



HIGHLIGHTS
of
INTERIM FINANCIAL REPORT
August 31, 2014

BUDGET AMENDMENT REPORT
for the September 16, 2014 Board Meeting

(unaudited)
Prepared by
Business Support Services Division



Always Taking Care of Business!

Posted on our website at

<http://www.hcde-texas.org/default.aspx?name=BusinessServicesHome>

Linked from State Comptroller's website

<http://www.texastransparency.org/local/schools.php>



5
Fifth
Year
Award

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Business Office Major Activities



- We have initiated membership and participation in East End Chamber of Commerce
- We have initiated discussion and participation with the Houston Minority Development Council
- Copy of the Business Office Newsletter is available at:



INTERIM FINANCIAL REPORT (unaudited)

GENERAL FUND Balance Sheet at

August 31, 2014



	<u>ACTUAL</u>
<u>ASSETS</u>	
Cash and Temporary Investments	\$ 26,596,038
Property Taxes-Delinquent at September 1, 2013	1,050,756
Less: Allowances for Uncollectible Taxes	(31,523)
Due from Federal Agencies	81,142
Other Receivables	2,050,364
Inventories	118,266
Deferred Expenditures	756
Other Prepaid Items	24,665
TOTAL ASSETS:	<u><u>\$ 29,890,464</u></u>
<u>LIABILITIES</u>	
Accounts Payable	27,742
Bond Interest Payable	-
Due to Other Funds	(211,149)
Accrued Wages	-
Payroll Deductions	486,607
Due to Other Governments	-
Deferred Revenue	1,065,720
TOTAL LIABILITIES:	<u><u>\$ 1,368,922</u></u>
<u>FUND EQUITY</u>	
Unassigned Fund Balance	11,740,132
Non-Spendable Fund Balance	146,918
Restricted Fund Balance	518
Committed Fund Balance	958,000
Assigned Fund Balance	7,507,155
Excess(Deficiency) of Revenues & Other Resources Over(Under) Expenditures & Other Uses	3,706,529
TOTAL FUND EQUITY:	<u><u>\$ 24,059,252</u></u>
Fund Balance Appropriated Year-To-Date	4,462,290
TOTAL LIABILITIES, FUND EQUITY, AND FUND BALANCE APPROPRIATED TO DATE:	<u><u>\$ 29,890,464</u></u>

INTERIM FINANCIAL REPORT (unaudited)

ASST. SUPERINTENDENT FOR BUSINESS SERVICES' MESSAGE

As of August 31, 2014



The audited General Fund balance at 9/1/13 is \$24,815,013

Assigned: \$ 10,059,670

Unassigned: \$ 13,083,406

As of 8-31-2014, the estimated activity is: As the end of the year close is completed, a budget amendment will be submitted to the board for items assigned, restricted and committed that will roll forward into FY 2014

Description	9/1/2013	Appropriated YTD	Estimated Balance
Non-Spendable	\$ 146,918	\$ -	\$ 146,918
Restricted	117,019	(116,501)	518
Committed	1,408,000	(450,000)	958,000
Assigned	10,059,670	(2,552,515)	7,507,155
Unassigned	13,083,406	(1,343,274)	11,740,132
Total Fund Balance	\$ 24,815,013	\$ (4,462,290)	\$20,352,723

INTERIM FINANCIAL REPORT (unaudited)

As of August 31, 2014

Financial Ratios

- *Level One - Indicator of financial strength*
- *Level Two - Indicator of efficient leverage*
- *Level Three - Indicators of efficiency*
- *Level Four - Indicator of revenue growth*



INTERIM FINANCIAL REPORT (unaudited)

As of August 31, 2014

Indicator of Financial Strength

- Percent of Fund Balance to G/F Expenditures Ratio**

What is the percent of rainy fund balance?

Unassigned Fund Balance **\$11,740,132**

 Total G/F Expenditures **\$41,474,542**

Goal : > 30% of G/F Exp.
 Benchmark: 10% to 29%
 Danger: Under 10%

- Working Capital Ratio**

What is the cash flow availability for the organization?

