



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**EAST TEXAS COUNCIL OF GOVERNMENTS**

For the Year Ended  
September 30, 2009

Judy Durland, CPA, CGFM  
Director of Finance

ETCOG Finance Department  
Sloane Bodle  
Liz Jones  
Lynda Bond  
Rhonda Barber

Member of the Government Finance Officer's Association of the United States and  
Canada

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# **INTRODUCTORY SECTION**



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## LOCAL ECONOMY

Located just 90 miles east of the Dallas-Fort Worth Metroplex, the 14-county region that comprises East Texas is uniquely positioned for economic growth. The East Texas Workforce Development Area consists of the following counties: Anderson, Camp, Cherokee, Gregg, Harrison, Henderson, Marion, Panola, Rains, Rusk, Smith, Upshur, Van Zandt and Wood. The 2000 census data shows a population of approximately 745,180 persons in the 14 counties covering approximately 10,000 square miles. While 10 of the 14 counties (covering 7,276 square miles) are rural, the region includes two standard metropolitan statistical areas – Tyler (Smith County) and Longview (Gregg County). The Tyler MSA has an estimated 2009 population of 201,782 and the Longview MSA has an estimated 2009 population of 204,443.

The population density for the Workforce Development Area is 80.7 persons per square mile, which is much more concentrated than the western areas of the State. (In comparison, the population density of the Panhandle of Texas in rural counties is about 15.9 persons per square mile.) According to a report by the State Comptrollers Office, “The population of the East Texas region is large enough to create a demand for a wide variety of services and scattered enough to make delivery in a single location problematic.”

Institutionally, East Texas is characterized by local autonomy with continuously increasing economic linkages. All of the counties are affected by the “Interstate Highway 20 Corridor,” which links the East Texas region with Dallas and Shreveport, which are in turn linked with Austin, San Antonio and Houston. There are 14 counties, and 72 cities, 10 of which have populations of 5,000 or more. Tyler and Longview are the economic centers of the region. In particular, Tyler is the leading population center of the region and a retail/marketing hub.

The Texas economy and the economy of East Texas are closely tied to that of the U. S. as a whole. In fact, the national economic outlook has a strong bearing on both local and Texas forecasts. Given the number of new and emerging consumer markets around the world, American business is increasingly looking for moneymaking opportunities outside of the United States. With this increased amount of world trade, Texas and East Texas are becoming more dependent on the global economy for much of its prosperity.

The East Texas Workforce Development Area is located in the eastern part of the state. While oil and gas production, manufacturing, lumber/agribusiness, and government remain important, the East Texas economy is becoming more like the state and national economies, whose growth is driven by the services industries, which include low skill, low-wage counter help type jobs, along with high skill, high wage jobs in the office oriented managerial, sales and personal services occupations. In 2009, the East Texas region total employment for all industries was 363,877, with projected growth to 402,300 by the year 2016. That is an expected increase of 38,423, or a 10.6% increase in employment.

## LONG-TERM FINANCIAL PLANNING

**Accounting System and Budgetary Control.** In developing and evaluating ETCOG's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss and that reliable financial records are maintained. We believe that adequate precautions have been taken, within cost limitations, to safeguard assets and provide reasonable assurance of proper recording of financial transactions within the Council.

As a recipient of federal and state assistance, ETCOG also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management, federal and state agencies and independent auditors.

The Board of Directors approves a financial plan for revenues and expenditures in all funds. An annual financial plan is adopted for the Special Revenue Funds in September for the next year. Financial plans for the Special Revenue Funds are made on a project (grant) basis, 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 ETCOG. ETCOG recognizes that the financial plan must be flexible enough to adjust for revenues which do not materialize and capitalize on unforeseen opportunities as they occur. Financial plans for the Special Revenue Funds are established in accordance with the grant awards received. Amendments to the financial plan are presented to the Board of Directors in their semi-annual meeting. 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.

The financial plan for the General Fund is prepared on the modified accrual basis, except that expenditures also include amounts for depreciation on general capital assets acquired with General Fund resources and for changes in the liability for accrued vacation leave. The financial plan for the Special Revenue Funds is prepared on the same basis as the plan for the General Fund.

As stated in the Management's Discussion and Analysis, the financial plan for ETCOG is not considered a legally adopted budget. Therefore, comparative budget and actual results are not presented.

Management is considering expanding its membership base as a means to promote long-term organizational stability and increase membership dues. Since ETCOG is federally and state funded, long-term financial planning is difficult. Nonetheless, ETCOG is actively pursuing additional funding sources in areas such as housing, cooperative purchasing, and various "fee for service" options. An example of one of ETCOG's new fee for service activities is in the Geographic Information Systems (GIS) area. ETCOG currently has two signed agreements, with even more in the pipeline, to provide GIS services to a number of our customers who need such support for mapping, land use management and other needs.

**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 for the fiscal year ended September 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement 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 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 dedication and efficiency of the ETCOG's Financial, Administrative, and Program Management Staff. Special acknowledgement should also be given to Nancy Haussler of Houston-Galveston Area Council for her assistance and expertise and to ETCOG's independent auditors, Pattillo, Brown, and Hill, L.L.P, whose expertise greatly assisted in the completion of this report. Finally, we would like to thank the members of the Executive Committee for their interest and support in planning and conducting ETCOG's financial operations in a responsible and progressive manner.

Respectfully submitted.

A handwritten signature in black ink, appearing to read "David A. Cleveland". The signature is fluid and cursive, with a large initial "D" and "C".

David A. Cleveland,  
Executive Director

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# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



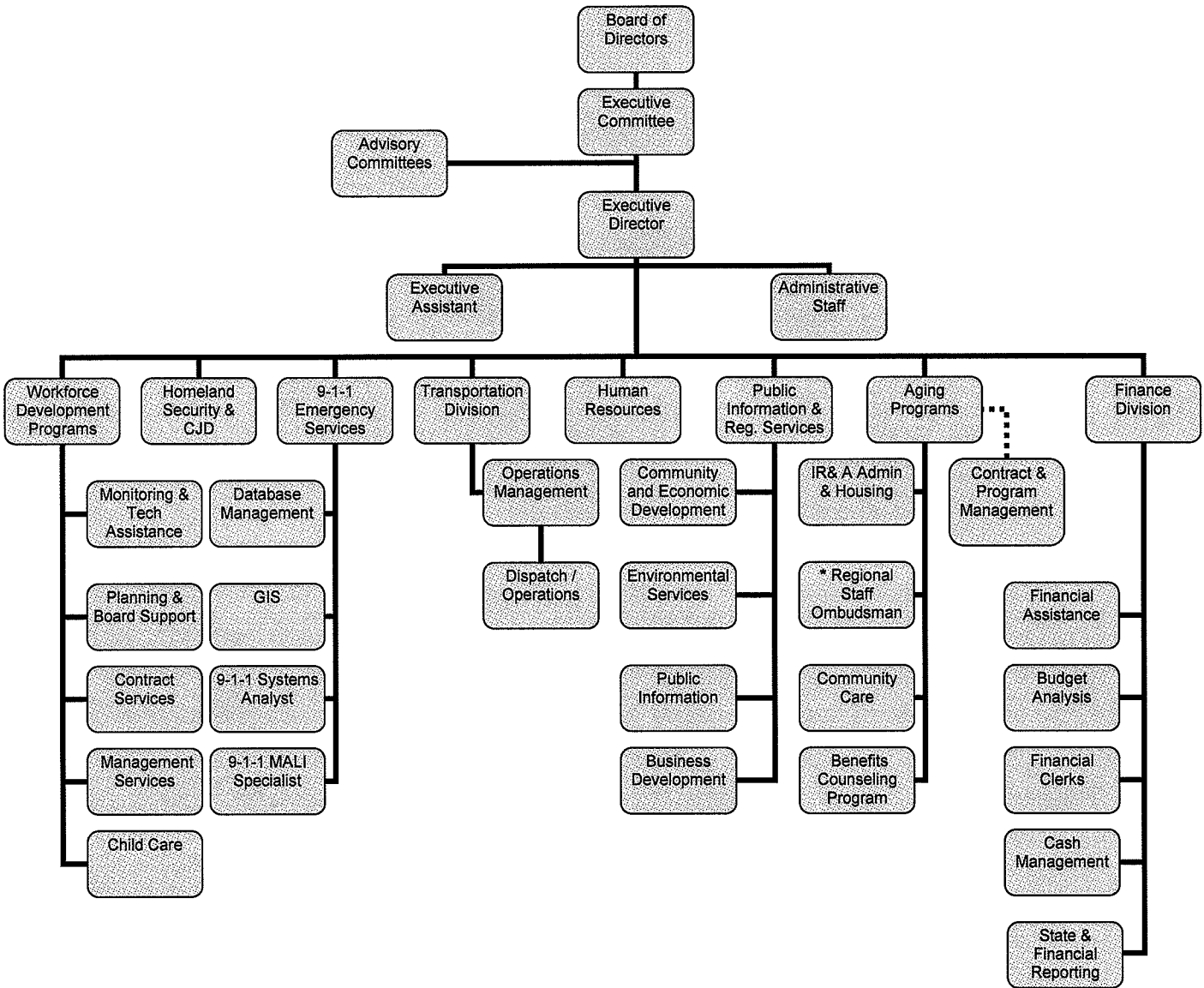
President

Executive Director

# EAST TEXAS COUNCIL OF GOVERNMENTS

## ORGANIZATION CHART

SEPTEMBER 30, 2009



**EAST TEXAS COUNCIL OF GOVERNMENTS**

**PRINCIPAL OFFICIALS**

**OFFICERS OF THE EXECUTIVE COMMITTEE  
2009**

Jerry Galloway  
Chairman – Commissioner  
Wood County

Terry Tolar  
1<sup>st</sup> Vice-Chairman – Mayor  
Grand Saline

Vacant  
2<sup>nd</sup> Vice-Chairman

Cay House  
3<sup>rd</sup> Vice-Chairman – Mayor  
Emory

George Wilkins  
Secretary – Treasurer  
Upshur – Gregg Counties – Soil & Water Conservation District #417

**ADMINISTRATIVE STAFF**

Executive Director	David Cleveland
Director of Workforce Development Programs	Wendell Holcombe
Director of Area Agency on Aging	Claude Andrews
Director of Finance	Judy Durland
Director of Criminal Justice & Homeland Security	Stephanie Heffner
Director of Public Information & Regional Services	Luke Kimbrough
Director of 911 Emergency Services	Carolyn Flores
Director of Transportation	John Hedrick



**EAST TEXAS COUNCIL OF GOVERNMENTS**

**MEMBER GOVERNMENTS**

**SEPTEMBER 30, 2009**

**COUNTIES**

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

**CITIES**

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

**CITIES: (Continued)**

Gilmer  
Gladewater  
Grand Saline  
Gun Barrel City  
Hallsville  
Hawkins  
Henderson  
Jacksonville  
Jefferson  
Kilgore  
Lakeport  
Lindale  
Log Cabin  
Longview  
Mabank  
Malakoff  
Marshall  
Mineola  
Moore Station  
Mt. Enterprise  
Murchison  
New London  
New Summerfield  
Noonday  
Ore City  
Overton  
Palestine  
Payne Springs  
Pittsburg  
Point  
Quitman  
Reklaw  
Rusk  
Seven Points  
Star Harbor  
Tatum  
Tool  
Trinidad  
Troup

**(continued)**

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**MEMBER GOVERNMENTS  
(Continued)  
SEPTEMBER 30, 2009**

**CITIES:** (Continued)

Tyler  
Van  
Warren City  
Waskom  
Wells  
Whitehouse  
White Oak  
Wills Point  
Winnsboro  
Winona  
Yantis

**INDEPENDENT SCHOOL DISTRICTS:** (Continued)

Mt. Enterprise ISD  
Neches ISD  
New Summerfield ISD  
Ore City ISD  
Overton ISD  
Rains ISD  
Slocum ISD  
Tatum ISD  
Troup ISD  
Westwood ISD  
Yantis ISD

**INDEPENDENT SCHOOL DISTRICTS**

Athens ISD  
Big Sandy ISD  
Carlisle ISD  
Carthage ISD  
Chapel Hill ISD  
Frankston ISD  
Gilmer ISD  
Gladewater ISD  
Grand Saline ISD  
Harmony ISD  
Henderson ISD  
Jefferson ISD  
Laneville ISD  
La Poynor ISD  
Longview ISD

**SPECIAL PURPOSE DISTRICTS**

Cherokee County SWCD #427  
Harrison County SWCD #412  
Upshur-Gregg SWCD #417  
Wood County SWCD #444  
East Texas Cedar Creek Fresh Water Supply District  
9-1-1 Network of East Texas  
Trinity Valley Community College  
Kilgore College  
Tyler Junior College  
Panola College

**RIVER AUTHORITIES**

Upper Neches River Municipal Water Authority  
Sabine River Authority  
Trinity River Authority

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# **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
East Texas Council of Governments

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the East Texas Council of Governments as of and for the year ended September 30, 2009, which collectively comprise the Council's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Council's management. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Council, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13 through 20 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining nonmajor fund financial statements, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations," and the State of Texas Uniform Grant Management Standards, and is not a required part of the basic financial statements of the Council. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

May 27, 2010

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



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## Management's Discussion and Analysis

As management of the East Texas Council of Governments, 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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### FINANCIAL HIGHLIGHTS

- The assets of East Texas Council of Governments exceeded its liabilities as of September 30, 2009, by \$5,319,197 (net assets). Of this amount, \$1,480,057 (unrestricted net assets) may be used to meet the Council's ongoing obligations.
- The Council's total net assets increased by \$452,618.
- As of the close of the current fiscal year, East Texas Council of Governments' governmental funds reported combined ending fund balances of \$2,497,450, a decrease of \$31,183 in comparison with the prior year.
- As of September 30, 2009, unreserved and undesignated fund balance for the General Fund was \$1,601,264.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of 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 Assets presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Council's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found on pages 19 through 21 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 the same functions reported as governmental activities in the government-wide financial statements. However, unlike the 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. By doing so, readers may better understand the long-term impact of the Council’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains two individual governmental funds. 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 Fund and the Grant Fund, which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

**Proprietary Funds** – The Council maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses an enterprise fund to account for the activities of its Greyhound bus line ticket-agency.

The basic proprietary fund financial statements can be found on pages 26 through 28 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 29 through 39 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 40 and 41 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of East Texas Council of Governments, assets exceeded liabilities by \$5,319,197 as of September 30, 2009.

### EAST TEXAS COUNCIL OF GOVERNMENTS' NET ASSETS

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Current assets	\$ 7,448,541	\$ 7,886,926	\$ 1,303	\$ ( 3,053)
Capital assets (net)	<u>3,611,229</u>	<u>2,473,037</u>	<u>-</u>	<u>-</u>
Total assets	<u>11,059,770</u>	<u>10,359,963</u>	<u>1,303</u>	<u>( 3,053)</u>
Long-term liabilities	789,798	129,085	-	-
Other liabilities	<u>4,951,091</u>	<u>5,358,293</u>	<u>987</u>	<u>2,953</u>
Total liabilities	<u>5,740,889</u>	<u>5,487,378</u>	<u>987</u>	<u>2,953</u>
Net assets:				
Invested in capital assets, net of related debt	2,981,450	2,473,037	-	-
Restricted	857,690	1,123,439	-	-
Unrestricted	<u>1,479,741</u>	<u>1,276,109</u>	<u>316</u>	<u>( 6,006)</u>
Total net assets	<u>\$ 5,318,881</u>	<u>\$ 4,872,585</u>	<u>\$ 316</u>	<u>\$ ( 6,006)</u>

## ANALYSIS OF FINANCIAL POSITION

A fairly large portion of the Council's net assets (56.1%) reflects its investments in capital assets. The Council uses these assets to provide services; consequently, these assets are not available for spending. Another portion of the Council's net assets (16.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (27.8%) of unrestricted net assets may be used to meet the Council's ongoing obligations.

