

**Houston-Galveston Area Council  
Houston, Texas**



**Comprehensive Annual  
Financial Report**



**For the year ended  
December 31, 2015**



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

For the year ended  
December 31, 2015

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

Finance Staff:

Jean Mahood, CPA  
Shaun Downie  
Sophie Huang  
Cynthia Marquez  
Anna Holderberg

Marivic Keenan  
Vanessa Salazar  
David Waller  
Dawn Debolt  
Rebecca Bowden



**HOUSTON-GALVESTON AREA COUNCIL  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended December 31, 2015**

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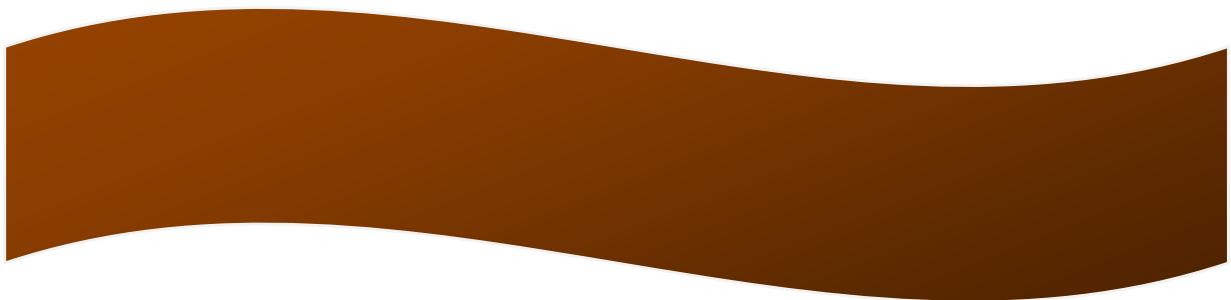
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# Introductory Section









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**Houston-Galveston Area Council**

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June 6, 2016

The Honorable Chuck Engelken and Members  
of the Board of Directors  
Houston-Galveston Area Council  
Houston, TX

Dear Councilman Engelken and Members of the Board of Directors:

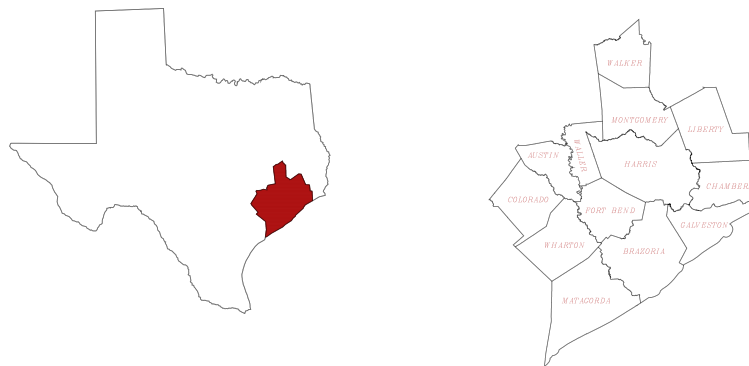
The Comprehensive Annual Financial Report (CAFR) of the Houston-Galveston Area Council, (the “Council” or “H-GAC”) for the fiscal year ended December 31, 2015 is hereby submitted. This report was prepared by the Department of Finance, which accepts responsibility for the accuracy, completeness, and fairness 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 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. WhitleyPenn 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 2015, 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***

The boom to the Texas economy that was touted in national headlines after the last recession was reduced to a crawl in 2015. The energy sector was the hardest hit segment in the state with producing oil rig counts down by 59%. At a 2016 Texas economic forecast meeting sponsored by the University of Texas McCombs School of Business, Jim Nyquist of Emerson Solutions explained that the low price of oil has “squashed” capital spending; the strengthening of the U.S dollar has put us at a disadvantage with European competitors; and the economic slowdown in China has hurt our ability to compete in global markets.

Although Texas took a hit in the oil industry, other segments of the economy continued to show some economic resilience. While the goods producing sector lost 63,000 jobs in 2015 the service sector showed healthy growth. The largest growth in this sector was in the leisure and hospitality segment which added 147,000 jobs. The lower cost of gas may be a contributing factor in consumption in these areas.

Housing is another bright spot on the Texas economy. Texas leads the nation in construction. While growth in the Houston area has slowed from the pace set in 2013 and 2014, there is still only a three-month supply of homes on the market. Dallas and Austin have a two-month supply. Typical inventories, when the economy is stable in major sectors, is a six-month supply of new and existing homes available. Thus, Texas is unlikely to experience the housing bust that other parts of the country struggled with during the last recession.

While the Texas economy is facing headwinds in the goods, manufacturing, and energy sectors, the diversification of the state's resources in healthcare, technology, education, professional services, government, and utilities provide balance during turbulent times and allow forecasters to predict continued modest growth in Texas in the coming year.

### ***Major Initiatives***

#### **9-1-1**

H-GAC provides support services to eight of the thirteen counties in our region for 9-1-1 operations. Until 2015, this support was achieved through an agreement with the Commission on State Emergency Communications, a department of state government. In 2015, the state legislature amended the Health and Safety Code, Sec. 772.609 to allow the formation of 9-1-1 Districts by Councils of Government. H-GAC's Board of Directors instructed the Executive Director to examine the feasibility and advantages of forming a District to serve the eight county region. In August 2015, the Board of Directors authorized the H-GAC staff to move forward to complete the legislative requirements to form a 9-1-1 District which would be named the Gulf Coast Regional 9-1-1 Emergency Communications District. The District will ensure consistent, high quality 9-1-1 service while increasing local control and responding to the needs of a rapidly growing region.

#### **Adult Literacy**

For the first time in 2014, the Texas Workforce Commission awarded to H-GAC \$29,426,580 to provide educational services to adults for literacy, English language training, and civics instruction. This award was a multi-year award which will conclude in June 2018. In addition to designing the program with the assistance of eight local colleges and educational facilities, H-GAC provided instruction to over 22,000 adults at over 175 different sites throughout the region. The cost for the first year, 2015, was \$13,843,642.

## **Transportation Improvement and Air Quality**

Mobility issues in the large region served by H-GAC present challenges and opportunities. The ever-increasing population growth to the area translates to more cars on the highways and more potential for air quality problems to emerge. H-GAC has a two-fold approach to addressing these conflicting concerns. To address the mobility needs of the area, H-GAC's Transportation Policy Council approved \$140 Million of federal highway funds for 72 state and local highway projects in 2015. Almost \$100 million of federal transit funds was approved for local transit agencies and local governments in 2015.

To address the possible pollutant effects of this increase in travel miles, H-GAC's Air Quality Programs reduced the number of cars on the road by supporting more than 35,000 participants in rideshare programs like carpooling and vanpooling. H-GAC also administered transit pilot projects that served over 37,000 riders each month. The AirCheck Texas Program reduced emissions by repairing or replacing 2,330 high polluting vehicles in the region for eligible low-income citizens. The Clean Vehicles program replaced 93 heavy duty trucks and school buses with new, cleaner models.

## ***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, 2014. 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, WhitleyPenn whose expertise lent greatly 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,



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Jack Steele  
Executive Director



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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, 2014**

Executive Director/CEO

**HOUSTON-GALVESTON AREA COUNCIL  
PRINCIPAL OFFICIALS**

**OFFICERS OF THE BOARD OF DIRECTORS  
2015**

**CHAIR**  
County Judge Nate McDonald  
Matagorda County

**VICE CHAIR**  
Commissioner Gary Nelson  
Chambers County

**CHAIR ELECT**  
Councilman Chuck Engelken, Jr.  
City of La Porte

**ADMINISTRATIVE STAFF**

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

## H-GAC MEMBER GOVERNMENTS

### Counties

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

### Cities over 25,000 Population

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

### Home Rule Cities

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

### General Law Cities

Ahanuac	Eagle Lake	Kendleton
Arcola	East Bernard	Magnolia
Bayou Vista	El Lago	Meadows Place
Beach City	Fulshear	Mont Belvieu
Bellville	Hedwig Village	Morgan's Point
Brazoria	Hillcrest Village	Needville
Brookshire		New Waverly

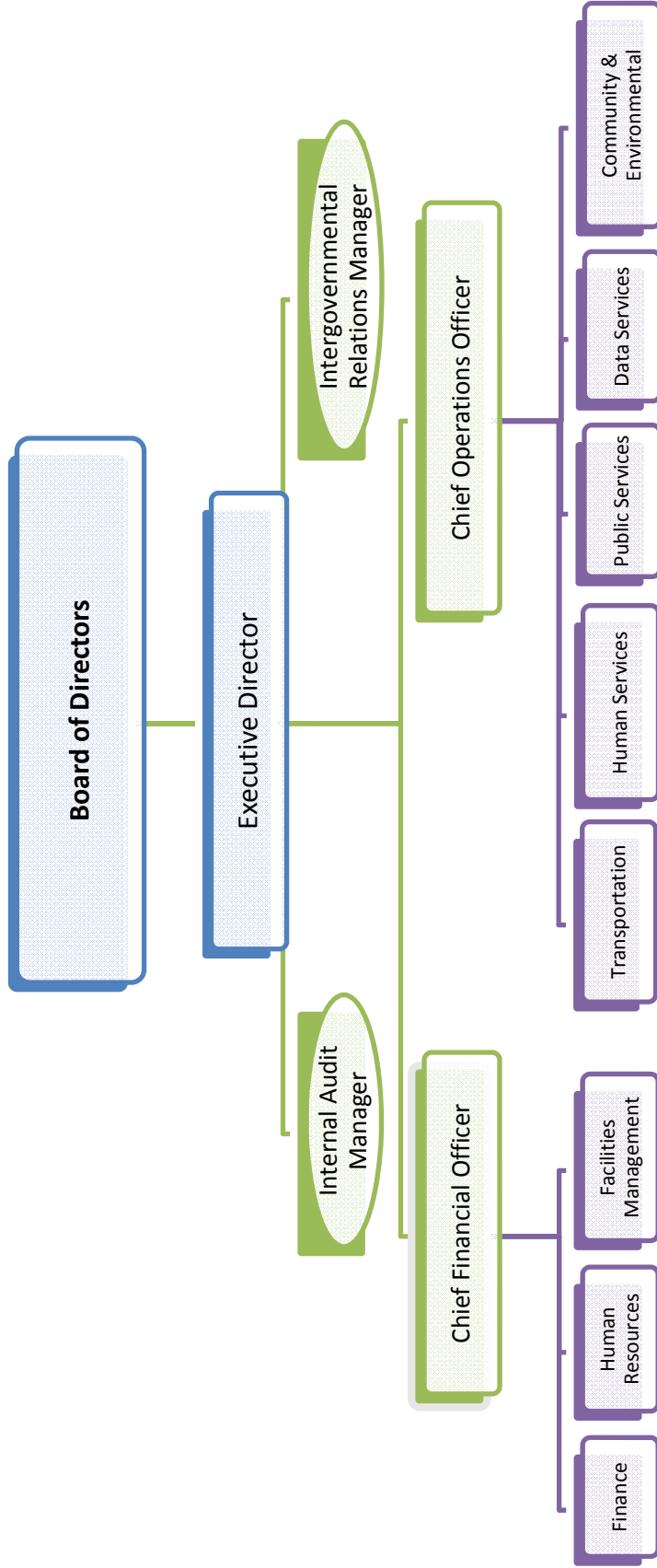


Brookside Village	Holiday Lakes	Oak Ridge North
Bunker Hill Village	Hunters Creek Village	Old River Winfree
Clear Lake Shores	Iowa Colony	Oyster Creek
Columbus	Jamaica Beach	Panorama Village
Daisetta	Jones Creek	Pattison
Danbury	Kemah	Tiki Island
Piney Point Village	South Houston	Waller
Prairie View	Southside place	Wallis
Riverside	Splendora	Weimar
San Felipe	Spring Valley	West Columbia
Shenandoah	Stagecoach	Weston Lakes
Shoreacres	Surfside Beach	
	Taylor Lake Village	
	Thompsons	

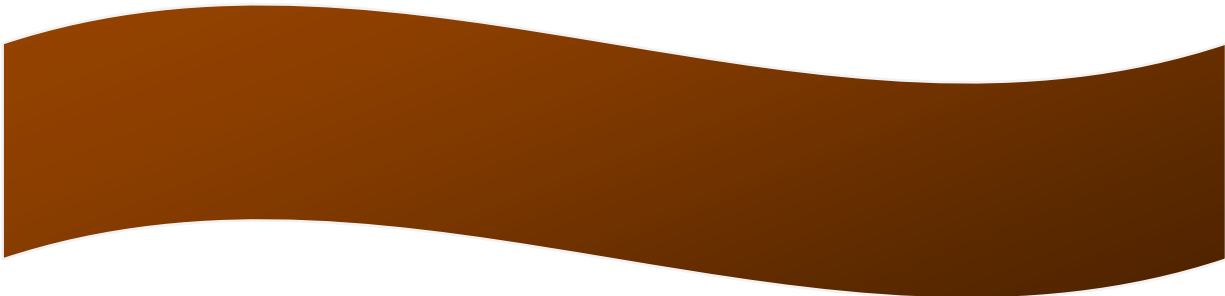
**Independent School Districts**

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

# Houston-Galveston Area Council



# Financial Section





## 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 the Houston-Galveston Area Council (the "Council"), as of and for the year ended December 31, 2015, 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 Council'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 Council'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.

To the Board of Directors  
Houston-Galveston Area Council

### ***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, 2015, 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 on pages 17 to 23 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.

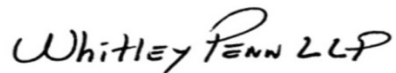
The Supplemental Information and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information and the Schedules of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors  
Houston-Galveston Area Council

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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2016 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 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 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 Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
June 6, 2016

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## 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") for the fiscal year ended December 31, 2015. 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.

### Financial Highlights

- The assets of H-GAC exceed its liabilities by \$30,368,442 all of which is available to meet the Council's ongoing obligations to local governments and creditors.
- H-GAC's net position increased by \$2,971,837 during the fiscal year ended December 31, 2015.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$9,201,091.

### 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 of the government-wide financial statements distinguish functions of the H-GAC that are principally supported by grants (governmental activities) from other functions such as the Cooperative Purchasing, the Energy Purchasing Corporation, and the Local Development Corporation activities 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 because their governing bodies consist of members of H-GAC's Board of Directors or appointed by H-GAC's Board of Directors.

The statement of net position presents information on all of 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 three 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, and the regional excellence corporation which is a blended component unit of the governmental funds.

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

Proprietary Funds. H-GAC had only one type of proprietary fund during fiscal year 2015. 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 requesting the same 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.

