

EAST TEXAS COUNCIL OF GOVERNMENTS



Marion County Courthouse
Jefferson, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 2018

**east texas
council of
GOVERNMENTS**

The logo consists of three green triangles with black horizontal stripes, arranged in a triangular pattern. The top two triangles are positioned above the 'T' in 'Texas', and the bottom triangle is positioned above the 'T' in 'Governments'. The text 'east texas' is on the top line, 'council of' is on the second line, and 'GOVERNMENTS' is on the third line. The text is in a bold, sans-serif font, with 'east' and 'council' in lowercase and 'GOVERNMENTS' in uppercase.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

EAST TEXAS COUNCIL OF GOVERNMENTS KILGORE, TEXAS

For the Year Ended
September 30, 2018

Division of Operations
Wendi Horst, Director

Financial
Services:

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

Fiscal Grant
Management:

Monty Scroggins
Rita Hitt
Christy Fowler
Noweka Harvey
Dawn Goodman
Angla Ray
Aris Rogers

Purchasing
& Procurement:

Patricia Hudspeth
Kim Zimmerman



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EAST TEXAS COUNCIL OF GOVERNMENTS

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EAST TEXAS COUNCIL OF GOVERNMENTS

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INTRODUCTORY SECTION



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

SERVING A FOURTEEN COUNTY REGION

May 30, 2019

The Honorable Victor Perot, Alderman for City of Jefferson
and Members of the Executive Committee
East Texas Council of Governments
3800 Stone Road, Kilgore, TX 75662

Dear Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of The East Texas Council of Governments (ETCOG, the Council) for the fiscal year ended September 30, 2018 is hereby submitted in accordance with Article XI of the Council's bylaws.

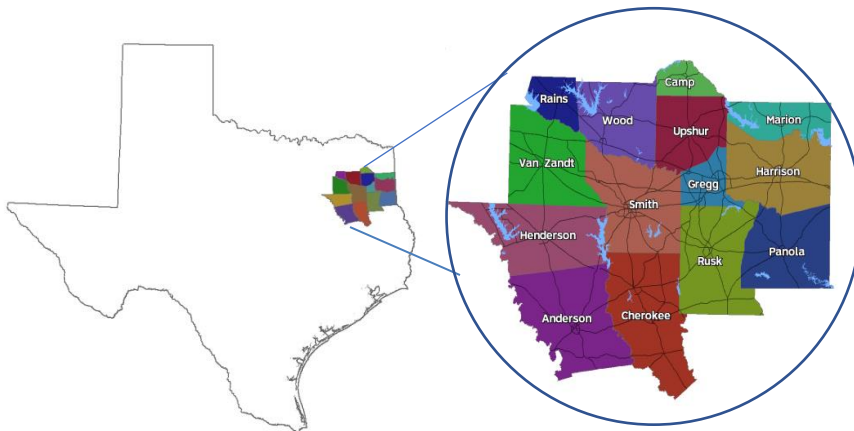
Responsibility for both the accuracy of the data presented, as well as the completeness and fairness of the presentation, rests with the management of the Council. The Council is responsible for the establishment and maintenance of internal accounting controls to ensure that assets are safeguarded and 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 that the financial statements are free of any material misstatements. The Council's established internal controls fulfill these requirements and provide reasonable assurance that the accompanying financial statements are free of material misstatement.

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

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, 2018. The audit meets the requirements of the federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and related OMB Uniform Guidance. 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 2018, ETCOG's membership was comprised of the 14 county governments, 70 cities, 31 school districts, 2 river authorities, and 10 special purpose districts, including all major general-purpose local governments in the region. According to the 2018 estimates from the Texas State Data Center, these member governments represented approximately 867,027 citizens and covered an area of approximately 10,022 square miles. Below is a graphic representation of the ETCOG region and its location in the state of Texas.



VISION STATEMENT

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

MISSION STATEMENT

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

FACTORS AFFECTING FINANCIAL CONDITION

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

ECONOMIC OUTLOOK AND CONDITIONS

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

The ETCOG 14-county region has many economic variables and challenges that are unique. The region features a diverse economy that is both rural and urban. Forming the economic hub is Smith County (the sole county in the Tyler MSA). It is the region's most populous county as well as the fastest growing. The region saw limited population growth since 2010, its median age is significantly older than the state's as a whole, and average household income is less than the statewide average. The U.S. military's presence has had a positive economic impact on the region, however, and most of the top 10 most concentrated industries saw a significant rise in average wages from 2007 to 2017. The region's high school graduation rate has reliably outperformed the state's rate year after year, and the local economy has seen a steady increase in receipts subject to state sales tax since the 2009 recession.

In the next five years the East Texas economy is expected to grow at a rate of 4.5% compared to the forecasted statewide rate of 4% according to Dr. Ray Perryman, President and CEO of the economic research and analysis firm headquartered in Waco. The Texas economy was "firing on all cylinders" says Perryman, and in East Texas, the Sanderson Farms expansion and the growing medical industry made for a good year. An estimated 1.4 million net new jobs are projected for the Texas economy by 2021, representing a 2.16% annual growth over the period.

Natural gas produced in abundance here in East Texas will play an even bigger role in the region's economy in the coming years. The FGE Eagle Pines project represents over \$2.1 billion of direct investment in Cherokee County and the State of Texas. The natural gas electrical generation facility is expected to be completed in 2019 and will generate as many as 800 jobs during construction, and 40 permanent jobs for operations.

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

MAJOR INITIATIVES

Regional Broadband

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

Regional Housing/Disaster Recovery

ETCOG has become an approved administrator of the Texas Department of Housing Community Affairs (TDHCA) HOME Disaster Relief Program, a long-term housing program designed to serve income eligible households impacted by disasters. This partnership was established to provide housing solutions for victims affected by the tornadoes that destroyed homes in Van Zandt, Rains and Henderson Counties on April 29, 2017. The program has begun to screen for eligible clients in the most heavily affected area, Van Zandt County, with the goal to complete a total of 30 homes in the county over five years. Next, the program will expand into Rains and Henderson Counties with the goal to complete 20 homes in each county. As resources allow, the program will subsequently expand to two other counties affected by these same storms. In the future, the program will be available as a resource to help the region recover from natural and made-made disasters.

Building Plan Review Services

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; often this is because the plan review process takes longer than expected or a backlog is developed due to high demand. ETCOG "soft" launched its Building Plan Review Services, offering fast reliable, and affordable services to member jurisdictions for commercial and non-commercial building code reviews in January of this year with a full-scale launch being planned for April 2019.

Piney Woods 9-1-1 District

Although our 9-1-1 program remains successful under the current State program, in 2017, ETCOG began the process of becoming its own Emergency Communications District. In order for the East Texas Region to form its own District, ETCOG has been tasked with securing a resolution of support from every jurisdiction we serve. This would allow for Local Elected Officials to set policy for the District instead of the State. It would also increase funding since ETCOG would receive 100% of the land line and wireless fees generated from our service area. Today, the State asks ETCOG to submit a budget request to receive a portion of the 9-1-1 fees generated in our region. Furthermore, there would be increased flexibility because there will most likely be fewer restrictions on the use of funds when the 9-1-1 regional system is under local control.

East Texas Reception for Legislators

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

Regional Technology Solutions

ETCOG is preparing to launch new Information Technology (IT) Support services for our region's jurisdictions needing special project and/or daily operational support. As computers, computer networks, and cyber security continue to grow in complexity and difficulty, we realized some of our members may appreciate being able to call on our IT team for consultation and support, at a significant cost savings over current market rates. This new service is expected to launch sometime within the 2019 Fiscal Year.

Charter Services

ETCOG has been approved to and is now providing limited charter services to support specialized jurisdictional or other regional needs through GoBus.

Executive/Personnel Recruitment Services

One of our Board members noted he was aware other Councils of Governments (COGs) in other states who provide high quality executive and key personnel recruitment services for their jurisdictions well below the cost of securing such services on the open market. Upon further investigation, we discovered some other Texas based COGs have been providing such services for many years. We learned from their example and I am pleased to advise ETCOG will be offering these services to our jurisdictions soon. While the exact launch date has not been determined, this new service will be introduced sometime within the 2019 Fiscal Year.

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

Workforce Solutions East Texas (WSET) was recognized for outstanding performance through its Texas Rising Star program at the Texas Workforce Commission's 22nd Annual Texas Workforce Conference, receiving a performance incentive grant of \$75,000. This year, WSET launched the "Getting Parents Involved" initiative with the goal of offering items and materials to motivate parents toward stronger interactions with their child. The program has encouraged 7,000 parent and child interactions this year through the 70+ Texas Rising Star child care providers in East Texas.

Workforce Solutions East Texas received a \$100,000 grant for healthcare internships from Governor Greg Abbott's newly announced Texas Talent Connection program partnered with the Texas Workforce Commission for middle-skill STEM internship programs created by local workforce boards. WSET was among the first \$500,000 in grants awarded through the Texas Talent Connection program aimed to provide high school or community and technical college

students the opportunity to earn class credit, industry certification and on-the-job experience through work-based internships in middle-skill STEM occupations across a range of industries.

WSET hosted its 12th Youth Professionals Conference for individuals who work with youth posing the question, “How do we bridge the employment gap for youth (14-24) with differences?” Over 130 attendees joined the discussion at the conference hosted June 21st in Tyler.

Workforce Solutions East Texas partnered on November 8th to host Texas Workforce Commissions seventh annual Hiring Red, White & You! statewide hiring fair to connect veterans and their spouses in Texas with employers who are seeking veterans' exceptional skills. The East Texas celebration was held in Tyler and had over 70 employers ready to meet with job seekers. A total of 48 veterans and 218 job seekers attended the event.

The fourth annual Dream Expo a career exploration and discovery event to help teens with researching possible career paths. Approximately 300 students joined the event from Marshall, Jefferson and Elysian Fields ISDs on April 24th, at the Longview Summit Club. The success of this event was recently recognized at the state level when it was honored by the Texas Workforce Commission with an outstanding performance award which included a \$30,000 performance incentive grant for the 2017 event held in Anderson County.

Rural Transportation – GoBus is a rural, demand response public transit system that provides 7,000 trips a month to ETCOG’s 10,000 square mile 14-county region providing access to jobs, medical appointments, social services, shopping and more. This program is state and federally funded through the Texas Department of Transportation (TXDOT).

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

ETCOG’s GoBus was awarded a Lone Star Natural Gas Vehicle Award for outstanding contributions toward the advancement of natural gas as a transportation fuel. The award was presented by the Texas Natural Gas Vehicle Alliance during a Texas stop on the “National Drive NatGas ‘Sea-to-Shining-Sea’ Road Rally Across America, a 5,000+ mile, cross country excursion highlighting the benefits of natural gas use in transportation. ETCOG began using natural gas since 2016 and has traveled over 100,000 miles in trips on CNG to date.

GoBus has been awarded \$1.24 million to replace 17 aging vehicles that are used to transport residents in rural areas outside of Longview and Tyler. The grant will replace GoBus vehicles that have approached or are approaching the end of their useful life based on their overall age and mileage.

While ETCOG's transportation focus has been providing rural public transportation, by Executive Committee resolution, it established the East Texas Rural Transportation Planning Organization in 2011. The RTPO gives the elected officials direct input into the TxDOT decision-making process. ETCOG is working with the counties through the RTPO to prioritize local projects for future funding opportunities. Identified potential projects to date include improvements to Texas 31 in Gregg and Smith counties and widening of U.S. 79, Texas 43 and Texas 64, all in Rusk County.

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

Older Americans Month (OAM) has been observed for 55 years to recognize older Americans and their contributions to our communities. This year's OAM theme, "Engage at Every Age," emphasized the importance of being active and involved, no matter where or when you are in life. The AAA conducted 5 regional events highlighting local programs and services available to help seniors stay engaged as they age.

AAA served over 425,000 meals in 2018 for the nutrition program to seniors in congregate meal sites and home delivered meals. ETCOG subcontracts with several providers to provide nutritious meals to older individuals (60 and over). This program is a key contributor to the health and well-being of older individuals within our 14-county region.

The Annual Reach Conference, the area's largest event devoted to aging, caregiving and healthcare, was held October 2018 for the 27th year in a row. REACH is a collaborative effort to provide educational workshops, plenary sessions, and networking opportunities for professionals, caregivers, and anyone interested in aging issues. The theme of the conference "Aging is a reality, not a reality show," celebrated the compassion of people who provide aging services for senior populations. Approximately 400 nursing facility administrators, practitioners, caregivers and those who work with the senior population received training.

The Ombudsman Program of the AAA provided services to 75 nursing homes and 72 assisted living facilities. Staff and volunteers resolve nursing home and assisted living complaints, assist in resolving other nursing home and assisted living facility issues, support resident and family's councils, and provide in-service and information to the long-term care facilities. In FY 2018 AAA successfully conducted and resolved over 945 complaints in 147 facilities.

The Care Coordination program served 697 clients, 140 unduplicated clients in homemaker and personal care services and 120 clients in Caregiver In-Home Respite. The Care Coordination program is an ongoing process to assess the needs of an older individual and effectively plan, arrange, coordinate and follow-up on services which most appropriately meet the need as mutually defined by the individual, the access and assistance staff, a family member(s) or other caregiver.

Benefits Counselors conducted outreach to 3400 individuals, served over 790 individuals and conducted 58 events throughout the 14-county service area. These trained and certified counselors work with seniors and persons with a disability. The AAA partners with Texas Legal Services Center and the Texas Health and Human Services Commission to provide Information about both public benefits and private health insurance.

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

Working in partnership with state and local officials, ETCOG has been tapped as the primary planning and coordinating entity for Emergency 9-1-1 Communications in East Texas. This includes working with the State to have fully deployed, advanced 9-1-1 services for wireless callers; helping plan for Next Generation for 9-1-1; and handling the addressing services for East Texas cities and counties as contracted. Our 9-1-1 addressing data is the exact information emergency responders will be sent in the event of an emergency. The total number of 9-1-1 calls received in the region for FY 2018 was 187,066. Over \$1.7M was invested for equipment, network, mapping, software installations and maintenance for our local dispatch offices during the FY 2018 fiscal year.

The ETCOG Public Safety Division recently recognized Public Safety Telecommunicators Week, honoring 9-1-1 operators, dispatchers and other communications specialists for providing East Texans assistance when they need it most. As stated by the Governor, these are the "unseen first responders" and their dedicated service is invaluable. Staff celebrated the 149 telecommunicators in our service area by distributing tumblers commemorating the 50th anniversary of the first 9-1-1 call.

ETCOG subcontracts with Kilgore College to administer East Texas Police Academy. The Academy provides basic and advanced law enforcement training for peace officers and first responders in the East Texas region. Classroom topics are varied and consist of continuing education, tactical, and state mandated courses. For many of the state's local law enforcement agencies, these regional training services provide the only local and affordable means available to meet the mandated training requirements and maintain qualified officers. In FY 2018 staff provided training for 3,270 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. This program also provides support to local jurisdictions regarding emergency management planning as well as adoption, maintenance, and training in the National Incident Management System. The HS program assists in activities relating to emergency preparedness, response during major events/disasters, mutual aid agreements, and advises agencies regarding future funding opportunities.

ETCOG, and the Office of the Governor, Criminal Justice Division partnered to provide \$200,000 in grant funding to Kilgore College. These grant funds were used to resurface and repair the East Texas Police Academy Driving Track used by regional peace officers, fire fighters, and ambulance drivers for emergency vehicle operations training.

