



2021

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2021
Houston, Texas

Serving Today · Planning for Tomorrow



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
of the
HOUSTON-GALVESTON AREA COUNCIL
Houston, Texas

For the year ended
December 31, 2021

Nancy Haussler, CPA
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Member of the Government Finance Officers Association
of the United States and Canada

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**HOUSTON-GALVESTON AREA COUNCIL
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended December 31, 2021**

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Introductory Section





May 27, 2022

The Honorable Sally Branson and Members
of the Board of Directors
Houston-Galveston Area Council
Houston, TX

Dear Councilmember Sally Branson and Members of the Board of Directors:

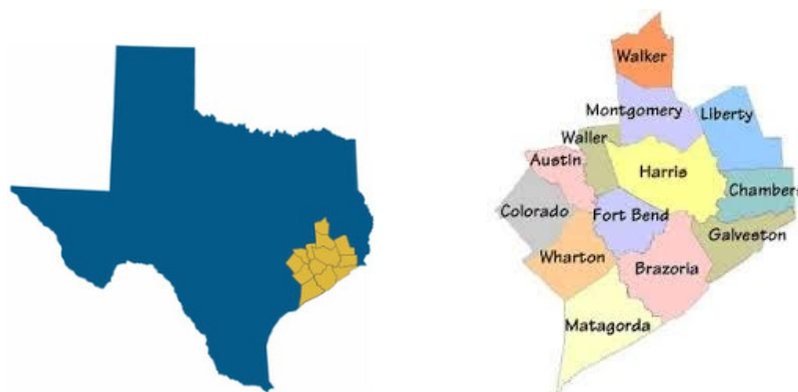
The Annual Comprehensive Financial Report of the Houston-Galveston Area Council, (the “Council” or “H-GAC”) for the fiscal year ended December 31, 2021 is hereby submitted. This report was prepared by the Department of Finance, which accepts responsibility for the accuracy, completeness, and fairness of the data presented. To provide a reasonable basis for making these representations, management of the Houston-Galveston Area Council has established a comprehensive framework of internal controls that is designed to protect H-GAC from loss and allow the compilation of reliable information to prepare the attached financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”). It should be noted that reasonable internal control measures weigh the cost of those procedures against their benefits and H-GAC’s internal control measures provide reasonable but not absolute assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects, that it properly reflects the financial position and the results of operation of the Council, and that all disclosures have been made to enable the reader to acquire the maximum understanding of financial affairs concerning the Council. These financial statements are presented annually in compliance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Uniform Grant Management Standards* as well as Section 2 of the Council’s Bylaws. BKD LLP, Certified Public Accountants have issued an unmodified opinion, sometimes referred to as a “clean” opinion on the H-GAC financial statements included herein. This report is located on page 13 at the front of the financial section of the report.

The Council has prepared Management’s discussion and analysis (MD&A) which immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. This MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

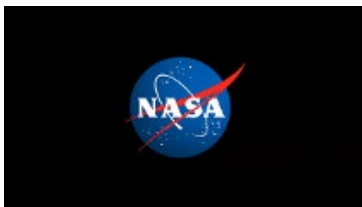
Profile of the Houston-Galveston Area Council

On September 9, 1966, a regional planning commission known as the Houston-Galveston Area Council was created under authority of State Law now recodified as Local Government Code, Chapter 391. The Council is a voluntary membership organization of local governments in a thirteen-county region of Southeast Texas. The organization is one of 24 regional councils in Texas. Local governments created H-GAC to develop a systematic method of evaluating and addressing common concerns that affect several governmental jurisdictions. Cooperative efforts to resolve regional issues such as employment, water and air pollution, crime, traffic and mobility, drainage and flooding, care of the elderly, and waste disposal have received collective action through H-GAC. The Council continues to be dedicated to improving the quality of life of the citizens of the region through cooperative efforts to enhance the physical, social, and economic environment.

H-GAC is governed by a General Assembly of 131 delegates from member local governments. A Board of Directors composed of 36 locally elected officials, members representing county governments, cities, school districts and soil and water conservation districts provide more specific guidance and policy-making through its regular monthly meetings. During 2020, H-GAC's membership was comprised of the 13 county governments, 108 cities, and 11 school districts, including all major general-purpose local governments in the region. According to 2020 estimates from the U.S. Bureau of Census, these member governments represented approximately 7.3 million citizens and covered an area of 13,900 square miles. Below is a graphic representation of the H-GAC region and its location in the state of Texas.



Economic Condition and Outlook



The past two years have seen the Texas economy challenged. Natural disasters, the COVID-19 pandemic, supply chain issues and inflationary pressures have reinforced the need for a regional approach to competitiveness, resiliency, and quality of life. The State Comptroller reports that if the H-GAC region were a state, it would be the 14 largest in terms of population and the fastest growing in the country. The region offers a diversity of resources

which enhance it's ability to thrive and prosper. Below are just a few examples from the last four years of innovation and expansion in the region. According to the State Comptroller:

- The Gulf Coast region's economy has the added benefit of being home to many professional sports teams including the Houston Astros, Houston Rockets and the Houston Dynamo FC. The Houston Astros have been particularly successful of late, appearing in numerous World Series Championships. During the 2019 World Series in which the Houston Astros hosted four games, Houston brought in between \$6 million and \$9 million per home game to the local economy. The Astros repeated their hosting of the World Series in 2021; however, due to the Covid-19 pandemic, revenues for this series are expected to be less than 2019.
- On July 23, 2021 Hailiang Copper Texas Inc. successfully retrofitted a vacant plant into a copper tubing manufacturing facility in Austin County. The project broke ground in 2019 and will invest nearly \$157.8 million in the area.
- Celanese plans to extend its acetic acid unit in Clear Lake. Acetic acid, or everyday vinegar, is widely used as a building block for many products, including paints, coatings, plastics, emulsions, foods, and pharmaceuticals. The new unit would expand capacity from 1.3 million tons of acetic acid per year to approximately 2.1 million tons per year by mid-2022, making the facility one of the largest in the world.
- Texas Solar Gulf I LLC, proposed a solar power electric generating facility within Brazoria county in the second quarter of 2021. The facility will have a capacity of 100 Megawatt and provide a proposed total investment of \$90 million. The project is expected to employ 125 full-time employees during construction and two full-time employees once completed.
- The University of Houston (a public university founded in 1927) had a total economic impact on the region of \$6.4 billion in 2019.
- NASA's Johnson Space Center (established in 1961) is the number one destination in Texas for international visitors. In 2018, it was estimated that NASA affected more than 47,000 jobs in the Gulf Coast region. Its museum alone generates nearly \$119 million in annual economic impact for the region.

The Dallas branch of the Federal Reserve reported that the Texas economy performed better than most other states during the 2020-2021 pandemic years. As the pandemic waned and businesses reopened, the Texas economy rebounded and recovered all 1.4 million jobs lost by the end of 2021. The unemployment rate, through March 2022 is 4.4% which is higher than the national average of 3.6% over the same time period; however job growth of 5.5% exceeds the national average. While job growth would normally result in forecasted declines in unemployment, the record pace of inflation may have a negative impact on employment by the end of the year. Texas is the number one provider of oil and natural gas in the nation. Additionally, approximately 30% of U.S. refinery capacity and 75% of petrochemical production is in Texas. The impact of oil prices to the Texas economy is significant, but the current price of oil indicates that Texas may weather the inflationary pressures better than other states.

Much of the actions taken at the Federal level have resulted in additional grant dollars awarded to H-GAC. Additionally, H-GAC received new funding from foundations and local governments to expand their services to the region. Notably, the transportation program, workforce services, aging services, and criminal justice programs received funding for new or expanded services in 2021.

Major Initiatives

New Partnerships for Employment

In the spring of 2021, Workforce Solutions celebrated the one-year anniversary of its virtual job fairs partnership with ABC 13. What began out of necessity due to the pandemic, blossomed into a new way to connect people with quality employment opportunities. Workforce Solutions has media partnerships with three of the four major news stations in Greater Houston: ABC 13, KHOU, and Fox 26. Since the start of the pandemic, they



have received more than 2.5 million views and garnered a total earned media value of more than \$24.6 million. And thanks to a \$200,000 innovation award from the Texas Workforce Commission, the agency is launching a new talk show with KHOU affiliate Channel 55 called “Your Career, Your Choice.” The show will feature studio interviews, on-location features, and pre-recorded snippets sharing advice on finding jobs in the region.

Additionally, in 2021, Workforce Solutions and its counterpart agency in greater Dallas entered a new frontier in storytelling by helping Roadtrip Nation produce the latest season of its popular PBS documentary series. The series follows a group of high school students on a three-week adventure across the Lone Star State as they explore their communities, learn from working professionals and college students, and expand their sense of what’s possible when it comes to attaining successful, fulfilling careers. The new season marks the first time in its 20-year history that Roadtrip Nation has partnered with a workforce board.

Focus on Seniors



H-GAC launched the elder justice program in mid 2018 to help address the rising tide of elder abuse. The program provides elderly and disabled victims of crime with the tools for recovery, offering crisis support, resource referrals, and help in negotiating the criminal and civil justice systems as well as limited legal representation. Amid a pandemic-fueled spike in financial exploitation cases in 2021, the program handled more than 300 cases for senior victims and protective family members. In 2021, H-GAC won funding to launch a sister program, the Center on Abuse in Later Life, which has the twin goals of providing specialized training and technical assistance to partners in the criminal justice system and developing a coordinated community response to elder abuse throughout the region.

Communities and federal and state governments partner to assist in funding this critical infrastructure element.

Transportation

For many years, the Houston-Galveston Metropolitan Planning Organization (MPO) has been instrumental in steering the sustainable development of our region's robust, multimodal transportation network. As the region has rapidly expanded and development springs beyond the MPO's sphere of influence, the need for a rural counterpart to the Houston-Galveston MPO is clearer than ever. In 2021, H-GAC began the critical steps of gathering rural community leaders, collecting feedback on their needs and challenges, and organizing state and regional support to lay the foundations for a new rural transportation planning organization (RTPO). This RTPO would serve as a forum for elected officials, state agency officials, stakeholder groups, and rural residents to collaboratively address rural transportation issues, prioritize projects that will promote safety and mobility, and help propel the rural economy forward.



Financial Planning and Policies

The Board of Directors approves a government-wide financial plan for revenues and expenditures each year at its December meeting. This plan includes both restricted and unrestricted revenue sources. The restricted revenue sources (contracts and grants) often span more than one fiscal year. Estimates are made by management on the timing of these revenues and are reflected in the appropriate fiscal year financial plan. H-GAC recognizes that the financial plan must be flexible enough to adjust for revenues that do not materialize and capitalize on unforeseen opportunities as they occur. Therefore, throughout the year, the Board of Directors approves amendments to the financial plan when funding changes become known. The financial plan adopted is on a basis consistent with generally accepted accounting principles. Control of the financial plan is maintained at the project level with management authorized to make transfers of budgeted amounts between object class levels within a project as allowed by grantor agencies.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Houston-Galveston Area Council for its comprehensive annual financial report for the fiscal year ended December 31, 2020. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report could not have been accomplished without the dedication and efficiency of the Council's Financial, Administrative, and Program management staff. Special acknowledgement should also be given to the Council's auditors, BKD LLP whose expertise lent greatly to this report's completion. Finally, we would like to thank the members of the Board of Directors for their interest and support in planning and conducting the financial operations of the Council in a responsible and progressive manner.

Respectfully submitted,

Signature: 
Chuck Wemple (May 31, 2022 12:37 CDT)
Email: cwemple@h-gac.com

Chuck Wemple
Executive Director



Nancy Haussler
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Houston-Galveston Area Council
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**HOUSTON-GALVESTON AREA COUNCIL
PRINCIPAL OFFICIALS**

OFFICERS OF THE BOARD OF DIRECTORS 2021

CHAIR
Judge Phillip Spenrath
Wharton County

VICE CHAIR
Commissioner Kenneth Clark
Galveston County

CHAIR ELECT
Councilmember William King III
City of Dickinson

ADMINISTRATIVE STAFF

Executive Director	Chuck Wemple
Chief Financial Officer	Nancy Haussler
Director of Internal Audit	Charles Hill
Director of Intergovernmental Relations	Rick Guerrero

H-GAC MEMBER GOVERNMENTS

Counties

Austin	Fort Bend	Matagorda	Wharton
Brazoria	Galveston	Montgomery	
Chambers	Harris	Walker	
Colorado	Liberty	Waller	

Cities over 25,000 Population*

Alvin	Houston	Pasadena
Baytown	Huntsville	Pearland
Conroe	La Porte	Rosenberg
Deer Park	Lake Jackson	Sugar Land
Friendswood	League City	Texas City
Galveston	Missouri City	

Home Rule Cities*

Angleton	Galena Park	Manvel	Stafford
Bay City	Hempstead	Mont Belvieu	Sweeny
Bellaire	Hitchcock	Nassau Bay	Tomball
Cleveland	Humble	Palacios	Webster
Clute	Iowa Colony	Prairie View	West University Place
Dayton	Jacinto City	Richmond	Wharton
Dickinson	Jersey Village	Richwood	Willis
El Campo	Katy	Santa Fe	
Freeport	La Marque	Seabrook	
Fulshear	Liberty	Sealy	

General Law Cities*

Anahuac	East Bernard	New Waverly	Spring Valley Village
Arcola	El Lago	Oak Ridge North	Stagecoach
Bayou Vista	Hedwig Village	Old River Winfree	Surfside Beach
Beach City	Hillcrest Village	Oyster Creek	Taylor Lake Village
Bellville	Town of Holiday Lakes	Panorama Village	Thompsons
Brazoria	Hunters Creek Village	Pattison	Tiki Island
Brookshire	Jamaica Beach	Piney Point Village	Waller
Brookside Village	Jones Creek	Riverside	Wallis
Bunker Hill Village	Kemah	San Felipe	Weimar
Clear Lakes Shores	Kendleton	Shenandoah	West Columbia
Columbus	Magnolia	Shoreacres	Weston Lakes
Daisetta	Meadows Place	South Houston	
Danbury	Morgan's Point	Southside Place	
Eagle Lake	Needville	Splendora	

Independent School Districts*

Alief ISD

Columbia-Brazoria ISD

Deer Park ISD

Fort Bend ISD

Hempstead ISD

Hitchcock ISD

Huntsville

Magnolia ISD

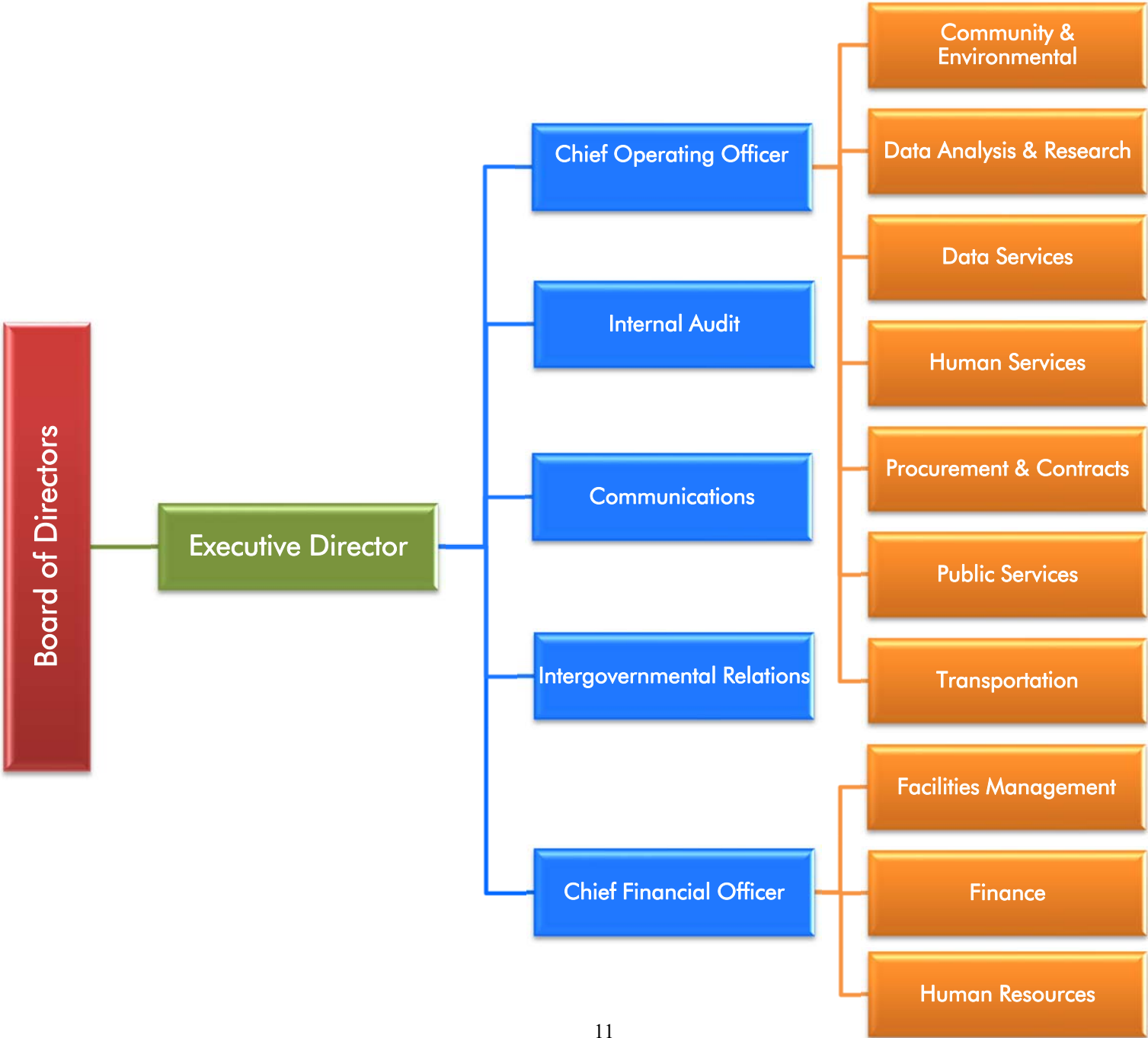
Needville ISD

Pearland ISD

Waller ISD

*based on 2020 Census

Houston-Galveston Area Council



Financial Section



Independent Auditor's Report

Board of Directors
Houston-Galveston Area Council
Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Houston-Galveston Area Council (the Council), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Council, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Supplementary Schedule of Indirect Costs and Supplementary Schedule of H-GAC Employee Benefits (supplementary information) and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Texas Comptroller of Public Accounts, State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

BKD, LLP

Houston, Texas
May 27, 2022

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HOUSTON-GALVESTON AREA COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Houston-Galveston Area Council (“H-GAC” or “the Council”) for the year ended December 31, 2021. This analysis is prepared by the Finance department of the H-GAC and is intended to expand the reader’s understanding of the attached financial statements and the effect of certain events on those financial statements.

1. FINANCIAL HIGHLIGHTS

- The assets of H-GAC exceed its liabilities by \$38,694,328 of which \$30,662,431 is available to meet the Council’s ongoing obligations to local governments and creditors.
- H-GAC’s net position increased by \$2,631,707 during the year ended December 31, 2021 due primarily to an increase in revenues which exceeded the increase in expenditures.
- At the end of the year, the nonspendable fund balance and unassigned governmental fund balance are \$1,212,034 and \$10,291,741, respectively.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

The H-GAC financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information that is not a required part of the financial statements themselves.

