



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

CHRIS B. BROWN

To: Mayor Sylvester Turner
City Council Members

From: Chris B. Brown
City Controller

Date: August 26, 2016

Subject: July 2016
Financial Report

Attached is the Monthly Financial Report for the period ending July 31, 2016.

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$232.6 million for FY2017. This is \$3 million lower than the projection of the Finance Department. The difference is due to a \$3 million higher revenue projection from the Finance Department. Based on our current projections, the fund balance will be \$80.4 million above the City's target of holding 7.5% of total expenditures, excluding debt service and Pay As You Go (PAYGO), in reserve. These amounts are approximately \$30 to \$35 million higher than projected in the June Financial Report due to pending year-end expenditures. We expect these expenditures to be reflected in the August report.

We are projecting FY2017 revenues at our Trends report amounts released in May.

The major differences are in three categories:

- (1) Sales Tax is \$4.5 million higher, as Controller's Office is using Dr. Gilmer's April 2016 projection, less an additional 2%. His next report is due in September.
- (2) Other Franchise is \$1.2 million lower, as Controller's Office is projecting lower Cable and Solid Waste Hauler receipts than Finance.
- (3) Licenses and Permits is \$2.8 million lower, as Controller's Office is projecting trends similar to FY2016.

I would like to point out that my current revenue projections do not fully reflect estimates of where the year will end, but are actually a measure of what my office would be willing to certify at a point in time. Each year, the appropriations are set with the Interim Spending ordinance prior to the beginning of the fiscal year. This is replaced by the General Appropriation ordinance later in the year, typically in late April. It is my responsibility to certify, or guarantee, the amount of revenues that will be received into the treasury at the end of the fiscal year. This is a critical responsibility of my office and can influence the amount of spending the administration may move forward with. This is why early in the fiscal year there is typically a large difference between my projection and the Finance Department's projection. The variance will decrease as we receive actual funds throughout the year, and we are able to raise our certification amount. At the time of certification, many revenue streams are still pending, especially Sales Tax, which we will have 4 months unknown, or approximately \$215 million.

Expenditure projections were increased \$14.5 million from the Adopted Budget. Police was increased \$12.5 million for pension costs which was originally budgeted as a deferral and \$2 million for additional overtime.

**Mayor Sylvester Turner
City Council Members
July Monthly Financial Report**

ENTERPRISE FUNDS

We are currently projecting no material changes from Adopted Budget amounts in the Enterprise Funds this month.

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, 2016, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	3.30%
Combined Utility System	0.96%
Aviation	14.83%
Convention and Entertainment	11.84%

Respectfully submitted,



Chris B. Brown
City Controller



CITY OF HOUSTON

Finance Department

Sylvester Turner

Mayor

Finance Department
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To: Mayor Sylvester Turner
City Council Members

Date: August 26, 2016

Subject: 1+11 Financial Report

Attached is the 1+11 Financial Report for the period ending July 31, 2016. Fiscal Year 2017 projections are based on one month of actual results and eleven months of projections.

General Fund

Fiscal Year 2016

In accordance with government accounting standards for governmental funds, the final revenues for FY2016 will include revenues earned through June 30 only if they are collected by the end of August. Expenditures through June 30 will include spending incurred before the end of June. These expenses continue to be recorded as accruals to Fiscal Year 2016 until August 31.

The current preliminary undesignated fund balance for the General Fund is \$254.6 million which is approximately \$32.5 million higher than our June MoFR projection. This number is expected to decrease as receipts for goods and services in FY2016 continue to come in. The results are not final until the publication of the FY2016 Comprehensive Annual Financial Report.

Fiscal Year 2017

We are currently projecting an ending fund balance of \$235.6 million, which is approximately 11.6% of estimated expenditures less debt service and pay-as-you-go (PAYGO).

Our projection for Revenues and Other Sources is \$5.2 million higher than the adopted budget in Property Tax Revenue due to a revision to the Proposition 1 and H calculation that accounts for the most recent population estimate from the US Census Bureau.

General Fund Revenues (amounts expressed in thousands)

Category	FY2016 Preliminary Unaudited	FY17 Adopted Budget	FY17 Current Projection	Variance Over/(Under)
Property Tax	\$1,097,505	\$1,133,191	\$1,138,374	\$5,183
Sales Tax	637,564	615,000	615,000	-
Franchise Fees	189,704	192,785	192,785	-
Other	364,614	357,437	357,437	-
Total	\$2,289,387	\$2,298,413	\$2,303,596	\$5,183

With the greater than anticipated beginning fund balance, and in accordance with the Mayor's intention stated at the time of the preliminary budget, we are reducing our projection for the use of non-recurring budget items. Our projection for Expenditures and Other Uses is \$14.5 million higher than the adopted budget due to the elimination of a one-time \$12.5 million planned payment deferral to the Houston Police Officers Pension System. Additionally, there is a projected \$2 million increase in police overtime to target key areas in the City experiencing an increase in drug related incidents in recent months.

General Fund Expenditures (amounts expressed in thousands)

Category	FY2016 Preliminary Unaudited	FY17 Adopted Budget	FY17 Current Projection	Variance Over/(Under)
Police	\$795,976	\$811,296	\$825,796	\$14,500
Fire	502,875	504,652	504,652	-
Other Departments	679,962	699,266	699,266	-
Debt Service/PAYGO	346,000	293,156	293,156	-
Total	\$2,324,813	\$2,308,370	\$2,322,870	\$14,500

Enterprise, Special Revenue and Other Funds

We are projecting Enterprise Funds, Special Revenue Funds and all other funds at budget.

