

EAST TEXAS COUNCIL OF GOVERNMENTS



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

EAST TEXAS COUNCIL OF GOVERNMENTS KILGORE, TEXAS

For the Year Ended
September 30, 2019

Division of Operations
Wendi Horst, Director

Financial
Services:

Sloane Bodle
Lynda Bond
Rhonda Barber
Christy Green
Charlotte Countryman
Glenda Lamothe
Elizabeth Jones

Fiscal Grant
Management:

Monty Scroggins
Christy Fowler
Dawn Goodman
Noweka Harvey
Rita Hitt
Marotta Michaela
Robin Emmel

Purchasing
& Procurement:

Patricia Hudspeth
Kim Zimmerman



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EAST TEXAS COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION



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

SERVING A FOURTEEN COUNTY REGION

March 31, 2020

The Honorable Paula Gentry, Commissioner -Upshur County
and Members of the Executive Committee
East Texas Council of Governments
3800 Stone Road, Kilgore, TX 75662

Dear Commissioner Gentry and Members of the Executive Committee:

The Comprehensive Annual Financial Report (CAFR) of The East Texas Council of Governments (ETCOG, the Council) for the fiscal year ended September 30, 2019 is hereby submitted in accordance with Article XI of the Council's bylaws. The Council is responsible for the establishment and maintenance of internal accounting controls to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

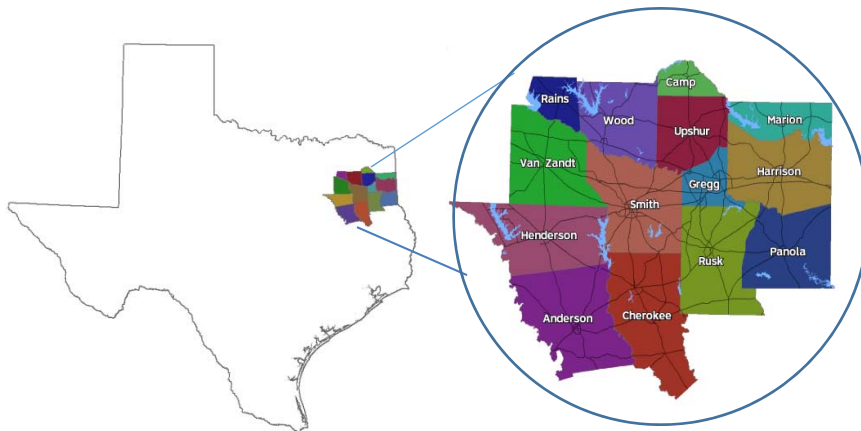
To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects and properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds. Furthermore, all disclosures have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

The audit meets the requirements of the federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the Code of Federal Regulations CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State of Texas Uniform Grant Management Standards.

Whitley Penn, 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, 2019. 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 communication services, drainage and flooding, transportation, care of the elderly and waste disposal have received collective action through ETCOG. The Council continues to be dedicated to improving the quality of life of the citizens of the region through cooperative efforts to enhance the physical, social, and economic environment. ETCOG is governed by a Board of 137 delegates from member local governments. The Board of Directors is comprised of locally elected officials, members representing county governments, cities, school districts and soil and water conservation districts. The Board of Directors and its Executive Committee, which is elected by and derived from the Board of Directors; determines policy while the Executive Director and Council staff under his direction, is responsible for carrying out that policy. ETCOG's Executive Committee meets monthly to provide specific guidance to the Council. During 2019, ETCOG's membership was comprised of the 14 county governments, 70 cities, 32 school districts, 2 river authorities, and 10 special purpose districts, including all major general-purpose local governments in the region. According to the 2019 estimates from the Texas State Data Center, these member governments represented approximately 871,271 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 perhaps 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.

The ETCOG 14-county region has many economic variables and challenges that are unique. The region features a diverse economy that is both rural and urban. Forming the economic hub is Smith County (the sole county in the Tyler MSA). It is the region's most populous county as well as the fastest growing.

According to Texas A&M Outlook for the Texas Economy, Texas' economy remained robust in the longest national economic expansion on record. Stable hiring in an environment of historically low unemployment pushed real income per capita upward while compositional changes in the Texas workforce pulled down average real wage growth. Low mortgage rates and ongoing strength in the state economy supported housing sales while residential construction activity accelerated.

Texas had the largest numeric population growth in the nation in the last year, according to estimates recently released by the U.S. Census Bureau. The number of people in the Lone Star State grew by 367,000 from mid-2018 to mid-2019. As of July 2019, Texas' total population reached almost 29 million, making it the second highest populated state in the U.S.

In East Texas, Tyler is outperforming most of the state and nation in virtually every measure of economic success according to Dr. Ray Perryman, President and CEO of the economic research and analysis firm headquartered in Waco. Current Pandemic concerns notwithstanding, an estimated 1.4 million net new jobs are projected for the Texas economy by 2021, representing a 2.16% annual growth over the period. Tyler will add about 11,500 jobs in the next half-decade and see a real gross product gain of 4.22% annually, for a total gain of \$3.7 billion.

According to the Texas Comptroller's Economic Outlook, Texas continues to thrive as the leading state for population growth, the top exporting state and one of the best states for startup businesses.

MAJOR INITIATIVES

Piney Woods 9-1-1 District

Although our 9-1-1 program remains successful under the current State program, in 2017, ETCOG began the process of becoming its own Emergency Communications District. In order for the East Texas Region to form its own District, among other steps, ETCOG must secure a resolution of support from every jurisdiction we serve. As of this writing, only one resolution remains to be secured. Forming our own Regional Emergency Communications District will allow Local Elected Officials to set policy for the District instead of the State. It will also increase funding since ETCOG would receive 100% of the land line and wireless fees generated from our service area. Today, ETCOG submits a budget request to receive a portion of the 9-1-1 fees generated in our region. Furthermore, there would be increased flexibility on the use of funds when the 9-1-1 regional system is under local elected official control.

Regional Broadband

Once again, this next year, staff will be investing substantial effort into moving our regional broadband efforts forward. The U.S. Department of Commerce, Economic Development Administrations has awarded a three-year \$536,000 regional Broadband Strategic Planning grant to the Council in response to our grant proposal. Our newly approved project will create a demonstration project which, if successful, will become a replicable model for other rural areas throughout Texas to follow. Our regional broadband plan will feature at least 56 projects that directly target business needs.

Regional Housing/Disaster Recovery

ETCOG has become an approved administrator of the Texas Department of Housing Community Affairs (TDHCA) HOME Disaster Relief Program, a long-term housing program designed to serve income eligible households impacted by disasters. This partnership was established to provide housing solutions for victims affected by the tornadoes that destroyed homes in Van Zandt, Rains, Henderson and Cherokee Counties. During the current year, staff are investigating the possibility of securing direct funding from the Federal Government for this program and the standard HOME program.

Regional Technology Solutions

ETCOG introduced the new Information Technology (IT) Support services in FY2019 for our region's jurisdictions needing special project and/or daily operational support. We will continue to make this valuable service to the region in the programs third year with the continues expectation the service will grow slowly and steadily.

East Texas Reception for Legislators

ETCOG hosted its fifth bi-annual East Texas Reception in Austin, on March 6, 2019. Approximately 135 East Texas elected officials, civic, business and not-for-profit leaders visit with our legislators in Austin to let them know what is important to East Texans.

Building Plan Review Services

ETCOG offered this new service for the first time in FY19 and will continue to do so once again in FY20. For those jurisdictions that find themselves falling behind with the approval of permits for new commercial or residential building construction and/or existing building renovations; Through the Building Plan Review Services program, our member jurisdictions may access fast reliable, and affordable services for commercial and non-commercial building code reviews.

“Special Focus” Regional Purchasing Cooperative

The idea of developing and implementing a new Regional Purchasing Cooperative focused on the needs of our jurisdictions had been considered in years past. During FY2020 and beyond, we plan to move forward with the development of a new purchasing cooperative focusing more on services (instead of products) our jurisdictions need. Examples of some of the services being considered for the new co-op include aerial imagery, employee health and insurance benefits consulting services; custodial services, and real-estate consulting services.

Regional Workforce and Economic Development

Staff operates under the guidance of the Workforce Solutions East Texas Board (WSETB) and Chief Elected Officials (CEO) Board. The Division focuses on promoting active economic development with a premier workforce, attracting and supporting the growth of business and industry. The WSETB is committed to keeping up with the ever-changing needs and accessibility of the 14-county region’s businesses and job seeker customers.

Workforce Solutions East Texas (WSET) was recognized for outstanding performance for the Texas Rising Star program at the Texas Workforce Commission’s 23rd Annual Texas Workforce Conference, receiving a performance incentive grant of \$75,000. The Texas Rising Star Child Care Award honors local boards that have improved the quality of child care through the development of exemplary child care program’s that demonstrate positive outcomes for the population served. This year, WSET staff created “Recipes for Early Childhood Quality Education,” a 14-section book with 116 pages of objectives, “ingredients,” and directions for 99 quality education learning experiences. Activities in the book guided educators through quality experiences by providing future activities. A total of 1,100 books were distributed within East Texas: to each TRS educator and every regional child care provider.

Workforce Solutions East Texas partnered on November 7th to host Texas Workforce Commissions eighth annual Hiring Red, White & You! statewide hiring fair to connect veterans and their spouses in Texas with employers who are seeking veterans' exceptional skills. The East Texas celebration was held in Tyler and had over 100 employers ready to meet with job seekers.

The WSET Dream Expo event began 5 years ago in response to the passage of House Bill 5, requiring students to choose a career path as they enter high school. To assist students with this task, WSET hosts this event annually and rotates among the East Texas region to give students from area districts a chance to explore each of the different endorsements, speak to people who perform the jobs, and get some hands-on experience with job related equipment. Approximately 600 students joined the event from Cherokee County school districts on September 24th, at Peoples Church located in Jacksonville.

Rural Transportation

ETCOG's rural transportation system, GoBus is a rural, demand response public transit system that provides over 8,500 trips a month 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).

Effective January 2019, ETCOG reduced the price of one-way trips on its GoBus service from \$4 to \$2 with the exception of Veterans and Military who ride free. The last change to GoBus fares was in 2014 when they increased to \$4 due to rising gas prices. Active members of the military and veterans ride GoBus for free as of January 2, 2019. Whether a veteran or military client is riding GoBus to healthcare appointments or to run errands, a trip that previously would cost \$4.00 each way is now complimentary. Historically, GoBus would transport about 9,000 veterans trips a year, but the fares have affected ridership.

In 2019 GoBus launched a new website at www.GoBusTransit.com. The new site offers county service details, veteran services, information on charter trips, and takes online trip requests. Visitors can fill out a quick form with details of their request, and a dispatcher will contact them shortly to book and secure the trip.

GoBus leaders recently attended the Special Districts Summit hosted by AT&T and Government Technology in Houston, Texas, offering professional development providing tools, actionable plans and a professional network to help ensure the organization is "future ready." At the summit, GoBus was awarded a Technology Innovation Award for recently implementing its new fare system with the use of Square credit card processing to provide a more dynamic and efficient way to collect fares from passengers.

New grant funding has also been awarded to GoBus for service expansion. The Edwin A. Blue and Janice Owen Miller Charitable Fund awarded \$10,000 to expand service in Henderson County for seniors' trips into Tyler. This county has seen a considerable amount of growth in trips and is in our top three counties for achieving the highest ridership. An additional \$5,000 was granted by an anonymous foundation to increase service for seniors and persons with disabilities in areas where GoBus is experiencing an increase in demand.

Area Agency on Aging in East Texas

The Aging Division provides services such as nutrition services, in-home provider services, information, referral and assistance, benefits counseling/legal assistance, dental care subsidies, nursing home ombudsman, care coordination, caregiver support program and transportation services for the elderly. The AAA Aging Advisory Committee provides policy input and advice for Aging programs. Policy direction and support is provided by the ETCOG Executive Committee and the Texas Department of Health and Human Services.

AAA served over 436,800 meals in 2019 for the nutrition program to seniors in congregate meal sites and home delivered meals. ETCOG subcontracts with several providers to provide nutritious meals to older individuals (60 and over). This program is a key contributor to the health and well-being of older individuals within our 14-county region.

The Annual Reach Conference, the area's largest event devoted to aging, caregiving and healthcare, was held October 2019 for the 28th year in a row. REACH is a collaborative effort to provide educational workshops, plenary sessions, and networking opportunities for professionals, caregivers, and anyone interested in aging issues. The theme of the conference "Playing to Win!" celebrated the compassion of people who provide aging services for senior populations. Approximately 350 nursing facility administrators, practitioners, caregivers and those who work with the senior population received training.

The Ombudsman Program of the AAA provided services to 71 nursing homes and 72 assisted living facilities. Staff and volunteers resolve nursing home and assisted living complaints, assist in resolving other nursing home and assisted living facility issues, support resident and family's councils, and provide in-service and information to the long-term care facilities. In FY 2019 AAA successfully conducted and resolved over 945 complaints in 143 facilities.

The Care Coordination program served 584 clients, 148 unduplicated clients in homemaker and personal care services and 187 clients in Caregiver In-Home Respite. The Care Coordination program is an ongoing process to assess the needs of an older individual and effectively plan, arrange, coordinate and follow-up on services which most appropriately meet the need as mutually defined by the individual, the access and assistance staff, a family member(s) or other caregiver.

Benefits Counselors conducted outreach to 2,998 individuals, served over 609 individuals and conducted 49 events throughout the 14-county service area. These trained and certified counselors work with seniors and persons with a disability. The AAA partners with Texas Legal Services Center and the Texas Health and Human Services Commission to provide Information about both public benefits and private health insurance.

Public Safety

The Public Safety Division encompasses three program areas: 9-1-1 Emergency Services, Homeland Security, and Criminal Justice. The Criminal Justice and Homeland Security programs serve all 14-counties within the ETCOG region while the 9-1-1 Emergency Services Program serves 10-counties (Anderson, Camp, Cherokee, Gregg, Marion, Panola, Rains, Upshur, Van Zandt and Wood). Local 9-1-1 districts serve the other remaining 4-counties within the East Texas region (Harrison, Henderson, Rusk and Smith).

Working in partnership with state and local officials, ETCOG has been tapped as the primary planning and coordinating entity for Emergency 9-1-1 Communications in East Texas. This includes working with the State to have fully deployed, advanced 9-1-1 services for wireless callers; helping plan for Next Generation for 9-1-1; and handling the addressing services for East Texas cities and counties as contracted. Our 9-1-1 addressing data is the exact information emergency responders will be sent in the event of an emergency. The total number of 9-1-1 calls received in the region for FY 2019 was 196,912.

The Homeland Security (HS) Program aims to enhance the region's communications and synchronization of efforts and resources. This program also provides support to local jurisdictions regarding emergency management planning as well as adoption, maintenance, and training in the National Incident Management System. The HS program assists in activities relating to emergency preparedness, response during major events/disasters, mutual aid agreements, and advises agencies regarding future funding opportunities. On December 11th, the ETCOG Executive Committee approved to fund a mass notification system for the East Texas region as a part of its public safety program for the tenth consecutive year. The system allows ETCOG to partner with cities and counties in East Texas to send messages quickly notifying citizens about emergency situations.

ETCOG subcontracts with Kilgore College to administer East Texas Police Academy. The Academy provides basic and advanced law enforcement training for peace officers and first responders in the East

Texas region. Classroom topics are varied and consist of continuing education, tactical, and state mandated courses. For many of the state's local law enforcement agencies, these regional training services provide the only local and affordable means available to meet the mandated training requirements and maintain qualified officers. In FY 2019 staff provided training for 2,586 peace officers in the East Texas region.

In FY 2019, ETCOG awarded 32 grants totaling \$2,768,761 to help prevent violence, provide training and equipment to law enforcement, combat family violence, sexual assault, dating violence and stalking crimes, disrupt and prevent gang activity, reduce juvenile delinquency, aid victims of crime, and improve the criminal justice system.