Government-wide financial statements. Included in this report are the Statement of Net Position and the Statement of Activities. These statements present the results of operation on a comprehensive basis utilizing the full accrual accounting methodology. This methodology requires that changes in net position be reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in these statements for some

items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both government-wide financial statements distinguish functions of H-GAC that are principally supported by grants (governmental activities) from other functions that are supported by user fees (business-type activities). The governmental activities include the activities of the general government, general government overhead, and all grant related activities. The business-type activities include the Cooperative Purchasing program. The Energy Purchasing Corporation, Gulf Coast Economic Development Corporation and the Local Development Corporation are presented as separate component units to H-GAC. The H-GAC Energy Purchasing Corporation's purpose is to serve as a licensed aggregator of electricity for local governments in the state of Texas by negotiating and administering electricity service contracts. Local governments pay an administrative fee to participate in the contracts. The Houston-Galveston Area Local Development Corporation ("LDC") was established to further economic development and social welfare by promoting and assisting growth and development of business concerns in the region. The LDC is a certified development company by the U.S. Government Small Business Administration and assists small businesses in securing loans for the purpose of construction, conversion, or expansion, including the acquisition of land, existing buildings and leasehold improvements. The Corporation receives a residual fee for its services on all funded loans. The H-GAC Gulf Coast Economic Development Corporation ("EDC"), a 501(C)(3) Corporation, was established in 1988 to address the regional needs of distressed economic growth areas. The EDC originally received economic development grants from the Federal Economic Development Administration to promote coordination among local economic development efforts on a region wide basis. All component units of H-GAC's governing bodies consist of members of H-GAC's Board of Directors or are appointed by H-GAC's Board of Directors.

The statement of net position presents information on all H-GAC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of H-GAC is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Fund financial statements. A fund is a grouping of related accounts that have been segregated to maintain control over resources and achieve specific objectives. H-GAC uses fund accounting to identify resources that have specific compliance requirements,

such as grant programs, and demonstrate adherence to finance-related legal requirements. H-GAC maintains three fund types: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental Funds. Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements, except that they are presented on the modified accrual basis of accounting which requires that revenues be recorded when measurable and available. Expenditures are recorded when the services or goods are received, and the liabilities incurred. Thus, the focus of these statements is on the near-term inflows and outflows of spendable resources and the balances of spendable resources available at the end of the year.

Comparison between the governmental activities in the government-wide financial statements and the information presented in the governmental funds statements allows the reader to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

H-GAC maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the grant fund, the Corporation for Regional Excellence, and the Gulf Coast 911 Regional District. Both the Corporation for Regional Excellence and the Gulf Coast 911 Regional District are blended component units presented as governmental funds.

H-GAC adopts an annual budget for its general fund and component units in December of each year. Grant fund budgets are reviewed and approved by the Board of Directors within the context of the annual budget. Throughout the year the budget is amended as grant funds become available or lapse. Although the budgets are reviewed and approved by H-GAC's Board, they are not considered legally adopted budgets or appropriations.

Proprietary Funds. H-GAC had only one type of proprietary fund during fiscal year 2021. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Unlike governmental funds, enterprise funds are maintained on the full accrual basis of accounting as are the government-wide financial statements, therefore, no reconciliation between the

statements is necessary. H-GAC records the activities of its Cooperative Purchasing program in the enterprise fund.

Fiduciary Funds. The fiduciary funds administered by H-GAC consist of the pension plan for H-GAC's employee retirement plan and a custodial fund for the Air Emission Reduction Credit Organization ("AERCO"). AERCO was created to promote the coexistence of air quality improvement and economic development within the region. H-GAC serves as the custodian of funds received due to air emission credits and uses those funds to offset new emission requirements for major industrial modifications, economic development, or to reduce emissions to meet federal reduction requirements. These funds, like the proprietary funds, are presented on the full accrual basis of accounting. Fiduciary funds are not presented in the government-wide financial statements as these funds are restricted and are not available to support the programs of H-GAC. The pension plan is audited separately, and a copy of this report is available by request from H-GAC, P.O. Box 22777, Houston, TX 77227-2777.

Notes to the financial statements. The notes to the financial statements are an integral part of understanding both the government-wide financial statements and the fund financial statements.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

H-GAC's assets exceed liabilities by \$38,694,328 at the close of the most recent year, 2021, which is an increase over 2020. Approximately 1.75% of H-GAC's net position is invested in capital assets. These capital assets are within the office facilities of H-GAC to provide service and do not represent funds available for future spending. Most of the increases to net position came from decreased expenses over revenues in the government activities from the prior year. This is because the Gulf Coast 911 Regional District has an increase in revenues. There was restricted net position of \$7,391,721 at the end of the year. The balance of unrestricted net position in 2021 of \$30,662,431 may be used to meet H-GAC's ongoing obligations.

**HOUSTON-GALVESTON AREA COUNCIL
CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 62,371,564	\$ 41,678,789	\$ 20,836,815	\$ 19,651,370	\$ 83,208,377	\$ 61,330,159
Capital Assets, Net	708,893	668,213	-	-	708,893	668,213
Total Assets	<u>63,080,457</u>	<u>42,347,002</u>	<u>20,836,815</u>	<u>19,651,370</u>	<u>83,917,270</u>	<u>61,998,372</u>
Liabilities						
Current and Other Liabilities	44,841,180	25,413,095	219,726	143,295	45,060,906	25,556,390
Long-Term Liabilities	162,028	379,362	-	-	162,028	379,362
Total Liabilities	<u>45,003,208</u>	<u>25,792,457</u>	<u>219,726</u>	<u>143,295</u>	<u>45,222,934</u>	<u>25,935,752</u>
Net Position						
Net Investment in Capital Assets	640,176	591,247	-	-	677,446	591,347
Restricted for:						
EPA RLF Program	1,656,629	1,846,304	-	-	1,656,629	1,846,304
Corporation for Regional Excellence	698,439	507,478	-	-	698,439	507,478
Gulf Coast 911 Reg District	5,036,653	3,532,517	-	-	5,036,653	3,532,517
Unrestricted	10,045,342	10,076,899	20,617,089	19,508,075	30,625,161	29,584,974
Total Net Position	<u>\$ 18,077,239</u>	<u>\$ 16,554,545</u>	<u>\$ 20,617,089</u>	<u>\$ 19,508,075</u>	<u>\$ 38,694,328</u>	<u>36,062,620</u>

Statement of Activities

H-GAC's net position increased by \$2,631,708 for the year. This reflects an increase in net position for governmental activities of \$1,322,692 and an increase in net position in business-type activities of \$1,309,014, before transfers. The change in net position in governmental activities represents a 7.99% increase of net position for governmental activities and the change in net position in the business-type activities represents an 6.71% increase in net position for this activity. Overall, H-GAC increased net position by 7.3%. Key elements of the increase along with percentage analysis are as follows:

HOUSTON-GALVESTON AREA COUNCIL CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total		Percent	
	2021	2020	2021	2020	2021	2020	2021	2020
Program Revenues								
Charges for Services	\$1,591,821	\$2,998,601	\$5,541,120	\$5,871,872	\$7,132,941	\$8,870,473	1.93%	2.26%
Operating Grants and Contributions	361,409,325	382,754,534	-	-	361,409,325	382,754,534	98.01%	97.62%
General Revenues								
Interest Income	3,803	44,289	-	-	3,803	44,289	0.00%	0.01%
Other Income	190,021	297,724	-	-	190,021	297,724	0.05%	0.08%
Total Revenues	363,194,970	386,095,148	5,541,120	5,871,872	368,736,090	391,967,020	100.00%	100.00%
Expenses								
General Government	1,647,096	3,307,439	-	-	1,647,096	3,307,439	0.45%	0.85%
Workforce Programs	315,983,569	343,589,322	-	-	315,983,569	343,589,322	86.31%	88.04%
Transportation	26,465,214	22,158,714	-	-	26,465,214	22,158,714	7.23%	5.68%
Community and Environmental	3,601,922	3,085,645	-	-	3,601,922	3,085,645	0.98%	0.79%
Criminal Justice	2,262,353	1,262,965	-	-	2,262,353	1,262,965	0.62%	0.32%
Aging Services	9,250,935	9,801,337	-	-	9,250,935	9,801,337	2.53%	2.51%
Reg Excellence Corp	1,552	56,711	-	-	1,552	56,711	0.00%	0.01%
Gulf Coast 911 Reg Dist	2,659,637	2,803,990	-	-	2,659,637	2,803,990	0.73%	0.72%
Cooperative Purchasing			4,232,106	4,207,362	4,232,106	4,207,362	1.16%	1.08%
Total Expenses	361,872,278	386,066,123	4,323,106	4,207,362	366,104,384	390,273,485	100.00%	100.00%
Excess (deficiency) before Transfers	1,322,692	29,025	1,309,014	1,664,510	2,631,706	1,693,535		
Transfers	200,000	100,000	(200,000)	(100,000)				
Change in net position	1,522,692	129,025	1,109,014	1,564,510	2,631,706	1,693,535		
Net Position-Beginning of Yr	16,554,545	16,425,520	19,508,075	17,943,565	36,062,620	34,369,085		
Net Position-End of Yr	\$18,077,239	\$16,554,545	\$20,617,089	\$19,508,075	\$38,694,329	\$36,062,620		

H-GAC operates primarily from grant and contract revenues; therefore, increases in expenses closely parallel increases in grant and contract funding for services.

Business-type activities

The Cooperative Purchasing program was established in 1973 to assist local governments in their purchasing and procurement needs. Through aggregation of individual purchases into a single procurement, volume discounts can be achieved.

The program is influenced by market conditions. The Cooperative Purchasing program deals primarily in the acquisition of capital assets. In 2020 and 2021, revenue in this program was \$5,871,872 and \$5,541,120 respectively. During the year, operating expenses for the program increased 0.59% and revenues decreased 5.6%. The combined result was reflected in an increase to net position of \$1,109,014 or 5.68%. By comparison, the increase in 2020 was \$1,564,510 or 8.72%.

Business-Type Expenses	2021 Amount	2020 Amount	Increase (Decrease) from 2020	Increase (Decrease)
Personnel and Benefits	\$ 3,524,115	\$ 3,560,312	\$ (36,197)	(1.02%)
Consultant and Contract Svcs	278,518	159,652	118,866	74.45%
Equipment Rental and Leases	35,170	9,927	25,243	254.29%
Lease of Office Space	240,100	206,983	33,117	16.00%
Travel	19,574	12,126	7,448	61.42%
Other	134,629	258,362	(123,733)	(47.89%)
Total Expenses	<u>\$ 4,232,106</u>	<u>\$ 4,207,362</u>	<u>\$ 24,744</u>	<u>0.59%</u>

4. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As stated previously, H-GAC uses fund accounting to ensure and demonstrate compliance with legal requirements imposed by grantors. The following is a discussion of the funds used at H-GAC and key elements in each fund.

Governmental Funds

Governmental funds are presented on the modified accrual basis of accounting. This measurement focus emphasizes the inflows, outflows and available resources in the near term. This information is desirable in evaluating H-GAC's financing requirements. Specifically, the unassigned balance represents H-GAC's available resources at the end of the year.

H-GAC's general fund balance for year 2021 is \$11,503,775. Included in this fund balance is \$1,212,034 which has been identified for prepaid items and is nonspendable. The balance of \$10,291,741 is available for use at H-GAC's discretion.

The general fund balance of H-GAC increased by \$93,200. The increase is due to an increase of fund transfer in 2021 from the enterprise fund as well as proceeds from capital leases. The general fund is the primary operating fund for H-GAC. The grant fund, used to account for all grant programs and other revenues whose use is restricted for a specific purpose, had a decrease of fund balance from \$1,846,304 in 2020 to \$1,656,629 in 2021. This decrease was primarily due to the gradual planned use of the fund balance in the Clean Vehicle program.

Also included in the governmental funds is the Regional Excellence Corporation (the "Corporation"), a blended component unit of H-GAC established in 2004 to support programs and initiatives of the organization through private sector contributions. All board members of the Corporation serve in a dual capacity as both a board member of H-GAC and a board member of the Corporation. In 2021 the Corporation had cash and pledged contributions of \$192,512 received late in the year to support activities associated with H-GAC's transportation program. Due to ongoing COVID restrictions in 2021, the Corporation only had expenses of \$1,552 during the year. The corporation's bylaws restrict the use of these funds.

Additionally, in February 2016, H-GAC's Board of Directors established the Gulf Coast 911 Regional District (the "District"), a blended component unit of H-GAC, to provide administrative support and coordination of emergency communications in Brazoria, Chambers, Colorado, Liberty, Matagorda, Walker, Waller, and Wharton counties including all cities therein. All board members of the District serve in a dual capacity as both a board member of H-GAC and a board member of the District. In 2021, the District had income of \$4,163,774 and expenditures of \$2,659,637. The District intends to use these excess funds to enhance the infrastructure and resiliency of the 9-1-1 services in the region through technology and software improvements beginning in 2022. The District's bylaws restrict the use of these funds.

Proprietary Funds

The proprietary fund of H-GAC is composed of the Cooperative Purchasing enterprise fund. As mentioned previously, the measurement focus for the fund statements is identical to the government-wide statements. It is the policy of H-GAC to associate net position to the activities generating the net position. The remaining net position is available to meet future needs as directed by the Board of Directors.

5. CAPITAL ASSET ADMINISTRATION

H-GAC’s capital assets for governmental activities amount to \$668,213 and \$708,893 (net of depreciation) for fiscal years ended December 31, 2020 and 2021, respectively. This investment in capital assets includes equipment, furniture, and fixtures. Additional information on H-GAC’s capital assets can be found in footnote 6 of this report. H-GAC does not own any real property.

During 2021, H-GAC acquired a variety of assets. H-GAC has a capitalization threshold of \$5,000, in accordance with federal requirements. The following table identifies the additions and retirements of depreciable assets for both the governmental and business-type activities. Beginning balances are net of depreciation. The accumulated depreciation column below reflects the net effect of depreciation expense for the year and the recovery of depreciation upon retirement of assets.

HOUSTON-GALVESTON AREA COUNCIL CAPITAL ASSET ANALYSIS

	Beginning Balance	Additions	Retirements	Net Accumulated Depreciation	Ending Balance
Governmental Activities					
Equipment, furniture and fixtures, net	\$668,213	\$216,889	\$(161,903)	\$(14,306)	\$708,893
Totals	\$668,213	\$216,889	\$(161,903)	\$(14,306)	\$708,893

6. DEBT ADMINISTRATION

Debt considered a liability of governmental activities consists of capital lease obligations. Debt balances related to capital leases in 2021 were \$68,717. Other long-term liabilities, including compensated absences, increased by \$124,758 in 2021. During 2021, H-GAC's Board of Directors allowed an increase of accrued vacation leave for one more year in response to the Covid-19 pandemic. The year finished with an ending balance of \$1,458,434. Further information on H-GAC's debt can be found in Capital Lease Note 8 to the financial statements.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- H-GAC membership dues are based on the federal 10-year census and are calculated on population. For FY2022 the per-capita membership revenue is estimated at \$462,137. This budget is based on the most recent census which reflects an increase of \$66,599 from 2021 budget.

H-GAC increased estimated revenues and corresponding expenses by \$73,897,591 for 2022. The budget reflects increases mainly in Workforce programs, Transportation, Shared Services, Aging, Community & Environmental and Data Services areas of \$65,513,621, \$4,276,845, \$1,756,860, \$1,487,312, \$751,969 and \$576,601 respectively. The decrease in Public Services programs is attributable to the completion of Harris County Loan program. These factors were considered in preparing the budget for the 2022 fiscal year.

8. REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of H-GAC's finances for those with an interest in the Council's finances. Questions or comments regarding this report should be directed to Nancy Haussler, Chief Financial Officer, Houston-Galveston Area Council, P.O. Box 22777, Houston, TX 77227-2777.

HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
ASSETS						
Cash and cash equivalents	\$ 41,337,613		\$ 41,337,613	\$ 168,296	\$ 417,753	\$ 1,812,293
Investments	5,391,037		5,391,037			318,101
Receivables, net	32,003,965	\$ 2,509,720	34,513,685		109	21,502
Notes receivable	264,058		264,058		3,069,793	
Due from component units	489,952		489,952			
Internal balances	(18,327,095)	18,327,095				
Prepaid expenses	1,212,034		1,212,034			
Capital assets, net	708,893		708,893			
Total Assets	<u>63,080,458</u>	<u>20,836,815</u>	<u>83,917,273</u>	<u>168,296</u>	<u>3,487,655</u>	<u>2,151,896</u>
LIABILITIES						
Accounts payable and accrued expenses	5,595,803	55,340	5,651,143			
Unearned revenues	2,753,826	164,386	2,918,212			
Due to grantee agencies	35,126,428		35,126,428			
Due to primary government				10,700	319,786	159,466
Long term liabilities						
Due within one year	1,333,676		1,333,676			
Due more than one year	124,758		124,758			
Obligation of capital leases:						
Due within one year	31,447		31,447			
Due more than one year	37,270		37,270			
Total Liabilities	<u>45,003,208</u>	<u>219,726</u>	<u>45,222,934</u>	<u>10,700</u>	<u>319,786</u>	<u>159,466</u>
NET POSITION						
Net investment in capital assets	640,176		640,176			
Restricted for:						
EPA RLF Program	1,656,629		1,656,629			
Corporation for Regional Excellence	698,439		698,439			
Gulf Coast 911 Regional District	5,036,653		5,036,653			
EDA RLF Program					3,167,869	
Local Development Corporation						1,992,430
Unrestricted	10,045,342	20,617,089	30,662,431	157,596		
Total Net Position	<u>\$ 18,077,239</u>	<u>\$ 20,617,089</u>	<u>\$ 38,694,328</u>	<u>\$ 157,596</u>	<u>\$ 3,167,869</u>	<u>\$ 1,992,430</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit		
		Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Primary Government		Energy Purchasing Corporation	Gulf Coast Economic Development Corporation	Local Development Corporation
					Governmental Activities	Business-type Activities			
Primary government:									
Governmental activities:									
General government	\$ 4,185,891	\$ (2,538,795)	\$ 1,591,821	\$ (55,276)		\$ (55,276)			
Workforce programs	315,306,729	676,840		61,669	\$ 316,045,238	61,669			
Transportation	25,552,585	912,629		(295,782)	26,169,432	(295,782)			
Community and environmental	3,378,336	223,586		35,937	3,637,859	35,937			
Criminal justice	2,177,298	85,055		(56,211)	2,206,142	(56,211)			
Aging services	8,979,391	271,544		(256,567)	8,994,368	(256,567)			
Corporation for Regional Excellence	1,552			190,960	192,512	190,960			
Gulf Coast 911 Regional District	2,659,637			1,504,137	4,163,774	1,504,137			
Total governmental activities	<u>362,241,419</u>	<u>(369,141)</u>	<u>1,591,821</u>	<u>1,128,867</u>	<u>361,409,325</u>	<u>1,128,867</u>			
Business-type activities-									
Cooperative purchasing	3,862,965	369,141	5,541,120			\$ 1,309,014			1,309,014
Total business-type activities	<u>3,862,965</u>	<u>369,141</u>	<u>5,541,120</u>			<u>1,309,014</u>			<u>1,309,014</u>
Total primary government	<u>\$ 366,104,384</u>	<u>\$ -</u>	<u>\$ 7,132,941</u>	<u>\$ 1,128,867</u>	<u>\$ 361,409,325</u>	<u>\$ 1,309,014</u>			<u>\$ 2,437,881</u>
Component units:									
Energy Purchasing Corporation	90,501		83,696			\$ (6,805)			
Gulf Coast Economic Development Corporation	469,507			1,988,891			\$ 1,519,384		
Local Development Corporation	520,647		304,674					\$ (215,973)	
Total component units	<u>\$ 1,080,655</u>		<u>\$ 388,370</u>	<u>\$ 1,988,891</u>		<u>\$ (6,805)</u>	<u>\$ 1,519,384</u>		<u>\$ (215,973)</u>
General revenues:									
Interest income				3,803		3,803			
Miscellaneous income				190,021		190,021			
Transfers				200,000	(200,000)				
Total general revenues and transfers				<u>393,824</u>	<u>(200,000)</u>	<u>193,824</u>			
Change in net position				1,522,692	1,109,014	2,631,706	(6,805)	1,519,384	(215,973)
Net position - beginning				16,554,546	19,508,075	36,062,621	164,401	1,648,485	2,208,404
Net position - ending				<u>\$ 18,077,239</u>	<u>\$ 20,617,089</u>	<u>\$ 38,694,328</u>	<u>\$ 157,596</u>	<u>\$ 3,167,869</u>	<u>\$ 1,992,431</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>Grant Fund</u>	<u>Corporation for Regional Excellence</u>	<u>Gulf Coast 911 Regional District</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 33,355,036	\$ 1,437,159	\$ 505,400	\$ 6,040,018	\$ 41,337,613
Investments	5,391,037				5,391,037
Receivables, net	707,685	30,981,676	195,689	118,915	32,003,965
Due from other funds	1,475,042	11,224,234			12,699,276
Due from component unit	489,952				489,952
Notes receivable		264,058			264,058
Prepaid items	1,212,034				1,212,034
Total assets	<u>\$ 42,630,786</u>	<u>\$ 43,907,127</u>	<u>\$ 701,089</u>	<u>\$ 6,158,933</u>	<u>\$ 93,397,935</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	1,335,864	4,257,289	2,650		5,595,803
Unearned revenue	39,807	2,714,019			2,753,826
Due to grantee agencies		35,126,428			35,126,428
Due to other funds	29,751,329	152,762		1,122,280	31,026,371
Total liabilities	<u>31,127,000</u>	<u>42,250,498</u>	<u>2,650</u>	<u>1,122,280</u>	<u>74,502,428</u>
Fund balance-					
Nonspendable	1,212,034				1,212,034
Unassigned	10,291,741				10,291,741
Restricted for:					
EPA RLF Program		1,656,629			1,656,629
Corporation for Regional Excellence			698,439		698,439
Gulf Coast 911 Regional District				5,036,653	5,036,653
Total fund balance	<u>11,503,775</u>	<u>1,656,629</u>	<u>698,439</u>	<u>5,036,653</u>	<u>18,895,496</u>
Total liabilities and fund balance	<u>\$ 42,630,786</u>	<u>\$ 43,907,127</u>	<u>\$ 701,089</u>	<u>\$ 6,158,933</u>	<u>93,397,935</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	708,893
Compensated absences of governmental activities are not due and payable in the current period and, therefore, are not reported in the funds	(1,458,434)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds-capital leases	<u>(68,716)</u>
Net position of governmental activities	<u>\$ 18,077,239</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Grant Fund</u>	<u>Corporation for Regional Excellence</u>	<u>Gulf Coast 911 Regional District</u>	<u>Total Governmental Funds</u>
Revenues					
Interest income	\$ 3,803				\$ 3,803
Membership dues	395,539				395,539
Interlocal contracts	976,397				976,397
Data services and imaging	219,886				219,886
Miscellaneous income	190,021				190,021
Other local revenue				\$ 4,163,774	4,163,774
From grantor agencies		\$ 357,053,039	\$ 192,512		357,245,551
Total revenues	<u>1,785,646</u>	<u>357,053,039</u>	<u>192,512</u>	<u>4,163,774</u>	<u>363,194,971</u>
Expenditures					
Current:					
General government	1,513,063				1,513,063
Workforce programs		315,951,055			315,951,055
Transportation		26,419,759			26,419,759
Community and environmental		3,586,298			3,586,298
Criminal justice/homeland security		2,202,056			2,202,056
Aging services		9,237,891			9,237,891
Corporation for regional excellence			1,552		1,552
Gulf Coast 911 emergency district				2,659,637	2,659,637
Capital outlay:					
General government	216,889				216,889
Debt service:					
Principal	31,447				31,447
Interest	-				-
Total expenditures	<u>1,761,399</u>	<u>357,397,059</u>	<u>1,552</u>	<u>2,659,637</u>	<u>361,819,647</u>
Excess (deficiency) of revenues over expenditures	<u>24,247</u>	<u>(344,020)</u>	<u>190,960</u>	<u>1,504,137</u>	<u>1,375,324</u>
Other Financing Sources					
Transfers in	45,655	154,345			200,000
Proceeds from Capital Lease	23,298				23,298
Total other financing sources	<u>68,953</u>	<u>154,345</u>	<u>-</u>	<u>-</u>	<u>223,298</u>
Change in fund balance	93,200	(189,675)	190,960	1,504,137	1,598,622
Fund balance - beginning	<u>11,410,575</u>	<u>1,846,306</u>	<u>507,478</u>	<u>3,532,517</u>	<u>17,296,876</u>
Fund balance - ending	<u>\$ 11,503,775</u>	<u>\$ 1,656,631</u>	<u>\$ 698,438</u>	<u>\$ 5,036,654</u>	<u>\$ 18,895,499</u>

See accompanying notes to the financial statements

HOUSTON-GALVESTON AREA COUNCIL
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances-total governmental funds \$ 1,598,622

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	216,889
Depreciation expense	<u>(176,210)</u>
Excess of capital outlay over depreciation expense	<u>40,679</u>

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This activity consists of -

Increase in compensated absences	(124,758)
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Long-term debt (i.e. capital leases) proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Principal payment for capital lease in 2021 31,447

Capital lease proceeds (23,298)

Change in net position of governmental activities \$ 1,522,692

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021**

	<u>Cooperative Purchasing</u>
ASSETS	
Current assets	
Accounts receivable	\$ 2,509,720
Due from general fund	18,327,095
Total current assets	<u>20,836,815</u>
Total assets	<u>20,836,815</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	55,340
Unearned revenues	<u>164,386</u>
Total current liabilities	<u>219,726</u>
Total liabilities	<u>219,726</u>
NET POSITION	
Unrestricted	<u>20,617,089</u>
Total net position	<u>\$ 20,617,089</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Cooperative Purchasing</u>
OPERATING REVENUES	
Charges for services	\$ 5,541,120
Total operating revenues	<u>5,541,120</u>
OPERATING EXPENSES	
Personnel and benefits	3,524,115
Consultant and contract services	278,518
Equipment rental and leases	35,170
Lease of office space	240,100
Travel	19,574
Other	134,629
Total operating expenses	<u>4,232,106</u>
Operating Income	1,309,014
Transfers	<u>(200,000)</u>
Change in net position	1,109,014
Net position - beginning	<u>19,508,075</u>
Net position - ending	<u>\$ 20,617,089</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Cooperative Purchasing</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,427,594
Cash payments to employees for services	(3,524,115)
Cash payments to suppliers for goods and services	(274,006)
Cash payments for operating expenses	(429,473)
Cash provided by operating activities	<u>200,000</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(200,000)
Net cash used by noncapital financing activities	<u>\$ (200,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,309,014
Change in assets and liabilities:	
Increase in customer receivable	(597,212)
Increase in interfund receivable	(588,233)
Increase in accounts payable	4,512
Increase in unearned revenue	71,919
Net cash provided by operating activities	<u>\$ 200,000</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

DECEMBER 31, 2021

	<u>Pension Plan Trust Fund</u>	<u>Custodial Fund Area Emission Reduction Credit Organization</u>
	<u>Retirement Plan</u>	
ASSETS		
Cash	-	\$ 515,603
Investments- at fair value:		
Mutual funds	\$ 48,748,811	-
Money market funds	4,878,751	-
Total investments, at fair value	<u>53,627,562</u>	<u>-</u>
Receivables:		
Notes receivables from participants	656,210	-
Total receivables	<u>656,210</u>	<u>-</u>
Total assets	<u>54,283,772</u>	<u>515,603</u>
LIABILITIES		
Due to Other	-	2,132
Total liabilities	<u>\$ -</u>	<u>\$ 2,132</u>
TOTAL FIDUCIARY NET POSITION	<u>\$ 54,283,772</u>	<u>\$ 513,471</u>

See accompanying notes to financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
DECEMBER 31,2021**

	<u>Pension Plan Trust Fund</u>	<u>Custodial Fund Area Emission Reduction Credit Organization</u>
	<u>Retirement Plan</u>	
Additions:		
Investment Income		
Net appreciation in fair value of investments	\$ 2,850,060	\$ -
Dividends	3,992,755	-
Interest	-	2,659
	<u>6,842,815</u>	<u>2,659</u>
Net Investment Income		
	<u>6,842,815</u>	<u>2,659</u>
Interest Income on Notes Receivable from Participants	<u>32,492</u>	<u>-</u>
Contributions		
Employer	\$ 1,070,996	\$ -
Participants	1,646,774	-
Rollovers	46,723	-
State SEP Fund	-	319,881
Federal SEP Fund	-	1,256
	<u>2,764,493</u>	<u>321,137</u>
Total contributions		
	<u>2,764,493</u>	<u>321,137</u>
Total Additions	<u>9,639,800</u>	<u>323,796</u>
Deductions:		
Benefits paid to participants	2,622,237	-
Administrative expenses	1,671	-
State SEP Expenses	-	1,209
Federal SEP Expenses	-	1,664,016
Bank Fee	-	3,165
	<u>2,623,908</u>	<u>1,668,389</u>
Total deductions		
	<u>2,623,908</u>	<u>1,668,389</u>
Change in net position	7,015,892	(1,344,593)
Net Position, Beginning of Year	<u>47,267,880</u>	<u>1,858,064</u>
Net Position, End of Year	<u>\$ 54,283,772</u>	<u>\$ 513,471</u>

See accompanying notes to financial statements.

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HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

1. REPORTING ENTITY

The Houston-Galveston Area Council (“H-GAC”) is a voluntary association of local governments that administers planning and action programs from various federal, state, and local agencies for the benefit of citizens in a 13-county region in southeast Texas. H-GAC is governed by a 35-member Board of Directors (the “Board”) which has governance responsibilities over all activities of the organization. Members of the Board are selected to serve by elected officials from the various governmental entities belonging to H-GAC. The Board has the authority to make decisions and appoint administrators and managers. H-GAC is not included in any other governmental “reporting entity” as defined by the Government of Accounting Standards Board (“GASB”) Statement Nos. 14, 39, 61 and 80. H-GAC is a political subdivision of the State of Texas, created pursuant to state enabling legislation.

H-GAC’s financial statements include the accounts of all H-GAC functions and activities, including five component units: The H-GAC Energy Purchasing Corporation, the Houston-Galveston Local Development Corporation, the Gulf Coast Economic Development Corporation, the Corporation for Regional Excellence and the Gulf Coast 9-1-1 Regional District.

The accompanying financial statements present H-GAC and its component units.

Blended Component Units:

The Corporation for Regional Excellence was established by H-GAC in 2004. The purpose of the organization is to receive contributions that support the programs and services of H-GAC from entities that will only contribute to 501(C)(3) organizations. All board members of the Corporation serve in a dual capacity as both a board member of H-GAC and a board member of the corporation. The Corporation is reported as a Special Revenue Fund.

On February 16, 2016, H-GAC’s Board of Directors established the Gulf Coast 9-1-1 Regional District as permitted under Chapter 772, Subchapter H, of the Texas Health and Safety Code. The District is governed by a Board of Managers consisting of at least one member from each county within the district, and each Board member serves conterminously as members of H-GAC’s Board of Directors. The District is a political

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

subdivision of the State of Texas and carries out essential governmental functions by providing high quality 9-1-1 emergency communications services to the eight participating jurisdictions within the District. Those participating counties include Brazoria, Chambers, Colorado, Liberty, Matagorda, Walker, Waller, and Wharton counties and all cities therein, except for any city served by another emergency communications district. The District is supported by mandatory fees charged and remitted from communication companies in the jurisdictions such as telephone companies and voice over internet providers, and revenues are used exclusively to provide support for the regional 9-1-1 system in the participating counties. The District is reported as a Special Revenue Fund.

Discretely Presented Component Units:

The H-GAC Energy Purchasing Corporation's purpose is to serve as a licensed aggregator of electricity for local governments in the state of Texas by negotiating and administering electricity service contracts. Local governments pay an administrative fee to participate in the contracts. The Board of Directors is comprised of elected officials selected by H-GAC's Board of Directors who annually approve its budgets and obligations.

The Houston-Galveston Area Local Development Corporation ("LDC") was established to further economic development and social welfare by promoting and assisting growth and development of business concerns in the region. The Corporation is a certified development company by the U.S. Government Small Business Administration and assists small businesses in securing loans for the purpose of construction, conversion, or expansion, including the acquisition of land, existing buildings and leasehold improvements. The corporation receives a residual fee for its services on all funded loans. The twenty-seven-member Board of Directors is comprised of representatives from local government, lending institutions and private business organizations selected by H-GAC's Board of Directors. The Corporation's bylaws further state that all assets of the Corporation revert to the Houston-Galveston Area Council upon dissolution.

The H-GAC Gulf Coast Economic Development Corporation ("EDC"), a 501(C)(3) Corporation, was established in 1988 to address the regional needs of distressed

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

economic growth areas. The EDC originally received economic development grants from the Federal Economic Development Administration to promote coordination among local economic development efforts on a region wide basis. The 28-member board is comprised of county government and city government appointees as well as private sector appointees nominated by HGAC. Developing plans that include the key strategies of promoting economic growth, increasing employment opportunities, and developing a regional Comprehensive Economic Development Strategy is the primary mission of the organization. In 2010, the EDC received a revolving loan grant from the EDA to further the economic development of the distressed areas of the region. H-GAC has primary responsibility for the Corporation's assets including its cash assets and the use of those assets benefits the constituency that H-GAC serves. Additionally, the EDC has signed a management agreement with H-GAC that conveys management of the EDC financial records to H-GAC. Finally, the agreement also stipulates that any financial match requirements imposed by the federal grantor will be provided by H-GAC.

Since H-GAC receives funding from local, state and federal government sources, it must comply with the requirements of these funding sources.

Fiduciary Component Unit: HGAC includes its Retirement Plan for the Employees of Houston-Galveston Area Council defined contribution retirement plan as a fiduciary component unit because management believes it would be misleading to exclude the plan from its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Government-wide and Fund Financial Statements - The government-wide financial statements consist of the statement of net position and the statement of activities. These statements exclude inter-fund activity, and report information on all the non-fiduciary activities of the primary government. Inter-fund services provided and used are not eliminated in the process of consolidation. The statements segregate governmental activities from business-type activities. Governmental activities are normally supported by intergovernmental revenues and grants while business-type activities are supported by service fees or sales that are intended to recover all or a significant portion of their costs.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

The statement of activities compares the direct expenses of a given function with the corresponding program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods services, or privileges provided by a function or segment and 2) contracts, grants and contributions that are restricted to meeting the operational requirement of a function or segment. Items not classified as program revenues are reported as general revenues.

Additional financial statements are presented for governmental, proprietary and fiduciary funds, although fiduciary funds are not included in the government-wide financial statements. These statements are organized based on funds that function as a separate entity with their own self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities.

H-GAC reports the following major governmental funds:

The *General Fund* is H-GAC's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *Grant Fund* is a special revenue fund used to account for grant proceeds provided by various grantor agencies and is restricted in use by the awarding entity.

The *Corporation for Regional Excellence* is a blended component unit established to support programs and initiatives of H-GAC. The Corporation's bylaws restrict the use of these funds.

The *Gulf Coast 9-1-1 Regional District* is a blended component unit established to support 9-1-1 emergency communications services to the seven participating jurisdictions within the District. The District's bylaws restrict the use of these funds.

H-GAC reports the following major enterprise fund:

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

The *Cooperative Purchasing Fund* is used to account for the administrative fees derived from the assistance provided to other governments in acquiring capital assets and supplies.

Included in this report but not as part of the government-wide financial statements are the fiduciary fund statements for the Retirement Plan for Employees of Houston-Galveston Area Council (discussed above) and the Air Emission Reduction Credit Organization (“AERCO”) custodial fund. The retirement plan trust fund accounts for the retirement plan for H-GAC employees. The AERCO promotes the coexistence of air quality improvement and economic development within H-GAC’s region.

Basis of Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, H-GAC considers revenues to be available if they are collected within 90 days of the end of the fiscal period. Revenues susceptible to accrual are interest income, membership dues, interlocal contracts, and revenues from grantor agencies. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. However, expenditures related to compensated absences are recorded only when payment is due.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

Net Position Flow Assumptions - Sometimes H-GAC will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is H-GAC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions - When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, H-GAC considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, H-GAC considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which H-GAC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- **Assigned:** This classification includes amounts that are constrained by H-GAC's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

H-GAC's *major sources of revenues* are discussed below:

Federal and State Contracts - Revenues are recognized when program expenditures are incurred in accordance with program guidelines. Local matching may exceed budgeted amounts. Such excess would be used to further fund the applicable program but does not represent a budget deviation.

Member Government Dues - Member governments are required to pay dues to H-GAC. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Dues are reported in the general fund and transferred to the special revenue funds as needed to meet matching requirements of grantor contracts.

Locally Contributed In-kind Services - Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal funding on various programs. Contributed services are, therefore, reflected as both revenues and expenditures in accordance with legal requirements of the individual contracts. Such services are recorded in the accompanying financial statements at the amount expended by the contributor in providing the matching services, which approximates the fair value of the services at the date of contribution.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

Pass-Through and Administrative Fees - The Cooperative Purchasing Program, the Energy Purchasing Corporation, and the Local Development Corporation record revenues in the form of pass-through and administrative fees. H-GAC assists other governments primarily in Texas by providing expertise in acquiring capital assets and supplies and by aggregating the needs of several governments into larger purchases, providing negotiating advantages as well as assisting small businesses with financing and improving economic development.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivery of goods in connection with the fund's principal operations. The principal operating revenues of the Cooperative Purchasing enterprise fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H-GAC does not have any items that qualify for reporting in either of the above categories in the current fiscal year.

Capital Assets - Capital assets, which include furniture, fixtures, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by H-GAC as assets

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

with an initial, individual cost of \$5,000. Such assets are recorded at historical cost, net of accumulated depreciation.

Depreciation is charged to operations over the estimated useful life (five years) using the straight-line method. H-GAC has no public domain assets.

Compensated Absences – It is H-GAC’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since H-GAC does not have a policy to pay any amounts when employees separate from service with the government. All vacation pays up to a maximum of 240 hours is accrued when incurred in the government-wide and proprietary fund financial statements. During 2021, H-GAC’s Board of Directors allowed a second-year expansion to this threshold of 260 hours given the inability of employees to utilize vacation due to the COVID-19 pandemic. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented.

Balance			Balance	Due Within	Due Beyond
<u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2021</u>	<u>One Year</u>	<u>One Year</u>
\$ 1,333,676	\$ 1,197,973	\$ 1,073,215	\$ 1,458,434	\$ 1,333,676	\$ 124,758

Interfund Transfers - Interfund transfers arise from transactions between funds or the distribution of local (general fund) cash resources to grant projects requiring cash match in accordance with the terms and conditions of the grant contract. Matching funds are derived primarily from H-GAC dues paid by member governments and local in-kind contributions.

Allocation of Employee Benefits and Indirect Costs - H-GAC employee benefits and indirect costs are allocated based upon a plan reviewed and approved by H-GAC’s federal cognizant agency. The plan requires H-GAC to charge a fixed rate for indirect and benefit costs to all grants in accordance with the Uniform Guidance (2 CFR 200). An annual reconciliation between allocated costs and fixed costs is completed and the variance is included in the indirect and benefit rates for the following year. Employee benefits are allocated to grant projects as a percentage of H-GAC’s labor costs. Indirect

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs and employee benefits charged to grant projects.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include highly liquid investments with an original maturity of ninety days or less.

Investments - H-GAC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments of H-GAC are Level 1 and reflect quoted prices at year end. Additionally, H-GAC follows GASB Statement No. 40 *Deposit and Investment Risk Disclosures--an amendment of GASB Statement No. 3*. This Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Such disclosures as required are reflected in Note 3 to the financial statements.

Prepaid Items - Prepaid items are accounted for under the consumption method.

3. DEPOSITS (CASH) AND INVESTMENTS

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Council.