Sincerely,



Kelly Dowe

Director

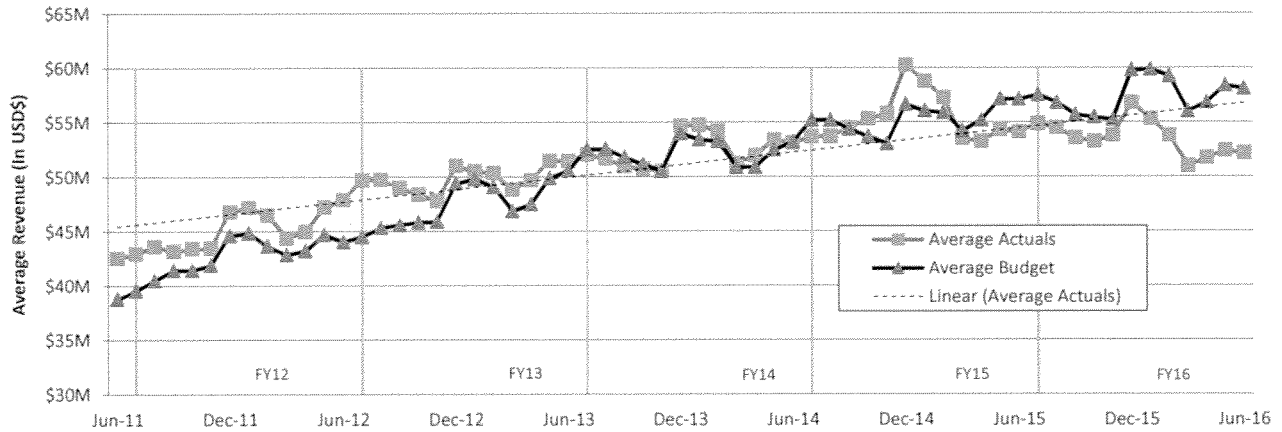




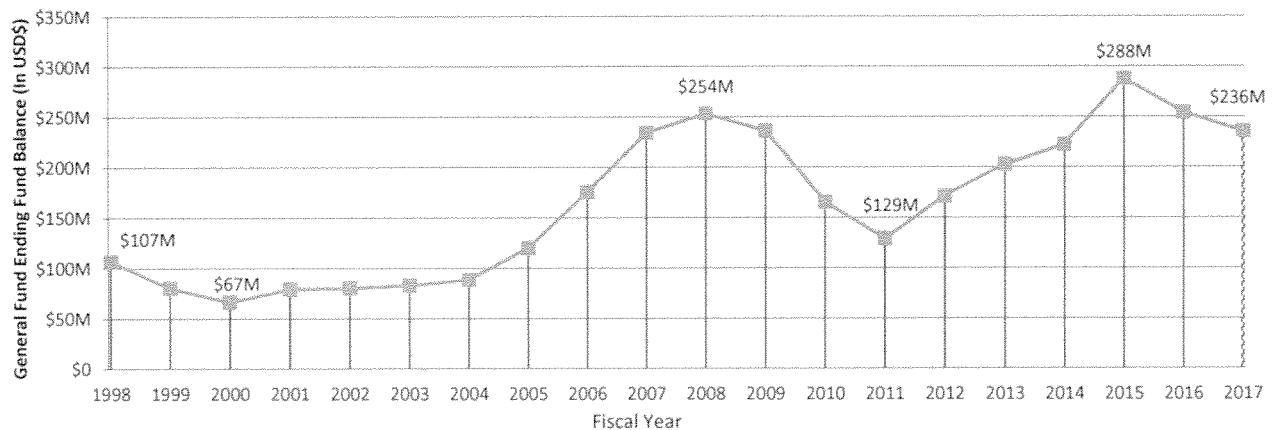
General Fund (Fund 1000)

Sales Tax Growth and Comparative Fund Balance

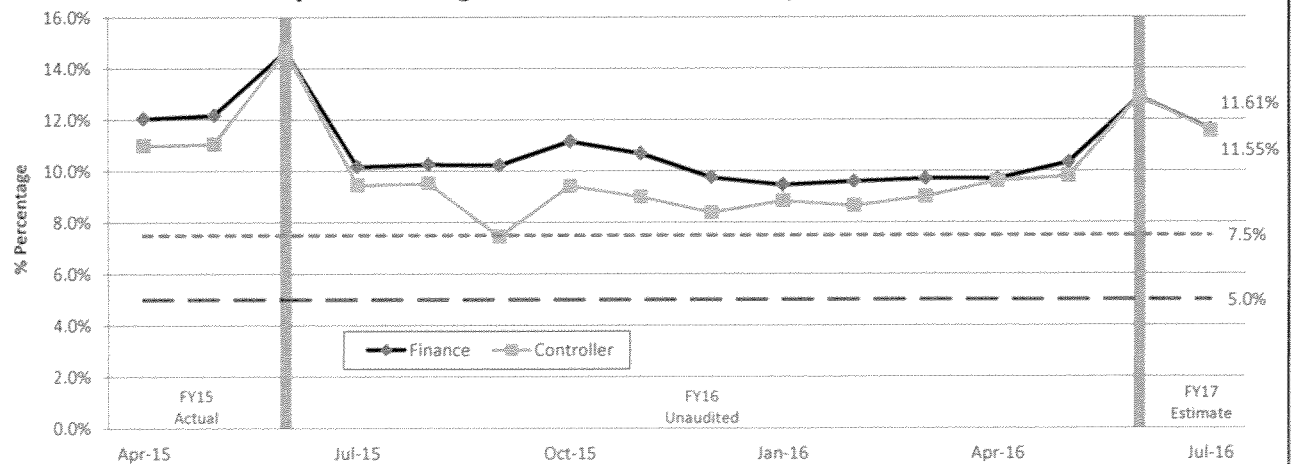
Sales Tax - Three-month Rolling Average



Historical Unassigned Ending Fund Balance



General Fund Comparative Fund Balance Annual Projected Ending Fund Balance as % of Expenditures Less Debt*



*According to the financial policies, Ordinance 2014-1078, the City is required to maintain an ending fund balance equal to 7.5% of expenditures before debt service and pay-as-you-go (PAYGO).