For fiscal year end 2009, the Council is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

## ANALYSIS OF THE COUNCIL'S OPERATIONS

The following table provides a summary of the Council's operations for the years ended September 30:

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 42,976,162	\$ 41,910,503	\$ 123,886	\$ 128,657
Charges for services	89,678	88,614	-	-
General revenues:				
Grants and contributions not restricted to specific programs	169,945	114,734	-	-
Investment earnings	30,598	83,399	-	-
Miscellaneous	84,039	98,022	-	-
Total revenues	<u>43,350,422</u>	<u>42,295,272</u>	<u>123,886</u>	<u>128,657</u>
Expenses after allocation of indirect costs:				
General government	89,312	97,063	-	-
Workforce development	28,645,985	28,679,194	-	-
Aging	5,631,328	5,766,234	-	-
Emergency communications	3,048,141	2,195,057	-	-
Health and human services	179,486	927,642	-	-
Environmental quality	1,058,896	933,420	-	-
Transportation	3,290,942	2,695,154	-	-
Homeland security	262,743	219,721	-	-
Criminal justice	431,004	399,304	-	-
Housing and urban development	20,443	15,163	-	-
Economic development	245,846	112,166	-	-
Greyhound	-	-	117,564	134,032
Total expenses	<u>42,904,126</u>	<u>42,040,118</u>	<u>117,564</u>	<u>134,032</u>
Change in net assets	446,296	255,154	6,322	( 5,375)
Net assets, beginning	<u>4,872,585</u>	<u>4,617,431</u>	<u>( 6,006)</u>	<u>( 631)</u>

The Council is 95% percent funded by federal and state grants which determine funding for the region and the availability of services to be provided.

Expenditures with the most significant increases occurred in the Transportation Grants, \$1,335,506 or 48.9%; and Emergency Communications, \$911,038 or 47.9%. Additional funding was received for the Rural Transportation Program under the American Recovery and Reinvestment Act for the purchase of vehicles. The increase in Emergency Communications expenditures was the result of added funding from the Commission on State Emergency Communications for the purchase of 9-1-1 equipment.

The Council received additional American Recovery and Reinvestment Act funding under other programs that it facilitates. These programs include Workforce Development grants, \$2,776,831; Justice Assistance grants, \$26,975; Aging grants, \$53,195; and Childcare grants, \$5,826.

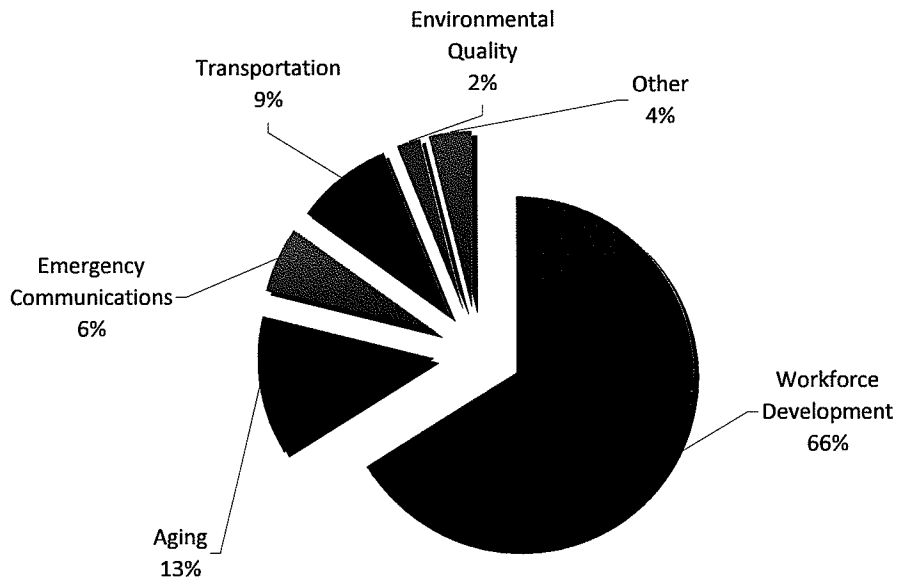
The funding under the Texas Health and Human Services Commission for the year ended September 30, 2009 decreased by \$727,990 or 80% from 2008. These grants are used to provide assistance for hurricanes Ike and Rita evacuees. The decrease in these grants is primarily due to the decrease in overall funding at the federal level.

## FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS

**Governmental funds** – The focus of East Texas Council of Governments' 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 requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, East Texas Council of Governments' governmental funds reported combined ending fund balances of \$2,497,450.

### Governmental Funds Expenditures by Function



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The East Texas Council of Governments' investment in capital assets for its governmental activities as of September 30, 2009, amounts to \$3,611,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment.

Capital Assets as of September 30, 2009:

	<u>2009</u>	<u>2008</u>
Land	\$ 156,879	\$ 11,495
Buildings	1,305,209	785,594
Equipment	5,840,835	4,583,136
Less: accumulated depreciation	<u>( 3,691,694)</u>	<u>( 2,907,188)</u>
Total capital assets	<u>\$ 3,611,229</u>	<u>\$ 2,473,037</u>

Additional information on the Council's capital assets can be found in Note 4, page 36 of this report.

### Debt

During 2009, the Council issued a promissory note 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. At the end of the current fiscal year, the Council had notes payable outstanding of \$629,779.

Additional information on the Council's long-term debt can be found in Note 4, page 37-38 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The East Texas Council of Governments 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 re-authorization of funds available to local governments. The financial plan for the Council is drafted on a project basis, which 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

The financial report is designed to provide a general overview of the Council's finances. If you have questions about this report or need any additional information, contact the Council's Director of Finance at 3800 Stone Road, Kilgore, Texas, 75662. An electronic version of this report may be viewed at ETCOG.org.

**BASIC  
FINANCIAL STATEMENTS**



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**EAST TEXAS COUNCIL OF GOVERNMENTS**

**STATEMENT OF NET ASSETS**

**SEPTEMBER 30, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,972,300	\$ 14,329	\$ 2,986,629	\$ 72,813
Receivables:				
Grantors	4,240,635	-	4,240,635	-
Notes	38,302	-	38,302	-
Other	168,304	-	168,304	-
Internal balances	13,026	( 13,026)	-	-
Due from component unit	15,780	-	15,780	-
Prepaid items	194	-	194	-
Capital assets:				
Land	156,879	-	156,879	-
Buildings	1,305,209	-	1,305,209	-
Equipment	5,840,835	-	5,840,835	-
Less: accumulated depreciation	( 3,691,694)	-	( 3,691,694)	-
Total capital assets	<u>3,611,229</u>	<u>-</u>	<u>3,611,229</u>	<u>-</u>
 Total assets	 <u>11,059,770</u>	 <u>1,303</u>	 <u>11,061,073</u>	 <u>72,813</u>
<b>LIABILITIES</b>				
Accounts payable	4,297,893	987	4,298,880	879
Accrued liabilities	98,263	-	98,263	525
Unearned revenue	554,935	-	554,935	-
Due to primary government	-	-	-	15,780
Long-term liabilities:				
Due within one year	136,425	-	136,425	-
Due in more than one year	653,373	-	653,373	-
Total liabilities	<u>5,740,889</u>	<u>987</u>	<u>5,741,876</u>	<u>17,184</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,981,450	-	2,981,450	-
Restricted for grant use	857,690	-	857,690	-
Unrestricted	1,479,741	316	1,480,057	55,629
 Total net assets	 <u>\$ 5,318,881</u>	 <u>\$ 316</u>	 <u>\$ 5,319,197</u>	 <u>\$ 55,629</u>

**The accompanying notes are an integral part of these financial statements.**

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Charges for Services	Program Revenue  Operating Grants and Contributions
<b>Primary government</b>					
Governmental activities:					
General government	\$ 89,163	\$ 149	\$ 89,312	\$ -	\$ 9,057
Workforce development	28,361,498	284,487	28,645,985	-	28,617,778
Aging	5,492,428	138,900	5,631,328	-	5,504,983
Emergency communications	2,933,229	114,912	3,048,141	-	2,818,059
Health and human services	179,052	434	179,486	-	179,358
Environmental quality	1,019,686	39,210	1,058,896	-	1,041,030
Transportation	3,021,243	269,699	3,290,942	89,678	4,010,136
Homeland security	237,679	25,064	262,743	-	266,655
Criminal justice	400,999	30,005	431,004	-	427,779
Housing and urban development	17,243	3,200	20,443	-	20,429
Economic development	230,090	15,756	245,846	-	80,898
Indirect costs	<u>925,087</u>	<u>( 925,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>42,907,397</u>	<u>( 3,271)</u>	<u>42,904,126</u>	<u>89,678</u>	<u>42,976,162</u>
Business-type activities:					
Greyhound	<u>117,564</u>	<u>-</u>	<u>117,564</u>	<u>123,886</u>	<u>-</u>
Total primary government	<u>\$ 43,024,961</u>	<u>\$( 3,271)</u>	<u>\$ 43,021,690</u>	<u>\$ 213,564</u>	<u>\$ 42,976,162</u>
<b>Component unit</b>					
East Texas Regional					
Development Company	<u>\$ 71,665</u>	<u>3,271</u>	<u>74,936</u>	<u>58,929</u>	<u>-</u>
Total component unit	<u>\$ 71,665</u>	<u>3,271</u>	<u>74,936</u>	<u>58,929</u>	<u>-</u>
<b>General revenues:</b>					
Membership dues					
Unrestricted investment earnings					
Miscellaneous					
Total general revenues					
Change in net assets					
Net assets - beginning					
Net assets - ending					

**The accompanying notes are an integral part of these financial statements.**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	East Texas Regional Development Company
\$( 80,255)	\$ -	\$( 80,255)	
( 28,207)	-	( 28,207)	
( 126,345)	-	( 126,345)	
( 230,082)	-	( 230,082)	
( 128)	-	( 128)	
( 17,866)	-	( 17,866)	
808,872	-	808,872	
3,912	-	3,912	
( 3,225)	-	( 3,225)	
( 14)	-	( 14)	
( 164,948)	-	( 164,948)	
-	-	-	
161,714	-	161,714	
-	6,322	6,322	
161,714	6,322	168,036	
			\$( 16,007)
			( 16,007)
169,945	-	169,945	-
30,598	-	30,598	3,519
84,039	-	84,039	-
284,582	-	284,582	3,519
446,296	6,322	452,618	( 12,488)
4,872,585	( 6,006)	4,866,579	68,117
\$ 5,318,881	\$ 316	\$ 5,319,197	\$ 55,629

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,028,462	\$ 943,838	\$ 2,972,300
Accounts receivable, net of allowance:			
Grantors	-	4,240,635	4,240,635
Other	322	167,982	168,304
Notes	-	38,302	38,302
Prepaid items	194	-	194
Due from other funds	13,026	-	13,026
Due from component unit	<u>15,780</u>	<u>-</u>	<u>15,780</u>
 Total assets	 <u>\$ 2,057,784</u>	 <u>\$ 5,390,757</u>	 <u>\$ 7,448,541</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	358,063	3,939,830	4,297,893
Accrued liabilities	98,263	-	98,263
Deferred revenue	<u>-</u>	<u>554,935</u>	<u>554,935</u>
Total liabilities	<u>456,326</u>	<u>4,494,765</u>	<u>4,951,091</u>
Fund balances:			
Reserved for notes receivable	-	38,302	38,302
Reserved for prepaid items	194	-	194
Unreserved, reported in:			
General fund	1,601,264	-	1,601,264
Special revenue funds	<u>-</u>	<u>857,690</u>	<u>857,690</u>
Total fund balances	<u>1,601,458</u>	<u>895,992</u>	<u>2,497,450</u>
 Total liabilities and fund balances	 <u>\$ 2,057,784</u>	 <u>\$ 5,390,757</u>	 <u>\$ 7,448,541</u>

**The accompanying notes are an integral part of these financial statements.**

**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**SEPTEMBER 30, 2009**

Total fund balance, governmental funds \$ 2,497,450

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets. 3,611,229

Some liabilities, (such as notes payable and compensated absences), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets. ( 789,798)

Net assets of governmental activities in the Statement of Net Assets \$ 5,318,881

**The accompanying notes are an integral part of these financial statements.**

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 40,972,015	\$ 40,972,015
Matching funds	6,557	1,669,385	1,675,942
Program income	2,500	270,282	272,782
Charges for services	-	89,678	89,678
Membership dues	169,945	-	169,945
Investment earnings	30,598	12,566	43,164
Miscellaneous	<u>20,595</u>	<u>42,857</u>	<u>63,452</u>
Total revenues	<u>230,195</u>	<u>43,056,783</u>	<u>43,286,978</u>
<b>EXPENDITURES</b>			
Current:			
General government	13,025	-	13,025
Workforce development	-	28,617,778	28,617,778
Aging	-	5,622,437	5,622,437
Emergency communications	-	2,812,201	2,812,201
Transportation	-	4,068,938	4,068,938
Environmental quality	-	1,064,553	1,064,553
Homeland security	-	266,655	266,655
Criminal justice	-	427,699	427,699
Health and human services	-	179,358	179,358
Housing and urban development	-	20,429	20,429
Economic development	-	248,247	248,247
Capital outlay	670,064	-	670,064
Debt service:			
Principal repayment	<u>35,221</u>	<u>-</u>	<u>35,221</u>
Total expenditures	<u>718,310</u>	<u>43,328,295</u>	<u>44,046,605</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 488,115)</u>	<u>( 271,512)</u>	<u>( 759,627)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	665,000	-	665,000
Insurance proceeds	33,101	30,343	63,444
Transfers in	247,650	79,385	327,035
Transfers out	<u>( 79,385)</u>	<u>( 247,650)</u>	<u>( 327,035)</u>
Total other financing sources and uses	<u>866,366</u>	<u>( 137,922)</u>	<u>728,444</u>
<b>NET CHANGE IN FUND BALANCES</b>	378,251	( 409,434)	( 31,183)
<b>FUND BALANCES, BEGINNING</b>	<u>1,223,207</u>	<u>1,305,426</u>	<u>2,528,633</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,601,458</u>	<u>\$ 895,992</u>	<u>\$ 2,497,450</u>

**The accompanying notes are an integral part of these financial statements.**

**EAST TEXAS COUNCIL OF GOVERNMENTS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total governmental funds: \$( 31,183)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation expense in the current period. 1,138,192

Governmental funds report repayment of notes payable as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 35,221

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. ( 665,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. ( 30,934)

Change in net assets of governmental activities \$  446,296

**The accompanying notes are an integral part of these financial statements.**



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**EAST TEXAS COUNCIL OF GOVERNMENTS**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND**

**SEPTEMBER 30, 2009**

	<u>Nonmajor Enterprise Fund</u>
	<u>Greyhound</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 14,329
Total current assets	<u>14,329</u>
 Total assets	 <u>14,329</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	987
Due to other funds	<u>13,026</u>
Total current liabilities	<u>14,013</u>
 Total liabilities	 <u>14,013</u>
<b>NET ASSETS</b>	
Unrestricted	<u>316</u>
 Total net assets	 <u>\$ 316</u>

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

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**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Nonmajor Enterprise Fund
	Greyhound
<b>OPERATING REVENUES</b>	
Charges for services	\$ 123,886
Total operating revenues	123,886
<b>OPERATING EXPENSES</b>	
Cost of sales and services	117,564
Total operating expenses	117,564
<b>OPERATING INCOME</b>	6,322
<b>TOTAL NET ASSETS, BEGINNING</b>	( 6,006)
<b>TOTAL NET ASSETS, ENDING</b>	\$ 316

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

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Nonmajor Enterprise Fund</u>	<u>Greyhound</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 123,886	
Cash payments to suppliers	( 119,530)	
Cash provided by operating activities	<u>4,356</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from other funds	<u>2,411</u>	
Cash provided by noncapital financing activities	<u>2,411</u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		6,767
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<u>7,562</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>		<u>\$ 14,329</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ 6,322	
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in accounts payable	( 1,966)	
Total adjustments	<u>( 1,966)</u>	
Net cash used by operating activities	<u>\$ 4,356</u>	

**The accompanying notes are an integral part of this statement.**

# EAST TEXAS COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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.