In accordance with applicable statutes, H-GAC has a depository contract with a local bank (depository) providing interest rates to be earned on deposited funds and fixed fees for banking services received. H-GAC may place funds with the depository in interest and non-interest-bearing accounts. Statutes and the depository contract require full security for all funds in the depository institution through federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The depository must deliver the collateral

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

securities to H-GAC or place them with an independent trustee institution. In accordance with Texas statutes, the safekeeping receipts are in the name of the depository with proper indication of pledge of the collateral securities by the depository to secure funds of H-GAC. H-GAC must approve all collateral securities pledged and must approve in writing any changes to the pledged collateral securities.

H-GAC has adopted a written investment policy regarding the investment of its funds as defined by the PFIA. The PFIA also requires H-GAC to have independent auditors perform test procedures related to investment practices as provided by the Act. H-GAC complies with the requirements of the Act and with local policies.

H-GAC's investment policy permits investment of H-GAC funds in only the following investment types, consistent with the strategies and maturities defined in the policy:

1. Obligations of the United States or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies.
3. Other obligations, the principal of which are unconditionally guaranteed or insured by the State of Texas or the United States.
4. General obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
5. Certificates of Deposit issued by State and National banks domiciled in the State of Texas the payment of which is insured in full by the Federal Deposit Insurance Corporation.
6. Fully collateralized direct Repurchase Agreements with a defined termination date purchased pursuant to a master contractual agreement which specified the rights and obligations of both parties and which requires that securities involved in the transaction be held in a safekeeping account subject to the control and custody of H-GAC.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

7. No Load Money Market Mutual Funds and No-Load Mutual Funds. To be an allowable investment, money market funds must adhere to a 90-day weighted average maturity. No-load mutual funds with a weighted average maturity of up to 2 years are allowable if they are registered with the Securities and Exchange Commission, invest exclusively in obligations authorized by the Public Funds Investment Act, adhere to the requirements set forth for investment pools and are continuously rated by at least one nationally recognized investment rating firm at not less than AAA or its equivalent. A government may invest no more than 15% of its operating funds (excluding bond proceeds, reserves and debt service funds) in this type of mutual fund.
8. Time deposits in H-GAC's depositories.
9. Investment pools created to function as money market funds must mark-to-market daily and maintain a market value ratio between .995 and 1.005. These pools must be continuously rated no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency.
10. Banker's Acceptances 1) 270 days or fewer, 2) Liquidated in full at maturity, 3) Eligible Federal Reserve Bank collateral, 4) U.S. Bank rated not less than A-1 or P-1.
11. Any combination of the foregoing.

Retirement plan funds are invested among a selection of mutual funds at the discretion of each Plan participant.

Deposit and Investment Amounts

The following schedule presents H-GAC's cash and investments subject to deposit and investment risk disclosures.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

	Cash	FDIC Discount Note / Money Market	Certificate of Deposits	Mutual Funds	Totals
Governmental Funds:					
General	\$33,355,036	\$ 4,345,455	\$ 1,045,582	-	\$ 38,746,073
Grant Fund	1,437,159	-	-	-	1,437,159
Corporation for Regional Excellence	505,400	-	-	-	505,400
Gulf Coast 9-1-1 Regional District	6,040,018	-	-	-	6,040,018
Total Governmental Funds	41,337,613	4,345,455	1,045,582	-	46,728,650
Fiduciary Funds					
Pension Trust	-	4,878,751	-	\$48,748,811	53,627,562
Custodial Fund	515,603	-	-	-	515,603
Total Fiduciary Funds	515,603	4,878,751	-	48,748,811	54,143,165
Discretely Presented Component Units:					
Energy Purchasing Corporation	168,296	-	-	-	168,296
Gulf Coast Economic Dev Corp	417,753	-	-	-	417,753
Local Development Corporation	1,812,293	-	318,101	-	2,130,394
Total Component Units	2,398,342	-	318,101	-	2,716,443
Total Reporting Entity	<u>\$44,251,558</u>	<u>\$ 9,224,206</u>	<u>\$ 1,363,683</u>	<u>\$48,748,811</u>	<u>\$ 103,588,258</u>

Credit and Interest Rate Risk

At year-end, the Council had the following investments subject to credit and interest rate risk disclosure, under U.S. generally accepted accounting principles, by fund:

	Amount	Weighted Average Maturity (Days)	Credit Rating
General Fund	\$5,391,037	63	AAA
Fiduciary Fund – Pension Trust	\$53,627,562	39	AAA
Local Development Corporation	\$318,101	365	AAA

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, H-GAC's deposits may not be returned to it. As of December 31, 2021, H-GAC's deposit balance

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

of \$44,251,332 was fully collateralized with securities held by the pledging financial institution in H-GAC's name or by FDIC insurance.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Many interfund transactions take place within the finance department of H-GAC, resulting in monies flowing back and forth between funds. For example, H-GAC matching shares for contracts or grants are paid from the General Fund to Special Revenue Funds, while Special Revenue Funds pay indirect charges to the General Fund.

The following is a summary of interfund receivables and payables at December 31, 2021:

	Due from other fund	Due to other fund
General Fund	\$ 1,475,042	\$ 29,751,329
Grant Fund	11,224,234	152,762
Gulf Coast 911 Regional District		1,122,280
Cooperative Purchasing Fund	18,327,095	
Total	<u>\$31,026,371</u>	<u>\$ 31,026,371</u>

The following is a summary of interfund transfers in and out during the year ended December 31, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 200,000	\$ 154,345
Grant Fund	154,345	
Cooperative Purchasing Fund		200,000
Total	<u>\$ 354,345</u>	<u>\$ 354,345</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

The grant fund transfer reflects the net transfer between the general fund and the special revenue fund for H-GAC match requirements and adjustments due to depreciation of assets which is not reflected on the government wide financial statements.

Each year H-GAC's Board of Directors makes a discretionary transfer from proprietary fund to general fund during our budget process for agency operational needs.

5. RECEIVABLES

Receivables as of the year end for the government's individual major funds and component units, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Grant Fund	Corporation for Regional Excellence	Gulf Coast Regional 911 District	Cooperative Purchasing Fund	Gulf Coast Economic Development Corporation	Local Development Corporation
Due from member government	\$ 52,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Data imagery	26,750	-	-	-	-	-	-
Federal grants receivable	-	44,614	-	-	-	-	-
State grants receivable	-	30,531,603	-	118,915	-	-	-
Notes receivable	-	264,058	-	-	-	3,069,902	-
Due from customers	-	-	195,689	-	2,509,720	-	21,502
Other receivable	628,551	405,459	-	-	-	-	-
Gross accounts receivable	707,685	31,245,734	195,689	118,915	2,509,720	3,069,902	21,502
Less: Allowance for uncollected accounts	-	-	-	-	-	-	-
Accounts Receivable, Net	\$ 707,685	\$ 31,245,734	\$ 195,689	\$ 118,915	\$ 2,509,720	\$ 3,069,902	\$ 21,502

All receivables are expected to be collected within one year, therefore no allowance was recorded.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

6. CAPITAL ASSETS

Capital assets are reported at historical cost, except for donated capital assets, which are recorded at their estimated acquisition value at the time of acquisition.

A summary of changes in capital assets, which consist solely of office furniture and equipment, follows:

	January 1, 2021	Increases	Decreases	December 31, 2021
Governmental activities:				
Furniture, fixtures and equipment	\$ 5,080,790	\$ 193,591	\$ (161,903)	\$ 5,112,478
Capital leases	710,383	23,298	-	733,681
Less accumulated depreciation	<u>(5,122,960)</u>	<u>(176,209)</u>	<u>161,903</u>	<u>(5,137,266)</u>
	<u>\$ 668,213</u>	<u>\$ 40,680</u>	<u>\$ -</u>	<u>\$ 708,893</u>
Business-type activities:				
Furniture, fixtures and equipment	\$ 194,196	\$ -	\$ -	\$ 194,196
Less accumulated depreciation	<u>(194,196)</u>	<u>\$ -</u>	<u>-</u>	<u>(194,196)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities –	
General government	\$ 9,275
Workforce programs.....	32,514
Transportation	45,455
Community and environmental	15,624
Criminal justice & homeland security	60,297
Aging services	<u>13,044</u>
Total Governmental Activities	176,209
Business-type activities –	
Cooperative purchasing.....	<u>0</u>
Total.....	<u>\$ 176,209</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

7. UNEARNED REVENUE

As of December 31, 2021, unearned revenue was comprised of the following:

General Fund:	<u>\$ 39,807</u>
Grant Fund:	
Solid Waste.....	\$ 121,857
C&E/Local Contracts	461,791
Transportation/Local Contracts	695,478
Homeland Security/Criminal Justice Program	30,912
Human Services Local Program.....	<u>1,403,981</u>
Total Grant Funds.....	<u>\$ 2,714,019</u>
Enterprise Fund:	
Cooperative Purchasing.....	<u>\$ 164,386</u>

The General Fund had unearned revenue of \$39,807 in 2021. The unearned revenue includes \$32,261 of 9-1-1 equipment grant matching funds, and \$7,546 of prepaid membership dues.

During 2021 the cooperative purchasing enterprise fund received remittance from participants in advance of performing services. These remittances, totaling \$164,386, were classified as unearned revenue in the cooperative purchasing enterprise fund.

H-GAC receives an advance of grant funds from the Texas Commission on Environmental Quality to develop and coordinate a solid waste plan for the region. Funds received in excess of expenditures are accounted for as unearned revenue and totaled \$121,857 for this program. In addition, H-GAC received local matching funds to provide assistance in Community and Environmental programs. At year end, the matching funds totaled \$461,791.

H-GAC set aside \$30,912 of homeland security planning and criminal justice planning money to provide assistance in developing the required Homeland Security and criminal justice plan for Harris County and the other surrounding jurisdictions.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

H-GAC receives matching participating funds from various local agencies to provide assistance in Transportation planning and Workforce programs. At year end, the matching funds totaled \$695,478 and \$1,403,981 respectively.

8. CAPITAL LEASES

The following details the change in total obligation of capital leases:

	12/31/2020	Increase	Decrease	12/31/2021
Capital Lease	<u>\$ 76,866</u>	<u>\$23,298</u>	<u>\$ 31,447</u>	<u>\$ 68,717</u>

The following schedule presents future minimum lease payments as of December 31, 2021:

Fiscal Year	Amount
Minimum lease payments:	
2022	\$31,447
2023	31,447
2024	<u>5,823</u>
Total minimum lease payments	68,717
Less amount representing interest	<u>(0)</u>
Present value of net minimum lease payments	68,717
Less current portion of capital lease obligation	<u>(31,447)</u>
Long-term portion of capital lease	<u>\$ 37,270</u>

The Houston-Galveston Area Council entered into a new capital lease agreement for a mail sorting machine. The four-year lease began on January 5, 2021 and ends on December 5, 2024 with a cost of \$23,298. Another capital lease agreement for a high-volume copier began on January 5, 2020 and ends on December 5, 2023 with a cost of \$55,128 at inception. The lease allows H-GAC to retain ownership upon completion.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

H-GAC also entered into a three-year capital lease agreement for a new color copier on January 5, 2020. This lease will end on November 5, 2023 with a cost of \$47,360 at inception.

9. RETIREMENT PLAN

The Retirement Plan for the Employees of Houston-Galveston Area Council, (“the Plan”), is a single employer, defined-contribution retirement plan for all employees 21 years of age or older having at least six months of service. Membership in the Plan as of December 31, 2021 was 320 participants. The Plan is administered by Fidelity Management Trust Company. Retirement benefits depend solely on amounts contributed to the plan and any investment earnings thereon. The Plan requires participants to contribute an amount at least equal to 3% of gross salary. H-GAC matches the participant contribution with a 7% contribution. H-GAC has no further liability to the plan after making such contributions. Participants begin partial vesting in the employer’s contributions and earnings thereon after 3 years of service and become fully vested after 6 years. A vesting schedule tied to completed years of service is included in the plan documents. Forfeitures of H-GAC’s unvested contributions occur when an employee terminates his employment prior to reaching six years of employment. These forfeitures are used to offset H-GAC’s required matching contribution during the year. Forfeitures used to offset employer contributions during the plan year ended December 31, 2021 totaled \$191,751. H-GAC’s Board of Directors is responsible and has authority to amend the Plan provisions and contributions requirements.

H-GAC’s total payroll in 2021 was \$18,366,951. Retirement plan contributions were calculated using the gross salary amount for covered employees. H-GAC and its employees made contributions in 2021 of \$1,070,996 and \$1,646,774 respectively. Investments in the retirement plan are stated at fair value, based upon quoted market prices of the various mutual funds in which the funds are invested. H-GAC had no liability to the plan at December 31, 2021.

A stand-alone retirement plan report may be obtained by request, by writing the Chief Financial Officer of H-GAC at P. O. Box 22777, Houston, Texas 77227-2777.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

10. COMMITMENTS AND CONTINGENCIES

Leases – During December 2017, H-GAC renegotiated its lease space and acquired an additional 5,578 square feet bringing the total leased space to approximately 70,777 square feet at an annual base fee of \$1,645,731. The lease term for the new space began in January 2018 and expires in January 2025. The 65,199 square feet already under lease was extended to January 2025 as well. Included in the lease is a 2% escalation annually over the term of the lease and two months of prorated rent which is amortized over the lease term. H-GAC also negotiated a tenant improvement allowance of \$20.00/square foot or \$1,415,540 for improvements to the leased space. A portion of these funds, \$170,000, was used for renovation of the newly acquired space upon execution of the contract. During 2021, H-GAC used \$144,107 of the balance for first floor renovations. H-GAC has the option of using up to half of the allowance available for rent abatement. The schedule below reflects the lease terms. H-GAC has additional office space leased in satellite locations. These leases will terminate in February of 2022 and April of 2023. The base amount for these leases is \$700 and \$1,750 per month.

In addition to the office leases, H-GAC leases various equipment under non-cancellable operating leases with original terms ranging from one to five years. Minimum future lease commitments under all leases for office space and equipment are as follows for the years ending December 31:

2022	1,826,698
2023	1,848,087
2024	1,871,671
2025	<u>160,123</u>
Total minimum rental payments due.....	<u>\$ 5,708,579</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other property or equipment. Total lease expense for 2021 was \$1,760,280.

Required Matching Funds – H-GAC’s management is of the opinion that local (general fund) cash on hand and funds to be received in 2022 from membership dues

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021

and other locally generated revenues will be adequate to meet commitments for matching funds required by federal and state grants.

Federal and State Grants – Use of federal, state and locally administered federal and other grant funds is subject to review and audit by fund provider agencies. Such audits could lead to requests from the grantor agency for reimbursement of expenditures disallowed under terms of the contract or grant. To the extent that such disallowances involve expenditures under subcontracted arrangements, H-GAC generally has the right of recovery from such third parties. A significant portion of the federal and state grant funds received by H-GAC are passed through to delegate agencies which administer certain parts of the grants on behalf of H-GAC. Management believes that H-GAC will not incur significant losses on possible grant disallowances.

Insurance – H-GAC purchases commercial insurance to minimize potential losses in the areas of general liability and directors' and officers' liability, workers' compensation and automobile liability.

H-GAC did not experience any significant reductions in insurance coverage during fiscal year 2021 and did not have any instances in which settlements exceeded insurance coverage in any of the past three fiscal years.

Legal Contingencies – H-GAC is involved in lawsuits and other claims in the ordinary course of operations. The outcome of these lawsuits and other claims are not presently determinable, and the resolution of these matters is not expected to have a material effect on the financial condition of H-GAC.

11. SIGNIFICANT ECONOMIC EVENTS

By the end of the fiscal year, the COVID-19 pandemic was weakening as immunizations were more prevalent and natural immunity across the population increased. The post-pandemic workforce and economy is in its infancy and the ultimate outcome and effect of the pandemic is unknown. Since H-GAC is a unit of local government, the impact of world-wide events such as inflation and geo-political unrest may affect future operations.

**HOUSTON-GALVESTON AREA COUNCIL
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>
PERSONNEL			
Indirect salaries	\$ 1,451,730	\$ 1,383,091	53.14 %
Employee benefits	600,994	658,904	22.00
	<u>2,052,724</u>	<u>2,041,995</u>	<u>75.14</u>
CONSULTANT AND CONTRACT SERVICES			
Consultant	36,849	17,000	1.35
Accounting and auditing	137,500	12,500	5.03
Other contract services	34,711	30,000	1.27
Legal Services	14,684	7,000	0.54
	<u>223,744</u>	<u>66,500</u>	<u>8.19</u>
EQUIPMENT			
Purchase, lease, rental or maintenance office furniture, fixtures and equipment	12,452	21,000	0.46
Depreciation	113,501	315,000	4.15
	<u>125,953</u>	<u>336,000</u>	<u>4.61</u>
LEASE OF OFFICE SPACE	<u>119,486</u>	<u>123,675</u>	<u>4.37</u>
TRAVEL	<u>12,928</u>	<u>74,622</u>	<u>0.47</u>
OTHER			
Consumable supplies	495	14,253	0.02
Software and Database	53,448	53,500	1.96
Communications	1,439	2,100	0.05
Postage	3,618	7,500	0.13
Subscriptions & memberships	68,813	111,200	2.52
Miscellaneous	72,100	63,899	2.64
	<u>199,913</u>	<u>252,452</u>	<u>7.32</u>
Indirect Carryforward	(2,858)	50,000	-0.10
TOTAL INDIRECT COSTS (A)	<u>\$ 2,731,890</u>	<u>\$ 2,945,244</u>	<u>100.0 %</u>
BASIS FOR ALLOCATION OF INDIRECT COSTS			
Chargeable salaries	\$ 17,698,845	\$ 17,774,889	
Employee benefits	8,277,683	8,467,957	
	<u>25,976,528</u>	<u>26,242,846</u>	
Less indirect salaries and Employee benefits	<u>(2,052,724)</u>	<u>(2,041,995)</u>	
TOTAL DIRECT SALARIES AND RELATED EMPLOYEE BENEFITS (B)	<u>\$ 23,923,804</u>	<u>\$ 24,200,852</u>	
ACTUAL INDIRECT COST RATE (A/B)	<u>11.42%</u>	<u>12.17%</u>	

**HOUSTON-GALVESTON AREA COUNCIL
 SUPPLEMENTARY SCHEDULE OF H-GAC EMPLOYEE BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Amount</u>	<u>Percentage</u>
RELEASED TIME TAKEN AND ACCRUED:		
Vacation	\$ 1,072,318	12.95 %
Holidays	1,147,906	13.87
Sick leave	481,923	5.82
Other	366,802	4.43
	<u>3,068,949</u>	<u>37.07</u>
BENEFIT PROGRAMS:		
Payroll taxes	1,588,973	19.20
Retirement plan	832,251	10.05
Insurance	2,590,790	31.30
Other benefits	73,860	0.89
	<u>5,085,874</u>	<u>61.44</u>
Benefit carryforward	<u>122,860</u>	<u>1.48</u>
TOTAL EMPLOYEE BENEFITS (A)	<u>\$ 8,277,683</u>	<u>100.00 %</u>
BASIS FOR ALLOCATION OF EMPLOYEE BENEFITS:		
Gross Salaries	\$ 20,767,794	
Less released time	<u>(3,068,949)</u>	
CHARGEABLE SALARIES (B)	<u>\$ 17,698,845</u>	
EMPLOYEE BENEFIT RATE (A/B)	<u>46.77 %</u>	

