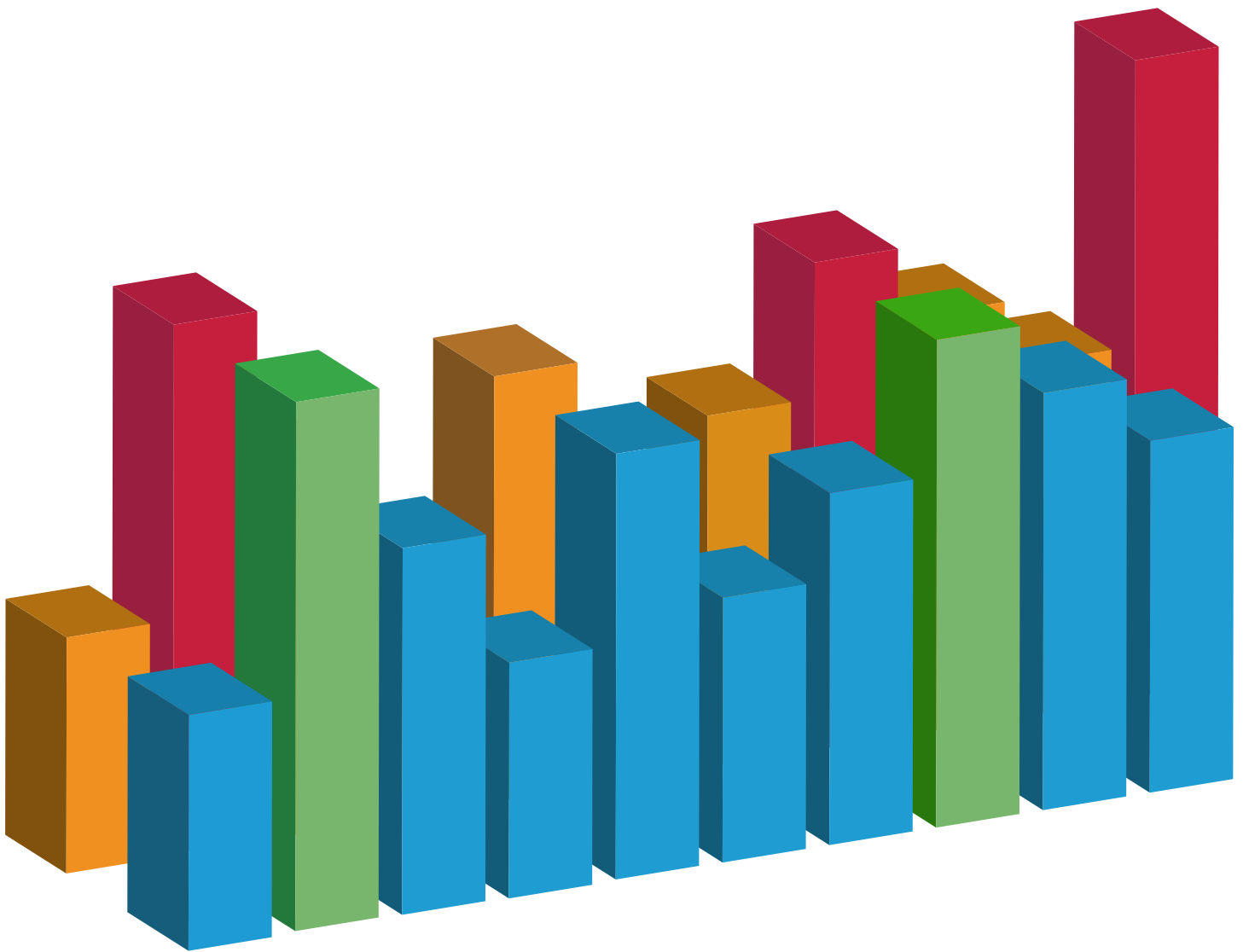


DECEMBER 31, 2019 YEAR END



Comprehensive Annual Financial Report

HOUSTON-GALVESTON AREA COUNCIL
HOUSTON, TEXAS



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

For the year ended
December 31, 2019

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

Finance Staff:

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Treebie Vasquez
Yolanda Tan

**HOUSTON-GALVESTON AREA COUNCIL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2019**

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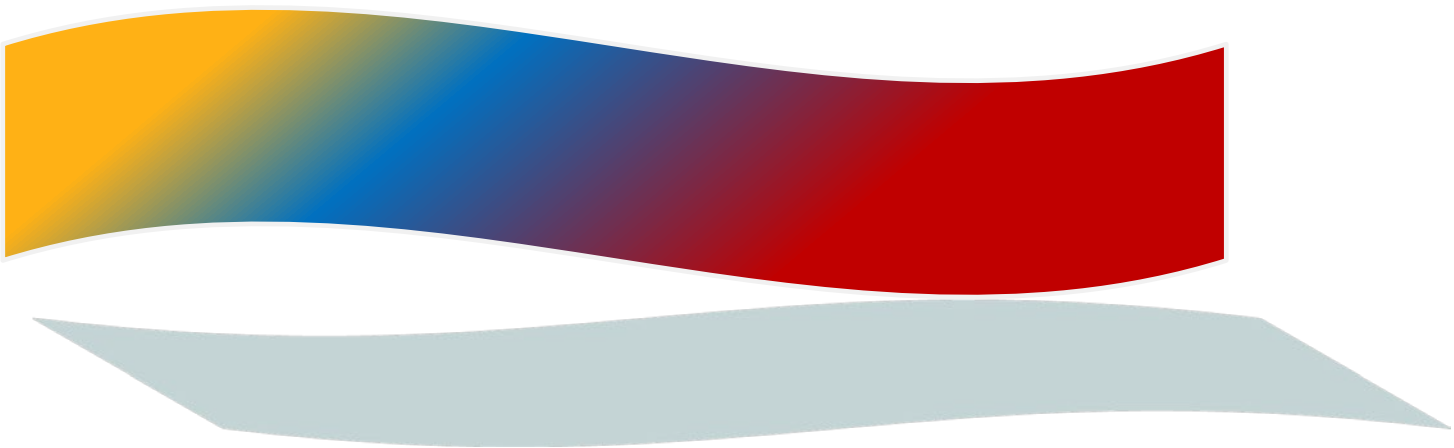
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Introductory Section



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Houston-Galveston Area Council

June 4, 2020

The Honorable Nancy Arnold and Members
of the Board of Directors
Houston-Galveston Area Council
Houston, Texas

RE: Comprehensive Annual Financial Report 2019

Dear Councilmember Arnold and Members of the Board of Directors:

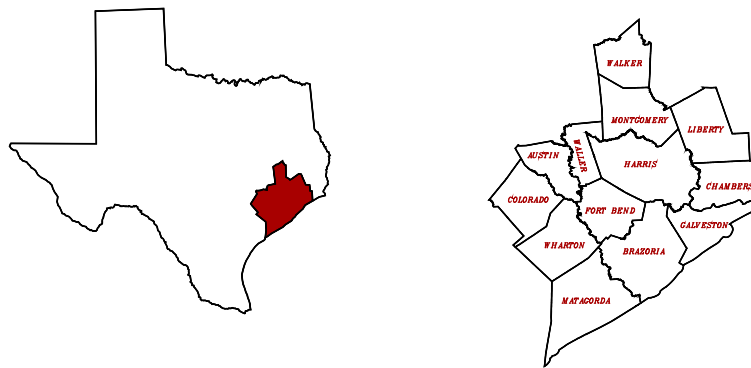
The Comprehensive Annual Financial Report (CAFR) of the Houston-Galveston Area Council, (the “Council” or “H-GAC”) for the fiscal year ended December 31, 2019 is hereby submitted. This report was prepared by the Department of Finance, which accepts responsibility for the accuracy, completeness, and fairness of the data presented. To provide a reasonable basis for making these representations, management of the Houston-Galveston Area Council has established a comprehensive framework of internal controls that is designed to protect H-GAC from loss and allow the compilation of reliable information to prepare the attached financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”). It should be noted that reasonable internal control measures weigh the cost of those procedures against their benefits and H-GAC’s internal control measures provide reasonable but not absolute assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects, that it properly reflects the financial position and the results of operation of the Council, and that all disclosures have been made to enable the reader to acquire the maximum understanding of financial affairs concerning the Council. These financial statements are presented annually in compliance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Uniform Grant Management Standards* as well as Section 2 of the Council’s Bylaws. BKD Certified Public Accountants have issued an unmodified opinion, sometimes referred to as a “clean” opinion on the H-GAC financial statements included herein. This report is located on page 13 at the front of the financial section of the report.

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

Profile of the Houston-Galveston Area Council

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

H-GAC is governed by a General Assembly of 131 delegates from member local governments. A Board of Directors composed of 36 locally elected officials, members representing county governments, cities, school districts and soil and water conservation districts provide more specific guidance and policy-making through its regular monthly meetings. During 2019, H-GAC's membership was comprised of the 13 county governments, 107 cities, and 11 school districts, including all major general-purpose local governments in the region. According to 2010 estimates from the U.S. Bureau of Census, these member governments represented approximately 6.1 million citizens and covered an area of 12,500 square miles. Below is a graphic representation of the H-GAC region and its location in the state of Texas.



Economic Condition and Outlook

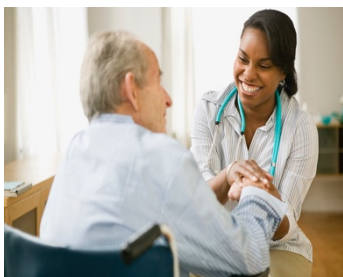


During 2019, payrolls in Texas grew by 2.2% and the state experienced a near-record low 3.5% unemployment. In virtually every sector job growth led the nation. Some notable comparisons included manufacturing jobs increased by 2.9% in Texas and only .4% nationally. In the financial sector, job growth was 3.5% higher in 2019 compared with the national growth in this area at 1.4%. However, by the end of the year, energy was starting to reflect strain with a reduction of jobs by 2.7% from 2018 levels. Little did we foresee that the COVID-19 pandemic would dramatically change these comparisons.

The service sector was and is the most severely impacted by the health crisis, but is closely followed by the oil and gas industry. Some of the demand declines are a result of public health measures such as social distancing, but the Dallas Federal Reserve forecasts that record low oil prices and the prospect of sustained depressed levels in the energy sector will further slow growth in Texas in 2020. The national dilemma of public health versus an economic recession has been an ongoing challenge for elected officials statewide. Shelter-in-place orders resulted in dramatic decreases in spending and sharp declines in sales tax revenue which is a staple of local and state funds. Forecasts indicate general demand across all sectors down by 31% through the end of 2020. These declines have led to unprecedented unemployment which will linger into 2021. Federal stimulus funds have helped ease economic concerns in the short-term but the increase to the federal deficit has ballooned to unsustainable levels which will inevitably result in increased taxes and reduced spending. While H-GAC is likely the recipient of federal aid programs in the near term, the contraction of these funds in future years must be anticipated.

Major Initiatives

Aging Services



H-GAC launched the region’s first Aging and Disability Resource Center to expand the level of social services for older adults, persons with disabilities, and other special needs populations. The new center will help individuals and caretakers make informed decisions about healthcare, housing, transportation, and long-term care.

Trash Bash

H-GAC is the regional coordinator for the Rivers, Lakes, Bays ‘N Bayous Trash Bash. In 2019, more than 4,000 volunteers participated at 15 different sites and collected more than 56 tons of trash, 516 tires, and cleaned more than 150 miles of shoreline. The event received the U.S. Environmental Protection Planning Agency’s Gulf Guardian Award in September and marks the 30th award for the program since 1993.



Transportation Improvement

Through a collaborative effort with transportation professionals, elected officials, and other stakeholders, the High Capacity Transit Task Force (HCT) evaluated the opportunity for high capacity transit in our region. A survey of high capacity transit service concepts, funding mechanisms, and economic impacts from other regions was conducted as part of this effort. Travel



demand modeling, cost estimation for multiple capital scenarios, economic benefit/cost analysis, and identification of potential funding sources was also studied. In 2019, the task force recommended a comprehensive range of regional transit improvements, with emphasis on high capacity transit services. A cost-constrained priority network was developed by the HCT as well and these became part of the 2045 Regional Transit Plan submitted for federal funding and consideration.

Financial Planning and Policies

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Houston-Galveston Area Council for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

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

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

Respectfully submitted,



Chuck Wemple
Executive Director



Nancy Haussler
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Houston-Galveston Area Council
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

**HOUSTON-GALVESTON AREA COUNCIL
PRINCIPAL OFFICIALS**

OFFICERS OF THE BOARD OF DIRECTORS 2019

CHAIR
Commissioner Stacy Adams
Brazoria County

VICE CHAIR
Judge Phillip Spenrath
Wharton County

CHAIR ELECT
Council Member Nancy Arnold
City of Waller

ADMINISTRATIVE STAFF

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

H-GAC MEMBER GOVERNMENTS

Counties

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

Cities over 25,000 Population*

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

Home Rule Cities*

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

General Law Cities*

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

Independent School Districts*

Alief ISD

Columbia-Brazoria ISD

Deer Park ISD

Fort Bend ISD

Hempstead ISD

Hitchcock ISD

Huntsville

Magnolia ISD

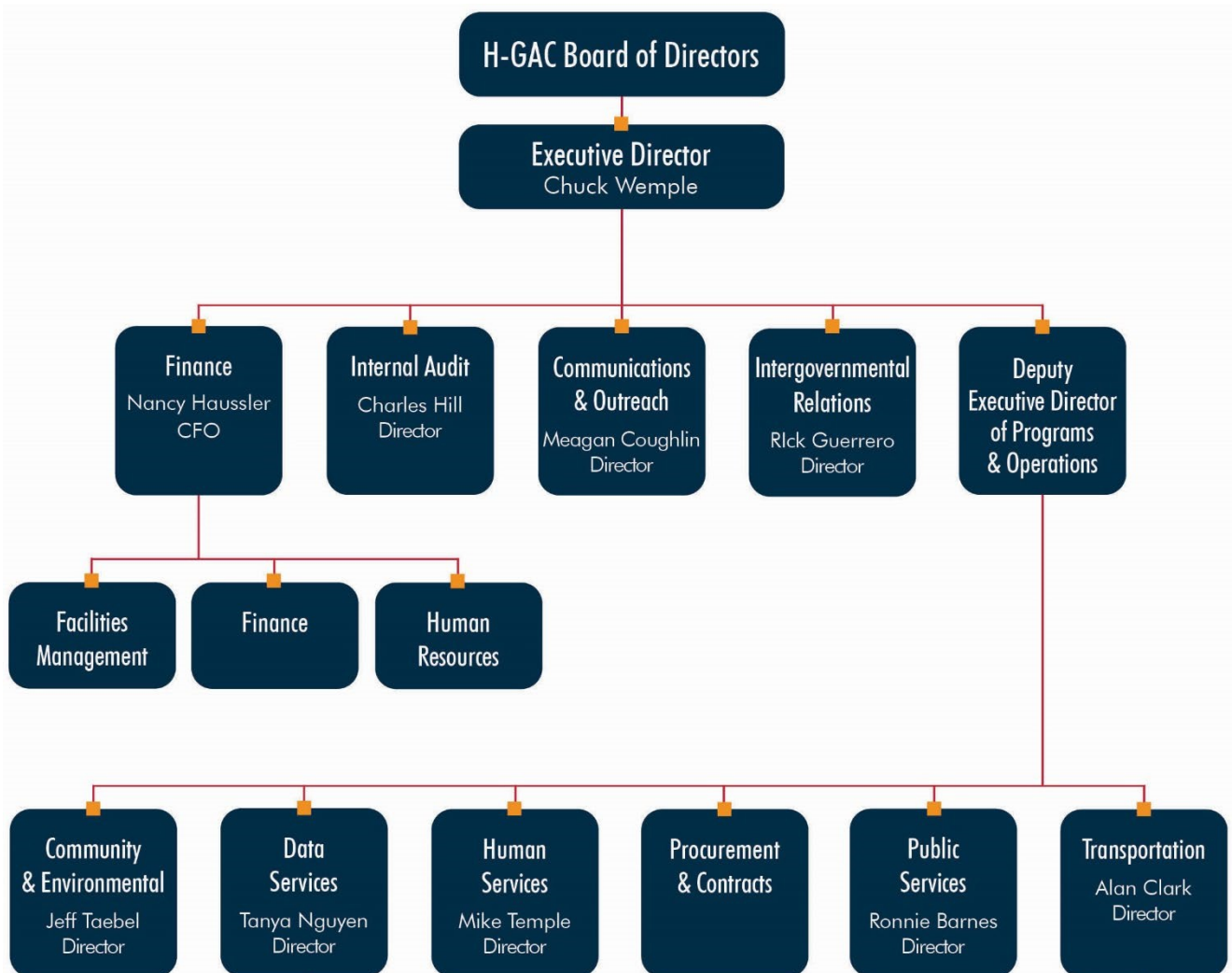
Needville ISD

Pearland ISD

Waller ISD

*based on 2010 Census

H-GAC ORGANIZATIONAL CHART



Financial Section



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Independent Auditor's Report

To the Board of Directors
Houston-Galveston Area Council

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other 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 introductory section, the Supplemental Information as listed in the table of contents, and statistical section 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 is also 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 State of Texas Uniform Grant Management Standards and is also not a required part of the basic financial statements.

