

East Texas Council of Governments



Harrison County Courthouse

Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2023



**east Texas
council of
GOVERNMENTS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

EAST TEXAS COUNCIL OF GOVERNMENTS

KILGORE, TEXAS

For the Year Ended
September 30, 2023

Division of Operations
Wendi Horst, Director

Financial Services:

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

Inventory, Monitoring, Procurement & Contracts:

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



**east Texas
council of
GOVERNMENTS**

EAST TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

SEPTEMBER 30, 2023

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i – vi
GFOA Certificate of Achievement	vii
Organizational Chart	viii
Principal Officials	ix
Member Governments	x
FINANCIAL SECTION	
Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13 - 14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	18
Notes to Financial Statements	19 – 34
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	35
Schedule of Employee Pension Contributions.....	36
Notes to the Schedule of Employer Pension Contributions	37
Supplemental Schedules:	
Schedule of Indirect Costs	38

Schedule of Employee Benefits.....	39
------------------------------------	----

STATISTICAL SECTION

Net Position by Component.....	40 - 41
Changes in Net Position.....	42 - 43
Fund Balances of Governmental Funds.....	44 - 45
Changes in Fund Balances of Governmental Funds.....	46 - 47
Ratios of Outstanding Debt by Type.....	48
Regional County Information.....	49 - 52
Employment by County.....	53
Employment Percentage Change.....	54
Population – Census – 1970 – 2000 – 2010 Census Estimate.....	55 - 56
Population Change in 1970s, 80s, 90s, 2000 and 2010.....	57
Population and Household by County.....	58
Population and Household Percentage Change 2010 – 2030.....	59
Total Population Age – Historical and Projected.....	60 - 61
Population Age – Historical and Projected.....	62
Demographic and Economic Statistics.....	63 - 64
Principal Employers 1000+ Employees.....	65 - 66
Full Time Employee Equivalents by Function.....	67 - 68
Operating Indicators by Function.....	69 - 70
Capital Assets Statistics by Function.....	71
East Texas Workforce Development Area Map.....	72

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73 - 74
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and Texas Grant Management Standards.....	75 - 76
Schedule of Expenditures of Federal and State Awards.....	77 - 83
Notes to Schedule of Expenditures of Federal and State Awards.....	84
Schedule of Findings and Questioned Costs.....	85
Summary Schedule of Prior Audit Findings.....	86

**INTRODUCTORY
SECTION**



**east Texas
council of
GOVERNMENTS**



3800 STONE ROAD, KILGORE, TEXAS 75662
Office 903/218-6400 • FAX 903/983-1440

SERVING A FOURTEEN COUNTY REGION

April 1, 2024

The Honorable Commissioner William Hatfield, Harrison County
and Members of the Executive Committee
East Texas Council of Governments
3800 Stone Road, Kilgore, TX 75662

Dear Commissioner Hatfield, 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, 2023, 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.

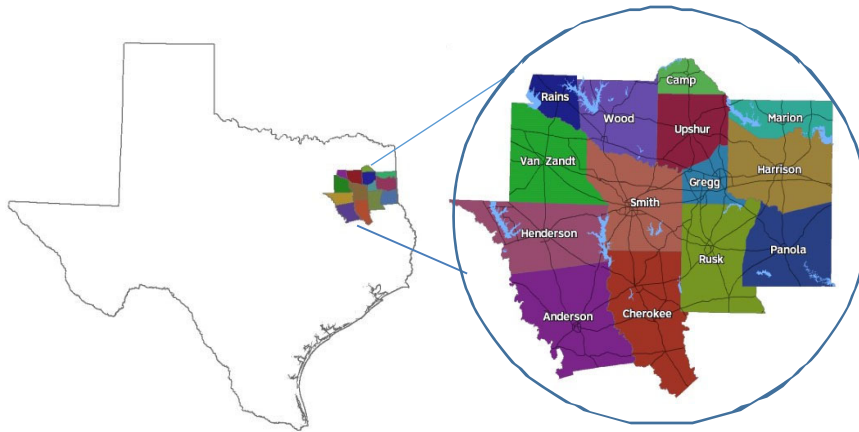
To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects and properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds. Furthermore, all disclosures have 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 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, 2023. 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 131 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 conducting that policy. ETCOG's Executive Committee meets monthly to provide specific guidance to the Council. During 2023, ETCOG's membership was comprised of the 14 county governments, 73 cities, 32 school districts, 10 special purpose districts, and 2 river authorities, including all major general-purpose local governments in the region. According to the 2022 estimates from the Texas State Data Center, these member governments represented approximately 893,668 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.

With the pandemic behind us, the East Texas economic growth remains healthy while gradually reverting to a more historically normal pace of expansion. The job market remains very strong with unemployment staying at near record lows. The large spikes in demand, extremes in spending patterns and shocks in supply have run their course. It is evident that significant progress on inflation was made in 2023 and is expected to continue in 2024, with inflation rates forecasted to reach 2%, which is the level the Federal Reserve deems an appropriate amount of inflation.

Renowned economist Dr. Ray Perryman, president of The Perryman Group, held his 40th Economic Outlook presentation for the East Texas economy. Inflation has been hard on families, businesses, and public entities. We are finally seeing signs of inflation beginning to ease, although it has taken unprecedented interest rate hikes to get there. The Federal Reserve has shown resolve in raising interest rates to slow the economy, with the magnitude of the adjustments beginning to diminish. Inflation and interest rates have been a worry for all Americans, but Perryman says that is overblown. "I don't think it has impacted economic growth that much, if anything it's a reflection that we have had a lot of economic growth. Tyler's job growth is about twice the national average, and one out of every four jobs created in the entire country have been created in the state of Texas" says Perryman.

Despite the hurdles that the economy has faced in the last few years, the East Texas region is still primed for future growth. With its productive rural communities and abundant natural resources, the East Texas region is positioned to continue its economic development with the outlook for long-term growth being positive.

MAJOR INITIATIVES

Regional Broadband

ETCOG has received a 2023 Aliceann Wohlbruck Impact Award from the National Association of Development Organizations (NADO) for its Regional Broadband Planning Initiative. With this project, our aim has been to build county-level plans to bridge the digital divide, ensuring that we have a strategy to enable high-speed internet access to become a reality for underserved communities throughout the region. ETCOG's grassroots Broadband Planning Initiative involved working with each county over the past three years to identify and prioritize critical broadband needs, resulting in a comprehensive plan consisting of up to six projects per county, along with the necessary budgets to seek funds for implementation.

Brownfields

ETCOG was recently awarded a Brownfields Assessment Coalition Grant of \$1 million from the Environmental Protection Agency (EPA) through the Bipartisan Infrastructure Law. This grant will allow ETCOG to lead environmental site assessments and reuse planning throughout the region. The funding aims to revitalize and re-envision contaminated properties, fostering sustainable redevelopment across the 14-county ETCOG region. These sites, characterized by the presence or potential presence of hazardous substances, pollutants, or contaminants, often pose challenges to expansion, redevelopment, and reuse. With this grant, ETCOG will help to address these challenges through environmental remediation and planning while creating opportunities for future economic growth.

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 forming its own Emergency Communications District. A target date of December 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. The move will also result in increased flexibility with the use of funds once the 9-1-1 regional system is under local elected official control.

Executive/Personnel Recruitment Services

Entering its third year, ETCOG continues to offer Executive Recruitment Services to its members. Under this program, our members receive high quality recruitment services for the key staff members it needs at a significantly discounted rate compared to other options that may be available. We never take on more than two clients at a time to ensure you receive the best service possible. Be sure to reach out to me or our Human Resources Team for more details and information.

Regional Technology Solutions

Also, in its third year, ETCOG offers Information Technology and GIS Services to our members who need short-term or long-term assistance from highly qualified and experienced staff. If you need short-term or long-term help with IT or GIS services, be sure to contact me or an ETCOG Regional Technology Services Team member for more details and information. Also, as a member of ETCOG, you can receive a top-to-bottom IT systems health review from our staff FREE of charge.

Regional Purchasing Cooperative

COGWORKS is a 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 of 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. Of course, as a member of COGWORKS, our jurisdictions and members can secure more and more of the products and services they need at competitive prices much quicker because all the procurement work is complete.

Grant Research

ETCOG can assist its members with researching grant opportunities, writing grants, and post-award administration. Researching any type of grant for ETCOG members is always free of charge. We charge a minimal 5% fee for writing a grant; half of which is paid when the project begins, and the remaining half is paid upon grant submission. We can provide post-award administration for a reasonable administrative fee as needed. Our preference is to include administrative fees into the grant budget, so your organization does not have to pay out of pocket. Post-award services include maintenance of accurate records and reports, ensuring compliance with regulations, timely submission of invoices, vouchers, and bids, obtaining approvals of grant modifications, creation of monthly reports, cost transfers and closeout documentation. As of this writing, we have more clients than staff to address this need, so it is possible you may have to wait your turn in line.

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.

In FY 2023, the Area Agency on Aging served a total of 80,711 congregate meals and 483,699 home delivered meals. Other operating indicators for FY-2023 are as follows: Information & Referral 6,292; Care Coordination 2,470; Caregiver Support Coordination 1,065; Transportation 19,038; Homemaker and Personal Assistance 12,149; Caregiver Information Services 52; Nutrition Education 4,668; Emergency Response 927; Respite In Home 6,489; Respite Out of Home 116; Evidence Based Intervention 927; HICAP assistance and outreach 1,064; and Legal Awareness and Assistance 4,261.

Public Safety

The Public Safety Division encompasses the Criminal Justice (CJ), Homeland Security (HS) and 911 Emergency Services (911) programs. The Criminal Justice and Homeland Security programs serve all 14-counties within the ETCOG region while the 911 Emergency Services Program serves 10-counties (Anderson, Camp, Cherokee, Gregg, Marion, Panola, Rains, Upshur, Van Zandt, and Wood). Local 911 districts serve the remaining 4 counties (Harrison, Henderson, Rusk, and Smith) and 2 cities (Kilgore and Longview) within the ETCOG region.

Public Safety initiatives include the upgrade to fiber at all of our Public Safety Answering Points (PSAP) and to replace our Front Room Customer Premise Equipment at our PSAPs.

Rural Transportation Services

ETCOG's GoBus rural transportation system provided 125,031 trips in FY 2023 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.

ETCOG's rural transit system, GoBus, has been awarded a 2023 Excellence in Regional Transportation Award from the National Association of Development Organizations (NADO) for its "Bridging Transit Gaps with GoBus" project. The project involved creating partnerships with Longview Transit and Tyler Transit to extend GoBus services to special events and vulnerable populations residing in their urbanized zones, particularly those who do not have access to a bus route within walking distance. Through these coordinated projects, GoBus has been able to provide essential mobility options and extend its reach to fill critical transportation voids and enhance transportation services for the community it serves.

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.

The East Texas Rural Transportation Planning Organization members, Gregg County Judge Bill Stoudt, Chair Marion County Judge Leward LaFleur, and former Harrison County Judge Richard Anderson, proudly announced that the Federal Railroad Administration has officially designated the I-20 Corridor Intercity Passenger Rail Service as one of the selected corridors under their Corridor Identification and Development Program. This designation signifies a significant step toward realizing the long-advocated rail connection between Dallas/Fort Worth and Atlanta, Georgia. The I-20 Corridor, with cities like Mineola, Longview, and Marshall, stands to benefit greatly from reduced congestion on Interstate 20 and the establishment of a crucial passenger rail link connecting the East and West Coasts.

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. More than ever, successful economic development means engagement and cooperation between those willing to take the risk to open and build their businesses and those who provide the day-to-day "elbow grease" to get the job done. Workforce Solutions East Texas is proud to partner with both sides of the equation to ensure our communities continue to grow and prosper for themselves and their families. The total population served at workforce centers in FY 2023 was 66,496.

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 defines standards of ethical conduct. The Board of Directors approves a region-wide financial plan for revenues and expenses 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 guidelines issued 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, are examples of rules and regulations that drive the 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, 2022. This was the twenty-third 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,



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

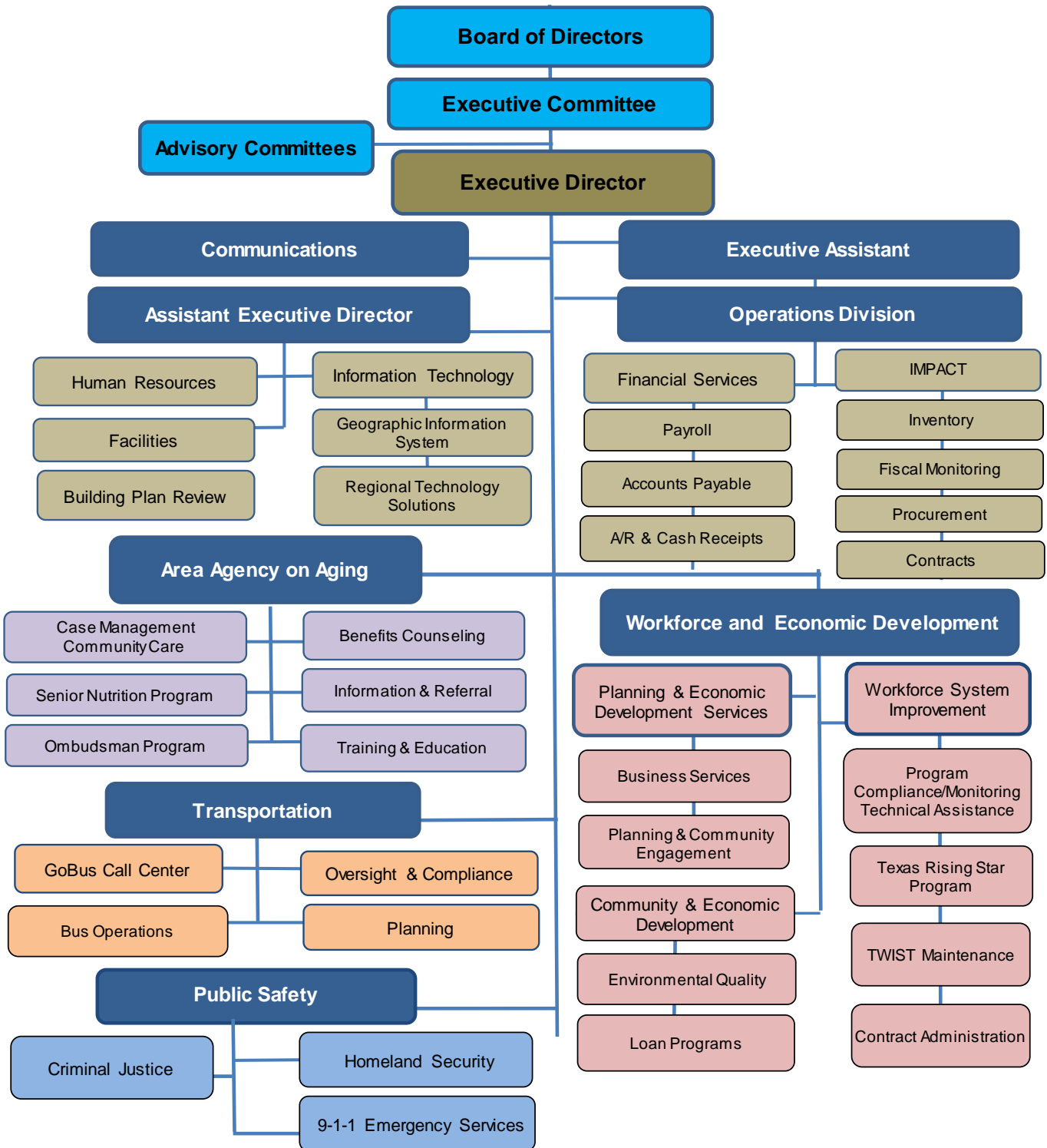
September 30, 2022

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 Fiscal Year 2024

Commissioner William Hatfield
Chair
Harrison County

Mayor Randy Dunn
1st Vice Chair
City of Quitman

Commissioner Robert Kuykendall
2nd Vice Chair
Rusk County

Mayor James Wansley
3rd Vice Chair
City of Whitehouse

Judge AJ Mason
Secretary – Treasurer
Camp County

ADMINISTRATIVE STAFF

Executive Director	David A. Cleveland
Assistant Executive Director	Brandy Brannon
Director of Operations	Wendi Horst
Director of Transportation	Vince Huerta
Director of Workforce & Economic Development	Douglas Shryock
Director of Area Agency on Aging	Colleen Halliburton
Director of Public Safety	Stephanie Heffner
Director of Information Technology	Mike Kader
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	Nooday	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	Laveretts 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



**east Texas
council of
governments**

FINANCIAL SECTION



**east Texas
council of
GOVERNMENTS**



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 and each major fund of East Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2023, 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 and each major fund of the Council as of September 30, 2023, 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.