Statistical Section



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Houston-Galveston Area Council
Net Position by Component,
Last Ten Years *
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net Investment in Capital Assets	\$ 1,171,554	\$ 873,153	\$ 1,772,876	\$ 1,876,144	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661	\$ 642,591	\$ 640,176
Restricted	5,411,485	7,831,657	7,714,688	8,032,742	7,907,727	8,482,762	8,323,514	5,673,848	5,886,299	7,391,721
Unrestricted	7,059,754	7,350,151	8,078,247	8,354,323	8,780,986	9,002,170	9,453,392	10,235,011	10,025,656	10,685,518
Total governmental activities net position	\$ 13,642,793	\$ 16,054,961	\$ 17,565,811	\$ 18,263,209	18,175,944	18,586,016	18,555,205	16,425,520	16,554,546	18,717,415
Business-type activities										
Net Investment in Capital Assets	\$ 117,377	\$ 78,538	\$ 39,699	\$ 860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	7,430,101	8,441,204	9,791,095	12,104,373	12,834,141	15,045,379	16,233,015	17,943,565	19,508,075	21,617,089
Total business-type activities net assets	\$ 7,547,478	\$ 8,519,742	\$ 9,830,794	\$ 12,105,233	\$ 12,834,141	\$ 15,045,379	\$ 16,233,015	\$ 17,943,565	\$ 19,508,075	\$ 21,617,089
Primary government										
Net Investment in Capital Assets	\$ 1,288,931	\$ 951,691	\$ 1,812,575	\$ 1,877,004	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661	\$ 642,591	\$ 640,176
Restricted	5,411,485	7,831,657	7,714,688	8,032,742	7,907,727	8,482,762	8,323,514	5,673,848	5,886,299	7,391,721
Unrestricted	14,489,855	15,791,355	17,869,342	20,458,696	21,615,127	24,047,549	25,686,407	28,178,577	29,533,732	32,302,608
Total primary government net assets	\$ 21,190,271	\$ 24,574,703	\$ 27,396,605	\$ 30,368,442	\$ 31,010,085	\$ 33,631,395	\$ 34,788,220	\$ 34,369,085	\$ 36,062,621	\$ 40,334,504

Houston-Galveston Area Council
Changes in Net Position, Last Ten Years*
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses										
Governmental activities:										
General government	\$ 3,695,088	\$ 1,123,501	\$ 3,017,955	\$ 1,121,364	\$ 4,487,704	\$ 5,579,938	\$ 6,024,453	\$ 4,025,538	\$ 6,168,140	\$ 4,308,285
Workforce programs	180,735,826	185,089,084	183,974,199	205,095,889	209,009,097	232,028,757	273,118,245	290,533,452	343,589,322	315,983,569
Transportation	23,840,134	33,229,456	28,705,403	31,200,061	40,668,632	28,150,854	22,502,463	28,754,072	22,158,714	26,465,214
Community and environmental	8,016,851	10,310,254	22,778,574	23,021,245	10,732,671	13,305,656	16,158,934	10,243,469	3,085,645	3,601,922
Criminal justice	848,023	1,027,540	947,483	943,741	847,184	1,356,078	1,232,945	1,300,069	1,262,965	2,262,353
Emergency communications	3,898,273	3,242,332	4,881,827	4,632,362	931,365	-	-	-	-	-
Aging services	9,144,786	8,774,680	8,975,078	9,886,838	11,124,787	10,521,725	11,131,671	9,939,800	9,801,337	9,250,935
Total governmental activities expenses	<u>230,178,981</u>	<u>242,796,847</u>	<u>253,280,519</u>	<u>275,901,500</u>	<u>277,801,440</u>	<u>290,943,008</u>	<u>330,168,711</u>	<u>344,796,400</u>	<u>386,066,123</u>	<u>361,872,278</u>
Business-type activities:										
Cooperative purchasing	2,477,374	2,978,910	3,032,813	3,492,923	3,540,827	3,490,530	3,535,809	4,091,859	4,207,362	4,232,106
Total business-type activities expenses	<u>2,477,374</u>	<u>2,978,910</u>	<u>3,032,813</u>	<u>3,492,923</u>	<u>3,540,827</u>	<u>3,490,530</u>	<u>3,535,809</u>	<u>4,091,859</u>	<u>4,207,362</u>	<u>4,232,106</u>
Total primary government expenses	<u>\$ 232,656,355</u>	<u>\$ 245,775,757</u>	<u>\$ 256,313,332</u>	<u>\$ 279,394,423</u>	<u>\$ 281,342,267</u>	<u>\$ 294,433,538</u>	<u>\$ 333,704,520</u>	<u>\$ 348,888,259</u>	<u>\$ 390,273,485</u>	<u>\$ 366,104,384</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Membership dues	332,635	395,538	402,918	388,039	394,258	395,539	299,061	392,963	390,791	395,539
Interlocal contracts	1,710,860	734,742	1,616,261	767,454	785,108	1,272,045	729,253	739,106	1,823,110	976,397
Data services and imaging	1,279,097	389,465	670,050	211,625	651,490	411,575	1,528,519	319,242	784,700	219,886
Operating grants and contributions	228,699,778	243,745,694	249,980,261	274,844,685	275,703,821	288,363,857	326,678,493	340,689,957	382,754,536	361,409,325
Total governmental activities program r	<u>232,022,370</u>	<u>245,265,439</u>	<u>252,669,490</u>	<u>276,211,803</u>	<u>277,534,677</u>	<u>290,443,016</u>	<u>329,235,326</u>	<u>342,141,268</u>	<u>385,753,137</u>	<u>363,001,147</u>
Business-type activities:										
Charges for services:										
Cooperative purchasing	4,304,114	3,951,174	4,843,865	5,767,362	4,269,735	5,801,768	4,898,445	6,002,409	5,871,872	5,541,120
Total business-type activities program r	<u>4,304,114</u>	<u>3,951,174</u>	<u>4,843,865</u>	<u>5,767,362</u>	<u>4,269,735</u>	<u>5,801,768</u>	<u>4,898,445</u>	<u>6,002,409</u>	<u>5,871,872</u>	<u>5,541,120</u>
Total primary government program rev	<u>\$ 236,326,484</u>	<u>\$ 249,216,613</u>	<u>\$ 257,513,355</u>	<u>\$ 281,979,165</u>	<u>\$ 281,804,412</u>	<u>\$ 296,244,784</u>	<u>\$ 334,133,771</u>	<u>\$ 348,143,677</u>	<u>\$ 391,625,009</u>	<u>\$ 368,542,267</u>
Net (Expense)/Revenue										
Governmental activities	\$ 1,843,389	2,468,592	(611,030)	310,302	(266,764)	(499,993)	(933,385)	(2,655,134)	(312,988)	1,128,867
Business-type activities	1,826,740	972,264	1,811,052	2,274,439	728,908	2,311,238	1,362,636	1,910,550	1,664,510	1,309,014
Total primary government net expense	<u>\$ 3,670,129</u>	<u>\$ 3,440,856</u>	<u>\$ 1,200,022</u>	<u>\$ 2,584,741</u>	<u>\$ 462,144</u>	<u>\$ 1,811,245</u>	<u>\$ 429,251</u>	<u>\$ (744,582)</u>	<u>\$ 1,351,524</u>	<u>\$ 2,437,883</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Interest income	14,668	158,039	15,741	22,290	14,189	58,491	331,766	380,613	44,289	3,803
Miscellaneous	696,854	(214,461)	1,606,138	364,809	165,314	751,573	395,808	(55,164)	297,724	190,021
Transfers in			500,000			100,000	175,000	200,000	100,000	200,000
Total governmental activities	<u>\$ 711,522</u>	<u>\$ (56,422)</u>	<u>\$ 2,121,879</u>	<u>\$ 387,099</u>	<u>\$ 179,503</u>	<u>\$ 910,064</u>	<u>\$ 902,574</u>	<u>\$ 525,449</u>	<u>\$ 442,013</u>	<u>\$ 393,824</u>
Business-type activities:										
Transfers out	\$ -	\$ -	\$ (500,000)			\$ (100,000)	\$ (175,000)	\$ (200,000)	\$ (100,000)	\$ (200,000)
Total Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (175,000)</u>	<u>\$ (200,000)</u>	<u>\$ (100,000)</u>	<u>\$ (200,000)</u>
Change in Net Position										
Governmental activities	\$ 2,554,909	\$ 2,412,168	\$ 1,510,849	\$ 697,398	\$ (87,264)	\$ 410,072	\$ (30,811)	\$ (2,129,685)	\$ 129,025	\$ 1,522,691
Business-type activities	1,826,740	972,264	1,311,052	2,274,439	728,908	2,211,238	1,187,636	1,710,550	1,564,510	1,109,014
Total primary government	<u>\$ 4,381,649</u>	<u>\$ 3,384,432</u>	<u>\$ 2,821,901</u>	<u>\$ 2,971,837</u>	<u>\$ 641,644</u>	<u>\$ 2,621,310</u>	<u>\$ 1,156,825</u>	<u>\$ (419,135)</u>	<u>\$ 1,693,536</u>	<u>\$ 2,631,706</u>

Houston-Galveston Area Council
Fund Balances, Governmental Funds,
Last Ten Years *
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Nonspendable	\$ 83,951	\$ 179,415	\$ 116,304	\$ 48,145	\$ 206,721	\$ 184,145	\$ 210,135	\$ 386,567	\$ 757,570	\$ 1,212,034
Unassigned	7,880,052	8,062,639	8,817,921	9,152,946	9,165,337	9,744,138	10,227,449	10,854,033	10,653,005	10,291,741
Total general fund	<u>\$ 7,964,003</u>	<u>\$ 8,242,054</u>	<u>\$ 8,934,225</u>	<u>\$ 9,201,091</u>	<u>\$ 9,372,058</u>	<u>\$ 9,928,283</u>	<u>\$ 10,437,584</u>	<u>\$ 11,240,600</u>	<u>\$ 11,410,575</u>	<u>\$ 11,503,775</u>
All Other Governmental Funds										
Restricted for:										
EPA RLF Program	\$ 5,210,480	\$ 7,749,761	\$ 7,599,714	\$ 7,833,463	\$ 7,486,709	\$ 7,121,000	\$ 6,393,395	\$ 2,810,842	\$ 1,846,304	\$ 1,656,629
Regional Excellence Corporation	\$ 201,005	\$ 81,896	\$ 114,974	\$ 199,279	\$ 421,018	\$ 354,000	\$ 280,011	\$ 317,388	\$ 507,478	\$ 698,439
Gulf Coast 911 Regional District					\$ 300,418	\$ 1,007,662	\$ 1,650,108	\$ 2,545,618	\$ 3,532,517	\$ 5,036,653
Total all other governmental funds	<u>\$ 5,411,485</u>	<u>\$ 7,831,657</u>	<u>\$ 7,714,688</u>	<u>\$ 8,032,742</u>	<u>\$ 8,208,145</u>	<u>\$ 8,482,662</u>	<u>\$ 8,323,514</u>	<u>\$ 5,673,848</u>	<u>\$ 5,886,299</u>	<u>\$ 7,391,721</u>

Houston-Galveston Area Council
Changes in Fund Balances, Governmental Funds,
Last Ten Years *
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Interest income	\$ 14,668	\$ 11,974	\$ 15,741	\$ 22,290	\$ 14,189	\$ 58,491	\$ 331,766	\$ 380,613	\$ 44,289	\$ 3,803
Membership dues	332,635	395,538	402,917	388,039	394,258	395,539	299,061	392,963	390,791	395,539
Interlocal contracts	1,710,860	734,742	1,616,261	767,454	785,108	1,272,045	729,253	739,106	1,823,110	976,397
Data services and imaging	1,279,097	389,465	670,050	211,625	651,490	411,575	1,528,519	319,242	784,700	219,886
Miscellaneous income	696,854	(214,461)	1,606,138	364,809	165,314	751,567	395,808	(55,164)	297,724	190,021
Operating grants and contributions	228,699,778	243,891,754	249,980,261	274,844,685	275,703,821	288,363,857	326,678,493	340,689,957	382,754,536	361,409,325
Total revenues	232,733,892	245,209,012	\$ 254,291,369	\$ 276,598,902	\$ 277,714,180	\$ 291,253,074	\$ 329,962,900	\$ 342,466,717	\$ 386,095,150	\$ 363,194,971
Expenditures										
General government	3,397,292	936,046	2,955,078	1,063,628	1,838,703	2,537,247	2,851,528	1,313,448	2,962,868	1,513,063
Workforce programs	180,661,303	185,067,235	183,838,987	204,963,753	208,854,509	231,869,701	272,976,282	290,426,917	343,536,794	315,951,055
Transportation	23,672,771	33,126,845	28,568,435	31,030,647	40,491,639	28,064,068	22,335,672	28,590,540	22,084,110	26,419,759
Community and environmental	7,926,066	10,227,572	22,704,646	22,958,676	10,680,269	13,253,886	16,173,588	10,196,684	3,063,491	3,586,298
Criminal justice	773,435	958,987	957,655	909,063	815,491	1,319,500	1,187,393	1,391,343	1,195,598	2,202,056
Emergency communications	3,876,498	3,219,814	4,868,627	4,613,624	928,918	-	-	-	-	-
Aging services	9,106,269	8,750,081	8,937,602	9,839,561	11,069,901	10,477,138	11,088,653	9,896,468	9,780,103	9,237,891
Regional excellence corporation	152,719	188,720	86,941	49,271	62,842	122,317	145,893	13,311	56,711	1,552
Gulf Coast 911 Emergency District					2,503,579	2,841,896	2,932,655	2,639,589	2,803,990	2,659,637
Debt service:										
Principal	23,732	10,767	13,206	15,880	26,286	34,993	40,119	23,252	31,420	31,447
Interest	1,397	380	1,125	2,727	2,079	1,486	859	213	-	-
Capital outlay	134,508	24,341	1,339,506	612,320	93,594	41,746	55,206	21,602	400,125	216,889
Total expenditures	229,725,992	242,510,790	254,271,808	276,059,150	277,367,810	290,563,978	329,787,848	344,513,367	385,915,210	361,819,647
Excess of revenues over (under) expenditures	3,007,900	2,698,222	19,561	539,752	346,371	689,097	175,052	(2,046,650)	179,940	1,375,324
Other Financing Sources (Uses)										
Capital leases	33,910	-	55,642	45,169	-	41,746	-	-	-	23,298
Transfers in	-	-	500,000	-	-	100,000	175,000	200,000	100,000	200,000
Total other financing sources (uses)	33,910	-	555,642	45,169	-	141,746	175,000	200,000	100,000	223,298
Net change in fund balances	\$ 3,041,810	\$ 2,698,222	\$ 575,203	\$ 584,921	\$ 346,371	\$ 830,843	\$ 350,052	\$ (1,846,650)	\$ 279,940	\$ 1,598,622
Debt service as a percentage of noncapital expenditures	0.01%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

Houston-Galveston Area Council
Schedule of Outstanding Debt
Last Ten Years *
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Compensated absences	\$ 904,249	\$ 891,906	\$ 855,978	\$ 846,768	\$ 891,488	\$ 926,113	\$ 984,192	\$ 1,005,588	\$ 1,333,676	\$ 1,458,434
Capital lease obligation	27,753	16,986	59,415	88,706	62,420	69,169	29,050	5,798	76,866	68,717
Total Debt	\$ 932,002	\$ 908,892	\$ 915,393	\$ 935,474	\$ 953,908	\$ 995,282	\$ 1,013,242	\$ 1,011,386	\$ 1,410,542	\$ 1,527,151

Houston-Galveston Area Council
Full-time Equivalent Employees by Function/Program
Last Ten Years
(modified accrual basis of accounting)

Function/Program	Fiscal Year												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Executive													
Exectutive Director	4	4	4	4.5	4	4	4	4	4	4	5	7	7
Internal Audit	3	3	2	3.5	4	4	4	4	4	4	4	5	5
Communicaton & Outreach											6	6	8
Operations											5	7	7
Finance Administration													
Finance	14	15.5	14	15	14	13	13	15	14	14	16	16	17
Human Resources										2	4	4	4
Office Services	4	4	5	5	4	7	8	7	8	5	5	5	5
Program Services													
Chief Operating Offcier	2	2	2	1	1	2	3	3	8	6			0
Coummunity and Environmental Planning	36.5	37.5	37	42.5	45.5	41	36	38.5	30	33	34	31	31
Data Services	13	12	12.5	15.5	16.5	20.5	20	23.5	23	22	20	22	23
Human Services	62	64	60	59	56	49	53.5	68.5	63	63	73	76	81
Public Services	35	40	38	30	32	31	28	30	29	37	38	42	42
Transportation	57.5	58	58	61	58	56.5	57	59	51	62	63	60	59
Total	231	240	232.5	237	235	228	226.5	252.5	234	252	273	281	289

Source: H-GAC

Ten Largest Non-Governmental Houston Area Employers

Rank	Company	Headquarters	Employee - 2021	Employee - 2019	Employee Change 2019-2021
1	Walmart	Bentonville, Ark.	37,000	31,000	19.35%
2	Memorial Hermann Health System	Houston	24,108	27,211	-11.40%
3	H-E-B	San Antonio	23,732	26,956	-11.96%
4	The University of Texas MD Anderson Cancer Center	Houston	21,086	21,001	0.40%
5	McDonald's	Chicago	20,918	16,100	29.93%
6	Houston Methodist	Houston	20,000	23,669	-15.50%
7	Kroger	Cincinnati	16,000	15,902	0.62%
8	United Airlines	Chicago	14,941	13,904	7.46%
9	Schlumberger	Houston	12,069	11,155	8.19%
10	Shell Oil Co.	Houston	11,507	10,000	15.07%

Sources: Houston Chronicle, 2019

<https://www.houstonchronicle.com/business/chron-100/>

Houston Newcomer Guide, 2022

<https://houstonnewcomerguides.com/top-10-houston-area-employers/>

COUNTY PROFILES

<u>Austin County</u>		<u>Brazoria County</u>	
Land Area (sq. miles)	653	Land Area (sq. miles)	1,386
Persons per Square Mile	46	Persons per Square Mile	275
County Seat	Bellville	County Seat	Angleton
Population (2020)	29,972	Population (2020)	380,518
Race		Race	
<i>White</i>	18,218	<i>White</i>	168,420
<i>Black</i>	2,597	<i>Black</i>	56,616
<i>Asian</i>	228	<i>Asian</i>	26,671
<i>Hispanic</i>	8,476	<i>Hispanic</i>	121,130
<i>Two or More Races and Other</i>	453	<i>Two or More Races and Other</i>	7,681
Households and Families (2020)		Households and Families (2020)	
Total households	11,569	Total households	124,184
Average Household Size	2.56	Average Household Size	3
Average family size	3.04	Average family size	3.44
Vital Statistics		Vital Statistics	
Marriages (2017)	252	Marriages (2017)	2,041
Divorces (2017)	99	Divorces (2017)	1,211
Births (2019)	354	Births (2019)	4,764
Male	168	Male	2,423
Female	186	Female	2,341
Deaths (2019)	302	Deaths (2019)	2,419
Unemployment Rate (01/2022)	4.7	Unemployment Rate (01/2022)	6.1

<u>Chambers County</u>		<u>Colorado County</u>	
Land Area (sq. miles)	599	Land Area (sq. miles)	963
Persons per Square Mile	76	Persons per Square Mile	22
County Seat	Anahuac	County Seat	Columbus
Population (2020)	45,590	Population (2020)	21,610
Race		Race	
<i>White</i>	29,419	<i>White</i>	11,876
<i>Black</i>	3,490	<i>Black</i>	2,497
<i>Asian</i>	583	<i>Asian</i>	126
<i>Hispanic</i>	11,393	<i>Hispanic</i>	6,751
<i>Two or More Races and Other</i>	705	<i>Two or More Races and Other</i>	360
Households and Families (2020)		Households and Families (2020)	
Total households	14,266	Total households	7,442
Average Household Size	2.97	Average Household Size	2.83
Average family size	3.41	Average family size	3.52
Vital Statistics		Vital Statistics	
Marriages (2017)	310	Marriages (2017)	145
Divorces (2017)	135	Divorces (2017)	53