## Government-Wide Financial Analysis

### Statement of Net Position

H-GAC's assets exceed liabilities by \$30,368,442 at the close of the most recent fiscal year, 2015 which is an increase over 2014. Approximately 6.5% of the Council's net position is capital investments. Investment in capital assets was part of the reason for the increase in net position for the year. These capital investments are within the office facilities of H-GAC to provide service and do not represent funds available for future spending. Additional increases to net position came from increased revenues in the business-type activities due to greater volume in the Cooperative Purchasing program from the prior year. There was restricted net position of \$8,032,742 at the end of the fiscal year. The balance of unrestricted net position in 2015 of \$20,458,696 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	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 52,792,978	\$ 52,691,054	\$ 12,205,672	\$ 9,838,911	\$ 64,998,650	\$ 62,529,965
Capital assets, net	1,964,850	1,832,291	860	39,699	1,965,710	1,871,990
<b>Total Assets</b>	<b>54,757,828</b>	<b>54,523,345</b>	<b>12,206,532</b>	<b>9,878,610</b>	<b>66,964,360</b>	<b>64,401,955</b>
<b>Liabilities</b>						
Current and other liabilities	36,432,199	36,812,422	101,299	47,816	36,533,498	36,860,238
Long-term liabilities	62,420	145,112			62,420	145,112
<b>Total Liabilities</b>	<b>36,494,619</b>	<b>36,957,534</b>	<b>101,299</b>	<b>47,816</b>	<b>36,595,918</b>	<b>37,005,350</b>
<b>Net Position</b>						
Net Investment in Capital Assets	1,876,144	1,772,876	860	39,699	1,877,004	1,812,575
Restricted for:						
EPA RLF Program	7,833,463	7,599,714			7,833,463	7,599,714
Regional Excellence Corporation	199,279	114,974			199,279	114,974
Unrestricted	8,354,323	8,078,247	12,104,373	10,291,095	20,458,696	17,869,342
<b>Total net position</b>	<b>\$ 18,263,209</b>	<b>\$ 17,565,811</b>	<b>\$ 12,105,233</b>	<b>\$ 10,330,794</b>	<b>\$ 30,368,442</b>	<b>\$ 27,396,605</b>

### Statement of Activities

H-GAC's net position was increased by \$2,971,837 for the year. This reflects an increase in net position for governmental activities of \$697,398 and an increase in net position in business-type activities of \$2,274,439. The increase in net position in governmental activities represents a 3.97% increase of net position for governmental activities and the change in net position in the business-type activities represents a 23.1% increase in net position for this activity. Overall, H-GAC

increased net position by 10.8%. Key elements of the increase along with percentage analysis are as follows:

### HOUSTON-GALVESTON AREA COUNCIL CHANGE IN NET POSITION

	Governmental		Business-type		Total		Percent	
	Activities		Activities					
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Program revenues</b>								
Charges for services	\$ 1,367,117	\$ 2,689,228	\$ 5,767,362	\$ 4,843,865	\$ 7,134,479	\$ 7,533,093	2.53%	2.91%
Operating grants and contributions	274,844,685	249,980,261			274,844,685	249,980,261	97.34%	96.47%
General revenues:								
Interest income	22,290	15,741			22,290	15,741	0.01%	0.01%
Other income	364,809	1,606,138			364,809	1,606,138	0.13%	0.62%
Transfer in	-	500,000	-	500,000	-	-	0.00%	0.00%
<b>Total revenues</b>	<b>276,598,901</b>	<b>254,791,368</b>	<b>5,767,362</b>	<b>4,343,865</b>	<b>282,366,263</b>	<b>259,135,233</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Expenses</b>								
General government	1,072,093	2,931,014			1,072,093	2,931,014	0.38%	1.14%
Workforce programs	205,095,889	183,974,199			205,095,889	183,974,199	73.41%	71.78%
Transportation	31,200,061	28,705,403			31,200,061	28,705,403	11.17%	11.20%
Community and environmental	23,021,245	22,778,574			23,021,245	22,778,574	8.24%	8.89%
Criminal justice	943,744	947,483			943,744	947,483	0.34%	0.37%
Emergency communications	4,632,362	4,881,827			4,632,362	4,881,827	1.66%	1.90%
Aging services	9,886,838	8,975,078			9,886,838	8,975,078	3.54%	3.50%
Regional excellence corporation	49,271	86,941			49,271	86,941	0.02%	0.03%
Cooperative purchasing			3,492,923	3,032,813	3,492,923	3,032,813	1.25%	1.18%
<b>Total expenses</b>	<b>275,901,503</b>	<b>253,280,519</b>	<b>3,492,923</b>	<b>3,032,813</b>	<b>279,394,426</b>	<b>256,313,332</b>	<b>100.00%</b>	<b>100.00%</b>
Change in net position	697,398	1,510,849	2,274,439	1,311,052	2,971,837	2,821,901		
Net position-beginning of year	17,565,811	16,054,962	9,830,794	8,519,742	27,396,605	24,574,704		
<b>Net position-end of year</b>	<b>\$ 18,263,209</b>	<b>\$ 17,565,811</b>	<b>\$ 12,105,233</b>	<b>\$ 9,830,794</b>	<b>\$ 30,368,442</b>	<b>\$ 27,396,605</b>		

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 2014 and 2015, revenue in this program was \$4,843,865 and \$5,767,362 respectively. During the year, operating expenses for the program increased 15.2% and revenues increased 46.0%. The combined result was reflected in an increase to net position of \$2,274,439 or 23.1%. By comparison, the increase in 2014 was \$1,311,052 or 15.4%.

Business-Type Expenses	2015 Amount	2014 Amount	Increase (Decrease) from 2014	Percentage Increase (Decrease)
Personnel and benefits	\$ 2,648,029	\$2,361,378	\$ 286,651	12.1%
Consultant and contract services	121,870	107,979	13,891	12.9%
Equipment rental and leases	49,205	14,779	34,426	232.9%
Lease of office space	208,252	167,051	41,201	24.7%
Travel	55,478	63,589	(8,111)	(12.8%)
Depreciation	38,839	38,839	0	0%
Other	<u>371,250</u>	<u>279,198</u>	<u>92,052</u>	<u>33.0%</u>
Total expenses	<u>\$3,492,923</u>	<u>\$3,032,813</u>	<u>\$ 460,110</u>	<u>15.2%</u>

### 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 fiscal year.

H-GAC's fund balance for fiscal year 2015 is \$9,201,091. Included in this fund balance is \$48,145 which has been identified for prepaid items and is nonspendable. The balance of \$9,152,946 is available for use at H-GAC's discretion.

The general fund of H-GAC was increased by \$266,866. 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 \$7,833,463 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 2015 the corporation had cash and pledged contributions of \$133,577 and expenditures of \$49,271. The corporation's bylaws restrict the use of these funds.

#### Proprietary Funds

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

## Capital Asset Administration

H-GAC's investment in capital assets for both governmental and business-type activities amount to \$1,871,990 and \$1,965,710 (net of depreciation) for the fiscal years ended December 31, 2014 and 2015 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 2015, 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 affect 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	Accumulated Depreciation	Ending Balance
Governmental Activities					
Equipment, furniture and fixtures	\$1,832,291	\$636,015	\$0	\$(503,456)	\$1,964,850
Business-type Activities					
Equipment, furniture and fixtures	\$39,699	\$0	\$0	\$(38,839)	\$860
Total	\$1,871,990	\$636,015	\$0	\$(542,295)	\$1,965,710

## Debt Administration

Debt considered a liability of governmental activities consists of capital lease obligations and compensated absences. Debt balances related to capital leases in 2015 were \$88,706. Compensated absences decreased by \$9,210 in 2015, finishing the year with an ending balance of \$846,768. Further information on the Council's debt can be found in note 2 to the financial statements.

## 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 FY2016 the per-capita membership revenue is estimated at \$395,538. This is a slight increase from the budget for 2015.
- H-GAC increased estimated revenues and corresponding expenses by \$6,517,289 for 2016. The budget reflects increases mainly in Workforce and Community & Environmental programs of \$10,293,028 and \$4,380,129 respectively. The increase in Workforce programs is attributable to the additional funding in the AirCheck program. The AirCheck program allows individuals who qualify, and whose vehicles do not pass the State vehicle inspection, to replace the vehicle with a newer used car that does not emit as much pollution. The increase in the Community &

Environmental program is attributable to the final phase of funds received for housing and disaster recovery due to Hurricane Ike. The budget also reflects decreases in Transportation programs of \$5,579,740. The decrease in Transportation programs is attributable to completion of planning activities and planned preparation activities.

All of these factors were considered in preparing the budget for the 2016 fiscal year.

### **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  
DECEMBER 31, 2015**

	Primary Government		Component Units				
	Governmental Activities	Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 33,335,539		\$ 33,335,539	\$ 79,548	\$ 360,733	\$ 2,640,352	\$ 3,080,633
Investments	6,078,100		6,078,100			305,088	305,088
Receivables, net	19,459,285	\$ 2,333,803	21,793,088		10,842	42,528	53,370
Notes Receivable	3,601,961		3,601,961		1,225,894		1,225,894
Due from Component Units	141,817		141,817				
Internal balances	(9,871,869)	9,871,869	-				
Prepaid expenses	48,145		48,145				
Capital assets, net	1,964,850	860	1,965,710				
Total Assets	<u>54,757,828</u>	<u>12,206,532</u>	<u>66,964,360</u>	<u>79,548</u>	<u>1,597,469</u>	<u>2,987,968</u>	<u>4,664,985</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	1,815,765	75,845	1,891,610				
Unearned revenues	20,962,763	25,454	20,988,217				
Due to grantee agencies	12,780,617		12,780,617				
Due to primary government				33,038	1,739	107,040	141,817
Long Term Liabilities							
Due within one year	846,768		846,768				
Due more than one year	-		-				
Obligation of capital leases:							
Due within one year	26,286		26,286				
Due more than one year	62,420		62,420				
Total Liabilities	<u>36,494,619</u>	<u>101,299</u>	<u>36,595,918</u>	<u>33,038</u>	<u>1,739</u>	<u>107,040</u>	<u>141,817</u>
<b>NET POSITION</b>							
Net investment in capital assets	1,876,144	860	1,877,004				
Restricted for:							
EPA RLF Program	7,833,463		7,833,463				
Regional Excellence Corporation	199,279		199,279				
EDA RLF Program					1,595,730	2,880,928	1,595,730
Local Development Corporation							
Unrestricted	8,354,323	12,104,373	20,458,696	46,510			46,510
Total Net Position	<u>\$ 18,263,209</u>	<u>\$ 12,105,233</u>	<u>\$ 30,368,442</u>	<u>\$ 46,510</u>	<u>\$ 1,595,730</u>	<u>\$ 2,880,928</u>	<u>\$ 4,523,168</u>

See accompanying notes to the financial statements



**HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs Primary government:	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Component Unit					
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
Governmental activities:										
General government	\$ 3,131,147	\$ (2,059,054)	\$ 1,367,117	\$ 205,053,662	\$ 295,021		\$ 295,021			
Workforce programs	204,680,962	414,927		31,803,121	(42,227)		(42,227)			
Transportation	30,437,768	762,293		22,577,677	603,060		603,060			
Community and environmental	22,732,107	289,138		919,900	(443,568)		(443,568)			
Criminal justice	894,241	49,500		4,632,362	(23,841)		(23,841)			
Emergency communications	4,545,770	86,592		9,724,386	-		-			
Aging services	9,719,728	167,110		133,577	(162,452)		(162,452)			
Regional Excellence Corporation	49,271				84,306		84,306			
Total governmental activities	<u>276,190,994</u>	<u>(289,494)</u>	<u>1,367,117</u>	<u>274,844,685</u>	<u>310,299</u>		<u>310,299</u>			
Business-type activities:-										
Cooperative purchasing	3,203,429	289,494	5,767,362			\$ 2,274,439	2,274,439			
Total business-type activities	<u>3,203,429</u>	<u>289,494</u>	<u>5,767,362</u>			<u>2,274,439</u>	<u>2,274,439</u>			
Total primary government	<u>\$ 279,394,423</u>	<u>\$ -</u>	<u>\$ 7,134,479</u>	<u>\$ 274,844,685</u>	<u>310,299</u>	<u>2,274,439</u>	<u>2,584,738</u>			
Component units:										
Energy Purchasing Corporation	134,958		125,005					\$ (9,953)	\$ (123,610)	\$ (34,386)
Gulf Coast Economic Development Corporation	217,590		712,425	93,980						
Local Development Corporation	746,811		837,430	93,980						
Total component units	<u>\$ 1,099,359</u>		<u>\$ 837,430</u>	<u>\$ 93,980</u>				<u>\$ (9,953)</u>	<u>\$ (123,610)</u>	<u>\$ (34,386)</u>
General revenues:										
Interest income					22,290		22,290			
Miscellaneous income					364,809		364,809			
Total general revenues and transfers					387,099		387,099			
Change in net position					697,398	2,274,439	2,971,837	(9,953)	(123,610)	(34,386)
Net position - beginning					17,565,811	9,830,794	27,396,605	56,463	1,719,340	2,915,314
Net position - ending					\$ 18,263,209	\$ 12,105,233	\$ 30,368,442	\$ 46,510	\$ 1,595,730	\$ 2,880,928

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Grant Fund</u>	<u>Regional Excellence Corporation</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,243,657	\$ 9,886,725	\$ 205,157	\$ 33,335,539
Investments	6,078,100			6,078,100
Receivables	523,100	18,936,185		19,459,285
Due from other funds	883,658	11,084,146		11,967,804
Due from component unit	141,817			141,817
Notes Receivable		3,601,962		3,601,962
Prepaid items	48,145			48,145
Total assets	<u>\$ 30,918,477</u>	<u>\$ 43,509,017</u>	<u>\$ 205,157</u>	<u>\$ 74,632,651</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	365,832	1,444,055	5,878	1,815,765
Unearned revenue	395,538	20,567,225		20,962,763
Due to grantee agencies		12,780,617		12,780,617
Due to other funds	20,956,015	883,658		21,839,673
Total liabilities	<u>21,717,385</u>	<u>35,675,555</u>	<u>5,878</u>	<u>57,398,818</u>
Fund balance-				
Unassigned	9,152,946			9,152,946
Nonspendable	48,145			48,145
Restricted for:				
EPA RLF Program		7,833,463		7,833,463
Regional Excellence Corporation			199,279	199,279
Total fund balance	<u>9,201,091</u>	<u>7,833,463</u>	<u>199,279</u>	<u>17,233,833</u>
Total liabilities and fund balance	<u>\$ 30,918,477</u>	<u>\$ 43,509,017</u>	<u>\$ 205,157</u>	<u>\$ 74,632,651</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	1,964,850
Compensated absences of governmental activities are not due and payable in the current period and, therefore, are not reported in the funds	(846,768)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds—capital leases	<u>(88,706)</u>
Net position of governmental activities	<u>\$ 18,263,209</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, 2015**