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 *Texas 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 April 1, 2024, 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
April 1, 2024

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, 2023. 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, 2023, by \$8,725,301 (net position). Of this amount, \$4,198,682 (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 \$33,135 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 \$4,979,095 and general revenues increased by \$82,916.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$4,466,687, an increase of \$58,597 in comparison with the prior year. Of the total fund balance, approximately 72% is restricted or assigned to specific purposes, and 28% is available for spending at the Council's discretion (unassigned).
- As of September 30, 2023, the fund balance for the General Fund was \$1,447,763, an increase of \$170,343 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 outstanding long-term debt decreased by \$457,706 during the current fiscal year mainly due to the council not issuing new debt.

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 \$8,725,301 for the period ending September 30, 2023.

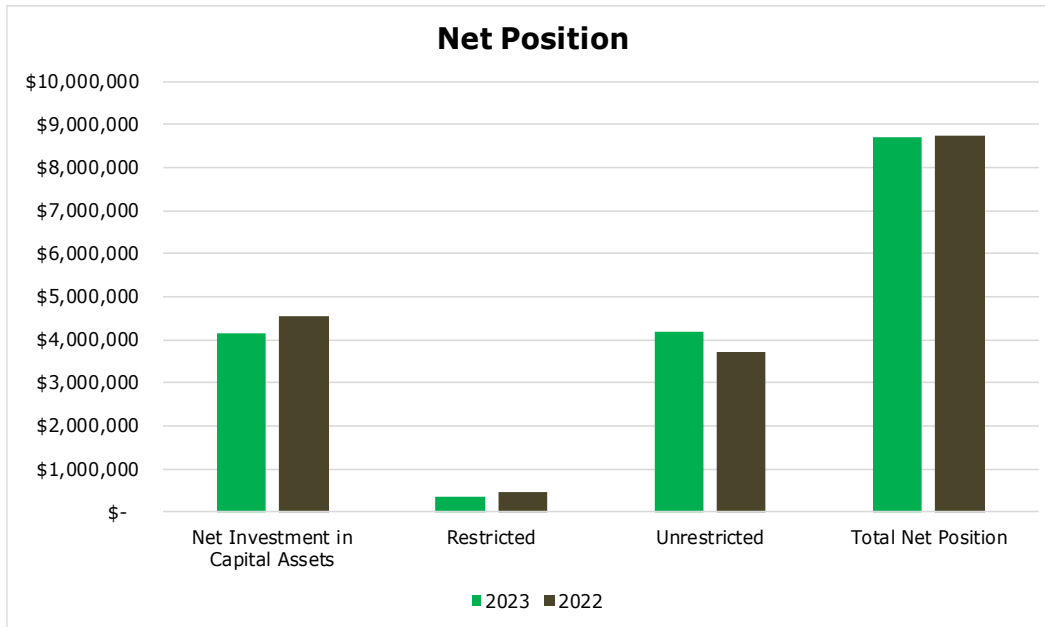
At the end of the 2023 fiscal year, net position for the Council was \$8,725,301 as compared to \$8,758,436 in 2022. The largest portion of the Council's net position \$4,747,072 (54%) reflects its investments in capital assets (e.g., land, buildings, vehicles, equipment, and right to use assets), net of any related debt. The Council uses these assets to provide a variety of services to its citizens; for example, the Council leases building space throughout the region 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	
	2023	2022
Current and other assets	\$ 7,455,326	\$ 8,378,939
Capital assets	<u>4,747,072</u>	<u>5,635,367</u>
Total assets	<u>12,202,398</u>	<u>14,014,306</u>
Deferred outflows of resources	<u>872,357</u>	<u>313,359</u>
Current liabilities	3,150,989	3,903,118
Noncurrent liabilities	<u>1,145,506</u>	<u>1,603,212</u>
Total liabilities	<u>4,296,495</u>	<u>5,506,330</u>
Deferred inflows of resources	<u>52,959</u>	<u>62,899</u>
Net position:		
Net investment in capital assets	4,164,334	4,555,719
Restricted	362,285	474,875
Unrestricted	<u>4,198,682</u>	<u>3,727,842</u>
Total net position	<u>\$ 8,725,301</u>	<u>\$ 8,758,436</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 primarily to the expiration of certain right-to-use lease assets as well as continued depreciation.
- Deferred outflows increased and inflows decreased due to the Council participating in a defined benefit retirement plan with TCDRS.
- An additional portion of the Council's net position \$362,285 (4%) 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 \$4,198,682 (48%) 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

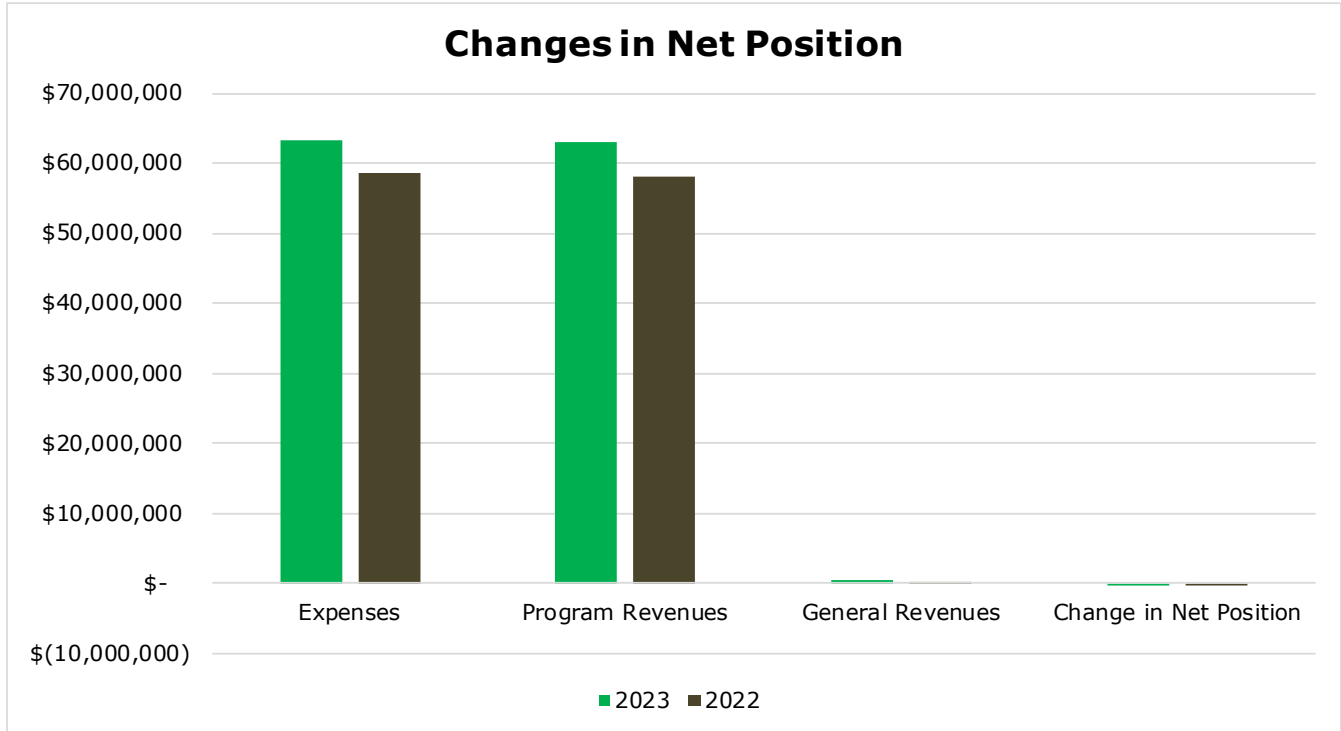
The following table provides a summary of the Council's operations for the year ended September 30, 2023 compared to 2022. The Council's revenue increased by \$4,853,233 and the overall expenses increased by \$4,770,214, ending the fiscal year with an overall decrease in net position of \$33,135.

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 1,229,842	\$ 1,059,721
Operating grants and contributions	61,731,479	57,131,283
General revenues:		
Membership dues	205,172	204,825
Unrestricted investment earnings	32,588	12,255
Miscellaneous	<u>100,573</u>	<u>38,337</u>
Total revenues	<u>63,299,654</u>	<u>58,446,421</u>
Expenses:		
General government	653,426	678,384
Workforce development	44,368,295	42,709,335
Aging	5,840,312	5,575,740
Emergency communications	4,486,043	2,551,469
Transportation	6,661,657	5,571,035
Environmental quality	413,576	318,831
Homeland security	163,051	192,608
Criminal justice	365,085	278,935
Housing and urban development	76,910	67,516
Economic development	<u>304,434</u>	<u>618,722</u>
Total expenses	<u>63,332,789</u>	<u>58,562,575</u>
Change in net position	(33,135)	(116,154)
Net position, beginning	<u>8,758,436</u>	<u>8,874,590</u>
Net position, ending	<u>\$ 8,725,301</u>	<u>\$ 8,758,436</u>

Revenues increased \$4,853,233 from the prior year due to several factors. Primarily, the Council received an increase of \$4,600,196 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 8% in the current year, increasing from \$58,562,575 in the prior year to \$63,332,789 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 recovery 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, 2023, the Council's governmental funds reported combined fund balances of \$4,466,687, an increase of \$58,597 in comparison with the prior year. Of this amount \$1,234,156 or 28% 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 \$1,447,763, an increase of \$170,343 or 13% 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 \$1,234,156, while total fund balance increased to \$1,447,763. 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 59% of total General Fund expenditures, while total fund balance represents 51% of that same amount. The increase in fund balance resulted from the increase in local revenues, primarily vehicle usage fees and local contributions for grant match. As demand for services has increased grant program activity, the General Fund's charges and contributions have increased in support of those programs. 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 increased by \$333,076 or 5.97% from the prior year and program expenditures increased \$264,572 or 5%. 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 \$1,510,521 or 3.52% from the prior year and expenditures increased by \$1,658,960 overall or 3.88% 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 increased by \$1,645,233 or 67%, primarily due to capital improvements to 911 infrastructure through the Next Generation 911 program. 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 increased by \$1,411,199, or 27% from the prior year and expenditures increased by \$1,090,622 or 20% compared to prior year. The increase is primarily due to funding for capital equipment needs and an increase in demand for transit services.

Other functions include environmental quality, economic development, housing and urban development, criminal justice, and homeland security 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, 2023, amounts to \$4,747,072 (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	
	2023	2022
Land	\$ 417,091	\$ 417,091
Buildings	2,640,564	2,640,564
Vehicles and Equipment	9,993,976	9,489,441
Right to use:		
Buildings	1,277,132	2,491,312
Equipment	492,786	492,786
Less: accumulated depreciation	<u>(10,074,477)</u>	<u>(9,895,827)</u>
Total capital assets	<u>\$ 4,747,072</u>	<u>\$ 5,635,367</u>

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

- The lease agreements of two right-to-use lease assets for buildings for Aging and Workforce programs of \$1,214,180 expired as of year end and were not renewed in the current fiscal year.
- The transportation program acquired multiple vehicles for approximately \$550,800.

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 \$1,145,506.

	Beginning Balances	Increases	(Decreases)	Ending Balances	Amount Due in One Year
Governmental Activities:					
Loans payable	\$ 206,582	\$ -	\$ (11,252)	\$ 195,330	\$ 159,553
Leases	1,079,648	-	(496,910)	582,738	391,525
Compensated absences	<u>316,982</u>	<u>410,296</u>	<u>(359,840)</u>	<u>367,438</u>	<u>363,717</u>
Total	<u>\$ 1,603,212</u>	<u>\$ 410,296</u>	<u>\$ (868,002)</u>	<u>\$ 1,145,506</u>	<u>\$ 914,795</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.

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

With the pandemic behind us, the East Texas economic growth remains healthy while gradually reverting to a more historically normal pace of expansion. The job market remains very strong with unemployment staying at near record lows. The large spikes in demand, extremes in spending patterns and shocks in supply have run their course. It is evident that significant progress on inflation was made in 2023 and is expected to continue in 2024, with inflation rates forecasted to reach 2%, which is the level the Federal Reserve deems an appropriate amount of inflation. Despite the hurdles that the economy has faced in the last few years, the East Texas region is still primed for future growth. With its productive rural communities and abundant natural resources, the East Texas region is positioned to continue its economic development with the outlook for long-term growth being positive. 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.



