



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: August 26, 2011

Subject: July 2011
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending July 31, 2011.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$104.7 million for FY2012. This is \$18.7 million lower than the projection of the Finance Department. The difference is due to a \$15.8 million higher revenue projection from the Finance Department and a \$2.9 million higher projection for the Sale of Capital Assets from the Finance Department. Based on our current projections, the fund balance will be \$15.2 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.

The major differences are in four categories: (1) Property Tax revenues are \$3.7 million different due to the Controller's Office using Certified Tax Roll numbers just received from the appraisal districts. (2) Sales Tax revenues are \$9.7 million different, as the Controller's office is using Barton Smith's latest growth estimate, discounted by his stated margin of error. (3) Licenses and Permits are \$4.3 million higher. Controller's office recognizes the fee increases, but once we see the effect on the number of licenses we will then modify accordingly. (4) Sale of Capital Assets are \$2.9 million different, as the Controller's Office has not recognized all proposed land sales, which have yet to be finalized and approved by Council.

Expenditure projections are slightly above the Adopted Budget, increased \$350,000 for a contribution received for community center operations in Parks.

Please remember that all FY2011 numbers are preliminary estimates and subject to change until the annual audit is completed and the Comprehensive Annual Financial Report is published.

ENTERPRISE FUNDS

In the Aviation Operating Fund, we have increased our projection for Parking and Concessions \$400,000 for a new advertising contract.

Within the Convention & Entertainment Operating Fund, we have increased our projection for Interest Income \$800,000, due to further clarification of consolidation business processes received after the budget was submitted.

We are currently projecting the Combined Utility System and Stormwater Funds at budget.

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

**Mayor Annise D. Parker
City Council Members
July 2011 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. Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the hotel corporation. As of July 31, 2011, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	7.2%
Combined Utility System	3.2%
Aviation	17.3%
Convention and Entertainment	31.1%

Respectfully submitted,



Ronald C. Green
City Controller