General Fund (Fund 1000)

For the period ended July 31, 2016
(amounts expressed in thousands)

Actual YTD
Current Budget

FY2017								Controller - Finance	Controller
Unaudited Preliminary FY2016	Adopted Budget	Current Budget	Controller's Projection	Finance Projection	Actual YTD	Controller - Finance Variance			
Revenues									
General Property Taxes	1,097,505	1,133,191	1,133,191	1,138,374	1,138,374	3,502	-	<div><div></div></div>	✓
Industrial Assessments	19,239	18,043	18,043	17,500	18,043	-	(543)	<div><div></div></div>	✓
Sales Tax	637,564	615,000	615,000	619,544	615,000	49,617	4,544	<div><div></div></div>	✓
Other Taxes	16,271	16,909	16,909	16,500	16,909	-	(409)	<div><div></div></div>	✓
Electric Franchise	101,212	102,030	102,030	101,500	102,030	8,410	(530)	<div><div></div></div>	✓
Telephone Franchise	43,299	42,000	42,000	41,250	42,000	3,522	(750)	<div><div></div></div>	✓
Gas Franchise	14,840	15,016	15,016	15,000	15,016	1,251	(16)	<div><div></div></div>	✓
Other Franchise	30,353	33,739	33,739	32,500	33,739	2,724	(1,239)	<div><div></div></div>	✓
Licenses and Permits	39,627	41,811	41,811	39,000	41,811	2,581	(2,811)	<div><div></div></div>	✓
Intergovernmental	53,472	70,151	70,151	70,151	70,151	3,021	-	<div><div></div></div>	✓
Charges for Services	62,319	58,698	58,698	58,815	58,698	4,504	117	<div><div></div></div>	✓
Direct Interfund Services	53,680	53,897	53,897	53,897	53,897	3,980	-	<div><div></div></div>	✓
Indirect Interfund Services	26,611	27,436	27,436	27,436	27,436	513	-	<div><div></div></div>	✓
Municipal Courts Fines and Forfeits	24,531	22,812	22,812	22,500	22,812	1,739	(312)	<div><div></div></div>	✓
Other Fines and Forfeits	4,827	4,306	4,306	4,100	4,306	347	(206)	<div><div></div></div>	✓
Interest	3,700	3,000	3,000	3,000	3,000	284	-	<div><div></div></div>	✓
Miscellaneous/Other	22,161	13,825	13,825	13,000	13,825	755	(825)	<div><div></div></div>	✓
Total Revenues	2,251,211	2,271,864	2,271,864	2,274,067	2,277,047	86,750	(2,980)	<div><div></div></div>	✓
Expenditures									
Administration & Regulatory Affairs	28,904	30,523	30,523	30,523	30,523	1,402	-	<div><div></div></div>	✓
City Council	12,069	10,329	10,329	10,329	10,329	746	-	<div><div></div></div>	✓
City Secretary	685	908	908	908	908	53	-	<div><div></div></div>	✓
Controller	8,051	8,887	8,887	8,887	8,887	571	-	<div><div></div></div>	✓
Finance	17,834	19,622	19,622	19,622	19,622	1,065	-	<div><div></div></div>	✓
Fire	502,875	504,652	504,652	504,652	504,652	41,808	-	<div><div></div></div>	✓
General Services	39,901	41,223	41,223	41,223	41,223	1,398	-	<div><div></div></div>	✓
Housing and Community Development	486	533	533	533	533	65	-	<div><div></div></div>	✓
Houston Emergency Center	10,495	10,148	10,148	10,148	10,148	-	-	<div><div></div></div>	✓
Houston Health Department	61,021	65,639	65,639	65,639	65,639	7,521	-	<div><div></div></div>	✓
Human Resources	3,364	3,054	3,054	3,054	3,054	188	-	<div><div></div></div>	✓
Information Technology	22,245	23,363	23,363	23,363	23,363	1,645	-	<div><div></div></div>	✓
Legal	15,482	16,046	16,046	16,046	16,046	1,182	-	<div><div></div></div>	✓
Library	39,698	40,917	40,917	40,917	40,917	2,713	-	<div><div></div></div>	✓
Mayor's Office	7,996	7,696	7,696	7,696	7,696	2,182	-	<div><div></div></div>	✓
Municipal Courts	27,713	29,562	29,562	29,562	29,562	2,174	-	<div><div></div></div>	✓
Neighborhoods	11,989	11,705	11,705	11,705	11,705	761	-	<div><div></div></div>	✓
Office of Business Opportunity	2,829	3,049	3,049	3,049	3,049	215	-	<div><div></div></div>	✓
Parks and Recreation	69,976	73,139	73,139	73,139	73,139	5,458	-	<div><div></div></div>	✓
Planning and Development	5,786	4,189	4,189	4,189	4,189	288	-	<div><div></div></div>	✓
Police	795,976	811,296	811,296	825,796	825,796	66,227	-	<div><div></div></div>	✓
Public Works and Engineering	30,655	31,944	31,944	31,944	31,944	2,630	-	<div><div></div></div>	✓
Solid Waste Management	72,134	80,913	80,913	80,913	80,913	7,748	-	<div><div></div></div>	✓
Total Departmental Expenditures	1,788,164	1,829,337	1,829,337	1,843,837	1,843,837	148,040	-	<div><div></div></div>	✓
General Government	190,649	185,877	185,877	185,877	185,877	24,154	-	<div><div></div></div>	✓
Total Expenditures Other Than Debt	1,978,813	2,015,214	2,015,214	2,029,714	2,029,714	172,194	-	<div><div></div></div>	✓
Transfer to Special Revenues	27,758	(23,544)	(23,544)	(23,544)	(23,544)	-	-	<div><div></div></div>	✓
Captured Revenue Transfer to DDSRF	22,288	34,741	34,741	34,741	34,741	-	-	<div><div></div></div>	✓
Debt Service Transfer	295,954	281,959	281,959	281,959	281,959	-	-	<div><div></div></div>	✓
Total Expenditures and Other Uses	2,324,813	2,308,370	2,308,370	2,322,870	2,322,870	172,194	-	<div><div></div></div>	✓
Net Current Activity	(73,602)	(36,506)	(36,506)	(48,803)	(45,823)	(85,444)	(2,980)	<div><div></div></div>	✓
Other Financing Sources (Uses)									
Transfers from Other Funds	30,240	12,049	12,049	12,049	12,049	6,079	-	<div><div></div></div>	✓
Sale of Capital Assets	7,936	14,500	14,500	14,500	14,500	182	-	<div><div></div></div>	✓
Total Other Financing Sources (Uses)	38,176	26,549	26,549	26,549	26,549	6,263	-	<div><div></div></div>	✓
Fund Balances									
Fund Balance - Beginning of Year	287,843	254,559	254,559	254,559	254,559	254,559	-	<div><div></div></div>	✓
Changes to Designated Fund Balance	-	300	300	300	300	-	-	<div><div></div></div>	✓
Budgeted Increase/(Decrease) in Fund Balance	(35,426)	(9,957)	(9,957)	(9,957)	(9,957)	(79,181)	-	<div><div></div></div>	✓
Change in Inventory/Prepaid Items/Imprest Cash	2,142	-	-	-	-	-	-	<div><div></div></div>	✓
(Budgeted Gap)/Increase in Fund Balance*	-	-	-	(12,297)	(9,317)	-	(2,980)	<div><div></div></div>	✓
Fund Balance, End of Year**	254,559	244,902	244,902	232,605	235,585	175,378	(2,980)	<div><div></div></div>	✓

*A negative number in the Controller or Finance projections represents a gap between sources and uses of funds that was not included in the adopted budget. If this gap was not addressed by decreasing uses or increasing the sources of funds, it would require a drawdown of fund balance in order to balance the budget. A positive number represents a projected increase in fund balance.

