

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

To: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: May 23, 2008

**Subject: April 2008
Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending April 30, 2008.

GENERAL FUND

We are now projecting an end of year budget surplus of \$4.1 million, down \$3.5 million from last month's report. This is the net impact of a \$5.2 million increase in projected departmental expenditures and a \$1.7 million increase in our overall revenue projection.

Based on the latest property value data from HCAD, we are increasing our projection for Property Taxes by \$292,000. Our projection for Interest revenue is up about a million dollars due to higher than anticipated cash balances. We are also increasing our projection for Sale of Capital Assets by just under a million dollars to reflect funds received from the sale of portions of Shearn and Calumet Streets.

Our projection for expenditures by the Finance Department has increased \$556,000 from last month's report to reflect the transfer of administrative costs associated with the Tax Increment Reinvestment Zone group. There is also an anticipated increase of \$416,000 in Police Department spending to cover increased fuel costs. Rising fuel costs are also impacting other city departments, prompting an increase of just under \$4 million dollars in the General Government line item.

ENTERPRISE FUNDS

The projection for Other Non-operating Revenue for the Aviation Department has increased \$290,000 due to higher than anticipated salary recoveries for engineering services costs.

In the Convention & Entertainment Facilities Operating fund we have increased our expense projection for Services by about half a million dollars to reflect higher costs for flood mitigation improvements in the underground parking garages.

Our projection for the Combined Utility System Operating Revenues has declined by \$2.9 million. Once again, this is due to lower water and sewer sales. Helping to offset this revenue decline is a \$1.6 million decrease in projected Operating Expenses. This is the net impact of savings from staff vacancies and lower chemical costs coupled with increased spending for unexpected repairs at two sludge disposal facilities.

Mayor Bill White
City Council Members
April 2008 Monthly Financial and Operations Report
Page 2

The only change in our projection for the Parking Management fund is an increase of \$500,000 for Metered Parking Revenues, reflecting year-to-date trends.

We are not projecting any significant changes in the Stormwater fund this month.

COMMERCIAL PAPER AND BONDS

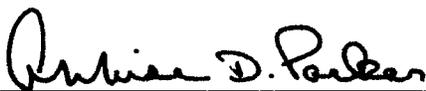
The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. The City plans to refund most of its Airport System commercial paper in the next several months, as well as \$250 million of auction rate debt. Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the Hotel Corporation.

As of April 30, 2008 the ratio for each type of outstanding debt was:

General Obligation	18.4%
Combined Utility System	11.5%
Aviation	23.1%
Convention and Entertainment	29.4%

In April and May 2008 the City converted or refunded \$902 million of Combined Utility auction rate bonds with variable rate demand bonds. Rates on these bonds have come down from highs over 6% to less than 2%.

Respectfully submitted,



Annise D. Parker
City Controller