	<u>General</u>	<u>Grant Fund</u>	<u>Regional Excellence Corporation</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Interest income	\$ 22,290			\$ 22,290
Membership dues	388,039			388,039
Interlocal contracts	767,454			767,454
Data services and imaging	211,625			211,625
Miscellaneous income	364,809			364,809
From grantor agencies		\$ 274,711,108	\$ 133,577	274,844,685
Total revenues	<u>1,754,217</u>	<u>274,711,108</u>	<u>133,577</u>	<u>276,598,902</u>
<b>Expenditures</b>				
Current:				
General government	1,063,628			1,063,628
Workforce programs		204,963,753		204,963,753
Transportation		31,030,647		31,030,647
Community and environmental		22,958,676		22,958,676
Criminal justice/Homeland security		909,063		909,063
Emergency communications		4,613,624		4,613,624
Aging services		9,839,561		9,839,561
Regional Excellence Corporation			49,271	49,271
Capital outlay:				
General government	612,320			612,320
Debt service:				
Principal	15,880			15,880
Interest	2,727			2,727
Total expenditures	<u>1,694,555</u>	<u>274,315,324</u>	<u>49,271</u>	<u>276,059,150</u>
Excess (deficiency) of revenues over expenditures	<u>59,662</u>	<u>395,784</u>	<u>84,306</u>	<u>539,752</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	162,035	(162,035)		-
Proceeds from Capital Lease	45,169			45,169
Total other financing sources & uses	<u>207,204</u>	<u>(162,035)</u>	<u>-</u>	<u>45,169</u>
Change in fund balance	266,866	233,749	84,306	584,921
Fund balance - beginning	<u>8,934,225</u>	<u>7,599,714</u>	<u>114,973</u>	<u>16,648,912</u>
Fund balance - ending	<u>\$ 9,201,091</u>	<u>\$ 7,833,463</u>	<u>\$ 199,279</u>	<u>\$ 17,233,833</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, 2015**

**Net change in fund balances-total governmental funds** \$ 584,921

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	636,015
Depreciation expense	<u>(503,459)</u>
Excess of capital outlay over depreciation expense	<u>132,556</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 -

Decrease in compensated absences	<u>9,210</u>
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Principal payment for capital lease in 2015	<u>15,880</u>
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The Capital lease is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	<u>(45,169)</u>
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**Change in net position of governmental activities** \$ 697,398

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

	<u>Cooperative Purchasing</u>
<b>ASSETS</b>	
Current assets	
Accounts receivable	\$ 2,333,803
Due from general fund	9,871,869
Total current assets	<u>12,205,672</u>
Noncurrent assets	
Property & equipment	194,196
Less accumulated depreciation	<u>(193,336)</u>
Total noncurrent assets	<u>860</u>
Total assets	<u>12,206,532</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued expenses	75,845
Unearned revenues	<u>25,454</u>
Total current liabilities	<u>101,299</u>
Total liabilities	<u>101,299</u>
<b>NET POSITION</b>	
Investment in capital assets	860
Unrestricted	<u>12,104,373</u>
Total net position	<u>\$ 12,105,233</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Cooperative Purchasing</u>
<b>REVENUES</b>	
Charges for services	\$ 5,767,362
Total revenues	<u>5,767,362</u>
<b>OPERATING EXPENSES</b>	
Personnel and benefits	2,648,029
Consultant and contract services	121,870
Equipment rental and leases	49,205
Lease of office space	208,252
Travel	55,478
Depreciation	38,839
Other	371,250
Total expenses	<u>3,492,923</u>
Operating Income	<u>2,274,439</u>
Change in net position	2,274,439
Net position - beginning	<u>9,830,794</u>
Net position - ending	<u>\$ 12,105,233</u>

See accompanying notes to the financial statements

**HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Cooperative Purchasing</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,405,967
Cash payments to employees for services	(2,648,029)
Cash payments to suppliers for goods and services	(73,753)
Cash payments for operating expenses	(684,185)
Cash provided (used) by operating activities	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 2,274,439
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	38,839
Change in assets and liabilities:	
Decrease (increase) in customer receivable	147,392
Decrease (increase) in interfund receivable	(2,514,153)
Increase (decrease) in accounts payable	48,117
Increase (decrease) in unearned revenue	5,366
Net cash provided (used) by operating activities	<u>\$ -</u>

See accompanying notes to the financial statements

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

**DECEMBER 31, 2015**

	<u>Pension Plan Trust</u>	<u>Agency Fund Area Emission Reduction Credit Organization 2015</u>
	<u>Retirement Plan 2015</u>	
<b>ASSETS</b>		
Cash		\$ 2,041,484
Investments- at fair value:		
Mutual funds	\$ 25,131,358	
Money market funds	4,068,693	
Participant loans	843,475	
Total investments	<u>30,043,526</u>	
Total assets	<u>30,043,526</u>	<u>2,041,484</u>
 <b>LIABILITIES</b>		
Due to TCEQ		2,041,484
Employee forfeitures due to employer	26,560	
Total liabilities	<u>26,560</u>	<u>\$ 2,041,484</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 <u>\$ 30,016,966</u>	

See accompanying notes to financial statements



**RETIREMENT PLAN FOR THE EMPLOYEES OF  
HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF CHANGES IN POSITION  
FIDUCIARY FUNDS  
YEARS ENDED DECEMBER 31, 2015**

	<u>2015</u>
<b>ADDITIONS</b>	
Contributions:	
Participants	\$ 1,059,630
Employer	994,188
Total contributions	<u>2,053,818</u>
Investment earnings:	
Net appreciation in the fair value of investments	(1,107,062)
Interest and dividends	1,341,166
Total net investment earnings	<u>234,104</u>
Total additions	<u>2,287,922</u>
<b>DEDUCTIONS</b>	
Benefit payments	923,244
Administrative expenses	1,896
Total deductions	<u>925,140</u>
Change in net position	1,362,782
Net position - beginning	<u>28,654,184</u>
<b>Net position - ending</b>	<u><u>\$ 30,016,966</u></u>

See accompanying notes to financial statements.

# HOUSTON-GALVESTON AREA COUNCIL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

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### 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 No. 14, “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 four component units, the H-GAC Energy Purchasing Corporation, the Houston-Galveston Local Development Corporation, the Gulf Coast Economic Development Corporation and the Corporation for Regional Excellence. Complete financial statements for each of the individual component units may be obtained at H-GAC’s administrative offices.

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.

**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 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. The Houston-Galveston Area Council has primary responsibility for the Corporation's assets including its cash assets and the use of those assets benefits the constituency that HGAC serves. Additionally, the EDC has signed a management agreement with the HGAC 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 of the non-fiduciary activities of the primary government. The statements segregate governmental activities from business-type activities. Governmental activities are normally supported by intergovernmental revenues and grants while business-type activities are supported by service fees or sales that are intended to recover all or a significant portion of their costs.

The statement of activities compares the direct expenses of a given function with the corresponding program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods services, or privileges provided by a function or segment and 2) contracts, grants and contributions that are restricted to meeting the operational requirement of a particular 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 on the basis of 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 *Regional Excellence Corporation* 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 H-GAC reports the following major enterprise fund:

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

Included in this report but not as part of the government-wide financial statements are the fiduciary fund statements for the 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 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 the Council will fund outlays for a particular purpose from both restricted and unrestricted resources. In order 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 considered to be applied. It is the Council'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, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council 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 the Council is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

The Council does not have any items that qualify for reporting in either of the above categories in the current fiscal year.

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

Balance			Balance	Due Within
<u>12/31/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2015</u>	<u>One Year</u>
\$ 855,978	\$ 880,589	\$ 889,799	\$ 846,768	\$ 846,768

**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 Office of Management and Budget (“OMB”) Circular A-87 and 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 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*** - Investments are recorded at fair value based upon quoted market prices as of year-end.

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 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 also 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.

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.

## Deposit and Investment Amounts

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

	Cash and CDs	Discount Note Money Market	Certificate of Deposits	Total
Governmental Funds:				
General	\$23,243,657	\$ 4,078,100	\$ 2,000,000	\$ 29,321,757
Grant Fund	9,886,725	-	-	9,886,725
Regional Excellence Corporation	205,157	-	-	205,157
Total Governmental Funds	<u>33,335,539</u>	<u>4,078,100</u>	<u>-</u>	<u>39,413,639</u>
Fiduciary Funds	<u>\$ 816,915</u>	<u>4,068,693</u>	<u>25,131,358</u>	<u>30,016,966</u>
Discretely Presented Component Units:				
Energy Purchasing Corporation	79,548			79,548
Gulf Coast Economic Dev Corp	360,733			360,733
Local Development Corporation	2,945,440	-	-	2,945,440
Total Component Units	<u>3,385,721</u>	<u>-</u>	<u>-</u>	<u>3,385,721</u>
Total Reporting Entity	<u><u>\$37,538,175</u></u>	<u><u>\$ 8,146,793</u></u>	<u><u>\$ 27,131,358</u></u>	<u><u>\$ 72,816,326</u></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:

<b>Discount Note, CD Money Market</b>	<b><u>Amount</u></b>	<b><u>Weighted Average Maturity (Days)</u></b>	<b><u>Credit Rating</u></b>
General Fund	\$6,078,100	240	AAA
Fiduciary Fund	\$4,068,693	44	AAA

**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, 2015, the Council’s deposit balance 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 intra-fund 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, 2015

	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
General Fund	\$ 883,658	\$20,956,015
Grant Fund	11,084,146	883,658
Enterprise Fund	<u>9,871,869</u>	
Total	<u>\$21,839,673</u>	<u>\$21,839,673</u>

**Interfund Transfers**

**Transfers In**

	<u>General</u>	<u>Total</u>
Transfer out:		
Grant Fund	<u>\$162,035</u>	<u>\$162,035</u>
Total Transfers	\$162,035	\$162,035

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.

## 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	Cooperative Purchasing Fund	Energy Purchasing Corporation	Economic Development Corporation	Local Development Corporation
Due from member government	\$ 203,248	\$ -	\$ -	\$ -	\$ -	\$ -
Advances to subrecipients	-	-	-	-	-	-
Data imagery	31,813	-	-	-	-	-
Federal grants receivable	-	1,200,512	-	-	-	-
State grants receivable	-	17,445,807	-	-	-	-
Local grants receivable	-	287,841	-	-	-	-
Due from customers	96,682	-	2,333,803	-	10,842	42,528
Miscellaneous services	191,357	2,025	-	-	-	-
Gross Accounts Receivable	523,100	18,936,185	2,333,803	-	10,842	42,528
Less: Allowance for uncollected accounts	-	-	-	-	-	-
Accounts Receivable, Net	\$ 523,100	\$ 18,936,185	\$ 2,333,803	\$ -	\$ 10,842	\$ 42,528

All receivables are expected to be collected within one year.

## 6. CAPITAL ASSETS

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

	December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2015</u>
<u>Governmental activities:</u>				
Furniture, fixtures and equipment	\$4,370,650	\$ 590,846	\$ (351,444)	\$ 4,610,052
Capital leases	559,945	45,169	(115,773)	489,341
Less accumulated depreciation	<u>(3,098,304)</u>	<u>(503,456)</u>	<u>467,217</u>	<u>(3,134,543)</u>
	<u>\$1,832,291</u>	<u>\$ 132,559</u>	<u>\$ -</u>	<u>\$1,964,850</u>
<u>Business-type activities:</u>				
Furniture, fixtures and equipment	\$ 194,196	\$ -	\$ -	\$ 194,196
Less accumulated depreciation	<u>(154,497)</u>	<u>(38,839)</u>	<u>-</u>	<u>(193,336)</u>
	<u>\$ 39,699</u>	<u>\$ (38,839)</u>	<u>\$ -</u>	<u>\$ 860</u>

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

<u>Governmental Activities-</u>	
General government	\$ 14,948
Workforce programs	89,789
Transportation	164,958
Community and Environmental	62,569
Criminal Justice & Homeland Security	10,712
Emergency Communications	18,738
Aging Services	<u>36,162</u>
Total Governmental Activities	397,876
<u>Business-type activities-</u>	
Cooperative purchasing	<u>38,839</u>
	<u>\$ 436,715</u>



7. UNEARNED REVENUE

At December 31, 2015 unearned revenue was comprised of the following:

General Fund:	<u>\$ 395,538</u>
Grant Fund:	
Solid Waste	\$ 91,533
911 Program	623,083
Low Income Repair Assistance	19,126,156
C&E/Local Contracts	77,511
Transportation/Local Contracts	363,737
Homeland Security Program	10,505
Workforce Local Program	<u>274,700</u>
Total Grant Fund	<u>\$20,567,225</u>
Enterprise Fund:	
Cooperative Purchasing	<u>\$ 25,454</u>

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

During 2015 the cooperative purchasing enterprise fund received remittance from participants in advance of performing services. These remittances, totaling \$25,454, 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 \$91,533 for this program.

The Commission on State Emergency Communications (“CSEC”) provided Star-up funding during the first quarter of the program year. These fund are dedicated for use in the 9-1-1 program and will be solely used for that program. At fiscal year end, the balance of these funds totaled \$623,083.

H-GAC contracted with five counties to administer the Low-Income Repair Assistance Program (LIRAP) to help citizens with auto maintenance requirements resulting from increased emission standards. The counties advanced funds to the Council for the implementation of this program in 2015. At year end, the advances in excess of

expenditures totaled \$19,126,156.

H-GAC set aside \$10,505 of homeland security planning money to provide assistance in developing the required Homeland Security plan for Harris County and the other surrounding jurisdictions.

**8. CAPITAL LEASES**

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

	<u>12/31/2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2015</u>
Capital lease	<u>\$ 59,415</u>	<u>\$ 45,169</u>	<u>\$ 15,880</u>	<u>\$ 88,706</u>

The following schedule presents future minimum lease payments as of December 31, 2015:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$28,365
2017	28,365
2018	27,063
2019	<u>9,549</u>
Minimum lease payments	93,342
Less amount representing interest	<u>(4,636)</u>
Present value of net minimum lease payments	88,706
Less current portion of capital Lease obligation	<u>(26,286)</u>
Long-term portion of capital lease	<u>\$ 62,420</u>

The Houston-Galveston Area Council has entered into a capital lease agreement for a color copier with a lease term of thirty-six months. It originated on December 1, 2015 and ends on November 1, 2018 with principal of \$46,900 at inception.

H-GAC 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.

## **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 of age or older having at least six months of service. 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 2015 was \$13,394,358. Retirement plan contributions were calculated using the gross salary amount for covered employees. H-GAC and its employees made contributions in 2015 of \$994,188 and \$1,059,630 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. Noninvested contributions are forfeited upon termination of employment and such forfeitures are used to pay a portion of H-GAC’s required contributions by \$38,237. H-GAC had no liability to the plan at December 31, 2015.

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. OTHER REVENUE**

Other revenue consists of revenues generated from programs operated under the general fund, workshops and publication sales.

## **11. COMMITMENTS AND CONTINGENCIES**

*Leases* – During 2012, H-GAC renegotiated its lease space of approximately 65,199 square feet under an operating lease with an expiration date of November 2019 at an annual base fee of \$1,611,067 which began in December 2015. Included in this 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 \$15.00/square foot or \$977,985 for improvements to the leased space. These funds were not available under the lease until December 2014. H-GAC began improvements to the space in June 2014 and completed the renovation in March 2015. All revenues owed to H-GAC for the tenant improvements were remitted in 2015. The schedule below reflects the lease terms. H-GAC has additional office space leased in satellite locations. These leases will terminate in February 2017. The base amount for these leases is \$1,686 and \$1,604 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:

2016	1,579,095
2017	1,577,545
2018	1,602,966
2019	<u>1,493,215</u>

Total minimum rental payments due	<u>\$ 6,252,821</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 2015 was \$1,552,294.