**According to the financial policies, Ordinance 2014-1078, the City is required to maintain an ending fund balance equal to 7.5% of expenditures less Debt Service and Pay-As-You-Go (PAYGO) which is \$152,229 based on current projections. The City will be \$80,376 above 7.5% based on the Controller's Projections for FY2017.

† Indicates projection exceeds 5% or 55M of budget expenditures or projected revenues are 5% or 55M less than current budget.



Fund Summary - Other Funds

For the period ended July 31, 2016

(amounts expressed in thousands)

	Beginning of Year Fund Balance	Revenues*					Finance	Controller
		Unaudited Preliminary FY2016	FY2017 Current Budget	FY2017 Actual YTD	Controller's Projection	Finance Projection		
<u>Enterprise</u>								
Aviation		494,775	501,725	43,940	501,725	501,725	✓	✓
Convention and Entertainment Facilities		101,746	99,254	15,109	99,254	99,254	✓	✓
Combined Utility System		1,069,874	1,085,001	88,467	1,085,001	1,085,001	✓	✓
Dedicated Drainage & Street Renewal**	74,782	231,038	214,201	6,324	214,201	214,201	✓	✓
Storm Water**	6,140	54,128	54,999	3,258	54,999	54,999	✓	✓
<u>Risk Management</u>								
Health Benefits	23,855	340,608	357,272	29,962	357,272	357,272	✓	✓
Long-Term Disability	1,261	1,383	1,358	116	1,358	1,358	✓	✓
Property and Casualty	216	23,362	35,396	310	35,396	35,396	✓	✓
Worker's Compensation	-	20,278	21,544	1,709	21,544	21,544	✓	✓
<u>Special Revenue</u>								
Asset Forfeiture	5,785	5,166	6,003	774	6,003	6,003	✓	✓
Auto Dealers	2,208	7,221	6,900	561	6,900	6,900	✓	✓
BARC Special Revenue	3,566	11,572	11,165	197	11,165	11,165	✓	✓
Bayou Greenway 2020	762	986	1,330	86	1,330	1,330	✓	✓
Building Inspection	34,479	84,835	81,681	6,918	81,681	81,681	✓	✓
Building (Court) Security	99	805	750	51	750	750	✓	✓
Cable Television	539	3,658	5,310	2	5,310	5,310	✓	✓
Child Safety	108	3,538	3,429	302	3,429	3,429	✓	✓
Contractors Responsibility	2,563	1,130	864	104	864	864	✓	✓
Digital Houston	12	2	-	-	-	-	✓	✓
Essential Public Health Services	12,287	17,192	24,694	5,029	24,694	24,694	✓	✓
Forensic Transition Special	-	8,998	8,545	639	8,545	8,545	✓	✓
Health Special Revenue	5,805	3,116	4,023	137	4,023	4,023	✓	✓
Historic Preservation	1,864	371	333	22	333	333	✓	✓
Houston Emergency Center	4,149	24,706	25,639	520	25,639	25,639	✓	✓
Houston Transtar Center	1,399	2,186	2,259	115	2,259	2,259	✓	✓
Juvenile Case Manager	1,360	1,247	1,179	102	1,179	1,179	✓	✓
Laboratory Operations and Maintenance	335	495	464	39	464	464	✓	✓
Maintenance Renewal & Replacement	1,694	16,288	17,906	2	17,906	17,906	✓	✓
Parking Management	4,865	21,750	20,421	1,105	20,421	20,421	✓	✓
Parks Golf	1,125	5,650	6,198	420	6,198	6,198	✓	✓
Parks Special Revenue	7,076	2,229	2,216	130	2,216	2,216	✓	✓
Planning & Development Special Revenue	415	3,201	7,092	443	7,092	7,092	✓	✓
Police Special Services	5,634	9,189	7,662	73	7,662	7,662	✓	✓
Recycling Revenue Fund	600	2,064	6,049	36	6,049	6,049	✓	✓
Special Waste	2,391	3,989	4,079	199	4,079	4,079	✓	✓
Supplemental Environmental Protection	-	75	-	-	-	-	✓	✓
Swimming Pool Safety	921	1,130	1,225	78	1,225	1,225	✓	✓
Technology Fee	759	937	1,290	90	1,290	1,290	✓	✓
Tourism Promotion Special	281	3,005	20,197	1,715	20,197	20,197	✓	✓

* Revenues include non-operating revenues

** Dedicated Drainage Fund and Storm Water Fund are not technically Enterprise Funds, but are grouped with the Combined Utility System for clarity

† Indicates projected revenues are 5% or \$5M less than Current Budget



Fund Summary - Other Funds

For the period ended July 31, 2016

(amounts expressed in thousands)

Enterprise

	Unaudited Preliminary FY2016	FY2017 Current Budget	FY2017 Actual YTD	Controller's Projection	Finance Projection	Net Current Activity (Proj.)	End of Year Fund Balance (Proj.)	Finance	Controller
Aviation	402,951	501,725	33,368	501,725	501,725	-		✓	✓
Convention and Entertainment Facilities	101,343	98,955	15,199	98,955	98,955	299		✓	✓
Combined Utility System	964,890	1,115,935	105,341	1,115,935	1,115,935	(30,934)		✓	✓
Dedicated Drainage & Street Renewal**	183,928	226,907	13,138	226,907	226,907	(12,706)	62,076	✓	✓
Storm Water**	50,058	58,751	3,649	58,751	58,751	(3,752)	2,388	✓	✓

