



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:** January 6, 2012

**Subject:** November 2011  
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending November 30, 2011.

**GENERAL FUND**

The Controller's office is projecting an ending fund balance of \$126.8 million for FY2012. This is \$19.2 million lower than the projection of the Finance Department. The difference is due to a \$16.3 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 \$5.8 million **above** 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.

Our revenue projection increased \$8 million. Property Tax was increased \$5.4 million reflecting current property values and a collection rate of 97.4%. We also increased Sales Tax \$2.6 million to recognize October receipts, which were higher than expected.

The major differences are in six categories: (1) Property Tax revenues are \$3.3 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) Sales Tax revenues are \$2.1 million lower, as the Controller's office is using Barton Smith's latest growth estimate, discounted by his stated margin of error, and recognizing July thru October receipt amounts over projection. (3) Finance is reporting Licenses and Permits \$5 million higher than the Controller's projection. The Controller's office recognizes the fee increases, but until we see the effect on the number of licenses we will not modify our projection. (4) Finance is reporting Charges for Services \$1.6 million higher than the Controller's projection. Ambulance fees are the largest single revenue in this category. (5) Finance is reporting Miscellaneous/Other revenues \$1.5 million higher than the Controller's projection. Many of these revenue sources are non-recurring. (6) Sale of Capital Assets are \$2.9 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.

Expenditure projections are \$5.5 million above the Adopted Budget. Our projection for GSD increased \$358,000 for additional security costs moved from Health.

We are pleased to announce that the FY2011 Comprehensive Annual Financial Report has been finalized. The report is available on the Controller's website, <http://www.houstontx.gov/controller/cafr/cafr2011.pdf>. Hard copies will be available later this month.

**Mayor Annise D. Parker  
City Council Members  
November 30, 2011 Monthly Financial and Operations Report**

**ENTERPRISE FUNDS**

In the Aviation Operating Fund, we have increased our projection for Operating Revenues \$400,000 for higher landing fees. We have also increased our projection for Operating Expenses \$685,000. This is a combination of lower personnel costs (\$2.1 million) offset by higher Supplies (\$1.3 million) and Services (\$1.4 million). We have also decreased our projection for Debt Service Interest transfer by \$2.1 million, along with a corresponding increase in Capital Improvement transfer. Unexpected funding sources have been identified which are able to be used to pay Debt Service Interest.

Our projection for the Combined Utility System Non-Operating Revenues decreased \$281,000 for lower than expected interest earnings.

In the Dedicated Drainage & Street Renewal Fund, we decreased our projection for Transfers Out – Commercial Paper Agent Fees \$1.2 million, reflecting actual costs incurred.

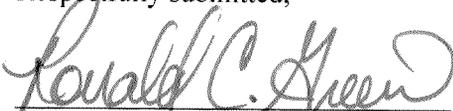
There were no material changes in the Convention & Entertainment Operating Fund and the Stormwater Fund.

**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 November 30, 2011, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	7.9%
Combined Utility System	3.2%
Aviation	17.0%
Convention and Entertainment	18.3%

Respectfully submitted,



Ronald C. Green  
City Controller