

**OFFICE OF THE CITY CONTROLLER**



**DATABASE ANALYSIS  
DELINQUENT PROPERTY TAXES,  
TRAFFIC FINES AND PARKING VIOLATIONS**

**Judy Gray Johnson, City Controller**

**Steve Schoonover, City Auditor**

**Report No. 02-13**



OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS

JUDY GRAY JOHNSON, CPA

April 23, 2003

The Honorable Lee P. Brown, Mayor  
City of Houston, Texas

SUBJECT: Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations  
Report No. 02-13

Dear Mayor Brown:

In accordance with the City's contract, Mir Fox & Rodriguez, P.C. (Mir Fox) has completed an internal audit financial services project to develop databases that may be used by the City to review and analyze delinquent property taxes, traffic fines and parking violations. The engagement was initiated and fieldwork was completed during the administration of City Controller Sylvia R. Garcia. To complete the engagement, Mir Fox worked with the City's Administration and the Harris County Tax Assessor-Collector's Office to create a process to compare certain City files to delinquent property taxes of the Harris County Tax Assessor-Collector's Office and to fines and parking violation records maintained by the Municipal Courts Administration Department.

The report, attached for your review, provides a description of observations including database analysis, suggested solutions, and a proposed process to track delinquent property taxes. Based on their analysis, the auditors suggested that the City should currently continue to focus on pursuing delinquent property taxes from its vendors.

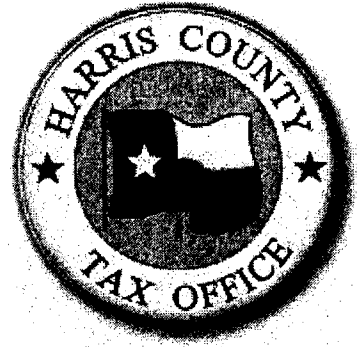
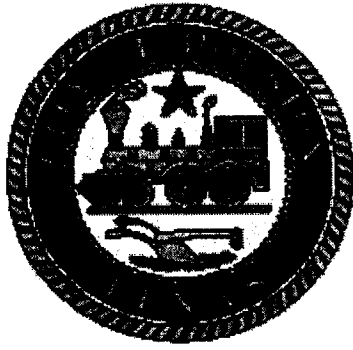
We appreciate the cooperation extended to the Mir Fox auditors by Department personnel during the course of the engagement.

Respectfully submitted,

Judy Gray Johnson  
City Controller

xc: City Council Members  
Albert Haines, Chief Administrative Officer  
Stephen Tinnermon, Chief of Staff, Mayor's Office  
Philip Scheps, Director, Finance and Administration Department  
Berta Mejia, Presiding Judge, Municipal Courts Judicial Department  
Barbara Sudhoff, Director & Chief Clerk, Municipal Courts Administration Department

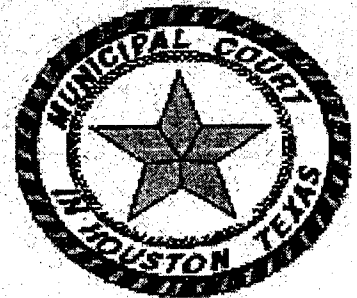
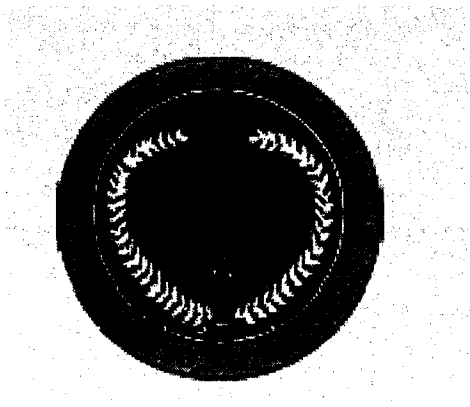
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**CITY OF HOUSTON**

**Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations**

**December 17, 2002**



December 30, 2002

Honorable Sylvia R. Garcia, City Controller  
City of Houston  
901 Bagby, 8<sup>th</sup> Floor  
Houston, TX 77002

Re: Database Analysis - Delinquent Property Taxes, Traffic Fines and Parking Violations

Dear Controller Garcia:

Mir•Fox & Rodriguez, P.C. (MFRPC) has completed the internal audit financial services project to develop prototype databases that may be used by the City of Houston (the City) and the Office of the Controller (Controller's Office) to review and analyze delinquent property taxes and the City's Municipal Courts Administration Department (Municipal Courts) delinquent traffic fines and parking violations. To complete this engagement MFRPC worked with the City's Administration and the Harris County Tax Assessor-Collector's Office.

