

City of Houston FISCAL YEAR 2018

Monthly Financial Report



For period ending August 31, 2017

SYLVESTER TURNER
Mayor

CHRIS B. BROWN
City Controller



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: September 29, 2017

Subject: August 2017
Financial Report

Attached is the Monthly Financial Report for the period ending August 31, 2017.

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$177.3 million for FY2018. This is \$4.7 million lower than the projection of the Finance Department. The difference is due to a \$4.7 million higher revenue projection from the Finance Department. Based on our current projections, the fund balance will be \$23.8 million above the City's target of holding 7.5% of total expenditures, excluding debt service and Pay As You Go (PAYGO), in reserve.

Our revenue projection is unchanged from the July report.

The major differences are in one category:

- (1) Sales Tax is \$2.0 million lower, as Controller's Office is using 1% growth.

Expenditure projections were increased \$11 million from the July projection. General Government was increased \$11 million for unreimbursed disaster costs. This is \$41.2 million higher than the Adopted Budget.

ENTERPRISE FUNDS

We are currently projecting no material changes in the Aviation Operating Fund, Combined Utility System Fund, Convention & Entertainment Operating Fund, Storm Water Fund, and the Dedicated Drainage & Street Renewal Fund this month.

**Mayor Sylvester Turner
City Council Members
August Monthly Financial 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 August 31, 2017, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	8.23%
Combined Utility System	0.31%
Aviation	15.31%
Convention and Entertainment	12.11%

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: September 29, 2017

Subject: 2+10 Financial Report

Attached is the 2+10 Financial Report for the period ending August 31, 2017. Fiscal Year 2018 projections are based on two months of actual results and ten months of projections.

General Fund

Our revenue projection remains unchanged from the Adopted Budget and the 1+11 Report.

General Fund Revenues (amounts expressed in thousands)

Category	FY17 Unaudited Preliminary	FY18 Adopted Budget	FY18 Current Projection	Variance Over/(Under)
Property Tax	\$1,153,991	\$1,158,297	\$1,158,297	-
Sales Tax	631,993	627,000	627,000	-
Franchise Fees	190,586	180,082	180,082	-
Other	374,158	360,833	360,833	-
Total	\$2,350,728	\$2,326,212	\$2,326,212	-

Our expenditure projection is \$41.2 million higher than the Adopted Budget and \$11 million higher than the 1+11 Report, due to:

- \$11 million increase to reflect unanticipated cost related to Hurricane Harvey that are not reimbursed by Federal Emergency Management Agency (FEMA).

General Fund Expenditures (amounts expressed in thousands)

Category	FY17 Unaudited Preliminary	FY18 Adopted Budget	FY18 Current Projection	Variance Over/(Under)
Police	\$826,660	\$827,311	\$828,293	\$982
Fire	504,395	481,151	494,451	13,300
Other Departments	694,442	696,063	722,952	26,889
Debt Service/PAYGO	293,156	367,893	367,893	-
Total	\$2,318,653	\$2,372,418	\$2,413,589	\$41,171

We are currently projecting an ending fund balance of \$182 million, which is \$24 million lower than the 1+11 Report and 8.9% of estimated expenditures less debt service and pay-as-you-go (PAYGO).

Fund Balance (amounts expressed in thousands)

Category	FY17 Unaudited Preliminary	FY18 Adopted *Budget	FY18 Current Projection	Variance Over/(Under)
Fund Balance - Beginning of Year	\$236,947	\$225,277	\$269,273	43,996
Changes to Designated Fund Balance	-	107	107	-
Budgeted Increase/(Decrease) in Fund Balance	32,075	(46,206)	(87,377)	(41,171)
Change in Inventory/Prepaid Items/Imprest Cash	251	-	-	-
Fund Balance, End of Year	\$269,273	\$179,178	\$182,003	\$2,825
% of Expenditures Less Debt Service and PAYGO	13.3%	8.9%	8.9%	0.0%

* The estimated beginning fund balance at the time of budget adoption.

A summary of all variances from the Adopted Budget that have been reported year-to-date is included in the attachment to this letter.