Total Current Assets
 Less Total Liabilities

29,890,464 – 1,368,922 \$28,521,542

Goal : >\$15,000,000
 Benchmark : \$10M to \$15M
 Danger : Under < \$10M

28% FY14

30% FY13

\$28M FY14

\$30M FY13

Details on Schedule 3

Budgeted
26%

Details on Schedule 1

Budgeted
\$18 M

INTERIM FINANCIAL REPORT (unaudited)

As of August 31, 2014

Indicator of Efficient Leverage Reserves

- Unassigned Fund Balance Ratio**

How much is available in reserves?

Unassigned Fund Balance \$11,740,132

Total Fund Balances \$28,521,542

Goal : >75%
 Benchmark: 50% to 75%
 Danger: <50%

- Debt to Income Ratio**

What is the ability of HCDE to cover its debt payments?

Annual Principal and Interest Payments on Term Debt and Capital Leases \$2,568,163

G/F Revenue Less Facility Charges \$45,181,070 – \$4,677,393

Goal : <25% of annual revenue
 Benchmark : 25% to <49%
 Danger : Under < 50%

41% FY14

47% FY13

6% FY14

7% FY13

Details on Schedule 1

Budgeted
52%

Details on Schedule 5

Budgeted
7%

INTERIM FINANCIAL REPORT (unaudited)

As of August 31, 2014

Indicators of efficiency



- Tax Revenue to Total Revenue Ratio**

How efficient is HCDE at leveraging local taxes?

- Indirect Cost to Tax Ratio**

How much dependency on indirect cost from grants?

Total Tax Revenue \$19,844,459

Total Revenue \$79,159,135

Goal : < 20% of revenue
 Benchmark: 20% to 30%
 Danger: More than 30%

Indirect Cost General Fund \$1,475,285

Total General Fund Revenues \$45,181,070

Goal : >5%
 Benchmark : 2% to 5%
 Danger : Under < 2%

25% FY14

22% FY13

3% FY14

4% FY13

Details on Schedule 2

Details on Schedule 3

Budgeted
22%

Budgeted
5%

INTERIM FINANCIAL REPORT (unaudited)

As of August 31, 2014

Indicator of revenue growth



<ul style="list-style-type: none"> Fee for Service Revenue Ratio <p>How are revenues spread across All Funds?</p>	<ul style="list-style-type: none"> Fee for Service Revenue Growth Ratio <p>What is the market growth for fee for services?</p>
<p>Total Fee for Service Revenues (G/F) \$22,279,862</p> <p>-----</p> <p>Total Revenues \$79,159,135</p> <p>Goal : > 30% of annual revenue Benchmark: 10% to 29% Danger: Under 10%</p>	<p>Fee for Services Current Year Less Fee for Services Last Year</p> <p>\$22,279,862 – 21,172,453</p> <p>Fees for Service Last Year \$21,172,453</p> <p>Goal : >3% + growth Benchmark : 0% to 3% Danger : Under < 0%</p>

28% FY14

25% FY13

5% FY14

5% FY13

Details on Schedule 13-

Budgeted
25%

Details on Schedule 13-

Budgeted
6%



FY 2013-14 FUND BALANCE – BUDGETED ACTIVITY



FUND BALANCE CATEGORY	Sept 1, 2013 Beginning Unaudited	September- January 2014	April 2014	May-July 2014	August 2014	Est. F/Bal 8-31-14
Inventory	120,424					120,424
Asset Replace Schedule	1,500,000					1,500,000
Bldg & Vehicle Replacement Schedule	1,475,000	(369,200)				1,105,800
Carryover encumbrances	237,958					237,958
Deferred Revenue –HP Schools	103,300					103,300
Deferred revenues	26,494					26,494
Emp. Retire Leave Fund	1,250,000			(300,000)	(150,000)	800,000
PFC Construction	1,200,000		(1,000,000)			200,000
Early Childhood Intervention Funding	1,115,439	(778,000)				337,439
Insurance Deductibles	500,000					500,000
NEW Payroll System	295,000			(200,000)		95,000

