

EAST TEXAS COUNCIL OF GOVERNMENTS



Gregg County Courthouse
Photo by Michelle Cahal

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 2020



ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

EAST TEXAS COUNCIL OF GOVERNMENTS KILGORE, TEXAS

For the Year Ended
September 30, 2020

Division of Operations
Wendi Horst, Director

Financial
Services:

Sloane Bodle
Lynda Bond
Rhonda Barber
Christy Green
Staci Reynolds
Glenda Lamothe
Elizabeth Jones

Fiscal Grant
Management:

Monty Scroggins
Dawn Goodman
Noweka Harvey
Rita Hitt
Robin Emmel
Michaela Marotta
Kim Zimmerman

Inventory, Monitoring,
Procurement & Contracts

Gini Blackwell
Patricia Hudspeth
Christy Fowler



**east Texas
council OF
GOVERNMENTS**

EAST TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

September 30, 2020

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
GFOA Certificate of Achievement	ix
Organizational Chart	x
Principal Officials	xi
Member Governments	xii
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Notes to Financial Statements	25
Supplemental Schedules:	
Schedule of Indirect Costs	38
Schedule of Employee Benefits	39

EAST TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS (continued)

September 30, 2020

	<u>Page</u>
Statistical Section	
Net Position by Component	42
Changes in Net Position	44
Fund Balances - Governmental Funds	46
Changes in Fund Balances - Governmental Funds	50
Ratios of Outstanding Debt by Type	53
Regional County Information	54
Employment by County	58
Employment Percentage Change	59
Population - Census - 1970 - 2000 - 2010 Census Estimate	60
Population Change in 1970s, 80s, 90s, 2000 and 2010	62
Population and Household by County	63
Population and Household Percent Change 2010 - 2030	65
Total Population Age Historical and Projected	66
Population Age Historical and Projected	68
Demographic and Economic Statistics	69
Principal Employers 1000+ Employees	71
Full Time Employee Equivalents by Function	72
Operating Indicators by Function	74
Capital Assets Statistics by Function	76
East Texas Workforce Development Area Map	79

EAST TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS (continued)

September 30, 2020

	<u>Page</u>
Federal and State Awards Section	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance in Accordance with the <i>Uniform Guidance</i> and the State of Texas <i>Uniform Grant Management Standards</i>	85
Schedule of Findings and Questioned Costs	87
Schedule of Expenditures of Federal and State Awards	90
Notes to Schedule of Expenditures of Federal and State Awards	94
Summary Schedule of Prior Audit Findings	95
Corrective Action Plan	96



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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

May 28, 2021

The Honorable Merlyn Holmes, Councilwoman, City of Kilgore
and Members of the Executive Committee
East Texas Council of Governments
3800 Stone Road, Kilgore, TX 75662

Dear Councilwoman Merlyn Holmes and Members of the Executive Committee:

The Annual Comprehensive Financial Report of The East Texas Council of Governments (ETCOG, the Council) for the fiscal year ended September 30, 2020 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.

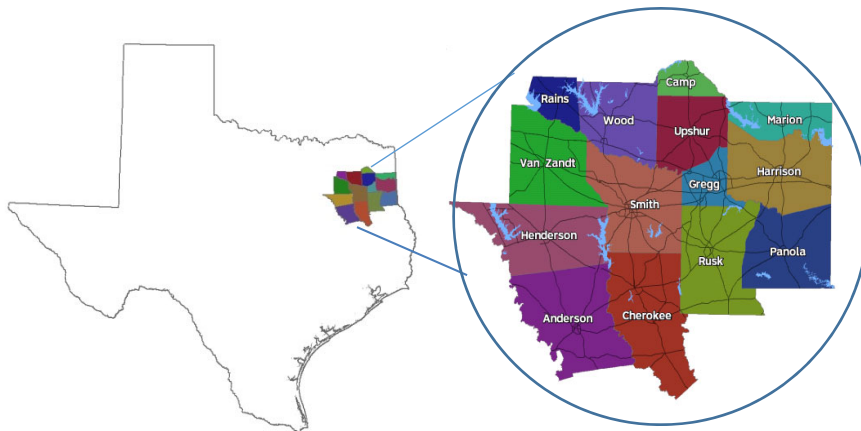
To the best of our knowledge and belief the enclosed data, as presented, is accurate in all material respects and properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds. Furthermore, all disclosures have 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, 2020. 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 2020, ETCOG's membership was comprised of the 14 county governments, 74 cities, 35 school districts, 2 river authorities, and 7 special purpose districts, including all major general-purpose local governments in the region. According to the 2020 estimates from the Texas State Data Center, these member governments represented approximately 875,419 citizens and covered an area of approximately 10,022 square miles. Below is a graphic representation of the ETCOG region and its location in the state of Texas.



VISION STATEMENT

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

MISSION STATEMENT

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

FACTORS AFFECTING FINANCIAL CONDITION

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

ECONOMIC OUTLOOK AND CONDITIONS

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

The COVID-19 pandemic has steered the Texas economy near recession as the state's unemployment rate remains higher than pre pandemic levels and many businesses struggle to survive with the limits imposed on their operations. Industries such as restaurants, bars, travel, tourism and oil and gas are struggling to survive as not all businesses have been able to benefit from the federal program that offers small businesses help. In Texas as well as across the nation, many companies were approved to receive money from the federal bailout program but did not because sources of government and nonprofit aid have either expired or for whatever reason, no longer exist.

The unemployment rate in Texas decreased to 7.2% in December, more than double the rate of 3.5% a year earlier. According to the Texas Comptroller, in November 2020, Texas leisure and hospitality employment was down by 13 percent from the same month in the previous year, a loss of 181,800 jobs and 37.2 percent of all Texas job losses during this period. Restaurants and bars suffered the heaviest total losses, falling by 10.1 percent or 112,500 jobs. Employment in the arts, entertainment and recreation industries experienced the greatest percentage decline at 29.6 percent or 42,800 jobs. Economists say the ongoing public health crisis will slow the recovery for individual Texans, business owners and entire industries as the weakened global demand for oil, high unemployment and the ongoing public health crisis will continue to weigh down Texas' economic recovery.

On Dec. 27, 2020, a \$900 billion stimulus package was signed into law which includes \$15 billion in grant funding for entertainment venues, theaters, museums, and zoos. Additionally, the spending package also includes emergency relief money that finances a new round of stimulus checks, unemployment aid, and small-business assistance, among other things. It is optimistic that new federal stimulus efforts and vaccine rollouts will lead to an economic rebound for East Texas in 2021. The challenge will be ensuring that small businesses, including nonprofits and companies from disadvantaged communities, share in the rebound.

MAJOR INITIATIVES

COVID-19 Economic Recovery Assistance & Emergency Response Plan

East Texas experienced massive impact on our Economy from COVID-19 and we will spearhead our efforts to assist the community recover from this economic shock and to become more resistant to events such as this in the future. ETCOG has been awarded funding for EDA's CARES Act Recovery Assistance to assist our communities and to develop a disaster recovery and resiliency economic development plan, focused on pandemic recovery and resiliency. The plan will recommend alternative fact and science-based strategies for elected and public health official consideration, that serve the dual purpose of protecting public health and the health of the State and regional economy.

Economic Development Team Expansion

ETCOG is here to support its members through two primary objectives: to provide a forum for local elected officials to solve common problems, and to be a solutions provider for our members. One way we directly assist our members and the business community is through our economic development team. This team has been recently expanded within the ETCOG Workforce & Economic Development division to include a Regional Disaster Recovery Coordinator and a pending hire as an Economic Development Specialist. Along with assisting ETCOG members, the team administers the East Texas Economic Development District, leading regionally driven economic development planning, and offering grant research, writing, and administrative services; the East Texas Regional Development Company which provides new business lending options; the Solid Waste Action Committee; the Northeast Texas Air Care Association to improve air quality; and the Community Loan Center of East Texas, a low-interest, low-fee personal loan program partnership between employers and employees.

Regional Broadband

The U.S. Department of Commerce, Economic Development Administrations awarded a three-year \$536,000 regional Broadband Strategic Planning grant to the Council in response to our grant proposal. A well thought out Broadband Emergency Communications and Access Plan can serve as a roadmap for the rapid restoration of essential emergency services. Our regional broadband plan will feature a minimum of 42 and a maximum of 70 projects, directly target business needs. Up to 14 projects can target the establishment of residential broadband service provided the projects support the development and advancement of telework.

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. As emergency declarations have been made at the National, State, and with multiple counties in our area due to the Coronavirus (COVID-19), the Workforce Solutions East Texas (WSET) team has mobilized to ensure the health and safety of customers and staff, while ensuring that our business services, early childhood development programs and workforce services, will continue throughout our East Texas region.

In November 2020, WSET added new Access Point Partner Locations established at the Kilgore College Student Support Center Lab and the Texas Tech Jefferson Professional Education and

Academic Advising Campus. Access Point locations are service locations where WSET has established partnerships with community organizations to set up a place for service access for job seekers to receive on-site assistance. These sites have a WSET resource area where job seekers can register for WorkInTexas.com, receive assistance with job searches, register for professional development workshops, and access resources during their staffed service hours.

Rural Transportation

ETCOG's rural transportation system, GoBus is a rural, demand response public transit system that provided 94,314 trips in FY 2020 to ETCOG's 10,000 square mile 14-county region providing access to jobs, medical appointments, social services, shopping and more. This program is state and federally funded through the Texas Department of Transportation (TXDOT) and matched in part by the Area Agency on Aging.

In March 2020, during the COVID-19 pandemic, GoBus began restricting trips to essential rides only. Throughout the month of October, all service areas have made a slow transition with increased ridership. On November 16, all counties had full service and increased trip availability.

Staff will continue to monitor the COVID-19 pandemic and follow guidelines from the Centers for Disease Control (CDC). Drivers will continue wearing personal protective equipment (PPE) such as masks and gloves. GoBus cleans vehicles in between passenger changes and has purchased a fogging machine to aid in disinfecting efforts.

The GoBus website at www.GoBusTransit.com 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.

Area Agency on Aging in East Texas

The Aging Division provides services such as nutrition services, benefits counseling, caregiver in-home and institutional services, caregiver support, case management and advocacy, evidence-based programs, information referral and assistance, ombudsman, residential repair, and transportation services for the elderly. 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.

ETCOG's AAA program received a total of \$2,695,330 in COVID-19 Families First Coronavirus Response Act and CARES Act to provide additional funding for the AAA programs authorized by the Older Americans Act of 1965. From this additional funding, \$1,895,378 was allotted to the senior nutrition program and \$799,952 for additional services to seniors for Ombudsman, Case Management and Benefits Counseling programs. Overall, the AAA served a total of 447,686 congregate site and home delivered meals of which 125,204 were purchased with the COVID-19 and CARES Act funding.

The Case Management Division programs consist of Care Coordination, Caregiver Support Coordination, Emergency Response, Income Support, In-Home and Institutional Respite, Health Maintenance, Homemaker, and Personal Assistance. In FY 2020, Case Management served a total of 1,648 clients for all programs. Care Coordination and Caregiver Support Coordination programs

provide ongoing processes to assess the needs of an older individual and effectively plan, arrange, coordinate and follow-up on services which most appropriately meet the need. In FY-2020, these programs served 1,130 clients. The AAA and our partners (home health agencies, dentists, and health care providers) have provided direct services to 518 clients.

Benefits Counselors conducted outreach to 1,972 individuals, served over 986 individuals and conducted 28 events throughout the 14-county service area. 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. In FY 2020, the AAA experienced a decrease in the number of in-person events due the COVID-19 pandemic.

Public Safety

The Public Safety Division encompasses three program areas: 9-1-1 Emergency Services, Homeland Security, and Criminal Justice. The Office of the Governor's (OOG) Criminal Justice Division awarded \$1 million to East Texas jurisdictions to address the public safety challenges posed by the outbreak of COVID-19. These funds come from the Coronavirus Emergency Supplemental Funding (CESF) Program authorized by the federal Emergency Appropriations for Coronavirus Health Response and Agency Operations Act. Staff assisted local jurisdictions in applying for these funds after Governor Greg Abbott announced in July 2020 that \$41 million had been made available for cities and counties in Texas. Local units of governments may use these funds for first responder overtime and hazard pay; equipment and supplies supporting teleworking technologies, social distancing, and personal protective gear; county jail costs associated with the medical needs of inmates as well as reimbursement for holding inmates awaiting transfer to the Texas Department of Criminal Justice.

ETCOG is 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 2020 was 184,493.

Piney Woods 9-1-1 District: Although our 9-1-1 program remains successful under the current State program, 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 increase funding and allow Local Elected Officials to set policy for the District instead of the State.

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. 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-2020 staff provided training for 1,664 peace officers in the East Texas region.

The Homeland Security (HS) Program aims to enhance the region's communications and synchronization of efforts and resources. Staff assists in activities relating to emergency preparedness, response during major events/disasters, mutual aid agreements, and advises agencies regarding future funding opportunities. In 2020 over \$2.5 million in grants from the Office of the Governor's Homeland Security Grants Division were awarded to East Texas jurisdictions to prevent terrorism and improve security. This funding assists jurisdictions in building, sustaining, and delivering core capabilities to further the National Preparedness Goal which is, "A secure and resilient Nation with the capabilities required across the whole community to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk."

Building Plan Review Services

ETCOG offered this new service for the first time in FY19 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.

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.

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2019. This was the twentieth 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 that satisfies both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been accomplished without the skill, effort, and dedication of the entire ETCOG 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, I want to thank the members of the ETCOG Executive Committee for their unfailing support for maintaining the highest standards of professionalism in planning and conducting the Council's financial operations.