The purpose of this engagement was to determine the feasibility of developing a common database of identified revenue streams, such as delinquent property and personal property taxes, traffic fines, and parking violations. The engagement also included the creation of a process to compare certain City files to delinquent property taxes of the Harris County Tax Assessor-Collector's Office, and to the traffic fines and parking violation records maintained by Municipal Courts. The objectives of the engagement included the following:

- Identifying specific data streams and databases that need to be obtained
- Identifying and determining the information to be accessed from each database
- Determining the most efficient and effective methods of extracting the data
- Performing tests of existing databases to determine the completeness and accuracy of the data
- Determining the portions of the database that are required to be downloaded or accessed remotely through direct dial up or Internet
- Developing a detailed plan to construct a relational database to compare current City files to the data used for identified revenue streams

The scope of the engagement included the following:

- Obtaining an electronic listing of all City vendor names and addresses as of June 28, 2002
- Obtaining an electronic listing of all current City employee names and addresses as of July 1, 2002
- Developing a database for the City vendor and employee data
- Performing a web enabled comparison of the City vendor database to the Harris County Tax Assessor-Collector's delinquent taxes as of August 30, 2002 and December 2, 2002
- Performing a web enabled comparison of the City employee database to the Harris County Tax Assessor-Collector's delinquent taxes as of October 28, 2002

- Obtaining an electronic copy of the delinquent traffic fines and parking violation records from the Municipal Courts for the period January 1, 2002 through September 30, 2002
- Developing a database for the delinquent traffic fines and parking violations
- Comparing the delinquent traffic fines and parking violations database to the previously developed City vendor and employee databases
- Analyzing the results of the comparisons of the various databases
- Developing a proposed process for the identification and matching of delinquent revenues

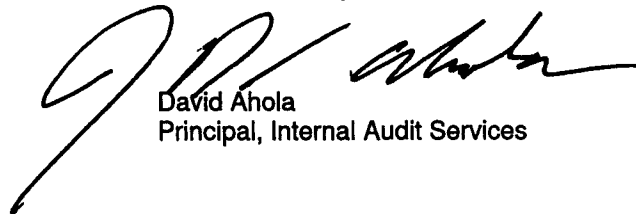
Our procedures were performed through December 17, 2002 and have not been updated since that date. The databases that were developed during this engagement have been provided to the Controller's Office.

A description of our observations, including database analysis, suggested solutions, and a proposed delinquent property tax tracking process, is detailed in the following pages of this report. Based on our analysis, the City should currently continue to focus on pursuing the tracking of delinquent property taxes from its vendors. However, at this time we suggest that the City not develop any additional processes to pursue delinquent property taxes from its employees nor attempt further identification of its vendors and employees with Municipal Courts delinquent traffic fines and parking violations as it may not be cost effective due to the quality of data and difficulties in obtaining an accurate computer match. As a precautionary note, the amounts of delinquent property taxes noted in this report refer to the combined total of property taxes due to the City, Harris County and other taxing authorities.

Mir•Fox & Rodriguez, P.C. is pleased to have assisted you with this project and we appreciate the assistance and cooperation of both the City's Administration and the Harris County Tax Assessor-Collector.

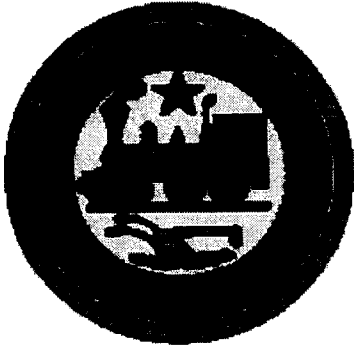
Very truly yours,

Mir•Fox & Rodriguez, P.C.