FINANCIAL PLANNING AND POLICIES

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

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

Financial policies are codified in ETCOG's "Financial Management Guide" (FMG) that is updated periodically to reflect changes in financial management guidelines issued from time-to-time by each of our funding agencies. The Texas Workforce "Financial Manual for Grants"; the Texas Administrative Code- "Area Agency on Aging Requirements"; "Uniform Grant Management Standards"; CFR Part 200 and CFR Part 225 (formerly OMB Circular A-87) and OMB A-133, are examples of rules and regulations that drive the development and content of our FMG.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the East Texas Council of Governments for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the nineteenth 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 CAFR 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 Comprehensive Annual 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 staff. Sincere appreciation is extended to the Council's independent auditors, Whitley Penn, LLP, whose expertise greatly assisted in the completion of this report. Finally, we would like 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**

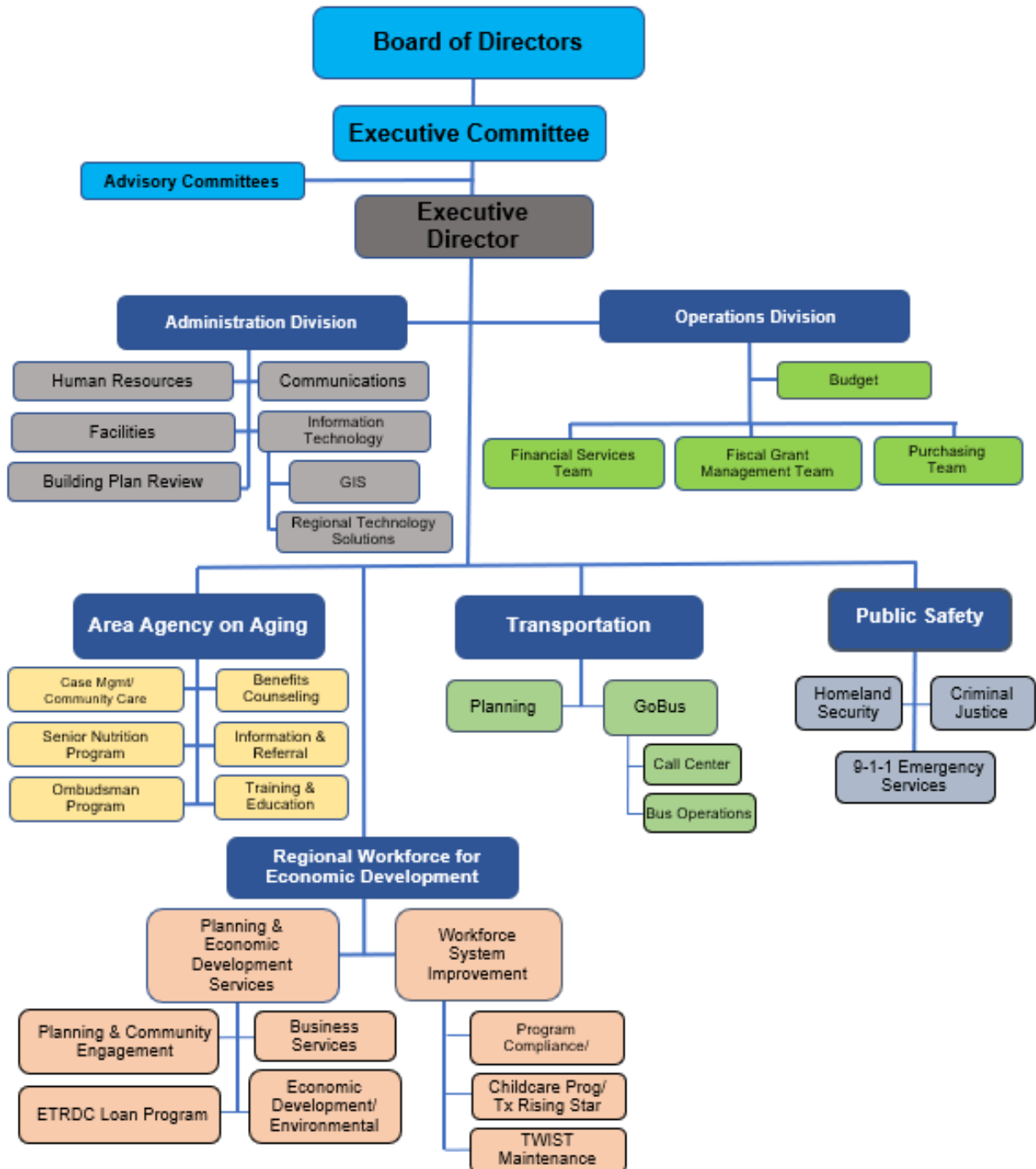
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

East Texas Council of Governments Organizational Chart



**East Texas Council of Governments
Principal Officials
Officers of the Executive Committee
2019-2020**

Commissioner Paula Gentry
Chairman
Upshur County

Councilwoman Merlyn Holmes
1st Vice Chair
City of Rusk

Judge LeeAnn Jones
2nd Vice Chair
Panola County

Councilman Bob Tardiff
3rd Vice Chair
City of Lindale

Commissioner William Hatfield
Secretary – Treasurer
Harrison County

ADMINISTRATIVE STAFF

Executive Director
Assistant Executive Director
Director of Public Safety
Director of Operations
Director of Transportation
Director of Information Technology
Director of Area Agency on Aging
Director of Workforce & Economic Development
Director of Communications

David A. Cleveland
Brandy Brannon
Stephanie Heffner
Wendi Horst
Vince Huerta
Mike Kader
Bettye Mitchell
Douglas Shryock
Lindsay Vanderbilt

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

COUNTIES:

Anderson
Camp
Cherokee
Gregg
Harrison

Henderson
Marion
Panola
Rains
Rusk

Smith
Upshur
Van Zandt
Wood

CITIES

Alba
Alto
Arp
Athens
Big Sandy
Brownsboro
Bullard
Caney
Canton
Carthage
Chandler
Clarksville
Coffee
East Mountain
East Tawakoni
Easton
Edgewood
Elkhart
Emory
Eustace
Frankston
Fruitvale
Gallatin

Gilmer
Gladewater
Grand Saline
Gun Barrel City
Hallsville
Hawkins
Henderson
Jacksonville
Jefferson
Kilgore
Lakeport
Lindale
Log Cabin
Longview
Mabank
Malakoff
Marshall
Mineola
Mt. Enterprise
Murchison
New Chapel Hill
New London
New Summerfield

Nooday
Ore City
Palestine
Payne Springs
Pittsburg
Point
Quitman
Reklaw
Rusk
Seven Points
Star Harbor
Tool
Trinidad
Troup
Tyler
Van
Warren City
Waskom
Wells
White Oak
Wills Point
Winnsboro
Winona
Yantis

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

INDEPENDENT SCHOOL DISTRICTS:

Arp ISD	Harmony ISD	Overton ISD
Athens ISD	Kilgore ISD	Pittsburg ISD
Brownsboro ISD	Laveretts Chapel ISD	Rains ISD
Carthage ISD	Longview ISD	Trinidad ISD
Crossroads ISD	Malakoff ISD	Waskom ISD
Frankston ISD	Miller Grove ISD	Slocum ISD
Gilmer ISD	Mneola ISD	Troup ISD
Grand Saline ISD	Mt. Enterprise ISD	Wells ISD
Hallsville ISD	Neches ISD	White Oak ISD
Harleton ISD	New Diana ISD	Winona ISD
Hawkins ISD	Ore City ISD	

SPECIAL PURPOSE DISTRICTS:

9-1-1 Network of East Texas
Cherokee County SWCD
East Cedar Fresh Water Supply District
Harrison County SWCD
Kilgore College
Panola College
Smith County 911 District
Trinity Valley Community College
Upshur-Gregg SWCD #417
Wood County SWCD #444

RIVER AUTHORITIES:

Sabine River Authority
Upper Neches River Municipal Water Authority



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Texas Council of Governments

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors
East Texas Council of Governments

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of the Council, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, the Supplemental Schedules as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Uniform Grant Management Standards* and is also not a required part of the basic financial statements.

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

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

To the Board of Directors
East Texas Council of Governments

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Council's internal control over financial reporting and compliance.

Whitley Penn LLP

Dallas, Texas
March 30, 2020



EAST TEXAS COUNCIL OF GOVERNMENTS
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, 2019. 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 of the Council exceeded its liabilities as of September 30, 2019, by \$5,347,212 (net position). Of this amount, \$843,765 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The government's total net position decreased overall by a total of \$181,362. Although program revenues increased, the amount of general revenues decreased by approximately \$0.1 million.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$3,171,515, an increase of \$245,574 in comparison with the prior year. Of the total fund balance, approximately 58% is restricted for grants and 36% is available for spending at the Council's discretion (unassigned).
- As of September 30, 2019, the fund balance for the General Fund was \$1,316,948, an increase of \$37,803 from prior year.
- The Council's total outstanding long-term debt decreased by \$47,071 during the current fiscal year mainly due to the principal payments exceeding the amount of new loans.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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).

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements can be found on pages 15 through 17 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 major governmental funds organized to their type (general and 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 fund.

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 18 through 21 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to 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 23 through 33 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 36 and 37 of this report.

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

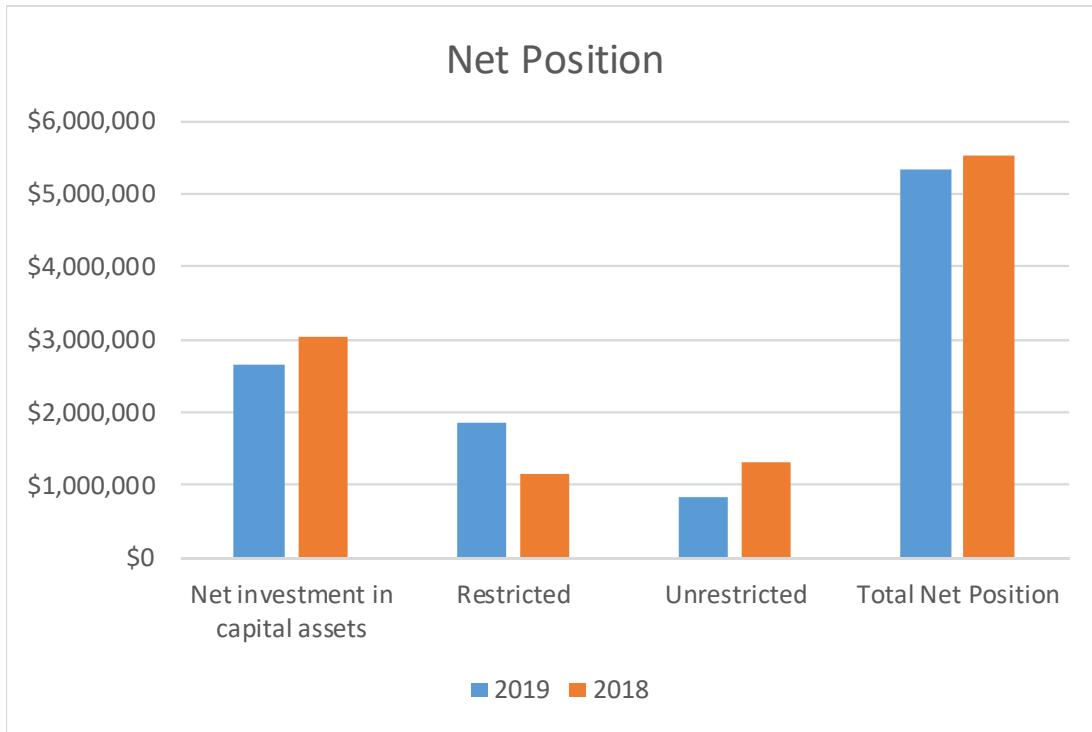
For the period ending September 30, 2019, the Council's assets exceeded its liabilities by \$5,347,212.

	Governmental Activities		Total Dollar
	2019	2018	Change
			2019-2018
Current and other assets	\$ 11,556,362	\$ 8,567,465	\$ 2,988,897
Capital assets, net	2,648,880	3,082,134	(433,254)
Total Assets	14,205,242	11,649,599	2,555,643
Non-current liabilities	562,886	574,238	(11,352)
Other liabilities	8,295,144	5,546,787	2,748,357
Total Liabilities	8,858,030	6,121,025	2,737,005
Net Position:			
Net investment in capital assets	2,648,880	3,054,139	(405,259)
Restricted	1,854,567	1,154,274	700,293
Unrestricted	843,765	1,320,161	(476,396)
Total Net Position	\$ 5,347,212	\$ 5,528,574	\$ (181,362)

- The largest portion of the Council's net position \$2,648,880 (49.5%) reflects its investments in capital assets (e.g., land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The Council uses these assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Council's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Council's net position \$1,854,567 (34.7%) represents resources that are subject to external restrictions on how they may be used.
- The remaining balance of net position totaling \$843,765 (15.8%) is considered unrestricted and may be used to meet the government'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. However the Council's overall net position decreased by \$181,362.

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



Statement of Activities:

The Council's net position decreased by \$181,362 during the fiscal year. The Council operates primarily from federal and state grants therefore, decreases in grant funding closely parallel increases and decreases in grant expenditures for services. Revenues related to transportation, and workforce development exceeded the expenses recognized, while other programs such as Homeland Security, Emergency Communication, Environmental Quality and Criminal Justice showed decreases in expenses in the fiscal year.

- Total revenues increased by \$4,272,420 or 10% in the current year. This increase was primarily attributed to the Workforce Development grants which increased by \$5,988,704 from the prior year.
- Governmental activities total expenses increased by \$5,766,074 or 15% in the current year. This is mainly due to the increase in workforce development programs of 5.9 million.

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Key elements of the increase along with percentage analysis are below:

	Governmental Activities		Total Dollar
	2019	2018	Change
			2019-2018
Revenues			
Program revenues:			
Operating grants and contributions	\$ 44,726,646	\$ 40,328,310	\$ 4,398,336
General revenues:			
Membership Dues	210,406	187,853	22,553
Investment earnings	31,664	18,914	12,750
Miscellaneous	273,050	434,269	(161,219)
Total Revenues	45,241,766	40,969,346	4,272,420
Expenses			
General government	895,272	754,237	141,035
Workforce development	33,718,468	27,729,764	5,988,704
Aging	4,086,606	3,845,733	240,873
Emergency communications	1,844,427	2,326,854	(482,427)
Transportation	4,041,021	3,878,162	162,859
Environmental quality	169,741	183,989	(14,248)
Homeland security	276,223	478,848	(202,625)
Criminal justice	262,731	306,096	(43,365)
Housing and urban development	-	9,016	(9,016)
Economic development	128,639	144,355	(15,716)
Total Expenses	45,423,128	39,657,054	5,766,074
Change in Net Position	(181,362)	1,312,292	(1,493,654)
Beginning net position, restated	5,528,574	4,216,282	1,312,292
Ending net position	\$ 5,347,212	\$ 5,528,574	\$ (181,362)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Council's financing requirement. Since the Council operates primarily from federal and state grants, increases in expenses closely parallel increases in grant funding for services.

As stated previously, the Council uses fund accounting to ensure and demonstrate compliance with legal requirements imposed by grantors. The following is a discussion of the funds that had significant changes between 2018 and 2019.

- *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 \$1,316,948, an increase of 37,803 from prior year fund balance.
- *Workforce Development* – Workforce program expenditures increased by \$5,988,704 overall or 21% compared to 2018. This is primarily due to the childcare program which increased by \$5,024,218 from the prior year due to additional State funding received to provide assistance in increasing the number of children enrolled in day care. Other Workforce programs that experienced increases in expenditures during the current fiscal year include the WIOA grants which increased by \$498,478 from the prior year.

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS (continued)

- *Area Agency on Aging* – The overall Aging program revenue increased by \$240,873 or 6% from the prior year. This is mainly due to the meal programs which increased by 149,420 from prior year and the Health Insurance Counseling and Advocacy Program (HICAP) which increased by \$86,051 from prior year.
- *Emergency Communications* – Emergency Communications expenditures decreased by \$482,427 from the prior year. Fluctuations in funding for this program will occur on a three to five-year rotation based on the need for capital improvements.
- *Transportation* – Overall Transportation expenditures increased by \$162,859 or 4% compared to prior year. Additional funds were utilized for effective public transportation services throughout the region.
- *Environmental Quality* – Environmental quality program expenditures decreased by \$14,248 or 7.7% from prior year. This is mainly due to reduced spending in the Solid Waste program.
- *Homeland Security* – Homeland Security expenditures decreased by \$202,625 or 42% from prior year. This is mainly due to an award for \$183,620 which was provided to repair the East Texas Police Academy driving track which is used by regional peace officers, fire fighters and ambulance drivers for emergency vehicle operations training.
- *Criminal Justice* – Criminal Justice expenditures decreased by \$43,365 or 14% from the prior year.
- *Economic Development* - Economic development expenditures decreased by \$15,716 from prior year due. EDA is a two-year grant which will continue into fiscal year 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Council’s investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$2,648,880 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Capital assets as of September 30, 2018 and 2019:

	2019	2018
Land	\$ 161,879	\$ 161,879
Construction in progress	111,061	162,694
Buildings	2,285,802	2,285,802
Equipment	7,398,714	7,387,683
Less: accumulated depreciation	(7,308,576)	(6,915,924)
Total capital assets	<u>\$ 2,648,880</u>	<u>\$ 3,082,134</u>

Additional information on the Council’s capital assets can be found in Note 5, on page 30, of this report.

