



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Michelle Mitchell, Director
Finance

Date: January 28, 2009

Subject: **DECEMBER MONTHLY FINANCIAL AND
OPERATIONS REPORT**

Attached is the Monthly Financial and Operations Report for the period ending December 31, 2008.

General Fund

Our projection for the General Fund revenue is \$3.5 million lower than last month principally due to the following:

- Our sales tax projection remained unchanged from last month.
- Our projection for Other Taxes decreased by \$757,000 to reflect a lower first half receipt for mixed beverage tax.
- Our projection for Charges for Services decreased by \$1.7 million due to less than anticipated platting fees as a result of the current economic conditions.
- Our projection for Municipal Courts Fines & Forfeitures decreased by \$1 million due to a lower estimate of moving violation revenue.

Our projection for General Fund expenditures is \$724,000 lower than last month principally due to the following:

- Legal decreased by \$442,000 due to personnel savings of \$375,000 resulting from vacant positions and \$67,000 resulting from an adjustment to voice service costs.
- Municipal Court Administration decreased by \$770,000 to reflect reduced personnel costs in the amount of \$180,000 due to courts functioning at full operations, lower projection for system maintenance cost of \$450,000, and other charges and services cost of \$140,000.
- Planning and Development decreased by \$172,000 as a result of personnel savings.
- Public Works and Engineering increased by \$647,000 as a result of the previously identified savings being accounted for in the city-wide expenditure reduction for electricity, fuel and health benefits.

We are projecting the ending unreserved undesignated fund balance of approximately \$214 million, which is 12.7% of estimated expenditures less debt service. This does not include the sign abatement fund. The total unreserved fund balance is estimated to be approximately \$216 million.

January 28, 2009

Enterprise Funds

Aviation

- Operating revenues decreased by \$3.9 million as a result of lower projections in parking and concession in the amount of \$2.7 million as a result of lower originating passengers estimate and landing area revenue in the amount of \$1.3 million due to the carrier rebate incentive program.

Convention and Entertainment

- Operating expenditures increased by \$551,000 as a result of approving the Miller Outdoor Theater audio/visual booth and hill project.
- Non-operating revenue increased by \$642,000 primarily due to additional revenue from the Hilton Hotel Preferred Return program. The Hilton Hotel Corporation pays the City \$25 million per year which goes toward servicing the bonds. A total of \$633,916 is the Preferred Return after the bonds have been serviced.

Combined Utility System

- Operating expenditures decreased by \$1.8 million as a result of savings in personnel costs.
- Non-operating revenues decreased by \$8.9 million due to an anticipated decline in sale of property in the amount of \$8.1 million as a result of the current economic conditions and lower interest income in the amount of \$1 million.

Risk Management Funds

Property & Casualty Fund

- Operating expenditures decreased by \$1.2 million due to lower than anticipated legal services offset by a decrease in operating revenues.

Workers Compensation Fund

- Operating expenditures decreased by \$1.1 million due to lower than anticipated claims being processed offset by a decrease in operating revenues.

Special Revenue and Other Funds

Building Security Fund

- Operating expenditures increased by \$700,000 due to extra security required at the Lubbock location following the reassignment of the regularly scheduled police officers.

January 28, 2009

Hurricane Ike Aid & Recovery Fund

As of December 31, 2008, the City has submitted Project Worksheets (PW's) to FEMA for obligation totaling \$92.4 million, consisting of Emergency Work in the amount of \$90.8 million and Permanent Work for \$1.6 million. To date, a total of \$76.7 million has been obligated by FEMA.

PW's are as follows:	<u>Submitted</u>	<u>Obligated</u>
Administration & Regulatory Affairs	\$ 1.2 million	\$ 1.1 million
Convention & Entertainment Facilities	\$ 0.8 million	\$ 0.8 million
General Services	\$ 3.6 million	\$ 0.8 million
Houston Airport System	\$ 0.1 million	
Houston Emergency Center (HEC)	\$ 0.6 million	
Houston Police Department	\$ 18.7 million	\$ 18.7 million
Human Resources	\$ 0.1 million	
Parks & Recreation	\$ 0.4 million	\$ 0.3 million
Public Works & Engineering	\$ 13.0 million	\$ 6.3 million
Solid Waste	<u>\$ 53.9 million</u>	<u>\$ 48.3 million</u>
	\$ 92.4 million	\$ 76.7 million

Obligated funds received by the City as of December 31, 2008 total \$62.6 million.

James Lee Witt staff members, FEMA representatives and City departmental personnel are making site inspections city-wide of buildings and other facilities damaged by Hurricane Ike so FEMA can move forward with the development and finalization of PW's for permanent work.

James Lee Witt debris consultants are working closely with the FEMA debris specialists to finalize the remaining PW's for debris removal.

The Insurance Management Department is working with property insurance adjusters and City departments to compile the documentation to support the City's claim for damages to approximately 500 insured properties. Preliminary insurance inspections have been completed on all reported locations.

If you have any questions, please feel free to contact me.



Michelle Mitchell, Director