Births (2019)	616	Births (2019)	247
Male	309	Male	129
Female	307	Female	118
Deaths (2019)	294	Deaths (2019)	268
Unemployment Rate (01/2022)	7.5	Unemployment Rate (01/2022)	4.1

<u>Fort Bend County</u>		<u>Galveston County</u>	
Land Area (sq. miles)	875	Land Area (sq. miles)	398
Persons per Square Mile	960	Persons per Square Mile	867
County Seat	Richmond	County Seat	Galveston
Population (2020)	839,706	Population (2020)	345,089
Race		Race	
<i>White</i>	259,942	<i>White</i>	194,110
<i>Black</i>	173,816	<i>Black</i>	43,482
<i>Asian</i>	178,128	<i>Asian</i>	11,697
<i>Hispanic</i>	210,223	<i>Hispanic</i>	88,769
<i>Two or More Races and Other</i>	17,597	<i>Two or More Races and Other</i>	7,031
Households and Families (2020)		Households and Families (2020)	
Total households	248,299	Total households	125,204
Average Household Size	3.16	Average Household Size	2.65
Average family size	3.57	Average family size	3.29
Vital Statistics		Vital Statistics	
Marriages (2017)	3,244	Marriages (2017)	2,935
Divorces (2017)	1,883	Divorces (2017)	1,180
Births (2019)	9,047	Births (2019)	3,959
Male	4,619	Male	1,973
Female	4,428	Female	1,986
Deaths (2019)	3,603	Deaths (2019)	2,847
Unemployment Rate (01/2022)	5	Unemployment Rate (01/2022)	5.8

<u>Harris County</u>		<u>Liberty County</u>	
Land Area (sq. miles)	1,729	Land Area (sq. miles)	1,160
Persons per Square Mile	2,740	Persons per Square Mile	79
County Seat	Houston	County Seat	Liberty
Population (2020)	4,738,253	Population (2020)	91,547
Race		Race	
<i>White</i>	1,339,331	<i>White</i>	53,023
<i>Black</i>	901,646	<i>Black</i>	8,117
<i>Asian</i>	342,302	<i>Asian</i>	523
<i>Hispanic</i>	2,077,130	<i>Hispanic</i>	28,277
<i>Two or More Races and Other</i>	77,844	<i>Two or More Races and Other</i>	1,607
Households and Families (2020)		Households and Families (2020)	
Total households	1,635,749	Total households	27,417
Average Household Size	2.84	Average Household Size	2.88

Average family size	3.58	Average family size	3.56
Vital Statistics		Vital Statistics	
Marriages (2017)	31,006	Marriages (2017)	576
Divorces (2017)	10,247	Divorces (2017)	300
Births (2019)	66,344	Births (2019)	1,195
Male	34,056	Male	616
Female	32,288	Female	579
Deaths (2019)	26,665	Deaths (2019)	826
Unemployment Rate (01/2022)	5.5	Unemployment Rate (01/2022)	8.2

<u>Matagorda County</u>		<u>Montgomery County</u>	
Land Area (sq. miles)	1,114	Land Area (sq. miles)	1,044
Persons per Square Mile	33	Persons per Square Mile	600
County Seat	Bay City	County Seat	Conroe
Population (2020)	36,725	Population (2020)	626,351
Race		Race	
White	15,550	White	397,549
Black	3,777	Black	35,336
Asian	603	Asian	20,714
Hispanic	16,280	Hispanic	160,240
Two or More Races and Other	515	Two or More Races and Other	12,512
Households and Families (2020)		Households and Families (2020)	
Total households	13,900	Total households	205,719
Average Household Size	2.62	Average Household Size	2.86
Average family size	3.41	Average family size	3.38
Vital Statistics		Vital Statistics	
Marriages (2017)	295	Marriages (2017)	3,878
Divorces (2017)	66	Divorces (2017)	2,041
Births (2019)	534	Births (2019)	7,408
Male	271	Male	3,804
Female	263	Female	3,604
Deaths (2019)	422	Deaths (2019)	4,047
Unemployment Rate (01/2022)	8.1	Unemployment Rate (01/2022)	4.9

<u>Walker County</u>		<u>Waller County</u>	
Land Area (sq. miles)	787	Land Area (sq. miles)	514
Persons per Square Mile	92	Persons per Square Mile	112
County Seat	Huntsville	County Seat	Hempstead
Population (2020)	72,164	Population (2020)	57,452
Race		Race	
White	40,529	White	24,325
Black	16,458	Black	13,151
Asian	793	Asian	872
Hispanic	13,138	Hispanic	18,123

<i>Two or More Races and Other</i>	1,246	<i>Two or More Races and Other</i>	981
Households and Families (2020)		Households and Families (2020)	
Total households	22,515	Total households	15,586
Average Household Size	2.45	Average Household Size	3.16
Average family size	3.24	Average family size	3.76
Vital Statistics		Vital Statistics	
Marriages (2017)	455	Marriages (2017)	493
Divorces (2017)	210	Divorces (2017)	68
Births (2019)	613	Births (2019)	695
Male	341	Male	369
Female	272	Female	326
Deaths (2019)	549	Deaths (2019)	343
Unemployment Rate (01/2022)	5.5	Unemployment Rate (01/2022)	5.3

<u>Wharton County</u>	
Land Area (sq. miles)	1,090
Persons per Square Mile	38
County Seat	Wharton
Population (2020)	41,685
Race	
<i>White</i>	18,025
<i>Black</i>	5,207
<i>Asian</i>	204
<i>Hispanic</i>	17,868
<i>Two or More Races and Other</i>	381
Households and Families (2020)	
Total households	15,248
Average Household Size	2.70
Average family size	3.40
Vital Statistics	
Marriages (2017)	229
Divorces (2017)	86
Births (2019)	573
Male	278
Female	295
Deaths (2019)	435
Unemployment Rate (01/2022)	4.9

Source: US Census Bureau, 2020
Texas Department of Health, 2019
US Bureau of Labor Statistics, 2022
H-GAC, 2022

Note: Marriage and divorce data are from 2017

Total Population 2010-2020											
Geography	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Austin County	28,417	28,612	28,572	28,690	28,975	29,477	29,650	29,729	30,000	30,107	30,167
Brazoria County	313,166	319,214	324,295	329,961	337,632	345,295	353,361	362,261	369,470	374,699	372,031
Chambers County	35,096	35,693	36,497	37,359	38,287	39,025	40,160	41,249	42,128	43,726	46,571
Colorado County	20,874	20,803	20,724	20,717	20,695	20,946	21,091	21,301	21,317	21,467	20,557
Fort Bend County	585,375	605,979	624,737	651,770	683,977	715,260	744,489	768,258	789,269	812,737	822,779
Galveston County	291,309	295,632	301,099	306,652	313,451	321,074	329,038	334,691	337,639	341,541	350,682
Harris County	4,092,459	4,179,279	4,262,549	4,352,419	4,454,951	4,556,559	4,622,836	4,655,798	4,676,913	4,709,243	4,731,145
Liberty County	75,643	76,005	76,378	76,847	78,047	79,537	81,381	83,648	85,834	88,453	91,628
Matagorda County	36,702	36,675	36,534	36,483	36,463	36,747	37,143	36,848	36,583	36,655	36,255
Montgomery County	455,746	471,456	484,627	498,488	517,262	535,913	555,338	571,542	590,127	607,583	620,443
Walker County	67,861	68,405	68,602	69,402	70,064	70,825	71,811	72,764	73,037	71,700	76,400
Waller County	43,205	44,138	44,365	45,436	46,793	48,663	50,062	51,736	53,568	55,311	56,794
Wharton County	41,280	41,286	41,130	41,115	41,082	41,369	41,619	41,869	41,515	41,671	41,570
H-GAC 13 County Area	6,087,133	6,223,177	6,350,109	6,495,339	6,667,679	6,840,690	6,977,979	7,071,694	7,147,400	7,234,893	7,297,022
Texas	25,145,561	25,645,504	26,084,120	26,479,646	26,963,092	27,468,531	27,914,064	28,291,024	28,624,564	28,986,794	29,145,505

Data source: Census Bureau Population and Housing Units Estimates, 2020

Texas 2020 State Expenditures by County

Rank	County	Total	Inter-governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	TRAVIS	\$ 17,774,769,987	\$ 1,090,348,700	\$ 7,275,906,893	\$ 7,056,544,812	\$ 602,746,993	\$ 403,136,271	\$ 171,854,029	\$ 1,174,232,291
2	HARRIS	\$ 17,626,244,284	\$ 4,918,617,183	\$ 1,893,370,419	\$ 8,369,855,667	\$ 1,401,752,027	\$ 288,796,085	\$ 339,910,977	\$ 413,941,925
3	BEXAR	\$ 13,712,517,441	\$ 2,203,489,682	\$ 928,950,643	\$ 4,634,464,258	\$ 491,430,170	\$ 96,129,437	\$ 104,956,197	\$ 5,253,097,054
4	DALLAS	\$ 12,311,777,135	\$ 3,180,822,841	\$ 2,475,602,630	\$ 3,905,250,075	\$ 1,040,360,142	\$ 478,316,610	\$ 131,046,497	\$ 1,100,378,339
5	TARRANT	\$ 5,237,885,664	\$ 2,043,530,573	\$ 559,544,470	\$ 2,159,444,410	\$ 209,034,878	\$ 108,693,141	\$ 19,753,858	\$ 137,884,334
6	HIDALGO	\$ 4,347,939,690	\$ 2,966,762,478	\$ 424,318,591	\$ 763,064,717	\$ 134,248,161	\$ 25,636,663	\$ 4,338,618	\$ 29,570,463
7	FORT BEND	\$ 3,822,063,457	\$ 981,089,925	\$ 305,688,602	\$ 2,396,343,609	\$ 78,573,473	\$ 10,867,863	\$ 10,086,920	\$ 39,413,066
8	EL PASO	\$ 3,042,339,725	\$ 1,573,151,198	\$ 388,322,670	\$ 824,253,888	\$ 142,528,067	\$ 24,579,637	\$ 2,341,548	\$ 87,162,718
9	NUECES	\$ 2,234,531,253	\$ 426,895,829	\$ 206,235,858	\$ 1,392,994,515	\$ 164,140,733	\$ 22,171,113	\$ 1,148,665	\$ 20,944,541
10	WILLIAMSON	\$ 2,014,466,792	\$ 361,343,843	\$ 1,133,707,367	\$ 266,085,684	\$ 75,332,525	\$ 80,303,904	\$ 16,058,473	\$ 81,634,996
11	MONTGOMERY	\$ 1,714,361,548	\$ 601,305,168	\$ 231,214,432	\$ 125,876,315	\$ 705,171,459	\$ 24,557,767	\$ 262,252	\$ 25,974,156
15	GALVESTON	\$ 1,450,050,774	\$ 452,702,366	\$ 467,140,424	\$ 181,761,176	\$ 22,530,369	\$ 28,357,669	\$ (283,360)	\$ 297,842,130
22	BRAZORIA	\$ 811,755,740	\$ 518,740,610	\$ 136,179,293	\$ 116,663,616	\$ 14,877,452	\$ 9,886,379	\$ (172,774)	\$ 15,581,165
30	WALKER	\$ 407,929,895	\$ 90,147,843	\$ 256,484,592	\$ 17,634,222	\$ 18,123,077	\$ 25,406,408	\$ 133,753	
48	LIBERTY	\$ 215,446,103	\$ 156,968,827	\$ 32,129,143	\$ 14,673,942	\$ 9,197,837	\$ 1,253,691		\$ 1,222,662
82	WALLER	\$ 109,379,844	\$ 32,587,563	\$ 52,568,142	\$ 21,274,166	\$ 314,420	\$ 935,565		\$ 1,699,988
84	WHARTON	\$ 104,210,544	\$ 68,158,054	\$ 16,286,497	\$ 8,222,334	\$ (752,500)	\$ 8,385,386	\$ 149,000	\$ 3,761,775
95	CHAMBERS	\$ 87,582,587	\$ 63,477,041	\$ 8,389,945	\$ 9,480,951	\$ 203,884	\$ 79,364		\$ 5,951,402
99	MATAGORDA	\$ 76,442,609	\$ 51,072,353	\$ 7,901,574	\$ 12,942,134	\$ 542,636	\$ 620,399	\$ 645,764	\$ 2,717,750
114	AUSTIN	\$ 54,898,230	\$ 37,168,273	\$ 12,804,826	\$ 3,031,345	\$ 9,458	\$ 236,493	\$ 37,950	\$ 1,609,886
132	COLORADO	\$ 43,949,895	\$ 20,701,540	\$ 8,656,087	\$ 11,559,324	\$ 77,938	\$ 974,891		\$ 1,980,115
	Total Texas Counties	\$ 118,435,237,190	\$ 36,388,616,377	\$ 24,409,767,291	\$ 37,157,865,977	\$ 7,456,124,240	\$ 2,280,510,965	\$ 997,858,211	\$ 9,744,494,129
	Total H-GAC Counties	#REF!	\$ 7,992,736,746	\$ 3,428,813,975	\$ 11,289,318,800	\$ 2,250,621,530	\$ 400,357,959	\$ 350,770,482	#REF!
	% of Expenditures in the region	#REF!	22.0%	14.0%	30.4%	30.2%	17.6%	35.2%	#REF!

Data source: Texas Comptroller of Public Accounts, 2021

Texas 2020 State Expenditures by Council of Governments

Rank	Council of Governments	Total	Inter-governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	Houston-Galveston Area	\$ 26,563,361,908	\$ 7,992,736,746	\$ 3,428,813,975	\$ 11,289,318,800	\$ 2,250,621,530	\$ 400,357,959	\$ 350,770,482	\$ 850,742,417
2	North Central Texas	\$ 22,849,577,777	\$ 7,937,108,561	\$ 3,961,375,205	\$ 6,855,379,000	\$ 1,781,213,130	\$ 677,890,615	\$ 169,549,886	\$ 1,467,061,380
3	Capital Area	\$ 21,547,968,472	\$ 1,921,289,600	\$ 9,179,478,641	\$ 7,427,728,379	\$ 965,082,926	\$ 515,285,882	\$ 200,549,631	\$ 1,338,553,412
4	Alamo Area	\$ 15,241,226,577	\$ 2,828,934,015	\$ 1,243,855,553	\$ 4,840,257,670	\$ 676,440,535	\$ 161,211,621	\$ 156,794,022	\$ 5,333,733,161
5	Lower Rio Grande Valley	\$ 5,905,470,579	\$ 4,001,776,873	\$ 628,851,077	\$ 1,040,647,210	\$ 154,319,080	\$ 35,086,559	\$ 6,076,466	\$ 38,713,314
6	Rio Grande	\$ 3,124,566,268	\$ 1,610,694,663	\$ 421,523,860	\$ 829,439,600	\$ 142,784,431	\$ 28,657,597	\$ 2,341,548	\$ 89,124,570
7	Coastal Bend	\$ 2,958,516,335	\$ 826,329,831	\$ 387,383,945	\$ 1,505,358,958	\$ 173,733,460	\$ 29,882,444	\$ 1,528,757	\$ 34,298,939
8	East Texas	\$ 2,429,800,559	\$ 1,217,586,875	\$ 542,311,381	\$ 417,267,196	\$ 142,906,989	\$ 51,610,516	\$ 1,890,535	\$ 56,227,067
9	Brazos Valley	\$ 1,946,113,983	\$ 318,460,073	\$ 1,007,771,236	\$ 187,976,023	\$ 172,335,790	\$ 77,133,625	\$ 28,409,299	\$ 154,027,937
10	South Plains	\$ 1,891,599,360	\$ 629,056,494	\$ 680,142,006	\$ 385,277,352	\$ 96,895,654	\$ 41,781,128	\$ 12,312,417	\$ 46,134,310
11	Central Texas	\$ 1,725,944,272	\$ 831,617,166	\$ 331,775,431	\$ 422,732,450	\$ 12,115,474	\$ 7,322,799	\$ 6,103,465	\$ 114,277,486
12	Heart of Texas	\$ 1,291,205,406	\$ 657,554,630	\$ 265,458,134	\$ 153,938,182	\$ 120,180,058	\$ 53,116,430	\$ 5,536,603	\$ 35,421,370
13	Panhandle	\$ 1,284,477,012	\$ 668,776,001	\$ 288,948,266	\$ 170,470,762	\$ 100,726,913	\$ 27,195,013	\$ 3,445,835	\$ 24,914,222
14	Deep East Texas	\$ 1,263,216,657	\$ 613,242,798	\$ 339,050,337	\$ 193,188,615	\$ 56,487,761	\$ 29,327,901	\$ 10,955,073	\$ 20,964,172
15	Permian Texas	\$ 1,213,482,959	\$ 558,066,466	\$ 195,255,349	\$ 296,635,830	\$ 127,575,851	\$ 13,240,106	\$ 3,787,200	
16	South Texas	\$ 1,190,554,661	\$ 815,314,701	\$ 132,071,802	\$ 213,091,636	\$ 7,404,777	\$ 3,898,598	\$ 409,818	\$ 18,363,330
17	West Central Texas	\$ 1,129,988,880	\$ 500,399,870	\$ 333,822,357	\$ 177,263,192	\$ 55,163,025	\$ 18,838,801	\$ 14,166,102	\$ 30,335,534
18	Ark-Tex	\$ 1,086,816,835	\$ 527,251,325	\$ 131,433,236	\$ 132,759,820	\$ 233,734,910	\$ 50,172,676	\$ 482,283	\$ 10,982,585
19	South East Texas	\$ 1,023,137,652	\$ 502,548,043	\$ 307,532,634	\$ 164,031,408	\$ 8,401,480	\$ 19,322,090	\$ 5,242,126	\$ 16,059,871
20	Nortex	\$ 713,862,068	\$ 309,932,121	\$ 233,241,544	\$ 114,846,896	\$ 22,791,608	\$ 13,608,552	\$ 6,151,040	\$ 13,290,307
21	Concho Valley	\$ 564,760,971	\$ 232,568,959	\$ 151,215,542	\$ 89,245,779	\$ 65,148,849	\$ 9,455,648	\$ 3,826,461	\$ 13,299,734
22	Golden Crescent	\$ 518,222,240	\$ 243,273,325	\$ 87,629,090	\$ 93,856,428	\$ 73,440,663	\$ 9,604,501	\$ 504,165	\$ 9,914,067
23	Middle Rio Grande	\$ 495,758,922	\$ 340,210,123	\$ 62,775,323	\$ 79,326,439	\$ 6,615,953	\$ 3,030,779	\$ 201,112	\$ 3,599,191
24	Texoma	\$ 475,606,835	\$ 303,887,116	\$ 68,051,367	\$ 77,828,355	\$ 10,003,393	\$ 3,479,125	\$ 6,823,885	\$ 5,533,594
	Total for Council of Governments	\$ 118,435,237,190	\$ 36,388,616,377	\$ 24,409,767,291	\$ 37,157,865,977	\$ 7,456,124,240	\$ 2,280,510,965	\$ 997,858,211	\$ 9,725,571,971