Enterprise, Special Revenue and Other Funds

We are projecting no forecast changes in the Enterprise Funds, Special Revenue Funds and other funds from the 1+11 Report.

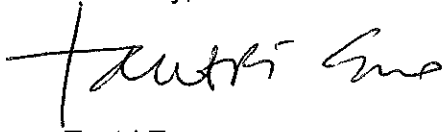
Disaster Recovery

The City has retained the consulting firm Tetra Tech to assist in working with FEMA and the Texas Department of Emergency Management (TDEM) to secure all eligible reimbursements for Hurricane Harvey costs incurred. As of September 26, 2017, the City has submitted Project Worksheets (PWs) to FEMA for review totaling \$385.2 million as follows:

- Debris Removal (Cat A) - \$259.5 million
- Emergency Protective Measures (Cat B) - \$125.7 million

The City has requested advanced funding of \$359.2 million for Category A & B. As of last week, we have received \$91.2 million advanced funding from FEMA for debris. The remaining \$268 million still pending is under review by FEMA. Additional PWs are scheduled to be submitted this week.

Sincerely,



Tantri Emo

Interim-Director



General Fund (Fund 1000)
(amounts expressed in thousands)

Finance - Major Variances from Adopted Budget

		Variance Over/(Under)*
Revenues		
Month Reported	Revenue Detail	
August	Fund Balance	
	Additional Beginning Fund Balance	43,996
Total Resources		43,996
Expenditures		
Month Reported	Expenditure Detail	
July	Increase to reflect an adjustment to the fire classified pension contribution rate	13,300
	Increase to fund classified fire employee pay raises	6,000
	Increase due to elimination of one-time deferral of the interlocal payment to the Houston Zoo	5,000
	Increase due to elimination of one-time deferral lease payment to Public Works for 611 Walker	4,888
	Increase to fund an additional police cadet class	982
August	Increase to reflect unanticipated costs related to Hurricane Harvey not reimbursed by FEMA	11,000
Total Expenditures		41,170

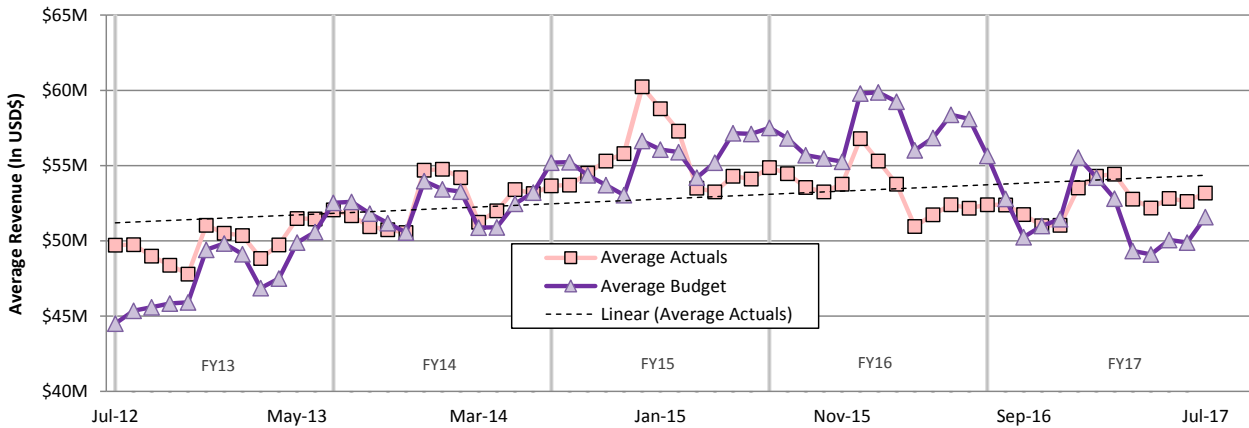
**Total may reflect slight variances due to rounding.*



