

CITY CONTROLLER

Department Description and Mission

The mission of the Office of the City Controller is to protect the financial integrity of Houston's City government by:

- Providing accurate and timely reports on the City's current financial status.
- Forecasting the City's future financial health through multiple revenue and expense scenarios.
- Certifying to the City Council that funds are available for all appropriations and commitments, while maintaining precise and transparent accounting records.
- Enhancing accountability by conducting audits of operational and financial activities across City departments.
- Certifying that vendors with City contracts are in good standing with respect to City tax obligations.
- Maximizing the use of every City dollar by ensuring investments generate optimal returns and savings.
- Promoting transparency by making essential financial, operational, and service information accessible to all Houstonians in clear, user-friendly formats.
- Introducing innovative ideas and best practices to support City departments in delivering top-tier services to Houstonians.

Department Short-Term Goals:

- Improve service delivery and enhance Houstonians' quality of life through targeted performance audits.
- Identify opportunities for efficiency and revenue-generating strategies to strengthen the City's financial health.
- Increase government transparency by improving the quality and accessibility of financial, operational, and service information.
- Fully implement paperless invoice approvals and relevant document processes.
- Complete the Annual Comprehensive Financial Report (ACFR) by December 15 and release it in a timely manner.
- Generate investment returns that align with our four key priorities: safety, liquidity, return on investment, and legal compliance.
- Strengthen credit ratings for both the investment and debt portfolios.
- Continuously monitor financial markets and pursue debt refinancing opportunities when market conditions are favorable.
- Expand the scale and impact of the Treasury Division's signature event, the Houston Investor Conference.
- Broaden the reach and impact of the BankOn Houston program to reduce unbanked and underbanked populations while enhancing financial literacy across the city.
- Increase the capacity of the Audit Division to meet or exceed audit standards set by other comparable cities and states.

Department Long-Term Goals:

- Maintain a robust quality control system to ensure the Audit Division adheres to applicable auditing standards.
- Expand the Audit Division's initiatives to identify and implement the best practices that improve both the quality of life for Houstonians and City service delivery.
- Strengthen community engagement efforts to foster dialogue with a wide range of stakeholders on tackling the City's most pressing financial and operational challenges.

FISCAL YEAR 2027 BUDGET

Business Area Budget Summary

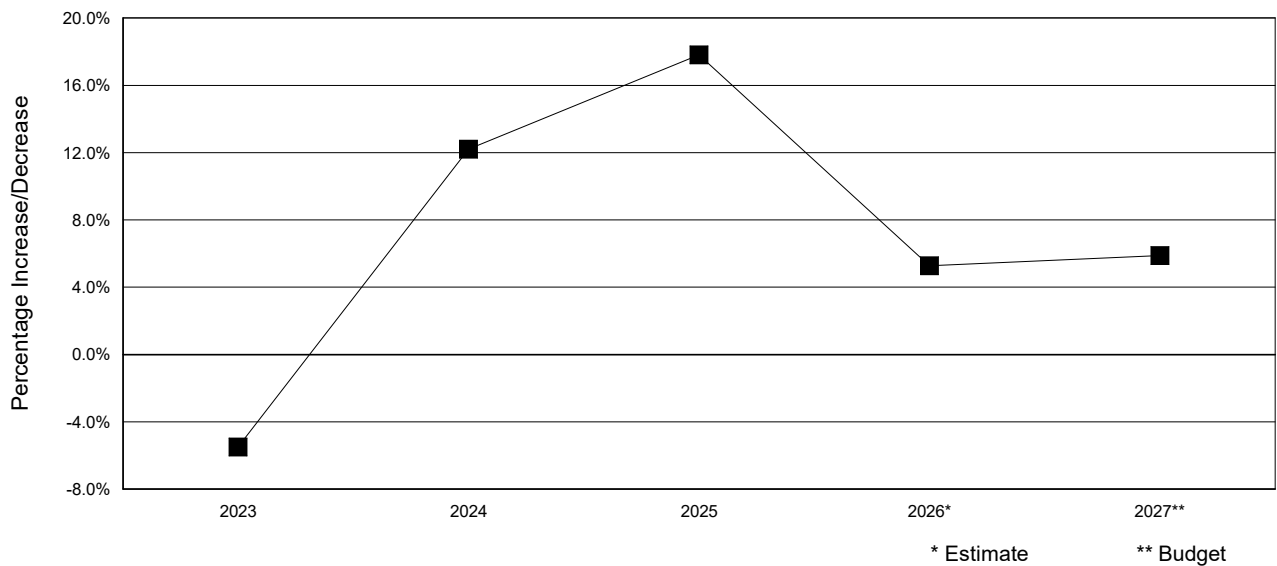
Fund Name : General Fund
Business Area : City Controller
Fund No. /Bus. Area No. : 1000 / 6000