Data source: Texas Comptroller of Public Accounts, 2021

**Voter Registration
2010 - 2022 Primary Elections**

	Number of Precincts	Total Registered Voters												
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Austin	18	17,546	17,151	17,534	17,732	18,178	18,058	18,601	18,897	19,112	19,223	19,618	19,949	20,478
Brazoria	67	168,097	163,917	168,795	181,609	178,808	178,804	186,517	200,248	200,830	210,087	212,602	221,732	228,253
Chambers	14	22,707	22,862	23,316	23,729	24,338	24,481	25,479	26,688	27,299	28,589	29,015	30,778	31,957
Colorado	12	13,249	12,865	13,021	12,953	13,233	13,085	13,391	13,552	13,714	13,673	13,900	14,126	14,127
Fort Bend	159	300,777	302,223	315,207	332,199	347,188	359,046	379,254	412,810	413,446	428,679	452,662	481,602	503,748
Galveston	175	179,928	172,603	177,334	179,943	184,818	194,770	195,988	203,348	207,560	210,663	217,501	222,838	229,469
Harris	1,012	1,889,378	1,847,952	1,884,489	1,930,759	1,998,264	1,998,988	2,084,462	2,189,228	2,248,921	2,357,199	2,370,968	2,503,936	2,507,991
Liberty	33	42,863	41,111	41,949	41,025	41,263	40,251	41,130	43,619	43,109	44,285	44,698	45,925	48,277
Matagorda	18	20,893	20,131	20,625	20,201	20,577	20,265	20,826	20,941	21,338	21,745	21,442	21,042	21,453
Montgomery	100	243,027	238,707	246,768	257,799	268,147	273,352	290,259	306,564	318,611	327,629	345,404	367,467	391,078
Walker	16	29,507	28,356	29,169	28,983	29,578	29,044	30,179	31,334	31,835	32,572	33,658	34,134	34,934
Waller	21	29,792	27,037	27,706	27,751	28,288	28,344	29,237	30,351	30,984	31,952	33,201	34,393	35,774
Wharton	12	24,471	23,675	24,090	23,907	24,275	23,743	24,387	24,612	24,795	25,207	25,064	25,117	25,696
H-GAC region	1,657	2,982,235	2,918,590	2,990,003	3,078,590	3,176,955	3,202,231	3,339,710	3,522,192	3,601,554	3,751,503	3,819,733	4,023,039	4,093,235

Source: Office of the Texas Secretary of State 2022

2020 Presidential Elections						
County	Republican	Democratic	Libertarian	Total Votes	Total Voters	TurnOut
AUSTIN	11,447	2,951	123	14,521	20,293	72%
BRAZORIA	90,433	62,228	1,860	154,521	224,256	69%
CHAMBERS	17,353	3,997	250	21,600	30,709	70%
COLORADO	7,472	2,420	50	9,942	14,378	69%
FORT BEND	157,718	195,552	3,028	356,298	482,368	74%
GALVESTON	93,911	58,842	1,913	154,666	228,482	68%
HARRIS	700,630	918,193	16,819	1,635,642	2,480,522	66%
LIBERTY	23,302	5,785	218	29,305	46,155	63%
MATAGORDA	9,845	3,733	115	13,693	22,026	62%
MONTGOMERY	193,382	74,377	3,166	270,925	370,060	73%
WALKER	15,375	7,884	287	23,546	35,038	67%
WALLER	14,260	8,191	201	22,652	35,116	65%
WHARTON	11,926	4,694	105	16,725	25,697	65%
Source: Office of the Secretary of State						

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Single Audit Section



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

Board of Directors
Houston-Galveston Area Council
Houston, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Houston-Galveston Area Council (the Council), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Houston-Galveston Area Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Houston, Texas
May 27, 2022

Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance

Independent Auditor's Report

Board of Directors
Houston-Galveston Area Council
Houston, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Houston-Galveston Area Council's (the Council) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the Council's major federal and state programs for the year ended December 31, 2021. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the UGMS, issued by the Texas Comptroller of Public Accounts. Our responsibilities under those standards, the Uniform Guidance and the UGMS are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the UGMS, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a

Board of Directors
Houston-Galveston Area Council

deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Houston, Texas
May 27, 2022

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2021

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Total Expenditures and Indirect Costs	Pass Through to Subrecipients
FEDERAL PROGRAMS				
PRIMARY GOVERNMENT:				
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the Texas Workforce Commission				
SNAP Cluster				
2821SNE001	SNAP E&T - 2022	10.561	\$ 385,910	\$ 313,960
	Subtotal - SNAP Cluster		<u>\$ 385,910</u>	<u>\$ 313,960</u>
	Total - Texas Workforce Commission		<u>\$ 385,910</u>	<u>\$ 313,960</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>\$ 385,910</u>	<u>\$ 313,960</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through the Texas Workforce Commission				
2818ALAB00	Adult Education and Literacy	84.002A	\$ 1,143,432	\$ 1,143,432
2818ALAC00	Adult Education and Literacy	84.002A	\$ 6,170,452	\$ 5,770,649
2818ALAD00	Adult Education and Literacy	84.002A	\$ 7,739,014	\$ 7,429,688
2820AEL001	Adult Education and Literacy - Workforce Intergration	84.002A	\$ 189,024	\$ 190,663
	Subtotal - 84.002A		<u>\$ 15,241,922</u>	<u>\$ 14,534,432</u>
	Total - Texas Workforce Commission		<u>\$ 15,241,922</u>	<u>\$ 14,534,432</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 15,241,922</u>	<u>\$ 14,534,432</u>
U.S. DEPARTMENT OF ENERGY				
Direct Programs:				
DE-EE0007411	Clean Cities Outreach Education and Performance Tracking -2021	81.086	\$ 17,033	\$ -
DE-EE0009568	Clean Cities Outreach Education and Performance Tracking -2022	81.086	\$ 44,541	\$ -
	Subtotal - 81.086		<u>\$ 61,574</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>\$ 61,574</u>	<u>\$ -</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through the Texas Health and Human Services Commission				
HHS000874100015	Aging Title VII EAP - 2021	93.041	\$ 17,271	\$ -
	Subtotal - 93.041		<u>\$ 17,271</u>	<u>\$ -</u>
HHS000874100015	Aging Title VII OM - 2021	93.042	\$ 70,576	\$ -
HHS000874100015	Aging Title VII-OM - 2021 CARES Act OMB COVID-19	93.042	\$ 65,292	\$ -
HHS000874100015	Aging Title VII OM - 2022	93.042	\$ 10,826	\$ -
	Subtotal - 93.042		<u>\$ 146,694</u>	<u>\$ -</u>
HHS000874100015	Aging Title III, Part D - 2021	93.043	\$ (21,396)	\$ -
HHS000874100015	Aging Title III, Part D - 2022	93.043	\$ 14,828	\$ 14,828
HHS000874100015	Aging Title III Part-D -2022 American Rescue Plan	93.043	\$ 18,085	\$ 7,411
	Subtotal - 93.043		<u>\$ 11,517</u>	<u>\$ 22,239</u>
Aging Cluster				
HHS000874100015	Aging Title III, Part B - 2021	93.044	\$ 1,245,115	\$ 601,524
HHS000874100015	Aging Title III, Part B - 2021 CARES Act Support Serv COVID-19	93.044	\$ 75,721	\$ 75,658
HHS000874100015	Aging Title III-B - 2021 - CDC Vaccination	93.044	\$ 26,589	\$ 26,589
HHS000874100015	Aging Title III, Part B - 2022	93.044	\$ 424,077	\$ 124,488
HHS000874100015	Aging Title III-B - 2022 - American Rescue Plan	93.044	\$ 137,296	\$ 10,957
	Subtotal - 93.044		<u>\$ 1,908,798</u>	<u>\$ 839,216</u>
HHS000874100015	Aging Title III, Part C - 2021	93.045	\$ 1,014,906	\$ 57,276

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HHS000874100015	Aging Title III, Part C - 2021 Families COVID-19	93.045	\$ (50,701)	\$ -
HHS000874100015	Aging Title III-C 2021 Consolidated Appropriations	93.045	\$ 647,608	\$ 647,608
HHS000874100015	Aging Title III-C - 2021 Disaster Flex	93.045	\$ 964,949	\$ 964,949
HHS000874100015	Aging Title III, Part C - 2021 CARES Act Nutrition Serv COVID-19	93.045	\$ (53,895)	\$ -
HHS000874100015	Aging Title III, Part C - 2022	93.045	\$ 221,376	\$ 219,289
HHS000874100015	Aging Title III-C 2022 American Rescue Plan	93.045	\$ 686,254	\$ 686,254
	Subtotal - 93.045		<u>\$ 3,430,497</u>	<u>\$ 2,575,376</u>
HHS000874100015	Aging NSIP - 2021	93.053	\$ 325,388	\$ 325,388
	Subtotal - 93.053		<u>\$ 325,388</u>	<u>\$ 325,388</u>
	Total - Aging Cluster		<u>\$ 5,664,683</u>	<u>\$ 3,739,980</u>
HHS000270200021	ADRC COVID-19 NWD	93.048	\$ 6,897	\$ -
	Subtotal - 93.048		<u>\$ 6,897</u>	<u>\$ -</u>
HHS000874100015	Aging Title III, Part E - 2021	93.052	\$ 437,200	\$ 246,861
HHS000874100015	Aging Title III, Part E - 2021 CARES Caregiver SuppCoor. COVID-19	93.052	\$ 2,316	\$ 2,316
HHS000874100015	Aging Title III, Part E - 2022	93.052	\$ 84,688	\$ 9,980
HHS000874100015	Aging Title III-E 2022 American Rescue Plan	93.052	\$ 53,733	\$ 53,733
	Subtotal 93.052		<u>\$ 577,937</u>	<u>\$ 312,890</u>
HHS000270200021	ADRC MIPPA FY21	93.071	\$ 3,130	\$ -
HHS000270200021	ADRC MIPPA FY22	93.071	\$ 15,710	\$ -
HHS000874100015	Aging MIPPA FY21	93.071	\$ 10,099	\$ -
HHS000874100015	Aging MIPPA FY22	93.071	\$ 5,464	\$ -
	Subtotal 93.071		<u>\$ 34,403</u>	<u>\$ -</u>
HHS000874100015	Aging HICAP (04/01/2020-03/31/2021)	93.324	\$ 9,546	\$ -
HHS000874100015	Aging HICAP (04/01/2021-03/31/2022)	93.324	\$ 137,586	\$ -
	Subtotal - 93.324		<u>\$ 147,132</u>	<u>\$ -</u>
HHS000744800001	Aging Opioid Grant	93.788	\$ 1,474	\$ -
	Subtotal - 93.788		<u>\$ 1,474</u>	<u>\$ -</u>
HHS000270200021	ADRC Housing Navigator FY21	93.791	\$ 27,199	\$ -
HHS000270200021	ADRC Local Contact Agency FY21	93.791	\$ 22,446	\$ -
HHS000270200021	ADRC Housing Navigator FY22	93.791	\$ 13,190	\$ -
HHS000270200021	ADRC Local Contact Agency FY22	93.791	\$ 11,535	\$ -
	Subtotal - 93.791		<u>\$ 74,370</u>	<u>\$ -</u>
	Total - Texas Health and Human Services Commission		<u>\$ 6,682,378</u>	<u>\$ 4,075,109</u>
	Passed Through the Texas Workforce Commission			
	TANF Cluster			
2819TAN008	Special Projects	93.558	\$ 226,282	\$ -
2821TAF001	TANF Choices - 2021	93.558	\$ 11,292,366	\$ 10,291,956
2822TAF001	TANF Choices - 2022	93.558	\$ 2,436,384	\$ 2,209,358
2821NCP001	TANF E&T - Noncustodial Parent Empl - 2021	93.558	\$ 433,490	\$ 376,811
2818ALAC00	Adult Education and Literacy	93.558	\$ 615,241	\$ 615,241
2818ALAD00	Adult Education and Literacy	93.558	\$ 71,322	\$ 71,322
2821WPA001	Employment Services - 2021	93.558	\$ 76,221	\$ 76,221
2822WPA001	Employment Services - 2022	93.558	\$ 59,001	\$ 59,001
	Subtotal - TANF Cluster		<u>\$ 15,210,307</u>	<u>\$ 13,699,910</u>
	CCDF Cluster			
2821CAA001	CC Attendance Auto Services - 2021	93.575	\$ 126,771	\$ 126,771
2821CCQ001	Child Care Quality - 2021	93.575	\$ 4,339,573	\$ 4,339,573
2822CCQ001	Child Care Quality - 2022	93.575	\$ 653,715	\$ 653,715

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2822CCX001	Child Care Service Industry Recovery -2022	93.575	\$ 1,342,034	\$ 1,342,034
2821CCF001	Child Care	93.575	\$ 87,483,750	\$ 87,483,750
2821CCF001	COVID-19 CCBG Care Act Child Care	93.575	\$ 9,232,017	\$ 9,232,017
2822CCF001	Child Care	93.575	\$ 1,792,836	\$ 1,792,836
2822CCF001	COVID-19 CCBG Care Act Child Care	93.575	\$ 9,098,728	\$ 9,098,728
	Subtotal - 93.575		<u>\$ 114,069,424</u>	<u>\$ 114,069,424</u>
2821CCF001	Child Care -2021	93.596	\$ 29,434,580	\$ 27,578,834
2822CCF001	Child Care -2022	93.596	\$ 10,704,498	\$ 10,375,805
2821CCM001	Child Care Local Initiatives - 2021	93.596	\$ 20,098,061	\$ 20,098,061
2822CCM001	Child Care Local Initiatives - 2022	93.596	\$ 1,519,866	\$ 1,519,866
	Subtotal - 93.596		<u>\$ 61,757,005</u>	<u>\$ 59,572,566</u>
	Total - CCDF Cluster		<u>\$ 175,826,429</u>	<u>\$ 173,641,990</u>
2821CCF001	Child Care -2021	93.667	\$ 398,990	\$ 398,990
2822CCF001	Child Care -2022	93.667	\$ 128,059	\$ 128,059
	Subtotal - 93.667		<u>\$ 527,049</u>	<u>\$ 527,049</u>
	Total - Texas Workforce Commission		<u>\$ 191,563,785</u>	<u>\$ 187,868,949</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 198,246,163</u>	<u>\$ 191,944,058</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through the Office of the Governor				
2992706	Homeland Security Grant Program - SHSP - 2020	97.067	\$ 116,529	\$ -
2992707	Homeland Security Grant Program - SHSP - 2021	97.067	\$ 55,592	\$ -
3660802	Regional Interoperable Communications Plan	97.067	\$ 80,684	\$ -
	Subtotal - 97.067		<u>\$ 252,805</u>	<u>\$ -</u>
4351101	Coronavirus Reimbursement Program	16.034	\$ 177,990	\$ -
	Subtotal - 16.034		<u>\$ 177,990</u>	<u>\$ -</u>
	Total - Office of the Governor		<u>\$ 430,795</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 430,795</u>	<u>\$ -</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through the General Land Office				
C719218	Community Development Block Grant - Technical Assistance 2021	14.228	\$ 8,170	\$ -
22-061-008-D164	Community Development Block Grant - Mitigation 2021	14.228	\$ 2,120	\$ -
18-497-009-B238	Community Development Block Grant - Disaster Recovery 2021	14.228	\$ 2,097	\$ -
	Subtotal - 14.228		<u>\$ 12,387</u>	<u>\$ -</u>
	Total - General Land Office		<u>\$ 12,387</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 12,387</u>	<u>\$ -</u>
U.S. DEPARTMENT OF JUSTICE				
Passed Through the Office of the Governor				
2606709	CJD Juvenile Mental Health Project 2021	16.540	\$ 119,504	\$ -
2606710	CJD Juvenile Mental Health Project 2022	16.540	\$ 17,502	\$ -
	Subtotal - 16.540		<u>\$ 137,006</u>	<u>\$ -</u>
3386603	Elder and Vulnerable Adult Justice Program FY21	16.575	\$ 178,416	\$ -
3386604	Elder and Vulnerable Adult Justice Program FY22	16.575	\$ 52,058	\$ -
	Subtotal - 16.575		<u>\$ 230,474</u>	<u>\$ -</u>
4082001	Violence Against Women Act FY21	16.588	\$ 39,099	\$ -
4082002	Violence Against Women Act FY22	16.588	\$ 9,621	\$ -

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	Subtotal - 16.588		\$ 48,720	\$ -
	Total - Office of the Governor		\$ 416,200	\$ -
TOTAL U.S DEPARTMENT OF JUSTICE			\$ 416,200	\$ -
U.S. DEPARTMENT OF LABOR				
Employment Services Cluster				
Passed Through the Texas Workforce Commission				
2821TVC001	Disabled Veterans' Outreach Program	17.801	\$ 295,375	\$ 274,862
2822TVC001	Disabled Veterans' Outreach Program	17.801	\$ 99,074	\$ 92,164
	Subtotal - 17.801		\$ 394,449	\$ 367,026
2821RAG001	Resource Admin Grant - 2021	17.207	\$ 10,585	\$ -
2822RAG001	Resource Admin Grant - 2022	17.207	\$ 3,379	\$ -
2821WCI001	Special Projects	17.207	\$ 8,294	\$ 8,294
2822WCI003	Special Projects	17.207	\$ 6,610	\$ 5,359
2820WPA001	Employment Services - 2020	17.207	\$ 777,306	\$ 611,274
2821WPA001	Employment Services - 2021	17.207	\$ 1,949,765	\$ 1,524,620
2822WPA001	Employment Services - 2022	17.207	\$ 74,949	\$ 74,949
	Subtotal - 17.207		\$ 2,830,888	\$ 2,224,496
	Total-Texas Workforce Commission		\$ 2,830,888	\$ 2,224,496
	Total - Employment Services Cluster		\$ 3,225,337	\$ 2,591,522
Passed Through the Texas Workforce Commission				
WIA Cluster				
2819WOA001	WIA Adult Program - PY2019	17.258	\$ 9,551	\$ -
2820WOA001	WIA Adult Program - PY2020	17.258	\$ 9,554,293	\$ 8,894,511
2821WOA001	WIA Adult Program - PY2021	17.258	\$ 5,687,242	\$ 5,223,952
2820COV001	COVID 19 Response	17.258	\$ (40,243)	\$ -
	Subtotal - 17.258		\$ 15,210,843	\$ 14,118,463
2819WOY001	WIA Youth - PY2019	17.259	\$ 1,308,143	\$ 1,258,342
2820WOY001	WIA Youth - PY2020	17.259	\$ 13,224,742	\$ 12,266,123
2821WOY001	WIA Youth - PY2021	17.259	\$ 1,301,695	\$ 1,121,464
	Subtotal - 17.259		\$ 15,834,580	\$ 14,645,929
2819WAF001	Alternative Funding	17.278	\$ 1,062,244	\$ 1,139,805
2820WOR001	Rapid Response	17.278	\$ 29,738	\$ 23,001
2821WOR001	Rapid Response	17.278	\$ 28,342	\$ 10,618
2822ATG002	IT Registered Apprenticeship Expansion	17.278	\$ 3,232	\$ -
2820COV001	COVID 19 Response	17.278	\$ 271,998	\$ 230,514
2820WOD001	WIA Dislocated Worker - PY2020	17.278	\$ 6,060,403	\$ 5,594,108
2821WOD001	WIA Dislocated Worker - PY2021	17.278	\$ 3,799,547	\$ 3,510,228
	Subtotal - 17.278		\$ 11,255,504	\$ 10,508,274
	Total WIOA Cluster		\$ 42,300,927	\$ 39,272,666
2821RAG001	Resource Admin Grant - 2021	17.225	\$ 3,529	\$ -
2822RAG001	Resource Admin Grant - 2022	17.225	\$ 1,126	\$ -
2821REA001	Re-employment Services - 2021	17.225	\$ 1,706,115	\$ 1,636,992
2822REA001	Re-employment Services - 2022	17.225	\$ 376,672	\$ 374,531
	Subtotal - 17.225		\$ 2,087,442	\$ 2,011,523
2821TRA001	Trade Act Services for Dislocated Workers - 2021	17.245	\$ 321,214	\$ 312,861
2822TRA001	Trade Act Services for Dislocated Workers - 2022	17.245	\$ 9,510	\$ 9,510
	Subtotal - 17.245		\$ 330,724	\$ 322,371
2821RAG001	Resource Admin Grant - 2021	17.273	\$ 988	\$ -
2822RAG001	Resource Admin Grant - 2022	17.273	\$ 315	\$ -

