



Finance Department

Presentation to the City of Houston Budget and Fiscal Affairs Committee

FY2014 Budget Overview and General Fund Five Year Forecast

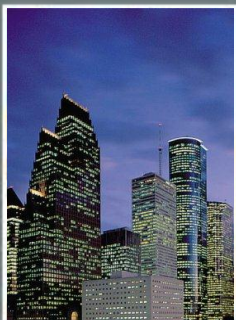
May 28, 2013

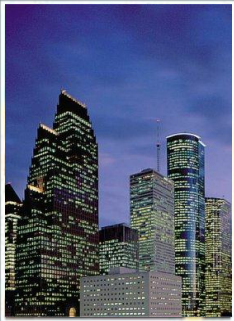
Kelly Dowe, Director



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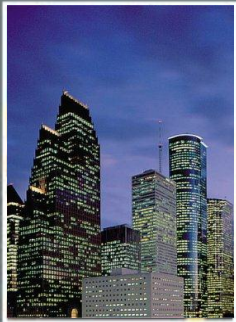
Forward Looking Statements

The statements contained in this presentation and made verbally in conjunction with the presentation that are not purely historical are forward looking statements, including statements regarding the City's expectations, intentions, or strategies regarding the future. Readers and viewers should not place undue reliance on forward looking statements. All forward looking statements in this presentation and made verbally in conjunction with the presentation are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward looking statements.

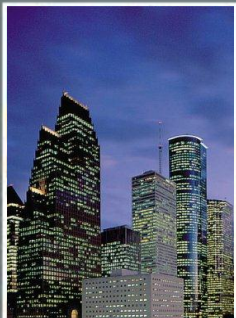
The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or development in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward looking statements included in this presentation and made verbally in conjunction with the presentation would prove to be accurate and may be materially different.



Forward Looking Statements (Cont'd.)



Additionally, pension-related projections or forecasts, including projections of the amount of the UAAL and net pension liability and the amounts of actuarially calculated contributions by the City, constitute “forward-looking” information that reflects the judgment of the City, the boards of the Pension Systems and the actuaries as to the amount of assets that will be required to be accumulated for the payment of future benefits to both active and retired employees. Such judgments are based upon a variety of assumptions concerning future events and circumstances, any one or more of which could prove to be inaccurate and are subject to change in the future. The assumptions underlying the projections are material to the development of the projections, and variations in the assumptions may produce substantially different results. New accounting rules adopted by GASB in June 2012 may result in material changes in the City’s financial statements relating to the Pension Systems beginning in Fiscal Years 2014 and 2015, although not in the calculation of the UAAL.



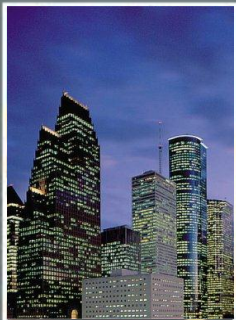
Fiscal Year 2014 - Budget Redline Changes

- This presentation includes revenue and expenditure changes that occurred after the proposed budget which will be reflected in the budget ordinance.
- The redline changes include:
 - General Fund:
 - \$6.0 million increase in FY2014 Beginning Fund Balance.
 - \$4.8 million increase in Property Tax Revenue.
 - \$11.5 million increase in General Government Expenditures.
 - \$3 million reserved for EMT training – will be moved to HFD when program is fully designed and cost finalized.
 - \$5 million additional for Maintenance Renewal and Replacement.
 - \$3.5 million additional for Performance Management Reviews.
 - Asset Forfeiture Special Fund
 - \$2.1 million increase in Operating Expenditures mainly for the purchase of Tasers.



Fiscal Year 2014 - Budget Overview

- The budget includes:
 - Maintaining the full designation of \$20 million in the Rainy Day Fund.
 - Funding for pension and health benefits cost increases.
 - Funding for contractual pay increases.
 - New line item designating \$7.5 million for increased asset maintenance, renewal, and replacement.
 - \$5 million for performance management reviews to facilitate performance improvements in the City's operations.
 - Creation of Forensic Transition Special Fund to segregate funding for Houston Forensics Science LGC.
 - Unassigned ending fund balance ratio in General Fund above the preferred 7.5% ratio to expenditures before debt service.

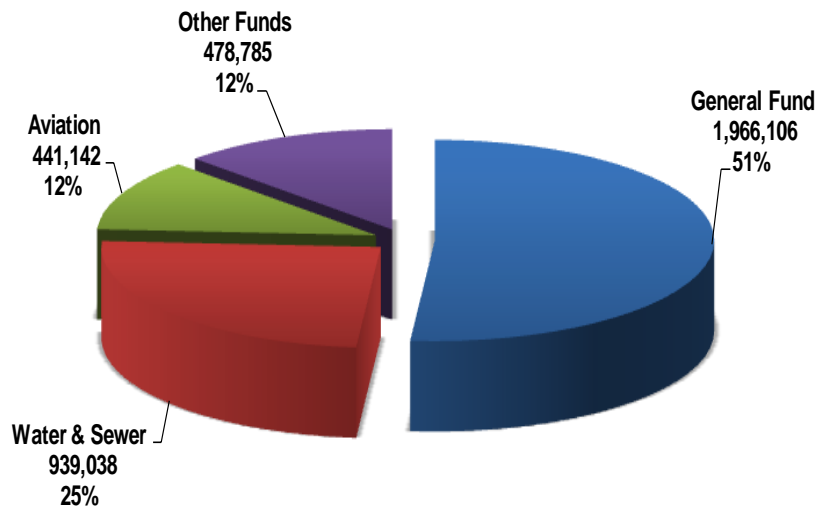




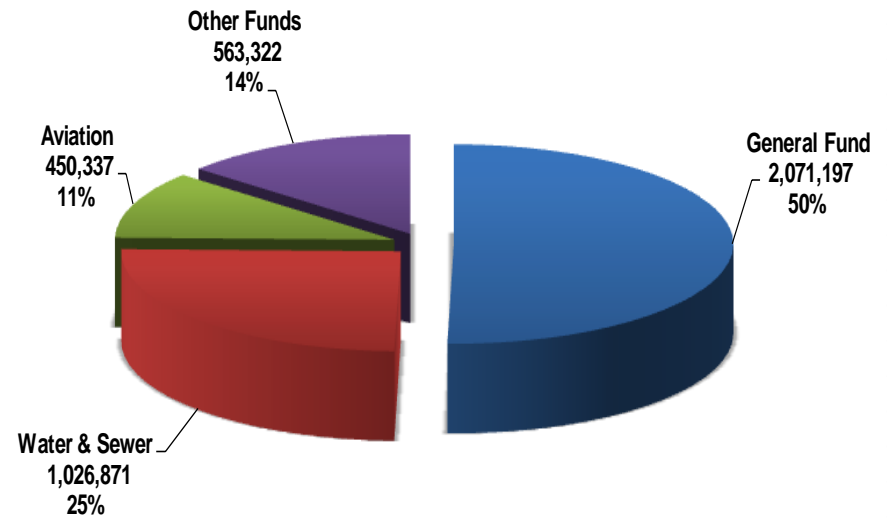
Citywide Expenditures

Including Debt Service (\$ in Thousands)

FY2013 Estimate
of \$3,825,071



FY2014 Proposed Budget
of \$4,111,727



Net Change
\$286,657
7.49%

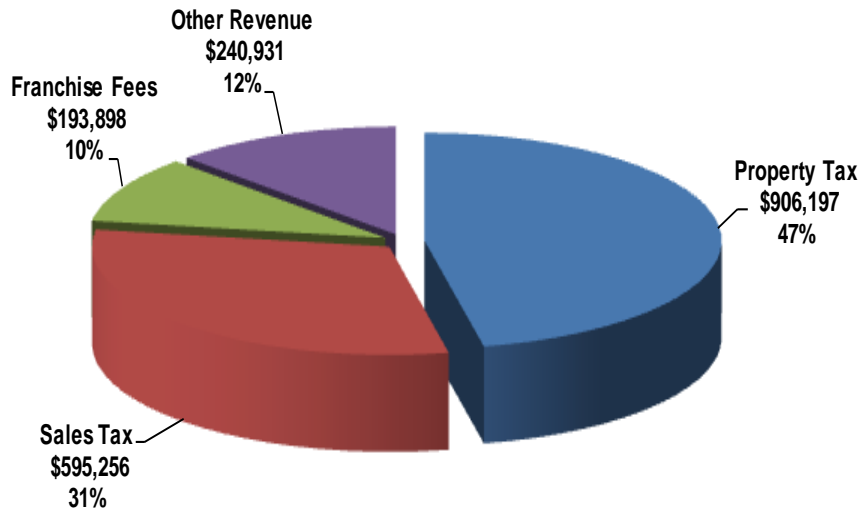
Note: Expenditures budget above does not represent the Total Budget. Including ending fund balance, FY2014 Total Budget is \$4,875,309.