Respectfully submitted,

David A. Cleveland

David A. Cleveland,
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

East Texas Council of Governments

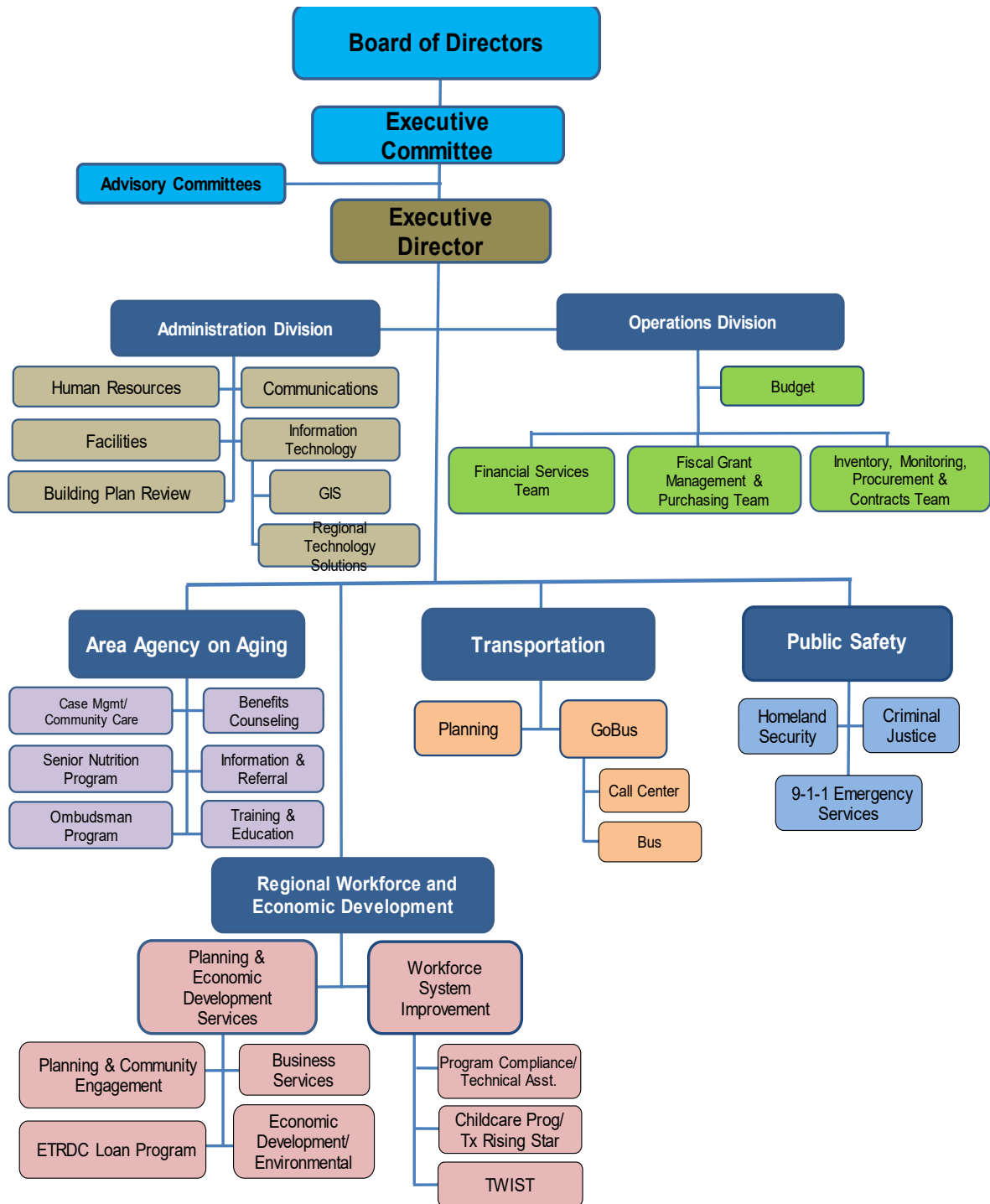
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

East Texas Council of Governments Organizational Chart



**East Texas Council of Governments
Principal Officials
Officers of the Executive Committee
2020-2021**

Councilwoman Merlyn Holmes
Chairman
City of Kilgore

Judge LeeAnn Jones
1st Vice Chair
Panola County

Councilman Bob Tardiff
2nd Vice Chair
City of Lindale

Commissioner William Hatfield
3rd Vice Chair
Harrison County

Mayor Kevin White
Secretary – Treasurer
City of Mineola

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
Berryville
Big Sandy
Brownsboro
Bullard
Canton
Carthage
Chandler
Clarksville
Coffee
Edom
East Mountain
East Tawakoni
Easton
Edgewood
Elkhart
Emory
Eustace
Frankston
Fruitvale
Gallatin
Gilmer

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

INDEPENDENT SCHOOL DISTRICTS:

Athens ISD
Brownsboro ISD
Carlisle ISD
Carthage ISD
Crossroads ISD
Frankston ISD
Gilmer ISD
Grand Saline ISD
Hallsville ISD
Hawkins ISD
Harmony ISD
Henderson ISD

Kemp ISD
Kilgore ISD
Laneville ISD
LaPoyner ISD
Laveretts Chapel ISD
Longview ISD
Miller Grove ISD
Mt. Enterprise ISD
Neches ISD
New Diana ISD
Ore City ISD
Overton ISD

Pittsburg ISD
Rains ISD
Sabine ISD
Tatum ISD
Trinidad ISD
TJC
Waskom ISD
Slocum ISD
Troup ISD
White Oak ISD
Winona ISD

SPECIAL PURPOSE DISTRICTS:

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



FINANCIAL SECTION



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, 2020, 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.

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, 2020, 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 13 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 May 28, 2021 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
May 28, 2021



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, 2020. 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, 2020, by \$6,144,908 (net position). Of this amount, \$847,397 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position increased overall by a total of \$797,696 primarily due to the additional federal aid provided during the pandemic. Program revenues increased, \$5,410,699 and the general revenues decreased by \$23,038.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$3,775,498, an increase of \$603,983 in comparison with the prior year. Of the total fund balance, approximately 62% is restricted for grants and 37% is available for spending at the Council's discretion (unassigned).
- As of September 30, 2020, the fund balance for the General Fund was \$1,436,894, an increase of \$119,946 from prior year.
- The Council's total outstanding long-term debt increased by \$20,831 during the current fiscal year mainly due to the amount of loans exceeding the principal payments.

Overview of the Financial Statements

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

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

The *Statement of Net Position* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related *cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found on pages 17 through 19 of this report.

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

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 governmental-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 20 through 23 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 36 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

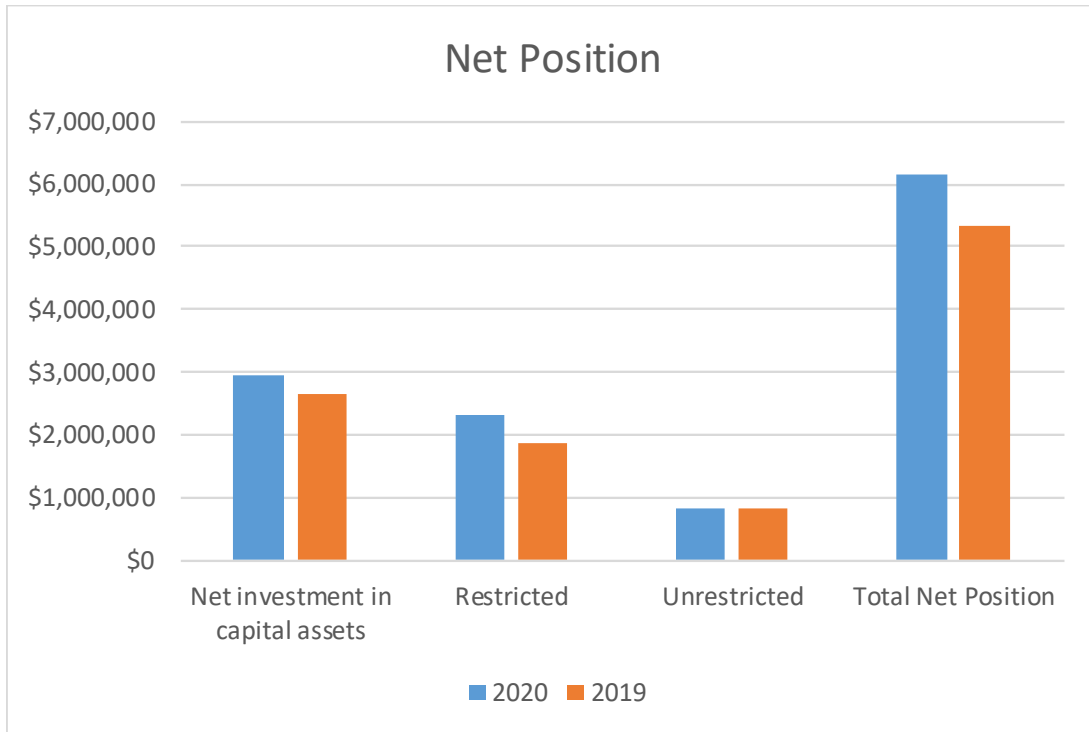
As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Council's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,144,908 for the period ending September 30, 2020.

	Governmental Activities		Total Dollar
	2020	2019	Change
			2020-2019
Current and other assets	\$ 14,654,029	\$ 11,556,362	\$ 3,097,667
Capital assets, net	2,960,934	2,648,880	312,054
Total Assets	17,614,963	14,205,242	3,409,721
Non-current liabilities	662,437	562,886	99,551
Other liabilities	10,807,618	8,295,144	2,512,474
Total Liabilities	11,470,055	8,858,030	2,612,025
Net Position:			
Net investment in capital assets	2,960,934	2,648,880	312,054
Restricted	2,336,577	1,854,567	482,010
Unrestricted	847,397	843,765	3,632
Total Net Position	\$ 6,144,908	\$ 5,347,212	\$ 797,696

- Current and other assets increased in governmental activities by \$3,409,721 from the prior year. This is mainly due to the receivable on advances to the Council's Subrecipients.
- Liabilities in governmental activities increased \$2,612,025 from the previous year due to obligations to vendors and subcontractors.
- At the end of the 2020 fiscal year, net position for the Council was \$6,144,908 as compared to \$5,347,212 in 2019. The largest portion of the Council's net position \$2,960,934 (48.2%) 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 for example, during the current fiscal year eight additional GoBus vehicles were purchased to provide reliable transportation services to the community. 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 \$2,336,577 (38.0%) represents resources that are subject to external restrictions on how they may be used. Most of the restricted net position consists of grant funds.
- The remaining balance of net position totaling \$847,397 (13.8%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

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

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. The Council's overall net position increased \$797,696 from the prior year. The current pandemic certainly had an impact on the Council and the increase in overall net position of governmental activities with funding increases in federal aid received to assist the community recover from this pandemic. Other factors such as additional funding for Childcare services and additions in transportation capital equipment also contributed to the increase in net position. Since the Council operates primarily from federal and state grants, grant funding closely parallel increases and decreases in grant expenditures for services.



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

Statement of Activities:

The following table provides a summary of the Council's operations for the year ended September 30, 2020 compared to 2019. The Council's revenue increased by \$5,387,661 and the overall expenses increased by \$4,408,603, ending the fiscal year with an overall increase in net position of \$797,696.

	Governmental Activities		Total Dollar
	2020	2019	Change
			2020-2019
Revenues			
Program revenues:			
Operating grants and contributions	\$ 50,137,345	\$ 44,726,646	\$ 5,410,699
General revenues:			
Membership Dues	189,927	210,406	(20,479)
Investment earnings	36,953	31,664	5,289
Miscellaneous	265,202	273,050	(7,848)
Total Revenues	50,629,427	45,241,766	5,387,661
Expenses			
General government	713,496	895,272	(181,776)
Workforce development	36,814,572	33,718,468	3,096,104
Aging	4,947,448	4,086,606	860,842
Emergency communications	1,658,318	1,844,427	(186,109)
Transportation	5,069,520	4,041,021	1,028,499
Environmental quality	199,574	169,741	29,833
Homeland security	54,103	276,223	(222,120)
Criminal justice	258,832	262,731	(3,899)
Housing and urban development	9,812	-	9,812
Economic development	106,056	128,639	(22,583)
Total Expenses	49,831,731	45,423,128	4,408,603
Change in Net Position	797,696	(181,362)	979,058
Beginning net position, restated	5,347,212	5,528,574	(181,362)
Ending net position	\$ 6,144,908	\$ 5,347,212	\$ 797,696

Revenues increased \$5,387,661 from the prior year due to several factors. First, the Texas Department of Transportation (TxDOT) provided \$781,465 in 2020 for the purchase of 8 new vehicles for the transportation division to meet the service area's community needs with safe and reliable transportation. Additionally, in June 2019, congress appropriated a spending bill that included substantial funding increases for the Child Care and Development Block Grant program which led to an increase of \$3,773,621 from prior year funding received for the Childcare program. The majority of the federal and state funding is used to provide direct services to children and families, but some funds are used to improve the overall quality of the services provided by early care and education programs, including the funding of technical assistance and training. Finally, the Council was awarded a total of \$2,695,330 in COVID-19 Families First Coronavirus Response Act and CARES Act to provide additional funding for the AAA programs of which \$758,482 was received in fiscal year 2020. This funding was allotted to the senior nutrition program and for additional services to seniors. The COVID pandemic has certainly impacted how services are delivered for these programs traditionally requiring face to face meetings.

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

Expenses of the Governmental activities grew by 10% in the current year, increasing from \$45,423,128 in the prior year to \$49,831,731 in the current year. Since the Council operates primarily from federal and state grants, grant funding closely parallel increases and decreases in grant expenditures for services. As previously mentioned, the significant increases can be attributed to additional expenses for Childcare services, additions in transportation capital equipment and federal aid provided to assist the community recover from this pandemic. An increase in expenses in the Childcare program of \$3,773,621 to further provide services to families who meet the eligibility criteria in accordance with state and federal rules, regulations, and guidelines. These direct childcare services allow parents to work or to attend school or training, which helps them achieve economic self-sufficiency. The purchase and receipt of 8 new fleet vehicles in 2020 including small Promaster vehicles for increased safety and fuel efficiency; increased funding to ETCOG by seeking out additional grants from TxDot. Additionally, the bus drivers received a temporary hazard pay increase during the pandemic which increased salaries by approximately \$201,344 in the current year. COVID-19 also attributed to the increase in expenses with the purchase and implementation of multiple Personal Protective Equipment including masks, gloves, sanitizers, disinfectants, and vehicle barriers. The senior nutrition program increased \$758,482 due to additional funding that was received for Coronavirus response during the pandemic

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. As noted previously, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements imposed by grantors. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose. As previously noted, the Council operates primarily from federal and state grants and therefore increases in expenses, closely parallel increases in grant funding.

As of September 30, 2020, the Council's governmental funds reported combined fund balances of \$3,775,498, an increase of \$603,983 in comparison with the prior year. Of this amount \$1,382,274 or 37% constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable or restricted, to indicate that it is \$56,647 not spendable because it is legally required to be maintained intact, and \$2,336,577 restricted for state and federal grant activities.

- *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 \$1,436,894, an increase of \$119,946 or 9% from prior year fund balance. This is primarily due to amounts due from other funds which are recorded in the asset section of the General Fund. The General Fund is the primary operating fund for the Council that is used to record all resource inflows and outflows that are not associated with special-purpose and government funds. Revenue in the General Fund comes from membership dues, interest income on idle ETCOG (Local) cash/investments and other and vehicle usage fees collected. These funds are essentially unrestricted but are used from time to time to help support programs and provide local matching to grant funds. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,382,274, while total fund balance increased to \$1,436.894. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 51.6% of total general fund expenditures, while total fund balance represents 49.7% of that same amount.

As previously noted, the Council operates primarily from federal and state grants and therefore, grant funding closely parallel increases and decreases in grant expenditures for services. With this in mind, the below individual fund analysis will be done for the major grant funds, therefore revenue and expenses will be the same for this analysis.

