



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

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To: Mayor Annise D. Parker
City Council Members

Date: February 25, 2011

Subject: 7+5 Financial and
Operations Report

Attached is the 7+5 Financial and Operations Report for the period ending January 31, 2011. Fiscal Year 2011 projections are based on seven months of actual results (July - January) and five months of projected results (February - June).

General Fund

The projected budget gap in the General Fund is currently at \$9.7 million. This is \$685,000 lower than we projected in the 6+6 Report due to the following:

Revenues and Other Sources increased by \$1.8 million from last month. This is largely due to an increase of \$1.4 million to reclassify a write-off of stale liabilities on the City's books for more than five years.

Expenditures increased by approximately \$1.1 million primarily due to adjustments to the projections for electricity and personnel savings.

Major Fiscal Items

The total amount projected from non-right-of-way land sales (\$46.5 million)⁽¹⁾, management initiative savings (\$2 million), and cost of service fee recovery (\$5.8 million) in the finance projections is currently at \$54.3 million.

Enterprise, Special Revenue and Other Funds

We are projecting all Enterprise Funds, Special Revenue Funds and all other funds at budget except the following:

Aviation

Operating Revenues increased by \$700,000 due to higher retail concessions. Operating Expenditures decreased by \$8.5 million primarily due to personnel savings and reduced service costs. As a result, the Operating Transfers also increased by approximately \$9.2 million.

(1) \$7.5 million in land sales is budgeted under Transfers from Other Funds to comply with generally accepted accounting principles but is included here in land sales in the interest of clarity.

Convention & Entertainment

Operating Revenues increased by \$512,000 due to higher than expected revenue for concessions. Operating Expenditures decreased by \$316,000 mainly due to a reduction in construction costs. The Net Hotel Occupancy Tax projection increased \$1.6 million for higher than expected receipts. This was offset by a reduction in Other Non Operating Revenue of \$1.8 million due to lower than expected preferred returns from the Hotel Corporation. Operating Transfers increased by \$368,000 mainly due to project costs not to be completed this fiscal year.

Combined Utility System

Operating Revenues decreased by \$5.4 million primarily due to lower consumption of water by commercial and contract customers. Operating Expenditures decreased by \$2.3 million mainly reflecting savings in personnel and contract costs.

Property & Casualty Fund

Operating Revenues and Expenditures decreased by \$8.6 million primarily due to claims settling in the City's favor.

Auto Dealers Fund

Operating revenues increased by \$1.1 million due to the impact of the fee increases.

DARLEP

Operating Revenues and Expenditures increased by \$393,000 due to Red Light Enforcement revenue continuing to be booked during the program phase out.

Digital Houston Fund

Operating Expenditures decreased by \$375,000 primarily due to savings in services offset by capital purchases and equipment.

Mobility Response Team Fund

Operating Expenditures decreased by \$256,000 due to contract delays with the City Mobility Plan.

Police Special Services Fund

Operating Expenditures decreased by \$500,000 largely due to Safe Clear being funded in General Fund as of January 2011.

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

Sincerely,



Kelly Dowe

Acting Director