In FY 2018, ETCOG awarded 23 grants totaling \$2,217,246 to help prevent violence, provide training and equipment to law enforcement, combat family violence, sexual assault, dating violence and stalking crimes, disrupt and prevent gang activity, reduce juvenile delinquency, aid victims of crime, and improve the criminal justice system.

FINANCIAL PLANNING AND POLICIES

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the East Texas Council of Governments for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the eighteenth consecutive year that the Council has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

This report could not have been accomplished without the skill, effort, and dedication of the entire ETCOG staff. Sincere appreciation is extended to the Council's independent auditors, Whitley Penn, LLP, whose expertise greatly assisted in the completion of this report. Finally, we would like to thank the members of the ETCOG Executive Committee for their unfailing support for maintaining the highest standards of professionalism in planning and conducting the Council's financial operations.

Respectfully submitted,



David A. Cleveland,
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

East Texas Council of Governments

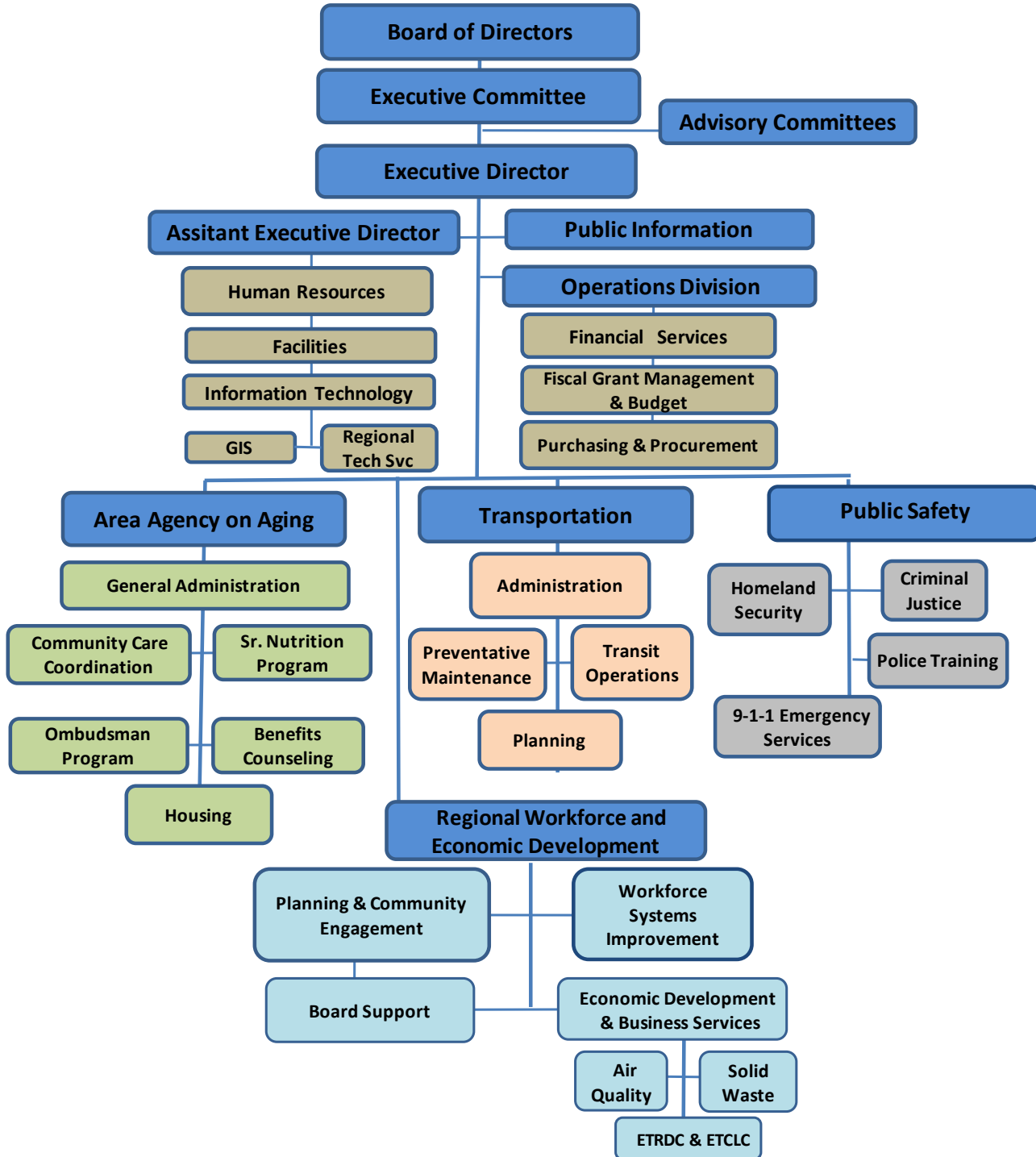
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

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
2018-2019**

Alderman Victor Perot
Chairman
City of Jefferson

Commissioner Paula Gentry
1st Vice Chair
Upshur County

Councilwoman Merlyn Holmes
2nd Vice Chair
City of Rusk

Judge LeeAnn Jones
3rd Vice Chair
Panola County

Councilman Bob Tardiff
Secretary – Treasurer
City of Lindale

ADMINISTRATIVE STAFF

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

COUNTIES:

Anderson
Camp
Cherokee
Gregg
Harrison

Henderson
Marion
Panola
Rains
Rusk

Smith
Upshur
Van Zandt
Wood

CITIES

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

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

INDEPENDENT SCHOOL DISTRICTS:

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

SPECIAL PURPOSE DISTRICTS:

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

RIVER AUTHORITIES:

Sabine River Authority
Upper Neches River Municipal Water Authority



**east Texas
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GOVERNMENTS**

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Texas Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of the East Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Directors
East Texas Council of Governments

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of the Council, as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

To the Board of Directors
East Texas Council of Governments

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019 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 30, 2019



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, 2018. 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, 2018, by \$5,528,574 (net position). Of this amount, \$1,320,161 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The government's total net position increased overall by a total of \$1,312,292 before a prior period adjustment of \$152,821 related to loans initiated in fiscal year 2017, due to an increase in operating grants and contributions. The increase in revenues was greater than the increase in expenses.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of , an increase of \$2,925,941 in comparison with the prior year. Of the total fund balance, approximately 56% is restricted for grants and 41% is available for spending at the Council's discretion (unassigned)
- As of September 30, 2018, the fund balance for the General Fund was \$1,279,145, a decrease of \$99,212 from prior year.
- The Council's total outstanding long-term debt increased by \$281,209 during the current fiscal year mainly due to loans payable related to Community Loan Center.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 15 through 17 of this report.

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

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

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

The Council maintains two major governmental funds organized to their type (general and grant fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general and grant fund.

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

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 33 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents other schedules that further support the information in the financial statements. The other schedules can be found on pages 36 and 37 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

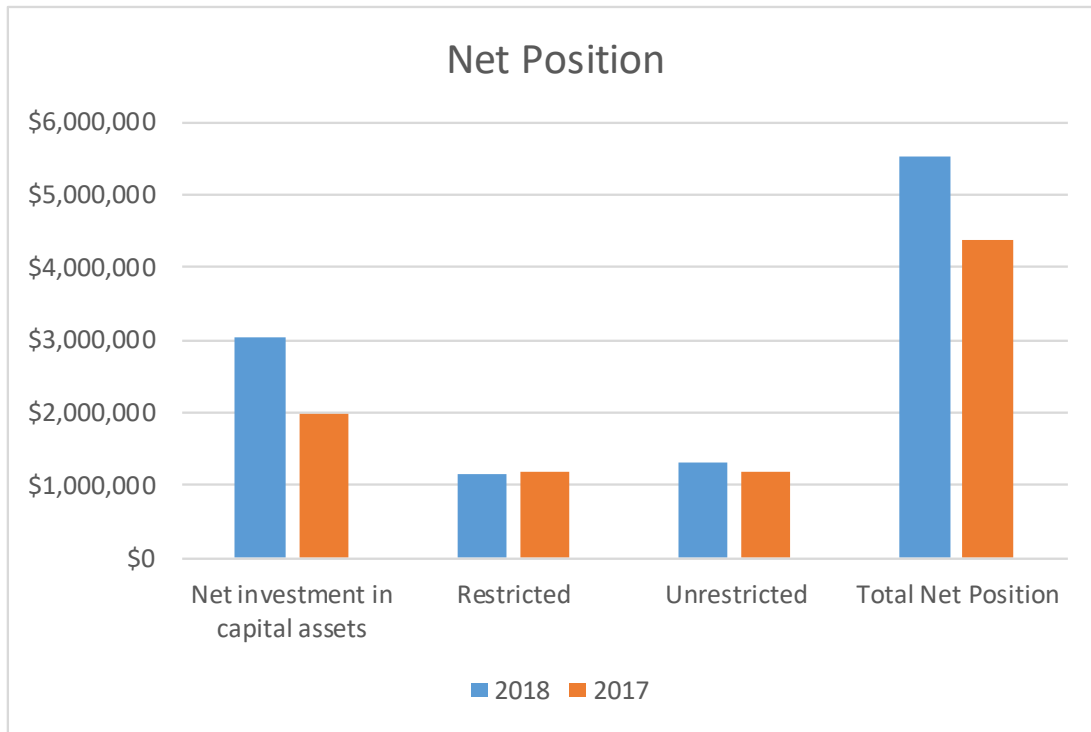
For the period ending September 30, 2018, the Council's assets exceeded its liabilities by \$5,528,574.

	Governmental Activities		Total Dollar
	2018	2017	Change
			2018-2017
Current and other assets	\$ 8,567,465	\$ 8,183,282	\$ 384,183
Capital assets, net	3,082,134	2,085,536	996,598
Total Assets	11,649,599	10,268,818	1,380,781
Non-current liabilities	574,238	293,029	281,209
Other liabilities	5,546,787	5,606,686	(59,899)
Total Liabilities	6,121,025	5,899,715	221,310
Net Position:			
Net investment in capital assets	3,054,139	1,979,840	1,074,299
Restricted	1,154,274	1,198,239	(43,965)
Unrestricted	1,320,161	1,191,024	129,137
Total Net Position	\$ 5,528,574	\$ 4,369,103	\$ 1,159,471

- The largest portion of the Council's net position \$3,054,139 (55%) reflects its investments in capital assets (e.g., land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The Council uses these assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Council's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the Council's net position \$1,154,274 (22%) represents resources that are subject to external restrictions on how they may be used.
- The remaining balance of net position totaling \$1,320,161 (24%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

At the end of the current fiscal year, the Council is able to report positive balances in all reported categories of net position, both for the government as a whole and its separate governmental activities. The same situation held true for the prior fiscal year. However the Council's overall net position increased by \$1,312,292.

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



Statement of Activities:

The Council's net position increased by \$1,312,292 during the fiscal year. The Council operates primarily from federal and state grants therefore, increases in grant funding closely parallel increases in grant expenditures for services. Revenues related to transportation, workforce development, emergency communications, and environmental quality exceeded the expenses recognized.

- Total revenues increased by \$1,999,592 or 5% in the current year. This increase was primarily attributed to operating grants and contributions.
- Governmental activities total expenses increased by \$561,995 or 1% in the current year. This is mainly due to the increase in workforce development programs of \$1.1 million, increase in general government of \$0.2 million, increase in transportation of \$0.3 million, increase in homeland security of \$0.3 million, and offset by the decrease in emergency communications by \$1.1 million.

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

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

	Governmental Activities		Total Dollar
	2018	2017	Change
			2018-2017
Revenues			
Program revenues:			
Operating grants and contributions	\$ 40,328,310	\$ 38,282,084	\$ 2,046,226
General revenues:			
Membership Dues	187,853	206,366	(18,513)
Investment earnings	18,914	10,134	8,780
Miscellaneous	434,269	471,170	(36,901)
Total Revenues	40,969,346	38,969,754	1,999,592
Expenses			
General government	754,237	516,365	237,872
Workforce development	27,729,764	26,598,671	1,131,093
Aging	3,845,733	3,992,021	(146,288)
Emergency communications	2,326,854	3,445,419	(1,118,565)
Transportation	3,878,162	3,555,383	322,779
Environmental quality	183,989	353,624	(169,635)
Homeland security	478,848	201,722	277,126
Criminal justice	306,096	291,903	14,193
Housing and urban development	9,016	14,789	(5,773)
Economic development	144,355	125,162	19,193
Total Expenses	39,657,054	39,095,059	561,995
Change in Net Position	1,312,292	(125,305)	1,437,597
Beginning net position, restated	4,216,282	4,341,587	(125,305)
Ending net position	\$ 5,528,574	\$ 4,216,282	\$ 1,312,292

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Council's financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Since the Council operates primarily from federal and state grants, increases in expenses closely parallel increases in grant funding for services.

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

As stated previously, the Council uses fund accounting to ensure and demonstrate compliance with legal requirements imposed by grantors. The following is a discussion of the funds that had significant changes between 2017 and 2018.

- *General Fund* -The General Fund is the primary operating fund for the Council. The fund balance at the end of the fiscal year was \$1,279,145. It is available for use at the Council's discretion. Overall expenditures decreased by \$14,680. Program income decreased by \$229,872 due to decrease in loan revenues.
- *Workforce Development* – Workforce program expenditures increased by \$948,639 overall or 3.6% compared to 2017. This is primarily due to the childcare program which increased by \$1,586,954 from the prior year. Other Workforce programs that experienced increases in expenditures during the current fiscal year include the Temporary Assistance for Needy Families (TANF) which increased by \$5,739 and as a group the WIOA grants increased by \$328,959 from the prior year. Workforce programs that experienced a decrease from the prior year are Trade Act Assistance decreasing by \$465,685 and Workforce Commission Initiatives (WCI) decreasing by \$77,595 from the prior year.
- *Area Agency on Aging* – The overall Aging program funding decreased by \$171,395 or 4.3% from the prior year. Title III-B decreased by \$162,061, State GR decreased by \$15,779 and Title III-D decreased by \$26,305 while the Title III-C Meal programs showed an increase of \$51,068 from the prior year.
- *Emergency Communications* – Emergency Communications expenditures decreased by \$913,496 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 funding increased by \$122,758 or 3.7% compared to prior year. These funds were utilized for effective public transportation services throughout the region.
- *Environmental Quality* – Overall Transportation funding increased by \$122,758 or 3.7% compared to prior year. These funds were utilized for effective public transportation services throughout the region.
- *Homeland Security* – Homeland Security expenditures increased by \$72,353 or 38.7% from prior year. This is due to an award for \$70,000 which was provided to repair the East Texas Police Academy driving track which is used by regional peace officers, fire fighters and ambulance drivers for emergency vehicle operations training.
- *Criminal Justice* – Additional funds were received by the State in this fiscal year, thereby increasing Criminal Justice expenditures by \$26,726 or 9.1% from the prior year.
- *Economic Development* - Economic development funding increased by \$11,298 from prior year due to additional funding received by the Economic Development Administration. The additional funds were utilized to support ongoing projects that will increase economic opportunities within the district.
- *Capital Outlay* - Grants specifically for Capital Outlay increased by \$1,307,640 from the prior year due to a TIGER grant that was used to procure transit service vehicles to replace eligible transit vehicles described in the RTARP project, specifically vehicles that are at or above 133% of their expected useful life mileage.

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, 2018, amounts to \$3,082,134 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Capital assets as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 161,879	\$ 161,879
Construction in progress	162,694	-
Buildings	2,285,802	2,285,802
Equipment	7,387,683	6,003,278
Less: accumulated depreciation	<u>(6,915,924)</u>	<u>(6,365,423)</u>
Total capital assets	<u>\$ 3,082,134</u>	<u>\$ 2,085,536</u>

Additional information on the Council's capital assets can be found in Note 5, or page 31, of this report.

