# FINANCE

## Department Description and Mission

The Finance Department's mission is to safeguard the fiscal integrity of the City, its component units, and other dependent entities, and enable other City stakeholders to do the same. We will achieve the mission in the next three years by meeting strategic objectives and achieving goals.

The Finance Department's strategic objectives are to:

- Promote fiscal responsibility.
- Provide high-quality financial services and information to the Mayor's Office, City Council, City departments and citizens.
- Seek maximum disaster recovery reimbursement from all applicable funding sources.
- Improve process execution internally and citywide.
- Engage staff and provide them the resources they need to get the job done.

Three year goals include:

- Promote fiscal responsibility
  - Encourage and enable compliance with the City's Financial Policies.
  - Increase collection rates on accounts receivable through improved vendor performance.
  - Achieve zero findings in annual external audit of the City.
  - Implement performance-based budgeting citywide.
  - Complete in-depth budget reviews on all city departments.

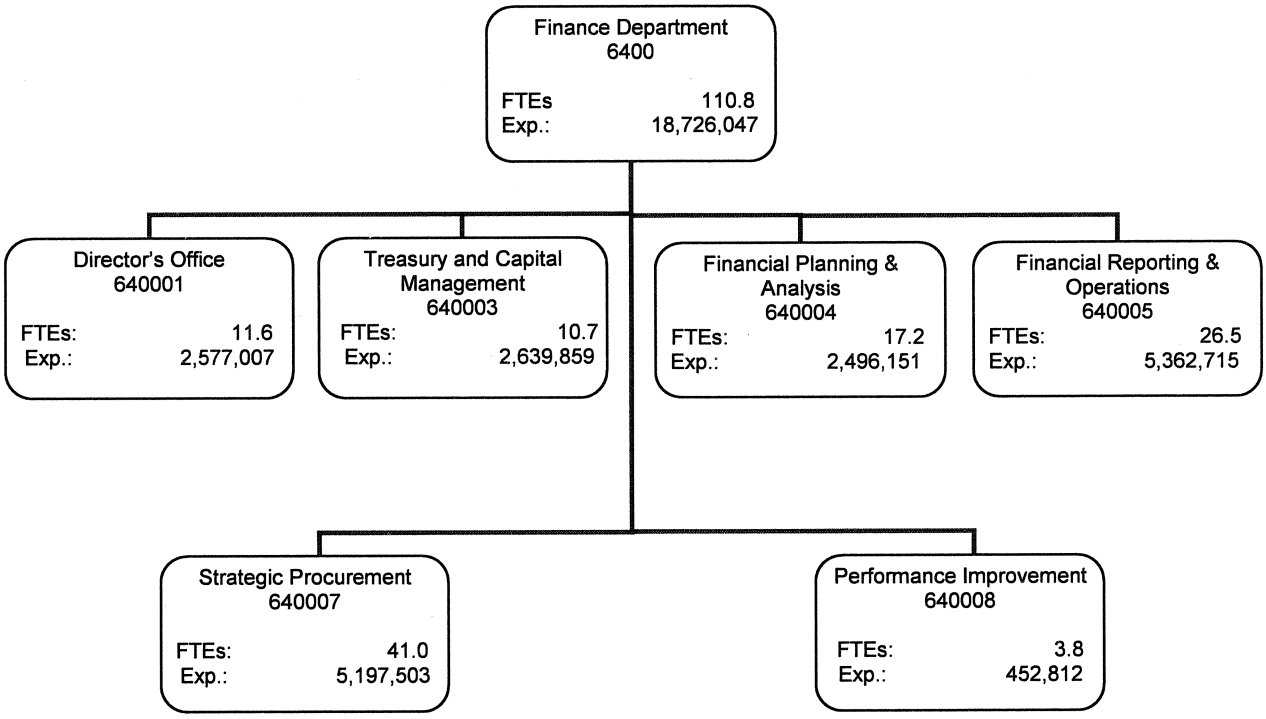
- Provide high-quality financial services and information to the Mayor's Office, City Council, City departments and citizens
  - Develop structurally-budgeted operating and capital budget proposals for the Mayor that maximize City resources and promote the Administration's priorities.
  - Work with operating departments to create efficiencies by centralizing financial work functions.
  - Ensure City Council access to high-quality administrative services, and timely and helpful information in support of their role as elected officials.
  - Produce meaningful and useful strategy, planning, budgeting, reporting, and administrative support according to 95% of council members, staff, and members of the Mayor's administration.

