

**OFFICE OF CITY CONTROLLER**  
**CITY OF HOUSTON**  
INTER OFFICE CORRESPONDENCE

<b>To</b>	Mayor Lee P. Brown City Council Members	<b>From</b>	Judy Gray Johnson City Controller
		<b>Date</b>	September 26, 2003
		<b>Subject</b>	<b>August 2003 Financial Report</b>

Attached is the Monthly Financial and Operations Report for the period ending August 31, 2003.

**GENERAL FUND – FY 2003**

Our estimate of the ending Fund Balance for fiscal year 2003 has increased by \$2.2 million to \$86.3 million. The change is primarily due to lower than expected spending on employee termination pay. We will continue to report any significant changes in the estimated Fund Balance until the annual audit process is completed.

**GENERAL FUND – FY 2004**

With one exception, General Fund revenue projections have not changed from last month.

- Our projection for Telephone Franchise revenues has decreased to \$57 million. This is \$3.9 million lower than the adopted budget amount. Our estimate is based on lower than expected receipts in August, and an assumption that land-based telephone usage will decrease as cell phones and high-speed digital and cable lines become more popular.
- We have not changed our estimates for Sales tax revenues. The first check for this fiscal year was almost equal to the same month one year earlier. We will continue to closely monitor Sales and Property Tax revenues for any significant changes from our original projection.

**Expenditures – FY 2004**

Our projection for General Fund departmental expenditures has not changed since last month. We now project a shortfall of approximately \$26.2 million. We cannot afford to wait any longer. The City needs a plan to cover this shortfall now. As always, my office stands ready to assist in this effort in any way we can.

**Mayor Lee P. Brown  
 City Council Members  
 August 2003 Monthly Financial and Operations Report**

**HIGHLIGHTS OF THE BOND STATUS REPORT**

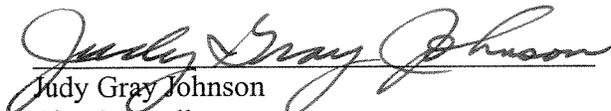
<u>COMMERCIAL PAPER</u>	<u>Drawdowns FY 04</u> (in millions)	<u>Drawdowns In August</u> (in millions)	<u>Amount Available to be Drawn</u> (in millions)	<u>Amount Outstanding</u> (in millions)
<b>General Obligation</b>				
<i>(Series A &amp; B)</i>				
<i>Public Improvement Bond</i>	\$ 5.00	\$ 5.00	\$ 102.00	\$ 345.30
<i>(Series D)</i>	\$ 10.00	\$ 10.00	\$ 142.00	\$ 23.00
<i>(Series C)</i>				
<i>Equipment</i>	\$ 2.40	\$ 2.40	\$ 0.00	\$ 45.90
<i>Storm &amp; Overlay</i>	\$ 0.10	\$ 0.10	\$ 3.00	\$ 16.10
<i>(Series E)</i>				
<i>Downtown Streetscape</i>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5.50
<i>Equipment</i>	\$ 0.00	\$ 0.00	\$ 69.50	\$ 0.00
<b>Water and Sewer</b>	\$ 70.00	\$ 70.00	\$ 414.75	\$ 485.25
<i>(Series A &amp; B)</i>				
<b>Aviation</b>	\$ 0.00	\$ 0.00	\$ 300.00	\$ 0.00
<i>(Series A,B, &amp; C)</i>				
<b>Convention &amp; Enter.</b>	\$ 0.00	\$ 0.00	\$ 52.50	\$ 22.50
<i>(Series A)</i>				

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt issued in a variable rate structure.

As of August 31, 2003, the ratio for each type of outstanding debt was:

<b>General Obligation</b>	21.5%
<b>Water and Sewer</b>	12.4%
<b>Aviation</b>	16.0%
<b>Convention &amp; Entertainment</b>	26.8%

Respectfully submitted,

  
 Judy Gray Johnson  
 City Controller