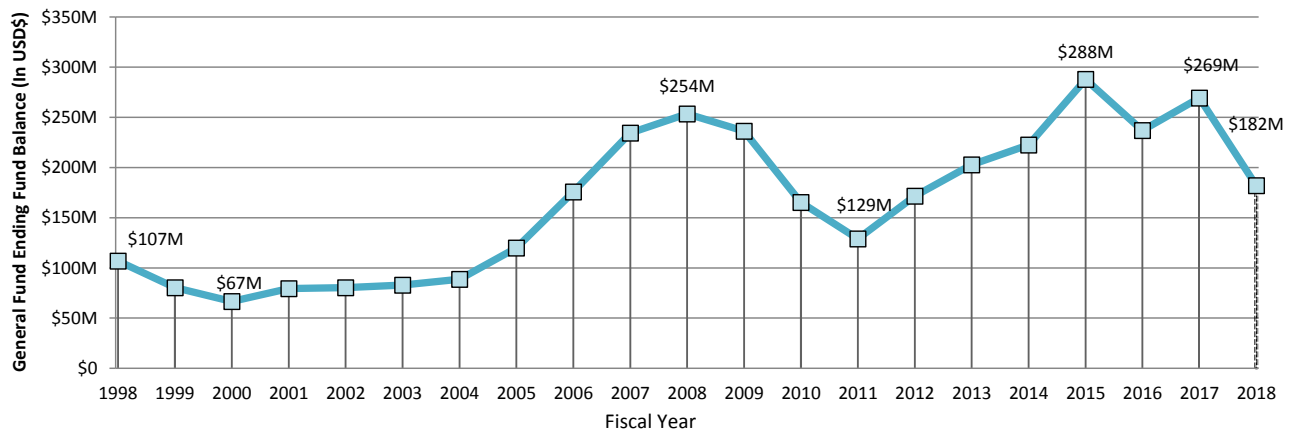
General Fund (Fund 1000)

Sales Tax Growth and Comparative Fund Balance

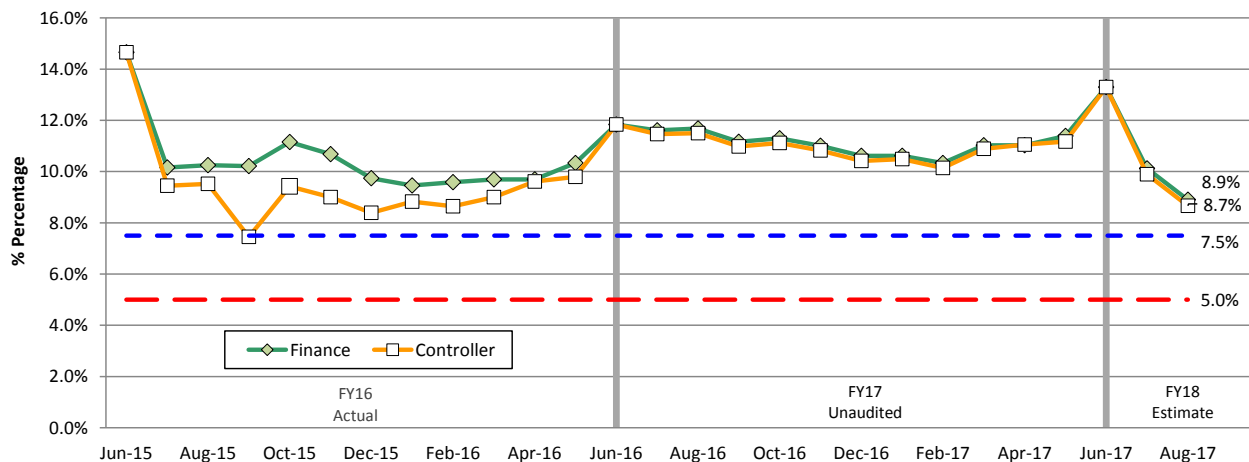
Sales Tax - Three-month Rolling Average



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 August 31, 2017

(amounts expressed in thousands)