EAST TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term Debt - At the end of the current fiscal year, the Council had total long-term liabilities outstanding of \$562,886.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>	<u>Amount Due in One Year</u>
Governmental Activities:					
Note payable	\$ 27,995	\$ -	\$ (27,995)	\$ -	\$ -
Loans payable	343,584	50,000	(69,076)	324,508	175,705
Compensated absences	202,659	257,381	(221,662)	238,378	221,834
	<u>\$ 574,238</u>	<u>\$ 307,381</u>	<u>\$ (318,733)</u>	<u>\$ 562,886</u>	<u>\$ 397,539</u>

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

- Compensated absences liability that is payable to employees and will primarily be liquidated by the grant fund.
- Loans payable liability in the Community Loan Center program to assist employees of enrolled employers as an alternative to high-cost payday loans.

Additional information on the Council's long term debt can be found in Note 6, on page 31, of this report.

ECONOMIC FACTORS AND NEXT YEAR'S ANNUAL FINANCIAL PLAN

The Council is dependent on federal, state and local funding which can vary widely from year to year. At the time of issuance of this report, the COVID-19 pandemic is severely affecting the health, social, and economic conditions of our Country, State and Region. Increases in Workforce funding, senior programs, economic programs, Homeland Security and transportation are expected in 2020-2021 to assist the people and governments of our Region. Additionally, it is anticipated the ETRDC will be assisting businesses with Small Business Administration (SBA) funding to aid in economic recovery from the COVID-19 pandemic.

The financial plan of the Council is drafted on a project basis that spans more than one fiscal year. 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.

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BASIC FINANCIAL STATEMENTS



EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

September 30, 2019

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and cash equivalents	\$ 4,809,488	\$ 272,308
Receivables:		
Grantors	3,070,210	-
Other	3,500,022	-
Prepays	176,642	-
Capital assets:		
Nondepreciable	272,940	-
Depreciable, net of accumulated depreciation	2,375,940	-
Total Capital assets	<u>2,648,880</u>	<u>-</u>
Total Assets	<u>14,205,242</u>	<u>272,308</u>
Liabilities		
Accounts payable	5,377,326	1,488
Accrued liabilities	313,117	-
Unearned revenues	2,604,701	-
Deposits payable	-	-
Due to other governments	-	311,593
Non-current liabilities:		
Due within one year	397,539	-
Due in more than one year	165,347	-
Total Liabilities	<u>8,858,030</u>	<u>313,081</u>
Net Position		
Net investment in capital assets	2,648,880	-
Restricted for grants	1,854,567	-
Unrestricted	843,765	(40,773)
Total Net Position	<u>\$ 5,347,212</u>	<u>\$ (40,773)</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Indirect and Internal Cost Allocation	Expenses After Indirect and Internal Cost Allocation
Primary Government:			
Governmental Activities			
General government	\$ 884,943	\$ 10,329	\$ 895,272
Workforce development	33,350,303	368,165	33,718,468
Aging	3,876,640	209,966	4,086,606
Emergency communications	1,835,297	9,130	1,844,427
Transportation	3,622,003	419,018	4,041,021
Environmental quality	158,332	11,409	169,741
Homeland security	156,823	119,400	276,223
Criminal justice	262,741	(10)	262,731
Housing and urban development	-	-	-
Economic development	117,435	11,204	128,639
Indirect costs	1,158,611	(1,158,611)	-
Total Governmental Activities	45,423,128	-	45,423,128
Total Primary Government	\$ 45,423,128	\$ -	\$ 45,423,128
Component Unit			
East Texas Regional			
Development Company	\$ 218,515	\$ -	\$ 218,515
Total component unit	\$ 218,515	\$ -	\$ 218,515

See Notes to Financial Statements.

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
\$ -	\$ -	\$ (895,272)	
-	33,767,817	49,349	
-	3,961,629	(124,977)	
-	2,673,838	829,411	
-	3,728,437	(312,584)	
-	144,277	(25,464)	
-	169,133	(107,090)	
-	154,804	(107,927)	
-	13,968	13,968	
-	112,743	(15,896)	
-	-	-	
-	44,726,646	(696,482)	
\$ -	\$ 44,726,646	(696,482)	
\$ -	\$ -		\$ (218,515)
\$ -	\$ -		(218,515)

General Revenues:

Membership dues	210,406	-
Investment earnings	31,664	1,523
Miscellaneous	273,050	84,483
Total General Revenues	515,120	86,006
Change in Net Position	(181,362)	(132,509)
Beginning net position	5,528,574	91,736
Ending Net Position	\$ 5,347,212	\$ (40,773)

EAST TEXAS COUNCIL OF GOVERNMENTS**BALANCE SHEET - GOVERNMENTAL FUNDS**

September 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,391,594	\$ 3,417,894	\$ 4,809,488
Receivables:			
Grantors	-	2,980,507	2,980,507
Other	395,593	3,194,132	3,589,725
Due from other funds	-	1,125	1,125
Prepaid items	176,642	-	176,642
Total Assets	<u>\$ 1,963,829</u>	<u>\$ 9,593,658</u>	<u>\$ 11,557,487</u>
Liabilities			
Accounts payable	\$ 236,530	\$ 5,140,796	\$ 5,377,326
Accrued liabilities	313,117	-	313,117
Deposits payable	-	-	-
Due to other funds	1,125	-	1,125
Unearned revenue	6,406	2,598,295	2,604,701
Total Liabilities	<u>557,178</u>	<u>7,739,091</u>	<u>8,296,269</u>
Deferred Inflows of Resources			
Unavailable loans receivable	89,703	-	89,703
Fund Balances			
Nonspendable:			
Prepaid items	176,642	-	176,642
Restricted:			
State and federal grants	-	1,854,567	1,854,567
Unassigned	1,140,306	-	1,140,306
Total Fund Balances	<u>1,316,948</u>	<u>1,854,567</u>	<u>3,171,515</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,963,829</u>	<u>\$ 9,593,658</u>	<u>\$ 11,557,487</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balances - governmental funds \$ 3,171,515

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 governmental funds. 9,957,456

Accumulated depreciation has not been included in the fund financial statements. (7,308,576)

Long-term receivables are not available to fund activities of the current period and therefore are not reported in the governmental funds. 89,703

Long-term liabilities, including notes payable and loans payable, are not due and payable in current period and therefore are not reported in the governmental funds. (324,508)

Accrued liabilities for compensated absences are not due and payable in the current period and have not been reflected in the fund financial statements. (238,378)

Total Governmental Activities Net Position \$ 5,347,212

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental	\$ -	\$ 44,138,626	\$ 44,138,626
Matching funds	-	375,819	375,819
Program income	81,644	343,164	424,808
Membership dues	188,624	-	188,624
Investment earnings	15,773	15,891	31,664
Miscellaneous	44,277	42,982	87,259
Total Revenues	<u>330,318</u>	<u>44,916,482</u>	<u>45,246,800</u>
Expenditures			
Current:			
General government	239,099	1,973,326	2,212,425
Workforce development	-	33,670,643	33,670,643
Aging	-	4,085,177	4,085,177
Emergency communications	-	2,001,157	2,001,157
Transportation	-	2,160,422	2,160,422
Environmental quality	-	170,035	170,035
Homeland security	-	169,133	169,133
Criminal justice	-	217,517	217,517
Housing and urban development	-	13,853	13,853
Economic development	-	114,492	114,492
Capital outlay	-	132,956	132,956
Debt service:			
Principal	97,071	-	97,071
Interest and fees	6,345	-	6,345
Total Expenditures	<u>342,515</u>	<u>44,708,711</u>	<u>45,051,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,197)</u>	<u>207,771</u>	<u>195,574</u>
Other financing sources (uses)			
Issuance of notes payable	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balances	37,803	207,771	245,574
Beginning Fund Balances	<u>1,279,145</u>	<u>1,646,796</u>	<u>2,925,941</u>
Ending Fund Balances	<u>\$ 1,316,948</u>	<u>\$ 1,854,567</u>	<u>\$ 3,171,515</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2019

Net changes in fund balances - total governmental funds \$ 245,574

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

Current year capital outlays are expenditures in the fund financial statements, but they
should be shown as increases in capital assets in the government-wide financial
statements. The net effect of removing the 2019 capital outlays is to increase net
position. 336,786

Depreciation is not recognized as an expense in governmental funds since it does not
require the use of current financial resources. The net effect of the current year's
depreciation is to decrease net position. (770,039)

Issuance of notes payable are treated as financing resources in the governmental funds
but are reported as liabilities in government-wide statements (50,000)

Revenue recognition resulting from long-term receivable activity not recognized in the
governmental fund financial statements. (5,035)

Governmental funds report repayment of notes payable as an expenditures. In contrast,
the government-wide financial statements treat such repayments as a reduction in long-
term liabilities. 97,071

The change in compensated absences liability is not shown in the fund financial
statements. The net effect of the current year's increase in liability is to decrease net
(35,719)

Change in Net Position of Governmental Activities \$ (181,362)

See Notes to Financial Statements.



EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2019

Note 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.

Description of the 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 GASB. 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, a discretely presented component unit has been included within the Council's reporting entity.

Discretely Presented Component Unit

The accompanying comprehensive annual financial report includes the financial activities of the Council, the primary government, and its component unit, the East Texas Regional Development Company (ETRDC). Financial information for the Council and this component unit is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the GASB. The Council's Board appoints a voting majority of ETRDC's Board and is able to impose its will on ETRDC. Separate financial statements are produced for ETRDC and may be obtained from ETRDC's administrative office.

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 makes long-term loans to small businesses in conjunction with private sector lenders.

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 of the activities of the primary government and its component unit.

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*.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

Certain eliminations have been made in regards to 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* as are the proprietary fund financial statements. 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.

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 required to be 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.

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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or 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 as permitted by GASB No. 79. 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, 2019.

Interfund Receivables and Payables

During the course of 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, 2019.

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 government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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

<u>Asset Description</u>	<u>Years</u>
Buildings	20
Furniture, fixtures, and equipment	3-7

Deferred Inflows of Resources

Deferred inflows of resources from loans receivable are not available to pay for current period expenditures and are deferred in the funds. Recognition of governmental fund revenues represented by non-current receivables is deferred until they become current receivables and reported as a deferred inflow.

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 fulltime 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.

Fund Equity

Fund balance classifications under 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 should be 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 - includes amounts that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. This classification includes prepaid items.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes state and federal grants.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Fund Equity (continued)

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Council through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the Council's Board of Directors.

Assigned - includes fund balance amounts that are self-imposed by the Council to be used for a particular purpose.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. When multiple categories of fund balance are available for expenditure, the Council will use the most restricted category first before moving down to the next category with available funds.

Restricted 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.

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.

Note 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 3 Deposits and Investments

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and cash equivalents	\$ 4,599,045
Investments	<u>210,443</u>
Total primary government cash and investments	<u>4,809,488</u>
 Component Unit:	
Cash and cash equivalents	226,834
Investments	<u>45,474</u>
Total component unit cash and investments	<u>272,308</u>
Total cash and investments	<u>\$ 5,081,796</u>

Cash and investments as of September 30, 2019 consist of the following:

Deposits with financial institutions	\$ 4,825,879
Investments	<u>255,917</u>
Total cash and investments	<u>\$ 5,081,796</u>

As of September 30, 2019, the primary government had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 210,443	28
Total fair value	<u>\$ 210,443</u>	

As of September 30, 2019, the discretely presented component unit had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 45,474	28
Total fair value	<u>\$ 45,474</u>	

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 to have independent auditors 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 3 Deposits and Investments (continued)

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.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

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, 2019, the primary government and component unit had bank deposits of \$5,139,133 and \$226,834, respectively with carrying values of \$4,599,045 and \$226,834, respectively. As of September 30, 2019, 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 4 Interfund Transactions

Interfund Transactions

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

<u>Major Funds</u>	<u>Due From/Due To</u>
General	\$ (1,125)
Grant	1,125
	<u>\$ -</u>

Note 5 Capital Assets

Primary government capital asset activity for the year ended September 30, 2019, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 161,879	\$ -	\$ -	\$ 161,879
Construction in progress	162,694	111,061	(162,694)	111,061
Total capital assets not	<u>324,573</u>	<u>111,061</u>	<u>(162,694)</u>	<u>272,940</u>
Capital assets being depreciated:				
Buildings	2,285,802	-	-	2,285,802
Furniture, fixtures and equipment	7,387,683	225,724	(214,693)	7,398,714
Total capital assets being depreciated	<u>9,673,485</u>	<u>225,724</u>	<u>(214,693)</u>	<u>9,684,516</u>
Less accumulated depreciation for:				
Buildings	(1,238,866)	(111,672)	-	(1,350,538)
Furniture, fixtures and equipment	(5,677,058)	(658,367)	377,387	(5,958,038)
Total accumulated depreciation	<u>(6,915,924)</u>	<u>(770,039)</u>	<u>377,387</u>	<u>(7,308,576)</u>
Total capital assets being depreciated, net	<u>2,757,561</u>	<u>(544,315)</u>	<u>162,694</u>	<u>2,375,940</u>
Total capital assets, net	<u>\$ 3,082,134</u>	<u>\$ (433,254)</u>	<u>\$ -</u>	<u>\$ 2,648,880</u>

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

General government	\$ 73,395
Emergency communications	12,128
Aging	27,000
Workforce development	107,858
Transportation	549,658
Total	<u>\$ 770,039</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 6 Long-term Debt

A summary of long-term liability activity for the primary government for the year ended September 30, 2019, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>	<u>Amount Due in One Year</u>
Governmental Activities:					
Note payable	\$ 27,995	\$ -	\$ (27,995)	\$ -	\$ -
Loans payable	343,584	50,000	(69,076)	324,508	175,705
Compensated absences	202,659	257,381	(221,662)	238,378	221,834
	<u>\$ 574,238</u>	<u>\$ 307,381</u>	<u>\$ (318,733)</u>	<u>\$ 562,886</u>	<u>\$ 397,539</u>

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

During fiscal year 2017, the East Texas Regional Loan Corporation (ETRLC) entered into three loan programs totaling \$250,000. In 2018, the ETRLC entered into an additional \$100,000 loan agreement. The details of the loans are discussed below.

- \$100,000 loan payable with a date of April 26, 2017 and an interest rate of 3.250%. Interest payments are made quarterly. No principal payments are due until fiscal year 2020 when the entire amount becomes due on March 19, 2020. The amount outstanding as of fiscal year 2019 is \$100,000
- \$50,000 loan payable with loan date of July 18, 2017 interest rate of 4.750% due quarterly. No principal payments are due and interest is paid annually. The loan was renewed during fiscal year 2019 and the outstanding balance as of the fiscal year end is \$50,000.
- \$100,000 loan payable with a date of January 15, 2018 and with a quarterly interest rate of 3.00%. Principal payments commence on April 15, 2019. The loan has a maturity date of April 15, 2023 and includes a balloon payment of \$50,000 on such date. The outstanding loan as of fiscal year 2018 is \$94,072.
- \$100,000 loan payable as a result of a portfolio transfer at the inception of the ETRLC loan program that took place in May 2017. The loan has an annual interest rate of 3.250% Principal and interest payments are due quarterly. The loan matures on April 1, 2022. The outstanding loan amount as of fiscal year 2019 is \$80,436.

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

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 175,705	\$ 8,888	\$ 184,593
2021	26,518	4,322	30,840
2022	65,702	3,138	68,840
2023	56,583	825	57,408
Total	<u>\$ 324,508</u>	<u>\$ 17,173</u>	<u>\$ 341,681</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2019

Note 7 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.

Note 8 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, 2019, 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.

Note 9 Retirement Plan

Prior to November 16, 2013, the Council provided benefits for all of its full time employees through a defined contribution plan. The Plan is administered by International City Management Association Retirement Corporation (ICMA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The Council contributes an amount equal to 12% of the employee's compensation each year and employees contribute an amount equal to 8% of their compensation each year for a total of 20% to the ICMA Plan.

The Council's contributions for each employee (and earnings allocated to the employee's account) are fully vested after five years continuous service. The Council's contributions for, and earnings forfeited by, employees who leave employment before five years of service may be segregated in a special account. The Council's Executive Committee is responsible and has the authority to amend the plan provisions and contribution requirements.