David Ahola  
Principal, Internal Audit Services

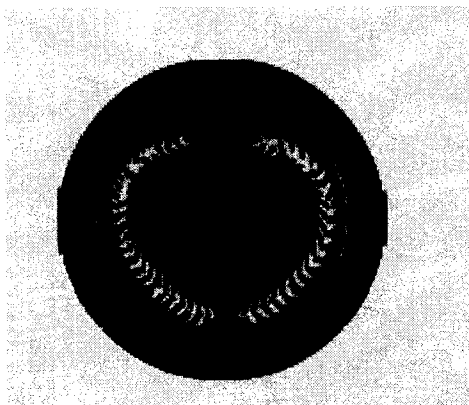
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**CITY OF HOUSTON**

**Database Analysis - Delinquent Property Taxes, Traffic Fines and Parking Violations**

**December 17, 2002**



**CITY OF HOUSTON**  
**Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations**

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**CITY OF HOUSTON**  
**Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations**  
**Executive Summary**

MFRPC electronically compared the City's vendor files and City employee files with the Harris County Tax Assessor-Collector's delinquent property tax records and Municipal Courts delinquent traffic fines and parking violations data and noted the following:

- As of December 2, 2002, approximately 5,800 City vendors owed approximately \$23.7 million in delinquent property taxes to the City and other taxing jurisdictions,
- As of September 30, 2002, approximately 1,900 City vendors owed approximately \$.7 million in delinquent traffic fines and parking violations to the City's Municipal Courts,
- As of October 28, 2002, 221 City employees owed approximately \$231 thousand in delinquent property taxes to the City and other taxing jurisdictions, and
- As of September 30, 2002, four City employees had nine outstanding tickets for a total of approximately \$1,349 in delinquent traffic fines and parking violations that were owed to the City's Municipal Courts.

If cost effective, the City may want to consider reviewing and revising certain data streams to facilitate the computerized matching process as follows:

- The computerized matches of vendor and employee data to delinquent property tax and delinquent fine and parking violations data were not always an exact match of name and address. To ensure that the computerized match is an exact match, a unique identifying number such as tax identification number should be included in all data files being matched.
- The City's vendor data file had numerous vendor numbers assigned to the same vendor name that resulted in the duplication of data within the reports generated from the computerized matches. The City should consider reviewing and revising its process for assigning vendor numbers to a City vendor to ensure that all vendor numbers can be electronically matched to the corresponding vendor name.

MFRPC has also provided suggestions for consideration to facilitate the City's compliance with City Ordinance No. 2002-953 section 2 (c).



CITY OF HOUSTON  
Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations  
Approach, Observations and Suggested Solutions

**City Vendors**

**Comparison to Delinquent Property Taxes**

Approach

In connection with determining the feasibility of developing a common database of identified revenue streams, a specific area of concern cited by the City was the inability to identify vendors who supply goods and/or services to the City who are delinquent in paying their property taxes.

In response to the City's concern, a relational database was developed using vendor information downloaded from the City's Advantage Financial Management System (AFMS) along with delinquent property tax records obtained from the Harris County Tax Assessor-Collector. The two sets of data were compared using a computerized procedure to determine whether any vendor names in the City's vendor files matched taxpayer names in the Harris County Tax Assessor-Collector's delinquent tax records. The vendor information generated from AFMS as of June 28, 2002 was compared to the delinquent tax records as of August 30, 2002 and as of December 2, 2002. Each time the procedure was run, a database was produced which contained pertinent information from both the City's vendor files and the Harris County Tax Assessor-Collector's delinquent taxpayer records for each instance where a vendor name matched a delinquent taxpayer name. A database query tool was also developed to allow users to view and sort information included in the resulting database, as well as access the real-time delinquent property tax statements contained in the Harris County Tax Assessor-Collector's website.

Observations

For the August 30, 2002 delinquent taxpayer data, MFRPC performed a detailed review of the underlying information included in the database generated by the matching procedure described above. The database includes one record for each instance where a City vendor name matched a delinquent taxpayer name. Each record incorporates data from both the City's vendor file and the Harris County Tax Assessor-Collector's taxpayer data to assist in evaluation of the results. The information from the City's vendor files includes the following fields: name, address, contact person, Federal ID number, and vendor number, which is a unique number assigned to each vendor in AFMS. Additionally, each record includes fields for the following information included in the delinquent tax records: taxpayer name and address, tax account number, tax amount due, and property tax account number.

It should be noted that the computerized vendor file that was obtained from the City, includes every entity to which the City has issued a non-payroll check during the past several years. This includes other governmental organizations as well as companies that would not be considered to be doing business with the City or acting as vendors in the ordinary meaning of selling goods or services to the City.