Long-term Debt – At the end of the current fiscal year, the Council had total long-term liabilities outstanding of \$574,238. The ending balances for the note payable and loans payable are \$27,995 and \$343,584, respectively. Compensated absences ended the fiscal year with a balance of \$202,659.

	<u>Beginning</u>			<u>Ending</u>	<u>Amount Due</u>
Governmental Activities:	Balances, restated	Increases	(Decreases)	Balances	in One Year
Note payable	\$ 105,636	\$ -	\$ (77,641)	\$ 27,995	\$ 27,995
Loans payable	250,000	100,000	(6,416)	343,584	69,076
Compensated absences	187,393	246,713	(231,447)	202,659	189,507
	<u>\$ 543,029</u>	<u>\$ 346,713</u>	<u>\$ (315,504)</u>	<u>\$ 574,238</u>	<u>\$ 286,578</u>

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

- A promissory note issued in 2009 in the amount of \$665,000 to purchase the remaining portion of the building in which its administrative offices are located and 5.25 acres of land.
- Portfolio transfer loans to East Texas Regional Loan Corporation from Texas Community Capital which includes prior period adjustment of \$152,821.
- Compensated absences liability that is payable to employees and will primarily be liquidated by the grant fund.

Additional information on the Council's long term debt can be found in Note 6, or pages 31 thru 32, of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Council is dependent on federal and state funding, which can vary widely from year to year. The federal economic condition and federal budget deficits can impact the reauthorization of funds available to local governments. The financial plan of the Council is drafted on a project basis that spans more than one fiscal year. Although the financial plan is reviewed and approved by the Council's board, it is not a legally adopted budget. Accordingly, budgetary information is not presented in this report.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS



EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

September 30, 2018

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and cash equivalents	\$ 1,439,288	\$ 248,506
Receivables:		
Grantors	5,148,591	-
Other	1,886,132	-
Prepays	93,454	-
Capital assets:		
Nondepreciable	161,879	-
Depreciable, net of accumulated depreciation	2,920,255	-
Total Capital assets	<u>3,082,134</u>	<u>-</u>
Total Assets	<u>11,649,599</u>	<u>248,506</u>
Liabilities		
Accounts payable	4,171,459	156,770
Accrued liabilities	256,573	-
Unearned revenues	1,111,960	-
Deposits payable	6,795	-
Non-current liabilities:		
Due within one year	257,535	-
Due in more than one year	316,703	-
Total Liabilities	<u>6,121,025</u>	<u>156,770</u>
Net Position		
Net investment in capital assets	3,054,139	-
Restricted for grants	1,154,274	-
Unrestricted	1,320,161	91,736
Total Net Position	<u>\$ 5,528,574</u>	<u>\$ 91,736</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect and Internal Cost Allocation</u>	<u>Expenses After Indirect and Internal Cost Allocation</u>
Primary Government:			
Governmental Activities			
General government	\$ 754,237	\$ -	\$ 754,237
Workforce development	27,614,211	115,553	27,729,764
Aging	3,838,540	7,193	3,845,733
Emergency communications	2,326,854	-	2,326,854
Transportation	3,504,920	373,242	3,878,162
Environmental quality	181,801	2,188	183,989
Homeland security	368,078	110,770	478,848
Criminal justice	304,759	1,337	306,096
Housing and urban development	9,016	-	9,016
Economic development	130,229	14,126	144,355
Indirect costs	624,409	(624,409)	-
Total Governmental Activities	<u>39,657,054</u>	<u>-</u>	<u>39,657,054</u>
Total Primary Government	<u>\$ 39,657,054</u>	<u>\$ -</u>	<u>\$ 39,657,054</u>
Component Unit			
East Texas Regional			
Development Company	\$ 185,862	\$ -	\$ 185,862
Total component unit	<u>\$ 185,862</u>	<u>\$ -</u>	<u>\$ 185,862</u>

See Notes to Financial Statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Governmental Activities	East Texas Regional Development Company
\$ -	\$ -	\$ (754,237)	
-	28,037,515	307,751	
-	3,778,063	(67,670)	
-	2,835,811	508,957	
-	4,978,262	1,100,100	
-	328,577	144,588	
-	75,113	(403,735)	
-	162,521	(143,575)	
-	42	(8,974)	
-	132,406	(11,949)	
-	-	-	
-	40,328,310	671,256	
\$ -	\$ 40,328,310	671,256	
\$ 122,515	\$ -		\$ (63,347)
\$ 122,515	\$ -		(63,347)

General Revenues:

Membership dues	187,853	-
Investment earnings	18,914	962
Miscellaneous	434,269	-
Total General Revenues	641,036	962
Change in Net Position	1,312,292	(62,385)
Beginning net position - as restated	4,216,282	154,121
Ending Net Position	\$ 5,528,574	\$ 91,736

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

September 30, 2018

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,439,288	\$ -	\$ 1,439,288
Receivables:			
Grantors	-	5,053,854	5,053,854
Other	247,444	1,733,425	1,980,869
Due from other funds	26,841	-	26,841
Prepaid items	93,454	-	93,454
Total Assets	<u>\$ 1,807,027</u>	<u>\$ 6,787,279</u>	<u>\$ 8,594,306</u>
Liabilities			
Accounts payable	\$ 136,339	\$ 4,035,120	\$ 4,171,459
Accrued liabilities	256,573	-	256,573
Deposits payable	6,795	-	6,795
Due to other funds	-	26,841	26,841
Unearned revenue	33,438	1,078,522	1,111,960
Total Liabilities	<u>433,145</u>	<u>5,140,483</u>	<u>5,573,628</u>
Deferred Inflows of Resources			
Unavailable loans receivable	94,737	-	94,737
Fund Balances			
Nonspendable:			
Prepaid items	93,454	-	93,454
Restricted:			
State and federal grants	-	1,646,796	1,646,796
Unassigned	1,185,691	-	1,185,691
Total Fund Balances	<u>1,279,145</u>	<u>1,646,796</u>	<u>2,925,941</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,807,027</u>	<u>\$ 6,787,279</u>	<u>\$ 8,594,306</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2018

Total fund balances - governmental funds	\$ 2,925,941
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	9,998,058
Accumulated depreciation has not been included in the fund financial statements.	(6,915,924)
Long-term receivables are not available to fund activities of the current period and therefore are not reported in the governmental funds.	94,737
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.	(371,579)
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>(202,659)</u>
Total Governmental Activities Net Position	<u><u>\$ 5,528,574</u></u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS

STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental	\$ -	\$ 39,417,603	\$ 39,417,603
Matching funds	-	546,335	546,335
Program income	120,283	390,018	510,301
Membership dues	187,853	-	187,853
Investment earnings	8,544	10,370	18,914
Miscellaneous	10,686	171,476	182,162
Total Revenues	<u>327,366</u>	<u>40,535,802</u>	<u>40,863,168</u>
Expenditures			
Current:			
General government	430,543	420,646	851,189
Workforce development	-	27,481,703	27,481,703
Aging	-	3,796,332	3,796,332
Emergency communications	-	2,412,163	2,412,163
Transportation	-	3,477,267	3,477,267
Environmental quality	-	190,988	190,988
Homeland security	-	259,458	259,458
Criminal justice	-	319,360	319,360
Housing and urban development	-	10,671	10,671
Economic development	-	135,701	135,701
Capital outlay	-	1,582,956	1,582,956
Debt service:			
Principal	84,057	-	84,057
Interest and fees	11,978	-	11,978
Total Expenditures	<u>526,578</u>	<u>40,087,245</u>	<u>40,613,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(199,212)</u>	<u>448,557</u>	<u>249,345</u>
Other financing sources (uses)			
Proceeds from notes payable	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	(99,212)	448,557	349,345
Beginning Fund Balances	<u>1,378,357</u>	<u>1,198,239</u>	<u>2,576,596</u>
Ending Fund Balances	<u>\$ 1,279,145</u>	<u>\$ 1,646,796</u>	<u>\$ 2,925,941</u>

See Notes to Financial Statements.

EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2018

Net changes in fund balances - total governmental funds	\$ 349,345
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 2017 capital outlays is to increase net position.	1,683,193
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.	(686,595)
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.	(2,442)
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.	84,057
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	<u>(15,266)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,312,292</u></u>

See Notes to Financial Statements.



EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies

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

Description of the Reporting Entity

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

The Council's basic financial statements include the accounts of all the Council operations. The criteria for including organizations within the Council's reporting entity, is set forth by GASB. Various local agencies for which grants and funding are issued by the Council have not been included within the financial statements because the Council does not have direct managerial oversight of the operations of those agencies nor does it have the responsibility for funding future deficits or operating deficiencies of those agencies. As described below, a discretely presented component unit has been included within the Council's reporting entity.

Discretely Presented Component Unit

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

ETRDC was organized by the Council in 1983 under the provisions of the Small Business Administration's Section 503 Certified Development Company Loan Program. ETRDC is a nonprofit corporation which makes long-term loans to small businesses in conjunction with private sector lenders.

Government-wide and Fund Financial Statements

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available.

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

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

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

The Council reports the following major governmental funds:

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

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

Use of Estimates

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

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

State statutes authorize the Council to invest in obligations of the United States, its agencies, certificates of deposits with banks and savings and local associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. External investment pools are recorded at amortized costs as permitted by GASB No. 79. All other investments for the Council are reported at fair value.

Grants Receivable

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Council. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2018.

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, 2018.

Capital Assets

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

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

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

Deferred Inflows of Resources

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

Compensated Absences

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

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

Fund Equity

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

The Council classifies governmental fund balances as follows:

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position or Equity (continued)

Fund Equity (continued)

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

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

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

Restricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Council's policy is to apply restricted net position first.

Indirect Costs

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

Note 2 Budgetary Information

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 3 Deposits and Investments

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and cash equivalents	\$ 1,233,655
Investments	205,633
Total primary government cash and investments	<u>1,439,288</u>
 Component Unit:	
Cash and cash equivalents	204,071
Investments	44,435
Total component unit cash and investments	<u>248,506</u>
Total cash and investments	<u>\$ 1,687,794</u>

Cash and investments as of September 30, 2018 consist of the following:

Deposits with financial institutions	\$ 1,437,726
Investments	250,068
Total cash and investments	<u>\$ 1,687,794</u>

As of September 30, 2018, the primary government had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 205,633	28
Total fair value	<u>\$ 205,633</u>	

As of September 30, 2018, the discretely presented component unit had the following investment:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (days)</u>
TexPool	\$ 44,435	28
Total fair value	<u>\$ 44,435</u>	

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 3 Deposits and Investments (continued)

TexPool

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

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

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

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. As of September 30, 2018, the primary government and component unit had bank deposits of \$1,916,963 and \$204,182, respectively with carrying values of \$1,233,655 and \$204,071, respectively. As of September 30, 2018, the Council deposits with financial institutions in excess of federal depository insurance limits were fully collateralized. The Council’s non-grant transit service fees account bank balance exceeded its FDIC insurance by approximately \$112,100.

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

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

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 4 Interfund Transactions

Interfund Transactions

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

<u>Major Funds</u>	<u>Due From/Due To</u>
General	\$ 26,841
Grant	(26,841)
	<u>\$ -</u>

Note 5 Capital Assets

Primary government capital asset activity for the year ended September 30, 2018, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 161,879	\$ -	\$ -	\$ 161,879
Construction in progress	-	162,694	-	162,694
Total capital assets not	<u>161,879</u>	<u>162,694</u>	<u>-</u>	<u>324,573</u>
Capital assets being depreciated:				
Buildings	2,285,802	-	-	2,285,802
Furniture, fixtures and equipment	6,003,278	1,520,499	(136,094)	7,387,683
Total capital assets being depreciated	<u>8,289,080</u>	<u>1,520,499</u>	<u>(136,094)</u>	<u>9,673,485</u>
Less accumulated depreciation for:				
Buildings	(1,127,194)	(111,672)	-	(1,238,866)
Furniture, fixtures and equipment	(5,238,229)	(574,923)	136,094	(5,677,058)
Total accumulated depreciation	<u>(6,365,423)</u>	<u>(686,595)</u>	<u>136,094</u>	<u>(6,915,924)</u>
Total capital assets being depreciated, net	<u>1,923,657</u>	<u>833,904</u>	<u>-</u>	<u>2,757,561</u>
Total capital assets, net	<u>\$ 2,085,536</u>	<u>\$ 996,598</u>	<u>\$ -</u>	<u>\$ 3,082,134</u>

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

General government	\$ 74,309
Emergency communications	12,197
Aging	51,183
Workforce development	74,291
Transportation	474,615
Total	<u>\$ 686,595</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 6 Long-term Debt

A summary of long-term liability activity for the primary government for the year ended September 30, 2018, is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Amount Due</u>
	<u>Balances, restated</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balances</u>	<u>in One Year</u>
Governmental Activities:					
Note payable	\$ 105,636	\$ -	\$ (77,641)	\$ 27,995	\$ 27,995
Loans payable	250,000	100,000	(6,416)	343,584	69,076
Compensated absences	187,393	246,713	(231,447)	202,659	189,507
	<u>\$ 543,029</u>	<u>\$ 346,713</u>	<u>\$ (315,504)</u>	<u>\$ 574,238</u>	<u>\$ 286,578</u>

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

Note Payables

Note payable due in monthly installments of \$6,795 through February 29, 2019, at which time all remaining principal and accrued interest are due in full, interest at 3.17%.

\$ 27,995

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

- \$100,000 loan payable with a date of April 16, 2017 and an interest rate of 3.250%. Interest payments are made quarterly. No principal payments are due until fiscal year 2020 when the entire amount becomes due on March 19, 2020. The amount outstanding as of fiscal year 2018 is \$100,000
- \$50,000 loan payable with loan date of July 18, 2017 interest rate of 4.750% due quarterly. No principal payments are due and interest is paid annually. The loan was renewed during fiscal year 2018 and the outstanding balance as of the fiscal year end is \$50,000.
- \$100,000 loan payable with a date of January 15, 2018 and with a quarterly interest rate of 3.00%. Principal payments commence on April 15, 2019. The loan has a maturity date of April 15, 2023 and includes a balloon payment of \$50,000 on such date. The outstanding loan as of fiscal year 2018 is \$100,000.
- \$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 2018 is \$93,584.

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 97,071	\$ 11,721	\$ 108,792
2020	125,705	6,762	132,467
2021	26,518	4,322	30,840
2022	65,702	3,138	68,840
2023	56,583	825	57,408
Total	<u>\$ 371,579</u>	<u>\$ 26,768</u>	<u>\$ 398,347</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 7 Risk Management

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

Note 8 Contingencies

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

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

For the year ended September 30, 2018, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

Note 9 Retirement Plan

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

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

In November 2013, the Council allowed existing full time employees the option of entering the Social Security Plan or remaining with ICMA and any new full time employees could elect to enter the Social Security Plan only. The Council contributes a dollar for dollar match, up to 5%, for any full time employees enrolled in the Social Security Plan. The East Texas Council of Government's total covered payroll for the fiscal year ended September 30, 2018, was \$1,987,393. The Council made the required 12% contribution, which amounted to \$312,667. Employees made the required 8% contribution of \$153,820.