The Supplemental Information and the Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplemental Information and the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 4, 2020, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

BKD, LLP

Houston, Texas
June 4, 2020

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HOUSTON-GALVESTON AREA COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Houston-Galveston Area Council (“H-GAC” or “the Council”) for the year ended December 31, 2019. This analysis is prepared by the Finance department of the H-GAC and is intended to expand the reader’s understanding of the attached financial statements and the effect of certain events on those financial statements.

1. FINANCIAL HIGHLIGHTS

- The assets of H-GAC exceed its liabilities by \$34,369,085 of which \$28,178,576 is available to meet the Council’s ongoing obligations to local governments and creditors.
- H-GAC’s net position decreased by \$419,134 during the year ended December 31, 2019 due primarily to an increase in expenditures.
- At the end of the year, the nonspendable fund balance and unassigned governmental fund balance are \$386,567 and \$10,854,033, 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 the H-GAC that are principally supported by grants (governmental activities) from other functions that are supported by user fees (business-type activities). The governmental activities include the activities of the general government, general government overhead, and all grant related activities. The business-type activities include the Cooperative Purchasing program. The Energy Purchasing Corporation, Gulf Coast Economic Development Corporation and the Local Development Corporation are presented as separate component units to the 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 Corporation is a certified development company by the U.S. Government Small Business Administration and assists small businesses in securing loans for the purpose of construction, conversion, or expansion, including the acquisition of land, existing buildings and leasehold improvements. The Corporation receives a residual fee for its services on all funded loans. The H-GAC Gulf Coast Economic Development Corporation ("EDC"), a 501(C)(3) Corporation, was established in 1988 to address the regional needs of distressed economic growth areas. The EDC originally received economic development grants from the Federal Economic Development Administration to promote coordination among local economic development efforts on a region wide basis. All component units of H-GAC's governing bodies consist of members of H-GAC's Board of Directors or are appointed by H-GAC's Board of Directors.

The statement of net position presents information on all H-GAC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 Regional Excellence Corporation, and the Gulf Coast 911 Regional District. Both the Regional Excellence Corporation and the Gulf Coast 911 Regional District are blended component units presented as governmental funds.

H-GAC and the boards of the component units adopt 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 Fund. H-GAC had only one type of proprietary fund during fiscal year 2019. 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 401K pension trust fund for H-GAC's employee retirement plan and an agency 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. This fund, like the proprietary funds, is presented on the full accrual basis of accounting. Fiduciary funds are not presented in the government-wide financial statements as these funds are restricted and are not available to support the programs of H-GAC. The pension plan is audited separately and a copy of this report is available by request from H-GAC, P.O. Box 22777, Houston, TX 77227-2777.

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

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

H-GAC's assets exceed liabilities by \$34,369,085 at the close of the most recent year, 2019, which is a decrease over 2018. Approximately 1.5% of the Council's net position is invested in capital assets. These capital assets are within the office facilities of H-GAC to provide service and do not represent funds available for future spending. Most of the decreases to net position came from increased expenses over revenues in the government activities from the prior year. There was restricted net position of \$5,673,848 at the end of the year. The balance of unrestricted net position in 2019 of \$28,178,576 may be used to meet H-GAC's ongoing obligations.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 38,849,295	\$ 62,373,528	\$ 18,153,366	\$ 16,405,712	\$ 57,002,661	\$ 78,779,240
Capital Assets, Net	522,459	807,349	-	-	522,459	807,349
Total Assets	<u>39,371,754</u>	<u>63,180,877</u>	<u>18,153,366</u>	<u>16,405,712</u>	<u>57,525,120</u>	<u>79,586,589</u>
Liabilities						
Current and Other Liabilities	22,946,235	44,619,873	209,801	172,697	23,156,036	44,792,570
Long-Term Liabilities		5,799				5,799
Total Liabilities	<u>22,946,235</u>	<u>44,625,672</u>	<u>209,801</u>	<u>172,697</u>	<u>23,156,036</u>	<u>44,798,369</u>
Net Position						
Net Investment in Capital Assets	516,661	778,299	-	-	516,661	778,299
Restricted for:						
EPA RLF Program	2,810,842	6,393,395			2,810,842	6,393,395
Corporation for Regional Excellence	317,388	280,011			317,388	280,011
Gulf Coast 911 Reg District	2,545,618	1,650,108	-	-	2,545,618	1,650,108
Unrestricted	<u>10,235,012</u>	<u>9,453,392</u>	<u>17,943,565</u>	<u>16,233,015</u>	<u>28,178,576</u>	<u>25,686,407</u>
Total Net Position	<u>\$ 16,425,520</u>	<u>\$ 18,555,205</u>	<u>\$ 17,943,565</u>	<u>\$ 16,233,015</u>	<u>\$ 34,369,085</u>	<u>34,788,220</u>

Statement of Activities

H-GAC's net position decreased by \$419,134 for the year. This reflects a decrease in net position for governmental activities of \$2,129,684 and an increase in net position in business-type activities of \$1,710,550. The change in net position in governmental activities represents a 11.48% decrease of net position for governmental activities and the change in net position in the business-type activities represents a 10.54% increase in net position for this activity. Overall, H-GAC decreased net position by 1.2%. Key elements of the increase along with percentage analysis are as follows:

HOUSTON-GALVESTON AREA COUNCIL CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total		Percent	
	2019	2018	2019	2018	2019	2018	2019	2018
Program Revenues								
Charges for Services	1,451,310	2,556,832	6,002,409	4,898,445	7,453,719	7,455,277	2.14%	2.23%
Operating Grants and Contributions	340,689,957	326,678,493			340,689,957	326,678,493	97.77%	97.54%
General Revenues								
Interest Income	380,613	331,766			380,613	331,766	0.11%	0.10%
Other Income	(55,164)	447,179			(55,164)	447,179	-0.02%	0.13%
Transfer In	200,000	175,000	(200,000)	(175,000)	-	-	0.00%	0.00%
Total Revenues	342,666,716	330,189,270	5,802,409	4,723,445	348,469,125	334,912,715	100.00%	100.00%
Expenses								
General Government	1,372,638	2,997,276			1,372,638	2,997,276	0.39%	0.90%
Workforce Programs	290,533,452	273,118,245			290,533,452	273,118,245	83.27%	81.83%
Transportation	28,754,072	22,502,463			28,754,072	22,502,463	8.24%	6.74%
Community and Environmental	10,243,469	16,158,934			10,243,469	16,158,934	2.95%	4.84%
Criminal Justice	1,300,069	1,232,945			1,300,069	1,232,945	0.37%	0.37%
Aging Services	9,939,800	11,131,671			9,939,800	11,131,671	2.85%	3.34%
Reg Excellence Corp	13,311	145,893			13,311	145,893	0.00%	0.04%
Gulf Coast 911 Reg Dist	2,639,589	2,932,655			2,639,589	2,932,655	0.76%	0.88%
Cooperative Purchasing			4,091,859	3,535,809	4,091,859	3,535,809	1.17%	1.06%
Total Expenses	344,796,400	330,220,082	4,091,859	3,535,809	348,888,239	333,755,891	100.00%	100.00%
Change in Net Position	(2,129,684)	(30,811)	1,710,550	1,187,636	(419,134)	1,156,825		
Net Position-Beginning of Yr	18,555,024	18,586,016	16,233,015	15,045,379	34,788,219	33,631,395		
Net Position-End of Yr	16,425,520	18,555,204	17,943,565	16,233,015	34,369,085	34,788,219		

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

Business-type activities

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

The program is influenced by market conditions. The Cooperative Purchasing program deals primarily in the acquisition of capital assets. In 2018 and 2019, revenue in this program was \$4,898,445 and \$6,002,409 respectively. During the year, operating expenses for the program increased 15.72% and revenues increased 22.5%. The combined result was reflected in an increase to net position of \$1,710,550 or 10.5%. By comparison, the increase in 2018 was \$1,187,636 or 7.9%.

Business-Type Expenses	2019 Amount	2018 Amount	Increase (Decrease) from 2018	Increase (Decrease)
Personnel and Benefits	\$ 3,057,958	\$ 2,817,211	\$ 240,747	8.55%
Consultant and Contract Svcs	226,368	107,205	119,163	111.15%
Equipment Rental and Leases	52,790	34,031	18,759	55.12%
Lease of Office Space	208,807	206,529	2,278	1.10%
Travel	58,014	52,378	5,636	10.76%
Other	487,922	318,455	169,467	53.22%
Total Expenses	\$ 4,091,859	\$ 3,535,809	\$ 555,741	15.72%

4. FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

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

H-GAC's general fund balance for year 2019 is \$11,240,600. Included in this fund balance is \$386,567 which has been identified for prepaid items and is nonspendable. The balance of \$10,854,033 is available for use at H-GAC's discretion.

The general fund balance of H-GAC increased by \$803,016. The general fund is the primary operating fund for H-GAC. The grant fund, used to account for all grant programs and other revenues whose use is restricted for a specific purpose had a fund balance of \$2,810,842 per fund statement at the end of the year.

Also included in the governmental funds is the Regional Excellence Corporation, a blended component unit of the 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 2019 the corporation had cash and pledged contributions of \$50,688 and expenditures of \$13,311. The corporation's bylaws restrict the use of these funds.

Additionally, in February 2016, the H-GAC 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 the H-GAC and a board member of the District. In 2019, the District had income of \$3,535,099 and expenditures of \$2,639,589. The District's bylaws restrict the use of these funds.

Proprietary Fund

The proprietary fund of H-GAC is composed of the Cooperative Purchasing enterprise fund. As mentioned previously, the measurement focus for the fund statements is identical to the government-wide statements. It is the policy of H-GAC to associate net

position to the activities generating the net position. The remaining net position is available to meet future needs as directed by the Board of Directors.

5. CAPITAL ASSET ADMINISTRATION

H-GAC’s investment in capital assets for governmental activities amount to \$807,349 and \$522,459 (net of depreciation) for fiscal years ended December 31, 2018 and 2019 respectively. This investment in capital assets includes equipment, furniture, and fixtures. Additional information on H-GAC’s capital assets and capital leases can be found in footnote 6 and 8, respectively, of this report. H-GAC does not own any real property.

During 2019, H-GAC acquired a variety of assets. The Council has a capitalization threshold of \$5,000, in accordance with federal requirements. The following table identifies the additions and retirements of depreciable assets for both the governmental and business-type activities. Beginning balances are net of depreciation. The accumulated depreciation column below reflects the net effect of depreciation expense for the year and the recovery of depreciation upon retirement of assets.

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

	Beginning Balance	Additions	Retirements	Depreciation Expenses	Ending Balance
Governmental Activities					
Equipment, furniture and fixtures, net	\$807,349	\$167,507	\$0	\$(452,397)	\$522,459
Totals	\$807,349	\$167,507	\$0	\$(452,397)	\$522,459

6. DEBT ADMINISTRATION

Debt considered a liability of governmental activities consists of capital lease obligations. Debt balances related to capital leases in 2019 were \$5,798. Other long-term liabilities including compensated absences increased by \$21,396 in 2019, finishing the year with an ending balance of \$1,005,588. Further information on the Council’s debt can be found in Capital Lease Note 8 to the financial statements.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- H-GAC membership dues are based on the federal 10-year census and are calculated on population. For FY2020 the per-capita membership revenue is estimated at \$395,538. This is the same as the budget for 2019.
- H-GAC decreased estimated revenues and corresponding expenses by \$18,575,428 for 2020. The budget reflects decreases mainly in Workforce, Transportation and Community & Environmental programs of \$8,045,342, \$5,690,975, and \$5,509,361 respectively. The decrease in Workforce programs is attributable primarily to the completion of the hurricane Harvey recovery activities. The decrease in Transportation programs is attributable to the completion of the Aircheck program. The decrease in the Community & Environmental program is attributable to the completion of the funding cycle for housing and disaster recovery due to Hurricane Ike and the funding for Hurricane Harvey recovery.

These factors were considered in preparing the budget for the 2020 fiscal year.

8. REQUESTS FOR INFORMATION

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

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Energy Purchasing Corporation	Gulf Coast Economic Development Corporation	Local Development Corporation
ASSETS						
Cash and cash equivalents	\$ 19,410,520		\$ 19,410,520	\$ 185,720	457,075	\$ 2,266,667
Investments	8,435,009		8,435,009			315,557
Receivables, net	27,268,022	\$ 1,419,531	28,687,553		192,991	3,777
Notes Receivable					1,010,426	
Due from Component Units	83,012		83,012			
Internal balances	(16,733,835)	16,733,835				
Prepaid expenses	386,567		386,567			
Capital assets, net	522,459		522,459			
Total Assets	<u>39,371,755</u>	<u>18,153,366</u>	<u>57,525,121</u>	<u>185,720</u>	<u>1,660,492</u>	<u>2,586,001</u>
LIABILITIES						
Accounts payable and accrued expenses	3,854,395	71,354	3,925,749			
Unearned revenues	2,461,995	138,447	2,600,442			
Due to grantee agencies	15,618,459		15,618,459			
Due to primary government				13,249	20,970	48,793
Long Term Liabilities						
Due within one year	1,005,588		1,005,588			
Obligation of capital leases:						
Due within one year	5,798		5,798			
Total Liabilities	<u>22,946,235</u>	<u>209,801</u>	<u>23,156,036</u>	<u>13,249</u>	<u>20,970</u>	<u>48,793</u>
NET POSITION						
Net investment in capital assets	516,661		516,661			
Restricted for:						
EPA RLF Program	2,810,842		2,810,842			
Corporation for Regional Excellence	317,388		317,388			
Gulf Coast 911 Regional District	2,545,618		2,545,618			
EDA RLF Program					1,639,522	
Local Development Corporation						2,537,208
Unrestricted	10,235,012	17,943,565	28,178,577	172,472		
Total Net Position	<u>\$ 16,425,520</u>	<u>\$ 17,943,565</u>	<u>\$ 34,369,085</u>	<u>\$ 172,472</u>	<u>\$ 1,639,522</u>	<u>\$ 2,537,208</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
Primary government:										
Governmental activities:										
General government	\$ 3,909,884	\$ (2,537,246)	\$ 1,451,310		\$ 78,671		\$ 78,671			
Workforce programs	289,913,930	619,522		\$ 290,576,946	43,494		43,494			
Transportation	27,819,182	934,890		25,154,797	(3,599,275)		(3,599,275)			
Community and environmental	9,946,811	296,658		10,253,930	10,461		10,461			
Criminal justice	1,214,905	85,164		1,405,988	105,919		105,919			
Aging services	9,687,812	251,988		9,712,509	(227,291)		(227,291)			
Corporation for Regional Excellence	13,311			50,688	37,377		37,377			
Gulf Coast 911 Regional District	2,639,589			3,535,099	895,510		895,510			
Total governmental activities	<u>345,145,424</u>	<u>(349,024)</u>	<u>1,451,310</u>	<u>340,689,957</u>	<u>(2,655,134)</u>		<u>(2,655,134)</u>			
Business-type activities-										
Cooperative purchasing	3,742,835	349,024	6,002,409			\$ 1,910,550	1,910,550			
Total business-type activities	<u>3,742,835</u>	<u>349,024</u>	<u>6,002,409</u>			<u>1,910,550</u>	<u>1,910,550</u>			
Total primary government	<u>\$ 348,888,259</u>	<u>\$ -</u>	<u>\$ 7,453,719</u>	<u>\$ 340,689,957</u>	<u>(2,655,134)</u>	<u>1,910,550</u>	<u>(744,584)</u>			
Component units:										
Energy Purchasing Corporation	96,400		111,812				\$ 15,412			
Gulf Coast Economic Development Corporation	170,228			210,173				\$ 39,945		
Local Development Corporation	568,289		424,187						\$ (144,102)	
Total component units	<u>\$ 834,917</u>		<u>\$ 535,999</u>	<u>\$ 210,173</u>			<u>\$ 15,412</u>	<u>\$ 39,945</u>	<u>\$ (144,102)</u>	
General revenues:										
Interest income					380,613		380,613			
Miscellaneous income					(55,164)		(55,164)			
Transfers					200,000	(200,000)				
Total general revenues and transfers					<u>525,449</u>	<u>(200,000)</u>	<u>325,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position					(2,129,684)	1,710,550	(419,134)	15,412	39,945	(144,102)
Net position - beginning					18,555,204	16,233,015	34,788,219	157,060	1,599,577	2,681,310
Net position - ending					<u>\$ 16,425,520</u>	<u>\$ 17,943,565</u>	<u>\$ 34,369,085</u>	<u>\$ 172,472</u>	<u>\$ 1,639,522</u>	<u>\$ 2,537,208</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Grant Fund	Corporation for Regional Excellence	Gulf Coast 911 Regional District	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,027,231	\$ 3,376,737	\$ 248,284	\$ 2,758,268	\$ 19,410,520
Investments	8,435,009				8,435,009
Receivables	863,717	26,153,469	250,836		27,268,022
Due from other funds	6,508,324				6,508,324
Due from component unit	83,012				83,012
Prepaid items	386,567				386,567
Total assets	<u>\$ 29,303,860</u>	<u>\$ 29,530,206</u>	<u>\$ 499,120</u>	<u>\$ 2,758,268</u>	<u>\$ 62,091,454</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	731,087	2,941,576	181,732		3,854,395
Unearned revenue	398,336	2,063,659			2,461,995
Due to grantee agencies		15,618,459			15,618,459
Due to other funds	16,933,835	6,095,674		212,650	23,242,159
Total liabilities	<u>18,063,258</u>	<u>26,719,368</u>	<u>181,732</u>	<u>212,650</u>	<u>45,177,008</u>
Fund balance-					
Nonspendable	386,567				386,567
Unassigned	10,854,033				10,854,033
Restricted for:					
EPA RLF Program		2,810,842			2,810,842
Corporation for Regional Excellence			317,388		317,388
Gulf Coast 911 Regional District				2,545,618	2,545,618
Total fund balance	<u>11,240,600</u>	<u>2,810,842</u>	<u>317,388</u>	<u>2,545,618</u>	<u>16,914,448</u>
Total liabilities and fund balance	<u>\$ 29,303,860</u>	<u>\$ 29,530,206</u>	<u>\$ 499,120</u>	<u>\$ 2,758,268</u>	<u>62,091,454</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	522,459
Compensated absences of governmental activities are not due and payable in the current period and, therefore, are not reported in the funds	(1,005,588)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds-capital leases	<u>(5,798)</u>
Net position of governmental activities	<u>\$ 16,425,520</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, 2019**

