



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: June 30, 2010

Subject: May 2010
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending May 31, 2010.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$149.7 million for FY2010. This is \$4.1 million higher than last month's projection. This is also \$8 million lower than the projection of the Finance Department. Based on our current projections, the fund balance will be \$24 million above the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve.

Our revenue projection increased \$7.1 million. Industrial Assessments revenues increased \$4.9 million reflecting receiving payments on all four of the Lyondell related accounts. Our projection for Sales Tax revenues increased by \$2.1 million reflecting the April revenues higher than expected, but still down 2.26% compared to the same month prior year. Other Franchise Fees increased \$506,000 for higher fees received in Cable and Solid Waste Franchise Fees. We also increased Licenses & Permits \$351,000 for Liquor Licenses and Mobility Permits trending slightly higher. Our projection for Charges for Services decreased \$765,000. This was a decrease of \$1 million in Ambulance Fees, partly offset by small increases in numerous other revenues. Finally, we decreased our projection for Indirect Interfund Services by \$339,000 to reflect a lower payment from HEC Special Revenue fund, for charges not reimbursed by Harris County.

General Fund expenditure projections increased \$2.3 million. Fire was increased \$2.3 million for higher than expected termination pay and classified overtime, and Parks increased \$200,000 for health insurance costs. This was partly offset by a decrease in City Council of \$102,000.

Our projections for Other Financing Sources decreased \$708,000. This includes a decrease in Sale of Capital Assets for a projected sale not expected to close this fiscal year, as well as an accounting adjustment moving \$7.5 million from Sale of Capital Assets to Transfers from Other Funds, to correctly reflect the sale of Lakewood Church.

ENTERPRISE FUNDS

Within the Convention & Entertainment Facilities Operating Fund, we are decreasing our projection for Other Interest by \$417,000, due to lower than expected Commercial Paper interest rates.

**Mayor Annise D. Parker
City Council Members
May 2010 Monthly Financial and Operations Report**

Our projection for Combined Utility System Operating Revenues decreased an additional \$5.2 million, again mainly due to lower than expected usage by the Water Authorities and commercial customers. We also decreased Operating Expenses by \$3.1 million, mainly for Personnel and Contracts costs, again, related to lower water usage, and attrition. Finally, we decreased our projection for Operating Transfers by \$3.1 million mainly for System Debt Service Transfers for variable rate cost lower than expected, and utilization of fund balance in the Stormwater Fund.

The projection for Stormwater Fund Operating Transfers In decreased \$1.4 million, as noted above.

Finally, our projection for Parking Management Operating Fund Services expenses decreased \$547,000 for contract work not expected to be completed this fiscal year. We also decreased our projection for Capital Outlay expenses \$324,000 for items not to be received this fiscal year.

There were no significant changes in the Aviation 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 May 31, 2010 the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	9.4%
Combined Utility System	6.5%
Aviation	16.9%
Convention and Entertainment	30.3%

Respectfully submitted,



Ronald C. Green
City Controller