In November 2013, the Council allowed existing full time employees the option of entering the Social Security Plan or remaining with ICMA and any new full time employees could elect to enter the Social Security Plan only. The Council contributes a dollar for dollar match, up to 5%, for any full time employees enrolled in the Social Security Plan. The East Texas Council of Government's total covered payroll for the fiscal year ended September 30, 2019, was \$1,986,904. The Council made the required 12% contribution, which amounted to \$238,429. Employees made the required 8% contribution of \$158,952.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the Year Ended September 30, 2019

Note 10 Subsequent Events

The Council has evaluated subsequent events as of March 30 2020, the date of this report, and has determined there is none that need to be reflected in the financial statements nor in the notes to the financial statements.

Note 11 Deficit Net Position

The Council's discretely presented component unit reported a deficit in net position. Subsequent year operations should absorb the deficit.

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SUPPLEMENTAL SCHEDULES

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Salaries	\$ 701,722	\$ 683,779	\$ (17,943)
Fringe benefits	112,473	108,839	(3,634)
Group hospitalization	81,516	80,130	(1,386)
Pension costs	102,631	92,790	(9,841)
Total personnel	<u>998,342</u>	<u>965,538</u>	<u>(32,804)</u>
Insurance and bonding	7,500	3,841	(3,659)
Minor office supplies and equipment	24,000	5,546	(18,454)
Depreciation expense	-	-	-
Computer maintenance	10,600	4,783	(5,817)
Staff travel	23,000	31,714	8,714
Executive committee travel	13,000	7,012	(5,988)
Office supplies	28,000	18,068	(9,932)
Public education	3,000	2,042	(958)
Copier costs	17,000	12,161	(4,839)
Training costs	24,000	9,672	(14,328)
Remote storage costs	-	234	234
Repairs and maintenance	5,800	2,514	(3,286)
Membership dues	25,000	22,358	(2,642)
Communications	14,000	2,571	(11,429)
Postage	-	10,827	10,827
Meetings and conferences	6,700	8,630	1,930
Professional services	83,000	76,841	(6,159)
Total Indirect Expenditures	<u>1,282,942</u>	<u>1,184,353</u>	<u>(98,589)</u>
Less amount allocated to component unit	-	(25,740)	(25,740)
Less amount allocated to General Fund	-	(10,329)	(10,329)
Total Indirect Costs Allocated	<u>\$ 1,282,942</u>	<u>\$ 1,148,284</u>	<u>\$ (134,658)</u>
Computation of Indirect Cost Rate			
Direct personnel costs	<u>\$ 6,018,569</u>	<u>\$ 5,680,398</u>	
Allocation Rate	21.32%	20.21%	
Indirect costs as a percentage of qualifying costs	2.26%	2.55%	

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS

For the Year Ended September 30, 2019

	<u>Actual</u>
Employee Benefits	
Group disability insurance	\$ 19,616
Vacation	267,996
Holidays	221,048
Sick leave	197,640
Other release time	23,488
Employment taxes	<u>3,443</u>
Total employee benefits	733,231
Less amount allocated to indirect costs pool	(108,839)
Less amount allocated to component unit	<u>(13,814)</u>
Total employee benefits allocated to the Grant Fund	<u>\$ 610,578</u>
Chargeable time	<u>3,654,724</u>
Employee Benefit Rate	16.71%



STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends	40
These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	
Revenue Capacity	48
All of the Council's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. Accordingly, revenue capacity schedules are not presented in the statistical section and only revenues and expenditures of governmental funds are shown.	
Debt Capacity	51
This schedule presents information to help the reader assess the affordability of the Council's current level of outstanding debt and the ability to issue additional debt in the future.	
Demographic and Economic Indicators	52
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	
Operating Information	70
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 and the resources it utilizes to provide these services.	

EAST TEXAS COUNCIL OF GOVERNMENTS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>
Governmental activities:				
Investment in capital assets	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163
Restricted	759,872	833,780	1,326,932	1,419,714
Unrestricted	<u>1,351,367</u>	<u>1,438,354</u>	<u>1,278,696</u>	<u>1,349,891</u>
Total governmental activities net position	<u><u>\$ 4,821,277</u></u>	<u><u>\$ 4,207,331</u></u>	<u><u>\$ 5,486,445</u></u>	<u><u>\$ 5,034,768</u></u>
Business-type activities:				
Unrestricted	<u>\$ 8,323</u>	<u>\$ 17,833</u>	<u>\$ 21,565</u>	<u>\$ -</u>
Total business-type activities net position	<u><u>\$ 8,323</u></u>	<u><u>\$ 17,833</u></u>	<u><u>\$ 21,565</u></u>	<u><u>\$ -</u></u>
Primary Government:				
Net investment in capital assets	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163
Restricted	759,872	833,780	1,326,932	1,419,714
Unrestricted	<u>1,359,690</u>	<u>1,456,187</u>	<u>1,300,261</u>	<u>1,349,891</u>
Total primary government net position	<u><u>\$ 4,829,600</u></u>	<u><u>\$ 4,225,164</u></u>	<u><u>\$ 5,508,010</u></u>	<u><u>\$ 5,034,768</u></u>

Source: CAFR

*The Council closed its business-type fund beginning with fiscal year 2013.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2,456,591	\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139	\$ 2,648,880
1,713,543	1,588,708	995,119	1,198,239	1,154,274	1,854,567
<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>	<u>1,191,024</u>	<u>1,320,161</u>	<u>843,765</u>
<u>\$ 5,441,819</u>	<u>\$ 4,990,729</u>	<u>\$ 4,466,636</u>	<u>\$ 4,369,103</u>	<u>\$ 5,528,574</u>	<u>\$ 5,347,212</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,456,591	\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139	\$ 2,648,880
1,713,543	1,588,708	995,119	1,198,239	1,154,274	1,854,567
<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>	<u>1,191,024</u>	<u>1,320,161</u>	<u>843,765</u>
<u>\$ 5,441,819</u>	<u>\$ 4,990,729</u>	<u>\$ 4,466,636</u>	<u>\$ 4,369,103</u>	<u>\$ 5,528,574</u>	<u>\$ 5,347,212</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General government	\$ 208,546	\$ 121,011	\$ 381,177	\$ 230,903
Workforce development	30,749,379	31,141,778	24,920,298	25,377,447
Aging	5,297,983	4,988,958	4,041,959	3,677,508
Emergency communications	2,548,455	2,194,766	1,503,874	2,833,521
Transportation	3,600,704	4,560,498	4,011,678	4,384,769
Environmental quality	962,195	571,689	612,521	673,884
Homeland Security	514,418	887,446	456,933	320,996
Criminal justice	480,844	434,001	313,612	289,954
Housing and urban development	35,245	196,818	147,070	14,494
Economic development	103,476	113,572	105,337	37,041
Health and human services	2,703,855	-	-	-
Total governmental activities expenses	<u>47,205,100</u>	<u>45,210,537</u>	<u>36,494,459</u>	<u>37,840,517</u>
Business-type activities				
Greyhound	106,464	111,606	105,234	21,629
Total business-type activities expenses	<u>106,464</u>	<u>111,606</u>	<u>105,234</u>	<u>21,629</u>
Program Revenues				
Governmental Activities:				
Charges for services	-	-	-	-
Operating Grants and Contributions	46,453,925	44,337,789	37,470,843	36,983,284
Total governmental activities program revenues	<u>46,453,925</u>	<u>44,337,789</u>	<u>37,470,843</u>	<u>36,983,284</u>
Business-type activities:				
Charges for services	114,471	121,116	108,966	64
Total business-type activities program revenues	<u>114,471</u>	<u>121,116</u>	<u>108,966</u>	<u>64</u>
Net (expense) Revenues				
Governmental activities	(751,175)	(872,748)	976,384	(857,233)
Business-type activities	8,007	9,510	3,732	(21,565)
Total primary government net (expense) revenues	<u>(743,168)</u>	<u>(863,238)</u>	<u>980,116</u>	<u>(878,798)</u>
General Revenues				
Governmental activities:				
Membership dues	169,833	169,498	192,289	186,747
Investment earnings	22,078	15,472	17,043	10,486
Miscellaneous	61,660	73,832	241,188	208,323
Total governmental activities general revenues	<u>253,571</u>	<u>258,802</u>	<u>450,520</u>	<u>405,556</u>
Change in net position				
Governmental activities	(497,604)	(613,946)	1,426,904	(451,677)
Business-type activities	8,007	9,510	3,732	(21,565)
Total primary government	<u>\$ (489,597)</u>	<u>\$ (604,436)</u>	<u>\$ 1,430,636</u>	<u>\$ (473,242)</u>

Source: CAFR

2014	2015	2016	2017	2018	2019
\$ 182,448	\$ 247,383	\$ 368,717	\$ 516,365	\$ 754,237	\$ 895,272
24,896,832	27,009,337	28,445,401	26,598,671	27,729,764	33,718,468
3,562,193	3,614,490	3,788,491	3,992,021	3,845,733	4,086,606
1,892,668	2,357,610	3,595,484	3,445,419	2,326,854	1,844,427
4,579,459	3,420,310	3,409,942	3,555,383	3,878,162	4,041,021
321,012	496,258	505,860	353,624	183,989	169,741
296,057	214,101	231,516	201,722	478,848	276,223
107,091	108,509	295,384	291,903	306,096	262,731
12,082	14,874	11,146	14,789	9,016	
309,175	381,247	114,360	125,162	144,355	128,639
-	-	-	-	-	-
36,159,017	37,864,119	40,766,301	39,095,059	39,657,054	45,423,128
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,119,643	37,023,859	39,640,680	38,434,905	40,328,310	44,726,646
36,119,643	37,023,859	39,640,680	38,434,905	40,328,310	44,726,646
-	-	-	-	-	-
-	-	-	-	-	-
(39,374)	(840,260)	(1,125,621)	(660,154)	671,256	(696,482)
-	-	-	-	-	-
(39,374)	(840,260)	(1,125,621)	(660,154)	671,256	(696,482)
167,727	227,839	181,581	206,366	187,853	210,406
8,411	16,348	9,371	10,134	18,914	31,664
177,856	144,983	207,392	471,170	434,269	273,050
446,425	389,170	398,344	687,670	641,036	515,120
407,051	(451,090)	(727,277)	27,516	1,312,292	(181,362)
-	-	-	-	-	-
\$ 407,051	\$ (451,090)	\$ (727,277)	\$ 27,516	\$ 1,312,292	\$ (181,362)

EAST TEXAS COUNCIL OF GOVERNMENTS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

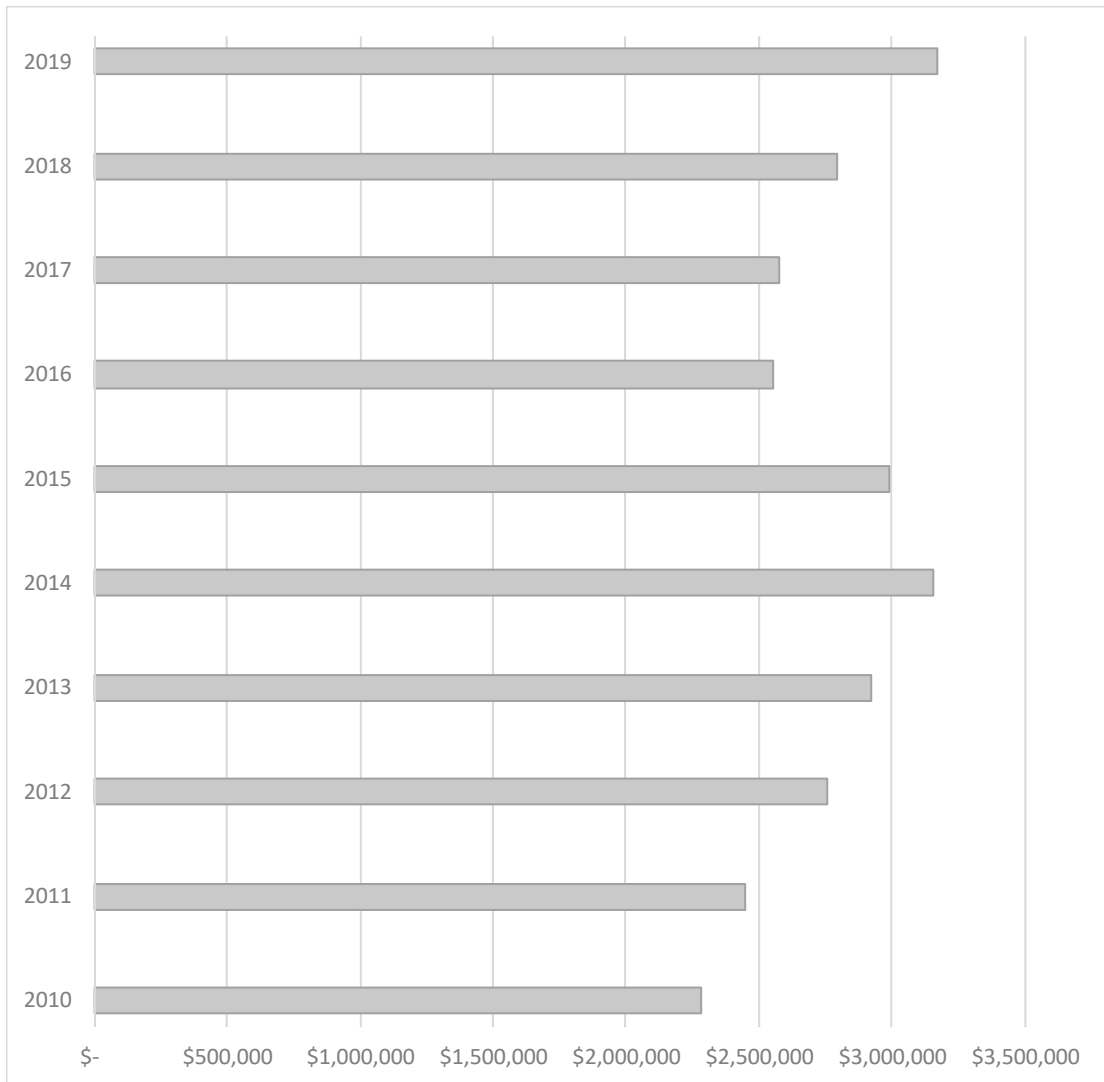
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	1,522,133	-	-	-
Nonspendable - Prepaid items	-	62,500	-	-
Unassigned	-	1,549,228	1,431,946	1,500,220
Total General Fund	<u>\$ 1,522,133</u>	<u>\$ 1,611,728</u>	<u>\$ 1,431,946</u>	<u>\$ 1,500,220</u>
All Other Governmental Funds				
Reserved, reported in grant fund	\$ 26,854	\$ -	\$ -	\$ -
Unreserved	733,018	-	-	-
Restricted - State and federal grants	-	833,780	1,326,932	1,419,714
Total All other Governmental Funds	<u>\$ 759,872</u>	<u>\$ 833,780</u>	<u>\$ 1,326,932</u>	<u>\$ 1,419,714</u>
Total Primary Government	<u>\$ 2,282,005</u>	<u>\$ 2,445,508</u>	<u>\$ 2,758,878</u>	<u>\$ 2,919,934</u>

Note: The Council adopted GASB Statement No. 54 in fiscal year 2011, which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-
71,366	19,691	69,078	33,813	176,642	176,642
<u>1,368,170</u>	<u>1,383,809</u>	<u>1,487,912</u>	<u>1,344,544</u>	<u>1,000,832</u>	<u>1,140,306</u>
<u>\$ 1,439,536</u>	<u>\$ 1,403,500</u>	<u>\$ 1,556,990</u>	<u>\$ 1,378,357</u>	<u>\$ 1,177,474</u>	<u>\$ 1,316,948</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,713,543	1,588,708	995,119	1,198,239	1,615,952	1,854,567
<u>\$ 1,713,543</u>	<u>\$ 1,588,708</u>	<u>\$ 995,119</u>	<u>\$ 1,198,239</u>	<u>\$ 1,615,952</u>	<u>\$ 1,854,567</u>
<u>\$ 3,153,079</u>	<u>\$ 2,992,208</u>	<u>\$ 2,552,109</u>	<u>\$ 2,576,596</u>	<u>\$ 2,793,426</u>	<u>\$ 3,171,515</u>