#### A. Description of the Reporting Entity

The East Texas Council of Governments 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, as set forth in GASB No. 14 "The Financial Reporting Entity," is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. 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. The following organization has been included within the Council's reporting entity:

(continued)

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## A. Reporting Entity (Continued)

### **Discretely Presented Component Unit**

The accompanying comprehensive annual financial report includes the financial activities of the East Texas Council of Governments, the primary government, and its component unit, the East Texas Regional Development Company. 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 Governmental Accounting Standards Board. The Council's Board members appoint 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 the Company's administrative office.

The East Texas Regional Development Company (ETRDC) was organized by ETCOG 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.

## B. Government-wide and Fund Financial Statements

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

## C. 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.

(continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 revenue, 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 East Texas Council of Governments by various granting agencies.

Additionally, the Council reports the following fund types:

The ***Proprietary Fund*** accounts for the activities of the Council's Greyhound bus line ticket-agency.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The Council has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Greyhound Fund are charges for Greyhound bus tickets. Operating expenses for Enterprise Funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(continued)



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **D. Use of Estimates**

The preparation of financial statements in conformity with 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.

### **E. Assets, Liabilities and Net Assets or Equity**

#### **Cash and Cash Equivalents**

Cash and 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. 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, 2009.

#### **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 Assets.

#### **Restricted Net Assets**

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

#### **Deferred Revenue**

Deferred revenue represents amounts received from grantors in excess of expenditures for programs in progress as of September 30, 2009.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Net Assets or Equity (Continued)**

**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 are recorded at estimated fair market value on the date received.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20
Equipment	3 - 7

**Compensated Absences**

Employees earn ten (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**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **Assets, Liabilities and Net Assets or Equity** (Continued)

**Indirect Costs**

General and administrative costs are recorded in the General Fund as indirect costs in the Council’s accounting system and allocated to programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) Circular A-87, Attachment “A” 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.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,138,192 difference are as follows:

Capital outlay	\$ 2,004,799
Depreciation expense	( 866,607)
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>1,138,192</u>

3. **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 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.

**4. DETAILED NOTES ON ALL FUNDS**

**Deposits and Investments**

As of September 30, 2009, the primary government had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 1,034,357	44

As of September 30, 2009, the discretely presented component unit had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 12,878	44

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.

The Council’s investment pool is 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

*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, 2009, the Council’s entire bank balance was collateralized with securities held by the pledging financial institution or by FDIC insurance. As of September 30, 2009, ETRDC’s entire bank balance was covered by FDIC insurance.

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

**Deposits and Investments** (Continued)

*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.

**Capital Assets**

Primary government capital asset activity for the year ended September 30, 2009, is as follows:

**Governmental activities:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 11,495	\$ 145,384	\$ -	\$ 156,879
Total non-depreciable assets	<u>11,495</u>	<u>145,384</u>	<u>-</u>	<u>156,879</u>
Depreciable assets:				
Buildings	785,594	519,615	-	1,305,209
Furniture, fixtures and equipment	<u>4,583,136</u>	<u>1,339,800</u>	<u>82,101</u>	<u>5,840,835</u>
Total depreciable assets	<u>5,368,730</u>	<u>1,859,415</u>	<u>82,101</u>	<u>7,146,044</u>
Total assets	<u>5,380,225</u>	<u>2,004,799</u>	<u>82,101</u>	<u>7,302,923</u>
Less accumulated depreciation:				
Buildings	450,639	41,065	-	491,704
Furniture, fixtures and equipment	<u>2,456,549</u>	<u>825,542</u>	<u>82,101</u>	<u>3,199,990</u>
Total accumulated depreciation	<u>2,907,188</u>	<u>866,607</u>	<u>82,101</u>	<u>3,691,694</u>
Total capital assets, net	<u>\$ 2,473,037</u>	<u>\$ 1,138,192</u>	<u>\$ -</u>	<u>\$ 3,611,229</u>

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

**Governmental activities:**

General government	\$ 75,959
Emergency communications	374,009
Aging	27,611
Workforce development	55,280
Transportation	325,837
Criminal justice	<u>7,911</u>
Total depreciation expense - governmental activities	<u>\$ 866,607</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund Transactions**

**Interfund Transfers In/Out:**

The balances recorded as transfers result from local matching funds provided in accordance with the terms and provisions of various grant contracts.

A summary of interfund transfers as of September 30, 2009, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 247,650	\$ 79,385
Grant Fund	<u>79,385</u>	<u>247,650</u>
	<u>\$ 327,035</u>	<u>\$ 327,035</u>

**Interfund Receivables and Payables:**

The following is a summary of interfund receivables and payables:

	<u>Due from</u>	<u>Due to</u>
Major Funds:		
General Fund	\$ 13,026	\$ -
Nonmajor Enterprise Fund	<u>-</u>	<u>13,026</u>
	<u>\$ 13,026</u>	<u>\$ 13,026</u>

All interfund receivables and payables resulted from the time lag between the dates that reimbursable expenditures occur and payments between funds are made.

**Long-term Debt**

A summary of long-term liability activity for the year ended September 30, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
<b>Primary Government:</b>					
Governmental activities:					
Note payable	\$ -	\$ 665,000	\$ 35,221	\$ 629,779	\$ 56,415
Compensated absences	<u>129,085</u>	<u>155,839</u>	<u>124,905</u>	<u>160,019</u>	<u>80,010</u>
	<u>\$ 129,085</u>	<u>\$ 820,839</u>	<u>\$ 160,126</u>	<u>\$ 789,798</u>	<u>\$ 136,425</u>

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

(continued)

**4. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-term Debt** (Continued)

During 2009, the Council issued a promissory note 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. The note will bear per annum interest at the rate of 4.16%.

**Note Payable**

Note payable due in monthly installments of \$6,795 through February 28, 2019, at which time all remaining principal and accrued interest are due in full, interest at 4.16%.

\$ 629,779

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 56,415	\$ 25,131
2011	58,807	22,739
2012	61,243	20,303
2013	63,897	17,648
2014-2018	362,470	45,258
2019-2020	<u>26,947</u>	<u>236</u>
Total	<u>\$ 629,779</u>	<u>\$ 131,315</u>

**5. OTHER INFORMATION**

**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.

(continued)

## 5. OTHER INFORMATION (Continued)

### Contingencies

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

Agencies expending \$500,000 or more in federal or state awards 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.

Audits of the Council's expenditures for the year ended September 30, 2009, have not been completed. Based on prior experience, the Council's management believes that it will not incur significant losses from possible grant disallowances.

### Retirement Plan

The East Texas Council of Governments provides benefits for all of its fulltime employees through a defined contribution plan. The Plan is administered by International City Management Association Retirement Corporation. 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%. At the beginning of employment, 70% goes to the retirement plan account and 30% is used to purchase universal life insurance. After this initial calculation, the insurance payments remain constant as the employee's annual salary increases, therefore, the contributions to the retirement plan account increase as a percentage to the total contribution amount. 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.

The East Texas Council of Government's total covered payroll for the fiscal year ended September 30, 2009, was \$2,988,558. The Council made the required 12% contribution, which amounted to \$358,627. Employees made the required 8% contribution of \$239,085.



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# **SUPPLEMENTAL SCHEDULES**

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**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF INDIRECT COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Salaries	\$ 442,545
Benefits	<u>60,249</u>
Total Personnel	502,794
Group hospitalization	55,644
Pension costs	54,770
Minor office equipment	9,371
Computer maintenance	6,714
Staff travel	27,368
Executive committee travel	6,360
Allocated space costs	30,516
Office supplies	29,283
Public education	9,434
Copier costs	30,465
Training costs	17,197
Other employee benefits	2,190
Storage building	2,218
Repairs and maintenance	1,207
Tags/keys	43
Membership dues	19,983
Telephone	47,095
Meetings and conferences	8,196
Professional services	<u>64,239</u>
Total Indirect Costs	<u>925,087</u>
Less amount allocated to component unit	( 3,271)
Less amount allocated to General Fund	<u>( 149)</u>
Total Indirect Costs Allocated to the Grant Fund	<u>\$ 921,667</u>
Computation of Indirect Cost Rate:	
Direct personnel costs	<u>3,593,825</u>
Allocation rate	25.65%
Indirect costs as a percentage of qualifying costs	2.2%

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EMPLOYEE BENEFITS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**EMPLOYEE BENEFITS**

Disability	\$	24,564
Workman's compensation insurance		2,016
Vacation		161,828
Holidays		141,399
Sick leave		98,123
Other release time		8,913
Employment taxes		<u>12,504</u>
Total Employee Benefits		449,347
Less: amount allocated to indirect cost pool	(	60,249)
Less amount allocated to component unit	(	<u>1,418)</u>
Total Employee Benefits Allocated to the Grant Fund	\$	<u>387,680</u>
Chargeable time		<u>2,372,062</u>
Benefit rate		16.34%

# **STATISTICAL SECTION**

# 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.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	42
Revenue Capacity All of the Council's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. Accordingly, revenue capacity schedules are not presented in the statistical section.	
Debt Capacity For the purposes of the statistical section, debt is limited to long-term debt instruments, such as bonds, notes, loans and capital leases. The Council only has one note payable. Therefore, debt capacity information is not presented in the statistical section.	
Demographic and Economic Indicators These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	49
Operating Information These schedules contain service and capital asset data to help the reader understand how the information in the Council's financial report relates to the services the East Texas Council of Governments provides and the resources it utilizes to provide these services.	64

# EAST TEXAS COUNCIL OF GOVERNMENTS

## NET ASSETS BY COMPONENT

### LAST SIX FISCAL YEARS

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Governmental activities:						
Invested in capital assets, net of related debt	\$ 1,066,250	\$ 1,365,348	\$ 1,467,687	\$ 2,398,199	\$ 2,473,037	\$ 2,981,450
Restricted	1,175,194	1,199,484	1,174,134	1,202,091	1,123,439	857,690
Unrestricted	<u>606,955</u>	<u>653,585</u>	<u>758,245</u>	<u>1,017,141</u>	<u>1,276,109</u>	<u>1,479,741</u>
Total governmental activities net assets	<u>\$ 2,848,399</u>	<u>\$ 3,218,417</u>	<u>\$ 3,400,066</u>	<u>\$ 4,617,431</u>	<u>\$ 4,872,585</u>	<u>\$ 5,318,881</u>
Business-type activities:						
Unrestricted	\$ -	\$ -	-	\$( 631)	\$( 6,006)	\$ 316
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$( 631)</u>	<u>\$( 6,006)</u>	<u>\$ 316</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 1,066,250	\$ 1,365,348	\$ 1,467,687	\$ 2,398,199	\$ 2,473,037	\$ 2,981,450
Restricted	1,175,194	1,199,484	1,174,134	1,202,091	1,123,439	857,690
Unrestricted	<u>606,955</u>	<u>653,585</u>	<u>758,245</u>	<u>1,016,510</u>	<u>1,270,103</u>	<u>1,480,057</u>
Total primary government net assets	<u>\$ 2,848,399</u>	<u>\$ 3,218,417</u>	<u>\$ 3,400,066</u>	<u>\$ 4,616,800</u>	<u>\$ 4,866,579</u>	<u>\$ 5,319,197</u>

Note:

The Council began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.



# EAST TEXAS COUNCIL OF GOVERNMENTS

## CHANGES IN NET ASSETS

### LAST SIX FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 51,872	\$ 33,614	\$ 71,165
Workforce development	25,532,371	26,540,117	27,951,947
Housing and urban development	71,449	70,195	149,064
Emergency communications	1,629,740	1,403,002	1,573,968
Economic development	71,064	60,328	65,681
Environmental quality	973,470	884,574	1,185,765
Aging	5,152,070	5,173,324	5,164,906
Transportation	892,394	843,724	1,272,852
Homeland security	329,259	727,030	1,139,388
Criminal justice	230,724	345,671	295,087
Health and human services	-	-	12,674
Total governmental activities expenses	<u>34,934,413</u>	<u>36,081,579</u>	<u>38,882,497</u>
Business-type activities:			
Greyhound	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services	-	-	-
Operating grants and contributions	<u>34,858,702</u>	<u>36,307,282</u>	<u>38,838,134</u>
Total governmental activities program revenues	<u>34,858,702</u>	<u>36,307,282</u>	<u>38,838,134</u>
Business-type activities:			
Charges for services	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET (EXPENSE) REVENUES</b>			
Governmental activities	( 75,711)	225,703	( 44,363)
Business-type activities	-	-	-
Total primary government net (expense) revenues	<u>( 75,711)</u>	<u>225,703</u>	<u>( 44,363)</u>
<b>GENERAL REVENUES</b>			
Governmental activities:			
Grants and contributions not restricted to specific programs	72,163	71,513	71,513
Investment earnings	19,344	42,603	110,878
Miscellaneous	<u>27,488</u>	<u>30,199</u>	<u>43,621</u>
Total governmental activities general revenues	<u>118,995</u>	<u>144,315</u>	<u>226,012</u>
Business-type activities:			
Investment earnings	-	-	-
Total business-type activities general revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>			
Governmental activities	43,284	370,018	181,649
Business-type activities	-	-	-
Total primary government	<u>\$ 43,284</u>	<u>\$ 370,018</u>	<u>\$ 181,649</u>

