



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: December 1, 2006

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

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2006.

General Fund Revenues

Sales Taxes

Sales tax receipts for September were \$5.7 million (16% more than budgeted and 18.3% more than last year's September receipts). As a result, we have increased our estimate for the year by another \$5.7 million, and are projecting receipts for the remaining months of the fiscal year at budget.

Interfund Revenue

Our projection for Direct Interfund Services decreased by \$990 thousand. This is primarily due to private security firms providing security services for Public Works water plants in lieu of the Houston Police Department.

General Fund Expenditures

Our projection for FY07 General Fund expenditures is \$10.5 million higher than last month. These are projections based on current spending trends. Although some departments are projected to spend more than budget at this time this does not mean that they will spend more than budget, only that they might spend more than budgeted.

- The projection for the Houston Police Department increased by \$7.8 million due to an estimated increase in overtime resulting from new initiatives to improve public safety within the community offset by savings in various other expense categories. Efforts are underway to identify additional savings within the department to fully fund these critical initiatives.
- The projection for the Houston Fire Department increased by \$1.6 million as a result of higher than expected expenditures in classified overtime.

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- The projection for several other departments decreased by \$1.9 million in total primarily due to savings in personnel.
- Our projection includes \$3 million for an election to fill the vacant Council Member position, including a potential runoff.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$165 million, which is approximately 11.2% 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 \$187 million.

Aviation

- The projection for Landing Area fees decreased by \$7.6 million and the projection for Building and Ground fees increased by \$1.8 million as the actual rates and charges differ from the assumptions used when the budget was prepared.
- The projection for Parking and Concession revenue increased by \$5.4 million due to higher than expected Auto Rental and Retail Concessions revenues.
- The projection for Personnel expense increased by \$1 million due to increased security staffing levels and overtime resulting from the Code Orange Alert that commenced on August 10, 2006 and is expected to remain in effect for the remainder of the fiscal year.
- The projection for Interest expense decreased by \$700 thousand as a result of lower than budgeted interest rates on variable debt.

Combined Utility System


- The projection for Water Sales decreased by \$1 million and the projection for Sewer Sales decreased by \$5 million as year-to-date revenues are lower than expected, possibly attributable to the increase in rainfall.
- The projection for Interest Income increased by \$1.4 million as a result of higher than expected earnings on investments.
- The projection for Other Revenue increased by \$900 thousand to reflect a facility fee adjustment and reimbursement for expenses incurred due to tropical storm Allison.
- The projection for Operating Expenditures decreased by \$2.7 million largely due to a reduction in personnel expense.

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Katrina Aid & Recovery Fund

During the month of October, FEMA tentatively approved extension of the utility payment program for evacuees in FEMA funded housing and apartments through the end of March 2007. The City also received a letter from the director of FEMA stating that FEMA would reimburse \$3.9 million in Katrina related Police Department expenditures. FEMA is also considering our appeal of \$2.3 million in Katrina related Fire Department expenditures.

Please let me know if you have any questions.


Judy Gray Johnson, Director