

HOUSTON
GALVESTON
AREA
COUNCIL

ANNUAL COMPREHENSIVE

FOR THE YEAR ENDED
DECEMBER 31, 2025
HOUSTON, TX



FINANCIAL REPORT

SERVING TODAY ■ PLANNING FOR TOMORROW

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

For the year ended
December 31, 2025

VACANT
Chief Financial Officer
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, 2025**

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HOUSTON
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COUNCIL

INTRODUCTORY SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW



May 11, 2026

Pattison Councilmember Joe Garcia
and Members of the Board of Directors
Houston-Galveston Area Council
Houston, TX

Dear H-GAC Board Chair and Pattison Councilmember Joe Garcia, members of the H-GAC Board of Directors & citizens of H-GAC’s 13-county region:

The Annual Comprehensive Financial Report (ACFR) for the Houston-Galveston Area Council (H-GAC) for the fiscal year ended December 31, 2025, is hereby presented. This report reflects H-GAC’s continued commitment to advancing sustainable, resilient communities throughout our region through collaborative initiatives and strategic planning.

H-GAC’s Finance Division has meticulously prepared this report, assuming full responsibility for its accuracy, completeness, and fairness. We are pleased to report that Whitley Penn, H-GAC’s public accountancy firm, has issued an unmodified, or “clean,” opinion on the H-GAC financial statements.

Additionally, management discussion and analysis immediately follow the independent auditor’s report, providing an introduction, overview, and analysis of the basic financial statements. This analysis is intended to complement this letter of transmittal and should be read in conjunction with it.

THE HOUSTON-GALVESTON AREA COUNCIL

H-GAC is one of the largest regional councils of government in the country serving Texas’s Gulf Coast Region, which consists of 13 counties, 187 cities and places, 78 independent school districts, and nearly eight million people. As a regional planning commission, H-GAC bridges local, state, and federal governments, ensuring that regional challenges, from public safety to digital equity, are met with coordinated, data-driven solutions.

H-GAC streamlines problem-solving by housing multiple initiatives under one roof, maximizing funding, reducing costs, and improving efficiency. By consolidating administrative functions, it eliminates duplication and ensures strategic resource allocation. This centralized approach allows residents and businesses to access essential services, such as workforce assistance, economic development programs, and transportation solutions, in one place.



REGIONAL ECONOMIC PROFILE & BOARD PRIORITIES

H-GAC’s strategic initiatives are deeply integrated with the economic health of the Gulf Coast region, as detailed in Acting Texas Comptroller Kelly Hancock’s 2025 Regional Report. The region remains a primary engine for the Texas economy, producing a Gross Domestic Product (GDP) of \$707.1 billion in 2023, representing 27.4 percent of the entire state’s GDP. Our work is guided by specific board priorities designed to sustain this momentum.

Economic Development & Workforce Support

The regional economy continues to expand, with employment surpassing 3.3 million people in 2024, a 13.9 percent increase over the last decade. To support this growth, H-GAC focuses on:

Industry Specialization: Workforce programs support sectors like Space Research, Basic Chemical Manufacturing, and Energy, which are seven to 16 times more concentrated here than the national average.

Housing and Wages: While the average annual wage reached approximately \$82,600 in 2024, H-GAC’s housing and economic development initiatives work to ensure that regional infrastructure keeps pace with the needs of a workforce that grew by nearly 14 percent.

Healthcare & Aging Services

Demographic shifts are reshaping our regional priorities. The 65 or older age group grew by 56.3 percent over the last decade. This shift directly informs our commitment to healthcare access and senior-focused services, ensuring the region’s oldest residents have the support and transportation options necessary to age in place.

Water, Broadband & Environmental Stewardship

Spanning 12,100 square miles from Huntsville to Galveston, our region requires robust physical and digital infrastructure.

Water & Environment: H-GAC supports local governments in managing water quality and environmental sustainability as industrial development expands.

Broadband: With 85.1 percent of residents having earned at least a high school diploma and 35.1 percent bachelor’s degrees, high-speed internet is a necessity. H-GAC’s broadband initiatives ensure that the 35 to 49 age group, which grew by 21.9 percent, and all residents have the digital equity required for modern employment.

Customer Service & Regional Efficiency

At the core of all H-GAC operations is a commitment to customer service. By serving as a vital link between local communities and higher levels of government, H-GAC ensures that taxpayer dollars are optimized, and that regional planning, from transportation to disaster preparedness, remains transparent and effective.

H-GAC’s work is deeply interconnected with Texas’ Gulf Coast region’s economic growth and demographic shifts. By addressing our board’s key priorities, H-GAC ensures the Houston-Galveston region remains competitive, resilient, and prepared for the future.





H-GAC IMPACT & ACTIVITY SUMMARY

As we examine H-GAC’s financial landscape, we remain mindful that each dollar represents a commitment to progress and empowerment. Our stewardship of public funds reflects our dedication to delivering results that benefit communities across our region.

This report highlights the transformative impact of H-GAC’s work, made possible by our dedicated staff, committed board of directors, and passionate volunteers. Through transparency, fiscal responsibility, and strategic planning, we remain committed to building a stronger, more resilient future for generations to come.

The following 2025 key performance measures and accomplishments for each H-GAC service area are detailed below and demonstrate the measurable progress and regional impact of H-GAC and its service to our community.

Administration, Finance, Communications, and Program Operations

With 128 key performance measures, this group of departments oversees H-GAC’s financial management, administrative compliance and oversight, legislative affairs, board activities, communications, facilities management, and program execution.

2025 Accomplishment Highlights:

- Received recognition for excellence in financial reporting from the Government Financial Officers Association.
- The finance division received the Government Treasurer's Organization of Texas' Certificate of Distinction for its 2025 Investment Policy in April 2025 which speaks to the commitment of this division of good stewardship and accountability.
- Actively engaged with the finance workgroups for the Texas Association of Regional Councils (TARC) and the National Association of Regional Councils (NARC). The CFO assumed officer roles in both.
- Improved fiscal transparency internally and externally.
- Evaluated and automated document retention and purge files.
- Received a unmodified "clean" opinion for the FY24 audit of the Annual Comprehensive Financial report (ACFR) in May 2025. Additionally, there were no audit findings or questioned costs.
- Modified floor space to accommodate hybrid work schedules and increase space for collaboration.
- With the implementation of the Questica budgeting tool, the finance division modernized H-GAC's financial management processes, provided timely insights and improved decision-making and efficiency.
- Completed a full assessment of agency-supported boards and committees, resulting in improved representation, updated bylaws, and standardized branding and governance practices.
- The finance division created the Interest Reinvestment Fund which funded the Funding Development Program; this program had great success and impact in our communities in 2025.
- The Procurement and Contracts Department advanced the agency’s contract management practices by implementing a robust, full lifecycle contract management system that improves oversight, consistency, and accountability.
- The Procurement and Contracts Department improved strategic procurement planning by aligning procurement forecasting and timelines with the agency’s budgeting process through the implementation of a centralized agency planning calendar.





- Launched a pioneering agency-wide AI initiative, positioning our organization as a national leader among peer agencies.
- Strengthened interagency coordination on transportation priorities in preparation for federal surface transportation reauthorization.
- Maintained active engagement with legislative bodies during the 89th Texas Legislative Session, advancing regional interests.
- Led a national workgroup to support peer agencies in adapting to federal regulatory changes and efficiency mandates under the new administration.
- Reactivated and mobilized board committees to drive progress on the board's "Strategic 7" priorities.
- Evaluated and negotiated healthcare benefits.
- Provided administration for H-GAC 401K plan, 125 Cafeteria Plan, and Health Savings Account.
- Provide ongoing training on HR related topics.

Community & Environmental Planning

With 68 key performance measures, this department supports local governments by providing planning services, technical assistance, and environmental initiatives to promote public safety and orderly growth. It also provides infrastructure for 27 Public Safety Answering Points across the Gulf Coast Regional 9-1-1 Emergency Communications District and serves the region's older adult population through elder justice and Area Agency on Aging services.

2025 Accomplishment Highlights:

- Completed 2024 Basin Highlights Report which summarizes water quality conditions and trends in water bodies throughout the region. The report also included updates on regional watershed-based planning projects and an overview of public outreach activities.
- Received National Environmental Protection Agency approval of Clear Creek Watershed Protection Plan and was awarded a new watershed protection plan agreement for Brays and Sims Bayous from the Texas Commission on Environmental Quality.
- Hosted a series of stakeholder meetings to discuss training, apprenticeships and marketing for people that are looking to get jobs in the water and wastewater industry.
- Successfully competed and received Water Quality Outreach Implementation for Vulnerable Rural Populations grant.
- Produced a Regional Solid Waste Management Report highlighting the work of the program over the last 40 years.
- Held two debris management workshops with 125 attendees focusing on best practices, debris from wildfires and waterways, and strategies for dealing with common challenges. Three Livable Centers studies were selected for recognition in the American Planning Association (APA) 2024 Planning Achievement Awards. The city of Prairie View Livable Centers Study earned the Silver Planning Achievement Award for Public Outreach from both the state and local chapters of the APA. The city of Clute Livable Centers Study earned the Silver Planning Achievement Award for Urban Design, and the city of South Houston Livable Centers Study earned the Silver Planning Achievement Award for Transportation from the Houston Section of APA.
- Delivered 1,024,367 meals to 9,861 older Texans.
- Provided 104,880 medical and errand trips for 1,317 clients.



- Made 2,556 long-term care facility visits and resolved 84 percent of facility complaints.
- Provided 383 units of durable medical supplies for older people.
- Provided 12,204 older persons and their families with access to information and service assistance.
- Provided 37,223 hours of home health care services to assist older persons to remain independent in their homes.

Enterprise Solutions

With 23 key performance measures, this department enhances economic development through cooperative purchasing, small business financing, and public service coordination.

2025 Accomplishment Highlights:

- On pace to process more than \$2 billion in cooperative purchasing orders for 2025.
- On pace to conduct energy purchasing for local governments of over 22,000,000 kWh.
- Received two 504 loan program approvals from the Small Business Administration for project amounts of nearly \$11 million combined.
- Participated in a \$500,000 tandem loan leveraging Economic Development Association and banking partner funding.
- Managed a portfolio of more than 140 small business loans.
- Awarded a \$300,000 technical assistance grant by the Community Development Financial Institution (CDFI) Fund to build the Local Development Corporation’s capacity in preparation for full CDFI certification.
- Applied for full CDFI certification.
- Awarded a \$100,000 grant from Wells Fargo to expand our small business technical assistance program.
- Awarded a \$50,000 contract from the Houston Housing Authority to provide coaching and technical assistance to housing residents who are aspiring entrepreneurs.
- Awarded a capacity building grant from Guaranty Bank to continue developing our housing sustainability model.
- Conducted regional broadband roadshow to provide updates about broadband developments and listen to broadband related concerns.

Workforce Solutions

Workforce Solutions serves as the administrative arm and funding steward of the Gulf Coast Workforce Board, driving implementation of the board’s mission across the 13-county region. With 14 key performance measures, this department focuses on:

- Workforce development and job training
- Economic opportunity expansion

2025 Accomplishment Highlights:

- Met or exceeded most state and federal performance standards.
- Assisted over 48,000 individuals with employment.
- Served over 32,500 employers.
- Provided childcare scholarships for over 55,000 children.
- Provided adult education services to over 20,000 students.
- Provided workforce services to over 20,000 young people.



- Board Administration:
 - Ensure workforce system meets or exceeds Workforce Board, federal, and state performance measures.
 - Support business-forward strategies to fuel the regional economy.
 - Improve service delivery utilizing technology and innovative solutions.
 - Serve as convener and forge strategic partnerships.
 - Increase awareness of services and opportunities.
- Early Education:
 - Provide professional development for early education providers through virtual and in-person options.
 - Develop and sustain partnerships with high-quality early learning providers.
 - Strengthen outreach and engagement with quality early learning centers.
- Career Services:
 - Search Engine Optimization (SEO) to prioritize visibility of career opportunities.
 - Expand the training provider network to better align with the needs of local employers.
 - Develop online tutorials to guide users in utilizing Workforce Solutions resources.
- Employer Engagement:
 - Prioritizing employer outreach to demand industries and occupations that drive regional economic development.
 - Strengthen collaboration among industry leaders, workforce partners, and economic development stakeholders to align workforce strategies with employer needs.
 - Enhance employer service efficiency by leveraging technology to provide real-time support, training, and feedback mechanisms.

Transportation/Metropolitan Planning Organization (MPO)

With 33 key performance measures, the MPO works to support a safe, efficient, and environmentally conscious transportation system by:

- Reducing traffic congestion and vehicle emissions
- Promoting balanced transportation and land use development

2025 Accomplishment Highlights:

- The completion of subregional plans and studies that identify priorities to address local transportation issues and align with regional goals:
 - Chambers County Thoroughfare Plan
 - Old Sixth Ward/TIRZ Mobility Plan
 - Pearland Mobility Plan
 - Washington Avenue Corridor Study
 - Pearland FM 518 Corridor Study
 - Cemetery Rd. Corridor Study
 - Friendswood Lake Corridor Study
- The completion and implementation of various MPO programs such as the following:
 - Free Fare Fridays for Ozone Action Month
 - Regional Transit Information Study
 - Dayton Transit Feasibility Study
 - Congestion Management Dashboard
 - Title VI Trainings
 - Commute Solutions for the region
- Completed activities for the Regional Multimodal projects include:
 - RTP public meetings, outreach, and engagement activities
 - Bike/Pedestrian Plan for the city of Friendswood
 - Regional bike month activities



- Planning Projects and Development team were able to complete the following projects:
 - Fiscal years 2027-2030 TIP
 - 2045 RTP project listing
 - 2050 RTP project listing
 - Monthly TIP amendments
 - 10-year plan
- The Project Delivery team were able to complete the items below:
 - Quarterly meeting minutes for each sponsor with projects listed in the TIP
 - Refine the project readiness smart form
 - Project development and delivery milestone policy
 - Risk registers and baseline schedules as working tools for sponsors
- Administration and MPO management completed the following:
 - Development and approval of the fiscal years 2026-2027 UPWP
 - 2024 Annual Performance and Expenditure Report (APER)
 - Various reports for FTA and FHWA
 - Monthly TAC and TPC meetings, including public engagement.
- Air Quality was able to implement the Clear Air Action Plan.

Technology & Data Services

With 17 key performance measures, this department provides IT support and data management services for H-GAC and in support of Workforce Solutions' career offices throughout the 13-county region.

2025 Accomplishment Highlights:

- Developed and began implementing the agency's artificial intelligence initiative and roadmap.
- Developed business intelligence (BI) roadmap and began executing the plan to implement a formal BI program for the agency.
- Began formalization of IT and cybersecurity processes including project management, change management, and consolidation of shadow IT.
- Developed roadmap for our application rationalization and modernization initiative to drive cross functional collaboration over our enterprise technology platforms.
- In support of Workforce Solutions:
 - Revised the information security standards and guidelines to set the foundation for the secure IT operations of Workforce Solutions and its contractors.
 - Conducted a biannual cybersecurity assessment in conjunction with Texas Workforce Commission to identify the cybersecurity maturity of the program and identify gaps and opportunities for improvement.
 - Manage enterprise infrastructure technologies including systems access, network connectivity, and cybersecurity training and compliance activities.



FINANCIAL PLANNING AND POLICIES

Each December, the H-GAC Board of Directors approves a comprehensive financial plan that includes both restricted and unrestricted revenue sources. With more than 120 grants spanning 18 state and federal revenue streams, H-GAC leadership forecasts expenditures and revenue needs across all service areas.

The 2025 budget was initially approved in December 2024 and revised in July 2025, reflecting \$591,425,161 in total funding, a 9.17 percent increase over the revised 2024 budget of \$541,744,411.

AWARDS AND ACKNOWLEDGEMENTS

H-GAC was awarded the Certification of Investment Policy by the Government Treasurers Organization of Texas and the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for FY2024, recognizing H-GAC's high standards in financial reporting, transparency, and accountability.

We encourage the public to stay engaged by exploring our website, following @HouGalvAreaCOG on social media, and attending public meetings. Together, we are building a sustainable, thriving future for our region.