Actual YTD
Current Budget

	FY2018								
	Unaudited Preliminary FY2017	Adopted Budget	Current Budget	Controller's Projection	Finance Projection	Actual YTD	Controller - Finance Variance		Controller Finance
Revenues									
General Property Taxes	1,153,991	1,158,297	1,158,297	1,158,297	1,158,297	4,675	-	<div><div></div></div>	✓✓
Industrial Assessments	19,291	17,917	17,917	17,500	17,917	27	(417)	<div><div></div></div>	✓✓
Sales Tax	631,993	627,000	627,000	625,000	627,000	100,562	(2,000)	<div><div></div></div>	✓✓
Other Taxes	16,896	17,413	17,413	17,000	17,413	73	(413)	<div><div></div></div>	✓✓
Electric Franchise	102,654	102,270	102,270	102,000	102,270	16,789	(270)	<div><div></div></div>	✓✓
Telephone Franchise	41,928	37,215	37,215	37,000	37,215	6,350	(215)	<div><div></div></div>	✓✓
Gas Franchise	15,016	13,791	13,791	13,500	13,791	2,298	(291)	<div><div></div></div>	✓✓
Other Franchise	30,988	26,806	26,806	26,500	26,806	4,671	(306)	<div><div></div></div>	✓✓
Licenses and Permits	39,763	36,942	36,942	36,938	36,942	4,800	(4)	<div><div></div></div>	✓✓
Intergovernmental	71,040	71,062	71,062	71,062	71,062	4,325	-	<div><div></div></div>	✓✓
Charges for Services	58,303	59,230	59,230	59,000	59,232	8,576	(232)	<div><div></div></div>	✓✓
Direct Interfund Services	53,523	54,859	54,859	54,859	54,859	7,881	-	<div><div></div></div>	✓✓
Indirect Interfund Services	27,399	29,001	29,001	29,001	29,001	1,537	-	<div><div></div></div>	✓✓
Municipal Courts Fines and Forfeits	22,017	21,371	21,371	21,000	21,371	2,730	(371)	<div><div></div></div>	✓✓
Other Fines and Forfeits	4,778	4,094	4,094	4,000	4,094	240	(94)	<div><div></div></div>	✓✓
Interest	5,051	3,000	3,000	3,000	3,000	711	-	<div><div></div></div>	✓✓
Miscellaneous/Other	25,876	13,138	13,138	13,000	13,136	1,128	(136)	<div><div></div></div>	✓✓
Total Revenues	2,320,507	2,293,406	2,293,406	2,288,657	2,293,406	167,373	(4,749)	<div><div></div></div>	✓✓
Expenditures									
Administration & Regulatory Affairs	29,347	28,143	28,143	28,143	28,143	2,571	-	<div><div></div></div>	✓✓
City Council	10,723	9,978	9,978	9,978	9,978	1,192	-	<div><div></div></div>	✓✓
City Secretary	708	889	889	889	889	118	-	<div><div></div></div>	✓✓
Controller	8,175	8,621	8,621	8,621	8,621	1,367	-	<div><div></div></div>	✓✓
Finance	17,280	19,052	19,052	19,052	19,052	2,256	-	<div><div></div></div>	✓✓
Fire	504,395	481,151	481,151	494,451	494,451	75,476	-	<div><div></div></div>	⚠⚠
General Services	39,614	42,209	42,209	42,209	42,209	4,286	-	<div><div></div></div>	✓✓
Housing and Community Development	1,320	493	493	493	493	26	-	<div><div></div></div>	✓✓
Houston Emergency Center	10,248	9,762	9,762	9,762	9,762	(1)	-	<div><div></div></div>	✓✓
Houston Health Department	65,624	67,131	67,131	67,131	67,131	11,209	-	<div><div></div></div>	✓✓