Risk Management

Health Benefits	348,544	364,412	30,799	364,412	364,412	(7,140)	16,715	✓	✓
Long-Term Disability	951	1,644	121	1,644	1,644	(286)	975	✓	✓
Property and Casualty	23,221	35,396	1,155	35,396	35,396	-	216	✓	✓
Worker's Compensation	20,278	21,544	1,749	21,544	21,544	-	-	✓	✓

Special Revenue

Asset Forfeiture	5,175	8,448	1,448	8,448	8,448	(2,445)	3,340	✓	✓
Auto Dealers	8,349	8,011	622	8,011	8,011	(1,111)	1,097	✓	✓
BARC Special Revenue	11,347	13,806	732	13,806	13,806	(2,641)	925	✓	✓
Bayou Greenway 2020	630	1,228	48	1,228	1,228	102	864	✓	✓
Building Inspection	91,379	95,491	3,902	95,491	95,491	(13,810)	20,669	✓	✓
Building (Court) Security	710	710	29	710	710	40	139	✓	✓
Cable Television	3,832	5,554	140	5,554	5,554	(243)	295	✓	✓
Child Safety	3,433	3,429	(794)	3,429	3,429	-	108	✓	✓
Contractors Responsibility	635	872	12	872	872	(8)	2,555	✓	✓
Digital Houston	343	-	8	-	-	-	12	✓	✓
Essential Public Health Services	17,425	26,109	1,066	26,109	26,109	(1,415)	10,872	✓	✓
Forensic Transition Special	9,023	8,545	594	8,545	8,545	-	-	✓	✓
Health Special Revenue	2,702	5,131	209	5,131	5,131	(1,108)	4,697	✓	✓
Historic Preservation	209	459	3	459	459	(126)	1,738	✓	✓
Houston Emergency Center	25,778	27,762	1,820	27,762	27,762	(2,123)	2,026	✓	✓
Houston Transtar Center	2,887	3,191	98	3,191	3,191	(932)	467	✓	✓
Juvenile Case Manager	1,448	2,035	114	2,035	2,035	(856)	504	✓	✓
Laboratory Operations and Maintenance	691	694	1	694	694	(230)	105	✓	✓
Maintenance Renewal & Replacement	15,479	17,906	595	17,906	17,906	-	1,694	✓	✓
Parking Management	18,956	20,978	437	20,978	20,978	(557)	4,308	✓	✓
Parks Golf	5,945	6,277	416	6,277	6,277	(79)	1,046	✓	✓
Parks Special Revenue	1,714	2,494	92	2,494	2,494	(278)	6,798	✓	✓
Planning & Development Special Revenue	2,786	7,057	299	7,057	7,057	35	450	✓	✓
Police Special Services	10,319	10,692	185	10,692	10,692	(3,030)	2,604	✓	✓
Recycling Revenue Fund	3,592	6,049	29	6,049	6,049	-	600	✓	✓
Special Waste	4,403	4,604	312	4,604	4,604	(525)	1,866	✓	✓
Supplemental Environmental Protection	129	-	-	-	-	-	-	✓	✓
Swimming Pool Safety	1,102	1,203	101	1,203	1,203	22	943	✓	✓
Technology Fee	437	915	18	915	915	375	1,134	✓	✓
Tourism Promotion Special	2,728	20,197	188	20,197	20,197	-	281	✓	✓

* Expenditures include non-operating expenditures

** Dedicated Drainage Fund and Storm Water Fund are not technically Enterprise Funds, but are grouped with the Combined Utility System for clarity

⚡ Indicates projection exceeds 5% or \$5M of budget expenditures

City of Houston, Texas
Commercial Paper Issued and Available
For the period ended July 31, 2016
(amounts expressed in millions)

COMMERCIAL PAPER	Draws FY17	Draws Month	Refunded FY17	Amount Available to be Drawn	Amount Outstanding
General Obligation					
<u>Voter Authorized 2001 & 2006 Election</u>					
Series G-1	0.00	0.00	0.00	75.00	0.00
Series G-2	0.00	0.00	0.00	74.90	50.10
Series H-2	0.00	0.00	0.00	65.20	34.80
Series J	0.00	0.00	0.00	115.00	10.00
<u>Non-Voter Authorized</u>					
Series E1-Equipment & Capital	20.00	20.00	0.00	100.00	0.00
Series E2- Equipment & Capital	10.00	10.00	0.00	65.00	5.00
Series E2- Metro Street Projects	0.00	0.00	0.00	30.00	0.00
Series K-1	0.00	0.00	0.00	150.00	0.00
Series K-2	0.00	0.00	0.00	100.00	0.00
Total General Obligation	30.00	30.00	0.00	775.10	99.90
Combined Utility System					
Series B-1	0.00	0.00	0.00	80.00	20.00
Series B-2	0.00	0.00	0.00	75.00	0.00
Series B-3	0.00	0.00	0.00	75.00	0.00
Series B-4	0.00	0.00	0.00	60.00	40.00
Series B-5	0.00	0.00	0.00	250.00	0.00
Series B-6	0.00	0.00	0.00	100.00	0.00
Total Combined Utility System	0.00	0.00	0.00	640.00	60.00
Airport System					
Series A&B	0.00	0.00	0.00	63.00	87.00
Total Airport System	0.00	0.00	0.00	63.00	87.00
Totals	\$30.00	\$30.00	\$0.00	\$1,478.10	\$246.90

City of Houston, Texas
Total Outstanding Debt
For the period ended July 31, 2016
(amounts expressed in thousands)

	July 31, 2016	July 31, 2015
Payable from Ad Valorem Taxes		
Public Improvement Bonds ^(a)	2,320,605	2,447,340
Commercial Paper Notes ^(b)	99,900	146,900
Pension Obligations	587,375	594,640
Certificates of Obligations	16,360	16,360
Subtotal	3,024,240	3,205,240
Payable from Sources Other Than Ad Valorem Taxes		
Combined Utility System		
Combined Utility System Revenue Bonds	5,964,895	5,908,360
Combined Utility System Commercial Paper Notes ^(c)	60,000	120,000
Water and Sewer System Revenue Bonds ^(d)	153,104	145,214
Contract Revenue Obligations - CWA	71,085	85,925
Combined Utility System Subordinate Lien	25,915	0
Airport System		
Airport System Sr. Lien Bonds ^(e)	430,645	440,385
Airport System Subordinate Lien	1,590,590	1,654,040
Airport System Sr. Lien Commercial Paper Notes ^(f)	87,000	59,500
Airport System Inferior Lien Contracts ^(g)	6,240	12,155
Airport Special Facilities Revenue Bonds ^(h)	808,685	813,845
Hotel Occupancy Tax and Civic Parking		
Facilities Revenue Bonds ⁽ⁱ⁾	633,235	641,406
Subtotal	9,831,394	9,880,830
Total Debt Payable by the City	\$12,855,634	\$13,086,070

