CITY OF HOUSTON ——————— Interoffice

Finance Department   Correspondence

To:	Mayor Bill White Members of City Council	From:	Michelle Mitchell, Director Finance
		Date:	October 24, 2008
		Subject:	**SEPTEMBER MONTHLY FINANCIAL AND OPERATIONS REPORT**

Attached is the Monthly Financial and Operations Report for the period ending September 30, 2008.

General Fund

Our projection for the General Fund revenue is $8.8 million higher than last month mainly due to the following:

- Property tax revenues are estimated to be $887 million, an increase of $8.7 million over the budgeted amount. Harris County Appraisal District's estimates of net taxable values are $1.8 billion higher than the values estimated when the budget was adopted.

  Property values for commercial property forms the basis for the increase in values. The values in the tax increment zones are higher by 1%.

- We have decreased our sales tax projection by $2.7 million due to the current economic outlook.

- Our projection for Intergovernmental increased by $750,000 due to Municipal Service fees for TIRZ Southwest Houston and Uptown.

- Miscellaneous/Other revenue increased by $2 million as a result of a judgment recovery from Republic Waste for the recycling program.

Our projection for General Fund expenditures remained unchanged from last month.

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

Operating revenues for Aviation decreased $10.8 million as a result of the rates and charges being lower than anticipated by $5.3 million for building and grounds. Parking and concession revenues decreased $6 million due to Hurricane Ike. The current market conditions influenced a lower projection of interest income in the amount of $1.5 million. Operating expenditures increased by $900,000 mainly due to higher electricity and natural gas estimates.

Operating revenues for Convention & Entertainment decreased by $250,000 due to events being canceled in the aftermath of Hurricane Ike. Operating expenditures increased by $588,000 mainly due to higher electricity estimates.

Operating expenditures for Combined Utility System increased approximately $4 million as a result of increased costs in equipment services. Operating transfers decreased by $4 million in equipment acquisition to fund equipment services expenditures.

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Special Revenue and Other Funds

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

Katrina Aid & Recovery Fund

The audit of the Interim Housing Program by the Governors Division of Emergency Management (GDEM) is completed and the written audit report is being prepared by the GDEM. The Interim Housing Program consisted of fifteen Project Worksheets totaling about $235 million. A positive audit report is anticipated. The final version of the three Project Worksheets totaling $210,000 for Controllers was finally obligated by FEMA with all requested funds being approved for reimbursement.

Hurricane Ike Aid & Recovery Fund

The City has retained James Lee Witt Associates to assist the City in working with FEMA and GDEM to secure all eligible reimbursements for Hurricane Ike costs incurred by the City. The timeframe for 100% reimbursement of eligible cost has been extended by 30 days to October 26, 2008. Advancement of approximately $48 million of eligible debris removal costs (Category A) has been approved by FEMA for payment to the City. FEMA is in the process of sampling the Police overtime worksheets to expedite approval of the initial Police Department Project Worksheet which totaled approximately $18 million for both actual and projected costs. We expect this to be completed the week of October 27, 2008. The City is working to submit additional requests for reimbursement.

Please let me know if you have any questions.

Michelle Mitchell, Director