



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

Michelle Mitchell
Director
P.O. Box 1562
Houston, Texas 77251-1562

T. 713-221-0935
F. 713-837-9654
www.houstontx.gov

January 29, 2010

To: Mayor Annise D. Parker and Members of City Council

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

General Fund

Our projection for General Fund Revenue is \$7.7 million lower than last month principally due to the following:

- Sales tax projection decreased by \$8 million due to recent trends. This accounts for an 18.5% (\$7.7 million) drop in November receipts from the same period last year. Declines were seen across all major categories of sales tax. December employment in the greater Houston area was also lower than expected causing us to change our projection at this time.
- Other Franchise projection for Cable TV increased by \$600,000 due to the increased fee for Comcast as well as increased subscribers for AT&T.
- Other Fines and Forfeits projection decreased by \$347,000 mainly due to lower interest income received in the Harris County Tax Office's account for the City's property tax collections as well as lower than anticipated interest on liens.

Our projection for General Fund Expenditures is \$818,000 lower than last month due to a \$464,000 increase in the Legal Department to restore key positions that will provide long-term savings on outside counsel as well as additional positions related to Dangerous Building offset by \$1.35 million in savings in General Government as a result of the Single Non-Profit Trust Fund for health benefits. Additionally, our projection also reflects transfers for BARC and Radio Consolidation between various departments.

Our projection for Transfer from Other Funds increased by \$492,000 mainly due to additional interest earned and transferred from the Limited Use Roadway Mobility Fund.

Our projection for the ending fund balance is \$163.9 million, which is approximately 9.8% of estimated expenditures less debt service.

Enterprise, Special Revenue and Other Funds

We are projecting all Enterprise Funds, Special Revenue Funds and all other funds at budget with the exception of the following:

Aviation

- Operating revenues decreased by \$615,000 due to lower than anticipated garage parking revenue.
- Operating expenses decreased by \$5.1 million due to the reduced consumption of utilities and contract services. As a result, the decrease in operating expenses is offset with an increase in the operating transfer by \$4.5 million.

Combined Utility System

- Operating revenues decreased by \$3.3 million due to Water Authorities not taking water in December as expected.
- Operating expenses decreased by \$5.2 million due to reclassification of meters and radio re-banding project from operating to non-operating expenses. This decrease is offset with an increase in the Operating transfers of \$5.2 million.
- Non-operating revenues decreased by \$1.6 million due to reduction in the value of property sold attributable to current economic conditions.

Health Benefits

- Non-operating revenues increased by \$307,000 due to the actual receipts from PPO plan Stop Loss which reimburses expenses for large claims.
- Operating expenses decreased by \$1.0 million mainly due to the savings from Single Non-Profit Trust Fund.

Workers' Compensation

- Operating revenues decreased by \$922,000 mainly due to the anticipated decrease in claim costs which is offset with the decrease in the operating expenses by \$957,000.

Recycling Fund

- Operating revenues increased by \$238,000 due to the improved market prices for sale of scrap material.

Hurricane Ike Aid & Recovery Fund

As of December 31, 2009, the City has submitted documentation to FEMA for the processing of Project Worksheets (PWs) totaling \$192.5 million, consisting of Emergency Work in the amount of \$171.8 million and Permanent Work for \$20.7 million. To date, FEMA has obligated \$169.7 million. The City received a total insurance settlement in the amount of \$31.4 million for Ike damages. The actual insurance proceeds received by the City were reduced by a city-wide deductible of \$20 million resulting in a net cash inflow of \$11.4 million

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

A handwritten signature in black ink that reads "Michelle Mitchell". The signature is written in a cursive style and is underlined.

Michelle Mitchell, Director