



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

Finance Department
P.O. Box 1562
Houston, Texas 77251-1562

T. 713-221-0935
F. 713-837-9654
www.houstontx.gov

To: Mayor Annise D. Parker
City Council Members

Date: February 29, 2012

Subject: 7+5 Financial and
Operations Report

Attached is the 7+5 Financial and Operations Report for the period ending January 31, 2012. Fiscal Year 2012 projections are based on seven months of actual results and five months of projections.

General Fund

We are currently projecting ending unrestricted fund balance of \$153.3 million. This is approximately 9.52% of the expenditures less debt service after setting aside \$2.7 million as contingent stand-by funding in the event that DARLEP collections are insufficient to pay monies under the agreement with American Traffic Solutions, Inc.

Projection for Revenues and Other Sources increased by \$10.5 million due to the following:

- Property Tax increased by \$3.4 million as a result of higher taxable value estimates received from Harris County Appraisal Districts.
- Sales Tax increased by \$7.7 million due to higher December sales tax receipts than anticipated. The sales tax receipts for December were \$6.6 million (12.7%) higher than the same period last year and 6.7% higher than anticipated.
- Other Taxes decreased by \$1.1 million mainly due to lower than anticipated second quarter receipts from mixed beverage taxes.
- Licenses and Permits increased by \$460,000 mainly due to higher than anticipated Special Fire Permits.
- Intergovernmental revenues increased by \$623,000 mainly due to increased Medicare Part D reimbursements.
- Direct Interfund Services decreased by \$254,000 to reflect the adjustment for Interfund Auditing Services which is no longer provided to Houston First.

- Indirect Interfund Services decreased by \$329,000 to account for prior year costs related to the space usage fees at George R. Brown Convention Center for City sponsored events.

There are no major changes to our projection for Expenditure and Other Uses from last month. It reflects the transfer of ARA employees to the Finance Department.

Enterprise, Special Revenue and Other Funds

We are projecting no change in Enterprise Funds, Special Revenue Funds and all other funds from the 6+6 Report, with the exception of the following:

Aviation

Operating Expenditures decreased by \$3.3 million mainly due to savings in personnel and building maintenance services. Non-Operating Revenues increased by \$1.3 million as a result of prior year rent revenues from Continental Airlines. As a result, Operating Transfers increased by \$4.7 million.

Convention & Entertainment

Non-Operating Revenues increased by \$980,000 due to higher Hotel Occupancy Tax receipts.

Combined Utility System

Operating Expenditures increased by \$425,000 due to higher electricity cost as a result of increased pumpage for South East Water Production Plant (SEWPP).

Operating Transfers increased by \$36.6 million mainly due to higher than anticipated funding for capital projects offset by Debt Service savings from lower interest rates.

Dedicated Drainage & Street Renewal Fund

Revenues decreased by \$8.2 million due to lower drainage charge revenues attributed to the correction of drainage properties charges through the verification and appeal process.

Property and Casualty

Operating Revenues and Expenditures decreased by \$833,000 due to lower than anticipated legal service activities.

Asset Forfeiture

Operating Revenues increased by \$808,000 due to higher confiscations and interest.

BARC Special Fund

Operating Expenditures decreased by \$290,000 due to personnel savings.

Building Inspection Fund

Operating Revenues increased by \$3.6 million as a result of higher electrical and construction permits activities.

DARLEP

Operating Revenues and increased by \$1.2 million to recognize revenues released to the City due to the ATS lawsuit settlement. As a result, Operating Expenditures increased by \$1.1 million.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Dowe". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kelly Dowe
Director