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

- *Area Agency on Aging* – The overall Aging program revenue increased by \$851,114 or 21% from the prior year and program expenditures increased \$860,842 or 21%. The COVID pandemic has impacted how services are delivered particularly home-delivered and packaged meals increased as community measures to slow transmission of COVID-19 have closed meal sites and have left many family caregivers unable to assist their older loved ones. Other increases in the AAA include outreach activities for Benefits Counseling, the Health and Wellness Evidence Based Program, and the Ombudsman program.
- *Workforce Development* – Workforce program revenues increased by \$2,983,857 or 9% from the prior year and expenditures increased by \$3,096,104 overall or 9% from the prior year. This is primarily due to an increase of \$3,773,621 in the childcare program from prior year. The majority of the increase is attributed to provide direct services to children and families and to improve the overall quality of the services provided by early care and education programs, including the funding of technical assistance and training.
- *Emergency Communications* – Emergency Communications expenditures decreased by \$186,109 or 10% 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 program revenues increased by \$2,008,086 or 54% from the prior year and expenditures increased by \$1,028,499 or 25% compared to prior year. The increase is primarily due to capital equipment, whereas \$781,465 was used to purchase additional fleet vehicles, \$157,723 for a Tolley and \$69,224 for a SmartDrive SR4 Camera system. Additionally, the bus drivers received a temporary hazard pay increase to continue providing services during the pandemic. This increased salaries by approximately \$201,344 in the current year. COVID-19 also attributed to the purchase and implementation of multiple Personal Protective Equipment including masks, gloves, sanitizers, disinfectants, and vehicle barriers.
- *Environmental Quality* – Environmental quality program expenditures increased by \$29,833 or 18% from prior year due to additional state funding received for an Air Quality grant to provide service for the Inventorying Emissions and Monitoring of Pollution Levels.
- *Homeland Security* –Homeland Security expenditures decreased by \$222,120 or 80% from prior year mainly due to less federal funding received for the current year.
- *Economic Development* - Economic development expenditures decreased by \$22,583 or 18% from prior year due. This is the first year of a new three -year grant, therefore funding will carry over to the next fiscal year. Expenditures stand to be higher in the prior year due to final close out of the previous EDA grant obligations.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Council's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$2,960,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Capital assets as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 161,879	\$ 161,879
Construction in progress	-	11,061
Buildings	2,546,209	2,285,802
Equipment	7,387,624	7,398,714
Less: accumulated depreciation	<u>(7,134,778)</u>	<u>(7,308,576)</u>
Total capital assets	<u>\$ 2,960,934</u>	<u>\$ 2,548,880</u>

Additional information on the Council's capital assets can be found in Note 6, on page 33 and 34, of this report.

Long-term Debt - At the end of the current fiscal year, the Council had total long-term liabilities outstanding of \$662,437.

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>	<u>Amount Due in One Year</u>
Governmental Activities:					
Loans payable	\$ 324,508	\$ 100,000	\$ (79,169)	\$ 345,339	\$ 37,691
Compensated absences	238,378	276,848	(198,128)	317,098	278,870
	<u>\$ 562,886</u>	<u>\$ 376,848</u>	<u>\$ (277,297)</u>	<u>\$ 662,437</u>	<u>\$ 316,561</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 7, on page 34 and 35, of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S ANNUAL FINANCIAL PLAN

East Texas has seen a massive impact on our Economy from COVID-19 and we will spearhead our efforts to assist the community recover from this economic shock and to become more resistant to events such as this in the future. The Council is dependent on federal, state and local funding which can vary widely from year to year. Due to the pandemic, 2020 has seen major increases in federal aid funding in senior programs, economic programs, workforce programs and transportation to assist the people and governments of our Region. This additional federal aid is expected to continue in 2021 with approved funding for EDA's CARES Act Recovery Assistance to assist our communities and to develop a disaster recovery and resiliency economic development plan, focused on pandemic recovery and resiliency. The plan will recommend alternative fact and science-based strategies for elected and public health official consideration, that serve the dual purpose of protecting public health and the health of the State and regional economy.

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.



BASIC FINANCIAL STATEMENTS



EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	\$ 1,222,551	\$ 199,588
Receivables:		
Grantors	4,588,989	-
Other	8,544,602	-
Due from component unit	241,240	-
Prepays	56,647	-
Capital assets:		
Nondepreciable	161,879	-
Depreciable, net of accumulated depreciation	2,799,055	-
Total Capital assets	<u>2,960,934</u>	<u>-</u>
Total Assets	<u>17,614,963</u>	<u>199,588</u>
Liabilities		
Accounts payable	8,351,137	251
Accrued liabilities	367,292	-
Unearned revenues	2,089,189	-
Due to other governments	-	241,240
Non-current liabilities:		
Due within one year	316,561	-
Due in more than one year	345,876	-
Total Liabilities	<u>11,470,055</u>	<u>241,491</u>
Net Position		
Net investment in capital assets	2,960,934	-
Restricted for grants	2,336,577	-
Unrestricted	847,397	(41,903)
Total Net Position	<u>\$ 6,144,908</u>	<u>\$ (41,903)</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Indirect and Internal Cost Allocation	Expenses After Indirect and Internal Cost Allocation
Primary Government:			
Governmental Activities			
General government	\$ 703,410	\$ 10,086	\$ 713,496
Workforce development	36,446,736	367,836	36,814,572
Aging	4,728,028	219,420	4,947,448
Emergency communications	1,552,267	106,051	1,658,318
Transportation	4,613,585	455,935	5,069,520
Environmental quality	184,885	14,689	199,574
Homeland security	36,088	18,015	54,103
Criminal justice	252,233	6,599	258,832
Housing and urban development	8,526	1,286	9,812
Economic development	100,451	5,605	106,056
Indirect costs	1,205,522	(1,205,522)	-
Total Governmental Activities	49,831,731	-	49,831,731
Total Primary Government	\$ 49,831,731	\$ -	\$ 49,831,731
Component Unit			
East Texas Regional Development Company	\$ 97,089	\$ -	\$ 97,089
Total component unit	\$ 97,089	\$ -	\$ 97,089

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Primary Government</u>	<u>Component Unit</u>
<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>East Texas Regional Development Company</u>
\$ -	\$ -	\$ (713,496)	
-	36,751,674	(62,898)	
-	4,812,743	(134,705)	
-	2,173,480	515,162	
-	5,736,523	667,003	
-	161,260	(38,314)	
-	196,337	142,234	
-	153,676	(105,156)	
-	9,846	34	
-	141,806	35,750	
-	-	-	
-	<u>50,137,345</u>	<u>305,614</u>	
<u>\$ -</u>	<u>\$ 50,137,345</u>	<u>305,614</u>	
<u>\$ -</u>	<u>\$ -</u>		<u>\$ (97,089)</u>
<u>\$ -</u>	<u>\$ -</u>		<u>(97,089)</u>

General Revenues:

Membership dues	189,927	-
Investment earnings	36,953	356
Miscellaneous	265,202	95,603
Total General Revenues	<u>492,082</u>	<u>95,959</u>
Change in Net Position	797,696	(1,130)
Beginning Net Position	<u>5,347,212</u>	<u>(40,773)</u>
Ending Net Position	<u>\$ 6,144,908</u>	<u>\$ (41,903)</u>

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

September 30, 2020

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,222,551	\$ -	\$ 1,222,551
Receivables:			
Grantors	-	4,518,076	4,518,076
Other	95,701	8,519,814	8,615,515
Due from other funds	381,880	-	381,880
Due from component unit	241,240	-	241,240
Prepaid items	54,620	2,027	56,647
Total Assets	<u>\$ 1,995,992</u>	<u>\$ 13,039,917</u>	<u>\$ 15,035,909</u>
Liabilities			
Accounts payable	\$ 114,487	\$ 8,236,650	\$ 8,351,137
Accrued liabilities	367,292	-	367,292
Due to other funds	-	381,880	381,880
Unearned revenue	6,406	2,082,783	2,089,189
Total Liabilities	<u>488,185</u>	<u>10,701,313</u>	<u>11,189,498</u>
Deferred Inflows of Resources			
Unavailable loans receivable	70,913	-	70,913
Fund Balances			
Nonspendable:			
Prepaid items	54,620	2,027	56,647
Restricted:			
State and federal grants	-	2,336,577	2,336,577
Unassigned	1,382,274	-	1,382,274
Total Fund Balances	<u>1,436,894</u>	<u>2,338,604</u>	<u>3,775,498</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,995,992</u>	<u>\$ 13,039,917</u>	<u>\$ 15,035,909</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2020

Total fund balances - governmental funds	\$ 3,775,498
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.	10,095,712
Accumulated depreciation has not been included in the fund financial statements.	(7,134,778)
Long-term receivables are not available to fund activities of the current period and therefore are not reported in the governmental funds.	70,913
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.	(345,339)
Accrued liabilities for compensated absences are not due and payable in the current period and have not been reflected in the fund financial statements.	<u>(317,098)</u>
Total Governmental Activities Net Position	<u>\$ 6,144,908</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental	\$ -	\$ 49,577,054	\$ 49,577,054
Matching funds	-	452,895	452,895
Program income	102,722	243,607	346,329
Membership dues	189,927	-	189,927
Investment earnings	12,371	24,582	36,953
Miscellaneous	32,572	13,598	46,170
Total Revenues	<u>337,592</u>	<u>50,311,736</u>	<u>50,649,328</u>
Expenditures			
Current:			
General government	134,572	475,256	609,828
Workforce development	-	36,743,982	36,743,982
Aging	-	4,937,473	4,937,473
Emergency communications	-	1,772,742	1,772,742
Transportation	-	5,339,188	5,339,188
Environmental quality	-	196,229	196,229
Homeland security	-	91,214	91,214
Criminal justice	-	118,986	118,986
Housing and urban development	-	9,812	9,812
Economic development	-	109,401	109,401
Capital outlay	95,627	32,466	128,093
Debt service:			
Principal	79,169	-	79,169
Interest and fees	9,228	-	9,228
Total Expenditures	<u>318,596</u>	<u>49,826,749</u>	<u>50,145,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,996</u>	<u>484,987</u>	<u>503,983</u>
Other financing sources (uses)			
Issuance of notes payable	100,000	-	100,000
Transfers in	950	-	950
Transfers out	-	(950)	(950)
Total other financing sources (uses)	<u>100,950</u>	<u>(950)</u>	<u>100,000</u>
Net Change in Fund Balances	119,946	484,037	603,983
Beginning Fund Balances	<u>1,316,948</u>	<u>1,854,567</u>	<u>3,171,515</u>
Ending Fund Balances	<u>\$ 1,436,894</u>	<u>\$ 2,338,604</u>	<u>\$ 3,775,498</u>

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, 2020

Net changes in fund balances - total governmental funds	\$ 603,983
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 2020 capital outlays is to increase net position.	1,089,738
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.	(777,683)
Issuance of notes payable are treated as financing resources in the governmental funds but are reported as liabilities in government-wide statements	(100,000)
Revenue recognition resulting from long-term receivable activity not recognized in the governmental fund financial statements.	(18,791)
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.	79,169
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 position.	(78,720)
Change in Net Position of Governmental Activities	<u><u>\$ 797,696</u></u>



EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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

Blended Component Unit

The accompanying annual comprehensive financial report includes the financial activities of the Council, the primary government, and its component unit, the East Texas Regional Loan Corporation (ETRLC), d/b/a East Texas Community Loan Center (CLC). 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 Boards of Directors of the component unit is substantially the same as the Council.

ETRLC was organized by the Council in 2016 in order to offer low-interest, low-fee personal loans to employees of enrolled employers as an alternative to high-cost payday and auto title loans. ETRLC is a nonprofit corporation assists very low, low and moderate-income persons through credit solutions, loans, and financial counseling, as an alternative to pay day loans in order to promote, develop and improve the economic conditions of people in the East Texas region.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 1 Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit

The accompanying annual comprehensive 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*.

Certain eliminations have been made in regard 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 1 Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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.

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, 2020.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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, 2020.

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.

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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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.

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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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.

Note 3 Deposits and Investments

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and cash equivalents	\$ 955,495
Investments	267,056
Total primary government cash and investments	<u>1,222,551</u>
Component Unit:	
Cash and cash equivalents	195,006
Investments	4,582
Total component unit cash and investments	<u>199,588</u>
Total cash and investments	<u>\$ 1,422,139</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 3 Deposits and Investments (continued)

Cash and investments as of September 30, 2020 consist of the following:

Deposits with financial institutions	\$ 1,150,501
Investments	<u>271,638</u>
Total cash and investments	<u>\$ 1,422,139</u>

As of September 30, 2020, the primary government had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 267,056	38
Total fair value	<u>\$ 267,056</u>	

As of September 30, 2020, the discretely presented component unit had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 4,582	38
Total fair value	<u>\$ 4,582</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.

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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 3 Deposits and Investments (continued)

TexPool (continued)

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, 2020, the primary government and component unit had bank deposits of \$1,723,400 and \$195,006, respectively with carrying values of \$955,111 and \$195,006, respectively. As of September 30, 2020, 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.

Note 4 Receivables

Grantor receivables consist of receivables for reimbursement of expenditures under various programs and grants. Other receivables consist of receivables for reimbursement of expenditures from various subcontractors. All amounts are expected to be collected within the next year.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 5 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.

The following is a summary of interfund transactions at September 30, 2020:

Due To/From Other Funds:

<u>Receivable (Payable)</u>	<u>Due From/ Due To</u>	<u>Purpose</u>
General	\$ 381,880	Short-term funding of deficit cash
Grant	(381,880)	Short-term funding of deficit cash
	<u>\$ -</u>	

Transfers In/Out Other Funds:

<u>Transfers</u>	<u>Transfers In/ Transfers Out</u>	<u>Purpose</u>
General	\$ 950	Budgetary
Grant	(950)	Budgetary
	<u>\$ -</u>	

Note 6 Capital Assets

Primary government capital asset activity for the year ended September 30, 2020, 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	111,061	-	(111,061)	-
Total capital assets not	<u>272,940</u>	<u>-</u>	<u>(111,061)</u>	<u>161,879</u>
Capital assets being depreciated:				
Buildings	2,285,802	260,407	-	2,546,209
Furniture, fixtures and equipment	7,398,714	940,391	(951,481)	7,387,624
Total capital assets being depreciated	<u>9,684,516</u>	<u>1,200,798</u>	<u>(951,481)</u>	<u>9,933,833</u>
Less accumulated depreciation for:				
Buildings	(1,350,538)	(123,859)	-	(1,474,397)
Furniture, fixtures and equipment	(5,958,038)	(653,824)	951,481	(5,660,381)
Total accumulated depreciation	<u>(7,308,576)</u>	<u>(777,683)</u>	<u>951,481</u>	<u>(7,134,778)</u>
Total capital assets being depreciated, net	<u>2,375,940</u>	<u>423,115</u>	<u>-</u>	<u>2,799,055</u>
Total capital assets, net	<u>\$ 2,648,880</u>	<u>\$ 423,115</u>	<u>\$ (111,061)</u>	<u>\$ 2,960,934</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 6 Capital Assets (continued)

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

General government	\$ 86,043
Emergency communications	9,553
Aging	14,632
Workforce development	114,863
Transportation	<u>552,592</u>
Total	<u><u>\$ 777,683</u></u>

Note 7 Long-term Debt

A summary of long-term liability activity for the primary government for the year ended September 30, 2020, 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:					
Loans payable	\$ 324,508	\$ 100,000	\$ (79,169)	\$ 345,339	\$ 37,691
Compensated absences	<u>238,378</u>	<u>276,848</u>	<u>(198,128)</u>	<u>317,098</u>	<u>278,870</u>
	<u>\$ 562,886</u>	<u>\$ 376,848</u>	<u>\$ (277,297)</u>	<u>\$ 662,437</u>	<u>\$ 316,561</u>

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

During fiscal years 2017 and 2018, the Council entered into four loan programs totaling \$350,000. The details of the loans are discussed below.