	<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	\$ 380,613				\$ 380,613
Membership dues	392,963				392,963
Interlocal contracts	739,106				739,106
Data services and imaging	319,242				319,242
Miscellaneous income	(55,164)				(55,164)
Other local revenue				\$ 3,535,099	3,535,099
From grantor agencies		\$ 337,104,170	\$ 50,688		337,154,858
Total revenues	<u>1,776,760</u>	<u>337,104,170</u>	<u>50,688</u>	<u>3,535,099</u>	<u>342,466,717</u>
Expenditures					
Current:					
General government	1,313,448				1,313,448
Workforce programs		290,426,917			290,426,917
Transportation		28,590,540			28,590,540
Community and Environmental		10,196,684			10,196,684
Criminal Justice/Homeland Security		1,391,343			1,391,343
Aging services		9,896,468			9,896,468
Corporation for Regional Excellence			13,311		13,311
Gulf Coast 911 Emergency District				2,639,589	2,639,589
Capital outlay:					
General government	21,602				21,602
Debt service:					
Principal	23,252				23,252
Interest	213				213
Total expenditures	<u>1,358,515</u>	<u>340,501,952</u>	<u>13,311</u>	<u>2,639,589</u>	<u>344,513,367</u>
Excess (deficiency) of revenues over expenditures	<u>418,245</u>	<u>(3,397,782)</u>	<u>37,377</u>	<u>895,510</u>	<u>(2,046,650)</u>
Other Financing Sources (Uses)					
Transfers in (out)	384,771	(184,771)			200,000
Total other financing sources & (uses)	<u>384,771</u>	<u>(184,771)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Change in fund balance	803,016	(3,582,552)	37,377	895,510	(1,846,650)
Fund balance - beginning	<u>10,437,584</u>	<u>6,393,394</u>	<u>280,011</u>	<u>1,650,108</u>	<u>18,761,097</u>
Fund balance - ending	<u>\$ 11,240,600</u>	<u>\$ 2,810,842</u>	<u>\$ 317,388</u>	<u>\$ 2,545,618</u>	<u>\$ 16,914,448</u>

See accompanying notes to the financial statements

HOUSTON-GALVESTON AREA COUNCIL
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances-total governmental funds \$ (1,846,650)

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

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

Capital outlay	167,507
Depreciation expense	<u>(452,397)</u>
Excess of depreciation over capital outlay expense	<u>(284,890)</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	(21,396)
----------------------------------	----------

The repayment of the principal of long-term debt (i.e., capital 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:

Principal payment for capital lease in 2019	<u>23,252</u>
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Change in net position of governmental activities \$ (2,129,684)

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Cooperative Purchasing</u>
ASSETS	
Current assets	
Accounts receivable	\$ 1,419,531
Due from general fund	16,733,835
Total current assets	<u>18,153,366</u>
Noncurrent assets	
Property & equipment	194,196
Less accumulated depreciation	<u>(194,196)</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>18,153,366</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	71,354
Unearned revenues	<u>138,447</u>
Total current liabilities	<u>209,801</u>
Total liabilities	<u>209,801</u>
NET POSITION	
Unrestricted	<u>17,943,565</u>
Total net position	<u>\$ 17,943,565</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, 2019**

	<u>Cooperative Purchasing</u>
OPERATING REVENUES	
Charges for services	\$ 6,002,409
Total operating revenues	<u>6,002,409</u>
OPERATING EXPENSES	
Personnel and benefits	3,057,958
Consultant and contract services	226,368
Equipment rental and leases	52,790
Lease of office space	208,807
Travel	58,014
Other	487,922
Total operating expenses	<u>4,091,859</u>
Operating Income	1,910,550
Transfers	<u>(200,000)</u>
Change in net position	1,710,550
Net position - beginning	<u>16,233,015</u>
Net position - ending	<u>\$ 17,943,565</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Cooperative Purchasing</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,240,983
Cash payments to employees for services	(3,057,958)
Cash payments to suppliers for goods and services	(175,492)
Cash payments for operating expenses	<u>(807,533)</u>
Cash provided by operating activities	<u>200,000</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(200,000)
Net cash used by noncapital financing activities	<u>\$ (200,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,910,550
Change in assets and liabilities:	
Decrease in customer receivable	150,664
Increase in interfund receivable	(1,898,318)
Increase in accounts payable	50,876
Decrease in unearned revenue	<u>(13,772)</u>
Net cash provided by operating activities	<u>\$ 200,000</u>

See accompanying notes to the financial statements

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

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Pension Plan Trust</u>	<u>Agency Fund Area Emission Reduction Credit Organization</u>
	<u>Retirement Plan</u>	
ASSETS		
Cash		\$ 3,428,334
Investments- at fair value:		
Mutual funds	\$ 34,198,439	
Money market funds	5,234,294	
Total investments, at fair value	<u>39,432,733</u>	
Receivables:		
Notes receivables from participants	794,482	
Total receivables	<u>794,482</u>	
Total assets	<u>40,227,215</u>	<u>3,428,334</u>
LIABILITIES		
Due to Other		3,428,334
Total liabilities	<u>\$ -</u>	<u>\$ 3,428,334</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 40,227,215</u>	

See accompanying notes to financial statements

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Pension Plan
Trust
Retirement
Plan**

2019

ADDITIONS

Contributions:

Participants	\$ 1,319,232
Employer	1,231,801
Rollovers	105,119
Total contributions	<u>2,656,152</u>

Investment Earnings:

Net appreciation in the fair value of investments	5,189,774
Interest and dividends	1,631,634
Total net investment earnings	<u>6,821,408</u>
Total additions	<u>9,477,560</u>

Investment Income

DEDUCTIONS

Benefit payments	2,855,503
Administrative expenses	2,496
Total deductions	<u>2,857,999</u>
Change in net position restricted for pensions	6,619,561
Net Position Restricted for Pensions, Beginning of Year	<u>33,607,654</u>
Net Position Restricted for Pensions, End of Year	<u><u>\$ 40,227,215</u></u>

See accompanying notes to financial statements.

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HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

1. REPORTING ENTITY

The Houston-Galveston Area Council (“H-GAC”) is a voluntary association of local governments that administers planning and action programs from various federal, state, and local agencies for the benefit of citizens in a 13-county region in southeast Texas. H-GAC is governed by a 35-member Board of Directors (the “Board”) which has governance responsibilities over all activities of the organization. Members of the Board are selected to serve by elected officials from the various governmental entities belonging to H-GAC. The Board has the authority to make decisions and appoint administrators and managers. H-GAC is not included in any other governmental “reporting entity” as defined by the Government of Accounting Standards Board (“GASB”) Statement Nos. 14, 39, 61 and 80, “The Financial Reporting Entity.” 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 Unit: 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, the Houston-Galveston Area Council Board of Directors established the Gulf Coast 911 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 the H-GAC Board of Directors. The District is a political subdivision of the State of Texas and

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

restricted to meeting the operational requirement of a function or segment. Items not classified as program revenues are reported as general revenues.

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

The H-GAC reports the following major governmental funds:

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

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

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

The *Gulf Coast Regional 9-1-1 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.

The 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.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

Included in this report but not as part of the government-wide financial statements are the fiduciary fund statements for the Employee Retirement Plan Trust Fund and the Air Emission Reduction Credit Organization (“AERCO”) agency fund. The retirement plan trust fund accounts for the 401K pension plan for H-GAC employees. The AERCO promotes the coexistence of air quality improvement and economic development within the H-GAC region.

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

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

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

The cooperative purchasing enterprise fund and the retirement plan trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the funds are included on the balance sheet. The accrual basis of accounting is utilized by

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

these funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

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

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

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

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

Locally Contributed In-kind Services - Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal funding on various programs. Contributed services are, therefore, reflected as both revenues and expenditures in accordance with legal requirements of the individual contracts. Such services

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

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

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

Capital Assets - Capital assets, which include furniture, fixtures, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Council 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 (generally five years) using the straight-line method. H-GAC has no public domain assets.

Compensated Absences – It is H-GAC’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Council does not have a policy to pay any amounts when employees separate from service with the government. All vacation pays up to a maximum of 240 hours is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented. The balance of the accrued vacation at the end of the year is due within one year since the usage of the vacation for the year exceeds the balance.

<u>Balance</u> <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
\$ 984,192	\$ 1,163,073	\$ 1,141,677	\$ 1,005,588	\$ 1,005,588

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 actual expenditures to all grants in accordance with the Uniform Guidance (2 CFR 200). Employee benefits are allocated to grant projects as a percentage of H-GAC’s labor costs. Indirect costs necessary to sustain

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

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

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

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

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

3. DEPOSITS (CASH) AND INVESTMENTS

Authorization for Deposits and Investments

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

In accordance with applicable statutes, the Council 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. The Council 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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

collateral securities to the Council 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 the Council. The Council must approve all collateral securities pledged and must approve in writing any changes to the pledged collateral securities.

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

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

Deposit and Investment Amounts

The following schedule presents the Council's cash and investments subject to deposit and investment risk disclosures.

	Cash	FDIC Discount Note (General Fund) / Money Market Fund (Fiduciary Funds)	Certificate of Deposits	Mutual Funds	Totals
Governmental Funds:					
General	\$13,027,231	\$ 4,302,045	\$ 4,132,964	-	\$ 21,462,240
Grant Fund	3,376,737	-	-	-	3,376,737
Corporation for Regional Excellence	248,284	-	-	-	248,284
Gulf Coast 9-1-1 Regional District	2,758,268	-	-	-	2,758,268
Total Governmental Funds	<u>19,410,520</u>	<u>4,302,045</u>	<u>4,132,964</u>	<u>-</u>	<u>27,845,529</u>
Fiduciary Funds	-	5,234,294	-	\$34,198,439	39,432,733
Discretely Presented Component Units:					
Energy Purchasing Corporation	185,720	-	-	-	185,720
Gulf Coast Economic Dev Corp	457,075	-	-	-	457,075
Local Development Corporation	2,266,667	-	315,557	-	2,582,224
Total Component Units	<u>2,909,462</u>	<u>-</u>	<u>315,557</u>	<u>-</u>	<u>3,225,019</u>
Total Reporting Entity	<u>\$22,319,982</u>	<u>\$ 9,536,339</u>	<u>\$ 4,448,521</u>	<u>\$34,198,439</u>	<u>\$ 70,503,281</u>

Credit and Interest Rate Risk

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

	Amount	Weighted Average <u>Maturity (Days)</u>	Credit Rating
General Fund	\$8,435,009	175	AAA
Fiduciary Fund	\$39,432,733	32	AAA
Local Development Corporation	\$315,557	365	AAA

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. As of December 31, 2019, the Council's deposit balance of \$38,209,285 was fully collateralized with securities held by the pledging financial institution in the Council's name or by FDIC insurance.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

The following is a summary of interfund receivables and payables at December 31, 2019:

	Interfund Receivables	Interfund Payables
General Fund	\$ 6,508,324	\$ 16,933,835
Grant Fund		6,095,674
Gulf Coast 911 Regional District		212,650
Cooperative Purchasing Fund	16,733,835	
Total	<u>\$ 23,242,159</u>	<u>\$ 23,242,159</u>

	Transfers In	Transfers Out
General Fund	\$ 384,771	
Grant Fund		\$184,771
Cooperative Purchasing Fund		200,000
	<u>\$ 384,771</u>	<u>\$ 384,771</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

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

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

5. RECEIVABLES

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

	General Fund	Grant Fund	Regional Excellence Corporation	Cooperative Purchasing Fund	Gulf Coast Economic Development Corporation	Local Development Corporation
Due from member government	\$ 412,074	\$ -	\$ -	\$ -	\$ -	\$ -
Data imagery	26,750	-	-	-	-	-
Federal grants receivable	-	853,540	-	-	-	-
State grants receivable	-	23,237,398	-	-	-	-
Local grants receivable	-	2,062,531	-	-	-	-
Due from customers	59,054	-	250,836	1,419,531	192,991	3,777
Miscellaneous services	365,839	-	-	-	-	-
Gross Accounts Receivable	863,717	26,153,469	250,836	1,419,531	192,991	3,777
Less: Allowance for uncollected accounts	-	-	-	-	-	-
Accounts Receivable, Net	<u>\$ 863,717</u>	<u>\$ 26,153,469</u>	<u>\$ 250,836</u>	<u>\$ 1,419,531</u>	<u>\$ 192,991</u>	<u>\$ 3,777</u>

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

6. CAPITAL ASSETS

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

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

	December 31, 2018	Additions	Retirements	December 31, 2019
Governmental activities:				
Furniture, fixtures and equipment	\$ 4,785,459	\$ 145,905	\$ (124,751)	\$ 4,806,613
Assets under Capital leases	586,293	21,602	-	607,895
Less accumulated depreciation	<u>(4,564,403)</u>	<u>(452,397)</u>	<u>124,751</u>	<u>(4,892,049)</u>
	<u>\$ 807,349</u>	<u>\$ (284,890)</u>	<u>\$ -</u>	<u>\$ 522,459</u>
Business-type activities:				
Furniture, fixtures and equipment	\$ 194,196	\$ -	\$ -	\$ 194,196
Less accumulated depreciation	<u>(194,196)</u>	<u>\$ -</u>	<u>-</u>	<u>(194,196)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities –	
General government	\$ 37,581
Workforce programs.....	106,535
Transportation	163,532
Community and Environmental	46,786
Criminal Justice & Homeland Security.....	54,631
Aging Services	<u>43,332</u>
Total Governmental Activities	452,397
Business-type activities –	
Cooperative purchasing	<u>0</u>
.....	<u>\$ 452,397</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

7. UNEARNED REVENUE

As of December 31, 2019, unearned revenue was comprised of the following:

General Fund:	<u>\$ 398,336</u>
Grant Fund:	
Solid Waste	\$ 201,228
C&E/Local Contracts	480,627
Transportation/Local Contracts	486,929
Homeland Security Program.....	27,233
Human Services Local Program	<u>867,642</u>
Total Grant Funds	<u>\$ 2,063,659</u>
Enterprise Fund:	
Cooperative Purchasing.....	<u>\$ 138,447</u>

The General Fund had unearned revenue from prepaid lease and memberships.

During 2019 the cooperative purchasing enterprise fund received remittance from participants in advance of performing services. These remittances, totaling \$138,447, 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 \$201,228 for this program. In addition, H-GAC received local matching funds to provide assistance in Community and Environmental programs. At year end, the matching funds totaled \$480,627.

