

Annual Comprehensive Financial Report



East Texas Council of Governments

Fiscal Year Ended
September 30, 2022

**east Texas
council of
GOVERNMENTS**

The logo for the East Texas Council of Governments features the organization's name in a bold, black, sans-serif font. The text is arranged in three lines: "east Texas" on the top line, "council of" on the middle line, and "GOVERNMENTS" on the bottom line. The word "east" is positioned to the left of "Texas", and "GOVERNMENTS" is positioned below "council of". Three stylized Christmas trees, each with green and black horizontal stripes, are integrated into the design. One tree is positioned above the letter 'T' in "Texas", another is positioned above the letter 'I' in "council", and a third is positioned above the letter 'M' in "GOVERNMENTS".

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

**EAST TEXAS COUNCIL OF GOVERNMENTS
KILGORE, TEXAS**

For the Year Ended
September 30, 2022

Division of Operations
Wendi Horst, Director

Financial
Services:

Sloane Bodle
Christy Cross
Staci Reynolds
De Ann Jordan
Glenda Lamothe
Elizabeth Jones

Inventory, Monitoring,
Procurement & Contracts:

Gini Blackwell
Rita Hitt
Noweka Harvey
Michaela Marotta
Kelly Horn
Tiffany Combs
Katelyn Andrews
Patricia Hudspeth
Christine Weems



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EAST TEXAS COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION



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3800 STONE ROAD, KIIGORE, TEXAS 75662
Office 903/218-6400 □ FAX 903/983-1440

SERVING A FOURTEEN COUNTY REGION

March 31, 2023

The Honorable Mayor Ben Middlebrooks, City of Rusk
and Members of the Executive Committee
East Texas Council of Governments
3800 Stone Road, Kilgore, TX 75662

Dear Mayor Middlebrooks, Members of the Board of Directors & Executive Committee:

The Annual Comprehensive Financial Report of The East Texas Council of Governments (ETCOG, the Council) for the fiscal year ended September 30, 2022 is hereby submitted in accordance with Article XI of the Council's bylaws. The Council is responsible for the establishment and maintenance of internal accounting controls to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

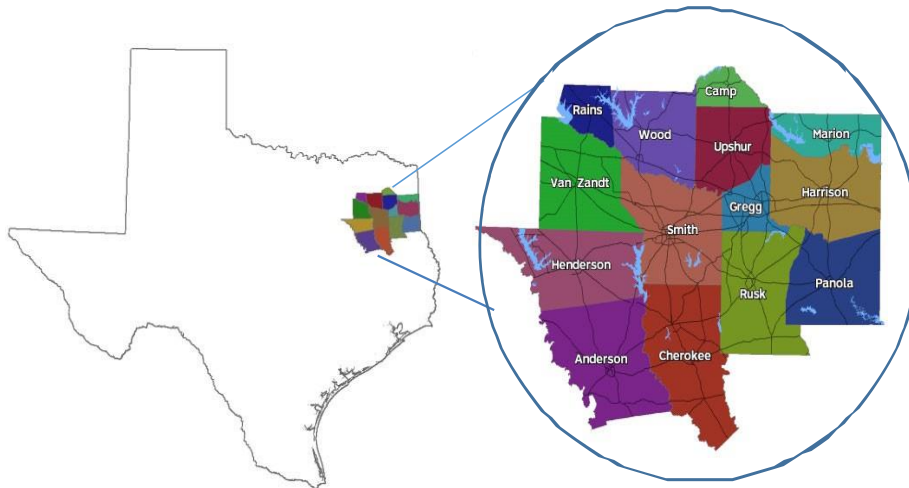
To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects and properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds. Furthermore, all disclosures have been made to enable the reader to acquire a reasonable understanding of the Council's financial operations for the reporting period.

The audit meets the requirements of the federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the 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.

Pattillo, Brown, & Hill, LLP, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the Council's financial statements for the year ended September 30, 2022. The auditors' report on the financial statements is included in the financial section of this report and the auditor's report related specifically to the single audit is included in the Single Audit Section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE EAST TEXAS COUNCIL OF GOVERNMENTS

In June 1970, a regional planning commission known as the East Texas Council of Governments (ETCOG) was created under authority of State Law now re-codified as Local Government Code, Chapter 391. The Council is a voluntary membership organization of local governments in a 14- county region of East Texas. The organization is one of 24 regional councils in Texas. Local governments created ETCOG to develop a systematic method of evaluating and addressing common concerns which affect several governmental jurisdictions. Cooperative efforts to resolve regional issues such as unemployment, water and air pollution, crime, emergency communications services, drainage and flooding, transportation, care of the elderly and waste disposal have received collective action through ETCOG. 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. ETCOG is governed by a Board of 137 delegates from member local governments. The Board of Directors is comprised of locally elected officials, members representing county governments, cities, school districts and soil and water conservation districts. The Board of Directors and its Executive Committee, which is elected by and derived from the Board of Directors; determines policy while the Executive Director and Council staff under his direction, is responsible for carrying out that policy. ETCOG's Executive Committee meets monthly to provide specific guidance to the Council. During 2021, ETCOG's membership was comprised of the 14 county governments, 76 cities, 44 school districts, 9 special purpose districts, and 2 river authorities, including all major general-purpose local governments in the region. According to the 2021 estimates from the Texas State Data Center, these member governments represented approximately 879,636 citizens and covered an area of approximately 10,022 square miles. Below is a graphic representation of the ETCOG region and its location in the state of Texas.



VISION STATEMENT

We are a trustworthy organization committed to providing leadership, education, and financial resources to our 14-county region.

MISSION STATEMENT

In order to improve the Quality of Life for all of our Citizens, ETCOG pledges all of its resources to educate and assist its members to accomplish their goals.

FACTORS AFFECTING FINANCIAL CONDITION

ETCOG's financial condition relies more heavily on internal financial controls to ensure compliance with applicable federal and state laws and regulations thus avoiding disallowed (non-reimbursable costs), while managing resources to maximize government's value to the citizens it serves. The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the East Texas Council of Governments operates.

ECONOMIC OUTLOOK AND CONDITIONS

The East Texas Council of Governments serves the growing 14-county East Texas planning region which includes the counties of Anderson, Camp, Cherokee, Gregg, Harrison, Henderson, Marion, Panola, Rains, Rusk, Smith, Upshur, Van Zandt, and Wood. The area is well positioned for economic growth and makes an excellent environment for the Council to operate. Businesses are interested in relocating to East Texas because of the low cost of doing business and the diversity of its economic base. Membership in ETCOG is open to all cities, counties, school districts, and other political subdivisions of the state located within the 14-county East Texas region.

Although the Texas economy has mostly recovered from the COVID-19 pandemic, the state is still facing challenges going into the third year of the pandemic. Stress in supply chains remains high and retailers continue to struggle to keep some products, including household items like toilet paper, and eggs, in stock. The service industry is still struggling to get workers and employers realize the importance of essential workers and keeping those workers. The unemployment rate in East Texas was higher than the statewide average in September 2022 according to the Texas Workforce Commission, but businesses are still struggling to hire. There are a lot more opportunities to work from home now and some parents continue to stay home with their children because of the high cost of childcare.

Renowned economist Dr. Ray Perryman, president of The Perryman Group, held his 39th Economic Outlook presentation for the East Texas economy. After the effects of the pandemic, Perryman said it took the United States 27 months to get back to even, 19 months for the state of Texas, and 18 months for East Texas. However, fallout from the pandemic and related disruptions linger. Both short-term and long-term factors are affecting supplies of workers, and hiring challenges are expected to remain an issue. Solutions will likely involve a variety of shifts ranging from higher pay and greater use of technology and automation. Perryman states, "We are finally seeing signs of inflation beginning to ease, although it's taken unprecedented interest rate hikes to get there. Inflation has been hard on families, businesses, and public entities. The Federal Reserve has shown resolve in raising interest rates to slow the economy, with the magnitude of the adjustments beginning to diminish; the challenge will be doing so without causing a recession."

Despite the hurdles East Texas and its businesses face, the region is still primed for future growth. The Texas economy will likely outpace growth in most parts of the nation in the next few years, with the outlook for long-term growth being positive despite substantial challenges.

MAJOR INITIATIVES

Regional Purchasing Cooperative

ETCOG is proud to announce the recent launch of COGWORKS, a new purchasing cooperative to assist local governments and agencies in reducing product and service purchase costs. COGWORKS satisfies bid law requirements for formal competitive bid processes exceeding a \$50,000 procurement threshold on behalf of participating members and, in doing so, enables members to meet purchasing needs from multi-award discount bids. The main goal through COGWORKS is to ensure direct cost savings by increasing estimated quantity sales and expenditures to participating vendors who, in turn, may offer products and services at competitive discount pricing.

Regional Broadband

ETCOG is proud to reach a milestone in the Regional Broadband Planning Initiative to have nearly all fourteen counties in the region engaged in the grassroots planning project! We are well on our way to developing a strategic plan for up to seventy broadband projects in East Texas. ETCOG has been collaborating with regional elected officials, internet service providers, and contractors to develop an action plan for each county within its fourteen-county region. Nearly half of the counties have completed the project identification phase, and four counties have completed action plans pending review and approval by their commissioner's courts. As of this writing, the Gregg County and Harrison County Commissioners Courts have endorsed their respective Broadband Acton Plans, making these two counties the first in our region to have a fully adopted plan in ETCOG's Broadband Strategic Planning Initiative. The plan adoption now allows ETCOG to seek funding opportunities to implement broadband projects within each county's plan.

Piney Woods 9-1-1 District

Although our 9-1-1 program remains successful under the current State program, in 2017, ETCOG began the process of becoming its own Emergency Communications District. In order for the East Texas Region to form its own District, among other steps, ETCOG must secure a resolution of support from every jurisdiction we serve. As of this writing, one resolution remains to be secured (not including ETCOG and our "hold back" county) and a target date of September 2024 has been established for this transition to be complete. Forming our own Regional Emergency Communications District will allow Local Elected Officials to set policy for the district. It will also increase funding since ETCOG would receive 100% of the land line and wireless fees generated from our service area. This will increase flexibility on the use of funds when the 9-1-1 regional system is under local elected official control.

Rural Transportation Services

ETCOG's GoBus rural transportation system provided 106,889 trips in FY 2022 to ETCOG's 10,000 square mile 14-county region providing access to jobs, medical appointments, social services, shopping and more. This program is state and federally funded through the Texas Department of Transportation (TXDOT) and matched in part by the Area Agency on Aging.

In the November Executive Committee meeting, ETCOG received approval to build an in-house maintenance facility to enhance preventative measures on its vehicles across the service region. The in-house facility will offer a more aggressive maintenance program, in-depth inspections, cost-savings, and will reduce turnaround time for vehicle repairs to get them back on the road, assisting customers sooner and safer while providing safe and reliable transportation services. The \$2.5M projected budget will allow for staff relocation, two vehicle bays, training rooms, and additional parking for regional vehicles. Next steps include a detailed floor plan and schedule for final completion in FY23.

The East Texas Rural Transportation Planning Organization (RTPO); comprised of the County Judges of our fourteen-county region, the Mayors of Longview and Tyler, and the TxDOT District Engineers from Atlanta, Paris and Tyler, work closely with TxDOT and federal officials to secure as much funding and solutions as possible to address Transportation needs in our region every year. The RTPO plans to partner with the TxDOT Districts and the NETRMA to apply for additional funding this next year to help make East Texas roads and highways even safer than they are today.

Area Agency on Aging in East Texas

ETCOG's Area Agency on Aging (AAA) Division provides services such as nutrition services, benefits counseling, caregiver in-home and institutional services, caregiver support, case management and advocacy, evidence-based programs, information referral and assistance, ombudsman, residential repair, and transportation services for the elderly.

Overall, the Area Agency on Aging served a total of 69,031 congregate meals and 452,978 home delivered meals. Other operating indicators for FY-2022 are as follows: Information & Referral 7,244; Care Coordination 2,591; Caregiver Support Coordination 1,655; Transportation 10,750; Homemaker and Personal Assistance 15,164; Caregiver Information Services 64,016; Nutrition Education 879; Emergency Response 901; Respite In Home 16,655; Respite Out of Home 67; Evidence Based Intervention 631; and HICAP assistance and outreach 2,872.

Regional Workforce and Economic Development

ETCOG's Workforce Solutions East Texas (WSET) Staff operates under the guidance of the Workforce Solutions East Texas Board (WSETB) and the Chief Elected Officials (CEO) Board. The Division focuses on promoting active economic development with a premier workforce, attracting, and supporting the growth of business and industry.

The National Association of Regional Councils (NARC) has awarded the East Texas Council of Governments (ETCOG) an Achievement Award for its workforce strategy public forum series partnered with Workforce Solutions East Texas, entitled Rural, Set, Go!, which is an intentional strategy to engage community leaders, business leaders, and community members in candid conversations about the factors influencing their local workforce and economic development needs. The Achievement Awards were presented during an awards ceremony held at the recent NARC 56th Annual Conference & Exhibition held in Columbus, Ohio.

FINANCIAL PLANNING AND POLICIES

The Council has adopted a comprehensive set of financial policies which include Budgetary Control, Internal Control Structure, Investment Policy and Risk Management. In addition, the Council's bylaws and internal policies provide parameters for budget and finance, as well as define standards of ethical conduct.

The Board of Directors approves a region-wide financial plan for revenues and expenditures each year at its September meeting. This annual budget which includes both restricted and unrestricted revenue sources, serves as the foundation of the Council's financial planning and control. Financial plans for the Special Revenue Funds (restricted) are established in accordance with the grant awards received, often spanning more than one year. Appropriations for all projects in the Special Revenue Funds lapse at the end of a contract period, which may not coincide with the fiscal year end of the Council. Control of the financial plan is maintained at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, within restrictions imposed by grantor agencies.

Financial policies are codified in ETCOG's "Financial Management Guide" (FMG) that is updated periodically to reflect changes in financial management guidelines issued from time-to-time by each of our funding agencies. The Texas Workforce "Financial Manual for Grants"; the Texas Administrative Code- "Area Agency on Aging Requirements"; "Uniform Grant Management Standards"; Texas Grant Management Standards, CFR Part 200 and CFR Part 225 and OMB A-133, are examples of rules and regulations that drive the development and content of our FMG.

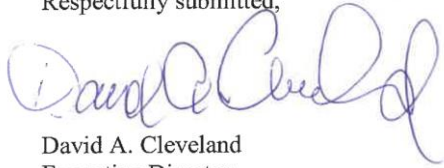
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the East Texas Council of Governments for its Annual Comprehensive Financial Report (ACFR) for the prior fiscal year ended September 30, 2021. This was the twenty-second consecutive year that the Council has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting 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 skill, effort, and dedication of the entire ETCOG team. Sincere appreciation is extended to the Council's independent auditors, Pattillo, Brown, & Hill, LLP, whose expertise greatly assisted in the completion of this report. Finally, I want to thank the members of the ETCOG Executive Committee for their unfailing support for maintaining the highest standards of professionalism in planning and conducting the Council's financial operations.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "David A. Cleveland". The signature is fluid and cursive, with the first name "David" being the most prominent.

David A. Cleveland
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

East Texas Council of Governments

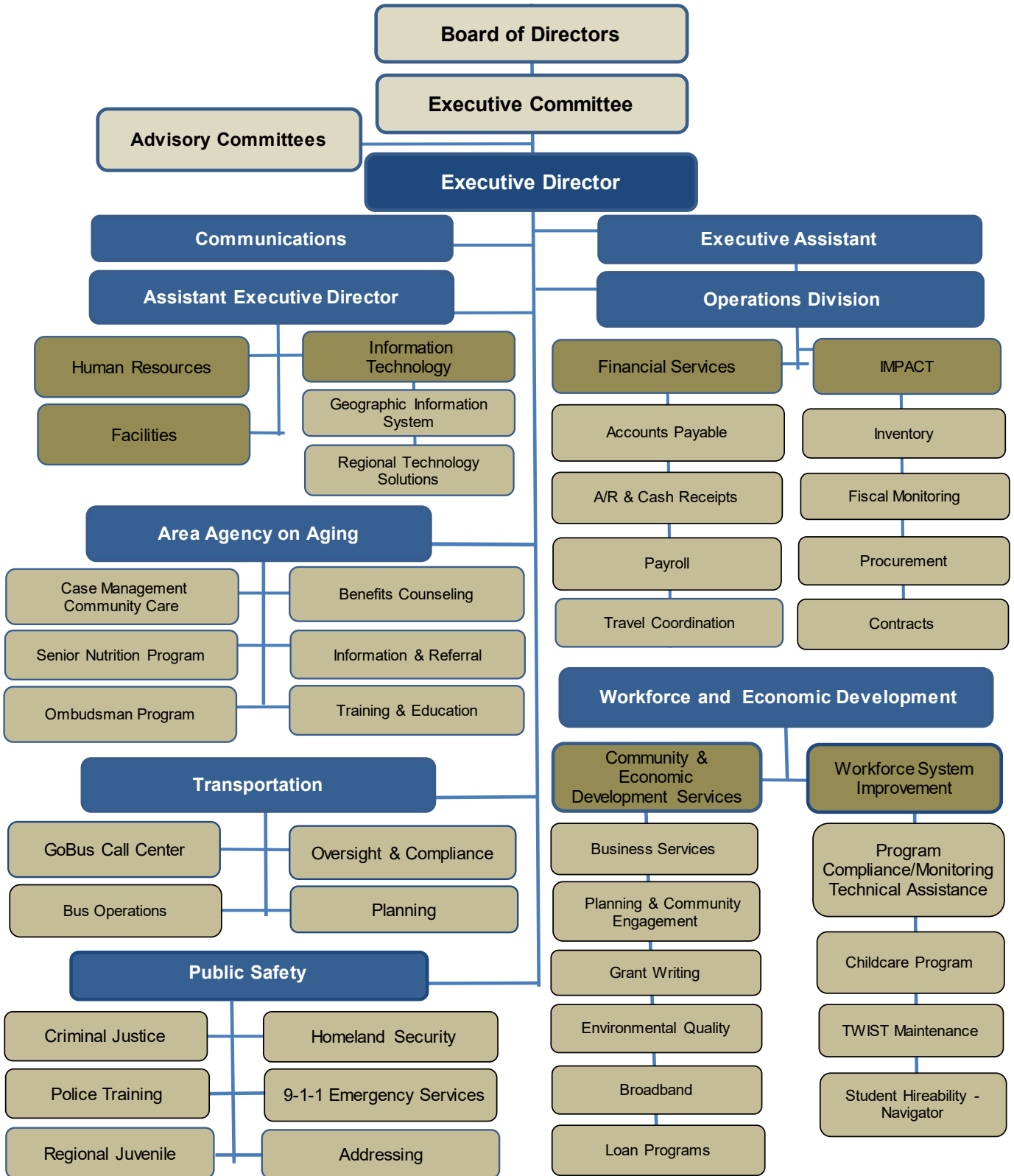
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

East Texas Council of Governments Organizational Chart



EAST TEXAS COUNCIL OF GOVERNMENTS

Principal Officials

Officers of the Executive Committee

2022-2023

Mayor Ben Middlebrooks

Chair

City of Rusk

Commissioner William Hatfield

1st Vice Chair

Harrison County

Mayor Randy Dunn

2nd Vice Chair

City of Quitman

Commissioner JoAnn Hampton

3rd Vice Chair

Smith County

Commissioner Robert Kuykendall

Secretary – Treasurer

Rusk County

ADMINISTRATIVE STAFF

Executive Director

David A. Cleveland

Assistant Executive Director

Brandy Brannon

Director of Public Safety

Stephanie Heffner

Director of Operations

Wendi Horst

Director of Transportation

Vince Huerta

Director of Information Technology

Mike Kader

Director of Area Agency on Aging

Colleen Halliburton

Director of Workforce & Economic Development

Douglas Shryock

Director of Communications

Lindsay Vanderbilt

EAST TEXAS COUNCIL OF GOVERNMENTS

Member Governments

COUNTIES:

Anderson	Henderson	Smith
Camp	Marion	Upshur
Cherokee	Panola	Van Zandt
Gregg	Rains	Wood
Harrison	Rusk	

CITIES:

Alba	Grand Saline	Pittsburg
Alto	Gun Barrel City	Point
Arp	Hallsville	Quitman
Athens	Hawkins	Reklaw
Beckville	Henderson	Rusk
Berryville	Hideaway	Scottsville
Big Sandy	Jacksonville	Seven Points
Brownsboro	Jefferson	Star Harbor
Bullard	Kilgore	Tatum
Canton	Lakeport	Tool
Carthage	Lindale	Town of Enchanted Oaks
Chandler	Log Cabin	Troup
Clarksville	Longview	Tyler
Coffee	Mabank	Union Grove
East Mountain	Malakoff	Van
East Tawakoni	Marshall	Warren City
Easton	Mineola	Waskom
Edgewood	Mt. Enterprise	Wells
Edom	Murchison	White Oak
Elkhart	New London	Whitehouse
Emory	New Summerfield	Wills Point
Eustace	Noonday	Winnsboro
Frankston	Ore City	Winona
Gallatin	Overton	Yantis
Gilmer	Palestine	
Gladewater	Payne Springs	

EAST TEXAS COUNCIL OF GOVERNMENTS

Member Governments

INDEPENDENT SCHOOL DISTRICTS:

Alba Golden ISD	Hawkins ISD	Palestine ISD
Athens ISD	Henderson ISD	Pittsburg ISD
Beckville ISD	Kemp ISD	Quitman ISD
Big Sandy ISD	Kilgore ISD	Rains ISD
Brownsboro ISD	Laneville ISD	Sabine ISD
Carlisle ISD	LaPoyner ISD	Slocum ISD
Carthage ISD	Leveretts Chapel ISD	Tatum ISD
Cayuga ISD	Longview ISD	Trinidad ISD
Crossroads ISD	Malakoff ISD	Waskom ISD
Frankston ISD	Miller Grove ISD	Wells ISD
Gilmer ISD	Mt. Enterprise ISD	West Wood ISD
Grand Saline ISD	Neches ISD	White Oak ISD
Hallsville ISD	New Diana ISD	Winona ISD
Harleton ISD	Ore City ISD	Yantis ISD
Harmony ISD	Overton ISD	

SPECIAL PURPOSE DISTRICTS:

East Cedar Creek Water	Trinity Valley Community College
Harrison County SWCD	Tyler Junior College
Kilgore College	Upshur-Gregg SWCD #417
Panola College	Wood County SWCD #444
Smith County 911 District	

RIVER AUTHORITIES:

Sabine River Authority
Upper Neches River Municipal Water Authority



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Texas Council of Governments
Kilgore, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of East Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Council as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the Council adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The supplemental schedules as listed in the table of contents and the schedule of expenditures of federal and state awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 31, 2023



**east Texas
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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



**east Texas
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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the East Texas Council of Governments (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended September 30, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Council exceeded its liabilities and deferred inflows as of September 30, 2022, by \$8,758,436 (net position). Of this amount, \$3,727,842 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position decreased overall by a total of \$116,154 primarily due to depreciation on capital assets. The Council's primary revenue stream, federal and state grants, generally equals the related program expenses. Program revenues increased \$4,656,520 and general revenues decreased by \$17,759.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$4,408,090, an increase of \$399,215 in comparison with the prior year. Of the total fund balance, approximately 75% is restricted or assigned to specific purposes, and 25% is available for spending at the Council's discretion (unassigned).
- As of September 30, 2022, the fund balance for the General Fund was \$1,277,420, an increase of \$122,771 from prior year. Growth from several sources is credited with the increase such as fee for service contracts, interest, vehicle usage fees and membership dues.
- The Council's total outstanding long-term debt increased by \$1,023,364 during the current fiscal year primarily due to the implementation of GASB Statement No. 87, *Leases*.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information to furnish in additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Council'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 Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related *cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

The Council maintains two governmental funds: the General Fund and one special revenue fund, the Grant Fund. 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 and Grant funds.

The Council’s Board approves a financial plan for revenue and expenditures in all funds. Although the financial plans are reviewed and approved by the Council’s Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 34 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents other schedules that further support the information in the financial statements. The other schedules can be found on pages 38 and 39 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Council's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,758,436 for the period ending September 30, 2022.

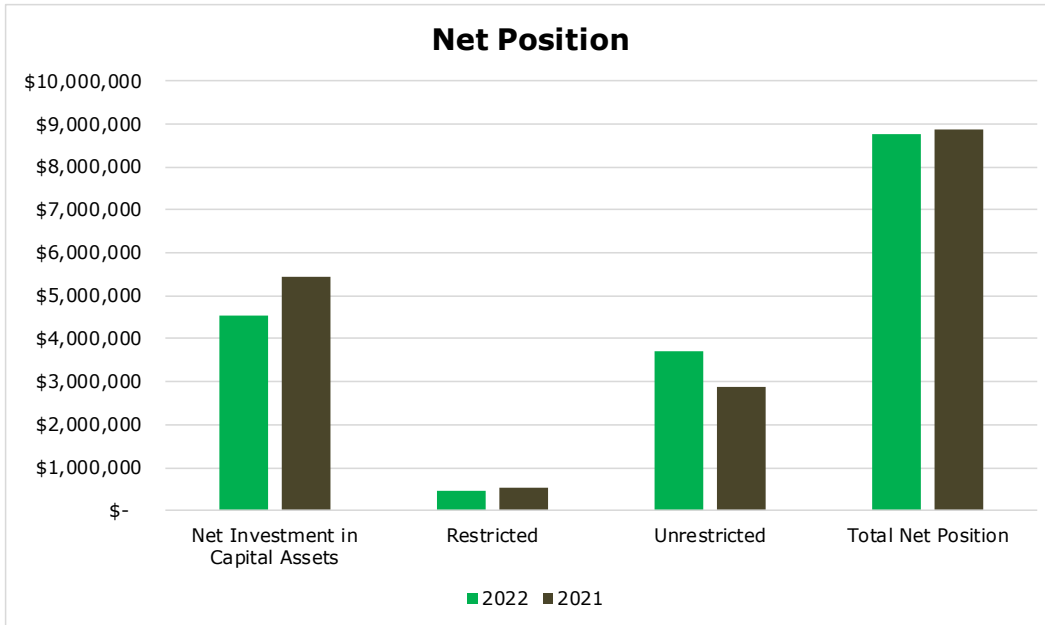
At the end of the 2022 fiscal year, net position for the Council was \$8,758,436 as compared to \$8,874,590 in 2021. The largest portion of the Council’s net position \$5,635,367 (64%) reflects its investments in capital assets (e.g., land, buildings, vehicles, and equipment), net of any related debt. The Council uses these assets to provide a variety of services to its citizens; for example, during the current fiscal year three new building leases to provide services to the community related to the Aging and Workforce programs. Accordingly, these assets are not available for future spending.

East Texas Council of Government’s Net Position

	Governmental Activities	
	2022	2021
Current and other assets	\$ 8,378,939	\$ 11,051,410
Capital assets	<u>5,635,367</u>	<u>5,446,268</u>
Total assets	<u>14,014,306</u>	<u>16,497,678</u>
Deferred outflows of resources	<u>313,359</u>	<u>-</u>
Current liabilities	3,903,118	7,043,240
Noncurrent liabilities	<u>1,603,212</u>	<u>579,848</u>
Total liabilities	<u>5,506,330</u>	<u>7,623,088</u>
Deferred inflows of resources	<u>62,899</u>	<u>-</u>
Net position:		
Net investment in capital assets	4,555,719	5,446,268
Restricted	474,875	546,152
Unrestricted	<u>3,727,842</u>	<u>2,882,170</u>
Total net position	<u>\$ 8,758,436</u>	<u>\$ 8,874,590</u>

- Current assets and liabilities both decreased compared to the prior year. This is mainly due to differences in the timing of billings and advances to the Council’s subrecipients.
- Capital assets decreased significantly due to the Council’s 911 grant program; in the current year, disposed of equipment due to capital asset purchases to upgrade equipment in prior year.
- Deferred outflows and inflows increased due to the Council initiating participating in a defined benefit retirement plan with TCDRS.
- An additional portion of the Council’s net position \$474,875 (5%) represents resources that are subject to external restrictions on how they may be used. Most of the restricted net position consists of grant funds.
- The remaining balance of net position totaling \$3,727,842 (43%) is considered unrestricted and may be used to meet the Council’s ongoing obligations to creditors and for service implementation.

At the end of the current fiscal year, the Council is able to report positive balances in all reported categories of net position, both for the government as a whole and its separate governmental activities. The same situation held true for the prior fiscal year.



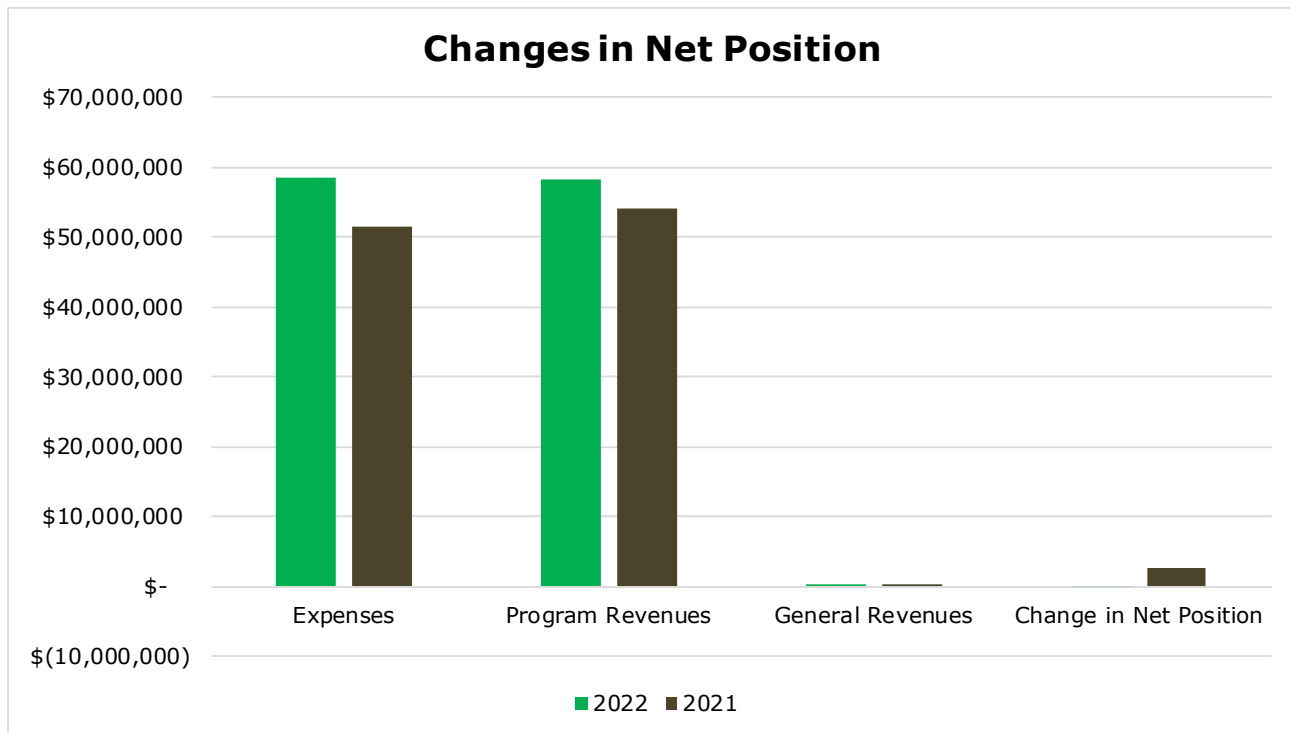
East Texas Council of Governments' Changes in Net Position

The following table provides a summary of the Council's operations for the year ended September 30, 2022 compared to 2021. The Council's revenue increased by \$4,156,733 and the overall expenses increased by \$7,002,569, ending the fiscal year with an overall decrease in net position of \$116,154.

	<u>Governmental Activities</u>	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 1,059,721	\$ 336,324
Operating grants and contributions	57,131,283	53,715,706
General revenues:		
Membership dues	204,825	190,276
Unrestricted investment earnings	12,255	5,657
Miscellaneous	<u>38,337</u>	<u>41,725</u>
Total revenues	<u>\$ 58,446,421</u>	<u>\$ 54,289,688</u>
Expenses:		
General government	\$ 678,384	\$ 249,768
Workforce development	42,709,335	36,995,329
Aging	5,575,740	5,568,690
Emergency communications	2,551,469	1,530,317
Transportation	5,571,035	5,754,804
Environmental quality	318,831	443,311
Homeland security	192,608	187,727
Criminal justice	278,935	344,074
Housing and urban development	67,516	309
Economic development	<u>618,722</u>	<u>485,677</u>
Total expenses	<u>\$ 58,562,575</u>	<u>\$ 51,560,006</u>
Change in net position	(116,154)	2,729,682
Net position, beginning	<u>8,874,590</u>	<u>6,144,908</u>
Net position, ending	<u>\$ 8,758,436</u>	<u>\$ 8,874,590</u>

Revenues increased \$4,156,733 from the prior year due to several factors. Primarily, the Council received an increase of \$3,415,577 in federal and state funding. The majority of this increase is related to the influx of COVID-19 related funding and an increase in funding related to childcare services and educational programs. Local membership dues, the Council’s primary unrestricted revenue source, remained constant compared to prior years and approximated \$200,000.

Expenses of governmental activities grew by 14% in the current year, increasing from \$51,560,006 in the prior year to \$58,562,575 in the current year. Since the Council operates primarily from federal and state grants, grant funding closely parallel increases and decreases in grant expenditures for services. As previously mentioned, the significant increases can be attributed to additional expenses for childcare services and federal aid provided to assist the community recover from the COVID-19 pandemic.



FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As noted previously, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements imposed by grantors in particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose. As previously noted, the Council operates primarily from federal and state grants and therefore increases in expenses, closely parallel increases in grant funding.

As of September 30, 2022, the Council's governmental funds reported combined fund balances of \$4,408,090, an increase of \$399,215 in comparison with the prior year. Of this amount \$1,111,924 or 25% constitutes unassigned fund balance, which is available for spending at the Council's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned.

General Fund. The General Fund is the primary operating fund for the Council and is available for use at the Council's discretion. The fund balance at the end of the fiscal year was \$1,277,420, an increase of \$122,771 or 11% from prior year fund balance. Revenue in the General Fund comes from membership dues, interest income on idle ETCOG (local) cash/investments and other and vehicle usage fees collected. These funds are essentially unrestricted but are used from time to time to help support programs and provide local matching to grant funds. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,111,924, while total fund balance increased to \$1,277,420. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 53% of total General Fund expenditures, while total fund balance represents 46% of that same amount. The increase in fund balance resulted from the increase in program and local income. Revenues and expenditures were otherwise flat compared to the prior year; the General Fund's activity primarily consists of administrative costs and membership dues revenue, which are not expected to significantly fluctuate from year to year.

Grant Fund. As previously noted, the Council operates primarily from federal and state grants and therefore, grant funding closely parallel increases and decreases in grant expenditures for services. The Council's primary areas of grant funding include the following:

- *Area Agency on Aging* – The overall Aging program revenue decreased by \$21,812 or 0.39% from the prior year and program expenditures decreased \$131,186 or 2%. The COVID pandemic greatly increased the demand for services such as congregate and in-home meals, and additional funding from the CARES act made these services available.
- *Workforce Development* – Workforce program revenues increased by \$6,013,239 or 16.29% from the prior year and expenditures increased by \$5,714,006 overall or 15.45% from the prior year. The majority of the Council's Workforce funding relates to providing child care, as well as funding technical assistance and training. These functions experienced significant funding increases in the prior year and continued their increased levels this year.
- *Emergency Communications* – Funding decreased by approximately \$1.2 million, primarily due to capital improvements to 911 infrastructure were met in prior year. Fluctuations in funding for this program will occur on a three-to-five-year rotation based on the need for capital improvements.
- *Transportation* – Overall, Transportation program revenues decreased by approximately \$1.2 million, or 19% from the prior year and expenditures decreased by \$183,742 or 3% compared to prior year. The decrease is primarily due to funding for capital equipment needs met in prior year.

Other functions include environmental quality, economic development, and criminal justice funding. The primary change to revenues and expenditures for the current year related to increased EDA funding. The funding was issued in response to the COVID-19 pandemic.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Council’s investment in capital and right to use assets for its governmental activities as of September 30, 2022, amounts to \$5,635,367 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

East Texas Council of Governments’ Capital Assets at Year-end

	Governmental Activities	
	2022	2021
Land	\$ 417,091	\$ 417,091
Buildings	2,640,564	2,626,920
Vehicles and Equipment	9,489,441	10,457,939
Right to use - Buildings	2,491,312	2,194,759
Right to use - Equipment	492,786	492,786
Less: accumulated depreciation	(9,895,827)	(9,491,613)
Total capital assets	\$ <u>5,635,367</u>	\$ <u>6,697,882</u>

Significant transactions related to capital assets for the year include the following:

- The addition of three right-to-use lease assets for buildings for Aging and Workforce programs for \$296,553.
- The 911 program disposed of PSASP equipment for approximately \$1.2 million.

Additional information on the Council’s capital assets can be found in Note 6 to the financial statements.

Long-term Debt - At the end of the current fiscal year, the Council had total long-term liabilities outstanding of \$1,603,212.

	Beginning Balances	Increases	(Decreases)	Ending Balances	Amount Due in One Year
Governmental Activities:					
Loans payable	\$ 265,524	\$ -	\$(58,942)	\$ 206,582	\$ 206,582
Leases	1,293,049	296,553	(509,954)	1,079,648	496,910
Compensated absences	314,324	342,371	(339,713)	316,982	305,487
Total	\$ <u>1,872,897</u>	\$ <u>638,924</u>	\$ <u>(908,609)</u>	\$ <u>1,603,212</u>	\$ <u>1,008,979</u>

This long-term debt is related to the following factors:

- Loans payable liability in the Community Loan Center program to assist employees of enrolled employers as an alternative to high-cost payday loans.
- Leases for various buildings and equipment for operation of multiple programs.
- Compensated absences liability that is payable to employees and will primarily be liquidated by the Grant Fund.

Significant transactions involving long-term debt included the assumption of lease liabilities on implementation of GASB Statement No. 87, *Leases*. The beginning balance above reflects the calculated value of the leases in existence as of October 1, 2021. Additionally, as discussed above, the Council entered into three new leases in the current year totaling \$296,553.