| | | FY2025 Actual | FY2026 Current Budget | FY2026 Estimate | FY2027 Budget |
|-------------------|------------------------------------|-------------------|--------------------------|--------------------------|--------------------------|
| Expenditures | Personnel Services | 8,499,713 | 9,328,502 | 9,227,445 | 9,860,376 |
| | Supplies | 30,249 | 40,622 | 40,622 | 58,858 |
| | Other Services and Charges | 1,176,512 | 1,634,781 | 1,634,781 | 1,667,458 |
| | Equipment | 13,600 | 38,936 | 38,936 | 0 |
| | Non-Capital Equipment | 17,744 | 0 | 0 | 0 |
| | Total M & O Expenditures | <u>9,737,818</u> | <u>11,042,841</u> | <u>10,941,784</u> | <u>11,586,692</u> |
| | Debt Service & Other Uses | <u>656,415</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditure | <u>10,394,233</u> | <u>11,042,841</u> | <u>10,941,784</u> | <u>11,586,692</u> | |
| Revenues | | 0 | 0 | 0 | 0 |
| Staffing | Full-Time Equivalents - Civilian | 54.6 | 59.7 | 59.0 | 60.0 |
| | Full-Time Equivalents - Classified | 0.0 | 0.0 | 0.0 | 0.0 |
| | Full-Time Equivalents - Cadets | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| | Total | 54.6 | 59.7 | 59.0 | 60.0 |
| | Full-Time Equivalents - Overtime | 0.0 | 0.0 | 0.0 | 0.0 |

Significant Budget Changes and Highlights

o The FY2027 Budget provides funding for health benefits, pension contributions, and municipal employees contractual pay increases.

**General Fund
City Controller
Year over Year Expenditure Change**



FISCAL YEAR 2027 BUDGET

Business Area Program Summary

Business Area: City Controller

Bus. Area No : 6000

Budget By Program (\$ in thousands):

| Program | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------------------------------|---------------|---------------|-----------------|---------------|---------------|---------------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| Audit | 0 | 1,859 | 0 | 2,725 | 0 | 2,920 |
| Executive Oversight | 0 | 923 | 0 | 1,131 | 0 | 1,185 |
| Financial Reporting | 0 | 1,864 | 0 | 1,886 | 0 | 1,946 |
| Operations | 0 | 3,730 | 0 | 3,609 | 0 | 3,876 |
| Treasury | 0 | 1,362 | 0 | 1,591 | 0 | 1,659 |
| Debt Service and Interfund Transfers | 0 | 656 | 0 | 0 | 0 | 0 |
| Total | 0 | 10,394 | 0 | 10,942 | 0 | 11,586 |

FTEs by Program:

| Program | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------------------------------|---------------|------------|-----------------|------------|---------------|------------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| Audit | 10.8 | 0.0 | 14.1 | 0.0 | 14.4 | 0.0 |
| Executive Oversight | 5.7 | 0.0 | 7.4 | 0.0 | 6.8 | 0.0 |
| Financial Reporting | 9.7 | 0.0 | 8.6 | 0.0 | 9.5 | 0.0 |
| Operations | 20.6 | 0.0 | 21.3 | 0.0 | 21.5 | 0.0 |
| Treasury | 7.8 | 0.0 | 7.6 | 0.0 | 7.8 | 0.0 |
| Debt Service and Interfund Transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total: | 54.6 | 0.0 | 59.0 | 0.0 | 60.0 | 0.0 |

Total may reflect slight variances due to rounding.

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Audit

Description:

Performs audits and projects focused on risk assessment, contract compliance, performance and efficiency, process reviews, ongoing monitoring, and consideration of fraud, waste or abuse.

Goal:

Execute the Audit plan by the end of the fiscal year. Increase the number of short and long-term audits. Assess efficiency, effectiveness and ensure compliance and accountability of City of Houston departments and programs. Enhance transparency and ensure the public trust.

