



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Michelle Mitchell, Director
Finance

Date: August 4, 2009

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

Attached is the Monthly Financial and Operations Report for the period ending June 30, 2009.

General Fund

Our projection for the General Fund revenue is approximately \$4.8 million higher than last month principally due to the following:

- Property Tax increased approximately \$3 million mainly due to Lyondell payments that were anticipated in future fiscal years.
- Industrial Assessments increased approximately \$8.5 million mainly due to Lyondell payments of \$7.8 million that were anticipated in FY2010.
- Sales Tax decreased \$8.3 million due to a \$1.8 million drop in receipts from the previous month and a 4.7% drop from the same period last year. This decline is attributable to major tax categories that primarily reflect business to business sales such as manufacturing, utilities, construction, mining, and professional services. Retail sales which account for 39% of total receipts were up 1.7% or \$259,000.
- Licenses and Permits increased \$716,000 primarily due to higher than anticipated collections in special fire permits and various health permits.
- Municipal Courts Fines and Forfeits increased approximately \$1.3 million due to the Roundup and Amnesty programs.
- Other Fines and Forfeits decreased \$402,000 mainly due to lower real estate sales impacting the interest on City liens.

Our projection for General Fund expenditures is approximately \$2.8 million lower than last month. This reflects several departments that have come in under budget through year-end and a reduction in General Government of approximately \$4 million for contingencies not needed. These reductions more than offset increases in the General Services and Fire Departments. General Services increased approximately \$1.1 million due to the HPD Crime Lab fire, debt payments, and an expense reclassification. The Fire Department increased approximately \$1.5 million due to an increase in overtime. The total savings in expenditures for FY2009 is approximately \$23.9 million.

We are projecting the ending fund balance to be approximately \$232 million, which is 13.9% of estimated expenditures less debt service. As a result of savings by departments, the fund balance will be approximately \$30 million higher than budgeted.

Enterprise Funds

Aviation

- Operating revenues decreased \$19 million as a result of the reconciliations of rates and charges.
- Operating expenses decreased \$5.8 million due primarily to utility costs being less than previously expected.
- Operating transfers decreased \$13 million due primarily to the Passenger Facility Charge relieving the Aviation Fund of some of its debt obligation.

Convention and Entertainment

- Operating expenses decreased \$348,000 to reflect year-end actuals.
- Operating transfers decreased \$860,000 due to declining interest rates on the debt.

Parking Management

- Operating expenses decreased \$351,000 to reflect year-end actuals.

Combined Utility System

- Operating revenues increased \$17.2 million due to dry and hot weather in June.
- Operating expenses decreased \$4.8 million to reflect year-end actuals in accounts such as personnel and inventory adjustments.
- Operating transfers decreased \$8.9 million due to debt service savings related to the utilization of available cash balances in the CUS First Lien Debt Service Fund and Capital Equipment surplus as well as vehicles and pumps that were not received by year-end.

As a result of the year-end estimates, our projection for FY2009 is a net loss of \$39.9 million which is approximately \$31 million lower than the previous month's projection.

Storm Water

- Operating expenses decreased approximately \$1 million due to contract implementation delays and equipment not being received by year-end.

Risk Management

Health Benefits

- Operating revenues increased \$1.3 million due primarily to a higher number of subscribers.
- Operating expenses increased \$664,000 as a result of higher medical and dental claims.

Long Term Disability

- Operating expenses decreased \$1.7 million primarily due to a one-time actuarial adjustment.

Workers Compensation

- Operating expenses decreased \$936,000 primarily due to lower rates and vacant positions.

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Special Revenue and Other Funds

Building Inspection

- Operating transfers increased \$5.5 million and were used to purchase the 1002 Washington Avenue building.

Digital Houston

- Operating expenses decreased \$768,000 due to delays in finalizing the WeCan WiFi project implementation plan.

Police Special Services

- Operating revenues increased \$417,000 to reflect year-end actuals.
- Operating expenses decreased \$3.2 million to reflect year-end actuals.

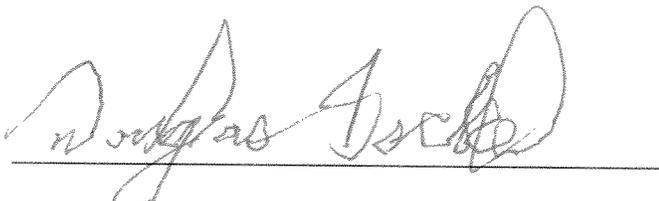
Sign Administration

- Operating revenues increased \$253,000 due to unanticipated constructions permits.

Hurricane Ike Aid & Recovery Fund

As of June 30, 2009, the City has submitted documentation to FEMA for the processing of Project Worksheets (PWs) totaling \$191.9 million, consisting of emergency work in the amount of \$171.1 million and permanent work of \$20.8 million. To date, FEMA has obligated \$124.9 million. The City has also received insurance advances totaling \$5 million which is unchanged from the previous month.

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



Michelle Mitchell, Director