- \$100,000 loan payable with an original loan date of April 26, 2017 and an interest rate of 3.250%. On June 11, 2020, the loan was refinance and included an additional \$50,000. Interest payments are made monthly. No principal payments are due until fiscal year 2022 when the entire amount becomes due on June 19, 2022. The amount outstanding as of fiscal year 2020 is \$150,000
- \$50,000 loan payable with an original loan date of July 18, 2017, an interest rate of 4.750% due quarterly, with no principal payments due, and interest is paid annually. The loan was renewed on August 31, 2020, with an interest rate of 2.25%. Principal and interest payments are paid monthly in the amount of \$1,091 until August 1, 2022 and a balloon payment in the amount of \$38,942 is due on September 1, 2022. 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 2020 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 2020 is \$80,436. \

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 7 Long-term Debt (continued)

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

Year Ending September 30,	Principal	Interest	Total
2021	\$ 37,691	\$ 10,139	\$ 47,830
2022	251,065	5,578	256,643
2023	56,583	824	57,407
Total	<u>\$ 345,339</u>	<u>\$ 16,541</u>	<u>\$ 361,880</u>

Note 8 Risk Management

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

Note 9 Contingencies

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

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

For the year ended September 30, 2020, 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 10 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.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2020

Note 10 Retirement Plan (continued)

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, 2020, was \$2,056,159. The Council made the required 12% contribution, which amounted to \$246,739. Employees made the required 8% contribution of \$164,493.

Note 11 Subsequent Events

The Council has evaluated subsequent events as of May 28, 2021, 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 12 Deficit Net Position

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

SUPPLEMENTAL SCHEDULES

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Salaries	\$ 810,060	\$ 750,627	\$ (59,433)
Fringe benefits	132,929	115,698	(17,231)
Group hospitalization	95,021	78,429	(16,592)
Pension costs	116,417	104,856	(11,561)
Total personnel	<u>1,154,427</u>	<u>1,049,609</u>	<u>(104,818)</u>
Insurance and bonding	7,500	7,678	178
Minor office supplies and equipment	23,000	23,587	587
Computer maintenance	10,600	4,527	(6,073)
Staff travel	25,000	9,730	(15,270)
Executive committee travel	10,000	4,069	(5,931)
Office supplies	28,000	17,213	(10,787)
Public education	3,000	2,560	(440)
Copier costs	16,000	10,059	(5,941)
Training costs	24,000	5,013	(18,987)
Remote storage costs	-	-	-
Repairs and maintenance	5,500	1,646	(3,854)
Membership dues	25,000	19,737	(5,263)
Communications	14,000	4,552	(9,448)
Postage	-	8,035	8,035
Meetings and conferences	11,000	3,622	(7,378)
Professional services	95,000	41,608	(53,392)
Total Indirect Expenditures	<u>1,452,027</u>	<u>1,213,246</u>	<u>(238,781)</u>
Less amount allocated to component unit	-	(7,727)	(7,727)
Less amount allocated to General Fund	-	(10,086)	(10,086)
Total Indirect Costs Allocated	<u>1,452,027</u>	<u>1,195,433</u>	<u>\$ (256,594)</u>
Computation of Indirect Cost Rate			
Direct personnel costs	<u>\$ 6,649,951</u>	<u>\$ 5,962,322</u>	
Allocation Rate	21.84%	20.05%	
Indirect costs as a percentage of qualifying costs	2.53%	2.38%	

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS

For the Year Ended September 30, 2020

	<u>Actual</u>
Employee Benefits	
Group disability insurance	\$ 20,866
Vacation	318,420
Holidays	249,488
Sick leave	167,264
Other release time	25,400
Employment taxes	<u>19,384</u>
Total employee benefits	<u>800,822</u>
Less amount allocated to indirect costs pool	(115,698)
Less amount allocated to component unit	<u>(4,568)</u>
Total employee benefits allocated to the Grant Fund	<u>\$ 680,556</u>
Chargeable time	<u>4,029,641</u>
Employee Benefit Rate	16.89%



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	Page
Financial Trends These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	42
Revenue Capacity 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.	50
Debt Capacity 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.	53
Demographic and Economic Indicators These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	54
Operating Information 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.	72

EAST TEXAS COUNCIL OF GOVERNMENTS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014</u>
Governmental activities:				
Investment in capital assets	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163	\$ 2,456,591
Restricted	833,780	1,326,932	1,419,714	1,713,543
Unrestricted	<u>1,438,354</u>	<u>1,278,696</u>	<u>1,349,891</u>	<u>1,271,685</u>
Total governmental activities net position	<u>\$ 4,207,331</u>	<u>\$ 5,486,445</u>	<u>\$ 5,034,768</u>	<u>\$ 5,441,819</u>
Business-type activities:				
Unrestricted	<u>\$ 17,833</u>	<u>\$ 21,565</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net position	<u>\$ 17,833</u>	<u>\$ 21,565</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government:				
Net investment in capital assets	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163	\$ 2,456,591
Restricted	833,780	1,326,932	1,419,714	1,713,543
Unrestricted	<u>1,456,187</u>	<u>1,300,261</u>	<u>1,349,891</u>	<u>1,271,685</u>
Total primary government net position	<u>\$ 4,225,164</u>	<u>\$ 5,508,010</u>	<u>\$ 5,034,768</u>	<u>\$ 5,441,819</u>

Source: CAFR

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139	\$ 2,648,880	\$ 2,960,934
1,588,708	995,119	1,198,239	1,154,274	1,854,567	2,336,577
<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>847,397</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>\$ 6,144,908</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139	\$ 2,648,880	\$ 2,960,934
1,588,708	995,119	1,198,239	1,154,274	1,854,567	2,336,577
<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>847,397</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>\$ 6,144,908</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014
Expenses				
Governmental Activities:				
General government	\$ 121,011	\$ 381,177	\$ 230,903	\$ 182,448
Workforce development	31,141,778	24,920,298	25,377,447	24,896,832
Aging	4,988,958	4,041,959	3,677,508	3,562,193
Emergency communications	2,194,766	1,503,874	2,833,521	1,892,668
Transportation	4,560,498	4,011,678	4,384,769	4,579,459
Environmental quality	571,689	612,521	673,884	321,012
Homeland Security	887,446	456,933	320,996	296,057
Criminal justice	434,001	313,612	289,954	107,091
Housing and urban development	196,818	147,070	14,494	12,082
Economic development	113,572	105,337	37,041	309,175
Total governmental activities expenses	45,210,537	36,494,459	37,840,517	36,159,017
Business-type activities				
Greyhound	111,606	105,234	21,629	-
Total business-type activities expenses	111,606	105,234	21,629	-
Program Revenues				
Governmental Activities:				
Operating Grants and Contributions	44,337,789	37,470,843	36,983,284	36,119,643
Total governmental activities program revenues	44,337,789	37,470,843	36,983,284	36,119,643
Business-type activities:				
Charges for services	121,116	108,966	64	-
Total business-type activities program revenues	121,116	108,966	64	-
Net (expense) Revenues				
Governmental activities	(872,748)	976,384	(857,233)	(39,374)
Business-type activities	9,510	3,732	(21,565)	-
Total primary government net (expense) revenues	(863,238)	980,116	(878,798)	(39,374)
General Revenues				
Governmental activities:				
Membership dues	169,498	192,289	186,747	167,727
Investment earnings	15,472	17,043	10,486	8,411
Miscellaneous	73,832	241,188	208,323	177,856
Total governmental activities general revenues	258,802	450,520	405,556	446,425
Change in net position				
Governmental activities	(613,946)	1,426,904	(451,677)	407,051
Business-type activities	9,510	3,732	(21,565)	-
Total primary government	\$ (604,436)	\$ 1,430,636	\$ (473,242)	\$ 407,051

Source: CAFR

2015	2016	2017	2018	2019	2020
\$ 247,383	\$ 368,717	\$ 516,365	\$ 754,237	\$ 895,272	\$ 713,496
27,009,337	28,445,401	26,598,671	27,729,764	33,718,468	36,814,572
3,614,490	3,788,491	3,992,021	3,845,733	4,086,606	4,947,448
2,357,610	3,595,484	3,445,419	2,326,854	1,844,427	1,658,318
3,420,310	3,409,942	3,555,383	3,878,162	4,041,021	5,069,520
496,258	505,860	353,624	183,989	169,741	199,574
214,101	231,516	201,722	478,848	276,223	54,103
108,509	295,384	291,903	306,096	262,731	258,832
14,874	11,146	14,789	9,016	-	9,812
381,247	114,360	125,162	144,355	128,639	106,056
37,864,119	40,766,301	39,095,059	39,657,054	45,423,128	49,831,731
-	-	-	-	-	-
-	-	-	-	-	-
37,023,859	39,640,680	38,434,905	40,328,310	44,726,646	50,137,345
37,023,859	39,640,680	38,434,905	40,328,310	44,726,646	50,137,345
-	-	-	-	-	-
-	-	-	-	-	-
(840,260)	(1,125,621)	(660,154)	671,256	(696,482)	305,614
-	-	-	-	-	-
(840,260)	(1,125,621)	(660,154)	671,256	(696,482)	305,614
227,839	181,581	206,366	187,853	210,406	189,927
16,348	9,371	10,134	18,914	31,664	36,953
144,983	207,392	471,170	434,269	273,050	265,202
389,170	398,344	687,670	641,036	515,120	492,082
(451,090)	(727,277)	27,516	1,312,292	(181,362)	797,696
-	-	-	-	-	-
\$ (451,090)	\$ (727,277)	\$ 27,516	\$ 1,312,292	\$ (181,362)	\$ 797,696

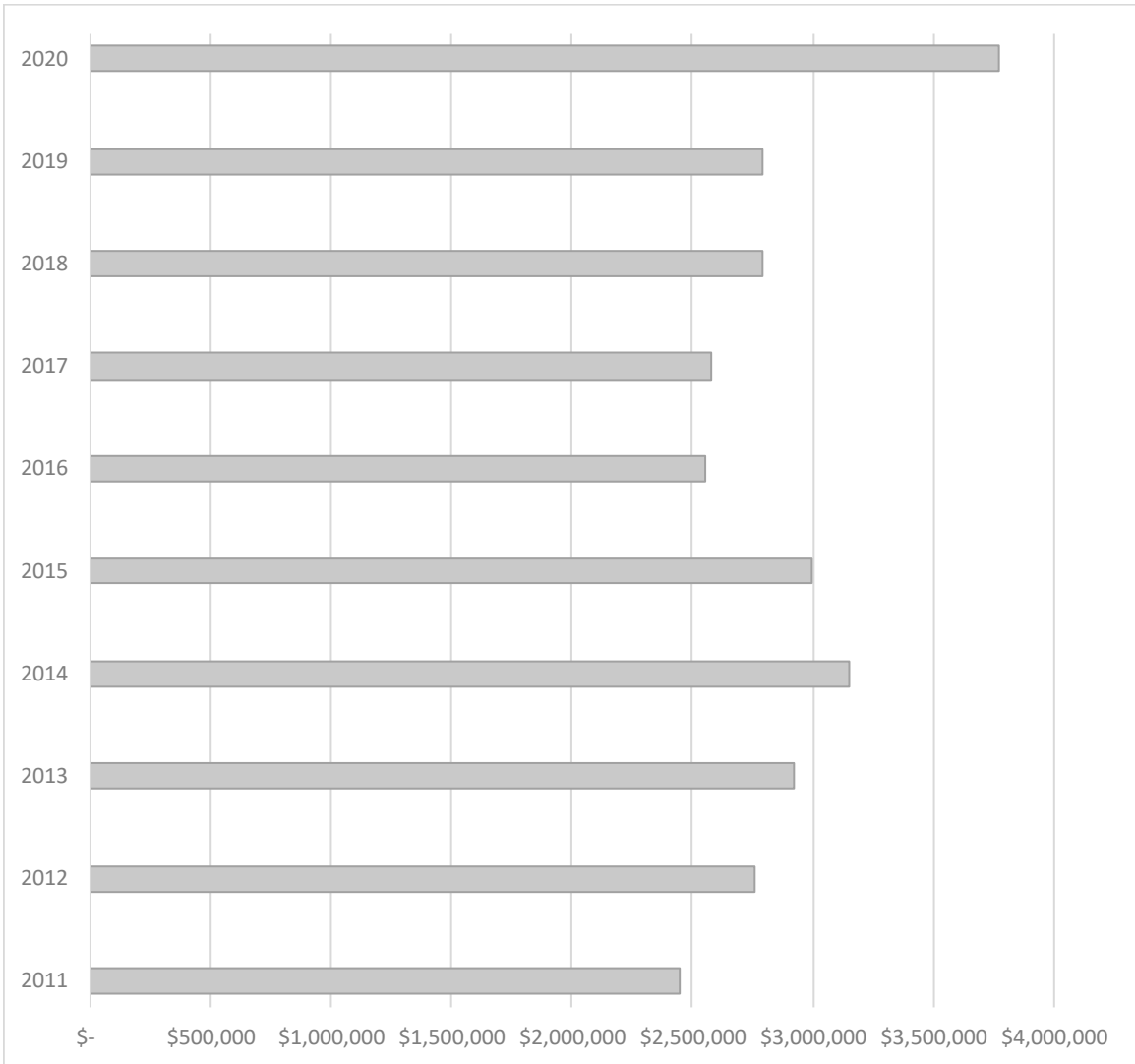
EAST TEXAS COUNCIL OF GOVERNMENTS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable - Prepaid items	\$ 62,500	\$ -	\$ -	\$ 71,366
Unassigned	<u>1,549,228</u>	<u>1,431,946</u>	<u>1,500,220</u>	<u>1,368,170</u>
Total General Fund	<u>1,611,728</u>	<u>1,431,946</u>	<u>1,500,220</u>	<u>1,439,536</u>
All Other Governmental Funds				
Nonspendable - Prepaid items	-	-	-	-
Restricted - State and federal grants	<u>833,780</u>	<u>1,326,932</u>	<u>1,419,714</u>	<u>1,713,543</u>
Total All other Governmental Funds	<u>833,780</u>	<u>1,326,932</u>	<u>1,419,714</u>	<u>1,713,543</u>
Total Primary Government	<u>\$ 2,445,508</u>	<u>\$ 2,758,878</u>	<u>\$ 2,919,934</u>	<u>\$ 3,153,079</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 19,691	\$ 69,078	\$ 33,813	\$ 176,642	\$ 176,642	\$ 54,620
<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>1,382,274</u>
<u>1,403,500</u>	<u>1,556,990</u>	<u>1,378,357</u>	<u>1,177,474</u>	<u>1,177,474</u>	<u>1,436,894</u>
-	-	-	-	-	2,027
<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>2,336,577</u>
<u>1,588,708</u>	<u>995,119</u>	<u>1,198,239</u>	<u>1,615,952</u>	<u>1,615,952</u>	<u>2,338,604</u>
<u>\$ 2,992,208</u>	<u>\$ 2,552,109</u>	<u>\$ 2,576,596</u>	<u>\$ 2,793,426</u>	<u>\$ 2,793,426</u>	<u>\$ 3,775,498</u>



