



CITY OF HOUSTON

Finance Department

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Mayor

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To: Mayor Annise D. Parker
City Council Members

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Subject: 12+0 Financial and
Operations Report

Attached is the 12+0 Financial and Operations Report for the period ending June 30, 2011. Fiscal Year 2011 projections are based on twelve months of actual results which will not be finalized until the publication of FY2011 Comprehensive Annual Financial Report.

General Fund

The projected budget gap in the General Fund is currently \$14.8 million. This is \$8.9 million lower than we projected in the 11+1 Report due to the following:

Revenues and Other Sources increased \$6.0 million from last month's projection. The projection for Property Taxes increased by \$5.0 million due to an increase in collection rates. Industrial Assessments decreased \$800,000 as a result of lower collection rates. Charges for Services increased \$380,000, primarily reflecting higher ambulance fees revenues. Other Fines and Forfeits increased \$303,000 primarily due to the fines received for coin operated machines. Miscellaneous/Other increased \$819,000 mainly due to a prior year accounting adjustment.

Expenditures decreased \$2.9 million from last month's projection mainly due to savings in:

- Personnel of \$265,000 in Library
- Supplies and services in Public Works & Engineering (\$1.5 million) and General Services (\$426,000).

Enterprise, Special Revenue and Other Funds

We are projecting no change in Enterprise Funds, Special Revenue Funds and all other funds from the 11+1 Report, with the exception of the following:

Aviation

Operating Revenues increased \$2.6 million primarily due to higher concessions and parking revenues than anticipated. Operating Expenses increased \$1.8 million as a result of higher year-end operating costs in services. Operating Transfers increased \$740,000 reflecting higher debt service principal of \$4.2 million and lower debt interest of \$2.0 million.

Convention & Entertainment

Non-Operating Revenues increased \$3.5 million due the sale of land to the Macey Family Estate. Operating Expenditures decreased \$419,000 mainly due to year-end savings in operating services. Operating Transfers decreased by \$1.1 million as a result of less projects being completed.

Combined Utility System

Operating Revenues increased \$27 million due to increased pumpage as a result of dry weather conditions. Operating Expenditures decreased \$14.6 million as a result of delays in hiring and contract implementation as well as less usage of various supplies. Operating Transfers decreased \$17.5 million primarily due to favorable interest rates related to first lien debt and commercial paper. Non-Operating Revenues decreased \$1.6 million due to lower interest rates.

Storm Water

Operating Expenditures decreased \$3.2 million due to less spending on the drainage billing system and delays in hiring and vehicle delivery. Operating Transfers In decreased \$1.3 million primarily due to less cash being transferred from the CUS General Purpose Fund as a result of vehicle delivery delays.

Health Benefits Fund

Operating Revenues decreased \$1 million mainly due to the shift for retirees over 65 to the Medicare Advantage Program and lower enrollment in Cigna plans. Operating Expenditures decreased \$2.5 million due to lower medical claims anticipated at year-end in Blue Cross Blue Shield and lower enrollment in Cigna plans.

Workers' Compensation Fund

Operating Revenues and Expenditures decreased \$332,000 primarily due to a reduction in claims.

Asset Forfeiture

Operating Revenues increased \$527,000 due to confiscations with several agencies being higher than anticipated. Operating Expenditures decreased \$887,000 primarily due to less overtime than anticipated as well as less radio purchases than anticipated.

Auto Dealers Fund

Operating Revenues increased \$404,000 due to the impact of fee increases and unanticipated impounded vehicle sales.

Building Inspection Fund

Operating Revenues increased \$449,000 due to an increase in permit activity. Operating Expenditures decreased \$254,000 mainly due to delays in filling vacant positions.

Digital Houston Fund

Operating Expenditures decreased \$849,000 primarily due to the implementation delay of digital inclusion initiatives to FY2012.

Houston Emergency Center Fund

Operating Revenues and Expenditures decreased \$1.9 million as a result of reduction in Greater Harris County spending and reimbursement.

Parking Management Fund

Operating Revenues decreased \$250,000 primarily due to meter parking and credit card receipts. Operating Expenditures decreased \$462,000 mainly due to savings in support services.

Parks Special Revenue Fund

Operating Expenditures decreased \$885,000 primarily due to lower than expected costs for supplies and rental equipment.

Police Special Services Fund

Operating Revenues increased \$437,000 due to the Burglar Alarm Permits fee increase as well as reimbursement from NCAA Final Four Tournament for security services higher than anticipated. Operating Expenditures decreased \$2.5 million primarily due to savings in personnel, fuel, delay in clothing purchases as well as education and training.

If you have any questions, please feel free to contact me.

Sincerely,



Kelly Dowe

Director