Additional information on the Council’s long-term debt can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S ANNUAL FINANCIAL PLAN

The Texas economy has shown strong recovery from the COVID-19 pandemic, though the State is still facing challenges with mounting inflation, employment issues and supply chain problems. The unemployment rate in East Texas was higher than the statewide average in September 2022 according to the Texas Workforce Commission, as businesses are still struggling to hire. More opportunities to work from home spare some families the high cost of childcare. Despite the hurdles East Texas and its businesses face, the region is still primed for future growth. The Texas economy will likely outpace growth in most parts of the nation in the next few years, with the outlook for long-term growth being positive despite substantial challenges. The Board of Directors approves a region-wide financial plan for revenues and expenditures each year at its September meeting. This annual budget which includes both restricted and unrestricted revenue sources, serves as the foundation of the Council's financial planning and control. Financial plans for the Special Revenue Funds (restricted) are established in accordance with the grant awards received, often spanning more than one year. Appropriations for all projects in the Special Revenue Funds lapse at the end of a contract period, which may not coincide with the fiscal year end of the Council. Although the financial plan is reviewed and approved by the Council's Board, it is not a legally adopted budget. Accordingly, budgetary information is not presented in this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances. An electronic version of this report may be viewed at ETCOG.org. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Council's Director of Operations Division at 3800 Stone Rd, Kilgore, TX 75662 or Wendi.Horst@etcog.org.

**BASIC
FINANCIAL STATEMENTS**



**east Texas
council of
GOVERNMENTS**

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	East Texas Regional Development Company
ASSETS		
Cash and cash equivalents	\$ 1,443,774	\$ 207,357
Receivables:		
Grantors	5,947,452	-
Lease	55,371	-
Customer accounts	213,841	-
Notes and loans receivable	330,543	-
Due from component unit	209,474	-
Prepaid items	165,496	-
Net pension asset	12,988	-
Capital assets - nondepreciable	417,091	-
Capital assets - depreciable, net of accumulated depreciation	<u>5,218,276</u>	<u>-</u>
Total assets	<u>14,014,306</u>	<u>207,357</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	<u>313,359</u>	<u>-</u>
Total deferred outflows of resources	<u>313,359</u>	<u>-</u>
LIABILITIES		
Accounts payable	2,141,803	207
Due to primary government	-	209,474
Accrued liabilities	367,878	-
Unearned revenue	1,393,437	-
Noncurrent liabilities:		
Due within one year	1,008,979	-
Due in more than one year	<u>594,233</u>	<u>-</u>
Total liabilities	<u>5,506,330</u>	<u>209,681</u>
DEFERRED INFLOWS OF RESOURCES		
Lease related	55,291	-
Pension related	<u>7,608</u>	<u>-</u>
Total deferred inflows of resources	<u>62,899</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,555,719	-
Restricted for:		
Federal and state grants	315,019	-
Community loan center	159,856	-
Unrestricted	<u>3,727,842</u>	<u>(2,324)</u>
Total net position	<u>\$ 8,758,436</u>	<u>\$(2,324)</u>

The notes to the financial statements are an integral part of this statement.

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions / Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Governmental activities:			
General government	\$ 652,659	\$ 25,725	\$ 678,384
Workforce development	42,241,020	468,315	42,709,335
Aging	5,306,514	269,226	5,575,740
Emergency communications	2,409,172	142,297	2,551,469
Transportation	5,015,549	555,486	5,571,035
Environmental quality	308,433	10,398	318,831
Homeland security	181,083	11,525	192,608
Criminal justice	263,386	15,549	278,935
Economic development	581,512	37,210	618,722
Housing and urban development	66,376	1,140	67,516
Indirect costs	<u>1,540,174</u>	<u>(1,540,174)</u>	<u>-</u>
Total governmental activities	<u>58,565,878</u>	<u>(3,303)</u>	<u>58,562,575</u>
Component Unit:			
East Texas Regional Development Company	<u>157,212</u>	<u>3,303</u>	<u>160,515</u>
Total component unit	<u>157,212</u>	<u>3,303</u>	<u>160,515</u>
Total	<u>\$ 58,723,090</u>	<u>\$ -</u>	<u>\$ 58,723,090</u>

General revenues:
 Membership dues
 Unrestricted investment earnings
 Miscellaneous
 Total general revenues
 Change in net position
Net position, beginning
Net position, ending

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Governmental Activities	East Texas Regional Development Company
\$ 655,586	\$ -	\$(22,798)	\$ -
41,679	42,878,678	211,022	-
17,124	5,563,331	4,715	-
200	2,444,138	(107,131)	-
305,845	4,853,766	(411,424)	-
214	319,593	976	-
-	177,036	(15,572)	-
-	286,004	7,069	-
39,073	540,842	(38,807)	-
-	67,895	379	-
-	-	-	-
<u>1,059,721</u>	<u>57,131,283</u>	<u>(371,571)</u>	<u>-</u>
<u>181,222</u>	<u>-</u>	<u>-</u>	<u>20,707</u>
<u>181,222</u>	<u>-</u>	<u>-</u>	<u>20,707</u>
\$ <u>1,240,943</u>	\$ <u>57,131,283</u>	\$ <u>(371,571)</u>	\$ <u>20,707</u>
		204,825	-
		12,255	166
		<u>38,337</u>	<u>-</u>
		<u>255,417</u>	<u>166</u>
		(116,154)	20,873
		<u>8,874,590</u>	<u>(23,197)</u>
		\$ <u>8,758,436</u>	\$ <u>(2,324)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General</u>	<u>Special Revenue</u> <u>Grant</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,349,037	\$ 94,737	\$ 1,443,774
Accounts Receivable:			
Grantors	-	5,947,452	5,947,452
Customer accounts and other	13,249	200,592	213,841
Lease	55,371	-	55,371
Notes and loans receivable	-	330,543	330,543
Due from other funds	116,367	-	116,367
Due from component unit	209,474	-	209,474
Prepaid items	165,496	-	165,496
Total assets	<u>1,908,994</u>	<u>6,573,324</u>	<u>8,482,318</u>
LIABILITIES			
Accounts payable	208,953	1,932,850	2,141,803
Accrued liabilities	367,330	-	367,330
Due to other funds	-	116,367	116,367
Unearned revenue	-	1,393,437	1,393,437
Total liabilities	<u>576,283</u>	<u>3,442,654</u>	<u>4,018,937</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	55,291	-	55,291
Total deferred inflows of resources	<u>55,291</u>	<u>-</u>	<u>55,291</u>
FUND BALANCE			
Nonspendable - prepaid items	165,496	-	165,496
Restricted for:			
Federal and state grants	-	315,019	315,019
Community loan center	-	159,856	159,856
Assigned for:			
Service delivery	-	44,341	44,341
Economic development	-	715,224	715,224
Transportation	-	1,896,230	1,896,230
Unassigned	1,111,924	-	1,111,924
Total fund balances	<u>1,277,420</u>	<u>3,130,670</u>	<u>4,408,090</u>
Total liabilities and fund balances	<u>\$ 1,908,994</u>	<u>\$ 6,573,324</u>	<u>\$ 8,482,318</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet	\$ 4,408,090
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.	
Land	417,091
Building	2,640,564
Furniture, fixtures and equipment	9,489,441
Right to use - buildings and equipment	2,984,098
Less: accumulated depreciation	(9,895,827)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	(206,582)
Leases payable	(1,079,648)
Compensated absences	(316,982)
Accrued interest payable	(548)
Included in the items related to pensions is the recognition of the Council's Net Pension Asset and a related deferred outflow and deferred inflow of resources.	
Net Pension Asset	12,988
Deferred outflows related to pensions	313,359
Deferred inflows related to pensions	(7,608)
Net position of governmental activities	\$ <u>8,758,436</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Grant</u>	
REVENUES			
Grants - intergovernmental	\$ -	\$ 56,970,057	\$ 56,970,057
Matching funds	13,157	339,022	352,179
Program income	642,429	177,206	819,635
Membership dues	204,825	-	204,825
Investment earnings	12,255	16,457	28,712
Other	<u>11,736</u>	<u>26,601</u>	<u>38,337</u>
Total revenues	<u>884,402</u>	<u>57,529,343</u>	<u>58,413,745</u>
EXPENDITURES			
Current:			
General government	479,760	-	479,760
Workforce development	-	42,448,512	42,448,512
Aging	-	5,529,200	5,529,200
Emergency communications	-	2,205,926	2,205,926
Transportation	-	4,922,958	4,922,958
Environmental quality	-	320,084	320,084
Homeland security	-	192,833	192,833
Economic development	-	565,400	565,400
Criminal justice	-	279,765	279,765
Housing and urban development	-	67,895	67,895
Debt Service:			
Principal	-	568,896	568,896
Interest	-	53,969	53,969
Capital outlay	<u>107,276</u>	<u>601,285</u>	<u>708,561</u>
Total expenditures	<u>587,036</u>	<u>57,756,723</u>	<u>58,343,759</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	297,366	(227,380)	69,986
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	32,676	32,676
Transfers in	-	174,595	174,595
Transfers out	(174,595)	-	(174,595)
Leases (as lessee)	-	296,553	296,553
Total other financing sources and uses	<u>(174,595)</u>	<u>503,824</u>	<u>329,229</u>
NET CHANGE IN FUND BALANCES	122,771	276,444	399,215
FUND BALANCES, BEGINNING	<u>1,154,649</u>	<u>2,854,226</u>	<u>4,008,875</u>
FUND BALANCES, ENDING	\$ <u>1,277,420</u>	\$ <u>3,130,670</u>	\$ <u>4,408,090</u>

The notes to the financial statements are an integral part of this statement.

EAST TEXAS COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds:	\$ 399,215
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	658,795
Disposals of capital assets	(41,435)
Depreciation expense	(1,721,310)
Principal payments on long-term debt provides current financial resources to governmental funds, but does not have any effect on net position.	
Issuance of leases	(296,553)
Principal payments on debt	568,896
Some expenses 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.	
Compensated absences	(2,658)
Accrued interest payable	<u>157</u>
Change in net position of governmental activities	<u>\$(116,154)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the East Texas Council of Governments (the "Council") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the Council.

Reporting Entity

The Council is a political subdivision of the State of Texas and a voluntary association of local governments within the 14-county East Texas region. The Council was established in 1970 to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the East Texas region. Membership in the Council is voluntary. Any county, city, or special purpose district within the East Texas region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each member government is entitled to have voting representation on the Board of Directors, which is the Council's governing body.

The Council's basic financial statements include the accounts of all the Council operations. The criteria for including organizations within the Council's reporting entity, is set forth by the GASB. The blended component unit, although a legally separate entity, is, in substance, part of the primary government's operations. As such, data from this unit is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the Council, but for which the Council is financially accountable or whose relationships with the Council are such that exclusion would be misleading or incomplete. Additionally, various local agencies for which grants, and funding are issued by the Council have not been included within the financial statements because the Council does not have direct managerial oversight of the operations of those agencies, nor does it have the responsibility for funding future deficits or operating deficiencies of those agencies. As described below, blended component units and a discretely presented component unit have been included within the Council's reporting entity.

Blended Component Units

ETRLC. The East Texas Regional Loan Corporation (ETRLC), d/b/a East Texas Community Loan Center (CLC), was organized by the Council in 2016 to offer low-interest, low-fee personal loans to employees of enrolled employers as an alternative to high-cost payday and auto title loans. ETRLC is a nonprofit corporation assists very low, low and moderate-income persons through credit solutions, loans, and financial counseling, as an alternative to payday loans to promote, develop and improve the economic conditions of people in the East Texas region. ETRLC is governed by a board of directors that is appointed by the Council's Executive Committee, and Council employees operate and administer ETRLC's day-to-day activities. The debt incurred by ETRLC is expected to be repaid using resources of the Council. Thus, ETRLC has been included in the Grant Fund as a blended component unit.

ETEDD. The East Texas Economic Development District (ETEDD) was organized as an economic development district recognized by the U.S. Economic Development Administration (EDA). ETEDD was organized for the purpose of supporting and coordinating economic development initiatives in the Council's 14-county region. ETEDD functionally operates as a department of the Council, and Council employees administer the EDA grants received by ETEDD. Thus, the component unit meets the fiscal dependency and imposition of will criteria. Any debt not related to the EDA grants will be liquidated entirely by the resources of the Council; therefore, ETEDD is reported in the Grant Fund as a blended component unit and its federal awards are included as part of the Council's Schedule of Expenditures of Federal Awards.

Discretely Presented Component Unit

ETRDC. The East Texas Regional Development Company (ETRDC) was organized by the Council in 1983 under the provisions of the Small Business Administration's Section 503 Certified Development Company Loan Program. ETRDC is a nonprofit corporation which administers and coordinates underwriting of long-term Small Business Administration loans to small businesses in conjunction with private sector lenders. The Council's Board appoints a voting majority of ETRDC's Board and meets the financial benefit or burden criteria. Separate financial statements are produced for ETRDC and may be obtained from ETRDC's administrative office.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Certain eliminations have been made regarding interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. The Council does not have any proprietary funds.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is 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*. Revenue is recognized as soon as it is both measurable and available.

Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant revenues, membership dues and interest are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Council.

The Council reports the following major governmental funds:

The **General Fund** is the Council's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **Grant Fund** is used to account for federal and state grants awarded to the Council by various granting agencies.

Assets, Liabilities and Equity

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents in the Council's financial statements include amounts in demand deposits and certificates of deposits. Interest earned is based on the amount of funds invested.

State statutes authorize the Council to invest in obligations of the United States, its agencies, certificates of deposits with banks and savings and local associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. External investment pools are recorded at amortized costs. All other investments for the Council are reported at fair value.

Grants Receivable

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Council. The receivable includes amounts due on programs closed out and those in progress as of September 30, 2022.

Interfund Receivables and Payables

During operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." The Council had no long-term interfund loans (noncurrent portion) that are generally reported as "advances from and to other funds." Interfund receivables and payables between governmental funds are eliminated in the Statement of Net Position.

Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress as of September 30, 2022.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Asset Description</u>	<u>Years</u>
Buildings	20
Furniture, fixtures, and equipment	3-7
Right to use - buildings	2-10
Right to use - equipment	6-7

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Difference in expected and actual economic experience for the Council's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has the following items that qualify for reporting in this category:

- The Council recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.
- Difference in expected and actual economic experience for the Council's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

Compensated Absences

Employees earn 10 days of vacation per year during the first 5 years of employment. After 5 full years of employment, an employee earns 15 days of vacation per year. Employees may accrue up to a maximum of 20 days in the first 5 years of employment and 30 days thereafter. Employees will be paid for accrued vacation upon voluntary termination of employment provided they have been in a permanent full-time position for six months or more. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered.

Employees are eligible for 15 sick leave days per year and can accrue up to a maximum amount of 90 days. Employees are not compensated for accumulated sick days upon termination of employment. Sick pay is charged to expenditures as taken, with no accrual made for unused sick leave.

Leases

The Council has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Council uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the Council generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The Council is a lessee for noncancellable leases of equipment and buildings. The Council recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor. The Council is a lessor in an arrangement to house telecommunications infrastructure. In both the government-wide financial statements and the governmental fund financial statements, the Council initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Fund Balance

Fund balance classifications are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund is the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Council classifies governmental fund balances as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors, the Council's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than September 30th of the applicable fiscal year. If the actual amount of the commitment is not available by September 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment.
- **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. The Board of Directors has the authority to assign funds for specific purposes. Assignment of funds by the Board of Directors requires a simple majority vote, and such action must be recorded in the Board minutes. Through passage of a resolution, the Board of Directors has authorized the Executive Director of East Texas Council of Governments to assign funds for specific purposes. Such assignments cannot exceed the available unassigned fund balance of a given fund. Any assignments made by the Executive Director must be reported to the Board of Directors at their next regular meeting. The Board of Directors may change or remove any assignment of funds by a simple majority vote.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Flow Assumption of Fund Balance and Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Council's policy is to apply restricted net position first. Similarly, when an expenditure is incurred for which restricted, and unrestricted fund balances are available, it is the Council's policy to apply restricted fund balance first, then committed, assigned, and unassigned fund balance.

Indirect Costs

General and administrative costs are recorded in the General Fund as indirect costs in the accounting system and allocated to programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200) as costs "(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." The Council's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by a state cognizant agency. It is the Council's policy to negotiate with the cognizant agency a provisional rate which is used for billing purposes during the Council's fiscal year. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the cognizant agency.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

The Council's financial plan is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, within restrictions imposed by grantor agencies. The Board approves the financial plan for revenue and expenditures in all funds. The financial plan for the Grant Fund is made on a project (grant) basis, spanning more than one year. Appropriations for all projects in the Grant Fund lapse at the end of a contract period which may not coincide with the fiscal year-end of the Council. The appropriations for the General Fund lapse at the fiscal year-end. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comprehensive budget and actual results are not presented in this report.

3. DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2022, consist of and are classified in the accompanying financial statements as follows:

Governmental activities:	
Demand deposits	\$ 1,174,704
TexPool	<u>269,070</u>
Total primary government cash and investments	<u>1,443,774</u>
Component unit:	
Demand deposits	202,741
TexPool	<u>4,616</u>
Total component unit cash and investments	<u>207,357</u>
Total cash and investments	\$ <u>1,651,131</u>

TexPool investments are recorded as cash equivalents and are measured at net asset value per share, which approximates fair value. As of September 30, 2022, the pool's portfolio carried a weighted average maturity of 25 days.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Council to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Council to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts and (10) common trust funds.

The Act also requires the Council's independent auditors to perform test procedures related to investment practices as provided by the Act. The Council is in substantial compliance with the requirements of the Act and with local policies.

TexPool

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act ("PFIA") of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company ("Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the Council's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

TexPool has a redemption notice period of 1 day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Deposit and Investment Risk Policies

Interest Rate Risk. In accordance with its investment policy, the Council manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment to one year, unless otherwise provided in a specific investment strategy that complies with current law.

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 September 30, 2022, the primary government and component unit had bank deposits of \$1,751,770 and \$202,741, respectively, with carrying values of \$1,174,704 and \$202,741, respectively. As of September 30, 2022, the Council deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Credit Risk. It is the Council's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The Council's investment pool was rated AAAM by Standard and Poor's Investors Service.

Concentration of Credit Risk. The Council's policy is to diversify its portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments.

4. RECEIVABLES

Grantor receivables consist of receivables for reimbursement of expenditures under various programs and grants. Other receivables consist of receivables for reimbursement of expenditures from various subcontractors and customers. Managements estimates these balances will be 100% collectable based on prior experience.

Loans Receivable

The Council has issued loans through its ETRLC component unit to individuals throughout the ETCOG region. These small-dollar loans are issued up to \$1,000 with a one-year repayment term and are offered as a lower-cost alternative to payday lending. The loans are collected through payroll withholdings in coordination with the individual's employer. In the event of default, all outstanding principal and interest becomes immediately due.

Notes Receivable

The Council has issued multiple notes through its Chapman Revolving Loan Fund for the purpose of providing low-cost business startup capital. The funds are provided through the RLF's residual fund balance, which was federally funded but has had all performance obligations satisfied in previous years. The loans are payable in principal and interest monthly and mature over periods of 3-15 years. The loans are generally secured by an interest in any equipment purchased by the new business; in the event of default, the Council may accelerate payment or take court action to enforce the equipment lien.

A summary of loans and notes receivable for the year ended September 30, 2022, is as follows:

	Number of Loans Outstanding	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:					
CLC loans receivable	173	\$ 76,197	\$ 202,434	\$(172,508)	\$ 106,123
Notes receivable	4	<u>255,448</u>	<u>-</u>	<u>(31,028)</u>	<u>224,420</u>
Total		<u>\$ 331,645</u>	<u>\$ 202,434</u>	<u>\$(203,536)</u>	<u>\$ 330,543</u>

The resources used as capital for the loans and notes are restricted for the community loan center and assigned for economic development, respectively; thus, the fund balances relating to these receivables are included in those restricted and assigned categories.

Lease Receivable

On December 1, 2021, the Council entered into a lease as lessor to house and operate telecommunications infrastructure. The lessee is required to make annual payments of \$3,000.

