



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

To: Mayor Annise D. Parker
City Council Members

From: Ronald C. Green
City Controller

Date: February 25, 2011

Subject: **January 2011
Financial Report**

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

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$80.2 million for FY2011. This is \$416,000 higher than last month's projection. This is also \$43.5 million lower than the projection of the Finance Department. The difference is due to the Finance Department's \$8 million higher revenue projection and a \$35.5 million higher projection for the Sale of Capital Assets. Based on our current projections, the fund balance will be \$46.7 million below the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve. This amount includes the undesignation of the \$20 million in the Rainy Day Fund, and drawdown of fund balance of \$54 million, both approved as part of the FY2011 Adopted Budget.

Our revenue projection increased \$1.6 million. Miscellaneous/Other revenue was increased \$1.4 million, reflecting accounting adjustments of old account balances identified in the FY2010 audit.

The major revenue differences are in four categories; (1) Property tax revenues are \$1.8 million lower; (2) Charges for Services are \$2.6 million lower; (3) Miscellaneous/Other revenues are \$2 million lower; (4) Sale of Capital Assets are \$35.5 million lower.

Expenditure projections are now at \$1.912 billion, which is \$16.6 million above the adopted budget total. This month's expenditure projection has increased \$1.1 million in total. General Services increased \$866,000 for higher Electricity costs. Library increased \$321,000 for Personnel, reflecting better savings estimates.

ENTERPRISE FUNDS

In the Aviation Operating Fund, we have increased our projection for Operating Revenues \$700,000 to reflect higher than expected retail concessions. We have also decreased our projection for Operating Expenses \$8.5 million. This is primarily from savings in Personnel costs (\$2.7 million) and Services (\$5.7 million). The Services decrease includes savings in Building Maintenance, Computer Maintenance, and Utility costs. Our projection for Debt Service Principal and Interest Transfers decreased \$12.5 million, for funding identified from other sources. These changes caused the projection for Transfer for Capital Improvements to increase accordingly.

Within the Convention & Entertainment Facilities Operating Fund, we have increased our projection for Operating Revenues by \$512,000 recognizing higher than expected Concession revenues. We also decreased our projection for Operating Expenses \$316,000, reflecting lower construction costs. Our projection for Net Hotel Occupancy Tax increased \$1.6 million for higher than expected receipts. This was basically offset by a reduction in our projection for Other Nonoperating Revenue of \$1.8 million for lower than expected preferred returns from the Hotel Corporation. Finally, we increased our projection for Operating Transfers \$368,000, mainly reflecting project costs not to be completed this fiscal year.

**Mayor Annise D. Parker
City Council Members
January 2011 Monthly Financial and Operations Report**

Our projection for Combined Utility System Operating Revenues decreased an additional \$5.4 million, primarily due to lower water consumption than expected. Operating Expenses decreased \$2.3 million reflecting savings in personnel and Contract costs.

There are no material changes in the Stormwater Fund 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. Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the hotel corporation. As of January 31, 2011, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	4.8%
Combined Utility System	8.8%
Aviation	17.0%
Convention and Entertainment	31.1%

Respectfully submitted,



Ronald C. Green
City Controller