- (a) In Nov 2001 voters authorized \$776 million in tax bonds. In Nov 2006 voters authorized \$625million in tax bonds. In Nov 2012 voters authorized an additional \$410 million in tax bonds.
- (b) The City has authorized maximum issuance of General Obligation Commercial Paper Programs Series E-1: \$100 million, E-2: \$100 million, G-1: \$75 million, G-2: \$125 million, H-2: \$100 million, J: \$125 million, K1: \$150 million and K2: \$100 million.
- (c) The City has authorized \$700 million in Combined Utility System Commercial Paper Notes.
- (d) Includes \$ 95.8 million accreted value of capital appreciation bonds at this date and \$87.9 million last year.
- (e) The Houston Airport System issued Senior Lien Revenue bonds on August 20, 2009.
- (f) City Council has authorized \$150 million of Airport Senior Lien Commercial Paper Notes Series A and B and \$225 million of inferior lien appropriation facilities which increased to \$450 million in May 2016.
- (g) Under a sublease agreement, the Houston Airport System has agreed to make sublease payments that include the debt service payments on the Series 1997A Special Facilities Bonds that financed the Automated People Mover ("APM") at George Bush Airport. These sublease payments constitute Inferior Lien Obligations under the Airport bond ordinances.
- (h) All Special Facility Revenue Bonds are secured solely from Special Facility Lease Revenues. Does not include \$6.2 million for Series 1997A Special Facilities Bonds. See footnote (g).
- (i) Includes \$152.3million accreted value of capital appreciation bonds at this date and \$136million last year.

City of Houston, Texas
Voter-Authorized Obligations
For the period ended July 31, 2016
(amounts expressed in thousands)

<u>Purposes</u>	<u>Voter Authorized</u>	<u>Approved by City Council for Issuance as Commercial Paper Notes</u>	<u>Commercial Paper Issued ^(a)</u>	<u>Commercial Paper Notes Approved by City Council but Unissued</u>	<u>All Voter Authorized but Unissued</u>
November 2001 Election					
Streets, Bridges, Traffic Control	\$ 474,000	\$ 474,000	\$ 471,300	\$ 2,700	\$ 2,700
Parks and Recreation	80,000	80,000	80,000	0	0
Police and Fire Departments	82,000	82,000	82,000	0	0
Permanent and General Improvements ^(b)	80,000	80,000	80,000	0	0
Public Libraries	40,000	40,000	40,000	0	0
Low Income Housing	20,000	20,000	10,985	9,015	9,015
Total	\$ 776,000	\$ 776,000	\$ 764,285	\$ 11,715	\$ 11,715
November 2006 Election					
Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 75,715	\$ 144,235	\$ 244,285
Parks and Recreation	55,000	55,000	55,000	0	0
Public Safety	135,000	135,000	115,405	19,595	19,595
Permanent and General Improvements ^(b)	60,000	60,000	59,400	600	600
Public Libraries	37,000	37,000	37,000	0	0
Low Income Housing	18,000	18,008	3,500	14,508	14,500
Total	\$ 625,000	\$ 524,958	\$ 346,020	\$ 178,938	\$ 278,980
November 2012 Election					
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	91,726	21,000	70,726	145,000
Public Safety	144,000	107,023	8,900	98,123	135,100
Permanent and General Improvements ^(b)	57,000	38,600	6,750	31,850	50,250
Public Libraries	28,000	24,916	9,195	15,721	18,805
Low Income Housing	15,000	2,000	0	2,000	15,000
Total	\$ 410,000	\$ 264,265	\$ 45,845	\$ 218,420	\$ 364,155
Combined Total (2001, 2006, 2012 Elections)	\$ 1,811,000	\$ 1,565,223	\$ 1,156,150	\$ 409,073	\$ 654,850

(a) As of July 31, 2016

(b) Includes Public Health and Solid Waste Management

Note: This schedule sets forth the categories of bond authorization approved by the voters in elections held in November of 2001 (the "2001 Election") and November of 2006 (the "2006 Election"), and November of 2012 (the "2012 Election"), the amount of each such authorization approved by City Council for issuance as Commercial Paper Notes, the amount of commercial paper issued as of year-end, and the amount of commercial paper approved but unissued. The City has issued all bonds authorized at the election held in November of 1997.

Fund Descriptions

General Fund (1000)

General Revenues (i.e. property taxes, sales taxes, franchise fees, Municipal Courts fines, etc.) are budgeted and received in the General Fund for the support of most basic city services. Operations and services for public safety, financial services, libraries, solid waste management, health, most parks and recreation services, street traffic control, esplanade mowing and citywide administration are included in the General Fund.

Enterprise Funds

Aviation Operating Fund (8001)

The Aviation Operating Fund is an enterprise fund which accounts for operation of the City's airport system. The airport system is comprised of the George Bush Intercontinental Airport/Houston, William P. Hobby Airport, and Ellington Airport. Activities of the department include: operations, maintenance, planning and construction, public service and administration. The Department coordinates its activities with the Federal Aviation Administration (FAA), other federal and state agencies, the airlines, and tenants of the airport facilities.

Convention and Entertainment Facilities Operating Fund (8601)

The Convention and Entertainment Facilities Operating fund is an enterprise fund that accounts for the operation of the City's five major entertainment centers and city-owned parking garages: Jesse H. Jones Hall, Bayou Place, Gus S. Wortham Center, George R. Brown Convention Center and Theater District Garage.

Combined Utility System Fund (8300, 8301, 8305)

The Combined Utility System is composed of three separate funds: the Water and Sewer System Operating Fund; the Combined Utility System Operating Fund and the Combined Utility System General Purpose Fund. The fund provides for the operation of the City's treated and untreated water, as well as, receives and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers. This fund is administered by the Public Works & Engineering Department.