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|-------|-----------------|-------|---------------|-------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 1,859 | 0 | 2,725 | 0 | 2,920 |

Staffing:

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|---------|-----------------|---------|---------------|---------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| General Fund | 10.8 | 0.0 | 14.1 | 0.0 | 14.4 | 0.0 |

Performance Measure:

| Performance | FY2025 Actual | FY2026 Target | FY2026 Estimate | FY2027 Target |
|---|---------------|---------------|-----------------|---------------|
| Average number of engagements completed by each FTE | 2.75 | N/A | N/A | N/A |
| Average number of findings per Quality Review report | N/A | 2 | 2 | N/A |
| Dollar amount of cost/revenue opportunities identified | \$6.0M | \$2.6M | \$2.048M | \$2.9M |
| Maximum business days to issue the report after completion of field work | N/A | 45 | >45 | 45 |
| Maximum business days to take appropriate action related to fraud, waste, and abuse hotline reports | 1 | N/A | N/A | N/A |
| Percentage of audits scheduled for completion during the fiscal year with reports issued by the projected completion date | N/A | N/A | N/A | 75% |
| Percentage of findings and recommendations agreed to by the auditee (does not include non-response findings) | 80% | 80% | 92% | 80% |

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Executive Oversight

Description:

Sets policy for the City Controller's Office; increases accountability by holding City government to the highest standards of integrity and efficiency, and by working to eliminate fraud, waste, and abuse; serves as the independent financial voice for the City of Houston; increases transparency by putting important information about the City's finances, operations, and services at the fingertips of every Houstonian in a language and format they can understand; and brings new ideas and best practices to every City department so that critical services can be delivered to Houstonians at the high standard we all deserve.

Goal:

Through increased accountability, transparency, and innovation, advance a solutions-oriented dialogue on how to enhance service delivery and quality of life for all Houstonians while charting a path toward fiscal sustainability.

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|------|-----------------|-------|---------------|-------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 923 | 0 | 1,131 | 0 | 1,185 |

Staffing:

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|---------|-----------------|---------|---------------|---------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| General Fund | 5.7 | 0.0 | 7.4 | 0.0 | 6.8 | 0.0 |

Performance Measure:

| Performance | FY2025 Actual | FY2026 Target | FY2026 Estimate | FY2027 Target |
|--|----------------|---------------|-----------------|---------------|
| Annual external newsletter distribution | 4 | 4 | 4 | 4 |
| Annual website visitors | 70,000 | 70,000 | 80,000 | 85,000 |
| Community events hosted | 7 | 7 | 7 | 7 |
| Community events participation | N/A | 80 | 50 | 75 |
| Median response time to media inquiries | 3 hrs | N/A | N/A | N/A |
| Median response time to public inquiries | 1 business day | N/A | N/A | N/A |

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Financial Reporting

Description:

Dedicated to promoting transparency, integrity, and accountability in the city's financial reporting operations. By providing accurate, timely, and comprehensive financial reports, we equip stakeholders with essential information to make informed decisions and uphold responsible stewardship of public resources for the benefit of all residents.

Goal:

To consistently achieve and uphold the highest standards of accuracy in our Annual Comprehensive Financial Report (ACFR), Popular Annual Financial Report (PAFR) Monthly Financial Reports, and comprehensive financial analysis, ensuring that all financial data and insights provided are reliable, transparent, and reflective of the City of Houston's fiscal position and performance.

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|-------|-----------------|-------|---------------|-------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 1,864 | 0 | 1,886 | 0 | 1,946 |

Staffing:

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|---------|-----------------|---------|---------------|---------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| General Fund | 9.7 | 0.0 | 8.6 | 0.0 | 9.5 | 0.0 |

Performance Measure:

| Performance | FY2025 Actual | FY2026 Target | FY2026 Estimate | FY2027 Target |
|---|---------------|---------------|-----------------|---------------|
| Number of audit findings related to the ACFR | 0 | N/A | N/A | N/A |
| Number of days to complete the ACFR once the soft period closes | 79 | N/A | N/A | N/A |
| Number of insights reports | N/A | 4 | 6 | 6 |
| Variance of sales tax forecast from actual | N/A | 2.00% | 2.00% | 2.00% |
| Expenditures Adopted Budget vs Actual Utilization | 98% | 98% | 100% | 98% |

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Operations

Description:

Ensures the availability of funds for city contracts; ensures city invoices and payment requests meet applicable city policies and best practices; maintains the integrity of city records for financial transactions and contracts; maintains internal controls by reconciling cash disbursement against the city's book of accounts; and ensures City vendors do not owe back taxes. Provides the Office of the City Controller with services in human resources, purchasing, and administrative processes to maximize staff productivity.

