



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

Finance Department
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To: Mayor Annise D. Parker
City Council Members

Date: April 29, 2011

Subject: 9+3 Financial and
Operations Report

Attached is the 9+3 Financial and Operations Report for the period ending March 31, 2011. Fiscal Year 2011 projections are based on nine months of actual results (July - March) and three months of projected results (April - June).

General Fund

The projected budget gap in the General Fund is currently \$21.5 million. This is \$10.5 million lower than we projected in the 8+4 Report due to the following:

Revenues and Other Sources increased \$8.4 million from last month's projection. This is largely due to a \$7.6 million transfer from Storm Water Fund for FY2010 drainage debt payment. Our projection for Sales Tax revenue increased \$2.4 million based on positive trending in the actual receipts. This is offset by a decrease of approximately \$2 million, primarily the result of \$1.6 million from the energy rate case reimbursements we are now projecting to receive in FY2012 and lower than anticipated revenues for Municipal Courts Fines and Forfeits.

Expenditures decreased by approximately \$2.1 million mainly due to an additional \$1.9 million in refuse disposal savings as well as \$209,000 in expenses to be transferred to the Swimming Pool Safety Fund.

Major Fiscal Items

The total amount projected from non-right-of-way land sales (\$20.5 million) and cost of service fee recovery (\$5.8 million) in the finance projections is currently at \$26.3 million.

Enterprise, Special Revenue and Other Funds

We are projecting all Enterprise Funds, Special Revenue Funds and all other funds at budget except the following:

Convention & Entertainment

Operating Expenses increased approximately \$372,000 due to additional usage of management consulting services, legal services, and interfund engineering services, offset by a decrease in construction and travel expenses.

Combined Utility System

Operating Revenues decreased \$2.9 million due to lower consumption of water by commercial and contract customers. Operating Expenditures decreased \$3.6 million primarily due to personnel savings, a result of delays in filling vacant positions. Non Operating Revenues increased \$1.9 million due to sale of land. Operating Transfers increased \$7.5 million largely due to a transfer to Storm Water Fund in order to pay drainage debt to General Fund as well as vehicles being received that were not anticipated this fiscal year. This is offset by \$579,000 in System debt service transfer due to a more favorable interest rate on First Lien variable debt.

Storm Water Fund

Operating Expenditures decreased by \$313,000 mainly due to delays in filling vacant positions. Operating Transfers In increased by \$7.3 million largely due to a transfer from the Combined Utility System Fund in order to pay drainage debt to General Fund while Operating Transfers Out decreased \$1.9 million to reflect an adjustment to the debt payment.

Health Benefits Fund

Operating Revenues decreased \$7.3 million due to fewer subscribers in the HMO Plan. The CIGNA plan will begin on May 1, 2011. Operating Expenditures decreased due to fewer active and retiree subscribers participating in Blue Cross/Blue Shield, savings from vacant positions and fewer payments to consultants.

Long Term Disability Fund

Operating Revenues decreased \$1.3 million largely due to transfers to other funds. Operating Expenditures increased by 370,000 due to transfer of prior year fund balance, offset by lower claims and consulting services.

Building Inspection Fund

Operating Revenues increased \$1.1 million, a result of an increase in permit activity as well as approved rate increases. Operating Expenditures decreased \$528,000 primarily due to personnel and contract savings.

DARLEP

Operating Revenues and Expenditures increased \$334,000 due to Red Light Enforcement revenue continuing to be booked during the program phase out.

Historic Preservation Fund

Operating Expenditures decreased by \$810,000 due to delays in establishing the loan program. The Planning Department is working with Legal to establish the program accordingly.

Police Special Service Fund

Operating Revenues decreased \$349,000 due to less than anticipated contributions from outside agencies. Operating Expenditures decreased by \$668,000 due to savings from personnel and vehicle purchases.

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

Sincerely,

A handwritten signature in black ink that reads "Kelly Dowe". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Kelly Dowe

Director