



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

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To: Mayor Annise D. Parker
City Council Members

Date: November 4, 2011

Subject: 3+9 Financial and
Operations Report

Attached is the 3+9 Financial and Operations Report for the period ending September 30, 2011. Fiscal Year 2012 projections are based on three months of actual results and nine months of projections.

General Fund

We are currently projecting ending fund balance of \$139.0 million, which is approximately \$3.3 million higher than last month.

Revenues and Other Sources increased by \$8.7 million due to the following:

- Property Tax increased by \$6.4 million to reflect the 3-year average collection rate
- Other Franchise Fee increased by \$263,000 due to delinquent payments received for Solid Waste Franchise Fees
- Direct Interfund increased by \$209,000 to reflect increased cost recovery for community services from other fund
- Indirect Interfund increased by \$313,000 due to higher than anticipated Indirect Cost Grant reimbursement
- Transfer from Other funds increased by \$1.5 million due to: a transfer from the Building Inspection Fund of \$2.5 million for sale of land realized in July 2011 offset by a decrease in the Parking Management transfer by \$1.0 million as a result of a delay in parking meter rate implementation

Our projection for Expenditures and Other Uses increased by \$5.8 million due to the following:

- \$145,000 increase in Fire due to recruiting and promotional cost
- \$755,000 increase in Health, mainly due to higher security services cost than anticipated

- \$259,000 increase in Department of Neighborhoods to reflect personnel costs in community services for citizens with disabilities, reimbursed from other fund
- \$4.8 million increase in Parks to reflect costs for tree removal and funding for community centers and pools through the end of FY2012
- \$3.3 million increase in Police to fund traffic enforcement and reduce backlog in the crime lab
- \$5.7 million increase in General Government as a net result of: saving from termination pay of \$3.5 million, and a transfer of \$9.2 million to the Dedicated Drainage and Street Renewal Fund to reflect captured ad valorem tax revenue as a result of a higher certified taxable value as well as recent debt refinancing savings. This was previously budgeted in the Debt Service transfer.
- Correspondingly, the Debt Service transfer decreased by \$9.2 million

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

Operating Revenue and Operating Transfer decreased by \$3.1 million mainly due to lower than anticipated landing fees as well as building and ground rental fees.

Combined Utility System

Operating Revenues increased by \$16.9 million due to the continuous dry weather conditions. As a result, Operating Expenditures increased by \$11 million to cover the costs of increased water main breaks.

Non Operating Revenues decreased by \$1.9 million mainly due to lower interest rates offset by increased cost in CWA Debt. Operating Transfers decreased by \$4.1 million due to refunding of Junior Lien Debt.

Dedicated Drainage & Street Renewal Fund

Revenues decreased by \$45 million to reflect: a decrease in all capital funding going directly to the appropriate Dedicated Drainage Street and Renewal Capital Fund (Fund 4040) of \$54 million offset by an increase in captured ad valorem tax revenue from General Fund of \$9.2 million.

Expenditures decreased by \$55 million as a result of the reduction in capital projects being diverted to Fund 4040 in the amount of \$54 million and personnel savings of \$700,000

Building Inspection Fund

Revenues and Transfer-Out increased by \$2.5 million as a result of the land sales realized in July 2011 which will be transferred to General Fund.

Expenditure decreased by \$296,000 due to personnel savings.

Houston TranStar

Revenues increased by \$444,000 to reflect federal funding from Surface Transportation Program (STP).

Mobility Response Team

Revenues increased by \$400,000 as funding being received from Houston Galveston Area Council for the Mobility Phase II study. As a result, expenditures increased by \$329,000 for the project costs included in this study.

Parking Management

Revenues decreased by \$1.7 million mainly due to the delay of the extended hours metered parking enforcement. As a result, transfer to General Fund decreased by \$1.0 million.

Police Special Services

Revenues decreased by \$3.2 million to reflect the funding from METRO and LEOSE (Law Enforcement Officer Standard and Education) grant funding that will not be received this fiscal year. As a result, expenditure projection decreased by \$1.5 million.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Dowe", with a long horizontal flourish extending to the right.

Kelly Dowe
Director