



CITY OF HOUSTON

Finance Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Michelle Mitchell, Director
Finance Department

Date: June 26, 2008

Subject: MAY MONTHLY FINANCIAL AND
OPERATIONS REPORT

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

General Fund

Our projection for FY2008 General Fund revenue is unchanged from last month. Some significant department changes are listed:

- Property Tax decreased by \$2.9 million due to lower projections of the net taxable value and delinquent collection.
- Telephone Franchise increased by \$295,000 and Other Franchise increased by \$790,000 for Cable TV and Solid Waste Fees, both due to third quarter receipts being higher than anticipated.
- Interest increased by \$870,000 as a result of maintaining higher cash balances.
- Indirect Interfund Services increased by \$820,000 to reflect the Indirect Cost Recovery-Grants.

Our projection for FY2008 General Fund expenditures is \$1.7 million lower than last month. Some significant department changes are listed:

- Fire Department projection decreased by an additional \$1.1 million as a result of an increased reduction of classified overtime.
- Parks Department decreased by \$312,000 due to the department's ability to absorb the fuel cost shortage.
- Police Department decreased by \$984,000 due to the department's ability to absorb the fuel cost shortage.
- Solid Waste Management is projected at budget as a result of an increased \$1.1 million spending for the purchase of heavy equipment.

We are projecting an ending unreserved undesignated fund balance of \$254 million, which is 16.2% 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 \$276 million.

Enterprise Funds

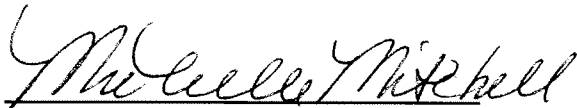
- Aviation
 - Operating Revenue increased by \$1.6 million due to \$1.1 million in concession sales as a result of populated terminals caused by flight delays and a \$506,000 reimbursement from the Transportation Security Administration (TSA) for HPD officers used at checkpoints.
 - Operating Expenditures decreased by \$1.5 million in Services and Charges as a result of projected savings in Sewer Services in the amount of \$968,000 and Police Interfund Charges decreased by \$841,000.
 - The transfer to Debt Service Interest decreased by \$18.9 million mainly due to receiving a \$17.3 million grant from the Federal Aviation Administration for the North Runway Project. The transfer to the operating reserve fund decreased \$775,000 due to lower expense assumptions associated with the FY2008 budget.
- Convention and Entertainment Facilities
 - Net Revenues increased by \$3.7 million mainly due to higher than anticipated Hotel Occupancy Tax revenue in the amount of \$3 million and \$667,000 in food and beverage concession from the Wind Energy event.
 - Non-operating Expenditures increased by \$1.4 million to provide for the Advertising Services and Promotion Contract costs directly associated with the increased Hotel Occupancy Tax revenue.
- Parking Management Operating Fund
 - There is no significant change from the prior month for this fund.
- Combined Utility System
 - Operating Revenue from Water and Sewer sales decreased by \$2.6 million this month due to continuous mild and wet weather.
 - Operating Expenditures increased by \$2.2 million as a result of an increase in engineering services and chemicals in the amount of \$1.8 million, personnel costs of \$800,000, offset by a decrease of \$300,000 for management consulting services related to delayed contract implementation, and \$100,000 in building maintenance services.
 - Non-operating Revenue increased by \$1.9 million as the department recognized a \$1 million refund from the Disaster Fund for Hurricane Rita and a one-time Judgment and Claim collection for \$900,000.
- Fleet /Equipment Internal Service Fund
 - Net Revenue increased by \$901,000 as result of transfers from the general fund for Solid Waste equipment purchase.

June 26, 2008

Katrina Aid & Recovery Fund

The Governor's Department of Emergency Management (GDEM) audit of the Furniture segment of the Interim Housing Program is completed and the audit of the Household Goods segment, totaling \$1.7 million, has now started. Three Project Worksheets (PW's) totaling \$268,000 are pending at FEMA. The City received notice on April 28 that the first-level appeal to the FEMA Regional Director of PW 749-0, F&A Professional Services, in the amount of \$1.8 million was denied. The second-level appeal to the FEMA National Director is being prepared.

Please let me know if you have any questions.

A handwritten signature in cursive script that reads "Michelle Mitchell".

Michelle Mitchell, Director