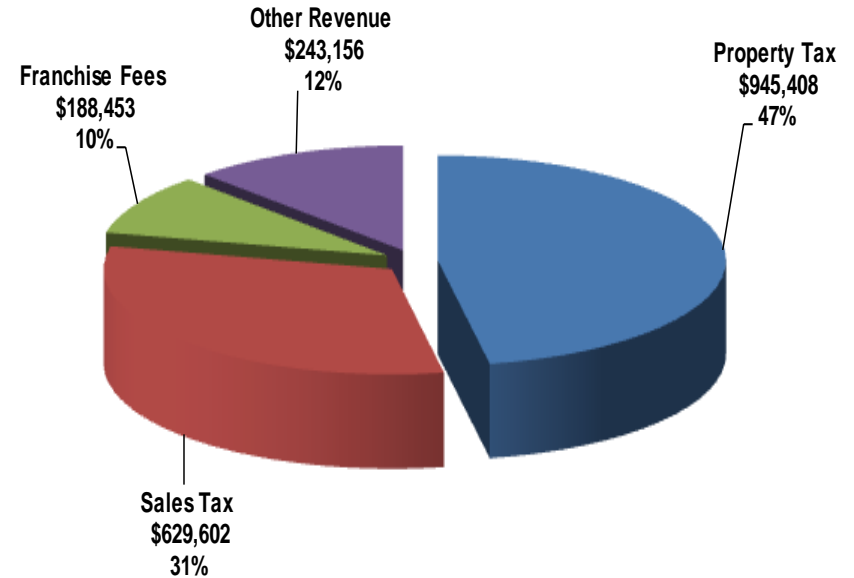
General Fund Revenues

Excluding Other Resources* (\$ in Thousands)

**FY2013 Estimate
of \$1,936,283**



**FY2014 Proposed Budget
of \$2,006,619**



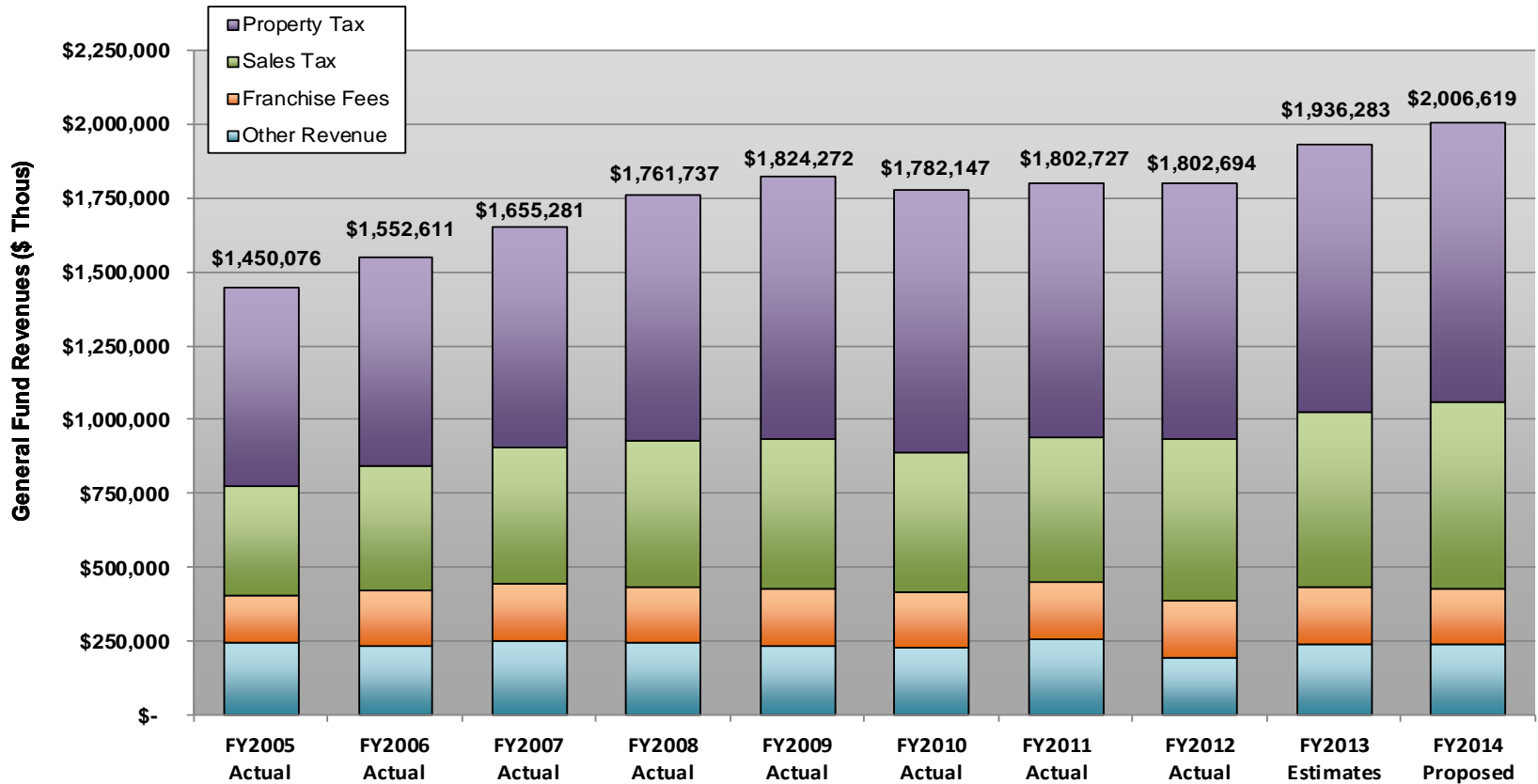
**Net Change
\$ 70,336
3.63%**

*Note: Other Resources include Sale of Capital Assets and Transfers from Other Funds



General Fund Revenues

FY2005 - FY2014 (\$ in Thousands)



	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	FY2014 Proposed
Property Tax	\$ 671,294	\$ 705,952	\$ 748,792	\$ 830,889	\$ 890,088	\$ 892,865	\$ 859,413	\$ 866,141	\$ 906,197	\$ 945,408
Sales Tax	\$ 370,583	\$ 422,598	\$ 461,417	\$ 495,173	\$ 507,103	\$ 468,965	\$ 492,824	\$ 546,543	\$ 595,256	\$ 629,602
Franchise Fees	\$ 162,262	\$ 186,508	\$ 189,551	\$ 190,196	\$ 190,322	\$ 190,869	\$ 190,564	\$ 192,760	\$ 193,898	\$ 188,453
Other Revenue	\$ 245,937	\$ 237,554	\$ 255,522	\$ 245,480	\$ 236,760	\$ 229,448	\$ 259,926	\$ 197,250	\$ 240,931	\$ 243,156
Total GF Revenues	\$ 1,450,076	\$ 1,552,611	\$ 1,655,281	\$ 1,761,737	\$ 1,824,272	\$ 1,782,147	\$ 1,802,727	\$ 1,802,694	\$ 1,936,283	\$ 2,006,619
Change YOY (\$)		\$ 102,535	\$ 102,670	\$ 106,456	\$ 62,535	\$ (42,125)	\$ 20,580	\$ (33)	\$ 133,588	\$ 70,336
Change YOY (%)		7.07%	6.61%	6.43%	3.55%	-2.31%	1.15%	0.00%	7.41%	3.63%



FY2014 General Fund Revenue Net Change (\$ in Thousands)

Revenue Increases /(Decreases):

Property Tax Increase	39,211
Sales Tax Increase	34,346
Intergovernmental ¹	8,618
Indirect Interfund Services	3,709
Direct Interfund Services	1,809
Charges for Services	1,451
Other	610
Franchise Fees ²	(4,854)
Industrial Assessment ³	(14,563)
Net Change	70,336

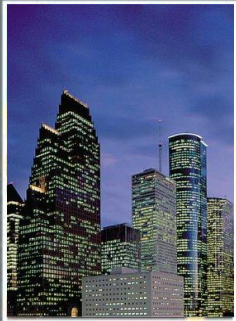
Notes:

1. Intergovernment includes the Texas 1115 Medicaid Waiver reimbursement, offset with expenditure.
2. Decrease in FY2014 is due to lower prior year's kilowatt-hour consumption in electricity and reduced natural gas price.
3. In FY2013, Industrial Assessment revenue includes two years worth of collection due to contract renewals. FY2014 revenue is projected to include one year of revenue collection.