As part of the analysis, MFRPC performed tests to determine whether the August 30, 2002 database was accurate and complete. The database is deemed to be accurate if the City vendors and delinquent taxpayers who were determined to be matches by the computerized procedure are, in fact, good matches. For a business, a good match is any record that has the same or similar name in both the vendor files and the delinquent tax information, regardless of whether the business addresses are the same. Matches that relate to individuals would only be considered good matches if both the name and address are the same. The database is deemed to be complete if all delinquent tax accounts are included in the database for each matching City vendor and delinquent taxpayer.

To test the database for accuracy, MFRPC selected a sample of records in the database and for each selection, and determined whether the record related to a business or individual. Then MFRPC applied a pre-defined set of criteria, depending on the initial business or individual determination, to establish whether the selection represented a good match. Of the records selected for testing that related to businesses, 100% of the records were considered good matches. However, for those records relating to individuals, only 3% of those records appeared to represent good matches. The low percentage of good matches for individuals is due to many individuals having the same name. Overall, the percentage of records selected for testing that appeared to be good matches were 44%.

The detailed computerized database had many duplicated tax account numbers that resulted in an overstatement in both the number of records in the database and the total tax amount due. The duplicated tax account numbers are the result of vendors being assigned more than one vendor number in AFMS. MFRPC employed a computerized procedure to remove all duplicated tax account numbers from the database, which resulted in decreasing the number of records in the database by 54%.

After removing all records containing duplicated tax numbers, MFRPC compiled various statistics related to the content of the database generated with August 30, 2002 delinquent tax data. The database of unique tax account numbers contained 14,548 records, each of which represents a vendor whose name potentially matches with the name of a delinquent taxpayer. The total amount of delinquent tax due to the various taxing authorities from these vendors was approximately \$26.8 million, with a total of 6,200 of the City's vendors represented. The tax amounts outstanding ranged from \$0.01 to \$614,227, resulting in an average amount outstanding of \$1,845 and a median amount outstanding of \$464. For a breakdown of the records by dollar range, see Attachment I, Table I.

In addition to the information compiled in Attachment I, Table I, MFRPC also subtotaled the database by vendor and compiled a listing of the top ten and top 100 vendors with delinquent taxes due to the various taxing authorities, along with their associated amounts. It was noted that the amount of delinquent taxes owed to the various taxing authorities by the top ten vendors was approximately \$3.0 million, representing approximately 11.2% of the total delinquent tax in the database. The amount of delinquent taxes related to the top 100 vendors was approximately \$9.1 million, or 34% of the total amount outstanding.

MFRPC performed a similar statistical analysis for the database generated by the matching procedure using delinquent tax records as of December 2, 2002. This database showed a decrease in the number of tax records in the database by 1,774 records, resulting in a total of 12,774 records. The total delinquent tax amount outstanding also decreased by approximately \$3.1 million to \$23.7 million. The largest single amount outstanding was related to the same vendor and tax account as in the August 30, 2002 database; however, the amount increased by \$61,326 to \$675,553. This increase was due to additional penalties and interest assessed on the tax account since August 30, 2002. The average amount outstanding increased slightly between August 30, 2002 and December 2, 2002 to \$1,855, while the median amount outstanding decreased slightly to \$458, and the total number of vendors represented in the database decreased to 5,839. For a breakdown of the records by dollar range, see Attachment I, Table II.

It was difficult to create good matches between the City's vendor files and the Harris County Tax Assessor-Collector's delinquent tax records as there is no consistent identifier, such as social security number or Federal ID number. Matches were determined solely on the basis of vendor and taxpayer name entered into each system, and there can be a significant amount of variation. For instance, the name of XYZ Company may be entered as XYZ Corp in one system and XYZ Inc. in the other. This example would require judgment on the part of those responsible for evaluating the databases to determine whether the records refer to the same company.

## Comparison to Delinquent Traffic Fines and Parking Violation Records

### Approach

We developed a database to assist in the comparison of vendor information from AFMS as of June 28, 2002 to the data provided by the Municipal Courts listing all traffic and parking violations outstanding from the period January 1, 2002 through September 30, 2002. Again, a computerized matching procedure was employed in a manner similar to that used to compare vendors with delinquent tax records, generating a database with potential vendors who owe traffic fines and parking violations to the City.

### Observations

MFRPC performed a detailed review of the results of the information generated by the matching procedure noting that the database contained information from both the City vendor files and the Municipal Courts data. The information from the City's vendor files includes the following fields: vendor number, name, address, contact person and Federal ID number. The information from the Municipal Courts data includes the following: name, address, ticket case number, violation date, violation description, and amount of the violation.