A summary of the Council's lease receivables as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Amounts Receivable 9/30/22
Right to Use:					
Cell Tower	3.50%	2021	58,201	\$ <u>170</u>	\$ <u>55,371</u>
Total				\$ <u>170</u>	\$ <u>55,371</u>

5. INTERFUND TRANSACTIONS

The interfund transactions between the Council's funds and component unit are shown below. The amounts due from and to the respective governmental funds will be cleared in the subsequent fiscal year.

The following is a summary of interfund transactions as of September 30, 2022:

Due To/From Other Funds:

Due From	Due To	Amount	Purpose
Grant Fund	General Fund	\$ 116,367	Short-term pooled cash loan
Component Unit	General Fund	<u>209,474</u>	Short-term pooled cash loan
		<u>\$ 325,841</u>	

Transfers In/Out:

Transfer In	Transfer Out	Amount	Purpose
Grant Fund	General Fund	<u>\$ 174,595</u>	Use of assigned funds to finance capital purchases

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 417,091	\$ -	\$ -	\$ 417,091
Total capital assets, not being depreciated	<u>417,091</u>	<u>-</u>	<u>-</u>	<u>417,091</u>
Capital assets, being depreciated:				
Buildings	2,626,920	13,644	-	2,640,564
Furniture, fixtures and equipment	10,457,939	348,598	(1,317,096)	9,489,441
Right to use - buildings	2,194,759	296,553	-	2,491,312
Right to use - equipment	492,786	-	-	492,786
Total capital assets being depreciated	<u>15,772,404</u>	<u>658,795</u>	<u>(1,317,096)</u>	<u>15,114,103</u>
Less accumulated depreciation for:				
Buildings	(1,600,948)	(131,605)	-	(1,732,553)
Furniture, fixtures and equipment	(6,454,734)	(1,083,135)	1,317,096	(6,220,773)
Right to use - buildings	(1,228,738)	(428,592)	-	(1,657,330)
Right to use - equipment	(207,193)	(77,978)	-	(285,171)
Total accumulated depreciation	<u>(9,491,613)</u>	<u>(1,721,310)</u>	<u>1,317,096</u>	<u>(9,895,827)</u>
Governmental activities capital assets, net	<u>\$ 6,697,882</u>	<u>\$(1,062,515)</u>	<u>\$ -</u>	<u>\$ 5,635,367</u>

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

General government	\$ 116,786
Emergency communications	373,091
Aging	62,693
Workforce development	478,361
Transportation	<u>690,379</u>
Total	<u>\$ 1,721,310</u>

7. LONG-TERM DEBT

A summary of long-term liability activity for the primary government for the year ended September 30, 2022, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Governmental activities:					
Notes and loans payable	\$ 265,524	\$ -	\$(58,942)	\$ 206,582	\$ 206,582
Leases	1,293,049	296,553	(509,954)	1,079,648	496,910
Compensated absences	<u>314,324</u>	<u>342,371</u>	<u>(339,713)</u>	<u>316,982</u>	<u>305,487</u>
Total	<u>\$ 1,872,897</u>	<u>\$ 638,924</u>	<u>\$(908,609)</u>	<u>\$ 1,603,212</u>	<u>\$ 1,008,979</u>

The compensated absences liability will primarily be liquidated by the Grant Fund.

The Council has entered into multiple loan agreements for the purpose of providing capital for the CLC Small Dollar Loan Program. The proceeds are restricted for use in that program and are not considered capital-related debt. The loans are classified as direct borrowings; in the event of default, the loan holders are entitled to accelerate all outstanding principal or otherwise seek relief from a court of proper jurisdiction ordering payment.

The details of the loans are discussed below.

- \$100,000 loan payable with an original loan date of April 26, 2017, and an interest rate of 2.50%. On June 11, 2020, the loan was refinanced and included an additional \$50,000. Interest payments are made monthly. In the current fiscal year, the principal due date was extended to be due on December 11, 2022. The amount outstanding as of fiscal year-end is \$150,000.
- \$100,000 loan payable with a date of January 15, 2018, and with a quarterly interest rate of 3%. Principal payments commenced on April 15, 2019. The loan has a maturity date of April 15, 2023, and includes a balloon payment of \$50,000 on such date. The outstanding loan balance as of fiscal year-end was \$56,582.
- \$100,000 loan payable as a result of a portfolio transfer at the inception of the ETRLC loan program that took place in May 2017. The loan has an annual interest rate of 3.25%. Principal and interest payments were paid quarterly, and a balloon payment in the amount of \$49,250.98 was paid on April 1, 2022 that retired the loan.

Annual debt service requirements to maturity of governmental activities debt are as follows:

Year Ended September 30,	Principal	Interest
2023	\$ 206,582	\$ 2,043
Total	\$ 206,582	\$ 2,043

Lease Payable

The Council has entered into multiple leases as lessee for buildings and equipment. The lease terms range from 24 to 60 months. The Council is required to make monthly payments ranging from \$499 to \$11,491.

A summary of the governmental activities long-term lease payable as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/22
Right to Use:					
Postage meter	3.50%	2018	\$ 162,944	\$ 2,736	\$ 67,330
Copiers	3.50%	2019	329,842	5,968	141,480
Buildings - aging	3.50%	2020 - 2021	81,471	2,032	40,719
Buildings - workforce	3.50%	2013 - 2022	2,409,842	32,563	830,119
Totals				\$ 43,299	\$ 1,079,648

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease Payable		Total Requirements
	Principal	Interest	
2023	\$ 496,910	\$ 29,284	\$ 526,194
2024	391,525	14,897	406,422
2025	112,286	4,317	116,603
2026	51,181	1,879	53,060
2027	27,746	325	28,071
Totals	\$ 1,079,648	\$ 50,702	\$ 1,130,350

8. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The Council's management believes such coverage is sufficient to preclude any significant uninsured losses. There were no significant reductions in insurance coverage from coverage in the prior year. There were no insurance settlements which exceeded insurance coverage in any of the past three years.

9. CONTINGENCIES

The Council contracts with local governments or other local agencies to perform the specific services set forth in grant agreements. The Council disburses grant funds to the agencies based on expenditure reports received from each agency.

Agencies expending \$750,000 or more in grant funds are required to have an independent audit each year. Copies of such audits are required to be submitted to the Council. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursements of the disallowed costs either from the Council or the subcontractor. The Council generally has the right of recovery from the subcontracted agencies.

For the year ended September 30, 2022, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

10. DEFINED CONTRIBUTION PENSION PLAN

Prior to November 2021, the Council provided benefits for all its full-time employees through a defined contribution plan administered by Mission Square which included a 401a and a 457b account. The Council's employees were eligible to make a voluntary contribution to the 457b account under annual maximums set by the IRS. The Council would then provide a 1:1 match up to 5% for full-time employees only and was deposited into the 401a account. Those employees not paying into the Social Security retirement system made a mandatory contribution of 8% into the 401a account, and the Council matched 12%. Part-time employees in this category made a mandatory contribution of 7.5% into the 457b account. All employee & employer contributions to the 401a account ceased on November 1, 2021, while the 457b account remains open for employees who wish to make any voluntary contributions above their contribution in TCDRS, but within the IRS annual limits. Employees were provided with options to transfer funds in their 401a account over to their 457b account or to pursue other alternative options outside of Mission Square.

11. DEFINED BENEFIT PENSION PLAN

Plan Description

In November 2021, the Council began voluntary participation in the Texas County and District Retirement System ("TCDRS"), a statewide nontraditional defined benefit pension. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>131</u>
	<u>133</u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for THE COUNCIL were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the Council was initially set as 5.31% in November 2021 at the beginning of the Council’s participation, and that rate was also adopted for calendar year 2022. The Council’s contributions to TCDRS for the year ended September 30, 2022, were \$363,224, and were equal to the required contributions.

Net Pension Asset

The Council’s Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.0% per year
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

The Council has no automatic cost-of-living adjustments (“COLA”) and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the Council may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2021, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2017 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2022 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent assumption was adopted in March 2021.

The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	6.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed Markets	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.10%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	<u>2.00%</u>	-1.05%
		<u>100.00%</u>	

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability/ (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2020	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	108,703	-	108,703
Interest on total pension liability ⁽¹⁾	8,261	-	8,261
Effect of economic/demographic gains or losses	83	-	83
Effect of assumptions changes or inputs	(772)	-	(772)
Administrative expenses	-	(70)	70
Member contributions	-	63,187	(63,187)
Net investment income	-	13,003	(13,003)
Employer contributions	-	49,938	(49,938)
Other ⁽²⁾	-	3,205	(3,205)
Balance at 12/31/2021	<u>\$ 116,275</u>	<u>\$ 129,263</u>	<u>\$ (12,988)</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension asset of the Council, calculated using the discount rate of 7.60%, as well as what the Council's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-higher (8.60%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 134,966	\$ 116,275	\$ 101,045
Fiduciary net position	<u>129,263</u>	<u>129,263</u>	<u>129,263</u>
Net Pension Liability/(Asset)	<u>\$ 5,703</u>	<u>\$ (12,988)</u>	<u>\$ (28,218)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Council recognized pension expense of \$44,485. At September 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 73	\$ -
Changes in actuarial assumptions	-	675
Net difference between projected and actual investment earnings	-	6,933
Contributions made subsequent to the measurement date	<u>313,286</u>	<u>-</u>
Total	<u>\$ 313,359</u>	<u>\$ 7,608</u>

\$313,286 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended</u> <u>September 30,</u>	
2023	\$(1,820)
2024	(1,820)
2025	(1,820)
2026	(1,821)
2027	(87)
Thereafter	(167)

12. NEW ACCOUNTING STANDARDS

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the Council include the following:

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement will become effective for the Council in fiscal year 2023.

13. DEFICIT NET POSITION

The Council’s discretely presented component unit reported a deficit in net position. Future revenues are expected to absorb the deficit.



**east Texas
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governments**

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement date December 31,	<u>2021</u>
Total Pension Liability	
Service Cost	\$ 108,703
Interest total pension liability	8,261
Effect of plan changes	-
Effect of assumption changes or inputs	(772)
Effect of economic/demographic (gains) or losses	83
Benefit payments, including refunds of contributions	<u>-</u>
Net change in Total Pension Liability	116,275
Total Pension Liability - beginning	<u>-</u>
Total Pension Liability - ending (a)	<u>\$ 116,275</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 49,938
Member contributions	63,187
Investment income, net of investment expenses	13,003
Benefit payments, including refunds of contributions	-
Administrative expenses	(70)
Other	<u>3,205</u>
Net change in plan fiduciary net position	129,263
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 129,263</u>
Net Pension Liability/(Asset) - ending (a) - (b)	<u><u>\$(12,988)</u></u>
Fiduciary net position as a percentage of Total Pension Liability/(Asset)	111.17%
Pensionable covered payroll	\$ 902,674
Net Pension Liability/Asset as a percentage of covered payroll	-1.44%

Note: GASB 68 requires 10 years of data be reported, but information prior to 2021 is not available.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Fiscal Year Ended September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll ⁽¹⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2022	\$ 363,224	\$ 363,224	\$ -	\$ 6,547,465	5.5%

Notes:

(1) Payroll is calculated based on contributions as reported to TCDRS.

(2) GASB 68 requires 10 years of data be reported, but information prior to 2022, the year the Council began participation, is not available.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2021: No changes in assumptions are reported in the schedule.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2021: No changes in plan provisions are reported in the schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

SUPPLEMENTAL SCHEDULES

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINAL INDIRECT COST RATE

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Salaries	\$ 963,953	\$ 926,352	\$(37,601)
Fringe benefits	164,797	142,530	(22,267)
Group hospitalization	153,437	125,822	(27,615)
Pension costs	<u>118,513</u>	<u>121,944</u>	<u>3,431</u>
Total personnel	<u>1,400,700</u>	<u>1,316,648</u>	<u>(84,052)</u>
Insurance & bonding	12,000	10,849	(1,151)
Professional services	98,000	58,707	(39,293)
Computer software	25,000	71,512	46,512
Staff travel	42,000	30,270	(11,730)
Committee travel	12,000	3,774	(8,226)
Office supplies	98,000	21,389	(76,611)
Public education	3,000	3,067	67
Copier costs	15,000	3,336	(11,664)
Repairs & maintenance	5,000	873	(4,127)
Communications	18,000	11,493	(6,507)
Meetings & conferences	11,500	5,318	(6,182)
Membership dues	26,500	16,491	(10,009)
Training costs	31,000	12,274	(18,726)
Depreciation expense	<u>11,724</u>	<u>11,724</u>	<u>-</u>
Total Indirect Costs	<u>1,809,424</u>	<u>1,577,725</u>	<u>(231,699)</u>
Less: program income		(37,551)	
Less: amount allocated to component unit		(3,303)	
Less: amount allocated to General Fund		<u>(17,655)</u>	
Total Indirect Costs Allocated to the Grant Fund		<u>\$ 1,519,216</u>	
Computation of Indirect Cost Rate:			
Direct personnel costs	<u>\$ 8,521,565</u>	<u>\$ 7,150,273</u>	
Allocation rate	21.23%	21.25%	

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

State Unemployment taxes	\$	5,855
Group disability insurance		16,321
Holidays		280,951
Vacation		342,371
Sick leave		208,457
Other release time		<u>32,179</u>
Total employee benefits		886,135
Less amount allocated to indirect cost pool		(141,130)
Less amount allocated to component unit		<u>(1,472)</u>
Total Employee Benefits Allocated to the Grant Fund	\$	<u>743,532</u>
Chargeable time for full-time employees	\$	4,933,898
Employee Benefit rate		15%



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STATISTICAL SECTION



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STATISTICAL SECTION

(unaudited)

This part of East Texas Council of Government's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and additional supplementary information says about the Council's overall financial health.

<u>Contents</u>	<u>Page Number</u>
<i>Financial Trends</i> - These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	40-47
<i>Debt Capacity</i> - These schedules present information to help the reader assess the affordability of the Council's current level of outstanding debt and the Council's ability to issue additional debt in the future.	48
<i>Economic and Demographic Indicators</i> - These schedules offer economic and demographic indicators to help the reader understand the environment within which the Council's financial activities take place.	49-64
<i>Operating Information</i> - These schedules contain service and capital asset data to help the reader understand how the information in the Council's financial report relates to the services the Council provides.	65-72

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

EAST TEXAS COUNCIL OF GOVERNMENTS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Full Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 2,265,163	\$ 2,456,591	\$ 2,153,438	\$ 2,082,066
Restricted	1,419,714	1,713,543	1,588,708	995,119
Unrestricted	<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>
Total governmental activities net position	\$ <u>5,034,768</u>	\$ <u>5,441,819</u>	\$ <u>4,990,729</u>	\$ <u>4,466,636</u>
Business-type activities:				
Unrestricted	\$ <u>21,565</u>	\$ -	\$ -	\$ -
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -
Total				
Net investment in capital assets	\$ 2,265,163	\$ 2,456,591	\$ 2,153,438	\$ 2,082,066
Restricted	1,419,714	1,713,543	1,588,708	995,119
Unrestricted	<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>
Total	\$ <u>5,034,768</u>	\$ <u>5,441,819</u>	\$ <u>4,990,729</u>	\$ <u>4,466,636</u>

Note: The Council completely ceased reporting business-type activities in fiscal year 2013.

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,979,840	\$ 3,054,139	\$ 2,648,880	\$ 2,960,934	\$ 5,446,268	\$ 4,555,719
1,198,239	1,154,274	1,854,567	2,336,577	546,152	474,875
<u>1,191,024</u>	<u>1,320,161</u>	<u>843,765</u>	<u>847,397</u>	<u>2,882,170</u>	<u>3,727,842</u>
\$ <u>4,369,103</u>	\$ <u>5,528,574</u>	\$ <u>5,347,212</u>	\$ <u>6,144,908</u>	\$ <u>8,874,590</u>	\$ <u>8,758,436</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,979,840	\$ 3,054,139	\$ 2,648,880	\$ 2,960,934	\$ 5,446,268	\$ 4,555,719
1,198,239	1,154,274	1,854,567	2,336,577	546,152	474,875
<u>1,191,024</u>	<u>1,320,161</u>	<u>843,765</u>	<u>847,397</u>	<u>2,882,170</u>	<u>3,727,842</u>
\$ <u>4,369,103</u>	\$ <u>5,528,574</u>	\$ <u>5,347,212</u>	\$ <u>6,144,908</u>	\$ <u>8,874,590</u>	\$ <u>8,758,436</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Full Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	\$ 230,903	\$ 182,448	\$ 247,383	\$ 368,717
Workforce development	25,377,447	24,896,832	27,009,337	28,445,401
Aging	3,677,508	3,562,193	3,614,490	3,788,491
Emergency communications	2,833,521	1,892,668	2,357,610	3,595,484
Transportation	4,384,769	4,579,459	3,420,310	3,409,942
Environmental quality	673,884	321,012	496,258	505,860
Homeland security	320,996	296,057	214,101	231,516
Criminal justice	289,954	107,091	108,509	295,384
Housing and urban development	14,494	12,082	14,874	11,146
Economic development	37,041	309,175	381,247	114,360
Total governmental activities expenses	<u>37,840,517</u>	<u>36,159,017</u>	<u>37,864,119</u>	<u>40,766,301</u>
Business-type activities:				
Greyhound	<u>21,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>21,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services	-	-	-	-
Operating grants and contributions	<u>36,983,284</u>	<u>36,119,643</u>	<u>37,023,859</u>	<u>39,640,680</u>
Total governmental activities program revenues	<u>36,983,284</u>	<u>36,119,643</u>	<u>37,023,859</u>	<u>39,640,680</u>
Business-type activities:				
Charges for services	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET (EXPENSE) REVENUES				
Governmental activities	(857,233)	(39,374)	(840,260)	(1,125,621)
Business-type activities	(21,565)	-	-	-
Total	<u>(878,798)</u>	<u>(39,374)</u>	<u>(840,260)</u>	<u>(1,125,621)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Membership dues	186,747	167,727	227,839	181,581
Investment earnings	10,486	8,411	16,348	9,371
Miscellaneous	208,323	177,856	144,983	207,392
Gain on disposal of assets	-	92,431	-	-
Total governmental activities	<u>405,556</u>	<u>446,425</u>	<u>389,170</u>	<u>398,344</u>
CHANGE IN NET POSITION				
Governmental activities	(451,677)	407,051	(451,090)	(727,277)
Business-type activities	(21,565)	-	-	-
Total	<u>\$(473,242)</u>	<u>\$ 407,051</u>	<u>\$(451,090)</u>	<u>\$(727,277)</u>

Note: The Council completely ceased reporting business-type activities in fiscal year 2013.