- Seek maximum disaster recovery reimbursement from all applicable sources
  - Ensure all disaster site inspections are conducted to determine accurate City facility and contents damage determinations.
  - Secure funding opportunities from federal, state and private sources.
  - Ensure compliance with all applicable federal and state requirements.
  - Monitor cash flow forecasting for recovery purposes.

- Improve process execution internally and citywide
  - Document controls, written procedures, instruction manuals, training curriculum, and metrics/goals for all remaining financial management and procurement processes.
  - Create a data warehousing environment for operational and financial data that enables citywide access to useful business intelligence and analytics, and external access to open data.
  - Implement new financial forecasting, budgeting, and reporting software system.
  - Identify and achieve savings through procurement, active cost management and business process improvements.

- Engage staff and provide them the resources they need to get the job done
  - Expand employee opportunities to develop professionally and advance in responsibility and compensation.
  - Provide staff the resources and/or time such that 75% of our employees have certification specific to their area of expertise or a post-graduate degree.
  - Improve employees engagement scores.
  - Provide employees and managers with constructive 360 degree performance assessments to assist in professional development.

# Department Organization



**Business Area Budget Summary**

**Fund Name : General Fund**
**Business Area : Finance Department**
**Fund No. /Bus. Area No. : 1000 / 6400**

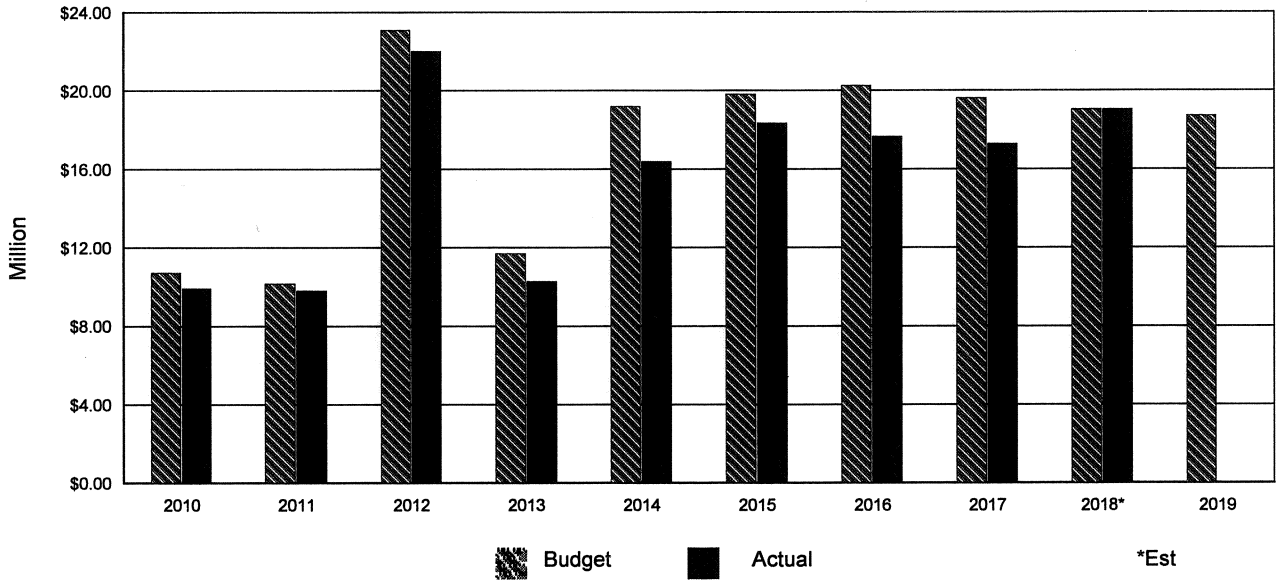
| | | FY2017 Actual | FY2018 Current Budget | FY2018 Estimate | FY2019 Budget |
|---|---|---|---|---|---|
| Expenditures | Personnel Services | 12,465,732 | 13,640,912 | 13,640,912 | **13,721,832** |
| | Supplies | 91,911 | 134,699 | 134,699 | **135,846** |
| | Other Services and Charges | 4,715,613 | 5,275,430 | 5,275,430 | **4,868,369** |
| | Equipment | 8,200 | 1,500 | 1,500 | **0** |
| | Total M & O Expenditures | 17,281,456 | 19,052,541 | 19,052,541 | **18,726,047** |
| | Debt Service & Other Uses | 0 | 0 | 0 | **0** |
| | Total Expenditure | 17,281,456 | 19,052,541 | 19,052,541 | **18,726,047** |
| Revenues | | 1,809,604,634 | 1,807,448,547 | 1,852,209,249 | **1,884,165,004** |
| Staffing | Full-Time Equivalents - Civilian | 102.2 | 110.7 | 108.2 | **110.8** |
| | Full-Time Equivalents - Classified | 0.0 | 0.0 | 0.0 | **0.0** |
| | Full-Time Equivalents - Cadets | 0.0 | 0.0 | 0.0 | **0.0** |
| | Total | 102.2 | 110.7 | 108.2 | **110.8** |
| | Full-Time Equivalents - Overtime | 0.0 | 0.0 | 0.0 | **0.0** |

