

**HOUSTON-GALVESTON AREA COUNCIL
FINANCIAL STATUS REPORT
For the Four Months Ended April 2017**

	Budget Year to date	Actual Year to date	Variance Dollar	%
<u>Combined Revenues and Expenditures</u>				
Revenues	\$ 100,571,740	\$ 76,516,930	\$ -24,054,810	-24%
Expenditures	-100,129,927	-76,266,631	23,863,296	-24%
Change in Combined Fund Balance	\$ 441,813	\$ 250,299	\$ -191,514	
<u>Change in Fund Balance by Fund Type</u>				
Change in fund balance - General Fund	\$ 110,409	\$ 211,400	\$ 100,991	
Change in fund balance - SRF (grant programs)	0	0	0	
Change in fund balance - Enterprise Fund	86,557	38,899	-47,658	
Total Change in Fund Balances	\$ 196,966	\$ 250,299	\$ 53,333	

Variance Analysis

The presentation of the change in fund balance by fund type is intended to highlight the effects of revenue and expenditure transactions by fund. The General Fund (GF) consists of those funds not associated with grant programs or enterprise activities. The Special Revenue Fund (SRF) consists of those funds that are restricted for a specific purpose. HGAC's grant programs are in this fund. The Enterprise Fund is used to track activities of the Cooperative Purchasing program and the Energy Purchasing Corporation. The variances of specific revenues and expenditures are explained on the second page of this report.

*** The Cooperative Purchasing program has contributed an \$37,539 increase toward the Enterprise fund balance YTD, and the Energy Purchasing Corporation is reflecting a \$1,360 increase to the Enterprise fund balance.

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	Annual Budget	Budget Year to Date	Actual Year to Date	Variance Dollar	%
<u>Revenues</u>					
General and Enterprise Fund					
Membership dues	\$ 395,538	\$ 395,538	\$ 389,204	\$ -6,334	-2%
HGAC Energy Purchasing Corporation	140,000	46,667	48,890	2,223	5%
Cooperative Purchasing fees (a)	4,500,000	1,500,000	1,215,803	-284,197	-19%
Interest Income (b)	15,000	5,000	15,708	10,708	214%
Other -c	4,789,730	1,596,577	1,253,526	-343,051	-21%
Total General and Enterprise Fund revenues	\$ 9,840,268	\$ 3,543,781	\$ 2,923,130	\$ -620,651	-18%
Special Revenue Fund					
Federal Grants	\$ 559,221	\$ 186,407	\$ 512,349	\$ 325,942	175%
State Grants (d)	290,524,655	96,841,552	73,081,451	-23,760,101	-25%
Total Special Revenue Fund revenues	\$ 291,083,876	\$ 97,027,959	\$ 73,593,800	\$ -23,434,159	-24%
Total Revenues	\$ 300,924,144	\$ 100,571,740	\$ 76,516,930	\$ -24,054,810	-24%
<u>Expenditures</u>					
Personnel (e)	\$ 23,430,867	\$ 7,810,289	\$ 7,091,733	\$ -718,556	-9%
Pass-through funds - grant	264,291,778	88,097,259	66,268,548	-21,828,711	-25%
Consultant and contract services	7,790,014	2,596,671	1,224,841	-1,371,831	-53%
Lease of office space	1,570,965	523,655	539,931	16,276	3%
Equipment	252,692	84,231	43,271	-40,960	-49%
Travel	439,185	146,395	84,692	-61,703	-42%
Other expense	2,614,281	871,427	1,013,616	142,189	16%
Total Expenditures	\$ 300,389,782	\$ 100,129,927	\$ 76,266,631	\$ -23,863,296	-24%
Excess of Revenues over(under) Expenditures	\$ 534,362	\$ 441,813	\$ 250,299	\$ -191,514	

Variances:

- a) As reported in previous months, Cooperative Purchasing revenue is down from our projections. We are analyzing our forecasting model and will revise our estimates at mid-year.
- b) Late in 2016 and in 2017, the Federal Reserve has increased the interest rate on Fed funds. As a result, interest rates on CD's and pools also increased slightly. H-GAC had advantageous timing of its investments to take advantage of these modest increases. We will continue to monitor investment opportunities as they improve in a consistent manner with our conservative investment policy approved by the Board.
- c) Other income is off primarily in the Local Development Corporation. The LDC has had some staff turnover which impacted the loan program. The program is now fully staffed, but projections for this program will need to be revised at mid-year to reflect a more accurate cash flow stream for this year.
- d) State grant revenue is behind in two areas. Reorganization at the Texas Department of Transportation has caused delays in processing of authorizations, expenditures and revenues. We believe this is a short-term issue which should not impact the annual work plan. We are also experiencing delays at the Human Services area, both Aging Services and Workforce Services. As reported to you last month, the Aging services are being impacted by the budgetary process in Washington. With the recent approval of the budget through September, we expect this program to start receiving funds again. The Workforce program continues to move forward implementing the Adult Literacy programs and the transition of these programs has taken longer than anticipated.
- e) Personnel is behind in expenditures due to timing. HGAC processes payroll expenses every two weeks resulting in twenty-six pay periods in a year. As a result, two months each year have three payroll periods and the month of May is due to have three pay periods. The variance reflected in the Personnel expense line will diminish after May.