Risk Management Funds

Health Benefits Fund (9000)

The Health Benefits Fund, an Internal Service Fund administered by the Human Resources Department, was established in 1984 to centralize the financial transactions for the City's benefit plans. Health Benefits Effective May 1, 2011, the City elected to be substantially self-insured and awarded CIGNA a three year contract with two (2) one-year renewal options for 4 new health plans. The new health benefits model is composed of four (4) plans, all of which have heavy emphasis on a wellness component, and includes; 1) a limited network HMO-type plan, 2) an open access PPO-type plan with no out-of-network coverage, 3) a consumer driven high deductible Health Plan (CDHP), partnered with a health reimbursement account, and 4) a specific plan for retirees, mostly those under age 65, who live outside the limited network service area but who live in Texas. Effective 08/01/11, all 65+ Medicare eligible retirees must enroll in the 6 MA plans or opt out. These plans are supported by contributions from the city and participants. The Fund also includes two dental plans, a dental/health maintenance organization (DHMO) and a dental indemnity plan. Both plans are supported exclusively by participants.

Long Term Disability Fund (9001)

The Long Term Disability (LTD) Plan is a self-insured program accounted for as an internal service fund. Established in 1985 and revised in 1996 as part of the Income Protection Plan (IPP) (renamed the Compensable Sick Leave Plan (CSL) in October 1996), the plan provides paid long-term sick leave for City employees.

Property and Casualty Fund (1004)

The Property and Casualty Fund was established to monitor the financial requirements of the Property and Risk Management Programs. This activity is primarily self-funded. The revenue is generated from assessed premiums to the other funds. These premiums are based upon projected expenditures. All risk to the City's assets (except Workers Compensation, Life, Health Benefits, and Long Term Disability) fall within the scope of this fund.

Workers' Compensation Fund (1011)

The Workers' Compensation Fund is a revolving fund administered by the Human Resources Department. The Fund was established to centralize the financial transactions in the areas of Accident Prevention, Loss Control and Workers' Compensation.

Special Revenue Funds

Asset Forfeiture Fund (2202, 2203, 2204)

This fund is administered by the Houston Police Department (HPD). The City receives forfeited funds resulting from HPD's role in drug-related seizures. This fund provides resources beyond HPD's General Fund budget for crime enforcement. Specifically, this fund is used to address the drug problem in a manner consistent with the department's Comprehensive Narcotics Plan.

Auto Dealers Fund (2200)

This fund is budgeted to pay the license fees paid by tow truck drivers and various automotive sales, repair, storage and salvage dealers to finance a portion of the Police Department's enforcement efforts regarding privately owned storage lots. This fund is also administered by the Police Department.

BARC Special Revenue Fund (2427)

BARC (Bureau of Animal Regulation and Care) is authorized to receive funds from any source for the purpose of supporting the maintenance and operation of the City's animal shelter facilities and programs. This fund is administered by the Administration and Regulatory Affairs Department.

Bayou Greenway 2020 Fund (2106)

The Bayou Greenway 2020 Fund is administered by the Houston Parks Department. This fund was created to manage the maintenance of the Bayou Greenways 2020 project based upon the Bayou Greenways 2020 initiative entered between the City of Houston and the Houston Parks Board, Inc. in December 2013.

Building Inspection Fund (2301)

This fund includes all construction and building permit revenues and expenditures for inspections and permitting activities. Outdoor sign license fees are received in this fund for enforcement of the City's sign ordinance. This fund is administered by the Public Works and Engineering (PWE) Department.

Building (Court) Security Fund (2206)

This Fund was established in FY1997 and is administered by the Municipal Courts Department. This fund includes all security related contractual expenditures and additional security enhancements for the courts. Revenue is generated by the collection of a court fee for each paid conviction as allowed by State law. The mission of the Municipal Court Building Security Fund is to protect the health and welfare of civilians and employees by ensuring that adequate equipment, procedures, and personnel are present at all court facilities.

Cable TV Fund (2401, 2428)

This fund, under certain cable television franchise agreements with the City, receives contributions on a subscriber basis. This fund is used for public access cable television programming and related costs in the Cable Television Special Fund. The Mayor's Office is responsible for administering this fund.

Child Safety Fund (2209)

This fund is used to account for monies received for public, parochial and private school crossing guard programs. Revenues to the fund comes from an assessment of Municipal Court fee's on non-criminal municipal violations and a portion of each vehicle registration authorized by Harris County. The Police Department administers this fund.

Contractors Responsibility (2424)

The Contractors Responsibility Fund was created for the Pay or Play Program (POP), which is administered by the Office of Business Opportunity. The Pay or Play program is designated to foster the health care options for the citizens of Houston and Harris County area, create a level playing field for contractors bidding on City of Houston projects and defray the cost of the local uninsured workforce.

Dedicated Drainage & Street Renewal Fund (2310)

Ordinance 2010-879 requires funding in the amount equivalent to proceeds from \$0.118 of the City's ad valorem tax levy minus an amount equal to debt service for drainage and streets to the Dedicated Drainage & Street Renewal Fund. Total outstanding debt payable from ad valorem taxes (as of December 31, 2012) is \$3.47 billion. The portion of the debt associated with drainage and street improvements is estimated at \$1.69 billion. The Dedicated Drainage and Street Renewal Fund is not technically an enterprise fund, but is grouped with the Combined Utility System for clarity.

Digital Houston Fund (2422)

This fund is used by the City of Houston to build a citywide wireless broadband Wi-Fi mesh network that will provide affordable high-speed internet access for residents and visitors to Houston; thus creating a digital future for Houstonians through a digital literacy effort in support of achieving Houston's educational workforce and educational goals. This fund is administered by the Library Department.

Essential Public Health Services (2010)

The Essential Public Health Services Fund was created for the purpose of offsetting costs associated with the administration of Medicaid Transformation Waiver projects and to perform other essential public health services. This fund will capture the costs and reimbursement of the expenses for the projects. The expected reimbursements are for costs that are incurred for the expansion of health and human services.

Forensic Transition Special Fund (2213)

The Forensic Transition Special Fund was created for the transition of forensic operations from the Houston Police Department to the independent Houston Forensics Science Local Government Corporation (LGC). The funds budget covers City of Houston employees that provide services to the Houston Forensic Science LGC.