**Significant Budget Changes and Highlights**

o The FY2019 Budget provides funding for health benefits and pension contribution.

o The FY2019 Budget includes a reduction of $653,042 for department savings initiatives.

**Finance Department**
**Current Budget vs Actual Expenditures**



**Business Area Performance Measures**

**Fund Name : General Fund**
**Business Area : Finance Department**
**Fund No. /Bus. Area No. : 1000 / 6400**

| Performance Measures | FY2017 Actual | FY2018 Budget | FY2018 Estimate | FY2019 Budget |
|---|---|---|---|---|
| Audit Findings | 2 | 0 | 3 | 0 |
| Average Days from Purchase Requisition to Purchase Order | 3.18 | 5.0 | 2.9 | 3.0 |
| Average Days to Procurement (MOU to Council Award) | 200 | 105 | 203 | 175 |
| City Contracts with Negotiated Early Payment Discounts | 1.0% | 3.0% | 1.0% | 1.0% |
| Citywide General Fund Expenditures Adopted Budget vs Actual Utilization | 100% | 98% | 99% | 98% |
| Citywide General Fund Revenues Adopted Budget vs Actual Utilization | 102% | 100% | 102% | 100% |
| Compliance Rate with City Financial Policies | NA | 90% | 86% | 90% |
| Debt Service Expenditures as % of General Fund Revenues | 12% | 11% | 11% | 16% |
| Grants Budget Growth | NA | 27% | 27% | 27% |
| Sales Tax Collection vs. Prior Year Actuals/Estimate (benchmark: 3 yr avg = 4.0%) | 2.76% | .92% | 4.67% | .46% |
| Unassigned Fund Balance as % of General Fund Expenditures less Debt Service and PAYGO | 13.3% | 6.8% | 9.3% | 9.2% |
| Variance of Property Tax Collection Rate Forecast to Actual | 1.8% | 1.7% | .3% | 1.2% |
| Expenditures Adopted Budget vs Actual Utilization | 88% | 98% | 100% | 98% |
| Revenues Adopted Budget vs Actual Utilization | 102% | 100% | 102% | 100% |

