



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Michelle Mitchell, Director
Finance

Date: February 27, 2009

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

Attached is the Monthly Financial and Operations Report for the period ending January 31, 2009.

General Fund

Our projection for the General Fund revenue is \$13 million lower than last month principally due to the following:

- Our Property Tax projection is unchanged from the prior month pending receipt in March of the report from the Harris County Tax Assessor showing collections for the 2008 tax roll.
- Our Sales Tax projection is unchanged from the prior month. Year-to-date collections through six months are \$267.2 million, 6.78% ahead of the same period for last year; this increase is a direct result of Houston and surrounding areas rebuilding for Hurricane Ike recovery.
- Our projection for Direct Interfund Services increased by \$415,000 due to higher labor billing rates.
- Our projection for Industrial Assessments decreased by \$7.8 million due to a possible delay in payment from Lyondell Chemical Company as a result of their bankruptcy.
- Our projection for Other Franchise Fees decreased by \$600,000 mainly due to second quarter receipts being lower than anticipated for Cable TV.
- Our projection for Licenses and Permits decreased by \$300,000 to reflect lower than anticipated special fire permits.
- Our projection for Charges for Services decreased \$1.9 million as a result of demolition, weed cutting and platting fees being less than anticipated.
- Our projection for Other Fines and Forfeit decreased by \$885,000 due to lower than anticipated interest on liens.
- Our projection for Interest decreased by \$2 million as a result of lower cash balances and lower rates.

Other Resources

- Our projection for Other Resources decreased by \$440,000 in Sale of Capital Assets due to decreased land sales.

Our projection for General Fund expenditures is \$929,000 lower than last month principally due to the following:

- Library decreased \$700,000 to reflect savings resulting from vacant positions.

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- Finance operating expenditures decreased \$195,000 to reflect management's decision to manage expenses at least 2% lower than budget the remainder of the fiscal year.

We are projecting the ending unreserved undesignated fund balance of approximately \$202 million, which is 12.0% of estimated expenditures less debt service. This does not include the sign abatement fund. The total unreserved fund balance is estimated to be approximately \$204 million.

Enterprise Funds

Aviation

- Operating revenues decreased by \$1.1 million as a result of a \$490,000 reclassification of a refund to non-operating revenue; and lower projections in landing area revenue in the amount of \$670,000 due to an anticipated settlement with a carrier.
- Operating expenses decreased by \$9.8 million to reflect management's decision to manage expenses 5% below budget the remainder of the fiscal year.
- Non-operating revenues decreased by \$1.5 million as a result of lower interest income projection in the amount of \$2 million offset by the \$490,000 increase for the refund reclassification.

Convention and Entertainment

- Operating revenues increased by \$287,000 as a result of higher than anticipated facility rentals.

Combined Utility System

- Operating revenues decreased by \$2 million due to lower water & sewer sales.
- Operating expenditures is unchanged from last month.
- Non-operating revenues decreased by \$7.8 million due to a reduction of impact fee revenue in the amount of \$4.8 million and lower interest income in the amount of \$3 million.

Risk Management Funds

Health Benefits Fund

- Operating expenditures decreased by \$10.3 million due to lower rates and less than anticipated medical claims services offset by a decrease in operating revenues.

Property & Casualty Fund

- Operating expenditures decreased by \$4.8 million due to lower than anticipated legal services offset by a decrease in operating revenues.

Workers Compensation Fund

- Operating expenditures decreased by \$825,000 due to lower than anticipated claims being processed offset by a decrease in operating revenues.

Special Revenue and Other Funds

Asset Forfeiture Fund

- Operating revenue increased by \$454,000 due to higher than anticipated confiscations revenue.

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Building Inspection Fund

- Operating revenue decreased by \$5 million as result of fewer inspection services due to current economics.

Police Special Fund

- Operating expenses decreased by \$342,000 due to savings in security and photographic services.

Hurricane Ike Aid & Recovery Fund

As of January 31, 2009, the City has submitted documentation to FEMA for the processing of Project Worksheets (PW's) totaling \$103.3 million, consisting of Emergency Work in the amount of \$101.2 million and Permanent Work for \$2.1 million. To date, a total of \$87.1 million has been obligated by FEMA.

PW's status is as follows:

	<u>\$ millions</u>	
	<u>Submitted</u>	<u>Obligated</u>
Administration & Regulatory Affairs	\$ 1.2	\$ 1.1
Convention & Entertainment Facilities	\$ 0.8	\$ 0.8
General Services	\$ 3.1	\$ 1.0
Houston Airport System	\$ 0.2	\$ 0.04
Houston Emergency Center (HEC)	\$ 0.7	\$ 0.0
Houston Fire Department	\$ 2.0	\$ 0.0
Houston Police Department	\$ 18.7	\$ 18.7
Human Resources	\$ 0.1	\$ 0.0
Parks & Recreation	\$ 1.0	\$ 0.3
Public Works & Engineering	\$ 21.6	\$ 11.3
Solid Waste	<u>\$ 53.9</u>	<u>\$ 53.9</u>
	\$ 103.3	\$ 87.1

Obligated funds received by the City as of January 31, 2009 total \$64.7 million.

James Lee Witt (JLW) staff members, FEMA representatives and City departmental personnel are making site inspections city-wide of buildings and other facilities damaged by Hurricane Ike so FEMA can move forward with the development and finalization of PW's for permanent work.

To expedite the property inspection process, JLW consultants are providing supporting documentation of damages on 30 General Services buildings each week. This exceeds the capacity of FEMA to produce final PW's.

JLW debris consultants are working closely with the FEMA debris specialists to finalize the remaining PW's for debris removal.

The Insurance Management Department is working with property insurance adjusters and City departments to compile the documentation to support the City's claim for damages to approximately 500 insured properties. Preliminary insurance inspections have been completed on all reported locations.

The City received an insurance advance in the amount of \$1,453,700.

If you have any questions, please feel free to contact me.



Michelle Mitchell, Director