

**OFFICE OF THE CITY CONTROLLER**

**CITY OF HOUSTON  
INTEROFFICE CORRESPONDENCE**

**To:** Mayor Bill White  
City Council Members

**From:** Annise D. Parker  
City Controller

**Date:** November 25, 2009

**Subject: October 2009  
Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2009.

**GENERAL FUND**

We are projecting a revenue shortfall of \$106.4 million. This consists of the \$50.7 million planned drawdown of the fund balance City Council approved in adopting the FY 10 budget and an additional \$55.7 million gap between the Controller's Office and the Administration. The gap consists of the following: Their revenue projections are \$14.7 million higher than ours. In addition, they are including \$15.7 million of transfers not yet approved by City Council and \$14.7 million of Sale of Capital Assets not yet finalized. They show a drawdown of \$7.3 million from the fund balance that was not part of the Adopted Budget and a \$3.3 million gap still to be closed.

We have reduced our revenue projection \$3.7 million from last month. This is due to lower than anticipated collection of delinquent Property Taxes.

Expenditure projections increased \$307,000 to account for the General Fund portion of the disparity study required in the settlement of a lawsuit challenging the City's affirmative action program.

**ENTERPRISE FUNDS**

In the Convention & Entertainment Facilities Operating Fund our projection for Services is \$556,000 higher than last month, reflecting the movement of capital project costs from Interfund Transfers.

Our projection for Combined Utility System Operating Revenues has decreased \$6.2 million due to higher than expected rainfall in October. The projection for Total Operating Expenses decreased \$4.9 million due to savings in personnel from higher than expected attrition.

There are no material changes in the Aviation, Parking Management, and Stormwater funds.

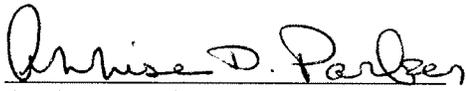
**Mayor Bill White  
City Council Members  
October 2009 Monthly Financial and Operations Report**

**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 October 31, 2009 the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	4.0%
Combined Utility System	4.6%
Aviation	16.9%
Convention and Entertainment	29.8%

Respectfully submitted,



Annise D. Parker  
City Controller