Similar to the comparison of City vendors with delinquent tax records, MFRPC noted that many of the ticket case numbers were duplicated in the database originally generated from the comparison of vendor information with Municipal Courts data. Since each ticket case number should occur only once in the database, the duplicated ticket case numbers resulted in an overstatement in both the number of records and the total amount of traffic fines and parking violations due. Again, the duplication of records is the result of one vendor being assigned several vendor numbers in AFMS. MFRPC employed a computerized procedure to remove all duplicated ticket case numbers from the database which resulted in decreasing the number of records in the database by 51%.

After removing all records containing duplicated ticket case numbers, MFRPC compiled various statistics related to the content of the database. The database contained a total of 7,010 records with traffic fines and parking violations amounting to approximately \$705,000. Almost 1,900 of the City's vendors were represented in the database. The traffic fines and parking violations outstanding attributed to the City's vendors ranged from \$6 to \$372 on a single-ticket basis, and the largest aggregate amount outstanding for a single vendor was \$133,585. Approximately 2,600, or 37%, of the records in the database had traffic fines and parking violations in excess of \$100. The average and median amounts outstanding were \$100 and \$75, respectively.

In addition to the information compiled above, MFRPC also subtotaled the database by vendor and compiled a list of the top ten vendors with parking violations and traffic fines due. The amount of traffic fines and parking violations owed to the City by the top ten vendors was \$229,819, approximately 33% of the total amount outstanding.

It should be noted that the information above was compiled without regard as to whether the traffic fines and parking violations are actually collectible. While performing the analysis of the information in the databases, MFRPC noted that some ticket case numbers had "Failure to appear" cited as the related violation. According to representatives from Municipal Courts, "Failure to appear" violations have not yet been adjudicated and, therefore, are not currently considered collectible. Approximately 1,800, or 26%, of the total number of records in the database have "Failure to appear" cited as the violation. These records account for about \$295,000, or 42% of the total amount of delinquent traffic fines and parking violations in the database.

## **Suggested Solutions-City Vendors**

Based on the results of our analysis, the City should continue to analyze delinquent property taxes for City vendors. However, it may not be cost effective to pursue delinquent traffic and parking violations for City vendors. Although the City just can't stop doing business with its existing vendors, we suggest that the City explore ways to recover the delinquent taxes.

To facilitate the comparison of the City vendors to the corresponding County Tax Assessor-Collector and Municipal Court records, the City should consider a process that will reduce or consolidate the number of City vendor numbers to one vendor identification number that would be assigned to each City vendor. Such a reduction in vendor numbers would facilitate the analysis of the delinquent amounts owed by each current vendor to the City. To further facilitate the identification of a current City vendor who owes delinquent property taxes, the City may want to consider coordinating with Harris County Tax Assessor-Collector to determine if there is the possibility of developing a process or methodology that can be used to assign or capture a unique number such as Federal tax identification number for each vendor/taxpayer.

## **City Employees**

### **Comparison to Delinquent Property Taxes**

#### Approach

We developed an electronic database and compared City employee information as of July 1, 2002 to delinquent property tax data obtained from the Harris County Tax Assessor-Collector as of October 28, 2002.

#### Observations

The initial electronic search for name and address matches produced a list of 4,344 possible matches of which 31 records totaling \$42,786 had exact name and address matches. The second, more comprehensive electronic search identified all possible name and address matches and resulted in identifying 221 employees for a total of \$231,128 in delinquent property taxes outstanding. The possible amounts due from employees ranged from \$0.01 to \$12,583 with an average delinquent tax amount due of approximately \$1,100.

In addition, MFRPC was able to narrow the match to employees who had exact name and address in both the employee records and the Harris County Tax Assessor-Collector's delinquent tax records. However, the amount of exact matches are only as good as the underlying data files. For example, any employees who have moved or changed names through marriage, but not changed their information in the City's personnel files, would be missed as a potential match.

Consistent with the comparison of City vendors with delinquent tax records, the information above was compiled without regard to whether outstanding taxes are actually collectible. Any tax accounts with a status of "Taxes in bankruptcy," "Taxes under suit," or a similar status, or those who do not reflect the City of Houston as a taxing jurisdiction would not necessarily represent taxes that are currently collectible.

