



CITY OF HOUSTON

Finance Department

Sylvester Turner

Mayor

Finance Department
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To: Mayor Sylvester Turner
City Council Members

Date: April 22, 2016

Subject: 9+3 Financial Report

Attached is the 9+3 Financial Report for the period ending March 31, 2016. Fiscal Year 2016 projections are based on nine months of actual results and three months of projections.

General Fund

We are currently projecting the ending fund balance of \$196.4 million, which is \$2.0 million higher 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 increased by \$1.6 million from last month due to the following forecast changes:

- Industrial Assessment increased by \$793,000 due to higher collections than anticipated,
- Charges for Services increased by \$155,000 mainly due to higher passport service fees,
- Transfer from Other Funds increased by \$460,000 due to higher than anticipated Hotel Occupancy Tax (HOT) revenues.

The projection for Expenditures and Other Uses decreased by \$433,000 from prior month mainly to reflect cost savings in the Municipal Courts Department.

Enterprise, Special Revenue and Other Funds

We are projecting no forecast changes in Enterprise Funds, Special Revenue Funds and other funds from the 8+4 Report, with the exception of the following:

Convention and Entertainment

Operating Revenues increased by \$593,000 primarily due to higher than anticipated parking revenue. Non-Operating Revenues increased by \$2.4 million mainly due to higher than anticipated Hotel Occupancy Tax. As a result, Operating Transfers increased by \$3.0 million.

Aviation

Operating Expenses decreased by \$4.3 million primarily due to savings in personnel, supplies and services. As a result, Operating Transfers increased by \$4.3 million.

Historic Preservation Fund

Revenues decreased by \$567,000 due to lower revenue than anticipated.

Police Special Service Fund

Revenues decreased by \$540,000 mainly due to lower donations than anticipated. Expenditures increased by \$523,000 due to an increase in classified overtime.

Houston Economy

Energy – The average oil price of \$37.55 for the month of March was 23.8% higher than prior month's average price of \$30.32. Compared to last year, the price has dropped by 21.5%. The average oil rig count of 384 for the month of March was 10.7% lower than prior month's count of 430. The rig count year-over-year comparison for the month of March showed a decrease of 55.2%.

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 2,983,200 in February 2016, up approximately 0.3% year-over-year. Despite the struggles of the oil industry, Houston continues to have modest growth in employment partly due to the growing population. Last year Houston added more than 159,000 residents, leading the nation in population growth.

Home Sales – The latest report prepared by the Houston Association of Realtors for the month of March 2016 shows the total single-family home sales (6,001 units) were 2.2% lower compared to March 2015 (6,137 units). However, the report shows 2016 home sales running 1% ahead of the 2015 year-to-date pace. Despite mixed results, the Houston housing market shows signs of stability.

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

Sincerely,



Kelly Dowe
Director