

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 29, 2009

Subject: April 2009
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending April 30, 2009.

GENERAL FUND

We are currently projecting a shortfall of \$38 million. This is down by about \$14 million from last month. The change is the net affect of a \$15 million increase in our overall revenue projection and a \$1 million increase in projected expenditures.

We have increased our projection for Property Tax revenues by \$5.1 million to reflect current collection trends. Our projection for Licenses & Permits and Other Fines & Forfeits is related to an accounting correction, which caused an offsetting decrease/increase of \$580,000 between the two revenue categories. We have also increased our projection for Transfers from Other Funds by \$10.1 million, recognizing City Council's adoption of ordinance 2009-423 on May 13, 2009.

General Fund expenditures are up \$1 million. This is due to an increase of \$1 million in General Government for the approved transfer to the Recycling Revenue Fund, and a decrease of \$500,000 in fuel savings in the Fire department. The rest of the change is attributed to small increases in Administration, Affirmative Action, Finance, IT, and Legal.

The FY 09 budget adopted by City Council anticipated drawing down the fund balance by \$51 million.

ENTERPRISE FUNDS

In the Convention & Entertainment Facilities (CEF) Operating Fund we are increasing our projection for Operating Expenses by \$573,000 to reflect current trends in Personnel and Parking contract services.

Our projection for Combined Utility System (CUS) Fund Operating Revenues is down by \$8 million. This change is attributed to a \$4.3 million decline in revenues due to higher than normal April rainfall, a \$2.3 million decrease for meter reading adjustments, and an adjustment amount of \$1.4 million to settle a dispute with a commercial client. Operating Expenses are up by \$392,000. This is the net impact of increases in Personnel and Contracts and decreases in Supplies and Electricity. We have decreased the projection for Total Operating Transfers by \$893,000. This is due to a change in the calculation of the Stormwater Transfer, which had previously been projected at budget.

There are no significant changes in Aviation and Parking Management 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. As a result of the temporary alternative minimum tax reprieve provided in the economic stimulus package, the Houston Airport System is evaluating its plans to refund Houston Airport System commercial paper and its other variable rate debt. The Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the Hotel Corporation.

As of April 30, 2009, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	14.3%
Combined Utility System	3.6%
Aviation	23.4%
Convention and Entertainment	29.8%

Respectfully submitted,



Annise D. Parker
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City Controller