**east Texas
council of
governments**

**BASIC
FINANCIAL STATEMENTS**



**east Texas
council of
GOVERNMENTS**

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	East Texas Regional Development Company
ASSETS		
Cash and cash equivalents	\$ 2,314,959	\$ 262,666
Receivables:		
Grantors	4,013,323	-
Lease	52,532	-
Customer accounts	233,486	-
Notes and loans receivable	441,007	-
Due from component unit	205,938	-
Prepaid items	194,081	-
Capital assets - nondepreciable	417,091	-
Capital assets - depreciable, net of accumulated depreciation	4,329,981	-
Total assets	<u>12,202,398</u>	<u>262,666</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	872,357	-
Total deferred outflows of resources	<u>872,357</u>	<u>-</u>
LIABILITIES		
Accounts payable	1,460,999	207
Due to primary government	-	205,938
Accrued liabilities	437,110	-
Unearned revenue	1,038,782	-
Noncurrent liabilities:		
Due within one year - long-term debt	914,795	-
Due in more than one year:		
Long-term debt	230,711	-
Net pension liability	214,098	-
Total liabilities	<u>4,296,495</u>	<u>206,145</u>
DEFERRED INFLOWS OF RESOURCES		
Lease related	52,381	-
Pension related	578	-
Total deferred inflows of resources	<u>52,959</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,164,334	-
Restricted for:		
Federal and state grants	272,363	-
Community loan center	89,922	-
Unrestricted	4,198,682	56,521
Total net position	<u>\$ 8,725,301</u>	<u>\$ 56,521</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, 2023

Functions / Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Governmental activities:			
General government	\$ 558,120	\$ 95,306	\$ 653,426
Workforce development	43,884,219	484,076	44,368,295
Aging	5,543,514	296,798	5,840,312
Emergency communications	4,315,596	170,447	4,486,043
Transportation	6,062,627	599,030	6,661,657
Environmental quality	399,068	14,508	413,576
Homeland security	151,590	11,461	163,051
Criminal justice	356,676	8,409	365,085
Economic development	278,482	25,952	304,434
Housing and urban development	76,910	-	76,910
Indirect costs	<u>1,715,324</u>	<u>(1,715,324)</u>	<u>-</u>
Total governmental activities	<u>63,342,126</u>	<u>(9,337)</u>	<u>63,332,789</u>
Component Unit:			
East Texas Regional Development Company	<u>142,558</u>	<u>9,337</u>	<u>151,895</u>
Total component unit	<u>142,558</u>	<u>9,337</u>	<u>151,895</u>
Total	<u>\$ 63,484,684</u>	<u>\$ -</u>	<u>\$ 63,484,684</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
\$ 613,903	\$ -	\$ (39,523)	\$ -
146,991	44,283,887	62,583	-
30,494	5,883,037	73,219	-
378	4,089,193	(396,472)	-
389,051	6,181,759	(90,847)	-
834	419,324	6,582	-
-	187,029	23,978	-
-	368,266	3,181	-
48,185	246,712	(9,537)	-
6	72,272	(4,632)	-
-	-	-	-
<u>1,229,842</u>	<u>61,731,479</u>	<u>(371,468)</u>	<u>-</u>
<u>208,778</u>	<u>-</u>	<u>-</u>	<u>56,883</u>
<u>208,778</u>	<u>-</u>	<u>-</u>	<u>56,883</u>
<u>\$ 1,438,620</u>	<u>\$ 61,731,479</u>	<u>\$ (371,468)</u>	<u>\$ 56,883</u>
		205,172	-
		32,588	1,962
		<u>100,573</u>	<u>-</u>
		<u>338,333</u>	<u>1,962</u>
		(33,135)	58,845
		<u>8,758,436</u>	<u>(2,324)</u>
		<u>\$ 8,725,301</u>	<u>\$ 56,521</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Special Revenue</u> <u>Grant</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,445,588	\$ 869,371	\$ 2,314,959
Accounts Receivable:			
Grantors	-	4,013,323	4,013,323
Customer accounts and other	171,101	62,385	233,486
Lease	52,532	-	52,532
Notes and loans receivable	-	441,007	441,007
Due from other funds	115,833	-	115,833
Due from component unit	205,938	-	205,938
Prepaid items	194,081	-	194,081
Total assets	<u>2,185,073</u>	<u>5,386,086</u>	<u>7,571,159</u>
LIABILITIES			
Accounts payable	248,452	1,212,547	1,460,999
Accrued liabilities	436,477	-	436,477
Due to other funds	-	115,833	115,833
Unearned revenue	-	1,038,782	1,038,782
Total liabilities	<u>684,929</u>	<u>2,367,162</u>	<u>3,052,091</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related	52,381	-	52,381
Total deferred inflows of resources	<u>52,381</u>	<u>-</u>	<u>52,381</u>
FUND BALANCE			
Nonspendable - prepaid items	194,081	-	194,081
Restricted for:			
Federal and state grants	-	272,363	272,363
Community loan center	-	89,922	89,922
Assigned for:			
Service delivery	19,526	-	19,526
Economic development	-	729,014	729,014
Transportation	-	1,927,625	1,927,625
Unassigned	1,234,156	-	1,234,156
Total fund balances	<u>1,447,763</u>	<u>3,018,924</u>	<u>4,466,687</u>
Total liabilities and fund balances	<u>\$ 2,185,073</u>	<u>\$ 5,386,086</u>	<u>\$ 7,571,159</u>

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

EAST TEXAS COUNCIL OF GOVERNMENTS

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

SEPTEMBER 30, 2023

Total fund balances - governmental funds balance sheet	\$	4,466,687
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		9,993,976
Right to use - buildings and equipment		1,769,918
Less: accumulated depreciation		(10,074,477)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable		(195,330)
Leases payable		(582,738)
Compensated absences		(367,438)
Accrued interest payable		(633)
Included in the items related to pensions is the recognition of the Council's Net Pension Liability and a related deferred outflow and deferred inflow of resources.		
Net Pension Liability		(214,098)
Deferred outflows related to pensions		872,357
Deferred inflows related to pensions		<u>(578)</u>
Net position of governmental activities	\$	<u>8,725,301</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Grant</u>	
REVENUES			
Grants - intergovernmental	\$ -	\$ 61,482,015	\$ 61,482,015
Matching funds	-	336,672	336,672
Program income	608,527	468,135	1,076,662
Membership dues	205,172	-	205,172
Investment earnings	32,588	15,007	47,595
Other	<u>56,520</u>	<u>44,053</u>	<u>100,573</u>
Total revenues	<u>902,807</u>	<u>62,345,882</u>	<u>63,248,689</u>
EXPENDITURES			
Current:			
General government	638,073	-	638,073
Workforce development	-	43,975,072	43,975,072
Aging	-	5,797,373	5,797,373
Emergency communications	-	4,115,334	4,115,334
Transportation	-	6,133,556	6,133,556
Environmental quality	-	414,529	414,529
Homeland security	-	166,809	166,809
Economic development	-	267,108	267,108
Criminal justice	-	367,063	367,063
Housing and urban development	-	77,158	77,158
Debt Service:			
Principal	-	508,162	508,162
Interest	-	31,013	31,013
Capital outlay	<u>94,391</u>	<u>655,416</u>	<u>749,807</u>
Total expenditures	<u>732,464</u>	<u>62,508,593</u>	<u>63,241,057</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	170,343	(162,711)	7,632
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	-	45,589	45,589
Sale of capital assets	-	5,376	5,376
Total other financing sources and uses	<u>-</u>	<u>50,965</u>	<u>50,965</u>
NET CHANGE IN FUND BALANCES	170,343	(111,746)	58,597
FUND BALANCES, BEGINNING	<u>1,277,420</u>	<u>3,130,670</u>	<u>4,408,090</u>
FUND BALANCES, ENDING	<u>\$ 1,447,763</u>	<u>\$ 3,018,924</u>	<u>\$ 4,466,687</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, 2023

Net change in fund balances - total governmental funds:	\$ 58,597
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	749,808
Depreciation expense	(1,638,103)
Principal payments on long-term debt provides current financial resources to governmental funds, but does not have any effect on net position.	
Principal payments on debt	508,162
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	(50,456)
Accrued interest payable	<u>(85)</u>
Change in net position of governmental activities	<u>\$ (33,135)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023.

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, 2023.

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:

Asset Description	Years
Buildings	20
Furniture, fixtures, and equipment	3-7
Right to use:	
Buildings	2-10
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, 2023, consist of and are classified in the accompanying financial statements as follows:

Governmental activities:	
Demand deposits	\$ 2,033,420
TexPool	<u>281,539</u>
Total primary government cash and investments	<u>2,314,959</u>
Component unit:	
Demand deposits	257,836
TexPool	<u>4,830</u>
Total component unit cash and investments	<u>262,666</u>
Total cash and investments	<u>\$ 2,577,625</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, 2023, the pool's portfolio carried a weighted average maturity of 28 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, 2023, the primary government and component unit had bank deposits of \$2,392,175 and \$257,836, respectively, with carrying values of \$2,033,420 and \$257,836, respectively. As of September 30, 2023, 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. Management’s 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, 2023, is as follows:

	Number of Loans Outstanding	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:					
CLC loans receivable	173	\$ 106,123	\$ 261,345	\$ (230,287)	\$ 137,181
Notes receivable	5	<u>224,420</u>	<u>115,045</u>	<u>(35,639)</u>	<u>303,826</u>
Total		<u>\$ 330,543</u>	<u>\$ 376,390</u>	<u>\$ (265,926)</u>	<u>\$ 441,007</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, 2023, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Amounts Receivable 9/30/23
Right to Use:					
Cell Tower	3.50%	2021	58,201	\$ <u>161</u>	\$ <u>52,532</u>
Total				\$ <u>161</u>	\$ <u>52,532</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, 2023:

Due To/From Other Funds:

Due From	Due To	Amount	Purpose
Grant Fund	General Fund	\$ 115,833	Short-term pooled cash loan
Component Unit	General Fund	<u>205,938</u>	Short-term pooled cash loan
		<u>\$ 321,771</u>	

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2023, 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	2,640,564	-	-	2,640,564
Furniture, fixtures and equipment	9,489,441	749,808	(245,273)	9,993,976
Right to use:				
Buildings	2,491,312	-	(1,214,180)	1,277,132
Equipment	<u>492,786</u>	<u>-</u>	<u>-</u>	<u>492,786</u>
Total capital assets being depreciated	<u>15,114,103</u>	<u>749,808</u>	<u>(1,459,453)</u>	<u>14,404,458</u>
Less accumulated depreciation for:				
Buildings	(1,732,553)	(131,605)	-	(1,864,158)
Furniture, fixtures and equipment	(6,220,773)	(1,023,554)	245,273	(6,999,054)
Right to use:				
Buildings	(1,657,330)	(404,966)	1,214,180	(848,116)
Equipment	<u>(285,171)</u>	<u>(77,978)</u>	<u>-</u>	<u>(363,149)</u>
Total accumulated depreciation	<u>(9,895,827)</u>	<u>(1,638,103)</u>	<u>1,459,453</u>	<u>(10,074,477)</u>
Governmental activities capital assets, net	<u>\$ 5,635,367</u>	<u>\$ (888,295)</u>	<u>\$ -</u>	<u>\$ 4,747,072</u>

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

General government	\$ 102,591
Workforce Development	458,931
Emergency Communications	391,692
Environmental Quality	589
Economic Development	1,257
Homeland security	584
Aging	87,797
Criminal justice	533
Housing and urban development	115
Transportation	<u>594,014</u>
Total	<u>\$ 1,638,103</u>

7. LONG-TERM DEBT

A summary of long-term liability activity for the primary government for the year ended September 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Governmental activities:					
Notes and loans payable	\$ 206,582	\$ -	\$ (11,252)	\$ 195,330	\$ 159,553
Leases	1,079,648	-	(496,910)	582,738	391,525
Compensated absences	<u>316,982</u>	<u>410,296</u>	<u>(359,840)</u>	<u>367,438</u>	<u>363,717</u>
Total	<u>\$ 1,603,212</u>	<u>\$ 410,296</u>	<u>\$ (868,002)</u>	<u>\$ 1,145,506</u>	<u>\$ 914,795</u>

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 3.25%. 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, 2023. The amount outstanding as of fiscal year-end is \$150,000.
- \$100,000 loan payable with an original loan 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 January 15, 2028. The outstanding loan balance as of fiscal year-end was \$45,330.

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

Year Ended September 30,	Principal	Interest
2024	\$ 159,553	\$ 1,253
2025	9,843	963
2026	10,141	665
2027	10,449	357
2028	5,344	60
Total	<u>\$ 195,330</u>	<u>\$ 3,298</u>

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, 2023, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/23
Right to Use:					
Postage meter	3.50%	2018	\$ 162,944	\$ 2,039	\$ 47,422
Copiers	3.50%	2019	329,842	4,042	84,383
Buildings - aging	3.50%	2020 - 2021	81,471	889	7,065
Buildings - workforce	3.50%	2013 - 2022	2,409,842	<u>22,313</u>	<u>443,868</u>
Totals				<u>\$ 29,283</u>	<u>\$ 582,738</u>

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease Payable		Total Requirements
	Principal	Interest	
2024	\$ 391,525	\$ 14,897	\$ 406,422
2025	112,286	4,317	116,603
2026	51,181	1,879	53,060
2027	<u>27,746</u>	<u>325</u>	<u>28,071</u>
Totals	<u>\$ 582,738</u>	<u>\$ 21,418</u>	<u>\$ 604,156</u>

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, 2023, 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>153</u>
	<u><u>168</u></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 5.31% and 7.77% in calendar years 2022 and 2023, respectively. The Council’s contributions to TCDRS for the year ended September 30, 2023, were \$608,167, and exceeded the required contributions of \$436,967.

Net Pension Liability

The Council’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, 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, 2022, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, 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 7.60%. 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 2023 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%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	<u>2.00%</u>	0.20%
		<u>100.00%</u>	

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-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 12/31/2021	\$ 116,275	\$ 129,263	\$ (12,988)
Changes for the year:			
Service cost	653,811	-	653,811
Interest on total pension liability ⁽¹⁾	58,411	-	58,411
Effect of plan changes ⁽²⁾	214,490	-	214,490
Effect of economic/demographic gains or losses	334,712	-	334,712
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(3,086)	(3,086)	-
Benefit payments	-	-	-
Administrative expenses	-	(680)	680
Member contributions	-	542,357	(542,357)
Net investment income	-	(91,554)	91,554
Employer contributions	-	445,465	(445,465)
Other ⁽³⁾	-	138,750	(138,750)
Balance at 12/31/2022	<u>\$ 1,374,613</u>	<u>\$ 1,160,515</u>	<u>\$ 214,098</u>

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

⁽²⁾ Reflects plan changes adopted effective in 2023.

⁽³⁾ 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	\$ 1,586,333	\$ 1,374,613	\$ 1,199,188
Fiduciary net position	<u>1,160,515</u>	<u>1,160,515</u>	<u>1,160,515</u>
Net Pension Liability/(Asset)	<u>\$ 425,818</u>	<u>\$ 214,098</u>	<u>\$ 38,673</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, 2023, the Council recognized pension expense of \$269,225. At September 30, 2023, 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	\$ 286,958	\$ -
Changes in actuarial assumptions	-	578
Net difference between projected and actual investment earnings	109,412	-
Contributions made subsequent to the measurement date	<u>475,987</u>	<u>-</u>
Total	<u>\$ 872,357</u>	<u>\$ 578</u>

\$475,987 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, 2024. 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>		
2024	\$	74,649
2025		74,649
2026		74,649
2027		76,383
2028		47,730
Thereafter		47,732

12. FORTHCOMING ACCOUNTING STANDARDS

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

The GASB has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.



**east Texas
council of
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, 2023

Measurement date December 31,	<u>2021</u>	<u>2022</u>
Total Pension Liability		
Service Cost	\$ 108,703	\$ 653,811
Interest total pension liability	8,261	58,411
Effect of plan changes	-	214,490
Effect of assumption changes or inputs	(772)	-
Effect of economic/demographic (gains) or losses	83	334,712
Benefit payments, including refunds of contributions	<u>-</u>	<u>(3,086)</u>
Net change in Total Pension Liability	116,275	1,258,338
Total Pension Liability - beginning	<u>-</u>	<u>116,275</u>
Total Pension Liability - ending (a)	<u>\$ 116,275</u>	<u>\$ 1,374,613</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 49,938	\$ 445,465
Member contributions	63,187	542,357
Investment income, net of investment expenses	13,003	(91,554)
Benefit payments, including refunds of contributions	-	(3,086)
Administrative expenses	(70)	(680)
Other	<u>3,205</u>	<u>138,750</u>
Net change in plan fiduciary net position	129,263	1,031,252
Plan fiduciary net position - beginning	<u>-</u>	<u>129,263</u>
Plan fiduciary net position - ending (b)	<u>\$ 129,263</u>	<u>\$ 1,160,515</u>
Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ (12,988)</u>	<u>\$ 214,098</u>
Fiduciary net position as a percentage of Total Pension Liability/(Asset)	111.17%	84.42%
Pensionable covered payroll	\$ 902,674	\$ 7,747,955
Net Pension Liability/Asset as a percentage of covered payroll	-1.44%	2.76%

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, 2023

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a % of Covered Payroll
2022	\$ 363,224	\$ 363,224	\$ -	\$ 6,547,465	5.5%
2023	436,967	608,167	(171,200)	8,229,128	7.4%

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, 2023

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	17.5 years (based on contribution rate calculated in 12/31/2022 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*	2022: New investment return and inflation assumptions were reflected.

