



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Michelle Mitchell, Director
Finance

Date: November 26, 2008

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

Attached is the Monthly Financial and Operations Report for the period ending October 31, 2008.

General Fund

Our projection for the General Fund revenue is \$802,000 lower than last month mainly due to the following:

- Property tax revenues are estimated to be \$890 million, an increase of \$3 million over last month's projection. The increase in revenue is the result of lower than anticipated hearing protest loss, late filings by commercial and industrial properties owners, and receipt of unclaimed tax overpayments and refunds withholding for prior years.
- Our sales tax projection remained unchanged from last month.
- Our projection for Indirect Interfund decreased by \$1.8 million due to the final cost allocation adjustment for Combined Utilities System.
- Our projection for Interest decreased by \$2 million as a result of lower cash balance projections.

Our projection for General Fund expenditures is \$203,000 lower than last month mainly due to the following:

- Administration & Regulatory Affairs (ARA) increased by \$621,000 to administer the Mayor's Anti-Gang Office.
- Housing & Community Development increased by \$300,000 for relocation services for apartment residents as a result of funds transferred from Hurricane Katrina Aid & Recovery Fund.
- Human Resources decreased by \$149,000 due to savings in Personnel costs.
- Legal increased by \$1.4 million as a result of implementing a salary equity plan for attorneys and paralegals.
- Police decreased by \$441,000 as a result of transferring the budget of the Mayor's Anti-Gang Office to ARA.
- Public Works and Engineering decreased by \$624,000 as a result of lower costs in Construction Materials in the amount of \$300,000, Electrical Hardware & Parts in the amount of \$250,000, and Infrastructure Maintenance services in the amount of \$263,000. These decreases are offset by an increase of \$189,000 in Personnel costs.
- General Government decreased by \$1.3 million primarily as a result of two transfers; to ARA for the Mayor's Anti-Gang Office in the amount of \$180,000 (per amendment) and Legal for salary equity adjustments in the amounts of \$1.4 million.

November 26, 2008

We are projecting the ending unreserved undesignated fund balance of approximately \$212 million, which is 12.5% of estimated expenditures less debt service. This does not include the sign abatement fund. The total unreserved fund balance is estimated to be approximately \$214 million.

Enterprise Funds

Aviation

- There is no significant change from the prior month for this fund.

Convention and Entertainment

- Operating expenditures for Convention and Entertainment decreased by \$455,000 due to scheduled capital projects being postponed to future years.
- Other capital improvements amounting to \$490,000 have been postponed. Both other interest and transfers to interest experienced a \$1.4 million decrease as a result of lower than anticipated interest earnings.

Parking Management

- Operating revenues for Parking Management increased by \$150,000 as a result of higher than budgeted metered and surface lot parking revenues.
- Operating expenditures decreased by \$580,000 resulting from delays in construction projects amounting to \$422,000 and personnel hiring in the amount of \$143,000.

Combined Utility System

- Operating revenues for Combined Utility System decreased by \$3.1 million as a result of lower than anticipated Sewer sales.
- Operating expenditures increased by \$7.5 million for the water authority contract. Decreased costs of \$4.4 million in Personnel and \$1.7 million in Indirect Charges have been identified.
- Operating transfers decreased by \$4.7 million to fund the capital projects.

Storm Water

- Operating expenditures decreased by \$1.3 million resulting from personnel savings of \$325,000 and a delay in other services in the amount of \$1 million.

Special Revenue and Other Funds

There are no significant changes from the prior month in these funds.

Katrina Aid & Recovery Fund

The three Project Worksheets totaling \$210,000 for Controllers have been closed-out with the Governor Division of Emergency Management (GDEM) and the GDEM audit requested. The documentation for the final reimbursement of the \$19,000 was submitted. New reimbursement funding totaling \$66,000 was received from the GDEM for four Project Worksheets. The City is awaiting the final written audit report on the fifteen Project Worksheets comprising the evacuee Interim Housing Program.

November 26, 2008

Hurricane Ike Aid & Recovery Fund

The City has submitted Project Worksheets (PW's) to FEMA for review totaling \$71.5 million as follows:

- Expedited Debris - \$48 million
- HPD Overtime - \$19 million
- HFD Overtime - \$2 million
- Auchan Shelter - \$1.5 million
- ARA/Special Events - \$700,000

We received the \$48.3 million advanced funding from FEMA for debris on November 18, 2008. The remaining \$23.2 million still pending is under review by FEMA.

Additional PW's are scheduled to be submitted this week totaling approximately \$10 million.

The City and FEMA have agreed to an expedited strategy for development of PWs. On the remaining Categories A-B projects, FEMA will obligate 80% of the estimated costs immediately (over next two weeks). The City has identified seven projects of which all but one has been delivered to FEMA. The remaining is the debris force account PW's which will be delivered to FEMA no later than December 3, 2008.

Please let me know if you have any questions.


Michelle Mitchell, Director