Goal:

Improve efficiency in processing invoices, certifying contracts, and handling all financial transactions to reduce turnaround time. Ensure the timely completion of all human resources and purchasing functions for the City Controller's Office.

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|-------|-----------------|-------|---------------|-------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 3,730 | 0 | 3,609 | 0 | 3,876 |

Staffing:

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|---------|-----------------|---------|---------------|---------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| General Fund | 20.6 | 0.0 | 21.3 | 0.0 | 21.5 | 0.0 |

Performance Measure:

| Performance | FY2025 Actual | FY2026 Target | FY2026 Estimate | FY2027 Target |
|--|---------------|---------------|-----------------|---------------|
| Early payment discounts secured | \$2,000,000 | \$2,000,000 | \$1,800,000 | \$2,000,000 |
| Maximum business days to prepare purchase orders and requisitions after request | 5 | N/A | N/A | N/A |
| Number of paper checks remitted | 35,000 | 32,210 | 35,000 | 32,210 |
| Number of unclaimed funds captured | N/A | 30 | 700 | 100 |
| Percent of contracts routed within 3 days of receipt | 100% | N/A | N/A | N/A |
| Percent of ordinance certification processes completed prior to relevant City Council date | 100% | 100% | 99% | 100% |
| Received invoices paid within one week | N/A | 100% | 93% | 100% |

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Treasury

Description:

Manages the City investment portfolio related to the three accounts General Pool, Tax Exempt, and HUD Section 108. Ensures that all investments comply with the Texas Government Code Chapter 2256 of the Public Fund Investment Act. The Treasury Division is also responsible for the City's debt portfolio system (manages the City's commercial paper program, and bond debt financing), consisting of each City credit Airport, Convention & Entertainment, Combined Utility, and General Obligation. The Debt Transparency Report is publicized at the end of the year pursuant to Texas H.B. 1378. Also, the division manages the City's depository banking system.

Goal:

Ensure that the City's investments follow the four pillars safety, liquidity, return, and legal requirements. Ensure that each debt managed and adhere to local and national policies

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|-------|-----------------|-------|---------------|-------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 1,362 | 0 | 1,591 | 0 | 1,659 |

Staffing:

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|---------|-----------------|---------|---------------|---------|
| | FTEs | OT FTEs | FTEs | OT FTEs | FTEs | OT FTEs |
| General Fund | 7.8 | 0.0 | 7.6 | 0.0 | 7.8 | 0.0 |

Performance Measure:

| Performance | FY2025 Actual | FY2026 Target | FY2026 Estimate | FY2027 Target |
|--|----------------|----------------|-----------------|----------------|
| City's investment portfolio credit rating maintained with Fitch Ratings | AAAf | AAAf | AAAf | AAAf |
| City's total return on investment over the Merrill Lynch Custom Benchmark (which consists of Treasury, T-Bill, and Agency) | 5 basis points | 5 basis points | 5 basis points | 5 basis points |
| Maintain healthy cash balance | \$11M-\$13M | \$10M-\$14M | \$11M-\$13M | \$10M-\$14M |
| Percent of City debt service paid on a timely basis | 100% | 100% | 100% | 100% |
| Weighted average interest rate of all City's letter of credit commercial paper draws | < 5% | < 5% | < 5% | < 5% |

FISCAL YEAR 2027 BUDGET

Business Area Program Detail

Business Area : City Controller

Bus Area No. : 6000

Debt Service and Interfund Transfers

Description:

Budget allocations included in this section reflect debt service payments and/or interfund transfers.

Goal:

To effectively manage debt service payments and interfund transfers.

Mayor's Priority: Government that Works

(\$ in thousands)

| Fund | FY2025 Actual | | FY2026 Estimate | | FY2027 Budget | |
|--------------|---------------|------|-----------------|------|---------------|------|
| | Revs | Exps | Revs | Exps | Revs | Exps |
| General Fund | 0 | 656 | 0 | 0 | 0 | 0 |