



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: January 26, 2007

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

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

General Fund Revenues

Our projection for FY2007 General Fund revenue is \$10.5 million higher than last month.

- Sales tax receipts for November were \$3.9 million (10%) more than budgeted and 12.4% more than last year's November receipts. As a result, we have increased our estimate for the year by another \$3.3 million, and are projecting receipts for the remaining months of the fiscal year at budget.
- Our projection for Property Tax Revenue increased by \$9.5 million due to an estimated increase of \$1.7 billion in net taxable value.
- Our projection for Municipal Courts Fines and Forfeits decreased by \$2.3 million as the issuance of Failure to Appear notifications were not resumed until November 27, 2006 due to complications with ICMS.

General Fund Expenditures

Our projection for FY07 General Fund expenditures is \$4.2 million lower than last month.

- The projection for Claims and Judgment increased by \$2.3 million due to a legal settlement for Fire Department.
- The projection for Houston Police Department's Operating Expenditures decreased by \$2.7 million primarily due to a reduction in classified overtime expense.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$181 million, which is approximately 12.3% 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 \$203 million.

Aviation

- The projection for interest income increased by \$3.5 million primarily due to higher interest rates from cash investments.
- The projection for Operating Expenditures decreased by \$11.5 million primarily due to electricity and natural gas trending lower than expected.

Combined Utility System

- The projection for Water and Sewer Sales decreased by \$3.7 million, as year-to-date revenues are lower than expected, possibly attributable to the increase in rainfall.
- The projection for Impact Fees increased \$3.5 million primarily due to a greater than anticipated development within the City Limits.
- The projection for Interest Income increased by \$500 thousand primarily due to higher interest rates from cash investments.
- The projection for Operating Expenditures decreased by \$9.2 million primarily due to electricity and natural gas trending lower than expected.

Building Inspection Special Revenue Fund

- The projection for Operating Expenditures decreased by \$6.3 million primarily due to personnel and reallocating contingency reserves for the Integrated Land Management System.

Health Benefits Fund

- The projection for Revenue and Operating Expenses decreased by \$6 million primarily due to lower employee enrollment and lower rates on the PPO plan.

Workers' Compensation Fund

- The projection for Operating Expenses decreased by \$4.3 million primarily due to lower claims filed.

January 26, 2007

Katrina Aid & Recovery Fund

The City was notified by FEMA in December that our appeal of previously denied Katrina related Fire Department expenditures of approximately \$2.3 million was successful. The obligation package has been received and is currently being processed. We have been notified by FEMA that PW 689-5, Program Management, for approximately \$2.4 million was obligated on January 25, 2007.

Please let me know if you have any questions.


Judy Gray Johnson, Director