

HOUSTON-GALVESTON AREA COUNCIL
FINANCIAL STATUS REPORT
For the Three Months Ended March 2018

	Budget		Actual	Variance	
	Year to date		Year to date	Dollar	%
<u>Combined Revenues and Expenditures</u>					
Revenues	\$ 89,013,635	\$	68,269,617	\$ (20,744,018)	-23%
Expenditures	(88,813,690)		(68,004,635)	20,809,055	-23%
Change in Combined Fund Balance	\$ 199,945	\$	264,982	\$ 65,037	
<u>Change in Fund Balance by Fund Type</u>					
Change in fund balance - General Fund	\$ 79,720	\$	88,122	\$ 8,402	
Change in fund balance - Gulf Coast Regional 911	1,007,662		379,189	(628,473)	
Change in fund balance - Enterprise Fund	581,708		(202,330)	(784,038)	
Total Change in Fund Balances	\$ 1,669,090	\$	264,982	\$ (1,404,108)	

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 \$ 217,012 decrease toward the Enterprise fund balance YTD, and the Energy Purchasing Corporation is reflecting a \$14,682 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	\$ 197,769	\$ 226,260	\$ 28,491	14%
HGAC Energy Purchasing Corporation	132,000	33,000	28,056	(4,944)	-15%
Cooperative Purchasing fees (a)	4,500,000	1,125,000	601,685	(523,315)	-47%
Gulf Coast Regional 911 fees	3,732,636	933,159	917,080	(16,079)	-2%
Interest Income	35,000	8,750	15,448	6,698	77%
Other (b)	3,215,445	803,861	236,145	(567,717)	-71%
Total General and Enterprise Fund revenues	\$ 12,010,619	\$ 3,101,539	\$ 2,024,673	\$ (1,076,866)	-35%
Special Revenue Fund					
Federal Grants	\$ 619,554	\$ 154,889	\$ 191,620	\$ 36,732	24%
State Grants (c)	343,028,829	85,757,207	66,053,323	(19,703,884)	-23%
Total Special Revenue Fund revenues	\$ 343,648,383	\$ 85,912,096	\$ 66,244,944	\$ (19,667,152)	-23%
Total Revenues	\$ 355,659,002	\$ 89,013,635	\$ 68,269,617	\$ (20,744,018)	-23%
<u>Expenditures</u>					
Personnel (f)	\$ 24,086,217	\$ 6,021,554	\$ 5,242,243	\$ (779,311)	-13%
Pass-through funds - grant	315,910,311	78,977,578	60,514,500	(18,463,078)	-23%
Consultant and contract services	8,570,559	2,142,640	975,626	(1,167,014)	-54%
Lease of office space	1,645,731	411,433	391,713	(19,719)	-5%
Equipment	345,319	86,330	45,274	(41,056)	-48%
Travel	444,809	111,202	48,417	(62,786)	-56%
Other expense (g)	4,251,814	1,062,954	786,862	(276,091)	-26%
Total Expenditures	\$ 355,254,760	\$ 88,813,690	\$ 68,004,635	\$ (20,809,055)	-23%
Excess of Revenues over(under) Expenditures	\$ 404,242	\$ 199,945	\$ 264,982	\$ 65,037	

Variances:

- a) Cooperative Purchasing revenue is off to a slow start; however, it tracks closely with 2017 revenue through the first quarter. We will continue to monitor this revenue in light of order volume, and report future months if we are likely to miss our projections.
- b) The Local Development Corporation has seen an increase in loan activity; however, the process of securing these loans takes time.
- c) State grant revenue and the corresponding expenses increase during the summer months. As we move into the second and third quarters, this variance should diminish.
- d) Personnel expenses are less than anticipated for two reasons. First, H-GAC authorized several new positions for 2018. Not all authorized positions have been filled. Second, in January H-GAC offices were closed for a couple of days due to an ice storm. This leave time was charged to the benefit pool and will be recovered over time through the allocations of benefit costs using our approved benefit rate.
- e) Equipment purchases that were authorized via our approved financial plan will take time to procure. These expenses will likely occur in the third and fourth quarter.
- f) Other expenses, which include costs such as supplies, expendable equipment, employee development, and software are starting to increase for the year. H-GAC has implemented some cost-control measures that are also reflected in the reduction of actual costs from the budget.