



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director
Finance and Administration

Date: January 27, 2006

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

Attached is the Monthly Financial and Operations Report for the period ending December 31, 2005.

General Fund Revenues

Our projection for FY06 General Fund revenues is \$4.8 million higher than last month.

- The projection for Sales Tax Revenue has been increased by 2.5 million. The payment for November sales was 15.47%, or \$4.3 million higher than the same month last year. The new projection of \$400.3 million assumes that the remaining months in FY2006 will return to the previously budgeted levels.
- The projection for Intergovernmental Revenue has been increased by \$3.2 million recognizing that a payment from METRO has been reclassified from FY2005 to FY2006 as a result of the recent annual audit.
- The projection for Interest Revenue has been increased by \$1.5 million due to the increase in interest rates.
- The projection for Municipal Courts Fines and Forfeits Revenue has been reduced by \$856 thousand to reflect ticket issuance in December.
- The projection for Other Fines and Forfeitures Revenue has been reduced by \$1.5 million due to Cash Forfeitures hearings generating revenue lower than budgeted levels.

General Fund Expenditures

Our projection for FY06 General Fund expenditures is \$5.3 million lower than last month.

- The projection for Electricity in the General Fund has been reduced by \$5.6 million due to contract changes, revised projected consumption levels, and lower natural gas prices.

These expenses are shown in the departments' expenditure projection. We will prepare the budget transfers from General Government in February.

- The projection for General Government has been increased by \$385 thousand due to expected increases in property insurance premiums.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of \$137.3 million, which is approximately 10.00% of estimated expenditures less debt service.

Aviation Operating Fund

- The projection for Electricity has been decreased by \$6.3 million due to contract changes and lower natural gas prices. This is offset by an increase in the transfer for capital improvements.

Convention & Entertainment Facilities Operating Fund

- The projection for Electricity has been decreased by \$1 million due to contract changes and lower natural gas prices.

Combined Utility System Fund

- The projection for Water Sales Revenue and the related Penalties Revenue has been increased by \$4 million due to the increase in usage resulting from the lack of rain.
- The projection for Interest Income has been increased by \$1 million as a result of the increase in interest rates.
- The projection for Electricity has been reduced by \$17.9 million due to contract changes, revised projected consumption levels, and lower natural gas prices.

Property and Casualty Fund

- Property insurance premiums are projected at \$2.3 million higher than budgeted due to the adverse affect Hurricanes Katrina, Wilma and Rita have had on worldwide property insurance markets. Insurance premium increases are expected to range from 25% to 45% for coastal properties.

Health Benefits Fund

- Medical Plan costs and revenues are projected at \$16.9 million lower than budgeted due to cost savings and lower than expected enrollment numbers.

Workers' Compensation Fund

- Claim costs and the corresponding revenues are projected at \$2 million lower than budgeted due to lower than expected claims costs.

Katrina Aid & Recovery Fund

The Joint Task Force Hurricane Housing Program has placed 34,000 families in apartment units, completing this phase of the program. We are continuing to supply furniture to those apartments and will do so through the month of February. We are working with FEMA on a plan that will continue the program through the term of the leases, with a transition in March.

Through December 31st, FEMA has paid \$104.6 million to the City with another \$1.048 million received from private donations. FEMA has approved approximately \$40 million in additional funding, with \$20 million expected to be received in January and the remaining amount in February. We are also working on an additional \$32 million FEMA Project Worksheet request to cover the City's estimated liability of the housing program through February 28th along with the additional 4,000 units that were occupied during December.

Please let me know if you have any questions.



Judy Gray Johnson, Director