Human Resources	2,974	3,171	3,171	3,171	3,171	429	-	<div><div></div></div>	✓✓
Information Technology	21,348	17,068	17,068	17,068	17,068	2,482	-	<div><div></div></div>	✓✓
Legal	15,075	16,094	16,094	16,094	16,094	2,327	-	<div><div></div></div>	✓✓
Library	40,562	40,569	40,569	40,569	40,569	5,823	-	<div><div></div></div>	✓✓
Mayor's Office	7,647	7,473	7,473	7,473	7,473	943	-	<div><div></div></div>	✓✓
Municipal Courts	27,491	30,434	30,434	30,434	30,434	4,276	-	<div><div></div></div>	✓✓
Neighborhoods	11,142	11,486	11,486	11,486	11,486	1,614	-	<div><div></div></div>	✓✓
Office of Business Opportunity	2,915	3,049	3,049	3,049	3,049	457	-	<div><div></div></div>	✓✓
Parks and Recreation	72,447	70,215	70,215	75,215	75,215	11,262	-	<div><div></div></div>	⚠⚠
Planning and Development	3,984	3,508	3,508	3,508	3,508	579	-	<div><div></div></div>	✓✓
Police	826,660	827,311	827,311	828,293	828,293	130,453	-	<div><div></div></div>	✓✓
Public Works and Engineering	30,613	33,339	33,339	33,339	33,339	4,722	-	<div><div></div></div>	✓✓
Solid Waste Management	84,092	80,161	80,161	80,161	80,161	10,866	-	<div><div></div></div>	✓✓
Total Departmental Expenditures	1,834,384	1,811,307	1,811,307	1,830,589	1,830,589	274,733	-	<div><div></div></div>	⚠⚠
General Government	191,113	193,218	193,218	215,107	215,107	37,559	-	<div><div></div></div>	⚠⚠
Total Expenditures Other Than Debt	2,025,497	2,004,525	2,004,525	2,045,696	2,045,696	312,292	-	<div><div></div></div>	⚠⚠
Transfer to Special Revenues	-	-	-	-	-	-	-		
Captured Revenue Transfer to DDSRF	34,741	34,109	34,109	34,109	34,109	-	-		
Debt Service Transfer	258,415	333,784	333,784	333,784	333,784	-	-		
Total Expenditures and Other Uses	2,318,653	2,372,418	2,372,418	2,413,589	2,413,589	312,292	-	<div><div></div></div>	⚠⚠
Net Current Activity	1,854	(79,012)	(79,012)	(124,932)	(120,183)	(144,919)	(4,749)		
Other Financing Sources (Uses)									
Transfers from Other Funds	19,919	18,265	18,265	18,265	18,265	1,713	-	<div><div></div></div>	✓✓
Sale of Capital Assets	10,302	14,540	14,540	14,540	14,540	2,245	-	<div><div></div></div>	✓✓
Total Other Financing Sources (Uses)	30,221	32,806	32,806	32,806	32,806	3,959	-	<div><div></div></div>	✓✓
Fund Balances									
Fund Balance - Beginning of Year	236,947	269,273	269,273	269,273	269,273	269,273	-		
Changes to Designated Fund Balance*	-	107	107	107	107	-	-		
Budgeted Increase/(Decrease) in Fund Balance	32,075	(46,206)	(46,206)	(46,206)	(46,206)	(140,960)	-		
Change in Inventory/Prepaid Items/Imprest Cash	251	-	-	-	-	-	-		
(Budgeted Gap)/Increase in Fund Balance**	-	-	-	(45,920)	(41,171)	-	(4,749)		
Fund Balance, End of Year***	269,273	223,174	223,174	177,254	182,003	128,313	(4,749)		