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

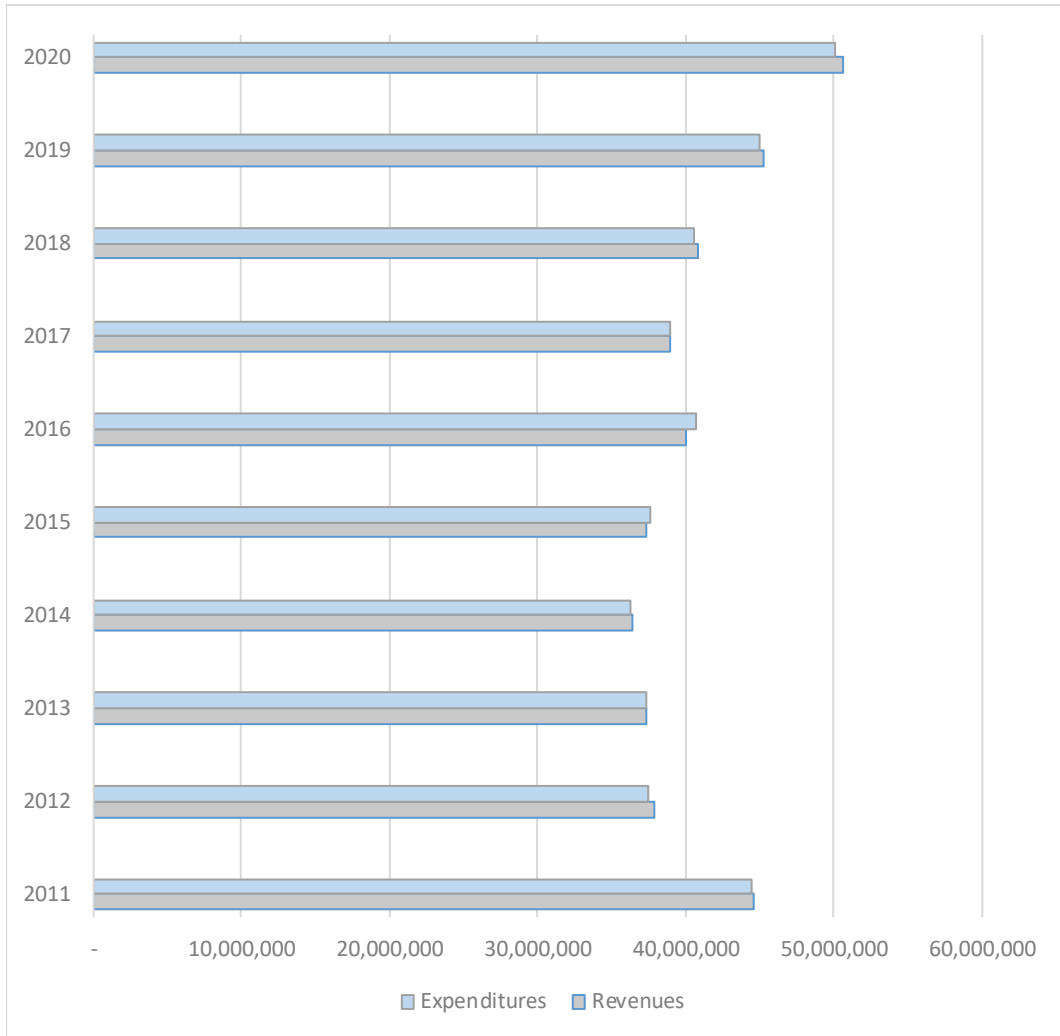


EAST TEXAS COUNCIL OF GOVERNMENTS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014
Revenues				
Intergovernmental	\$42,671,379	\$36,579,983	\$36,075,614	\$34,856,248
Membership dues	169,498	192,289	186,747	167,727
Matching funds/program income	1,473,965	970,515	956,643	1,302,929
Investment income	19,675	17,043	10,486	8,411
Miscellaneous	264,941	134,230	138,013	85,646
Total Revenues	<u>44,599,458</u>	<u>37,894,060</u>	<u>37,367,503</u>	<u>36,420,961</u>
Expenditures				
General government	36,400	247,330	106,003	88,883
Workforce development	31,072,565	24,872,616	25,329,641	24,869,293
Aging	4,958,223	4,018,827	3,652,872	3,541,919
Emergency communications	1,852,512	2,116,620	2,627,235	1,803,208
Transportation	3,850,571	4,526,100	3,879,399	320,641
Environmental quality	571,040	612,948	673,946	4,259,579
Homeland security	886,806	457,161	321,202	294,820
Criminal justice	433,652	313,826	289,987	106,892
Housing and urban development	196,613	147,070	14,525	11,895
Economic development	113,216	105,337	37,041	309,175
Debt Service:				
Principal	58,807	61,564	63,829	91,468
Interest	22,600	-	-	-
Capital outlay	417,297	70,093	309,398	542,719
Total Expenditures	<u>44,470,302</u>	<u>37,549,492</u>	<u>37,305,078</u>	<u>36,240,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>129,156</u>	<u>344,568</u>	<u>62,425</u>	<u>180,469</u>
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Capital lease	-	-	77,294	-
Proceeds from insurance	16,557	27,624	21,337	52,676
Proceeds from sale of property	17,790	88,968	-	-
Transfers in	70,370	227,462	90,542	79,405
Transfers out	(70,370)	(227,462)	(90,542)	(79,405)
Total other financing sources (uses)	<u>34,347</u>	<u>116,592</u>	<u>98,631</u>	<u>52,676</u>
 Net Change in Fund Balances	 <u>\$ 163,503</u>	 <u>\$ 461,160</u>	 <u>\$ 161,056</u>	 <u>\$ 233,145</u>
 Debt service as a percentage of noncapital expenditures	 0.19%	 0.16%	 0.17%	 0.26%

2015	2016	2017	2018	2019	2020
\$36,307,507	\$38,912,645	\$37,749,088	\$39,417,603	\$44,138,626	\$49,577,054
204,941	181,581	185,177	187,853	188,624	189,927
775,240	775,461	915,494	1,056,636	800,627	799,224
16,348	9,371	10,134	18,914	31,664	36,953
70,531	127,809	49,562	182,162	87,259	46,170
<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>	<u>50,649,328</u>
137,690	289,462	488,918	851,189	2,212,425	609,828
26,981,736	28,395,465	26,533,064	27,481,703	33,670,643	36,743,982
3,572,842	3,730,974	3,967,727	3,796,332	4,085,177	4,937,473
2,098,776	3,347,761	3,325,659	2,412,163	2,001,157	1,772,742
3,239,713	3,198,882	3,354,509	3,477,267	2,160,422	5,339,188
496,532	505,860	354,014	190,988	170,035	196,229
215,014	231,516	187,105	259,458	169,133	91,214
108,656	295,384	292,634	319,360	217,517	118,986
15,012	11,146	15,158	10,671	13,853	9,812
381,247	114,360	124,403	135,701	114,492	109,401
94,950	99,282	75,443	84,057	97,071	79,169
-	-	-	11,978	6,345	9,228
231,732	461,655	291,285	1,582,956	132,956	128,093
<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>50,145,345</u>
<u>(199,333)</u>	<u>(674,880)</u>	<u>(100,464)</u>	<u>249,345</u>	<u>195,574</u>	<u>503,983</u>
-	-	250,000	100,000	100,000	100,000
-	-	-	-	-	-
38,462	-	-	-	-	-
-	31,597	-	-	-	-
72,398	62,500	23,862	-	-	950
<u>(72,398)</u>	<u>(62,500)</u>	<u>(23,862)</u>	<u>-</u>	<u>-</u>	<u>(950)</u>
<u>38,462</u>	<u>31,597</u>	<u>250,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<u>\$ (160,871)</u>	<u>\$ (643,283)</u>	<u>\$ 149,536</u>	<u>\$ 349,345</u>	<u>\$ 295,574</u>	<u>\$ 603,983</u>
0.25%	0.25%	0.20%	0.25%	0.23%	0.18%

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			
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	0.83%	7.98
2020	345,339	-	345,339	N/A	

Anderson County	
Area (Sq. miles) ¹	1,063
County Seat ¹	Palestine
Population, 2020 ²	58,189
Anglo	
Male	19,071
Female	14,634
Black	
Male	9,018
Female	3,033
Hispanic	
Male	7,283
Female	3,725
Other	
Male	700
Female	725
Vital Statistics, ³	
Marriages	407
Divorces	121
Births	582
Deaths	659
Unemployment Rate, Annual Average 2019 ⁴	2.9%

Camp County	
Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2019 ²	13,322
Anglo	
Male	3,597
Female	3,874
Black	
Male	985
Female	1,159
Hispanic	
Male	1,749
Female	1,565
Other	
Male	197
Female	196
Vital Statistics, 2015 ³	
Marriages	76
Divorces	11
Births	177
Deaths	144
Unemployment Rate, Annual Average 2019 ⁴	4.2%

Cherokee County	
Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2019 ²	52,178
Anglo	
Male	15,574
Female	15,897
Black	
Male	3,784
Female	3,262
Hispanic	
Male	6,533
Female	5,807
Other	
Male	615
Female	706
Vital Statistics, 2015 ³	
Marriages	296
Divorces	160
Births	751
Deaths	512
Unemployment Rate, Annual Average 2019 ⁴	3.8%

Gregg County	
Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2019 ²	125,730
Anglo	
Male	34,721
Female	36,269
Black	
Male	12,171
Female	13,546
Hispanic	
Male	12,750
Female	11,726
Other	
Male	2,254
Female	2,293
Vital Statistics, 2015 ³	
Marriages	1192
Divorces	350
Births	1622
Deaths	1265
Unemployment Rate, Annual Average 2019 ⁴	3.7%

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	68,247
Anglo	
Male	20,732
Female	21,873
Black	
Male	6,574
Female	7,736
Hispanic	
Male	4,818
Female	4,674
Other	
Male	921
Female	919
Vital Statistics, 2015 ³	
Marriages	468
Divorces	115
Births	759
Deaths	677
Unemployment Rate, Annual Average 2019 ⁴	4.0%

Henderson County	
Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2019 ²	81,179
Anglo	
Male	30,049
Female	32,385
Black	
Male	2,844
Female	2,770
Hispanic	
Male	5,547
Female	5,325
Other	
Male	1,067
Female	1,192
Vital Statistics, 2015 ³	
Marriages	457
Divorces	53
Births	871
Deaths	1084
Unemployment Rate, Annual Average 2019 ⁴	3.5%

Marion County	
Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2019 ²	10,294
Anglo	
Male	3,562
Female	3,567
Black	
Male	1,088
Female	1,240
Hispanic	
Male	232
Female	224
Other	
Male	192
Female	189
Vital Statistics, 2015 ³	
Marriages	60
Divorces	37
Births	80
Deaths	171
Unemployment Rate, Annual Average 2019 ⁴	4.3%

Panola County	
Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2019 ²	24,576
Anglo	
Male	8,629
Female	8,851
Black	
Male	1,886
Female	1,979
Hispanic	
Male	1,407
Female	1,217
Other	
Male	304
Female	303
Vital Statistics, 2015 ³	
Marriages	164
Divorces	93
Births	264
Deaths	256
Unemployment Rate, Annual Average 2019 ⁴	4.0%

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	11,378
Anglo	
Male	4,827
Female	4,832
Black	
Male	150
Female	131
Hispanic	
Male	589
Female	528
Other	
Male	152
Female	169
Vital Statistics, 2015 ³	
Marriages	69
Divorces	53
Births	135
Deaths	154
Unemployment Rate, Annual Average 2019 ⁴	3.0%

Rusk County	
Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2019 ²	52,767
Anglo	
Male	16,789
Female	16,336
Black	
Male	4,903
Female	3,817
Hispanic	
Male	5,194
Female	4,334
Other	
Male	684
Female	710
Vital Statistics, 2015 ³	
Marriages	335
Divorces	216
Births	589
Deaths	552
Unemployment Rate, Annual Average 2019 ⁴	3.6%

Smith County	
Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2019 ²	235,143
Anglo	
Male	66,332
Female	72,169
Black	
Male	18,809
Female	21,216
Hispanic	
Male	23,840
Female	23,873
Other	
Male	4,383
Female	4,521
Vital Statistics, 2015 ³	
Marriages	1781
Divorces	563
Births	3051
Deaths	2039
Unemployment Rate, Annual Average 2019 ⁴	3.3%

Upshur County	
Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2019 ²	41,655
Anglo	
Male	16,274
Female	16,325
Black	
Male	1,661
Female	1,779
Hispanic	
Male	2,213
Female	2,139
Other	
Male	622
Female	642
Vital Statistics, 2015 ³	
Marriages	215
Divorces	193
Births	475
Deaths	449
Unemployment Rate, Annual Average 2018 ⁴	3.7%

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	55,469
Anglo	
Male	22,273
Female	23,395
Black	
Male	806
Female	804
Hispanic	
Male	3,417
Female	3,219
Other	
Male	766
Female	789
Vital Statistics, 2015 ³	
Marriages	341
Divorces	175
Births	637
Deaths	644
Unemployment Rate, Annual Average 2019 ⁴	3.3%

Wood County	
Area (Sq. miles) ¹	645
County Seat ¹	Quitman
Population, 2019 ²	45,292
Anglo	
Male	18,182
Female	18,605
Black	
Male	1,225
Female	1,020
Hispanic	
Male	2,783
Female	2,444
Other	
Male	496
Female	537
Vital Statistics, 2015 ³	
Marriages	243
Divorces	131
Births	407
Deaths	626
Unemployment Rate, Annual Average 2019 ⁴	3.9%

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services.