**Required Matching Funds** – H-GAC’s management is of the opinion that local (general fund) cash on hand and funds to be received in 2015 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 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 2015 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.

After the end of fiscal year 2015, H-GAC created, in accordance with State law, an emergency communications district which is considered a separate unit of government and a blended component unit of the Council. The creation date, February 16, 2016, formally established the Gulf Coast 9-1-1 Emergency Communications District. The formation of this district resulted in H-GAC dissolving its subrecipient contract with the Commission on State Emergency Communication and submitting final billing of \$290,468 to the Commission under the contract.

**HOUSTON-GALVESTON AREA COUNCIL  
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Actual</u>	<u>Budget</u>	<u>Percentage</u>
<b>PERSONNEL</b>			
Indirect salaries	\$ 993,736	\$ 1,079,998	46.54 %
Employee benefits	451,056	490,211	21.13
	<u>1,444,792</u>	<u>1,570,209</u>	<u>67.67</u>
<b>CONSULTANT AND CONTRACT SERVICES</b>			
Consultant	3,990	27,946	0.19
Accounting and auditing	12,726	15,000	0.60
Other contract services	56,587	20,000	2.66
Legal Services	2,528	37,314	0.13
	<u>75,831</u>	<u>100,260</u>	<u>3.55</u>
<b>EQUIPMENT</b>			
Purchase, lease, rental or maintenance office furniture, fixtures and equipment	17,422	12,498	0.82
Depreciation	320,760	330,000	15.01
	<u>338,182</u>	<u>342,498</u>	<u>15.84</u>
<b>LEASE OF OFFICE SPACE</b>			
	<u>70,132</u>	<u>91,910</u>	<u>3.28</u>
<b>TRAVEL</b>			
	<u>29,727</u>	<u>29,000</u>	<u>1.39</u>
<b>OTHER</b>			
Consumable supplies	14,770	10,500	0.69
Software and Database	42,140	26,500	1.97
Communications	4,254	750	0.20
Postage	7,044	7,800	0.33
Subscriptions & memberships	78,574	57,958	3.68
Miscellaneous	38,323	17,200	1.79
	<u>185,105</u>	<u>120,708</u>	<u>8.67</u>
Indirect Carryforward	(8,688)	45,000	-0.41
<b>TOTAL INDIRECT COSTS (A)</b>	<u>\$ 2,135,081</u>	<u>\$ 2,299,585</u>	<u>100.0 %</u>
<b>BASIS FOR ALLOCATION OF INDIRECT COSTS</b>			
Chargeable salaries	\$ 13,394,358	\$ 14,405,210	
Employee benefits	6,079,361	6,538,080	
	<u>19,473,719</u>	<u>20,943,290</u>	
Less indirect salaries and Employee benefits	<u>(1,444,792)</u>	<u>(1,570,209)</u>	
<b>TOTAL DIRECT SALARIES AND RELATED EMPLOYEE BENEFITS (B)</b>	<u>\$ 18,028,927</u>	<u>\$ 19,373,081</u>	
<b>ACTUAL INDIRECT COST RATE (A/B)</b>	<u>11.84%</u>	<u>11.87%</u>	

**HOUSTON-GALVESTON AREA COUNCIL  
 SUPPLEMENTARY SCHEDULE OF H-GAC EMPLOYEE BENEFITS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Amount</u>	<u>Percentage</u>
RELEASED TIME TAKEN AND ACCRUED:		
Vacation	\$ 889,744	14.64 %
Holidays	672,783	11.07
Sick leave	493,343	8.12
Other	51,725	0.85
	<u>2,107,595</u>	<u>34.66</u>
BENEFIT PROGRAMS:		
Payroll taxes	1,171,043	19.26
Retirement plan	958,551	15.77
Insurance	1,654,805	27.22
Other benefits	157,615	2.59
	<u>3,942,014</u>	<u>64.85</u>
Benefit carryforward	<u>29,752</u>	<u>0.49</u>
TOTAL EMPLOYEE BENEFITS (A)	<u>\$ 6,079,361</u>	<u>100.00 %</u>
BASIS FOR ALLOCATION OF EMPLOYEE BENEFITS:		
Gross Salaries	\$ 15,501,953	
Less released time	<u>(2,107,595)</u>	
CHARGEABLE SALARIES (B)	<u>\$ 13,394,358</u>	
EMPLOYEE BENEFIT RATE (A/B)	<u>45.39 %</u>	

**HOUSTON-GALVESTON AREA COUNCIL  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
DECEMBER 31, 2015**

	Beginning 12/31/2014	Additions	Deletions	Ending 12/31/2015
<b>ASSETS</b>				
Cash	\$ 1,184,101	\$ 1,148,254	\$ (290,871)	\$ 2,041,484
Total Asset	\$ 1,184,101	\$ 1,148,254	\$ (290,871)	\$ 2,041,484
<b>LIABILITIES</b>				
Due to TCEQ	\$ 1,184,101	\$ 1,148,254	\$ (290,871)	\$ 2,041,484
Total liabilities	\$ 1,184,101	\$ 1,148,254	\$ (290,871)	\$ 2,041,484



# 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

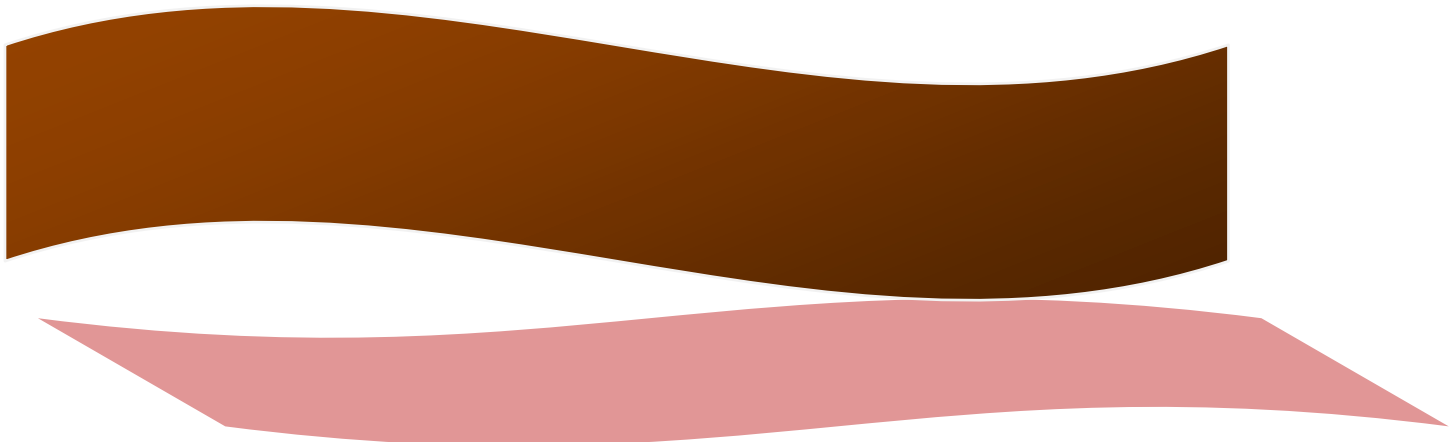
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

## 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.





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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 540,890	\$ 859,120	\$ 691,645	\$ 1,441,651	\$ 1,733,977	\$ 1,536,514	\$ 1,171,554	\$ 873,153	\$ 1,772,876	\$ 1,876,144
Restricted	-	-	-	-	-	2,905,476	5,411,485	7,831,657	7,714,688	8,032,742
Unrestricted	5,154,466	5,523,016	6,028,190	5,989,894	6,153,368	6,655,894	7,059,754	7,350,151	8,078,247	8,354,323
Total governmental activities net position	\$ 5,695,356	\$ 6,302,136	\$ 6,719,835	\$ 7,431,545	\$ 7,887,345	\$ 11,097,883	\$ 13,642,793	\$ 16,054,961	\$ 17,565,811	\$ 18,263,209
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 189,902	\$ 156,216	\$ 117,377	\$ 78,538	\$ 39,699	\$ 860
Unrestricted	2,214,980	2,812,946	2,859,776	4,221,915	4,921,302	5,564,522	7,430,101	8,441,204	9,791,095	12,104,373
Total business-type activities net assets	\$ 2,214,980	\$ 2,812,946	\$ 2,859,776	\$ 4,221,915	\$ 5,111,204	\$ 5,720,738	\$ 7,547,478	\$ 8,519,742	\$ 9,830,794	\$ 12,105,233
<b>Primary government</b>										
Net investment in Capital Assets	\$ 540,890	\$ 859,120	\$ 691,645	\$ 1,441,651	\$ 1,923,879	\$ 1,692,730	\$ 1,288,931	\$ 951,691	\$ 1,812,575	\$ 1,877,004
Restricted	-	-	-	-	-	2,905,476	5,411,485	7,831,657	7,714,688	8,032,742
Unrestricted	7,369,446	8,335,962	8,887,966	10,211,809	11,074,670	12,220,416	14,489,855	15,791,355	17,869,342	20,458,696
Total primary government net assets	\$ 7,910,336	\$ 9,115,082	\$ 9,579,611	\$ 11,653,460	\$ 12,998,549	\$ 16,818,621	\$ 21,190,271	\$ 24,574,703	\$ 27,396,605	\$ 30,368,442

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,777,906	\$ 4,072,839	\$ 7,627,031	\$ 5,000,582	\$ 3,189,351	\$ 3,192,212	\$ 3,695,088	\$ 1,123,501	\$ 3,017,955	\$ 1,121,364
Workforce programs	193,038,188	226,465,879	208,166,797	220,604,671	303,355,993	226,221,149	180,735,826	185,089,084	183,974,199	205,095,889
Transportation	40,014,600	25,009,904	22,924,182	21,520,444	30,219,209	24,111,492	23,840,134	33,229,456	28,705,403	31,200,061
Community and environmental	3,654,682	4,997,975	8,009,836	7,902,348	4,563,591	11,156,076	8,016,851	10,310,254	22,778,574	23,021,245
Criminal justice	1,073,613	1,045,117	1,432,448	1,480,780	1,368,165	1,604,765	848,023	1,027,540	947,483	943,741
Emergency communications	2,190,676	5,936,604	2,439,410	5,918,726	2,929,196	7,290,795	3,898,273	3,242,332	4,881,827	4,632,362
Aging services	7,011,521	7,112,240	6,652,799	9,975,099	8,603,598	9,299,666	9,144,786	8,774,680	8,975,078	9,886,838
Total governmental activities expenses	250,761,186	274,640,558	257,312,503	272,402,850	354,229,103	282,876,145	230,178,981	242,796,847	253,280,519	275,901,500
Business-type activities:										
Cooperative purchasing	1,874,891	2,100,589	2,382,046	2,344,257	2,353,892	2,647,242	2,477,374	2,978,910	3,032,813	3,492,923
Total business-type activities expenses	1,874,891	2,100,589	2,382,046	2,344,257	2,353,892	2,647,242	2,477,374	2,978,910	3,032,813	3,492,923
Total primary government expenses	\$ 252,636,077	\$ 276,741,147	\$ 259,694,549	\$ 274,746,907	\$ 356,582,995	\$ 285,523,387	\$ 232,656,355	\$ 245,775,757	\$ 256,313,332	\$ 279,394,423
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Membership dues	\$ 320,667	\$ 343,004	\$ 304,493	\$ 327,683	\$ 335,139	\$ 323,690	\$ 332,635	\$ 395,538	\$ 402,918	\$ 388,039
Interlocal contracts	3,062,722	3,610,855	4,347,083	4,275,528	1,797,840	2,393,802	1,710,860	734,742	1,616,261	767,454
Data services and imaging	-	-	2,908,167	878,651	842,738	355,006	1,279,097	389,465	670,050	211,625
Operating grants and contributions	246,943,370	270,510,949	249,670,801	267,824,047	351,325,543	282,374,159	228,699,778	243,745,694	249,980,261	274,844,585
Total governmental activities program revenues	250,326,759	274,464,808	257,230,544	273,305,909	354,301,260	285,446,657	232,022,370	245,265,439	252,669,490	276,211,803
Business-type activities:										
Charges for services:										
Cooperative purchasing	2,259,985	2,633,384	2,315,865	3,882,653	3,243,181	3,256,776	4,304,114	3,951,174	4,843,865	5,767,362
Total business-type activities program revenues	2,259,985	2,633,384	2,315,865	3,882,653	3,243,181	3,256,776	4,304,114	3,951,174	4,843,865	5,767,362
Total primary government program revenues	\$ 252,586,744	\$ 277,098,192	\$ 259,546,429	\$ 277,188,562	\$ 357,544,441	\$ 288,703,433	\$ 236,326,484	\$ 249,216,613	\$ 257,513,355	\$ 281,979,165
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (434,427)	\$ (175,750)	\$ (81,959)	\$ 903,259	\$ 72,157	\$ 2,570,512	\$ 1,843,389	\$ 2,468,592	\$ (611,030)	\$ 310,302
Business-type activities	385,094	532,795	(66,161)	1,538,396	889,289	609,534	1,826,740	972,264	1,811,052	2,274,439
Total primary government net expense	\$ (49,333)	\$ 357,045	\$ (148,120)	\$ 2,441,655	\$ 961,446	\$ 3,180,046	\$ 3,670,129	\$ 3,440,856	\$ 1,200,022	\$ 2,584,741
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
State financial assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	448,612	318,535	169,199	17,511	42,374	70,482	14,668	158,039	15,741	22,290
Miscellaneous	966,052	746,105	784,359	288,404	341,270	522,311	696,854	(214,461)	1,606,138	364,809
Transfers in									500,000	
Total governmental activities	\$ 1,414,664	\$ 1,064,640	\$ 953,558	\$ 305,915	\$ 383,644	\$ 592,793	\$ 711,522	\$ (56,422)	\$ 2,121,879	\$ 387,099
Business-type activities:										
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ -
Total Business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 980,237	\$ 888,890	\$ 871,599	\$ 1,209,174	\$ 455,801	\$ 3,163,305	\$ 2,554,909	\$ 2,412,168	\$ 1,510,849	\$ 697,398
Business-type activities	385,094	532,795	(66,161)	1,538,396	889,289	609,534	1,826,740	972,264	1,311,052	2,274,439
Total primary government	\$ 1,365,331	\$ 1,421,685	\$ 805,438	\$ 2,747,570	\$ 1,345,089	\$ 3,772,838	\$ 4,381,649	\$ 3,384,432	\$ 2,821,901	\$ 2,971,837

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 242,510	\$ 173,723	\$ 205,943	\$ 81,395	\$ 116,622	\$ 115,315	\$ 83,951	\$ 179,415	\$ 116,304	\$ 48,145
Unassigned	5,410,724	5,869,058	6,303,264	6,432,577	6,654,711	7,161,978	7,880,052	8,062,639	8,817,921	9,152,946
Total general fund	\$ 5,653,234	\$ 6,042,781	\$ 6,509,207	\$ 6,513,972	\$ 6,771,333	\$ 7,277,293	\$ 7,964,003	\$ 8,242,054	\$ 8,934,225	\$ 9,201,091
All Other Governmental Funds										
Restricted for:										
EPA RLF Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,790,161	\$ 5,210,480	\$ 7,749,761	\$ 7,599,714	\$ 7,833,463
Regional Excellence Corporation	\$ 74,691	\$ 124,983	\$ 246,617	\$ 192,845	\$ 228,990	\$ 266,224	\$ 201,005	\$ 81,896	\$ 114,974	\$ 199,279
Total all other governmental funds	\$ 74,691	\$ 124,983	\$ 246,617	\$ 192,845	\$ 228,990	\$ 3,056,385	\$ 5,411,485	\$ 7,831,657	\$ 7,714,688	\$ 8,032,742

