



# CITY OF HOUSTON

Finance Department

**Sylvester Turner**

Mayor

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**To:** Mayor Sylvester Turner  
City Council Members

**Date:** January 29, 2016

**Subject:** 6+6 Financial Report

Attached is the 6+6 Financial Report for the period ending December 31, 2015. Fiscal Year 2016 projections are based on six months of actual results and six months of projections.

## **General Fund**

We are currently projecting the ending fund balance of \$198.6 million, which is \$19 million lower than last month and 9.7% of expenditures less debt service and pay-as-you-go (PAYGO) transfers.

The projection for Revenues and Other Sources decreased by \$19 million from last month due to the following forecast changes:

- Property Taxes decreased by \$16.2 million due to lower than anticipated delinquent tax collections as a result of large refunds related to litigation to several commercial properties,
- Municipal Courts Fines and Forfeits decreased by \$2.9 million due to lower ticket issuance,
- Interest increased by \$600,000 due to higher cash receipts than anticipated,
- Miscellaneous/Other revenues increased by \$607,000 mainly due to higher prior year take-home vehicle recoveries,
- Transfer from Other Funds decreased by \$1.2 million mainly due to lower than anticipated Hotel Occupancy Tax (HOT),

Projection for Expenditures and Other Uses remained unchanged from last month.

## **Enterprise, Special Revenue and Other Funds**

We are projecting no forecast changes in Enterprise Funds, Special Revenue Funds and other funds from the 5+7 Report, with the exception of the following:

### **Convention and Entertainment**

Non-Operating Revenues decreased by \$6.2 million mainly due to lower than anticipated Hotel Occupancy Tax (HOT) revenues. As a result, Operating Transfers decreased by \$6.2 million.

### **Aviation**

Operating Revenues decreased by \$2.1 million mainly due to higher than anticipated participation in the Carrier Incentive Program. Operating Expenses decreased by \$5.8 million mainly due to personnel saving and delays in consulting services. Non-Operating Revenues increased by \$1.3 million mainly due to prior year recoveries and sale of land. As a result, Operating Transfers increased by \$5 million.

### **Combined Utility System**

Non-Operating Expenses decreased by \$5.4 million mainly due to delay in filling vacant positions, savings from lower fuel costs, and lower equipment and pump repairs. Operating Transfers decreased by \$2 million due to lower than expected interest rates on variable rate debt.

### **Health Benefits Fund**

Non-Operating Revenues increased by \$952,000 due to refunds for performance guarantees.

### **Asset Forfeiture Fund**

Revenues decreased by \$1.4 million to reflect lower confiscations revenue due to the Department of Justice (DOJ) budget cuts as stated in the recent spending bill. As a result, expenditures decreased by \$2.4 million.

### **Auto Dealers Fund**

Revenues decreased by \$350,000 due to lower than anticipated auto dealers licenses and impound vehicles. Expenditures increased by \$276,000 mainly due to delayed vehicle purchases from the prior year.

### **Building Inspection Fund**

Revenues increased by \$11 million due to higher permit activity than anticipated for the first half of the fiscal year. Expenditures decreased by \$2.1 million primarily due to vacancy savings.

### **Maintenance Renewal and Replacement**

Expenditures decreased by \$567,000 due to personnel savings.

### **Special Waste Fund**

Revenues and Expenditures increased by \$1.2 million to reflect a transfer from the Combined Utility System Fund to meet requirements from the Environmental Protection Agency for stronger Fats, Oils and Grease (FOG) programs to prevent sewer overflow.

## Houston Economy

**Energy** – The average oil price of \$37.21 for the month of December was 12.3% lower than prior month's average price of \$42.44. Compared to last year, the price has dropped by 37.2% and the price for West Texas Intermediate oil fell below \$27 in January, a 13 year low. The average oil rig count of 537 for the month of December was 5.2% lower than prior month's count of 566. The rig count year-over-year comparison for the month of December showed a decrease of 65%.

**Employment** – According to the Bureau of Labor Statistics, the preliminary total nonfarm employment in the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area stood at 3,007,300 in November 2015, up approximately 0.8% year-over-year. Job growth in areas such as education and health services offset layoffs in energy and manufacturing.

**Home Sales** – Home sales in Houston showed a slight increase of 3.6% in December (4,761 units) over November (4,595 units). According to the latest report prepared by the Houston Association of Realtors (HAR) for the month of December 2015, the total single-family home sales (4,761 units) were 26.2% lower compared to December 2014 (6,451 units). Sales of all property types were down 9.9% (6,988 units) compared to last December. The last quarter of calendar year 2015 was challenging with substantial declines in sales volume. However, we still ended the year with the second-highest number of single family home sales behind 2014.

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

Sincerely,



Kelly Dowe

Director