



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

RONALD C. GREEN

To: Mayor Annise D. Parker
City Council Members

From: Ronald C. Green
City Controller

Date: December 3, 2010

Subject: October 2010
Financial Report

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

GENERAL FUND

The Controller's Office is projecting an ending fund balance of \$92.4 million for FY2011. This is \$6.9 million higher than last month's projection. We increased our projection for Sales Tax based on the first three month's actuals by \$5 million. We also increased Charges for Services by \$2.5 million, while reducing Miscellaneous/Other by the same amount. This reflects the recent approval to increase Ambulance charges as approved by Council. Direct Interfund revenue was reduced \$788,000 for lower CIP Salary Recovery. Indirect Interfund revenue was reduced \$309,000 for lower cost recovery from Greater Harris County 911. This is also \$25.7 million lower than the projection of the Finance Department. The difference is due to the Finance Department's \$9.6 million higher revenue projection and a \$16 million higher projection for the Sale of Capital Assets. Based on our current projections, the fund balance will be \$28 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 \$5 million lower, 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 reflects a difference of \$16 million, 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 now at \$1.901 billion, which is \$5.1 million above the adopted budget total. This month's projection for various departments has decreased \$8.5 million for personnel costs, and General Government has increased an additional \$4 million, for budgeted management initiative savings which will not be realized.

ENTERPRISE FUNDS

There are no material changes in any of the Enterprise Funds this month.

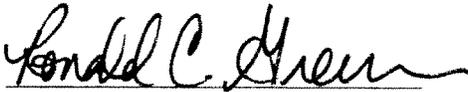
**Mayor Annise D. Parker
City Council Members
October 2010 Monthly Financial and Operations Report**

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 October 31, 2010, the ratio of unhedged variable rate debt for each type of outstanding debt was:

General Obligation	11.8%
Combined Utility System	8.0%
Aviation	17.0%
Convention and Entertainment	31.1%

Respectfully submitted,



Ronald C. Green
City Controller