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Interest income	\$ 448,612	\$ 318,535	\$ 169,199	\$ 17,511	\$ 42,374	\$ 70,482	\$ 14,668	\$ 11,974	\$ 15,741	\$ 22,290
Membership dues	320,667	343,004	304,493	327,684	335,139	323,690	332,635	395,538	402,917	388,039
Interlocal contracts	1,397,582	1,772,747	2,231,238	1,852,880	1,797,840	2,393,802	1,710,860	734,742	1,616,261	767,454
Data services and imaging	709,558	415,083	2,908,167	878,651	842,738	355,006	1,279,097	389,465	670,050	211,625
Miscellaneous income	256,494	331,022	784,359	288,410	341,270	522,311	696,854	(214,461)	1,606,138	364,809
Operating grants and contributions	246,943,369	270,510,948	249,670,801	267,824,046	351,325,543	282,374,159	228,699,778	243,891,754	249,980,261	274,844,685
Total revenues	250,076,282	273,691,339	256,068,257	271,189,182	354,684,904	286,039,450	232,733,892	245,209,012	\$ 254,291,369	\$ 276,598,902
<b>Expenditures</b>										
General government	2,318,171	2,326,981	5,779,279	2,754,758	2,866,929	3,111,232	3,397,292	936,046	2,955,078	1,063,628
Workforce programs	192,988,668	226,420,911	208,107,447	220,548,495	303,505,280	226,130,967	180,661,303	185,067,235	183,838,987	204,963,753
Transportation	39,928,531	24,944,943	22,846,634	21,400,894	30,067,030	23,951,444	23,672,771	33,126,845	28,568,435	31,030,647
Community and environmental	3,636,341	4,980,113	7,981,947	8,176,308	4,529,900	11,075,539	7,926,066	10,227,572	22,704,646	22,958,676
Criminal justice	1,067,250	1,039,398	1,606,226	1,454,588	1,652,330	1,544,171	773,435	958,987	957,655	909,063
Emergency communications	2,185,852	5,932,603	2,490,825	5,910,612	2,912,647	7,290,076	3,876,498	3,219,814	4,868,627	4,613,624
Aging services	7,002,906	7,105,642	6,642,238	9,962,271	8,584,279	9,330,307	9,106,269	8,750,081	8,937,602	9,839,561
Regional excellence corporation	213,968	114,505	93,394	411,101	164,759	80,259	152,719	188,720	86,941	49,271
Debt service:										
Principal	24,015	-	-	43,329	28,106	26,762	23,732	10,767	13,206	15,880
Interest	496	-	-	9,428	6,542	4,085	1,397	380	1,125	2,727
Capital outlay	307,738	466,404	32,020	668,401	73,594	161,253	134,508	24,341	1,339,506	612,320
Total expenditures	249,673,936	273,331,500	255,515,970	271,338,187	354,391,398	282,706,095	229,725,992	242,510,790	254,271,808	276,059,150
Excess of revenues over (under) expenditures	402,346	359,839	552,287	(149,005)	293,506	3,333,355	3,007,900	2,698,222	19,561	539,752
<b>Other Financing Sources (Uses)</b>										
Capital leases	-	80,000	98,038	-	-	-	33,910	-	55,642	45,169
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	100,000	-	-	-	-	500,000	-
Net change in fund balances	\$ 402,346	\$ 439,839	\$ 650,325	\$ (49,005)	\$ 293,506	\$ 3,333,355	\$ 3,041,810	\$ 2,698,222	\$ 575,203	\$ 584,921
Debt service as a percentage of noncapital expenditures	0.01%	0.00%	0.00%	0.02%	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%

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

Function/Program	Fiscal Year											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Executive												
Executive Director	3	4	4	4	4	4	4	4.5	4	4	4	4
Internal Audit	3	3	3	3	3	3	2	3.5	4	4	4	4
Finance Administration												
Finance	10	10	11	13	14	15.5	14	15	14	13	13	13
Office Services	7	6	6	4	4	4	5	5	4	7	8	8
Program Services												
Chief Operating Officer	2	3	3	2	2	2	2	1	1	2	3	3
Community and Environmental Planning	26	26.5	31.5	31	36.5	37.5	37	42.5	45.5	41	36	36
Data Services	13	12	11	13	13	12	12.5	15.5	16.5	20.5	20	20
Human Services	51	50	53.5	66.5	62	64	60	59	56	49	53.5	53.5
Public Services	25.5	29	32	33	35	40	38	30	32	31	28	28
Transportation	54	54	58	53	57.5	58	58	61	58	56.5	57	57
Total	195.5	197.5	212	222.5	231	240	232.5	237	235	228	226.5	226.5

Source: H-GAC

Ten Largest Non-Governmental Regional Employers

Walmart	32,000
H-E-B	21,471
The University of Texas MD Anderson Cancer Center	20,357
Memorial Hermann	20,055
The Methodist Hospital System	16,961
Kroger Co.	15,216
United Airlines	15,108
Exxon Mobil Corp.	12,814
Schlumberger	12,207
National Oilwell Varco	11,563

Source: Houston Chronicle 2015



## COUNTY PROFILES

### Austin County

Land Area (sq. miles)	653
Persons per Square Mile	45
County Seat	Bellville
<b>Population (2014)</b>	29,114
<b>Race</b>	
<i>White</i>	18,440
<i>Black</i>	2,599
<i>Asian</i>	133
<i>Hispanic</i>	7,543
<i>Two or More Races and Other</i>	399
<b>Households and Families (2014)</b>	
Total households	10,786
Average family size	2.64
Average Household Size	3.24
<b>Vital Statistics (2013)</b>	
Marriages	183
Divorces	91
Births	330
Male	156
Female	174
Deaths	252
<b>Unemployment Rate (03/2016)</b>	5.20

### Brazoria County

Land Area (sq. miles)	1,386
Persons per Square Mile	244
County Seat	Angleton
<b>Population (2014)</b>	338,124
<b>Race</b>	
<i>White</i>	168,873
<i>Black</i>	43,415
<i>Asian</i>	20,857
<i>Hispanic</i>	98,853
<i>Two or More Races and Other</i>	6,126
<b>Households and Families (2014)</b>	
Total households	109,817
Average family size	2.87
Average Household Size	3.44
<b>Vital Statistics (2013)</b>	
Marriages	1,963
Divorces	1,117
Births	4,675
Male	2,383
Female	2,292
Deaths	2,188
<b>Unemployment Rate (03/2016)</b>	4.80

### Chambers County

Land Area (sq. miles)	599
Persons per Square Mile	64
County Seat	Anahuac
<b>Population (2014)</b>	38,145
<b>Race</b>	
<i>White</i>	25,845
<i>Black</i>	3,189
<i>Asian</i>	451
<i>Hispanic</i>	8,134
<i>Two or More Races and Other</i>	526
<b>Households and Families (2014)</b>	
Total households	12,551
Average family size	2.89
Average Household Size	3.32
<b>Vital Statistics (2013)</b>	
Marriages	212
Divorces	162
Births	461
Male	231
Female	230
Deaths	274
<b>Unemployment Rate (03/2016)</b>	5.50

### Colorado County

Land Area (sq. miles)	963
Persons per Square Mile	22
County Seat	Columbus
<b>Population (2014)</b>	20,719
<b>Race</b>	
<i>White</i>	11,950
<i>Black</i>	2,590
<i>Asian</i>	132
<i>Hispanic</i>	5,860
<i>Two or More Races and Other</i>	187
<b>Households and Families (2014)</b>	
Total households	7,702
Average family size	2.65
Average Household Size	3.23
<b>Vital Statistics (2013)</b>	
Marriages	133
Divorces	46
Births	246
Male	127
Female	119
Deaths	277
<b>Unemployment Rate (03/2016)</b>	4.40

**Fort Bend County**

Land Area (sq. miles)	875
Persons per Square Mile	783
County Seat	Richmond
Population (2014)	685,345
<b>Race</b>	
<i>White</i>	240,529
<i>Black</i>	139,015
<i>Asian</i>	128,376
<i>Hispanic</i>	164,823
<i>Two or More Races and Other</i>	12,602
<b>Households and Families (2014)</b>	
Total households	198,316
Average family size	3.16
Average Household Size	3.58
<b>Vital Statistics (2013)</b>	
Marriages	2,922
Divorces	1,725
Births	8,532
Male	4,405
Female	4,127
Deaths	2,657
<b>Unemployment Rate (03/2016)</b>	4.70

**Galveston County**

Land Area (sq. miles)	398
Persons per Square Mile	789
County Seat	Galveston
Population (2014)	314,198
<b>Race</b>	
<i>White</i>	182,563
<i>Black</i>	40,705
<i>Asian</i>	10,303
<i>Hispanic</i>	74,596
<i>Two or More Races and Other</i>	6,031
<b>Households and Families (2014)</b>	
Total households	111,953
Average family size	2.65
Average Household Size	3.30
<b>Vital Statistics (2013)</b>	
Marriages	1,991
Divorces	1,115
Births	3,960
Male	1,995
Female	1,965
Deaths	2,371
<b>Unemployment Rate (03/2016)</b>	5.00

**Harris County**

Land Area (sq. miles)	1,729
Persons per Square Mile	2,569
County Seat	Houston
Population (2014)	4,441,370
<b>Race</b>	
<i>White</i>	1,395,866
<i>Black</i>	821,868
<i>Asian</i>	301,235
<i>Hispanic</i>	1,855,540
<i>Two or More Races and Other</i>	66,861
<b>Households and Families (2014)</b>	
Total households	1,462,002
Average family size	2.89
Average Household Size	3.65
<b>Vital Statistics (2013)</b>	
Marriages	29,931
Divorces	13,733
Births	68,292
Male	34,834
Female	33,458
Deaths	23,992
<b>Unemployment Rate (03/2016)</b>	5.00

**Liberty County**

Land Area (sq. miles)	1,160
Persons per Square Mile	67
County Seat	Liberty
Population (2014)	78,117
<b>Race</b>	
<i>White</i>	51,965
<i>Black</i>	8,134
<i>Asian</i>	496
<i>Hispanic</i>	16,154
<i>Two or More Races and Other</i>	1,368
<b>Households and Families (2014)</b>	
Total households	25,088
Average family size	2.82
Average Household Size	3.39
<b>Vital Statistics (2013)</b>	
Marriages	588
Divorces	298
Births	1,078
Male	558
Female	520
Deaths	780
<b>Unemployment Rate (03/2016)</b>	7.20

**Matagorda County**

Land Area (sq. miles)	1,114
Persons per Square Mile	33
County Seat	Bay City
Population (2014)	36,519
<b>Race</b>	
White	16,698
Black	3,878
Asian	728
Hispanic	14,745
Two or More Races and Other	470
<b>Households and Families (2014)</b>	
Total households	13,143
Average family size	2.75
Average Household Size	3.48
<b>Vital Statistics (2013)</b>	
Marriages	281
Divorces	126
Births	522
Male	278
Female	244
Deaths	376
<b>Unemployment Rate (03/2016)</b>	6.80

**Montgomery County**

Land Area (sq. miles)	1,044
Persons per Square Mile	497
County Seat	Conroe
Population (2014)	518,947
<b>Race</b>	
White	356,171
Black	23,279
Asian	13,299
Hispanic	116,726
Two or More Races and Other	9,472
<b>Households and Families (2014)</b>	
Total households	168,279
Average family size	2.88
Average Household Size	3.43
<b>Vital Statistics (2013)</b>	
Marriages	3,319
Divorces	1,922
Births	6,624
Male	3,362
Female	3,262
Deaths	3,152
<b>Unemployment Rate (03/2016)</b>	4.60

**Walker County**

Land Area (sq. miles)	787
Persons per Square Mile	89
County Seat	Huntsville
Population (2014)	69,789
<b>Race</b>	
White	39,834
Black	15,714
Asian	743
Hispanic	12,452
Two or More Races and Other	1,046
<b>Households and Families (2014)</b>	
Total households	20,681
Average family size	2.32
Average Household Size	2.97
<b>Vital Statistics (2013)</b>	
Marriages	421
Divorces	166
Births	631
Male	335
Female	296
Deaths	495
<b>Unemployment Rate (03/2016)</b>	5.20

**Waller County**

Land Area (sq. miles)	514
Persons per Square Mile	91
County Seat	Hempstead
Population (2014)	46,820
<b>Race</b>	
White	20,294
Black	11,530
Asian	336
Hispanic	13,952
Two or More Races and Other	708
<b>Households and Families (2014)</b>	
Total households	13,655
Average family size	2.99
Average Household Size	3.50
<b>Vital Statistics (2013)</b>	
Marriages	294
Divorces	122
Births	594
Male	299
Female	295
Deaths	299
<b>Unemployment Rate (03/2016)</b>	5.20

**Wharton County**

<b>Land Area (sq. miles)</b>	1,090
<b>Persons per Square Mile</b>	38
<b>County Seat</b>	Wharton
<b>Population (2014)</b>	41,168
<b>Race</b>	
<i>White</i>	18,861
<i>Black</i>	5,431
<i>Asian</i>	201
<i>Hispanic</i>	16,334
<i>Two or More Races and Other</i>	341
<b>Households and Families (2014)</b>	
Total households	14,492
Average family size	2.81
Average Household Size	3.58
<b>Vital Statistics (2013)</b>	
Marriages	218
Divorces	94
Births	531
Male	273
Female	258
Deaths	437
<b>Unemployment Rate (03/2016)</b>	4.90

Sources: US Census Bureau  
Texas Department of Health  
Texas Workforce Commission  
H-GAC

<b>Total Population (1980-2015)</b>									
	1980	1990	2000	2010	2011	2012	2013	2014	2015
AUSTIN	17,726	19,909	23,745	28,379	28,598	28,560	28,713	28,994	29,563
BRAZORIA	169,587	192,586	243,152	314,498	319,375	324,503	330,340	338,176	346,312
CHAMBERS	18,538	20,111	26,162	35,422	35,614	36,406	37,240	38,132	38,863
COLORADO	18,823	18,367	20,342	20,884	20,807	20,692	20,739	20,675	20,870
FORT BEND	130,962	228,383	358,759	590,581	607,482	626,808	654,626	686,650	716,087
GALVESTON	195,738	218,346	250,719	292,538	295,611	301,395	307,303	314,283	322,225
HARRIS	2,409,547	2,833,351	3,413,678	4,108,187	4,181,238	4,262,504	4,352,462	4,447,577	4,538,028
LIBERTY	47,088	52,857	70,562	75,857	76,074	76,471	77,032	78,200	79,654
MATAGORDA	37,828	36,799	37,958	36,705	36,699	36,554	36,500	36,469	36,770
MONTGOMERY	127,222	184,119	297,345	459,336	471,737	485,004	499,574	519,054	537,559
WALKER	14,618	14,598	16,707	15,529	15,633	15,586	15,706	15,907	16,203
WALLER	19,798	23,426	32,842	43,455	44,023	44,337	45,420	46,798	48,656
WHARTON	40,242	39,832	41,228	41,312	41,248	41,151	41,239	41,197	41,486
H-GAC 13	3,247,717	3,882,684	4,833,199	6,062,683	6,174,139	6,299,971	6,446,894	6,612,112	6,772,276
TEXAS	14,225,512	17,044,714	20,945,963	25,244,363	25,654,464	26,089,741	26,500,674	26,979,078	27,469,114