Note: The Council began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Fiscal Year		
2007	2008	2009
\$ 26,113	\$ 97,063	\$ 89,312
27,780,544	28,679,194	28,645,985
61,262	15,163	20,443
2,396,799	2,195,057	3,048,141
64,144	112,166	245,846
844,837	933,420	1,058,896
5,546,424	5,766,234	5,631,328
1,662,765	2,695,154	3,290,942
266,300	219,721	262,743
268,819	399,304	431,004
169,968	927,642	179,486
<u>39,087,975</u>	<u>42,040,118</u>	<u>42,904,126</u>
<u>32,529</u>	<u>134,032</u>	<u>117,564</u>
<u>32,529</u>	<u>134,032</u>	<u>117,564</u>
-	-	89,678
<u>40,020,456</u>	<u>41,910,503</u>	<u>42,976,162</u>
<u>40,020,456</u>	<u>41,910,503</u>	<u>43,065,840</u>
<u>31,048</u>	<u>217,271</u>	<u>123,886</u>
<u>31,048</u>	<u>217,271</u>	<u>123,886</u>
932,481	( 129,615)	161,714
( 1,481)	<u>83,239</u>	<u>6,322</u>
<u>931,000</u>	<u>( 46,376)</u>	<u>168,036</u>
71,313	114,734	169,945
133,605	83,399	30,598
<u>79,966</u>	<u>98,022</u>	<u>84,039</u>
<u>284,884</u>	<u>296,155</u>	<u>284,582</u>
<u>850</u>	<u>-</u>	<u>-</u>
<u>850</u>	<u>-</u>	<u>-</u>
1,217,365	166,540	446,296
( 631)	<u>83,239</u>	<u>6,322</u>
<u>\$ 1,216,734</u>	<u>\$ 249,779</u>	<u>\$ 452,618</u>

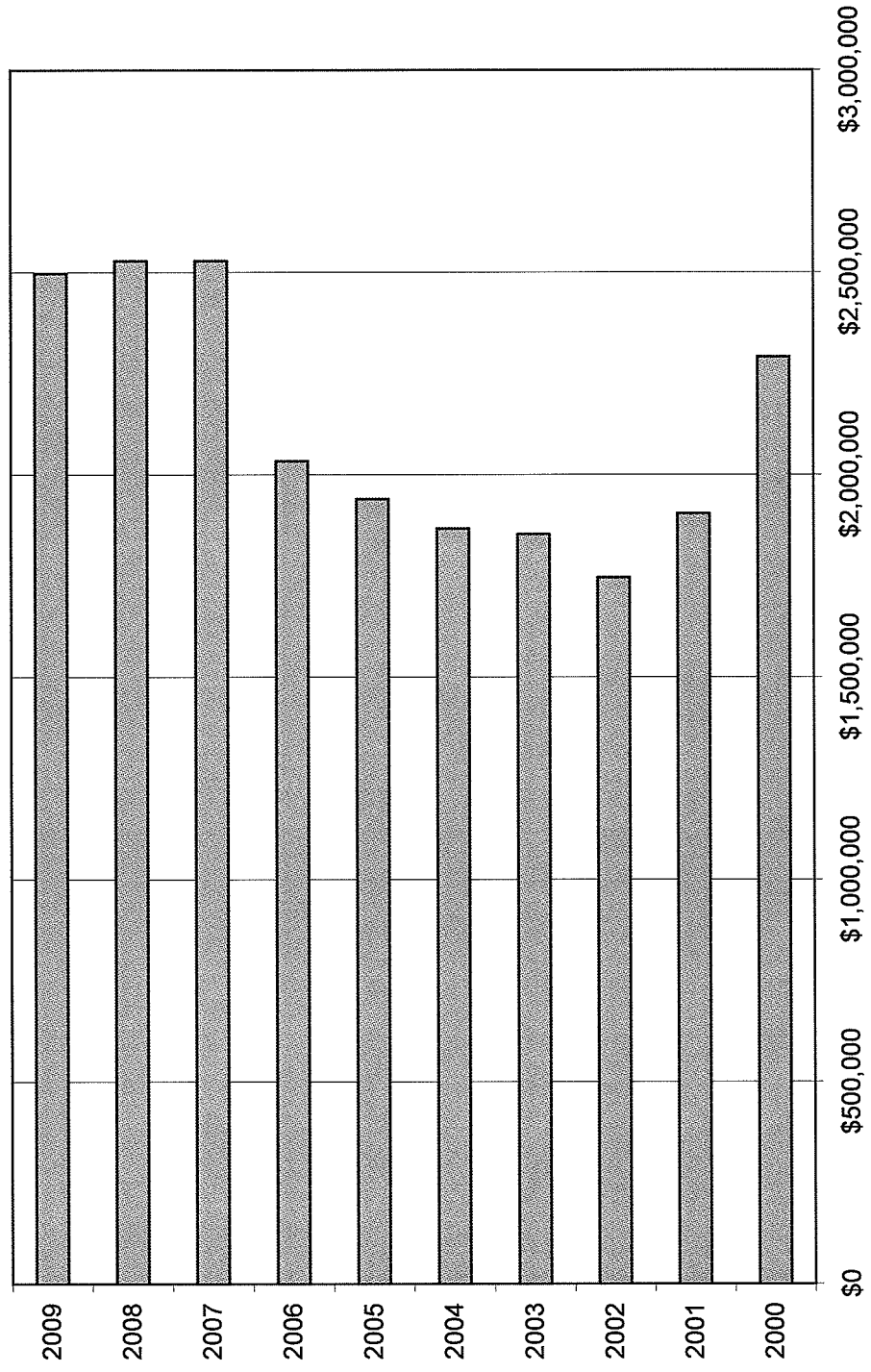
**EAST TEXAS COUNCIL OF GOVERNMENTS**

**FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194
Unreserved	550,445	610,548	642,819	664,600	692,436	740,946	859,714	1,017,141	1,223,207	1,601,264
Total general fund	\$ 550,445	\$ 610,548	\$ 642,819	\$ 664,600	\$ 692,436	\$ 740,946	\$ 859,714	\$ 1,017,141	\$ 1,223,207	\$ 1,601,458
All other governmental funds										
Reserved	\$ 1,038,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,904	\$ 190,341	\$ 181,987	\$ 38,302
Unreserved, reported in:										
Special revenue funds	702,767	1,294,506	1,104,312	1,189,683	1,175,194	1,199,484	827,230	1,113,554	1,123,439	857,690
Total all other governmental funds	\$ 1,741,129	\$ 1,294,506	\$ 1,104,312	\$ 1,189,683	\$ 1,175,194	\$ 1,199,484	\$ 1,174,134	\$ 1,303,895	\$ 1,305,426	\$ 895,992
Total primary government	\$ 2,291,574	\$ 1,905,054	\$ 1,747,131	\$ 1,854,283	\$ 1,867,630	\$ 1,940,430	\$ 2,033,848	\$ 2,321,036	\$ 2,528,633	\$ 2,497,450

**East Texas Council of Governments  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years**



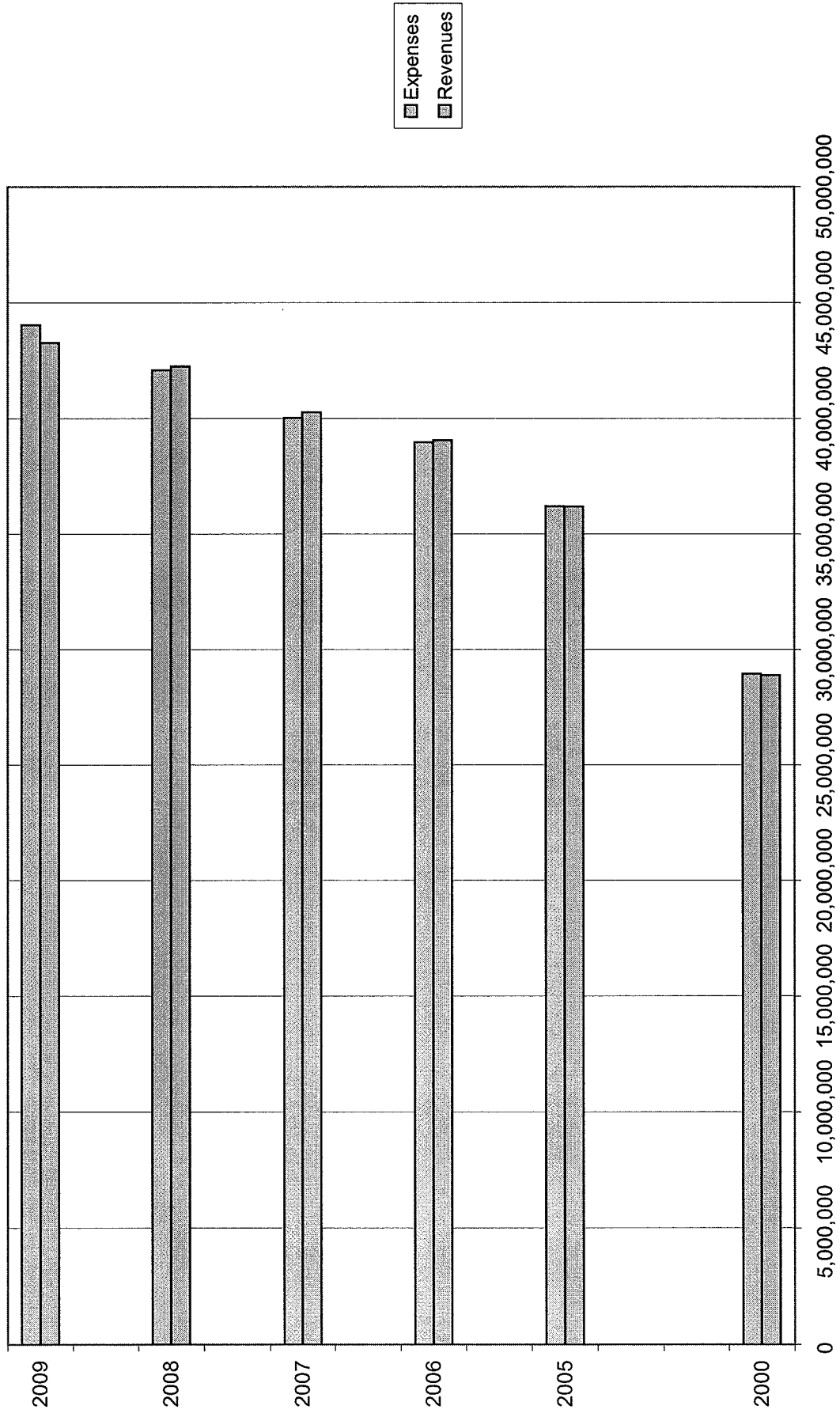
**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>										
Intergovernmental	\$ 27,598,815	\$ 31,245,264	\$ 34,860,565	\$ 33,554,163	\$ 33,337,623	\$ 34,273,581	\$ 37,132,766	\$ 37,944,479	\$ 39,459,887	\$ 40,972,015
Membership dues	64,940	64,919	71,988	71,363	71,863	71,513	71,513	71,313	114,734	169,945
Matching funds/program income	948,126	1,813,679	1,170,418	1,618,330	1,470,086	1,662,400	1,472,611	2,010,154	2,419,816	1,948,724
Charges for services	-	-	-	-	-	-	-	-	-	89,678
Investment income	-	-	-	-	-	-	-	-	-	43,164
Miscellaneous	267,812	295,077	206,860	51,332	98,124	182,943	387,256	251,903	263,611	63,452
Total revenues	28,879,693	33,418,939	36,309,831	35,295,188	34,977,696	36,190,437	39,064,146	40,277,849	42,258,048	43,286,978
<b>EXPENDITURES</b>										
General government	136,211	113,284	121,195	171,456	24,386	15,891	46,414	32,542	65,051	13,025
Workforce development	21,239,255	26,018,914	27,850,013	26,182,392	25,530,201	26,537,947	27,949,777	27,778,736	28,963,453	28,617,778
Aging	4,210,121	4,032,875	5,394,917	5,124,494	5,145,318	5,158,130	5,138,498	5,652,102	6,744,802	5,801,795
Emergency communications	1,373,177	1,363,170	1,046,204	1,505,772	1,642,456	1,607,680	1,425,756	3,416,130	1,901,163	2,812,201
Environmental quality	501,462	809,319	902,815	827,183	973,470	884,574	1,185,765	844,837	933,420	1,064,553
Transportation	764,499	1,099,952	753,561	952,701	957,337	764,012	1,546,750	1,633,280	2,733,432	4,068,938
Homeland security	-	-	-	139,113	349,727	761,702	1,167,936	266,300	219,721	266,655
Criminal justice	279,873	224,953	230,128	212,154	230,724	345,671	295,087	268,819	399,304	427,699
Housing and urban development	372,083	76,726	102,409	71,824	71,449	70,195	149,064	61,262	15,163	20,429
Economic development	72,307	66,266	66,512	68,828	71,064	60,328	65,681	64,144	112,166	248,247
Debt service	-	-	-	-	-	-	-	-	-	35,221
Capital outlay	-	-	-	-	-	-	-	-	-	670,064
Total expenditures	28,948,988	33,805,459	36,467,754	35,255,917	34,996,132	36,206,130	38,970,728	40,018,152	42,087,675	44,046,605
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 69,295)	( 386,520)	( 157,923)	39,271	( 18,436)	( 15,693)	93,418	259,697	170,373	( 759,627)
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of debt	-	-	-	-	31,783	88,493	-	-	-	665,000
Proceeds from insurance	-	-	-	-	-	-	-	27,491	37,224	63,444
Transfers in	75,167	74,362	87,345	77,388	985,907	75,110	46,516	57,438	2,391	327,035
Transfers out	( 75,167)	( 74,362)	( 87,345)	( 77,388)	( 985,907)	( 75,110)	( 46,516)	( 57,438)	( 2,391)	( 327,035)
Total other financing sources (uses)	-	-	-	-	31,783	88,493	-	27,491	37,224	728,444
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	-	82,424	-	-	-	-	-	-
<b>CHANGE IN FUND BALANCES</b>	<b>\$( 69,295)</b>	<b>\$( 386,520)</b>	<b>\$( 157,923)</b>	<b>\$ 121,695</b>	<b>\$ 13,347</b>	<b>\$ 72,800</b>	<b>\$ 93,418</b>	<b>\$ 287,188</b>	<b>\$ 207,597</b>	<b>\$( 31,183)</b>

Notes:

Investment income was included in miscellaneous revenue prior to 2009.  
Debt service and capital outlay were included in current expenditures prior to 2009.