Property Tax Revenue

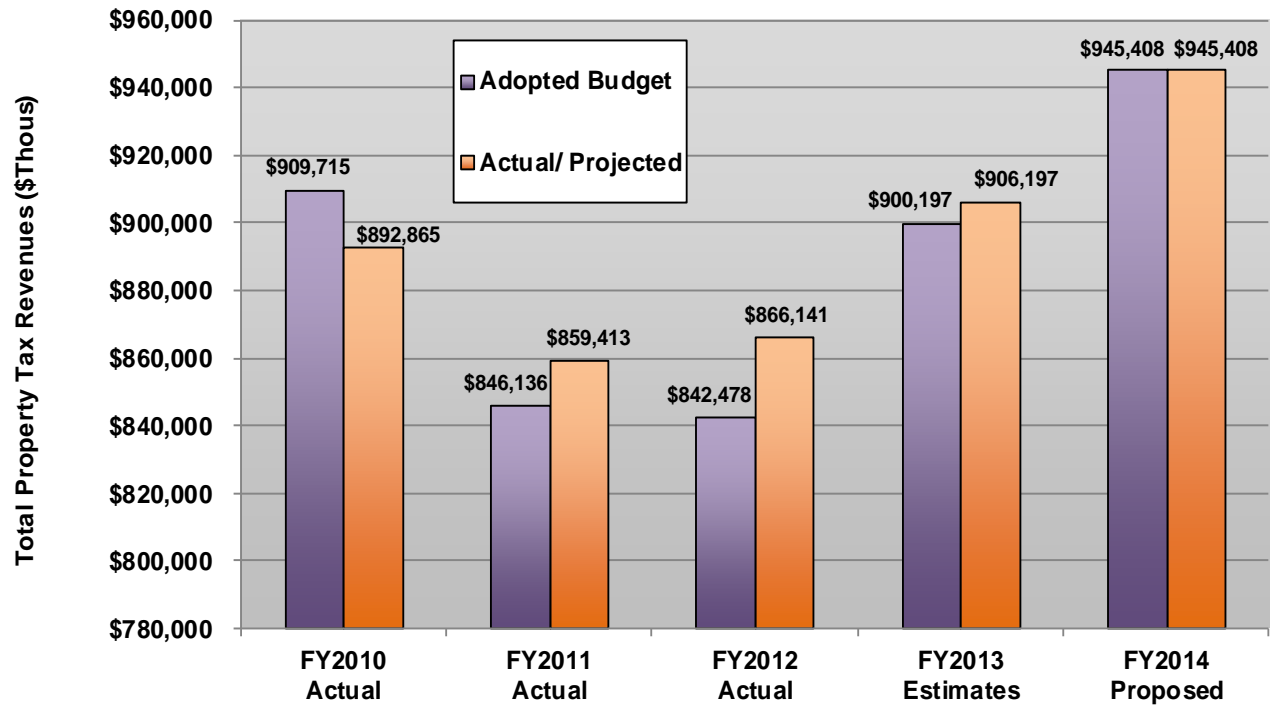
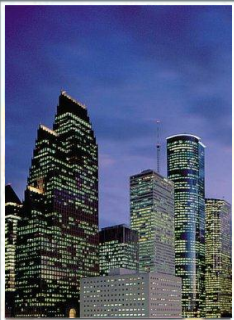
- Assumptions:
 - Increase in property tax revenue of 4.33%, \$39.2 million higher than FY2013 Estimates.
 - No change in the current tax rate (\$0.63875 per \$100 valuation).
 - Collection rate of 97.5%.
 - Estimated taxable value of \$159.3 billion.
 - Taxable value net of tax increment zones is \$146.7 billion.





Trends in Property Tax Revenues

FY2010 - FY2014 (\$ in Thousands)

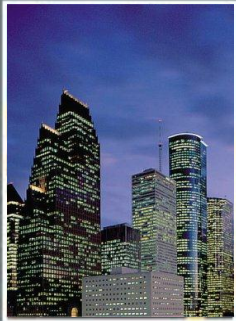


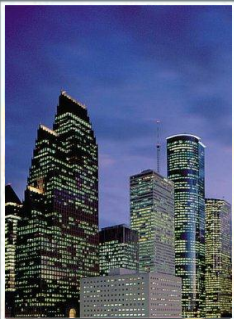
	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	FY2014 Proposed
Adopted Budget	\$ 909,715	\$ 846,136	\$ 842,478	\$ 900,197	\$ 945,408
Actual/ Projected	\$ 892,865	\$ 859,413	\$ 866,141	\$ 906,197	\$ 945,408
Variance Over/(Under)	\$ (16,850)	\$ 13,277	\$ 23,663	\$ 6,000	\$ -



Sales Tax Revenue

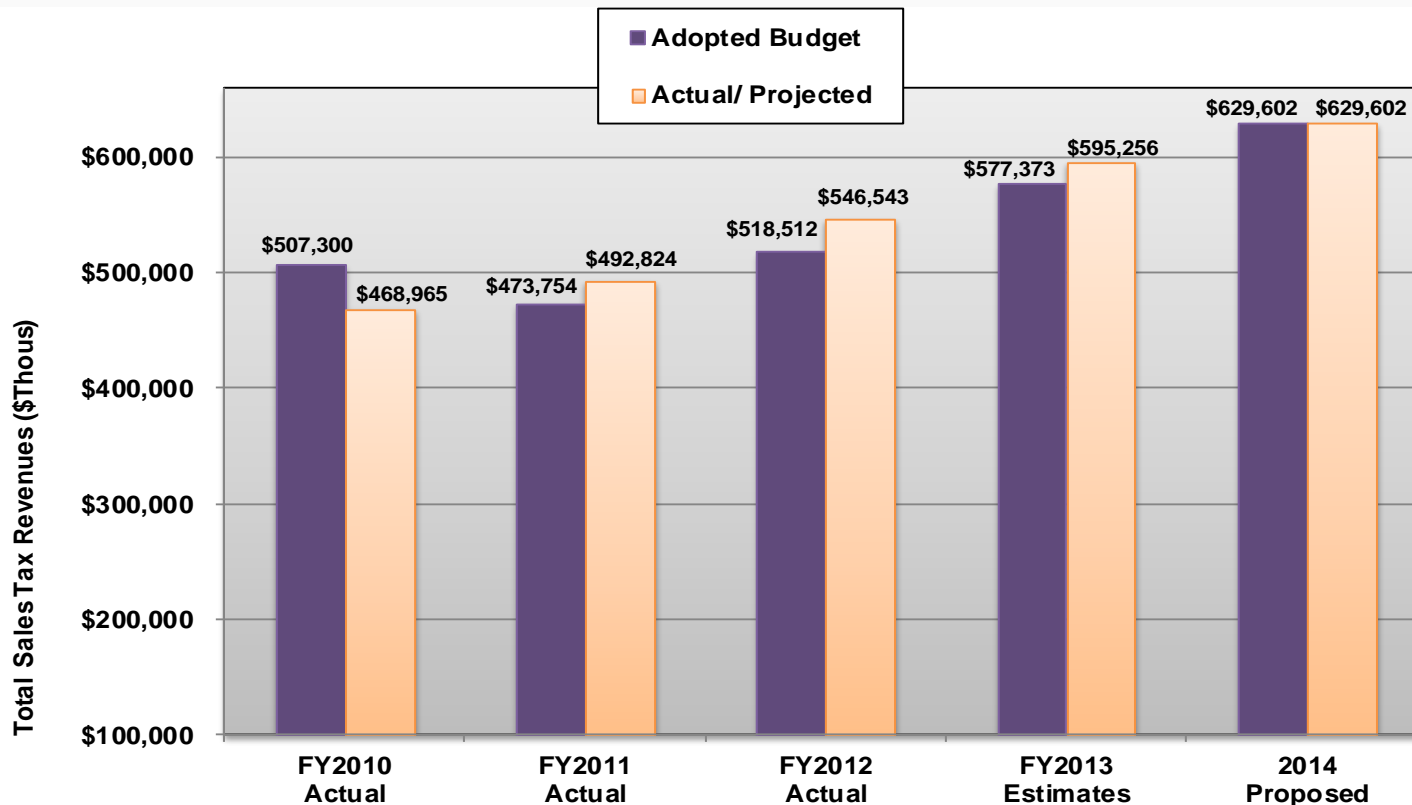
- Assumptions:
 - Continued positive growth trend in FY2014. Growth of 5.8%, \$34.3 million higher than FY2013 Estimates.
 - Derived from the forecast of University of Houston's Institute for Regional Forecasting (UH-IRF).



