



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: October 27, 2006

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

Attached is the Monthly Financial and Operations Report for the period ending September 30, 2006.

General Fund Revenues

Sales Taxes

The only change in our revenue projection for the general fund is for sales taxes. The sales tax receipts for August were \$5.3 million (17%) more than budgeted, and 19.4% more than last year's August receipts. As a result, we have increased our estimate for the year by another \$5.3 million, and are projecting receipts for the remaining months of the fiscal year at budget.

Property Taxes

The City of Houston successfully challenged the July 1, 2005 estimate of the City population by the United States Census Bureau. The population estimate for the City has been increased to 2,076,189. This is a 3.2% increase over the July 1, 2004 population estimate, which means the City can establish the FY07 tax rate at the budgeted 64.5 cents and remain within the Proposition 1 limit for growth in property taxes.

General Fund Expenditures

Our projection for FY2007 General Fund expenditures has been increased by \$521 thousand due to an expected increase in Tax Appraisal fees resulting from the new State law governing School District Property Taxation. The Appraisal District costs are, by law, allocated to the taxing jurisdictions based on their tax levies. The lower tax levies for school districts this year means that the cities, counties, and other taxing jurisdictions will pay a higher share of the costs.

We budgeted \$7.4 million in the general fund as a contingency for unanticipated expenditures. During the month, \$450 thousand was transferred from the contingency account to the Solid Waste Department for the purchase of trash containers. The total transferred from contingency for the year is \$1.9 million leaving a balance of \$5.5 million.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$176 million, which is approximately 12% 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 \$198 million.

Convention & Entertainment

- The sale of the Fannin Garage has resulted in a reduction of \$835 thousand in revenues projected for Parking and Facility Rental revenues, which is more than offset by a decrease of \$7.9 million for principal and Interest payments. The proceeds of the sale were required to be deposited to the debt service fund, thereby reducing the need for transfers from the operating fund.
- The projection for Other Interest expense has been reduced by \$325 thousand to reflect the revised commercial paper draw schedule for the construction of the underground parking garage.
- The projection for Interest Income has been increased by \$375 thousand due to higher than budgeted earnings on investments.

Katrina Aid & Recovery Fund

The City's Katrina housing/rental assistance program concluded effective September 30th. However, the City continues paying utility expenses for individuals on FEMA rental assistance. FEMA continues to pay rent for eligible evacuees through their contractor, Corporate Lodging Consultants. Additionally, FEMA has extended housing assistance without the need for re-certification through February 28, 2007 for Katrina evacuees and March 4, 2007 for Rita evacuees. The City and FEMA have been working closely together to finalize a FEMA funded budget and a plan for the close-out of the housing/rental assistance program. A preliminary budget has been agreed to with FEMA funding expected soon. The City has also asked FEMA to approve previously denied public safety expenses through March 31, 2006. Through September 30th, the City has received FEMA funding authorization of \$298.7 million and the City has spent or incurred \$299.7 million. At this point, we expect the difference will be funded by FEMA on upcoming funding authorizations.

Please let me know if you have any questions.


Judy Gray Johnson, Director