Source: US Census

**Texas 2015 State Expenditures by County  
Summary for the H-GAC Region, Ranked by Expenditures**

Rank	County	Total	Inter-governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	Harris	\$16,125,477,662	\$4,312,510,759	\$2,217,915,412	\$8,612,775,838	\$460,580,038	\$177,629,413	\$34,128,169	\$309,938,033
2	Travis	\$12,036,195,058	\$942,263,380	\$4,905,560,316	\$4,067,563,230	\$714,727,116	\$333,911,705	\$60,138,388	\$1,012,030,922
3	Dallas	\$11,067,217,354	\$2,928,432,272	\$2,018,461,444	\$4,546,445,750	\$393,633,531	\$405,447,423	\$94,346,558	\$680,450,375
4	Bexar	\$9,008,463,367	\$2,161,870,601	\$1,146,400,548	\$5,145,639,290	\$323,910,792	\$81,522,780	\$17,726,675	\$131,392,681
5	Tarrant	\$6,603,505,157	\$1,910,089,645	\$792,915,375	\$3,186,638,869	\$555,520,979	\$41,288,304	\$11,445,800	\$105,605,084
6	Hidalgo	\$3,290,869,704	\$2,140,109,595	\$444,976,111	\$1,194,251,991	\$69,464,327	\$22,518,773	\$3,236,033	\$27,312,873
7	El Paso	\$3,583,671,152	\$1,362,389,675	\$504,371,888	\$1,367,965,443	\$288,849,066	\$15,091,487	\$1,815,557	\$43,188,037
8	Fort Bend	\$3,497,774,321	\$680,300,418	\$339,630,662	\$2,359,104,152	\$71,260,371	\$11,842,119	\$1,499,394	\$34,137,205
9	Nueces	\$2,137,617,966	\$362,328,343	\$278,414,362	\$1,317,270,305	\$134,435,806	\$20,057,612	\$614,541	\$24,496,996
10	Denton	\$1,984,886,080	\$500,931,941	\$548,519,290	\$725,807,361	\$154,252,983	\$10,906,889	\$7,325,497	\$37,142,118
17	Galveston	\$1,311,318,044	\$418,445,870	\$458,223,065	\$377,428,531	\$19,845,170	\$19,001,716	\$687,113	\$17,686,580
18	Montgomery	\$1,192,648,521	\$468,711,627	\$213,556,639	\$397,845,485	\$67,941,395	\$17,323,915	\$148,581	\$27,120,877
21	Brazoria	\$1,037,825,487	\$330,038,322	\$191,628,017	\$469,290,587	\$8,733,496	\$11,293,137	\$485,642	\$26,356,287
32	Walker	\$505,687,077	\$49,356,132	\$289,577,494	\$41,842,674	\$75,577,641	\$26,145,604	\$267,994	\$22,919,540
57	Wharton	\$227,175,198	\$54,852,242	\$30,238,873	\$87,870,972	\$37,196,752	\$10,434,996	\$9,844	\$6,571,519
60	Liberty	\$219,143,125	\$89,644,337	\$51,136,232	\$54,838,274	\$8,553,153	\$3,637,383	\$147,563	\$11,186,183
87	Waller	\$127,697,801	\$21,748,185	\$63,112,455	\$28,819,476	\$1,624,460	\$7,295,719	-	\$5,097,505
88	Matagorda	\$120,738,723	\$40,421,435	\$19,560,411	\$55,729,029	\$306,091	\$984,323	\$215,450	\$3,521,984
102	Austin	\$91,436,649	\$22,704,112	\$21,870,383	\$34,081,918	\$6,484,401	\$2,316,786	-	\$3,979,050
115	Colorado	\$76,153,791	\$17,996,194	\$12,822,217	\$23,635,393	\$15,069,228	\$4,248,807	\$1,225,572	\$1,156,379
118	Chambers	\$70,331,188	\$25,756,684	\$16,576,139	\$20,811,853	\$1,624,486	\$3,029,597	-	\$2,532,428
	TOTAL FOR TEXAS COUNTIES	\$113,021,929,488	\$29,456,961,007	\$24,330,519,245	\$48,140,169,388	\$5,192,812,182	\$1,988,896,710	\$307,171,309	\$3,605,399,648
	TOTAL REGIONAL EXPENDITURES	\$24,603,407,587	\$6,532,486,317	\$3,925,847,999	\$12,564,074,182	\$774,796,682	\$295,183,515	\$38,815,322	\$472,203,570
	% OF EXPENDITURES IN THE REGION	21.8%	22.2%	16.1%	26.1%	14.9%	14.8%	12.6%	13.1%

Source: Texas Comptroller of Public Accounts

## Texas 2015 State Expenditures by Council Of Governments

Rank	COG Region	Total	Inter-governmental Payments	Labor Costs	Public Assistance	Highway Construction	Operating Expenses	Capital Outlays	Miscellaneous
1	Houston-Galveston Area	\$24,603,407,589	\$6,532,486,317	\$3,925,848,001	\$12,564,074,182	\$774,796,682	\$295,183,514	\$38,815,323	\$472,203,571
2	North Central Texas	\$24,520,761,484	\$6,845,609,581	\$4,143,457,860	\$10,400,144,666	\$1,530,103,279	\$521,259,330	\$131,781,186	\$948,411,582
3	Capital Area	\$15,732,317,786	\$1,626,706,311	\$6,551,567,553	\$5,086,960,714	\$860,626,647	\$408,331,830	\$64,889,471	\$1,133,235,261
4	Alamo Area	\$10,911,884,606	\$2,587,338,155	\$1,572,585,140	\$5,854,464,996	\$478,062,197	\$126,942,253	\$23,019,549	\$269,472,317
5	Lower Rio Grande Valley	\$5,810,447,979	\$3,047,626,324	\$729,139,982	\$1,856,187,851	\$83,677,200	\$35,965,291	\$4,675,257	\$53,176,072
6	Rio Grande	\$3,692,356,237	\$1,399,038,769	\$548,065,054	\$1,386,992,211	\$292,733,566	\$18,359,614	\$2,130,853	\$45,036,171
7	East Texas	\$3,092,375,972	\$771,699,765	\$712,645,636	\$1,363,752,691	\$62,616,745	\$66,656,711	\$333,501	\$114,670,922
8	Coastal Bend	\$3,027,776,272	\$650,956,676	\$535,382,946	\$1,584,455,650	\$170,804,407	\$41,569,313	\$1,505,100	\$43,102,180
9	South Plains	\$2,207,380,596	\$459,840,309	\$732,486,175	\$876,813,508	\$45,911,905	\$31,101,964	\$4,540,956	\$56,685,779
10	Brazos Valley	\$1,945,434,203	\$237,910,062	\$1,028,908,654	\$423,656,013	\$78,622,667	\$52,872,013	\$11,673,247	\$111,791,547
11	Central Texas	\$1,924,872,327	\$591,910,158	\$458,640,061	\$674,428,218	\$125,981,083	\$23,692,880	\$3,630,537	\$46,589,390
12	West Central Texas	\$1,702,481,355	\$374,768,603	\$429,087,233	\$784,363,649	\$35,605,667	\$32,609,269	\$266,366	\$45,780,568
13	Deep East Texas	\$1,669,589,707	\$454,914,719	\$449,157,416	\$597,686,516	\$76,790,580	\$47,395,277	\$590,826	\$43,054,373
14	Heart of Texas	\$1,572,609,557	\$333,304,266	\$364,502,024	\$529,361,015	\$56,243,174	\$36,664,109	\$2,173,347	\$50,361,622
15	Panhandle	\$1,552,310,383	\$483,751,403	\$386,087,659	\$558,561,367	\$70,379,572	\$38,552,141	\$2,828,106	\$12,150,135
16	South East Texas	\$1,454,675,100	\$413,203,664	\$322,287,091	\$622,500,941	\$40,076,102	\$23,436,097	\$8,568,905	\$24,602,299
17	South Texas	\$1,345,573,961	\$714,501,090	\$177,196,847	\$398,083,845	\$38,366,618	\$8,820,020	\$16	\$8,605,524
18	Permian Basin	\$1,279,742,492	\$301,346,569	\$261,617,321	\$573,321,719	\$93,245,066	\$27,715,439	\$1,543,166	\$20,953,211
19	Ark-Tex	\$1,114,905,202	\$353,416,677	\$198,731,951	\$426,241,272	\$56,706,308	\$60,269,610	\$2,631,912	\$16,907,472
20	Nortex	\$946,941,605	\$209,862,955	\$289,541,660	\$377,547,021	\$23,783,583	\$23,986,789	\$781,828	\$21,437,767
21	Concho Valley	\$873,011,251	\$180,954,206	\$176,735,446	\$466,671,775	\$15,788,361	\$14,372,834	\$179,971	\$18,308,659
22	Middle Rio Grande	\$820,879,660	\$305,267,100	\$96,348,741	\$249,897,528	\$129,575,798	\$19,379,726	\$26,930	\$20,383,837
23	Texoma	\$621,561,310	\$223,135,621	\$116,311,195	\$227,122,136	\$26,600,103	\$10,745,093	\$377,903	\$17,269,259
24	Golden Crescent	\$598,632,857	\$157,417,705	\$124,187,602	\$256,879,904	\$25,714,871	\$23,015,592	\$207,053	\$11,210,131
TOTAL FOR COUNCIL OF GOVERNMENTS		\$113,021,929,491	\$29,456,961,005	\$24,330,519,248	\$48,140,169,388	\$5,192,812,181	\$1,988,896,709	\$307,171,309	\$3,605,399,649

Source: Texas Comptroller of Public Accounts

## Voter Registration 1996 - 2016 Primary Elections

	Number of Precincts	Total Registered Voters															
		1996	1998	2000	2002	2004	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Austin	19	13,223	14,115	14,905	15,019	16,123	17,034	16,841	17,252	17,145	17,546	17,151	17,534	17,732	18,178	18,058	18,601
Brazoria	77	120,294	135,443	147,811	147,972	150,164	157,705	154,246	159,948	163,934	168,097	163,917	168,795	181,609	178,808	178,804	186,517
Chambers	13	14,451	16,070	17,479	17,808	18,458	20,450	21,164	21,053	21,930	22,707	22,862	23,316	23,729	24,338	24,481	25,479
Colorado	12	12,130	11,568	12,040	11,746	12,339	13,008	13,175	13,116	13,062	13,249	12,865	13,021	12,953	13,233	13,085	13,391
Fort Bend	142	148,169	175,820	202,706	213,061	227,775	256,461	256,537	267,583	290,019	300,777	302,223	315,207	332,199	347,188	359,046	379,254
Galveston	171	153,653	168,481	176,888	172,483	173,848	182,743	176,504	180,288	177,697	179,928	172,603	177,334	179,943	184,818	194,770	195,988
Harris	1,069	1,592,569	1,755,809	1,886,581	1,866,381	1,808,048	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
Liberty	36	36,648	39,323	42,270	42,790	44,721	44,359	43,354	43,253	42,505	42,863	41,111	41,949	41,025	41,263	40,251	41,130
Matagorda	18	21,956	22,866	23,095	21,512	20,607	20,890	20,284	20,761	20,540	20,893	20,131	20,625	20,201	20,577	20,265	20,826
Montgomery	89	138,348	159,571	183,958	188,100	197,107	215,878	214,406	224,321	235,052	243,027	238,707	246,768	257,799	268,147	273,352	290,259
Walker	18	26,595	29,041	29,556	27,344	26,887	28,190	27,658	28,343	29,119	29,507	28,356	29,169	28,963	29,578	29,044	30,179
Waller	21	17,225	18,539	20,123	21,561	24,404	24,709	25,861	27,045	28,787	29,792	27,037	27,706	27,751	28,288	28,344	29,237
Wharton	34	21,003	22,009	22,612	22,587	23,618	24,583	23,493	23,992	24,082	24,471	23,675	24,090	23,907	24,275	23,743	24,387
<b>H-GAC region</b>	<b>1,719</b>	<b>2,316,264</b>	<b>2,568,645</b>	<b>2,780,024</b>	<b>2,768,364</b>	<b>2,744,099</b>	<b>2,877,939</b>	<b>2,775,536</b>	<b>2,831,596</b>	<b>2,922,905</b>	<b>2,982,235</b>	<b>2,918,590</b>	<b>2,990,003</b>	<b>3,078,590</b>	<b>3,176,955</b>	<b>3,202,231</b>	<b>3,339,710</b>

Source: Office of the Texas Secretary of State

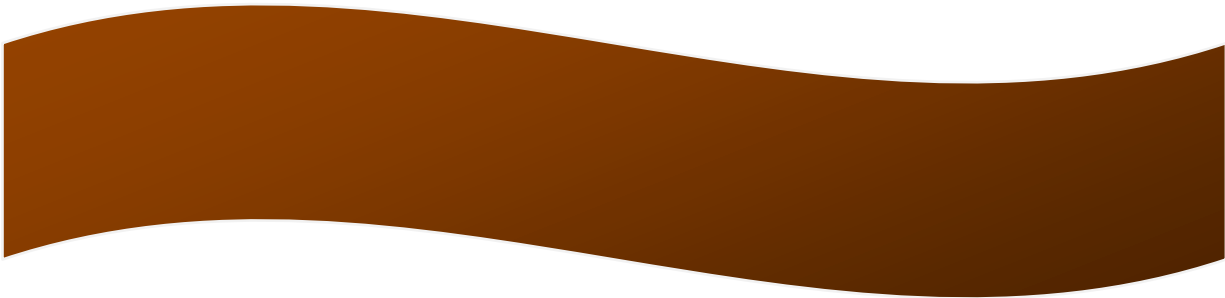


	Registered Voters	Total Votes	Turn Out	Republican	Democratic	Libertarian	Other
AUSTIN	18,562	7,182	38.69%	5,813	1,252	81	36
BRAZORIA	183,488	62,280	33.94%	41,373	19,703	932	272
CHAMBERS	25,104	8,415	33.52%	6,778	1,490	114	33
COLORADO	13,414	5,157	38.44%	3,881	1,192	62	22
FORT BEND	363,147	132,468	36.48%	73,749	56,825	1,462	432
GALVESTON	191,961	64,854	33.78%	40,422	23,201	991	240
HARRIS	2,062,792	680,076	32.97%	349,639	320,160	7,818	2,459
LIBERTY	42,265	12,502	29.58%	9,576	2,681	178	67
MATAGORDA	20,945	6,952	33.19%	4,691	2,115	116	30
MONTGOMERY	281,496	104,895	37.26%	83,938	19,179	1,434	344
WALKER	30,160	11,387	37.76%	7,669	3,476	196	46
WALLER	29,871	9,195	30.78%	6,329	2,741	85	40
WHARTON	24,663	8,399	34.06%	6,215	2,075	75	34
H-GAC Region	3,287,868	1,113,762	33.87%	640,073	456,090	13,544	4,055

Source: Office of the Secretary of State



# Single Audit Section





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Houston-Galveston Area Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2015, 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 6, 2016.