H-GAC set aside \$27,233 of homeland security planning money to provide assistance in developing the required Homeland Security plan for Harris County and the other surrounding jurisdictions.

H-GAC receives matching participating funds from various local agencies to provide assistance in Transportation planning and Workforce programs. At year end, the matching funds totaled \$486,929 and \$867,642 respectively.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

8. CAPITAL LEASES

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

	12/31/2018	Increase	Decrease	12/31/2019
Capital Lease	<u>\$ 29,050</u>	-	<u>\$ 23,252</u>	<u>\$ 5,798</u>

The following schedule presents future minimum lease payments as of December 31, 2019:

Fiscal Year	Amount
2020	<u>5,798</u>
Minimum lease payments	5,798
Less amount representing interest	<u>(0)</u>
Present value of net minimum	
Lease payments	5,798
Less current portion of capital	
Lease obligation	<u>(5,798)</u>
Long-term portion of capital lease	<u>\$ 0</u>

The Houston-Galveston Area Council has entered into a capital lease agreement for a high-volume copier. This lease began on October 5, 2014 and ended on September 5, 2019. The lease allows H-GAC to retain ownership upon completion.

H-GAC entered into a capital lease agreement for a new color copier on June 1, 2017. This lease will end on May 31, 2020 with principal of \$41,746 at inception.

9. RETIREMENT PLAN

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

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

of age or older having at least six months of service. Membership in the Plan as of December 31, 2019 was 295 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 vesting in the employer's contributions and earnings thereon after 3 years of service and become fully vested after 6 years. H-GAC's contributions and earnings thereon which are forfeited by employees are used to reduce H-GAC's contribution requirement. The H-GAC Board of Directors is responsible and has authority to amend the Plan provisions and contributions requirements.

H-GAC's total payroll in 2019 was \$16,150,596. Retirement plan contributions were calculated using the gross salary amount for covered employees. H-GAC and its employees made contributions in 2019 of \$1,231,801 and \$1,424,351 respectively. Investments in the retirement plan are stated at fair value, based upon quoted market prices of the various mutual funds in which the funds are invested. Non-vested contributions are forfeited upon termination of employment and such forfeitures available to be used to pay a portion of H-GAC's required contributions was \$126,511 as of December 31, 2019. H-GAC had no liability to the plan at December 31, 2019.

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

10. COMMITMENTS AND CONTINGENCIES

Leases – During December 2017, H-GAC renegotiated its lease space and acquired an additional 5,578 square feet bringing the total leased space to approximately 70,777 square feet at an annual base fee of \$1,645,731. The lease term for the new space began in January 2018 and expires in January 2025. The 65,199 square feet already under lease was extended to January 2025 as well. Included in the lease is a 2% escalation annually over the term of the lease and two months of prorated rent which is amortized over the lease term. H-GAC also negotiated a tenant improvement allowance of \$20.00/square foot or \$1,415,540 for improvements to the leased space. A portion of

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

these funds, \$170,000 was used for renovation of the newly acquired space upon execution of the contract. The balance of the allowance would not be available until September 2019 with up to half of the allowance available for rent abatement. The schedule below reflects the lease terms. H-GAC has additional office space leased in satellite locations. These leases will terminate in February and April of 2020. The base amount for these leases is \$700 and \$1,736 per month.

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

2020.....	1,735,522
2021.....	1,763,310
2022.....	1,797,298
2023.....	1,832,687
2024.....	1,863,271
2025.....	<u>160,723</u>
Total minimum rental payments due.....	<u>\$ 9,152,810</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other property or equipment. Total lease expense for 2019 was \$1,709,334.

Required Matching Funds – H-GAC’s management is of the opinion that local (general fund) cash on hand and funds to be received in 2019 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 of recovery from such third parties. A significant portion of the federal and state

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

grant funds received by H-GAC are passed through to delegate agencies which administer certain parts of the grants on behalf of H-GAC. Management believes that H-GAC will not incur significant losses on possible grant disallowances.

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

H-GAC did not experience any significant reductions in insurance coverage during fiscal year 2019 and did not have any instances in which settlements exceeded insurance coverage in any of the past three fiscal years.

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

11. SUBSEQUENT EVENTS

On January 16, 2020, the first U.S. case of coronavirus originating from China was reported in a man in Washington state, according to the Centers for Disease Control and Prevention. The disease spread rapidly, creating a world pandemic.

On March 13, 2020 President Donald Trump declared a national emergency due to the spread of COVID-19. On the same date, the Governor of the State of Texas issued a proclamation certifying that COVID-19 posed an imminent threat of disaster in the state and declaring a state of disaster for all counties in Texas.

As a result of these declarations, local governments took unprecedented actions to protect the public health by requiring citizens to maintain social distances and closing businesses that were deemed non-essential. The effect of these closures on the local and national economy is unknown. As of April 1, 2020, the S&P 500 had declined by approximately 15% from the beginning of the year. Unemployment claims have grown rapidly and most schools in the region have closed for the remainder of the academic year.

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

The financial impact of these events to H-GAC are not known at this time. It is assumed that such world-wide events would create financial pressures that may affect future operations.

**HOUSTON-GALVESTON AREA COUNCIL
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>
PERSONNEL			
Indirect salaries	\$ 1,208,264	\$ 1,164,117	44.15 %
Employee benefits	575,496	554,469	21.03
	<u>1,783,760</u>	<u>1,718,586</u>	<u>65.18</u>
CONSULTANT AND CONTRACT SERVICES			
Consultant	4,283	3,750	0.16
Accounting and auditing	12,300	12,500	0.45
Other contract services	115,205	16,000	4.21
Legal Services	3,035	7,000	0.11
	<u>134,823</u>	<u>39,250</u>	<u>4.93</u>
EQUIPMENT			
Purchase, lease, rental or maintenance office furniture, fixtures and equipment	36,241	20,300	1.32
Depreciation	404,761	413,000	14.79
	<u>441,002</u>	<u>433,300</u>	<u>16.12</u>
LEASE OF OFFICE SPACE	<u>97,029</u>	<u>104,536</u>	<u>3.55</u>
TRAVEL	<u>61,119</u>	<u>40,000</u>	<u>2.23</u>
OTHER			
Consumable supplies	13,520	11,686	0.49
Software and Database	55,823	64,625	2.04
Communications	386	2,500	0.01
Postage	3,015	8,276	0.11
Subscriptions & memberships	105,654	90,000	3.86
Miscellaneous	60,077	41,000	2.20
	<u>238,475</u>	<u>218,087</u>	<u>8.71</u>
Indirect Carryforward	(19,650)	105,000	-0.72
TOTAL INDIRECT COSTS (A)	<u>\$ 2,736,558</u>	<u>\$ 2,658,759</u>	<u>100.0 %</u>
BASIS FOR ALLOCATION OF INDIRECT COSTS			
Chargeable salaries	\$ 16,150,596	\$ 15,653,174	
Employee benefits	7,692,529	7,455,606	
	<u>23,843,125</u>	<u>23,108,780</u>	
Less indirect salaries and Employee benefits	<u>(1,783,760)</u>	<u>(1,718,586)</u>	
TOTAL DIRECT SALARIES AND RELATED EMPLOYEE BENEFITS (B)	<u>\$ 22,059,365</u>	<u>\$ 21,390,195</u>	
ACTUAL INDIRECT COST RATE (A/B)	<u>12.41%</u>	<u>12.43%</u>	

**HOUSTON-GALVESTON AREA COUNCIL
 SUPPLEMENTARY SCHEDULE OF H-GAC EMPLOYEE BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Amount</u>	<u>Percentage</u>
RELEASED TIME TAKEN AND ACCRUED:		
Vacation	\$ 972,180	12.64 %
Holidays	849,202	11.04
Sick leave	644,698	8.38
Other	44,643	0.58
	<u>2,510,723</u>	<u>32.64</u>
BENEFIT PROGRAMS:		
Payroll taxes	1,551,006	20.16
Retirement plan	1,115,535	14.50
Insurance	2,288,923	29.76
Other benefits	4,049	0.05
	<u>4,959,513</u>	<u>64.47</u>
Benefit carryforward	<u>222,293</u>	<u>2.89</u>
TOTAL EMPLOYEE BENEFITS (A)	<u><u>\$ 7,692,529</u></u>	<u><u>100.00 %</u></u>
BASIS FOR ALLOCATION OF EMPLOYEE BENEFITS:		
Gross Salaries	\$ 18,661,319	
Less released time	<u>(2,510,723)</u>	
CHARGEABLE SALARIES (B)	<u>\$ 16,150,596</u>	
EMPLOYEE BENEFIT RATE (A/B)	<u><u>47.63 %</u></u>	

**HOUSTON-GALVESTON AREA COUNCIL
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Beginning 12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending 12/31/2019</u>
ASSETS				
Cash	\$ 4,024,879	\$ 314,823	\$ (911,368)	\$ 3,428,334
Total Asset	<u>\$ 4,024,879</u>	<u>\$ 314,823</u>	<u>\$ (911,368)</u>	<u>\$ 3,428,334</u>
LIABILITIES				
Due to Other	\$ 4,024,879	\$ 314,823	\$ (911,368)	\$ 3,428,334
Total liabilities	<u>\$ 4,024,879</u>	<u>\$ 314,823</u>	<u>\$ (911,368)</u>	<u>\$ 3,428,334</u>

Statistical Section

This part of the Houston-Galveston's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosure says about the government's overall financial health.

Financial Trends

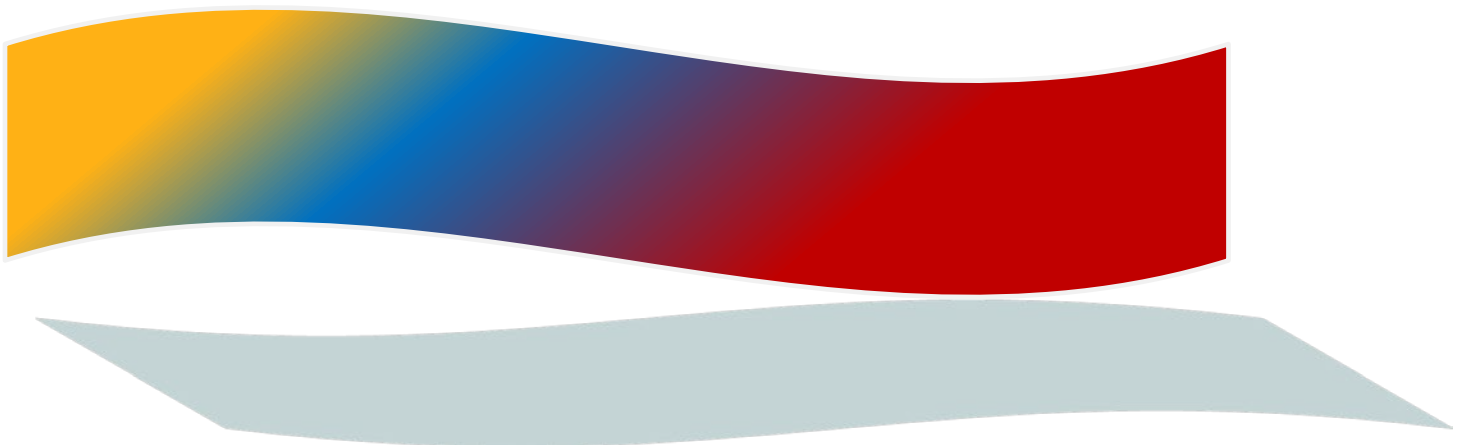
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information that help the reader assess HGAC's most significant revenue sources.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which H-GAC's financial activities take place.



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net Investment in Capital Assets	\$ 1,733,977	\$ 1,536,514	\$ 1,171,554	\$ 873,153	\$ 1,772,876	\$ 1,876,144	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661
Restricted		2,905,476	5,411,485	7,831,657	7,714,688	8,032,742	7,907,727	8,482,762	8,323,514	5,673,848
Unrestricted	6,153,368	6,655,894	7,059,754	7,350,151	8,078,247	8,354,323	8,780,986	9,002,170	9,453,392	10,235,011
Total governmental activities net position	\$ 7,887,345	\$ 11,097,883	\$ 13,642,793	\$ 16,054,961	\$ 17,565,811	\$ 18,263,209	18,175,944	18,586,016	18,555,205	16,425,520
Business-type activities										
Net Investment in Capital Assets	\$ 189,902	\$ 156,216	\$ 117,377	\$ 78,538	\$ 39,699	\$ 860	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,921,302	5,564,522	7,430,101	8,441,204	9,791,095	12,104,373	12,834,141	15,045,379	16,233,015	17,943,565
Total business-type activities net assets	\$ 5,111,204	\$ 5,720,738	\$ 7,547,478	\$ 8,519,742	\$ 9,830,794	\$ 12,105,233	\$ 12,834,141	\$ 15,045,379	\$ 16,233,015	\$ 17,943,565
Primary government										
Net Investment in Capital Assets	\$ 1,923,879	\$ 1,692,730	\$ 1,288,931	\$ 951,691	\$ 1,812,575	\$ 1,877,004	\$ 1,487,231	\$ 1,101,084	\$ 778,299	\$ 516,661
Restricted		2,905,476	5,411,485	7,831,657	7,714,688	8,032,742	7,907,727	8,482,762	8,323,514	5,673,848
Unrestricted	11,074,670	12,220,416	14,489,855	15,791,355	17,869,342	20,458,696	21,615,127	24,047,549	25,686,407	28,178,577
Total primary government net assets	\$ 12,998,549	\$ 16,818,621	\$ 21,190,271	\$ 24,574,703	\$ 27,396,605	\$ 30,368,442	\$ 31,010,085	\$ 33,631,395	\$ 34,788,220	\$ 34,369,085