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 516,365	\$ 754,237	\$ 895,272	\$ 713,496	\$ 249,768	\$ 678,384
26,598,671	27,729,764	33,718,468	36,814,572	36,995,329	42,709,335
3,992,021	3,845,733	4,086,606	4,947,448	5,568,690	5,575,740
3,445,419	2,326,854	1,844,427	1,658,318	1,530,317	2,551,469
3,555,383	3,878,162	4,041,021	5,069,520	5,754,804	5,571,035
353,624	183,989	169,741	199,574	443,311	318,831
201,722	478,848	276,223	54,103	187,727	192,608
291,903	306,096	262,731	258,832	344,074	278,935
14,789	9,016	-	9,812	309	618,722
125,162	144,355	128,639	106,056	485,677	67,516
<u>39,095,059</u>	<u>39,657,054</u>	<u>45,423,128</u>	<u>49,831,731</u>	<u>51,560,006</u>	<u>58,562,575</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	336,324	1,059,721
<u>38,434,905</u>	<u>40,328,310</u>	<u>44,726,646</u>	<u>50,137,345</u>	<u>53,715,706</u>	<u>57,131,283</u>
<u>38,434,905</u>	<u>40,328,310</u>	<u>44,726,646</u>	<u>50,137,345</u>	<u>54,052,030</u>	<u>58,191,004</u>
-	-	-	-	-	-
-	-	-	-	-	-
(660,154)	671,256	(696,482)	305,614	2,492,024	(371,571)
<u>(660,154)</u>	<u>671,256</u>	<u>(696,482)</u>	<u>305,614</u>	<u>2,492,024</u>	<u>(371,571)</u>
206,366	187,853	210,406	189,927	190,276	204,825
10,134	18,914	31,664	36,953	5,657	12,255
471,170	434,269	273,050	265,202	41,725	38,337
-	-	-	-	-	-
<u>687,670</u>	<u>641,036</u>	<u>515,120</u>	<u>492,082</u>	<u>237,658</u>	<u>255,417</u>
27,516	1,312,292	(181,362)	797,696	2,729,682	(116,154)
-	-	-	-	-	-
<u>\$ 27,516</u>	<u>\$ 1,312,292</u>	<u>\$(181,362)</u>	<u>\$ 797,696</u>	<u>\$ 2,729,682</u>	<u>\$(116,154)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable-Prepaid items	\$ -	\$ 71,366	\$ 19,691	\$ 69,078
Unassigned	<u>1,500,220</u>	<u>1,368,170</u>	<u>1,383,809</u>	<u>1,487,912</u>
Total general fund	\$ <u>1,500,220</u>	\$ <u>1,439,536</u>	\$ <u>1,403,500</u>	\$ <u>1,556,990</u>
All Other Governmental Funds				
Nonspendable - prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted - state and federal grants	1,419,714	1,713,543	1,588,708	995,119
Restricted - community loan center	-	-	-	-
Assigned - service delivery	-	-	-	-
Assigned - economic development	-	-	-	-
Assigned - transportation	-	-	-	-
Total special revenue funds	\$ <u>1,419,714</u>	\$ <u>1,713,543</u>	\$ <u>1,588,708</u>	\$ <u>995,119</u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 33,813	\$ 93,454	\$ 176,642	\$ 54,620	\$ 32,484	\$ 165,496
<u>1,344,544</u>	<u>1,185,691</u>	<u>1,140,306</u>	<u>1,382,274</u>	<u>1,122,165</u>	<u>1,111,924</u>
<u>\$ 1,378,357</u>	<u>\$ 1,279,145</u>	<u>\$ 1,316,948</u>	<u>\$ 1,436,894</u>	<u>\$ 1,154,649</u>	<u>\$ 1,277,420</u>
\$ -	\$ -	\$ -	\$ 2,027	\$ -	\$ -
1,198,239	1,646,796	1,854,567	2,336,577	315,019	315,019
-	-	-	-	159,856	159,856
-	-	-	-	44,341	44,341
-	-	-	-	715,224	715,224
-	-	-	-	1,896,230	1,896,230
<u>\$ 1,198,239</u>	<u>\$ 1,646,796</u>	<u>\$ 1,854,567</u>	<u>\$ 2,338,604</u>	<u>\$ 3,130,670</u>	<u>\$ 3,130,670</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
REVENUES				
Grants - intergovernmental	\$ 36,075,614	\$ 34,856,248	\$ 36,307,507	\$ 38,912,645
Membership dues	186,747	167,727	204,941	181,581
Matching funds/program income	956,643	1,302,929	775,240	775,461
Investment income	10,486	8,411	16,348	9,371
Miscellaneous	138,013	85,646	70,531	127,809
Total revenues	<u>37,367,503</u>	<u>36,420,961</u>	<u>37,374,567</u>	<u>40,006,867</u>
EXPENDITURES				
Current:				
General government	106,003	88,883	137,690	289,462
Workforce development	25,329,641	24,869,293	26,981,736	28,395,465
Aging	3,652,872	3,541,919	3,572,842	3,730,974
Emergency communications	2,627,235	1,803,208	2,098,776	3,347,761
Transportation	3,879,399	320,641	3,239,713	3,198,882
Environmental quality	673,946	4,259,579	496,532	505,860
Homeland security	321,202	294,820	215,014	231,516
Criminal justice	289,987	106,892	108,656	295,384
Housing and urban development	14,525	11,895	15,012	11,146
Economic development	37,041	309,175	381,247	114,360
Debt service:				
Principal	63,829	91,468	94,950	99,282
Interest and fiscal charges	-	-	-	-
Capital outlay	309,398	542,719	231,732	461,655
Total expenditures	<u>37,305,078</u>	<u>36,240,492</u>	<u>37,573,900</u>	<u>40,681,747</u>
NET CHANGE IN FUND BALANCES	<u>62,425</u>	<u>180,469</u>	<u>(199,333)</u>	<u>(674,880)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Leases (as lessee)	77,294	-	-	-
Insurance recoveries	21,337	52,676	38,462	-
Sale of capital assets	-	-	-	31,597
Transfers in	90,542	79,405	72,398	62,500
Transfers out	(90,542)	(79,405)	(72,398)	(62,500)
Total other financing sources (uses)	<u>98,631</u>	<u>52,676</u>	<u>38,462</u>	<u>31,597</u>
NET CHANGE IN FUND BALANCES	<u>\$ 161,056</u>	<u>\$ 233,145</u>	<u>\$ (160,871)</u>	<u>\$ (643,283)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>0.17%</u>	<u>0.26%</u>	<u>0.25%</u>	<u>0.25%</u>

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 37,749,088	\$ 39,417,603	\$ 44,138,626	\$ 49,577,054	\$ 53,086,873	\$ 56,970,057
185,177	187,853	188,624	189,927	190,276	204,825
915,494	1,056,636	800,627	799,224	936,325	1,171,814
10,134	18,914	31,664	36,953	26,534	28,712
49,562	182,162	87,259	46,170	41,725	38,337
<u>38,909,455</u>	<u>40,863,168</u>	<u>45,246,800</u>	<u>50,649,328</u>	<u>54,281,733</u>	<u>58,413,745</u>
488,918	851,189	2,212,425	609,828	184,365	479,760
26,533,064	27,481,703	33,670,643	36,743,982	36,925,150	42,448,512
3,967,727	3,796,332	4,085,177	4,937,473	5,603,530	5,529,200
3,325,659	2,412,163	2,001,157	1,772,742	3,638,688	2,205,926
3,354,509	3,477,267	2,160,422	5,339,188	5,862,927	4,922,958
354,014	190,988	170,035	196,229	443,311	320,084
187,105	259,458	169,133	91,214	476,367	192,833
292,634	319,360	217,517	118,986	187,727	565,400
15,158	10,671	13,853	9,812	309	279,765
124,403	135,701	114,492	109,401	344,074	67,895
75,443	84,057	97,071	79,169	79,815	568,896
-	11,978	6,345	9,228	9,180	53,969
<u>291,285</u>	<u>1,582,956</u>	<u>132,956</u>	<u>128,093</u>	<u>371,781</u>	<u>708,561</u>
<u>39,009,919</u>	<u>40,613,823</u>	<u>45,051,226</u>	<u>50,145,345</u>	<u>54,127,224</u>	<u>58,343,759</u>
(100,464)	249,345	195,574	503,983	154,509	69,986
250,000	100,000	100,000	100,000	-	-
-	-	-	-	-	296,553
-	-	-	-	70,868	32,676
-	-	-	-	8,000	-
23,862	-	-	950	180,410	174,595
(23,862)	-	-	(950)	(180,410)	(174,595)
<u>250,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>78,868</u>	<u>329,229</u>
\$ <u>149,536</u>	\$ <u>349,345</u>	\$ <u>295,574</u>	\$ <u>603,983</u>	\$ <u>233,377</u>	\$ <u>399,215</u>
<u>0.20%</u>	<u>0.25%</u>	<u>0.23%</u>	<u>0.18%</u>	<u>0.18%</u>	<u>1.08%</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

TABLE 5

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Governmental Activities	Percentage of Personal Income	Per Capita
	Notes Payable	Leases			
2013	\$ 389,485	\$ 77,294	\$ 466,779	1.39%	\$ 12.35
2014	322,982	52,329	375,311	1.12%	10.10
2015	253,788	26,573	280,361	0.80%	7.46
2016	181,079	-	181,079	0.52%	0.05
2017	105,636	-	105,636	0.28%	0.03
2018	371,579	-	371,579	0.98%	0.09
2019	324,508	-	324,508	0.83%	0.08
2020	345,339	-	345,339	0.83%	0.40
2021	265,524	-	265,524	0.59%	0.30
2022	206,582	1,603,212	206,582	n/a	0.23

n/a = information not available

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Anderson County

Area (Sq. miles) ¹	1,063
County Seat ¹	Palestine
Population, 2022 ²	58,094
Anglo	
Male	18,876
Female	14,350
Black	
Male	9,039
Female	2,978
Hispanic	
Male	7,463
Female	3,906
Other	
Male	729
Female	753
Vital Statistics, ³	
Marriages ²⁰¹⁹	294
Divorces ²⁰¹⁷	39
Births ²⁰²⁰	543
Deaths ²⁰²⁰	735
Unemployment Rate, Annual Average 2022 ⁴	3.4%

Camp County

Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2022 ²	13,515
Anglo	
Male	3,614
Female	3,877
Black	
Male	976
Female	1,168
Hispanic	
Male	1,826
Female	1,639
Other	
Male	209
Female	206
Vital Statistics, ³	
Marriages ²⁰¹⁹	67
Divorces ²⁰¹⁷	3
Births ²⁰²⁰	162
Deaths ²⁰²⁰	199
Unemployment Rate, Annual Average 2022 ⁴	4.5%

Cherokee County

Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2022 ²	52,350
Anglo	
Male	15,532
Female	15,766
Black	
Male	3,736
Female	3,229
Hispanic	
Male	6,662
Female	6,035
Other	
Male	650
Female	740
Vital Statistics, ³	
Marriages ²⁰¹⁹	247
Divorces ²⁰¹⁷	92
Births ²⁰²⁰	739
Deaths ²⁰²⁰	684
Unemployment Rate, Annual Average 2022 ⁴	4.7%

Gregg County

Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2022 ²	126,321
Anglo	
Male	34,411
Female	35,777
Black	
Male	12,327
Female	13,685
Hispanic	
Male	13,155
Female	12,245
Other	
Male	2,347
Female	2,374
Vital Statistics, ³	
Marriages ²⁰¹⁹	923
Divorces ²⁰¹⁷	528
Births ²⁰²⁰	1574
Deaths ²⁰²⁰	1630
Unemployment Rate, Annual Average 2022 ⁴	4.6%

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Harrison County

Area (Sq. miles) ¹	900
County Seat ¹	Marshall
Population, 2022 ²	68,736
Anglo	
Male	20,656
Female	21,877
Black	
Male	6,538
Female	7,735
Hispanic	
Male	5,041
Female	4,961
Other	
Male	966
Female	962
Vital Statistics, ³	
Marriages ²⁰¹⁹	350
Divorces ²⁰¹⁷	99
Births ²⁰²⁰	765
Deaths ²⁰²⁰	769
Unemployment Rate, Annual Average 2022 ⁴	5.0%

Henderson County

Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2022 ²	81,548
Anglo	
Male	29,799
Female	32,230
Black	
Male	2,945
Female	2,843
Hispanic	
Male	5,792
Female	5,570
Other	
Male	1,112
Female	1,257
Vital Statistics, ³	
Marriages ²⁰¹⁹	470
Divorces ²⁰¹⁷	53
Births ²⁰²⁰	955
Deaths ²⁰²⁰	1320
Unemployment Rate, Annual Average 2022 ⁴	3.8%

Marion County

Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2022 ²	10,199
Anglo	
Male	3,503
Female	3,509
Black	
Male	1,082
Female	1,235
Hispanic	
Male	245
Female	236
Other	
Male	198
Female	191
Vital Statistics, ³	
Marriages ²⁰¹⁹	50
Divorces ²⁰¹⁷	40
Births ²⁰²⁰	91
Deaths ²⁰²⁰	182
Unemployment Rate, Annual Average 2022 ⁴	5.3%

Panola County

Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2022 ²	24,714
Anglo	
Male	8,614
Female	8,834
Black	
Male	1,892
Female	1,979
Hispanic	
Male	1,474
Female	1,282
Other	
Male	319
Female	320
Vital Statistics, ³	
Marriages ²⁰¹⁹	114
Divorces ²⁰¹⁷	82
Births ²⁰²⁰	264
Deaths ²⁰²⁰	378
Unemployment Rate, Annual Average 2022 ⁴	4.9%

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Rains County

Area (Sq. miles) ¹	230
County Seat ¹	Emory
Population, 2022 ²	11,455
Anglo	
Male	4,833
Female	4,825
Black	
Male	154
Female	133
Hispanic	
Male	621
Female	560
Other	
Male	155
Female	174
Vital Statistics, ³	
Marriages ²⁰¹⁹	81
Divorces ²⁰¹⁷	48
Births ²⁰²⁰	117
Deaths ²⁰²⁰	193
Unemployment Rate, Annual Average 2022 ⁴	3.2%

Rusk County

Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2022 ²	52,648
Anglo	
Male	16,534
Female	16,123
Black	
Male	4,823
Female	3,762
Hispanic	
Male	5,375
Female	4,576
Other	
Male	713
Female	742
Vital Statistics, ³	
Marriages ²⁰¹⁹	235
Divorces ²⁰¹⁷	178
Births ²⁰²⁰	618
Deaths ²⁰²⁰	682
Unemployment Rate, Annual Average 2022 ⁴	4.4%

Smith County

Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2022 ²	239,994
Anglo	
Male	66,911
Female	72,911
Black	
Male	19,064
Female	21,376
Hispanic	
Male	24,967
Female	25,289
Other	
Male	4,703
Female	4,773
Vital Statistics, ³	
Marriages ²⁰¹⁹	1395
Divorces ²⁰¹⁷	782
Births ²⁰¹⁷	2894
Deaths ²⁰²⁰	2726
Unemployment Rate, Annual Average 2022 ⁴	3.8%

Upshur County

Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2022 ²	42,145
Anglo	
Male	16,286
Female	16,314
Black	
Male	1,655
Female	1,774
Hispanic	
Male	2,428
Female	2,371
Other	
Male	649
Female	668
Vital Statistics, ³	
Marriages ²⁰¹⁹	162
Divorces ²⁰¹⁷	150
Births ²⁰¹⁷	489
Deaths ²⁰²⁰	556
Unemployment Rate, Annual Average 2022 ⁴	4.5%

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Van Zandt County

Area (Sq. miles) ¹	843
County Seat ¹	Canton
Population, 2022 ²	56,056
Anglo	
Male	22,300
Female	23,410
Black	
Male	830
Female	824
Hispanic	
Male	3,597
Female	3,471
Other	
Male	801
Female	823
Vital Statistics, ³	
Marriages ²⁰¹⁹	309
Divorces ²⁰¹⁷	200
Births ²⁰²⁰	575
Deaths ²⁰²⁰	835
Unemployment Rate, Annual Average 2022 ⁴	3.5%

Wood County

Area (Sq. miles) ¹	645
County Seat ¹	Quitman
Population, 2022 ²	45,896
Anglo	
Male	18,295
Female	18,607
Black	
Male	1,267
Female	1,031
Hispanic	
Male	2,988
Female	2,634
Other	
Male	519
Female	555
Vital Statistics, ³	
Marriages ²⁰¹⁹	191
Divorces ²⁰¹⁷	151
Births ²⁰²⁰	362
Deaths ²⁰²⁰	754
Unemployment Rate, Annual Average 2022 ⁴	4.6%

Source:

1: Texas Association of Counties

2: <http://worldpopulationreview.com>

3: Texas Department of State Health Services - VSTAT

4: <https://texaslmi.com>

EAST TEXAS COUNCIL OF GOVERNMENTS

EMPLOYMENT BY COUNTY

County	2019	2020	2021	2022	% Change 2019-2022	% Change 2021-2022
Anderson	23,103	22,208	21,102	22,560	(2.35)	6.91
Camp	4,689	4,557	4,650	4,983	6.27	7.16
Cherokee	20,373	19,108	19,269	19,533	(4.12)	1.37
Gregg	55,155	52,112	54,237	53,910	(2.26)	(0.60)
Harrison	28,505	26,293	26,355	26,846	(5.82)	1.86
Henderson	35,487	34,155	36,265	37,567	5.86	3.59
Marion	3,993	3,793	3,842	4,022	0.73	4.69
Panola	10,408	9,119	8,383	9,180	(11.80)	9.51
Rains	5,896	5,767	6,049	6,406	8.65	5.90
Rusk	21,278	20,615	21,410	21,256	(0.10)	(0.72)
Smith	104,943	101,278	111,568	106,916	1.88	(4.17)
Upshur	17,011	15,984	16,812	16,881	(0.76)	0.41
Van Zandt	25,585	24,291	25,379	26,478	3.49	4.33
Wood	<u>16,646</u>	<u>16,335</u>	<u>16,849</u>	<u>17,034</u>	<u>2.33</u>	<u>1.10</u>
WDA	<u>373,072</u>	<u>355,615</u>	<u>372,170</u>	<u>373,572</u>	<u>0.13</u>	<u>0.38</u>

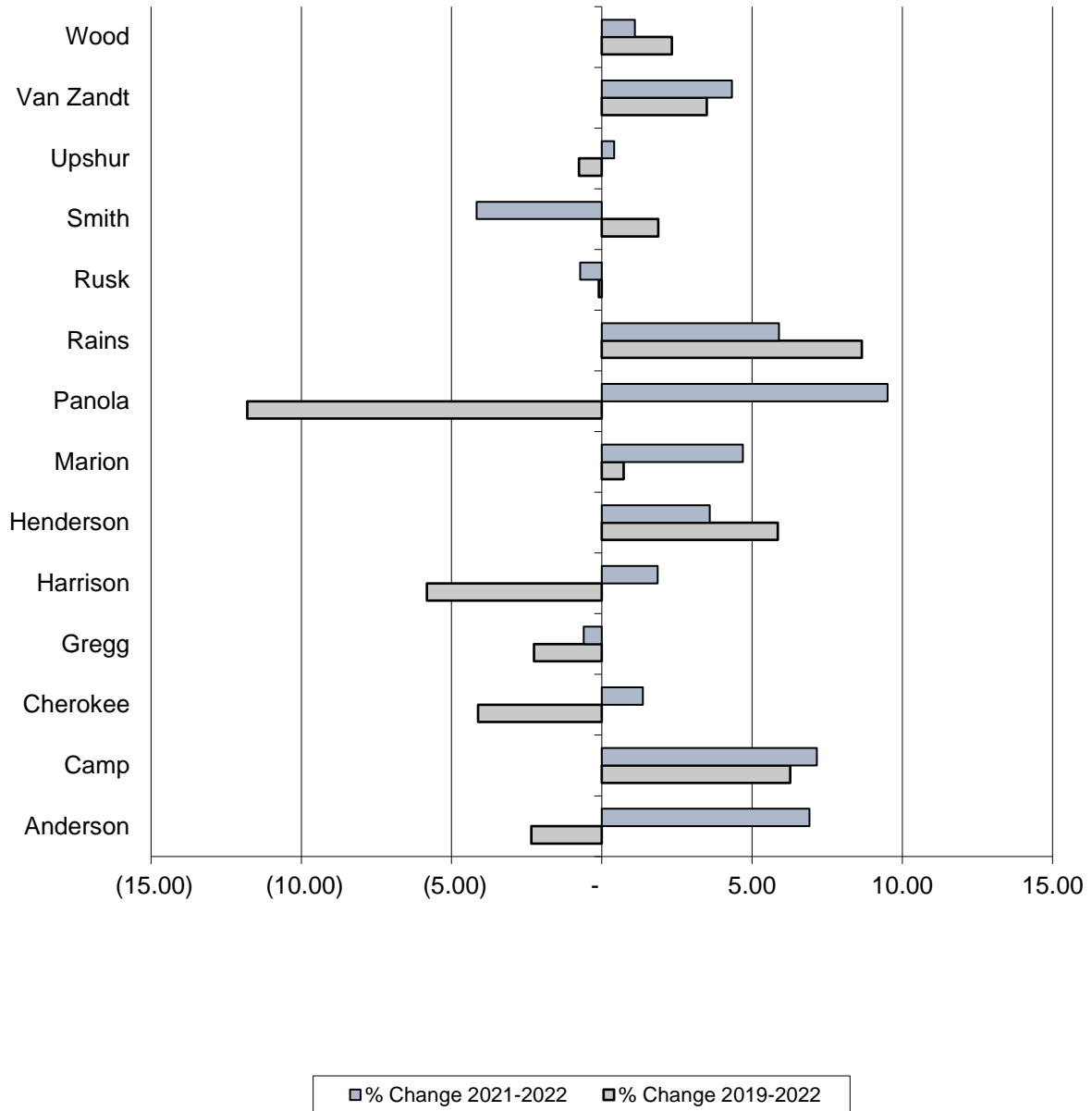
Source: Texas Labor Market Information, <https://texaslmi.com>