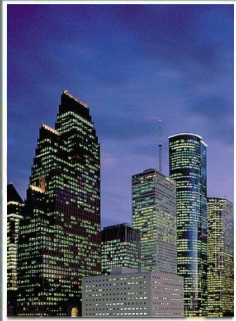


Trends in Sales Tax Revenues

FY2010 - FY2014 (\$ in Thousands)



	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	2014 Proposed
Adopted Budget	\$ 507,300	\$ 473,754	\$ 518,512	\$ 577,373	\$ 629,602
Actual/ Projected	\$ 468,965	\$ 492,824	\$ 546,543	\$ 595,256	\$ 629,602
Variance (Over/Under)	\$ (38,335)	\$ 19,070	\$ 28,031	\$ 17,883	\$ -



Other Revenues and Sources of Funds

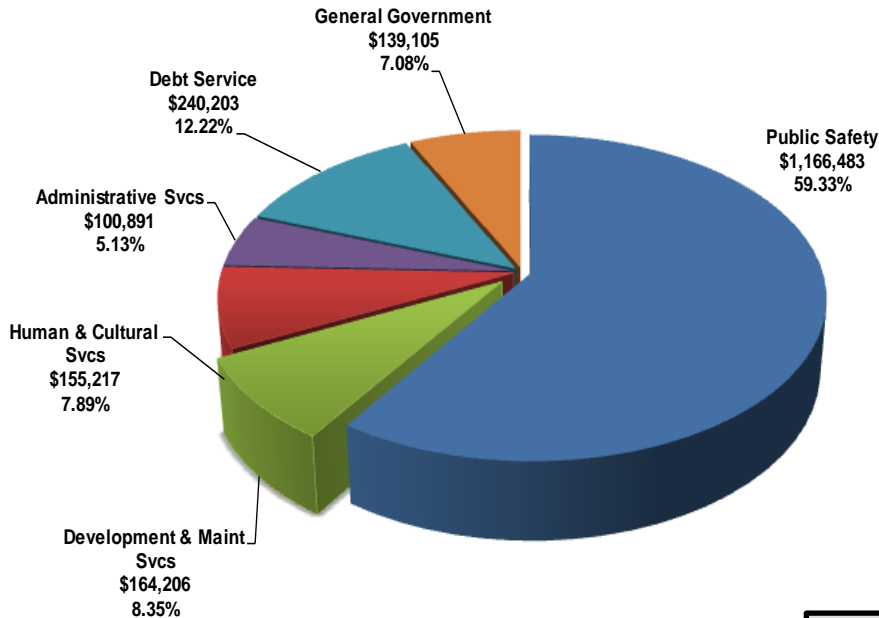
- Sale of Capital Assets of \$2.5 million:
 - Recurring land sales and right-of-way sales.
 - No major one-time land sales.
- Ongoing Transfers of \$27.8 million, mainly due to:
 - \$15.8 million pass through funding from Houston First, mainly for arts funding and annual contribution as stated in the Interlocal Agreement.
 - \$1.4 million lease payment from Houston First.
 - \$1.5 million administrative payment from Houston Forensics Science LGC.
 - \$7.5 million from Parking Management Fund.



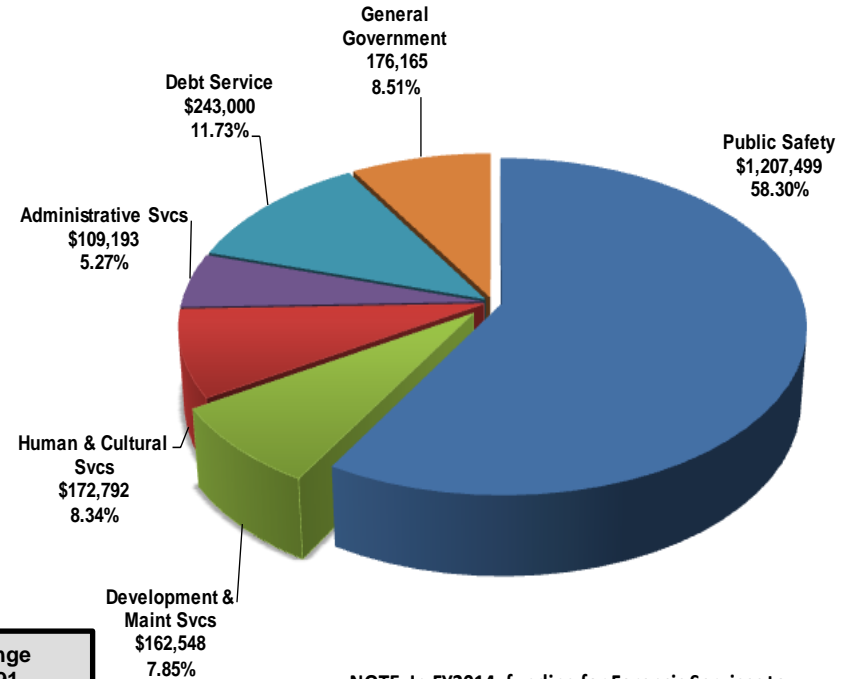
General Fund Expenditures

Including Debt Service (\$ in Thousands)

**FY2013 Estimate
of \$ 1,966,106**



**FY2014 Proposed Budget
of \$2,071,197**



**Net Change
\$105,091
5.35%**

NOTE: In FY2014, funding for Forensic Services to Houston Forensics Science LGC is reported in General Government

- Public Safety: Police, Fire, Houston Emergency Center (HEC), Municipal Courts
- Development & Maint Svcs: General Services, Planning & Development, Public Works, Solid Waste
- Human & Cultural Svcs: Health & Human Services, Housing, Library, Neighborhoods, and Parks
- Administrative Svcs: Administration and Regulatory Affairs, Controller, City Council, City Secretary, Finance, Human Resources, Houston Information Technology Service (HITS), Legal, Mayor's Office, Office of Business Opportunity



FY2014 General Fund Expenditures

Net Change (\$ in Thousands)

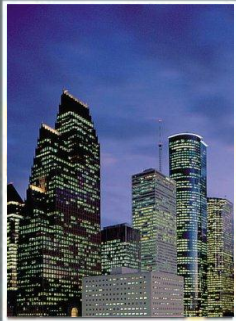
Compensation Increases:

Municipal Pay Increases	\$	6,781
Classified Pay Increases	\$	14,765
Health Benefits Increases	\$	7,374
Pension Increases	\$	23,838
Personnel Costs for Forensic Services LGC	\$	1,042
Subtotal	\$	53,799

Significant Increase/(Decrease):

Debt Service Increases	\$	2,797
42% TX1115 Medicaid Waiver Payment to State - Pass Through	\$	8,500
Payment to HAA 19.3% HOT Tax - Pass Through	\$	921
Limited Purpose Annexation Payment - Pass Through	\$	3,900
Restoration of Library Hours	\$	3,100
IT Restricted Costs	\$	6,756
Electricity Costs - Contract Renegotiation	\$	(4,583)
Other Restricted Costs (Fuel, Gas, EGIS, Other Svcs Chargebacks)	\$	2,558
Radio Costs	\$	2,248
Maintenance Renewal & Replacement - New Line Item	\$	7,500
Performance Management Review	\$	5,000
EMT Training - Education and Training	\$	3,000
Election Cost	\$	2,000
HUD Payment	\$	708
Cost of Service Fee Study	\$	300
Others	\$	6,587
Subtotal	\$	51,292