*The total designation for the Budget Stabilization Fund is currently \$1,233. The \$20 million was transferred to the Disaster Recovery Fund.

**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 \$153,427 based on current projections. The City will be \$23,826 above 7.5% based on the Controller's Projections for FY2018.

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



Fund Summary - Other Funds

For the period ended August 31, 2017

(amounts expressed in thousands)

	Beginning of Year Fund Balance	Revenues*					Finance	Controller
		Unaudited Preliminary FY2017	FY2018 Current Budget	FY2018 Actual YTD	Controller's Projection	Finance Projection		
<u>Enterprise</u>								
Aviation		504,901	503,861	84,754	503,861	503,861	✓	✓
Convention and Entertainment Facilities		98,264	98,060	11,822	98,060	98,060	✓	✓
Combined Utility System		1,100,910	1,124,014	185,947	1,128,902	1,128,902	✓	✓
Dedicated Drainage & Street Renewal**	66,089	214,840	201,469	25,552	201,469	201,469	✓	✓
Storm Water**	12,171	64,400	58,462	5,250	58,462	58,462	✓	✓
<u>Risk Management</u>								
Health Benefits	17,480	359,970	388,150	64,606	388,150	388,150	✓	✓
Long-Term Disability	1,595	1,419	1,381	240	1,381	1,381	✓	✓
Property and Casualty	87	24,328	35,486	391	35,486	35,486	✓	✓
Worker's Compensation	22	21,845	22,707	4,068	22,707	22,707	✓	✓
<u>Special Revenue</u>								
Asset Forfeiture	5,718	7,183	4,849	841	4,849	4,849	✓	✓
Auto Dealers	2,301	7,436	7,010	940	7,010	7,010	✓	✓
BARC Special Revenue	3,485	11,482	10,155	441	10,155	10,155	✓	✓
Bayou Greenway 2020	906	1,031	1,449	217	1,449	1,449	✓	✓
Building Inspection	35,762	77,243	75,761	11,498	75,761	75,761	✓	✓
Building (Court) Security	87	590	641	80	641	641	✓	✓
Cable Television	1,314	4,304	3,751	3	3,751	3,751	✓	✓
Child Safety	2	3,432	3,429	544	3,429	3,429	✓	✓
Contractors Responsibility	3,191	1,339	1,181	201	1,181	1,181	✓	✓
Essential Public Health Services	12,793	22,501	25,447	4,773	25,447	25,447	✓	✓
Forensic Transition Special	24	6,180	7,239	350	7,239	7,239	✓	✓
Health Special Revenue	6,100	3,714	4,081	361	4,081	4,081	✓	✓
Historic Preservation	1,742	260	263	39	263	263	✓	✓
Houston Emergency Center	4,824	25,884	25,635	40	25,635	25,635	✓	✓
Houston Transtar Center	1,278	2,436	2,450	(74)	2,450	2,450	✓	✓
Juvenile Case Manager	872	1,160	1,165	158	1,165	1,165	✓	✓
Laboratory Operations and Maintenance	196	468	531	65	531	531	✓	✓
Maintenance Renewal & Replacement	3,452	17,923	20,922	5,244	20,922	20,922	✓	✓
Parking Management	2,480	21,153	20,550	1,913	20,550	20,550	✓	✓
Parks Golf	970	5,626	5,862	859	5,862	5,862	✓	✓
Parks Special Revenue	7,483	2,496	2,313	300	2,313	2,313	✓	✓
Planning & Development Special Revenue	1,997	6,634	6,613	1,167	6,613	6,613	✓	✓
Police Special Services	6,982	9,703	7,181	542	7,181	7,181	✓	✓
Recycling Revenue Fund	1,271	4,478	4,069	60	4,069	4,069	✓	✓
Special Waste	2,527	4,107	4,137	413	4,137	4,137	✓	✓
Swimming Pool Safety	864	1,105	1,118	192	1,118	1,118	✓	✓
Technology Fee	1,471	1,047	1,098	109	1,098	1,098	✓	✓
Tourism Promotion Special	1,388	20,374	19,256	8	19,256	19,256	✓	✓

* 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 August 31, 2017

(amounts expressed in thousands)

Enterprise

Aviation	436,947	503,861	65,782	503,861	503,861	-		✓	✓
Convention and Entertainment Facilities	101,512	97,604	5,865	97,604	97,604	456		✓	✓
Combined Utility System	1,032,558	1,168,734	130,723	1,168,734	1,168,734	(39,832)		✓	✓
Dedicated Drainage & Street Renewal**	199,141	215,954	31,053	215,954	215,954	(14,485)	51,604	✓	✓
Storm Water**	58,049	64,210	5,279	64,210	64,210	(5,747)	6,424	✓	✓