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental activities:										
General government	\$ 3,189,351	\$ 3,192,212	\$ 3,695,088	\$ 1,123,501	\$ 3,017,955	\$ 1,121,364	\$ 4,487,704	\$ 5,579,938	\$ 6,024,453	\$ 4,025,538
Workforce programs	303,355,993	226,221,149	180,735,826	185,089,084	183,974,199	205,095,889	209,009,097	232,028,757	273,118,245	290,533,452
Transportation	30,219,209	24,111,492	23,840,134	33,229,456	28,705,403	31,200,061	40,668,632	28,150,854	22,502,463	28,754,072
Community and environmental	4,563,591	11,156,076	8,016,851	10,310,254	22,778,574	23,021,245	10,732,671	13,305,656	16,158,934	10,243,469
Criminal justice	1,368,165	1,604,765	848,023	1,027,540	947,483	943,741	847,184	1,356,078	1,232,945	1,300,069
Emergency communications	2,929,196	7,290,785	3,898,273	3,242,332	4,881,827	4,632,362	931,365	-	-	-
Aging services	8,603,598	9,299,666	9,144,786	8,774,680	8,975,078	9,886,838	11,124,787	10,521,725	11,131,671	9,939,800
Total governmental activities expenses	<u>354,229,103</u>	<u>282,876,145</u>	<u>230,178,981</u>	<u>242,796,847</u>	<u>253,280,519</u>	<u>275,901,500</u>	<u>277,801,440</u>	<u>290,943,008</u>	<u>330,168,711</u>	<u>344,796,400</u>
Business-type activities:										
Cooperative purchasing	2,353,892	2,647,242	2,477,374	2,978,910	3,032,813	3,492,923	3,540,827	3,490,530	3,535,809	4,091,859
Total business-type activities expenses	<u>2,353,892</u>	<u>2,647,242</u>	<u>2,477,374</u>	<u>2,978,910</u>	<u>3,032,813</u>	<u>3,492,923</u>	<u>3,540,827</u>	<u>3,490,530</u>	<u>3,535,809</u>	<u>4,091,859</u>
Total primary government expenses	<u>\$ 356,582,995</u>	<u>\$ 285,523,387</u>	<u>\$ 232,656,355</u>	<u>\$ 245,775,757</u>	<u>\$ 256,313,332</u>	<u>\$ 279,394,423</u>	<u>\$ 281,342,267</u>	<u>\$ 294,433,538</u>	<u>\$ 333,704,520</u>	<u>\$ 348,888,259</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Membership dues	335,139	323,690	332,635	395,538	402,918	388,039	394,258	395,539	299,061	392,963
Interlocal contracts	1,797,840	2,393,802	1,710,860	734,742	1,616,261	767,454	785,108	1,272,045	729,253	739,106
Data services and imaging	842,738	355,006	1,279,097	389,465	670,050	211,625	651,490	411,575	1,528,519	319,242
Operating grants and contributions	351,325,543	282,374,159	228,699,778	243,745,694	249,980,261	274,844,685	275,703,821	288,363,857	326,678,493	340,689,957
Total governmental activities program revenues	<u>354,301,260</u>	<u>285,446,657</u>	<u>232,022,370</u>	<u>245,265,439</u>	<u>252,669,490</u>	<u>276,211,803</u>	<u>277,534,677</u>	<u>290,443,016</u>	<u>329,235,326</u>	<u>342,141,268</u>
Business-type activities:										
Charges for services:										
Cooperative purchasing	3,243,181	3,256,776	4,304,114	3,951,174	4,843,865	5,767,362	4,269,735	5,801,768	4,898,445	6,002,409
Total business-type activities program revenues	<u>3,243,181</u>	<u>3,256,776</u>	<u>4,304,114</u>	<u>3,951,174</u>	<u>4,843,865</u>	<u>5,767,362</u>	<u>4,269,735</u>	<u>5,801,768</u>	<u>4,898,445</u>	<u>6,002,409</u>
Total primary government program revenues	<u>\$ 357,544,441</u>	<u>\$ 288,703,433</u>	<u>\$ 236,326,484</u>	<u>\$ 249,216,613</u>	<u>\$ 257,513,355</u>	<u>\$ 281,979,165</u>	<u>\$ 281,804,412</u>	<u>\$ 296,244,784</u>	<u>\$ 334,133,771</u>	<u>\$ 348,143,677</u>
Net (Expense)/Revenue										
Governmental activities	\$ 72,157	\$ 2,570,512	\$ 1,843,389	2,468,592	(611,030)	310,302	(266,764)	(499,993)	(933,385)	(2,655,134)
Business-type activities	889,289	609,534	1,826,740	972,264	1,811,052	2,274,439	728,908	2,311,238	1,362,636	1,910,550
Total primary government net expense	<u>\$ 961,446</u>	<u>\$ 3,180,046</u>	<u>\$ 3,670,129</u>	<u>\$ 3,440,856</u>	<u>\$ 1,200,022</u>	<u>\$ 2,584,741</u>	<u>\$ 462,144</u>	<u>\$ 1,811,245</u>	<u>\$ 429,251</u>	<u>\$ (744,582)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Interest income	42,374	70,482	14,668	158,039	15,741	22,290	14,189	58,491	331,766	380,613
Miscellaneous	341,270	522,311	696,854	(214,461)	1,606,138	364,809	165,314	751,573	395,808	(55,164)
Transfers in					500,000			100,000	175,000	200,000
Total governmental activities	<u>\$ 383,644</u>	<u>\$ 592,793</u>	<u>\$ 711,522</u>	<u>\$ (56,422)</u>	<u>\$ 2,121,879</u>	<u>\$ 387,099</u>	<u>\$ 179,503</u>	<u>\$ 910,064</u>	<u>\$ 902,574</u>	<u>\$ 525,449</u>
Business-type activities:										
Transfers out	\$ -	\$ -	\$ -	\$ -	(500,000)			(100,000)	(175,000)	(200,000)
Total Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ (175,000)</u>	<u>\$ (200,000)</u>
Change in Net Position										
Governmental activities	\$ 455,801	\$ 3,163,305	\$ 2,554,909	\$ 2,412,168	\$ 1,510,849	\$ 697,398	\$ (87,264)	\$ 410,072	\$ (30,811)	\$ (2,129,685)
Business-type activities	889,289	609,534	1,826,740	972,264	1,311,052	2,274,439	728,908	2,211,238	1,187,636	1,710,550
Total primary government	<u>\$ 1,345,089</u>	<u>\$ 3,772,838</u>	<u>\$ 4,381,649</u>	<u>\$ 3,384,432</u>	<u>\$ 2,821,901</u>	<u>\$ 2,971,837</u>	<u>\$ 641,644</u>	<u>\$ 2,621,310</u>	<u>\$ 1,156,825</u>	<u>\$ (419,135)</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Nonspendable	\$ 116,622	\$ 115,315	\$ 83,951	\$ 179,415	\$ 116,304	\$ 48,145	\$ 206,721	\$ 184,145	\$ 210,135	\$ 386,567
Unassigned	6,654,711	7,161,978	7,880,052	8,062,639	8,817,921	9,152,946	9,165,337	9,744,138	10,227,449	10,854,033
Total general fund	<u>\$ 6,771,333</u>	<u>\$ 7,277,293</u>	<u>\$ 7,964,003</u>	<u>\$ 8,242,054</u>	<u>\$ 8,934,225</u>	<u>\$ 9,201,091</u>	<u>\$ 9,372,058</u>	<u>\$ 9,928,283</u>	<u>\$ 10,437,584</u>	<u>\$ 11,240,600</u>
All Other Governmental Funds										
Restricted for:										
EPA RLF Program		\$ 2,790,161	\$ 5,210,480	\$ 7,749,761	\$ 7,599,714	\$ 7,833,463	\$ 7,486,709	\$ 7,121,000	\$ 6,393,395	\$ 2,810,842
Regional Excellence Corporation	\$ 228,990	\$ 266,224	\$ 201,005	\$ 81,896	\$ 114,974	\$ 199,279	\$ 421,018	\$ 354,000	\$ 280,011	\$ 317,388
Gulf Coast 911 Regional District							\$ 300,418	\$ 1,007,662	\$ 1,650,108	\$ 2,545,618
Total all other governmental funds	<u>\$ 228,990</u>	<u>\$ 3,056,385</u>	<u>\$ 5,411,485</u>	<u>\$ 7,831,657</u>	<u>\$ 7,714,688</u>	<u>\$ 8,032,742</u>	<u>\$ 8,208,145</u>	<u>\$ 8,482,662</u>	<u>\$ 8,323,514</u>	<u>\$ 5,673,848</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues										
Interest income	\$ 42,374	\$ 70,482	\$ 14,668	\$ 11,974	\$ 15,741	\$ 22,290	\$ 14,189	\$ 58,491	\$ 331,766	\$ 380,613
Membership dues	335,139	323,690	332,635	395,538	402,917	388,039	394,258	395,539	299,061	392,963
Interlocal contracts	1,797,840	2,393,802	1,710,860	734,742	1,616,261	767,454	785,108	1,272,045	729,253	739,106
Data services and imaging	842,738	355,006	1,279,097	389,465	670,050	211,625	651,490	411,575	1,528,519	319,242
Miscellaneous income	341,270	522,311	696,854	(214,461)	1,606,138	364,809	165,314	751,567	395,808	(55,164)
Operating grants and contributions	351,325,543	282,374,159	228,699,778	243,891,754	249,980,261	274,844,685	275,703,821	288,363,857	326,678,493	340,689,957
Total revenues	354,684,904	286,039,450	232,733,892	245,209,012	\$ 254,291,369	\$ 276,598,902	\$ 277,714,180	\$ 291,253,074	\$ 329,962,900	\$ 342,466,717
Expenditures										
General government	2,866,929	3,111,232	3,397,292	936,046	2,955,078	1,063,628	1,838,703	2,537,247	2,851,528	1,313,448
Workforce programs	303,505,280	226,130,967	180,661,303	185,067,235	183,838,987	204,963,753	208,854,509	231,869,701	272,976,282	290,426,917
Transportation	30,067,030	23,951,444	23,672,771	33,126,845	28,568,435	31,030,647	40,491,639	28,064,068	22,335,672	28,590,540
Community and environmental	4,529,900	11,075,539	7,926,066	10,227,572	22,704,646	22,958,676	10,680,269	13,253,886	16,173,588	10,196,684
Criminal justice	1,652,330	1,544,171	773,435	958,987	957,655	909,063	815,491	1,319,500	1,187,393	1,391,343
Emergency communications	2,912,647	7,290,076	3,876,498	3,219,814	4,868,627	4,613,624	928,918	-	-	-
Aging services	8,584,279	9,330,307	9,106,269	8,750,081	8,937,602	9,839,561	11,069,901	10,477,138	11,088,653	9,896,468
Regional excellence corporation	164,759	80,259	152,719	188,720	86,941	49,271	62,842	122,317	145,893	13,311
Gulf Coast 911 Emergency District							2,503,579	2,841,896	2,932,655	2,639,589
Debt service:										
Principal	28,106	26,762	23,732	10,767	13,206	15,880	26,286	34,993	40,119	23,252
Interest	6,542	4,085	1,397	380	1,125	2,727	2,079	1,486	859	213
Capital outlay	73,594	161,253	134,508	24,341	1,339,506	612,320	93,594	41,746	55,206	21,602
Total expenditures	354,391,398	282,706,095	229,725,992	242,510,790	254,271,808	276,059,150	277,367,810	290,563,978	329,787,848	344,513,367
Excess of revenues over (under) expenditures	293,506	3,333,355	3,007,900	2,698,222	19,561	539,752	346,371	689,097	175,052	(2,046,650)
Other Financing Sources (Uses)										
Capital leases	-	-	33,910	-	55,642	45,169	-	41,746	-	-
Transfers in	-	-	-	-	500,000	-	-	100,000	175,000	200,000
Total other financing sources (uses)	-	-	33,910	-	555,642	45,169	-	141,746	175,000	200,000
Net change in fund balances	\$ 293,506	\$ 3,333,355	\$ 3,041,810	\$ 2,698,222	\$ 575,203	\$ 584,921	\$ 346,371	\$ 830,843	\$ 350,052	\$ (1,846,650)
Debt service as a percentage of noncapital expenditures	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

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

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

Source: H-GAC

**Houston Area Ten Largest
Non-Governmental Employers
For Year Ended December 31, 2019**

Houston Area Non-Governmental Employers

Rank	Company	Headquarters	Employees 2019	Employees 2018	Employee Change 2018-2019	Rank Change 2018-2019
1	Walmart	Bentonville, Ark.	31,000	34,000	-8.82%	N/A
2	Memorial Hermann Health System	Houston	27,211	26,011	4.61%	+1
3	H-E-B	San Antonio	26,956	26,956	0.00%	-1
4	Houston Methodist	Houston	23,669	22,247	6.39%	N/A
5	The University of Texas MD Anderson Cancer Center	Houston	21,001	20,189	4.02%	N/A
6	McDonald's	Chicago	16,100	16,100	0.00%	+1
7	Kroger	Cincinnati	15,902	17,188	-7.48%	-1
8	ExxonMobil Corp.	Spring	15,000	13,000	15.38%	+2
9	Texas Children's Hospital	Houston	15,000	13,445	11.57%	N/A
10	United Airlines	Chicago	13,904	14,084	-1.28%	-1

Sources: Houston Chronicle, 2019

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

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	45	Persons per Square Mile	255
County Seat	Bellville	County Seat	Angleton
Population (2018)	29,636	Population (2018)	353,778
Race		Race	
<i>White</i>	18,642	<i>White</i>	171,299
<i>Black</i>	2,584	<i>Black</i>	46,489
<i>Asian</i>	173	<i>Asian</i>	22,762
<i>Hispanic</i>	7,833	<i>Hispanic</i>	106,406
<i>Two or More Races and Other</i>	404	<i>Two or More Races and Other</i>	6,822
Households and Families (2018)		Households and Families (2018)	
Total households	11,041	Total households	118,762
Average Household Size	2.65	Average Household Size	2.88
Average family size	3.15	Average family size	3.46
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	182	Marriages	2,205
Divorces	125	Divorces	1,235
Births	347	Births	4,939
Male	164	Male	2,579
Female	183	Female	2,360
Deaths	272	Deaths	2,155
Unemployment Rate (01/2020)	3.7	Unemployment Rate (01/2020)	4.7

Houston - Galveston Area Council County Profiles
For Year Ended December 31, 2019

<u>Chambers County</u>		<u>Colorado County</u>	
Land Area (sq. miles)	599	Land Area (sq. miles)	963
Persons per Square Mile	67	Persons per Square Mile	22
County Seat	Anahuac	County Seat	Columbus
Population (2018)	40,247	Population (2018)	21,030
Race		Race	
<i>White</i>	27,121	<i>White</i>	11,954
<i>Black</i>	3,218	<i>Black</i>	2,547
<i>Asian</i>	446	<i>Asian</i>	112
<i>Hispanic</i>	8,807	<i>Hispanic</i>	6,163
<i>Two or More Races and Other</i>	655	<i>Two or More Races and Other</i>	254
Households and Families (2018)		Households and Families (2018)	
Total households	13,529	Total households	7,511
Average Household Size	2.96	Average Household Size	2.75
Average family size	3.51	Average family size	3.45
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	216	Marriages	113
Divorces	189	Divorces	47
Births	512	Births	265
Male	259	Male	134
Female	253	Female	131
Deaths	290	Deaths	256
Unemployment Rate (01/2020)	5.1	Unemployment Rate (01/2020)	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	849	Persons per Square Mile	826
County Seat	Richmond	County Seat	Galveston
Population (2018)	743,303	Population (2018)	328,822
Race		Race	
<i>White</i>	252,505	<i>White</i>	189,910
<i>Black</i>	149,166	<i>Black</i>	42,101
<i>Asian</i>	146,663	<i>Asian</i>	10,540
<i>Hispanic</i>	180,314	<i>Hispanic</i>	79,858
<i>Two or More Races and Other</i>	14,655	<i>Two or More Races and Other</i>	6,413
Households and Families (2018)		Households and Families (2018)	
Total households	230,381	Total households	119,181
Average Household Size	3.18	Average Household Size	2.69
Average family size	3.61	Average family size	3.31
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	3,321	Marriages	1,770
Divorces	1,871	Divorces	1,185
Births	9,887	Births	4,219
Male	5,053	Male	2,190
Female	4,834	Female	2,029
Deaths	2,984	Deaths	2,675
Unemployment Rate (01/2020)	3.6	Unemployment Rate (01/2020)	4.4

Houston - Galveston Area Council County Profiles
For Year Ended December 31, 2019

<u>Harris County</u>		<u>Liberty County</u>	
Land Area (sq. miles)	1,729	Land Area (sq. miles)	1,160
Persons per Square Mile	2,677	Persons per Square Mile	70
County Seat	Houston	County Seat	Liberty
Population (2018)	4,629,189	Population (2018)	81,513
Race		Race	
White	1,400,048	White	53,101
Black	859,818	Black	7,991
Asian	327,726	Asian	466
Hispanic	1,968,247	Hispanic	18,580
Two or More Races and Other	73,350	Two or More Races and Other	1,375
Households and Families (2018)		Households and Families (2018)	
Total households	1,583,486	Total households	26,203
Average Household Size	2.88	Average Household Size	2.85
Average family size	3.63	Average family size	3.54
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	29,882	Marriages	555
Divorces	12,463	Divorces	237
Births	73,427	Births	1,133
Male	37,167	Male	580
Female	36,260	Female	553
Deaths	25,342	Deaths	765
Unemployment Rate (01/2020)	4.1	Unemployment Rate (01/2020)	5.9

<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	532
County Seat	Bay City	County Seat	Conroe
Population (2018)	37,076	Population (2018)	555,703
Race		Race	
White	16,437	White	373,030
Black	3,832	Black	25,676
Asian	629	Asian	15,347
Hispanic	15,676	Hispanic	131,205
Two or More Races and Other	502	Two or More Races and Other	10,445
Households and Families (2018)		Households and Families (2018)	
Total households	13,636	Total households	192,823
Average Household Size	2.67	Average Household Size	2.86
Average family size	3.51	Average family size	3.41
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	304	Marriages	3,390
Divorces	89	Divorces	1,809
Births	533	Births	7,336
Male	272	Male	3,767
Female	261	Female	3,569
Deaths	407	Deaths	3,623
Unemployment Rate (01/2020)	6.7	Unemployment Rate (01/2020)	3.6

Houston - Galveston Area Council County Profiles
For Year Ended December 31, 2019

<u>Walker County</u>		<u>Waller County</u>	
Land Area (sq. miles)	787	Land Area (sq. miles)	514
Persons per Square Mile	91	Persons per Square Mile	97
County Seat	Huntsville	County Seat	Hempstead
Population (2018)	71,887	Population (2018)	50,069
Race		Race	
White	40,578	White	21,636
Black	16,501	Black	12,387
Asian	795	Asian	438
Hispanic	12,902	Hispanic	14,884
Two or More Races and Other	1,111	Two or More Races and Other	724
Households and Families (2018)		Households and Families (2018)	
Total households	21,636	Total households	14,807
Average Household Size	2.47	Average Household Size	3.07
Average family size	3.14	Average family size	3.66
Vital Statistics (2015)		Vital Statistics (2015)	
Marriages	430	Marriages	321
Divorces	203	Divorces	103
Births	667	Births	592
Male	336	Male	318
Female	331	Female	274
Deaths	513	Deaths	305
Unemployment Rate (01/2020)	4	Unemployment Rate (01/2020)	4.1