EAST TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

Note 10 Prior Period Adjustment

As of September 30, 2018, the Council recorded a prior period adjustment in the government-wide financial statements which consisted of the following:

Loans initiated but not previously recorded in fiscal year 2017	\$250,000
Loans receivable at the prior year end	<u>(97,179)</u>
Prior period adjustment	<u>\$152,821</u>
Beginning net position	\$4,369,103
Prior period adjustment	<u>(152,821)</u>
Beginning net position, as restated	<u>\$4,216,282</u>

Note 11 Subsequent Events

The Council has evaluated subsequent events as of May 30, 2019, 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.

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SUPPLEMENTAL SCHEDULES

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Salaries	\$ 661,266	\$ 649,481	\$ (11,785)
Fringe benefits	111,504	124,656	13,152
Group hospitalization	80,658	58,797	(21,861)
Pension costs	97,191	97,333	142
Total personnel	<u>950,619</u>	<u>930,267</u>	<u>(20,352)</u>
Insurance and bonding	7,000	924	(6,076)
Minor office supplies and equipment	-	3,769	3,769
Computer maintenance	10,600	1,520	(9,080)
Staff travel	20,000	24,277	4,277
Executive committee travel	12,000	6,605	(5,395)
Office supplies	25,501	14,286	(11,215)
Public education	3,000	1,882	(1,118)
Copier costs	16,000	13,289	(2,711)
Training costs	24,000	10,387	(13,613)
Remote storage costs	500	352	(148)
Repairs and maintenance	2,500	2,160	(340)
Membership dues	23,000	21,779	(1,221)
Communications	57,000	41,101	(15,899)
Postage	-	10,318	10,318
Meetings and conferences	4,000	11,021	7,021
Professional services	63,000	40,591	(22,409)
Total Indirect Expenditures	<u>1,218,720</u>	<u>1,134,528</u>	<u>(84,192)</u>
Less amount allocated to component unit	-	(22,971)	(22,971)
Less amount allocated to General Fund	-	(38,490)	(38,490)
Total Indirect Costs Allocated	<u>\$ 1,218,720</u>	<u>\$ 1,073,067</u>	<u>\$ (145,653)</u>
Computation of Indirect Cost Rate			
Direct personnel costs	<u>\$ 5,615,433</u>	<u>\$ 5,251,115</u>	
Allocation Rate	21.70%	20.44%	
Indirect costs as a percentage of qualifying costs	2.65%	8958.65%	

EAST TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYEE BENEFITS

For the Year Ended September 30, 2018

	<u>Actual</u>
Employee Benefits	
Group disability insurance	\$ 41,742
Vacation	254,193
Holidays	218,053
Sick leave	199,841
Other release time	42,584
Employment taxes	<u>21,846</u>
Total employee benefits	778,259
Less amount allocated to indirect costs pool	(124,656)
Less amount allocated to component unit	<u>(12,667)</u>
Total employee benefits allocated to the Grant Fund	<u>\$ 640,936</u>
Chargeable time	<u>3,998,371</u>
Employee Benefit Rate	16.03%



**STATISTICAL SECTION
(UNAUDITED)**

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

Contents

Financial Trends **40**

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

Revenue Capacity **50**

All of the Council's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. Accordingly, revenue capacity schedules are not presented in the statistical section and only revenues and expenditures of governmental funds are shown.

Debt Capacity **51**

This schedule presents information to help the reader assess the affordability of the Council's current level of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Indicators **52**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.

Operating Information **70**

These schedules contain service and capital asset data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the resources it utilizes to provide these services.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Investment in capital assets	\$ 2,981,450	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817
Restricted	857,690	759,872	833,780	1,326,932
Unrestricted	<u>1,479,741</u>	<u>1,351,367</u>	<u>1,438,354</u>	<u>1,278,696</u>
Total governmental activities net position	<u>\$ 5,318,881</u>	<u>\$ 4,821,277</u>	<u>\$ 4,207,331</u>	<u>\$ 5,486,445</u>
Business-type activities:				
Unrestricted	<u>\$ 316</u>	<u>\$ 8,323</u>	<u>\$ 17,833</u>	<u>\$ 21,565</u>
Total business-type activities net position	<u>\$ 316</u>	<u>\$ 8,323</u>	<u>\$ 17,833</u>	<u>\$ 21,565</u>
Primary Government:				
Net investment in capital assets	\$ 2,981,450	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817
Restricted	857,690	759,872	833,780	1,326,932
Unrestricted	<u>1,480,057</u>	<u>1,359,690</u>	<u>1,456,187</u>	<u>1,300,261</u>
Total primary government net position	<u>\$ 5,319,197</u>	<u>\$ 4,829,600</u>	<u>\$ 4,225,164</u>	<u>\$ 5,508,010</u>

Source: CAFR

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

<u>2013*</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,265,163	\$ 2,456,591	\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139
1,419,714	1,713,543	1,588,708	995,119	1,198,239	1,154,274
<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>	<u>1,191,024</u>	<u>1,320,161</u>
<u>\$ 5,034,768</u>	<u>\$ 5,441,819</u>	<u>\$ 4,990,729</u>	<u>\$ 4,466,636</u>	<u>\$ 4,369,103</u>	<u>\$ 5,528,574</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,265,163	\$ 2,456,591	\$ 2,153,438	\$ 2,082,066	\$ 1,979,840	\$ 3,054,139
1,419,714	1,713,543	1,588,708	995,119	1,198,239	1,154,274
<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>	<u>1,389,451</u>	<u>1,191,024</u>	<u>1,320,161</u>
<u>\$ 5,034,768</u>	<u>\$ 5,441,819</u>	<u>\$ 4,990,729</u>	<u>\$ 4,466,636</u>	<u>\$ 4,369,103</u>	<u>\$ 5,528,574</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General government	\$ 89,312	\$ 208,546	\$ 121,011	\$ 381,177
Workforce development	28,645,985	30,749,379	31,141,778	24,920,298
Aging	5,631,328	5,297,983	4,988,958	4,041,959
Emergency communications	3,048,141	2,548,455	2,194,766	1,503,874
Transportation	3,290,942	3,600,704	4,560,498	4,011,678
Environmental quality	1,058,896	962,195	571,689	612,521
Homeland Security	262,743	514,418	887,446	456,933
Criminal justice	431,004	480,844	434,001	313,612
Housing and urban development	20,443	35,245	196,818	147,070
Economic development	245,846	103,476	113,572	105,337
Health and human services	179,486	2,703,855	-	-
Total governmental activities expenses	<u>42,904,126</u>	<u>47,205,100</u>	<u>45,210,537</u>	<u>36,494,459</u>
Business-type activities				
Greyhound	117,564	106,464	111,606	105,234
Total business-type activities expenses	<u>117,564</u>	<u>106,464</u>	<u>111,606</u>	<u>105,234</u>
Program Revenues				
Governmental Activities:				
Charges for services	89,678	-	-	-
Operating Grants and Contributions	42,976,162	46,453,925	44,337,789	37,470,843
Total governmental activities program revenues	<u>43,065,840</u>	<u>46,453,925</u>	<u>44,337,789</u>	<u>37,470,843</u>
Business-type activities:				
Charges for services	123,886	114,471	121,116	108,966
Total business-type activities program revenues	<u>123,886</u>	<u>114,471</u>	<u>121,116</u>	<u>108,966</u>
Net (expense) Revenues				
Governmental activities	161,714	(751,175)	(872,748)	976,384
Business-type activities	6,322	8,007	9,510	3,732
Total primary government net (expense) revenues	<u>168,036</u>	<u>(743,168)</u>	<u>(863,238)</u>	<u>980,116</u>
General Revenues				
Governmental activities:				
Membership dues	169,945	169,833	169,498	192,289
Investment earnings	30,598	22,078	15,472	17,043
Miscellaneous	84,039	61,660	73,832	241,188
Total governmental activities general revenues	<u>284,582</u>	<u>253,571</u>	<u>258,802</u>	<u>450,520</u>
Change in net position				
Governmental activities	446,296	(497,604)	(613,946)	1,426,904
Business-type activities	6,322	8,007	9,510	3,732
Total primary government	<u>\$ 452,618</u>	<u>\$ (489,597)</u>	<u>\$ (604,436)</u>	<u>\$ 1,430,636</u>

Source: CAFR

2013	2014	2015	2016	2017	2018
\$ 230,903	\$ 182,448	\$ 247,383	\$ 368,717	\$ 516,365	\$ 754,237
25,377,447	24,896,832	27,009,337	28,445,401	26,598,671	27,729,764
3,677,508	3,562,193	3,614,490	3,788,491	3,992,021	3,845,733
2,833,521	1,892,668	2,357,610	3,595,484	3,445,419	2,326,854
4,384,769	4,579,459	3,420,310	3,409,942	3,555,383	3,878,162
673,884	321,012	496,258	505,860	353,624	183,989
320,996	296,057	214,101	231,516	201,722	478,848
289,954	107,091	108,509	295,384	291,903	306,096
14,494	12,082	14,874	11,146	14,789	9,016
37,041	309,175	381,247	114,360	125,162	144,355
-	-	-	-	-	-
<u>37,840,517</u>	<u>36,159,017</u>	<u>37,864,119</u>	<u>40,766,301</u>	<u>39,095,059</u>	<u>39,657,054</u>
21,629	-	-	-	-	-
<u>21,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>36,983,284</u>	<u>36,119,643</u>	<u>37,023,859</u>	<u>39,640,680</u>	<u>38,434,905</u>	<u>40,328,310</u>
36,983,284	36,119,643	37,023,859	39,640,680	38,434,905	40,328,310
64	-	-	-	-	-
<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(857,233)	(39,374)	(840,260)	(1,125,621)	(660,154)	671,256
(21,565)	-	-	-	-	-
<u>(878,798)</u>	<u>(39,374)</u>	<u>(840,260)</u>	<u>(1,125,621)</u>	<u>(660,154)</u>	<u>671,256</u>
186,747	167,727	227,839	181,581	206,366	187,853
10,486	8,411	16,348	9,371	10,134	18,914
<u>208,323</u>	<u>177,856</u>	<u>144,983</u>	<u>207,392</u>	<u>471,170</u>	<u>434,269</u>
405,556	446,425	389,170	398,344	687,670	641,036
(451,677)	407,051	(451,090)	(727,277)	27,516	1,312,292
(21,565)	-	-	-	-	-
<u>\$ (473,242)</u>	<u>\$ 407,051</u>	<u>\$ (451,090)</u>	<u>\$ (727,277)</u>	<u>\$ 27,516</u>	<u>\$ 1,312,292</u>

EAST TEXAS COUNCIL OF GOVERNMENTS

FUND BALANCE OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

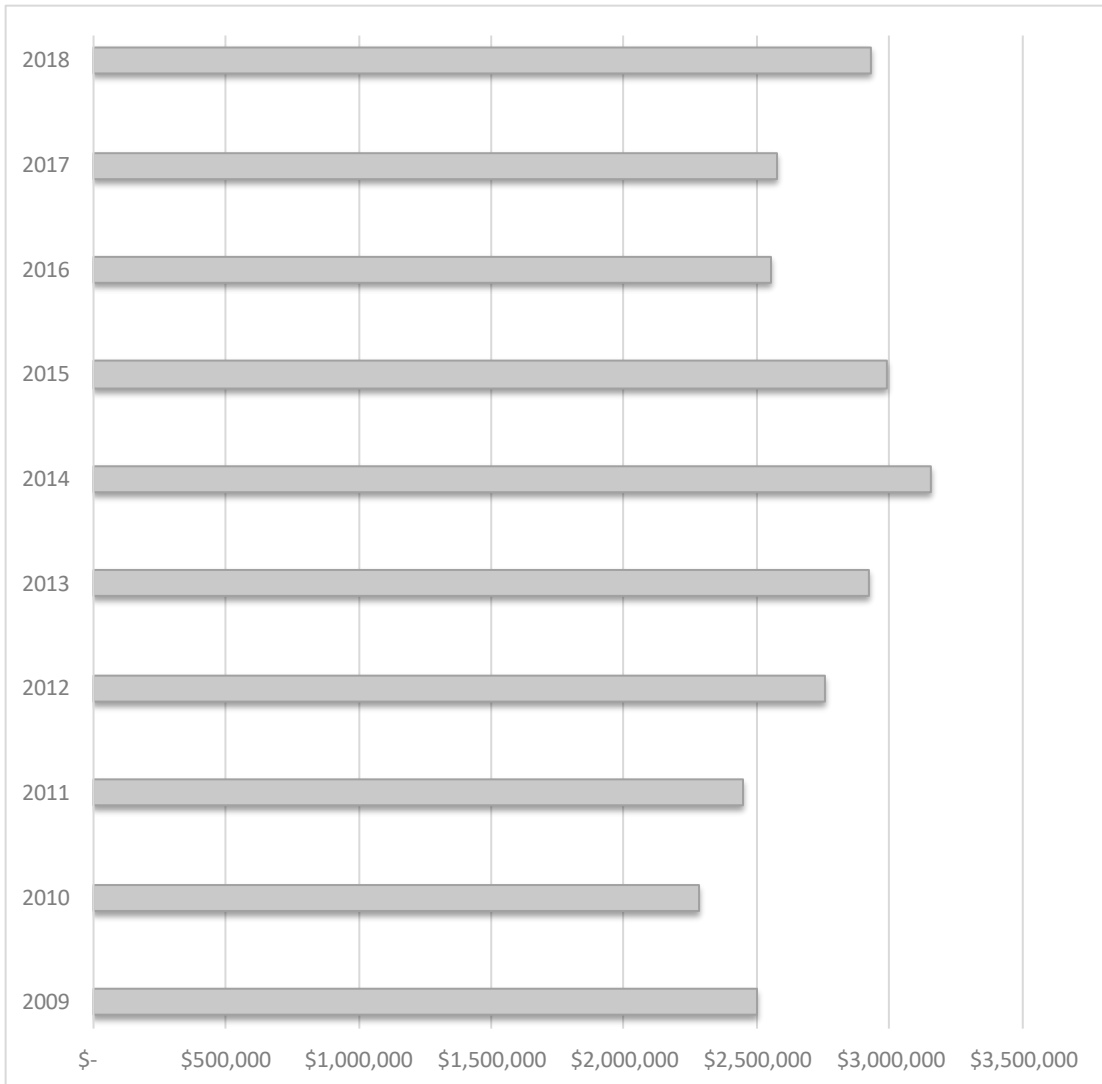
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 194	\$ -	\$ -	\$ -
Unreserved	1,601,264	1,522,133	-	-
Nonspendable - Prepaid items	-	-	62,500	-
Unassigned	-	-	1,549,228	1,431,946
Total General Fund	<u>\$ 1,601,458</u>	<u>\$ 1,522,133</u>	<u>\$ 1,611,728</u>	<u>\$ 1,431,946</u>
All Other Governmental Funds				
Reserved, reported in grant fund	\$ 38,302	\$ 26,854	\$ -	\$ -
Unreserved	857,690	733,018	-	-
Restricted - State and federal grants	-	-	833,780	1,326,932
Total All other Governmental Funds	<u>\$ 895,992</u>	<u>\$ 759,872</u>	<u>\$ 833,780</u>	<u>\$ 1,326,932</u>
Total Primary Government	<u>\$ 2,497,450</u>	<u>\$ 2,282,005</u>	<u>\$ 2,445,508</u>	<u>\$ 2,758,878</u>

