



CITY OF HOUSTON

(insert Department name here)

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director
Finance and Administration

Date: March 31, 2006

CC:

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

Attached is the Monthly Financial and Operations Report for the period ending February 28, 2006.

General Fund Revenues

Our projection for FY06 General Fund revenues is \$3.8 million higher than last month.

- The projection for Property Tax Revenue has been increased by \$4.5 million due to collections on delinquent accounts trending higher than expected.
- The projection for Sales Tax Revenue has been increased by \$1.4 million. The payment for January sales was 11.31%, or \$3.2 million higher than the same month last year. The new projection of \$404.3 million assumes that the remaining months in FY2006 will return to the previously budgeted levels.
- The projection for Interest Revenue has been increased by \$500 thousand due to the increase in interest rates.
- The projection for License and Permits Revenue has been decreased by approximately \$1 million due to lower than expected issuance of Burglar Alarm and Special Fire permits.
- The projection for Charges for Services has been decreased by approximately \$620 thousand due to the net result of changes several different charges, none of them significant.

General Fund Expenditures

Our projection for FY06 General Fund expenditures is \$585 thousand higher than last month.

- The projection for electricity expenditures by the Building Service Department and the Public Works and Engineering Department has been increased by approximately \$1.9 million due to higher than budgeted consumption levels.

- The projection for General Government has been decreased by \$1.3 million due to a projected decrease in retiree health benefit costs. The projected FY06 average enrollment for retirees has been reduced to 6,588 from the budgeted average enrollment of 7,183.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$130 million, which is approximately 9.48% of estimated expenditures less debt service. This does not include the rainy day fund or sign abatement fund. The total unreserved fund balance is projected to be \$152 million.

Aviation Operating Fund

- The projection for Interest Income has been increased by \$2.8 million as a result of the increase in interest rates.
- The projection for Parking and Concession Revenue has been increased by \$1.5 million as year-to-date revenue is higher than budgeted.
- The projection for Landing Area Revenue has been increased by \$1.4 million as a result of higher landing weights for the first 7 months of FY2006.
- The projection for Building and Ground Area Revenue has been decreased by \$3.2 million as the rates and charges applied to airline arrivals and departures that were set during the fiscal year are lower than budgeted.
- The projection for Services Expense has been increased by approximately \$3 million based on year-to-date electricity consumption.
- The projection for Debt Service Principal payments has been increased by approximately \$1.6 million for unbudgeted debt service principal payments.
- The projection for Interest Expense has been reduced by \$2 million due to lower than anticipated commercial paper issuance and lower interest rates than budgeted.

Convention & Entertainment Facilities Operating Fund

- The projection for Hotel Occupancy Tax Revenue has been increased by \$2 million due to room rates and occupancy rates being higher than budgeted.
- The projection for Food, Beverage, and Other Concessions Revenue has been increased by \$984 thousand due to unplanned events serviced by Aramark.
- The projection for Services Expense has been decreased by \$3.2 million as expenditures related to several capital construction projects (design, consulting,

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engineering, legal, etc.) that will not be completed by the end of FY06. These projects include the Houston Center air chiller, the Jones Hall foundation, and flood door mitigation.

- The projection for Capital Outlay has been decreased by \$1.4 million for a flood mitigation project that will not be completed in FY06.

Combined Utility System Fund

- The projection for Water Sales Revenue has been increased by \$5.9 million due to the increase in usage resulting from the continued lack of rain.
- The projection for Capital Improvement Plan Salary Recovery has been reduced by \$1.4 million as employees assigned to this program are working on maintenance and operations projects for the Combined Utility System.
- The projection for Personnel Expense has been reduced by \$1.6 million as a result of vacant positions and reduced expenditures on overtime and termination pay.
- The projection for Supplies Expense has been reduced by \$1.6 million due to lower than budgeted expenditures on chemicals for waste water treatment.
- The projection for Electricity and Gas projection Expense has been increased by \$1.8 million based on year-to-date electricity consumption.
- The projection for Contracts and Other Payments has increased by \$634 thousand due to an increase in property insurance premiums.
- The projection for Equipment Acquisition projection has been reduced by \$5.3 million due to vehicles that will be purchased next fiscal year.

Stormwater Fund

- The projection for Other Services has been decreased by approximately \$926 thousand due to a delay in executing a citywide ditching contract.
- The projection for the Capital Outlay Equipment Acquisition has been decreased by \$2 million due to vehicles that will be purchased next fiscal year.

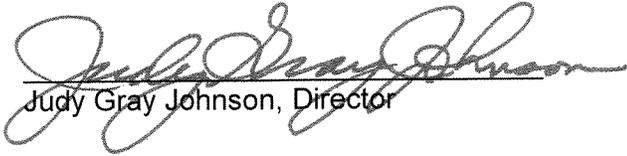
Katrina Aid & Recovery Fund

FEMA has extended the Katrina Housing Public Assistance Program (sponsored by the City of Houston) through the end of March and has approved additional funding in the amount of \$40 million. This additional funding increases the total FEMA funding commitment to \$185.5 million.

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Beginning April 1st, it is expected that responsibility for paying rents to landlords and the overall management of the program will transfer from the City of Houston to FEMA through the Individual Assistance Program. The City is working diligently with FEMA to develop a sound transition plan.

Please let me know if you have any questions.



Judy Gray Johnson, Director