*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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Salaries	\$ 978,585	\$ 948,078	\$ (30,507)
Fringe benefits	166,970	166,870	(100)
Group hospitalization	156,706	132,621	(24,085)
Pension costs	<u>173,179</u>	<u>157,871</u>	<u>(15,308)</u>
Total personnel	<u>1,475,440</u>	<u>1,405,440</u>	<u>(70,000)</u>
Insurance & bonding	12,000	8,342	(3,658)
Professional services	118,000	61,030	(56,970)
Computer software	28,000	58,022	30,022
Staff travel	48,000	44,913	(3,087)
Committee travel	12,000	9,134	(2,866)
Office supplies	98,000	39,430	(58,570)
Public education	4,000	3,581	(419)
Copier costs	15,000	1,729	(13,271)
Repairs & maintenance	5,000	4,161	(839)
Communications	18,000	12,965	(5,035)
Meetings & conferences	11,500	14,137	2,637
Membership dues	26,500	21,465	(5,035)
Training costs	31,000	23,520	(7,480)
Depreciation expense	<u>11,724</u>	<u>11,724</u>	<u>-</u>
Total Indirect Costs	<u>1,914,164</u>	<u>1,719,593</u>	<u>(194,571)</u>
Less: program income		(4,269)	
Less: amount allocated to component unit		(9,337)	
Less: amount allocated to General Fund		<u>(14,678)</u>	
Total Indirect Costs Allocated to the Grant Fund		<u><u>\$ 1,691,309</u></u>	
Computation of Indirect Cost Rate:			
Direct personnel costs	<u>\$ 8,276,441</u>	<u>\$ 8,111,776</u>	
Allocation rate	23.13%	20.85%	
Indirect costs as a percentage of qualifying costs	2.37%	2.09%	

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

State Unemployment taxes	\$	1,544
Group disability insurance		17,769
Holidays		351,022
Vacation		410,296
Sick leave		248,509
Other release time		<u>43,413</u>
Total employee benefits		1,072,553
Less amount allocated to indirect cost pool		(165,588)
Less amount allocated to component unit		<u>(5,593)</u>
Total Employee Benefits Allocated to the Grant Fund	\$	<u>901,372</u>
Chargeable time for full-time employees	\$	5,087,157
Employee Benefit rate		17.72%



**east Texas
council of
GOVERNMENTS**

STATISTICAL SECTION



**east Texas
council of
governments**

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			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:				
Net investment in capital assets	\$ 2,456,591	\$ 2,153,438	\$ 2,082,066	\$ 1,979,840
Restricted	1,713,543	1,588,708	995,119	1,198,239
Unrestricted	<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>	<u>1,191,024</u>
Total governmental activities net position	<u>\$ 5,441,819</u>	<u>\$ 4,990,729</u>	<u>\$ 4,466,636</u>	<u>\$ 4,369,103</u>

TABLE 1

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,054,139	\$ 2,648,880	\$ 2,960,934	\$ 5,446,268	\$ 4,555,719	\$ 4,164,334
1,154,274	1,854,567	2,336,577	546,152	474,875	362,285
<u>1,320,161</u>	<u>843,765</u>	<u>847,397</u>	<u>2,882,170</u>	<u>3,727,842</u>	<u>4,198,682</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>	<u>\$ 8,725,301</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Full Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
EXPENSES				
Governmental activities:				
General government	\$ 182,448	\$ 247,383	\$ 368,717	\$ 516,365
Workforce development	24,896,832	27,009,337	28,445,401	26,598,671
Aging	3,562,193	3,614,490	3,788,491	3,992,021
Emergency communications	1,892,668	2,357,610	3,595,484	3,445,419
Transportation	4,579,459	3,420,310	3,409,942	3,555,383
Environmental quality	321,012	496,258	505,860	353,624
Homeland security	296,057	214,101	231,516	201,722
Criminal justice	107,091	108,509	295,384	291,903
Housing and urban development	12,082	14,874	11,146	14,789
Economic development	309,175	381,247	114,360	125,162
Total governmental activities expenses	<u>36,159,017</u>	<u>37,864,119</u>	<u>40,766,301</u>	<u>39,095,059</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services	-	-	-	-
Operating grants and contributions	<u>36,119,643</u>	<u>37,023,859</u>	<u>39,640,680</u>	<u>38,434,905</u>
Total governmental activities program revenues	<u>36,119,643</u>	<u>37,023,859</u>	<u>39,640,680</u>	<u>38,434,905</u>
NET (EXPENSE) REVENUES				
Governmental activities	<u>(39,374)</u>	<u>(840,260)</u>	<u>(1,125,621)</u>	<u>(660,154)</u>
Total	<u>(39,374)</u>	<u>(840,260)</u>	<u>(1,125,621)</u>	<u>(660,154)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Membership dues	167,727	227,839	181,581	206,366
Investment earnings	8,411	16,348	9,371	10,134
Miscellaneous	177,856	144,983	207,392	471,170
Gain on disposal of assets	<u>92,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>446,425</u>	<u>389,170</u>	<u>398,344</u>	<u>687,670</u>
CHANGE IN NET POSITION				
Governmental activities	<u>407,051</u>	<u>(451,090)</u>	<u>(727,277)</u>	<u>27,516</u>
Total	<u>\$ 407,051</u>	<u>\$ (451,090)</u>	<u>\$ (727,277)</u>	<u>\$ 27,516</u>

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

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 754,237	\$ 895,272	\$ 713,496	\$ 249,768	\$ 678,384	\$ 653,426
27,729,764	33,718,468	36,814,572	36,995,329	42,709,335	44,368,295
3,845,733	4,086,606	4,947,448	5,568,690	5,575,740	5,840,312
2,326,854	1,844,427	1,658,318	1,530,317	2,551,469	4,486,043
3,878,162	4,041,021	5,069,520	5,754,804	5,571,035	6,661,657
183,989	169,741	199,574	443,311	318,831	413,576
478,848	276,223	54,103	187,727	192,608	163,051
306,096	262,731	258,832	344,074	278,935	365,085
9,016	-	9,812	309	618,722	304,434
144,355	128,639	106,056	485,677	67,516	76,910
<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>	<u>63,332,789</u>
-	-	-	336,324	1,059,721	1,229,842
<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>61,731,479</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>	<u>62,961,321</u>
671,256	(696,482)	305,614	2,492,024	(371,571)	(371,468)
<u>671,256</u>	<u>(696,482)</u>	<u>305,614</u>	<u>2,492,024</u>	<u>(371,571)</u>	<u>(371,468)</u>
187,853	210,406	189,927	190,276	204,825	205,172
18,914	31,664	36,953	5,657	12,255	32,588
434,269	273,050	265,202	41,725	38,337	100,573
-	-	-	-	-	-
<u>641,036</u>	<u>515,120</u>	<u>492,082</u>	<u>237,658</u>	<u>255,417</u>	<u>338,333</u>
<u>1,312,292</u>	<u>(181,362)</u>	<u>797,696</u>	<u>2,729,682</u>	<u>(116,154)</u>	<u>(33,135)</u>
\$ <u>1,312,292</u>	\$ <u>(181,362)</u>	\$ <u>797,696</u>	\$ <u>2,729,682</u>	\$ <u>(116,154)</u>	\$ <u>(33,135)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable-Prepaid items	\$ 71,366	\$ 19,691	\$ 69,078	\$ 33,813
Unassigned	<u>1,368,170</u>	<u>1,383,809</u>	<u>1,487,912</u>	<u>1,344,544</u>
Total general fund	<u>\$ 1,439,536</u>	<u>\$ 1,403,500</u>	<u>\$ 1,556,990</u>	<u>\$ 1,378,357</u>
All Other Governmental Funds				
Nonspendable - prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted - state and federal grants	1,713,543	1,588,708	995,119	1,198,239
Restricted - community loan center	-	-	-	-
Assigned - service delivery	-	-	-	-
Assigned - economic development	-	-	-	-
Assigned - transportation	-	-	-	-
Total special revenue funds	<u>\$ 1,713,543</u>	<u>\$ 1,588,708</u>	<u>\$ 995,119</u>	<u>\$ 1,198,239</u>
Total primary government	<u>\$ 3,153,079</u>	<u>\$ 2,992,208</u>	<u>\$ 2,552,109</u>	<u>\$ 2,576,596</u>

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 93,454	\$ 176,642	\$ 54,620	\$ 32,484	\$ 165,496	\$ 194,081
<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>1,234,156</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>	<u>\$ 1,428,237</u>
\$ -	\$ -	\$ 2,027	\$ -	\$ -	\$ -
1,646,796	1,854,567	2,336,577	272,363	272,363	272,363
-	-	-	89,922	89,922	89,922
-	-	-	-	19,526	-
-	-	-	729,014	729,014	729,014
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,927,625</u>	<u>1,927,625</u>	<u>1,927,625</u>
<u>\$ 1,646,796</u>	<u>\$ 1,854,567</u>	<u>\$ 2,338,604</u>	<u>\$ 3,018,924</u>	<u>\$ 3,038,450</u>	<u>\$ 3,018,924</u>
<u>\$ 2,925,941</u>	<u>\$ 3,171,515</u>	<u>\$ 3,775,498</u>	<u>\$ 4,173,573</u>	<u>\$ 4,315,870</u>	<u>\$ 4,447,161</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
REVENUES				
Grants - intergovernmental	\$ 34,856,248	\$ 36,307,507	\$ 38,912,645	\$ 37,749,088
Membership dues	167,727	204,941	181,581	185,177
Matching funds/program income	1,302,929	775,240	775,461	915,494
Investment income	8,411	16,348	9,371	10,134
Miscellaneous	85,646	70,531	127,809	49,562
Total revenues	<u>36,420,961</u>	<u>37,374,567</u>	<u>40,006,867</u>	<u>38,909,455</u>
EXPENDITURES				
Current:				
General government	88,883	137,690	289,462	488,918
Workforce development	24,869,293	26,981,736	28,395,465	26,533,064
Aging	3,541,919	3,572,842	3,730,974	3,967,727
Emergency communications	1,803,208	2,098,776	3,347,761	3,325,659
Transportation	320,641	3,239,713	3,198,882	3,354,509
Environmental quality	4,259,579	496,532	505,860	354,014
Homeland security	294,820	215,014	231,516	187,105
Criminal justice	106,892	108,656	295,384	292,634
Housing and urban development	11,895	15,012	11,146	15,158
Economic development	309,175	381,247	114,360	124,403
Debt service:				
Principal	91,468	94,950	99,282	75,443
Interest and fiscal charges	-	-	-	-
Capital outlay	542,719	231,732	461,655	291,285
Total expenditures	<u>36,240,492</u>	<u>37,573,900</u>	<u>40,681,747</u>	<u>39,009,919</u>
NET CHANGE IN FUND BALANCES	<u>180,469</u>	<u>(199,333)</u>	<u>(674,880)</u>	<u>(100,464)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	250,000
Leases (as lessee)	-	-	-	-
Insurance recoveries	52,676	38,462	-	-
Sale of capital assets	-	-	31,597	-
Transfers in	79,405	72,398	62,500	23,862
Transfers out	(79,405)	(72,398)	(62,500)	(23,862)
Total other financing sources (uses)	<u>52,676</u>	<u>38,462</u>	<u>31,597</u>	<u>250,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ 233,145</u>	<u>\$ (160,871)</u>	<u>\$ (643,283)</u>	<u>\$ 149,536</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>0.26%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.20%</u>

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 39,417,603	\$ 44,138,626	\$ 49,577,054	\$ 53,086,873	\$ 56,970,057	\$ 61,482,015
187,853	188,624	189,927	190,276	204,825	205,172
1,056,636	800,627	799,224	936,325	1,171,814	1,413,334
18,914	31,664	36,953	26,534	28,712	47,595
182,162	87,259	46,170	41,725	38,337	100,573
<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>	<u>63,248,689</u>
851,189	2,212,425	609,828	184,365	479,760	638,073
27,481,703	33,670,643	36,743,982	36,925,150	42,448,512	43,975,072
3,796,332	4,085,177	4,937,473	5,603,530	5,529,200	5,797,373
2,412,163	2,001,157	1,772,742	3,638,688	2,205,926	4,115,334
3,477,267	2,160,422	5,339,188	5,862,927	4,922,958	6,133,556
190,988	170,035	196,229	443,311	320,084	414,529
259,458	169,133	91,214	476,367	192,833	166,809
319,360	217,517	118,986	187,727	565,400	267,108
10,671	13,853	9,812	309	279,765	367,063
135,701	114,492	109,401	344,074	67,895	77,158
84,057	97,071	79,169	79,815	568,896	508,162
11,978	6,345	9,228	9,180	53,969	31,013
1,582,956	132,956	128,093	371,781	708,561	749,807
<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>	<u>63,241,057</u>
<u>249,345</u>	<u>195,574</u>	<u>503,983</u>	<u>154,509</u>	<u>69,986</u>	<u>7,632</u>
100,000	100,000	100,000	-	-	-
-	-	-	-	296,553	-
-	-	-	70,868	32,676	45,589
-	-	-	8,000	-	5,376
-	-	950	180,410	174,595	-
-	-	(950)	(180,410)	(174,595)	-
<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>78,868</u>	<u>329,229</u>	<u>50,965</u>
\$ 349,345	\$ 295,574	\$ 603,983	\$ 233,377	\$ 399,215	\$ 58,597
<u>0.25%</u>	<u>0.23%</u>	<u>0.18%</u>	<u>0.18%</u>	<u>1.08%</u>	<u>0.86%</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			
2014	\$ 322,982	\$ 52,329	\$ 375,311	0.001%	\$ 0.44
2015	253,788	26,573	280,361	0.001%	0.33
2016	181,079	-	181,079	0.001%	0.21
2017	105,636	-	105,636	0.000%	0.12
2018	371,579	-	371,579	0.001%	0.43
2019	324,508	-	324,508	0.001%	0.37
2020	345,339	-	345,339	0.001%	0.40
2021	265,524	-	265,524	0.001%	0.30
2022	206,582	1,603,212	1,809,794	0.004%	2.03
2023	195,330	582,738	778,068	n/a	0.86

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	57,753
Anglo	
Male	18,287
Female	14,601
Black	
Male	9,052
Female	3,189
Hispanic	
Male	7,062
Female	3,635
Other	
Male	937
Female	810
Vital Statistics, ³	
Marriages ²⁰¹⁹	294
Divorces ²⁰¹⁷	39
Births ²⁰²⁰	543
Deaths ²⁰²⁰	735
Unemployment Rate, Annual Average 2023 ⁴	3.7%

Camp County

Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2022 ²	12,287
Anglo	
Male	3,248
Female	3,456
Black	
Male	908
Female	1,082
Hispanic	
Male	1,533
Female	1,599
Other	
Male	259
Female	202
Vital Statistics, ³	
Marriages ²⁰¹⁹	67
Divorces ²⁰¹⁷	3
Births ²⁰²⁰	162
Deaths ²⁰²⁰	199
Unemployment Rate, Annual Average 2023 ⁴	4.6%

Cherokee County

Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2022 ²	51,463
Anglo	
Male	15,100
Female	15,412
Black	
Male	3,894
Female	3,225
Hispanic	
Male	6,592
Female	5,836
Other	
Male	692
Female	712
Vital Statistics, ³	
Marriages ²⁰¹⁹	247
Divorces ²⁰¹⁷	92
Births ²⁰²⁰	739
Deaths ²⁰²⁰	684
Unemployment Rate, Annual Average 2023 ⁴	4.7%

Gregg County

Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2022 ²	125,558
Anglo	
Male	33,590
Female	36,256
Black	
Male	12,063
Female	13,579
Hispanic	
Male	13,080
Female	12,104
Other	
Male	2,359
Female	2,527
Vital Statistics, ³	
Marriages ²⁰¹⁹	923
Divorces ²⁰¹⁷	528
Births ²⁰²⁰	1574
Deaths ²⁰²⁰	1630
Unemployment Rate, Annual Average 2023 ⁴	4.4%