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	Subtotal - 17.273		\$ 1,303	\$ -
2820NDW001	NDW COVID-19 Disaster Relief Employment	17.277	\$ 2,208,783	\$ 2,121,628
2821NDW001	NDW Winter Storm - 2021	17.277	\$ 227,507	\$ 206,382
	Subtotal - 17.277		<u>\$ 2,436,290</u>	<u>\$ 2,328,010</u>
2821ATG001	Apprenticeship Texas Expansion Grant	17.285	\$ 170,562	\$ 144,006
2821ATG002	Apprenticeship Texas Construction Partnership	17.285	\$ 778,595	\$ 581,858
2822ATG002	IT Registered Apprenticeship Expansion	17.285	\$ 3,233	\$ -
	Subtotal - 17.285		<u>\$ 952,390</u>	<u>\$ 725,864</u>
	Total - Texas Workforce Commission		<u>\$ 48,109,076</u>	<u>\$ 44,660,434</u>
	TOTAL U.S. DEPARTMENT OF LABOR		<u>\$ 51,334,413</u>	<u>\$ 47,251,956</u>
	U.S. DEPARTMENT OF TRANSPORTATION			
	Passed Through the Texas Department of Transportation			
	Highway Planning and Construction Cluster			
0912-00-552 Task 1	Clean Cities/Vehicles	20.205	\$ 377,574	\$ -
0912-00-552 Task 2	Clean Cities Pass Through	20.205	\$ 3,804,183	\$ 3,804,183
0912-00-529 Task 1	Incident Management-Quick Clearance Towing	20.205	\$ 710,575	\$ 710,575
0912-00-529 Task 2	Incident Management-Quick Clearance Towing-Admin	20.205	\$ 87,453	\$ -
0912-00-529 Task 3	Incident Management- Training	20.205	\$ 1,650	\$ -
0912-00-529 Task 4	Incident Management-Quick Clearance Pilot Project	20.205	\$ 125,742	\$ 125,742
0912-00-596	Livable Centers Planning Studies	20.205	\$ 614,518	\$ -
0912-00-464	Commute Solutions Transit Pilot Project	20.205	\$ 191,916	\$ 191,916
0912-00-549	Travel Demand MGMT, Marketing, Outreach & Public ED	20.205	\$ 613,529	\$ -
0912-00-584 Task 1	Teens in the Drivers Seat	20.205	\$ 23,920	\$ -
0912-00-584 Task 2	Youth Traffic Safety Education and Outreach	20.205	\$ 19,596	\$ -
0912-00-584 Task 3	Regional Safety Campaign	20.205	\$ 206,697	\$ -
0912-00-584 Task 4	Bicycle Safety Education	20.205	\$ 10,945	\$ -
50-21XF0015	Administration - 2021	20.205	\$ 2,147,019	\$ -
50-21XF0015	Data Development & Maintenance - 2021	20.205	\$ 2,345,725	\$ -
50-21XF0015	Short Range Planning - 2021	20.205	\$ 683,773	\$ -
50-21XF0015	Long Range Plan - 2021	20.205	\$ 1,771,356	\$ -
50-21XF0015	Special Studies - 2021	20.205	\$ 58,726	\$ -
50-22XF0015	Administration - 2022	20.205	\$ 627,030	\$ -
50-22XF0015	Data Development & Maintenance - 2022	20.205	\$ 733,071	\$ -
50-22XF0015	Short Range Planning - 2022	20.205	\$ 135,927	\$ -
50-22XF0015	Long Range Plan - 2022	20.205	\$ 520,900	\$ -
50-22XF0015	Special Studies - 2022	20.205	\$ 16,982	\$ -
0912-00-583	Resiliency and Durability to Weather	20.205	\$ 24,009	\$ -
0912-00-476	Commuter and Transit Pilot	20.205	\$ 3,339	\$ -
0912-00-556 Task 1	Regional Freeway Management - Surveillance & Motorist	20.205	\$ 83,860	\$ 83,860
0912-00-556 Task 2	Regional Freeway Management - Quick Clearance Towing	20.205	\$ 1,537,867	\$ 1,537,867
0912-00-556 Task 3	Regional Freeway Management - Program Admin	20.205	\$ 126,446	\$ -
0912-00-558 Task 1	Regional Freeway Management - Program Outreach & Education	20.205	\$ 1,101	\$ -
0912-00-558 Task 2	Regional Freeway Management - Quick Clearance Towing	20.205	\$ 3,351,160	\$ 3,351,160
0912-00-558 Task 3	Regional Freeway Management - Program Implementation & Oversight	20.205	\$ 24,391	\$ -
0912-00-599 Task 1	Southeast Harris County Sub-Regional Study	20.205	\$ 845,076	\$ -
0912-00-599 Task 2	Regional Goods Movement Plan Update	20.205	\$ 92,834	\$ -
0912-00-599 Task 3	Safety Intersection Audits	20.205	\$ 277,351	\$ -
0912-00-599 Task 4	Regional Travel Surveys	20.205	\$ 10,644	\$ -
0912-00-614 Task 1	Liberty County Mobility Plans	20.205	\$ 287,265	\$ -
0912-00-614 Task 2	Montgomery County Precinct 2 Mobility Plan	20.205	\$ 276,805	\$ -
0912-00-643	Clean Vehicles Implementation and Oversight	20.205	\$ 4,535	\$ -
0912-00-624	Livable Centers Planning Studies	20.205	\$ 38,717	\$ -
0500-03-642	North Houston Communities Transportation Priorities Plan	20.205	<u>\$ 27,430</u>	\$ -

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			<u>\$ 22,841,637</u>	<u>\$ 9,805,303</u>
	Subtotal - Highway Planning and Construction Cluster			
0912-00-597	Multimodal Network Connectivity Measures Pilot	20.200	\$ 40,882	\$ -
	Subtotal - 20.200		<u>\$ 40,882</u>	<u>\$ -</u>
TX-2019-112	Regionally Coordinated Transportation Plan (RCTP)	20.505	\$ 79,500	\$ -
	Subtotal - 20.505		<u>\$ 79,500</u>	<u>\$ -</u>
	Total - Texas Department of Transportation		<u>\$ 22,962,019</u>	<u>\$ 9,805,303</u>
69N37619300000911 TX0	Passed Through Commission on State Emergency Communications 911 Grant -2021	20.615	\$ 118,915	\$ -
	Subtotal - 20.615		<u>\$ 118,915</u>	<u>\$ -</u>
	Total - Commission on State Emergency Communications		<u>\$ 118,915</u>	<u>\$ -</u>
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 23,080,934</u>	<u>\$ 9,805,303</u>
	U.S. ENVIRONMENTAL PROTECTION AGENCY			
	Direct Programs:			
DE-01F56501	Clean Freights Houston	66.039	\$ 1,261	\$ -
DE-01F68501	Houston Freight Distribution Electrification	66.039	\$ 3,335	\$ -
	Subtotal - 66.039		<u>\$ 4,596</u>	<u>\$ -</u>
	Total - Direct Programs		<u>\$ 4,596</u>	<u>\$ -</u>
	Passed Through the Texas Commission on Environmental Quality			
582-20-13156 WO#4	TMDL BIG FY21	66.419	\$ 117,830	\$ -
582-20-13156 WO#3	TMDL Cotton Bayou FY21	66.419	\$ 70,900	\$ -
582-20-13156 WO#2	TMDL San Jacinto-Brazos Coastal Basin FY21	66.419	\$ 93,271	\$ -
582-20-13156 WO#1	TMDL BIG Creek FY21	66.419	\$ 62,758	\$ -
582-20-13156 WO#8	TMDL BIG FY22	66.419	\$ 51,883	\$ -
582-20-13156 WO#9	TMDL Cotton Bayou FY22	66.419	\$ 27,274	\$ -
582-20-13156 WO#6	TMDL San Jacinto-Brazos Coastal Basin FY22	66.419	\$ 35,056	\$ -
582-20-13156 WO#7	TMDL BIG Creek FY22	66.419	\$ 10,672	\$ -
582-20-13156 WO#5	TMDL Caney Creek FY22	66.419	\$ 10,240	\$ -
	Subtotal - 66.419		<u>\$ 479,884</u>	<u>\$ -</u>
582-21-10118	Water Quality Management Planning - 2021	66.454	\$ 116,769	\$ -
582-22-30193	Water Quality Management Planning - 2022	66.454	\$ 40,274	\$ -
	Subtotal - 66.454		<u>\$ 157,043</u>	<u>\$ -</u>
582-19-90216	Trash Bash - GBEP	66.456	\$ 5,004	\$ -
582-20-10367	Targeted Bacteria Monitoring	66.456	\$ 33,263	\$ -
582-21-10087	Costal Communities - GBEP	66.456	\$ 13,592	\$ -
	Subtotal - 66.456		<u>\$ 51,859</u>	<u>\$ -</u>
582-19-90201	Cypress Creek WPP FY19	66.460	\$ 40	\$ -
582-20-10159	Spring Creek WPP FY20	66.460	\$ 21,625	\$ -
582-21-10101	Clear Creek WPP FY21	66.460	\$ 76,298	\$ -
582-20-13264	East Fork WPP FY22	66.460	\$ 261	\$ -
	Subtotal - 66.460		<u>\$ 98,224</u>	<u>\$ -</u>
	Total - Texas Commission on Environmental Quality		<u>\$ 787,010</u>	<u>\$ -</u>
	TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>\$ 791,606</u>	<u>\$ -</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT		<u>\$ 290,001,904</u>	<u>\$ 263,849,709</u>

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DISCRETELY PRESENTED COMPONENT UNIT:				
U.S. DEPARTMENT OF COMMERCE				
Direct Programs:				
ED21AUS3020016	Economic Development - Support for Planning Organizations	11.302	\$ 79,825	\$ -
08-79-05237	Economic Development - Economic Recovery Manager	11.302	\$ 3,325	\$ -
	Subtotal - 11.302		<u>\$ 83,150</u>	<u>\$ -</u>
Economic Development Cluster				
08-79-05418	COVID-19 Economic Development - Cares Act Revolving Loan Fund	11.307	\$ 1,724,728	\$ 1,652,500
ED20AUS3070090	COVID-19 Economic Development - Cares Act	11.307	\$ 246,500	\$ -
	Subtotal - Economic Development Cluster		<u>\$ 1,971,228</u>	<u>\$ 1,652,500</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>\$ 2,054,378</u>	<u>\$ 1,652,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - DISCRETELY PRESENTED COMPONENT UNIT			<u>\$ 2,054,378</u>	<u>\$ 1,652,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			<u>\$ 292,056,282</u>	<u>\$ 265,502,209</u>
STATE PROGRAMS				
PRIMARY GOVERNMENT:				
OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION				
Direct Programs:				
1471916	Law Enforcement Training - 2020-2021		\$ 687,972	\$ (58,000)
1471917	Law Enforcement Training - 2022-2023		\$ 216,309	\$ -
	Subtotal - Law Enforcement Training		<u>\$ 904,281</u>	<u>\$ (58,000)</u>
TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			<u>\$ 904,281</u>	<u>\$ (58,000)</u>
OFFICE OF THE GOVERNOR- PUBLIC SAFETY DIVISION				
21-04282	Tri-County Tower Project		\$ 1,771	\$ -
	Subtotal - Tri-County Tower Project		<u>\$ 1,771</u>	<u>\$ -</u>
TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			<u>\$ 1,771</u>	<u>\$ -</u>
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
Direct Programs:				
582-20-10214	Solid Waste - 2020 - 2021		\$ 1,268,022	\$ 902,317
582-22-30118	Solid Waste - 2022 - 2023		\$ 130,973	\$ -
	Subtotal - Solid Waste		<u>\$ 1,398,995</u>	<u>\$ 902,317</u>
582-18-80290	Texas Clean Rivers - 2018-2019		\$ 648,646	\$ 156,872
582-18-80290	Texas Clean Rivers - 2020-2021		\$ 65,864	\$ 19,494
582-22-30102	Texas Clean Rivers - 2022-2023		\$ 257,755	\$ 31,397
	Subtotal - Clean Rivers		<u>\$ 972,265</u>	<u>\$ 207,763</u>
	Total - Direct Programs		<u>\$ 2,371,260</u>	<u>\$ 1,110,080</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			<u>\$ 2,371,260</u>	<u>\$ 1,110,080</u>
TEXAS DEPARTMENT OF AGRICULTURE				
Direct Programs:				
TDA-19-ARED-06	Texas Department Of Agriculture Skimmer Training		\$ 104,467	\$ -
	Subtotal - Agriculture		<u>\$ 104,467</u>	<u>\$ -</u>
TOTAL TEXAS DEPARTMENT OF AGRICULTURE			<u>\$ 104,467</u>	<u>\$ -</u>

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2021

TEXAS HEALTH AND HUMAN SERVICES COMMISSION

	Direct Programs:		
HHS000874100015	State General Revenue - 2021 IIIIE Match	\$ 68,500	\$ -
HHS000874100015	State General Revenue - 2021	\$ 107,355	\$ -
HHS000874100015	State General Revenue - 2021 HDM Rate Increase	\$ 28,153	\$ -
HHS000874100015	OMB ALF Services - 2021	\$ 85,651	\$ -
HHS000874100015	Aging - Housing Bond	\$ 23,008	\$ 23,008
HHS000874100015	State General Revenue - 2022	\$ 14,993	\$ -
HHS000874100015	OMB ALF Services - 2022	\$ 82,045	\$ -
HHS000270200021	ADRC SGR - 2021	\$ 136,892	\$ -
HHS000270200021	ADRC SGR Respite - 2021	\$ 8,025	\$ -
HHS000270200021	ADRC Promoting Independence - 2021	\$ 6,995	\$ -
HHS000270200021	ADRC SGR - 2022	\$ 67,658	\$ -
HHS000270200021	ADRC Promoting Independence - 2022	\$ 3,515	\$ -
HHS000270200021	ADRC SGR Respite - 2022	\$ 986	\$ -
	TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION	<u>\$ 633,776</u>	<u>\$ 23,008</u>

TEXAS WORKFORCE COMMISSION

	Direct Programs:		
2821SNE001	SNAP E&T - 2021	\$ 176,994	\$ 176,994
2821SNE002	SNAP E&T - 2021	\$ 2,318,001	\$ 2,145,288
2822SNE002	SNAP E&T - 2022	\$ 822,957	\$ 758,799
	Subtotal - SNAP E&T	<u>\$ 3,317,952</u>	<u>\$ 3,081,081</u>
	Direct Programs:		
2822DON001	Pre-Apprenticeship Pilot- 2021	\$ 90,659	\$ 76,650
	Subtotal - Pre-Apprenticeship Pilot	<u>\$ 90,659</u>	<u>\$ 76,650</u>
2821RAG001	Resource Admin Grant - 2021	\$ 2,540	\$ -
2822RAG001	Resource Admin Grant - 2022	\$ 812	\$ -
	Subtotal - Resource Administration Grant	<u>\$ 3,352</u>	<u>\$ -</u>
2821TAF001	TANF Choices - 2021	\$ 1,943,077	\$ 1,943,077
2821NCP001	TANF E&T - Noncustodial Parent Empl - 2021	\$ 239,958	\$ 239,958
2822NCP001	TANF E&T - Noncustodial Parent Empl - 2022	\$ 231,797	\$ 208,210
	Subtotal -TANF Choices	<u>\$ 2,414,832</u>	<u>\$ 2,391,245</u>
2821CCP001	Child Care DFPS - 2021	\$ 6,492,943	\$ 6,492,943
2822CCP001	Child Care DFPS - 2022	\$ 1,396,940	\$ 1,396,940
	Subtotal - Child Care DFPS	<u>\$ 7,889,883</u>	<u>\$ 7,889,883</u>
2821WCI001	Special Projects	\$ 2,000	\$ 2,000
	Subtotal - Special Project	<u>\$ 2,000</u>	<u>\$ 2,000</u>
2818ALAC00	Adult Education and Literacy	\$ 1,008,630	\$ 1,008,630
2818ALAD00	Adult Education and Literacy	\$ 293,067	\$ 293,067
	Subtotal - AEL	<u>\$ 1,301,697</u>	<u>\$ 1,301,697</u>
2821CCF001	CCDF Child Care - 2021	\$ 13,865,200	\$ 13,865,200
2822CCF001	CCDF Child Care - 2022	\$ 23,204,622	\$ 23,204,622
2821CCM001	Child Care Local Match - 2021	\$ 100,000	\$ 100,000
	Subtotal - Child Care	<u>\$ 37,169,822</u>	<u>\$ 37,169,822</u>
	TOTAL TEXAS WORKFORCE COMMISSION	<u>\$ 52,190,197</u>	<u>\$ 51,912,378</u>
	TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT	<u>\$ 56,205,752</u>	<u>\$ 52,987,466</u>
	TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY	<u>\$ 348,262,034</u>	<u>\$ 318,489,675</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

1 BASIS OF ACCOUNTING

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 where still applicable, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS). Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year. H-GAC has elected to use the negotiated indirect cost rate and not the 10% de minimum rate as allowed under the Uniform Guidance.

2 REPORTING ENTITY

H-GAC for purposes of the schedule of expenditures of federal and state awards includes all funds of the primary government. Also included is the Gulf Coast Economic Development Corporation, a discretely presented component unit of H-GAC.

3 RECONCILIATION

Adjustments necessary to reconcile expenditures reported on the supplementary schedule of expenditures of federal and state awards to the basic financial statements at year end were as follows:

Total Grant Fund Expenditures	\$	357,397,059
Add: Depreciation charged to grant programs		104,226
Add: Gulf Coast Economic Development Corporation federal expenditures		2,054,378
Add: Gulf Coast 911 Emergency Distrcit CSEC grant		118,915
Less: In-Kind Expenditures		(3,279,751)
Less: Cash Match		(256,122)
Less: Expenditures funded by local grant revenues		(7,876,671)
Total Federal and State Schedule	\$	<u>348,262,034</u>

4 CALCULATION OF FEDERAL AWARDS EXPENDED FOR EDA REVOLVING LOAN FUND

Expenditure of the EDA Revolving Loan Fund were calculated as follows:

Balance of RLF loans outstanding at 12/31/2021	\$	1,451,838
Cash and investment balance at 12/31/2021		200,662
Administrative costs during the fiscal year		72,228
Unpaid principal of loans written off during the fiscal year		-
Total EDA Revolving Loan Fund Expenditures		<u>1,724,728</u>
Federal Participation Rate		100%
Total Federal Share of EDA Revolving Loan Fund Expenditures	\$	<u>1,724,728</u>

Houston-Galveston Area Council
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency identified? Yes None Reported

Material weakness identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal and State Awards

4. Internal control over major federal and state awards programs:

Significant deficiency identified? Yes None Reported

Material weakness identified? Yes No

5. Type of auditor's report issued on compliance for major federal and state award programs:

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7. Any audit findings disclosed that are required to be reported in accordance with UGMS?

Yes No

Houston-Galveston Area Council
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2021

8. Identification of major federal and state programs:

Federal Program:

Assistance Listing Number	Name of Federal Program or Cluster
17.207 and 17.801	Employment Services Cluster
93.044, 93.045, and 93.053	Aging Cluster COVID-19 Aging Cluster
97.067	Homeland Security Grant Program
93.558	TANF Cluster
93.575 and 93.596	CCDF Cluster COVID-19 CCDF Cluster

State Program:

Identifying Number	Name of State Program
2821CCF001, 2822CCF001	CCDF Child Care
2821CCM001	Child Care Local Match – 2021
2821TAF001	TANF Choices – 2021
2821NCP001, 2822NCP001	TANF E&T – Noncustodial Parent EmPLY
HHS000874100015	State General Revenue, OMB ALF Services, and Aging – Housing Bond
HHS000270200021	ADRC SGR, ADRC SGR Respite, and ADRC Promoting Independence

9. Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$3,000,000
State of Texas	\$300,000

10. Auditee qualified as a low-risk auditee? Yes No

Houston-Galveston Area Council
Schedule of Prior Audit Findings
Year Ended December 31, 2021

Section II – Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Section III – Findings Required to be Reported by the Uniform Guidance or UGMS

No matters are reportable.



Houston-Galveston Area Council

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