⁴ <https://texaslmi.com>

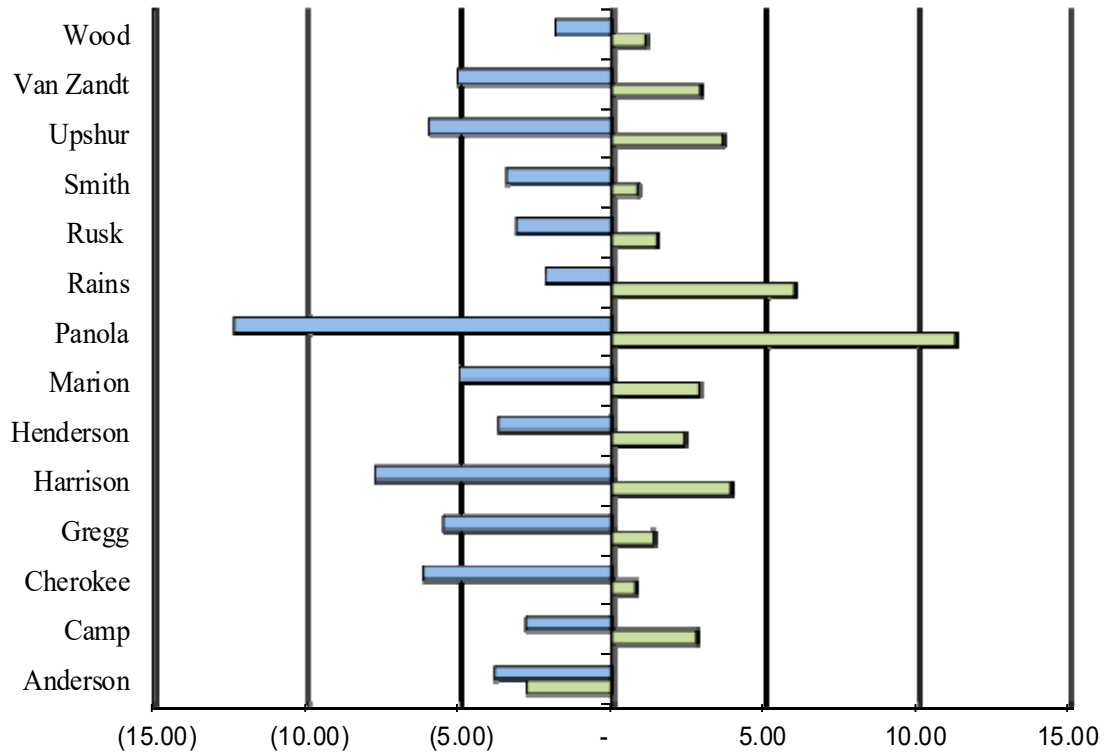
EAST TEXAS COUNCIL OF GOVERNMENTS

EMPLOYMENT BY COUNTY

County	2017	2018	2019	2020	% Change 2017-2018	% Change 2019-2020
Anderson	23,486	22,833	23,103	22,208	(2.78)	(3.87)
Camp	4,618	4,745	4,689	4,557	2.76	(2.82)
Cherokee	19,966	20,116	20,373	19,108	0.75	(6.21)
Gregg	54,705	55,434	55,155	52,112	1.33	(5.52)
Harrison	27,654	28,720	28,505	26,293	3.85	(7.76)
Henderson	34,212	35,025	35,487	34,155	2.38	(3.75)
Marion	3,952	4,065	3,993	3,793	2.85	(5.01)
Panola	9,201	10,233	10,408	9,119	11.21	(12.38)
Rains	5,378	5,698	5,896	5,767	5.95	(2.19)
Rusk	21,080	21,383	21,278	20,615	1.44	(3.12)
Smith	102,788	103,634	104,943	101,278	0.82	(3.49)
Upshur	16,501	17,095	17,011	15,984	3.60	(6.04)
Van Zandt	24,304	25,004	25,585	24,291	2.88	(5.06)
Wood	16,430	16,607	16,646	16,335	1.08	(1.87)
WDA	364,276	370,592	373,072	355,614	1.73	(4.68)

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

EAST TEXAS COUNCIL OF GOVERNMENTS
EMPLOYMENT PERCENTAGE CHANGE



■ % Change 2019-2020 ■ % Change 2017-2018

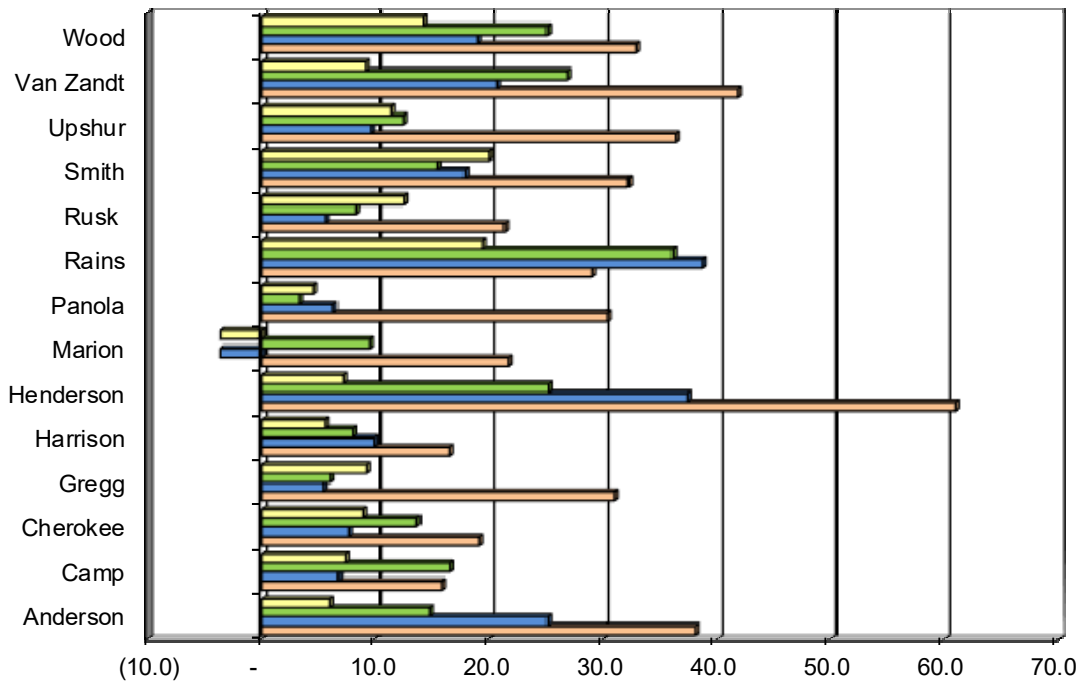
EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION - CENSUS - 1970-2000-2010 CENSUS ESTIMATE

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

<u>% Change</u> <u>1970-1980</u>	<u>% Change</u> <u>1980-1990</u>	<u>% Change</u> <u>1990-2000</u>	<u>% Change</u> <u>2000-2010</u>
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



■ % Change 2000-2010
■ % Change 1990-2000
■ % Change 1980-1990
■ % Change 1970-1980

Percent Change

EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION AND HOUSEHOLD BY COUNTY

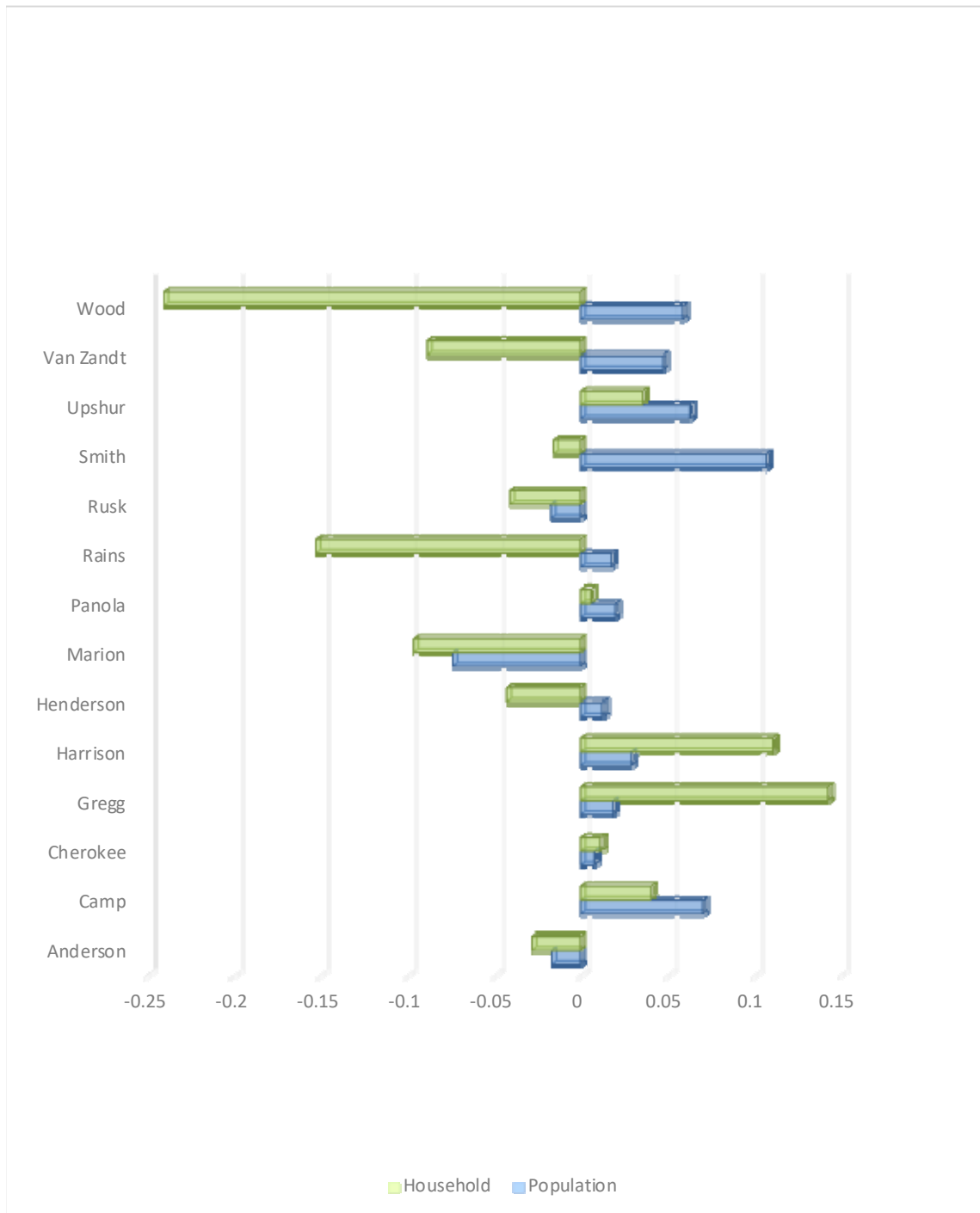
Population Forecast ¹				Household Forecast ²			
County	2020	2030	% Change	County	2010	2030	% Change
Anderson	58,189	57,266	-1.59%	Anderson	17,218	16,728	-2.85%
Camp	13,322	14,164	6.32%	Camp	4,678	4,867	4.04%
Cherokee	52,178	52,516	0.65%	Cherokee	17,894	18,100	1.15%
Gregg	125,730	127,694	1.56%	Gregg	45,798	52,335	14.27%
Harrison	68,247	69,967	2.52%	Harrison	24,523	27,234	11.05%
Henderson	81,179	82,001	1.01%	Henderson	31,020	29,679	-4.32%
Marion	10,294	9,580	-6.94%	Marion	4,595	4,151	-9.66%
Panola	24,576	25,008	1.76%	Panola	9,271	9,328	0.61%
Rains	11,378	11,519	1.24%	Rains	4,377	3,708	-15.28%
Rusk	52,767	51,909	-1.63%	Rusk	18,476	17,713	-4.13%
Smith	235,143	257,573	9.54%	Smith	79,055	77,803	-1.58%
Upshur	41,655	44,000	5.63%	Upshur	14,925	15,454	3.54%
Van Zandt	55,469	57,787	4.18%	Van Zandt	20,047	18,269	-8.87%
Wood	45,292	47,643	5.19%	Wood	17,118	12,997	-24.07%
WDA	875,419	908,627	3.79%	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



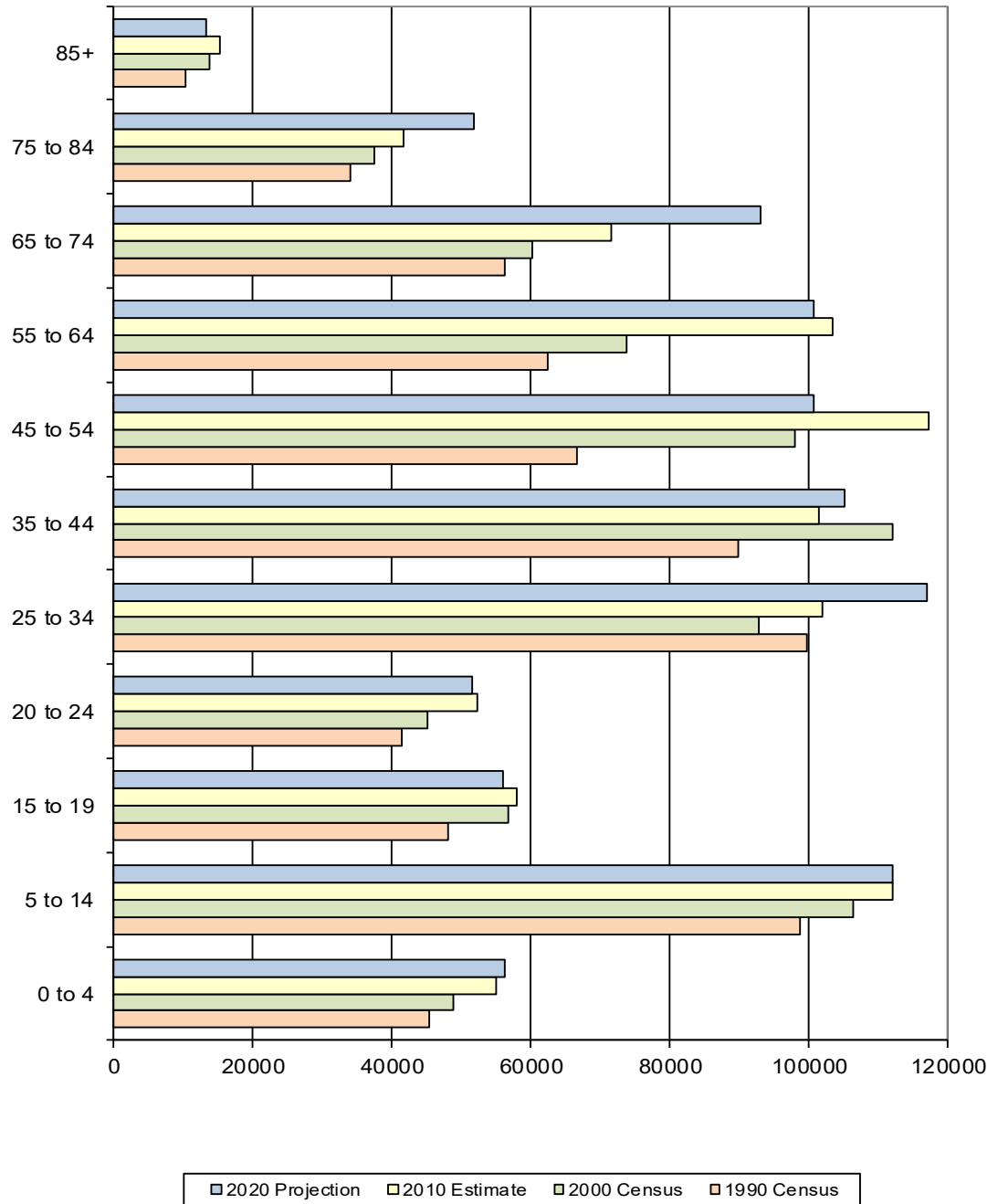
EAST TEXAS COUNCIL OF GOVERNMENTS
TOTAL POPULATION AGE HISTORICAL AND PROJECTED

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
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	39,094,390	40,690	34,897,407,691	9,841,808,647	373,073	3.5%
2020	875,419	n/a	n/a	n/a	n/a	355,615	4.3%