<u>Wharton County</u>	
Land Area (sq. miles)	1,090
Persons per Square Mile	38
County Seat	Wharton
Population (2018)	41,668
Race	
White	18,704
Black	5,412
Asian	201
Hispanic	16,988
Two or More Races and Other	363
Households and Families (2018)	
Total households	15,256
Average Household Size	2.69
Average family size	3.36
Vital Statistics (2015)	
Marriages	233
Divorces	97
Births	595
Male	302
Female	293
Deaths	417
Unemployment Rate (01/2020)	3.9

Source: US Census Bureau, 2018
Texas Department of Health, 2015
US Bureau of Labor Statistics, 2020
H-GAC, 2020

Note: Marriage and divorce data are from 2015

**Houston - Galveston Area Council Historical Population By County
For The Year Ended December 31, 2019**

Total Population 1980-2019

Geography	1980	1990	2000	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Austin County	17,726	19,832	23,590	28,417	28,604	28,562	28,679	28,968	29,471	29,629	29,722	29,965	30,032
Brazoria County	169,587	191,707	241,767	313,166	319,147	324,224	329,890	337,570	345,227	353,155	361,853	368,887	374,264
Chambers County	18,538	20,088	26,031	35,096	35,699	36,508	37,367	38,296	39,028	40,163	41,269	42,227	43,837
Colorado County	18,823	18,383	20,390	20,874	20,806	20,724	20,717	20,696	20,951	21,081	21,291	21,305	21,493
Fort Bend County	130,962	225,421	354,452	585,375	606,064	624,824	651,847	684,048	715,331	744,160	767,712	788,081	811,688
Galveston County	195,738	217,396	250,158	291,309	295,605	301,049	306,589	313,367	320,974	328,820	334,633	337,858	342,139
Harris County	2,409,547	2,818,101	3,400,578	4,092,459	4,179,568	4,263,094	4,353,187	4,455,994	4,557,846	4,623,960	4,657,972	4,680,045	4,713,325
Liberty County	47,088	52,726	70,154	75,643	75,990	76,370	76,849	78,045	79,537	81,354	83,597	85,802	88,219
Matagorda County	37,828	36,928	37,957	36,702	36,681	36,544	36,500	36,478	36,766	37,088	36,805	36,566	36,643
Mongtgomery County	127,222	182,201	293,768	455,746	471,415	484,565	498,392	517,146	535,753	555,216	571,615	589,770	607,391
Walker County	14,618	14,675	16,809	15,507	15,643	15,568	15,660	15,828	16,030	15,881	15,634	15,709	15,823
Waller County	19,798	23,374	32,663	43,205	44,101	44,335	45,408	46,765	48,641	50,046	51,717	53,512	55,246
Wharton County	40,242	39,955	41,188	41,280	41,287	41,136	41,122	41,095	41,383	41,609	41,837	41,499	41,556
H-GAC 13 County Area	3,247,717	3,860,787	4,809,505	6,034,779	6,170,610	6,297,503	6,442,207	6,614,296	6,786,938	6,922,162	7,015,657	7,091,226	7,181,656
Texas	14,225,513	16,986,335	20,851,820	25,145,561	25,645,629	26,084,481	26,480,266	26,964,333	27,470,056	27,914,410	28,295,273	28,628,666	28,995,881

Data source: Census Bureau Population and Housing Units Estimates, 2019

Texas Expenditures by County
For The Year Ended December 31, 2019

Texas 2019 State Expenditures by County

Rank	County	Total	Inter-governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	TRAVIS	\$ 16,338,507,938	\$ 983,241,353	\$ 7,505,561,568	\$ 5,880,181,066	\$ 484,276,527	\$ 351,878,001	\$ 130,659,553	\$ 1,002,709,871
2	HARRIS	\$ 14,986,103,850	\$ 4,742,897,250	\$ 1,797,348,903	\$ 6,435,541,188	\$ 1,169,370,879	\$ 263,860,923	\$ 222,408,956	\$ 354,675,750
3	DALLAS	\$ 10,578,598,199	\$ 2,964,064,227	\$ 2,271,349,441	\$ 3,514,844,139	\$ 740,053,996	\$ 399,250,608	\$ 87,456,413	\$ 601,579,373
4	BEXAR	\$ 7,513,472,496	\$ 1,979,340,554	\$ 876,997,547	\$ 4,119,467,453	\$ 270,838,417	\$ 89,892,783	\$ 32,102,176	\$ 144,833,566
5	TARRANT	\$ 4,521,857,907	\$ 1,832,751,307	\$ 533,989,104	\$ 1,780,674,779	\$ 170,404,459	\$ 53,991,359	\$ 10,039,524	\$ 140,007,376
6	HIDALGO	\$ 3,806,412,725	\$ 2,492,658,431	\$ 386,121,054	\$ 755,029,864	\$ 129,505,496	\$ 21,942,188	\$ 3,380,556	\$ 17,775,137
7	FORT BEND	\$ 3,170,751,220	\$ 818,070,889	\$ 260,904,981	\$ 1,970,265,427	\$ 68,232,333	\$ 14,391,286	\$ 2,672,580	\$ 36,213,723
8	EL PASO	\$ 2,697,075,450	\$ 1,419,179,756	\$ 368,612,739	\$ 763,196,138	\$ 92,644,485	\$ 18,220,208	\$ 6,058,547	\$ 29,163,578
9	NUECES	\$ 1,908,938,199	\$ 377,647,941	\$ 193,952,028	\$ 1,058,040,056	\$ 239,698,462	\$ 15,459,165	\$ 3,851,433	\$ 20,289,116
10	WILLIAMSON	\$ 1,731,549,870	\$ 300,899,817	\$ 898,173,595	\$ 246,651,543	\$ 153,893,722	\$ 89,945,985	\$ 8,205,608	\$ 33,779,601
15	MONTGOMERY	\$ 1,238,430,545	\$ 526,255,694	\$ 153,708,410	\$ 105,912,833	\$ 416,557,472	\$ 15,932,664	\$ 186,816	\$ 19,876,655
17	GALVESTON	\$ 990,250,331	\$ 438,185,171	\$ 339,240,657	\$ 154,625,245	\$ 28,605,585	\$ 9,017,828	\$ 665,086	\$ 19,910,759
22	BRAZORIA	\$ 690,579,276	\$ 422,260,071	\$ 131,252,285	\$ 87,900,083	\$ 20,299,176	\$ 13,938,660	\$ 1,277,201	\$ 13,651,800
32	WALKER	\$ 395,162,039	\$ 63,677,901	\$ 263,561,621	\$ 16,139,442	\$ 681,207	\$ 25,664,087	\$ 193,570	\$ 25,244,210
46	LIBERTY	\$ 210,319,927	\$ 113,962,714	\$ 34,726,077	\$ 48,785,694	\$ 9,070,381	\$ 1,368,526	\$ 40,454	\$ 2,366,081
79	WHARTON	\$ 104,734,237	\$ 60,619,383	\$ 16,637,624	\$ 8,729,717	\$ 8,463,939	\$ 7,158,713	\$ 348,534	\$ 2,776,327
84	WALLER	\$ 95,202,966	\$ 24,367,567	\$ 52,489,735	\$ 12,538,578	\$ 7,942	\$ 3,763,882		\$ 2,035,262
99	CHAMBERS	\$ 65,542,906	\$ 38,979,105	\$ 7,673,036	\$ 15,898,756		\$ 84,275		\$ 2,907,734
100	MATAGORDA	\$ 64,965,698	\$ 38,878,616	\$ 8,418,658	\$ 13,898,647	\$ 367,774	\$ 417,446	\$ 871,230	\$ 2,113,327
110	AUSTIN	\$ 55,311,090	\$ 27,745,660	\$ 12,765,249	\$ 9,943,034	\$ 1,055,114	\$ 449,176		\$ 3,352,857
135	COLORADO	\$ 36,654,318	\$ 15,400,501	\$ 8,849,332	\$ 9,767,898	\$ 121,866	\$ 772,479		\$ 1,742,241
	Total Texas Counties	\$ 98,335,424,867	\$ 31,204,191,460	\$ 23,337,345,325	\$ 31,947,463,608	\$ 5,915,525,259	\$ 1,990,158,761	\$ 656,928,014	\$ 3,283,812,439
	Total H-GAC Counties	\$ 22,104,008,402	\$ 7,331,300,524	\$ 3,087,576,569	\$ 8,889,946,542	\$ 1,722,833,667	\$ 356,819,946	\$ 228,664,426	\$ 486,866,727
	% of Expenditures in the region	22.5%	23.5%	13.2%	27.8%	29.1%	17.9%	34.8%	14.8%

Data source: Texas Comptroller of Public Accounts, 2019

Texas Expenditures by Council of Governments
For The Year Ended December 31, 2019

Texas 2019 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	\$ 22,104,008,402	\$ 7,331,300,524	\$ 3,087,576,569	\$ 8,889,946,542	\$ 1,722,833,667	\$ 356,819,946	\$ 228,664,426	\$ 486,866,727
2	Capital Area	\$ 19,394,649,693	\$ 1,642,471,524	\$ 8,996,808,297	\$ 6,225,551,737	\$ 826,950,593	\$ 477,417,068	\$ 144,200,837	\$ 1,081,249,638
3	North Central Texas	\$ 19,369,224,510	\$ 6,825,969,905	\$ 3,706,286,528	\$ 6,005,298,199	\$ 1,312,016,942	\$ 526,053,339	\$ 117,267,003	\$ 876,332,593
4	Alamo Area	\$ 8,712,793,118	\$ 2,443,303,634	\$ 1,157,845,924	\$ 4,323,525,621	\$ 426,482,492	\$ 144,996,216	\$ 33,871,948	\$ 182,767,283
5	Lower Rio Grande Valley	\$ 5,212,858,907	\$ 3,434,034,730	\$ 578,399,328	\$ 1,012,000,247	\$ 131,609,374	\$ 26,336,237	\$ 3,880,594	\$ 26,598,396
6	Rio Grande	\$ 2,774,520,342	\$ 1,449,499,672	\$ 400,460,049	\$ 771,375,556	\$ 92,740,396	\$ 23,507,628	\$ 6,080,311	\$ 30,856,731
7	Coastal Bend	\$ 2,639,442,141	\$ 758,791,378	\$ 385,641,127	\$ 1,173,336,257	\$ 250,443,670	\$ 25,165,563	\$ 4,520,325	\$ 41,543,822
8	East Texas	\$ 2,059,429,827	\$ 852,250,339	\$ 531,597,551	\$ 454,606,497	\$ 99,932,009	\$ 42,754,146	\$ 1,338,953	\$ 76,950,332
9	Brazos Valley	\$ 1,776,860,615	\$ 262,701,360	\$ 1,009,111,751	\$ 186,715,768	\$ 141,302,197	\$ 75,566,753	\$ 1,986,700	\$ 99,476,087
10	South Plains	\$ 1,697,545,568	\$ 493,363,599	\$ 645,377,303	\$ 387,798,363	\$ 72,393,790	\$ 39,120,589	\$ 15,239,217	\$ 44,252,707
11	Central Texas	\$ 1,505,689,813	\$ 677,521,825	\$ 312,649,430	\$ 354,924,473	\$ 21,407,612	\$ 9,177,614	\$ 3,573,540	\$ 126,435,319
12	Deep East Texas	\$ 1,211,645,311	\$ 481,406,570	\$ 352,550,057	\$ 222,032,189	\$ 76,369,045	\$ 31,591,478	\$ 26,665,789	\$ 21,030,183
13	Heart of Texas	\$ 1,158,393,333	\$ 522,664,603	\$ 270,253,892	\$ 167,795,821	\$ 122,000,653	\$ 34,163,925	\$ 3,223,304	\$ 38,291,134
14	Panhandle	\$ 1,130,994,530	\$ 505,936,339	\$ 300,090,408	\$ 177,278,636	\$ 96,567,738	\$ 25,455,424	\$ 4,093,847	\$ 21,572,138
15	West Central Texas	\$ 1,079,269,219	\$ 398,527,275	\$ 331,903,805	\$ 221,183,358	\$ 77,791,131	\$ 17,857,046	\$ 1,152,367	\$ 30,854,237
16	South Texas	\$ 1,062,602,402	\$ 721,425,957	\$ 126,007,825	\$ 203,458,504	\$ 599,944	\$ 4,554,157	\$ 318,634	\$ 6,237,380
17	Permian Texas	\$ 971,304,456	\$ 364,220,390	\$ 187,139,851	\$ 292,060,521	\$ 100,910,040	\$ 11,570,278	\$ 527,037	\$ 14,876,338
18	South East Texas	\$ 955,832,880	\$ 467,812,421	\$ 228,679,516	\$ 169,617,398	\$ 6,213,756	\$ 15,106,840	\$ 50,588,229	\$ 17,814,722
19	Ark-Tex	\$ 946,972,359	\$ 399,962,711	\$ 134,405,269	\$ 178,221,851	\$ 164,393,562	\$ 60,126,581	\$ 708,168	\$ 9,154,216
20	Nortex	\$ 686,086,357	\$ 229,050,859	\$ 235,988,617	\$ 152,266,093	\$ 27,480,551	\$ 18,046,609	\$ 4,777,585	\$ 18,476,042
21	Concho Valley	\$ 508,617,034	\$ 202,309,279	\$ 141,128,961	\$ 83,071,976	\$ 61,630,324	\$ 7,006,374	\$ 1,472,516	\$ 11,997,604
22	Golden Crescent	\$ 491,881,558	\$ 199,793,925	\$ 82,894,914	\$ 121,532,343	\$ 66,500,254	\$ 11,781,898	\$ 966,984	\$ 8,411,241
23	Middle Rio Grande	\$ 468,074,355	\$ 300,810,578	\$ 65,796,993	\$ 89,268,227	\$ 4,536,750	\$ 2,205,751	\$ 8,907	\$ 5,447,148
24	Texoma	\$ 416,728,138	\$ 239,062,064	\$ 68,751,359	\$ 84,597,430	\$ 12,418,771	\$ 3,777,299	\$ 1,800,794	\$ 6,320,421
	Total for Council of Governments	\$ 98,335,424,867	\$ 31,204,191,460	\$ 23,337,345,325	\$ 31,947,463,608	\$ 5,915,525,259	\$ 1,990,158,761	\$ 656,928,014	\$ 3,283,812,439

Data source: Texas Comptroller of Public Accounts, 2019

Houston - Galveston Area Council Voter Registration
By County

Voter Registration
2006 - 2020 Primary Elections

	Number of Precincts	Total Registered Voters														
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Austin	19	17,034	16,841	17,252	17,145	17,546	17,151	17,534	17,732	18,178	18,058	18,601	18,897	19,112	19,223	19,618
Brazoria	77	157,705	154,246	159,948	163,934	168,097	163,917	168,795	181,609	178,808	178,804	186,517	200,248	200,830	210,087	212,602
Chambers	13	20,450	21,164	21,053	21,930	22,707	22,862	23,316	23,729	24,338	24,481	25,479	26,688	27,299	28,589	29,015
Colorado	12	13,008	13,175	13,116	13,052	13,249	12,865	13,021	12,953	13,233	13,085	13,391	13,552	13,714	13,673	13,900
Fort Bend	142	256,461	256,537	267,583	290,019	300,777	302,223	315,207	332,199	347,188	359,046	379,254	412,810	413,446	428,679	452,662
Galveston	175	182,743	176,504	180,288	177,697	179,928	172,603	177,334	179,943	184,818	194,770	195,988	203,348	207,560	210,663	217,501
Harris	1,012	1,871,929	1,782,013	1,804,641	1,859,043	1,889,378	1,847,952	1,884,489	1,930,759	1,998,264	1,998,988	2,084,462	2,189,228	2,248,921	2,357,199	2,370,968
Liberty	36	44,359	43,354	43,253	42,505	42,863	41,111	41,949	41,025	41,263	40,251	41,130	43,619	43,109	44,285	44,698
Matagorda	18	20,890	20,284	20,761	20,540	20,893	20,131	20,625	20,201	20,577	20,265	20,826	20,941	21,338	21,745	21,442
Montgomery	89	215,878	214,406	224,321	235,052	243,027	238,707	246,768	257,799	268,147	273,352	290,259	306,564	318,611	327,629	345,404
Walker	16	28,190	27,658	28,343	29,119	29,507	28,356	29,169	28,983	29,578	29,044	30,179	31,334	31,835	32,572	33,658
Waller	21	24,709	25,861	27,045	28,787	29,792	27,037	27,706	27,751	28,288	28,344	29,237	30,351	30,984	31,952	33,201
Wharton	34	24,583	23,493	23,992	24,082	24,471	23,675	24,090	23,907	24,275	23,743	24,387	24,612	24,795	25,207	25,064
H-GAC region	1,664	2,877,939	2,775,536	2,831,596	2,922,905	2,982,235	2,918,590	2,990,003	3,078,590	3,176,955	3,202,231	3,339,710	3,522,192	3,601,554	3,751,503	3,819,733

Source: Office of the Texas Secretary of State 2020

Houston - Galveston Area Council General Elections by County

2018 General Elections- Governor						
County	Republican	Democratic	Libertarian	Total Votes	Total Voters	TurnOut
AUSTIN	9,009	1,897	123	11,029	19,406	56.83%
BRAZORIA	70,373	39,536	1,637	111,546	207,446	53.77%
CHAMBERS	12,505	2,460	203	15,168	28,063	54.05%
COLORADO	5,992	1,558	63	7,613	13,938	54.62%
FORT BEND	125,867	125,374	3,613	254,854	431,832	59.02%
GALVESTON	72,104	39,314	2,017	113,435	212,630	53.35%
HARRIS	559,819	628,804	18,094	1,206,717	2,338,460	51.60%
LIBERTY	16,527	3,816	203	20,546	43,981	46.72%
MATAGORDA	7,705	2,673	106	10,484	21,654	48.42%
MONTGOMERY	144,664	43,044	2,602	190,310	333,488	57.07%
WALKER	12,199	5,331	266	17,796	33,422	53.25%
WALLER	10,639	5,791	170	16,600	32,584	50.95%
WHARTON	9,472	3,332	107	12,911	25,132	51.37%

Source: Office of the Secretary of State

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Single Audit Section



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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Houston-Galveston Area Council (the Council), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated June 4, 2020.

