



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: July 6, 2007

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

Attached is the Monthly Financial and Operations Report for the period ending May 31, 2007.

General Fund Revenues

Our projection for FY2007 General Fund revenue is \$7.8 million higher than last month mainly due to the following:

- Sales tax receipts for April were \$0.7 million (2.14%) more than budgeted and 4.17% more than last year's April receipts. As a result, we have increased our estimate for the year by another \$0.7 million, and are projecting receipts for the remaining months of the fiscal year at budget.
- Our projection for Property Taxes increased by \$3 million due to rate of collection being higher than anticipated.
- Our projection for Telephone Franchise Fees increased by \$1.3 million due to an increase in telecom lines for digital service.
- Our projection for Other Franchise Fees increased by \$2 million due to actual receipts for Cable TV being higher than anticipated resulting from an increase in cable fees to customers by 5% in FY07.
- Our projection for Interest increased by \$1 million due to continuing higher cash balances.
- Our projection for Licenses and Permits increased by \$0.6 million due to higher receipts than anticipated for Special Fire Permits, Beverage Licenses and Taxi Licenses.
- Our projection for Municipal Courts Fines & Forfeits increased by \$0.4 million due to an estimated increase suspended sentence fees.
- Our projections for Indirect Interfund Services is decreased by \$1.4 million mainly due to lower than budgeted recoverable expenditures in the salary recovery fund.

July 6, 2007

General Fund Expenditures

Our projection for FY07 General Fund expenditures had no significant change.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$216 million, which is approximately 14% 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 \$238 million.

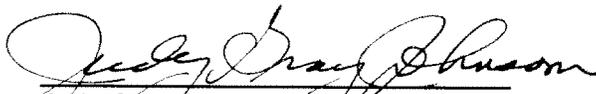
Combined Utility System

- The projection for Water and Sewer Sales decreased by \$2.9 million due to higher than average year-to-date rainfall.
- The projection for Operating Expenditures increased by \$1.3 million due to higher than projection for electricity and supplies.
- The projection for Equipment Acquisition decreased by \$1 million due to delivery date pushed back on Chemical Tanks to FY2008.

Katrina Aid & Recovery Fund

FEMA has notified the City that it is currently working on a Project Worksheet (PW) to de-obligate surplus funds previously provided to the City to support the Rental and Utility services provided to Katrina Evacuees. The City's contractor staffing that has been focused on resolving outstanding issues for these programs will be reduced from 16 to 4 personnel effective June 30, 2007. Additional staff reductions are planned for August. The City continues to work with the Governors Office of Emergency Management to audit completed Project Worksheets.

Please let me know if you have any questions.


Judy Gray Johnson, Director