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

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	71,366	19,691	69,078	33,813	93,454
1,500,220	1,368,170	1,383,809	1,487,912	1,344,544	1,185,691
<u>\$ 1,500,220</u>	<u>\$ 1,439,536</u>	<u>\$ 1,403,500</u>	<u>\$ 1,556,990</u>	<u>\$ 1,378,357</u>	<u>\$ 1,279,145</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,419,714	1,713,543	1,588,708	995,119	1,198,239	1,646,796
<u>\$ 1,419,714</u>	<u>\$ 1,713,543</u>	<u>\$ 1,588,708</u>	<u>\$ 995,119</u>	<u>\$ 1,198,239</u>	<u>\$ 1,646,796</u>
<u>\$ 2,919,934</u>	<u>\$ 3,153,079</u>	<u>\$ 2,992,208</u>	<u>\$ 2,552,109</u>	<u>\$ 2,576,596</u>	<u>\$ 2,925,941</u>



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



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

	2009	2010	2011	2012
Revenues				
Intergovernmental	\$40,972,015	\$44,648,933	\$42,671,379	\$36,579,983
Membership dues	169,945	169,833	169,498	192,289
Matching funds/program income	1,948,724	1,726,866	1,473,965	970,515
Charges for services	89,678	-	-	-
Investment income	43,164	27,538	19,675	17,043
Miscellaneous	63,452	131,047	264,941	134,230
Total Revenues	43,286,978	46,704,217	44,599,458	37,894,060
Expenditures				
General government	13,025	94,195	36,400	247,330
Workforce development	28,598,636	30,686,798	31,072,565	24,872,616
Aging	5,801,795	7,972,436	4,958,223	4,018,827
Emergency communications	2,812,201	2,174,575	1,852,512	2,116,620
Transportation	4,068,938	3,253,235	3,850,571	4,526,100
Environmental quality	1,064,553	961,980	571,040	612,948
Homeland security	266,655	514,303	886,806	457,161
Criminal justice	427,699	480,736	433,652	313,826
Housing and urban development	20,429	35,245	196,613	147,070
Economic development	248,247	103,476	113,216	105,337
Debt Service:	-			
Principal	35,221	56,415	58,807	61,564
Interest	19,142	25,131	22,600	-
Capital outlay	670,064	564,416	417,297	70,093
Total Expenditures	44,046,605	46,922,941	44,470,302	37,549,492
Excess (Deficiency) of Revenues Over (Under) Expenditures	(759,627)	(218,724)	129,156	344,568
Other Financing Sources (Uses)				
Issuance of debt	665,000	-	-	-
Capital lease	-	-	-	-
Proceeds from insurance	63,444	3,279	16,557	27,624
Proceeds from sale of property	-	-	17,790	88,968
Transfers in	327,035	173,176	70,370	227,462
Transfers out	(327,035)	(173,176)	(70,370)	(227,462)
Total other financing sources (uses)	728,444	3,279	34,347	116,592
 Net Change in Fund Balances	 \$ (31,183)	 \$ (215,445)	 \$ 163,503	 \$ 461,160
 Debt service as a percentage of noncapital expenditures	 0.13%	 0.18%	 0.19%	 0.16%

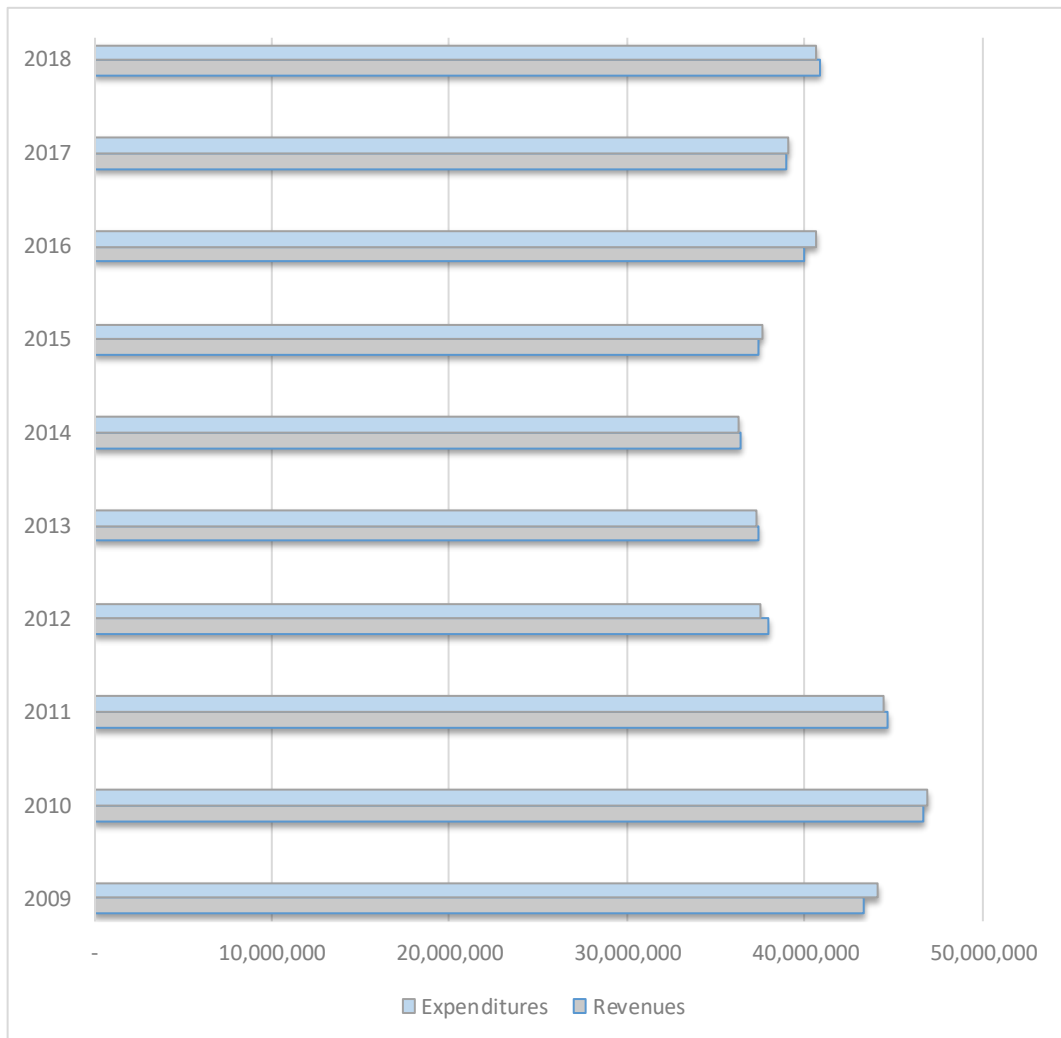
Notes:

Investment income was included in miscellaneous revenue prior to 2009.

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

2013	2014	2015	2016	2017	2018
\$36,075,614	\$34,856,248	\$36,307,507	\$38,912,645	\$37,749,088	\$39,417,603
186,747	167,727	204,941	181,581	185,177	187,853
956,643	1,302,929	775,240	775,461	915,494	1,056,636
-	-	-	-	-	-
10,486	8,411	16,348	9,371	10,134	18,914
138,013	85,646	70,531	127,809	49,562	182,162
<u>37,367,503</u>	<u>36,420,961</u>	<u>37,374,567</u>	<u>40,006,867</u>	<u>38,909,455</u>	<u>40,863,168</u>
106,003	88,883	137,690	289,462	488,918	851,189
25,329,641	24,869,293	26,981,736	28,395,465	26,533,064	27,481,703
3,652,872	3,541,919	3,572,842	3,730,974	3,967,727	3,796,332
2,627,235	1,803,208	2,098,776	3,347,761	3,325,659	2,412,163
3,879,399	320,641	3,239,713	3,198,882	3,354,509	3,477,267
673,946	4,259,579	496,532	505,860	354,014	190,988
321,202	294,820	215,014	231,516	187,105	259,458
289,987	106,892	108,656	295,384	292,634	319,360
14,525	11,895	15,012	11,146	15,158	10,671
37,041	309,175	381,247	114,360	124,403	135,701
63,829	91,468	94,950	99,282	75,443	84,057
-	-	-	-	-	11,978
309,398	542,719	231,732	461,655	291,285	1,582,956
<u>37,305,078</u>	<u>36,240,492</u>	<u>37,573,900</u>	<u>40,681,747</u>	<u>39,009,919</u>	<u>40,613,823</u>
62,425	180,469	(199,333)	(674,880)	(100,464)	249,345
-	-	-	-	250,000	100,000
77,294	-	-	-	-	-
21,337	52,676	38,462	-	-	-
-	-	-	31,597	-	-
90,542	79,405	72,398	62,500	23,862	-
(90,542)	(79,405)	(72,398)	(62,500)	(23,862)	-
<u>98,631</u>	<u>52,676</u>	<u>38,462</u>	<u>31,597</u>	<u>250,000</u>	<u>100,000</u>
<u>\$ 161,056</u>	<u>\$ 233,145</u>	<u>\$ (160,871)</u>	<u>\$ (643,283)</u>	<u>\$ 149,536</u>	<u>\$ 349,345</u>
0.17%	0.26%	0.25%	0.25%	0.20%	0.22%

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



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

Fiscal Year	Governmental Activities		Total Governmental Activities	Percentage of Personal Income	Per Capita
	Notes & Loans Payable	Capital Leases			
2009	\$ 629,779	\$ -	\$ 629,779	2.24%	\$ 19.52
2010	573,364	-	573,364	2.01%	17.64
2011	514,557	-	514,557	1.70%	15.03
2012	453,314	-	453,314	1.39%	12.32
2013	389,485	77,294	466,779	1.39%	12.35
2014	322,982	52,329	375,311	1.12%	10.10
2015	253,788	26,573	280,361	0.80%	7.46
2016	181,079	-	181,079	0.52%	N/A
2017	105,636	-	105,636	0.31%	N/A
2018	371,579	-	371,579	N/A	N/A

Anderson County	
Area (Sq. miles) ¹	1,063
County Seat ¹	Palestine
Population, 2018 ²	58,293
Anglo	
Male	19,795
Female	16,107
Black	
Male	8,956
Female	3,409
Hispanic	
Male	6,881
Female	3,402
Other	
Male	593
Female	620
Vital Statistics, 2015 ³	
Marriages	407
Divorces	121
Births	664
Deaths	655
Annual Average 2017	3.6%

Camp County	
Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2018 ²	13,145
Anglo	
Male	3,462
Female	3,756
Black	
Male	1,060
Female	1,190
Hispanic	
Male	1,613
Female	1,420
Other	
Male	183
Female	180
Vital Statistics, 2015 ³	
Marriages	76
Divorces	11
Births	177
Deaths	132
Annual Average 2017	5.6%

Cherokee County	
Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2018 ²	51,985
Anglo	
Male	15,577
Female	16,266
Black	
Male	4,075
Female	3,515
Hispanic	
Male	6,691
Female	5,516
Other	
Male	538
Female	615
Vital Statistics, 2015 ³	
Marriages	296
Divorces	160
Births	854
Deaths	557
Annual Average 2017	4.5%

Gregg County	
Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2018 ²	125,112
Anglo	
Male	36,222
Female	38,500
Black	
Male	12,047
Female	13,375
Hispanic	
Male	12,269
Female	10,837
Other	
Male	1,977
Female	2,021
Vital Statistics, 2015 ³	
Marriages	1192
Divorces	350
Births	1919
Deaths	1274
Annual Average 2017	5.1%

Source:

1 Texas Association of Counties

2 Texas Demographic Center

3 Texas Department of State Health Services

4 Texas Workforce Commission

Harrison County	
Area (Sq. miles) ¹	900
County Seat ¹	Marshall
Population, 2018 ²	67,765
Anglo	
Male	21,127
Female	21,862
Black	
Male	6,849
Female	7,761
Hispanic	
Male	4,586
Female	4,031
Other	
Male	843
Female	831
Vital Statistics, 2015 ³	
Marriages	468
Divorces	115
Births	852
Deaths	677
Annual Average 2017	5.2%

Henderson County	
Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2018 ²	80,755
Anglo	
Male	30,516
Female	32,361
Black	
Male	2,441
Female	2,486
Hispanic	
Male	5,131
Female	4,817
Other	
Male	959
Female	982
Vital Statistics, 2015 ³	
Marriages	457
Divorces	53
Births	923
Deaths	1084
Annual Average 2017	4.2%

Marion County	
Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2018 ²	10,389
Anglo	
Male	3,657
Female	3,680
Black	
Male	1,071
Female	1,276
Hispanic	
Male	191
Female	193
Other	
Male	191
Female	199
Vital Statistics, 2015 ³	
Marriages	60
Divorces	37
Births	109
Deaths	167
Annual Average 2017	5.7%

Panola County	
Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2018 ²	24,471
Anglo	
Male	8,657
Female	8,831
Black	
Male	1,888
Female	2,077
Hispanic	
Male	1,239
Female	1,052
Other	
Male	260
Female	263
Vital Statistics, 2015 ³	
Marriages	164
Divorces	93
Births	298
Deaths	266
Annual Average 2017	5.5%

Source:

¹ Texas Association of Counties

² Texas Demographic Center

³ Texas Department of State Health Services

⁴ Texas Workforce Commission

Rains County	
Area (Sq. miles) ¹	230
County Seat ¹	Emory
Population, 2018 ²	11,281
Anglo	
Male	4,656
Female	4,751
Black	
Male	139
Female	119
Hispanic	
Male	511
Female	451
Other	
Male	144
Female	155
Vital Statistics, 2015 ³	
Marriages	69
Divorces	53
Births	104
Deaths	150
Annual Average 2017	3.5%

Rusk County	
Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2018 ²	52,892
Anglo	
Male	18,100
Female	17,390
Black	
Male	5,299
Female	4,090
Hispanic	
Male	4,833
Female	3,769
Other	
Male	621
Female	631
Vital Statistics, 2015 ³	
Marriages	335
Divorces	216
Births	662
Deaths	544
Annual Average 2017	5.1%

Smith County	
Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2018 ²	230,248
Anglo	
Male	62,745
Female	67,438
Black	
Male	18,363
Female	21,083
Hispanic	
Male	21,222
Female	19,994
Other	
Male	3,242
Female	3,553
Vital Statistics, 2015 ³	
Marriages	1781
Divorces	563
Births	3180
Deaths	2111
Annual Average 2017	4.1%

Upshur County	
Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2018 ²	41,140
Anglo	
Male	16,057
Female	16,422
Black	
Male	1,632
Female	1,773
Hispanic	
Male	1,553
Female	1,432
Other	
Male	554
Female	557
Vital Statistics, 2015 ³	
Marriages	215
Divorces	193
Births	463
Deaths	471
Annual Average 2017	5.2%

Source:

¹ Texas Association of Counties

² Texas Demographic Center

³ Texas Department of State Health Services

⁴ Texas Workforce Commission

Van Zandt County	
Area (Sq. miles) ¹	843
County Seat ¹	Canton
Population, 2018 ²	54,885
Anglo	
Male	21,754
Female	23,031
Black	
Male	740
Female	726
Hispanic	
Male	2,966
Female	2,506
Other	
Male	640
Female	657
Vital Statistics, 2015 ³	
Marriages	341
Divorces	175
Births	623
Deaths	621
Annual Average 2017	3.7%

Wood County	
Area (Sq. miles) ¹	645
County Seat ¹	Quitman
Population, 2018 ²	44,666
Anglo	
Male	16,735
Female	17,706
Black	
Male	996
Female	989
Hispanic	
Male	2,145
Female	1,877
Other	
Male	427
Female	463
Vital Statistics, 2015 ³	
Marriages	243
Divorces	131
Births	422
Deaths	613
Annual Average 2017	4.7%

