



Finance Department

Presentation to the City of Houston
Budget and Fiscal Affairs Committee

General Fund FY15 Budget Review and FY16 Budget Update

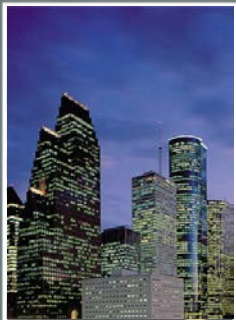
November 9, 2015

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





FY2015 General Fund Expenditures Savings Budget vs. Actuals (\$ in Thousands)

FY2015 Savings Under/(Over)									
Department	Personnel	Health Benefits	HITS Chargebacks	Other Chargebacks ⁽¹⁾	Fuel	Other Supplies & Services	Energy	Workers Comp	Grand Total
Administration and Regulatory Affairs	\$346	\$156	\$63	\$14	\$12	\$608	\$0	\$14	\$1,213
City Controller	77	(3)	(16)	6	-	387	-	4	454
City Council	412	83	1	1	-	860	6	2	1,366
City Secretary	22	4	(10)	2	-	67	-	2	88
Department of Neighborhoods	114	65	(34)	33	34	(27)	-	19	203
Finance Department	261	43	(49)	281	0	902	-	8	1,446
Fire Department	1,999	2,530	2,650	1,177	551	1,724	-	593	11,225
General Government ⁽²⁾	-	2,616	-	-	-	(4,212)	-	-	(1,596)
General Services	99	107	(67)	(26)	45	(214)	(166)	15	(207)
Health and Human Services	35	373	(50)	82	28	68	0	46	583
Housing & Community Development	(7)	(2)	(0)	(4)	-	6	-	0	(6)
Houston Information Technology Services	1,218	107	(57)	38	18	699	(21)	9	2,011
Human Resources	122	43	48	1	-	87	-	2	304
Legal	1,045	73	(10)	7	1	125	-	6	1,246
Library	666	147	185	114	11	(35)	-	38	1,127
Mayor's Office	152	54	9	20	12	218	1	3	468
Municipal Courts Department	107	114	225	16	4	581	13	7	1,067
Office of Business Opportunity	105	17	(14)	5	4	30	-	4	152
Parks and Recreation	874	351	(133)	37	225	637	(108)	1	1,884
Planning & Development	395	18	11	172	0	151	-	6	754
Police Department	2,183	1,645	1,286	62	1,124	195	-	273	6,769
Public Works & Engineering	18	10	(7)	8	1	439	1,516	2	1,987
Solid Waste Management	(443)	211	29	1,139	520	(1,219)	6	5	249
Grand Total	\$9,800	\$8,761	\$4,062	\$3,186	\$2,592	\$2,076	\$1,248	\$1,061	\$32,786

(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

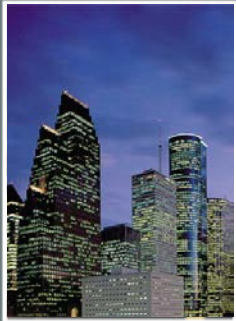


FY2015 General Fund Expenditures Savings

- **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.



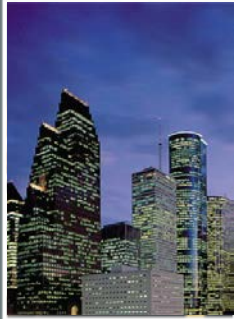


FY2016 General Fund Expenditures Budget Net Change vs. FY2015 Current (\$ in Thousands)

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
<u>Contractual or Mandated increases:</u>		
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



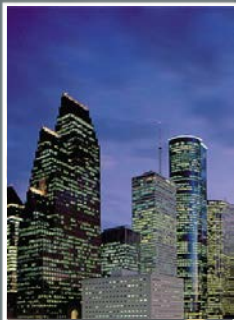
FY2016 Expenditures Budget Update: Steps Taken to Reduce Budgets



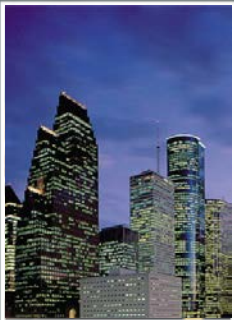
- Continually working with departments on savings/funds improvement initiatives:
 - Vacancy savings by delimiting positions
 - Hiring justification
 - Contract renegotiations
 - Other departmental savings initiatives and reforecasts
- FY2016 General Fund expenditures budget reduction is currently targeted 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?