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Harrison County

Area (Sq. miles) ¹	900
County Seat ¹	Marshall
Population, 2022 ²	69,705
Anglo	
Male	21,150
Female	21,885
Black	
Male	6,853
Female	7,776
Hispanic	
Male	5,150
Female	4,987
Other	
Male	950
Female	954
Vital Statistics, ³	
Marriages ²⁰¹⁹	350
Divorces ²⁰¹⁷	99
Births ²⁰²⁰	765
Deaths ²⁰²⁰	769
Unemployment Rate, Annual Average 2023 ⁴	4.8%

Henderson County

Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2022 ²	83,699
Anglo	
Male	31,068
Female	33,152
Black	
Male	2,859
Female	2,818
Hispanic	
Male	5,878
Female	5,533
Other	
Male	1,214
Female	1,177
Vital Statistics, ³	
Marriages ²⁰¹⁹	470
Divorces ²⁰¹⁷	53
Births ²⁰²⁰	955
Deaths ²⁰²⁰	1320
Unemployment Rate, Annual Average 2023 ⁴	4.4%

Marion County

Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2022 ²	9,358
Anglo	
Male	3,190
Female	3,231
Black	
Male	1,008
Female	1,141
Hispanic	
Male	171
Female	216
Other	
Male	186
Female	215
Vital Statistics, ³	
Marriages ²⁰¹⁹	50
Divorces ²⁰¹⁷	40
Births ²⁰²⁰	91
Deaths ²⁰²⁰	182
Unemployment Rate, Annual Average 2023 ⁴	5.3%

Panola County

Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2022 ²	22,718
Anglo	
Male	7,984
Female	8,163
Black	
Male	1,781
Female	1,952
Hispanic	
Male	1,222
Female	1,083
Other	
Male	266
Female	267
Vital Statistics, ³	
Marriages ²⁰¹⁹	114
Divorces ²⁰¹⁷	82
Births ²⁰²⁰	264
Deaths ²⁰²⁰	378
Unemployment Rate, Annual Average 2023 ⁴	4.6%

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

Rains County

Area (Sq. miles) ¹	230
County Seat ¹	Emory
Population, 2022 ²	12,558
Anglo	
Male	5,337
Female	5,421
Black	
Male	149
Female	129
Hispanic	
Male	591
Female	567
Other	
Male	195
Female	169
Vital Statistics, ³	
Marriages ²⁰¹⁹	81
Divorces ²⁰¹⁷	48
Births ²⁰²⁰	117
Deaths ²⁰²⁰	193
Unemployment Rate, Annual Average 2023 ⁴	3.8%

Rusk County

Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2022 ²	53,425
Anglo	
Male	17,262
Female	15,953
Black	
Male	5,228
Female	3,699
Hispanic	
Male	5,532
Female	4,322
Other	
Male	738
Female	691
Vital Statistics, ³	
Marriages ²⁰¹⁹	235
Divorces ²⁰¹⁷	178
Births ²⁰²⁰	618
Deaths ²⁰²⁰	682
Unemployment Rate, Annual Average 2023 ⁴	4.3%

Smith County

Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2022 ²	242,639
Anglo	
Male	67,650
Female	73,182
Black	
Male	19,341
Female	22,309
Hispanic	
Male	25,535
Female	25,007
Other	
Male	4,576
Female	5,039
Vital Statistics, ³	
Marriages ²⁰¹⁹	1395
Divorces ²⁰¹⁷	782
Births ²⁰¹⁷	2894
Deaths ²⁰²⁰	2726
Unemployment Rate, Annual Average 2023 ⁴	3.9%

Upshur County

Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2022 ²	42,945
Anglo	
Male	16,481
Female	17,117
Black	
Male	1,664
Female	1,748
Hispanic	
Male	2,250
Female	2,229
Other	
Male	709
Female	747
Vital Statistics, ³	
Marriages ²⁰¹⁹	162
Divorces ²⁰¹⁷	150
Births ²⁰¹⁷	489
Deaths ²⁰²⁰	556
Unemployment Rate, Annual Average 2023 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	62,365
Anglo	
Male	24,800
Female	26,728
Black	
Male	901
Female	873
Hispanic	
Male	3,731
Female	3,437
Other	
Male	907
Female	988
Vital Statistics, ³	
Marriages ²⁰¹⁹	309
Divorces ²⁰¹⁷	200
Births ²⁰²⁰	575
Deaths ²⁰²⁰	835
Unemployment Rate, Annual Average 2023 ⁴	3.7%

Wood County

Area (Sq. miles) ¹	645
County Seat ¹	Quitman
Population, 2022 ²	47,225
Anglo	
Male	18,704
Female	19,532
Black	
Male	1,356
Female	1,149
Hispanic	
Male	2,731
Female	2,523
Other	
Male	626
Female	604
Vital Statistics, ³	
Marriages ²⁰¹⁹	191
Divorces ²⁰¹⁷	151
Births ²⁰²⁰	362
Deaths ²⁰²⁰	754
Unemployment Rate, Annual Average 2023 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	2023	% Change 2019-2023	% Change 2022-2023
Anderson	23,103	22,208	21,102	22,560	22,472	1.19	(0.39)
Camp	4,689	4,557	4,650	4,983	4,913	7.81	(1.40)
Cherokee	20,373	19,108	19,269	19,533	19,404	1.55	(0.66)
Gregg	55,155	52,112	54,237	53,910	55,624	6.74	3.18
Harrison	28,505	26,293	26,355	26,846	27,994	6.47	4.28
Henderson	35,487	34,155	36,265	37,567	38,232	11.94	1.77
Marion	3,993	3,793	3,842	4,022	3,976	4.82	(1.14)
Panola	10,408	9,119	8,383	9,180	9,139	0.22	(0.45)
Rains	5,896	5,767	6,049	6,406	6,549	13.56	2.23
Rusk	21,278	20,615	21,410	21,256	21,856	6.02	2.82
Smith	104,943	101,278	111,568	106,916	109,693	8.31	2.60
Upshur	17,011	15,984	16,812	16,881	17,357	8.59	2.82
Van Zandt	25,585	24,291	25,379	26,478	27,628	13.74	4.34
Wood	16,646	16,335	16,849	17,034	17,989	10.13	5.61
WDA	373,072	355,615	372,170	373,572	382,826	0.13	0.38

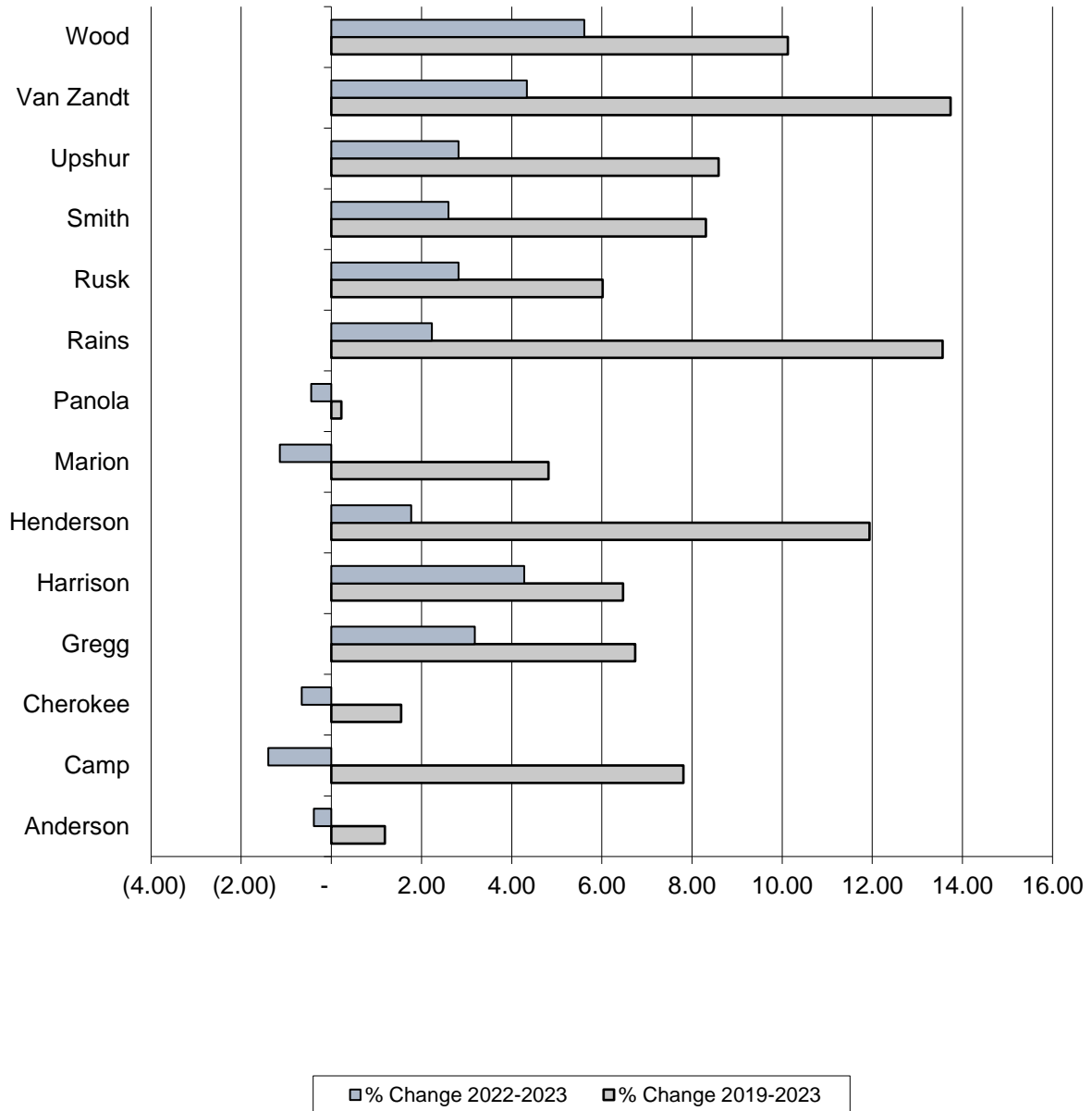
Source: Texas Labor Market Information, <https://texaslmi.com>



**east Texas
council of
GOVERNMENTS**

EAST TEXAS COUNCIL OF GOVERNMENTS

EMPLOYMENT PERCENT CHANGE



EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION - CENSUS 1980-2020

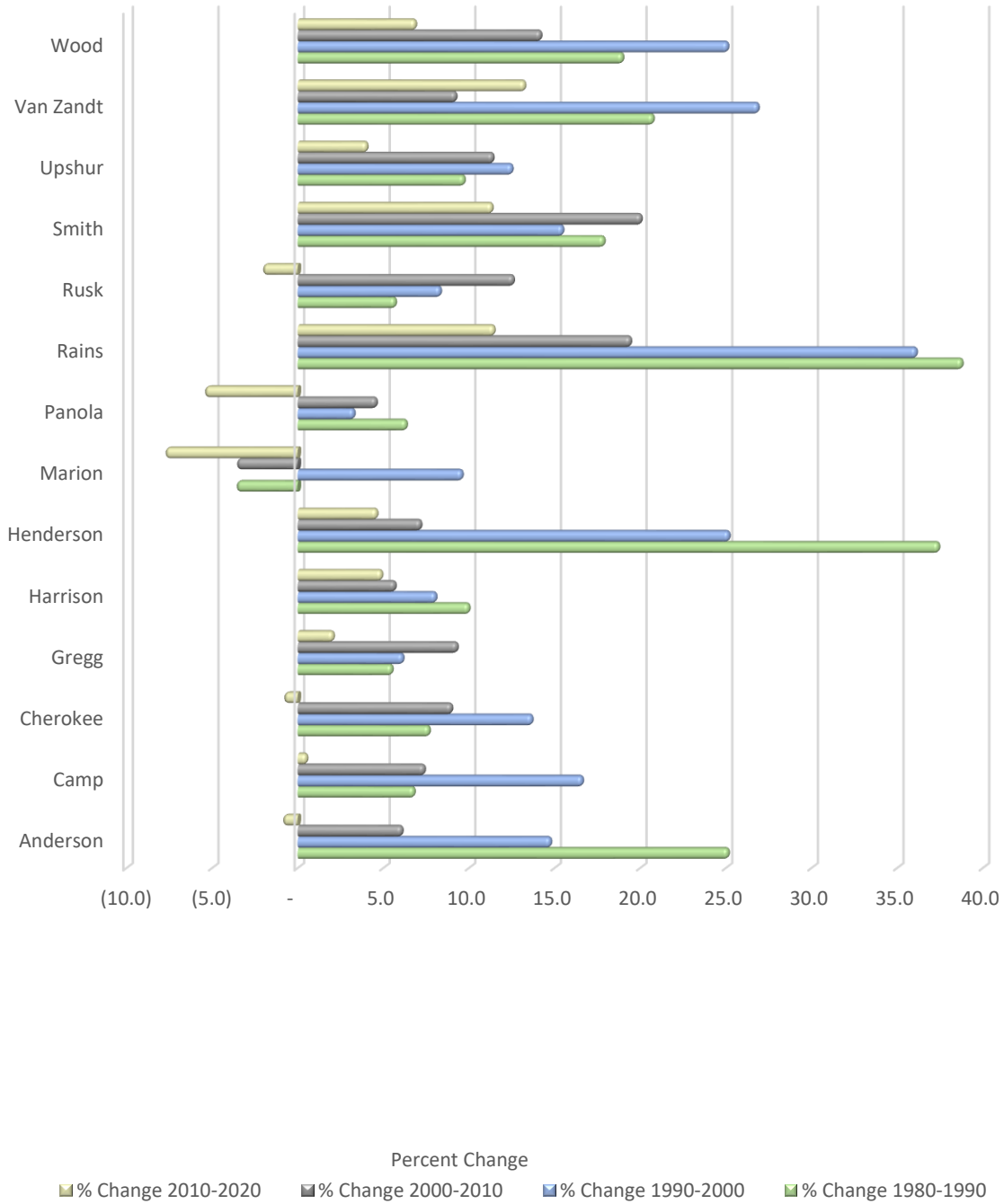
<u>County</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Anderson	38,381	48,024	55,109	58,458	57,922
Camp	9,275	9,904	11,549	12,401	12,464
Cherokee	38,127	41,049	46,659	50,845	50,412
Gregg	99,487	104,948	111,379	121,730	124,239
Harrison	52,265	57,483	62,110	65,631	68,839
Henderson	42,606	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

EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION CHANGE CENSUS 1980-2020



EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AND HOUSEHOLD BY COUNTY

<u>County</u>	<u>Population Forecast ¹</u>			<u>Household Forecast ²</u>		
	<u>2022</u>	<u>2030</u>	<u>Percent Change</u>	<u>2022</u>	<u>2030</u>	<u>Percent Change</u>
Anderson	57,573	57,266	-0.53%	20,748	21,300	2.66%
Camp	12,287	14,164	15.28%	5,832	5,942	1.89%
Cherokee	51,463	52,516	2.05%	21,071	21,493	2.00%
Gregg	125,558	127,694	1.70%	53,879	54,780	1.67%
Harrison	69,705	69,967	0.38%	29,706	30,088	1.29%
Henderson	83,699	82,001	-2.03%	41,758	43,660	4.55%
Marion	9,358	9,580	2.37%	5,644	5,775	2.32%
Panola	22,718	25,008	10.08%	10,892	11,889	9.15%
Rains	12,558	11,519	-8.27%	5,927	6,318	6.60%
Rusk	53,425	51,909	-2.84%	21,364	21,556	0.90%
Smith	242,709	257,573	6.12%	99,776	102,943	3.17%
Upshur	42,945	44,000	2.46%	17,583	18,005	2.40%
Van Zandt	62,445	57,787	-7.46%	25,936	27,741	6.96%
Wood	47,225	47,643	0.89%	22,391	22,850	2.05%
WDA	893,668	908,627	1.67%	382,507	394,340	3.09%

