

**HOUSTON-GALVESTON AREA COUNCIL
FINANCIAL STATUS REPORT
For the Twelve Months Ended December 2017**

	Budget Year to date	Actual Year to date	<u>Variance</u> Dollar	%
<u>Combined Revenues and Expenditures</u>				
Revenues	\$ 289,699,517	\$ 276,076,264	\$ -13,623,253	-5%
Expenditures	-289,038,089	-272,971,151	16,066,938	-6%
Change in Combined Fund Balance	\$ 661,428	\$ 3,105,113	\$ 2,443,685	
<u>Change in Fund Balance by Fund Type</u>				
Change in fund balance - General Fund	\$ 79,720	\$ 254,005	\$ 174,285	
Change in fund balance - Gulf coast Regional 911	0	1,100,036	1,100,036	
Change in fund balance - Enterprise Fund	581,708	1,751,072	1,169,364	
Total Change in Fund Balances	\$ 661,428	\$ 3,105,113	\$ 2,443,685	

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 \$1,718,935 increase toward the Enterprise fund balance YTD, and the Energy Purchasing Corporation is reflecting a \$32,137 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	140,000	149,371	9,371	7%
Cooperative Purchasing fees (a)	4,500,000	4,500,000	4,957,428	457,428	10%
Gulf Coast Regional 911 fees	3,429,947	3,429,947	3,549,139	119,192	3%
Interest Income (b)	25,000	25,000	64,527	39,527	158%
Other (c)	1,743,778	1,743,778	1,601,025	-142,753	-8%
Total General and Enterprise Fund revenues	\$ 10,234,263	\$ 10,234,263	\$ 10,710,694	\$ 476,431	5%
Special Revenue Fund					
Federal Grants (d)	\$ 736,479	\$ 736,479	\$ 943,826	\$ 207,347	28%
State Grants (e)	278,728,775	278,728,775	264,421,744	-14,307,031	-5%
Total Special Revenue Fund revenues	\$ 279,465,254	\$ 279,465,254	\$ 265,365,570	\$ -14,099,684	-5%
Total Revenues	\$ 289,699,517	\$ 289,699,517	\$ 276,076,264	\$ -13,623,253	-5%
<u>Expenditures</u>					
Personnel (f)	\$ 22,477,535	\$ 22,477,535	\$ 20,769,266	\$ -1,708,269	-8%
Pass-through funds - grant	253,729,694	253,729,694	241,385,188	-12,344,506	-5%
Consultant and contract services	6,212,599	6,212,599	5,165,666	-1,046,933	-17%
Lease of office space	1,570,965	1,570,965	1,612,527	41,562	3%
Equipment	260,036	260,036	275,473	15,437	6%
Travel	428,259	428,259	344,328	-83,931	-20%
Other expense (g)	4,359,001	4,359,001	3,418,705	-940,296	-22%
Total Expenditures	\$ 289,038,089	\$ 289,038,089	\$ 272,971,151	\$ -16,066,938	-6%
Excess of Revenues over(under) Expenditures	\$ 661,428	\$ 661,428	\$ 3,105,113	\$ 2,443,685	

Variances:

- a) Cooperative Purchasing revenue exceeded projections in 2017. Also, expenditures in travel, consultants, and personnel were less than anticipated. The result was an increase of \$1.7 M to the fund balance for the year.
- b) Interest income exceeded the budget because of better returns offered by investments. The Fed raised interest rates twice in 2017.
- c) The variance in Other Income is largely attributable to the Local Development Corporation loss of \$146K.
- d) Federal funds ticked up in 2017 because of the timing on Transportation projects. These changes were incorporated in the 2018 budget.
- e) State grant revenue will not meet projections. Both Workforce and Transportation programs fell behind expected levels of expenditures and consequently revenues as well.
- f) Personnel expenses are less than anticipated. H-GAC has nine positions unfilled. Three are at senior level or above.
- g) 9-1-1 expenses in contract costs were less than budgeted. This is primarily due to renegotiation of AT&T and West consultant contracts.