Net Change	\$	105,091
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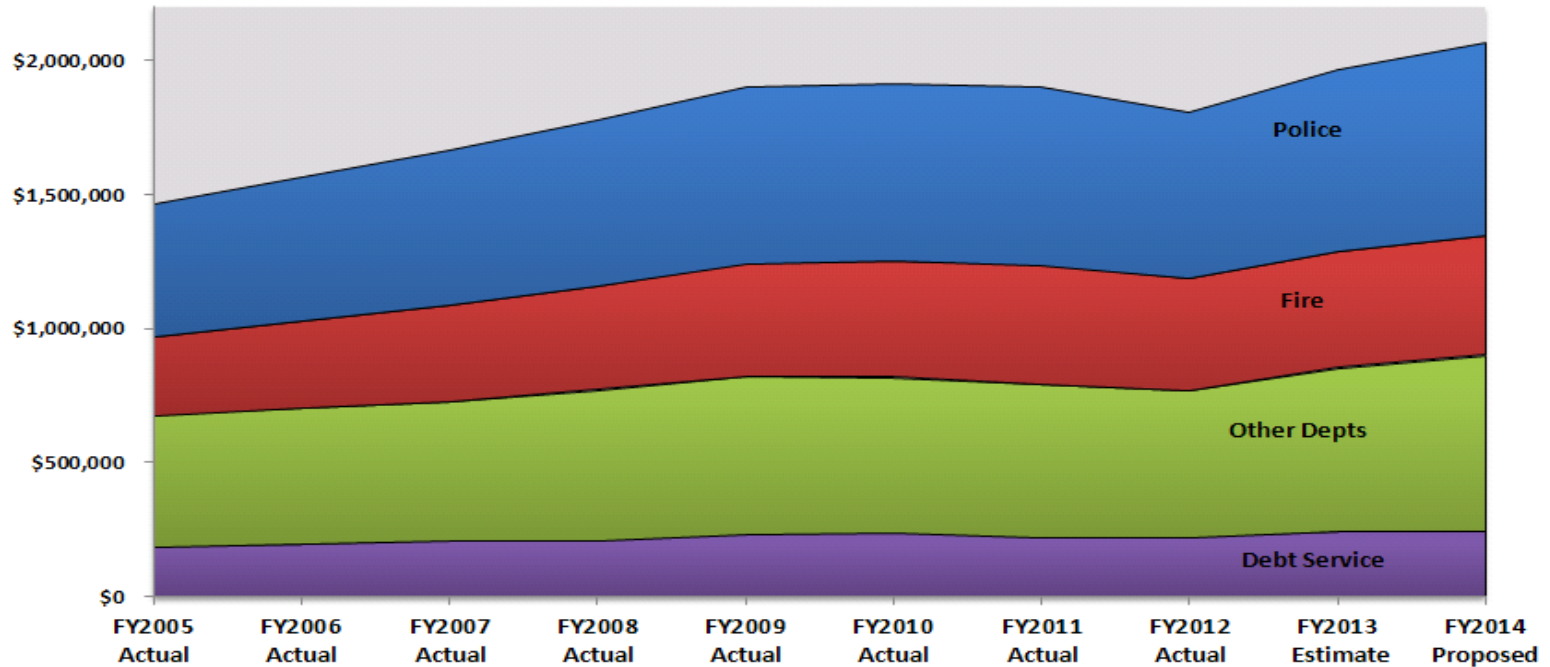
General Fund Expenditures

New Line Items

- Maintenance Renewal and Replacement
 - Added to designate new funding for addressing maintenance renewal and replacement issues in our capital assets.
 - Will be used primarily to increase maintenance, address facilities condition assessment findings, and to replace fleet vehicles and equipment that have exceeded their useful economic life.
- Performance Management Review
 - Will be used to continue conducting performance reviews and facilitate performance improvements in the City's operations.
 - Will include Houston Fire Department work demands analysis and improvement recommendations study. Will require further Council Action.
 - Will fund procurement to payment process reengineering; projected to repay General Fund through savings over time. Will require further Council Action.



General Fund Expenditures FY2005 - FY2014 (\$ in Thousands)

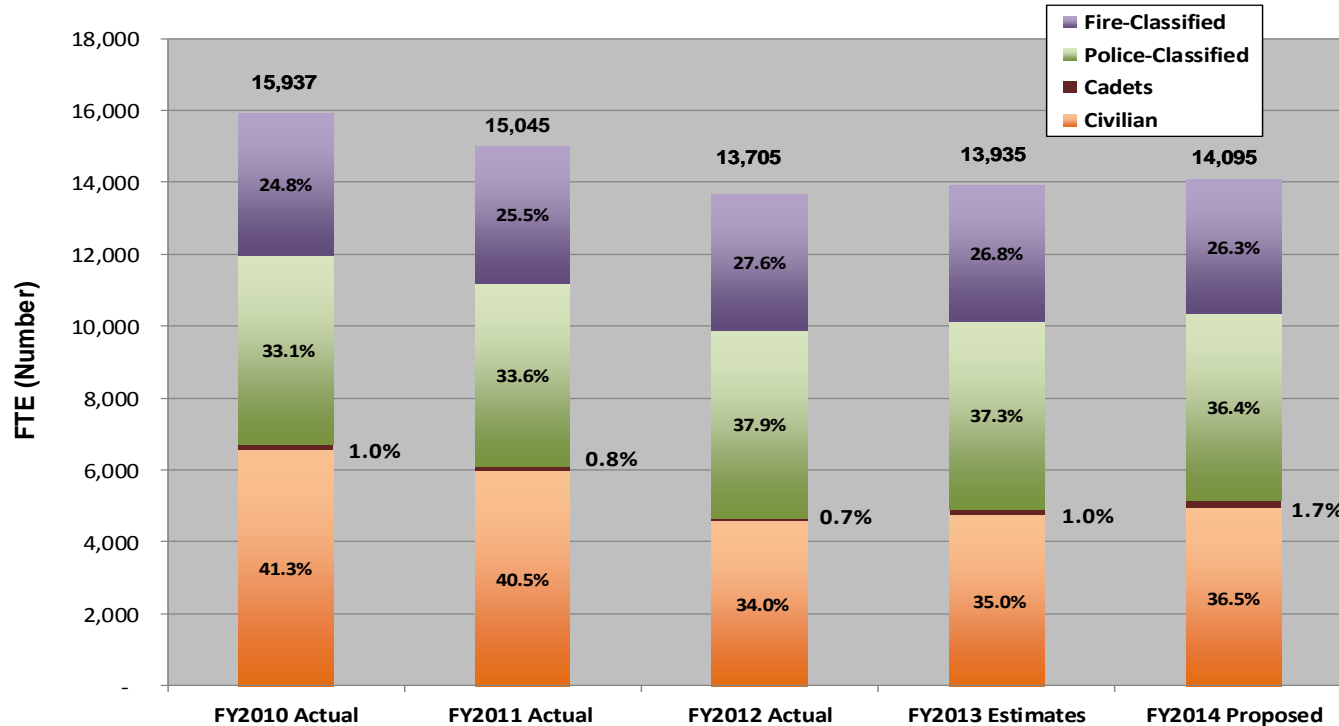


Fiscal Year	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimate	FY2014 Proposed
Police	\$498,187	\$535,504	\$581,787	\$618,304	\$657,225	\$662,765	\$663,420	\$621,739	\$679,052	\$722,582
Fire	\$291,352	\$327,323	\$360,542	\$388,352	\$422,718	\$435,852	\$448,175	\$420,198	\$433,270	\$447,379
Other Depts	\$490,340	\$505,919	\$516,747	\$560,828	\$588,757	\$577,750	\$568,443	\$548,106	\$613,581	\$658,236
Debt Service	\$188,000	\$195,000	\$209,000	\$209,350	\$232,948	\$240,020	\$220,838	\$220,507	\$240,203	\$243,000
Total	\$1,467,879	\$1,563,746	\$1,668,076	\$1,776,834	\$1,901,648	\$1,916,387	\$1,900,876	\$1,810,550	\$1,966,106	\$2,071,197
Police	33.94%	34.24%	34.88%	34.80%	34.56%	34.58%	34.90%	34.34%	34.54%	34.89%
Fire	19.85%	20.93%	21.61%	21.86%	22.23%	22.74%	23.58%	23.21%	22.04%	21.60%
Other Depts	33.40%	32.35%	30.98%	31.56%	30.96%	30.15%	29.90%	30.27%	31.21%	31.78%
Debt	12.81%	12.47%	12.53%	11.78%	12.25%	12.52%	11.62%	12.18%	12.22%	11.73%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

NOTE: In FY2014, funding for Forensic Services to Houston Forensics Science LGC is reported in General Government (Other Departments Category)