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EAST TEXAS COUNCIL OF GOVERNMENTS

EMPLOYMENT PERCENT CHANGE



EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION - CENSUS 1980-2020

<u>County</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Anderson	38,381	48,024	55,109	58,458	57,922
Camp	9,275	9,904	11,549	12,401	12,464
Cherokee	38,127	41,049	46,659	50,845	50,412
Gregg	99,487	104,948	111,379	121,730	124,239
Harrison	52,265	57,483	62,110	65,631	68,839
Henderson	42,606	58,543	73,277	78,532	82,150
Marion	10,360	9,984	10,941	10,546	9,725
Panola	20,724	22,035	22,756	23,796	22,491
Rains	4,839	6,715	9,139	10,914	12,164
Rusk	41,382	43,735	47,372	53,330	52,214
Smith	128,366	151,309	174,706	209,714	233,479
Upshur	28,595	31,370	35,291	39,309	40,892
Van Zandt	31,426	37,944	48,140	52,579	59,541
Wood	24,697	29,380	36,752	41,964	44,843
WDA	570,530	652,423	745,180	829,749	871,375
Texas	14,229,191	16,986,510	20,851,820	25,145,561	29,145,505

Source: Census Bureau - www.census.gov

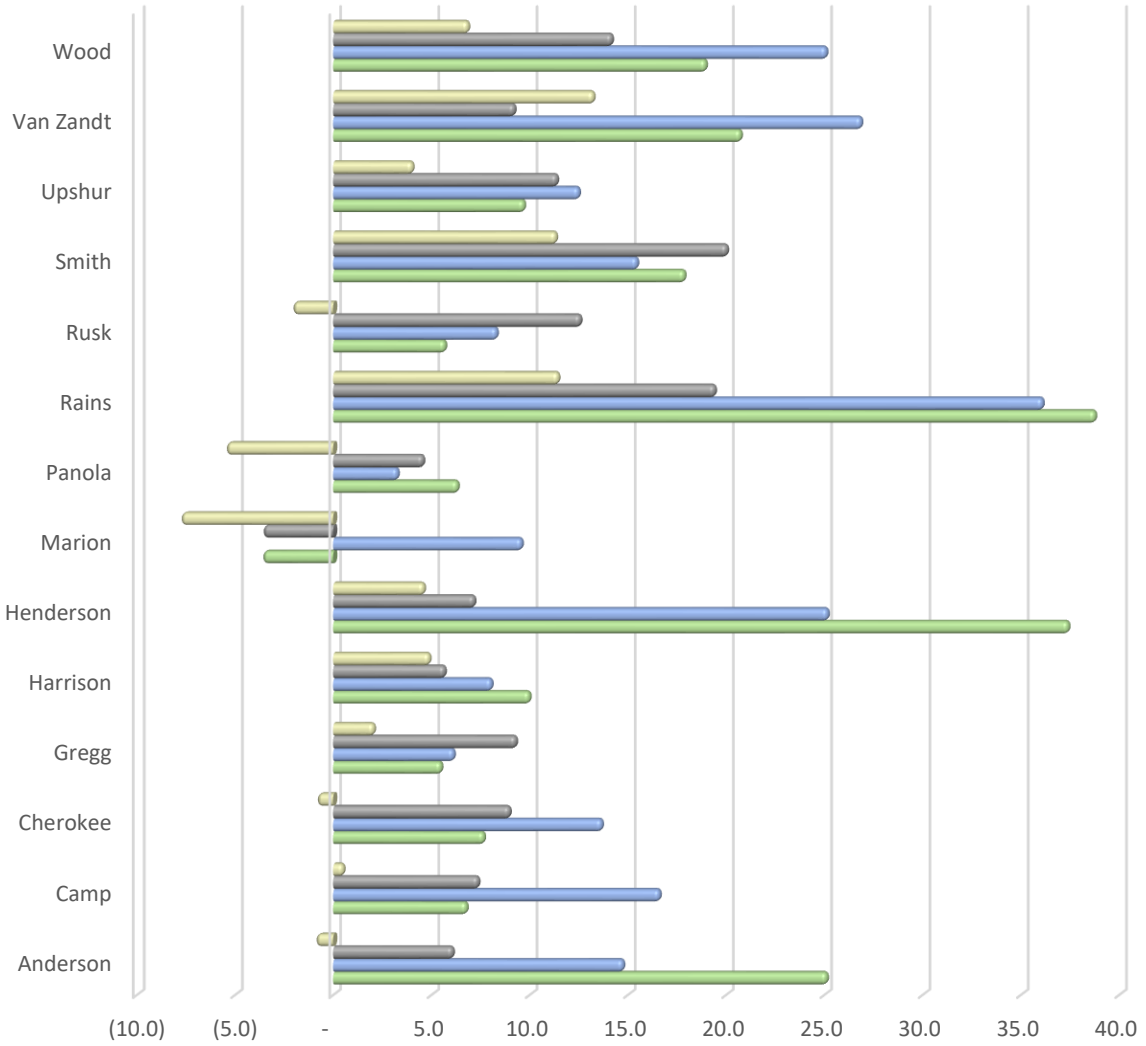
% Change 1980-1990	% Change 1990-2000	% Change 2000-2010	% Change 2010-2020
25.1	14.8	6.1	(0.9)
6.8	16.6	7.4	0.5
7.7	13.7	9.0	(0.9)
5.5	6.1	9.3	2.1
10.0	8.0	5.7	4.9
37.4	25.2	7.2	4.6
(3.6)	9.6	(3.6)	(7.8)
6.3	3.3	4.6	(5.5)
38.8	36.1	19.4	11.5
5.7	8.3	12.6	(2.1)
17.9	15.5	20.0	11.3
10	12.5	11.4	4.0
20.7	26.9	9.2	13.2
19.0	25.1	14.2	6.9
14.4	14.2	11.3	5.0
19.4	22.8	20.6	15.9



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EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION CHANGE CENSUS 1980-2020



Percent Change
 ■ % Change 2010-2020 ■ % Change 2000-2010 ■ % Change 1990-2000 ■ % Change 1980-1990

EAST TEXAS COUNCIL OF GOVERNMENTS

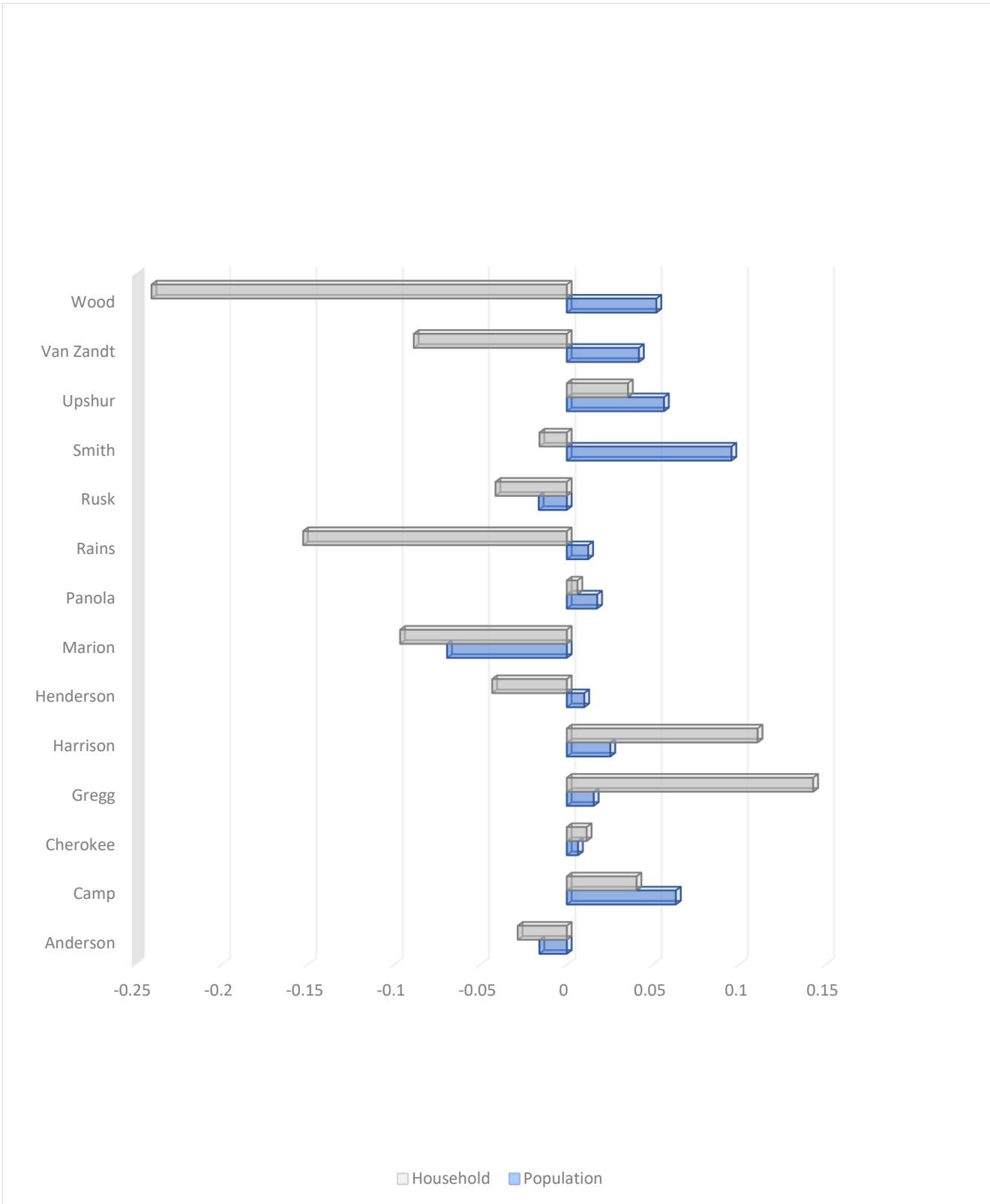
POPULATION AND HOUSEHOLD BY COUNTY

<u>County</u>	<u>Population Forecast ¹</u>			<u>Household Forecast ²</u>		
	<u>2020</u>	<u>2030</u>	<u>Percent Change</u>	<u>2020</u>	<u>2030</u>	<u>Percent Change</u>
Anderson	57,922	57,266	-1.13%	16,319	16,179	-0.86%
Camp	12,464	14,164	13.64%	4,688	5,058	7.89%
Cherokee	50,412	52,516	4.17%	18,440	18,847	2.21%
Gregg	124,239	127,694	2.78%	47,125	48,764	3.48%
Harrison	68,839	69,967	1.64%	23,803	24,539	3.09%
Henderson	82,150	82,001	-0.18%	32,140	33,209	3.33%
Marion	9,725	9,580	-1.49%	4,150	3,852	-7.18%
Panola	22,491	25,008	11.19%	9,482	9,772	3.06%
Rains	12,164	11,519	-5.30%	4,487	4,616	2.87%
Rusk	52,214	51,909	-0.58%	18,516	18,426	-0.49%
Smith	233,479	257,573	10.32%	82,672	93,247	12.79%
Upshur	40,892	44,000	7.60%	15,258	16,523	8.29%
Van Zandt	59,541	57,787	-2.95%	20,445	21,508	5.20%
Wood	44,843	47,643	6.24%	17,369	18,203	4.80%
WDA	871,375	908,627	4.28%	314,894	332,743	5.67%

Source: Texas Demographic Center: <http://demographics.texas.gov/Data/TPEPP/Projections>

EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AND HOUSEHOLD CHANGE 2020-2030



EAST TEXAS COUNCIL OF GOVERNMENTS

TOTAL POPULATION AGE HISTORICAL AND PROJECTED

Age Group	1990 Census		2000 Census		2010 Census	
0 to 4	45,463	7.00%	48,866	6.60%	55,011	7.10%
5 to 14	98,741	15.10%	106,354	14.30%	111,983	13.50%
15 to 19	48,123	7.40%	56,640	7.60%	58,000	6.60%
20 to 24	41,376	6.30%	45,203	6.10%	52,342	6.60%
25 to 34	99,693	15.30%	92,684	12.40%	101,974	12.90%
35 to 44	89,690	13.70%	112,034	15.00%	101,401	12.00%
45 to 54	66,524	10.20%	98,062	13.20%	117,180	13.20%
55 to 64	62,307	9.60%	73,642	9.90%	103,373	12.10%
65 to 74	56,244	8.60%	60,225	8.10%	71,607	8.70%
75 to 84	33,967	5.20%	37,572	5.00%	41,589	5.20%
85+	10,331	1.60%	13,898	1.90%	15,289	2.20%

Source: <http://demographics.texas.gov/Data/TPEPP>

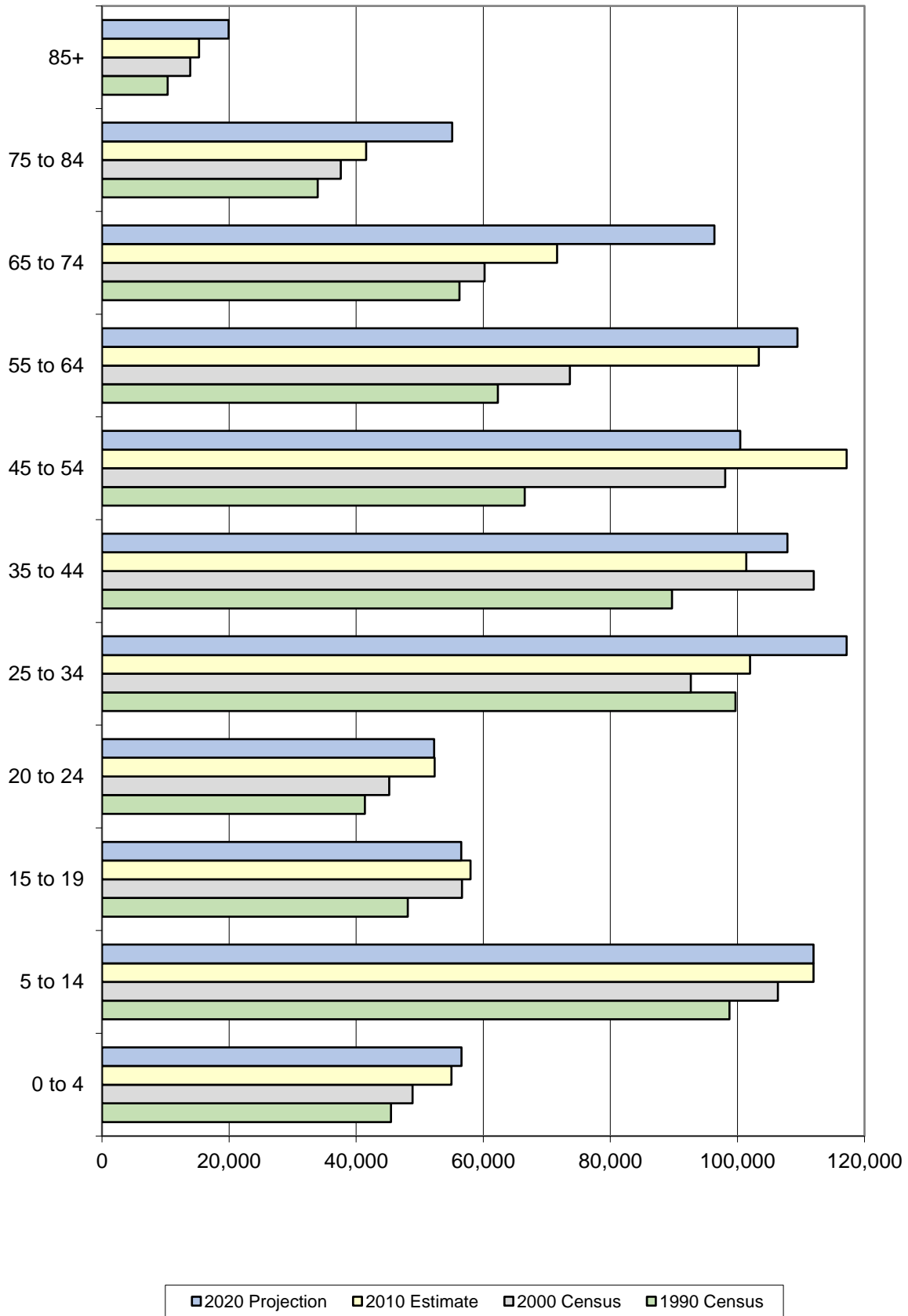
2022 Projection		Percent Change	
		1990 to 2000	2010 to 2020
56,558	6.40%	7.50%	2.81%
111,982	12.67%	7.70%	0.00%
56,519	6.40%	17.70%	-2.55%
52,289	5.92%	9.30%	-0.10%
117,177	13.26%	-7.00%	14.91%
107,851	12.20%	24.90%	6.36%
100,427	11.36%	47.40%	-14.30%
109,454	12.39%	18.20%	5.88%
96,388	10.91%	7.10%	34.61%
55,108	6.24%	10.60%	32.51%
19,918	2.25%	34.50%	30.28%



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EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AGE HISTORICAL AND PROJECTED



EAST TEXAS COUNCIL OF GOVERNMENTS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population ₁	Personal Income (in thousands) ₂	Per Capita Personal Income ₃	Gross Sales All Industries ₄	Gross Sales, All Industries Subject to State Tax ₅
2012	839,625	\$ 32,527,999	\$ 36,790	\$ 34,433,145,704	\$ 8,233,796,819
2013	839,357	33,475,526	37,802	34,431,835,208	8,346,259,934
2014	844,811	33,563,048	37,173	33,258,023,748	8,747,169,123
2015	850,802	35,068,923	37,583	24,783,825,513	6,560,673,658
2016	853,857	34,910,348	37,131	36,315,638,574	8,349,291,122
2017	859,975	34,574,823	37,803	32,084,399,061	8,874,160,515
2018	867,027	37,847,979	39,586	35,152,608,333	9,540,201,777
2019	870,271	39,094,390	40,690	34,897,407,691	9,841,808,647
2020	871,375	41,362,391	43,217	33,590,007,805	9,714,993,581
2021	879,636	44,844,807	47,536	42,305,903,000	11,507,820,590
2022	883,671	n/a	n/a	n/a	n/a

n/a = information not available

Source:

- 1 Texas Demographic Center: <http://demographics.texas.gov/Data/TPEPP/Projections>
- 2: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
Note: as of 3/10/2023 complete information not yet available for 2022
- 3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
Note: as of 3/10/2023 complete information not yet available for 2022
- 4: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 3/10/2023 complete information not yet available for 2022
- 5: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 3/10/2023 complete information not yet available for 2022
- 6: Texas Workforce Commission and US Bureau of Labor Statistics
- 7: Texas Workforce Commission, Annual Average and US Bureau of Labor Statistics

Total Employed₆	Unemployment Rate₇
379,834	6.7
382,711	6.3
367,529	5.2
361,847	4.9
360,948	5.2
364,284	4.6
363,035	4.7
373,073	3.5
355,615	4.3
372,170	7.1
373,572	4.3

EAST TEXAS COUNCIL OF GOVERNMENTS

PRINCIPAL EMPLOYERS 1000+ EMPLOYEES

SEPTEMBER 30, 2022 AND SIX YEARS AGO

Company Information	Employees 2016	% of Total Employment	Employees 2022	% of Total Employment	Difference 2016-2022	Percent Difference 2016-2022
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500	1,222	5%	1,450	6%	228	0.27%
<u>Christus Good Shepherd</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	2,201	10%	2,532	10%	331	0.18%
<u>Christus Trinity Mother</u> 536 S Beckham Ave. Tyler, TX 75702 Smith County	3,999	17%	5,000	19%	1,001	1.86%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,521	7%	1,481	6%	(40)	-0.90%
<u>UT Health East Texas</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,328	14%	3,559	14%	231	-0.75%
<u>Longview ISD</u> 1125 Judson Rd Longview, TX 75601 Gregg County	1,248	5%	1,260	5%	12	-0.57%
<u>Longview Regional Medical</u> 2901 4th Street Longview, TX 75601 Gregg County	998	4%	1,156	4%	158	-0.11%
<u>Sanderson Farms</u> 13523 FM2015 Tyler, TX 75708 Smith County	1,300	6%	1,851	7%	551	1.47%
<u>The Trane Company</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	2,215	10%	2,300	9%	85	-0.77%
<u>Tyler Independent School</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,449	11%	2,551	10%	102	-0.82%

EAST TEXAS COUNCIL OF GOVERNMENTS

PRINCIPAL EMPLOYERS 1000+ EMPLOYEES

SEPTEMBER 30, 2022 AND SIX YEARS AGO

Company Information	Employees 2016	% of Total Employment	Employees 2022	% of Total Employment	Difference 2016-2022	Percent Difference 2016-2022
<u>UT Health Science CenterCenter</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,236	5%	1,450	6%	214	0.21%
<u>Walmart</u> 6801 S. Broadway Ave. Tyler, TX 75703 Smith County	1,418	6%	1,521	6%	103	-0.30%
	<u>23,135</u>		<u>26,111</u>			

Source:

- : http://longviewusa.com/major_employers
- : <http://tedc.org>

EAST TEXAS COUNCIL OF GOVERNMENTS

FULL TIME EMPLOYEE EQUIVALENTS BY FUNCTION

SEPTEMBER 30, 2021 AND LAST TEN YEARS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	22.95	29.49	22.95	19.65	17.66
Workforce	39.34	32.28	34.53	25.90	22.46
Area Agency on Aging	21.23	19.86	24.03	16.06	20.85
Transportation	49.87	48.08	44.01	46.97	47.03
Economic Development	0.91	2.29	0.92	0.92	0.85
Environmental Quality	1.77	1.29	1.90	1.35	0.45
ETRDC -Loan Programs	0.09	1.88	0.95	1.29	2.00
Emergency Communications	9.86	9.67	9.40	7.45	8.85
Homeland Security	1.24	3.65	3.31	1.73	1.25
Criminal Justice	1.55	1.51	1.85	1.08	1.10
	<u>148.81</u>	<u>150.00</u>	<u>143.85</u>	<u>122.40</u>	<u>122.50</u>

2018	2019	2020	2021	2022
19.60	18.71	20.47	22.85	26.81
24.07	27.33	29.65	28.90	30.74
20.80	19.80	23.67	28.15	21.50
43.00	42.00	42.38	52.70	51.70
0.88	1.01	2.56	2.89	2.91
0.45	0.42	0.86	0.68	0.92
2.00	1.90	0.20	0.13	0.47
8.85	8.38	9.49	9.79	11.53
1.25	1.35	0.66	0.48	0.48
1.10	1.10	1.56	0.93	0.94
122.00	122.00	131.50	147.50	148.00

EAST TEXAS COUNCIL OF GOVERNMENTS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Workforce Development</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Children Served	7,737	7,075	6,419	7,786	6,914	5,795
Total Population Served at Workforce Centers	58,827	54,826	51,320	50,077	46,128	37,527
WIA Adults Entering Employment	170	308	291	266	246	235
WIA Adults Served	514	695	521	494	519	452
WIA Dislocated Workers Served	475	619	526	463	449	333
WIA Dislocated Workers Entering Employment	218	260	313	250	271	258
WIA Youth Served	247	317	272	217	230	211
WIA Youth Entering Employment	-	101	118	122	103	95
TANF Participants Served	772	1,340	1,095	838	810	901
TANF Participants Entering Employment	381	710	576	449	433	472
Food Stamp Participants Served	996	1,017	943	1,067	1,137	725
Food Stamp Participants Entering Employment	468	504	470	449	546	453
# Reintegrated Offenders (RIO) Served	965	-	890	846	906	731
RIO Secured Employment	545	-	516	-	547	467
<u>Aging</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Information & Referral	1,855	3,215	2,749	3,470	3,540	1,264
Care Coordination	1,862	1,127	1,695	1,026	1,827	1,510
Legal Assistance over 60	741	919	826	833	816	1,012
Legal Awareness	785	138	485	633	620	501
Evidence Based Intervention	-	-	-	-	-	462
Caregiver Support Coordination	1,456	722	561	497	550	1,194
Congregate Meals	93,342	78,310	73,432	76,625	76,827	71,381
Home Delivered Meals	347,609	342,218	322,298	338,501	313,175	345,458
Transportation	23,089	22,390	23,039	23,039	22,580	27,050
Residential Repairs	28	12	42	43	45	105
Homemaker	8,182	5,032	5,524	5,527	5,415	2,588
Personal Assistance	1,224	1,400	1,724	2,262	1,690	848
Health Maintenance	18	17	15	9	10	-
Health Screening	223	-	-	-	-	-
Nutrition Education	369	157	-	-	-	14,073
Emergency Response	440	387	372	313	326	242
Adult Day Care	536	625	499	516	512	364
Caregiver Respite in Home	8,183	8,361	3,584	3,977	3,897	4,174
Caregiver Respite Institutional	2,328	2,664	1,608	1,704	1,670	15
Instruction & Training	460	497	-	-	-	-
Participant Assessment	74	-	-	-	-	-
Caregiver Information Services	17,483	11,711	8,498	6,773	7,100	2,750
HICAP Assistance & Outreach	-	-	-	-	-	-
Income Support	-	-	-	-	-	-
<u>Criminal Justice</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Peace Officers Receiving Training	3,725	2,630	2,807	3,516	3,525	2,873
<u>Emergency Communications</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Calls Received	130,586	194,058	325,827	392,215	219,705	193,059
<u>Transportation</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Trips	160,417	130,617	122,031	108,834	102,395	93,572
<u>Environmental Quality</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Tons of Material Diverted	1185	1115	246	65	65	18
Total Number of Illegal Dump Sites Cleaned	88	120	210	257	257	812
<u>Economic Development SBA 504 Loans</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debentures Funded	31	37	33	31	31	30
Actual Job Retention from Debentures Funded	440	441	285	240	240	262

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
7,666	7,705	4,177	3,990	4,105
30,094	24,534	42,910	82,774	66,680
232	199	44	77	49
467	371	192	143	327
292	163	36	110	134
179	149	8	26	38
214	236	139	102	185
105	92	13	13	14
763	730	166	163	300
500	435	101	4	-
752	694	327	190	578
373	465	84	42	99
398	444	143	230	-
311	325	70	16	-

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
2,969	2,311	5,602	7,133	7,244
919	1,362	1,564	2,495	2,591
1,144	821	60	234	-
304	165	533	197	-
396	425	96	253	631
479	1,178	2,002	2,209	1,655
69,050	68,941	38,006	19,515	69,031
357,967	367,884	409,680	464,992	452,978
22,642	22,612	12,839	16,431	10,750
23	17	28	40	21
3,110	2,463	2,938	2,841	4,478
1,324	995	1,679	4,589	10,686
35	9	23	35	23
-	-	-	-	-
26,842	6,738	1,811	1,044	879
218	230	292	617	901
144	-	-	-	-
4,983	8,273	14,519	15,694	16,655
32	101	40	20	67
440	409	303	77	178
-	-	-	-	-
2,058	1,572	974	1,259	1,237
-	-	933	1,093	2,872
-	-	26	15	3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
3,270	2,586	1,664	1,156	1,655

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
187,066	196,912	184,493	162,283	235,610

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
88,864	105,780	94,314	109,421	109,421

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
73	92	729	524	23
836	503	571	267	577

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
32	34	32	38	41
254	326	326	265	274

EAST TEXAS COUNCIL OF GOVERNMENTS

CAPITAL ASSETS STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

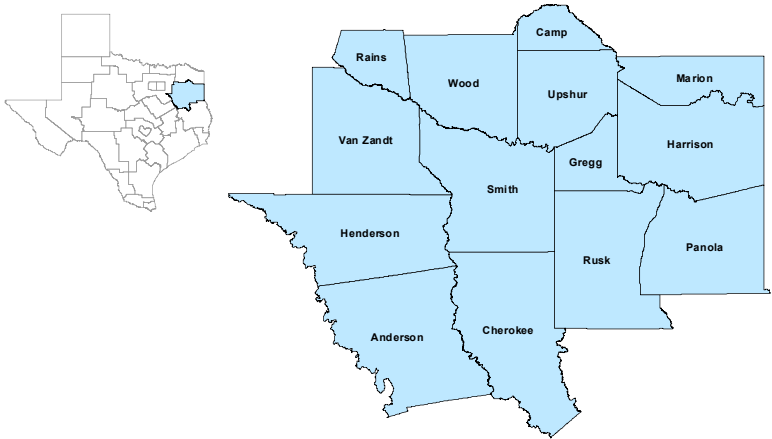
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>General Government</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Building Improvements	1	1	3	4	5	5	6	6	8	9
Facility Storage Shed	-	-	-	1	1	1	1	1	1	1
Office Equipment	11	12	14	13	14	15	15	13	13	13
Ring Central Phone System	-	-	-	-	-	-	-	1	1	1
Security Equipment	-	-	1	1	1	1	1	1	1	1
Vehicles	9	9	9	6	9	10	10	10	10	11
Haulmark Enclosed Trailer	-	-	-	-	-	-	-	-	1	1
Generator	-	-	-	-	-	-	-	-	-	1
<u>Workforce Development</u>										
Office Equipment	2	4	4	4	4	4	4	4	4	4
Arc Welder Equipment	-	-	-	1	1	1	1	1	1	1
Building Improvements/Signage	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	5	5	6	8	9	8
Mobile Unit	1	1	2	3	3	3	3	3	3	3
<u>Emergency Communications</u>										
PSAP Equipment	17	17	17	17	17	17	17	17	18	2
Network	1	1	1	-	-	-	-	-	1	1
Recorders	5	5	5	5	5	5	5	5	6	6
Access Control System	-	-	-	-	-	-	1	1	1	1
911 Server	-	-	-	-	-	-	-	1	1	1
Office Equipment	11	12	13	12	13	13	14	12	14	13
Generator	-	-	-	-	-	-	-	-	1	1
<u>Aging</u>										
Buildings	1	1	1	1	1	1	1	2	2	2
Transportation Vehicles	9	9	14	13	13	13	10	10	11	11
Office Equipment	6	6	6	7	7	7	7	6	6	6
<u>Transportation</u>										
Transportation Vehicles	59	61	55	51	52	75	72	66	76	74
Addition to Transp Vehicle	-	-	-	-	-	-	-	1	5	5
Trolley	-	-	-	-	-	-	-	1	1	1
SmartDrive SR4 Camera System	-	-	-	-	-	-	-	1	1	1
Decontamination System	-	-	-	-	-	-	-	1	1	1
Marshall Chair Lift	1	1	1	1	1	1	1	1	1	1
Digital Dispatch Equipment	1	1	1	1	-	-	-	-	-	-

Note: Capital assets in excess of \$5,000

Assets purchased with grant funds but reported by subrecipients are not included.

East Texas Workforce Development Area

September 2022



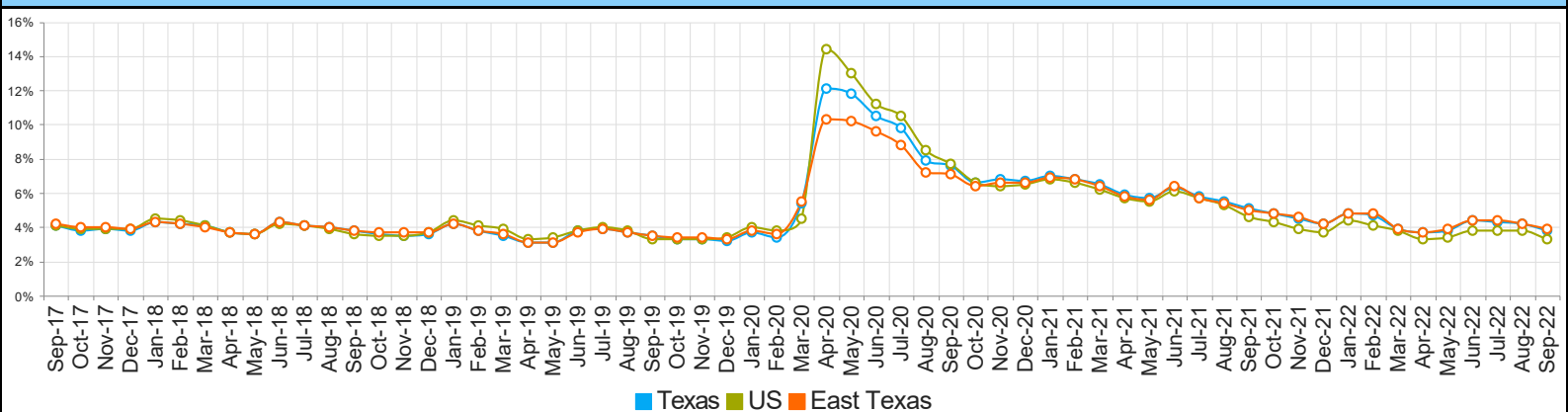
WDA Labor Force Statistics				
	Sep-22	Aug-22	Sep-21	Yearly Change
Civilian Labor Force	388,735	389,333	387,854	881
Employed	373,726	372,977	368,317	5,409
Unemployed	15,009	16,356	19,537	-4,528
Unemployment Rate	3.9%	4.2%	5.0%	-1.1%

Texas Labor Force Statistics				
	Sep-22	Aug-22	Sep-21	Yearly Change
Civilian Labor Force	14,538,929	14,541,555	14,257,887	281,042
Employed	13,982,071	13,934,753	13,536,298	445,773
Unemployed	556,858	606,802	721,589	-164,731
Unemployment Rate	3.8%	4.2%	5.1%	-1.3%

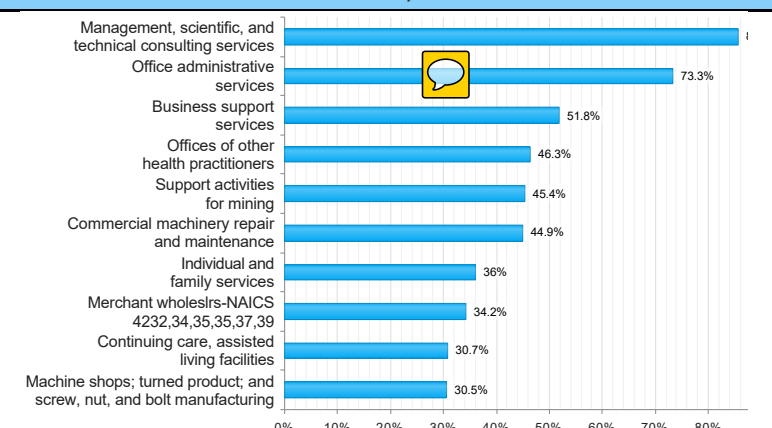
US Labor Force Statistics				
	Sep-22	Aug-22	Sep-21	Yearly Change
Civilian Labor Force	164,463,000	164,971,000	161,392,000	3,071,000
Employed	159,003,000	158,714,000	154,026,000	4,977,000
Unemployed	5,460,000	6,256,000	7,366,000	-1,906,000
Unemployment Rate	3.3%	3.8%	4.6%	-1.3%

Continued Claims for the Week of the 12th				
	Sep-22	Aug-22	Sep-21	Yearly Change
WDA	1,706	1,857	2,498	-792
Texas	75,975	80,829	103,584	-27,609

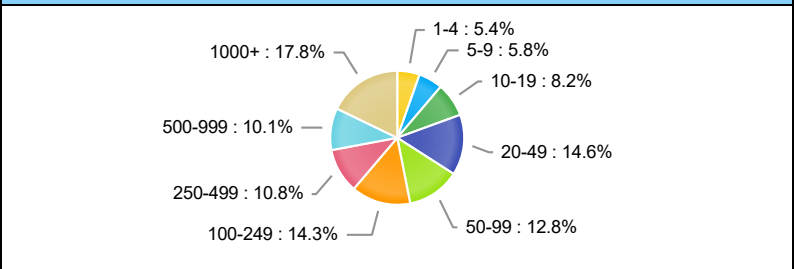
Historical Unemployment Rates



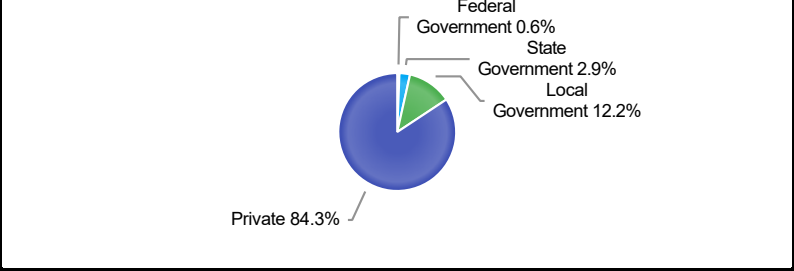
Projected Top Ten Fastest Growing Industries in WDA (% Growth 2020-2030)



Employment by Size Class (1st Quarter 2022)



Employment by Ownership (1st Quarter 2022)

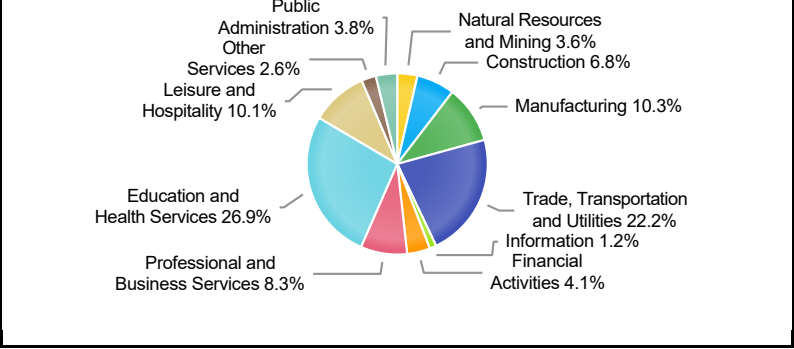


Average Weekly Wage (1st Quarter 2022)					
	Q1 2022	Q4 2021	Q1 2021	Quarterly Change	Yearly Change
WDA	\$959	\$1,026	\$875	-\$67	\$84
Texas	\$1,369	\$1,375	\$1,259	-\$6	\$110
US	\$1,374	\$1,418	\$1,288	-\$44	\$86

Employment by Industry (1st Quarter 2022, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	11,309	3.6%	1.0%	7.2%
Construction	21,273	6.8%	-1.7%	3.2%
Manufacturing	32,051	10.3%	0.2%	4.2%
Trade, Transportation and Utilities	69,436	22.2%	-2.2%	5.4%
Information	3,723	1.2%	1.8%	9.0%
Financial Activities	12,728	4.1%	1.4%	4.5%
Professional and Business Services	26,005	8.3%	-1.7%	3.0%
Education and Health Services	84,085	26.9%	-0.7%	1.7%
Leisure and Hospitality	31,640	10.1%	-1.4%	6.6%
Other Services	8,081	2.6%	-1.1%	3.4%
Public Administration	11,876	3.8%	-0.3%	-4.4%

Employment by Industry (1st Quarter 2022)





**east Texas
council of
GOVERNMENTS**

SINGLE AUDIT SECTION



**east Texas
council of
governments**

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

Board of Directors
East Texas Council of Governments
Kilgore, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the East Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 31, 2023

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

Board of Directors
East Texas Council of Governments
Kilgore, Texas

Report on Compliance for Each Major Federal and State Programs

Opinion on Each Major Federal and State Programs

We have audited East Texas Council of Governments' (the "Council") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the State of Texas *Uniform Grant Management Standards (UGMS)* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2022. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 September 30, 2022.