FY 2013-14 FUND BALANCE – BUDGETED ACTIVITY



FUND BALANCE CATEGORY	Sept 1, 2013 Beginning Unaudited	September-January 2014	April 2014	May-July 2014	Aug 2014	Est. F/Bal 8-31-14
PFC Lease payment	807,915					807,915
Preschool Preparedness Initiative Program	1,500,000					1,500,000
Program start up	50,000	(50,000)				0
Local Construction Fund 170	452,225			(155,315)		296,910
QZAB Renovation Projects	117,019	(116,501)				518
QZAB bond payment	697,833					697,833
Safe & Secure Schools Project	125,000					125,000
Unemployment Liability	158,000					158,000
Total Reserves:	11,731,607	(1,313,701)	(1,000,000)	(655,315)	(150,000)	8,612,591
Unassigned:	13,083,406	(445,530)		(230,342)	(667,402)	11,740,132
Total Est. Fund Balance:	24,815,013	(1,759,231)	(1,000,000)	(885,657)	(817,402)	20,352,723

INTERIM FINANCIAL REPORT (unaudited)

GENERAL, SPECIAL REVENUE, DEBT SERVICE FUNDS AND INTERNAL SERVICE FUNDS



Revenues

Budget to Actual at August 31, 2014

Fund	Budget	Received/Billed	%
General Fund	\$ 48,598,823	45,181,070	93%
August is the end of the 12th month or approximately 100% of the fiscal year.			
(1) This amount includes accounts receivable billed.			
Special Revenue Funds	44,846,142	26,983,440	60%
Most grant periods differ from fiscal year.			
(2) Grants are on monthly reimbursement basis; subsequently billed			
Debt Service Fund	2,653,751	2,274,038	86%
(3) This fund has activity in February (interest and principal payments) and in (Pending transfer at EOY of \$294,125)			
August (interest only payment).			
PFC Fund	-	11	0%
Trust and Agency Fund	-	3,303	0%
Worker's Comp. Fund	464,082	367,848	79%
Internal Service Fund	5,656,446	4,349,424	77%
Total as of the end of the month	\$102,219,244	\$79,159,135	77%

INTERIM FINANCIAL REPORT (unaudited) GENERAL, SPECIAL REVENUE, DEBT SERVICE FUNDS and INTERNAL SERVICE FUNDS



Expenditures

Budget to Actual at August 31, 2014

Fund	Budget	Encumbered/Spent	%
General Fund	\$53,061,113	\$41,474,542	82%
(1) Encumbrances as of the end of the month total. 2,105,242 Encumbrances August is the end of the 12th month or approximately 100% of the fiscal year.			
Special Revenue Fund	44,846,142	29,822,423	68%
(2) Encumbrances as of the end of the month total. 893,794 Encumbrances Most grant periods differ from fiscal year.			
Debt Service Fund	2,653,751	2,568,163	97%
(3) This fund has activity in February (interest and principal payments) and in August (interest only payment).			
PFC Fund	-	11	0%
Trust and Agency Fund	-	4,768	0%
Worker's Comp. Fund	464,082	199,550	43%
Internal Service Fund	5,656,446	5,010,388	89%
Total as of the end of the month	\$106,681,534	\$82,078,880	77%

INTERIM FINANCIAL REPORT (unaudited)

FY 2013-14 Donations Report *

All Funds as of August 31, 2014



MONTH	CASH	IN-KIND	TOTAL
September	\$230.00	\$602.50	\$832.50
October	0.00	\$19,100.62	\$19,100.62
November	\$1,000.00	\$2,500.00	\$3,500.00
December	\$874.57	\$2,140.64	\$3,015.21
January	\$500.00	\$4,374.40	\$4,874.40
February	0	\$2,645.00	\$2,645.00
March	0	0	0
April	\$530.27	\$3,262.90	\$3,793.17
May	\$90.00	\$23,250.00	\$23,340.00
June	0	\$37,589	\$37,589
July	\$6,151.86	\$518	\$6,669.86
August	\$100.00	\$1085.00	\$1,185.00
Total:	\$9,476.70	\$97,068.06	\$106,544.76

INTERIM FINANCIAL REPORT (unaudited)