EAST TEXAS COUNCIL OF GOVERNMENTS
FUND BALANCES OF GOVERNMENTAL FUNDS (continued)
LAST TEN FISCAL YEARS



EAST TEXAS COUNCIL OF GOVERNMENTS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2010	2011	2012	2013
Revenues				
Intergovernmental	\$44,648,933	\$42,671,379	\$36,579,983	\$36,075,614
Membership dues	169,833	169,498	192,289	186,747
Matching funds/program income	1,726,866	1,473,965	970,515	956,643
Charges for services	-	-	-	-
Investment income	27,538	19,675	17,043	10,486
Miscellaneous	131,047	264,941	134,230	138,013
Total Revenues	46,704,217	44,599,458	37,894,060	37,367,503
Expenditures				
General government	94,195	36,400	247,330	106,003
Workforce development	30,686,798	31,072,565	24,872,616	25,329,641
Aging	7,972,436	4,958,223	4,018,827	3,652,872
Emergency communications	2,174,575	1,852,512	2,116,620	2,627,235
Transportation	3,253,235	3,850,571	4,526,100	3,879,399
Environmental quality	961,980	571,040	612,948	673,946
Homeland security	514,303	886,806	457,161	321,202
Criminal justice	480,736	433,652	313,826	289,987
Housing and urban development	35,245	196,613	147,070	14,525
Economic development	103,476	113,216	105,337	37,041
Debt Service:				
Principal	56,415	58,807	61,564	63,829
Interest	25,131	22,600	-	-
Capital outlay	564,416	417,297	70,093	309,398
Total Expenditures	46,922,941	44,470,302	37,549,492	37,305,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	(218,724)	129,156	344,568	62,425
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Capital lease	-	-	-	77,294
Proceeds from insurance	3,279	16,557	27,624	21,337
Proceeds from sale of property	-	17,790	88,968	-
Transfers in	173,176	70,370	227,462	90,542
Transfers out	(173,176)	(70,370)	(227,462)	(90,542)
Total other financing sources (uses)	3,279	34,347	116,592	98,631
 Net Change in Fund Balances	 \$ (215,445)	 \$ 163,503	 \$ 461,160	 \$ 161,056
 Debt service as a percentage of noncapital expenditures	 0.18%	 0.19%	 0.16%	 0.17%

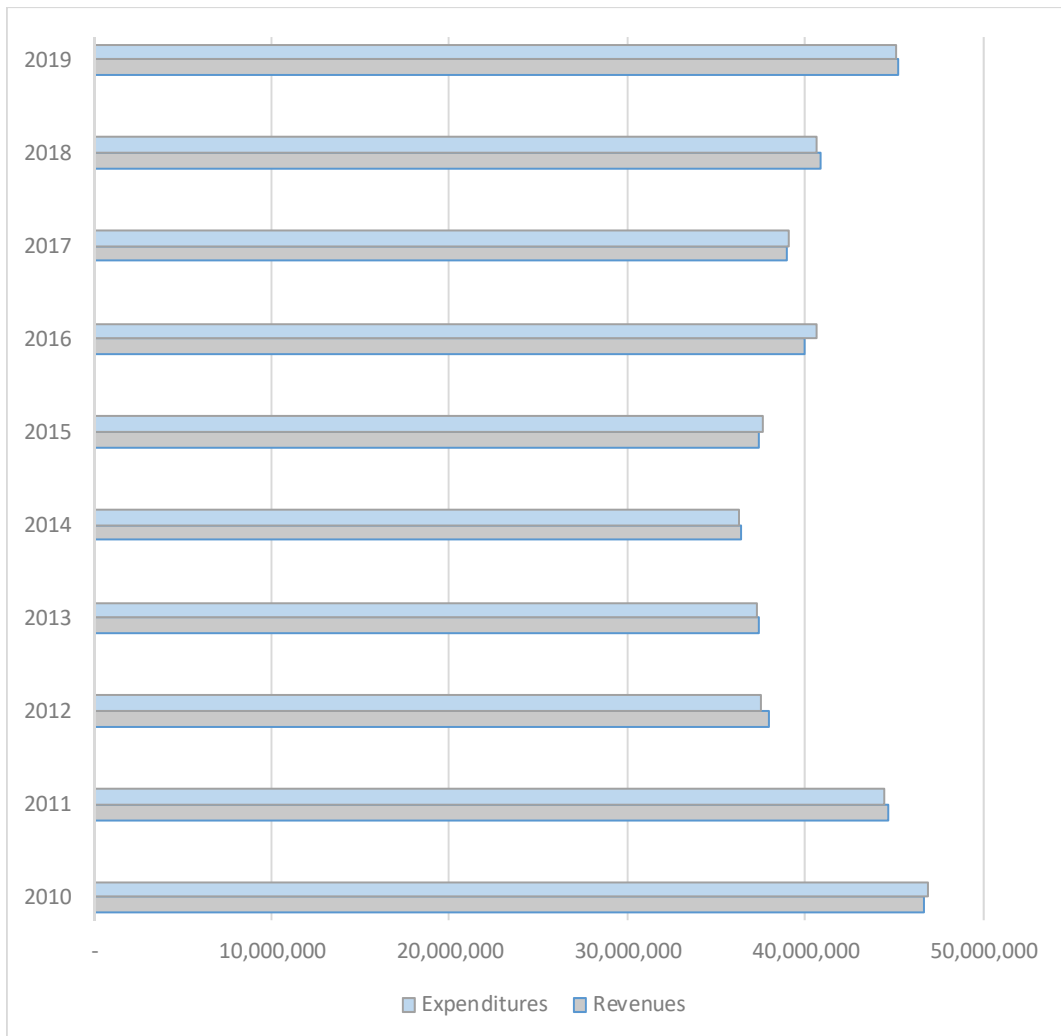
Notes:

Investment income was included in miscellaneous revenue prior to 2009.

Debt service and capital outlay were included in current expenditures prior to 2009.

2014	2015	2016	2017	2018	2019
\$34,856,248	\$36,307,507	\$38,912,645	\$37,749,088	\$39,417,603	\$44,138,626
167,727	204,941	181,581	185,177	187,853	188,624
1,302,929	775,240	775,461	915,494	1,056,636	800,627
-	-	-	-	-	-
8,411	16,348	9,371	10,134	18,914	31,664
85,646	70,531	127,809	49,562	182,162	87,259
<u>36,420,961</u>	<u>37,374,567</u>	<u>40,006,867</u>	<u>38,909,455</u>	<u>40,863,168</u>	<u>45,246,800</u>
88,883	137,690	289,462	488,918	851,189	2,212,425
24,869,293	26,981,736	28,395,465	26,533,064	27,481,703	33,670,643
3,541,919	3,572,842	3,730,974	3,967,727	3,796,332	4,085,177
1,803,208	2,098,776	3,347,761	3,325,659	2,412,163	2,001,157
320,641	3,239,713	3,198,882	3,354,509	3,477,267	2,160,422
4,259,579	496,532	505,860	354,014	190,988	170,035
294,820	215,014	231,516	187,105	259,458	169,133
106,892	108,656	295,384	292,634	319,360	217,517
11,895	15,012	11,146	15,158	10,671	13,853
309,175	381,247	114,360	124,403	135,701	114,492
91,468	94,950	99,282	75,443	84,057	97,071
-	-	-	-	11,978	6,345
542,719	231,732	461,655	291,285	1,582,956	132,956
<u>36,240,492</u>	<u>37,573,900</u>	<u>40,681,747</u>	<u>39,009,919</u>	<u>40,613,823</u>	<u>45,051,226</u>
<u>180,469</u>	<u>(199,333)</u>	<u>(674,880)</u>	<u>(100,464)</u>	<u>249,345</u>	<u>195,574</u>
-	-	-	250,000	100,000	50,000
-	-	-	-	-	-
52,676	38,462	-	-	-	-
-	-	31,597	-	-	-
79,405	72,398	62,500	23,862	-	-
<u>(79,405)</u>	<u>(72,398)</u>	<u>(62,500)</u>	<u>(23,862)</u>	<u>-</u>	<u>-</u>
<u>52,676</u>	<u>38,462</u>	<u>31,597</u>	<u>250,000</u>	<u>100,000</u>	<u>50,000</u>
<u>\$ 233,145</u>	<u>\$ (160,871)</u>	<u>\$ (643,283)</u>	<u>\$ 149,536</u>	<u>\$ 349,345</u>	<u>\$ 245,574</u>
0.26%	0.25%	0.25%	0.20%	0.25%	0.22%

EAST TEXAS COUNCIL OF GOVERNMENTS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (continued)
LAST TEN FISCAL YEARS



EAST TEXAS COUNCIL OF GOVERNMENTS**RATIOS OF OUTSTANDING DEBT BY TYPE***Last Ten Fiscal Years*

Fiscal Year	Governmental Activities		Total Governmental Activities	Percentage of Personal Income	Per Capita
	Notes & Loans Payable	Capital Leases			
2010	\$ 573,364	\$ -	\$ 573,364	2.01%	\$ 17.64
2011	514,557	-	514,557	1.70%	15.03
2012	453,314	-	453,314	1.39%	12.32
2013	389,485	77,294	466,779	1.39%	12.35
2014	322,982	52,329	375,311	1.12%	10.10
2015	253,788	26,573	280,361	0.80%	7.46
2016	181,079	-	181,079	0.52%	4.88
2017	105,636	-	105,636	0.28%	2.79
2018	371,579	-	371,579	0.98%	9.39
2019	324,508	-	324,508	N/A	

Anderson County	
Area (Sq. miles) ¹	1,063
County Seat ¹	Palestine
Population, 2019 ²	58,248
Anglo	
Male	19,158
Female	14,780
Black	
Male	9,007
Female	3,070
Hispanic	
Male	7,188
Female	3,648
Other	
Male	685
Female	712
Vital Statistics, 2015 ³	
Marriages	407
Divorces	121
Births	664
Deaths	655
Annual Average 2018 ⁴	3.1%

Camp County	
Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2019 ²	13,231
Anglo	
Male	3,587
Female	3,870
Black	
Male	986
Female	1,156
Hispanic	
Male	1,713
Female	1,530
Other	
Male	194
Female	195
Vital Statistics, 2015 ³	
Marriages	76
Divorces	11
Births	177
Deaths	132
Annual Average 2018 ⁴	4.9%

Cherokee County	
Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2019 ²	52,090
Anglo	
Male	15,602
Female	15,949
Black	
Male	3,807
Female	3,278
Hispanic	
Male	6,468
Female	5,693
Other	
Male	601
Female	692
Vital Statistics, 2015 ³	
Marriages	296
Divorces	160
Births	854
Deaths	557
Annual Average 2018 ⁴	4.1%

Gregg County	
Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2019 ²	125,425
Anglo	
Male	34,854
Female	36,515
Black	
Male	12,097
Female	13,470
Hispanic	
Male	12,558
Female	11,472
Other	
Male	2,210
Female	2,249
Vital Statistics, 2015 ³	
Marriages	1192
Divorces	350
Births	1919
Deaths	1274
Annual Average 2018 ⁴	4.1%

Source:

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services

⁴ <https://texaslmi.com>

Harrison County	
Area (Sq. miles) ¹	900
County Seat ¹	Marshall
Population, 2019 ²	68,004
Anglo	
Male	20,772
Female	21,867
Black	
Male	6,586
Female	7,743
Hispanic	
Male	4,708
Female	4,536
Other	
Male	896
Female	896
Vital Statistics, 2015 ³	
Marriages	468
Divorces	115
Births	852
Deaths	677
Annual Average 2018 ⁴	4.4%

Henderson County	
Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2019 ²	80,985
Anglo	
Male	30,169
Female	32,459
Black	
Male	2,797
Female	2,731
Hispanic	
Male	5,429
Female	5,201
Other	
Male	1,041
Female	1,158
Vital Statistics, 2015 ³	
Marriages	457
Divorces	53
Births	923
Deaths	1084
Annual Average 2018 ⁴	3.7%

Marion County	
Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2019 ²	10,343
Anglo	
Male	3,591
Female	3,595
Black	
Male	1,092
Female	1,243
Hispanic	
Male	226
Female	218
Other	
Male	191
Female	187
Vital Statistics, 2015 ³	
Marriages	60
Divorces	37
Births	109
Deaths	167
Annual Average 2018 ⁴	4.6%

Panola County	
Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2019 ²	24,531
Anglo	
Male	8,647
Female	8,861
Black	
Male	1,888
Female	1,987
Hispanic	
Male	1,372
Female	1,184
Other	
Male	296
Female	296
Vital Statistics, 2015 ³	
Marriages	164
Divorces	93
Births	298
Deaths	266
Annual Average 2018 ⁴	4.2%

Source:

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services

⁴ <https://texaslmi.com>

Rains County	
Area (Sq. miles) ¹	230
County Seat ¹	Emory
Population, 2019 ²	11,325
Anglo	
Male	4,820
Female	4,826
Black	
Male	148
Female	130
Hispanic	
Male	573
Female	511
Other	
Male	150
Female	167
Vital Statistics, 2015 ³	
Marriages	69
Divorces	53
Births	104
Deaths	150
Annual Average 2018 ⁴	3.5%

Rusk County	
Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2019 ²	52,822
Anglo	
Male	16,914
Female	16,437
Black	
Male	4,949
Female	3,839
Hispanic	
Male	5,102
Female	4,217
Other	
Male	671
Female	693
Vital Statistics, 2015 ³	
Marriages	335
Divorces	216
Births	662
Deaths	544
Annual Average 2018 ⁴	4.1%

Smith County	
Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2019 ²	232,715
Anglo	
Male	66,036
Female	71,789
Black	
Male	18,667
Female	21,130
Hispanic	
Male	23,296
Female	23,183
Other	
Male	4,232
Female	4,382
Vital Statistics, 2015 ³	
Marriages	1781
Divorces	563
Births	3180
Deaths	2111
Annual Average 2018 ⁴	3.6%

Upshur County	
Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2019 ²	41,389
Anglo	
Male	16,258
Female	16,320
Black	
Male	1,657
Female	1,781
Hispanic	
Male	2,108
Female	2,031
Other	
Male	611
Female	623
Vital Statistics, 2015 ³	
Marriages	215
Divorces	193
Births	463
Deaths	471
Annual Average 2018 ⁴	4.2%

Source:

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services

⁴ <https://texaslmi.com>

Van Zandt County	
Area (Sq. miles) ¹	843
County Seat ¹	Canton
Population, 2019 ²	55,170
Anglo	
Male	22,250
Female	23,386
Black	
Male	795
Female	797
Hispanic	
Male	3,330
Female	3,098
Other	
Male	747
Female	767
Vital Statistics, 2015 ³	
Marriages	341
Divorces	175
Births	623
Deaths	621
Annual Average 2018 ⁴	3.5%

Wood County	
Area (Sq. miles) ¹	645
County Seat ¹	Quitman
Population, 2019 ²	44,993
Anglo	
Male	18,120
Female	18,593
Black	
Male	1,202
Female	1,020
Hispanic	
Male	2,686
Female	2,356
Other	
Male	489
Female	527
Vital Statistics, 2015 ³	
Marriages	243
Divorces	131
Births	422
Deaths	613
Annual Average 2018 ⁴	4.2%

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services.