**East Texas Council of Governments  
Revenues and Expenditures of Governmental Funds  
Last Ten Fiscal Years**



EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

<b>Anderson County</b>	
<b>Area (Sq. miles) 1</b>	1,071
<b>County Seat 1</b>	Palestine
<b>Population, 2008 2</b>	57,318
<b>Anglo</b>	
Male	18,710
Female	15,832
<b>Black</b>	
Male	9,826
Female	3,982
<b>Hispanic</b>	
Male	6,096
Female	2,376
<b>Other</b>	
Male	268
Female	228
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	436
Divorces	173
Births	670
Deaths	550
<b>Unemployment Rate, Annual Average 2008 3</b>	5.7%

<b>Camp County</b>	
<b>Area (Sq. miles) 1</b>	198
<b>County Seat 1</b>	Pittsburg
<b>Population, 2008 2</b>	13,016
<b>Anglo</b>	
Male	3,877
Female	4,139
<b>Black</b>	
Male	1,112
Female	1,245
<b>Hispanic</b>	
Male	1,498
Female	1078
<b>Other</b>	
Male	37
Female	30
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	118
Divorces	34
Births	199
Deaths	134
<b>Unemployment Rate, Annual Average 2008 3</b>	5.0%

<b>Cherokee County</b>	
<b>Area (Sq. miles) 1</b>	1,052
<b>County Seat 1</b>	Rusk
<b>Population, 2008 2</b>	49,325
<b>Anglo</b>	
Male	15,565
Female	16,391
<b>Black</b>	
Male	4,234
Female	3,748
<b>Hispanic</b>	
Male	5,218
Female	3,774
<b>Other</b>	
Male	185
Female	210
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	379
Divorces	151
Births	772
Deaths	447
<b>Unemployment Rate, Annual Average 2008 3</b>	6.0%

<b>Gregg County</b>	
<b>Area (Sq. miles) 1</b>	274
<b>County Seat 1</b>	Longview
<b>Population, 2008 2</b>	120,261
<b>Anglo</b>	
Male	36,043
Female	38,538
<b>Black</b>	
Male	11,748
Female	13,022
<b>Hispanic</b>	
Male	10,482
Female	8,318
<b>Other</b>	
Male	1,033
Female	1,077
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	1,416
Divorces	442
Births	1,861
Deaths	1,209
<b>Unemployment Rate, Annual Average 2008 3</b>	4.0%

1: Texas Association of Counties  
 2: Texas Department of State Health Services  
 Marriages Divorces 2007 ---Births Deaths 2006  
 3: Texas Workforce Commission

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

<b>Harrison County</b>	
<b>Area (Sq. miles) 1</b>	899
<b>County Seat 1</b>	Marshall
<b>Population, 2008 2</b>	66,608
<b>Anglo</b>	
Male	22,029
Female	22,875
<b>Black</b>	
Male	7,362
Female	8,237
<b>Hispanic</b>	
Male	3,120
Female	2,494
<b>Other</b>	
Male	244
Female	247
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	485
Divorces	120
Births	830
Deaths	634
<b>Unemployment Rate, Annual Average 2008 3</b>	4.7%

<b>Henderson County</b>	
<b>Area (Sq. miles) 1</b>	874
<b>County Seat 1</b>	Athens
<b>Population, 2008 2</b>	79,636
<b>Anglo</b>	
Male	31,947
Female	32,671
<b>Black</b>	
Male	2,673
Female	2,867
<b>Hispanic</b>	
Male	4,817
Female	3,949
<b>Other</b>	
Male	357
Female	355
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	556
Divorces	130
Births	990
Deaths	804
<b>Unemployment Rate, Annual Average 2008 3</b>	5.4%

<b>Marion County</b>	
<b>Area (Sq. miles) 1</b>	381
<b>County Seat 1</b>	Jefferson
<b>Population, 2008 2</b>	11,040
<b>Anglo</b>	
Male	3,863
Female	3,967
<b>Black</b>	
Male	1,308
Female	1,496
<b>Hispanic</b>	
Male	151
Female	125
<b>Other</b>	
Male	61
Female	69
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	85
Divorces	64
Births	82
Deaths	159
<b>Unemployment Rate, Annual Average 2008 3</b>	5.1%

<b>Panola County</b>	
<b>Area (Sq. miles) 1</b>	801
<b>County Seat 1</b>	Carthage
<b>Population, 2008 2</b>	23,889
<b>Anglo</b>	
Male	8,870
Female	9,359
<b>Black</b>	
Male	2,118
Female	2,331
<b>Hispanic</b>	
Male	607
Female	443
<b>Other</b>	
Male	69
Female	92
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	244
Divorces	111
Births	296
Deaths	255
<b>Unemployment Rate, Annual Average 2008 3</b>	3.9%

1: Texas Association of Counties  
 2: Texas Department of State Health Services  
 Marriages Divorces 2007 ---Births Deaths 2006  
 3: Texas Workforce Commission



EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

<b>Rains County</b>	
<b>Area (Sq. miles) 1</b>	232
<b>County Seat 1</b>	Emory
<b>Population, 2008 <sup>2</sup></b>	10,605
<b>Anglo</b>	
Male	4,793
Female	4,793
<b>Black</b>	
Male	149
Female	131
<b>Hispanic</b>	
Male	343
Female	275
<b>Other</b>	
Male	56
Female	65
<b>Vital Statistics, 2006 -07 <sup>2</sup></b>	
Marriages	74
Divorces	54
Births	119
Deaths	108
<b>Unemployment Rate, Annual Average 2008 <sup>3</sup></b>	5.2%

<b>Rusk County</b>	
<b>Area (Sq. miles) 1</b>	924
<b>County Seat 1</b>	Henderson
<b>Population, 2008 <sup>2</sup></b>	49,516
<b>Anglo</b>	
Male	16,585
Female	16,585
<b>Black</b>	
Male	5,409
Female	4,793
<b>Hispanic</b>	
Male	3,365
Female	2,444
<b>Other</b>	
Male	163
Female	172
<b>Vital Statistics, 2006 -07 <sup>2</sup></b>	
Marriages	340
Divorces	231
Births	653
Deaths	523
<b>Unemployment Rate, Annual Average 2008 <sup>3</sup></b>	4.4%

<b>Smith County</b>	
<b>Area (Sq. miles) 1</b>	929
<b>County Seat 1</b>	Tyler
<b>Population, 2008 <sup>2</sup></b>	199,109
<b>Anglo</b>	
Male	58,140
Female	62,853
<b>Black</b>	
Male	17,232
Female	19,881
<b>Hispanic</b>	
Male	19,622
Female	17,664
<b>Other</b>	
Male	1,720
Female	1,997
<b>Vital Statistics, 2006 -07 <sup>2</sup></b>	
Marriages	1,744
Divorces	487
Births	2,889
Deaths	1,473
<b>Unemployment Rate, Annual Average 2008 <sup>3</sup></b>	5.0%

<b>Upshur County</b>	
<b>Area (Sq. miles) 1</b>	588
<b>County Seat 1</b>	Gilmer
<b>Population, 2008 <sup>2</sup></b>	37,697
<b>Anglo</b>	
Male	15,076
Female	15,568
<b>Black</b>	
Male	1,972
Female	2,288
<b>Hispanic</b>	
Male	1,260
Female	1,164
<b>Other</b>	
Male	166
Female	203
<b>Vital Statistics, 2006 -07 <sup>2</sup></b>	
Marriages	225
Divorces	192
Births	501
Deaths	444
<b>Unemployment Rate, Annual Average 2008 <sup>3</sup></b>	4.3%

1: Texas Association of Counties  
 2: Texas Department of State Health Services  
 Marriages Divorces 2007 ---Births Deaths 2006  
 3: Texas Workforce Commission

EAST TEXAS COUNCIL OF GOVERNMENTS

REGIONAL COUNTY INFORMATION

<b>Van Zandt County</b>	
<b>Area (Sq. miles) 1</b>	849
<b>County Seat 1</b>	Canton
<b>Population, 2008 2</b>	52,600
<b>Anglo</b>	
Male	22,821
Female	23,140
<b>Black</b>	
Male	756
Female	812
<b>Hispanic</b>	
Male	2,836
Female	1,840
<b>Other</b>	
Male	199
Female	196
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	363
Divorces	223
Births	559
Deaths	585
<b>Unemployment Rate, Annual Average 2008 3</b>	4.4%

<b>Wood County</b>	
<b>Area (Sq. miles) 1</b>	650
<b>County Seat 1</b>	Quitman
<b>Population, 2008 2</b>	43,218
<b>Anglo</b>	
Male	18,312
Female	19,126
<b>Black</b>	
Male	1,196
Female	1,190
<b>Hispanic</b>	
Male	1,792
Female	1,298
<b>Other</b>	
Male	153
Female	151
<b>Vital Statistics, 2006 -07 2</b>	
Marriages	206
Divorces	84
Births	438
Deaths	508
<b>Unemployment Rate, Annual Average 2008 3</b>	5.1%

1: Texas Association of Counties  
 2: Texas Department of State Health Services  
 Marriages Divorces 2007 ---Births Deaths 2006  
 3: Texas Workforce Commission

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

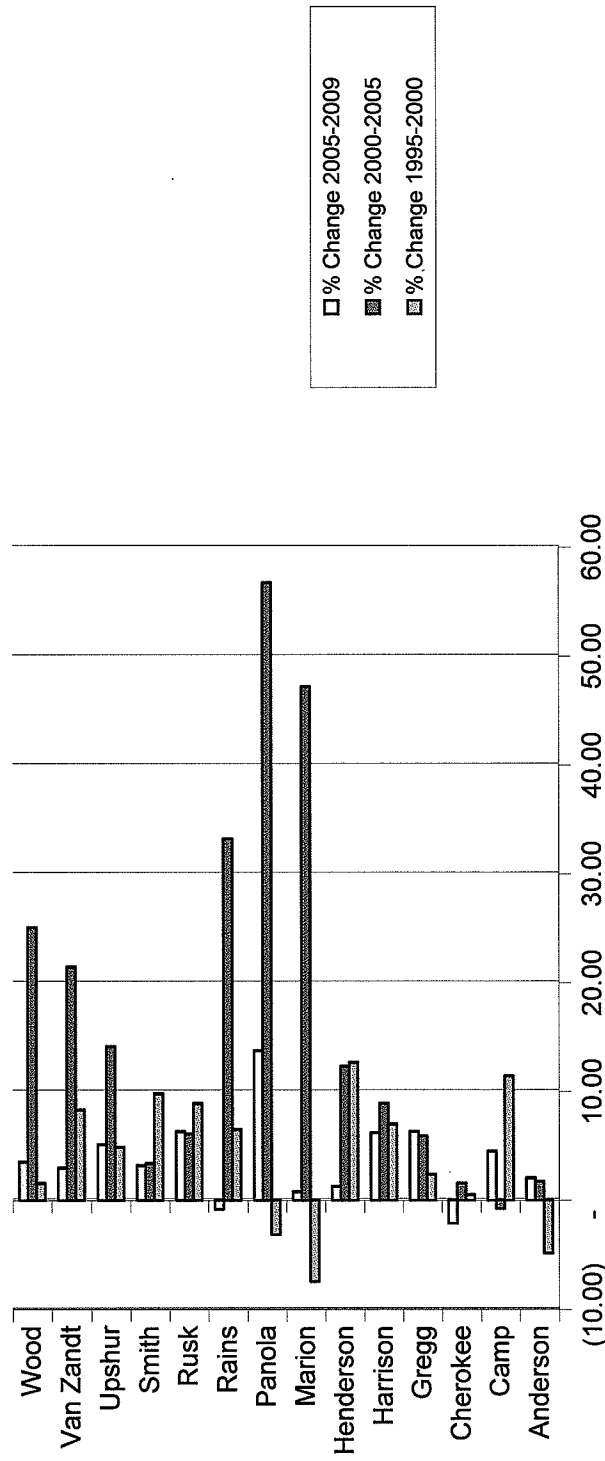
<b>Employment <sup>1</sup></b>							
	<b>1995</b>	<b>2000</b>	<b>2005</b>	<b>2008</b>	<b>% Change 1995-2000</b>	<b>% Change 2000-2005</b>	<b>% Change 2005-2009</b>
Anderson	19,511	18,562	18,877	19,260	(4.86)	1.70	2.03
Camp	4,612	5,137	5,097	5,325	11.38	(0.78)	4.47
Cherokee	19,169	19,263	19,559	19,143	0.49	1.54	(2.13)
Gregg	53,484	54,730	57,938	61,586	2.33	5.86	6.30
Harrison	25,400	27,168	29,580	31,411	6.96	8.88	6.19
Henderson	25,858	29,123	32,698	33,104	12.63	12.28	1.24
Marion	3,531	3,267	4,807	4,843	(7.48)	47.14	0.75
Panola	7,331	7,099	11,123	12,648	(3.16)	56.68	13.71
Rains	3,418	3,639	4,846	4,806	6.47	33.17	(0.83)
Rusk	18,771	20,431	21,669	23,027	8.84	6.06	6.27
Smith	80,372	88,219	91,157	94,040	9.76	3.33	3.16
Upshur	15,007	15,732	17,948	18,859	4.83	14.09	5.08
Van Zandt	18,430	19,956	24,226	24,937	8.28	21.40	2.93
Wood	13,184	13,385	16,735	17,321	1.52	25.03	3.50
<b>WDA</b>	<b>308,078</b>	<b>325,711</b>	<b>356,260</b>	<b>370,310</b>	<b>5.72</b>	<b>9.38</b>	<b>3.94</b>

Source

1: TX Workforce Commission (Local Areas Unemployment Statistics) [www.tracer2.com/cgi/dataAnalysis](http://www.tracer2.com/cgi/dataAnalysis)

# EAST TEXAS COUNCIL OF GOVERNMENTS

## EMPLOYMENT PERCENT CHANGE



**EAST TEXAS COUNCIL OF GOVERNMENTS**

**Population - Census 1970-2000  
2010 Census Estimate**

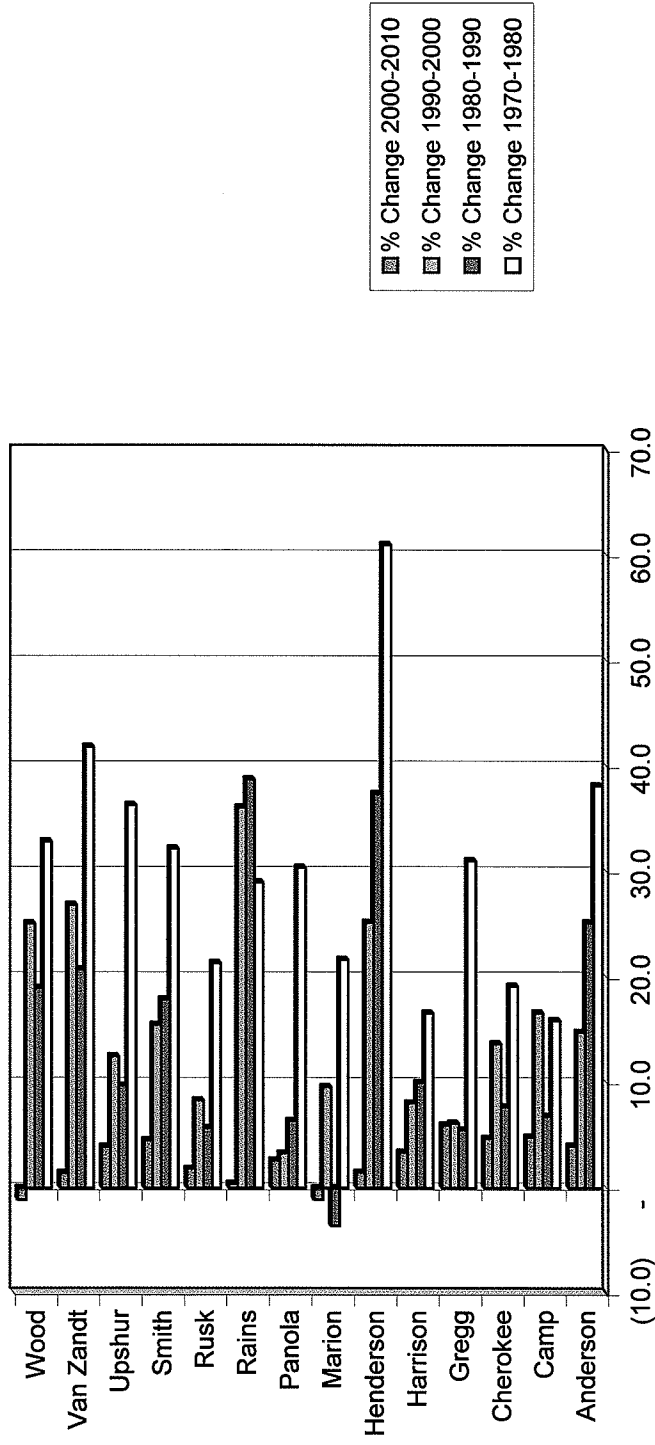
	1970 Census	1980 Census	1990 Census	2000 Census	2010 Census Estimate*	% Change 1970-1980	% Change 1980-1990	% Change 1990-2000	% Change 2000-2010
Anderson	27,789	38,381	48,024	55,109	57,303	38.1	25.1	14.8	4.0
Camp	8,005	9,275	9,904	11,549	12,105	15.9	6.8	16.6	4.8
Cherokee	32,008	38,127	41,049	46,659	48,840	19.1	7.7	13.7	4.7
Gregg	75,929	99,487	104,948	111,379	117,999	31.0	5.5	6.1	5.9
Harrison	44,841	52,265	57,483	62,110	64,201	16.6	10.0	8.0	3.4
Henderson	26,466	42,606	58,543	73,277	74,351	61.0	37.4	25.2	1.5
Marion	8,517	10,360	9,984	10,941	10,817	21.6	(3.6)	9.6	(1.1)
Panola	15,894	20,724	22,035	22,756	23,351	30.4	6.3	3.3	2.6
Rains	3,752	4,839	6,715	9,139	9,174	29.0	38.8	36.1	0.4
Rusk	34,102	41,382	43,735	47,372	48,226	21.3	5.7	8.3	1.8
Smith	97,096	128,366	151,309	174,706	182,600	32.2	17.9	15.5	4.5
Upshur	20,976	28,595	31,370	35,291	36,671	36.3	9.7	12.5	3.9
Van Zandt	22,155	31,426	37,944	48,140	48,820	41.8	20.7	26.9	1.4
Wood	18,589	24,697	29,380	36,752	36,340	32.9	19.0	25.1	(1.1)
WDA	436,119	570,530	652,423	745,180	770,798	30.8	14.4	14.2	3.4
Texas	11,196,730	14,229,191	16,986,510	20,851,820	22,802,983	27.1	19.4	22.8	9.4

