



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

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To: Mayor Annise D. Parker
City Council Members

Date: November 6, 2015

Subject: 3+9 Financial Report

Attached is the 3+9 Financial Report for the period ending September 30, 2015. Fiscal Year 2016 projections are based on three months of actual results and nine months of projections.

General Fund

We are currently projecting the ending fund balance of \$209.6 million, which is \$1.2 million lower than last month and 10.2% of expenditures less debt service and pay-as-you-go (PAYGO) transfers. This fund balance is based on the FY2015 unaudited preliminary ending fund balance.

The projection for Revenues and Other Sources is relatively unchanged from last month.

The projection for Expenditures and Other Uses increased by \$1.2 million from last month to reflect prior year's City Council unspent funds of \$267,000 as well as \$931,000 rollover savings from Council District Service Fund.

Enterprise, Special Revenue and Other Funds

We are projecting no change in Enterprise Funds, Special Revenue Funds and all other funds from the 2+10 Report, with the exception of the following:

Aviation

Non-Operating Revenues increased by \$573,000 mainly due to the sale of pipeline easement at Ellington Field and prior year revenues for rent. Operating Expenses increased by \$1.8 million due to higher than anticipated cost for the Hobby Beautification Project. As a result, Operating Transfers decreased by \$1.2 million.

Combined Utility System

Operating Expenditures decreased by \$1.8 million mainly due to delays in filling vacant positions.

Building Inspection Fund

Expenditures decreased by \$949,000 mainly due to delays in filling vacant positions.

Houston Economy

Energy – The average oil price of \$45.48 for the month of September was 6% higher than prior month's average price of \$42.87. Comparing from the same period last year, the price has dropped by 51%. The average oil rig count of 650 for the month of September was 3.4% lower than prior month's count of 673. However, the year-over-year comparison for the month of September showed a decrease of 59%. It is anticipated that the oil rig counts will remain low for the foreseeable future. Locally, losses of energy employment in the extraction and field services jobs have been announced during Quarter 2 earnings reports in companies such as Chevron, ConocoPhillips, Halliburton, Schlumberger and Shell.

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 2,983,400 in September 2015, up approximately 1.2% year-over-year. By comparison, the average growth for the past three years has been 3.7%. The Houston area job market continues to grow at a slower pace. The Houston area unemployment rate for September is 4.6% which is still below the national rate of 5.1%.

Home Sales – After a relatively flat performance in August, the Houston housing market kept pace with last year's record sales volume and prices throughout September 2015. According to the latest monthly report prepared by the Houston Association of Realtors (HAR) for the month of September, the total single-family home sales of 6,691 units was 10% lower compared to August of 7,454 units. However, the year-over year change showed 3.5% higher than last year of 6,463 units. Sales of all property types totaled 8,024 units; up 2.2% compared to September last year.

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

Sincerely,



Kelly Dowe

Director