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
- 3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
- 4: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
- 5: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
- 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, 2020 AND FIVE YEARS AGO**

Company Information	2015	% of Total Employment	2020	% of Total Employment	Difference 2015-2020	Percent Difference 2015-2020
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500 Smith County	2,522	12%	1,620	7%	(902)	-4.63%
<u>Christus Good Shepherd Health Center</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	2,201	11%	2,580	12%	379	1.34%
<u>Christus Trinity Mother Frances</u> 536 S Beckham Ave. Tyler, TX 75702 Smith County	3,999	19%	4,095	19%	96	-0.30%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,521	7%	1,481	7%	(40)	-0.47%
<u>University of Texas Health East Texas</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,328	16%	4,439	20%	1,111	4.50%
<u>Longview Independent School District</u> 1125 Judson Rd Longview, TX 75601 Gregg County	1,248	6%	1,260	6%	12	-0.18%
<u>Longview Regional Medical</u> 2901 4th Street Longview, TX 75601 Gregg County	998	5%	1,150	5%	152	0.51%
<u>The Trane Company</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	1,501	7%	1,331	6%	(170)	-1.06%
<u>Tyler Independent School District</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,449	12%	2,639	12%	190	0.42%
<u>University of Texas Health Science Center</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,094	5%	1,108	5%	14	-0.14%
<u>Walmart</u> 6801 S. Broadway Ave. Tyler, TX 75703 Smith County	1,018	5%	1,241	6%	223	0.84%
	21,879		22,944			

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					
	2011	2012	2013	2014	2015	2016
General Government	21.54	21.23	22.95	29.49	22.95	19.65
Workforce	27.76	29.30	39.34	32.28	34.53	25.90
Housing & Urban Development & Loan Programs	0.85	0.87	0.09	1.88	0.95	1.29
Emergency Communications	9.10	9.10	9.86	9.67	9.40	7.45
Economic Development	3.54	1.91	0.91	2.29	0.92	0.92
Environmental Quality	2.88	2.34	1.77	1.29	1.90	1.35
Area Agency on Aging	14.12	15.46	21.23	19.86	24.03	16.06
Transportation	45.44	44.16	49.87	48.08	44.01	46.97
Homeland Security	2.98	3.17	1.24	3.65	3.31	1.73
Criminal Justice	2.06	1.76	1.55	1.51	1.85	1.08
TOTAL	130.27	129.30	148.81	150.00	143.85	122.40

Source: Various departments

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
17.66	19.60	18.71	20.47
22.46	24.07	27.33	29.65
2.00	2.00	1.90	23.67
8.85	8.85	8.38	42.38
0.85	0.88	1.01	2.56
0.45	0.45	0.42	0.86
20.85	20.80	19.80	0.20
47.03	43.00	42.00	9.49
1.25	1.25	1.35	0.66
<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.56</u>
<u><u>122.50</u></u>	<u><u>122.00</u></u>	<u><u>122.00</u></u>	<u><u>131.50</u></u>

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

Function	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Workforce Development						
Number of Children Served	8,815	7,737	7,075	6,419	7,786	6,914
Total Population Served at Workforce Centers	69,337	58,827	54,826	51,320	50,077	46,128
WIA Adults Served	335	514	695	521	494	519
WIA Adults Entering Employment	296	170	308	291	266	246
WIA Dislocated Workers Served	789	475	619	526	463	449
WIA Dislocated Workers Entering Employment	353	218	260	313	250	271
WIA Youth Served	421	247	317	272	217	230
WIA Youth Entering Employment	40	-	101	118	122	103
TANF Participants Served	789	772	1,340	1,095	838	810
TANF Participants Entering Employment	412	381	710	576	449	433
Food Stamp Participants Served	837	996	1,017	943	1,067	1,137
Food Stamp Participants Entering Employment	401	468	504	470	449	546
Reintegrated Offenders (RIO) Served	2,479	965	-	890	846	906
RIO Secured Employment	1,304	545	-	516	-	547
Aging						
Information & Referral	3,232	1,855	3,215	2,749	3,470	3,540
Care Coordination	1,695	1,862	1,127	1,695	1,026	1,827
Legal Assistance Over 60	702	741	919	826	833	816
Legal Awareness	1,719	785	138	485	633	620
Evidence Based Intervention	-	-	-	-	-	-
Caregiver Support Coordination	1,446	1,456	722	561	497	550
Congregate Meals	107,297	93,342	78,310	73,432	76,625	76,827
Home Delivered Meals	396,805	347,609	342,218	322,298	338,501	313,175
Transportation	23,025	23,089	22,390	23,039	23,039	22,580
Residential Repairs	18	28	12	42	43	45
Homemaker	5,767	8,182	5,032	5,524	5,527	5,415
Personal Assistance	458	1,224	1,400	1,724	2,262	1,690
Health Maintenance	35	18	17	15	9	10
Health Screening	137	223	-	-	-	-
Nutrition Education	164	369	157	-	-	-
Emergency Response	452	440	387	372	313	326
Adult Day Care	451	536	625	499	516	512
Caregiver Respite in Home	6,695	8,183	8,361	3,584	3,977	3,897
Caregiver Respite International	2,832	2,328	2,664	1,608	1,704	1,670
Instruction & Training	476	460	497	-	-	-
Participant Assessment	77	74	-	-	-	-
Caregiver Information Services	1,840	17,483	11,711	8,498	6,773	7,100
Criminal Justice						
Peace Officers Receiving Training	3,705	3,725	2,630	2,807	3,516	3,525
Emergency Communications						
Calls Received	230,658	130,586	194,058	325,827	392,215	219,705
Transportation						
Number of Trips	159,460	160,417	130,617	122,031	108,834	102,395
Environmental Quality						
Total Tons of Material Diverted	1607	1185	1115	246	65	65
Total Number of Illegal Dump Sites Cleaned Up	430	88	120	210	257	257
Economic Development/Housing & Urban Dev.						
Debentures Funded	33	31	37	33	31	31
Actual Job Retention from Debentures Funded	452	440	441	285	240	240

Source: Various departments

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
5,795	7,666	7,705	4,177
37,527	30,094	24,534	42,910
452	467	371	192
235	232	199	44
333	292	163	36
258	179	149	8
211	214	236	139
95	105	92	13
901	763	730	166
472	500	435	101
725	752	694	327
453	373	465	84
731	398	444	143
467	311	325	70
1,264	2,969	2,311	5,602
1,510	919	1,362	1,564
1,012	1,144	821	60
501	304	165	533
462	396	425	96
1,194	479	1,178	2,002
71,381	69,050	68,941	38,006
345,458	357,967	367,884	409,680
27,050	22,642	22,612	12,839
105	23	17	28
2,588	3,110	2,463	2,938
848	1,324	995	1,679
-	35	9	23
-	-	-	-
14,073	26,842	6,738	1,811
242	218	230	292
364	144	-	-
4,174	4,983	8,273	14,519
15	32	101	40
-	440	409	303
-	-	-	-
2,750	2,058	1,572	974
2,873	3,270	2,586	1,664
193,059	187,066	196,912	184,493
93,572	88,864	105,780	94,314
18	73	92	729
812	836	503	571
30	32	34	32
262	254	326	326

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

Function	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Government						
Buildings	1	1	1	1	1	1
Building Improvements	-	-	1	1	3	4
Facility Storage Shed	-	-	-	-	-	1
Office Equipment	11	11	11	12	14	13
Ring Central Phone System	-	-	-	-	-	-
Security Equipment	-	-	-	-	1	1
Vehicles	9	9	9	9	9	6
Workforce Development						
Office Equipment	2	2	2	4	4	4
Arc Welder Equipment	-	-	-	-	-	1
Building Improvements/Signage	1	1	1	1	1	1
Transportation Vehicle Ford 350	1	1	1	1	1	1
Mobile Unit	1	1	1	1	2	3
Emergency Communications						
PSAP Equipment	22	17	17	17	17	17
Network Comm. Embarq	-	1	1	1	1	-
Recorders	5	5	5	5	5	5
Access Control System	-	-	-	-	-	-
911 Server	-	-	-	-	-	-
Office Equipment	8	8	11	12	13	12
Aging						
Buildings	2	1	1	1	1	1
Transportation Vehicles	8	9	9	9	14	13
Office Equipment	6	6	6	6	6	7
Transportation						
Transportation Vehicles	60	63	59	61	55	51
Addition to Transportation Vehicles	-	-	-	-	-	-
Trolley	-	-	-	-	-	-
SmartDrive SR4 Camera System	-	-	-	-	-	-
Decontamination System	-	-	-	-	-	-
Digital Dispatch Equipment	1	1	1	1	1	1
Marshall Chair Lift	-	-	1	1	1	1
Office Equipment	1	-	-	-	-	-

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1
5	5	6	6
1	1	1	1
14	15	15	13
-	-	-	1
1	1	1	1
9	10	10	10
4	4	4	4
1	1	1	1
1	1	1	1
5	5	6	8
3	3	3	3
17	17	17	17
-	-	-	-
5	5	5	5
-	-	1	1
-	-	-	1
13	13	14	12
1	1	1	2
13	13	10	10
7	7	7	6
52	75	72	66
-	-	-	1
-	-	-	1
-	-	-	1
-	-	-	1
-	-	-	1
1	1	1	1
-	-	-	1



East Texas Workforce Development Area

September 2020



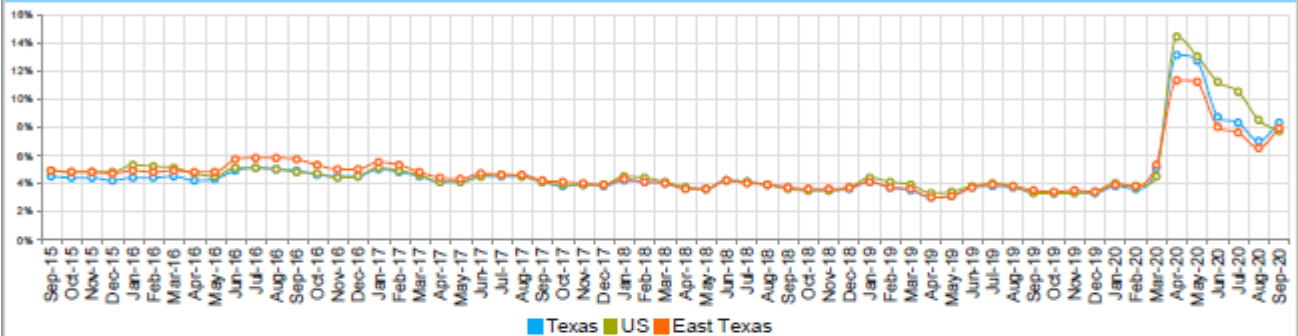
WDA Labor Force Statistics				
	Sep-20	Aug-20	Sep-18	Yearly Change
Civilian Labor Force	385,315	390,459	387,710	-2,395
Employed	354,883	365,207	374,233	-19,350
Unemployed	30,432	25,252	13,477	16,955
Unemployment Rate	7.9%	6.5%	3.5%	4.4%

Texas Labor Force Statistics				
	Sep-20	Aug-20	Sep-18	Yearly Change
Civilian Labor Force	14,208,368	14,330,374	14,111,297	97,071
Employed	13,030,775	13,330,115	13,628,468	-597,693
Unemployed	1,177,593	1,000,259	482,829	694,764
Unemployment Rate	8.3%	7.0%	3.4%	4.9%

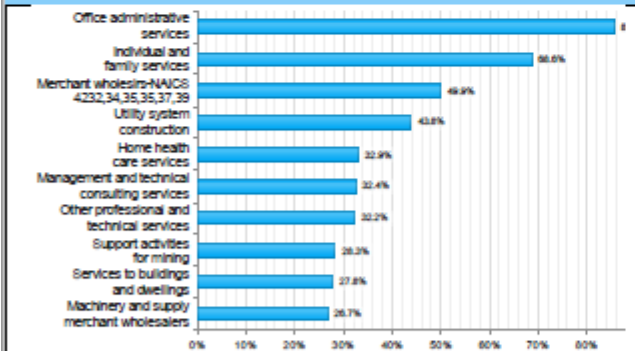
US Labor Force Statistics				
	Sep-20	Aug-20	Sep-18	Yearly Change
Civilian Labor Force	160,073,000	160,966,000	163,943,000	-3,870,000
Employed	147,796,000	147,224,000	158,478,000	-10,682,000
Unemployed	12,277,000	13,742,000	5,465,000	6,812,000
Unemployment Rate	7.7%	8.5%	3.3%	4.4%

Continued Claims for the Week of the 12th				
	Sep-20	Aug-20	Sep-18	Yearly Change
WDA	15,697	19,083	2,331	13,366
Texas	614,742	785,888	90,289	524,453

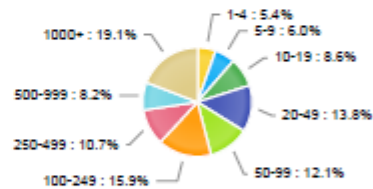
Historical Unemployment Rates



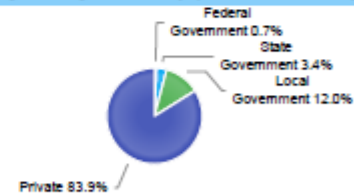
Projected Top Ten Fastest Growing Industries in WDA (% Growth 2018-2028)



Employment by Size Class (2nd Quarter 2020)



Employment by Ownership (2nd Quarter 2020)

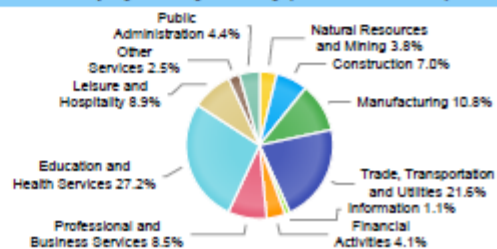


	Q2 2020	Q1 2020	Q2 2018	Quarterly Change	Yearly Change
WDA	\$880	\$874	\$860	\$6	\$20
Texas	\$1,155	\$1,231	\$1,101	\$-75	\$55
US	N/A	\$1,222	\$1,095	N/A	N/A

Employment by Industry (2nd Quarter 2020, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	11,151	3.8%	-17.0%	-25.1%
Construction	20,695	7.0%	-6.9%	-6.6%
Manufacturing	31,738	10.8%	-2.8%	-2.4%
Trade, Transportation and Utilities	63,589	21.6%	-3.5%	-3.5%
Information	3,352	1.1%	-7.1%	-6.9%
Financial Activities	12,030	4.1%	-3.2%	-6.0%
Professional and Business Services	25,127	8.5%	-4.1%	-2.1%
Education and Health Services	80,191	27.2%	-6.4%	-5.4%
Leisure and Hospitality	26,125	8.9%	-16.7%	-19.5%
Other Services	7,460	2.5%	-8.6%	-12.2%
Public Administration	12,851	4.4%	-0.5%	-0.5%

Employment by Industry (2nd Quarter 2020)



*The average weekly wage for U.S. for the latest quarter is not available. It will be updated shortly.