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) to determine the 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 may exist that have not been identified.

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*.

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.

BKD, LLP

Houston, Texas
June 4, 2020

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited Houston-Galveston Area Council's (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the Council's major federal and state programs for the year ended December 31, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 UGMS, issued by the Texas Comptroller of Public Accounts. Those standards, the Uniform Guidance and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal and state programs. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 UGMS. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Houston, Texas
June 4, 2020

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
FEDERAL PROGRAMS				
PRIMARY GOVERNMENT:				
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the Texas Workforce Commission				
SNAP Cluster				
2819SNE000	SNAP E&T - 2019	10.561	\$1,327,637	\$1,327,637
2820SNE001	SNAP E&T - 2020 (ABAWD)	10.561	\$216,878	\$216,878
	Subtotal - SNAP Cluster		<u>\$1,544,515</u>	<u>\$1,544,515</u>
	Total - Texas Workforce Commission		<u>\$1,544,515</u>	<u>\$1,544,515</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>\$1,544,515</u>	<u>\$1,544,515</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through the Texas Workforce Commission				
2818ALA000	Adult Education and Literacy	84.002A	\$10,090,678	\$9,793,869
2818ALAB000	Adult Education and Literacy	84.002A	\$4,736,885	\$4,353,654
	Subtotal - 84.002A		<u>\$14,827,563</u>	<u>\$14,147,523</u>
	Total - Texas Workforce Commission		<u>\$14,827,563</u>	<u>\$14,147,523</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$14,827,563</u>	<u>\$14,147,523</u>
U.S. DEPARTMENT OF ENERGY				
Direct Programs:				
DE-EE0005979	Houston Zero Emission Delivery Vehicle Deployment	81.086	\$2,773	\$1,843
DE-EE0007411	Clean Cities Outreach Education and Performance Tracking -2018	81.086	\$8,475	-
DE-EE0007411	Clean Cities Outreach Education and Performance Tracking -2019	81.086	\$34,401	-
	Subtotal - 81.086		<u>\$45,649</u>	<u>\$1,843</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>\$45,649</u>	<u>\$1,843</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through the Texas Health and Human Services Commission				
539-16-0015-00001	Aging Title VII EAP - 2019	93.041	\$21,711	-
	Subtotal - 93.041		<u>\$21,711</u>	<u>-</u>
539-16-0015-00001	Aging Title VII OAG - 2019	93.042	\$77,297	-
	Subtotal - 93.042		<u>\$77,297</u>	<u>-</u>
539-16-0015-00001	Aging Title III, Part D - 2019	93.043	\$121,828	-
539-16-0015-00001	Aging Title III, Part D - 2020	93.043	\$13,094	-
	Subtotal - 93.043		<u>\$134,922</u>	<u>-</u>
Aging Cluster				
539-16-0015-00001	Aging Title III, Part B - 2019	93.044	\$1,796,048	\$989,980
539-16-0015-00001	Aging Title III, Part B - 2020	93.044	\$340,088	\$185,598
	Subtotal - 93.044		<u>\$2,136,136</u>	<u>\$1,175,578</u>
539-16-0015-00001	Aging Title III, Part C - 2019	93.045	\$1,926,597	\$1,059,183
539-16-0015-00001	Aging Title III, Part C - 2020	93.045	\$574,160	\$295,482
	Subtotal - 93.045		<u>\$2,500,757</u>	<u>\$1,354,665</u>
539-16-0015-00001	Aging NSIP - 2019	93.053	\$393,316	\$393,316
539-16-0015-00001	Aging NSIP - 2020	93.053	\$94,395	\$94,395
	Subtotal - 93.053		<u>\$487,711</u>	<u>\$487,711</u>

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

	Total - Aging Cluster		<u>\$5,124,604</u>	<u>\$3,017,954</u>
539-16-0015-00001	Aging Title III, Part E - 2019	93.052	\$821,263	-
539-16-0015-00001	Aging Title III, Part E - 2020	93.052	\$125,446	-
	Subtotal 93.052		<u>\$946,709</u>	<u>-</u>
539-16-0015-00001	Aging HICAP (04/01/18-03/31/19)	93.324	\$15,155	-
539-16-0015-00001	Aging HICAP (04/01/19-03/31/20)	93.324	\$119,801	-
	Subtotal - 93.324		<u>\$134,956</u>	<u>-</u>
539-16-0015-00001	Aging - MIPPA Priority -2019	93.791	\$18,668	-
HHS000270200021	ADRC Housing Navigator FY20	93.791	\$1,875	-
	Subtotal - 93.791		<u>\$20,543</u>	<u>-</u>
	Total - Texas Health and Human Services Commission		<u>\$6,460,742</u>	<u>\$3,017,954</u>
	Passed Through the Texas Workforce Commission			
	TANF Cluster			
2819TAN008	Special Projects	93.558	\$80,578	-
2819TAF000	TANF Choices - 2019	93.558	\$11,810,521	\$10,894,456
2820TAF001	TANF Choices - 2020	93.558	\$2,943,194	\$2,652,214
2819NCP000	TANF E&T - Noncustodial Parent Empl - 2019	93.558	\$427,887	\$408,841
2820NCP001	TANF E&T - Noncustodial Parent Empl - 2020	93.558	\$54,129	\$41,953
2819WCI000	Special Projects	93.558	\$50,000	\$50,000
2818ALA000	Adult Education and Literacy	93.558	\$240,770	\$240,770
2818ALAB00	Adult Education and Literacy	93.558	\$443,359	\$443,359
2819WPA000	Employment Services - 2019	93.558	\$158,822	-
2820WPA001	Employment Services - 2020	93.558	\$88,255	-
	Subtotal - TANF Cluster		<u>\$16,297,515</u>	<u>\$14,731,593</u>
	CCDF Cluster			
2819CAA000	CC Attendance Auto Services - 2019	93.575	\$760,616	\$760,616
2820CAA001	CC Attendance Auto Services - 2020	93.575	\$174,895	\$174,895
2819CCQ000	Child Care Quality - 2019	93.575	\$6,678,382	\$6,678,382
2820CCQ001	Child Care Quality - 2020	93.575	\$383,866	\$383,866
2820CCF001	Child Care	93.575	\$11,212,959	\$11,212,959
2819CCF000	Child Care	93.575	\$75,950,050	\$74,748,017
	Subtotal - 93.575		<u>\$95,160,768</u>	<u>\$93,958,735</u>
2819CCF000	Child Care (BAPA) - 2019	93.596	\$29,493,388	\$29,493,388
2819CCM000	Child Care Local Initiatives - 2019	93.596	\$14,007,475	\$14,007,475
2820CCF001	Child Care -2020	93.596	\$12,948,556	\$12,948,556
	Subtotal - 93.596		<u>\$56,449,419</u>	<u>\$56,449,419</u>
	Total - CCDF Cluster		<u>\$151,610,187</u>	<u>\$150,408,154</u>
2819CCF000	Child Care	93.667	\$425,486	\$425,486
2820CCF001	Child Care	93.667	\$360,443	\$360,443
	Subtotal - 93.667		<u>\$785,929</u>	<u>\$785,929</u>
	Total - Texas Workforce Commission		<u>\$168,693,631</u>	<u>\$165,925,676</u>
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$175,154,373</u>	<u>\$168,943,630</u>
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed Through the Texas Department of Public Safety			
PDMC-PL-06-TX-2016-013	Brazoria County Hazard Mitigation	97.047	\$2,310	-
PDMC-PL-06-TX-2016-011	Walker County Hazard Mitigation	97.047	\$1,623	-
PDMC-PL-06-TX-2016-010	Montgomery County Hazard Mitigation	97.047	\$4,277	-

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

			<u>\$8,210</u>	<u>-</u>
	Total - Texas Department of Public Safety			
	Passed through the General Land Office			
72188840	Hurricane Harvey Administration	97.048	\$30,295	-
72188840	Hurricane Harvey Direct Project Costs	97.048	\$651,081	-
72188840	Hurricane Harvey Program Management	97.048	\$238,705	-
	Total - Texas General Land Office		<u>\$920,081</u>	<u>-</u>
	Passed Through the Office of the Governor			
2992704	Homeland Security Grant Program - SHSP - 2018	97.067	\$110,225	-
2992705	Homeland Security Grant Program - SHSP - 2019	97.067	\$31,524	-
3660801	Regional Interoperable Communications Plan	97.067	\$36,788	-
	Total - Office of the Governor		<u>\$178,537</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$1,106,828</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed Through the General Land Office			
C718218	Community Development Block Grant - 2019	14.228	\$12,358	-
12-505-000-6718	CDBG - IKE Admin Rental	14.228	\$2,840	-
12-505-000-6718	CDBG - IKE Multi Family Rental	14.228	\$5,332,112	\$5,332,112
12-505-000-6718	CDBG - IKE Delivery Rental	14.228	\$45,568	-
12-506-000-6719	CDBG - IKE Rapid Housing	14.228	\$90	-
	Subtotal - 14.228		<u>\$5,392,968</u>	<u>\$5,332,112</u>
	Total - General Land Office		<u>\$5,392,968</u>	<u>\$5,332,112</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$5,392,968</u>	<u>\$5,332,112</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed Through the Office of the Governor			
2606707	CJD Juvenile Mental Health Project 2019	16.540	\$129,712	-
2606708	CJD Juvenile Mental Health Project 2020	16.540	\$890	-
	Subtotal - 16.540		<u>\$130,602</u>	<u>-</u>
3386602	Elder and Vulnerable Adult Justice Program FY19	16.575	\$169,201	-
3386603	Elder and Vulnerable Adult Justice Program FY20	16.575	\$58,280	-
	Subtotal - 16.575		<u>\$227,481</u>	<u>-</u>
	Total - Office of the Governor		<u>\$358,083</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$358,083</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR				
	Employment Services Cluster			
	Passed Through Texas Veterans Commission			
VES 19-28	Disabled Veterans' Outreach Program	17.801	\$175,927	\$175,927
VES 20-28	Disabled Veterans' Outreach Program	17.801	\$60,272	\$60,272
	Subtotal - 17.801		<u>\$236,199</u>	<u>\$236,199</u>
VES 19-28	Local Veterans Employment Representative Program	17.804	\$75,397	\$49,884
VES 20-28	Local Veterans Employment Representative Program	17.804	\$25,831	\$19,035
	Subtotal - 17.804		<u>\$101,228</u>	<u>\$68,919</u>
	Total - Texas Veterans Commission		<u>\$337,427</u>	<u>\$305,118</u>
	Passed Through the Texas Workforce Commission			
2820RAG001	Resource Admin Grant - 2020	17.207	\$4,112	-
2819RAG000	Resource Admin Grant - 2019	17.207	\$15,396	-
2819WCI000	Special Projects	17.207	\$6,024	\$6,024

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
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For the Year Ended December 31, 2019

2820WCI001	Special Projects	17.207	\$3,659	\$3,659
2819WPA000	Employment Services - 2019	17.207	\$1,429,400	\$1,141,642
2820WPA001	Employment Services - 2020	17.207	\$257,773	\$201,674
	Subtotal - 17.207		<u>\$1,716,364</u>	<u>\$1,352,999</u>
	Total-Texas Workforce Commission		<u>\$1,716,364</u>	<u>\$1,352,999</u>
	Total - Employment Services Cluster		<u>\$2,053,791</u>	<u>\$1,658,117</u>
	Passed Through the Texas Workforce Commission			
	WIA Cluster			
2817WOA000	WIA Adult Program - PY2017	17.258	\$1,320,513	\$1,320,513
2818WOA000	WIA Adult Program - PY2018	17.258	\$8,976,285	\$8,498,470
2819WOA001	WIA Adult Program - PY2019	17.258	\$4,633,020	\$4,218,415
2818PAD000	PIA - Texas Hireability (Performance Incentive)	17.258	\$20,000	\$20,000
2819EXT001	Externship for Teachers	17.258	\$30,817	\$28,822
	Subtotal - 17.258		<u>\$14,980,635</u>	<u>\$14,086,220</u>
2817WOY000	WIA Youth - PY2017	17.259	\$1,314,849	\$1,314,849
2818WOY000	WIA Youth - PY2018	17.259	\$13,666,421	\$12,957,418
2819WOY001	WIA Youth - PY2019	17.259	\$316,750	\$26,139
2819WOS002	Youth Job Skill Initiative	17.259	\$94,849	\$94,849
	Subtotal - 17.259		<u>\$15,392,869</u>	<u>\$14,393,255</u>
2819WAF001	Alternative Funding	17.278	\$10,986	\$461
2818WOR000	Rapid Response	17.278	\$59,898	\$52,964
2819WOR001	Rapid Response	17.278	\$57,846	\$50,753
2819PAC001	PIA - Youth Inspiration (Performance Incentive)	17.278	\$100,000	\$100,000
2817WOD000	WIA Dislocated Worker - PY2017	17.278	\$460,354	\$460,354
2818WOD000	WIA Dislocated Worker - PY2018	17.278	\$9,604,044	\$9,133,731
2819WOD001	WIA Dislocated Worker - PY2019	17.278	\$1,742,794	\$1,738,425
	Subtotal - 17.278		<u>\$12,035,922</u>	<u>\$11,536,688</u>
	Total WIOA Cluster		<u>\$42,409,426</u>	<u>\$40,016,163</u>
2819RAG000	Resource Admin Grant - 2019	17.225	\$3,777	-
2820RAG001	Resource Admin Grant - 2020	17.225	\$1,149	-
2819REA000	Reemployment Services and Eligability Assessment FY19	17.225	\$1,703,960	\$1,676,282
2820REA001	Reemployment Services and Eligability Assessment FY20	17.225	\$432,256	\$423,165
	Subtotal - 17.225		<u>\$2,141,142</u>	<u>\$2,099,447</u>
2819TRA000	Trade Act Services for Dislocated Workers - 2019	17.245	\$928,163	\$884,734
2820TRA001	Trade Act Services for Dislocated Workers - 2020	17.245	\$11	\$36
	Subtotal - 17.245		<u>\$928,175</u>	<u>\$884,771</u>
2819RAG000	Resource Admin Grant - 2019	17.273	\$1,355	-
2820RAG001	Resource Admin Grant - 2020	17.273	\$416	-
	Subtotal - 17.273		<u>\$1,771</u>	<u>-</u>
2817NDW000	NEG - O&G	17.277	(\$68,379)	(\$68,379)
2817NDW001	Hurricane Harvey-NDW	17.277	\$2,171,814	\$2,171,814
2818NDW008	NDW UPSKILLING CONSTRUCTION	17.277	\$11,827	\$11,357
2818NDW009	NDW UPSKILLING MACHINE OPERATIONS	17.277	\$7,114	\$6,682
	Subtotal - 17.277		<u>\$2,122,376</u>	<u>\$2,121,474</u>
2818WDR000	Working Women Resource Coordination	17.261	\$80,348	\$66,110
2818WDR001	Disability Respire Coordination - 2018	17.261	\$857,489	\$805,736
2819WDR001	Disability Respire Coordination -2019	17.261	\$2,650	-
	Subtotal - 17.261		<u>\$940,487</u>	<u>\$871,846</u>
2817ATG000	Apprenticeship Texas Expansion Grant	17.285	\$145,000	\$145,000
	Subtotal - 17.285		<u>\$145,000</u>	<u>\$145,000</u>