Sincerely,

[Charles Wemple \(Apr 28, 2026 16:41:20 EDT\)](#)

Chuck Wemple
Executive Director





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, 2024

Christopher P. Morill

Executive Director/CEO

HOUSTON-GALVESTON AREA COUNCIL

PRINCIPAL OFFICIALS

OFFICERS OF THE BOARD OF DIRECTORS 2025

CHAIR
County Judge Jay Knight
Liberty County

VICE CHAIR
County Judge Ty Prause
Colorado County

CHAIR ELECT
Mayor Pro Tem Joe Garcia
City of Pattison

ADMINISTRATIVE STAFF

Executive Director	Chuck Wemple
Chief Financial Officer	<i>VACANT</i>
Chief Innovation Officer	<i>VACANT</i>
Chief Outreach and Government Affairs Officer	Rick Guerrero
Chief Transportation Officer	Ron Papsdorf
Chief Workforce Officer	Juliet Stipeche
Director of Internal Audit	Charles Hill

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

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

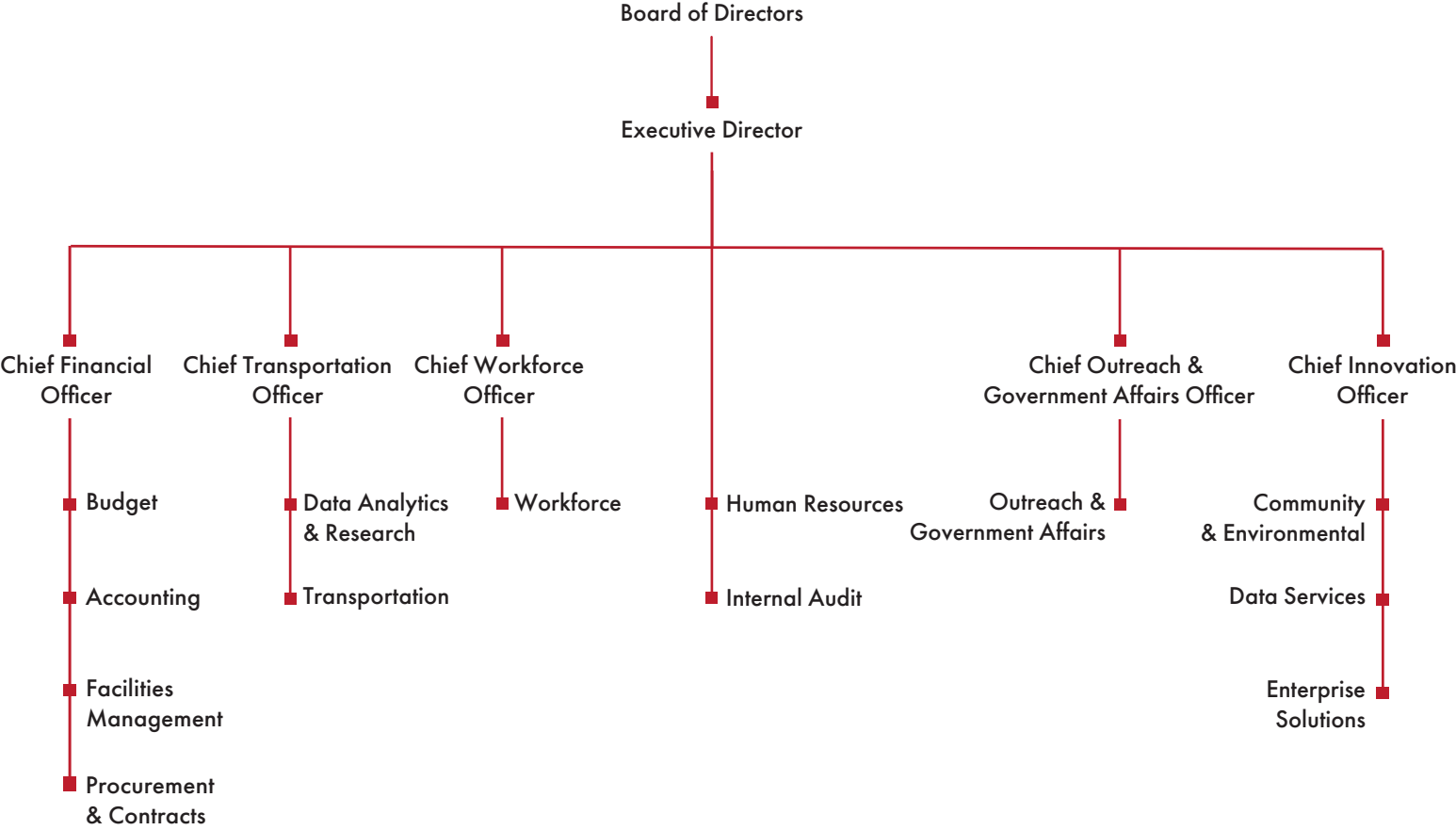
Ames	East Bernard	Oak Ridge North	Spring Valley Village
Anahuac	El Lago	Old River Winfree	Stagecoach
Arcola	Hedwig Village	Oyster Creek	Surfside Beach
Bayou Vista	Hillcrest Village	Panorama Village	Taylor Lake Village
Beach City	Town of Holiday Lakes	Pattison	Thompsons
Bellville	Hunters Creek Village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

Independent School Districts

Alief ISD	Houston ISD	New Waverly ISD
Columbia-Brazoria ISD	Huntsville ISD	Pearland ISD
Deer Park ISD	Magnolia ISD	Waller ISD
Fort Bend ISD	Needville ISD	
Hempstead ISD		
Hitchcock ISD		

*based on 2020 Census

Houston-Galveston Area Council Overview



HOUSTON
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FINANCIAL SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 Houston-Galveston Area Council (the "Council"), as of and for the year ended December 31, 2025, 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, 2025, 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 (*Government Auditing Standards*). 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

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 management’s discussion and analysis, as listed in the table of contents, 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.

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

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 schedule of indirect costs and the schedule of H-GAC employee benefits are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards (TxGMS) and are also not a required part of the basic financial statements.

The schedule of indirect costs, schedule of H-GAC employee benefits and schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedule of indirect costs, schedule of fringe benefits, and schedule of expenditures of federal and state awards are 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 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 7, 2026 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.


Houston, Texas
May 7, 2026

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, 2025. This analysis is prepared by the Finance division 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 and deferred inflows of resources by \$52,762,360 of which \$32,834,077 is available to meet the Council’s ongoing obligations to local governments and creditors.
- H-GAC’s net position increased by \$7,307,427 during the year ended December 31, 2025.
- At the end of the year, the nonspendable fund balance, restricted fund balance and unassigned governmental fund balance are \$14,119,894, \$15,224,139, and \$20,379,348, 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 discretely presented 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 LDC 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, liabilities, and deferred inflows of resources, with the difference 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 2025. 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 fund 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 and deferred inflows of resources by \$52,762,360 at the close of the most recent year, 2025, which is an increase over 2024. Approximately 8.92% of H-GAC's net position is net investment in capital assets. These capital and lease assets are within the office facilities of H-GAC to provide service and do not represent funds available for future spending. Increase to net position came from increased revenues over expenses in the governmental activities from the prior year. There was restricted net position of \$15,224,139 at the end of the year. The balance of unrestricted net position in 2025 of \$32,834,077 may be used to meet H-GAC's ongoing obligations.

HOUSTON-GALVESTON AREA COUNCIL
CONDENSED STATEMENT OF NET POSITION – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	\$91,969,515	\$74,456,529	\$3,496,567	\$3,400,015	\$95,466,082	\$77,856,544
Capital & Lease Assets, Net	15,891,992	10,674,029	-	-	15,891,992	10,674,029
Total Assets	107,861,507	85,130,558	3,496,567	3,400,015	111,358,074	88,530,573
Liabilities						
Current and Other Liabilities	41,641,341	29,762,208	240,366	301,108	41,881,707	30,063,316
Long-Term Liabilities						
Lease Obligations	11,187,848	8,148,633	-	-	11,187,848	8,148,633
Other Long-Term Liabilities	4,921,366	4,104,341	-	-	4,921,366	4,104,341
Total Liabilities	57,750,555	42,015,182	240,366	301,108	57,990,921	42,316,290
Deferred inflows of Resources						
Lease	604,792	759,349	-	-	604,792	759,349
Net Position						
Net Investment in Capital Assets	4,704,144	2,525,395	-	-	4,704,144	2,525,395
Restricted for:						
EPA RLF Program	740,586	731,132	-	-	740,586	731,132
Corporation for Regional Excellence	1,052,797	1,010,071	-	-	1,052,797	1,010,071
Gulf Coast 911 Reg District	13,430,756	10,272,784	-	-	13,430,756	10,272,784
Unrestricted	29,577,876	27,816,644	3,256,201	3,098,907	32,834,077	30,915,551
Total Net Position	\$49,506,159	\$42,356,026	\$3,256,201	\$3,098,907	\$52,762,360	\$45,454,933

Statement of Activities

H-GAC’s net position increased by \$7,307,427 for the year. This reflects an increase in net position for governmental activities of \$5,382,917 and an increase in net position in business-type activities of \$1,924,510 before transfers. The change in net position in governmental activities represents a 12.7% increase of net position for governmental activities and the change in net position in the business-type activities represents a 62.10% increase in net position for this activity. Overall, H-GAC increased net position by 16.08%. Key elements of the increase along with percentage analysis are as follows:

HOUSTON-GALVESTON AREA COUNCIL STATEMENT OF ACTIVITIES – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total		Percent	
	2025	2024	2025	2024	2025	2024	2025	2024
Program Revenues								
Charges for Services	\$2,379,169	\$5,473,725	\$7,964,962	\$6,288,216	\$10,344,131	\$11,761,941	1.97%	2.21%
Operating Grants and Contributions	512,714,917	518,089,969	-	-	512,714,917	518,089,969	97.63%	97.21%
General Revenues								
Interest Income	1,162,282	1,492,716	-	-	1,162,282	1,492,716	0.22%	0.28%
Lease Interest	7,970	9,556	-	-	7,970	9,556	0.00%	0.00%
Other Income	947,676	1,623,205	-	-	947,676	1,623,205	0.18%	0.30%
Total Revenues	517,212,014	526,689,171	7,964,962	6,288,216	525,176,976	532,977,387	100.00%	100.00%
Expenses								
General Government	3,973,267	6,472,951	-	-	3,973,267	6,472,951	0.77%	1.22%
Workforce Programs	447,441,439	467,193,474	-	-	447,441,439	467,193,474	86.40%	88.30%
Transportation	32,333,146	26,099,294	-	-	32,333,146	26,099,294	6.24%	4.93%
Community and Environmental	7,818,578	3,370,035	-	-	7,818,578	3,370,035	1.51%	0.64%
Criminal Justice	1,589,971	2,381,867	-	-	1,589,971	2,381,867	0.31%	0.45%
Aging Services	15,524,928	15,647,213	-	-	15,524,928	15,647,213	3.00%	2.96%
Reg Excellence Corp	23,600	21,659	-	-	23,600	21,659	0.00%	0.01%
Gulf Coast 911 Reg Dist	3,029,275	2,615,272	-	-	3,029,275	2,615,272	0.58%	0.49%
Interest Expense	94,893	98,355	-	-	94,893	98,355	0.02%	0.02%
Cooperative Purchasing	-	-	6,040,452	5,180,275	6,040,452	5,180,275	1.17%	0.98%
Total Expenses	511,829,097	523,900,120	6,040,452	5,180,275	517,869,549	529,080,395	100.00%	100.00%
Change in net position before transfers	5,382,917	2,789,051	1,924,510	1,107,941	7,307,427	3,896,992		
Transfers	1,767,216	17,653,664	(1,767,216)	(17,653,664)	-	-		
Change in net position	7,150,133	20,442,715	157,294	(16,545,723)	7,307,427	3,896,992		
Net Position-Beginning of Year	42,356,026	21,913,311	3,098,907	19,644,630	45,454,933	41,557,941		
Net Position-End of Year	\$49,506,159	\$42,356,026	\$3,256,201	\$3,098,907	\$52,762,360	\$45,454,933		

Overall, changes in expenditures and program activity were driven by a mix of reduced grant-related spending and operational transitions. General Government expenditures declined due to lower pass-through funding, reduced consultant costs, and decreased loan disbursements compared to the prior year. Workforce expenditures decreased primarily due to the transition of service providers and challenges with the new state childcare system, which slowed enrollments and related spending. In contrast, Transportation expenditures increased due to higher personnel costs and the utilization of previously budgeted consultant services. Community and Environmental program revenues increased due to additional funding received under the Community Development Block Grant through the Texas General Land Office. Criminal Justice expenditures declined due to the non-recurrence of a prior-year grant. H-GAC operates primarily from grant and contract revenues; therefore, increases in expenses closely parallel with 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 for participating governmental and non-profit entities. In 2025 and 2024, revenue in this program was \$7,964,962 and \$6,288,216, respectively. During the year, operating expenses for the program increased 16.60% and revenues increased 26.66%. The combined result was an increase in net position of \$157,294, or 5.08%, after a transfer out of \$1,767,216. By comparison, the net position decrease was \$16,545,723 or 84.23%, in 2024.

Business-Type Expenses	2025 Amount	2024 Amount	Increase (Decrease) from 2024	Increase (Decrease)
Personnel and Benefits	\$4,826,517	\$4,199,396	\$627,121	14.93%
Consultant and Contract Svcs	244,068	221,563	22,505	10.16%
Equipment Rental and Leases	50,373	37,160	13,213	35.56%
Rent	143,809	176,739	(32,930)	(18.63%)
Travel	161,456	88,615	72,841	82.20%
Other	614,229	456,802	157,427	34.46%
Total Expenses	<u>\$6,040,452</u>	<u>\$5,180,275</u>	<u>\$860,177</u>	<u>16.60%</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 fund balance for year 2025 is \$34,499,242, of which \$14,119,894 is classified as nonspendable for prepaid items. This includes approximately \$12.5 million in advance payments to a subrecipient for expenditures applicable to 2026. The balance of \$20,379,348 is available for use at H-GAC's discretion.

The general fund balance of H-GAC increased by \$2,578,257. This is primarily due to transfers from the Enterprise Fund and 2025 lease addition recorded under other financing sources. The general fund is the primary operating fund for H-GAC. The grant fund, used to account for grant programs and other revenues restricted for specific purposes, had a fund balance of \$740,586 in 2025 compared to \$731,132 in 2024. The change was primarily due to a deficit of revenues over expenditures of approximately \$3.9 million related to capital outlay for right-of-use lease assets recognized under GASB 87, offset by transfers out of \$206,000 and lease activity reported under other financing sources.

Also included in the governmental funds is the Regional Excellence 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 2025, the Corporation reported cash and pledged

contributions of \$66,326 to support activities associated with the HGAC's program. The change in fund balance for the year was an increase of \$42,726. The increase in fund balance was primarily attributable to increased revenues, driven by higher investment-related activity and the implementation of a new program with the City of Bellaire for the collection of donations toward the City's Evergreen Park & Pool Project initiative, which contributed to a 21.87% increase. The Corporation incurred expenditures of \$23,600 during the year. The use of these funds is restricted in accordance with the Corporation's bylaws.

Additionally, in February 2016, H-GAC's Board of Directors established the Gulf Coast 911 Regional 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 2025, the District reported revenues of \$8,709,837 and expenditures of \$5,551,868, resulting in an increase in fund balance of \$3,157,969. The increase in revenues above normal operating levels was primarily attributable to funding received for capital asset replacement related to 9-1-1 call forwarding equipment completed during the year. The District intends to use the excess funds to enhance the infrastructure and resiliency of 9-1-1 services in the region through continued investments in equipment, technology, and software improvements. The use of these funds is restricted in accordance with the District's bylaws.

Proprietary Funds

The proprietary fund of H-GAC is composed of the Cooperative Purchasing enterprise fund. As mentioned previously, the measurement focus on the fund statements is identical to the government-wide statements. It is the H-GAC's policy to associate net position with the activities that generate it. The H-GAC maintains a reserve in the Enterprise Fund based on a multiple of historical average annual operating results to ensure financial stability. Any excess net position may be transferred to the General Fund to support operations, subject to approval in accordance with established policies.

5. CAPITAL ASSET ADMINISTRATION

H-GAC's capital assets for governmental activities amount to \$15,891,992 (net of depreciation and amortization) for fiscal year ended December 31, 2025. This investment in capital assets includes equipment, furniture, and fixtures, & leases.

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 2025, H-GAC acquired a variety of assets. H-GAC maintains a \$5,000 capitalization threshold in accordance with its approved accounting policy. Federal regulations under Uniform Guidance allow for a capitalization threshold of up to \$10,000. The following table identifies the additions and retirements of depreciable assets for governmental activities. Beginning balances are net of depreciation/amortization. The accumulated depreciation/amortization column below reflects the net effect of depreciation/amortization expense for the year and the recovery of depreciation/amortization upon retirement of assets.

**HOUSTON-GALVESTON AREA COUNCIL
CAPITAL ASSET ANALYSIS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Net Accumulated Depreciation Amortization</u>	<u>Ending Balance</u>
Governmental Activities					
Equipment, furniture and fixtures	\$2,525,395	\$2,863,561	\$ -	\$(684,812)	\$4,704,144
Leases	8,148,633	4,731,505	-	(1,692,290)	11,187,848
Totals	<u>\$10,674,028</u>	<u>\$7,595,066</u>	<u>\$ -</u>	<u>\$(2,377,102)</u>	<u>\$15,891,992</u>

6. DEBT ADMINISTRATION

Debt is considered a liability of governmental activities and consists of long-term lease obligations. Additional information on the long-term leases can be found in Note 8 of the footnotes.

Other long-term liabilities, including compensated absences such as vacation and sick leave, had a beginning balance of \$4,104,332. During 2025, the net increase was \$817,022, resulting in an ending balance as of December 31, 2025, of \$4,921,366.

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 2026, the per-capita membership revenue is estimated at \$466,583. This budget is based on the most recent census and is consistent with the budgeted amount in 2025.

H-GAC increased estimated revenues and corresponding expenditures by \$8,771,920 for 2026. The budget reflects increases in Transportation programs of \$23,176,472 and Local Programs of \$1,923,180, offset by decreases in Workforce of \$4,169,998, Community and Environmental programs of \$1,373,676, Enterprise Solutions of \$3,798,547, Aging programs of \$5,120,647, and Shared Services of \$1,864,864. These changes are primarily attributable to adjustments in funding allocations across the respective programs.

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 Finance Division, Houston-Galveston Area Council, P.O. Box 22777, Houston, TX 77227-2777.

HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
ASSETS						
Cash and cash equivalents	\$ 33,498,573	\$ -	\$ 33,498,573	\$ 556,961	\$ 1,362,162	\$ 1,076,412
Investments	9,717,660	-	9,717,660	-	-	-
Receivables	32,758,563	4,472,706	37,231,269	-	31,113	68,713
Notes receivable	115,803	-	115,803	-	3,506,123	-
Lease receivable	644,894	-	644,894	-	-	-
Due from component units	137,989	-	137,989	-	-	-
Internal balances	976,139	(976,139)	-	-	-	-
Prepaid Items	14,119,894	-	14,119,894	-	-	-
Capital assets, net	4,704,144	-	4,704,144	-	-	-
Lease asset, net	11,187,848	-	11,187,848	-	-	-
Total Assets	107,861,507	3,496,567	111,358,074	556,961	4,899,398	1,145,125
LIABILITIES						
Accounts payable and accrued expenses	6,392,288	87,650	6,479,938	-	-	-
Unearned revenues	17,961,272	152,716	18,113,988	-	-	-
Due to grantee agencies	17,287,782	-	17,287,782	-	-	-
Due to primary government	-	-	-	-	68,548	69,441
Long term liabilities	-	-	-	-	-	-
Compensated Absences	-	-	-	-	-	-
Due within one year	2,668,802	-	2,668,802	-	-	-
Due more than one year	2,252,564	-	2,252,564	-	-	-
Lease Liability	-	-	-	-	-	-
Due within one year	2,300,129	-	2,300,129	-	-	-
Due more than one year	8,887,719	-	8,887,719	-	-	-
Total Liabilities	57,750,556	240,366	57,990,922	-	68,548	69,441
DEFERRED INFLOWS OF RESOURCES						
Leases	604,792	-	604,792	-	-	-
Total Deferred Inflows of Resources	604,792	-	604,792	-	-	-
NET POSITION						
Net investment in capital assets	4,704,144	-	4,704,144	-	-	-
Restricted for:						
EPA RLF Program	740,586	-	740,586	-	-	-
Corporation for Regional Excellence	1,052,797	-	1,052,797	-	-	-
Gulf Coast 911/Regional District	13,430,756	-	13,430,756	-	-	-
EDA RLF Program	-	-	-	-	4,830,850	-
Local Development Corporation	-	-	-	-	-	1,075,684
Unrestricted	29,577,876	3,256,201	32,834,077	556,961	-	-
Total Net Position	\$ 49,506,159	\$ 3,256,201	\$ 52,762,360	\$ 556,961	\$ 4,830,850	\$ 1,075,684

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
Primary government:										
Governmental activities:										
General government	\$ 8,518,508	\$ (4,545,241)	\$ 2,379,169	\$ -	\$ (1,594,098)	\$ -	\$ (1,594,098)	\$ -	\$ -	\$ -
Workforce programs	445,560,552	1,880,887	-	447,060,791	(380,648)	-	(380,648)	-	-	-
Transportation	30,989,331	1,343,815	-	32,308,535	(24,611)	-	(24,611)	-	-	-
Community and environmental	7,559,326	259,252	-	7,824,060	5,482	-	5,482	-	-	-
Criminal justice	1,479,812	110,159	-	1,566,778	(23,193)	-	(23,193)	-	-	-
Aging services	15,079,600	445,328	-	15,178,590	(346,338)	-	(346,338)	-	-	-
Corporation for Regional Excellence	23,600	-	-	66,326	42,726	-	42,726	-	-	-
Gulf Coast 911 Regional District	3,029,275	-	-	8,709,837	5,680,562	-	5,680,562	-	-	-
Interest Expense	94,893	-	-	-	(94,893)	-	(94,893)	-	-	-
Total governmental activities	512,334,897	(505,800)	2,379,169	512,714,917	3,264,989	-	3,264,989	-	-	-
Business-type activities:										
Cooperative purchasing	5,534,652	505,800	7,964,962	-	-	1,924,510	1,924,510	-	-	-
Total business-type activities	5,534,652	505,800	7,964,962	-	-	1,924,510	1,924,510	-	-	-
Total primary government	\$ 517,869,549	\$ -	\$ 10,344,131	\$ 512,714,917	\$ 3,264,989	\$ 1,924,510	\$ 5,189,499	\$ -	\$ -	\$ -
Component units:										
Energy Purchasing Corporation	3,409	-	105,568	-	-	-	-	102,159	-	-
Gulf Coast Economic Development Corporation	711,223	-	-	645,042	-	-	-	-	(66,181)	-
Local Development Corporation	612,572	-	368,969	-	-	-	-	-	-	(243,603)
Total component units	\$ 1,327,204	\$ -	\$ 474,537	\$ 645,042	\$ -	\$ -	\$ -	\$ 102,159	\$ (66,181)	\$ (243,603)
General revenues:										
Interest income					1,170,252	-	1,170,252	-	-	-
Miscellaneous income					947,676	-	947,676	-	-	-
Transfers					1,767,216	(1,767,216)	-	-	-	-
Total general revenues and transfers					3,885,144	(1,767,216)	2,117,928	-	-	-
Change in net position					7,150,133	157,294	7,307,427	102,159	(66,181)	(243,603)
Net position - beginning					42,356,026	3,098,907	45,454,933	454,802	4,897,031	1,319,287
Net position - ending					\$ 49,506,159	\$ 3,256,201	\$ 52,762,360	\$ 556,961	\$ 4,830,850	\$ 1,075,684

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Grant Fund	Corporation for Regional Excellence	Gulf Coast 911 Regional District	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 16,175,723	\$ 811,392	\$ 1,052,797	\$ 15,458,661	\$ 33,498,573
Investments	9,717,660	-	-	-	9,717,660
Receivables	788,076	28,608,286	-	3,362,201	32,758,563
Lease receivable	644,894	-	-	-	644,894
Due from other funds	8,031,329	9,185,434	-	-	17,216,763
Due from component unit	137,989	-	-	-	137,989
Notes receivable	-	115,803	-	-	115,803
Prepaid items	14,119,894	-	-	-	14,119,894
Total assets	<u>\$ 49,615,565</u>	<u>\$ 38,720,915</u>	<u>\$ 1,052,797</u>	<u>\$ 18,820,862</u>	<u>\$ 108,210,139</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	4,535,020	1,857,268	-	-	6,392,288
Unearned revenue	-	15,394,919	-	2,566,353	17,961,272
Due to grantee agencies	-	17,287,782	-	-	17,287,782
Due to other funds	9,976,511	3,440,360	-	2,823,753	16,240,624
Total liabilities	<u>14,511,531</u>	<u>37,980,329</u>	<u>-</u>	<u>5,390,106</u>	<u>57,881,966</u>
DEFERRED INFLOWS OF RESOURCES					
Lease	604,792	-	-	-	604,792
Total deferred inflow of resources	<u>604,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,792</u>
Fund balances					
Nonspendable	14,119,894	-	-	-	14,119,894
Restricted for:					
EPA RLF Program	-	740,586	-	-	740,586
Corporation for Regional Excellence	-	-	1,052,797	-	1,052,797
Gulf Coast 911 Regional District	-	-	-	13,430,756	13,430,756
Unassigned	20,379,348	-	-	-	20,379,348
Total fund balance	<u>34,499,242</u>	<u>740,586</u>	<u>1,052,797</u>	<u>13,430,756</u>	<u>49,723,381</u>
Total liabilities and fund balances	<u>\$ 49,615,565</u>	<u>\$ 38,720,915</u>	<u>\$ 1,052,797</u>	<u>\$ 18,820,862</u>	<u>\$ 108,210,139</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					4,704,144
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					11,187,848
Long-term liabilities excluding compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.					(11,187,848)
Compensated absences of governmental activities are not due and payable in the current period and, therefore, are not reported in the funds					(4,921,366)
Net position of governmental activities					<u>\$ 49,506,159</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, 2025**

	<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	\$ 1,170,252	\$ -	\$ -	\$ -	\$ 1,170,252
Membership dues	466,414	-	-	-	466,414
Interlocal contracts	1,289,697	-	-	-	1,289,697
Data services and imaging	623,058	-	-	-	623,058
Miscellaneous income	947,676	-	-	-	947,676
Other local revenue	-	-	-	5,388,729	5,388,729
From grantor agencies	-	503,938,754	66,326	3,321,108	507,326,188
Total revenues	<u>4,497,097</u>	<u>503,938,754</u>	<u>66,326</u>	<u>8,709,837</u>	<u>517,212,014</u>
Expenditures					
Current:					
General government	1,801,494	-	-	-	1,801,494
Workforce programs	-	446,783,432	-	-	446,783,432
Transportation	-	32,124,925	-	-	32,124,925
Community and Environmental	-	7,767,602	-	-	7,767,602
Criminal Justice/Homeland Security	-	1,550,526	-	-	1,550,526
Aging services	-	15,459,226	-	-	15,459,226
Corporation for Regional Excellence	-	-	23,600	-	23,600
Gulf Coast 911 Emergency District	-	-	-	3,029,275	3,029,275
Capital outlay:	880,550	4,191,922	-	2,522,593	7,595,065
Debt service:					
Principal	1,692,290	-	-	-	1,692,290
Interest	94,893	-	-	-	94,893
Total expenditures	<u>4,469,227</u>	<u>507,877,633</u>	<u>23,600</u>	<u>5,551,868</u>	<u>517,922,328</u>
Excess (deficiency) of revenues over expenditures	<u>27,870</u>	<u>(3,938,879)</u>	<u>42,726</u>	<u>3,157,969</u>	<u>(710,314)</u>
Other Financing Sources					
Transfers in	1,973,353	-	-	-	1,973,353
Transfers out	-	(206,137)	-	-	(206,137)
Leases (as lessee)	577,034	4,154,470	-	-	4,731,504
Total other financing sources	<u>2,550,387</u>	<u>3,948,333</u>	<u>-</u>	<u>-</u>	<u>6,498,720</u>
Change in fund balances	2,578,257	9,454	42,726	3,157,969	5,788,406
Fund balances - beginning	<u>31,920,985</u>	<u>731,132</u>	<u>1,010,071</u>	<u>10,272,787</u>	<u>43,934,975</u>
Fund balances - ending	<u>\$ 34,499,242</u>	<u>\$ 740,586</u>	<u>\$ 1,052,797</u>	<u>\$ 13,430,756</u>	<u>\$ 49,723,381</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHARGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Net change in fund balances-total governmental funds \$ 5,788,406

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 and lease assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are:

Capital outlay	7,595,065
Amortization expense	(1,692,290)
Depreciation expense	(684,812)
Excess of capital outlay over depreciation/amortization expense	<u>5,217,963</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 - Vacation	(443,629)
Increase in compensated absences - Sick	(373,393)

The repayment of the principal of long-term debt (i.e., leases) requires the use of current financial resources of governmental funds, however, are not reported as expenses in governmental activities. In the current period, these amounts include:

Lease issued	(4,731,504)
Principal paid on leases	<u>1,692,290</u>

Change in net position of governmental activities \$ 7,150,133

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025**

	<u>Cooperative Purchasing</u>
ASSETS	
Current assets	
Accounts receivable	\$ 4,472,706
Total assets - current	<u>4,472,706</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	87,650
Due to general fund	976,139
Unearned revenues	152,716
Total liabilities - current	<u>1,216,505</u>
NET POSITION	
Unrestricted	3,256,201
Total net position	<u><u>\$ 3,256,201</u></u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Cooperative Purchasing</u>
OPERATING REVENUES	
Charges for services	\$ 7,964,962
Total operating revenues	<u>7,964,962</u>
OPERATING EXPENSES	
Personnel and benefits	4,826,517
Consultant and contract services	244,068
Equipment rental	50,373
Leases	143,809
Travel	161,456
Other	614,229
Total operating expenses	<u>6,040,452</u>
Operating Income	1,924,510
Transfers out	<u>(1,767,216)</u>
Change in net position	157,294
Net position - beginning	<u>3,098,907</u>
Net position - ending	<u>\$ 3,256,201</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Cooperative Purchasing</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 7,805,257
Cash payments to employees for services	(4,826,517)
Cash payments to suppliers for goods and services	(241,657)
Cash payments for operating expenses	(969,867)
Cash provided by operating activities	<u>1,767,216</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(1,767,216)
Net cash used by noncapital financing activities	<u>\$ (1,767,216)</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	\$ 1,924,510
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase in customer receivable	(2,261,112)
Decrease in interfund receivable	1,188,421
Increase in accounts payable and accrued expenses	978,550
Decrease in unearned revenue	(63,153)
Net cash provided by operating activities	<u>\$ 1,767,216</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025**

	<u>Pension Trust Fund - Retirement Plan</u>	<u>Custodial Fund - Area Emission Reduction Credit Organization</u>
ASSETS		
Cash	\$ -	\$ 1,088,553
Investments - at fair value:		
Mutual funds	61,653,443	-
Money market funds	<u>3,179,483</u>	<u>-</u>
Total investments, at fair value	<u>64,832,926</u>	<u>-</u>
Receivables:		
Notes receivables from participants	<u>1,121,519</u>	<u>-</u>
Total receivables	<u>1,121,519</u>	<u>-</u>
Total assets	<u>65,954,445</u>	<u>1,088,553</u>
LIABILITIES		
Due to other government	<u>-</u>	<u>1,889</u>
Total liabilities	<u>-</u>	<u>1,889</u>
NET POSITION RESTRICTED FOR:		
Pension	65,954,445	-
Individual, organizations and other governments	<u>-</u>	<u>1,086,664</u>
Total net position	<u>\$ 65,954,445</u>	<u>\$ 1,086,664</u>

See accompanying notes to financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THR YEAR ENDED DECEMBER 31, 2025**

	Pension Trust Fund - Retirement Plan	Custodial Fund - Area Emission Reduction Credit Organization
Additions:		
Investment Income		
Net Appreciation in fair value of investments	\$ 7,285,186	\$ -
Dividends	2,659,962	-
Interest	-	12,370
	<hr/>	<hr/>
Net Investment Income	9,945,148	12,370
	<hr/>	<hr/>
Contributions		
Employer	2,521,362	-
Participants	2,818,253	-
State SEP Fund	-	159,114
	<hr/>	<hr/>
Total contributions	5,339,615	159,114
	<hr/>	<hr/>
Total Additions	15,284,763	171,484
	<hr/>	<hr/>
Deductions:		
Benefit paid to participants	5,400,747	-
Deemed Distributions of Participant Loans	45,640	-
Investment expenses	3,421	-
State SEP expenses	-	36,948
Federal SEP expenses	-	3,264
	<hr/>	<hr/>
Total deductions	5,449,808	40,212
	<hr/>	<hr/>
Change in net position	9,834,955	131,272
Net Position, Beginning of Year	56,119,490	955,392
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 65,954,445</u>	<u>\$ 1,086,664</u>

See accompanying notes to financial statements.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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 37-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 Governmental 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 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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

District is reported as a Special Revenue Fund. Neither of these component units issue separate financial statements.

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 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 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 LDC'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 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 H-GAC. 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 EDC'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. None of the component units issue separate financial statements.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Fiduciary Component Unit: H-GAC 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. Separate financial statements are not issued for the Plan.

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 interfund activity, and report information on all the non-fiduciary activities of the primary government. Interfund services provided and used are not eliminated in the process of consolidation. In December 2023, the GASB issued Statement No.102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide the users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not materially impact on the financial statements.

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.

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, deferred inflows of resources, 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.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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:

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 year. 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 THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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:

Nonspendable: 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. Nonspendable 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 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.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

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 assets that applies to future periods 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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

of resources, represents an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets and Long-Term Liabilities - Capital assets, which include furniture, fixtures, equipment, and right-to-use assets 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 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 using the straight-line method.

H-GAC has also entered into long-term leases for building space and has subleased a portion of that space to a grantor partner. The lease assets, consistent with GASB 87, are amortized over the life of the lease using the effective interest 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. H-GAC implemented GASB 101 in 2024, which adds accumulated sick leave as a liability. The Council determined its estimated leave liability based on the accumulated sick leave that is more likely than not to be used as time off. Sick leave has a maximum accrual of 480 hours at the end of the year. All vacation pays a maximum of 256 hours is accrued when incurred in the government-wide and proprietary fund financial statements. 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 and accrued sick, annual requirements to amortize such obligations are not determinable and have not been presented. The salary-related payments have also been accrued with the vacation and sick leave liabilities.

Vacation:

Balance			Balance	Due Within	Due Beyond
<u>12/31/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2025</u>	<u>One Year</u>	<u>One Year</u>
\$ 1,959,358	\$ 2,231,423	\$ 1,787,787	\$ 2,402,994	\$ 1,787,787	\$ 615,207

Sick:

Balance			Balance	Due Within	Due Beyond
<u>12/31/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2025</u>	<u>One Year</u>	<u>One Year</u>
\$ 2,144,974	\$ 1,254,413	\$ 881,015	\$ 2,518,372	\$ 881,015	\$ 1,637,357

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Subscription-Based Information Technology Arrangements (SBITA). In May 2020, the GASB issued Statement No.96, Subscription-Based Information Technology Arrangements. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. HGAC examined the impact of its information technology arrangements for applicability of this statement and determined that the agreement met the definition of a short-term subscription-based information technology arrangement, few agreements are maintenance and support contracts and others are below the threshold limit of \$100,000. Therefore, no intangible asset or corresponding liability was recorded.

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 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,

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

concentration of credit risk, interest rate risk, and foreign currency risk. Such disclosures as required are reflected in Note 3 to the financial statements. H-GAC participates in investment pools which are not subject to fair value measurements and also invests funds in certificates of deposit.

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 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:

Obligations of the United States or its agencies and instrumentalities.

Direct obligations of the State of Texas or its agencies.

Other obligations, the principal of which are unconditionally guaranteed or insured by the State of Texas or the United States.

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.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

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.

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.

Time deposits in H-GAC's depositories.

Investment pools created to function as money market funds must mark-to-market daily and maintain a fair 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.

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.

Any combination of the foregoing.

