

Retirement Committee and Management  
Retirement Plan for Employees of Houston-Galveston Area Council  
(A Component Unit of Houston-Galveston Area Council)  
Houston, Texas

As part of our audit of the financial statements of the Retirement Plan for Employees of Houston-Galveston Area Council (A Component Unit of Houston-Galveston Area Council) (the Plan) as of and for the year ended December 31, 2021, we wish to communicate the following to you.

## **AUDIT SCOPE AND RESULTS**

### **Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States**

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

### **Qualitative Aspects of Significant Accounting Policies and Practices**

#### **Significant Accounting Policies**

The Plan's significant accounting policies are described in Note 2 of the audited financial statements.

#### **Alternative Accounting Treatments**

No matters are reportable.

### **Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following area involves significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Fair value of investments

### **Significant Unusual Transactions**

No matters are reportable.

### **Financial Statement Disclosures**

The following area involves particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Determination of fair values

### **Audit Adjustments**

No matters are reportable.

### **Auditor's Judgments About the Quality of the Plan's Accounting Principles**

No matters are reportable.

### **Disagreements with Management**

No matters are reportable.

### **Consultations with Individuals Outside of the Engagement Team**

No matters are reportable.

### **Consultation with Other Accountants**

No matters are reportable.

### **Significant Issues Discussed with Management**

No matters are reportable.

### **Plan Difficulties Encountered in Performing the Audit**

No matters are reportable.

### **Significant Related Party Findings**

No matters are reportable.

### **Other Material Communication**

Listed below is another material communication between management and us related to the audit:

- Management representation letter (attached)

This communication is intended solely for the information and use of management, the Retirement Committee and others within the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

*BKD, LLP*

May 26, 2022  
Houston, Texas

*Representation of:*

Retirement Plan for Employees of Houston-Galveston Area Council (the Plan)  
(A Component Unit of Houston-Galveston Area Council)  
3555 Timmons Lane, Suite 100  
Houston, Texas 77027

*Provided to:*

**BKD, LLP**  
Certified Public Accountants  
2700 Post Oak Blvd. Suite 1500  
Houston, Texas 77056-5829

The undersigned (“We”) are providing this letter in connection with BKD’s audit of our financial statements as of and for the year ended December 31, 2021.

Our representations are current and effective as of the date of BKD’s report: May 26, 2022.

Our engagement with BKD is based on our contract for services dated: February 8, 2022.

### **Our Responsibility and Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

### **Confirmation of Matters Specific to the Subject Matter of BKD’s Report**

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.

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3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have everything we need to keep our books and records.
5. We have disclosed any significant unusual transactions the Plan has entered into during the period, including the nature, terms, and business purpose of those transactions and whether such transactions involved related parties.
6. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of meetings of the Retirement Committee held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the Retirement Committee, if applicable, and maintained as part of our records.
  - e. All significant contracts and grants.
7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
9. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
  - a. Management or employees who have significant roles in internal control, or
  - b. Others, where activities of others could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
11. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

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12. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

13. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.

14. Except as reflected in the financial statements, there are no:

- a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
- b. Material transactions omitted or improperly recorded in the financial records.
- c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
- d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
- e. Agreements to purchase assets previously sold.
- f. Restrictions on cash balances or compensating balance agreements.
- g. Guarantees, whether written or oral, under which the entity is contingently liable.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

16. Neither the Plan nor the Plan Sponsor are aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

17. Except as disclosed in the financial statements, the entity has:

- a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

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18. The financial statements disclose all significant estimates known to us. Significant estimates are estimates at the statement of fiduciary net position date that could change materially within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
19. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
20. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the financial statements:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
  - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - d. We have evaluated the adequacy of the services performed and any findings that resulted.
21. With regard to investment activities:
- a. All investment transactions have been made in accordance with legal and contractual requirements.
  - b. Disclosures of investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
22. As an entity subject to *Government Auditing Standards*:
- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
  - b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
  - c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

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- d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
  - e. We have a process to track the status of audit findings and recommendations.
  - f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
23. The supplementary information required by the Governmental Accounting Standards Board (GASB), consisting of management's discussion and analysis has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
24. We acknowledge the Plan does not meet the definition of a "public entity" under generally accepted accounting principles.
25. The Plan and the trust established under the Plan are qualified under the appropriate section of the Internal Revenue Code, and we intend to continue them as a qualified Plan and trust. We do not have any intention at present to terminate the Plan.
26. The adoption date of the most recent Plan amendment was December 31, 2021, as provided to you.
27. The Plan obtained its latest determination letter on August 28, 2010, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, we believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, we believe that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.
28. The Plan has made no investments during the year that violate the terms of the Plan or Trust Agreement.
29. We have reviewed the reports of all transactions processed by third-party servicers, and based on our review, we believe the transactions shown in the reports are valid and in accordance with our instructions to the third-party processor. We also have had no communications from any of the Plan's service organizations regarding any fraud, noncompliance with laws and regulations, or uncorrected misstatements.
30. We have apprised you of all communications, written or oral, with regulatory agencies concerning the operation of the plan.



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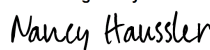
31. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to investment values that could negatively impact the Plan. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Plan's financial statements. Further, the plan sponsor is solely responsible for all aspects of managing the Plan, including questioning the quality and valuation of investments.
32. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

DocuSigned by:



Charles Wemple, Executive Director  
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DocuSigned by:



Nancy Haussler, Chief Financial Officer  
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