



Office of the City Controller
Inter Office Correspondence

TO: Mayor Sylvester Turner
City Council Members

DATE: May 15, 2019

FROM: Chris B. Brown, City Controller

SUBJECT: Proposed FY 2020
Controller's Office
Budget

I am pleased to present the proposed Fiscal Year 2020 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 2020 CTR budget totals \$8,467,152, which compares to FY 2019 budget of \$8,710,952; this represents a 3.24 percent decrease from FY 2019. The net change in the Controller's Office FY 2020 budget totals a reduction of \$243,800. Budget decreases and increases are described below:

- The FTE count for FY 2020 is 61, down from 64 in FY 2019;
- We have a vacancy rate of 5%;
- We downgraded two vacant positions: Assistant City Auditor III to Assistant City Auditor II, and Assistant City Controller IV to Assistant City Controller III;
- Health Benefits have decreased \$115,052 to total FY 2020 of \$422,836;
- Pension costs have increased \$805.00 from FY 2019 of \$1,450,310 to FY 2020 \$1,451,115;
- Additional cuts include:
 1. \$15,780 in Restricted Account Adjustments
 2. \$32,251 in Health Benefits Adjustments

The Year in Review

Treasury Division: On **August 2, 2018**, the City closed the Houston Airport System Subordinate Lien Revenue Refunding Bonds, Series 2018 C (AMT) & D (Non-AMT), in the principal amount of \$569,110,000. This transaction refunded Variable Rate Bonds and Fixed Rate Bonds with Net Present Value Savings on the Refunded Bonds of \$90,322,446.

On **August 22, 2018**, the City closed the Combined Utility System First Lien Revenue Refunding Bonds, Series 2018D (AMT) and E (Non-AMT), in the principal amount of \$529,220,000. This transaction refunded Commercial Paper and Bonds with Net Present Value Savings on the Refunded Bonds of \$27,432,955.

On **April 30, 2019**, the City closed the Convention & Entertainment Facilities Development Hotel Occupancy Tax and Special Revenue and Refunding Bonds, Series 2019 in the principal amount of \$106,320,000. This transaction refunded Variable Rate Bonds and Fixed Rate Bonds with Net Present Value Savings on the Refunded Bonds of \$5,596,282. The City closed on three Private Placement Texas Water Development Board Loans totaling \$279,015,000.

Fitch has rated the City's General Investment Pool with their highest rating of 'AAA'. As of April 30, 2019, the General Pool yielded 2.14%. Note: the Controller's Office sponsored the 7th annual COH Investors Conference on April 25, 2019; over 150 attended the conference which indicated, we believe, continued strong interest in the City of Houston.

Audit Division: The Controller's 2019 Audit Plan listed 26 projects. This includes 11 performance/compliance audits, five carryover audits from FY 2018, and four alternative projects for FY 2019. This also includes six recurring and special projects.

As of April 30, 2019, our work has resulted in nine completed projects and the identification of approximately \$500,000 in identified savings. 13 projects are currently in progress. The FY 2020 Audit Plan will be released in July 2019.

Operations Division:

July 2018 through May 2019:

Checks:	38,778	Total Amount:	\$411,247,747.32
ACH (T):	25,116		\$1,213,404,851.60
Wires:	1,278		\$2,206,885,328.78

July 2017 through May 2018:

Checks:	39,961	Total Amount:	\$393,362,784.05
ACH (T):	22,869		\$1,055,409,280.83
Wires:	1,760		\$3,253,021,197.80