General Fund Full-Time Equivalents



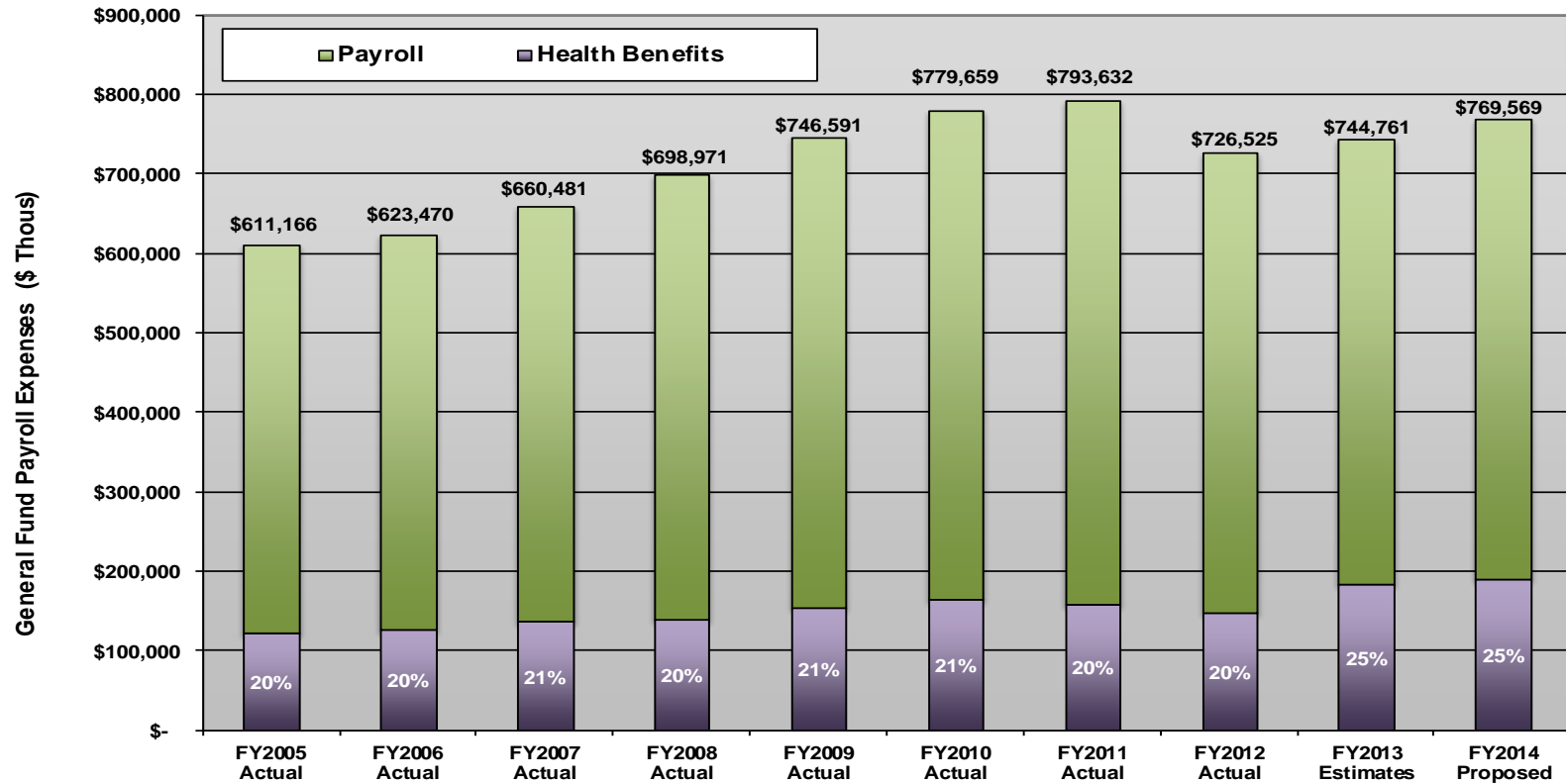
	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	FY2014 Proposed	Comments
Civilian	6,573	6,004	4,589	4,780	4,936	See Notes
Police-Classified	5,261	5,073	5,224	5,243	5,172	See Notes
Police-Cadets	135	70	77	115	103	
Fire-Classified	3,940	3,854	3,801	3,771	3,741	
Fire-Cadets	29	45	14	27	143	
Total	15,937	15,045	13,705	13,935	14,095	
Change YOY (\$)		(892)	(1,341)	231	160	
Change YOY (%)		-5.60%	-8.91%	1.68%	1.15%	

NOTES:

- Reduction of Police Classified in FY2014 is mainly due to Forensic Services personnel (78 FTEs) being reported in Forensics Transition Special Fund in FY2014.
- Forensics Services Civilian personnel being reported in the special fund is 91.2 FTEs.
- Increase in Civilian in FY2014 is primarily due to restoration of library hours.



General Fund Health Benefits FY2005 - FY2014 (\$ in Thousands)



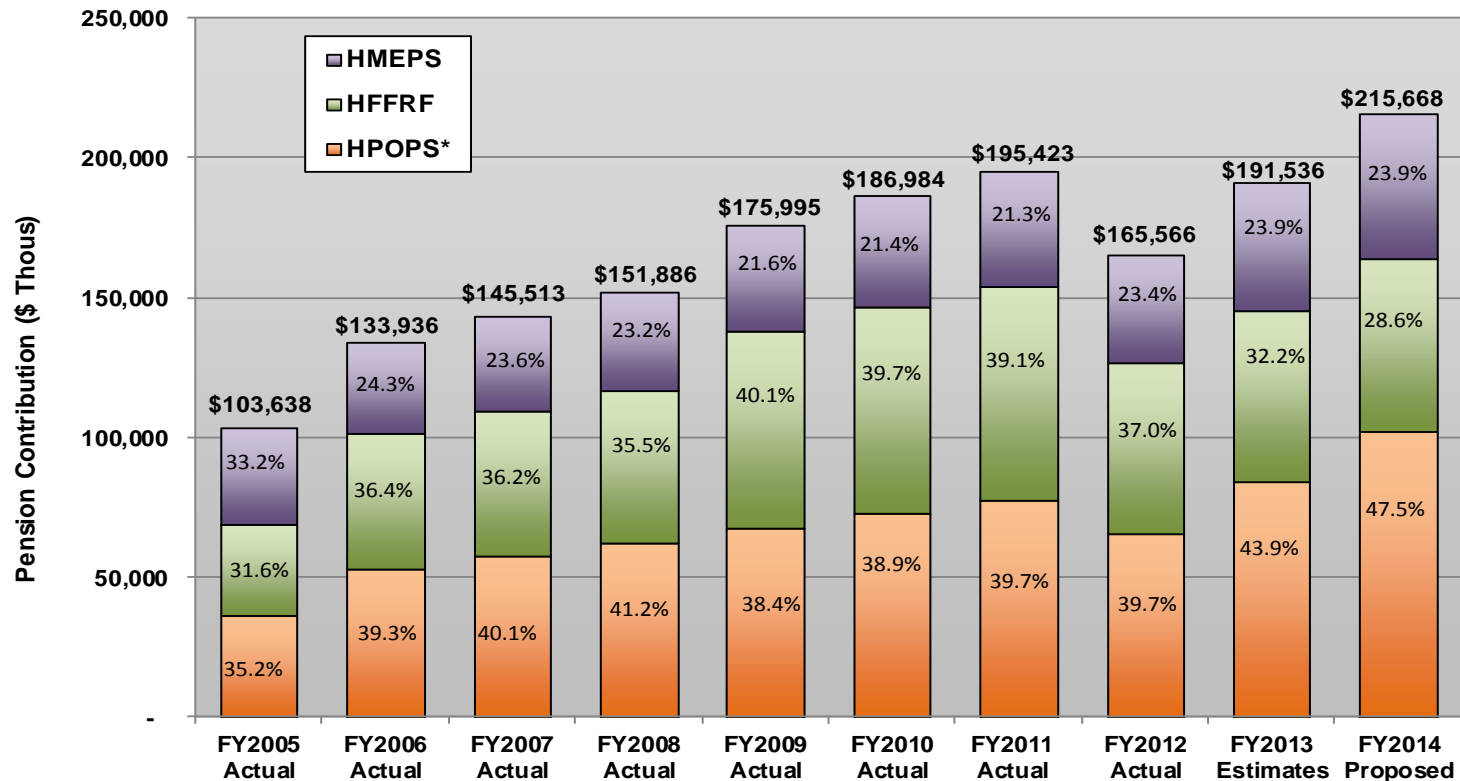
(in \$Thous)	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	FY2014 Proposed
Payroll	\$ 611,166	\$ 623,470	\$ 660,481	\$ 698,971	\$ 746,591	\$ 779,659	\$ 793,632	\$ 726,525	\$ 744,761	\$ 769,569
Change YOY		2.01%	5.94%	5.83%	6.81%	4.43%	1.79%	-8.46%	2.51%	3.33%
Health Benefits	\$ 122,643	\$ 127,717	\$ 136,542	\$ 140,566	\$ 155,018	\$ 165,190	\$ 159,119	\$ 147,077	\$ 182,985	\$ 190,608
Change YOY		4.14%	6.91%	2.95%	10.28%	6.56%	-3.68%	-7.57%	24.41%	4.17%
Health Benefits as % of Payroll	20%	20%	21%	20%	21%	21%	20%	20%	25%	25%

Note:

- Health Expense includes only City contributions for HMO, PPO, and Medicare Advantage Health Care Plans and Payroll includes only Base Salary Pay.
- This chart also includes payroll and health benefits funding for Forensic Transition Special Fund in FY2014.
- Increase in FY2013 Estimates includes one time funding for prior year's deficit.