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Deposit and Investment Amounts:

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

	<u>Cash</u>	<u>FDIC Discount Note / Money Market</u>	<u>Certificate of Deposits</u>	<u>Mutual Funds</u>	<u>Totals</u>
Governmental Funds:					
General	\$16,175,723	\$ 9,717,660	\$ -	\$ -	\$ 25,893,383
Grant Fund	811,392	-	-	-	811,392
Corporation for Regional Excellence	516,318	-	536,479	-	1,052,797
Gulf Coast 9-1-1 Regional District	10,034,840	-	5,423,821	-	15,458,661
Total Governmental Funds	<u>27,538,273</u>	<u>9,717,660</u>	<u>5,960,300</u>	<u>-</u>	<u>43,216,233</u>
Fiduciary Funds					
Pension Trust	-	3,179,483	-	61,653,443	64,832,926
Custodial Fund	1,088,553	-	-	-	1,088,553
Total Fiduciary Funds	<u>1,088,553</u>	<u>3,179,483</u>	<u>-</u>	<u>61,653,443</u>	<u>65,921,479</u>
Discretely Presented Component Units:					
Energy Purchasing Corporation	556,961	-	-	-	556,961
Gulf Coast Economic Dev Corp	1,362,162	-	-	-	1,362,162
Local Development Corporation	726,840	-	349,572	-	1,076,412
Total Component Units	<u>2,645,963</u>	<u>-</u>	<u>349,572</u>	<u>-</u>	<u>2,995,535</u>
Total Reporting Entity	<u>\$31,272,789</u>	<u>\$ 12,897,143</u>	<u>\$6,309,872</u>	<u>\$61,653,443</u>	<u>\$112,133,247</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:

	<u>Amount</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
General Fund	\$9,717,600	40	AAA
Fiduciary Fund - Pension Trust	\$64,832,926	33	AAA
Regional Excellence Corporation	\$536,479	182	AAA
Gulf Coast 911 District	\$5,423,821	182	AAA
Local Development Corporation	\$349,572	182	AAA

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025, H-GAC's deposit balance of \$37,610,682 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 division 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 as of December 31, 2025:

	<u>Due from other fund</u>	<u>Due to other fund</u>
General Fund	\$ 8,031,329	\$ 9,976,511
Grant Fund	9,185,434	3,440,360
Gulf Coast 911 Regional District	-	2,823,753
Cooperative Purchasing Fund	-	976,139
Total	\$ 17,216,763	\$ 17,216,763

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The following is a summary of interfund transfers in and out during the year ended December 31, 2025:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,973,353	\$ -
Grant Fund	-	206,137
Cooperative Purchasing Fund	-	1,767,216
	<hr/> \$1,973,353	<hr/> \$1,973,353

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 recognized in the government wide financial statements but is not recorded in the governmental fund 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:

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Corporation for Regional Excellence</u>	<u>Gulf Coast Regional 911 District</u>	<u>Cooperative Purchasing Fund</u>	<u>Local Development Corporation</u>	<u>Gulf Coast Economic Development Corporation</u>
Due from member government	\$ 25,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Data imagery	25,750	-	-	-	-	-	-
Federal grants receivable	-	251,397	-	-	-	-	-
State grants receivable	-	24,627,225	-	3,362,201	-	-	-
Notes receivable	-	115,803	-	-	-	-	3,506,123
Lease receivable	644,894	-	-	-	-	-	-
Due from customers	-	-	-	-	4,472,706	-	-
Due from component units	137,989	-	-	-	-	-	-
Other receivable	736,693	3,729,664	-	-	-	68,713	31,113
Gross Receivables	1,570,959	28,724,089	-	3,362,201	4,472,706	68,713	3,537,236
Less: Allowance for uncollected accounts	-	-	-	-	-	-	-
Receivables, Net	<u>\$ 1,570,959</u>	<u>\$ 28,724,089</u>	<u>\$ -</u>	<u>\$3,362,201</u>	<u>\$4,472,706</u>	<u>\$ 68,713</u>	<u>\$ 3,537,236</u>

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.

The Houston-Galveston Area Council implemented GASB 87 – *Lease Assets*, effective January 1, 2022. Lease assets are initially recorded at the initial measurement of the lease liability plus lease payments made at or before the commencement of the lease term. Lease assets are amortized on a straight-line basis over the lease term.

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

	<u>Balance 1-Jan-25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 31-Dec-25</u>
Governmental activities:				
Furniture, fixtures, and equipment	\$ 5,200,341	\$ 2,863,561	\$ (105,551)	\$ 7,958,351
Less accumulated depreciation	(2,674,946)	(684,812)	105,551	(3,254,207)
Lease assets - buildings	12,970,842	4,731,505	-	17,702,347
Less accumulated amortization	(4,822,209)	(1,692,290)	-	(6,514,499)
Total Governmental Activities	<u>\$ 10,674,028</u>	<u>\$ 5,217,964</u>	<u>\$ -</u>	<u>\$ 15,891,992</u>

Over prior periods, the balance of lease assets under business activities decreased to zero. No new lease assets were recognized under business activities during the current reporting period.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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

Governmental Activities –	
General government	\$ 35,854
Workforce programs	284,614
Transportation	208,221
Community and environmental	50,976
Criminal justice & homeland security	39,445
Aging services	<u>65,702</u>
Total	<u>\$ 684,812</u>
Governmental Activities –	
General government	\$ 226,620
Workforce programs	728,740
Transportation	457,909
Community and environmental	88,340
Criminal justice & homeland security	37,537
Aging services	153,144
Total	<u>\$ 1,692,290</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

7. UNEARNED REVENUE

As of December 31, 2025, unearned revenue was comprised of the following:

General Fund:	<u>\$ -</u>
Gulf Coast 911 Regional District:	<u>\$ 2,566,352</u>
Grant Fund:	
Solid Waste	\$ 120,818
C&E/Local Contracts	119,979
Transportation/Local Contracts	682,811
Homeland Security/Criminal Justice Program	156,452
Aging Program	11,237
Human Services Local Program	<u>14,303,622</u>
Total Grant Funds	<u>\$ 15,394,919</u>
Enterprise Fund:	
Cooperative Purchasing	<u>\$ 152,716</u>

The Gulf Coast 911 Regional District includes \$2,566,352 received as a part of Gulf Coast Regional 9-1-1 ECD Proposition 8 funding.

During 2025, the Cooperative Purchasing enterprise fund received remittance from participants in advance of performing services. These remittances, totaling \$152,716, 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 \$120,818 for this program. In addition, H-GAC received local matching funds to aid in Community and Environmental programs. At year end, the matching funds totaled \$119,979.

H-GAC received revenues in excess of expenditures of \$156,452 in both homeland security planning and criminal justice planning. This access fund is to aid in developing the required homeland security and criminal justice plan for Harris County and the other surrounding jurisdictions.

H-GAC received \$12.5 million was received from TWC through a drawdown to pay

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

workforce subrecipients and was recorded as deferred revenue. The remaining \$1.8 million relates to funding from Houston Endowment totaling \$879,365, from the Texas Veterans commission totaling \$288,250, and \$636,007 prepayment from the workforce Summer Earn & Learn program.

H-GAC receives matching participating funds from various local agencies to aid in Transportation planning, and Aging programs. At year end, the matching funds totaled \$682,811 and \$11,237, respectively.

8. LEASES

On July 9, 2025, H-GAC, as lessee, amended its long-term lease of approximately 59,000 square feet of office space at its primary office location. The amendment includes an expansion of the leased premises and an extension of the lease term by one year, now expiring on January 31, 2031, instead of January 31, 2030. The amendment also adds approximately 16,000 square feet of new leased space, consisting of 3,531 square feet on the sixth floor, 3,302 square feet on the eleventh floor, and 8,994 square feet on the fifteenth floor. In addition, the amendment includes a rent abatement period of three months.

H-GAC also had a provision to sublease, as lessor, approximately 5,500 square feet of office space to the Texas Workforce Commission and the sublease would run coterminous with the H-GAC lease. The sublease terms provide that lease remittance would be paid at the beginning of each month and escalate at 2% per year until January 31, 2030.

On October 22, 2025, H-GAC, as lessee, entered into a lease agreement for additional office space consisting of approximately 22,382 square feet at 5599 San Felipe. The premises will be used exclusively by the workforce program's Texas Rising Stars mentors. The lease term expires on July 31, 2027.

H-GAC, as lessee, also had one lease for satellite office space associated with the Aging program. This lease expired in February 2025.

Lease Liabilities:

Lease liability activity for the year ended December 31, 2025, was:

	Balance			Balance	Due Within
	<u>1/1/2025</u>	<u>Addition</u>	<u>Reductions</u>	<u>12/31/2025</u>	<u>One Year</u>
Main Office	\$8,147,237	\$4,081,836	\$(1,603,070)	\$10,626,003	\$1,946,418
San Felipe	-	649,668	(87,823)	561,845	353,711
Satellite Office	1,397	-	(1,397)	-	-
Total	\$ 8,148,634	\$ 4,731,504	\$ (1,692,290)	\$ 11,187,848	\$2,300,129

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The following is a schedule by year of payments under the lease as of December 31, 2025:

<u>Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$2,300,129	\$111,509	\$2,411,638
2027	2,213,654	86,164	2,299,818
2028	2,065,274	63,039	2,128,313
2029	2,125,690	40,017	2,165,707
2030	2,290,078	15,854	2,305,932
2031	193,023	177	193,200
	<u>\$11,187,848</u>	<u>\$316,760</u>	<u>\$11,504,608</u>

Lease Receivable:

H-GAC's lessor agreement expires January 31, 2030. The lease receivable is reduced by the principal payments made over the lease term. The related deferred inflow or resources is amortized on a straight-line basis.

Revenue recognized under the lease agreement during the year ended December 31, 2025, was \$154,557, which includes both lease revenue and interest.

Lease receivable activity for the year ended December 31, 2025, was:

	<u>1/01/2025</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2025</u>
Lease receivable	\$ 791,481	\$ -	\$ 146,587	\$ 644,894

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

The following is a schedule by year of payments under the lease as of December 31, 2025:

<u>Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$151,012	\$6,335	\$157,347
2027	155,484	4,652	160,136
2028	160,006	2,918	162,924
2029	164,578	1,135	165,713
2030	13,814	15	13,829
	<u>\$644,894</u>	<u>\$15,055</u>	<u>\$659,949</u>

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, immediately implemented upon hire. Membership in the Plan as of December 31, 2025, was 446 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 1 year of service and become fully vested after 5 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, 2025, totaled \$135,801. 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 2025 was \$32,041,516. Retirement plan contributions were calculated using the gross salary amount for covered employees. H-GAC and its employees made contributions in 2025 of \$2,521,362 and \$2,818,253, respectively. Investments in the retirement plan are stated at fair value, based upon quoted market prices of the various

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

mutual funds in which the funds are invested. H-GAC had no liability to the plan as of December 31, 2025.

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

10. COMMITMENTS AND CONTINGENCIES

Required Matching Funds – H-GAC’s management is of the opinion that local (general fund) cash on hand and funds to be received in 2025 from membership dues 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 to 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 maintained adequate insurance coverage during 2025 and had no instances in which settlements exceeded insurance coverage in any of the past three years. Additionally, coverage was increased for bond liability during the year as needed to meet operational requirements and risk exposure in the workforce program.

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.

12. SUBSEQUENT EVENTS

On January 20, 2026, the H-GAC Executive Director, Charles Wemple, announced his retirement, effective August 14, 2026. Mr. Wemple will retire after 24 years of service with H-GAC, including 8 years serving as Executive Director. This development occurred after the reporting period, and management has evaluated its potential impact and determined that it

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

does not affect the accompanying financial statements. H-GAC has initiated the recruitment process to fill the position and does not anticipate any disruption to ongoing operations.

In addition, on April 27, 2026, the Chief Financial Officer departed from their role. Management has evaluated this event and determined that it does not have an impact on the Council's financial position, results of operations, or cash flows. The Council's accounting and finance functions continue to be performed by the existing accounting team, and internal controls over financial reporting and financial operations remain in place. Accordingly, management does not expect this change to affect the Council's ongoing financial operations. The Council has begun its search to find a replacement.

13. SIGNIFICANT ECONOMIC EVENTS

H-GAC's primary source of revenue is through grant and contractual agreements with federal and state partners. Consequently, economic, political, or environmental factors that would affect the local or national grant funding such as natural disasters, inflation, unemployment, or geo-political unrest could impact the flow of resources to H-GAC.

**HOUSTON-GALVESTON AREA COUNCIL
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>
PERSONNEL			
Indirect salaries	\$ 3,077,963	\$ 2,896,671	64.53 %
Employee benefits	1,447,258	1,362,015	30.34
	<u>4,525,221</u>	<u>4,258,686</u>	<u>94.87</u>
CONSULTANT AND CONTRACT SERVICES			
Consultant	50,481	25,000	1.06
Accounting and auditing	104,811	69,000	2.20
Other contract services	58,616	30,000	1.23
Legal Services	-	-	0.00
	<u>213,908</u>	<u>124,000</u>	<u>4.49</u>
EQUIPMENT			
Purchase, lease, rental or maintenance office furniture, fixtures and equipment	24,234	30,500	0.51
Depreciation	620,000	620,000	13.00
	<u>644,234</u>	<u>650,500</u>	<u>13.51</u>
LEASE OF OFFICE SPACE	<u>125,024</u>	<u>153,043</u>	<u>2.62</u>
TRAVEL	<u>109,659</u>	<u>55,500</u>	<u>2.30</u>
OTHER			
Consumable supplies	1,938	9,960	0.04
Software and Database	187,519	152,510	3.93
Communications	13,621	13,050	0.29
Postage	3,783	4,150	0.08
Subscriptions & memberships	125,486	138,615	2.63
Miscellaneous	155,629	209,899	3.26
	<u>487,976</u>	<u>528,184</u>	<u>10.23</u>
Indirect Carryforward	(1,336,281)	-	-28.02
TOTAL INDIRECT COSTS (A)	<u>\$ 4,769,741</u>	<u>\$ 5,769,913</u>	<u>100.0 %</u>
BASIS FOR ALLOCATION OF INDIRECT COSTS			
Chargeable salaries	\$ 32,041,516	\$ 37,887,695	
Employee benefits	15,050,521	17,814,587	
	<u>47,092,037</u>	<u>55,702,282</u>	
Less indirect salaries and Employee benefits	<u>(4,525,221)</u>	<u>(4,258,686)</u>	
TOTAL DIRECT SALARIES AND RELATED EMPLOYEE BENEFITS (B)	<u>\$ 42,566,816</u>	<u>\$ 51,443,596</u>	
ACTUAL INDIRECT COST RATE (A/B)	<u>11.21%</u>	<u>11.22%</u>	

**HOUSTON-GALVESTON AREA COUNCIL
 SUPPLEMENTARY SCHEDULE OF H-GAC EMPLOYEE BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Amount</u>	<u>Percentage</u>
RELEASED TIME TAKEN AND ACCRUED:		
Vacation	\$ 1,787,787	11.88 %
Holidays	1,957,377	13.01
Sick leave	881,015	5.85
Other	73,913	0.49
	<u>4,700,092</u>	<u>31.23</u>
BENEFIT PROGRAMS:		
Payroll taxes	3,064,947	20.36
Retirement plan	2,455,065	16.31
Insurance	4,273,724	28.40
Other benefits	93,438	0.62
	<u>9,887,174</u>	<u>65.69</u>
Benefit carryforward	<u>463,255</u>	<u>3.08</u>
TOTAL EMPLOYEE BENEFITS (A)	<u>\$ 15,050,521</u>	<u>100.00 %</u>
BASIS FOR ALLOCATION OF EMPLOYEE BENEFITS:		
Gross Salaries	\$ 36,741,608	
Less released time	<u>(4,700,092)</u>	
CHARGEABLE SALARIES (B)	<u>\$ 32,041,516</u>	
EMPLOYEE BENEFIT RATE (A/B)	<u>46.97 %</u>	

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HOUSTON
GALVESTON
AREA
COUNCIL

STATISTICAL SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW

STATISTICAL SECTION

This section of the Houston-Galveston Area Council's Annual Comprehensive Financial Report provides detailed information that helps place the financial statements, note disclosures, and required supplementary information into context, enabling users to better understand the H-GAC's overall financial condition.