**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.

To the Board of Directors  
Houston-Galveston Area Council

### **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.

*Whitley Penn LLP*

Houston, Texas  
June 6, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

To the Board of Directors  
Houston-Galveston Area Council

**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 the *State of Texas Uniform Grant Management Standards* that could have a direct and material effect on each of Council's major federal and state programs for the year ended December 31, 2015. 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 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 each of 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Texas Uniform Grant Management Standards*. Those standards, the Uniform Guidance and the *State of Texas Uniform Grant Management Standards* 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 each major federal and state program. However, our audit does not provide a legal determination of the Council's compliance.

To the Board of Directors  
Houston-Galveston Area Council

### ***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 each of its major federal and state programs for the year ended December 31, 2015.

### **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 each major federal and state program 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 the *State of Texas Uniform Grant Management Standards*, 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 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 the *State of Texas Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
June 6, 2016



Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>FEDERAL PROGRAMS</b>				
<b>PRIMARY GOVERNMENT:</b>				
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Direct Program				
USDA-RD-HCFP-RCDI-2013	Rural Community Development Initiative	10.446	<u>43,944</u>	-
	Total - Direct Program		<u>43,944</u>	-
SNAP Cluster				
Passed Through the Texas Workforce Commission				
2815WPA000	Employment Services - 2015	10.561	117	-
2816WCI000	Special Projects	10.561	99	-
2815SNE000	SNAP E&T - 2015	10.561	1,458,577	1,334,697
2815SNA000	SNAP E&T ABAWD - 2015	10.561	<u>1,640,795</u>	<u>1,533,250</u>
	Total - SNAP Cluster		<u>3,099,588</u>	<u>2,867,947</u>
	Total - Texas Workforce Commission		<u>3,099,588</u>	<u>2,867,947</u>
	<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>		<u>3,143,532</u>	<u>2,867,947</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
CDBG Cluster				
Passed Through the Texas Department of Agriculture				
C714218	Community Development Block Grant - 2015	14.228	10,022	-
C715218	Community Development Block Grant - 2016	14.228	<u>1,081</u>	-
	Total - Texas Department of Agriculture		<u>11,103</u>	-
Passed Through the General Land Office				
12-506-000-6719	CDBG - Disaster Recovery Program Non-Rental Housing Projects	14.228	16,445,004	15,711,776
12-505-000-6718	CDBG - IKE Admin Rental	14.228	252,573	-
13-245-000-7444	CDBG - Disaster Recovery Program Non-Rental Housing Projects-Chambers	14.228	20,820	( 5,833)
12-505-000-6718	CDBG - IKE Single Family Rental	14.228	1,727,284	1,727,284
12-505-000-6718	CDBG - IKE Multi Family Rental	14.228	65,906	65,906
12-506-000-6719	CDBG - IKE Rapid Housing	14.228	<u>703,768</u>	-
	Total - General Land Office		<u>19,215,355</u>	<u>17,499,133</u>
	Total - CDBG Cluster		<u>19,226,458</u>	<u>17,499,133</u>
	<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>19,226,458</u>	<u>17,499,133</u>
<b>DEPARTMENT OF JUSTICE</b>				
2992701	Criminal Justice Planning - 2016	16.540	<u>72,562</u>	-
	Subtotal - Criminal Justice Planning		<u>72,562</u>	-
2606704	CJD Juvenile Mental Health Project 2016	97.607	<u>31,818</u>	<u>21,834</u>
	Subtotal - Juvenile Mental Health		<u>31,818</u>	<u>21,834</u>
	<b>TOTAL DEPARTMENT OF JUSTICE</b>		<u>104,380</u>	<u>21,834</u>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>U.S. DEPARTMENT OF LABOR</b>				
Employment Services Cluster				
Passed Through the Texas Workforce Commission				
2815RAG000	Employment Services - Resource Admin Grant - 2015	17.207	11,543	-
2816RAG000	Employment Services - Resource Admin Grant - 2016	17.207	3,766	-
2816WCI000	Special Projects	17.207	63,927	57,421
2815WPA000	Employment Services - 2015	17.207	944,860	742,987
2816WPA000	Employment Services - 2016	17.207	<u>17,285</u>	<u>2,726</u>
	Total - Texas Workforce Commission		<u>1,041,381</u>	<u>803,134</u>
Passed Through Texas Veterans Commission				
VES 13-28	Disabled Veterans' Outreach Program	17.801	280,895	257,662
VES 16-28	Disabled Veterans' Outreach Program	17.801	<u>58,689</u>	<u>54,516</u>
	Total - Texas Veterans Commission		<u>339,584</u>	<u>312,178</u>
	Total - Employment Services Cluster		<u>1,380,965</u>	<u>1,115,312</u>
2815RAG000	Unemployment Insurance - Resource Admin Grant - 2015	17.225	3,848	-
2816RAG000	Unemployment Insurance - Resource Admin Grant - 2016	17.225	<u>1,255</u>	-
	Subtotal - 17.225		<u>5,103</u>	-
2815WPA000	Employment Services - 2015	17.245	296	296
2815TRA000	Trade Act Services for Dislocated Workers - 2015	17.245	990,435	965,598
2816TRA000	Trade Act Services for Dislocated Workers - 2016	17.245	<u>42,416</u>	<u>14,739</u>
	Subtotal - 17.245		<u>1,033,147</u>	<u>980,633</u>
WIA Cluster				
2815WPA000	Employment Services - 2015	17.258	5,959	5,959
2815RSC000	Recognized Skills	17.258	413	-
2814WIA000	WIA Adult Program - PY2014	17.258	10,608,136	10,061,811
2815WOA000	WIA Adult Program - PY2015	17.258	1,522,153	1,375,347
2815WPA000	Employment Services - 2015	17.259	1,050	1,050
2814WY000	WIA Youth - PY2014	17.259	10,305,132	10,029,717
2815WOY000	WIA Youth - PY2015	17.259	1,934,537	1,787,737
2815WIP000	Local Innovation Partnership	17.278	20,211	11,040
2815WOR000	Rapid Response	17.278	69,215	-
2815WSW001	Externship	17.278	46,814	44,850
2814WID000	WIA Dislocated Worker - PY2014	17.278	8,908,526	8,263,241
2815WOD000	WIA Dislocated Worker - PY2015	17.278	<u>1,984,517</u>	<u>1,837,781</u>
	Total - WIA Cluster		<u>35,406,663</u>	<u>33,418,534</u>
2815RAG000	Resource Administration Grant - 2015	17.273	1,016	-
2816RAG000	Resource Administration Grant - 2016	17.273	<u>331</u>	-
	Subtotal - 17.273		<u>1,347</u>	-
2814NEG000	NEG	17.277	1,261,878	1,231,226
2815NDW000	NEG - SP	17.277	7,600	-
2815NEG000	NEG - JD	17.277	<u>774,495</u>	<u>711,627</u>
	Subtotal - 17.277		<u>2,043,973</u>	<u>1,942,853</u>
2815WDR000	Disconnected Youth	17.280	<u>8,683</u>	-
	Subtotal - 17.280		<u>8,683</u>	-
	Total - Texas Workforce Commission		<u>39,540,297</u>	<u>37,145,154</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>39,879,881</u>	<u>37,457,332</u>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Highway Planning and Construction Cluster				
Passed Through the Texas Department of Transportation				
0912-00-362	Clean Cities/Vehicles - 2011	20.205	375,666	375,666
0912-00-467	Clean Cities/Vehicles - 2013	20.205	554,077	92,664
0912-00-357	Clean Air Action - Market	20.205	( 3,529)	-
0912-00-474 TASK 1 & 2	Clean Air Action Program, Federal Highway Administration	20.205	197,663	-
0912-00-486 TASK 1	Freeway Surveillance	20.205	32,076	32,076
0912-00-475	Clean Cities/Vehicles - 2013	20.205	4,844,710	4,520,983
0912-00-486	Motorist Assistance	20.205	800,000	800,000
0912-00-481	Study to Identify Operational Improvements	20.205	435,477	-
0912-00-462 TASK 1	Clean Air Action Marketing and Outreach-Admin.	20.205	184,243	-
0912-00-462 TASK 3	Clean Air Action Marketing and Outreach-Contractor	20.205	255,643	-
0912-00-491	Livable Centers Planning Studies	20.205	379,962	-
0912-00-499	Commute Solutions Program - Rideshare	20.205	217,000	-
0912-72-030	Reg Commute Alter - 2007	20.205	( 220)	( 220)
0912-00-320	Safety Hot Spots	20.205	56,909	-
0912-00-395 TASK 1	Access Management Studies	20.205	275,277	-
0912-00-498 TASK 1	Regional Rideshare Carpool - Marketing and Outreach	20.205	182,387	-
0912-00-498 TASK 3	Regional Rideshare Carpool - Nuride	20.205	155,000	-
0912-00-367 TASK 1	Commuter Transit Pilot Program FY10	20.205	487,872	487,872
50-15XF0015	Administration - 2015	20.205	1,615,953	-
50-15XF0015	Data Development & Maintenance - 2015	20.205	1,435,834	-
50-15XF0015	Short Range Planning - 2015	20.205	786,457	-
50-15XF0015	Long Range Plan - 2015	20.205	1,807,803	254,447
50-15XF0015	Special Studies - 2015	20.205	204,837	-
50-16XF0015	Administration - 2016	20.205	594,196	-
50-16XF0015	Data Development & Maintenance - 2016	20.205	525,324	-
50-16XF0015	Short Range Planning - 2016	20.205	317,701	-
50-16XF0015	Long Range Plan - 2016	20.205	451,354	15,404
50-16XF0015	Special Studies - 2016	20.205	21,089	-
	Total - Highway Planning and Construction Cluster		<u>17,190,761</u>	<u>6,578,894</u>
SPR - 0420(213) Work Program - Part 1	Reg Coordinated Planning	20.515	5,974	-
SPR-Travel Options Research	Commute Solutions SPR	20.515	<u>65,048</u>	-
	Subtotal - 20.515		<u>71,022</u>	-
Highway Safety Cluster				
585-EGF-8068	DWI Selective Traffic Enforcement-2015	20.600	52,334	52,334
2016-HGAC-S-1YG-0087	DWI Selective Traffic Enforcement-2016	20.600	<u>14,102</u>	<u>14,102</u>
	Total - Highway Safety Cluster		<u>66,436</u>	<u>66,436</u>
	Total - Texas Department of Transportation		<u>17,328,219</u>	<u>6,645,329</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>17,328,219</u>	<u>6,645,329</u>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Direct Programs:				
2A-83440901-0	DERA Revolving Loan Program - ARRA (Value of New Loans Made in 2015 - \$560,708) (Beginning Balance of Loans from Previous Years - \$5,004,567) (Cash and Administrative Cost - \$2,570,195)	66.039	8,135,470	-
DE-00F42401-0	Clean Vessels for Texas Waters	66.039	282,812	280,770
DE-00F31901-0	Clean Marine Non Road	66.039	393,099	389,926
	Subtotal - 66.039		8,811,381	670,696
MX-00D19614-0	Gulf of Mexico Program	66.475	115,902	-
	Subtotal - 66.475		115,902	-
	Total - Direct Programs		8,927,283	670,696
Passed Through the Texas Commission on Environmental Quality				
582-14-40163	Water Quality Management Planning - 2014	66.454	6,610	-
582-15-50104	Water Quality Management Planning - 2015	66.454	74,117	-
582-16-60224	Water Quality Management Planning - 2016	66.454	38,649	-
582-12-22310	GBEP - Cedar Bayou	66.454	38,203	-
	Subtotal - 66.454		157,579	-
582-15-52148	Bacteria Implementation Group's Top Five/Least Five	66.456	15,614	-
582-15-50886	Trash Bash 2015-2016	66.456	551	-
	Subtotal - 66.456		16,165	-
582-14-40156	Bastrop Bayou-WQMP (319H)	66.460	9,479	-
582-14-40154	319 Trash Bash Storage	66.460	69,915	-
582-15-56349	Westfork, San Jacinto, & Clear Lake	66.460	47,789	-
	Subtotal - 66.460		127,183	-
	Total - Texas Commission on Environmental Quality		300,927	-
Passed Through the Texas State Soil and Water Conservation Board				
10-08	Watershed Protection Plan - Cedar Bayou	66.460	52,957	2,880
	Subtotal - 66.460		52,957	2,880
	Total - Texas State Soil and Water Conservation Board		52,957	2,880
	<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>		9,281,167	673,576
<b>DEPARTMENT OF ENERGY</b>				
Direct Programs:				
DE-EE0005979	Houston Zero Emission Delivery Vehicle Deployment	81.086	186,525	163,171
DE-EE0005978	Hydrogen Fuel-Cell Electric Hybrid Truck Demonstration	81.086	1,319,336	1,296,714
DE-EE0006092	Recipe for Fueling Diversity of Alternative Fuels	81.086	91,378	58,930
	Subtotal - 81.086		1,597,239	1,518,815
	<b>TOTAL DEPARTMENT OF ENERGY</b>		1,597,239	1,518,815
<b>DEPARTMENT OF EDUCATION</b>				
Passed Through the Texas Workforce Commission				
2815WPA000	Employment Services - 2015	84.002A	7,000	7,000
2816WCI000	Special Projects	84.002A	2,476	-
2814AELA00	Adult Education and Literacy	84.002A	10,794,090	10,244,835
	Total - Texas Workforce Commission		10,803,566	10,251,835
	<b>TOTAL DEPARTMENT OF EDUCATION</b>		10,803,566	10,251,835