General Fund Pension Contributions FY2005 - FY2014 (\$ in Thousands)



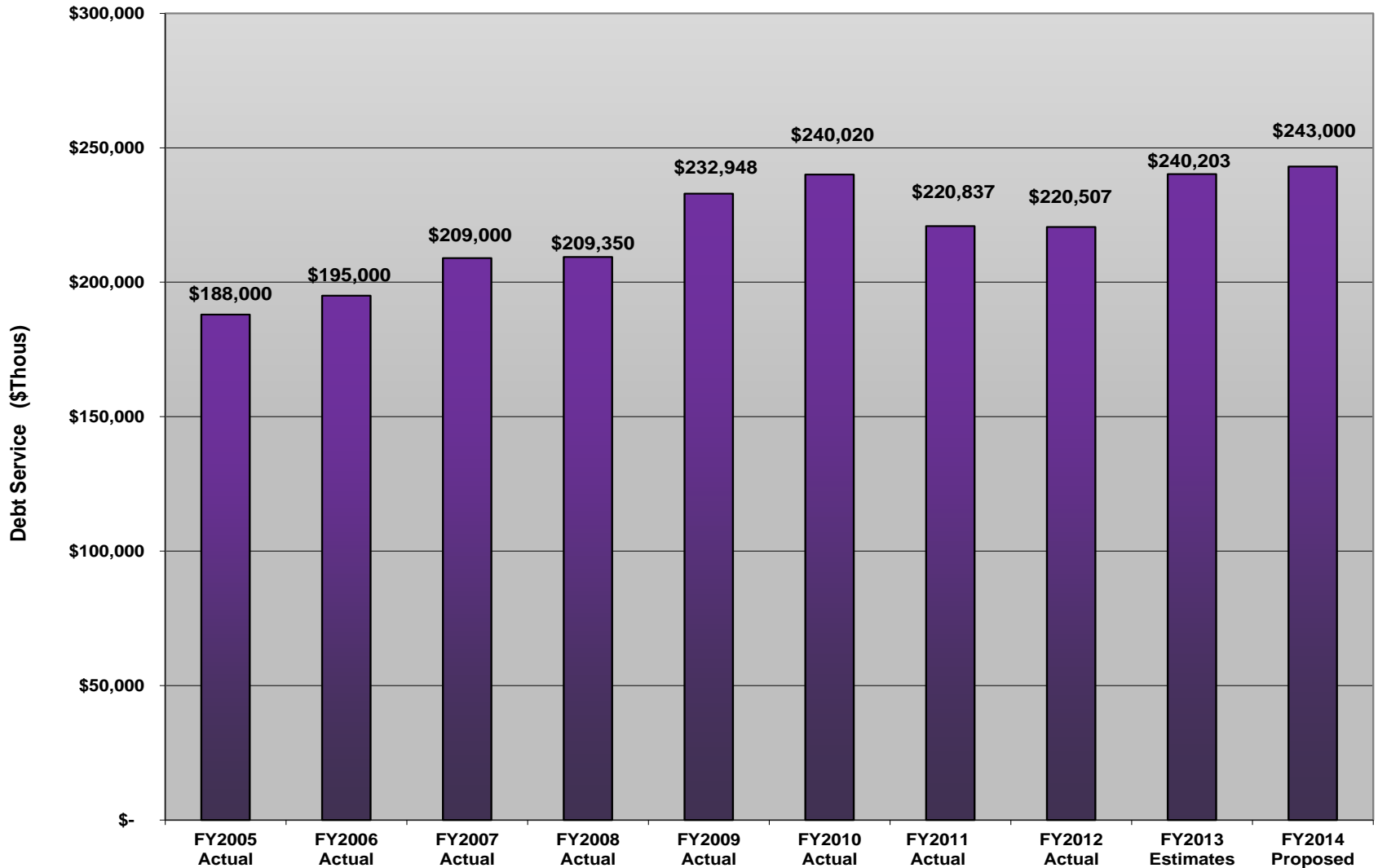
(in \$Thous)	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Estimates	FY2014 Proposed
HMEPS	34,437	32,501	33,932	35,278	37,994	40,017	41,537	38,662	45,858	51,526
HFFRF	32,699	48,738	51,984	53,981	70,506	74,299	76,352	61,204	61,628	61,592
HPOPS*	36,502	52,697	57,597	62,627	67,495	72,669	77,534	65,701	84,050	102,550
Pension Contributions	\$ 103,638	\$ 133,936	\$ 143,513	\$ 151,886	\$ 175,995	\$ 186,984	\$ 195,423	\$ 165,566	\$ 191,536	\$ 215,668
Change YOY (\$)		\$ 30,298	\$ 9,577	\$ 8,373	\$ 24,109	\$ 10,989	\$ 8,439	\$ (29,857)	\$ 25,969	\$ 24,132
Change YOY (%)		29.23%	7.15%	5.83%	15.87%	6.24%	4.51%	-15.28%	15.69%	12.60%
Pension as % of Payroll	17%	21%	22%	22%	24%	24%	25%	23%	26%	28%

*Note:

- In FY2014, HPOPS includes pension funding for Forensic Transition Special Fund
- Decrease in FY2012 is mainly due to HPOPS deferral

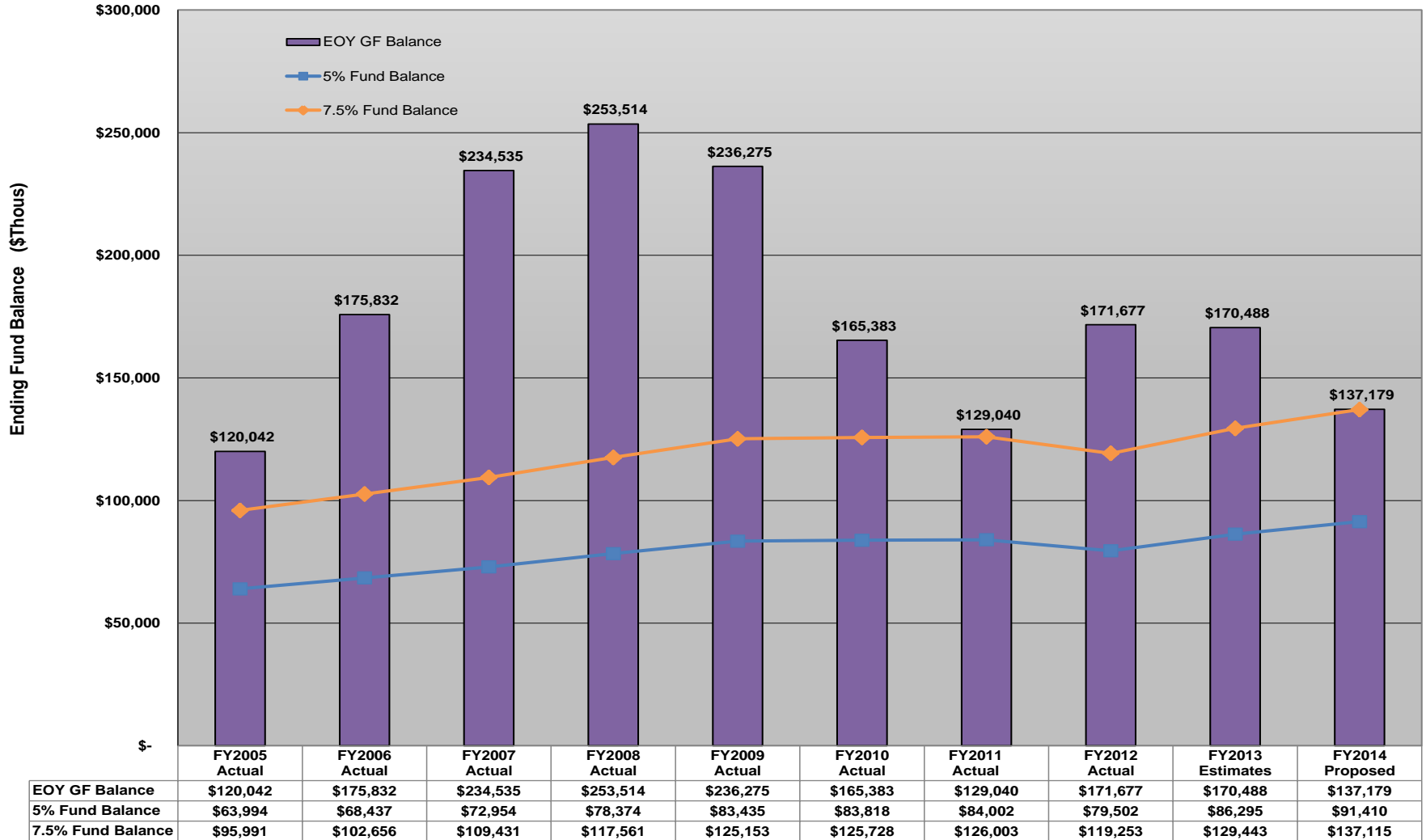


General Fund Debt Service Transfers FY2005 – FY2014





General Fund Unassigned Ending Fund Balance FY2005 - FY2014

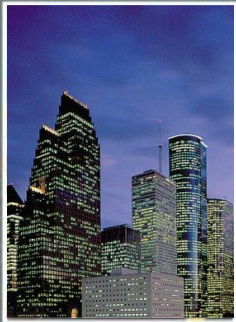


*Note: FY2013 Estimates include full re-designation of \$20 million Rainy Day Fund. The FY2014 Proposed Budget includes \$1 million unassigned fund balance for payment settlement to American Traffic Solution.