⁴ <https://texaslmi.com>

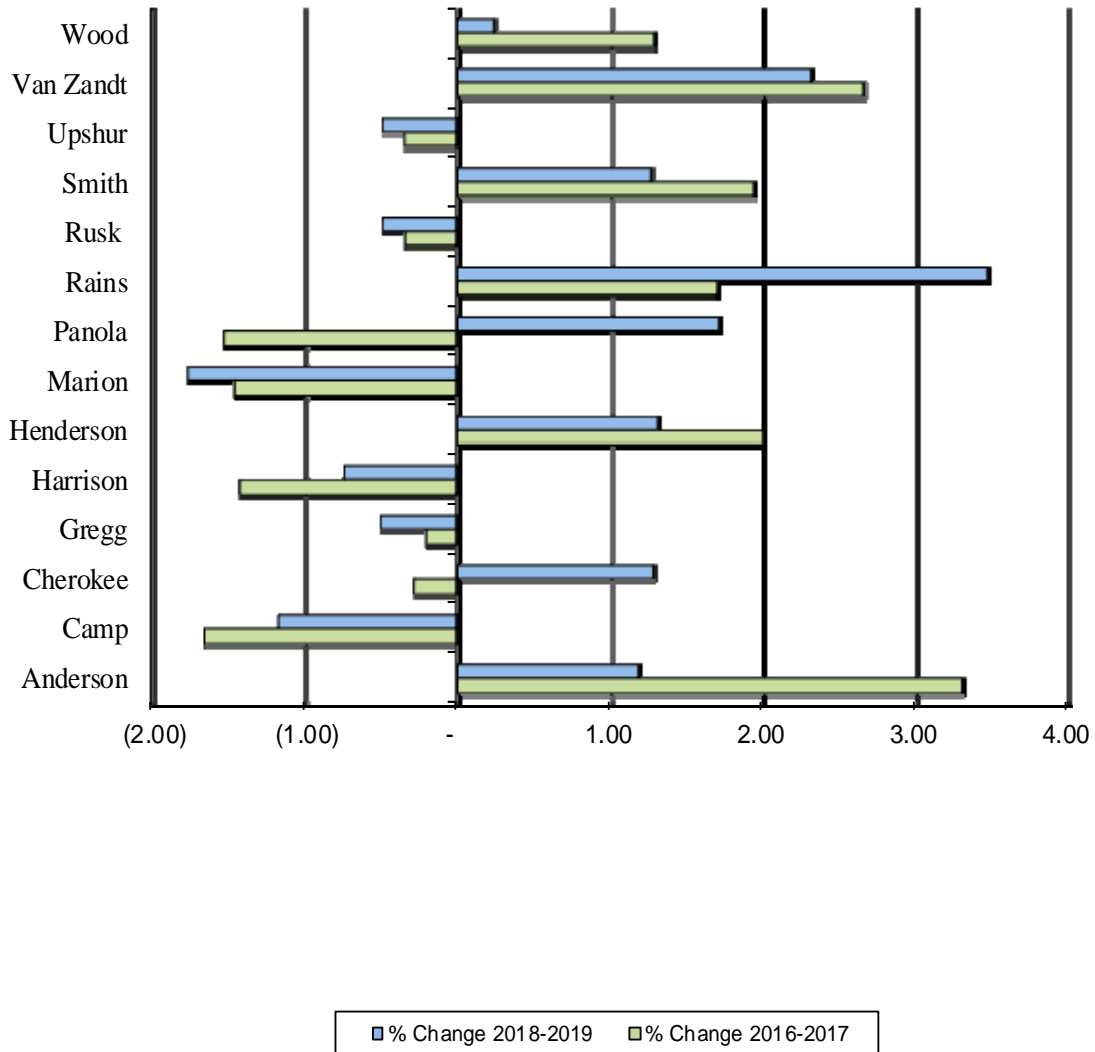
EAST TEXAS COUNCIL OF GOVERNMENTS

EMPLOYMENT BY COUNTY

County	2016	2017	2018	2019	% Change 2016-2017	% Change 2018-2019
Anderson	22,733	23,486	22,833	23,103	3.31	1.18
Camp	4,696	4,618	4,745	4,689	(1.67)	(1.18)
Cherokee	20,024	19,966	20,116	20,373	(0.29)	1.28
Gregg	54,821	54,705	55,434	55,155	(0.21)	(0.50)
Harrison	28,055	27,654	28,720	28,505	(1.43)	(0.75)
Henderson	33,540	34,212	35,025	35,487	2.00	1.32
Marion	4,011	3,952	4,065	3,993	(1.46)	(1.77)
Panola	9,344	9,201	10,233	10,408	(1.53)	1.71
Rains	5,288	5,378	5,698	5,896	1.70	3.47
Rusk	21,153	21,080	21,383	21,278	(0.35)	(0.49)
Smith	100,827	102,788	103,634	104,943	1.94	1.26
Upshur	16,559	16,501	17,095	17,011	(0.35)	(0.49)
Van Zandt	23,675	24,304	25,004	25,585	2.66	2.32
Wood	16,222	16,430	16,607	16,646	1.28	0.23
WDA	360,948	364,276	370,592	373,071	0.92	0.67

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

EAST TEXAS COUNCIL OF GOVERNMENTS
EMPLOYMENT PERCENTAGE CHANGE



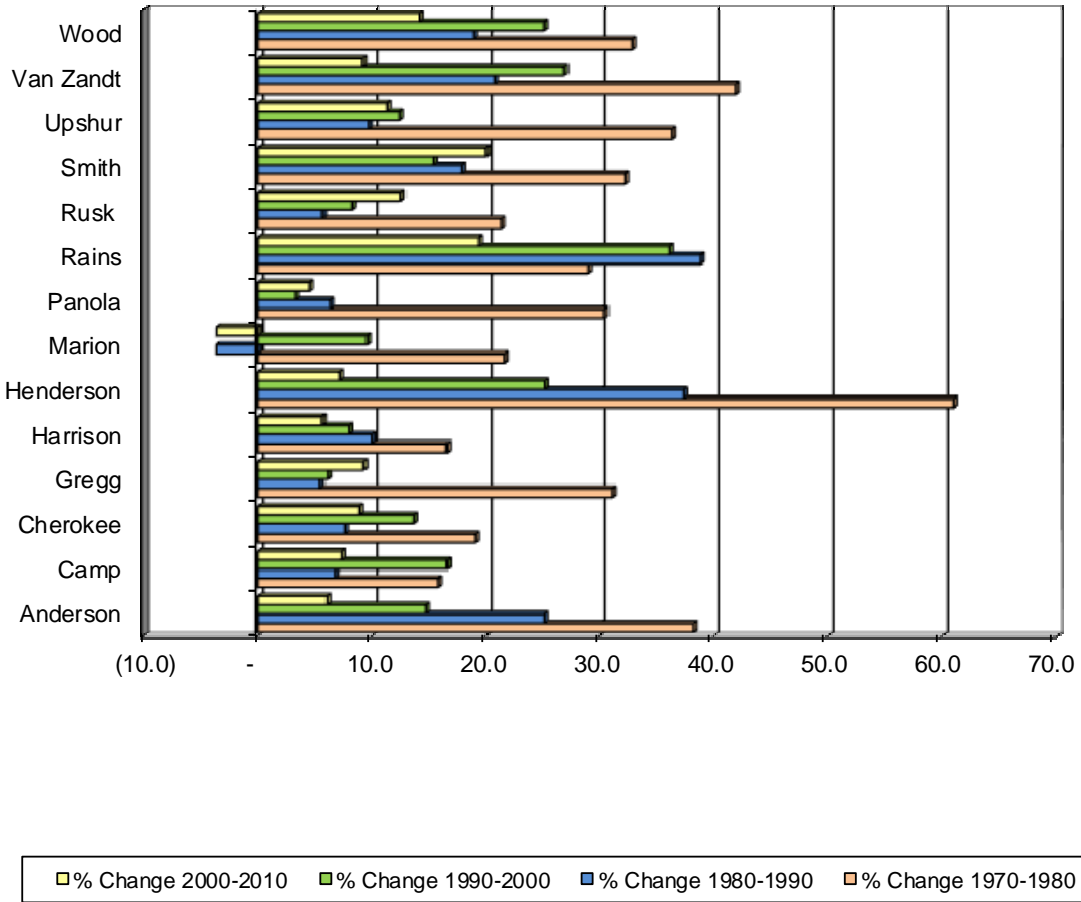
EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION - CENSUS - 1970-2000-2010 CENSUS ESTIMATE

County	1970	1980	1990	2000	2010
Anderson	27,789	38,381	48,024	55,109	58,458
Camp	8,005	9,275	9,904	11,549	12,401
Cherokee	32,008	38,127	41,049	46,659	50,845
Gregg	75,929	99,487	104,948	111,379	121,730
Harrison	44,841	52,265	57,483	62,110	65,631
Henderson	26,466	42,606	58,543	73,277	78,532
Marion	8,517	10,360	9,984	10,941	10,546
Panola	15,894	20,724	22,035	22,756	23,796
Rains	3,752	4,839	6,715	9,139	10,914
Rusk	34,102	41,382	43,735	47,372	53,330
Smith	97,096	128,366	151,309	174,706	209,714
Upshur	20,976	28,595	31,370	35,291	39,309
Van Zandt	22,155	31,426	37,944	48,140	52,579
Wood	18,589	24,697	29,380	36,752	41,964
WDA	436,119	570,530	652,423	745,180	829,749
Texas	11,196,730	14,229,191	16,986,510	20,851,820	25,145,561

Source: Census Bureau and Texas State Data Center

% Change 1970-1980	% Change 1980-1990	% Change 1990-2000	% Change 2000-2010
38.1	25.1	14.8	6.1
15.9	6.8	16.6	7.4
19.1	7.7	13.7	9.0
31.0	5.5	6.1	9.3
16.6	10.0	8.0	5.7
61.0	37.4	25.2	7.2
21.6	(3.6)	9.6	(3.6)
30.4	6.3	3.3	4.6
29.0	38.8	36.1	19.4
21.3	5.7	8.3	12.6
32.2	17.9	15.5	20.0
36.3	9.7	12.5	11.4
41.8	20.7	26.9	9.2
32.9	19.0	25.1	14.2
30.8	14.4	14.2	11.3
27.1	19.4	22.8	20.6

EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION CHANGE IN 1970s, 80s, 90s, 2000 AND 2010



Percent Change

EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION AND HOUSEHOLD BY COUNTY

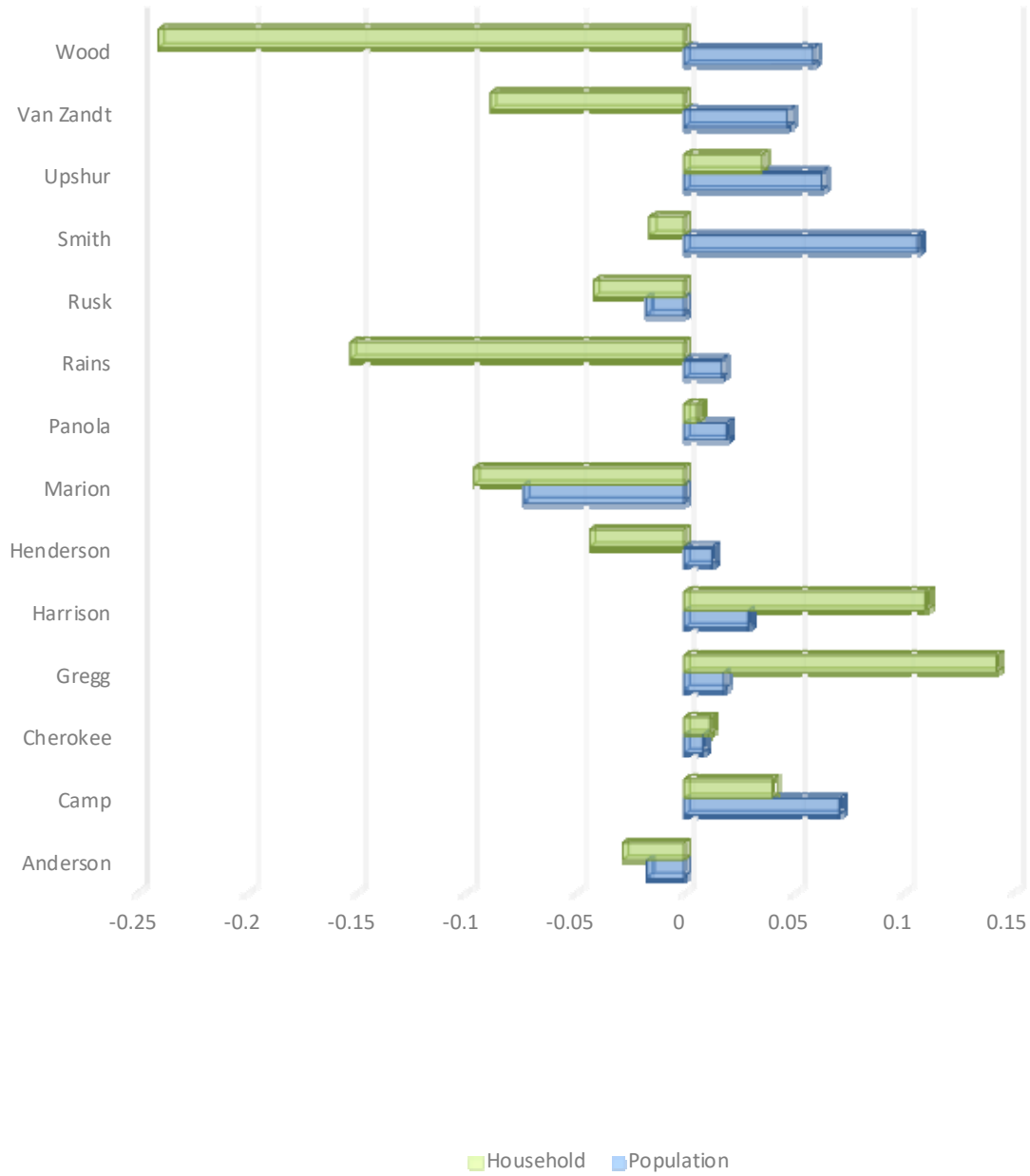
Population Forecast ¹				Household Forecast ²			
County	2019	2030	% Change	County	2010	2030	% Change
Anderson	58,248	57,266	-1.69%	Anderson	17,218	16,728	-2.85%
Camp	13,231	14,164	7.05%	Camp	4,678	4,867	4.04%
Cherokee	52,090	52,516	0.82%	Cherokee	17,894	18,100	1.15%
Gregg	125,425	127,694	1.81%	Gregg	45,798	52,335	14.27%
Harrison	68,004	69,967	2.89%	Harrison	24,523	27,234	11.05%
Henderson	80,985	82,001	1.25%	Henderson	31,020	29,679	-4.32%
Marion	10,343	9,580	-7.38%	Marion	4,595	4,151	-9.66%
Panola	24,531	25,008	1.94%	Panola	9,271	9,328	0.61%
Rains	11,325	11,519	1.71%	Rains	4,377	3,708	-15.28%
Rusk	52,822	51,909	-1.73%	Rusk	18,476	17,713	-4.13%
Smith	232,715	257,573	10.68%	Smith	79,055	77,803	-1.58%
Upshur	41,389	44,000	6.31%	Upshur	14,925	15,454	3.54%
Van Zandt	55,170	57,787	4.74%	Van Zandt	20,047	18,269	-8.87%
Wood	44,993	47,643	5.89%	Wood	17,118	12,997	-24.07%
WDA	871,271	908,627	4.29%	WDA	308,995	308,366	-0.20%

Source:

1. Texas Demographic Center: <http://demographics.texas.gov/Data/TPEPP/Projections>
2. Texas State Data Center 2010 Census Data



EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION AND HOUSEHOLD PERCENT CHANGE 2010-2030



EAST TEXAS COUNCIL OF GOVERNMENTS
TOTAL POPULATION AGE HISTORICAL AND PROJECTED

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

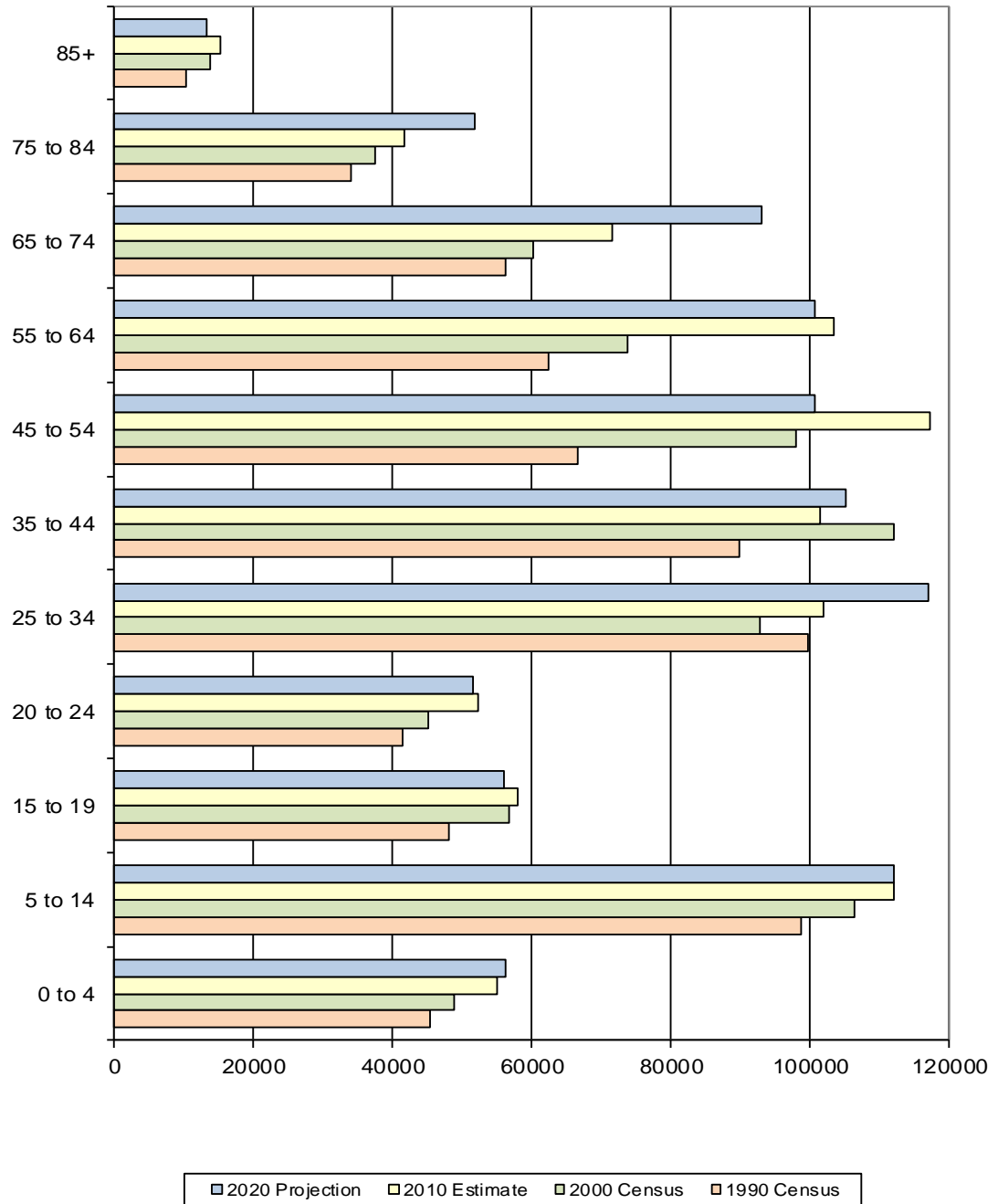
Source: <http://osd.texas.gov/Data>

2020 Projection		Percent Change	
		1990 to 2000	2010 to 2020
56,169	6.46%	7.49%	2.11%
111,993	12.98%	7.71%	0.01%
56,040	6.38%	17.70%	-3.38%
51,573	6.12%	9.25%	-1.47%
117,070	13.40%	-7.03%	14.80%
105,065	11.75%	24.91%	3.61%
100,723	12.44%	47.41%	-14.04%
100,723	12.94%	18.19%	-2.56%
92,922	9.86%	7.08%	29.77%
51,799	5.52%	10.61%	24.55%
13,184	2.14%	34.53%	-13.77%

EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AGE HISTORICAL AND PROJECTED

1990, 2000 AND 2010 CENSUS, AND 2020 PROJECTION



EAST TEXAS COUNCIL OF GOVERNMENTS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	County Population¹	Personal Income (In Thousands)²	Per Capita Income³	Gross Sales All Industries⁴	Gross Sales, All Industries Subject to State Tax⁵	Total Employed⁶	Unemployment Rate⁷
2010	829,749	28,477,457	32,498	26,929,757,046	7,129,483,538	370,920	8.1%
2011	837,588	30,193,049	34,234	33,057,865,817	7,974,450,208	376,609	7.7%
2012	839,625	32,527,999	36,790	34,433,145,704	8,233,796,819	379,834	6.7%
2013	839,357	33,475,526	37,802	34,431,835,208	8,346,259,934	382,711	6.3%
2014	844,811	33,563,048	37,173	33,258,023,748	8,747,169,123	367,529	5.2%
2015	850,802	35,068,923	37,583	24,783,825,513	6,560,673,658	361,847	4.9%
2016	853,857	34,910,348	37,131	36,315,638,574	8,349,291,122	360,948	5.2%
2017	859,975	34,574,823	37,803	32,084,399,061	8,874,160,515	364,284	4.6%
2018	867,027	37,847,979	39,586	35,152,608,333	9,540,201,777	363,035	4.7%
2019	871,271	n/a	n/a	n/a	n/a	373,073	3.5%

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 1/17/2020 information not yet available for 2019
- 3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
 Note: as of 1/17/2020 information not yet available for 2019
- 4: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
 Note: as of 1/17/2020 information not yet available for 2019
- 5: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
 Note: as of 1/17/2020 information not yet available for 2019
- 6: Texas Workforce Commission and US Bureau of Labor Statistics
- 7: Texas Workforce Commission, Annual Average and US Bureau of Labor Statistics

**EAST TEXAS COUNCIL OF GOVERNMENTS
PRINCIPAL EMPLOYERS 1000+ EMPLOYEES
SEPTEMBER 30, 2019 AND FIVE YEARS AGO**

Company Information	2014	% of Total Employment	2019	% of Total Employment	Difference 2013-2017	Percent Difference 2013-2017
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500 Smith County	1,762	8%	1,620	7%	(142)	-1.29%
<u>Christus Good Shepherd Health Center</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	2,200	10%	2,530	11%	330	0.59%
<u>Christus Trinity Mother Frances</u> 536 S Beckham Ave. Tyler, TX 75702 800 E Dawson St. Tyler, TX 75701 520 Douglas Blvd. #2 Tyler, TX 75702 Smith County	3,830	18%	4,095	18%	265	-0.31%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,515	7%	1,447	6%	(68)	-0.87%
<u>ETMC Regional Healthcare Svst</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,092	15%	4,439	19%	1,347	4.65%
<u>Longview ISD</u> 1125 Judson Rd Longview, TX 75601 Gregg County	1,248	6%	1,263	5%	15	-0.41%
<u>Longview Regional Medical</u> 2901 4th Street Longview, TX 75601 Gregg County	998	5%	1,064	5%	66	-0.09%
<u>Trane Residential Systems</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	2,169	10%	1,331	6%	(838)	-4.45%
<u>Tyler Independent School District</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,359	11%	2,639	11%	280	0.31%
<u>University of Texas Health Center</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,050	5%	1,440	6%	390	1.29%
<u>Walmart</u> 6801 S. Broadway Ave. Tyler, TX 75703 Smith County	1,018	5%	1,241	5%	223	0.58%
	21,241		23,109			

Source:

: <http://www.texasindustryprofiles.com>
: http://longviewusa.com/major_employers
: <http://tedc.org>



EAST TEXAS COUNCIL OF GOVERNMENTS
FULL-TIME EMPLOYEE EQUIVALENTS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year					
	2010	2011	2012	2013	2014	2015
General Government	16.89	21.54	21.23	22.95	29.49	22.95
Workforce	21.27	27.76	29.30	39.34	32.28	34.53
Housing & Urban Development & Loan Programs	0.36	0.85	0.87	0.09	1.88	0.95
Emergency Communications	7.13	9.10	9.10	9.86	9.67	9.40
Economic Decvelopment	1.55	3.54	1.91	0.91	2.29	0.92
Environmental Quality	3.00	2.88	2.34	1.77	1.29	1.90
Area Agency on Aging	11.01	14.12	15.46	21.23	19.86	24.03
Transportation	26.84	45.44	44.16	49.87	48.08	44.01
Homeland Security	1.67	2.98	3.17	1.24	3.65	3.31
Criminal Justice	1.77	2.06	1.76	1.55	1.51	1.85
Health & Human Services	1.49	-	-	-	-	-
TOTAL	92.98	130.27	129.3	148.81	150	143.85

Source: Various departments

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
19.65	17.66	19.60	18.71
25.90	22.46	24.07	27.33
1.29	2.00	2.00	1.90
7.45	8.85	8.85	8.38
0.92	0.85	0.88	1.01
1.35	0.45	0.45	0.42
16.06	20.85	20.80	19.80
46.97	47.03	43.00	42.00
1.73	1.25	1.25	1.35
1.08	1.10	1.10	1.10
-	-	-	-
<u>122.4</u>	<u>122.5</u>	<u>122</u>	<u>122.0</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Workforce Development						
Number of Children Served	8,412	8,815	7,737	7,075	6,419	7,786
Total Population Served at Workforce Centers	75,915	69,337	58,827	54,826	51,320	50,077
WIA Adults Served	336	335	514	695	521	494
WIA Adults Entering Employment	63	296	170	308	291	266
WIA Dislocated Workers Served	876	789	475	619	526	463
WIA Dislocated Workers Entering Employment	237	353	218	260	313	250
WIA Youth Served	164	421	247	317	272	217
WIA Youth Entering Employment	35	40	-	101	118	122
TANF Participants Served	840	789	772	1,340	1,095	838
TANF Participants Entering Employment	407	412	381	710	576	449
Food Stamp Participants Served	875	837	996	1,017	943	1,067
Food Stamp Participants Entering Employment	393	401	468	504	470	449
Reintegrated Offenders (RIO) Served	2,647	2,479	965	-	890	846
RIO Secured Employment	1,295	1,304	545	-	516	-
Aging						
Information & Referral	3,533	3,232	1,855	3,215	2,749	3,470
Care Coordination	1,685	1,695	1,862	1,127	1,695	1,026
Legal Assistance Over 60	384	702	741	919	826	833
Legal Awareness	1,857	1,719	785	138	485	633
Evidence Based Intervention	-	-	-	-	-	-
Caregiver Support Coordination	1,980	1,446	1,456	722	561	497
Congregate Meals	111,803	107,297	93,342	78,310	73,432	76,625
Home Delivered Meals	411,333	396,805	347,609	342,218	322,298	338,501
Transportation	23,084	23,025	23,089	22,390	23,039	23,039
Residential Repairs	45	18	28	12	42	43
Homemaker	7,470	5,767	8,182	5,032	5,524	5,527
Personal Assistance	845	458	1,224	1,400	1,724	2,262
Health Maintenance	18	35	18	17	15	9
Health Screening	90	137	223	-	-	-
Nutrition Education	183	164	369	157	-	-
Emergency Response	421	452	440	387	372	313
Adult Day Care	258	451	536	625	499	516
Caregiver Respite in Home	9,455	6,695	8,183	8,361	3,584	3,977
Caregiver Respite International	3,464	2,832	2,328	2,664	1,608	1,704
Instruction & Training	460	476	460	497	-	-
Participant Assessment	334	77	74	-	-	-
Caregiver Information Services	420	1,840	17,483	11,711	8,498	6,773
Criminal Justice						
Peace Officers Receiving Training	3,029	3,705	3,725	2,630	2,807	3,516
Emergency Communications						
Calls Received	203,024	230,658	130,586	194,058	325,827	392,215
Transportation						
Number of Trips	110,828	159,460	160,417	130,617	122,031	108,834
Environmental Quality						
Total Tons of Material Diverted	843	1607	1185	1115	246	65
Total Number of Illegal Dump Sites Cleaned Up	206	430	88	120	210	257
Economic Development/Housing & Urban Dev.						
Debentures Funded	28	33	31	37	33	31
Actual Job Retention from Debentures Funded	491	452	440	441	285	240

Source: Various departments

2016	2017	2018	2019
6,914	5,795	7,666	7,705
46,128	37,527	30,094	24,534
519	452	467	371
246	235	232	199
449	333	292	163
271	258	179	149
230	211	214	236
103	95	105	92
810	901	763	730
433	472	500	435
1,137	725	752	694
546	453	373	465
906	731	398	444
547	467	311	325
3,540	1,264	2,969	2,311
1,827	1,510	919	1,362
816	1,012	1,144	821
620	501	304	165
-	462	396	425
550	1,194	479	1,178
76,827	71,381	69,050	68,941
313,175	345,458	357,967	367,884
22,580	27,050	22,642	22,612
45	105	23	17
5,415	2,588	3,110	2,463
1,690	848	1,324	995
10	-	35	9
-	-	-	-
-	14,073	26,842	6,738
326	242	218	230
512	364	144	-
3,897	4,174	4,983	8,273
1,670	15	32	101
-	-	440	409
-	-	-	-
7,100	2,750	2,058	1,572
3,525	2,873	3,270	2,586
219,705	193,059	187,066	196,912
102,395	93,572	88,864	105,780
65	18	73	92
257	812	836	503
31	30	32	34
240	262	254	326

EAST TEXAS COUNCIL OF GOVERNMENTS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year					
	2010	2011	2012	2013	2014	2015
General Government						
Buildings	1	1	1	1	1	1
Building Improvements	-	-	-	1	1	3
Facility Storage Shed	-	-	-	-	-	-
Office Equipment	11	11	11	11	12	14
Security Equipment	-	-	-	-	-	1
Vehicles	9	9	9	9	9	9
Workforce Development						
Office Equipment	2	2	2	2	4	4
Arc Welder Equipment	-	-	-	-	-	-
Building Improvements/Signage	1	1	1	1	1	1
Transportation Vehicle Ford 350 Mobile Unit	1	1	1	1	1	1
	1	1	1	1	1	2
Emergency Communications						
PSAP Equipment	22	22	17	17	17	17
Network Comm. Embarq	-	-	1	1	1	1
Recorders	5	5	5	5	5	5
Access Control System	-	-	-	-	-	-
Office Equipment	8	8	8	11	12	13
Aging						
Buildings	2	2	1	1	1	1
Transportation Vehicles	14	8	9	9	9	14
Office Equipment	6	6	6	6	6	6
Transportation						
Transportation Vehicles	59	60	63	59	61	55
Digital Dispatch Equipment	1	1	1	1	1	1
Marshall Chair Lift	-	-	-	1	1	1
Office Equipment	1	1	-	-	-	-

Note: Assets in excess of \$5,000; Assets purchased with grant funds but reported by subrecipients are not included.

2016	2017	2018	2019
1	1	1	1
4	5	5	6
1	1	1	1
13	14	15	15
1	1	1	1
6	9	10	10
4	4	4	4
1	1	1	1
1	1	1	1
1	5	5	6
3	3	3	3
17	17	17	17
-	-	-	-
5	5	5	5
-	-	-	1
12	13	13	14
1	1	1	1
13	13	13	10
7	7	7	7
51	52	75	72
1	-	-	-
1	1	1	1
-	-	-	-



East Texas Workforce Development Area

September 2019



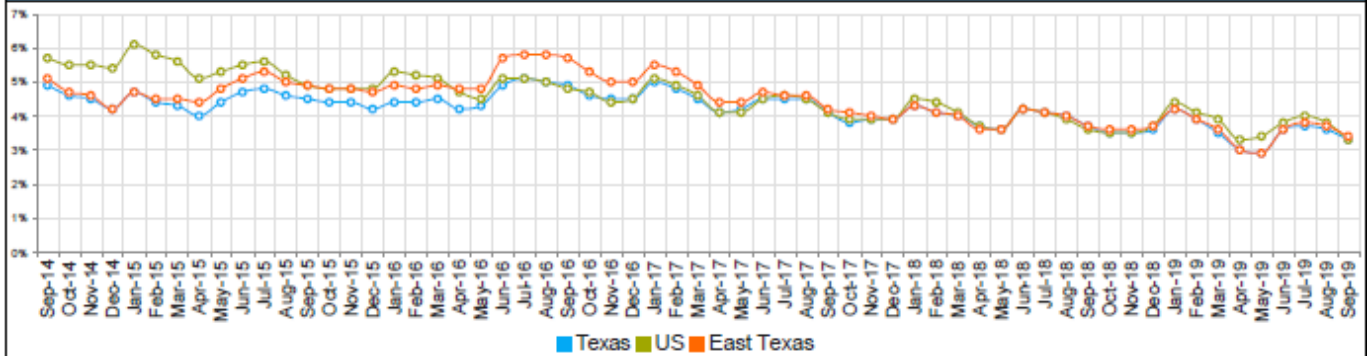
WDA Labor Force Statistics				
	Sep-18	Aug-18	Sep-18	Yearly Change
Civilian Labor Force	386,640	384,953	384,960	1,680
Employed	373,437	370,868	370,691	2,746
Unemployed	13,203	14,085	14,269	-1,066
Unemployment Rate	3.4%	3.7%	3.7%	-0.3%

Texas Labor Force Statistics				
	Sep-18	Aug-18	Sep-18	Yearly Change
Civilian Labor Force	14,112,718	14,015,597	13,849,870	262,848
Employed	13,641,101	13,508,829	13,337,031	304,070
Unemployed	471,617	506,768	512,839	-41,222
Unemployment Rate	3.3%	3.6%	3.7%	-0.4%

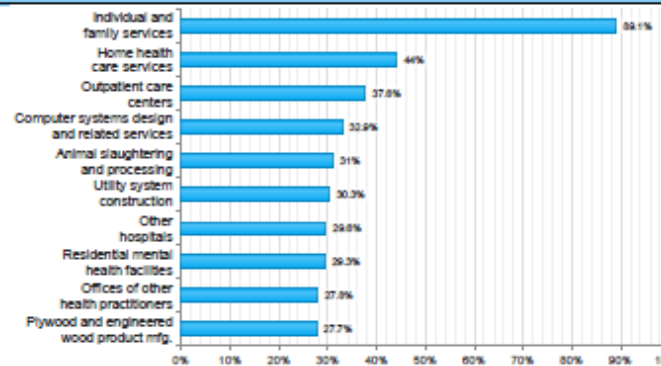
US Labor Force Statistics				
	Sep-18	Aug-18	Sep-18	Yearly Change
Civilian Labor Force	163,943,000	164,019,000	161,958,000	1,985,000
Employed	158,478,000	157,816,000	156,191,000	2,287,000
Unemployed	5,465,000	6,203,000	5,766,000	-301,000
Unemployment Rate	3.3%	3.8%	3.6%	-0.3%