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed Through the Texas Department of Aging and Disability Services				
539-11-0024-00001	Aging Title VII EAP - 2015	93.041	16,286	-
539-11-0024-00001	Aging Title VII EAP - 2016	93.041	4,111	-
	Subtotal - 93.041		20,397	-
539-11-0024-00001	Aging Title VII OAG - 2015	93.042	31,653	-
539-11-0024-00001	Aging Title VII OM - 2016	93.042	14,042	-
	Subtotal - 93.042		45,695	-
539-11-0024-00001	Aging Title III, Part D - 2015	93.043	43,624	43,624
	Subtotal - 93.043		43,624	43,624
Aging Cluster				
539-11-0024-00001	Aging Title III, Part B - 2015	93.044	1,683,356	1,653,948
539-11-0024-00001	Aging Title III, Part B - 2016	93.044	549,672	464,468
539-11-0024-00001	Aging Title III, Part C - 2015	93.045	1,724,314	1,367,967
539-11-0024-00001	Aging Title III, Part C - 2016	93.045	836,281	704,163
539-11-0024-00001	Aging NSIP - 2015	93.053	371,331	371,331
539-11-0024-00001	Aging NSIP - 2016	93.053	94,036	94,036
	Total - Aging Cluster		5,258,990	4,655,913
539-11-0024-00001	Aging Title III, Part E - 2015	93.052	481,030	424,898
539-11-0024-00001	Aging Title III, Part E - 2016	93.052	248,659	231,912
	Subtotal 93.052		729,689	656,810
539-11-0024-00001	ATRA-MIPPA Priority 2 - 2015	93.071	31,298	-
539-11-0024-00001	ATRA-MIPPA Priority 2 - 2016	93.071	5,805	-
	Subtotal 93.071		37,103	-
539-11-0024-00001	Aging CMS Basic (04/01/15-03/31/16)	93.777	123,381	-
	Subtotal - 93.777		123,381	-
539-11-0024-00001	OMB-MFPD - 2015	93.791	12,814	-
	Subtotal - 93.791		12,814	-
	Total - Texas Department of Aging and Disability Services		6,271,693	5,356,347
TANF Cluster				
Passed Through the Texas Workforce Commission				
2815TAN000	TANF Choices - 2015	93.558	11,234,435	11,234,435
2816TAN000	TANF Choices - 2016	93.558	2,644,301	2,613,955
2815NCP000	TANF E&T - Noncustodial Parent Empl - 2015	93.558	525,988	525,988
2816NCP000	TANF E&T - Noncustodial Parent Empl - 2016	93.558	149,961	143,262
2814AEL000	Adult Education and Literacy	93.558	572,949	572,949
2814WPA000	Employment Services - 2014	93.558	13,239	-
2815WPA000	Employment Services - 2015	93.558	1,071	1,071
2816WPA000	Employment Services - 2016	93.558	758	-
	Total - TANF Cluster		15,142,702	15,091,661
CCDF Cluster				
2815WPA000	Employment Services - 2015	93.575	2,246	2,246
2815CCF000	Child Care CCDF - 2015	93.575	37,165,370	37,165,370
2816CCF000	Child Care CCDF - 2016	93.575	4,348,398	4,300,254
2815CAA000	CC Attendance Auto Services - 2015	93.575	637,943	637,943
2816CAA000	CC Attendance Auto Services - 2016	93.575	213,510	213,510
2815CCQ000	Child Care Quality - 2015	93.575	2,219,994	2,219,994
2816CCQ000	Child Care Quality - 2016	93.575	478,460	478,460
2815CQI000	Child Care Quality Inclusion	93.575	1,142,756	1,142,361
2815CCF000	Child Care (BAPA) - 2015	93.596	20,233,177	19,570,098
2816CCF000	Child Care (BAPA) - 2016	93.596	14,203,967	14,193,758
2815CCM000	Child Care Local Initiatives - 2015	93.596	15,580,673	15,580,673
	Total - CCDF Cluster		96,226,494	95,504,667
2816CCF000	Child Care - 2016	93.667	475,280	470,000
	Subtotal - 93.667		475,280	470,000
	Total - Texas Workforce Commission		111,844,476	111,066,328
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>118,116,169</b>	<b>116,422,674</b>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed Through the Texas Department of Public Safety				
13-SR 99012-01	Homeland Security Grant Program - SHSP - 2013	97.067	32,788	-
14-SR 99012-01	Homeland Security Grant Program - SHSP - 2014	97.067	110,567	-
14-SR 99012-02	Homeland Security Grant Program - Management and Administrative 2014	97.067	31,725	-
15-SR 99012-02	Homeland Security Grant Program - Management and Administrative 2015	97.067	2,839	-
	Subtotal - 97.067		<u>177,919</u>	<u>-</u>
	Total - Texas Department of Public Safety		<u>177,919</u>	<u>-</u>
	<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<u>177,919</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT</b>			<u>219,658,530</u>	<u>193,358,475</u>
<b>DISCRETELY PRESENTED COMPONENT UNIT:</b>				
<b>U.S. DEPARTMENT OF COMMERCE</b>				
08-83-05025	Economic Development - Support for Planning Organizations	11.302	40,593	-
Economic Development Cluster				
08-69-04356	Economic Adjustment Assistance - Revolving Loan Fund	11.307	1,762,914	-
(Value of New Loans Made in 2015 - \$0.00)				
(Beginning Balance of Loans from Previous Years - \$1,467,758)				
(Cash and Administrative Cost - \$295,156)				
	Total - Economic Development Cluster		<u>1,762,914</u>	<u>-</u>
	<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>		<u>1,803,507</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - DISCRETELY PRESENTED COMPONENT UNIT</b>			<u>1,803,507</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY</b>			<u>221,462,037</u>	<u>193,358,475</u>
<b>STATE PROGRAMS</b>				
<b>PRIMARY GOVERNMENT:</b>				
<b>OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION</b>				
PS14-689	Criminal Justice Planning - 2015		176,461	-
	Subtotal - Criminal Justice Planning		<u>176,461</u>	<u>-</u>
SF-14-A10-14719-13	Law Enforcement Training - 2014-2015		270,459	189,337
SF-15-A10-14719-13	Law Enforcement Training - 2016-2017		69,499	44,886
	Subtotal - Law Enforcement Training		<u>339,958</u>	<u>234,203</u>
SF-15-J20-26067-03	CJD Juvenile Mental Health Project 2015		119,972	-
	Subtotal - Juvenile Mental Health		<u>119,972</u>	<u>-</u>
	<b>TOTAL OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION</b>		<u>636,391</u>	<u>234,203</u>
<b>TEXAS COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>				
N/A	911 Emergency - 2015		3,275,101	2,502,672
N/A	911 Emergency - 2016		1,357,261	1,012,643
	<b>TOTAL TEXAS COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>		<u>4,632,362</u>	<u>3,515,315</u>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>				
Direct Programs:				
582-14-40582	Solid Waste - 2014 - 2015		1,104,971	591,726
582-16-60655	Solid Waste - 2016 - 2017		118,887	-
	Subtotal - Solid Waste		1,223,858	591,726
582-13-30063	Galveston Bay Watershed - Bayou Preservation Association		5,439	-
	Subtotal - Bayou Preservation Association		5,439	-
582-14-42709 WO#2	TMDL BIG 2015		165,450	-
582-14-42709 WO#1	TMDL Upper Oyster Waters 2015		12,512	-
582-14-42709 WO#5	TMDL BIG 2016		34,956	-
582-14-42709 WO#3	TMDL BRAZOS-COLORADO COASTAL BASIN 13		11,719	-
582-14-42709 WO#4	TMDL SAN JACINTO - BRAZOS COASTAL BASIN 11		14,119	-
	Subtotal - TMDL		238,756	-
582-14-40086	Texas Clean Rivers - 2014-2015		724,916	81,149
582-16-60168	Texas Clean Rivers - 2016-2017		316,080	26,404
	Subtotal - Clean Rivers		1,040,996	107,553
582-13-30338	Third Party Texas Emissions Reduction Plan		419,378	419,378
	Total - Direct Programs		2,928,427	1,118,656
Passed Through Harris County				
582-12-20273	Air Check Texas - 2015		1,683,019	1,557,666
582-12-20273	Air Check Texas - 2016		580,356	493,260
	Total - Air Check Texas - Harris County		2,263,375	2,050,926
Passed Through Fort Bend County				
582-12-20281	Air Check Texas - 2015		143,083	128,352
582-12-20281	Air Check Texas - 2016		123,992	104,631
	Total - Air Check Texas - Fort Bend County		267,075	232,983
Passed Through Brazoria County				
582-12-20280	Air Check Texas - 2015		109,239	103,515
582-12-20280	Air Check Texas - 2016		18,964	16,858
	Total - Air Check Texas - Brazoria County		128,203	120,372
Passed Through Galveston County				
582-12-20283	Air Check Texas - 2015		111,680	102,748
582-12-20283	Air Check Texas - 2016		30,533	26,730
	Total - Air Check Texas - Galveston County		142,213	129,478
Passed Through Montgomery County				
582-12-20282	Air Check Texas - 2015		182,755	167,980
582-12-20282	Air Check Texas - 2016		30,003	27,260
	Total - Air Check Texas - Montgomery County		212,758	195,240
	<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		<b>5,942,051</b>	<b>3,847,655</b>
<b>TEXAS A&amp;M AGRILIFE EXTENSION SERVICE</b>				
TMDL-2014-13003-31030	Mill Creek Watershed Protection		37,549	-
	Total - Texas A&M AgriLife Extension Service		37,549	-
	<b>TOTAL TEXAS A&amp;M AGRILIFE EXTENSION SERVICE</b>		<b>37,549</b>	<b>-</b>
<b>TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES</b>				
539-11-0024-00001	State General Revenue - 2015		183,170	137,171
539-11-0024-00001	State General Revenue - 2016		293,728	263,591
539-11-0024-00001	SNAP/Benefits Counseling		20,000	-
539-11-0024-00001	OMB ALF Services - 2015		1,158	-
539-11-0024-00001	OMB ALF Services - 2016		21,164	-
	<b>TOTAL TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES</b>		<b>519,220</b>	<b>400,762</b>

Grantor's ID Number	Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Total Expenditures and Indirect Costs	Pass Through
<b>TEXAS WORKFORCE COMMISSION</b>				
2815SNE000			83,650	83,650
2816SNE001	SNAP E&T - 2015		<u>912,984</u>	<u>836,327</u>
	SNAP E&T - 2016		<u>996,634</u>	<u>919,977</u>
	Subtotal - SNAP E&T			
2815RAG000			2,823	-
2816RAG000	Resource Administration Grant - 2015		<u>1,050</u>	-
	Resource Administration Grant - 2016		<u>3,873</u>	-
	Subtotal - Resource Administration Grant			
2815WPA000			117	-
2816WCI000	Employment Services - 2015		<u>99</u>	-
	Special Projects		<u>216</u>	-
	Subtotal - ES Wagner Peyser/Special Projects			
2815TAN000			1,167,070	470,185
2816TAN000	TANF Choices - 2015		71,759	-
2815NCP000	TANF Choices - 2016		196,449	130,444
2816NCP000	TANF E&T - Noncustodial Parent Empl - 2015		<u>66,739</u>	<u>60,588</u>
	TANF E&T - Noncustodial Parent Empl - 2016		<u>1,502,017</u>	<u>661,217</u>
	Subtotal -TANF Choices			
2815CCP000			5,692,811	5,678,444
2816CCP000	Child Care DFPS - 2015		<u>3,571,833</u>	<u>3,566,913</u>
	Child Care DFPS - 2016		<u>9,264,644</u>	<u>9,245,357</u>
	Subtotal - Child Care DFPS			
2814AEL000			<u>2,476,603</u>	<u>2,476,603</u>
	Adult Education and Literacy			
2815CCF000			19,160,154	19,160,154
2816CCF000	CCDF Child Care - 2015		2,814,150	2,750,000
2815CCM000	CCDF Child Care - 2016		<u>100,000</u>	<u>100,000</u>
	Child Care Local Match - 2015		<u>22,074,304</u>	<u>22,010,154</u>
	Subtotal - Child Care			
			<u>36,318,291</u>	<u>35,313,308</u>
<b>TOTAL TEXAS WORKFORCE COMMISSION</b>				
<b>TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT</b>			<u>48,085,864</u>	<u>43,311,243</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY</b>			<u>\$ 269,547,900</u>	<u>\$ 236,669,717</u>



**HOUSTON-GALVESTON AREA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance). Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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	\$ 274,315,324
Add: Depreciation charged to grant programs	382,933
Add: Gulf Coast Economic Development Corporation federal expenditures	1,803,507
Add: EPA RLF reconciling items from notes 5 below	7,642,376
Less: In-Kind Expenditures	(13,754,397)
Less: Program Income	(26,522)
Less: Cash Match	(190,539)
Less: Expenditures funded by local grant revenues	(624,782)
Total Federal and State Schedule	<u>\$ 269,547,900</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 12/31/2015	\$ 1,225,894
Cash and investment balance at 12/31/2015	360,885
Administrative costs during the fiscal year	15,963
Unpaid principal of loans written off during the fiscal year	<u>160,172</u>
Total EDA Revolving Loan Fund Expenditures	1,762,914
Federal Participation Rate	100%
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 1,762,914</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 2015	\$ 560,708
Ending balance of loans made in previous years	3,053,760
Administrative costs during the fiscal year	245,201
Cash and investment balance at 12/31/2015	4,268,738
Unpaid principal of loans written off during the fiscal year	<u>7,062</u>
Total EPA Revolving Loan Fund Expenditures	8,135,469
Federal Participation Rate	100%
Total Federal Share of EPA Revolving Loan Fund Expenditures	<u>\$ 8,135,469</u>

**6 FEDERAL PROGRAM TOTALS**

Some programs include awards received from multiple federal funding grantors

Texas Department of Agriculture	\$ 11,103
General Land Office	19,210,258
Total CFDA #14.228	<u>\$ 19,221,361</u>
Texas Workforce Commission	\$ 1,039,543
Texas Veterans Commission	339,585
Total Employment Service Cluster	<u>\$ 1,379,128</u>
Texas Commission on Environmental Quality	\$ 127,183
Texas State Soil and Water Conservation Board	52,957
Total CFDA #66.460	<u>\$ 180,140</u>

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**Houston-Galveston Area Council**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended December 31, 2015*

<b>I. Summary of Auditors' Results</b>	
<b>Financial Statements</b>	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
<b>Federal Awards</b>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None

Identification of major programs:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Numbers</b>
Trade Adjustment Assistance - Employment Services and Trade Act Services for Dislocated Workers	17.245
Workforce Investment Act (WIA) National Emergency Grants	17.277
Conservation Research and Development	81.086
Aging Cluster	
Special Programs for the Aging – Title III, Part B	93.044
Special Programs for the Aging – Title III, Part C	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) Cluster	93.558
CCDF Cluster	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$3,000,000
2. Federal Single Audit - Auditee qualified as low-risk auditee?	Yes

**Houston-Galveston Area Council**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
*For the Year Ended December 31, 2015*

<b>I. Summary of Auditors' Results (continued)</b>	
<b>State Awards:</b>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) UGMS?	None
Identification of major programs:	
<b>Name of State Program or Cluster</b>	<b>CFDA Number</b>
CSEC - 911 Emergency	N/A
TCEQ - Solid Waste	N/A
TCEQ - Third Party TERP	N/A
TDADS - State General Revenue TDADS - SNAP/Benefits Counseling TDADS - OMB ALF Services	N/A
TWC - TANF Choices TWC - TANF E&T - Noncustodial Parent EmPLY	N/A
TWC - Child Care DFPS TWC - Child Care TWC - Child Care Local Match	N/A
1. Dollar Threshold Considered Between Type A and Type B Programs	\$441,770
2. State Single Audit - Auditee qualified as low-risk auditee?	Yes

**II. Financial Statement Findings**

There were no current year findings.

**III. Federal and State Award Findings and Questioned Costs.**

There were no current year findings or questioned costs.

**IV. Status of Prior Year Findings**

There were no findings in the prior year.

**Houston-Galveston Area Council**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended December 31, 2015***

**V. Corrective Action**

Not applicable.

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