Source: Census Bureau and Texas State Data Center

\* 2010 Census Estimates updated in 2008 (0 migration scenario) by Texas State Data Center

## EAST TEXAS COUNCIL OF GOVERNMENTS

### Population Change in 1970s, 80s, 90s, 2000 and 2010



Percent Change

**EAST TEXAS COUNCIL OF GOVERNMENTS  
POPULATION & HOUSEHOLD BY COUNTY**

<b>Population Forecast</b>			
	<b>2000</b>	<b>2030*</b>	<b>% Change</b>
Anderson	55,109	60,007	8.89%
Camp	11,549	13,030	12.82%
Cherokee	46,659	52,541	12.61%
Gregg	111,379	125,587	12.76%
Harrison	62,110	65,211	4.99%
Henderson	73,277	74,873	2.18%
Marion	10,941	10,205	-6.73%
Panola	22,756	23,302	2.40%
Rains	9,139	8,818	-3.51%
Rusk	47,372	49,106	3.66%
Smith	174,706	190,815	9.22%
Upshur	35,291	37,830	7.19%
Van Zandt	48,140	49,541	2.91%
Wood	36,752	35,101	-4.49%
<b>WDA</b>	<b>745,180</b>	<b>795,967</b>	<b>6.82%</b>

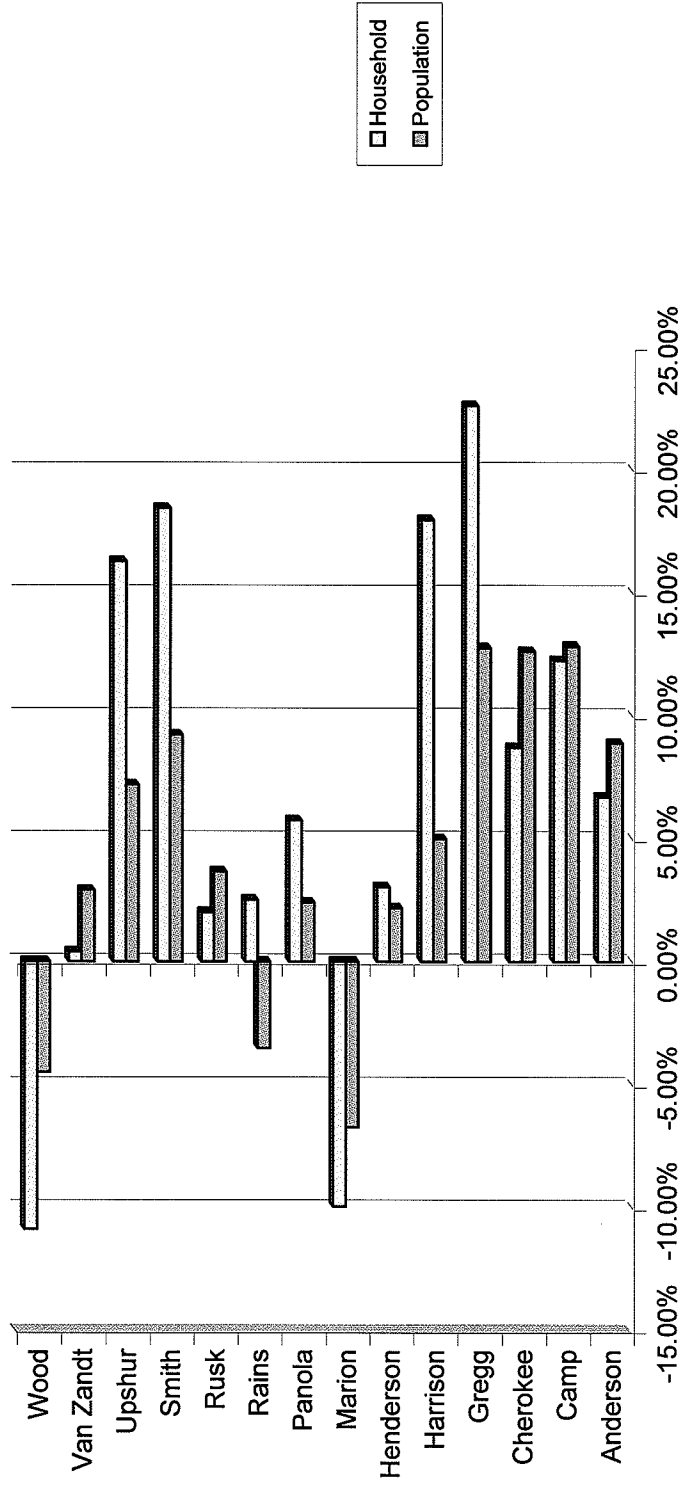
<b>Household Forecast</b>			
	<b>2000</b>	<b>2030*</b>	<b>%Change</b>
Anderson	15,678	16,728	6.70%
Camp	4,336	4,867	12.25%
Cherokee	16,651	18,100	8.70%
Gregg	42,687	52,335	22.60%
Harrison	23,087	27,234	17.96%
Henderson	28,804	29,679	3.04%
Marion	4,610	4,151	-9.96%
Panola	8,821	9,328	5.75%
Rains	3,617	3,708	2.52%
Rusk	17,364	17,713	2.01%
Smith	65,692	77,803	18.44%
Upshur	13,290	15,454	16.28%
Van Zandt	18,195	18,269	0.41%
Wood	14,583	12,997	-10.88%
<b>WDA</b>	<b>277,415</b>	<b>308,366</b>	<b>11.16%</b>

\* 2030 Population & Household Projections based on 2000 Census, 0 Migration Scenario

Source: Texas State Data Center, Population Estimates and Projections Programs

# EAST TEXAS COUNCIL OF GOVERNMENTS

## Population and Household Percent Change 2000-2030



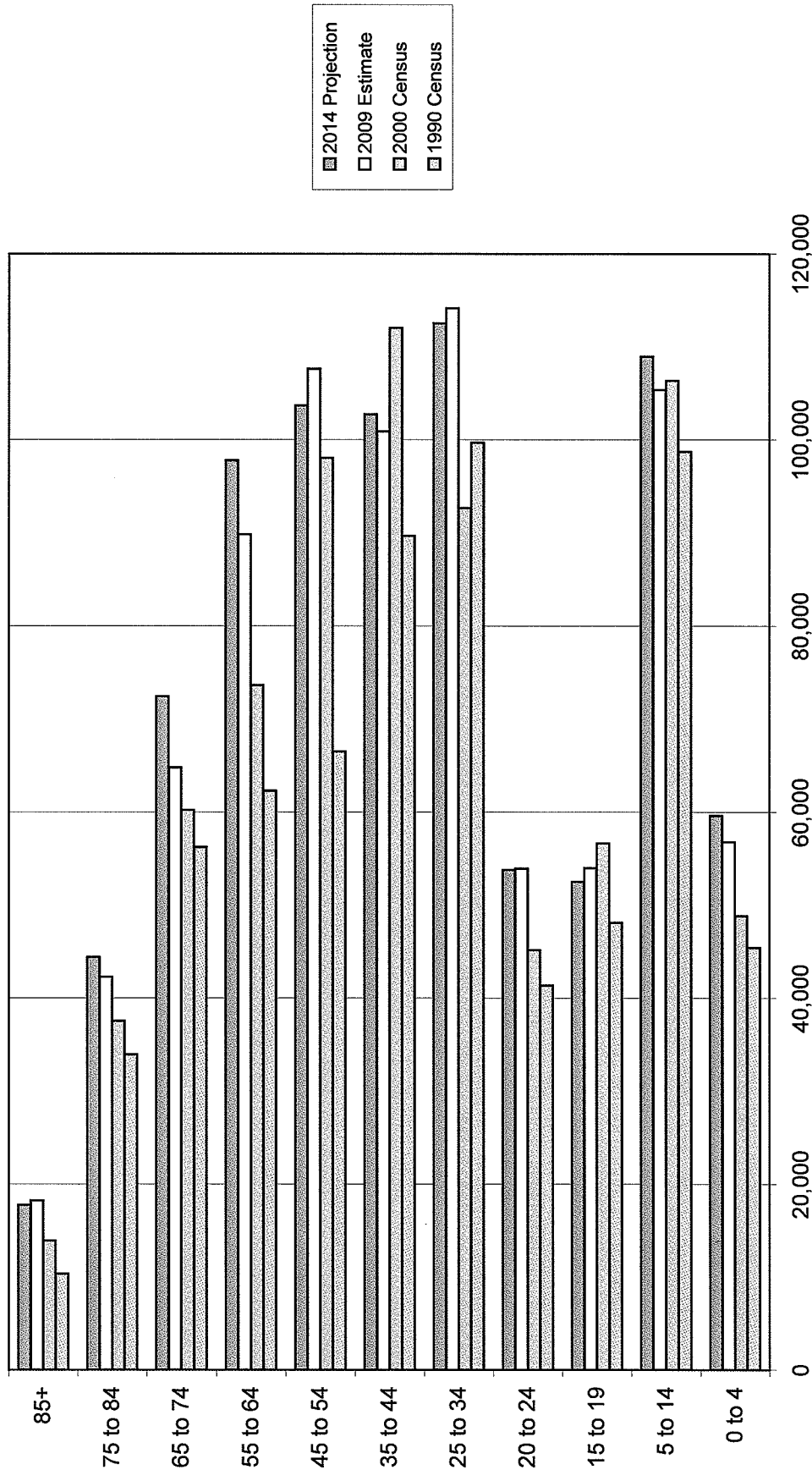


**East Texas Council of Governments**  
**Total Population Age Historical and Projected**  
**1990 and 2000 Census, 2009 Estimate and 2014 Projection**

<b>Age Group</b>	<b>1990 Census</b>	<b>2000 Census</b>	<b>2009 Estimate</b>	<b>2014 Projection</b>	<b>Percent Change 1990 to 2000</b>	<b>Percent Change 2009 to 2014</b>
0 to 4	45,463	48,866	56,804	59,614	7.50%	4.90%
5 to 14	98,741	106,354	105,367	108,944	7.70%	3.40%
15 to 19	48,123	56,640	54,005	52,520	17.70%	-2.80%
20 to 24	41,376	45,203	53,939	53,814	9.30%	-0.20%
25 to 34	99,693	92,684	114,137	112,521	-7.00%	-1.40%
35 to 44	89,690	112,034	100,911	102,758	24.90%	1.80%
45 to 54	66,524	98,062	107,631	103,718	47.40%	-3.60%
55 to 64	62,307	73,642	89,865	97,800	18.20%	8.80%
65 to 74	56,244	60,225	64,812	72,468	7.10%	11.80%
75 to 84	33,967	37,572	42,310	44,444	10.60%	5.00%
85+	10,331	13,898	18,255	17,760	34.50%	-2.70%

In 1990, the median age of the total population in the study area was 34.3 and in 2000, it was 37.1. The median age in 2009 is 37 and it is predicted to change in five years to 37.3. In 2009, females represented 50.1% of the population with a median age of 38.9 and males represented 49.9% of the population with a median age of 35.3 years. In 2009, the most prominent age group in this geography is Age 25 to 34 years.

