



OFFICE OF THE CONTROLLER
CITY OF HOUSTON
TEXAS

To: Mayor Annise D. Parker
City Council Members

From: Ronald C. Green
City Controller

Date: October 1, 2010

Subject: August 2010
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending August 31, 2010.

GENERAL FUND

The Controller's office is projecting an ending fund balance of \$94 million for FY2011. This is \$25 million higher than last month's projection. We increased our projection for Property Taxes based on the certified tax roll property values by \$22 million, and reduced Indirect Interfund \$374,000 for C&E's allocation. This is also \$42 million lower than the projection of the Finance Department. The difference is due to a \$26 million higher revenue projection from the Finance Department and a \$16 million higher projection for the Sale of Capital Assets from the Finance Department. Based on our current projections, the fund balance will be \$32 million below the City's target of holding 7.5% of total expenditures, excluding debt service, in reserve. This amount includes the undesignation of the \$20 million in the Rainy Day fund, and drawdown of fund balance of \$54 million, both approved as part of the FY2011 Adopted Budget.

The major differences are in two categories: (1) Miscellaneous/Other revenues are \$12 million different, as the Controller's office has not recognized new fee increases, which have yet to be identified, and approved by Council; (2) Sale of Capital Assets are \$16 million different, as the Controller's Office has not recognized some large proposed land sales, which have yet to be finalized and approved by Council.

Expenditure projections are at budget.

ENTERPRISE FUNDS

There are no material changes in the Enterprise funds projections.

Mayor Annise D. Parker
City Council Members
August 2010 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 August 31, 2010, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	11.6%
Combined Utility System	7.6%
Aviation	17.0%
Convention and Entertainment	30.3%

Respectfully submitted,



Ronald C. Green
City Controller