¹ Texas Association of Counties

² <http://osd.texas.gov/Data/>

³ Texas Health and Human Services. Note: 2015 data for Marriages Divorces not available at 2-4-2019

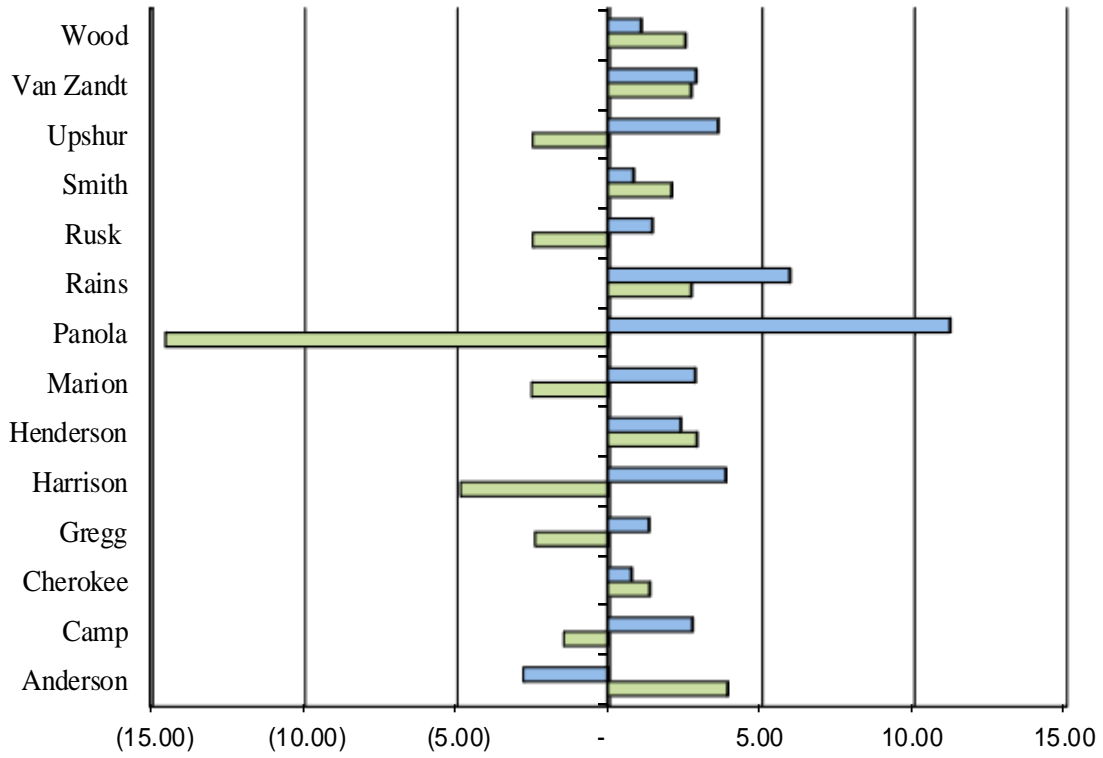
⁴ Tracer2.com/cgi/dataanalysis

EAST TEXAS COUNCIL OF GOVERNMENTS**EMPLOYMENT BY COUNTY**

County	2015	2016	2017	2018	% Change 2015-2016	% Change 2017-2018
Anderson	21,877	22,733	23,486	22,833	3.91	(2.78)
Camp	4,765	4,696	4,618	4,745	(1.45)	2.76
Cherokee	19,756	20,024	19,966	20,116	1.36	0.75
Gregg	56,165	54,821	54,705	55,434	(2.39)	1.33
Harrison	29,480	28,055	27,655	28,720	(4.83)	3.85
Henderson	32,594	33,540	34,212	35,025	2.90	2.38
Marion	4,114	4,011	3,952	4,065	(2.50)	2.85
Panola	10,931	9,344	9,201	10,233	(14.52)	11.21
Rains	5,148	5,288	5,378	5,698	2.72	5.95
Rusk	21,688	21,153	21,080	21,383	(2.47)	1.44
Smith	98,779	100,827	102,788	103,634	2.07	0.82
Upshur	16,978	16,559	16,501	17,095	(2.47)	3.60
Van Zandt	23,049	23,675	24,304	25,004	2.72	2.88
Wood	15,822	16,222	16,430	16,607	2.53	1.08
WDA	361,146	360,948	364,276	370,591	(0.05)	1.73

Source: TX Workforce Commission (LAUS) www.tracer2.com/cgi/dataAnalysis

EAST TEXAS COUNCIL OF GOVERNMENTS
EMPLOYMENT PERCENTAGE CHANGE



■ % Change 2017-2018 ■ % Change 2015-2016

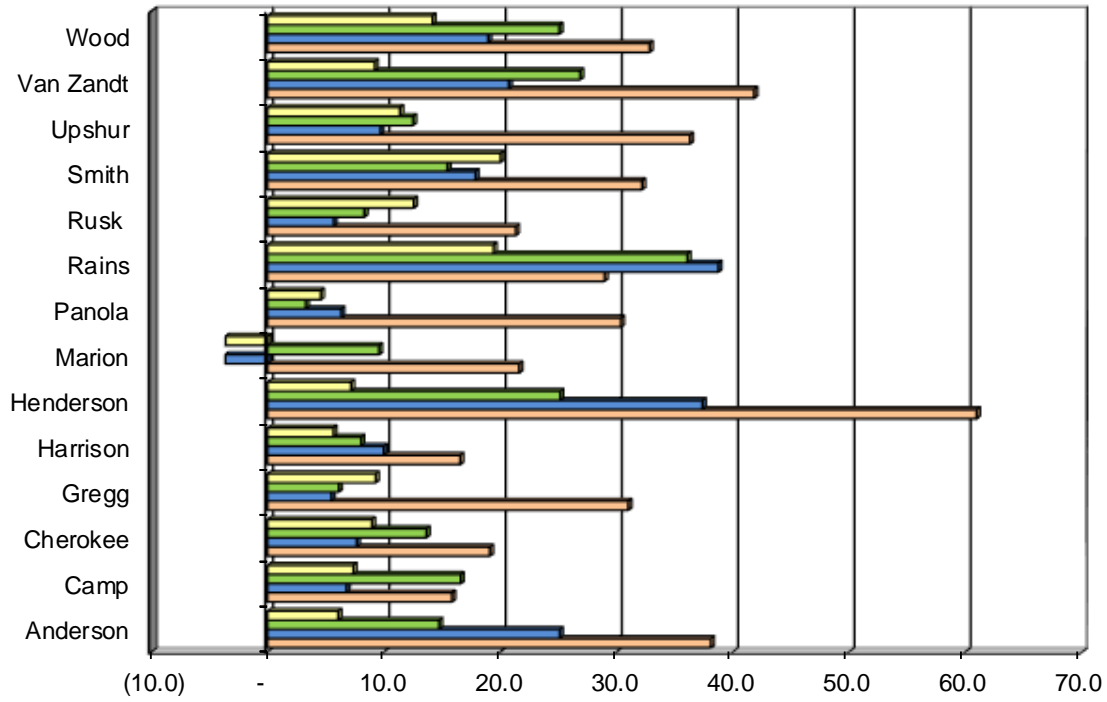
EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION - CENSUS - 1970-2000-2010 CENSUS ESTIMATE

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

Source: Census Bureau and Texas State Data Center

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

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



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

Percent Change

EAST TEXAS COUNCIL OF GOVERNMENTS

POPULATION AND HOUSEHOLD BY COUNTY

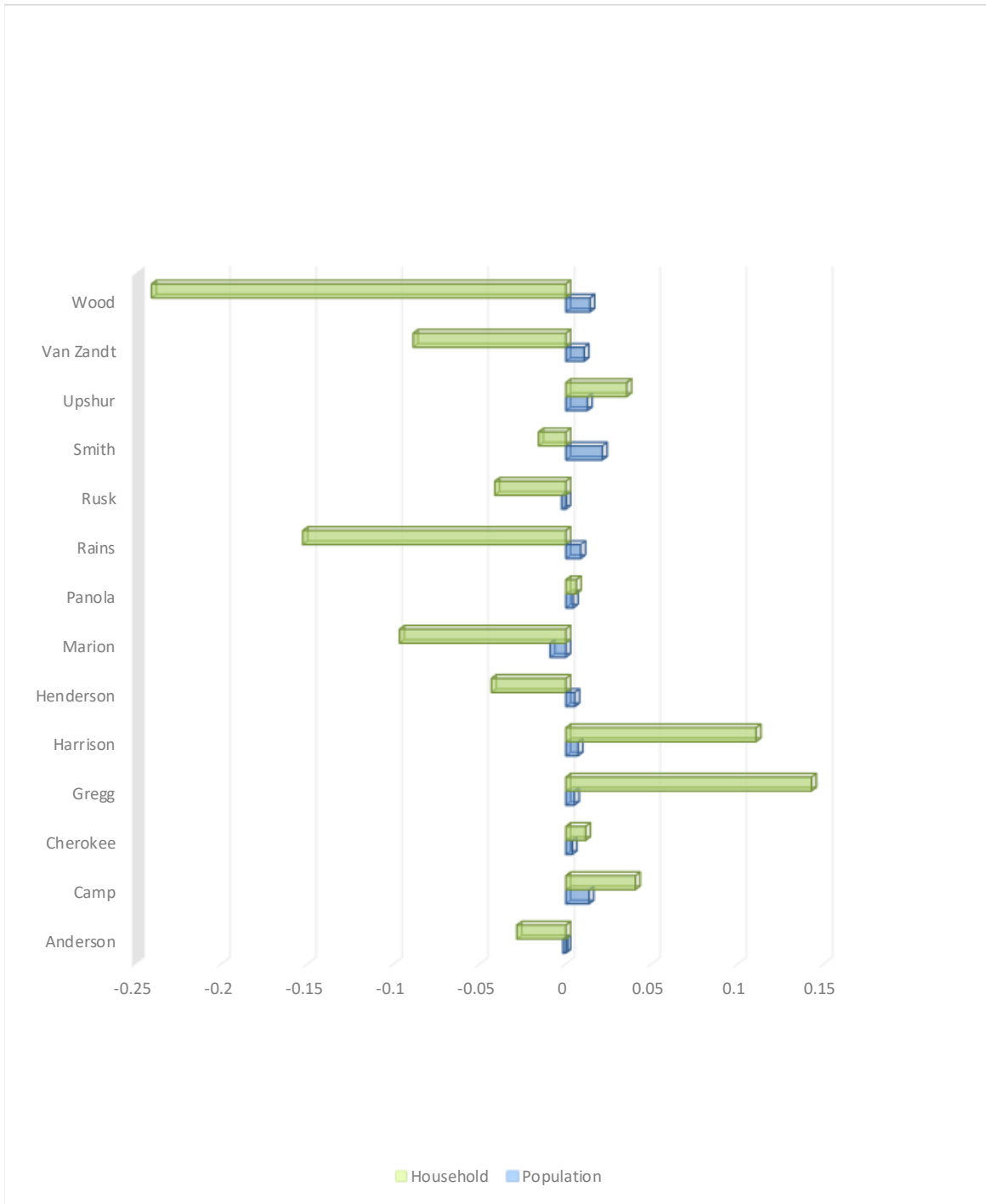
Population Forecast ¹				Household Forecast ²			
County	2018	2020	% Change	County	2010	2030	% Change
Anderson	58,293	58,198	-0.16%	Anderson	17,218	16,728	-2.85%
Camp	13,145	13,322	1.35%	Camp	4,678	4,867	4.04%
Cherokee	51,985	52,178	0.37%	Cherokee	17,894	18,100	1.15%
Gregg	125,112	125,729	0.49%	Gregg	45,798	52,335	14.27%
Harrison	67,765	68,246	0.71%	Harrison	24,523	27,234	11.05%
Henderson	80,755	81,177	0.52%	Henderson	31,020	29,679	-4.32%
Marion	10,389	10,294	-0.91%	Marion	4,595	4,151	-9.66%
Panola	24,471	24,576	0.43%	Panola	9,271	9,328	0.61%
Rains	11,281	11,378	0.86%	Rains	4,377	3,708	-15.28%
Rusk	52,892	52,765	-0.24%	Rusk	18,476	17,713	-4.13%
Smith	230,248	235,138	2.12%	Smith	79,055	77,803	-1.58%
Upshur	41,140	41,654	1.25%	Upshur	14,925	15,454	3.54%
Van Zandt	54,885	55,469	1.06%	Van Zandt	20,047	18,269	-8.87%
Wood	44,666	45,292	1.40%	Wood	17,118	12,997	-24.07%
WDA	867,027	875,416	0.97%	WDA	308,995	308,366	-0.20%

Source:

1. Texas Department of State Health Services
<http://www.dshs.state.tx.us/chs/popdat>
2. Texas State Data Center 2010 Census Data
<http://txsdc.utsa.edu/data/decennial>



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%

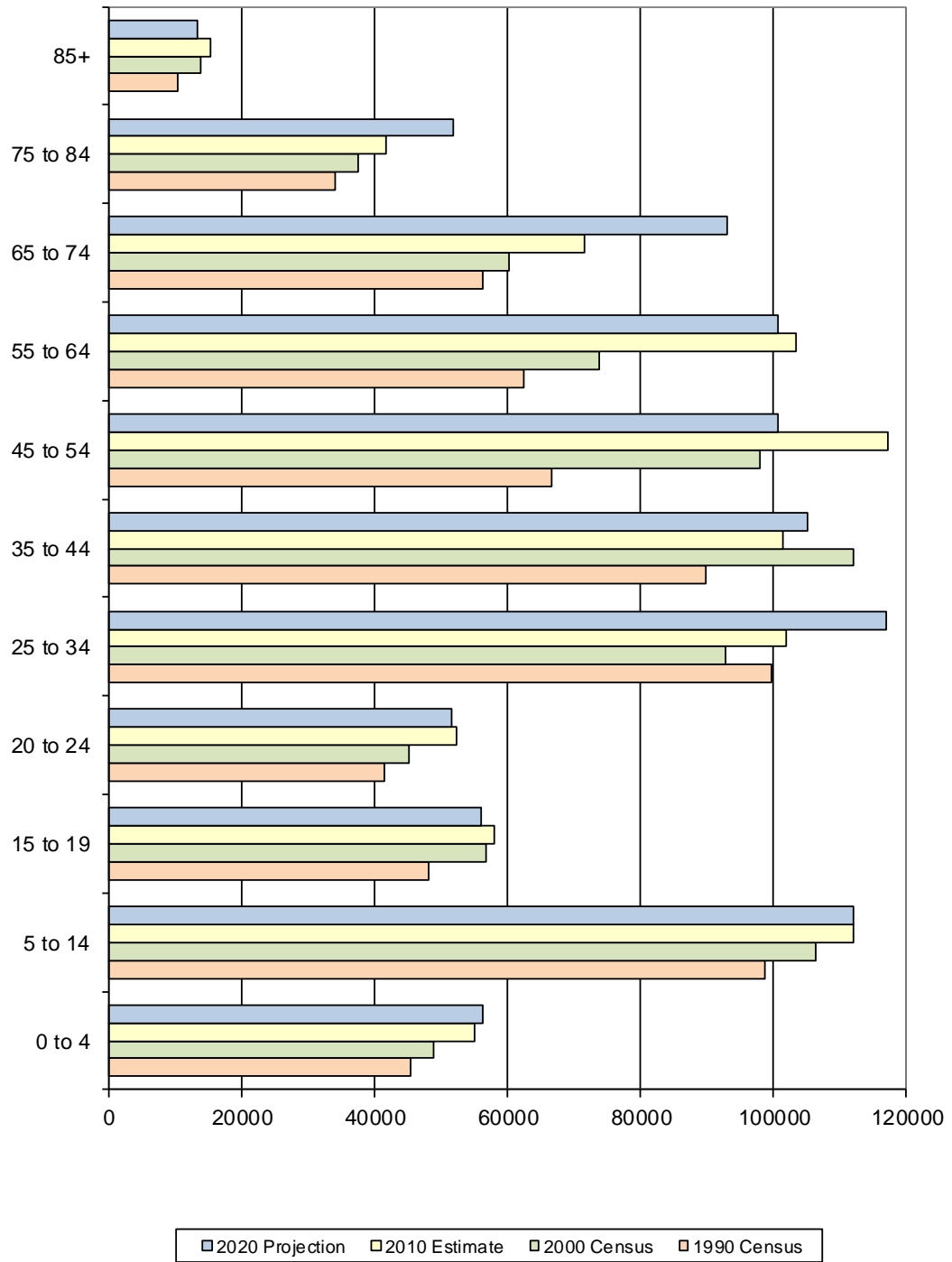
Source: <http://osd.texas.gov/Data>

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
2009	818,419	28,166,903	32,259	28,551,351,095	7,360,082,097	363,877	8.2%
2010	829,749	28,477,457	32,498	26,929,757,046	7,129,483,538	370,920	8.1%
2011	837,588	30,193,049	34,234	33,057,865,817	7,974,450,208	376,609	7.7%
2012	839,625	32,527,999	36,790	34,433,145,704	8,233,796,819	379,834	6.7%
2013	839,357	33,475,526	37,802	34,431,835,208	8,346,259,934	382,711	6.3%
2014	844,811	33,563,048	37,173	33,258,023,748	8,747,169,123	367,529	5.2%
2015	850,802	35,068,923	37,583	24,783,825,513	6,560,673,658	361,847	4.9%
2016	853,857	34,910,348	37,131	36,315,638,574	8,349,291,122	360,948	4.6%
2017	859,975	34,574,823	37,803	32,084,399,061	8,874,160,515	364,284	4.6%
2018	867,027	n/a	n/a	n/a	n/a	363,035	4.7%