Risk Management

Health Benefits	366,467	387,765	62,966	387,765	387,765	385	17,865	✓	✓
Long-Term Disability	357	1,665	247	1,665	1,665	(284)	1,311	✓	✓
Property and Casualty	24,316	35,486	2,028	35,486	35,486	-	87	✓	✓
Worker's Compensation	21,823	22,707	3,906	22,707	22,707	-	22	✓	✓

Special Revenue

Asset Forfeiture	6,771	10,000	663	10,000	10,000	(5,152)	567	✓	✓
Auto Dealers	7,341	8,288	1,322	8,288	8,288	(1,278)	1,023	✓	✓
BARC Special Revenue	11,532	13,169	1,668	13,169	13,169	(3,014)	471	✓	✓
Bayou Greenway 2020	888	1,476	175	1,476	1,476	(27)	879	✓	✓
Building Inspection	75,679	94,969	10,392	94,969	94,969	(19,208)	16,554	✓	✓
Building (Court) Security	612	705	85	705	705	(64)	23	✓	✓
Cable Television	4,237	4,211	331	4,211	4,211	(459)	854	✓	✓
Child Safety	3,539	3,429	-	3,429	3,429	-	2	✓	✓
Contractors Responsibility	712	747	105	747	747	434	3,625	✓	✓
Essential Public Health Services	21,228	29,149	3,058	29,149	29,149	(3,702)	9,091	✓	✓
Forensic Transition Special	6,182	7,239	610	7,239	7,239	-	24	✓	✓
Health Special Revenue	3,420	5,805	450	5,805	5,805	(1,724)	4,376	✓	✓
Historic Preservation	357	437	24	437	437	(174)	1,568	✓	✓
Houston Emergency Center	25,193	27,635	3,778	27,635	27,635	(2,000)	2,824	✓	✓
Houston Transtar Center	2,732	2,860	211	2,860	2,860	(410)	868	✓	✓
Juvenile Case Manager	1,663	1,876	289	1,876	1,876	(711)	161	✓	✓
Laboratory Operations and Maintenance	590	630	76	630	630	(99)	97	✓	✓
Maintenance Renewal & Replacement	16,001	20,922	1,384	20,922	20,922	-	3,452	✓	✓
Parking Management	21,021	21,194	1,276	21,194	21,194	(644)	1,835	✓	✓
Parks Golf	5,762	5,996	916	5,996	5,996	(134)	836	✓	✓
Parks Special Revenue	2,084	4,798	276	4,798	4,798	(2,485)	4,998	✓	✓
Planning & Development Special Revenue	5,053	6,670	654	6,670	6,670	(57)	1,940	✓	✓
Police Special Services	9,798	9,473	546	9,473	9,473	(2,292)	4,690	✓	✓
Recycling Revenue Fund	3,807	4,367	84	4,367	4,367	(298)	973	✓	✓
Special Waste	3,971	4,298	628	4,298	4,298	(161)	2,366	✓	✓
Swimming Pool Safety	1,160	1,281	197	1,281	1,281	(163)	701	✓	✓
Technology Fee	346	765	217	765	765	333	1,804	✓	✓
Tourism Promotion Special	19,228	19,256	476	19,256	19,256	-	1,388	✓	✓

* 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 end August 31, 2017
(amounts expressed in millions)

COMMERCIAL PAPER	Draws FY18	Draws Month	Refunded FY18	Amount Available to be Drawn	Amount Outstanding
General Obligation					
<u>Voter Authorized 2001 & 2006 & 2012 Election</u>					
Series G-1	0.00	0.00	0.00	75.00	0.00
Series G-2	0.00	0.00	0.00	34.90	90.10
Series H-2	5.00	0.00	0.00	25.20	74.80
Series J	0.00	0.00	0.00	115.00	10.00
<u>Non-Voter Authorized</u>					
Series E1-Equipment & Capital	0.00	0.00	0.00	65.00	35.00
Series E2- Equipment & Capital	0.00	0.00	0.00	35.00	35.00
Series E2- Metro Street Projects	0.00	0.00	0.00	30.00	0.00
Series K-1	0.00	0.00	0.00	200.00	0.00
Series K-2	0.00	0.00	0.00	100.00	0.00
Total General Obligation	5.00	0.00	0.00	680.10	244.90
Combined Utility System					
Series B-1	0.00	0.00	0.00	90.00	10.00
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	90.00	10.00
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	680.00	20.00
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	\$5.00	\$0.00	\$0.00	\$1,423.10	\$351.90

