

OFFICE OF THE CITY CONTROLLER

CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE

To: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: December 31, 2008

Subject: November 2008
Financial Report

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

GENERAL FUND

We are currently projecting a shortfall of \$51 million. This is down by about \$12 million from last month. The change is due to a \$1.9 million decrease in our overall revenue projection, and a \$13.6 million decrease in expense projections. The projection for Property Tax revenues dropped by \$1.3 million to account for a lower than expected tax roll. Miscellaneous/Other revenue decreased \$650,000 because recycling revenue originally budgeted in General Fund is being recognized in the Recycling Fund.

Our projections for General Fund expenditures in Finance, Fire, Legal, Library, Police, PWE, and Solid Waste decreased because of lower fuel and electricity costs, health benefits savings, and other personnel savings. Municipal Courts Administration increased \$784,000 because of higher costs for personnel and system maintenance.

The FY 09 budget adopted by City Council anticipated drawing down the fund balance by \$51 million. This is not reflected in our projections, which is one reason we are projecting such a large shortfall.

ENTERPRISE FUNDS

The projection for Aviation Department Operating Revenues increased \$674,000 primarily because of higher than expected Terminal Rental revenues. Our projection for Supplies and Services expenses decreased \$299,000 and \$1.66 million respectively due to lower fuel, electricity, and natural gas costs.

In the Convention & Entertainment Facilities (CEF) Operating fund, we have decreased our projection for Services by \$444,000 due once again to lower electricity and natural gas costs. Our projection for Current HOT Tax increased \$2.7 million while Delinquent HOT tax decreased \$515,000. This caused our projection for Advertising Services and Promotion Contracts to increase \$1.1 million since it is a percentage of tax collected.

Our projection for Combined Utility System (CUS) Fund Operating Revenues is down by \$4.4 million, primarily because of Water and Sewer Sales affected by Hurricane Ike. The projection for Operating Expenses is down by \$3.2 million. This reflects a decrease in Personnel costs of \$971,000 for actual staffing levels, and a decrease in Electricity and Gas of \$2.1 million. Finally, our projection for Other revenues has increased \$262,000 due to payment received through the Energy Share Load Management program with CenterPoint Energy.

Our projection for Stormwater Fund Expenditures decreased \$596,000. This was mainly due to a decrease in Personnel of \$489,000.

There are no significant changes in the 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. Plans to refund the Houston Airport System commercial paper and \$250 million of Airport's auction rate debt have been on hold pending improvements in market conditions. Convention and Entertainment maintains a higher percentage of variable rate debt due to agreements with the Hotel Corporation.

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

General Obligation	11.5%
Combined Utility System	8.5%
Aviation	23.4%
Convention and Entertainment	30.1%

Respectfully submitted,



Annise D. Parker
City Controller