Finance Department

Presentation to the City of Houston
Budget and Fiscal Affairs Committee

General Fund
FY15 Budget Review and FY16 Budget Update

November 9, 2015
Kelly Dowe, Chief Business Officer/Director of Finance
Presentation Overview – General Fund

• FY2015 Expenditures Budget Review
• FY2016 Budget Update
  – Expenditures Budget Overview
  – Steps Taken to Reduce Budget
  – Use of Fund Balance
<table>
<thead>
<tr>
<th>Department</th>
<th>Personnel</th>
<th>Health Benefits</th>
<th>HITS Chargebacks</th>
<th>Other Chargebacks (1)</th>
<th>Fuel</th>
<th>Other Supplies &amp; Services</th>
<th>Energy</th>
<th>Workers Comp</th>
<th>Grand Total</th>
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</table>

(1) Other Chargeback Accounts include: EGIS Services, Insurance Fees, Drainage Charge, HR Client Services, Permit Center Charge, and Vehicle Services

(2) Overage in General Government is largely due to reimbursement to Coastal Water Authority (CWA) for Gillette remediation cost
FY2015 General Fund Expenditures Savings

• **Reasons for savings:**
  – Implemented numerous savings and efficiency programs throughout the year. It is hard to know exactly how much these programs will ultimately yield until the fiscal year ends – FY2015 budget created and passed during FY2014.
  – Put curbs in hiring process and IT purchases early in the fiscal year to prepare for FY2016 budget and to address drop in oil prices.
  – Drop in oil prices and low natural gas prices resulted in lower fuel and electricity costs than budgeted.
  – Highly successful program to control health benefits costs continued to outpace expectations – we have cut the assumed growth rate in the FY2016 budget to adjust for continued program success.

• Were not spent elsewhere.
• Went to fund balance as planned.
## FY2016 General Fund Expenditures Budget

**Net Change vs. FY2015 Current ($ in Thousands)**

| FY2015 Proposed Total Budget | $ 2,251,544 |
| Council Service District Project Program | $ 5,000 |
| Summer Jobs Program | $ 1,500 |
| After School Program | $ 550 |

**FY2015 Current Budget**  
$ 2,258,594

**FY2016 Adopted Budget**  
$ 2,391,253

**Incremental Increase/(Decrease)**  
$ 132,660

### Contractual or Mandated increases:

**Compensation:**
- Compensation Contingency  
  $ 1,500
- Classified Pay  
  $ 17,600
- Cadets  
  514

**Subtotal Compensation:**  
$ 19,614

- Maintenance Renewals & Replacement  
  $ 3,140
- Election  
  $ 2,500
- Pension  
  $ 17,037
- HPOPS Deferred Payment  
  $ 25,500
- Debt Service  
  $ 31,454
- Pay-as-you-go Capital Projects to DDSRF  
  $ 9,115

**Subtotal**  
$ 108,360

**Transfers/Pass Through Increases (offset by corresponding revenues):**  
$ 13,095

**Subtotal - Contractual/mandated & Transfers**  
$ 121,455

- Disparity Study  
  $ 1,500
- Enterprise Risk Assessment/Management  
  $ 1,400
- O&M Funding for New Facilities  
  $ 1,047
- Support for Body Cameras  
  $ 585
- Council Service District Project Program  
  $ 6,000
- Others  
  $ 673

**Subtotal :**  
$ 11,205

**Net Change of Expenditures**  
$ 132,660
FY2016 Expenditures Budget Update: Steps Taken to Reduce Budgets

• Continually working with departments on savings/funds improvement initiatives:
  – Vacancy savings by delimiting positions
  – Hiring justification
  – Contract renegotiations
  – Other departmental savings initiatives and reforecasts

• FY2016 General Fund expenditures budget reduction is currently targeted at $13 - $17 million
FY2016 Budget Update: Use of Fund Balance

• Any excess FY2016 Fund Balance (above 7.5%) go to ending fund balance, available to address FY2017 Budget Gap

• Cost savings initiatives are currently underway, intended to increase efficiency and reduce dependency on non-recurring revenue sources

• FEMA reimbursement for Memorial Day floods is to be returned to Budget Stabilization Fund
QUESTIONS?