City of Houston, Texas
Total Outstanding Debt
For the period end August 31, 2017
(amounts expressed in thousands)

	<u>August 31,</u> <u>2017</u>	<u>August 31,</u> <u>2016</u>
Payable from Ad Valorem Taxes		
Public Improvement Bonds ^(a)	2,135,185	2,320,605
Commercial Paper Notes ^(b)	244,900	134,900
Pension Obligations	579,605	587,375
Certificates of Obligations	15,750	16,360
Subtotal	<u>2,975,440</u>	<u>3,059,240</u>
Payable from Sources Other Than Ad Valorem Taxes		
Combined Utility System		
Combined Utility System Revenue Bonds	6,063,585	5,964,895
Combined Utility System Commercial Paper Notes ^(c)	20,000	60,000
Water and Sewer System Revenue Bonds ^(d)	162,459	160,970
Contract Revenue Obligations - CWA	67,755	71,855
Combined Utility System Subordinate Lien	88,295	25,915
Airport System		
Airport System Sr. Lien Bonds ^(e)	420,420	430,645
Airport System Subordinate Lien	1,524,335	1,590,590
Airport System Sr. Lien Commercial Paper Notes ^(f)	87,000	87,000
Airport System Inferior Lien Contracts ^(g)	0	6,240
Airport Special Facilities Revenue Bonds ^(h)	803,380	808,685
Hotel Occupancy Tax and Civic Parking		
Facilities Revenue Bonds ⁽ⁱ⁾	619,136	636,374
Subtotal	<u>9,856,365</u>	<u>9,843,169</u>
Total Debt Payable by the City	<u><u>\$12,831,805</u></u>	<u><u>\$12,902,409</u></u>

(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: \$200 million and K2: \$100 million.

(c) The City has authorized \$700 million in Combined Utility System Commercial Paper Notes.

(d) Includes \$105 million accreted value of capital appreciation bonds at this date and \$96.5 million last year.

(e) The Houston Airport System issued Senior Lien Revenue bonds on August 20, 2009.

(f) City Council has authorized Airport Senior Lien Commercial Paper Notes Series A and B with \$150 million of appropriation capacity
In May 2016 the Airport Inferior Lien appropriation facilities was also increased from \$225 million to \$450 million.

(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 \$158 million accreted value of capital appreciation bonds at this date and \$153.5 million last year.

City of Houston, Texas
Voter-Authorized Obligations
For the period end August 31, 2017
(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	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General Improvements (b)	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	18,385	1,615	1,615
Total	776,000	776,000	771,685	4,315	4,315
November 2006 Election					
Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 76,065	\$ 143,885	\$ 243,935
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	135,000	-	-
Permanent and General Improvements (b)	60,000	60,000	60,000	-	-
Public Libraries	37,000	37,000	36,900	100	100
Low Income Housing	18,000	18,000	8,867	9,133	9,133
Total	\$ 625,000	\$ 524,958	\$ 371,832	\$ 153,118	\$ 253,168
November 2012 Election					
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	143,880	43,000	100,880	123,000
Public Safety	144,000	138,558	24,275	114,283	119,725
Permanent and General Improvements (b)	57,000	57,000	13,580	43,420	43,420
Public Libraries	28,000	28,000	17,045	10,955	10,955
Low Income Housing	15,000	4,208	8	4,200	14,992
Total	\$ 410,000	\$ 371,646	\$ 97,908	\$ 273,738	\$ 312,092
Combined Total (2001, 2006, 2012 Elections)	\$ 1,811,000	\$ 1,672,604	\$ 1,241,425	\$ 431,171	\$ 569,575

(a) As of August 31, 2017

(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.

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.

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.