Health Special Revenue Fund (2002)

Health Special Revenue Fund contains several revenue generating activities that are supported by ordinances, including the following: Consumer Foods Technology Fee, Ambulance Permit Fee, Vital Statics, Geriatric Dental Program, and donated fund for community activities or special events coordinated by Children and Family Services Division and Community Health Services Division.

Historic Preservation Fund (2306)

This fund is administered by the Planning and Development Department and the Houston Public Library. This fund was established in FY2010 to utilize funds set aside from the sale of historic fire stations by the City in FY2009. This fund is used to promote historic preservation programs. It utilizes City funds as seed money to encourage private investment, attract grant funds, and support educational programs that will further preservation efforts in Houston. This fund also provides future funding for the maintenance needs of the historic Julia Ideson Building.

Houston Emergency Center Fund (2205)

This fund consolidates the City's four separate emergency services into one state of the art facility. This fund is administered by the Houston Emergency Center.

Houston TranStar Center Fund (2402)

Houston TranStar Center, formerly known as the Greater Houston Transportation & Emergency Management Center, was built through a cooperative effort among the City of Houston, Harris County, Metropolitan Transit Authority (METRO) and the Texas Department of Transportation (TxDOT). The center houses personnel responsible for and/or involved with transportation and emergency management planning and operations in the Houston/Harris County area. Funding for the center is received from each member agency and is prorated based on occupancy and use of center facilities.

Juvenile Case Manager Fund (2211)

This Fund was established in FY2009 and is administered by the Municipal Courts Department. This fund includes expenditures for the salary, benefits, and operational costs related to the Juvenile Case Manager staff. Revenue is generated by the collection of a court fee for each paid conviction as allowed by State law. The mission of the Juvenile Case Manager Fee Fund is to partner with school districts within the City of Houston in an effort to increase school attendance and reduce truancy through early identification, assessment and prevention services, to enhance the accountability of students and families, and to limit a juvenile's exposure to the criminal justice system.

Laboratory Operation and Maintenance Fund (2008)

The Laboratory Operations and Maintenance Fund is designated for the retention of all revenues from laboratory fees. All laboratory fees charged and revenues collected are to defray the costs associated with the purchase, maintenance, operation, and utilization of City Laboratories, including but not limited to, infrastructure, equipment, supplies, software, and hardware systems, and with performing public health surveillance tests.

Maintenance Renewal and Replacement Fund (2105)

This fund is to provide funds needed to maintain and replace systems in buildings and assets as well as to protect the City of Houston's investments. This fund recognizes the shared responsibility of the City and its departments to maintain, upgrade, or replace building systems as they approach the end of their life cycle. This fund also addresses development and maintenance of the physical infrastructure of these facilities. This fund is administered, in partnership, by General Services and Houston Parks and Recreation departments.

Parking Management Fund (8700)

This fund is responsible for managing and providing on-street parking alternatives to the citizens in the Greater Houston area. This fund is administered by the Administration and Regulatory Affairs Department.

Parks Golf Special Fund (2104)

This fund was created to receive all City revenues derived from all City-owned golf facilities, whether operated by the City or private entities, including all related concessions fees, to be used exclusively for the maintenance, operating and improvements of any or all such golf courses.

Parks Special Revenue Fund (2100)

This fund is used to account for revenues and certain expenditures related to operations of the City's municipal golf courses and youth programs. This fund is administered by the Parks and Recreation Department.

Planning & Development Special Revenue Fund (2308)

The fund is administered by the Planning and Development Department. This fund was established in December 2015 to support development-related services such as: subdivision plat review, permit review and one half of the lot size/minimum building line program.

Police Special Services Fund (2201)

This fund is used to account for activities that are not covered under the General Fund Budget. The activities include joint police operations, security and traffic control, undercover support services and use of HPD facilities. The Police Department administers this fund.

Recycling Revenue Fund (2305)

This fund was created to allocate dedicated funds to be used for the expansion and implementation of the City's Recycling Programs. Efforts include citywide tree waste recycling, additional neighborhood depository sites, curbside recycling and increased education and outreach. These efforts allow the City to improve its current landfill diversion rate. This fund is administered by the Solid Waste Management Department.

Special Waste Fund (2423)

The purpose of this fund is to prevent the infiltration of fats, oils, and grease into the sanitary sewer system, and to assure that the City's infrastructure and health of the citizens are protected. All fees collected are expended only for the costs of permitting, inspecting, monitoring, controlling, educating and enforcing any violation pertaining to the management and disposal of the City-regulated waste. This fund is administered by the Houston Health Department.

Storm Water Fund (2302)

This fund receives revenue from the Combined Utility System Fund and Dedicated Drainage and Street Renewal Fund. Funds are transferred to this fund to support storm water drainage operation and maintenance activities. The core purpose is to provide the best level of maintenance to the storm water infrastructure with the resources provided and to maintain flow of storm water free of debris and foreign objects that cause flooding.

Supplemental Environmental Protection Fund (2404)

This fund is for the advancement of the goals of clean air and water and to enhance the community environment impacted by criminal environmental violators. This fund is administered by the Police Department.

Swimming Pool Safety Fund (2009)

This fund receives proceeds from enforcing municipal, state and federal pool and spa safety standards. State and federal pool and safety standards apply to all pools and spas serving more than two dwellings; in accordance with the requirements, operators of pool and spas at apartment or condominium projects are required to obtain permits and to comply with the standards. The fees collected in pursuant of swimming pool and spa safety are used for the purposes of activities related to permitting, inspecting, monitoring, abating, controlling, educating and enforcement of municipal, state and federal standards. This fund is administered by the Health and Human Services Department.

Technology Fee Fund (2207)

This Fund was established in FY2001 and is administered by the Municipal Courts Department. Revenue is generated by the collection of a court fee for each paid conviction as allowed by State law. The purpose of the fund is to finance technological enhancements for the Municipal Courts and maintain systems to operate in an efficient manner.

Tourism Promotion Special Revenue Fund (2429)

Previously known as the Houston Civic Events Fund, this fund is administered by the Mayor's Office. This fund was created to promote tourism through management and coordination of the civic celebration program, city's art and cultural plan, promote business travel and hotel occupancy in the City of Houston as well as protocol services.