Contents	Table #s
Financial Trends <i>These schedules contain trend information to help the reader understand how the H-GAC's financial performance and well-being have changed over time.</i>	1 - 4
Revenue Capacity <i>These schedules contain information to help the reader assess the H-GAC's most significant local revenue source.</i>	5
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the H-GAC's current level of outstanding debt and the H-GAC's ability to issue additional debt in the future.</i>	6
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the H-GAC's financial activities take place.</i>	7 - 11
Operating Information <i>These schedules provide service and infrastructure data to help the reader understand how the H-GAC's financial information relates to the services it provides and the activities it performs, including how resources and staffing are allocated.</i>	12 - 14

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

Table 1

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities										
Net Investment in Capital Assets	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661	\$ 642,591	\$ 640,176	\$ 576,388	\$ 2,672,533	\$ 2,525,395	\$ 4,704,144
Restricted	7,907,727	8,482,762	8,323,514	5,673,848	5,886,299	7,391,721	8,212,600	10,431,369	12,013,987	15,224,139
Unrestricted	8,780,986	9,002,170	9,453,392	10,235,011	10,025,656	10,045,342	10,596,369	10,720,104	27,816,644	29,577,876
Total governmental activities net position	\$ 18,175,944	\$ 18,586,016	\$ 18,555,205	\$ 16,425,520	\$ 16,554,546	\$ 18,077,239	\$ 19,385,357	\$ 23,824,006	\$ 42,356,026	\$ 49,506,159
Business-type activities										
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 12,834,141	\$ 15,045,379	\$ 16,233,015	\$ 17,943,565	\$ 19,508,075	\$ 20,617,089	\$ 20,627,819	\$ 19,644,630	\$ 3,098,907	\$ 3,256,201
Total business-type activities net position	\$ 12,834,141	\$ 15,045,379	\$ 16,233,015	\$ 17,943,565	\$ 19,508,075	\$ 20,617,089	\$ 20,627,819	\$ 19,644,630	\$ 3,098,907	\$ 3,256,201
Primary government										
Net Investment in Capital Assets	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661	\$ 642,591	\$ 640,176	\$ 576,388	\$ 2,672,533	\$ 2,525,395	\$ 4,704,144
Restricted	7,907,727	8,482,762	8,323,514	5,673,848	5,886,299	7,391,721	8,212,600	10,431,369	12,013,987	15,224,139
Unrestricted	21,615,127	24,047,549	25,686,407	28,178,577	29,533,732	30,662,432	31,224,189	30,364,734	30,915,551	32,834,077
Total primary government net position	\$ 31,010,085	\$ 33,631,395	\$ 34,788,220	\$ 34,369,086	\$ 36,062,622	\$ 38,694,329	\$ 40,013,177	\$ 43,468,636	\$ 45,454,933	\$ 52,762,360

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

Table 2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 4,487,704	\$ 5,579,938	\$ 6,024,453	\$ 4,025,538	\$ 6,168,140	\$ 4,308,285	\$ 6,374,865	\$ 10,582,420	\$ 9,109,882	\$ 3,973,267
Workforce programs	209,009,097	232,028,757	273,118,245	290,533,452	343,589,322	315,983,569	399,963,724	391,927,332	467,193,475	447,441,439
Transportation	40,668,632	28,150,854	22,502,463	28,754,072	22,158,714	26,465,214	25,540,331	25,956,230	26,099,294	32,333,146
Community and environmental	10,732,671	13,305,656	16,158,934	10,243,469	3,085,645	3,601,922	3,250,683	3,536,884	3,370,035	7,818,578
Criminal justice	847,184	1,356,078	1,232,945	1,300,069	1,262,965	2,262,353	2,547,413	1,620,178	2,381,867	1,589,971
Emergency communications	931,365	-	-	-	-	-	-	-	-	-
Aging services	11,124,787	10,521,725	11,131,671	9,939,800	9,801,337	9,250,935	11,685,445	13,727,943	15,647,213	15,524,928
Interest Expense	-	-	-	-	-	-	-	-	-	98,355
Total governmental activities expenses	277,801,440	290,943,008	330,168,711	344,796,400	386,066,123	361,872,278	449,362,461	447,350,987	523,900,121	508,776,222
Business-type activities:										
Cooperative purchasing	3,540,827	3,490,530	3,535,809	4,091,859	4,207,362	4,232,106	4,289,871	4,553,521	5,180,275	6,040,452
Total business-type activities expenses	3,540,827	3,490,530	3,535,809	4,091,859	4,207,362	4,232,106	4,289,871	4,553,521	5,180,275	6,040,452
Total primary government expenses	\$ 281,342,267	\$ 294,433,538	\$ 333,704,520	\$ 348,888,259	\$ 390,273,485	\$ 366,104,384	\$ 453,652,332	\$ 451,904,508	\$ 529,080,396	\$ 514,816,674
Program Revenues										
Governmental activities:										
Charges for services:										
Membership dues	394,258	395,539	299,061	392,963	390,791	395,539	469,619	462,337	462,937	466,414
Interlocal contracts	785,108	1,272,045	729,253	739,106	1,823,110	976,397	1,433,158	3,600,430	2,702,438	1,289,697
Data services and imaging	651,490	411,575	1,528,519	319,242	784,700	219,886	1,143,201	174,100	2,308,350	623,058
Operating grants and contributions	275,703,821	288,363,857	326,678,493	340,689,957	382,754,536	361,409,325	446,336,145	442,187,163	518,089,970	512,714,917
Total governmental activities program revenues	277,534,677	290,443,016	329,235,326	342,141,268	385,753,137	363,001,147	449,382,123	446,424,030	523,563,695	515,094,086
Business-type activities:										
Charges for services:										
Cooperative purchasing	4,269,735	5,801,768	4,898,445	6,002,409	5,871,872	5,541,120	4,675,601	5,570,332	6,288,216	7,964,962
Total business-type activities program revenues	4,269,735	5,801,768	4,898,445	6,002,409	5,871,872	5,541,120	4,675,601	5,570,332	6,288,216	7,964,962
Total primary government program revenues	\$ 281,804,412	\$ 296,244,784	\$ 334,133,771	\$ 348,143,677	\$ 391,625,009	\$ 368,542,267	\$ 454,057,724	\$ 451,994,362	\$ 529,851,911	\$ 523,059,048
Net (Expense)/Revenue										
Governmental activities	(266,764)	(499,993)	(933,385)	(2,655,134)	(312,988)	1,128,867	19,660	(926,959)	(336,426)	3,264,989
Business-type activities	728,908	2,311,238	1,362,636	1,910,550	1,664,510	1,309,014	385,730	1,016,811	1,107,941	1,924,510
Total primary government net expense	\$ 462,144	\$ 1,811,245	\$ 429,251	\$ (744,584)	\$ 1,351,522	\$ 2,437,881	\$ 405,390	\$ 89,852	\$ 771,515	\$ 5,189,499
General Revenues and Other Changes in Net Position										
Governmental activities:										
Interest income	14,189	58,491	331,766	380,613	44,289	3,803	140,208	822,603	1,502,272	1,170,252
Miscellaneous	165,314	751,573	395,808	(55,164)	297,724	190,021	773,249	2,543,005	1,623,205	947,676
Transfers in	-	100,000	175,000	200,000	100,000	200,000	375,000	2,000,000	17,653,664	1,767,216
Total governmental activities	\$ 179,503	\$ 910,064	\$ 902,574	\$ 525,449	\$ 442,013	\$ 393,824	\$ 1,288,457	\$ 5,365,608	\$ 20,779,141	\$ 3,885,144
Business-type activities:										
Transfers out	-	(100,000)	(175,000)	(200,000)	(100,000)	(200,000)	(375,000)	(2,000,000)	(17,653,664)	(1,767,216)
Total Business-type activities	\$ -	\$ (100,000)	\$ (175,000)	\$ (200,000)	\$ (100,000)	\$ (200,000)	\$ (375,000)	\$ (2,000,000)	\$ (17,653,664)	\$ (1,767,216)
Change in Net Position										
Governmental activities	\$ (87,264)	\$ 410,072	\$ (30,811)	\$ (2,129,685)	\$ 129,025	\$ 1,522,691	\$ 1,308,118	\$ 4,438,649	\$ 20,442,715	\$ 7,150,133
Business-type activities	728,908	2,211,238	1,187,636	1,710,550	1,564,510	1,109,014	10,730	(983,189)	(16,545,723)	157,294
Total primary government	\$ 641,644	\$ 2,621,310	\$ 1,156,825	\$ (419,135)	\$ 1,693,535	\$ 2,631,705	\$ 1,318,848	\$ 3,455,460	\$ 3,896,992	\$ 7,307,427

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

Table 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Nonspendable	\$ 206,721	\$ 184,145	\$ 210,135	\$ 386,567	\$ 757,570	\$ 1,212,034	\$ 906,649	\$ 1,043,825	\$ 858,272	\$ 14,119,894
Unassigned	9,165,337	9,744,138	10,227,449	10,854,033	10,653,005	10,291,741	11,248,943	11,574,111	31,062,713	20,379,348
Total general fund	\$ 9,372,058	\$ 9,928,283	\$ 10,437,584	\$ 11,240,600	\$ 11,410,575	\$ 11,503,775	\$ 12,155,592	\$ 12,617,936	\$ 31,920,985	\$ 34,499,242
All Other Governmental Funds										
Restricted for:										
EPA RLF Program	\$ 7,486,709	\$ 7,121,000	\$ 6,393,395	\$ 2,810,842	\$ 1,846,304	\$ 1,656,629	\$ 1,406,844	\$ 1,159,791	\$ 731,132	\$ 740,586
Regional Excellence Corporation	421,018	354,000	280,011	317,388	507,478	698,439	791,606	1,006,757	1,010,071	1,052,797
Gulf Coast 911 Regional District	300,418	1,007,662	1,650,108	2,545,618	3,532,517	5,036,653	6,014,150	8,264,821	10,272,784	13,430,756
Total all other governmental funds	\$ 8,208,145	\$ 8,482,662	\$ 8,323,514	\$ 5,673,848	\$ 5,886,299	\$ 7,391,721	\$ 8,212,600	\$ 10,431,369	\$ 12,013,987	\$ 15,224,139

**Houston-Galveston Area Council
Changes in Fund Balances, Governmental Funds
Last Ten Years**

(modified accrual basis of accounting)

Table 4

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues										
Interest income	\$ 14,189	\$ 58,491	\$ 331,766	\$ 380,613	\$ 44,289	\$ 3,803	\$ 140,208	\$ 822,604	\$ 1,502,272	\$ 1,170,252
Membership dues	394,258	395,539	299,061	392,963	390,791	395,539	469,619	462,337	462,937	466,414
Interlocal contracts	785,108	1,272,045	729,253	739,106	1,823,110	976,397	1,433,158	3,600,430	2,702,438	1,289,697
Data services and imaging	651,490	411,575	1,528,519	319,242	784,700	219,886	1,143,201	174,100	2,308,350	623,058
Miscellaneous income	165,314	751,567	395,808	(55,164)	297,724	190,021	773,249	2,543,005	1,623,205	947,676
Operating grants and contributions	275,703,821	288,363,857	326,678,493	340,689,957	382,754,536	361,409,325	446,336,145	442,187,163	518,089,969	512,714,917
Total revenues	\$ 277,714,180	\$ 291,253,074	\$ 329,962,900	\$ 342,466,717	\$ 386,093,150	\$ 363,194,971	\$ 450,293,580	\$ 449,789,639	\$ 526,689,171	\$ 517,212,014
Expenditures										
General government	1,838,703	2,537,247	2,851,528	1,313,448	2,962,868	1,513,063	3,300,092	7,758,917	4,904,149	1,801,494
Workforce programs	208,854,509	231,869,701	272,976,282	290,426,917	343,536,794	315,951,055	399,916,748	391,864,225	466,729,692	446,783,432
Transportation	40,491,639	28,064,068	22,335,672	28,590,540	22,084,110	26,419,759	25,477,201	25,892,610	25,905,763	32,124,925
Community and environmental	10,680,269	13,253,886	16,173,588	10,196,684	3,063,491	3,586,298	3,234,724	3,515,286	3,320,535	7,767,602
Criminal justice	815,491	1,319,500	1,187,393	1,391,343	1,195,598	2,202,056	2,490,964	1,566,591	2,320,550	1,550,526
Emergency communications	928,918	-	-	-	-	-	-	-	-	-
Aging services	11,069,901	10,477,138	11,088,653	9,896,468	9,780,103	9,237,891	11,666,486	13,708,485	15,575,189	15,459,226
Regional excellence corporation	62,842	122,317	145,893	13,311	56,711	1,552	660	10,703	21,659	23,600
Gulf Coast 911 Emergency District	2,503,579	2,841,896	2,932,655	2,639,589	2,803,990	2,659,637	2,961,955	2,460,830	2,615,272	3,029,275
Debt service:										
Principal	26,286	34,993	40,119	23,252	31,420	31,447	31,447	-	1,469,911	1,692,290
Interest	2,079	1,486	859	213	-	-	-	-	98,355	94,893
Capital outlay	93,594	41,746	55,206	21,602	400,125	216,889	117,619	2,330,884	496,094	7,595,065
Total expenditures	277,367,810	290,563,978	329,787,848	344,513,367	385,915,210	361,819,647	449,197,896	449,108,531	523,457,169	517,922,328
Excess of revenues over (under) expenditures	346,371	689,097	175,052	(2,046,650)	179,940	1,375,324	1,097,684	681,109	3,232,003	(710,314)
Other Financing Sources (Uses)										
Leases	-	41,746	-	-	-	23,298	-	-	-	4,731,504
Transfers in	-	100,000	175,000	200,000	100,000	200,000	375,013	2,000,000	17,653,664	1,973,353
Transfers out	-	-	-	-	-	-	-	-	-	(206,137)
Total other financing sources (uses)	-	141,746	175,000	200,000	100,000	223,298	375,013	2,000,000	17,653,664	6,498,720
Net change in fund balances	\$ 346,371	\$ 830,843	\$ 350,052	\$ (1,846,650)	\$ 279,940	\$ 1,598,622	\$ 1,472,697	\$ 2,681,109	\$ 20,885,667	\$ 5,788,406
Debt service as a percentage of noncapital expenditures	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.30%	0.35%

**Houston-Galveston Area Council
Revenues By Source
Last Ten Years**

(accrual basis of accounting)

Table 5

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Interest income	\$ 14,189	\$ 58,491	\$ 331,766	\$ 380,613	\$ 44,289	\$ 3,803	\$ 140,208	\$ 822,604	\$ 1,502,272	\$ 1,170,252
Membership dues	394,258	395,539	299,061	392,963	390,791	395,539	469,619	462,337	462,937	466,414
Interlocal contracts	785,108	1,272,045	729,253	739,106	1,823,110	976,397	1,433,158	3,600,430	2,702,438	1,289,697
Data services and imaging	651,490	411,575	1,528,519	319,242	784,700	219,886	1,143,201	174,100	2,308,350	623,058
Miscellaneous income (1)	165,314	751,567	395,808	(55,164)	297,724	190,021	773,249	2,543,005	1,623,205	947,676
Total	\$ 2,010,359	\$ 2,889,217	\$ 3,284,407	\$ 1,776,760	\$ 3,340,614	\$ 1,785,646	\$ 3,959,435	\$ 7,602,476	\$ 8,599,202	\$ 4,497,097

Notes:

(1) Includes revenue from workshops and annual meetings

Source: Statement of Revenues, Expenditures and Changes in Fund Balance

**Houston-Galveston Area Council
Schedule of Outstanding Debt
Last Ten Years**

(modified accrual basis of accounting)

Table 6

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental Activities										
Lease obligation	\$ 62,420	\$ 69,169	\$ 29,050	\$ 5,798	\$ 76,866	\$ 68,717	\$ -	\$ -	\$ -	\$ -
Lease Liability	-	-	-	-	-	-	11,253,893	9,618,544	8,148,633	11,187,848
Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 62,420	\$ 69,169	\$ 29,050	\$ 5,798	\$ 76,866	\$ 68,717	\$ 11,253,893	\$ 9,618,544	\$ 8,148,633	\$ 11,187,848
Personal Income (thousands of dollars)(1)*	\$ 351,586,171	\$ 378,144,452	\$ 403,896,488	\$ 422,087,155	\$ 431,807,103	\$ 480,395,728	\$ 520,665,022	\$ 576,443,045	\$ 607,223,275	\$ 650,276,967
Percentage of Personal Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.22%	0.17%	0.13%	0.17%
Population of Region (2)	6,977,979	7,071,694	7,147,400	7,234,893	7,297,022	7,383,513	7,517,691	7,661,800	7,950,479	8,058,943
Debt Per Capita	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.5	\$ 1.3	\$ 1.0	\$ 1.4

Notes:

(1). Bureau of Economic Analysis, 2024

* - The 2025 value is a projection based on the historical average annual growth rate from 2016-2024

(2). Census Bureau Population and Housing Units Estimates, 2025

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	50	Persons per Square Mile	298
County Seat	Bellville	County Seat	Angleton
Population (2024)	32,546	Population (2024)	413,224
Race		Race	
<i>White</i>	19,416	<i>White</i>	166,452
<i>Black</i>	2,756	<i>Black</i>	71,905
<i>Asian</i>	277	<i>Asian</i>	33,816
<i>Hispanic</i>	9,471	<i>Hispanic</i>	132,182
<i>Two or More Races and Other</i>	626	<i>Two or More Races and Other</i>	8,869
Households and Families (2024)		Households and Families (2024)	
Total households	12,128	Total households	133,898
Average Household Size	2.55	Average Household Size	2.82
Average family size	3.07	Average family size	3.37
Vital Statistics		Vital Statistics	
Marriages (2021)	208	Marriages (2021)	1,588
Divorces (2017)	99	Divorces (2017)	1,211
Births (2023)	394	Births (2023)	4,619
Male	212	Male	2,368
Female	182	Female	2,251
Deaths (2022)	378	Deaths (2022)	2,873
Unemployment Rate (12/2025)	3.6	Unemployment Rate (12/2025)	4.5

<u>Chambers County</u>		<u>Colorado County</u>	
Land Area (sq. miles)	599	Land Area (sq. miles)	963
Persons per Square Mile	94	Persons per Square Mile	22
County Seat	Anahuac	County Seat	Columbus
Population (2024)	56,179	Population (2024)	21,475
Race		Race	
<i>White</i>	33,285	<i>White</i>	11,763
<i>Black</i>	4,925	<i>Black</i>	2,417
<i>Asian</i>	835	<i>Asian</i>	124
<i>Hispanic</i>	16,143	<i>Hispanic</i>	6,763
<i>Two or More Races and Other</i>	991	<i>Two or More Races and Other</i>	408
Households and Families (2024)		Households and Families (2024)	
Total households	17,229	Total households	7,937
Average Household Size	2.97	Average Household Size	2.60
Average family size	3.42	Average family size	3.22
Vital Statistics		Vital Statistics	
Marriages (2021)	281	Marriages (2021)	125
Divorces (2017)	135	Divorces (2017)	53

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

Births (2023)	704	Births (2023)	248
Male	390	Male	126
Female	314	Female	122
Deaths (2022)	290	Deaths (2022)	287
Unemployment Rate (12/2025)	5	Unemployment Rate (12/2025)	3.4