**East Texas Council of Governments  
Population Age Historical and Projected  
1990 and 2000 Census, 2009 Estimate and 2014 Projection**



**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>1</sup>	Personal Income (in thousands) <sup>2</sup>	Per Capita		Gross Sales All Industries <sup>4</sup>	Gross Sales, All Industries Subject to State Tax <sup>5</sup>	Total Employed <sup>6</sup>	Unemployment Rate <sup>7</sup>
			Personal Income	Personal Income				
2008	813,838	NA	NA	NA	NA	370,310	4.9	
2007	801,389	25,079,286	29,252	31,510,488,251	7,747,288,124	365,148	4.4	
2006	759,774	23,708,065	27,826	27,784,135,121	7,278,104,246	362,951	4.9	
2005	757,082	21,786,493	25,658	25,661,141,470	6,576,967,019	358,710	5.3	
2004	754,330	20,593,617	22,337	22,635,455,313	6,042,674,290	352,357	5.1	
2003	751,642	19,383,744	21,392	21,297,054,428	5,545,857,086	343,323	6.1	
2002	749,245	18,621,654	20,886	18,021,691,968	5,362,595,811	334,357	5.8	
2001	747,237	18,305,462	22,677	19,970,863,173	5,491,864,293	330,342	4.8	
2000	745,180	17,734,964	23,800	19,558,447,428	5,232,245,032	325,710	5.1	
1999	737,956	16,360,532	22,642	18,187,572,672	5,041,024,732	323,273	6.0	

Source: 1: Texas State Data Center, 0 Migration Scenario (2008 from TX Dept State Health Services)

2: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce

3: Regional Economic Info System, Bureau of Economic Analysis, U.S. Department of Commerce

4: Texas Comptroller of Public Accounts - [www.window.state.tx.us/taxinfo/sales/index.html](http://www.window.state.tx.us/taxinfo/sales/index.html)

5: Texas Comptroller of Public Accounts - [www.window.state.tx.us/taxinfo/sales/index.html](http://www.window.state.tx.us/taxinfo/sales/index.html)

6: Texas Workforce Commission and US Bureau of Labor Statistics

7: Texas Workforce Commission, Annual Average and US Bureau of Labor Statistics

NA: Information not available as of February 5, 2010

**East Texas Council of Governments  
Principal Employers 1000+ Employees  
September 30, 2009**

<b>Company Information</b>	<b>Employees</b>	<b>NAICS</b>
<b><u>Brookshire Grocery CO</u></b> 1600 W Southwest Loop 323 Tyler, TX 75701-8500 Smith County	1000+	4451, 3118, 4239, 4461
<b><u>Carrier Corp</u></b> 1700 E Duncan St Tyler, TX 75702 Smith County	1000+	2382, 3334
<b><u>Eastman Chemical CO</u></b> 300 Kodak Blvd Longview, TX 75602 Gregg County	1000+	3251, 3252, 3261, 3251
<b><u>ETMC Regional Healthcare Syst</u></b> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	1000+	6219, 6221
<b><u>ETMC Tyler Radiology</u></b> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	1000+	6215
<b><u>Good Shepherd Medical Center</u></b> 700 E. Marshall Ave. Longview, TX 75601-5572 Gregg County	1000+	6221
<b><u>Rusk State Hospital</u></b> 1601 Hwy 69 N Rusk, TX 75785 Cherokee County	1000+	6221
<b><u>Trane Residential Systems</u></b> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	1000+	2382, 5416
<b><u>Trinity Mother Frances Health</u></b> 536 S Beckham Ave Tyler, TX 75702-8310 Smith County	1000+	6219
<b><u>Tyler Pipe</u></b> 11910 County Road 492 Tyler, TX 75706 Smith County	1000+	3329, 3261, 3315
<b><u>University of Texas Health Center</u></b> 11937 US Hwy 271 Tyler, TX 75708 Smith County	1000+	6221, 6211

Source: <http://socrates.cdr.state.tx.us/iSocrates/Employers/EmployerContacts2.asp>

**East Texas Council of Governments  
Full Time Employee Equivalents by Function  
Last Ten Fiscal Years**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government	7.80	8.36	8.60	9.27	8.84	8.23	8.81	9.57	14.43	13.64
Workforce	19.24	20.19	22.13	21.58	22.05	21.49	22.01	22.01	25.74	23.11
Housing & Urban Development	0.55	0.62	0.46	0.49	0.48	0.47	0.35	0.50	0.35	0.41
Emergency Communications	3.28	2.66	2.55	3.16	3.12	5.86	5.48	6.51	8.28	9.08
Economic Development	2.98	2.86	2.80	2.56	1.88	1.73	2.41	1.58	2.23	2.29
Environmental Quality	2.21	2.34	2.99	3.13	3.11	3.24	2.99	2.48	2.92	3.15
Area Agency on Aging	8.15	8.24	9.65	10.11	9.16	8.06	9.79	9.75	10.34	11.30
Transportation	1.03	1.20	1.02	0.98	1.72	2.08	1.76	3.77	23.45	20.44
Homeland Security	-	-	-	0.05	1.33	3.63	3.94	2.77	2.34	2.00
Criminal Justice	1.23	1.45	1.44	1.40	1.20	1.03	1.05	0.92	1.36	1.49
Health & Human Services	-	-	-	-	-	-	0.08	0.07	0.15	0.03

**East Texas Council of Governments**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST SEVEN FISCAL YEARS**

<u>Workforce Development</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Number of Children Served	7171	7545	8062	8393	8853	8895	7703
Total Population Served at Workforce Centers	78344	84197	91185	84844	74662	65443	76551
WIA Adults Served	689	764	924	540	368	358	311
WIA Adults Entering Employment	288	241	302	282	147	122	97
WIA Dislocated Workers Served	191	805	616	166	280	595	731
WIA Dislocated Workers Entering Employment	61	195	390	98	100	129	144
WIA Youth Served	502	604	596	235	170	140	703
WIA Youth Entering Employment	77	58	161	86	65	35	24
TANF Participants Served	4200	3401	2370	1664	1507	990	956
TANF Participants Entering Employment	2235	1926	1326	955	910	625	491
Food Stamp Participants Served	849	752	573	456	371	526	575
Food Stamp Participants Entering Employment	446	394	350	308	256	334	260
Reintegrated Offenders (RIO) Served	1934	2392	2583	2160	1785	2280	2823
RIO Secured Employment	1014	1181	1394	1309	1185	1277	1289

<u>Aging</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Information & Referral	n/a	n/a	3,662	5,602	3,993	5,214	3,300
Care Coordination	1,344	1,498	1,040	1,176	1,899	1,493	1,550
Legal Assistance over 60	241	233	160	512	230	117	210
Legal Awareness	n/a	n/a	2,439	8,537	1,972	1,528	1,549
Caregiver Education & Training	216	1,611	37	677	49	151	46
Caregiver Support Coordination	1,379	1,139	955	1,018	1,294	1,652	1,585
Congregate Meals	168,601	156,201	130,984	107,584	99,489	93,892	97,724
Home Delivered Meals	398,477	377,329	399,365	401,399	429,580	447,348	355,849
Transportation	31,528	27,599	28,602	20,088	20,504	21,607	23,187
Residential Repairs	196	79	85	97	133	150	141
Homemaker	11,516	11,444	10,104	10,339	10,580	8,003	6,093
Personal Assistance	2,948	2,713	1,408	1,120	1,485	695	855
Health Maintenance	112	61	57	68	46	66	42
Health Screening	17	74	n/a	219	336	432	170
Nutrition Education	n/a	n/a	n/a	292	145	255	255
Emergency Response	459	495	485	456	436	362	375
Adult Day Care	1,230	1,273	1,030	1,190	474	52	174
Caregiver Respite in Home	26,416	15,704	14,929	12,715	12,453	12,175	8,936
Caregiver Respite Institutional	4,128	5,136	3,672	5,832	7,608	4,032	1,368
Instruction & Training	n/a	n/a	347	375	n/a	365	372
Participant Assessment	304	366	243	378	376	351	447
Caregiver Information Services	0	0	0	222	819	593	195

<u>Criminal Justice</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Peace Officers Receiving Training	3217	3476	1888	1733	1660	2217	2776

<u>Emergency Communications</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Calls Received	158909	123716	179974	193090	187025	191642	209353

<u>Transportation</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Number of Trips	37174	26567	27737	39962	53038	81013	106483

<u>Environmental Quality</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Tons of Material Diverted	111	393	393	500	500	543	525
Total Number of Illegal Dump Sites Cleaned Up	97	774	775	693	692	566	810

<u>Economic Development/Housing &amp; Urban Dev.</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debentures Funded	14	14	14	21	20	24	23
Actual Job Retention/Creation from Debentures Func	308	216	388	439	402	425	397

Information is not available prior to 9-30-2003  
n/a Information is not available at 2-10-2010

**East Texas Council of Governments**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**  
**LAST SEVEN FISCAL YEARS**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>General Government</u></b>							
Buildings	1	1	1.59	1.59	1.59	1.59	
Office Equipment	-	-	1	1	1	1	
<b><u>Workforce Development</u></b>							
Office Equipment	1	1	1	1	1	1	
Building Improvements/Signage						1	
Mobile Unit						1	
<b><u>Housing &amp; Urban Development</u></b>							
	-	-	-	-	-	-	
<b><u>Emergency Communications</u></b>							
PSAP Equipment	21	23	26	26	25	25	
Recorders	-	-	-	-	-	5	
Office Equipment	-	-	-	-	1	2	
<b><u>Economic Development</u></b>							
Office Equipment	1	1	-	-	-	-	
<b><u>Environmental Quality</u></b>							
	-	-	-	-	-	-	
<b><u>Aging</u></b>							
Buildings	1	1	2.41	2.41	2.41	2.41	
Transportation Vans	3	3	3	3	3	11	
Office Equipment	1	1	2	1	1	7	
<b><u>Transportation</u></b>							
Transportation Vans	13	17	18	33	33	38	
Digital Dispatch Equipment	-	-	-	-	1	1	
Office Equipment	1	1	1	1	1	1	
<b><u>Homeland Security</u></b>							
Office Equipment	-	2	6	9	9	9	
<b><u>Criminal Justice</u></b>							
	-	-	-	-	-	-	

Note: Assets in excess of \$5,000

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

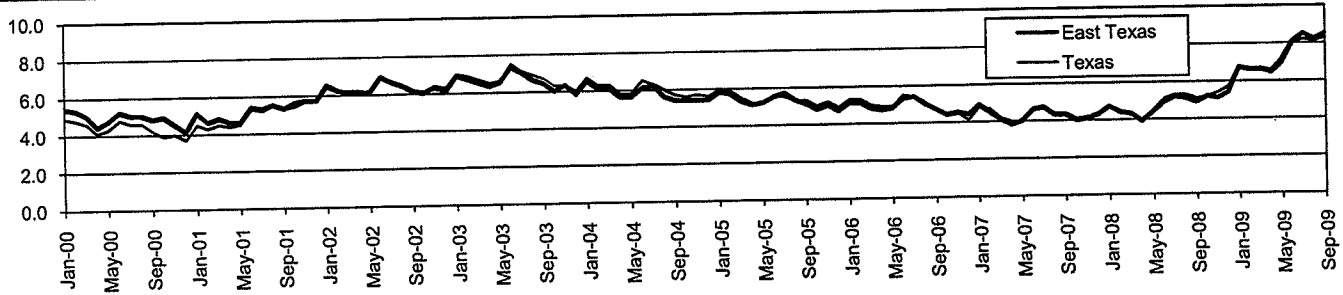
Information prior to 9-30-2003 is not available.

# East Texas Workforce Development Area

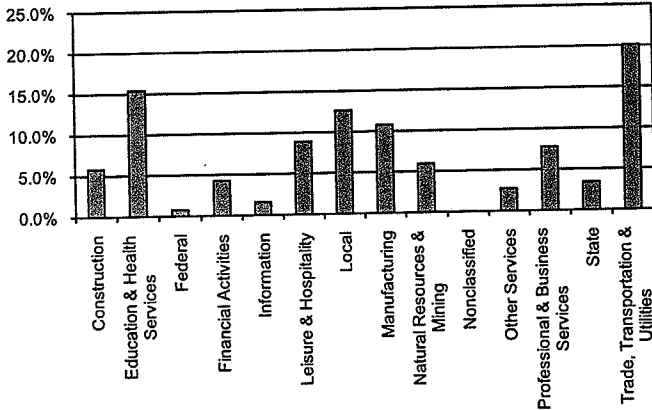
September 2009

East Texas WDA					Texas				
	CLF	Employed	Unemployed	Rate	CLF	Employed	Unemployed	Rate	
Sep-09	405,601	371,294	34,307	8.5	Sep-09	12,069,432	11,073,437	995,995	8.3
Aug-09	406,362	372,939	33,423	8.2	Aug-09	12,061,986	11,079,518	982,468	8.1
Sep-08	392,518	373,346	19,172	4.9	Sep-08	11,773,054	11,167,709	605,345	5.1

Historical Unemployment Rates



East Texas WDA Industry Composition  
1st Quarter 2009



Total WDA Claims

	Sep-09	Aug-09	Sep-08	OTY
Initial	3,250	3,621	3,081	169
Continued	20,738	22,987	8,881	11,857
Continued Claims for the Week of the 12th				
Continued	7,524	8,089	2,665	4,859

WDA Unemployment Insurance Claims Filled

	Sep-09	Aug-09	Sep-08	OTY
Initial	98,725	98,444	128,456	-29,731
Continued	1,188,040	1,404,113	559,998	628,042
Continued Claims for the Week of the 12th				
Continued	276,553	295,488	116,371	160,182

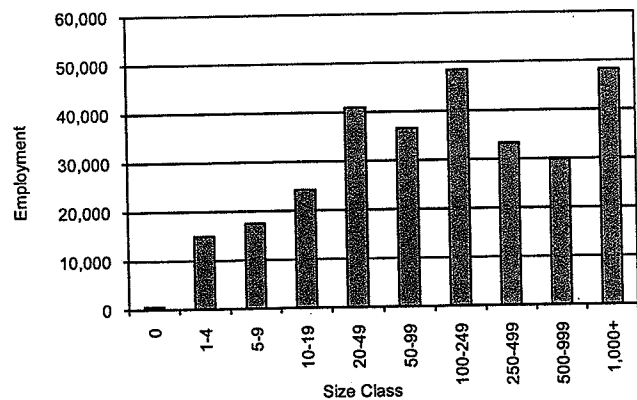
East Texas WDA  
Average Weekly Wage

	East Texas	WDA Qtr. Chg.	Texas
1st Quarter 2009	\$689.43	-\$74.43	\$884.74
4th Quarter 2008	\$763.86	WDA OTY Chg.	\$932.81
1st Quarter 2008	\$683.67	\$5.76	\$903.44

NAICS Covered Employment Quarterly Data  
1st Quarter 2009

SUPER SECTOR	Employment	Change	
		Quarter	Year
Construction	17,157	-1,337	-953
Education & Health Services	45,384	89	1,976
Federal	2,169	-21	-31
Financial Activities	12,452	-125	116
Information	4,668	-34	-141
Leisure & Hospitality	26,132	-1,227	273
Local	37,227	714	1,142
Manufacturing	31,805	-2,480	-4,253
Natural Resources & Mining	17,426	-189	-398
Nonclassified	83	32	23
Other Services	8,063	-129	-203
Professional & Business Services	22,880	-491	34
State	9,959	-383	-279
Trade, Transportation & Utilities	59,229	-1,627	-861
<b>TOTAL</b>	<b>294,634</b>	<b>-7,208</b>	<b>-3,555</b>

Size Class Employment Composition  
1st Quarter 2009



Counties in WDA: Anderson, Camp, Cherokee, Gregg, Harrison, Henderson, Marshall, Randolph, Rains, Fannin, Smith, Upshur, Van Zandt, & Wood  
Available at: <http://www.etwda.org>



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# **SINGLE AUDIT SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

To the Board of Directors  
East Texas Council of Governments  
Kilgore, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the East Texas Council of Governments as of and for the year ended September 30, 2009, which collectively comprise the Council's basic financial statements and have issued our report thereon dated May 27, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of 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*.

This report is intended solely for the information and use of the Executive Committee, management, others within the entity, and appropriate federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

May 27, 2010



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

Board of Directors  
East Texas Council of Governments  
Kilgore, Texas

**Compliance**

We have audited the compliance of East Texas Council of Governments (the "Council") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended September 30, 2009. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the *State of Texas Uniform Grant Management Standards ("UGMS")*. Those 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 could have a direct and material effect on a major federal and 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. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2009.