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
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2817NDW001	Hurricane Harvey-NDW	17.286	\$2,538,000	\$2,338,558
	Subtotal - 17.286		<u>\$2,538,000</u>	<u>\$2,338,558</u>
	Total - Texas Workforce Commission		<u>\$51,226,377</u>	<u>\$48,477,259</u>
	TOTAL U.S. DEPARTMENT OF LABOR		<u>\$53,280,168</u>	<u>\$50,135,376</u>
	U.S. DEPARTMENT OF TRANSPORTATION			
	Passed Through the Texas Department of Transportation			
	Highway Planning and Construction Cluster			
0912-00-474 Task 1 & 2	Clean Air Action Program, Federal Highway Administration	20.205	\$631	-
0912-00-552 Task 1	Clean Cities/Vehicles - 2018	20.205	\$335,284	-
0912-00-552 Task 2	Clean Cities Pass Through	20.205	\$1,134,151	\$1,134,151
0912-00-487	Regional Incident Management (IMU/MAP)	20.205	\$68,571	-
0912-00-487	Freeway Surveillance	20.205	\$1,772,431	\$1,772,431
0912-00-496	Clean Air Action Program, Federal Highway Administration 2017	20.205	\$18,253	-
0912-00-551 Task 1	Clean Cities/Vehicles Replacement of Alternative Fuels	20.205	\$10,633	\$10,633
0912-00-529 Task 1	Incident Management-Quick Clearance Towing	20.205	\$2,239,194	\$2,239,194
0912-00-529 Task 2	Incident Management-Quick Clearance Towing-Admin	20.205	\$100,780	-
0912-00-529 Task 3	Incident Management- Training	20.205	\$7,380	-
0912-00-491	Livable Centers Planning Studies	20.205	\$222,535	-
0912-00-596	Livable Centers Planning Studies	20.205	\$188,012	-
0912-00-464	Commute Solutions Transit Pilot Project	20.205	\$514,817	\$514,817
TX-80-0023	Regionally Coordinated Transportation Planning	20.205	\$19,303	-
0912-00-549	Travel Demand MGMT, Marketing, Outreach & Public ED	20.205	\$385,524	-
0912-00-494	Subregional Planning Initiatives Study	20.205	\$85,270	\$85,270
0912-00-584 Task 1	Teens in the Drivers Seat	20.205	\$77,764	-
0912-00-584 Task 2	Youth Traffic Safety Education and Outreach	20.205	\$55,741	-
0912-00-584 Task 3	Regional Safety Campaign	20.205	\$552,030	-
0912-00-584 Task 4	Bicycle Safety Education	20.205	\$11,993	-
0912-00-495 Task 1	Ports Area Mobility Study	20.205	\$328,988	-
50-19XF0015	Administration - 2019	20.205	\$2,041,599	-
50-19XF0015	Data Development & Maintenance - 2019	20.205	\$2,701,816	-
50-19XF0015	Short Range Planning - 2019	20.205	\$547,786	-
50-19XF0015	Long Range Plan - 2019	20.205	\$1,959,568	-
50-19XF0015	Special Studies - 2019	20.205	\$25,259	-
50-20XF0015	Administration - 2020	20.205	\$711,851	-
50-20XF0015	Data Development & Maintenance - 2020	20.205	\$1,099,474	-
50-20XF0015	Short Range Planning - 2020	20.205	\$192,335	-
50-20XF0015	Long Range Plan - 2020	20.205	\$608,207	-
50-20XF0015	Special Studies - 2020	20.205	\$4,658	-
0912-00-583	Resiliency and Durability to Weather	20.205	\$131,833	-
0912-00-476	Commuter and Transit Pilot	20.205	\$532	-
0912-00-556	Regional Freeway Management Program Admin	20.205	\$598,467	\$589,708
	Subtotal - Highway Planning and Construction Cluster		<u>\$18,752,670</u>	<u>\$6,346,204</u>
TX-2018-028	Regionally Coordinated Transportation Plan (RCTP)	20.505	\$10,383	-
	Subtotal - 20.505		<u>\$10,383</u>	<u>-</u>
	Highway Safety Cluster			
2019-HGAC-S-1YG-00115	DWI Selective Traffic Enforcement-2019 - Pass Thru	20.600	\$36,101	\$36,101
2019-HGAC-S-1YG-00115	DWI Selective Traffic Enforcement-2019 - Admin	20.600	\$5,723	-
	Subtotal - Highway Safety Cluster		<u>\$41,824</u>	<u>\$36,101</u>
	Total - Texas Department of Transportation		<u>\$18,804,877</u>	<u>\$6,382,305</u>
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$18,804,877</u>	<u>\$6,382,305</u>
	U.S. ENVIRONMENTAL PROTECTION AGENCY			

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
Schedule of Expenditures of Federal and State Awards
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	Direct Programs:			
2A-83440901	DERA Revolving Loan Program - ARRA	66.039	\$3,839,264	-
2A-83440901-0	Heavy Duty Diesel Replacement	66.039	\$3,627,576	\$3,338,497
	Subtotal - 66.039		<u>\$7,466,840</u>	<u>\$3,338,497</u>
	Total - Direct Programs		<u>\$7,466,840</u>	<u>\$3,338,497</u>
	Passed Through the Texas Commission on Environmental Quality			
582-14-42709 WO#11	TMDL BIG FY18	66.419	\$1,725	-
582-18-81222 WO#1	TMDL BIG FY19	66.419	\$74,416	-
582-18-81222 WO#3	TMDL Basin 13 Brazos-Colorado Coastal Basin FY19	66.419	\$99,539	-
582-18-81222 WO#4	TMDL Basin 11 San Jacinto-Brazos Coastal Basin FY19	66.419	\$109,217	-
582-18-81222 WO#2	TMDL BIG Creek FY19	66.419	\$77,824	-
582-19-95487 WO#3	TMDL BIG FY20	66.419	\$41,247	-
582-19-95487 WO#5	TMDL Cotton Bayou FY20	66.419	\$23,951	-
582-19-95487 WO#2	TMDL Basin 13 FY20	66.419	\$29,144	-
582-19-95487 WO#1	TMDL Basin 11 FY20	66.419	\$47,401	-
582-19-95488 WO#4	TMDL BIG Creek FY20	66.419	\$15,139	-
	Subtotal - 66.419		<u>\$519,603</u>	<u>-</u>
582-19-90146	Water Quality Management Planning - 2019	66.454	\$96,485	-
582-20-10169	Water Quality Management Planning - 2020	66.454	\$34,657	-
	Subtotal - 66.454		<u>\$131,142</u>	<u>-</u>
582-19-90216	Trash Bash - GBEP	66.456	\$10,427	(\$400)
582-20-10367	Targeted Bacteria Monitoring	66.456	\$3,155	-
	Subtotal - 66.456		<u>\$13,582</u>	<u>(\$400)</u>
582-15-56349	Westfork, San Jacinto, & Clear Lake	66.460	\$78,677	-
582-18-80213	Coastal Communities Education Outreach	66.460	\$48,419	-
582-19-90201	Cypress Creek WPP FY19	66.460	\$92,308	-
582.20-10159	Spring Creek WPP FY20	66.460	\$11,735	-
	Subtotal - 66.460		<u>\$231,139</u>	<u>-</u>
	Total - Texas Commission on Environmental Quality		<u>\$895,466</u>	<u>(\$400)</u>
	TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>\$8,362,306</u>	<u>\$3,338,097</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT		<u>\$278,877,330</u>	<u>\$249,825,401</u>
	DISCRETELY PRESENTED COMPONENT UNIT:			
	U.S. DEPARTMENT OF COMMERCE			
	Direct Programs:			
19478987	Economic Development - Support for Planning Organizations	11.302	\$38,827	-
08-79-05234	Economic Development - Economic Recovery Manager	11.302	\$131,097	-
	Subtotal - 11.302		<u>\$169,924</u>	<u>-</u>
	Economic Development Cluster			
08-69-04356	Economic Adjustment Assistance - Revolving Loan Fund	11.307	\$1,513,656	-
	Subtotal - Economic Development Cluster		<u>\$1,513,656</u>	<u>-</u>
	TOTAL U.S. DEPARTMENT OF COMMERCE		<u>\$1,683,580</u>	<u>-</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS - DISCRETELY PRESENTED COMPONENT UNIT		<u>\$1,683,580</u>	<u>-</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY		<u>\$280,560,910</u>	<u>\$249,825,401</u>

STATE PROGRAMS

PRIMARY GOVERNMENT:

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
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For the Year Ended December 31, 2019

OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION			
	Direct Programs:		
1471915	Law Enforcement Training - 2018-2019	\$433,736	\$245,368
1471916	Law Enforcement Training - 2020-2021	\$27,044	-
	Subtotal - Law Enforcement Training	<u>\$460,780</u>	<u>\$245,368</u>
	TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION	<u>\$460,780</u>	<u>\$245,368</u>
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			
	Direct Programs:		
582-18-80539	Solid Waste - 2018 - 2019	\$1,314,471	\$898,143
582-20-10214	Solid Waste - 2020 - 2021	\$144,807	-
	Subtotal - Solid Waste	<u>\$1,459,278</u>	<u>\$898,143</u>
582-18-80290	Texas Clean Rivers - 2018-2019	\$961,014	\$139,611
582-18-80290	Texas Clean Rivers - Spring Creek Match	\$1,266	\$799
	Subtotal - Clean Rivers	<u>\$962,280</u>	<u>\$140,410</u>
	Total - Direct Programs	<u>\$2,421,558</u>	<u>\$1,038,553</u>
	Passed Through Harris County		
582-12-20273	Air Check Texas - 2017	\$3,748,890	\$3,463,576
	Total - Air Check Texas - Harris County	<u>\$3,748,890</u>	<u>\$3,463,576</u>
	Passed Through Brazoria County		
582-12-20280	Air Check Texas - 2017	\$362,358	\$335,309
	Total - Air Check Texas - Brazoria County	<u>\$362,358</u>	<u>\$335,309</u>
	Passed Through Galveston County		
582-12-20283	Air Check Texas - 2017	\$426,767	\$393,893
	Total - Air Check Texas - Galveston County	<u>\$426,767</u>	<u>\$393,893</u>
	Passed Through Montgomery County		
582-12-20282	Air Check Texas - 2017	\$450,442	\$415,596
	Total - Air Check Texas - Montgomery County	<u>\$450,442</u>	<u>\$415,596</u>
	TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	<u>\$7,410,015</u>	<u>\$5,646,927</u>
TEXAS DEPARTMENT OF AGRICULTURE			
	Direct Programs:		
TDA-19-ARED-06	Texas Department Of Agriculture Skimmer Training	\$9,294	-
	Subtotal - Agriculture	<u>\$9,294</u>	<u>-</u>
	TOTAL TEXAS DEPARTMENT OF AGRICULTURE	<u>\$9,294</u>	<u>-</u>
TEXAS GENERAL LAND OFFICE AND VETERANS LAND BOARD			
	Direct Programs:		
18-497-009-B238	Community Development Block Grant	\$5,188	-
	Subtotal - Community Development Block Grant	<u>\$5,188</u>	<u>-</u>
	TOTAL TEXAS GENERAL LAND OFFICE AND VETERANS LAND BOARD	<u>\$5,188</u>	<u>-</u>
TEXAS HEALTH AND HUMAN SERVICES COMMISSION			
	Direct Programs:		
539-16-0015-00001	State General Revenue - 2019	\$114,272	\$114,272
539-16-0015-00001	OMB ALF Services - 2019	\$159,183	-
539-16-0015-00001	OMB ALF Services - 2020	\$61,370	-
539-16-0015-00001	State General Revenue - 2020	\$303,123	\$303,123
HHS000270200021	ADRC SGR - 2020	\$62,538	-

See Notes to the Schedule of Expenditures of Federal and State Awards

Houston-Galveston Area Council
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For the Year Ended December 31, 2019

HHS000270200021	ADRC SGR Respite - 2020	\$9,039	-
HHS000270200021	Aging - Housing Bond	\$23,189	-
	TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION	<u>\$732,714</u>	<u>\$417,395</u>
TEXAS WORKFORCE COMMISSION			
	Direct Programs:		
2819SNE001	SNAP E&T - 2019	\$2,013,199	\$1,782,931
2819SNE000	SNAP E&T - 2019	(\$77,821)	(\$77,821)
2820SNE001	SNAP E&T - 2020	\$34,464	\$34,464
2820SNE002	SNAP E&T - 2020	\$731,004	\$610,108
	Subtotal - SNAP E&T	<u>\$2,700,846</u>	<u>\$2,349,682</u>
2819RAG000	Resource Admin Grant - 2019	\$5,132	-
2820RAG001	Resource Admin Grant - 2020	\$905	-
	Subtotal - Resource Administration Grant	<u>\$6,037</u>	<u>-</u>
2819TAF000	TANF Choices - 2019	\$1,453,057	\$1,453,057
2819NCP000	TANF E&T - Noncustodial Parent Empl - 2019	\$268,758	\$268,758
2820NCP001	TANF E&T - Noncustodial Parent Empl - 2020	\$41,725	\$41,725
	Subtotal -TANF Choices	<u>\$1,763,540</u>	<u>\$1,763,540</u>
2819CCP000	Child Care DFPS - 2019	\$9,831,713	\$9,827,753
2820CCP001	Child Care DFPS - 2020	\$2,291,812	\$2,276,730
	Subtotal - Child Care DFPS	<u>\$12,123,525</u>	<u>\$12,104,483</u>
2818ALA000	Adult Education and Literacy	\$660,070	\$660,070
2818ALAB000	Adult Education and Literacy	\$578,427	\$578,427
	Subtotal - AEL	<u>\$1,238,497</u>	<u>\$1,238,497</u>
2819CCF000	CCDF Child Care - 2019	\$16,468,692	\$16,468,692
2820CCF001	CCDF Child Care - 2020	\$13,048,184	\$12,740,685
2819CCM000	Child Care Local Match - 2019	\$100,000	\$100,000
	Subtotal - Child Care	<u>\$29,616,876</u>	<u>\$29,309,377</u>
	TOTAL TEXAS WORKFORCE COMMISSION	<u>\$47,449,321</u>	<u>\$46,765,579</u>
	TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT	<u>\$56,067,312</u>	<u>\$53,075,269</u>
	TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY	<u>\$336,628,221</u>	<u>\$302,900,669</u>

HOUSTON-GALVESTON AREA COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

1 BASIS OF ACCOUNTING

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

2 REPORTING ENTITY

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

3 RECONCILIATION

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

Total Grant Fund Expenditures	\$ 340,501,952
Add: Depreciation charged to grant programs	367,180
Add: Gulf Coast Economic Development Corporation federal expenditures	1,683,579
Add: EPA RLF reconciling items from notes 5 below	3,839,265
Less: In-Kind Expenditures	(3,444,936)
Less: Program Income	-
Less: Cash Match	(227,291)
Less: Expenditures funded by local grant revenues	(6,091,528)
Total Federal and State Schedule	<u>\$ 336,628,221</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 12/31/2019	\$ 1,010,426
Cash and investment balance at 12/31/2019	502,999
Administrative costs during the fiscal year	231
Unpaid principal of loans written off during the fiscal year	-
Total EDA Revolving Loan Fund Expenditures	<u>1,513,656</u>
Federal Participation Rate	<u>100%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 1,513,656</u>

5

CALCULATION OF FEDERAL AWARDS EXPENDED FOR EPA REVOLVING LOAN FUND

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

Value of new loans made during 2019	\$ -
Ending balance of loans made in previous years	462,528
Administrative costs during the fiscal year	-
Cash and investment balance at 12/31/2019	3,376,737
Repayment of written off loan in 2019	-
Total EPA Revolving Loan Fund Expenditures	<u>3,839,264</u>
Federal Participation Rate	<u>100%</u>
Total Federal Share of EPA Revolving Loan Fund Expenditures	<u>\$ 3,839,264</u>

Houston-Galveston Area Council
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2019

Name of State Program	Grant/ Contract Number
State:	
CCDF and DFPS Child Care	2819CCP000
	2820CCP001
	2819CCF000
	2820CCF001
	2819CCM000
Adult Education and Literacy	2818ALA000
	2818ALAB000
Texas Clean Rivers	582-18-80290
	582-18-80290
Law Enforcement Training	1471915
	1471916

9. The threshold used to distinguish between Type A and Type B federal programs was \$3,000,000.
10. The threshold used to distinguish between Type A and Type B state programs was \$429,807.
11. The Council qualified as a low-risk auditee? Yes No

Houston-Galveston Area Council
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable	

Findings Required to be Reported by the Uniform Guidance or UGMS

Reference Number	Finding
No matters are reportable	

Houston-Galveston Area Council
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

Reference Number	Summary of Finding	Status
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No matters are reportable.



Houston-Galveston Area Council

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