FY 2013-14 Donations Report *

All Funds as of August 31, 2014



		CENTER FOR GRANTS DEVELOPMENT ON BEHALF OF HCDE DIVISIONS							
		August 1st through August 31st, 2014							
<i>Donor Last Name</i>	<i>Donor First Name</i>	<i>Organization/Division</i>	<i>Site</i>	<i>Sponsored Division</i>	<i>Description of Donation</i>	<i>Cash Totals</i>	<i>In-kind Totals</i>	<i>Totals</i>	
Donations									
Smallwood	Pam	Spectra Energy	HCDE	Cross Division	Binders and Office Supplies		135.00	\$135.00	
Lawrence W.	Shipley III	Shipley Do-Nuts	HCDE	Head Start	Pre-assignment Training Breakfast		600.00	\$600.00	
Vazquez	Darla		HCDE	ECI Keep Pace	Infant Clothing, Itep n Play Piano		100.00	\$100.00	
James	Stephen	Raising Cane's Chicken Fingers	HCDE	Special Schools	Food for Pre-assignment Training		250.00	\$250.00	
Cooper	Gayle		HCDE	Alternative Certification	Visa Gift Card	100.00		\$100.00	
						TOTALS	\$100.00	\$1,085.00	\$1,185.00

Legend: ECI=Early Childhood Intervention; HCDE=Harris County Department of Education

INTERIM FINANCIAL REPORT (unaudited)

TAX COLLECTIONS COMPARATIVE ANALYSIS Fiscal Year-To-Date at August 31, 2014



See Tax Calculator at → <http://www.hcde-texas.org/default.aspx?name=TaxCalculator>

	August	September	October	May	June	July
	ADOPTED	ADOPTED	ADOPTED	ADOPTED	ADOPTED	ADOPTED
	TAX RATE	TAX RATE	TAX RATE	TAX RATE	TAX RATE	TAX RATE
Proposed Collections Tax Year 2012	0.006358	0.006358	0.006358	0.006358	0.006358	0.006358
Certified Taxable Value per HCAD *	\$ 255,510,232,852	\$ 291,734,641,998	\$ 305,728,975,367	\$ 316,203,175,158	\$ 315,943,151,629	\$ 315,652,193,704
Values under protest or not certified	47,628,019,827	22,834,202,254	10,580,483,023	262,845,239	209,351,177	173,080,660
	303,138,252,679	314,568,844,252	316,309,458,390	316,466,020,397	316,152,502,806	315,825,274,364
/ Rate per Taxable \$100	3,031,382,527	3,145,688,443	3,163,094,584	3,164,660,204	3,161,525,028	3,158,252,744
X Tax Rate	19,273,530	20,000,287	20,110,955	20,120,910	20,100,976	20,080,171
X Estimated 99% collection rate →	19,080,405	19,800,284	19,909,846	19,919,700	19,899,966	19,879,369
+Delinquent Tax Collections	270,000	260,000	260,000	260,000	260,000	260,000
+Special Assessments	10,000	10,000	10,000	10,000	10,000	10,000
+ Penalty & Interest	130,500	130,500	130,500	130,500	130,500	130,500
Estimated Current Tax Available	\$ 19,490,905	\$ 20,200,784	\$ 20,310,346	\$ 20,320,200	\$ 20,300,466	\$ 20,279,869

INTERIM FINANCIAL REPORT (unaudited)

TAX COLLECTIONS Fiscal Year-To-Date at August 31, 2014 (12th month/12 month)



TAX YEAR 2013 COLLECTION SUMMARY					
DESCRIPTION	BUDGET	CURRENT MONTH	Y-T-D	BALANCE (OVER) / UNDER	Y-T-D % OF BUDGET
REVENUES:					
Current Tax	\$19,080,405	\$0	\$19,659,234	(\$578,829)	103%
Delinquent Tax *	270,000	21,408	227,095	42,905	84%
Penalty & Interest	130,500	9,979	170,811	(40,311)	131%
Special Assessments and Miscellaneous*	10,000	522	185,226	(175,226)	1852%
Subtotal Revenues:	\$19,490,905	\$31,909	\$20,242,365	(\$751,460)	103.9%
DESCRIPTION	BUDGET	CURRENT MONTH	Y-T-D	BALANCE (OVER) / UNDER	Y-T-D % OF BUDGET
EXPENDITURES:					
LESS: HCAD Fees	\$155,000	\$0	\$150,909	\$4,091	97%
LESS: HCTO Fees	402,097	785	372,502	29,595	1%
Subtotal Expenditures:	\$557,097	\$785	\$523,411	\$33,686	3%
Net Tax Collections:	\$18,933,808	\$31,124	\$19,718,954	(\$785,146)	104.1%

a) 2013 Tax Rate = $\$0.006358 / \100 Property Assessment/Appraisal - --> Annual Tax on a \$179,950 - \$35,990 = $\$143,960 / 100 \times .006358 =$ Residential Property = \$9.15 (net of 20% homestead exception .)