**Division Summary**

**Fund Name : General Fund**
**Business Area : Finance Department**
**Fund No. /Bus Area No. : 1000 / 6400**

| Division Description | FY2017 Actual FTEs | FY2017 Actual Costs $ | FY2018 Estimate FTEs | FY2018 Estimate Costs $ | FY2019 Budget FTEs | FY2019 Budget Costs $ |
|---|---|---|---|---|---|---|
| **Director's Office 640001** | | | | | | |
| Promotes financial and strategic policies and the financial health of the City of Houston. In alignment with the departmental mission to serve the citizens of Houston and City Council, the Director's Office is committed to providing superior financial services through prudent and efficient management of the City's financial affairs. | 13.5 | 2,524,266 | 12.1 | 2,678,978 | **11.6** | **2,577,007** |
| **Treasury and Capital Management 640003** | | | | | | |
| The division serves the citizens of Houston by providing cost-efficient debt management services, managing the City's Capital Improvement Plan, monitoring the various capital budgets and spending, managing the City's merchant service contract, forecasting and modeling tax revenues, and ensuring compliance with the Truth in Taxation requirements. | 10.1 | 2,494,428 | 9.7 | 2,550,299 | **10.7** | **2,639,859** |
| **Financial Planning & Analysis 640004** | | | | | | |
| The primary responsibility of this division is to develop and manage the City's Operating Budget and the Five Year Plan. Provides effective financial planning to promote fiscal responsibility and financial health to the City of Houston. Supports citywide initiative to move toward evidence based decision-making through the use of data and analytics tools. | 15.1 | 2,393,936 | 16.4 | 2,610,975 | **17.2** | **2,496,151** |
| **Financial Reporting & Operations 640005** | | | | | | |
| The division is responsible for directing the financial reporting and operations functions including grants and trust management, internal controls, and disaster recovery resulting in efficient and accurate outcomes and ensuring compliance with standards, laws, and regulations. Coordinates the Comprehensive Annual Financial Report (CAFR) and Single Audit Report (SAR) for the administration. | 24.8 | 5,064,739 | 25.8 | 5,605,920 | **26.5** | **5,362,715** |
| **Strategic Procurement 640007** | | | | | | |
| Manages citywide procurement of goods and services applying best practices that are consistent with applicable City policies and procedures and the State of Texas Bid Laws. Designs, develops, and implements sustainable process improvements in all facets of the procurement process and raises the talent workbench through training and development of all COH procurement personnel. | 35.6 | 4,391,194 | 40.5 | 5,156,283 | **41.0** | **5,197,503** |

**Division Summary**

**Fund Name** : **General Fund**
**Business Area** : **Finance Department**
**Fund No. /Bus Area No.** : **1000 / 6400**

| Division Description | FY2017 Actual FTEs | FY2017 Actual Costs $ | FY2018 Estimate FTEs | FY2018 Estimate Costs $ | FY2019 Budget FTEs | FY2019 Budget Costs $ |
|---|---|---|---|---|---|---|
| **Performance Improvement 640008** | | | | | | |
| Leads financial and operational performance improvement projects to increase revenues, optimize expenditures, and improve operational effectiveness. | 3.1 | 412,893 | 3.7 | 450,086 | **3.8** | **452,812** |
| **Total** | **102.2** | **17,281,456** | **108.2** | **19,052,541** | **110.8** | **18,726,047** |

**Business Area Revenues Summary**

**Fund Name : General Fund**
**Business Area : Finance Department**
**Fund No./Bus. Area No. : 1000 / 6400**

| Category | FY2017 Actual | FY2018 Current Budget | FY2018 Estimate | FY2019 Budget |
|---|---|---|---|---|
| General Property Taxes | 1,153,822,602 | 1,158,297,000 | 1,172,376,386 | **1,200,812,545** |
| Sales Taxes | 631,993,410 | 627,000,000 | 654,700,000 | **657,700,000** |
| Charges for Services | 3,669 | 0 | 0 | **0** |
| Direct Interfund Services | 7,182 | 15,000 | 15,000 | **15,000** |
| Other Fines and Forfeits | 197,827 | 56,500 | 94,505 | **62,000** |
| Interest | 5,050,845 | 3,000,000 | 6,000,000 | **6,000,000** |
| Miscellaneous/Other | 1,632,844 | 1,666,617 | 1,609,928 | **1,564,000** |
| Other Tax | 16,896,255 | 17,413,430 | 17,413,430 | **18,011,459** |
| **Grand Total Revenues** | **1,809,604,634** | **1,807,448,547** | **1,852,209,249** | **1,884,165,004** |