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

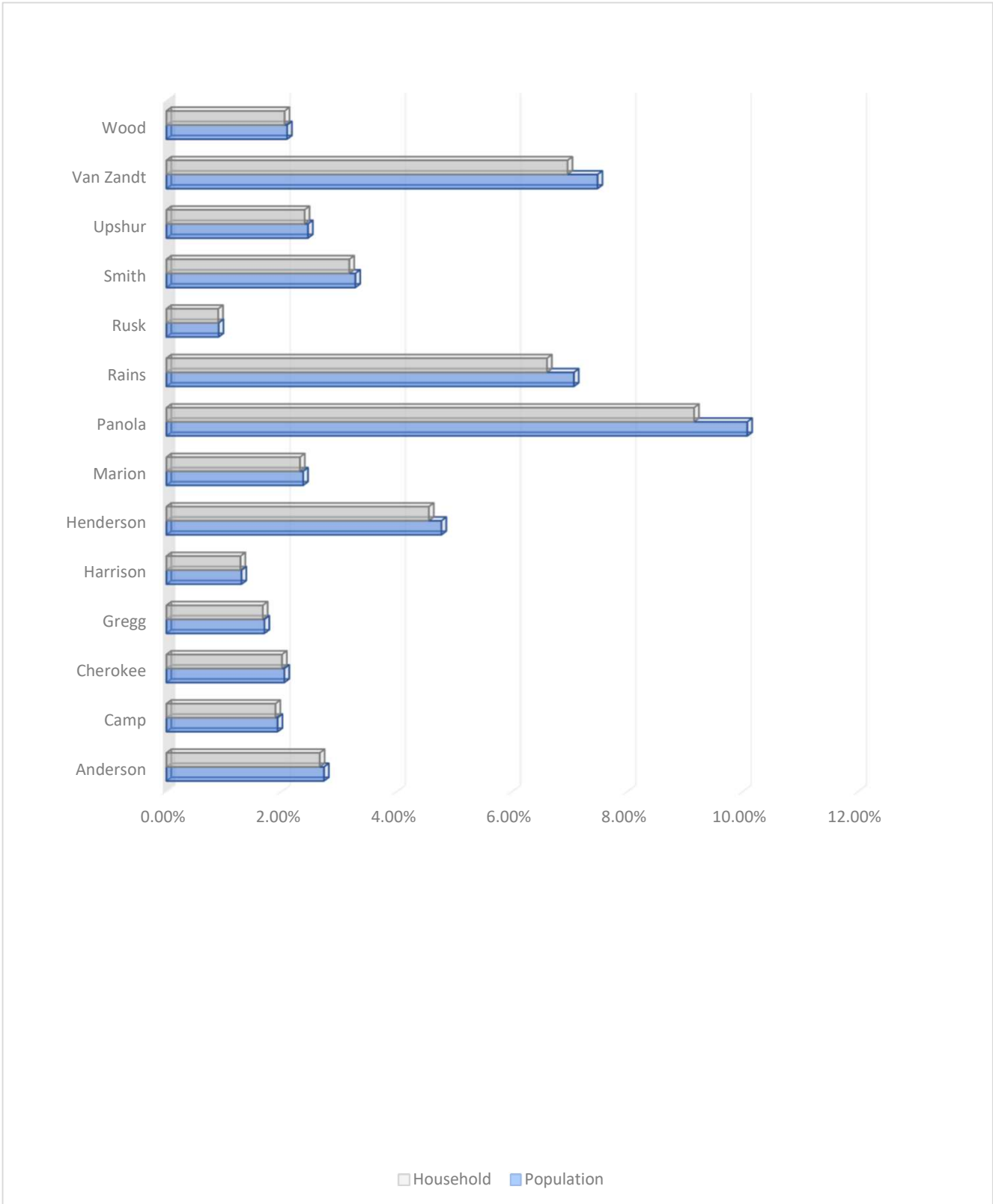


**east Texas
council of
GOVERNMENTS**

The logo consists of the text "east Texas council of GOVERNMENTS" in a bold, sans-serif font. The word "east" is on the top left, "Texas" is on the top right, "council of" is in the middle, and "GOVERNMENTS" is at the bottom. Three stylized evergreen trees with horizontal stripes are integrated into the design: one behind the 't' in "east", one behind the 'x' in "Texas", and one behind the 'n' in "GOVERNMENTS".

EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AND HOUSEHOLD CHANGE 2022 -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>

		Percent Change	
		1990 to 2000	2010 to 2020
2023 Projection			
52,809	6.40%	7.50%	-4.00%
115,560	12.67%	7.70%	3.19%
60,664	6.40%	17.70%	4.59%
56,470	5.92%	9.30%	7.89%
112,719	13.26%	-7.00%	10.54%
104,087	12.20%	24.90%	2.65%
102,576	11.36%	47.40%	-12.46%
113,814	12.39%	18.20%	10.10%
100,307	10.91%	7.10%	40.08%
54,921	6.24%	10.60%	32.06%
19,741	2.25%	34.50%	29.12%

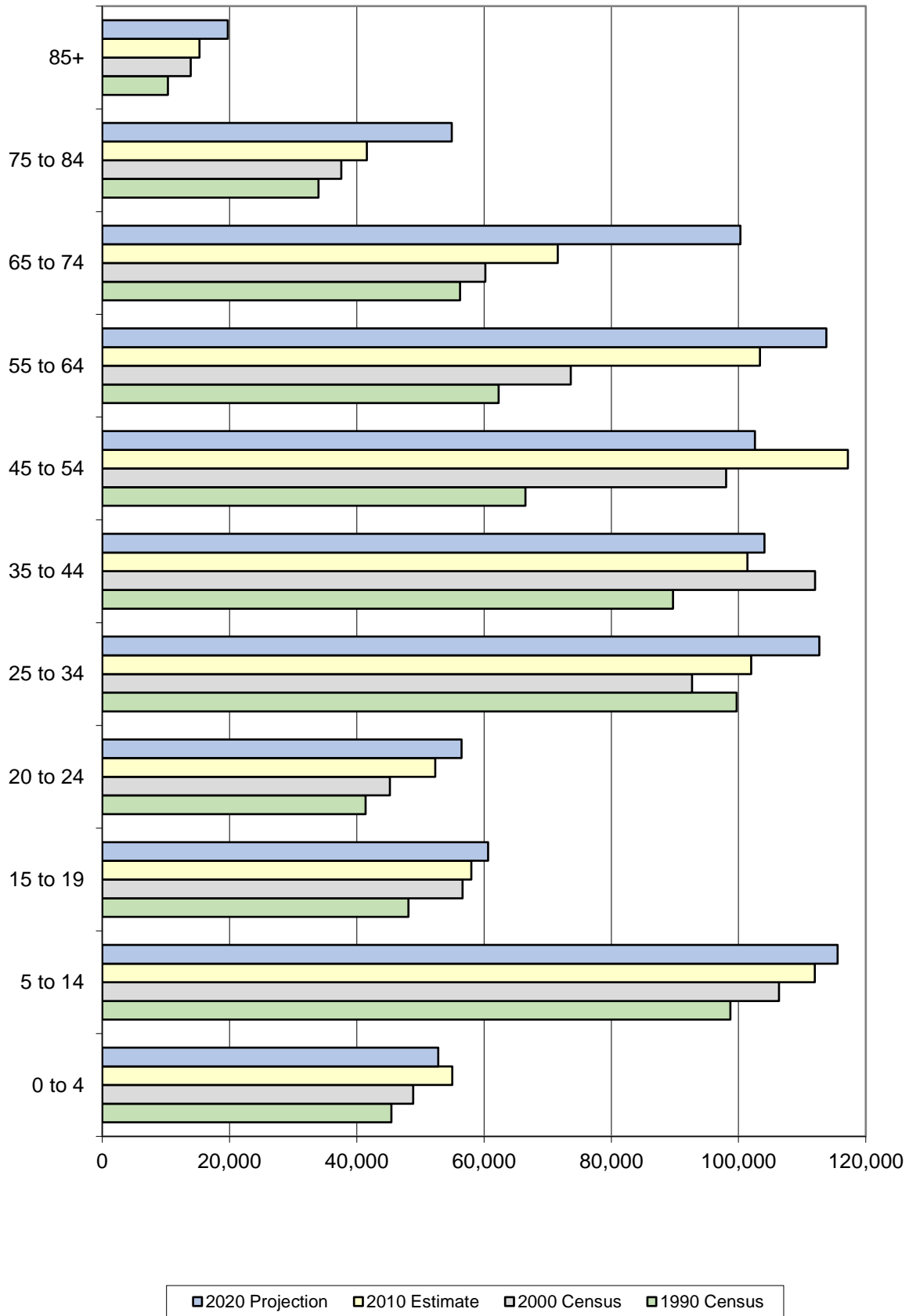


**east Texas
council of
GOVERNMENTS**

The logo consists of the text "east Texas council of GOVERNMENTS" in a bold, sans-serif font. The word "east" is on the top left, "Texas" is on the top right, "council of" is in the middle, and "GOVERNMENTS" is at the bottom. Three stylized evergreen trees, each with horizontal green and black stripes, are integrated into the design: one behind the 't' in "east", one behind the 'x' in "Texas", and one behind the 'n' in "GOVERNMENTS".

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
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	893,668	47,970,990	49,371	42,702,827,530	12,647,047,136
2023	900,659	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 2/2/2024 complete information not yet available for 2023
- 3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
Note: as of 2/2/2024 complete information not yet available for 2023
- 4: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 2/2/2024 complete information not yet available for 2023
- 5: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 2/2/2024 complete information not yet available for 2023
- 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
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
382,826	4.2

EAST TEXAS COUNCIL OF GOVERNMENTS

PRINCIPAL EMPLOYERS 1000+ EMPLOYEES

SEPTEMBER 30, 2023 AND SIX YEARS AGO

Company Information	Employees	% of Total	Employees	% of Total	Difference	Percent Difference
	2018	Employment	2023	Employment	2017-2023	2017-2023
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500	2,456	10%	1,450	6%	(1,006)	0.27%
<u>Christus Good Shepherd</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	2,532	10%	3,000	10%	468	0.18%
<u>Christus Trinity Mother</u> 536 S Beckham Ave. Tyler, TX 75702 Smith County	3,366	14%	5,000	19%	1,001	1.86%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,447	6%	1,504	6%	57	-0.90%
<u>UT Health East Texas</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,380	14%	3,550	14%	170	-0.75%
<u>Longview ISD</u> 1125 Judson Rd Longview, TX 75601 Gregg County	1,401	6%	1,300	5%	(101)	-0.57%
<u>Longview Regional Medical</u> 2901 4th Street Longview, TX 75601 Gregg County	1,049	4%	1,244	4%	195	-0.11%
<u>Sanderson Farms</u> 13523 FM2015 Tyler, TX 75708 Smith County	1,383	6%	1,850	7%	467	1.47%
<u>The Trane Company</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	2,215	9%	2,314	9%	99	-0.77%
<u>Tyler Independent School</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,360	10%	2,551	10%	191	-0.82%

EAST TEXAS COUNCIL OF GOVERNMENTS

PRINCIPAL EMPLOYERS 1000+ EMPLOYEES

SEPTEMBER 30, 2023 AND SIX YEARS AGO

Company Information	Employees 2018	% of Total Employment	Employees 2023	% of Total Employment	Difference 2017-2023	Percent Difference 2017-2023
<u>UT Health Science CenterCenter</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,280	5%	1,462	6%	182	0.21%
<u>Walmart</u> 6801 S. Broadway Ave. Tyler, TX 75703 Smith County	1,396	6%	1,501	6%	105	-0.30%
	<u>24,265</u>		<u>26,726</u>			

Source:

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

EAST TEXAS COUNCIL OF GOVERNMENTS

FULL TIME EMPLOYEE EQUIVALENTS BY FUNCTION

SEPTEMBER 30, 2023 AND LAST TEN YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government	29.49	22.95	19.65	17.66	19.60
Workforce	32.28	34.53	25.90	22.46	24.07
Area Agency on Aging	19.86	24.03	16.06	20.85	20.80
Transportation	48.08	44.01	46.97	47.03	43.00
Economic Development	2.29	0.92	0.92	0.85	0.88
Environmental Quality	1.29	1.90	1.35	0.45	0.45
ETRDC -Loan Programs	1.88	0.95	1.29	2.00	2.00
Emergency Communications	9.67	9.40	7.45	8.85	8.85
Homeland Security	3.65	3.31	1.73	1.25	1.25
Criminal Justice	1.51	1.85	1.08	1.10	1.10
	<u>150.00</u>	<u>143.85</u>	<u>122.40</u>	<u>122.50</u>	<u>122.00</u>

2019	2020	2021	2022	2023
18.71	20.47	22.85	26.81	27.21
27.33	29.65	28.90	30.74	30.02
19.80	23.67	28.15	21.50	20.50
42.00	42.38	52.70	51.70	51.70
1.01	2.56	2.89	2.91	1.61
0.42	0.86	0.68	0.92	0.73
1.90	0.20	0.13	0.47	1.08
8.38	9.49	9.79	11.53	11.19
1.35	0.66	0.48	0.48	0.96
1.10	1.56	0.93	0.94	1.00
122.00	131.50	147.50	148.00	146.00

EAST TEXAS COUNCIL OF GOVERNMENTS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<u>Workforce Development</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of Children Served	6,419	7,786	6,914	5,795	7,666
Total Population Served at Workforce Centers	51,320	50,077	46,128	37,527	30,094
WIA Adults Entering Employment	291	266	246	235	232
WIA Adults Served	521	494	519	452	467
WIA Dislocated Workers Served	526	463	449	333	292
WIA Dislocated Workers Entering Employment	313	250	271	258	179
WIA Youth Served	272	217	230	211	214
WIA Youth Entering Employment	118	122	103	95	105
TANF Participants Served	1,095	838	810	901	763
TANF Participants Entering Employment	576	449	433	472	500
Food Stamp Participants Served	943	1,067	1,137	725	752
Food Stamp Participants Entering Employment	470	449	546	453	373
Reintegrated Offenders (RIO) Served	890	846	906	731	398
RIO Secured Employment	516	-	547	467	311
<u>Aging</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Information & Referral	2,749	3,470	3,540	1,264	2,969
Care Coordination	1,695	1,026	1,827	1,510	919
Legal Assistance over 60	826	833	816	1,012	1,144
Legal Awareness	485	633	620	501	304
Evidence Based Intervention	-	-	-	462	396
Caregiver Support Coordination	561	497	550	1,194	479
Congregate Meals	73,432	76,625	76,827	71,381	69,050
Home Delivered Meals	322,298	338,501	313,175	345,458	357,967
Transportation	23,039	23,039	22,580	27,050	22,642
Residential Repairs	42	43	45	105	23
Homemaker	5,524	5,527	5,415	2,588	3,110
Personal Assistance	1,724	2,262	1,690	848	1,324
Health Maintenance	15	9	10	-	35
Nutrition Education	-	-	-	14,073	26,842
Emergency Response	372	313	326	242	218
Adult Day Care	499	516	512	364	144
Caregiver Respite in Home	3,584	3,977	3,897	4,174	4,983
Caregiver Respite Institutional	1,608	1,704	1,670	15	32
Instruction & Training	-	-	-	-	440
Participant Assessment	-	-	-	-	-
Caregiver Information Services	8,498	6,773	7,100	2,750	2,058
HICAP Assistance & Outreach	-	-	-	-	-
Income Support	-	-	-	-	-
<u>Criminal Justice</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Peace Officers Receiving Training	2,807	3,516	3,525	2,873	3,270
<u>Emergency Communications</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Calls Received	325,827	392,215	219,705	193,059	187,066
<u>Transportation</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of Trips	122,031	108,834	102,395	93,572	88,864
<u>Environmental Quality</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tons of Material Diverted	246	65	65	18	73
Total Number of Illegal Dump Sites Cleaned	210	257	257	812	836
<u>Economic Development SBA 504 Loans</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debentures Funded	33	31	31	30	32
Actual Job Retention from Debentures Funded	285	240	240	262	254