Finance Department

General Fund Five Year Forecast FY2014 – FY2018



Overview

- This 5-year forecast is based on the FY2014 Proposed Budget.
- Expenditures include legal mandates, staffing for new facilities, and contractual escalators.
- The capital budget for facilities, rolling stock, and information technology is not included.
- Includes debt service for capital projects.



Key Assumptions - Revenue

Revenue Category	Proposed Budget FY2014	Projection				Comments
		FY2015	FY2016	FY2017	FY2018	
Property Tax Revenue Growth %	4.3%	4.5%	4.5%	4.6%	4.6%	FY15-18 estimate based on conservative mid point average taxable value between 1991 and 2001 recession recovery.
Sales Tax Growth %	5.8%	4.9%	6.2%	6.6%	6.1%	FY15-18 estimate based on UH-IRF Report
Franchise Fees Growth %	-2.8%	0.8%	0.7%	0.8%	0.8%	FY15-18 estimate based on historical growth. FY14 decrease in growth is due to lower average consumption in gas and electricity from prior years.
Other Revenue Growth %*	0.9%	3.5%	3.8%	4.2%	4.6%	FY15-18 estimate based on historical growth. FY14 decrease in growth is due to prior year revenue includes two years' collection of Industrial District revenue.
One Time - Sale of Capital Assets (\$mm)	-	-	-	-	-	
One Time - Transfer from Other Funds (\$mm)	-	-	-	-	-	

***Note: Other Revenue Category includes items such as Industrial Assessment, License and Permits, Charges for Services, Interfund Services, Fines and Forfeits.**



Key Assumptions - Expenditures

Expense Categories	Proposed Budget	Projection				Comments
	FY2014	FY2015	FY2016	FY2017	FY2018	
<u>Personnel:</u>						
Civilian Compensation	3.00%	3.00%	0.00%	0.00%	0.00%	Based on HOPE Meet & Confer, additional 1% in FY2014 due to property and sales tax revenue pledge
Classified - Police	3.99%	3.94%	4.73%	3.50%	3.40%	Based on HPD Meet & Confer; includes net staffing changes
Classified - Fire	0.34%	0.36%	0.42%	0.16%	0.14%	Based on HFD Collective Bargaining; includes net staffing changes
<u>Pension:</u>						
HMEPS	22.69%	24.69%	26.69%	28.69%	30.69%	Based on 2% increase each year per agreement
HFRRF*	23.90%	34.60%	34.60%	34.60%	33.60%	FY15-FY18 assumes 8.5% rate of return
HPOPS Annual \$ Increase	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	Based on HPOPS Meet & Confer
HPOPS Deferred Pension Payment	\$8.5M	-	-	-	-	Assumed rollover of \$25.5M deferral into the police safety campus
<u>Health Benefits:</u>						
Growth %	12.00%	10.00%	10.00%	10.00%	10.00%	FY14 includes subscriber changes to plan choices
<u>Service Chargeback and Energy:</u>						
Annual \$ Increase/(Decrease)	\$4.8M	\$9.2M	\$8.5M	\$9.3M	\$10.2M	Includes cost for IT, Fleet, Energy and EGIS
<u>Other Operating Costs:</u>						
Annual \$ Increase/(Decrease)	\$40.2M	(\$2.6M)	\$10.0M	\$6.4M	\$11.4M	FY14 includes IGT payment for TX 1115 Waiver (\$10M), funding to Houston Forensic Science LGC (\$22M), Performance Mgt Review/PMR (\$5M) and EMT Training (\$3M). PMR (\$3.5M) and EMT Training (\$3M) are one time funding in FY14.
<u>Funding for Maintenance Renewal & Replacement</u>						
Annual \$ Increase/(Decrease)	\$7.5M	(\$5.0M)	-	-	-	In FY14, designating \$7.5M for Maintenance Renewal & Replacement - \$5M is one time funding. Designating approximately 2% of the average annual public CIP in future years.
<u>Debt:</u>						
Annual \$ Increase/(Decrease)	\$2.8M	\$42M	\$23M	\$32.5M	\$23.8M	As scheduled

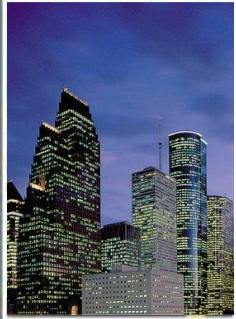


Revenue & Expenditure Summary

(\$ Thousands)

(\$000s)	FY2012 Actual	FY2013 Estimates	FY2014 Proposed	FY2015 Forecast	FY2016 Forecast	FY2017 Forecast	FY2018 Forecast
Property Tax Revenues	866,141	906,197	945,408	988,184	1,033,099	1,080,259	1,129,777
Sales Tax	546,543	595,256	629,602	660,641	701,535	747,626	793,007
Franchise Revenue	192,760	193,897	188,453	189,935	191,322	192,759	194,247
Other Revenues	197,251	240,929	243,155	251,667	261,298	272,271	284,859
Total Revenues	\$1,802,695	\$1,936,279	\$2,006,619	\$2,090,428	\$2,187,254	\$2,292,915	\$2,401,890
<i>Growth %</i>		7%	4%	4%	5%	5%	5%
Total Operating Expenditures	1,590,044	1,725,903	1,820,696	1,914,264	1,990,830	2,061,285	2,137,323
Supplemental Maintenance Renewal and Replacements	-	-	7,500	2,500	2,500	2,500	2,500
Total Operating Expenditures	1,590,044	1,725,903	1,828,196	1,916,764	1,993,330	2,063,785	2,139,823
Transfers for Debt Service	220,507	240,203	243,000	285,000	308,000	340,462	364,243
Total Expenditures Including Debt	1,810,550	1,966,105	2,071,196	2,201,764	2,301,330	2,404,247	2,504,066
<i>Growth %</i>		9%	5%	6%	5%	4%	4%
Net Revenues Less Expenditures	(7,855.14)	(29,826)	(64,577)	(111,336)	(114,076)	(111,331)	(102,176)
Transfers from Other Funds - Ongoing	23,533	25,680	27,770	27,770	27,770	27,770	27,770
Transfers from Other Funds - One-Time	29,612	2,242	-	-	-	-	-
Sale of Capital Assets - Ongoing	1,504	4,757	2,500	2,500	2,500	2,500	2,500
Sale of Capital Assets - One-Time	-	10,955	-	-	-	-	-
Change in Inventory/Prepaid Items	3,564	-	-	-	-	-	-
Proceeds from/(Increase in) Fund Balance	(50,357)	(13,807)	34,308	-	-	-	-
Net Surplus/ (Deficit)	-	-	-	(81,067)	(83,806)	(81,062)	(71,907)
Redesignation for DARLEP	(2,720)	-	1,000	-	-	-	-
Redesignation of Rainy Day Fund	(5,000)	(15,000)	-	-	-	-	-
Changes to Restricted Fund Balance	(7,720)	(15,000)	1,000	\$0	\$0	\$0	\$0
Beginning Fund Balance	129,041	171,678	170,486	137,179	137,179	137,179	137,179
Ending Unrestricted Fund Balance *	171,678	170,486	137,179	137,179	137,179	137,179	137,179
Fund Balance Percent of Expenditures (less debt)	10.8%	9.9%	7.5%	7.5%	7.5%	7.5%	7.5%

* Ending Unrestricted Fund Balance figure assumes gap is eliminated in each fiscal year.



Five Year Management Strategies

- Continued efforts to improve collection of current and past due balances owed to the City.
- Continued efforts to cut costs and improve productivity within departments through performance management reviews.
- Continued efforts to lower health benefits cost increases.
- Develop a work demands analysis for HFD.
- Reduce procurement costs and cost of goods and services procured while meeting MWSBE and Hire Houston First goals.