



Office of the City Controller
Inter Office Correspondence

TO: Mayor Sylvester Turner
City Council Members

DATE: May 16, 2018

FROM: Chris B. Brown, City Controller

SUBJECT: Proposed 2019
Controller's Office Budget

I am pleased to present the proposed Fiscal Year 2019 budget for the Office of the City Controller. The mission of the Controller's Office is to protect the financial integrity of Houston's City government. To accomplish this, the office:

- manages all payroll and vendor payments;
- conducts audits;
- manages investments and debt;
- prepares accurate and timely financial statements;
- provides leadership on policy issues pertaining to the City's financial health;
- has the independent authority to conduct performance reviews of the City bureaucracy;
- assesses the City's future financial condition with accurate forecasts of projected revenues and expenses and the area's economic outlook.

The FY 2019 CTR budget totals \$8,577,980, which compares to FY 2019 target budget amount of \$8,753,040. This represents a 2 percent decrease. Budget decreases and increases are described below:

- The FTE count for FY 2019 is 64, down from 66 in FY 2018;
- We have a vacancy rate of 5%;
- We have cut two positions, Administrative Assistant and Microcomputer Analyst;
- Health Benefits have increased \$30,459; total FY 2019, \$570,139;
- Pension contribution has decreased \$19,571; total FY 2018, \$1,413,012;
- Major cuts include:

\$10,773 in Banking Services

\$4,000 in Information Resources

\$10,000 in Accounting and Auditing Services

\$6,000 in Travel and Training

\$35,085 in Pension and Fringe Benefits

The Year in Review

Treasury Division: On December 13, 2017, the City closed the Public Improvement Refunding Bonds, Series 2017A, in the principal amount of \$537,270,000. This transaction refunded Commercial Paper and Bonds with Net Present Value Savings on the Refunded Bonds of \$14,829,659. On December 22, 2017, the City closed on the City of Houston Pension Obligation Bonds, Series 2017, in the principal amount of \$1,005,145,000. On March 20, 2018, the City closed the Houston Airport System Refunding Bonds Series 20185A (AMT) and Series B (Non-AMT). This transaction refunded Commercial Paper and Bonds with Net Present Value Savings on the Refunded Bonds of \$39,634,975. The City closed on two Private Placement Texas Water Development Board Loans totaling \$147,850,000. There are currently three transactions that will likely close before the end of FY 2018 – a Texas Water Development Board private placement; Combined Utility System Revenue Refunding; and Houston Airport System Refunding Bonds.

On the investment side: Fitch has rated the City's General Investment Pool with their highest rating of 'AAA'. As of March 31, 2018, the General Pool yielded 1.58%.

Note: the Controller's Office sponsored the 6th annual COH Investors Conference April 23-24, 2018; over 150 attended the two days of presentations that indicated, we believe, continued strong interest in the City.

Audit Division: The Controller's 2018 Audit Plan listed 34 projects. As of April 30, 2018, our work has resulted in 9 completed projects and the identification of approximately \$1.25 million in identified savings. The FY 2019 Audit Plan will be released in late July 2018.

Operations Division:

July 1, 2017, through May 8, 2018:

| | | | |
|----------|--------|---------------|--------------------|
| Checks: | 39,961 | Total Amount: | \$393,362,784.05 |
| ACH (T): | 22,869 | | \$1,055,409,280.83 |
| Wires: | 1760 | | \$3,253,021,197.80 |

July 1, 2016 through June 30, 2017:

| | | | |
|----------|--------|---------------|--------------------|
| Checks: | 51,609 | Total Amount: | \$414,289,353.20 |
| ACH (T): | 30,118 | | \$1,363,043,289.53 |
| Wires: | 1722 | | \$2,688,933,267.88 |