<u>Fort Bend County</u>		<u>Galveston County</u>	
Land Area (sq. miles)	875	Land Area (sq. miles)	398
Persons per Square Mile	1,095	Persons per Square Mile	923
County Seat	Richmond	County Seat	Galveston
Population (2024)	958,434	Population (2024)	367,407
Race		Race	
<i>White</i>	267,379	<i>White</i>	197,913
<i>Black</i>	208,973	<i>Black</i>	46,827
<i>Asian</i>	220,007	<i>Asian</i>	13,896
<i>Hispanic</i>	239,661	<i>Hispanic</i>	100,659
<i>Two or More Races and Other</i>	22,414	<i>Two or More Races and Other</i>	8,112
Households and Families (2024)		Households and Families (2024)	
Total households	292,713	Total households	140,660
Average Household Size	3.03	Average Household Size	2.51
Average family size	3.46	Average family size	3.16
Vital Statistics		Vital Statistics	
Marriages (2021)	2,509	Marriages (2021)	2,144
Divorces (2017)	1,883	Divorces (2017)	1,180
Births (2023)	9,450	Births (2023)	3,900
Male	4,776	Male	2,029
Female	4,674	Female	1,871
Deaths (2022)	4,561	Deaths (2022)	3,300
Unemployment Rate (12/2025)	4.1	Unemployment Rate (12/2025)	4.2

<u>Harris County</u>		<u>Liberty County</u>	
Land Area (sq. miles)	1,729	Land Area (sq. miles)	1,160
Persons per Square Mile	2,897	Persons per Square Mile	99
County Seat	Houston	County Seat	Liberty
Population (2024)	5,009,302	Population (2024)	115,042
Race		Race	
<i>White</i>	1,301,336	<i>White</i>	52,405
<i>Black</i>	974,891	<i>Black</i>	9,188
<i>Asian</i>	388,158	<i>Asian</i>	798
<i>Hispanic</i>	2,255,725	<i>Hispanic</i>	50,749
<i>Two or More Races and Other</i>	89,192	<i>Two or More Races and Other</i>	1,902
Households and Families (2024)		Households and Families (2024)	
Total households	1,757,164	Total households	31,183
Average Household Size	2.73	Average Household Size	3.15

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

Average family size	3.49	Average family size	3.81
Vital Statistics		Vital Statistics	
Marriages (2021)	17,581	Marriages (2021)	505
Divorces (2017)	10,247	Divorces (2017)	300
Births (2023)	65,022	Births (2023)	1,686
Male	33,377	Male	851
Female	31,643	Female	835
Deaths (2022)	31,359	Deaths (2022)	959
Unemployment Rate (12/2025)	4.3	Unemployment Rate (12/2025)	5.3

<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	718
County Seat	Bay City	County Seat	Conroe
Population (2024)	36,391	Population (2024)	749,613
Race		Race	
White	15,234	White	427,059
Black	3,610	Black	56,752
Asian	676	Asian	29,116
Hispanic	16,208	Hispanic	219,947
Two or More Races and Other	663	Two or More Races and Other	16,739
Households and Families (2024)		Households and Families (2024)	
Total households	15,439	Total households	247,541
Average Household Size	2.33	Average Household Size	2.75
Average family size	3.04	Average family size	3.29
Vital Statistics		Vital Statistics	
Marriages (2021)	150	Marriages (2021)	3,600
Divorces (2017)	66	Divorces (2017)	2,041
Births (2023)	429	Births (2023)	8,824
Male	221	Male	4,493
Female	208	Female	4,331
Deaths (2022)	443	Deaths (2022)	4,875
Unemployment Rate (12/2025)	5.7	Unemployment Rate (12/2025)	3.8

<u>Walker County</u>		<u>Waller County</u>	
Land Area (sq. miles)	787	Land Area (sq. miles)	514
Persons per Square Mile	106	Persons per Square Mile	127
County Seat	Huntsville	County Seat	Hempstead
Population (2024)	83,722	Population (2024)	65,109
Race		Race	
White	44,508	White	24,355
Black	18,387	Black	15,413
Asian	893	Asian	1,732
Hispanic	18,455	Hispanic	22,444

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Table 7

<i>Two or More Races and Other</i>	1,479	<i>Two or More Races and Other</i>	1,165
Households and Families (2024)		Households and Families (2024)	
Total households	26,017	Total households	18,342
Average Household Size	2.42	Average Household Size	3.09
Average family size	3.32	Average family size	3.61
Vital Statistics		Vital Statistics	
Marriages (2021)	300	Marriages (2021)	417
Divorces (2017)	210	Divorces (2017)	68
Births (2023)	645	Births (2023)	939
Male	344	Male	478
Female	301	Female	461
Deaths (2022)	682	Deaths (2022)	466
Unemployment Rate (12/2025)	3.8	Unemployment Rate (12/2025)	4.9

<u>Wharton County</u>	
Land Area (sq. miles)	1,090
Persons per Square Mile	39
County Seat	Wharton
Population (2024)	42,035
Race	
<i>White</i>	18,048
<i>Black</i>	5,219
<i>Asian</i>	281
<i>Hispanic</i>	18,094
<i>Two or More Races and Other</i>	393
Households and Families (2024)	
Total households	15,890
Average Household Size	2.58
Average family size	3.15
Vital Statistics	
Marriages (2021)	186
Divorces (2017)	86
Births (2023)	548
Male	300
Female	248
Deaths (2022)	513
Unemployment Rate (12/2025)	4.3

Source: US Census Bureau, 2024
Texas Department of Health, 2023
US Bureau of Labor Statistics, 2025
H-GAC, 2024

Note: Latest marriage data is from 2021
Latest divorce data is from 2017
Latest death data is from 2022

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Geography	Total Population 2015-2025										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Austin County	29,477	29,650	29,729	30,000	30,107	30,167	30,380	31,097	31,677	32,546	33,625
Brazoria County	345,295	353,361	362,261	369,470	374,699	372,031	379,689	388,181	398,938	413,224	419,080
Chambers County	39,025	40,160	41,249	42,128	43,726	46,571	48,865	51,288	53,876	56,179	57,594
Colorado County	20,946	21,091	21,301	21,317	21,467	20,557	20,630	20,754	21,117	21,475	21,439
Fort Bend County	715,260	744,489	768,258	789,269	812,737	822,779	858,527	889,146	916,778	958,434	975,191
Galveston County	321,074	329,038	334,691	337,639	341,541	350,682	355,062	357,117	361,744	367,407	372,207
Harris County	4,556,559	4,622,836	4,655,798	4,676,913	4,709,243	4,731,145	4,728,030	4,780,913	4,835,125	5,009,302	5,045,026
Liberty County	79,537	81,381	83,648	85,834	88,453	91,628	97,621	101,992	108,272	115,042	121,364
Matagorda County	36,747	37,143	36,848	36,583	36,655	36,255	36,344	36,125	36,359	36,391	36,463
Montgomery County	535,913	555,338	571,542	590,127	607,583	620,443	648,886	678,490	711,354	749,613	781,194
Walker County	70,825	71,811	72,764	73,037	71,700	76,400	77,977	78,870	81,268	83,722	83,842
Waller County	48,663	50,062	51,736	53,568	55,311	56,794	59,781	61,894	63,553	65,109	69,858
Wharton County	41,369	41,619	41,869	41,515	41,671	41,570	41,721	41,824	41,739	42,035	42,060
H-GAC 13 County Area	6,840,690	6,977,979	7,071,694	7,147,400	7,234,893	7,297,022	7,383,513	7,517,691	7,661,800	7,950,479	8,058,943
Texas	27,468,531	27,914,064	28,291,024	28,624,564	28,986,794	29,145,505	29,527,941	30,503,301	30,727,890	31,290,831	31,709,821

Data source: Census Bureau Population and Housing Units Estimates, 2025

Ten Largest Non-Governmental Houston MSA Employers ¹			2025		
Rank	Company	Employees			
1	Houston Methodist	35,138			
2	Memorial Hermann Health System	34,000			
3	The University of Texas MD Anderson Cancer Center	26,400			
4	Houston ISD	26,065			
5	City of Houston	22,000			
6	Harris County	19,266			
7	Cypress-Fairbanks ISD	16,333			
8	Texas Children's Hospital	14,779			
9	The University of Texas Health Science Center at Houston (UTHealth Houston)	13,886			
10	Exxon Mobil Corp.	13,000			

Ten Largest Non-Governmental Harris County Employers ²			2025		
Rank	Company	Employees			
1	Memorial Hermann	31,425			
2	The University of Texas MD Anderson Cancer Center	26,270			
3	Amazon	24,000			
4	Houston Methodist	22,015			
5	Exxon Mobil Corp.	16,740			
6	The University of Texas Health Science Center at Houston (UTHealth Houston)	16,150			
7	Chevron Corp.	13,330			
8	United Airlines	13,200			
9	Walmart	13,055			
10	Daikin	10,000			

Sources:

1 Houston Business Journal, 2025

<https://www.bizjournals.com/houston/subscriber-only/2025/10/17/largest-employers-in-the-houston-area.html>

Note: Houston Business Journal does not include retail employers

2 Harris County, 2025

<https://hcoed.harriscountytx.gov/>

Total Historic Employment 2015-2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Austin	9,618	9,858	9,821	10,248	10,369	10,466	11,012	11,858	12,162	12,394	12,629
Brazoria	102,545	104,248	107,959	112,071	114,221	110,430	109,747	116,114	118,776	121,292	122,430
Chambers	13,156	14,818	14,474	15,727	18,247	18,332	17,892	19,914	21,346	22,280	23,210
Colorado	7,140	7,077	6,786	6,708	6,916	6,838	6,941	7,618	7,890	7,848	7,696
Fort Bend	189,178	193,747	197,241	207,796	218,337	214,453	220,146	236,957	249,262	259,240	264,930
Galveston	101,408	104,813	106,098	106,370	109,317	107,110	110,902	116,511	121,261	122,816	124,749
Harris	2,339,660	2,323,498	2,315,274	2,355,174	2,406,807	2,305,322	2,296,014	2,425,940	2,519,708	2,553,563	2,572,197
Liberty	15,945	16,313	16,806	17,532	18,171	17,682	18,201	18,678	19,479	19,854	20,186
Matagorda	10,960	10,049	10,700	11,304	11,186	10,425	10,836	10,642	10,446	10,419	10,372
Montgomery	167,670	171,703	175,639	185,175	194,598	191,153	203,589	219,147	231,504	238,900	243,421
Walker	23,216	23,795	24,010	24,008	24,367	23,753	23,553	23,571	24,574	24,897	25,044
Waller	17,399	17,134	17,688	19,242	19,778	19,149	19,632	21,941	24,140	25,024	25,671
Wharton	14,939	14,624	14,811	15,035	15,608	15,005	14,735	14,903	15,273	15,355	15,342

Data Source: U.S Census Bureau Quarterly Workforce Indicators, 2025

**Voter Registration
2016- 2025 Primary Elections**

	Number of Precincts										
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Austin	16	18,601	18,897	19,112	19,223	19,618	19,949	20,478	20,508	21,377	22,264
Brazoria	81	186,517	200,248	200,830	210,087	212,602	221,732	228,253	232,082	240,631	253,894
Chambers	19	25,479	26,688	27,299	28,589	29,015	30,778	31,957	33,684	35,387	38,042
Colorado	12	13,391	13,552	13,714	13,673	13,900	14,126	14,127	14,166	14,424	14,528
Fort Bend	297	379,254	412,810	413,446	428,679	452,662	481,602	503,748	514,163	527,397	559,321
Galveston	97	195,988	203,348	207,560	210,663	217,501	222,838	229,469	229,869	237,517	245,395
Harris	1,172	2,084,462	2,189,228	2,248,921	2,357,199	2,370,968	2,503,936	2,507,991	2,586,475	2,604,124	2,681,462
Liberty	23	41,130	43,619	43,109	44,285	44,698	45,925	48,277	49,187	51,889	56,889
Matagorda	19	20,826	20,941	21,338	21,745	21,442	21,042	21,453	21,049	21,804	21,944
Montgomery	122	290,259	306,564	318,611	327,629	345,404	367,467	391,078	415,397	428,859	464,930
Walker	21	30,179	31,334	31,835	32,572	33,658	34,134	34,934	35,379	36,857	38,672
Waller	27	29,237	30,351	30,984	31,952	33,201	34,393	35,774	37,295	40,205	44,650
Wharton	12	24,387	24,612	24,795	25,207	25,064	25,117	25,696	25,972	25,913	26,631
H-GAC Region	1,918	3,339,710	3,522,192	3,601,554	3,751,503	3,819,733	4,023,039	4,093,235	4,215,226	4,286,384	4,468,622

Source: Office of the Texas Secretary of State 2025 - Most recent update

2024 Presidential Elections							
County	Republican	Democratic	Libertarian	Other	Total Votes	Total Voters	TurnOut
AUSTIN	12,457	2,816	60	50	15,383	22,116	70%
BRAZORIA	95,867	63,976	932	1,271	162,046	249,840	65%
CHAMBERS	20,567	4,192	144	70	24,973	37,026	67%
COLORADO	7,824	2,108	45	17	9,994	14,775	68%
FORT BEND	173,592	179,310	1,929	7,693	362,524	555,569	65%
GALVESTON	100,295	56,732	997	972	158,996	245,695	65%
HARRIS	722,695	808,771	9,727	16,291	1,557,484	2,693,055	58%
LIBERTY	25,241	5,952	88	42	31,323	54,530	57%
MATAGORDA	9,957	3,231	67	57	13,312	22,394	59%
MONTGOMERY	221,964	82,277	1,672	1,345	307,258	453,832	68%
WALKER	17,515	7,461	117	82	25,175	38,958	65%
WALLER	17,077	10,183	133	168	27,561	44,330	62%
WHARTON	12,439	3,910	63	41	16,453	26,422	62%

Source: Office of the Secretary of State 2024

HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025

Texas 2021 State Expenditures by County

Rank	County	Total	Inter-Governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	TRAVIS	\$ 17,774,769,989	\$ 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	\$ 17,626,244,283	\$ 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	\$ 12,311,777,134	\$ 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	\$ 4,347,939,691	\$ 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	\$ 3,822,063,458	\$ 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	\$ 3,042,339,726	\$ 1,573,151,198	\$ 388,322,670	\$ 824,253,888	\$ 142,528,067	\$ 24,579,637	\$ 2,341,548	\$ 87,162,718
9	NUECES	\$ 2,234,531,254	\$ 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	\$ 1,714,361,549	\$ 601,305,168	\$ 231,214,432	\$ 125,876,315	\$ 705,171,459	\$ 24,557,669	\$ 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	\$ 811,755,741	\$ 518,740,610	\$ 136,179,293	\$ 116,663,616	\$ 14,877,452	\$ 9,886,379	\$ (172,774)	\$ 15,581,165
30	WALKER	\$ 446,976,292	\$ 90,147,843	\$ 256,484,592	\$ 17,634,222	\$ 18,123,077	\$ 25,406,408	\$ 133,753	\$ 39,046,397
48	LIBERTY	\$ 215,446,102	\$ 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	\$ 104,210,546	\$ 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	\$ 76,442,610	\$ 51,072,353	\$ 7,901,574	\$ 12,942,134	\$ 542,636	\$ 620,399	\$ 645,764	\$ 2,717,750
114	AUSTIN	\$ 54,898,231	\$ 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	\$ 26,563,361,909	\$ 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
	% of Expenditures in the region	22.4%	22.0%	14.0%	30.4%	30.2%	17.6%	35.2%	8.7%

Data source: Texas Comptroller of Public Accounts, 2021

Note: Data on Government Expenditure by county and council of governments is based on Texas Controller of Public Accounts- the last update was 2021

**HOUSTON-GALVESTON AREA COUNCIL
FOR THE YEAR ENDED DECEMBER 31, 2025**

Texas 2021 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	\$ 26,563,361,909	\$ 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	\$ 21,547,968,471	\$ 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	\$ 3,124,566,269	\$ 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	\$ 2,958,516,334	\$ 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	\$ 1,891,599,361	\$ 629,056,494	\$ 680,142,006	\$ 385,277,352	\$ 96,895,654	\$ 41,781,128	\$ 12,312,417	\$ 46,134,310
11	Central Texas	\$ 1,725,944,271	\$ 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	\$ 1,291,205,407	\$ 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	\$ 18,922,157
16	South Texas	\$ 1,190,554,662	\$ 815,314,701	\$ 132,071,802	\$ 213,091,636	\$ 7,404,777	\$ 3,898,598	\$ 409,818	\$ 18,363,330
17	West Central Texas	\$ 1,129,988,881	\$ 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	\$ 564,760,972	\$ 232,568,959	\$ 151,215,542	\$ 89,245,779	\$ 65,148,849	\$ 9,455,648	\$ 3,826,461	\$ 13,299,734
22	Golden Crescent	\$ 518,222,239	\$ 243,273,325	\$ 87,629,090	\$ 93,856,428	\$ 73,440,663	\$ 9,604,501	\$ 504,165	\$ 9,914,067
23	Middle Rio Grande	\$ 495,758,920	\$ 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	\$ 118,435,237,188	\$ 36,388,616,375	\$ 24,409,767,291	\$ 37,157,865,980	\$ 7,456,124,240	\$ 2,280,510,965	\$ 997,858,211	\$ 9,744,494,127

Data source: Texas Comptroller of Public Accounts, 2021

Note: Data on Government Expenditure by county and council of governments is based on Texas Controller of Public Accounts- the last update was 2021

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

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Executive										
Executive Director	4	4	4	5	7	7	9	5	4	2
Internal Audit	4	4	4	4	5	5	5	6	6	9
Human Resources			2	4	4	4	5	8	8	9
Finance Administration										
Finance & Accounting	15	14	14	16	16	17	18	19	19	16
Facilities Management	7	8	5	5	5	5	5	4	4	4
Procurement & Contracts								9	9	12
Outreach & Government Affairs										
Outreach & Government Affairs								17	17	19
Program Services										
Community and Environmental Planning	38.5	30	33	34	31	31	26	27	26	37
Data Services	23.5	23	22	20	22	23	22	22	21	18
Data Analytics & Research							25	26	26	31
Workforce	68.5	63	63	73	76	81	98	110	108	192
Enterprise Solutions	30	29	37	38	42	42	41	34	34	39
Transportation	59	51	62	63	60	59	47	39	39	58
Total	249.5	226	246	262	268	274	301	326	321	446

Source: H-GAC

HOUSTON
GALVESTON
AREA
COUNCIL

SINGLE AUDIT SECTION



SERVING TODAY ■ PLANNING FOR TOMORROW

FEDERAL AND STATE AWARDS SECTION

INDEPENDENT AUDITOR’S 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

To the Board of Directors
Houston-Galveston Area Council
Houston, Texas

We have audited, in accordance with the 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 (*Government Auditing Standards*), 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, 2025, 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 7, 2026.

