

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$123.9 million for FY2013. This is \$41 million lower than the projection of the Finance Department. The difference is due to a \$41 million higher revenue projection from the Finance Department. Based on our current projections, the fund balance will be \$4.1 million below the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve. This amount includes the undesignation of the \$20 million in the Rainy Day Fund, and reimbursement of \$10 million.

The major differences are in seven categories: (1) Property Tax revenues are \$15.4 million lower due to the Controller's Office using a lower Certified Roll projection. (2) Industrial Assessments are \$1.9 million lower as Controller's Office is using a lower collection rate than Finance. (3) Sales Tax revenues are \$14.6 million lower, as the Controller's Office is using Barton Smith's April 2012 growth estimate, discounted by his margin of error. (4) Charges for Services are \$1.9 million lower. Controller's Office is projecting slightly lower Ambulance collections. (5) Municipal Courts are \$3 million lower, as the Controller's Office expects lower ticket issuance than Finance. (6) Interest is \$1 million lower reflecting lower cash balances and lower interest rates. (7) Miscellaneous/Other is \$1.8 million lower for one-time revenues.

Expenditure projections are slightly above the Adopted Budget, increased \$160,000 for a transfer from Hurricane Katrina excess reimbursement funds that will be used to pay for Supplemental Nutrition Assistance Program (SNAP) expansion in Health.

Please remember that all FY2012 numbers are preliminary estimates and subject to change until the annual audit is completed and the Comprehensive Annual Financial Report is published.

ENTERPRISE FUNDS

We are currently projecting the Aviation Operating Fund, Convention & Entertainment Operating Fund, Combined Utility System, Dedicated Drainage & Street Renewal Fund and Stormwater Funds at budget.

**Mayor Annise D. Parker
City Council Members
July 2012 Monthly Financial and Operations Report**

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

General Obligation	6.6%
Combined Utility System	3.1%
Aviation	17.4%
Convention and Entertainment	18.3%

Respectfully submitted,



Ronald C. Green
City Controller