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
7,705	4,177	3,990	4,105	5,167
24,534	42,910	82,774	66,680	66,496
199	44	77	49	NA
371	192	143	327	179
163	36	110	134	41
149	8	26	38	N/A
236	139	102	185	48
92	13	13	14	N/A
730	166	163	300	87
435	101	4	-	N/A
694	327	190	578	154
465	84	42	99	N/A
444	143	230	-	N/A
325	70	16	-	N/A
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2,311	5,602	7,133	7,244	6,292
1,362	1,564	2,495	2,591	2,470
821	60	234	-	411
165	533	197	-	3,850
425	96	253	631	659
1,178	2,002	2,209	1,655	1,065
68,941	38,006	19,515	69,031	80,711
367,884	409,680	464,992	452,978	483,699
22,612	12,839	16,431	10,750	19,038
17	28	40	21	8
2,463	2,938	2,841	4,478	4,011
995	1,679	4,589	10,686	8,138
9	23	35	23	4
6,738	1,811	1,044	879	4,668
230	292	617	901	927
-	-	-	-	-
8,273	14,519	15,694	16,655	6,489
101	40	20	67	116
409	303	77	178	351
-	-	-	-	-
1,572	974	1,259	1,237	52
-	933	1,093	2,872	1,064
-	26	15	3	10
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
2,586	1,664	1,156	1,655	1,874
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
196,912	184,493	162,283	235,610	233,742
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
105,780	94,314	109,421	109,421	125,031
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
92	729	524	23	112
503	571	267	577	92
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
34	32	38	41	40
326	326	265	274	282

EAST TEXAS COUNCIL OF GOVERNMENTS

CAPITAL ASSETS STATISTICS BY FUNCTION

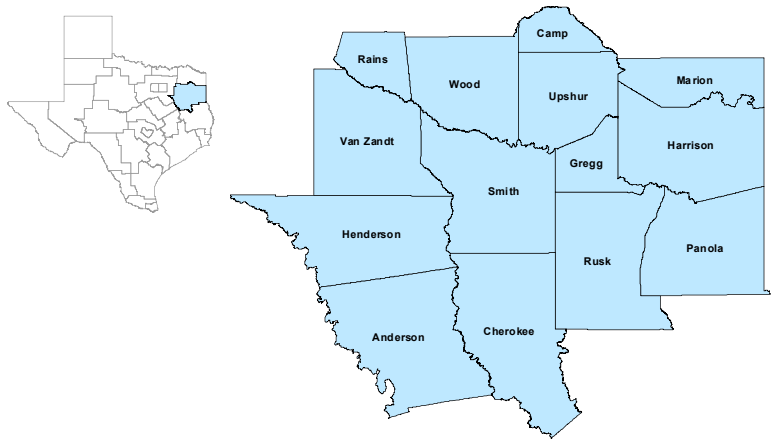
LAST TEN FISCAL YEARS

	<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>2023</u>
<u>General Government</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Building Improvements	1	3	4	5	5	6	6	8	9	9
Facility Storage Shed	-	-	1	1	1	1	1	1	1	1
Office Equipment	12	14	13	14	15	15	13	13	13	13
Ring Central Phone System	-	-	-	-	-	-	1	1	1	1
Security Equipment	-	1	1	1	1	1	1	1	1	1
Vehicles	9	9	6	9	10	10	10	10	11	11
Haulmark Enclosed Trailer	-	-	-	-	-	-	-	1	1	1
Generator	-	-	-	-	-	-	-	-	1	1
<u>Workforce Development</u>										
Office Equipment	4	4	4	4	4	4	4	4	4	4
Arc Welder Equipment	-	-	1	1	1	1	1	1	1	1
Building Improvements/Signage	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	5	5	6	8	9	8	8
Mobile Unit	1	2	3	3	3	3	3	3	3	3
<u>Emergency Communications</u>										
PSAP Equipment	17	17	17	17	17	17	17	18	2	2
Network	1	1	-	-	-	-	-	1	1	1
Recorders	5	5	5	5	5	5	5	6	6	6
Access Control System	-	-	-	-	-	1	1	1	1	1
911 Server	-	-	-	-	-	-	1	1	1	1
Office Equipment	12	13	12	13	13	14	12	14	13	13
Generator	-	-	-	-	-	-	-	1	1	1
Vehicles	-	-	-	-	-	-	-	-	-	2
<u>Aging</u>										
Buildings	1	1	1	1	1	1	2	2	2	2
Transportation Vehicles	9	14	13	13	13	10	10	11	11	12
Office Equipment	6	6	7	7	7	7	6	6	6	6
<u>Transportation</u>										
Transportation Vehicles	61	55	51	52	75	72	66	76	74	75
Addition to Transp Vehicle	-	-	-	-	-	-	1	5	5	5
Trolley	-	-	-	-	-	-	1	1	1	1
SmartDrive SR4 Camera System	-	-	-	-	-	-	1	1	1	1
Decontamination System	-	-	-	-	-	-	1	1	1	1
Marshall Chair Lift	1	1	1	1	1	1	1	1	1	1
Digital Dispatch Equipment	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 2023

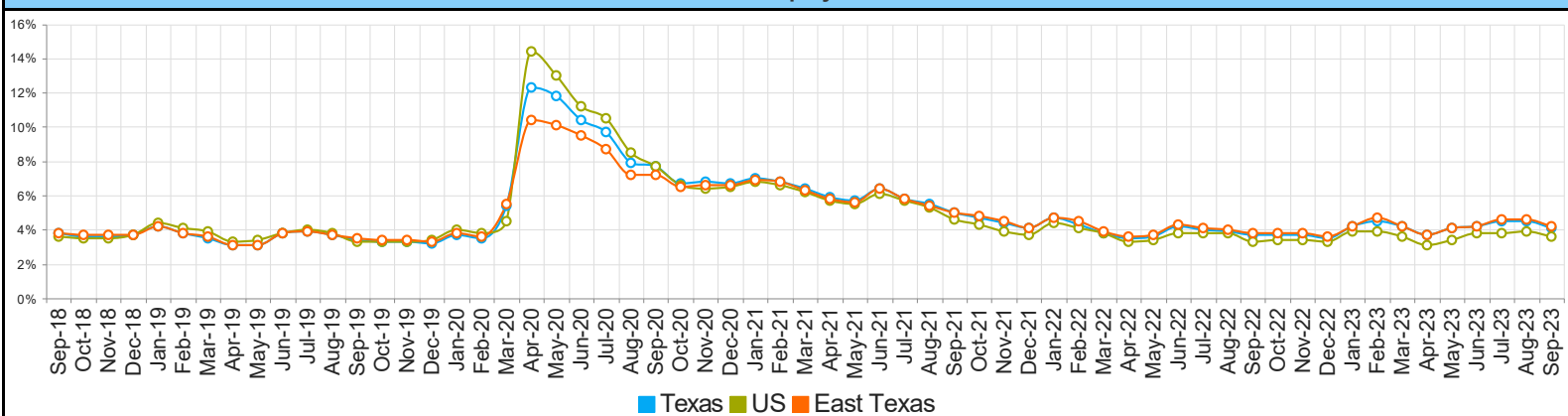
WDA Labor Force Statistics				
	Sep-23	Aug-23	Sep-22	Yearly Change
Civilian Labor Force	399,558	401,342	391,963	7,595
Employed	382,826	382,981	377,159	5,667
Unemployed	16,732	18,361	14,804	1,928
Unemployment Rate	4.2%	4.6%	3.8%	0.4%

Texas Labor Force Statistics				
	Sep-23	Aug-23	Sep-22	Yearly Change
Civilian Labor Force	15,178,537	15,187,684	14,685,013	493,524
Employed	14,558,234	14,502,542	14,142,120	416,114
Unemployed	620,303	685,142	542,893	77,410
Unemployment Rate	4.1%	4.5%	3.7%	0.4%

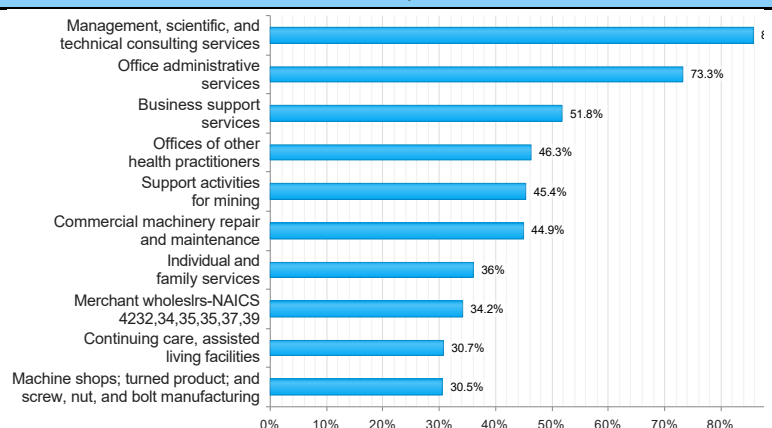
US Labor Force Statistics				
	Sep-23	Aug-23	Sep-22	Yearly Change
Civilian Labor Force	167,718,000	168,049,000	164,463,000	3,255,000
Employed	161,669,000	161,427,000	159,003,000	2,666,000
Unemployed	6,049,000	6,623,000	5,460,000	589,000
Unemployment Rate	3.6%	3.9%	3.3%	0.3%

Continued Claims for the Week of the 12th				
	Sep-23	Aug-23	Sep-22	Yearly Change
WDA	2,501	2,584	1,739	762
Texas	106,278	116,285	77,572	28,706

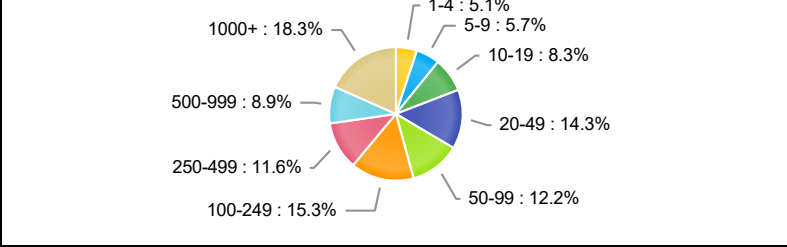
Historical Unemployment Rates



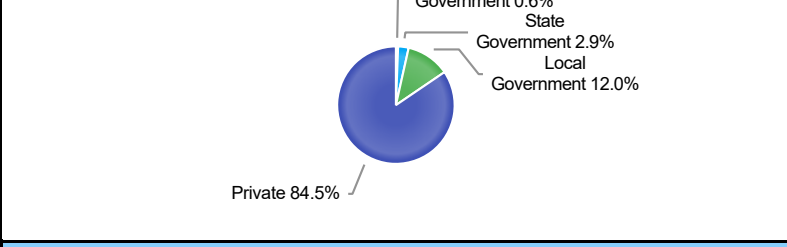
Projected Top Ten Fastest Growing Industries in WDA (% Growth 2020-2030)



Employment by Size Class (1st Quarter 2023)



Employment by Ownership (1st Quarter 2023)

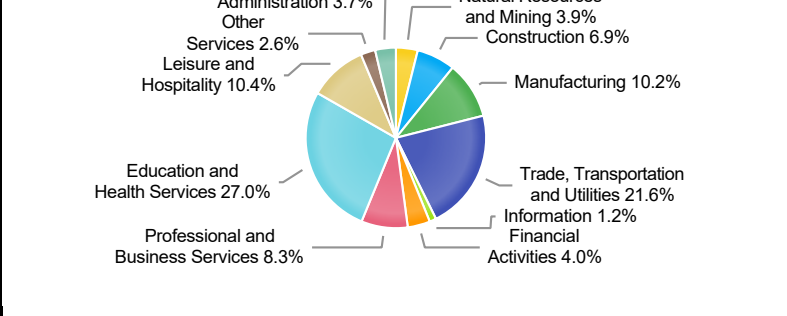


Average Weekly Wage (1st Quarter 2023)					
	Q1 2023	Q4 2022	Q1 2022	Quarterly Change	Yearly Change
WDA	\$1,047	\$1,048	\$959	\$-1	\$88
Texas	\$1,480	\$1,372	\$1,369	\$108	\$111
US	\$1,465	\$1,385	\$1,374	\$80	\$91

Employment by Industry (1st Quarter 2023, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	12,491	3.9%	-4.8%	8.6%
Construction	22,277	6.9%	0.8%	4.4%
Manufacturing	32,830	10.2%	-0.4%	3.1%
Trade, Transportation and Utilities	69,623	21.6%	-2.4%	0.1%
Information	3,966	1.2%	-2.2%	6.5%
Financial Activities	12,911	4.0%	-0.8%	1.6%
Professional and Business Services	26,848	8.3%	-2.8%	2.5%
Education and Health Services	86,811	27.0%	1.1%	3.2%
Leisure and Hospitality	33,439	10.4%	-0.2%	5.2%
Other Services	8,403	2.6%	-0.5%	3.0%
Public Administration	12,011	3.7%	-0.2%	1.2%

Employment by Industry (1st Quarter 2023)





**east Texas
council of
GOVERNMENTS**

SINGLE AUDIT SECTION

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

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 and each major fund of the East Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated April 1, 2024.

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
April 1, 2024

**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 TEXAS 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 *Texas Grant Management Standards (TXGMS)* 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, 2023. 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, 2023.

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 TXGMS. Our responsibilities under those standards, the Uniform Guidance, and TXGMS 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.