## **Comparison to Delinquent Traffic Fines and Parking Violation Records**

### **Approach**

We developed an electronic database to compare City employee information as of July 1, 2002 to a listing of all traffic fines and parking violation for the period January 1, 2002 through September 30, 2002 that was provided by the Municipal Courts.

### **Observations**

After removal of duplicated ticket case numbers, the initial electronic search for name and address matches produced a list of 314 City employees that had 430 possible matches for traffic fines and parking violations due in the total amount of \$70,768. The possible amounts due from employees ranged from \$15 to \$372 with an average delinquent fine of approximately \$165. Nine records totaling \$1,349 had exact name and address matches.

Similar to the comparison of employee data with delinquent tax data, the number of possible and exact matches cited above is only as good as the underlying employee data file received from the City. Additionally, the information above was compiled without regard to whether the traffic fines and parking violations are actually collectible. While performing the analysis of the information in the databases, MFRPC noted that some ticket case numbers had "Failure to appear" cited as the related violation. For example, approximately 200 of the 430 records have "Failure to appear" cited as the violation and they represent approximately \$35,000 of the \$70,768 in the database.

### **Suggested Solutions-City Employees**

Based on our analysis of the amount of delinquent property taxes and delinquent traffic and parking violations owed by City Employees, we do not recommend that the City develop any additional processes at this time to pursue delinquent amounts owed by City Employees as it may not be cost effective.

### **Proposed Delinquent Property Tax Tracking Process**

#### **Approach**

According to the City's Ordinance No. 2002-953 section 2 (c) "... It shall be the duty of each department head to immediately forward to the City Secretary the contracting entity lists received. The City Secretary shall compile and maintain a log of the owners included on the contracting entities lists who are recommended for award. The City Secretary will send a copy of the log to the City Controller on a weekly basis. The City Controller, working with the City's delinquent tax collection firm, the City's Director of Finance and Administration, and Tax Assessor-Collectors (Harris, Fort Bend, and Montgomery) will produce a weekly list of debts owed to the City by those on the contracting entity log. The City Secretary and City Controller shall make such lists and logs available to Council members who request them".

## Observations

We understand that the lists and logs described in the ordinance are to be manually prepared and physically circulated to the appropriate parties. The records of the Harris County Tax Assessor-Collector or other City departments would have to be searched for the respective names and addresses of the entities and their owners to determine if a particular vendor and/or owner had any delinquent amounts due related to property taxes. However, such a process appears to be labor intensive and, depending on the volume, may not be efficient or economical. For example, the Harris County Tax Assessor-Collector's website search tool was designed for simple searches and has several limitations relating to production runs, complex name searches, multiple searches, reporting and data analysis. In addition, the City would be at risk of not being able to process the pending contracts on a timely basis thus resulting in potential inefficiencies and delays of goods and/or services that relate to the City's day-to-day operations.

## Suggested Solutions

To reduce the costs related to the manual identification of delinquent amounts owed to the City, data input errors, and to reduce the risk of manual process inefficiencies and delays, we recommend that the City consider utilizing an electronic system that is web-enabled. Such a system could be designed to facilitate the City's submission of vendor name and addresses as well as individual names and addresses on an hourly, daily or weekly basis to be validated against the records of other City departments to determine if any outstanding amounts are due. Computerized reports would be returned to the Controller's Office indicating delinquent amounts outstanding by the potential vendors and/or individuals. The same reports could be reviewed or verified electronically by the City's delinquent tax collection firm, Director of Finance and Administration and/or Council Members.

The City should consider posting an on-line web page that would be available to each City department so that the departments can submit the names and addresses of vendors and related parties for search against records of delinquent tax amounts due. The results of the potential match against the delinquent revenue records will be made and returned to the respective department's web site. Inquiries and returns will include all pertinent information necessary for the log file required by the Ordinance. Information included for the log would be originating department name and employee contact information, type of entity being researched, name and address of prospective vendor and associated owner names, and any delinquent amounts due. Each department shall have the ability to resubmit all or part of any inquiry as many times as necessary. When satisfied with the results, the department can electronically forward the Contracting Entity List to the City Secretary thus becoming a part of the City Secretary's log file required by the Ordinance. The computerized log would then be made available to the Controller's Office for verification. Both the City Secretary's Office and Controller's Office would have the ability to review all previous inquiries and returns or resubmit the final log as a new inquiry to verify correctness. All inquiries and returns would be retained in the system for an amount of time as determined by the Controller's Office. The entire process should be documented in an on-line user-friendly manual.