Continued Claims for the Week of the 12th				
	Sep-18	Aug-18	Sep-18	Yearly Change
WDA	2,301	2,337	2,029	272
Texas	89,379	94,973	85,927	3,452

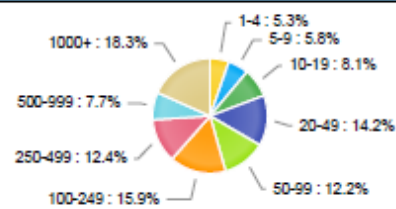
Historical Unemployment Rates



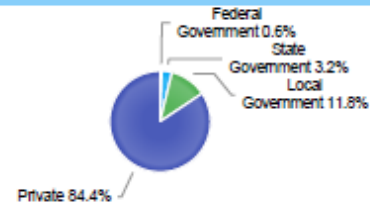
Projected Top Ten Fastest Growing Industries in WDA (% Growth 2016-2026)



Employment by Size Class (1st Quarter 2019)



Employment by Ownership (1st Quarter 2019)



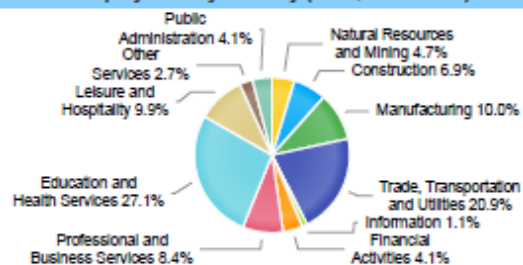
Average Weekly Wage (1st Quarter 2018)

	Q1 2018	Q4 2018	Q1 2018	Quarterly Change	Yearly Change
WDA	\$858	\$895	\$840	\$-37	\$18
Texas	\$1,204	\$1,148	\$1,168	\$56	\$36
US	\$1,184	\$1,144	\$1,152	\$40	\$32

Employment by Industry (1st Quarter 2019, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	14,804	4.7%	0.5%	3.3%
Construction	21,548	6.9%	-2.5%	-0.7%
Manufacturing	31,316	10.0%	-0.4%	3.0%
Trade, Transportation and Utilities	65,299	20.9%	-0.7%	1.9%
Information	3,513	1.1%	-0.8%	4.4%
Financial Activities	12,750	4.1%	0.9%	3.4%
Professional and Business Services	26,363	8.4%	0.7%	4.4%
Education and Health Services	84,630	27.1%	-1.8%	-0.5%
Leisure and Hospitality	30,863	9.9%	-0.7%	1.5%
Other Services	8,284	2.7%	1.6%	4.2%
Public Administration	12,821	4.1%	-0.2%	-0.3%

Employment by Industry (1st Quarter 2019)





FEDERAL AND STATE AWARDS SECTION



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

To the Board of Directors
East Texas Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2019, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
East Texas Council of Governments

Compliance and Other Matters

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

Purpose of this Report

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

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

Dallas, Texas
March 30, 2020

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

To the Board of Directors
East Texas Council of Governments

Report on Compliance for Each Major Federal and State Program

We have audited East Texas Council of Governments' (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of Council's major federal and state programs for the year ended September 30, 2019. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas *Uniform Grant Management Standards*. Those standards, the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Directors
East Texas Council of Governments

Opinion on Each Major Federal and State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Dallas, Texas
March 30, 2020

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Rural Transportation	20.509
SNAP Cluster	10.561
CCDF Cluster	93.575 / 93.596
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,029,598
2. Federal Single Audit - Auditee qualified as low-risk auditee?	Yes

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2019

I. Summary of Auditors' Results (continued)	
<u>State Awards:</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Uniform Grant Management Standards</i> section 510(a)?	None
Identification of major programs:	
Name of State Program or Cluster	Grant/Contract Number
Rural Transportation 9/30/20 Rural Transportation 9/30/19	51218011020 51218011019
Child Care: Childcare DFPS 8/31/20 Childcare DFPS 8/31/19 Childcare DFPS 8/31/18 Childcare 12/31/19	0820CCP000 0819CCP000 0818CCP000 0819CCF000
1. Dollar Threshold Considered Between Type A and Type B Programs	\$300,000
2. State Single Audit - Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs.

There were no current year findings or questioned costs.

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards:				
U.S. Department of Agriculture				
Passed through Texas Workforce Commission:				
SNAP Cluster:				
Supplemental Nutrition Assistance Program 9/30/19	10.561	0819SNE000	\$ 431,339	\$ 312,756
Supplemental Nutrition Assistance ABAWD 9/30/19	10.561	0819SNE000	85,899	53,777
Total SNAP Cluster			<u>517,238</u>	<u>366,533</u>
Total Passed through Texas Workforce Commission			<u>517,238</u>	<u>366,533</u>
Total U.S. Department of Agriculture			<u>517,238</u>	<u>366,533</u>
U.S. Department of Commerce				
Passed through Economic Development Administration:				
District Planning Assistance Program 12/31/20	11.302	18AUS3020013	67,656	-
Total Passed through Economic Development Administration			<u>67,656</u>	<u>-</u>
Total U.S. Department of Commerce			<u>67,656</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through Texas Department of Rural Affairs:				
Texas Community Development Program 8/31/19	14.228	C718213	13,968	-
Total Passed through Texas Department of Rural Affairs			<u>13,968</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>13,968</u>	<u>-</u>
U.S. Department of Labor				
Passed through Texas Workforce Commission:				
Employment Service Cluster				
Workforce Commission Initiatives 9/30/19	17.207	0819WCI000	10,791	-
Texas Talent 8/31/19	17.207	0818WPB000	90,929	85,334
Resource Administration 9/30/19	17.207	0819RAG000	5,945	-
Employment Services 12/31/19	17.207	0819WPA000	127,230	-
Employment Services 12/31/18	17.207	0818WPA000	60,331	-
Total Employment Service Cluster			<u>295,226</u>	<u>85,334</u>
Reemployment & Eligibility to 9-30-19	17.225	0819REA000	193,057	133,436
Reemployment & Eligibility to 9-30-19	17.225	0818REA000	18,531	13,490
Subtotal 17.225			<u>211,588</u>	<u>146,926</u>
Trade Act 12/31/19	17.245	0819TRA000	135,285	-
Trade Act 12/31/18	17.245	0818TRA000	64,277	-
Subtotal 17.245			<u>199,562</u>	<u>-</u>
WIOA Cluster				
High Demand Training 4/30/20	17.258	0819HJT001	13,428	-
WIOA Adult 6/30/21	17.258	0819WOA000	32,114	-
WIOA Adult 6/30/20	17.258	0818WOA000	2,072,796	824,331
WIOA Adult 6/30/19	17.258	0817WOA000	(10,492)	1,992
WIOA Alt State Wide 8/31/20	17.258	0819WAF001	74	-
WIOA FYPM 12-31-18	17.258	0818PAF000	30,000	-
YICA PAC 12-31-18	17.258	0818PAC000	(8,603)	-
WIOA Youth 6/30/21	17.259	0819WOY000	4,360	4,360
WIOA Youth 6/30/20	17.259	0818WOY000	1,859,794	1,111,409
WIOA Youth 6/30/19	17.259	0817WOY000	(22,583)	(29,924)
YICA PAC 12-31-18	17.278	0818PAC000	9,000	-
WIOA DW Rapid Response 6/30/20	17.278	0820WOR000	1,108	119
WIOA DW Rapid Response 6/30/19	17.278	0819WOR000	5,341	401
WIOA Dislocated Worker 6/30/20	17.278	0818WOD000	1,426,862	631,736
WIOA Dislocated Worker 6/30/19	17.278	0817WOD000	397,816	235,944
Total WIOA Cluster			<u>5,811,015</u>	<u>2,780,368</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards: (continued)				
U.S. Department of Labor (continued)				
Passed through Texas Workforce Commission: (continued)				
<i>Resource Administration 9/30/19</i>	17.273	0819RAG000	\$ 522	\$ -
<i>NDW Oil Gas 12/31/18</i>	17.277	0817NDW000	42,040	23,910
Subtotal 17.277			42,040	23,910
Total Passed through Texas Workforce Commission			6,559,953	3,036,538
Total U.S. Department of Labor			6,559,953	3,036,538
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
<i>Regional Federal Planning 8/31/19</i>	20.505	51R08021018	8,273	-
Subtotal 20.505			8,273	-
<i>Rural Transportation 9/30/20</i>	20.509	51018011019	173,700	-
<i>Rural Transportation 9/30/19</i>	20.509	51019011018	1,525,430	-
<i>Rural Transportation 9/30/18</i>	20.509	51018011017	17,276	-
Subtotal 20.509			1,716,406	-
Transit Services Programs Cluster				
<i>Elderly & Disabled Atlanta & Tyler District 12/31/19</i>	20.513	51017011019	275,812	-
Total Transit Services Programs Cluster			275,812	-
<i>Federal Planning 1/31/20</i>	20.515	51R08011018	43,133	-
Total Passed through Texas Dept. of Transportation			2,043,624	-
Total U.S. Department of Transportation			2,043,624	-
U.S. Department of Health and Human Services				
Passed through Texas Department of Aging and Disability Services				
<i>Title VII Elder Abuse 9/30/19</i>	93.041	19AATXT7EA	10,804	-
<i>Title VII Ombudsman Services 9/30/19</i>	93.042	19AATXT7OM	55,579	-
<i>Title III Part D 9/30/19</i>	93.043	19AATX3PH	46,920	107
Aging Cluster:				
<i>Title III Part B 9/30/19</i>	93.044	19AATXT3SS	780,203	247,770
<i>Title III Part B 9/30/18</i>	93.044	18AATXT3SS	(4,622)	-
<i>Title III Part C1 9/30/19</i>	93.045	19AATX3CM	684,699	496,791
<i>Title III Part C2 9/30/19</i>	93.045	19AATXT3CM	1,197,190	1,077,183
<i>Nutrition Service Incentive Program 9/30/19</i>	93.053	19AATXNSIP	313,217	313,217
Total Aging Cluster			2,970,687	2,134,961
<i>Title III Part E 9/30/19</i>	93.052	19AATXT3FC	366,614	197,236
<i>MIPPA Priority 9/30/19</i>	93.071	19AATXMAAA	15,542	-
<i>CMS Basic 3/31/20</i>	93.324	90SAPG0015-01-20	59,815	-
<i>CMS Basic 3/31/19</i>	93.324	90SAPG0015-01-19	85,284	-
Subtotal 93.324			145,099	-
Total Passed through Texas Department of Aging and Disability Services			3,611,245	2,332,304

EAST TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA 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 Workforce Commission:				
<u>TANF Cluster:</u>				
<i>Employment Services 12/31/19</i>	93.558	0819WPA000	\$ 20,056	\$ -
<i>TANF 10/31/19</i>	93.558	0819TAF000	1,534,822	913,353
<i>TANF 10/31/18</i>	93.558	0818TAN000	92,974	53,275
<i>Texas Intern Initiative 6/5/20</i>	93.558	0819TAN002	4,628	-
<i>Non Custodial Parent 9/30/19</i>	93.558	0819NCP000	276,373	250,678
<i>Non Custodial Parent 9/30/18</i>	93.558	0818NCP000	(511)	(511)
<i>Workforce Commission Initiatives 1/31/20</i>	93.558	0819WCI000	49,776	-
Total TANF Cluster			1,978,118	1,216,795
<u>CCDF Cluster:</u>				
<i>TRSCC 12-31-19</i>	93.575	0819PAQ001	14,921	-
<i>TRSCC 12-31-18</i>	93.575	0818PAQ000	52,486	-
<i>Childcare Attendance Automation System 9/30/19</i>	93.575	0819CAA000	138,474	138,474
<i>Childcare 12/31/19</i>	93.575	0819CCF000	10,304,141	9,738,347
<i>Childcare 12/31/18</i>	93.575	0818CCF000	1,564,232	1,349,885
<i>Childcare Quality 10/31/19</i>	93.575	0819CCQ000	702,307	66,686
<i>Childcare Quality 10/31/18</i>	93.575	0818CCQ000	7,069	-
<i>Childcare 12/31/19</i>	93.596	0819CCF000	4,104,692	3,879,306
<i>Childcare Local Match 12/31/18</i>	93.596	0818CCM000	2,411,728	2,411,728
Total CCDF Cluster			19,300,050	17,584,426
<i>Childcare 12/31/19</i>	93.667	0819CCF000	58,957	55,720
Total Passed through Texas Workforce Commission			21,337,125	18,856,941
Total U.S. Department of Health and Human Services			24,948,370	21,189,245
U.S. Department of Homeland Security				
Passed through the Office of the Governor, Division of Emergency Management:				
<i>Homeland Security Code Red 08/31/19</i>	97.067	3115103	85,123	-
Subtotal 97.067			85,123	-
<i>Homeland Security 08/31/20</i>	97.073	20-HSGD-P96258	512	-
<i>Homeland Security 08/31/19</i>	97.073	19-HSGD-P190051	17,339	-
<i>Homeland Security Code Red 08/31/19</i>	97.073	2947604	66,159	-
Subtotal 97.073			84,010	-
Total Passed through the Office of the Governor, Division of Emergency Management			169,133	-
Total U.S. Department of Homeland Security			169,133	-
Total Federal Awards			\$ 34,319,942	\$ 24,592,316

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Grantor's Number	Expenditures	Amounts Provided to Subrecipients
State Awards:			
Texas Department of Aging and Disability Services:			
OMB ALF 8/31/20	20AATXALF	\$ 5,318	\$ -
OMB ALF 8/31/19	19AATXALF	67,541	-
Housing Bond 8/31/19	19AATXHB	23,189	25,236
State General Revenue 9/30/19	19AATXSGR	169,786	35,256
Total Texas Department of Aging and Disability Services		265,834	60,492
Office of the Governor, Criminal Justice Division:			
Police Training 8/31/20	1426516	9,950	9,180
Police Training 8/31/19	1426515	157,075	131,057
Criminal Justice Planning 8/31/20	SF-20-P96258	863	-
Criminal Justice Planning 8/31/19	SF-19-P190027	49,366	-
Regional Evaluation Services for Juveniles 8/31/19	2541707	44,188	43,623
Total Office of the Governor, Criminal Justice Division		261,442	183,860
Texas Commission on Environmental Quality:			
Solid Waste 8/31/19	582-18-80536	138,622	98,322
Solid Waste 8/31/20	582-20-10211	5,655	-
Total Texas Commission on Environmental Quality		144,277	98,322
Commission on State Emergency Communications:			
9-1-1 8/31/20	911-ET-20	115,429	35,129
9-1-1 8/31/19	911-ET-19	1,850,069	1,102,993
9-1-1 8/31/18	911-ET-18	61,528	61,528
9-1-1 8/31/17	911-ET-17	479,787	479,787
Total Commission on State Emergency Communications		2,506,813	1,679,437
Texas Department of Transportation:			
Rural Transportation 9/30/20	51218011020	15,762	-
Rural Transportation 9/30/19	51218011019	1,284,166	-
Total Texas Department of Transportation		1,299,928	-
Texas Veterans Commission:			
Veterans Services 9/30/19	2019-VETS	26,335	-
Total Texas Veterans Commission		26,335	-
Texas Workforce Commission:			
Childcare DFPS 8/31/20	0819CCP000	140,639	138,273
Childcare DFPS 8/31/19	0819CCP000	2,410,058	2,349,913
Childcare DFPS 8/31/18	0818CCP000	(1,044)	(1,019)
Childcare 12/31/19	0819CCF000	1,988,727	1,879,526
VR SEAL 1-31-20	0319VRS250	167,552	161,749
VR Navigator 8-31-21	3018VRS136	81,257	-
VRWSWE 9-30-21	3018VRS174	29,108	-
Resource Administration 9/30/19	0819RAG000	1,459	-
ISS 8-31-20	0820COL001	(2,942)	-
ISS 8-31-19	0818COL000	55,383	-
ISS 8-31-18	0819COL000	(796)	-
Supplemental Nutrition Assistance Program 9/30/19	0819SNE000	93,750	-
Supplemental Nutrition Assistance Program 9/30/18	0818SNEA00	(5,479)	(5,479)
TANF 10/31/19	0819TAF000	219,982	130,908
Non Custodial Parent 9/30/19	0819NCP000	136,400	-
Total Texas Workforce Commission		5,314,054	4,653,871
Total State Awards		9,818,683	6,675,982
Total Federal and State Awards		\$ 44,138,625	\$ 31,268,298

EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of the East Texas Council of Governments (the “Council”) under programs of the federal and state government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position of Council.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

EAST TEXAS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

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

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

There are no prior year findings to address.

EAST TEXAS COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2019

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

I. Corrective Action Plan

Not Applicable