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

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

Waco, Texas
April 1, 2024

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 9/30/23	10.561	0823SNE001	\$ 174,072	\$ 109,821
Supplemental Nutrition Assistance Program 9/30/23	10.561.FED	0823SNE001	209,831	132,438
<i>Total SNAP Cluster</i>			<u>383,903</u>	<u>242,259</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>383,903</u>	<u>242,259</u>
Total U.S. Department Agriculture			<u>383,903</u>	<u>242,259</u>
<u>U.S. Department of Commerce</u>				
Direct Programs:				
District Planning Assistance Program 12/31/23	11.302	ED21AUS3020019	117,598	-
<i>Subtotal 11.302</i>			<u>117,598</u>	<u>-</u>
EDA Broadband 2/28/23	11.307	08-79-05290	36,187	-
<i>Subtotal 11.307</i>			<u>36,187</u>	<u>-</u>
<i>Total Direct programs</i>			<u>153,785</u>	<u>-</u>
Total U.S. Department of Commerce			<u>153,785</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Agriculture:				
Texas Community Development Program 8/31/23	14.228	CEDAF21-13(22)	11,840	-
<i>Total Passed through Texas Department of Agriculture</i>			<u>11,840</u>	<u>-</u>
Passed through Texas Department of Housing and Community Affairs:				
TDHCA Home Program 4/14/23	14.239	1003014	47,275	-
<i>Total Passed through Texas Department of Housing and Community Affairs</i>			<u>47,275</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>59,115</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Passed through Office of the Governor, Criminal Justice Division:				
COVID-19 - CESF 10/31/22	16.034	4348701	57,120	-
<i>Total Office of the Governor, Criminal Justice Division</i>			<u>57,120</u>	<u>-</u>
Total U.S. Department of Justice			<u>57,120</u>	<u>-</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ 826	\$ -
Workforce Commission Initiatives 9/30/23	17.207	0823WCI001	4,033	-
Innovation Fund Award 6/30/2023	17.207	0822BSA001	52,640	-
Employment Services 12/31/24	17.207	0823WPA001	106,658	-
Employment Services 12/31/23	17.207	0822WPA001	15,295	-
Veterans Outreach Program 9/30/23	17.801	0823TVC001	23,872	-
Veterans Outreach Program 9/30/22	17.801	0822TVC001	<u>(1,004)</u>	<u>-</u>
<i>Total Employment Service Cluster</i>			<u>202,320</u>	<u>-</u>
Reemployment & Eligibility 3/31/24	17.225	0823REA001	<u>359,199</u>	<u>237,436</u>
Trade Act 12/31/23	17.245	0823TRA001	126,864	-
Trade Act 12/31/22	17.245	0822TRA001	<u>32,965</u>	<u>-</u>
<i>Subtotal 17.245</i>			<u>159,829</u>	<u>-</u>
COVID-19 - WIOA National Emergency 3/31/23	17.277	0820NDW001	<u>67,807</u>	<u>57,712</u>
High Demand Training 10/5/22 to 4/30/24	17.258	0823HJT001	145,000	-
Workforce Commission Initiatives 9/30/22	17.258	0822WCI001	(6,013)	-
WIOA Adult 6/30/25	17.258	0823WOA001	13,018	-
WIOA Adult 6/30/24	17.258	0822WOA001	1,662,697	974,760
WIOA Adult 6/30/23	17.258	0821WOA001	28,859	-
WIOA Youth 6/30/25	17.259	0823WOY001	16,714	14,674
WIOA Youth 6/30/24	17.259	0822WOY001	1,534,922	985,940
WIOA Youth 6/30/23	17.259	0821WOY001	69,246	41,850
WIOA Rapid Response 6/30/24	17.278	0823WOR001	1,963	1,425
WIOA Rapid Response 6/30/23	17.278	0822WOR001	1,406	774
WIOA Dislocated Worker 6/30/25	17.278	0823WOD001	23,984	-
WIOA Dislocated Worker 6/30/24	17.278	0822WOD001	2,117,428	854,367
WIOA Dislocated Worker 6/30/23	17.278	0821WOD001	542,114	384,554
Information Technology Apprenticeship 4/30/24	17.278	0822ATG001	<u>13,624</u>	<u>9,601</u>
<i>Total WIOA Cluster</i>			<u>6,164,962</u>	<u>3,267,945</u>
Information Technology Apprenticeship 4/30/24	17.285	0822ATG001	<u>13,625</u>	<u>9,601</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>6,967,742</u>	<u>3,572,694</u>
Total U.S. Department of Labor			<u>6,967,742</u>	<u>3,572,694</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, 2023

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 Transportation				
Passed through Texas Department of Transportation:				
Regional Federal Planning 8/31/24	20.505	51008012224	\$ 2,048	\$ -
Regional Federal Planning 8/31/23	20.505	51008011023	33,547	-
<i>Subtotal 20.505</i>			<u>35,595</u>	<u>-</u>
COVID-19 - Rural Transp CARES ACT 12/31/22	20.509	51018031021	217,046	-
Rural Transportation 5/31/23	20.509	51018011021	921,818	-
Rural Transportation 12/31/23	20.509	51018011023	514,551	-
Rural Transportation 3/31/24	20.509	51018011022	950,244	-
Rural Bus & Bus Facilities 11/30/23	20.509	51003F11821	223,657	-
Rural Federal 11/30/24	20.509	51018011024	12,300	-
<i>Subtotal 20.509</i>			<u>2,839,616</u>	<u>-</u>
Enhanced Mobility -Smith Co 8/31/24	20.513	51016031024	25,748	-
Enhanced Mobility 8/31/23	20.513	51016011022	353,230	-
Enhanced Mobility 8/31/23	20.513	51016031022	402,895	-
Enhanced Mobility 8/31/24	20.513	51016031024	97,867	-
<i>Total Transit Services Programs Cluster</i>			<u>879,740</u>	<u>-</u>
Rural Discretionary 3/31/23	20.526	51018031022	369,864	-
<i>Total Federal Transit Cluster</i>			<u>369,864</u>	<u>-</u>
<i>Total Passed through Texas Dept. of Transportation</i>			<u>4,124,815</u>	<u>-</u>
Total U.S. Department of Transportation			<u>4,124,815</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission:				
Title VII Elder Abuse 9/30/23	93.041	HHS000874100011	13,205	-
Title VII Ombudsman Services 9/30/23	93.042	HHS000874100011	106,900	-
COVID-19 - Title VII Omb Staff 9/30/23 - ARP	93.042	HHS000874100011	10,721	-
COVID-19 - Title VII Ombuds 9/30/223- ARP	93.042	HHS000874100011	10,003	-
<i>Subtotal 93.042</i>			<u>127,624</u>	<u>-</u>
Title III Part D 9/30/23	93.043	HHS000874100011	39,853	-
COVID-19 - Title III Part D 9/30/23 - ARP	93.043	HHS000874100011	29,531	-
<i>Subtotal 93.043</i>			<u>69,384</u>	<u>-</u>
Title III Part B 9/30/23	93.044	HHS000874100011	817,609	136,441
COVID-19 - Title III Part B 9/30/23 - ARP	93.044	HHS000874100011	293,690	32,700
CDC Vaccination Title III Part B	93.044	HHS000874100011	118,005	-
Title III Part C1 9/30/2023	93.045	HHS000874100011	781,121	117,688
COVID-19 - Title III Part C1 9/30/223- ARP	93.045	HHS000874100011	237,064	8,418
Disaster Flex Title III Part C1	93.045	HHS000874100011	506,165	-
Title III Part C2 9/30/23	93.045	HHS000874100011	1,236,613	1,138,176
COVID-19 - Title III Part C2 9/30/23 - ARP	93.045	HHS000874100011	333,198	133,517
Nutrition Service Incentive Program 9/30/23	93.053	HHS000874100011	318,621	30,000
<i>Total Aging Cluster</i>			<u>4,642,086</u>	<u>1,596,940</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, 2023

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 9/30/23	93.052	HHS000874100011	\$ 350,190	\$ 7,628
COVID-19 - Title III Part E 9/30/23 - ARP	93.052	HHS000874100011	<u>102,482</u>	<u>5,925</u>
<i>Subtotal 93.052</i>			<u>452,672</u>	<u>13,553</u>
MIPPA Priority 8/31/24	93.071	HHS000874100011	832	-
MIPPA Priority 8/31/23	93.071	HHS000874100011	<u>36,433</u>	<u>-</u>
<i>Subtotal 93.071</i>			<u>37,265</u>	<u>-</u>
HICAP 3/31/24	93.324	HHS000874100011	64,504	-
HICAP 3/31/23	93.324	HHS000874100011	<u>33,111</u>	<u>-</u>
<i>Subtotal 93.324</i>			<u>97,615</u>	<u>-</u>
<i>Total Passed through Texas Health and Human Services Commission</i>			<u>5,439,851</u>	<u>1,610,493</u>
Passed through Texas Workforce Commission:				
Employment Services 12/31/23	93.558	0822WPA001	8,648	-
Employment Services 12/31/24	93.558	0823WPA001	13,841	-
TANF 10/31/23	93.558	0823TAF001	1,468,664	980,795
TANF 10/31/22	93.558	0822TAF001	40,083	-
Non Custodial Parent 9/30/24	93.558	0824NCP001	100	-
Non Custodial Parent 9/30/23	93.558	0823NCP001	213,104	146,222
Entrepreneurship Bootcamp 12/31/23	93.558	0822EBC001	2,265	2,051
Workforce Commission Initiatives 9/30/23	93.558	0823WCI001	<u>19,573</u>	<u>-</u>
<i>Subtotal 93.558</i>			<u>1,766,278</u>	<u>1,129,068</u>
COVID-19 - CC Service Industry Recovery - 3/31/23	93.575	0822CCX001	504,272	502,033
Childcare 12/31/22	93.575	0822CCF001	3,699,549	3,346,768
COVID-19 - Childcare 12/31/22 -CRF	93.575	0822CCF001	258,624	258,624
Childcare 12/31/23	93.575	0823CCF001	6,651,723	6,121,193
COVID-19 - Childcare 12/31/23 - CRF	93.575	0823CCF001	7,773,947	7,287,232
Childcare Quality 10/1/22 to 10/31/23	93.575	0823CCQ001	1,420,518	53,985
COVID-19 - CCQ 10/1/22 to 10/31/23 - CRF	93.575	0823CCQ001	299,035	-
Childcare Quality 10/1/21 to 3/31/23	93.575	0822CCQ001	270,294	-
COVID-19 - CCQ 10/1/21 to 3/31/23 -CRF Childcare 12/31/23	93.575	0822CCQ001	11,413	-
	93.596	0823CCF001	7,617,571	7,140,646
Childcare Local Match 12/31/23	93.596	0823CCM001	820,039	820,039
Childcare Local Match 12/31/22	93.596	0822CCM001	<u>2,438,982</u>	<u>2,438,982</u>
<i>Total CCDF Cluster</i>			<u>31,765,967</u>	<u>27,969,502</u>
Childcare Social Services Block Grant 12/31/23	93.667	0823CCF001	<u>59,765</u>	<u>56,023</u>
<i>Total Passed through Texas Workforce Commission</i>			<u>33,592,010</u>	<u>29,154,593</u>
Total U.S. Department of Health and Human Services			<u>39,031,861</u>	<u>30,765,086</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, 2023

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 Homeland Security</u>				
Passed through the Office of the Governor, Division of Emergency Management:				
Homeland Security Program 9/30/23	97.067	2947608	\$ 60,424	\$ -
Homeland Security Program RAVE 12/31/23	97.067	3115107	<u>80,000</u>	<u>-</u>
<i>Subtotal 97.067</i>			<u>140,424</u>	<u>-</u>
Homeland Security M&A 8/31/23	97.073	CJDHS-23	14,642	-
Homeland Security M&A 8/31/24	97.073	CJDHS-24	<u>760</u>	<u>-</u>
<i>Subtotal 97.073</i>			<u>15,402</u>	<u>-</u>
<i>Total Passed through the Office of the Governor, Division of Emergency Management</i>			<u>155,826</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>155,826</u>	<u>-</u>
Total Federal Awards			<u>\$ 50,934,167</u>	<u>\$ 34,580,039</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
State Awards:				
<u>Texas Health and Human Services Commission</u>				
OMB ALF 8/31/23		HHS000874100011	\$ 74,148	\$ -
OMB ALF 8/31/24		HHS000874100011	7,005	-
COVID-19 - AAA SGR 9/30/23 - ARP		HHS000874100011	57,479	-
Digital Literacy 6/30/23		HHS000874100011	10,739	-
State General Revenue		HHS000874100011	158,195	6,260
State General Revenue HDM Rate Increase		HHS000874100011	2,719	2,719
State General Revenue HDM Rate Increase		HHS000874100011	76,509	76,484
Total Texas Health and Human Services Commission			<u>386,794</u>	<u>85,463</u>
<u>Office of the Governor, Criminal Justice Division</u>				
Police Training 8/31/23		1426517	211,206	181,251
Police Training 8/31/24		1426518	263	-
Criminal Justice 8/31/23		CJDHS-23	57,454	-
Criminal Justice 8/31/24		CJDHS-24	1,571	-
Regional Evaluation Services for Juveniles 8/31/23		2541711	40,489	39,631
Regional Evaluation Services for Juveniles 8/31/24		2541712	164	-
Total Office of the Governor, Criminal Justice Division			<u>311,147</u>	<u>220,882</u>
<u>Office of the Governor, Homeland Security Grants Division</u>				
Henderson County -Radio/Repeater Infrastructure Project		3991801	500,000	500,000
Van Zandt County -Radio Infrastructure Project		3989301	518,072	518,072
Wood County -Radio Infrastructure Project		4007601	224,119	224,119
City of Mineola -Radio Infrastructure Project		4011801	175,909	175,909
City of Longview/Repeater Infrastructure Project		3991501	83,483	83,483
<i>Total Statewide Emergency Radio Infrastructure Program</i>			<u>1,501,583</u>	<u>1,501,583</u>
Total Office of the Governor, Homeland Security Grants Division			<u>1,501,583</u>	<u>1,501,583</u>
<u>Texas Commission on Environmental Quality</u>				
Solid Waste 8/31/23		582-22-30115	170,051	89,041
Solid Waste 8/31/25		582-24-50086	4,168	-
Air Quality 12-31-23		582-20-11978	245,105	221,556
Total Texas Commission on Environmental Quality			<u>419,324</u>	<u>310,597</u>
<u>Commission on State Emergency Communications</u>				
9-1-1 8/31/24		911-ET-24	262,002	156,828
9-1-1 8/31/23		911-ET-23	2,395,763	1,288,332
9-1-1 8/31/22		911-ET-22	49,176	-
9-1-1 8/31/21		911-ET-21	(119,331)	-
<i>Total 9-1-1 - State</i>			<u>2,587,610</u>	<u>1,445,160</u>
Total Commission on State Emergency Communications			<u>2,587,610</u>	<u>1,445,160</u>
<u>Texas Department of Transportation</u>				
Rural Transportation 8/31/23		51218011023	1,768,868	-
Rural Transportation 5/31/23		51218011021	227,949	-
<i>Total Rural Transportation - State</i>			<u>1,996,817</u>	<u>-</u>
Total Texas Department of Transportation			<u>1,996,817</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, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
State Awards (Continued):				
<u>Texas Veteran's Commission</u>				
Veteran's Assistance 6/30/24		R-2022-09149	\$ 4,338	\$ -
Veteran's Assistance 6/30/23		GT-FVA22-051	1,724	-
Total Texas Veteran's Commission			<u>6,062</u>	<u>-</u>
<u>Texas Workforce Commission</u>				
Childcare DFPS 12/31/24		0824CCP001	54,921	53,614
Childcare DFPS 12/31/23		0823CCP001	1,141,674	1,115,894
Childcare DFPS 12/31/22		0822CCP001	12,826	12,267
Childcare 12/31/23		0823CCF001	829,096	777,188
<i>Total Child Care - State</i>			<u>2,038,517</u>	<u>1,958,963</u>
VR SEAL 9-30-23		3022VRS033	344,085	336,726
VR Navigator 8-31-25		3024VRS044	5,415	-
VR Navigator 8-31-23		3018VRS136	96,952	-
VR WSWE 9-30-23		3018VRS174	136,021	-
<i>Total VR - State</i>			<u>582,473</u>	<u>336,726</u>
ISS 9/1/2022 to 10/31/23		0823COL001	136,701	-
ISS 9/1/2023 to 10/31/24		0824COL001	12,022	-
ISS 9/1/2021 to 10/31/22		0822COL001	(17,031)	-
Supplemental Nutrition Assistance Program 9/30/23		0823SNE001	101,455	64,035
<i>Total Other Workforce - State</i>			<u>233,147</u>	<u>64,035</u>
TANF 10/31/23		0823TAF001	302,875	202,454
Non Custodial Parent 9/30/23		0823NCP001	181,499	124,537
<i>Total TANF - State</i>			<u>484,374</u>	<u>326,991</u>
Total Texas Workforce Commission			<u>3,338,511</u>	<u>2,686,715</u>
Total State Awards			<u>10,547,848</u>	<u>6,250,400</u>
Total Federal and State Awards			<u>\$ 61,482,015</u>	<u>\$ 40,830,439</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023

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>Texas Grant Management Standards</i> ?	None
--	------

Identification of major programs:

Federal:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
93.575, 93.596	CCDF Cluster
20.509	Rural Transportation

State:	Child Care - State
	Rural Transportation - State

Dollar threshold used to distinguish between type A and type B federal programs	\$1,528,025
---	-------------

Dollar threshold used to distinguish between type A and type B state programs	\$750,000
---	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

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



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

SERVING A FOURTEEN COUNTY REGION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None