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 Council’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.

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 been 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 determination of financial statement amounts. 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*.

To the Board of Directors
Houston-Galveston Area Council

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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
May 7, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE TEXAS GRANT MANAGEMENT STANDARDS**

To the 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* 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, 2025. 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's 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, 2025.

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 Texas Grant Management Standards. Our responsibilities under those standards, the Uniform Guidance, and the Texas Grant Management Standards 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 Texas Grant Management Standards 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 Texas Grant Management Standards, 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 Texas Grant Management Standards, 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 and state program on a timely basis. A *material weakness in internal control over compliance* is a 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 and 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 and 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.

To the Board of Directors
Houston-Galveston Area Council

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 Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
May 7, 2026

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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				
2825SNE001	SNAP E&T - 2025	10.561	\$ 1,866,036	\$ 1,850,837
2825SDR001	SNAP TPP - 2025	10.561	\$ 3,349	\$ 3,349
	Subtotal - SNAP Cluster		<u>\$ 1,869,385</u>	<u>\$ 1,854,186</u>
	Total - Texas Workforce Commission		<u>\$ 1,869,385</u>	<u>\$ 1,854,186</u>
Passed Through the Texas A&M Forest Service				
CO-24-216	West Lake Houston Basin: Implementing Watershed Protection Plans	10.664	\$ 122	\$ -
	Subtotal - 10.664		<u>\$ 122</u>	<u>\$ -</u>
	Total - Texas A&M Forest Service		<u>\$ 122</u>	<u>\$ -</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>\$ 1,869,507</u>	<u>\$ 1,854,186</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through the Texas Workforce Commission				
2924ALA017	Adult Education and Literacy 2025	84.002A	\$ 5,622,766	\$ 5,622,766
2924ALAB17	Adult Education and Literacy 2025	84.002A	\$ 445,107	\$ 262,693
	Subtotal - 84.002A		<u>\$ 6,067,873</u>	<u>\$ 5,885,459</u>
	Total - Texas Workforce Commission		<u>\$ 6,067,873</u>	<u>\$ 5,885,459</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 6,067,873</u>	<u>\$ 5,885,459</u>
U.S. DEPARTMENT OF ENERGY				
Direct Programs:				
DE-EE0009568	Clean Cities Outreach Education and Performance Tracking -2025	81.086	\$ 89,075	\$ -
	Subtotal - 81.086		<u>\$ 89,075</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>\$ 89,075</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 - 2025	93.041	\$ (19)	\$ -
	Subtotal - 93.041		<u>\$ (19)</u>	<u>\$ -</u>
HHS000874100015	Aging Title VII OM - 2025	93.042	\$ 6,443	\$ -
	Subtotal - 93.042		<u>\$ 6,443</u>	<u>\$ -</u>
HHS000874100015	Aging Title III, Part D - 2025	93.043	\$ 112,829	\$ 64,586
	Subtotal - 93.043		<u>\$ 112,829</u>	<u>\$ 64,586</u>
Aging Cluster				
HHS000874100015	Aging Title III, Part B - 2025	93.044	\$ 3,248,497	\$ 2,276,806
HHS001603100015	Aging Title III, Part B - 2026	93.044	\$ 770,061	\$ 524,548
	Subtotal - 93.044		<u>\$ 4,018,558</u>	<u>\$ 2,801,354</u>
HHS000874100015	Aging Title III, Part C - 2025	93.045	\$ 3,573,202	\$ 1,552,223
HHS001603100015	Aging Title III, Part C - 2026	93.045	\$ 975,654	\$ 471,662
	Subtotal - 93.045		<u>\$ 4,548,856</u>	<u>\$ 2,023,885</u>
HHS000874100015	Aging NSIP - 2025	93.053	\$ 273,953	\$ 273,953

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
	Subtotal - 93.053		\$ 273,953	\$ 273,953
	Total - Aging Cluster		\$ 8,841,367	\$ 5,099,192
HHS000874100015	Aging Title III, Part E - 2025	93.052	\$ 788,840	\$ 478,392
HHS001603100015	Aging Title III, Part E - 2026	93.052	\$ 216,559	\$ 74,007
	Subtotal 93.052		\$ 1,005,399	\$ 552,399
HHS000874100015	Aging MIPPA FY24	93.071	\$ 598	\$ -
HHS000874100015	Aging MIPPA FY25	93.071	\$ 46,577	\$ -
	Subtotal 93.071		\$ 47,175	\$ -
HHS000874100015	Aging HICAP (04/01/25 - 03/31/26)	93.324	\$ 115,439	\$ -
	Subtotal - 93.324		\$ 115,439	\$ -
HHS000874100015	Ombudsman Staff Retention FY25	93.747	\$ 32,750	\$ -
			\$ 32,750	\$ -
HHS001341600006	ADRC Housing Navigator FY25	93.791	\$ 12,116	\$ -
HHS001341600006	ADRC Housing Navigator FY26	93.791	\$ 13,615	\$ -
HHS001341600006	ADRC Local Contact Agency FY25	93.791	\$ 2,298	\$ -
HHS001341600006	ADRC Local Contact Agency FY26	93.791	\$ 4,384	\$ -
	Subtotal - 93.791		\$ 32,413	\$ -
	Total - Texas Health and Human Services Commission		\$ 10,193,796	\$ 5,716,177
	Passed Through the Texas Workforce Commission			
2825TAF001	TANF Choices - 2025	93.558	\$ 10,798,754	\$ 10,128,215
2826TAF001	TANF Choices - 2026	93.558	\$ 1,218,470	\$ 1,066,871
2825NCP001	TANF E&T - Noncustodial Parent Employ - 2025	93.558	\$ 527,833	\$ 506,562
2924ALA017	Adult Education and Literacy 2025	93.558	\$ 815,250	\$ 815,250
2924ALAB17	Adult Education and Literacy 2025	93.558	\$ 618,980	\$ 365,309
2825WCI001	Workforce Commission Initiative	93.558	\$ 9,563	\$ 8,761
2824WPA001	Employment Services - 2024	93.558	\$ 25,613	\$ 25,613
2825WPA001	Employment Services - 2025	93.558	\$ 58,816	\$ 40,189
2826CCF001	Child Care - 2026	93.558	\$ 4,977,351	\$ 4,977,351
	Subtotal - 93.558		\$ 19,050,630	\$ 17,934,121
	CCDF Cluster			
2824CCQ001	Child Care Quality - 2024	93.575	\$ (17,000)	\$ (17,000)
2825CCQ001	Child Care Quality - 2025	93.575	\$ 9,592,387	\$ 5,136,223
2825CQF001	Child Care Quality - 2025	93.575	\$ 13,600,345	\$ 13,600,345
2826CQF001	Child Care Quality - 2026	93.575	\$ 3,324,757	\$ 3,324,757
2825CCF001	Child Care - 2025	93.575	\$ 193,834,895	\$ 193,834,895
2826CCF001	Child Care - 2026	93.575	\$ 22,696,718	\$ 22,696,718
2826CCQ001	Child Care Quality - 2026	93.575	\$ 2,700,947	\$ 65,568
	Subtotal - 93.575		\$ 245,733,049	\$ 238,641,506
2825CCF001	Child Care - 2025	93.596	\$ 37,868,467	\$ 31,040,354
2826CCF001	Child Care - 2026	93.596	\$ 14,629,306	\$ 12,559,677
2825CCM001	Child Care Local Initiatives - 2025	93.596	\$ 20,554,386	\$ 20,554,386
	Subtotal - 93.596		\$ 73,052,159	\$ 64,154,417
	Total - CCDF Cluster		\$ 318,785,208	\$ 302,795,923
2825CCF001	Child Care - 2025	93.667	\$ 276,915	\$ 276,915
2826CCF001	Child Care - 2026	93.667	\$ 158,689	\$ 158,689

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
	Subtotal - 93.667		\$ 435,604	\$ 435,604
	Total - Texas Workforce Commission		\$ 338,271,442	\$ 321,165,648
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 348,465,238</u>	<u>\$ 326,881,825</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed Through the Office of the Governor			
2992710	Homeland Security Grant Program - SHSP - 2025	97.067	\$ 233,990	
2992711	Homeland Security Grant Program - SHSP - 2026	97.067	\$ 69,268	\$ -
	Subtotal - 97.067		<u>\$ 303,258</u>	<u>\$ -</u>
	Total - Office of the Governor		<u>\$ 303,258</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 303,258</u>	<u>\$ -</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Texas Department of Agriculture			
CEDAF24-18	ORCA FY25 Technical Assistance	14.228	\$ 12,221	\$ -
CEDAF25-18	ORCA FY26 Technical Assistance	14.228	\$ 255	
	Total - Texas Department of Agriculture		<u>\$ 12,476</u>	<u>\$ -</u>
	Passed Through the General Land Office			
22-130-017-D819	Hazard Mitigation - Austin County	14.228	\$ 1,726	\$ -
22-130-016-D811	Hazard Mitigation - City of Angleton	14.228	\$ 1,801	\$ -
22-130-013-D786	Hazard Mitigation - Liberty County	14.228	\$ 789	\$ -
22-130-015-D808	Hazard Mitigation - Walker County	14.228	\$ 4,506	\$ -
22-130-032-E001	Hazard Mitigation - Galveston County	14.228	\$ 22,178	\$ -
24-065-060-E570	GLO CDBG - Columbus	14.228	\$ 1,392,025	\$ 1,315,031
24-065-060-E570	GLO CDBG - Fort Bend Brazos Pinch Point	14.228	\$ 2,123,368	\$ 2,028,864
24-065-060-E570	GLO CDBG - Surfside	14.228	\$ 6,541	\$ -
24-065-060-E570	GLO CDBG - Crosby Eastgate	14.228	\$ 3,408	\$ -
24-065-060-E570	GLO CDBG - Wharton County	14.228	\$ 255,178	\$ 250,000
	Total - General Land Office		<u>\$ 3,811,520</u>	<u>\$ 3,593,895</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 3,823,996</u>	<u>\$ 3,593,895</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed Through the Office of the Governor			
2606713	CJD Juvenile Mental Health Project 2025	16.540	\$ 103,598	\$ -
2606714	CJD Juvenile Mental Health Project 2026	16.540	\$ 19,237	\$ -
	Subtotal - 16.540		<u>\$ 122,835</u>	<u>\$ -</u>
3386607	Elder and Vulnerable Adult Justice Program FY25	16.575	\$ 356,724	\$ -
3386608	Elder and Vulnerable Adult Justice Program FY26	16.575	\$ 96,052	\$ -
	Subtotal - 16.575		<u>\$ 452,776</u>	<u>\$ -</u>
	Total - Office of the Governor		<u>\$ 575,611</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 575,611</u>	<u>\$ -</u>
U.S. DEPARTMENT OF LABOR				
	Employment Service Cluster			
	Passed Through the Texas Workforce Commission			

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
2825TVC001	Disabled Veterans' Outreach Program	17.801	\$ 339,636	\$ 323,264
	Subtotal - 17.801		<u>\$ 339,636</u>	<u>\$ 323,264</u>
2825RAG001	Resource Admin Grant - 2025	17.207	\$ 9,167	\$ -
2825WCI001	Workforce Commission Initiative	17.207	\$ 1,395	\$ 1,395
2826WCI001	Workforce Commission Initiative	17.207	\$ 70,144	\$ 35,584
2824WPA001	Employment Services - 2024	17.207	\$ 332,342	\$ 318,152
2825WPA001	Employment Services - 2025	17.207	\$ 1,138,076	\$ 777,496
2824WPB007	Training and Employment Navigator -2025	17.207	\$ 86,002	\$ 78,101
	Subtotal - 17.207		<u>\$ 1,637,126</u>	<u>\$ 1,210,728</u>
	Total-Texas Workforce Commission		<u>\$ 1,637,126</u>	<u>\$ 1,210,728</u>
	Total - Employment Service Cluster		<u>\$ 1,976,762</u>	<u>\$ 1,533,992</u>
	Passed Through the Texas Workforce Commission WIOA Cluster			
2824WOA001	WIA Adult Program - 2024	17.258	\$ 16,210,480	\$ 14,922,871
2825WOA001	WIA Adult Program - 2025	17.258	\$ 3,342,000	\$ 3,236,696
2824TIP001	Texas Industry Partnership	17.258	\$ 50,000	\$ 50,000
	Subtotal - 17.258		<u>\$ 19,602,480</u>	<u>\$ 18,209,567</u>
2824WOY001	WIA Youth - 2024	17.259	\$ 15,001,399	\$ 13,707,758
2825WOY001	WIA Youth - 2025	17.259	\$ 2,959,835	\$ 2,882,574
	Subtotal - 17.259		<u>\$ 17,961,234</u>	<u>\$ 16,590,332</u>
2824WOR001	Rapid Response - 2024	17.278	\$ 8,030	\$ 7,681
2825WOR001	Rapid Response - 2025	17.278	\$ 11,412	\$ 8,222
2824WOD001	WIA Dislocated Worker - 2024	17.278	\$ 8,929,406	\$ 8,360,896
2825WOD001	WIA Dislocated Worker - 2025	17.278	\$ 903,654	\$ 855,510
2824HJT001	High Demand Job Training - 2024	17.278	\$ 16,615	\$ 16,615
	Subtotal - 17.278		<u>\$ 9,869,117</u>	<u>\$ 9,248,924</u>
	Total WIOA Cluster		<u>\$ 47,432,831</u>	<u>\$ 44,048,823</u>
2824REA001	Re-employment Services - 2024	17.225	\$ 47,431	\$ 47,431
2825REA001	Re-employment Services - 2025	17.225	\$ 3,393,297	\$ 3,328,937
2826REA001	Re-employment Services - 2026	17.225	\$ 10,703	\$ -
	Subtotal - 17.225		<u>\$ 3,451,431</u>	<u>\$ 3,376,368</u>
2825RAG001	Resource Admin Grant - 2025	17.273	\$ 2,331	\$ -
	Subtotal - 17.273		<u>\$ 2,331</u>	<u>\$ -</u>
2824NDW001	NDW Disaster Recovery -TX Storms	17.277	\$ 800,282	\$ 743,957
2824NDW002	NDW Disaster Recovery -Hurricane Beryl	17.277	\$ 1,221,319	\$ 1,153,220
	Subtotal - 17.277		<u>\$ 2,021,601</u>	<u>\$ 1,897,177</u>
	Total - Texas Workforce Commission		<u>\$ 52,908,194</u>	<u>\$ 49,322,368</u>
	TOTAL U.S. DEPARTMENT OF LABOR		<u>\$ 54,884,956</u>	<u>\$ 50,856,360</u>
	U.S. DEPARTMENT OF TRANSPORTATION			