b) $\$538,500 / \$19,490,905 = 2.8\%$ Collection and assessment costs

INTERIM FINANCIAL REPORT (unaudited)

INTERIM CURRENT TAX REVENUE ESTIMATES REPORT

August 31, 2014



	SCENARIO (1) APPRAISED VALUE HCAD	SCENARIO (2) OWNER'S VALUE OWNER REQUESTED	SCENARIO (3) EST FINAL VALUE COMMITTEE RECOMMENDED
Property Use Category Recap-Certified To Date -Report:			
Taxable value	\$315,479,113,044	\$315,479,113,044	\$315,479,113,044
PLUS: Uncertified Roll Summary Report:			
Scenario (1) Appraised value	2,040,651,153	-	-
Scenario (2) Owner's value	-	1,797,815,803	-
Scenario (3) Estimated final value	-	-	173,080,660
Total taxable value, Certified and Uncertified:	\$317,519,764,197 (A)	\$317,276,928,847 (A)	\$315,652,193,704 (A)
 Calculate Interim Current Tax Revenue Estimate:			
1) (A) divided by 100	\$3,175,197,642 (B)	\$3,172,769,288 (B)	\$3,156,521,937 (B)
2) Current Tax Rate	X 0.006358 (C)	X 0.006358 (C)	X 0.006358 (C)
3) 2014 Interim Current Tax Revenue Estimate, at 100% Collection Rate, (B) X (C)	\$20,187,907 (D)	\$20,172,467 (D)	\$20,069,166 (D)
4) Interim Tax Rev Estimate @ 99% Collection Rate:	\$19,986,028 (E)	\$19,970,742 (E)	\$19,868,475 (E)
 Comparison of Interim Tax Rev Estimate @ 99% Collection Rate with Interim Current Tax Revenue Est:			
Interim Current Tax Revenue Estimate Over/(Under)			
Current Tax Revenue, Currently Budgeted:			
Interim Current Tax Revenue Estimate (E)	\$19,986,028 (E)	\$19,970,742 (E)	\$19,868,475 (E)
LESS: Tax Revenue, Currently Budgeted	\$19,490,905 (F)	\$19,490,905 (F)	\$19,490,905 (F)
Total Interim Current Tax Revenue Estimate Over/(Under)			
Current Tax Revenue, Currently Budgeted, (E) - (F):	\$495,123	\$479,837	\$377,570
 Total Current Tax Revenue Received, July 2014, 1993-571100**:			
	\$19,659,233	\$19,659,233	\$19,659,233

INTERIM FINANCIAL REPORT (unaudited)

DISBURSEMENTS – ALL FUNDS

August 2014



DESCRIPTION	DISBURSEMENTS	AMOUNT
All Funds	537 Checks	\$1,934,065.13
P Card – July 2014	289 Transactions	43,545.93
Bank ACH - payroll liabilities	6 Transfers	1,627,472.54
	Total:	\$3,605,083.60

Notes:

- (A) All Purchase Orders and Payment Authorizations are reviewed before disbursement.
- (B) All Procurement Card charges are reviewed by cardholder, supervisor, and business office staff each month.
- (C) A report on CH Local expenditures is included in the monthly report.

INTERIM FINANCIAL REPORT (unaudited)

Segment Division Data

As of August 31, 2014

<u>BUDGET MANAGER TITLE</u>	<u>Revenues</u>	<u>Tax Subsidy</u>	<u>Expenditure and Encumbran</u>	<u>Includes Tax subsidy Variance</u>	<u>w/o Tax Profit Ratio</u>	<u>Profitability Variance</u>
Alternative Certification	\$ 199,544	\$ 94,748	\$ 336,550	\$(42,257)	-69%	\$(137,008)
Choice Partners Cooperative	3,018,807	-	1,617,648	1,400,959	46%	1,400,959
Records Management	1,240,504	220,505	1,451,132	9,877	-17%	(210,628)
Special Education - Therapy Services	7,415,215	-	7,827,802	(412,588)	-6%	(412,588)