Source:

- 1: Texas Demographic Center; <http://osd.texas.gov/Data>
- 2: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
Note: as of 3/31/2019 information not yet available for 2018
- 3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce
Note: as of 3/31/2019 information not yet available for 2018
- 4: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 3/31/2019 information not yet available for 2018
- 5: Texas Comptroller of Public Accounts - <https://mycpa.cpa.state.tx.us/allocation/HistSales>
Note: as of 3/31/2019 information not yet available for 2018
- 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, 2018 AND FIVE YEARS AGO**

<u>Company Information</u>	<u>2013</u>	<u>% of Total Employment</u>	<u>2018</u>	<u>% of Total Employment</u>	<u>Difference 2013-2017</u>	<u>Percent Difference 2013-2017</u>
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500 Smith County	2,599	12%	2,456	10%	(143)	-1.40%
<u>Christus Good Shepherd Health Center</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	2,500	11%	2,532	10%	32	-0.65%
<u>Christus Trinity Mother Frances</u> 536 S Beckham Ave. Tyler, TX 75702 800 E Dawson St. Tyler, TX 75701 520 Douglas Blvd. #2 Tyler, TX 75702 Smith County	2,988	13%	3,366	14%	378	0.63%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,549	7%	1,447	6%	(102)	-0.90%
<u>ETMC Regional Healthcare Svst</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,153	14%	3,380	14%	227	-0.05%
<u>Longview ISD</u> 1125 Judson Rd Longview, TX 75601 Gregg County	1,288	6%	1,400	6%	112	0.06%
<u>Marshall ISD</u> 1305 E. Pinecrest Dr Marshall, TX 75670 Harrison County	999	4%	1,125	5%	126	0.21%
<u>Rusk State Hospital</u> 805 N. Dickinson Dr Rusk, TX 75785 Cherokee County	1,023	5%	1,280	5%	257	0.74%
<u>Trane Residential Systems</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	2,112	9%	2,215	9%	103	-0.23%
<u>Tyler Independent School District</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,182	10%	2,360	10%	178	0.05%
<u>University of Texas Health Center</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,121	5%	1,280	5%	159	0.31%
<u>Walmart</u> 6801 S. Broadway Ave. Tyler, TX 75703 Smith County	1,018	5%	1,396	6%	378	1.24%
	<u>22,532</u>		<u>24,237</u>			

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					
	2009	2010	2011	2012	2013	2014
General Government	13.64	16.89	21.54	21.23	22.95	29.49
Workforce & Loan Programs	23.11	21.27	27.76	29.3	39.34	32.28
Emergency Communications	0.41	0.36	0.85	0.87	0.09	1.88
Economic Decvelopment	9.08	7.13	9.1	9.1	11.25	9.67
Environmental Quality	2.29	1.55	3.54	1.91	0.91	2.29
Area Agency on Aging	3.15	3	2.88	2.34	1.77	1.29
Transportation	11.3	11.01	14.12	15.46	21.23	19.86
Homeland Security	20.44	26.84	45.44	44.16	49.87	48.08
Criminal Justice	2	1.67	2.98	3.17	1.24	3.65
Health & Human Services	1.49	1.77	2.06	1.76	1.55	1.51
	0.03	1.49	-	-	-	-
TOTAL	86.94	92.98	130.27	129.3	150.2	150

Source: Various departments

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
22.95	19.65	17.66	18.51
34.53	25.9	22.46	24.07
0.95	1.29	2	2
9.4	7.45	8.85	8.85
0.92	0.92	0.85	0.88
1.9	1.35	0.45	0.45
24.03	16.05	20.8	20.8
44.01	46.97	47.03	44.1
3.31	1.73	1.25	1.25
1.85	1.08	1.1	1.1
-	-	-	-
<u>143.85</u>	<u>122.39</u>	<u>122.45</u>	<u>122.0</u>

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

Function	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Workforce Development						
Number of Children Served	7,703	8,412	8,815	7,737	7,075	6,419
Total Population Served at Workforce Centers	76,551	75,915	69,337	58,827	54,826	51,320
WIA Adults Served	311	336	335	514	695	521
WIA Adults Entering Employment	97	63	296	170	308	291
WIA Dislocated Workers Served	731	876	789	475	619	526
WIA Dislocated Workers Entering Employment	144	237	353	218	260	313
WIA Youth Served	703	164	421	247	317	272
WIA Youth Entering Employment	24	35	40	-	101	118
TANF Participants Served	956	840	789	772	1,340	1,095
TANF Participants Entering Employment	491	407	412	381	710	576
Food Stamp Participants Served	575	875	837	996	1,017	943
Food Stamp Participants Entering Employment	260	393	401	468	504	470
Reintegrated Offenders (RIO) Served	2,823	2,647	2,479	965	-	890
RIO Secured Employment	1,289	1,295	1,304	545	-	516
Aging						
Information & Referral	3,300	3,533	3,232	1,855	3,215	2,749
Care Coordination	1,550	1,685	1,695	1,862	1,127	1,695
Legal Assistance Over 60	210	384	702	741	919	826
Legal Awareness	1,549	1,857	1,719	785	138	485
Evidence Based Intervention	-	-	-	-	-	-
Caregiver Support Coordination	1,585	1,980	1,446	1,456	722	561
Congregate Meals	97,724	111,803	107,297	93,342	78,310	73,432
Home Delivered Meals	355,849	411,333	396,805	347,609	342,218	322,298
Transportation	23,187	23,084	23,025	23,089	22,390	23,039
Residential Repairs	141	45	18	28	12	42
Homemaker	6,093	7,470	5,767	8,182	5,032	5,524
Personal Assistance	855	845	458	1,224	1,400	1,724
Health Maintenance	42	18	35	18	17	15
Health Screening	170	90	137	223	-	-
Nutrition Education	255	183	164	369	157	-
Emergency Response	375	421	452	440	387	372
Adult Day Care	174	258	451	536	625	499
Caregiver Respite in Home	8,936	9,455	6,695	8,183	8,361	3,584
Caregiver Respite International	1,368	3,464	2,832	2,328	2,664	1,608
Instruction & Training	372	460	476	460	497	-
Participant Assessment	447	334	77	74	-	-
Caregiver Information Services	195	420	1,840	17,483	11,711	-
Criminal Justice						
Peace Officers Receiving Training	2,776	3,029	3,705	3,725	2,630	2,807
Emergency Communications						
Calls Received	209,353	203,024	230,658	130,586	194,058	325,827
Transportation						
Number of Trips	106,483	110,828	159,460	160,417	130,617	122,031
Environmental Quality						
Total Tons of Material Diverted	5,525	843	1,607	1,185	1,115	246
Total Number of Illegal Dump Sites Cleaned Up	810	206	430	88	120	210
Economic Development/Housing & Urban Dev.						
Debentures Funded	23	28	33	31	37	33
Actual Job Retention from Debentures Funded	397	491	452	440	441	285

Source: Various departments

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
7,786	6,914	5,795	7,666
50,077	46,128	37,527	30,094
494	519	452	467
266	246	235	232
463	449	333	292
250	271	258	179
217	230	211	214
122	103	95	105
838	810	901	763
449	433	472	500
1,067	1,137	725	752
449	546	453	373
846	906	731	398
-	547	467	311
3,470	3,540	1,264	2,969
1,026	1,827	1,510	919
833	816	1,012	1,144
633	620	501	304
-	-	462	396
497	550	1,194	479
76,625	76,827	71,381	69,050
338,501	313,175	345,458	357,967
23,039	22,580	27,050	22,642
43	45	105	23
5,527	5,415	2,588	3,110
2,262	1,690	848	1,324
9	10	-	35
-	-	-	-
-	-	14,073	26,842
313	326	242	218
516	512	364	144
3,977	3,897	4,174	4,983
1,704	1,670	15	32
-	-	-	440
-	-	-	-
6,773	7,100	2,750	2,058
3,516	3,525	2,873	3,270
392,215	219,705	193,059	187,066
108,834	102,395	93,572	88,864
65	65	18	73
257	257	812	836
31	31	30	32
240	240	262	254

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

Function	Fiscal Year					
	2009	2010	2011	2012	2013	2014
General Government						
Buildings	1	1	1	1	1	1
Building Improvements	-	-	-	-	1	-
Facility Storage Shed	-	-	-	-	-	-
Office Equipment	11	11	11	11	11	12
Security Equipment	-	-	-	-	-	-
Vehicles	8	9	9	9	9	9
Workforce Development						
Office Equipment	1	2	2	2	2	4
Arc Welder Equipment	-	-	-	-	-	-
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	1	1
Emergency Communications						
PSAP Equipment	22	22	22	17	17	17
Network Comm. Embarq	-	-	-	1	1	1
Recorders	5	5	5	5	5	5
Office Equipment	8	8	8	8	11	12
Aging						
Buildings	2	2	2	1	1	1
Transportation Vehicles	15	14	8	9	9	9
Office Equipment	6	6	6	6	6	6
Transportation						
Transportation Vehicles	50	59	60	63	59	61
Digital Dispatch Equipment	1	1	1	1	1	1
Marshall Chair Lift	-	-	-	-	1	1
Office Equipment	1	1	1	-	-	-

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

2015	2016	2017	2018
1	1	1	1
3	4	5	5
-	1	1	1
14	13	14	15
1	1	1	1
9	6	9	10
4	4	4	4
-	1	1	1
1	1	1	1
1	1	5	5
2	3	3	4
17	17	17	17
1	-	-	-
5	5	5	5
13	12	13	13
1	1	1	1
14	13	-	13
6	7	7	7
55	48	52	75
1	1	-	-
1	1	1	1
-	-	-	-



East Texas Workforce Development Area

September 2018



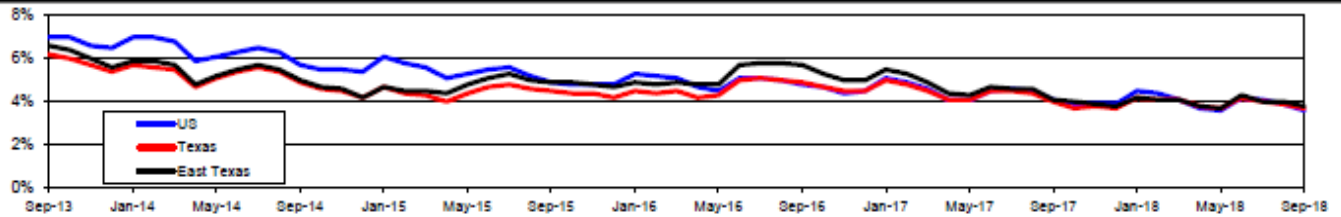
WDA Labor Force Statistics				
	Sep-18	Aug-18	Sep-17	OTY
CLF	384,555	382,895	381,666	2,889
Employed	370,085	367,765	368,041	4,044
Unemployed	14,470	15,130	15,625	-1,155
Rate	3.8%	4.0%	4.1%	-0.3%

Texas Labor Force Statistics				
	Sep-18	Aug-18	Sep-17	OTY
CLF	13,802,300	13,750,098	13,619,456	182,844
Employed	13,285,696	13,210,695	13,070,608	215,088
Unemployed	516,604	539,403	548,848	-32,244
Rate	3.7%	3.9%	4.0%	-0.3%

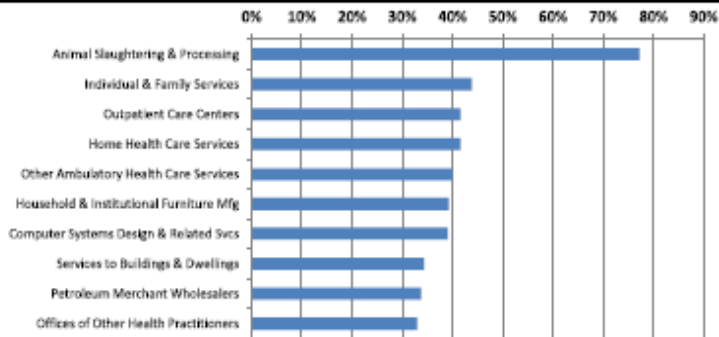
US Labor Force Statistics				
	Sep-18	Aug-18	Sep-17	OTY
CLF	161,958,000	161,909,000	161,049,000	909,000
Employed	156,191,000	155,539,000	154,494,000	1,697,000
Unemployed	5,766,000	6,370,000	6,556,000	-790,000
Rate	3.6%	3.9%	4.1%	-0.5%

Continued Claims for the Week of the 12th				
	Sep-18	Aug-18	Sep-17	OTY
WDA	2,205	2,430	2,765	-560
Texas	82,598	93,001	115,057	-32,459

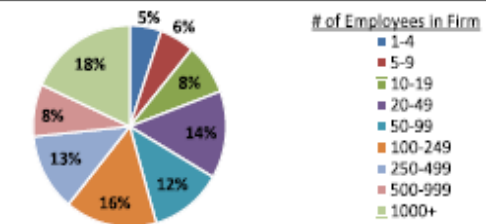
Historical Unemployment Rates



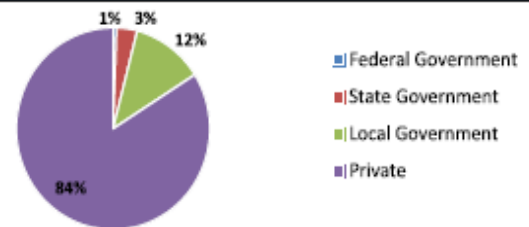
Projected Fastest Growing Industries in WDA (% growth 2014-2024)