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
	Passed Through the Texas Department of Transportation			
	Highway Planning and Construction			
0912-00-549 Task 1	Travel Demand MGMT, Marketing, Outreach & Public ED	20.205	\$ 793,917	\$ -
0912-00-500 Task 1	Travel Demand MGMT, Education, Outreach & Support	20.205	\$ 182,388	\$ -
0912-00-476 Task 1	Commuter and Transit Pilot	20.205	\$ 1,710,022	\$ 1,710,022
0912-00-476 Task2	Commuter and Transit Pilot Implementation & Oversight	20.205	\$ 4,595	\$ -
0912-00-559 Task 1	Regional Freeway Management - Quick Clearance Towing	20.205	\$ 2,388,243	\$ 2,373,441
0912-00-559 Task 3	Regional Freeway Management - Program Implementation & Oversight	20.205	\$ 69,430	\$ -
0912-00-539 Task 1	Regional Freeway Management - Quick Clearance Towing	20.205	\$ 3,427,227	\$ 3,427,227
0912-00-539 Task 2	Regional Freeway Management - Program Outreach & Training	20.205	\$ 748	\$ -
0912-00-539 Task 3	Regional Freeway Management - Program Management	20.205	\$ 59,460	\$ -
0912-00-599 Task 4	Regional Travel Surveys	20.205	\$ 629,916	\$ -
0500-03-642 Task 1	North Houston Communities Transportation Priorities Plan	20.205	\$ 101,467	\$ -
0912-00-632 Task 1	South Regional Plng Studies - FM518 Corridor Study	20.205	\$ 72,297	\$ -
0912-00-632 Task 2	South Regional Plng Studies - Pearland Mobility Study	20.205	\$ 122,164	\$ -
0912-00-668 Task 1	South Regional Plng Studies - Cemetery Road Corridor Study	20.205	\$ 40,099	\$ -
0912-00-668 Task 2	South Regional Plng Studies - Friendswood Lake Blvd	20.205	\$ 187,367	\$ -
0912-00-668 Task 3	South Regional Plng Studies - Chambers County	20.205	\$ 30,128	\$ -
0912-00-667 Task 1	Central Regional Plng Studies - Washington Avenue	20.205	\$ 284,071	\$ -
0912-00-662 Task 1	Bicycle/Pedestrian Plng Studies The City of Friendswood Trails Master Plan Study	20.205	\$ 183,271	\$ -
0912-00-662 Task 2	Bicycle/Pedestrian Plng Studies The Buffalo Bayou East Design Concept Study	20.205	\$ 311,184	\$ -
0912-00-662 Task 3	Bicycle/Pedestrian Plng Studies The Memorial Drive Bicycle and Pedestrian Study	20.205	\$ 195,575	\$ -
0912-00-633 Task 2	High-Capacity Transit Study - Regional Bus Network Study	20.205	\$ 11,769	\$ -
0912-00-634 Task 1	Public Outreach Projects - Teen Drivers Education	20.205	\$ 34,067	\$ -
0912-00-634 Task 4	Public Outreach Projects - Regional Transportation Safety Outreach	20.205	\$ 144,316	\$ -
0912-00-688 Task 1	Harris County - Quick Clearance Towing & Motorist Assistance	20.205	\$ 2,217,245	\$ 2,217,245
0912-00-688 Task 2	City Of Houston - Quick Clearance Towing	20.205	\$ 434,810	\$ 434,810
0912-00-723 Task 1	Regional Transportation Models & Tools	20.205	\$ 46,932	\$ -
0912-00-723 Task 2	Regional Transportation Models & Tools	20.205	\$ 6,742	\$ -
50-25XF0015	Administration - 2025	20.205	\$ 3,517,244	\$ -
50-25XF0015	Data Development & Maintenance - 2025	20.205	\$ 3,150,235	\$ -
50-25XF0015	Short Range Planning - 2025	20.205	\$ 1,338,307	\$ -
50-25XF0015	Long Range Plan - 2025	20.205	\$ 2,106,792	\$ -
50-25XF0015	Special Studies - 2025	20.205	\$ 2,895,231	\$ -
50-26XF0015	Administration - 2026	20.205	\$ 957,126	\$ -
50-26XF0015	Data Development & Maintenance - 2026	20.205	\$ 1,270,582	\$ -
50-26XF0015	Short Range Planning - 2026	20.205	\$ 338,449	\$ -
50-26XF0015	Long Range Plan - 2026	20.205	\$ 662,913	\$ -
50-26XF0015	Special Studies - 2026	20.205	\$ 1,292,357	\$ -
	Subtotal - Highway Planning and Construction		<u>\$ 31,218,686</u>	<u>\$ 10,162,745</u>
TX-2021-039	Regional Public Transportation Coordination Plan - Continuation Grant 2025	20.505	\$ 19,750	\$ -
TX-2023-060	Regional Public Transportation Coordination Plan - Bus Network Study	20.505	\$ 7,861	\$ -
TX-2025-058	Regional Public Transportation Coordination Plan - Continuation Grant 2026	20.505	\$ 21,627	\$ -
TX-2022-039	Regional Public Transportation Coordination Plan - Information Study	20.505	\$ 15,744	\$ -
	Subtotal - 20.505		<u>\$ 64,982</u>	<u>\$ -</u>
	Total - Texas Department of Transportation		<u>\$ 31,283,668</u>	<u>\$ 10,162,745</u>
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 31,283,668</u>	<u>\$ 10,162,745</u>
	U.S. DEPARTMENT OF TREASURY			
	Passed Through the Community Development Financial Institutions Program			

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
241TA065850	CDFI - Technical Assistance Grant Subtotal - 21.020	21.020	\$ 148,023 \$ 148,023	\$ - \$ -
020-1892	Passed Through Commission on State Emergency Communications COVID-19 Coronavirus State Fiscal Recovery Funds 911 Migration Grant -2025 Subtotal - 21.027	21.027	\$ 3,321,108 \$ 3,321,108	\$ - \$ -
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ 3,469,131</u>	<u>\$ -</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
5D-02F39301	Climate Pollution Reduction Grant Subtotal - 66.039	66.039	\$ 529,805 \$ 529,805	\$ 427,846 \$ 427,846
MX-05D42725	Gulf Of America Program Subtotal - 66.475	66.475	\$ 2,497 \$ 2,497	\$ - \$ -
Total - Direct Programs			<u>\$ 532,302</u>	<u>\$ 427,846</u>
Passed Through the Texas Commission on Environmental Quality				
582-24-50311	Water Quality Management Planning - 2024/2025	66.424	\$ 21,125	\$ -
582-26-00051	Water Quality Management Planning - 2025/2026 Subtotal - 66.424	66.424	\$ 25,118 \$ 46,243	\$ - \$ -
582-24-50116 WO# 3	TMDL BIG FY24	66.454	\$ 106,378	\$ -
582-24-50116 WO#2	TMDL Tarkington and Luce Bayou FY24	66.454	\$ 40,641	\$ 3,530
582-24-50116 WO#1	TMDL I-Plans FY24	66.454	\$ 68,490	\$ -
582-24-50116 WO#4	TMDL San Jacinto-Brazos Coastal Basin FY24	66.454	\$ 35,513	\$ -
582-24-50116 WO#8	TMDL Delineation FY24	66.454	\$ 41,439	\$ -
582-24-50116 WO#6	TMDL Cotton Bayou FY24	66.454	\$ 32,497	\$ -
582-24-50116 WO#5	TMDL Bessie's Creek FY24	66.454	\$ 68,669	\$ 5,836
582-24-50116 WO#11	TMDL BIG FY26-27	66.454	\$ 128,896	\$ -
582-24-50116 WO#10	TMDL Tarkington and Luce Bayou FY26-27	66.454	\$ 36,950	\$ -
582-24-50116 WO #12	TMDL I-Plans FY26-27	66.454	\$ 9,246	\$ -
582-24-50116 WO#9	TMDL Bessie's Creek FY26-27	66.454	\$ 19,832	\$ -
580-25-00048	Water Quality Management Planning - 2025/2026 Subtotal - 66.454	66.454	\$ 12,457 \$ 601,008	\$ - \$ 9,366
582-23-40239	Water Quality - Rural Population	66.456	\$ 6,938	\$ -
582-24-50153	GBEP - OSSF For Disadvantaged Communities	66.456	\$ 17,839	\$ -
582-26-00060	GBEP - Microplastics	66.456	\$ 1,709	\$ -
582-26-00038	Trash Bash - Rivers, Lakes and Bayous Subtotal - 66.456	66.456	\$ 1,003 \$ 27,489	\$ - \$ -
582-22-30143	East Fork WPP FY25	66.460	\$ 273	\$ -
582-24-50226	Green Bayou WPP FY25	66.460	\$ 66,682	\$ -
582-23-40223	West Lake Houston WPP FY25	66.460	\$ 108,990	\$ -
582-25-00071	Brays And Sims Bayou WPP FY25	66.460	\$ 73,059	\$ -
582-26-00050	Lake Conroe WPP FY 25 Subtotal - 66.460	66.460	\$ 3,054 \$ 252,058	\$ - \$ -
582-25-00035	Sold Waste Infrastructure For Recycling Grant Subtotal - 66.920	66.920	\$ 75,621 \$ 75,621	\$ - \$ -
Total - Texas Commission on Environmental Quality			<u>\$ 1,002,419</u>	<u>\$ 9,366</u>

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			\$ 1,534,721	\$ 437,212
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			\$ 452,367,034	\$ 399,671,682
DISCRETELY PRESENTED COMPONENT UNIT:				
U.S. DEPARTMENT OF COMMERCE				
Direct Programs:				
ED24AUS0G0251	Economic Development - Support for Planning Organizations	11.302	\$ 102,514	\$ -
Subtotal - 11.302			\$ 102,514	\$ -
Economic Development Cluster				
08-79-05418	COVID-19 Economic Development - Cares Act Revolving Loan Fund	11.307	\$ 1,704,002	\$ 250,000
08-79-05571	COVID-19 Economic Development - Cares Act Revolving Loan Fund - 2	11.307	\$ 1,047,659	\$ -
Subtotal - Economic Development Cluster			\$ 2,751,661	\$ 250,000
TOTAL U.S. DEPARTMENT OF COMMERCE			\$ 2,854,175	\$ 250,000
TOTAL EXPENDITURES OF FEDERAL AWARDS - DISCRETELY PRESENTED COMPONENT UNIT			\$ 2,854,175	\$ 250,000
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			\$ 455,221,209	\$ 399,921,682
STATE PROGRAMS				
PRIMARY GOVERNMENT:				
OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION				
Direct Programs:				
1471918	Law Enforcement Training - 2025-2026		\$ 336,753	\$ 111,443
1471919	Law Enforcement Training - 2026-2027		\$ 11,756	\$ -
Subtotal - Law Enforcement Training			\$ 348,509	\$ 111,443
TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			\$ 348,509	\$ 111,443
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
Direct Programs:				
582-24-50089	Solid Waste - 2025-2026		\$ 968,165	\$ 462,877
582-26-00081	Solid Waste - 2026-2027		\$ 130,867	\$ -
Subtotal - Solid Waste			\$ 1,099,032	\$ 462,877
582-24-01408	Air Quality Planning - Rider 7		\$ 189,732	\$ -
Subtotal - Air Quality			\$ 189,732	\$ -
582-24-50280	Texas Clean Rivers - 2024-2025		\$ 1,049,318	\$ 141,964
582-26-00107	Texas Clean Rivers - 2025-2026		\$ 357,136	\$ 34,916
Subtotal - Clean Rivers			\$ 1,406,454	\$ 176,880
582-23-40240	Trash Bash-GBEP FY24		\$ 10,038	\$ -
582-23-40241	GBEP - Clear Creek Match		\$ 3,411	\$ -
582-25-00062	GBEP - Green Bayou Match		\$ 558	\$ -
Subtotal - GBEP			\$ 14,007	\$ -
Total - Direct Programs			\$ 2,709,225	\$ 639,757
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			\$ 2,709,225	\$ 639,757
TEXAS EDUCATION AGENCY				

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

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
230386047110014	Tri-Agency Grant For Regional Conveners 2023-2024		\$ 59,357	\$ 27,078
250370147110019	Tri-Agency Grant For Regional Conveners 2025-2026		\$ 69,864	\$ -
	Subtotal - TEA Regional Conveners		<u>\$ 129,221</u>	<u>\$ 27,078</u>
TOTAL TEXAS EDUCATION AGENCY			<u>\$ 129,221</u>	<u>\$ 27,078</u>
TEXAS VETERAN COMMISSION				
VES26-28	Disabled Veterans' Outreach Program		\$ 60,297	\$ 54,813
	Subtotal - TEA Regional Conveners		<u>\$ 60,297</u>	<u>\$ 54,813</u>
TOTAL TEXAS VETERAN COMMISSION			<u>\$ 60,297</u>	<u>\$ 54,813</u>
TEXAS HEALTH AND HUMAN SERVICES COMMISSION				
Direct Programs:				
HHS000874100015	State General Revenue - 2025 IIIIE Match		\$ 117,701	\$ -
HHS000874100015	State General Revenue - 2025		\$ (44,112)	\$ -
HHS000874100015	State General Revenue - 2025 HDM Rate Increase		\$ 38,557	\$ -
HHS000874100015	Aging Housing Bond		\$ 13,964	\$ 13,964
HHS000874100015	OMB ALF Services - 2025		\$ 38,145	\$ -
HHS001603100015	OMB ALF Services - 2026		\$ 100,689	\$ -
HHS001341600006	ADRC Promoting Independence - 2025		\$ 6,143	\$ -
HHS001341600006	ADRC Promoting Independence - 2026		\$ 7,066	\$ -
HHS001341600006	ADRC SGR - 2025		\$ 118,133	\$ -
HHS001341600006	ADRC SGR - 2026		\$ 64,401	\$ -
HHS001341600006	ADRC SGR Respite - 2025		\$ 6,903	\$ 3,700
HHS001341600006	ADRC SGR Respite - 2026		\$ 8,656	\$ 5,000
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			<u>\$ 476,246</u>	<u>\$ 22,664</u>
TEXAS WORKFORCE COMMISSION				
Direct Programs:				
2825SNE001	SNAP E&T - 2025		\$ 63,915	\$ 63,915
2825SNE002	SNAP E&T - 2025		\$ 439,971	\$ 313,617
2826SNE002	SNAP E&T - 2026		\$ 657,999	\$ 634,504
	Subtotal - SNAP E&T		<u>\$ 1,161,885</u>	<u>\$ 1,012,036</u>
2825RAG001	Resource Admin Grant - 2025		\$ 4,039	\$ -
	Subtotal - Resource Administration Grant		<u>\$ 4,039</u>	<u>\$ -</u>
2825SDF001	Skills Development Grant - 2025		\$ 83,920	\$ 83,920
	Subtotal - Resource Administration Grant		<u>\$ 83,920</u>	<u>\$ 83,920</u>
2825TAF001	TANF Choices - 2025		\$ 1,769,394	\$ 1,769,394
2826TAF001	TANF Choices - 2026		\$ 379,176	\$ 379,176
2825NCP001	TANF E&T - Noncustodial Parent Employ - 2025		\$ 134,553	\$ 134,553
2826NCP001	TANF E&T - Noncustodial Parent Employ - 2026		\$ 270,008	\$ 267,884
	Subtotal -TANF Choices		<u>\$ 2,553,131</u>	<u>\$ 2,551,007</u>
2824CCP001	Child Care DFPS - 2024		\$ (19,321)	\$ (19,321)
2825CCP001	Child Care DFPS - 2025		\$ 9,165,463	\$ 9,165,463
2826CCP001	Child Care DFPS - 2026		\$ 3,037,349	\$ 3,037,349
	Subtotal - Child Care DFPS		<u>\$ 12,183,491</u>	<u>\$ 12,183,491</u>
2924ALA017	Adult Education and Literacy 2025		\$ 1,360,814	\$ 1,360,814
2924ALAB17	Adult Education and Literacy 2025		\$ 960,205	\$ 566,692
	Subtotal - AEL		<u>\$ 2,321,019</u>	<u>\$ 1,927,506</u>

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

<u>Grantor's ID Number</u>	<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Total Expenditures and Indirect Costs</u>	<u>Pass Through to Subrecipients</u>
2825CCF001	CCDF Child Care - 2025		\$ 13,862,024	\$ 13,862,024
2826CCF001	CCDF Child Care - 2026		<u>\$ 9,357,567</u>	<u>\$ 9,357,567</u>
	Subtotal - Child Care		<u>\$ 23,219,591</u>	<u>\$ 23,219,591</u>
	TOTAL TEXAS WORKFORCE COMMISSION		<u>\$ 41,527,076</u>	<u>\$ 40,977,551</u>
	TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT		<u>\$ 45,250,574</u>	<u>\$ 41,833,306</u>
	TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY		<u><u>\$ 500,471,783</u></u>	<u><u>\$ 441,754,988</u></u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2025

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 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 15% de minimus 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	\$ 507,877,633
Add: Depreciation charged to grant programs	595,958
Add: Gulf Coast Economic Development Corporation federal expenditures	3,002,200
Add: Gulf Coast 911 Emergency District CSEC grant	3,321,108
Less: In-Kind Expenditures	(5,098,731)
Less: Cash Match	(344,366)
Less: Expenditures funded by local grant revenues	(4,727,549)
Less: Capital outlay includes right-of-use lease assets recognized under GASB 87, which are non-cash transactions and are excluded from SEFA expenditures.	(4,154,470)
Total Federal and State Schedule	<u>\$ 500,471,783</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 12/31/2025	\$ 2,184,406
Cash and investment balance at 12/31/2025	310,280
Administrative costs during the fiscal year	78,162
Unpaid principal of loans written off during the fiscal year	178,814
Total EDA Revolving Loan Fund Expenditures	<u>2,751,662</u>
Federal Participation Rate	100%
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 2,751,662</u>

HOUSTON-GALVESTON AREA COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
U.S. Department of Commerce	
Economic Development Cluster:	
COVID-19 Economic Development - Cares Act Revolving Loan Fund	11.307
U.S. Department of Housing and Urban Development	
Community Development Block Grants	14.228
U.S. Department of Transportation	
Highway Planning and Construction	20.205
U.S. Department of Treasury	
COVID-19 - Coronavirus State Fiscal Recovery Fund 911 Migration Grant - 2025	21.027
U.S. Department of Health and Human Services	
Child Care and Development Fund (CCDF) Cluster	93.575/93.596
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$3,000,000
2. Federal Single Audit - Auditee qualified as low-risk auditee?	Yes

HOUSTON-GALVESTON AREA COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended December 31, 2025

I. Summary of Auditors' Results (continued)

State Awards:

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	None

Identification of major programs:

Name of State Programs	Grant / Contract Number
Texas Clean Rivers - 2024 - 2025	582-24-50280
Texas Clean Rivers - 2025 - 2026	582-26-00107
CCDF Child Care - 2025	2825CCF001
CCDF Child Care - 2026	2826CCF001
Child Care DFPS - 2024	2824CCP001
Child Care DFPS - 2025	2825CCP001
Child Care DFPS - 2026	2826CCP001

- | | |
|---|-------------|
| 1. Dollar Threshold Considered Between Type A and Type B Programs | \$1,357,517 |
| 2. State Single Audit - Auditee qualified as low-risk auditee? | Yes |

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs

There were no current year findings or questioned costs.

HOUSTON-GALVESTON AREA COUNCIL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None noted

HOUSTON-GALVESTON AREA COUNCIL

CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2025

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

None noted

The logo consists of a solid red square with the text "HOUSTON GALVESTON AREA COUNCIL" in white, uppercase, sans-serif font, centered within the square.

HOUSTON
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