**HIGHLIGHTS
Of
BUDGET AMENDMENT REPORT
September 16, 2014
Board Meeting**

**(unaudited)
Amendments**

General Fund = \$ 0

Special Revenue Funds = \$ 455,597



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INTERIM FINANCIAL REPORT (unaudited)

FY 2013-14 BUDGET AMENDMENT REPORT

September 16, 2014

Special Revenue Fund



Adult Education

Increase revenues & expenditures-Federal TANF (Fund 223-4) Rollover FY 14 Budget	43,400
Increase revenues & expenditures-Federal Regular (Fund 230-4) Rollover FY 14 Budget	495,432
Increase revenues & expenditures-Federal EL/Civics (Fund 234-4) Rollover FY 14 Budget	19,713
Increase revenues & expenditures-State Regular (Fund 381-4) Rollover FY 14 Budget	22,778
Increase revenues & expenditures-State TANF (Fund 382-4) Rollover FY 14 Budget	18,451
Increase revenues & expenditures-Local IBM Grant (Fund 498-4) Rollover FY 14 Budget	793
Increase revenues & expenditures-Local Dollar General Grant (Fund 499-4) Rollover FY 14 Budget	8,000
Total Adult Education	608,567

Alternative Certification Program (ACP)

Increase revenues & expenditures-Natl Talent Program (Fund 204-4) Rollover FY 14 Budget	85,115
Total ACP	85,115

INTERIM FINANCIAL REPORT (unaudited)

FY 2013-14 BUDGET AMENDMENT REPORT

September 16, 2014

Special Revenue Fund



Cooperative for After School Enrichment (CASE)

Increase revenues & expenditures-Federal After School Partnership (Fund 288-4) Rollover Budget FY 2014	457,052
Increase revenues & expenditures-Federal 21st Century Cycle 7 (Fund 265-5) Adjust NOGA	25,498
Increase revenues & expenditures-Federal 21st Century Cycle 8 (Fund 266-5) Rollover Budget FY 2014	2,158,214
Increase revenues & expenditures-Federal Americorps (Fund 255-5) Adjust to NOGA	1,201
Increase revenues & expenditures-Local Houston Endowment (Fund 463-2) Rollover Budget FY 2014	36,200
Increase revenues & expenditures-Local Houston Endowment (Fund 463-4) Rollover Budget FY 2014	785,962
Increase revenues & expenditures-Local Houston Endowment ENRICH (Fund 466-4) Rollover Budget FY 14	95,160
Total CASE	3,559,287

INTERIM FINANCIAL REPORT (unaudited)

FY 2013-14 BUDGET AMENDMENT REPORT

September 16, 2014

Special Revenue Fund



Early Childhood Intervention (ECI)

Increase revenues and expenditures-Federal ECI (Fund 289-4) Adjust to Amended Contract	(509,891)
Increase revenues and expenditures-State ECI (Fund 389-4) Adjust to Amended Contract	(86,631)
Increase revenues and expenditures-ECI MOE (Fund 481-4) Adjust to Amended Contract	(3,266,340)
Total ECI	(3,862,862)

Head Start

Increase revenues & expenditures-Hogg Foundation (Fund 496-4) Rollover Budget FY 2014	34,882
Total Head Start	34,882

Research & Evaluation (R&E) and Instructional Support Services (ISS)

Increase revenues and expenditures-Lunar Institute Project R&E (Fund 203-4) Rollover Budget FY 2014	12,681
Increase revenues and expenditures-Lunar Institute Project ISS (Fund 203-4) Rollover Budget FY 2014	17,927
Total R&E and ISS	30,608

Total SPECIAL REVENUE FUNDS:

\$ 455,597

INTERIM FINANCIAL REPORT (unaudited)

I certify that the foregoing information is true and accurate to the best of my knowledge.

/s/ Jesus J. Amezcua, CPA, Asst. Supt. for Business Support Services

/s/ Rosa Maria Torres, Chief Accounting Officer

/s/ John Weber, MBA, RTSBA, Accounting and Reporting
Compliance Officer

/s/ Antonia Yvette Hamm, RTSBA, Accounting Manager

Q & A



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