In addition, the City should require prospective vendors to file an affidavit with the departments to confirm that they do not owe the City any monies for property taxes.

The City may want to consider maintaining the database file that has been developed and consider adding the City assigned vendor number after the contract has been awarded. This revised database of new entities, related owners and vendor numbers could be matched to the Harris County Tax Assessor-Collector's delinquent property tax file in subsequent years to determine if there are any delinquent property tax accounts.

In addition, the City may want to consider utilizing a similar tracking process for other revenue streams.

CITY OF HOUSTON  
 Database Analysis – Delinquent Property Taxes, Traffic Fines and Parking Violations  
 Delinquent Property Taxes Owed to the Various Taxing Authorities by Dollar Range

**Attachment I**

**Table I**

**Delinquent Property Taxes Owed to the Various Taxing Authorities by Dollar Range  
 August 30, 2002**

Dollar Value Range	Number of Tax Records	Total Amount Outstanding	
		\$	%
\$100,000 or greater	15	\$ 3,087,398	11.5
\$50,000 - \$99,999	16	1,413,032	5.3
\$10,000 - \$49,999	392	6,957,278	25.9
\$5,000 - \$9,999	591	4,082,768	15.2
\$2,500 - \$4,999	1,337	4,657,083	17.3
\$100 - \$2,499	8,301	6,546,684	24.4
\$99 or less	3,896	100,263	0.4
Total	14,548	\$ 26,844,506	100.0

**Table II**

**Delinquent Property Taxes Owed to the Various Taxing Authorities by Dollar Range  
 December 2, 2002**

Dollar Value Range	Number of Tax Records	Total Amount Outstanding	
		\$	%
\$100,000 or greater	12	\$ 2,823,435	11.8
\$50,000 - \$99,999	35	1,531,357	6.5
\$10,000 - \$49,999	322	5,624,306	23.7
\$5,000 - \$9,999	534	3,685,157	15.6
\$2,500 - \$4,999	1,219	4,256,964	18.0
\$100 - \$2,499	7,168	5,688,016	24.0
\$99 or less	3,484	89,235	0.4
Total	12,774	\$ 23,698,470	100.0

The statistics compiled in Table I and Table II above indicate that the City is currently doing business with vendors that owe a significant amount of money to the City, Harris County and other taxing authorities. It should also be noted that the information above was compiled without regard as to whether the delinquent taxes are actually collectible. During the analysis of the information in the databases, MFRPC noted that of the 12 vendors noted above three had delinquent tax accounts that were in judgment, under suit, or the taxpayer was in bankruptcy.

# EXHIBIT I



OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS

JUDY GRAY JOHNSON, CPA

April 21, 2003

Mr. David Ahola, Principal  
Mir Fox & Rodriguez, P.C.  
One Riverway, Suite 1900  
Houston, Texas 77056

Re: Database Analysis – Delinquent Property Taxes, Traffic Fines, and Parking Violations Report  
Management Response

Dear Mr. Ahola:

We have completed our review of the final report on the Database Analysis performed on delinquent property taxes, traffic fines, and parking violations. We generally agree with your possible solutions and will continue to work with City Council, the Administration and the Legal Department to address issues related to this very important matter.

We recently coordinated with the Legal Department to provide comments to the City Council's Regulatory Affairs Committee regarding the wording of Ordinance No. 2003-318 that was passed and approved by City Council on April 2, 2003. My Office has developed procedures to comply with this ordinance which pertains to persons doing business or seeking to do business with the City that are indebted to the City, or a qualifying governmental entity for ad valorem taxes.

We look forward to working with City Council, the Administration, and the Legal Department as these issues are addressed.

Thank you for your assistance with this engagement. We appreciate your firm's cooperation and high degree of professionalism during the entire project.

Sincerely,

Judy Gray Johnson  
City Controller

xc: Albert Haines, Chief Administrative Officer  
Stephen Tinnermon, Chief of Staff, Mayor's Office  
Philip Scheps, Director, Finance and Administration Department  
Berta Mejia, Presiding Judge, Municipal Courts Judicial Department  
Barbara Sudhoff, Director & Chief Clerk, Municipal Courts Administration Department

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**Views of Responsible  
Officials**