Basis for Opinion on Each Major Federal and State Programs

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 31, 2023

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards:				
<u>U.S. Department of Agriculture</u>				
Passed through Texas Workforce Commission:				
Supplemental Nutrition Assistance Program 9/30/22	10.561	0822SNE001	\$ 153,094	\$ 99,821
Supplemental Nutrition Assistance Program 9/30/22	10.561.ABW	0822SNE001	278,530	181,607
Supplemental Nutrition Assistance Program 9/30/22	10.561.FED	0822SNE001	167,924	109,490
<i>Total SNAP Cluster</i>			<u>599,548</u>	<u>390,918</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>599,548</u>	<u>390,918</u>
Total U.S. Department Agriculture			<u>599,548</u>	<u>390,918</u>
<u>U.S. Department of Commerce</u>				
Direct Programs:				
District Planning Assistance Program 12/31/23	11.302	ED21AUS3020019	18,097	-
<i>Subtotal 11.302</i>			<u>18,097</u>	<u>-</u>
COVID-19 - EDA CARES Act 6/30/22	11.307	ED20AUS3070067	271,170	-
EDA Broadband 1/31/22	11.307	08-79-05290	165,589	-
<i>Total Economic Development Cluster</i>			<u>436,759</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>454,856</u>	<u>-</u>
Total U.S. Department of Commerce			<u>454,856</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Agriculture:				
Texas Community Development Program 8/31/21	14.228	CEDAF 21-13	10,360	-
<i>Total Passed through Texas Department of Agriculture</i>			<u>10,360</u>	<u>-</u>
Passed through Texas Department of Housing and Community Affairs:				
TDHCA Home Program 4/14/23	14.239	1003014	67,895	-
<i>Total Passed through Texas Department of Housing and Community Affairs</i>			<u>67,895</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>78,255</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Passed through Office of the Governor, Criminal Justice Division:				
COVID-19 - Coronavirus Emergency Supplemental Funding 10/31/22	16.034	4348701	47,685	-
<i>Total Office of the Governor, Criminal Justice Division</i>			<u>47,685</u>	<u>-</u>
Total U.S. Department of Justice			<u>47,685</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards (Continued):				
U.S. Department of Labor				
Passed through Texas Workforce Commission:				
Workforce Commission Initiatives 9/30/22	17.207	0822WCI001	\$ 14,996	\$ -
Innovation Fund Award 12/31/22	17.207	0820ABA001	104,001	29,536
Employment Services 12/31/23	17.207	0822WPA001	198,301	-
Employment Services 12/31/21	17.207	0821WPA001	160,180	-
Veterans Outreach Program 9/30/22	17.801	0822TVC001	<u>21,372</u>	<u>-</u>
<i>Total Employment Service Cluster</i>			<u>498,850</u>	<u>29,536</u>
Reemployment & Eligibility to 9/30/22	17.225	0822REA001	246,196	174,169
Reemployment & Eligibility to 12/31/21	17.225	0821REA001	<u>73,679</u>	<u>46,962</u>
<i>Subtotal 17.225</i>			<u>319,875</u>	<u>221,131</u>
Trade Act 12/31/22	17.245	0822TRA001	166,471	-
Trade Act 12/31/21	17.245	0821TRA001	<u>73,626</u>	<u>-</u>
<i>Subtotal 17.245</i>			<u>240,097</u>	<u>-</u>
COVID-19 - WIOA National Emergency Grant 3/31/23	17.277	0820NDW001	<u>1,319,864</u>	<u>1,239,015</u>
<i>Subtotal 17.277</i>			<u>1,319,864</u>	<u>1,239,015</u>
High Demand Training 7/31/22	17.258	0822HJT001	74,935	-
High Demand Training 4/30/22	17.258	0821HJT001	74,997	-
Workforce Commission Initiatives 9/30/22	17.258	0822WCI001	11,988	-
WIOA Adult 6/30/24	17.258	0822WOA001	9,543	-
WIOA Adult 6/30/23	17.258	0821WOA001	1,490,060	881,113
WIOA Adult 6/30/22	17.258	0820WOA001	97,090	66,805
WIOA Youth 6/30/24.	17.259	0822WOY001	1,966	-
WIOA Youth 6/30/23	17.259	0821WOY001	1,451,213	967,534
WIOA Youth 6/30/22	17.259	0820WOY002	264,128	144,853
WIOA Rapid Response 6/30/22	17.278	0821WOR001	4,288	3,546
WIOA Dislocated Worker 6/30/24	17.278	0822WOD001	2,387	-
WIOA Dislocated Worker 6/30/23	17.278	0821WOD001	1,340,280	602,517
WIOA Dislocated Worker 6/30/22	17.278	0820WOD001	<u>1,047,079</u>	<u>538,543</u>
<i>Total WIOA Cluster</i>			<u>5,869,954</u>	<u>3,204,911</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>8,248,640</u>	<u>4,694,593</u>
Total U.S. Department of Labor			<u>8,248,640</u>	<u>4,694,593</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards (Continued):				
<u>U.S. Department of Transportation</u>				
Passed through Texas Department of Transportation:				
Regional Federal Planning 8/31/23	20.505	51008011023	\$ 1,453	\$ -
Regional Federal Planning 8/31/22	20.505	51008011022	1,584	-
Regional Federal Planning 2/28/22	20.505	51008011021	27,671	-
<i>Subtotal 20.505</i>			<u>30,708</u>	<u>-</u>
COVID-19 - Rural Transportation CARES ACT 12/31/22	20.509	51018031021	1,714,803	-
Rural Transportation 12/31/23	20.509	51018011023	81,919	-
COVID-19 - Rural Transportation ARP 12/31/22	20.509	51018021022	212,238	-
Rural Transportation 12/31/22	20.509	51018011022	690,501	-
Bus & Bus Facilities 3/31/22	20.509	51003011020	131,298	-
<i>Subtotal 20.509</i>			<u>2,830,759</u>	<u>-</u>
COVID-19 Elderly & Disabled ARP 8/31/22	20.513	51016011021	535,213	-
Enhanced Mobility 8/31/22	20.513	51016011022	12,833	-
Enhanced Mobility 8/31/22	20.513	51016031022	59,680	-
<i>Total Transit Services Programs Cluster</i>			<u>607,726</u>	<u>-</u>
<i>Total Passed through Texas Dept. of Transportation</i>			<u>3,469,193</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,469,193</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission:				
Title VII Elder Abuse 9/30/22	93.041	HHS000874100011	19,990	-
Title VII Ombudsman Services 9/30/22	93.042	HHS000874100011	58,469	-
COVID-19 - Title VII Ombudsman 9/30/22 - ARP	93.042	HHS000874100011	10,056	-
<i>Subtotal 93.042</i>			<u>68,525</u>	<u>-</u>
Title III Part D 9/30/22	93.043	HHS000874100011	51,817	-
COVID-19 - Title III Part D 9/30/22 - ARP	93.043	HHS000874100011	20,429	-
<i>Subtotal 93.043</i>			<u>72,246</u>	<u>-</u>
Title III Part B 9/30/22	93.044	HHS000874100011	1,142,339	192,381
COVID-19 - Title III Part B 9/30/22 - ARP	93.044	HHS000874100011	309,472	53,800
Title III Part C1 9/30/22	93.045	HHS000874100011	465,156	150,790
COVID-19 - Title III Part C1 9/30/22 - ARP	93.045	HHS000874100011	208,052	38,492
Disaster Flex Title III Part C1	93.045	HHS000874100011	241,868	-
Title III Part C2 9/30/22	93.045	HHS000874100011	778,035	769,035
COVID-19 - Title III Part C2 9/30/22 - ARP	93.045	HHS000874100011	340,921	317,221
COVID-19 - Title III-C1 9/30/20	93.045	HHS000874100011	187,267	-
Consolidated Appropriations III-C2 9/30/22	93.045	HHS000874100011	291,843	-
Nutrition Service Incentive Program 9/30/22	93.053	HHS000874100011	319,422	18,751
<i>Total Aging Cluster</i>			<u>4,284,375</u>	<u>1,540,470</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards (Continued):				
U.S. Department of Health and Human Services (Continued)				
Passed through Texas Health and Human Services Commission (Continued):				
Title III Part E 9/30/22	93.052	HHS000874100011	\$ 472,899	\$ 24,992
COVID-19 - Title III Part E 9/30/22 - ARP	93.052	HHS000874100011	104,788	-
<i>Subtotal 93.052</i>			<u>577,687</u>	<u>24,992</u>
MIPPA Priority 8/31/23	93.071	HHS000874100011	1,345	-
MIPPA Priority 8/31/22	93.071	HHS000874100011	30,193	-
<i>Subtotal 93.071</i>			<u>31,538</u>	<u>-</u>
HICAP 3/31/22	93.324	HHS000874100011	56,380	-
HICAP 3/31/23	93.324	HHS000874100011	23,087	-
<i>Subtotal 93.324</i>			<u>79,467</u>	<u>-</u>
<i>Total Passed through Texas Health and Human Services Commission</i>			<u>5,133,828</u>	<u>1,565,462</u>
Passed through Texas Workforce Commission:				
Employment Services 12/31/23	93.558	0822WPA001	9,031	-
Employment Services 12/31/21	93.558	0821WPA001	10,523	-
TANF 10/31/22	93.558	0822TAF001	1,573,332	1,101,373
TANF 10/31/21	93.558	0821TAF001	104,250	85,770
Non Custodial Parent 9/30/22	93.558	0822NCP001	140,117	96,059
Entrepreneurship Bootcamp 6/30/23	93.558	0822EBC001	90	-
Workforce Commission Initiatives 9/30/22	93.558	0822WCI001	35,000	-
<i>Subtotal 93.558</i>			<u>1,872,343</u>	<u>1,283,202</u>
Workforce Commission Initiatives 5/31/21	93.575	0819WCI000	(199)	-
COVID-19 - CC Service Industry Recovery - CRF 3/31/23	93.575	0822CCX001	1,670,798	1,617,396
Childcare 12/31/22	93.575	0822CCF001	11,928,027	11,395,487
COVID-19 - Childcare 12/31/22 - Coronavirus Relief Fund	93.575	0822CCF001	5,375,439	5,140,695
Childcare 12/31/21	93.575	0821CCF001	481,120	436,342
COVID-19 - Childcare 12/31/21 - Coronavirus Relief Fund	93.575	0821CCF001	205,451	186,330
Childcare Quality 3/31/22	93.575	0822CCQ001	1,460,667	59,986
Childcare Quality 10/31/21	93.575	0821CCQ001	157,215	59,970
Childcare 12/31/22	93.596	0822CCF001	5,812,488	5,558,658
Childcare Local Match 12/31/21	93.596	0821CCM001	1,899,567	1,899,567
<i>Total CCDF Cluster</i>			<u>28,990,573</u>	<u>26,354,431</u>
Childcare Social Services Block Grant 12/31/22	93.667	0822CCF001	58,980	56,404
<i>Subtotal 93.667</i>			<u>58,980</u>	<u>56,404</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>30,921,896</u>	<u>27,694,037</u>
Total U.S. Department of Health and Human Services			<u>36,055,724</u>	<u>29,259,499</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards (Continued):				
U.S. Department of Homeland Security				
Passed through the Office of the Governor, Division of Emergency Management:				
Homeland Security Program 9/30/22	97.067	2947607	\$ 65,668	\$ -
Homeland Security Program RAVE 9/30/22	97.067	315106	80,000	-
Homeland Security Program 9/30/21	97.067	2947606	<u>16,705</u>	<u>-</u>
<i>Subtotal 97.067</i>			<u>162,373</u>	<u>-</u>
Homeland Security M&A 8/31/23	97.073	CJDHS-23	466	-
Homeland Security M&A 8/31/22	97.073	CJDHS-22-00072	13,073	-
Homeland Security M&A 8/31/21	97.073	2947606	11,687	-
Homeland Security M&A 8/31/20	97.073	20-HSGD-P96258	<u>19,909</u>	<u>-</u>
<i>Subtotal 97.073</i>			<u>45,135</u>	<u>-</u>
<i>Total Passed through the Office of the Governor, Division of Emergency Management</i>			<u>207,508</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>207,508</u>	<u>-</u>
Total Federal Awards			<u>\$ 49,161,409</u>	<u>\$ 34,345,010</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>State Grantor/ Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
State Awards:			
<u>Texas Health and Human Services Commission</u>			
OMB ALF 8/31/22	HHS000874100011 \$	68,646 \$	-
Housing Bond 8/31/22	HHS000874100011	16,666	-
American Rescue Plan State General Revenue 9/30/23	HHS000874100011	57,407	-
State General Revenue 9/30/22	HHS000874100011	160,966	6,132
State General Revenue HDM Rate Increase 9/30/22	HHS000874100011	77,418	60,728
Total Texas Health and Human Services Commission		<u>381,103</u>	<u>66,860</u>
<u>Office of the Governor, Criminal Justice Division</u>			
Police Training 8/31/23	1426517	161,282	136,727
Criminal Justice 8/31/23	CJDHS-23	2,769	-
Criminal Justice 8/31/22	CJDHS-22-00072	43,752	-
Criminal Justice 8/31/21	CJDHS2021	5,455	-
Regional Evaluation Services for Juveniles 8/31/23	2541711	72	-
Regional Evaluation Services for Juveniles 8/31/22	2541710	24,990	24,201
Total Office of the Governor, Criminal Justice Division		<u>238,320</u>	<u>160,928</u>
<u>Office of the Governor, Homeland Security Grants Division</u>			
Elderville/Lakeport Radio Infrastructure Repeater Project	4111001	4,316	4,316
Gregg County Repeater/Infrastructure Project	3977401	500,000	500,000
<i>Total Statewide Emergency Radio Infrastructure Program</i>		<u>504,316</u>	<u>504,316</u>
Total Office of the Governor, Homeland Security Grants Division		<u>504,316</u>	<u>504,316</u>
<u>Texas Commission on Environmental Quality</u>			
Solid Waste 8/31/23	582-22-30115	127,227	43,719
Air Quality 12-31-23	582-20-11978	192,365	182,072
Total Texas Commission on Environmental Quality		<u>319,592</u>	<u>225,791</u>
<u>Commission on State Emergency Communications</u>			
9-1-1 8/31/23	911-ET-23	162,704	62,452
9-1-1 8/31/22	911-ET-22	1,315,041	549,326
9-1-1 8/31/21	911-ET-21	456,215	131,234
9-1-1 8/31/20	911-ET-20	5,862	-
<i>Total 9-1-1 - State</i>		<u>1,939,822</u>	<u>743,012</u>
Total Commission on State Emergency Communications		<u>1,939,822</u>	<u>743,012</u>
<u>Texas Department of Transportation</u>			
Rural Transportation 8/31/22	51218011022	39,913	-
Rural Transportation 12/31/21	51218011021	1,245,703	-
<i>Total Rural Transportation - State</i>		<u>1,285,616</u>	<u>-</u>
Total Texas Department of Transportation		<u>1,285,616</u>	<u>-</u>
<u>Texas Veteran's Commission</u>			
Veteran's Assistance 6/30/23	GT-FVA22-051	2,222	-
Veteran's Assistance 6/30/22	GT-FVA21-034	31,281	-
Total Texas Veteran's Commission		<u>33,503</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>State Grantor/ Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
State Awards (Continued):			
<u>Texas Workforce Commission</u>			
Childcare DFPS 12/31/23	0823CCP001	\$ 90,876	\$ 88,620
Childcare DFPS 12/31/22	0822CCP001	1,191,599	1,163,750
Childcare DFPS 12/31/21	0821CCP001	9,013	9,013
Childcare 12/31/21	0822CCF001	<u>818,198</u>	<u>782,467</u>
<i>Total CCDF - State</i>		<u>2,109,686</u>	<u>2,043,850</u>
VR SEAL 9-30-23	3022VRS033	96,519	93,443
VR SEAL 1-31-22	0321VRS061	31,390	30,873
VR Navigator 8-31-23	3018VRS136	97,723	-
VR WSWE 9-30-23	3018VRS174	79,696	-
ISS 10-31-22	0822COL001	149,420	-
Supplemental Nutrition Assistance Program 9/30/22	0822SNE001	92,763	66,390
TANF 10/31/22	0822TAF001	265,730	176,343
Non Custodial Parent 9/30/23	0823NCP001	975	-
Non Custodial Parent 9/30/22	0822NCP001	<u>182,474</u>	<u>126,850</u>
<i>Total TANF - State</i>		<u>449,179</u>	<u>303,193</u>
<i>Total Texas Workforce Commission</i>		<u>3,106,376</u>	<u>2,537,749</u>
<i>Total State Awards</i>		<u>7,808,648</u>	<u>4,238,656</u>
<i>Total Federal and State Awards</i>		<u>\$ 56,970,057</u>	<u>\$ 38,583,666</u>

The accompanying notes are an integral part of this schedule.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of East Texas Council of Governments (the "Council"). The Council's reporting entity is defined in Note 1 of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

4. NEGATIVE AMOUNTS

Due to a revision in the allocation of certain costs, the grantor has retroactively allocated certain grant expenditures. As a result of this, the affected grants reflect a negative balance on the current Schedule of Expenditures of Federal and State Awards.

5. INDIRECT COSTS

The Council has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance or <i>Uniform Grant Management Standards</i> ?	None
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Identification of major programs:

Federal:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
17.258, 17.259, 17.278	WIOA Cluster
93.044, 93.045, 93.053	Aging Cluster

State	9-1-1 Statewide Emergency Radio Infrastructure Program
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Dollar threshold used to distinguish between type A and type B federal programs	\$1,474,842
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Dollar threshold used to distinguish between type A and type B state programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None



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SERVING A FOURTEEN COUNTY REGION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

None



**east Texas
council of
governments**