Employment by Size Class (1st Quarter 2018)



Employment by Ownership (1st Quarter 2018)



Average Weekly Wage (1st Quarter 2018)

	Q1 2018	Q4 2017	Q1 2017	Change	
				Quarter	Year
WDA	\$841	\$869	\$808	-\$28	\$35
Texas	\$1,167	\$1,109	\$1,124	\$58	\$42
US	\$1,152	\$1,109	\$1,111	\$43	\$41

Employment by Industry (1st Quarter 2018, Percent Change)

Industry	Employment	% of total	% Change	
			Quarter	Year
Natural resources and mining	14,281	4.6%	4.6%	16.9%
Construction	22,213	7.2%	2.3%	3.0%
Manufacturing	30,180	9.8%	0.0%	3.3%
Trade, transportation and utilities	64,067	20.8%	-2.7%	0.0%
Information	3,396	1.1%	1.4%	-1.9%
Financial activities	12,263	4.0%	-6.4%	-4.4%
Professional and business services	25,308	8.2%	0.3%	3.1%
Education and health services	84,884	27.6%	-1.1%	-0.2%
Leisure and hospitality	30,473	9.9%	-0.7%	1.1%
Other services	7,930	2.6%	-1.2%	-0.3%
Public administration	12,861	4.2%	-1.2%	-3.5%
Total	307,856	100.0%	-0.9%	1.1%

Employment by Industry (1st Quarter 2018)





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, 2018, 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 30, 2019.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
East Texas Council of Governments

Compliance and Other Matters

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

Purpose of this Report

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

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

Dallas, Texas
May 30, 2019

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, 2018. 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Dallas, Texas
May 30, 2019

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018

A. SUMMARY OF AUDIT RESULTS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Transportation Investment Generating Economic Recovery (TIGER)	20.933
Transit Services Programs Cluster	20.513
CCDF Cluster	93.575 / 93.596
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$884,187
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, 2018

I. Summary of Auditors' Results (continued)	
<u>State Awards:</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Uniform Grant Management Standards</i> section 510(a)?	None
Identification of major programs:	
Name of State Program or Cluster	Grant/Contract Number
Police Training	1426515
Child Care: Childcare DFPS 12/31/19 Childcare DFPS 12/31/18 Childcare 12/31/28	0819CCP000 0818CCP000 0818CCF000
Solid Waste	582-18-80536
Vocational Rehabilitation – Summer Earn and Learn (VR SEAL)	3018VRS107
1. Dollar Threshold Considered Between Type A and Type B Programs	\$300,000
2. State Single Audit - Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs.

There were no current year findings or questioned costs.

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				
SNAP Cluster				
Passed through Texas Workforce Commission:				
Supplemental Nutrition Assistance Program 3/31/18	10.561	0818SNE000	\$ 104,243	\$ 56,554
Supplemental Nutrition Assistance ABAWD 3/31/2018	10.561	0818SNA000	32,728	18,445
Total Passed through Texas Workforce Commission			136,971	74,999
Total U.S. Department of Agriculture			136,971	74,999
U.S. Department of Health and Human Services				
Passed through Texas Workforce Commission:				
Supplemental Nutrition Assistance Program 9/30/2018	10.561	0818SNEA00	219,904	133,043
Supplemental Nutrition Assistance ABAWD 9/30/2018	10.561	0818SNAA00	47,921	32,176
Total Passed through Texas Workforce Commission			267,825	165,219
Total U.S. Department of Health and Human Services			267,825	165,219
Total SNAP Cluster			404,796	240,218
U.S. Department of Commerce				
Passed through Economic Development Administration:				
District Planning Assistance Program 12/31/20	11.302	18AUS3020013	49,013	-
District Planning Assistance Program 12/31/17	11.302	08-83-05010	10,000	-
Total Passed through Economic Development Administration			59,013	-
Total U.S. Department of Commerce			59,013	-
U.S. Department of Housing and Urban Development				
Passed through Texas Department of Rural Affairs:				
Texas Community Development Program 8/31/18	14.228	C717213	10,628	-
Texas Community Development Program 8/31/19	14.228	C716213	42	-
Total Passed through Texas Department of Rural Affairs			10,670	-
Total U.S. Department of Housing and Urban Development			10,670	-
U.S. Department of Labor				
Passed through Texas Workforce Commission:				
Employee Service Cluster				
Workforce Commission Initiatives 9/30/18	17.207	0818WCI000	10,339	-
Workforce Commission Initiatives 9/30/19	17.207	0819WCI000	199	-
Texas Talent 8/31/18	17.207	0818WPB000	9,071	2,470
Resource Administration 9/30/18	17.207	0818RAG000	5,945	-
Employment Services 12/31/17	17.207	0817WPA000	56,362	-
Employment Services 12/31/18	17.207	0818WPA000	142,294	-
Total Employee Service Cluster			224,210	2,470
Reemployment & Eligibility to 10-31-18	17.225	0818REA000	76,955	48,221
Subtotal 17.277			76,955	48,221
Trade Act 12/31/18	17.245	0818TRA000	324,991	-
Trade Act 12/31/17	17.245	0817TRA000	136,446	-
Subtotal 17.245			461,437	-
WIOA Cluster				
WIOA Adult 6/30/19	17.258	0817WOA000	1,666,911	782,057
WIOA Adult 6/30/18	17.258	0816WOA000	81,671	705
YICA PAC 12-31-18	17.258	0818PAC000	29,603	-
WIOA Youth 6/30/20	17.259	0818WOY000	52	-
WIOA Youth 6/30/19	17.259	0817WOY000	1,612,663	1,162,655
WIOA Youth 6/30/18	17.259	0816WOY000	46,316	-
WIOA DW Rapid Response 6/30/20	17.278	0818WOR000	4,307	2,270
WIOA DW Rapid Response 6/30/18	17.278	0817WOR000	4,732	2,597
WIOA Dislocated Worker 6/30/19	17.278	0817WOD000	1,367,109	919,441
WIOA Dislocated Worker 6/30/18	17.278	0816WOD000	483,174	-
Total WIOA Cluster			5,296,538	2,869,725

EAST TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 9/30/18</i>	17.273	0818RAG000	\$ 522	\$ -
<i>NDW Oil Gas 12/31/18</i>	17.277	0817NDW000	169,514	112,141
Subtotal 17.277			169,514	112,141
Total Passed through Texas Workforce Commission			6,229,176	3,032,557
Total U.S. Department of Labor			6,229,176	3,032,557
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
<i>Regional Federal Planning 8/31/19</i>	20.505	51R08021018	51,556	-
Subtotal 20.505			51,556	-
<i>Rural Transportation 9/30/18</i>	20.509	51019011018	136,242	-
<i>Rural Transportation 9/30/17</i>	20.509	51018011017	1,552,328	-
Subtotal 20.509			1,688,570	-
Transit Services Programs Cluster				
<i>Elderly & Disabled Atlanta & Tyler District 12/31/19</i>	20.513	51017011019	33,688	-
<i>Elderly & Disabled Atlanta & Tyler District 12/31/18</i>	20.513	51016011018	279,750	-
<i>Enhanced Mobility 10/31/17</i>	20.513	TX-16-X030	12,701	-
Total Transit Services Programs Cluster			326,139	-
<i>Federal Planning 8/31/18</i>	20.515	51R08011018	2,005	-
Subtotal 20.515			2,005	-
Federal Transit Cluster				
<i>VCR Bus & Bus 5-31-18</i>	20.526	TX-34-0003	73,000	-
<i>VCR Bus & Bus Facilities to 8-31-18</i>	20.526	51003011018	50,112	-
Total Federal Transit Cluster			123,112	-
<i>Tiger 11/30/18</i>	20.933	51079011017	1,294,368	-
Total Passed through Texas Dept. of Transportation			3,485,750	-
Total U.S. Department of Transportation			3,485,750	-
U.S. Department of Health and Human Services				
Passed through Texas Department of Aging and Disability Services				
<i>Title VII Elder Abuse 9/30/18</i>	93.041	18AATXT7EA	10,927	-
<i>Title VII Ombudsman Services 9/30/18</i>	93.042	18AATXT7OM	56,621	-
<i>Title III Part D 9/30/18</i>	93.043	18AATX3PH	46,347	1,693
Aging Cluster:				
<i>Title III Part B 9/30/18</i>	93.044	18AATXT3SS	829,761	258,631
<i>Title III Part C1 9/30/18</i>	93.045	18AATX3CM	632,363	455,520
<i>Title III Part C2 9/30/18</i>	93.045	18AATXT3CM	1,122,926	1,038,579
<i>Nutrition Service Incentive Program 9/30/18</i>	93.053	18AATXNSIP	304,912	304,628
Total Aging Cluster			2,889,962	2,057,358
<i>Title III Part E 9/30/18</i>	93.052	18AATXT3FC	338,504	192,443
<i>MIPPA Priority Area 9/30/18</i>	93.071	18AATXMAAA	14,744	-
<i>CMS Basic 3/31/19</i>	93.324	90SAPG0015-01-19	22,190	-
<i>CMS Basic 3/31/18</i>	93.324	90SAPG0015-01-18	36,646	-
Subtotal 93.324			58,836	-
Total Passed through Texas Department of Aging and Disability Services			3,415,941	2,251,494

EAST TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards: (continued)				
U.S. Department of Health and Human Services (continued)				
Passed through Texas Workforce Commission:				
<u>TANF Cluster:</u>				
<i>Employment Services 12/31/18</i>	93.558	0818WPA000	\$ 24,056	\$ -
<i>Employment Services 12/31/17</i>	93.558	0817WPA000	4,448	-
<i>TANF 10/31/18</i>	93.558	0818TAN000	1,464,383	937,941
<i>TANF 10/31/17</i>	93.558	0817TAN000	131,912	83,563
<i>Non Custodial Parent 9/30/19</i>	93.558	0819NCP000	561	-
<i>Non Custodial Parent 9/30/18</i>	93.558	0818NCP000	263,014	168,191
<i>Workforce Commission Initiatives 9/30/18</i>	93.558	0818WCI000	40,576	-
Total TANF Cluster			1,928,950	1,189,695
<u>CCDF Cluster:</u>				
<i>TRSCC to 12-31-18</i>	93.575	0818PAQ000	22,514	-
<i>Workforce Commission Initiatives 9/30/18</i>	93.575	0818WCI000	1,262	-
<i>Childcare Attendance Automation System 9/30/18</i>	93.575	0818CAA000	119,213	119,213
<i>Childcare 12/31/18</i>	93.575	0818CCF000	6,584,394	6,317,717
<i>Childcare 12/31/17</i>	93.575	0817CCF000	523,651	359,361
<i>Childcare Quality 10/31/18</i>	93.575	0818CCQ000	452,804	49,657
<i>Childcare Quality 10/31/17</i>	93.575	0817CCQ000	23,495	1,692
<i>Childcare 12/31/18</i>	93.596	0818CCF000	3,930,574	3,695,269
<i>Childcare Local Match 12/31/17</i>	93.596	0817CCM000	1,962,679	1,962,679
Total CCDF Cluster			13,620,586	12,505,588
<i>Childcare 12/31/18</i>	93.667	0818CCF000	58,559	-
Total Passed through Texas Workforce Commission			15,608,095	13,695,283
Total U.S. Department of Health and Human Services			19,024,036	15,946,777
U.S. Department of Homeland Security				
Passed through the Office of the Governor, Division of Emergency Management:				
<i>Homeland Security Driving Track 09/30/18</i>	97.067	EMW-2017-SS-00005	75,000	75,000
Subtotal 97.067			75,000	75,000
<i>Homeland Security 08/31/19</i>	97.073	19-HSGD-P190051	113	-
<i>Homeland Security 08/31/18</i>	97.073	18-HSGD-P171307	184,339	-
Subtotal 97.073			184,452	-
Total Passed through the Office of the Governor, Division of Emergency Management			259,452	75,000
Total U.S. Department of Homeland Security			259,452	75,000
Total Federal Awards			\$ 29,472,893	\$ 19,294,552

EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 8/31/19	19AATXALF	\$ 6,140	\$ -
OMB ALF 8/31/18	18AATXALF	69,301	-
Housing Bond 8/31/18	18AATXHB	-	-
State General Revenue 9/30/18	18AATXSGR	171,036	34,875
Total Texas Department of Aging and Disability Services		<u>246,477</u>	<u>34,875</u>
Office of the Governor, Criminal Justice Division:			
Police Training 8/31/19	1426515	180,597	156,045
Criminal Justice Planning 8/31/19	SF-19-P190027	5,142	-
Criminal Justice Planning 8/31/18	SF-18-P30080263	57,662	-
Regional Evaluation Services for Juveniles 8/31/19	2541707	82	-
Regional Evaluation Services for Juveniles 8/31/18	2541706	44,797	44,164
Total Office of the Governor, Criminal Justice Division		<u>288,280</u>	<u>200,209</u>
Texas Commission on Environmental Quality:			
Solid Waste 8/31/19	582-18-80536	159,233	110,356
Total Texas Commission on Environmental Quality		<u>159,233</u>	<u>110,356</u>
Commission on State Emergency Communications:			
9-1-1 8/31/19	911-ET-19	166,866	102,721
9-1-1 8/31/18	911-ET-18	1,716,919	1,127,813
9-1-1 8/31/17	911-ET-17	529,428	527,828
Total Commission on State Emergency Communications		<u>2,413,213</u>	<u>1,758,362</u>
Texas Department of Transportation:			
Rural Transportation 9/30/19	51218011019	111,290	-
Rural Transportation 9/30/18	51218011018	931,569	-
Total Texas Department of Transportation		<u>1,042,859</u>	<u>-</u>
Texas Veterans Commission:			
Veterans Services 9/30/18	2018-VETS	31,227	-
Total Texas Veterans Commission		<u>31,227</u>	<u>-</u>
Texas Workforce Commission:			
Childcare DFPS 12/31/19	0819CCP000	266,888	260,534
Childcare DFPS 12/31/18	0818CCP000	2,907,642	2,838,412
Childcare 12/31/18	0818CCF000	1,997,542	1,907,235
VR SEAL 9-30-18	3018VRS107	136,175	129,892
VR Navigator 8-31-19	3018VRS136	207	154
VRWSWE 9-30-19	3018VRS174	463	-
Resource Administration 9/30/18	0818RAG000	1,459	-
ISS 8-31-19	0818COL000	4,816	-
ISS 8-31-18	0819COL000	34,224	-
Supplemental Nutrition Assistance Program 3/31/18	0818SNE000	43,420	23,099
Supplemental Nutrition Assistance Program 9/30/18	0818SNEA00	31,344	18,142
TANF 10/31/18	0818TAN000	209,968	140,152
Non Custodial Parent 9/30/18	0818NCP000	129,273	82,840
Total Texas Workforce Commission		<u>5,763,421</u>	<u>5,400,460</u>
Total State Awards		<u>9,944,710</u>	<u>7,504,262</u>
Total Federal and State Awards		<u>\$ 39,417,603</u>	<u>\$ 26,798,814</u>

EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2018

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, 2018. 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, 2018

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.

The Summary Schedule of Prior Audit Findings for the year ended September 30, 2018, has been prepared to address these requirements.

Finding #2017-001 Procurement with State and Federal Laws

Status: Resolved

EAST TEXAS COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2018

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