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, 2020, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, professional style.

Dallas, Texas
May 28, 2021

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, 2020. 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Dallas, Texas
May 28, 2021

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

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

Federal Awards

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
WIOA Cluster	17.258 / 17.259 / 17.277 / 17.288
Aging Cluster	93.044 / 93.045 / 93.53
National Family Caregiver Support, Title III, Part E	93.052
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,215,183
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, 2020

I. Summary of Auditors' Results (continued)

State Awards:

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
---	------------------------------

Emergency Communications:

9-1-1 8/31/21	911-ET-21
9-1-1 8/31/20	911-ET-20
9-1-1 8/31/19	911-ET-19

TANF:

TANF 10/31/20	0820TAF000
Non-Custodial Parent 9/30/20	0820NCP000

Aging:

OMB ALF 8/31/21	21AATXALF
OMB ALF 8/31/20	20AATXALF
Housing Bond 8/31/20	20AATXHB
State General Revenue 9/30/20	20AATXSGR
State General Revenue HDM Rate Increase 9/30/19	20AAHDMGR

- | | |
|---|-----------|
| 1. Dollar Threshold Considered Between Type A and Type B Programs | \$300,000 |
| 2. State 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, 2020

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, 2020

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:				
<i>Supplemental Nutrition Assistance Program 9/30/20</i>	10.561	0820SNE000	\$ 458,968	\$ 303,376
<i>Supplemental Nutrition Assistance ABAWD 9/30/20</i>	10.561	0820SNE000	74,239	38,970
Total SNAP Cluster (CFDA # 10.561)			<u>533,207</u>	<u>342,346</u>
Total U.S. Department of Agriculture			<u>533,207</u>	<u>342,346</u>
U.S. Department of Commerce				
Passed through Economic Development Administration:				
<i>District Planning Assistance Program 12/31/20</i>	11.302	18AUS3020013	69,019	-
<i>Economic Adjustment Assistance Program 1/31/24</i>	11.307	08-79-05290	16,711	-
<i>Economic Adjustment Assistance CARES Program 6/30/22</i>	11.307	ED20AUS3070067	1,217	-
Total Economic Development Cluster (CFDA # 11.307)			<u>17,928</u>	<u>-</u>
Total U.S. Department of Commerce			<u>86,947</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through Texas Department of Rural Affairs:				
<i>Texas Community Development Program 8/31/21</i>	14.228	C719213	9,846	-
Total U.S. Department of Housing and Urban Development			<u>9,846</u>	<u>-</u>
U.S. Department of Labor				
Passed through Texas Workforce Commission:				
<i>Workforce Commission Initiatives 12/31/20</i>	17.207	0820WCI001	9,510	-
<i>Resource Administration 9/30/20</i>	17.207	0820RAG000	1,522	-
<i>Employment Services 12/31/20</i>	17.207	0820WPA001	116,041	41,942
<i>Employment Services 12/31/19</i>	17.207	0818WPA000	54,667	-
Total Employment Service Cluster (CFDA # 17.207)			<u>181,740</u>	<u>41,942</u>
<i>Reemployment & Eligibility to 12/31/20</i>	17.225	0820REA000	155,303	97,359
<i>Trade Act 12/31/20</i>	17.245	0820TRA000	73,091	-
<i>Trade Act 12/31/19</i>	17.245	0819TRA000	28,326	-
Total CFDA # 17.245			<u>101,417</u>	<u>-</u>
WIOA National Emergency Grant	17.277	0820NDW001	100,903	54,268
<i>High Demand Training 12/31/20</i>	17.258	0819HJT001	130,688	-
<i>Workforce Commission Initiatives 5/31/21</i>	17.258	0819WCI000	44,456	-
<i>WIOA Adult 6/30/21</i>	17.258	0819WOA000	1,663,066	862,367
<i>WIOA Adult 6/30/20</i>	17.258	0818WOA000	50,376	33,881
<i>WIOA Youth 6/30/22</i>	17.259	0820WOY000	116	-
<i>WIOA Youth 6/30/21</i>	17.259	0819WOY000	1,418,077	893,263
<i>WIOA Youth 6/30/20</i>	17.259	0818WOY000	270,937	202,876
<i>WIOA DW Rapid Response 6/30/21</i>	17.278	0820WOR000	327	185
<i>WIOA DW Rapid Response 6/30/20</i>	17.278	0819WOR000	12,028	5,288
<i>WIOA Dislocated Worker 6/30/21</i>	17.278	0819WOD001	1,241,631	713,801
<i>WIOA Dislocated Worker 6/30/20</i>	17.278	0818WOD000	625,543	361,256
Total WIOA Cluster (CFDA # 17.258, 17.259, 17.278)			<u>5,457,245</u>	<u>3,072,917</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 9/30/20</i>	17.273	0820RAG000	\$ 142	\$ -
Total U.S. Department of Labor			5,996,750	3,266,486
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
<i>Regional Federal Planning 5/31/21</i>	20.505	51R08021019	3,168	-
<i>Regional Federal Planning 5/31/20</i>	20.505	51R08021018	58,406	-
Total CFDA # 20.505			61,574	-
<i>Rural Transportation 5/31/21</i>	20.509	51018011019	889,263	44,130
<i>Rural Transportation 10/31/20</i>	20.509	51018011018	2,676,727	132,389
<i>Rural Transportation 2/29/20</i>	20.509	51019011018	43,979	-
<i>Bus & Bus Facilities to 10/31/20</i>	20.509	51003F11019	575,976	-
Total CFDA # 20.509			4,185,945	176,519
<i>Elderly & Disabled Atlanta & Tyler District 8/31/21</i>	20.513	51016051019	166,323	-
Total Transit Services Programs Cluster (CFDA # 20.513)			166,323	-
<i>VCR Bus & Bus Facilities to 8-31-21</i>	20.526	51003011020	8,280	-
<i>VCR Bus & Bus Facilities to 8-31-20</i>	20.526	51003011019	197,209	-
Total Federal Transit Cluster (CFDA # 20.526)			205,489	-
Total U.S. Department of Transportation			4,619,331	176,519
U.S. Department of Health and Human Services				
Passed through Texas Department of Aging and Disability Services				
<i>Title VII Elder Abuse 9/30/20</i>	93.041	20AATXT7EA	7,814	-
<i>Title VII Ombudsman Services 9/30/20</i>	93.042	20AATXT7OM	56,678	-
<i>CARES Act Title VII Ombudsman Services 9/30/20</i>	93.042	2001TXOMC3	9,416	-
Total CFDA # 93.042			66,094	-
<i>Title III Part D 9/30/20</i>	93.043	20AATX3PH	61,421	-
<i>Title III Part B 9/30/20</i>	93.044	20AATXT3SS	992,089	-
<i>CARES Act Title III Part B 9/30/20</i>	93.044	2001TXSSC3	138,751	-
<i>CARES Act Title III Part C 9/30/20</i>	93.044	2001TXHDC3	106,926	105,174
<i>Title III Part C1 9/30/20</i>	93.045	20AATX3CM	537,246	66,602
<i>COVID-19 Title III Part C1 9/30/20</i>	93.045	2001TXCMC2	7,419	3,989
<i>Title III Part C2 9/30/20</i>	93.045	20AATXT3CM	962,779	629,787
<i>COVID-19 Title III Part C2 9/30/20</i>	93.045	2001TXHDC2	423,494	339,645
<i>Nutrition Service Incentive Program 9/30/20</i>	93.053	20AATXNSIP	294,591	256,993
Total Aging Cluster (CFDA # 93.044, 93.045, 93.053)			3,463,295	1,402,190
<i>Title III Part E 9/30/20</i>	93.052	20AATXT3FC	628,452	74,766
<i>CARES Act Title III Part E 9/30/20</i>	93.052	2001TXFCC3	72,476	-
Total CFDA # 93.052			700,928	74,766
<i>MIPPA Priority 9/30/20</i>	93.071	1801TXMIAA	17,497	-
<i>Opioid Evidence Based 9/29/20</i>	93.788	1H79TI081729-01	11,007	-
<i>Opioid Capacity Building 9/29/20</i>	93.788	1H79TI081729-01	319	-
Total CFDA # 93.788			11,326	-
<i>CMS Basic 3/31/21</i>	93.324	90SAPG0095-01-00	65,845	-
<i>CMS Basic 3/31/20</i>	93.324	90SAPG0015-01-19	48,323	-
Total CFDA # 93.324			114,168	-

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:				
<i>Employment Services 12/31/20</i>	93.558	0820WPA000	\$ 50,060	\$ 18,094
<i>Employment Services 12/31/19</i>	93.558	0819WPA000	23,280	-
<i>TANF 10/31/20</i>	93.558	0820TAF000	204,250	121,485
<i>TANF 10/31/19</i>	93.558	0819TAF000	100,752	74,641
<i>Texas Intern Initiative 6/5/21</i>	93.558	0819TAN002	68,827	56,051
<i>Non Custodial Parent 9/30/20</i>	93.558	0820NCP000	257,552	158,805
<i>Workforce Commission Initiatives 12/31/20</i>	93.558	0820NCP001	17,613	-
<i>Workforce Commission Initiatives 1/31/20</i>	93.558	0819WC1000	103	-
Total TANF Cluster (CFDA # 93.558)			722,437	429,076
<i>TRSCC 12/31/20</i>	93.575	0819PAQ001	60,079	-
<i>TRSCC 12/31/19</i>	93.575	0819PAQ001	71,600	-
<i>Workforce Commission Initiatives 5/31/21</i>	93.575	0819WC1000	1,262	-
<i>Childcare Attendance Automation System 9/30/21</i>	93.575	0821CAA000	610	-
<i>Childcare Attendance Automation System 9/30/20</i>	93.575	0820CAA000	124,378	124,378
<i>Childcare Attendance Automation System 9/30/19</i>	93.575	0819CAA000	13,325	13,325
<i>Childcare 12/31/20</i>	93.575	0820CCF001	13,869,563	13,127,638
<i>Childcare 12/31/20</i>	93.575	0820CCF001	4,624,183	4,376,821
<i>Childcare 12/31/19</i>	93.575	0819CCF000	1,739,271	1,478,238
<i>Childcare Quality 10/31/20</i>	93.575	0820CCQ000	590,825	7,943
<i>Childcare Quality 10/31/19</i>	93.575	0819CCQ000	232,407	-
<i>Childcare Local Match 12/31/20</i>	93.596	0820CCM000	110,890	110,890
<i>Childcare Local Match 12/31/19</i>	93.596	0819CCM000	2,402,550	2,402,550
Total CCDF Cluster (CFDA # 93.575, 93.596)			23,840,943	21,641,783
<i>Childcare 12/31/19</i>	93.667	0820CCF001	57,764	54,674
Total U.S. Department of Health and Human Services			29,063,687	23,602,489
U.S. Department of Homeland Security				
Passed through the Office of the Governor, Division of Emergency Management:				
<i>Homeland Security Rave Mobile Safety 9/30/20</i>	97.067	3115105	105,123	-
<i>Homeland Security 8/31/21</i>	97.073	2947606	904	-
<i>Homeland Security 8/31/20</i>	97.073	20-HSGD-P96258	13,869	-
<i>Homeland Security Program 9/30/20</i>	97.073	2947605	62,978	-
<i>Homeland Security Program 4/30/20</i>	97.073	2947604	13,463	-
Total CFDA # 97.073			91,214	-
Total U.S. Department of Homeland Security			196,337	-
Total Federal Awards			\$ 40,506,105	\$ 27,387,840

EAST TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 8/31/21	21AATXALF	\$ 5,033	\$ -
OMB ALF 8/31/20	20AATXALF	62,209	-
Housing Bond 8/31/20	20AATXHB	13,152	-
State General Revenue 9/30/20	20AATXSGR	162,161	-
State General Revenue HDM Rate Increase 9/30/19	20AAHDMGR	61,897	61,897
Total Texas Department of Aging and Disability Services		304,452	61,897
Texas Department of Agriculture			
Consumer Protection Project (Skimmer) 2/28/21	TDA-19-ARED-05	22,952	-
Total Texas Department of Agriculture		22,952	-
Office of the Governor, Criminal Justice Division:			
Police Training 8/31/21	512-463-1919	166,159	121,217
Criminal Justice & Homeland Security Planning 8/31/21	CJDHS2021	3,195	-
Criminal Justice Planning 8/31/20	SF-20-P96258	58,793	-
Criminal Justice Planning 8/31/19	SF-19-P190027	800	800
Regional Evaluation Services for Juveniles 8/31/20	2541708	32,446	31,599
Total Office of the Governor, Criminal Justice Division		261,393	153,616
Texas Commission on Environmental Quality:			
Solid Waste 8/31/20	582-20-10211	111,574	68,281
Solid Waste 8/31/19	582-18-80536	22,110	22,110
Air Quality 12/31/18	582-20-11978	25,556	15,506
Total Texas Commission on Environmental Quality		159,240	105,897
Commission on State Emergency Communications:			
9-1-1 8/31/21	911-ET-21	112,301	-
9-1-1 8/31/20	911-ET-20	1,392,278	-
9-1-1 8/31/19	911-ET-19	502,742	-
Total Commission on State Emergency Communications		2,007,321	-
Texas Department of Transportation:			
Rural Transportation 9/30/20	51218011020	421,634	-
Rural Transportation 2/29/20	51218011019	306,862	-
Total Texas Department of Transportation		728,496	-
Texas Veterans Commission:			
Veterans Services 9/30/20	2020-VETS	22,223	-
Total Texas Veterans Commission		22,223	-
Texas Workforce Commission:			
Childcare DFPS 8/31/21	0821CCP000	134,931	126,236
Childcare DFPS 8/31/20	0820CCP000	1,675,288	1,635,062
Childcare DFPS 8/31/19	0819CCP000	(8,446)	-
Childcare 12/31/20	0820CCF000	1,970,528	1,865,118
WIOA Statewide WAF 8/31/21	0819WAF001	33,269	14,083
COVID-19 Statewide 6/30/21	0820COV001	24,758	-
VR SEAL 1/31/20	0319VRS250	781	-
VR Navigator 8/31/21	3018VRS136	92,927	-
VRWSWE 9/30/21	3018VRS174	44,497	-
Resource Administration 9/30/20	0819RAG000	365	-
ISS 8/31/21	0821COL001	9,656	-
ISS 8/31/20	0820COL001	146,262	-
Supplemental Nutrition Assistance Program 9/30/20	0820SNE000	45,412	23,838
Supplemental Nutrition Assistance Program 10/31/20	0820SNEA00	45,412	30,017
TANF 10/31/20	0820TAF000	1,166,761	693,975
Non Custodial Parent 9/30/20	0820NCP000	182,474	112,512
Total Texas Workforce Commission		5,564,875	4,500,841
Total State Awards		9,070,952	4,822,251
Total Federal and State Awards		\$ 49,577,057	\$ 32,210,091

EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2020

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, 2020. 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, 2020

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.

I. Prior Audit Findings

There are no prior year findings to address.

EAST TEXAS COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2020

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