



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Lee P. Brown, Mayor
Members of City Council

From: Philip B. Scheps
Director

Date: September 25, 2003

Cc: Sara Culbreth, Acting CAO

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

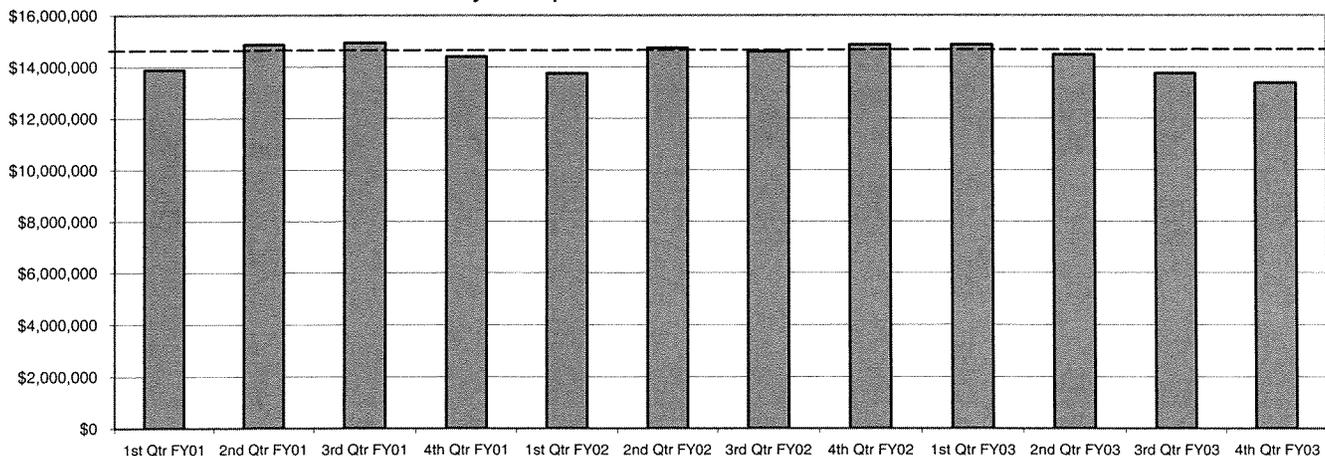
The purpose of this document is to provide the monthly financial report for the period ending August 31, 2003. This represents the second monthly report for the 2004 fiscal year. Accordingly, the FY2004 adopted budget numbers are now shown, along with preliminary FY2003 results, entitled "FY2003 Preliminary CAFR".

Revenues

Total revenues for the fiscal year are now being projected by F and A to be \$1.395 billion, which is approximately \$5.7 million below the adopted budget. This represents a decrease from the prior monthly report of \$4.4 million. The primary causes of this increased under-budget projection are related to decreases in telephone franchise revenue and municipal courts revenue, as described in more detail below:

Telephone Franchise Revenue - As shown in the following graph, the two quarterly tax payments made since the development of the budget have been below the three year trend, with the August payment being the lowest payment in the last three years. Southwestern Bell reports that a larger than expected number of consumers are giving up their land lines in favor of wireless and cable modem lines, for which the City receives no franchise fee. The revenue estimate for the year has been reduced by \$3 million.

Quarterly Telephone Franchise Fee Revenue



Municipal Courts Revenue - The current report revises the revenue estimates downward by \$1.4 million, based on a more realistic estimate of the timing associated with increasing parking meter rates throughout the City. This is reflected by a reduction of \$900 thousand in Municipal Courts Fines & Forfeits for increased fines, and a reduction of \$500 thousand in Charges for Services for the revenues collected at the meter.

Ambulance Revenues - Although revenue estimates have not been changed, ambulance collections appear to be trending above expectations, with average deposits of approximately \$110,000 per day. This amount exceeds the budget target of \$103,586 per day. This compares to an average deposit of \$93,676 per day last year. If this trend continues, a possible revenue estimate increase is possible.

This upward trend is the result of several factors, including increased electronic connectivity with area hospitals which enables us to obtain better quality patient billing data, make collection phone calls, and to update the computer technology in all of the ambulance units. To date, eleven key hospitals are transmitting Health Insurance Portability and Accountability Act (HIPAA) compliant patient data files to us weekly, and we are making thousands of collection phone calls each month to transport patients.

The Fire Department is also on track to begin installing the new laptop computer units in the ambulance units within the next month. These new computer units are designed to improve the quality and quantity of the patient care report, enabling us to submit a higher quality bill to insurance companies, ultimately decreasing insurance denials due to the better documentation.

Expenditures

This report projects all departments' spending to be at their adopted budget levels, although the Administration is preparing plans to reduce departmental budgets in accordance with the revenue projections in this report.

General Fund civilian staffing continues to decrease, as shown on the following chart, even though some increase in new hiring was begun after the adoption of the budget. Filled civilian positions at the end of August stood at 7,140, a decrease of approximately 1,370 (16%) in the last 24 months.



Fund Balance

At the budgeted level of expenditures, the fund balance at the end of FY 04 is projected to be \$100.7 million, which includes the Rainy Day Fund balance of \$20 million. This amount is approximately 8.1% of expenditures less debt service.

Enterprise and Other Funds

Fund 214 - Building Inspection Fund- The City Council passed a new fee schedule for building codes in July. Additional revenues generated by the new fee schedule will support additional staffing needed to provide timely plan review, inspections and issuance of permits. The new fee schedule goes into effect January 2004. It is expected to generate an additional \$1.3 million in FY 2004 and approximately \$2.6 million annually. The additional staffing would consist of 23 inspectors, 7 plan examiners and 6 customer service representatives. The additional personnel, fuel, vehicles and equipment are expected to add an additional \$1.8 million to the current year's expenditures.

Please call me if you have any questions.

Philip B. Scheps