## Internal Control Over Compliance

The management of the East Texas Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of the Executive Committee, management, others within the Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

May 27, 2010

**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>Federal Awards:</b>			
<u>U. S. Department of Agriculture</u>			
Passed through Texas Workforce Commission:			
Food Stamp E&T 10/31/09	10.561	0809FSE000	\$ 284,620
Food Stamp E&T 10/31/08	10.561	0808FSE000	5,545
Transportation - TANF/FSET 08/31/08	10.561	0808DOT000	( 318)
Transportation - TANF/FSET 08/31/09	10.561	0809DOT000	86,003
Food Stamp E&T ABAWD 10/31/08	10.561	0808FSA000	7,316
Food Stamp E&T ABAWD 10/31/09	10.561	0809FSA000	113,832
Total Passed through Texas Workforce Commission			<u>496,998</u>
Total U. S. Department of Agriculture			<u>496,998</u>
<u>U. S. Department of Commerce</u>			
Passed through Economic Development Administration			
District Planning Assistance Program 12/31/08	11.302	08-83-04062	23,408
District Planning Assistance Program 12/31/11	11.302	08-83-04337	37,349
Total Passed through Economic Development Administration			<u>60,757</u>
Total U. S. Department of Commerce			<u>60,757</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Rural Affairs:			
Texas Community Development Program 08/31/09	14.228	C78213	13,560
Texas Community Development Program 08/31/10	14.228	C79213	3,140
Total Passed through Texas Department of Rural Affairs			<u>16,700</u>
Passed through Texas Department of Housing and Community Affairs:			
Housing Repair 9/10/11	14.228	70090002	46
Community Development Block Grant 5/31/10	14.228	DRS014004	3,687
Total Passed through Texas Department of Housing and Community Affairs			<u>3,733</u>
Total U. S. Department of Housing and Urban Development			<u>20,433</u>

(continued)



**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards: (Continued)			
<u>U. S. Department of Justice</u>			
Passed through the Governor's Office Criminal Justice Division:			
Regional Juvenile Detention Program 08/31/09	16.540	JA-07-J20-14235-10	\$ 40,481
Regional Juvenile Detention Program 08/31/10	16.540	JA-08-J20-14235-11	550
ARRA Justice Assistance Grant (JAG)	16.803	N/A	<u>26,975</u>
Total Passed through the Governor's Office Criminal Justice Division			<u>68,006</u>
Total U. S. Department of Justice			<u>68,006</u>
<u>U. S. Department of Labor</u>			
Passed through Texas Workforce Commission:			
ARRA Employment Services 9/30/10	17.207	0809XES000	31,972
ARRA Reemployment Services 9/30/10	17.207	0809XRE000	49,202
Employment Services 9/30/10	17.207	0809WPA000	291,530
Employment Services 12/31/08	17.207	0808WPA000	30,457
Trade Act 10/31/09	17.245	0809TRA000	895,747
Trade Act 10/31/09	17.245	0809TRA001	383,499
Trade Act 10/31/08	17.245	0808TRA000	80,796
WIA Cluster 6/30/09	17.258/259/260	0807WPF000	292,898
WIA Statewide Activities 12/31/08	17.258/259/260	0808WSA000	23,962
WIA Statewide Activities 12/31/09	17.258/259/260	0809WSA000	86,021
WIA Adult 6/30/10	17.258	0808WIA000	1,431,709
WIA Adult 6/30/11	17.258	0809WIA000	250,618
ARRA WIA Adult 12/31/10	17.258	0809XWA000	295,658
WIA Youth 6/30/10	17.259	0808WIY000	1,362,880
WIA Youth 6/30/11	17.259	0809WIY000	252,791
ARRA WIA Youth 6/30/10	17.259	0809XWY000	1,663,999
NEG Hurricane Ike 6/30/09	17.260	0809NEG000	61,473
Performance Incentive Award 12/31/09	17.260	0809PIA000	20,974
Ready To Work 01/31/2010	17.260	0809WSW000	71,338
WIA Exemplary 12/31/09	17.260	0809WEA000	93,937
WIA Dislocated Worker 6/30/10	17.260	0808WID000	1,272,395
WIA Dislocated Worker 6/30/11	17.260	0809WID000	328,173
ARRA Dislocated Worker 12/31/10	17.260	0809XDW000	597,625
ARRA Rapid Response 12/31/10	17.260	0809XRR000	138,375
Disability Navigation Project 6/30/09	17.266	0808DPN000	65,367
Disability Navigation Project 6/30/10	17.266	0809DPN000	<u>11,346</u>
Total Passed through Texas Workforce Commission			<u>10,084,742</u>
Total U. S. Department of Labor			<u>10,084,742</u>

**(continued)**

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards: (Continued)			
<u>U. S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
VCR 1/31/10	20.500	51910F7102	\$ 177,191
Rural Transportation 8/31/09	20.509	51810F07096	941,959
Rural Transportation 8/31/10	20.509	51910F7148	834,058
Rural Federal Op 8/31/09	20.509	51810F7257	66,194
ARRA Vehicles 12/31/10	20.509	51910F7286	503,599
Elderly & Disabled-Atlanta & Tyler District 08/31/09	20.513	51810F7210	205,082
Elderly & Disabled-Atlanta & Tyler District 08/31/10	20.513	51910F7255	35,012
Total Passed through Texas Department of Transportation			<u>2,763,095</u>
Total U. S. Department of Transportation			<u>2,763,095</u>
<u>U.S. Department of Energy</u>			
Passed through State Energy Conservation Office:			
Clean Cities	81.119	DE-AC26-04NT41817	4,817
Total Passed through State Energy Conservation Office			<u>4,817</u>
Total U.S. Department of Energy			<u>4,817</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through Texas Department of Aging and Disability Services:			
Title VII, Elder Abuse 9/30/09	93.041	N/A	14,707
Title VII, Ombudsman Services 9/30/09	93.042	N/A	62,566
Title III Part D, 9/30/09	93.043	N/A	62,144
Title III Part B, 9/30/09	93.044	N/A	913,309
Title III Part C1, 9/30/09	93.045	N/A	571,537
Title III Part C2, 9/30/09	93.045	N/A	1,155,989
Title III Part E, 9/30/09	93.052	N/A	426,294
Nutrition Service Incentive Program 9/30/09	93.053	N/A	415,786
ARRA Meals 9/30/10	93.705	83111-C	53,195
CMS Basic 3/31/09	93.779	N/A	41,209
CMS Basic 3/31/10	93.779	N/A	16,208
Total Passed through Texas Department of Aging and Disability Services			<u>3,732,944</u>

(continued)

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards: (Continued)			
<u>U. S. Department of Health and Human Services (Continued)</u>			
Passed through Texas Health and Human Services Commission:			
Social Security Block Grant 12/31/10	93.667	529-09-0104-00001	\$ 4,580
Social Security Block Grant 12/31/08	93.667	529-06-0432-00001	<u>174,776</u>
Total Passed through Texas Health and Human Services Commission			<u>179,356</u>
Passed through Texas Workforce Commission:			
TANF 10/31/08	93.558	0808TAN000	25,978
TANF 10/31/09	93.558	0809TAN000	1,924,907
TANF 08/31/2010	93.558	0809TAN001	115,793
TANF 04/30/2009	93.558	0808CPE000	( 13,143)
Performance Incentive Award 12/31/09	93.558	0809PIA000	25,000
Childcare 10/31/08	93.575/596	0808CCF000	180,461
Childcare 10/31/09	93.575/596	0809CCF000	10,042,249
Childcare Local Match 2008	93.596	0808CCM000	82,872
Childcare Local Match 2009	93.596	0809CCM000	1,373,349
ARRA Childcare 6/30/11	93.713	0809XCC000	<u>5,826</u>
Total Passed through Texas Workforce Commission			<u>13,763,292</u>
Total U. S. Department of Health and Human Services			<u>17,675,592</u>
<u>U. S. Department of Homeland Security</u>			
Passed through the Office of the Governor, Division of Emergency Management:			
IECGP 4/30/11	97.001	2008-IO-T8-0040	25,613
Homeland Security 02/28/09	97.073	2006-GE-T6-0068	488
Homeland Security 02/28/10	97.073	2007-GE-T7-0024	258,467
Homeland Security 02/28/11	97.073	2008-GE-T8-0034	<u>7,700</u>
Total Passed through the Office of the Governor, Division of Emergency Management			<u>292,268</u>
Total U. S. Department of Homeland Security			<u>292,268</u>
Total Federal Awards			\$ <u>31,466,708</u>

(continued)

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

State Grantor/Program Title	Grantor's Number	Expenditures
<b>State Awards:</b>		
<u>Texas Department of Aging and Disability Services:</u>		
State General Revenue 9/30/09	N/A	\$ 132,813
SGR Title IIIIE 9/30/09	N/A	55,000
State Highway Fund	N/A	12,744
Housing Bond 8/31/09	N/A	25,920
Total Texas Department of Aging and Disability Services		<u>226,477</u>
<u>Office of the Governor; Criminal Justice Division:</u>		
Police Training 8/31/09	SF-09-A10-14265-09	211,696
Police Training 8/31/10	SF-10-A10-14265-10	24,251
Criminal Justice Planning 8/31/09	SF-09-197-14386-09	52,267
Criminal Justice Planning 8/31/10	SF-10-197-14386-10	280
State Planning 8/31/09	2008102	66,113
State Planning 8/31/10	2009102	4,771
Total Office of the Governor; Criminal Justice Division		<u>359,378</u>
<u>Texas Commission on Environmental Quality:</u>		
Solid Waste 8/31/09	582-8-86688	422,911
Solid Waste 8/31/10	582-10-91884	3,867
Air Quality 3/31/10	582-8-86229	606,523
Total Texas Commission on Environmental Quality		<u>1,033,301</u>
<u>Commission on State Emergency Communications:</u>		
9-1-1 8/31/07	N/A	171,337
9-1-1 8/31/08	N/A	127,371
9-1-1 8/31/09	N/A	2,395,167
9-1-1 8/31/10	N/A	90,794
Total Commission on State Emergency Communications		<u>2,784,669</u>
<u>Texas Department of Transportation:</u>		
Rural Transportation 8/31/09	51910F7017	555,327
Rural Transportation 8/31/10	51010F7017	201,468
Total Texas Department of Transportation		<u>756,795</u>

(continued)

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>State Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
State Awards:		
<u>Texas Workforce Commission:</u>		
Project Rio 10/31/08	0808RIO000	\$ 35,492
Project Rio 10/31/09	0809RIO000	253,503
Childcare DFPS 08/31/09	0809CCP000	1,384,673
Childcare DFPS 08/31/10	0810CCP000	121,404
Childcare 10/31/08	0808CCF000	17,603
Childcare 10/31/09	0809CCF000	2,124,402
Food Stamp E&T 10/31/09	0809FSE000	128,232
Total Texas Workforce Commission		<u>4,065,309</u>
<u>Texas Veterans Commission:</u>		
Veterans Services 9/30/09	N/A	<u>79,035</u>
Total Texas Veterans Commission		<u>79,035</u>
Total State Awards		<u>\$ 9,304,964</u>
Total Federal and State Awards		<u>\$ 40,771,672</u>

# EAST TEXAS COUNCIL OF GOVERNMENTS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2009

### 1. GENERAL

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

### 2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and *the State of Texas Single Audit Circular*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### 3. NEGATIVE AMOUNTS

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

(continued)

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS**

(Continued)

SEPTEMBER 30, 2009

**4. PASS-THROUGH EXPENDITURES**

Of the federal and state expenditures presented in the Schedule, the Council provided awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Federal Awards:		
Food Stamp E&T 10/31/09	10.561	\$ 258,901
Food Stamp E&T 10/31/08	10.561	4,886
Food Stamp E&T ABAWD 10/31/08	10.561	1,610
Food Stamp E&T ABAWD 10/31/09	10.561	101,684
Transportation - TANF/FSET 08/31/08	10.561	(318)
Transportation - TANF/FSET 08/31/09	10.561	86,003
Regional Juvenile Detention Program 08/31/09	16.540	36,001
ARRA Employment Service 9/30/10	17.207	27,412
ARRA Employment Service 9/30/10	17.207	46,675
Employment Services 12/31/08	17.207	22,694
Employment Services 9/30/10	17.207	254,652
Trade Act 10/31/08	17.245	80,251
Trade Act 10/31/09	17.245	853,174
Trade Act 10/31/09	17.245	383,499
ARRA WIA Adult 12/31/10	17.258	265,852
WIA Adult 6/30/10	17.258	1,293,583
WIA Adult 6/30/11	17.258	250,618
ARRA WIA Youth 6/30/10	17.259	1,540,852
WIA Youth 6/30/10	17.259	1,219,866
WIA Youth 6/30/11	17.259	252,791
ARRA Dislocated Worker 12/31/10	17.260	555,595
ARRA Dislocated Worker 12/31/10	17.260	137,046
NEG Hurricane Ike	17.260	56,875
Performance Incentive Award 12/31/09	17.260	20,000
Ready To Work 01/31/2010	17.260	64,156
WIA Dislocated Worker 6/30/10	17.260	1,122,948
WIA Dislocated Worker 6/30/11	17.260	321,551
WIA Exemplary 12/31/09	17.260	90,000
WIA 6/30/09	17.258/259/260	223,165
WIA Statewide Activities 12/31/08	17.258/259/260	23,962
WIA Statewide Activities 12/31/09	17.258/259/260	83,307
Disability Navigation Project 6/30/09	17.266	62,708
Disability Navigation Project 6/30/10	17.266	10,981
Rural Transportation 8/31/09	20.509	34
Rural Transportation 8/31/10	20.509	41

(continued)

**EAST TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS**

(Continued)

**SEPTEMBER 30, 2009**

**4. PASS-THROUGH EXPENDITURES (Continued)**

Of the federal and state expenditures presented in the Schedule, the Council provided awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Federal Awards:		
Title III Part B, 9/30/09	93.044	\$ 626,504
Title III Part C1, 9/30/09	93.045	455,169
Title III Part C2, 9/30/09	93.045	1,134,562
Title III Part D, 9/30/09	93.043	26,648
Nutrition Service Incentive Program 9/30/09	93.053	415,786
Title III Part E, 9/30/09	93.052	310,630
ARRA Meals 9/30/10	93.705	53,195
SSBG 12/31/08	93.667	172,017
TANF 10/31/08	93.558	18,734
TANF 10/31/09	93.558	1,768,765
TANF 08/31/2010	93.558	106,845
TANF 04/30/2009	93.558	( 12,172)
Performance Incentive Award 12/31/09	93.558	25,000
Childcare 10/31/08	93.575/596	132,375
Childcare 10/31/09	93.575/596	10,042,249
Childcare Local Match 2008	93.596	22,859
Childcare Local Match 2009	93.596	1,373,349
		<u>26,425,570</u>
State Awards:		
Office of the Governor, Criminal Justice Division		
Police Training 8/31/09		151,890
Police Training 8/31/10		22,754
Total Office of the Governor, Criminal Justice Division		<u>174,644</u>
Texas Commission on Environmental Quality		
Solid Waste 8/31/09		222,790
Air Quality 3/31/10		458,301
Total Texas Commission on Environmental Quality		<u>681,091</u>

(continued)



**EAST TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS**

**(Continued)  
SEPTEMBER 30, 2009**

**4. PASS-THROUGH EXPENDITURES (Continued)**

Of the federal and state expenditures presented in the Schedule, the Council provided awards to subrecipients as follows:

<u>Program Title</u>	<u>Amount</u>
State Awards:	
Commission on State Emergency Communications	
9-1-1 8/31/07	\$ 171,337
9-1-1 8/31/08	127,371
9-1-1 8/31/09	1,518,834
9-1-1 8/31/10	<u>55,301</u>
Total Commission on State Emergency Communications	<u>1,872,843</u>
Texas Department of Transportation	
Rural Transportation 8/31/09	<u>100</u>
Total Texas Department of Transportation	<u>100</u>
Texas Workforce Commission	
Project Rio 10/31/08	32,034
Project Rio 10/31/09	231,750
Childcare DFPS 08/31/09	1,384,673
Childcare DFPS 08/31/10	121,404
Childcare 10/31/09	1,620,673
Food Stamp E&T 10/31/09	<u>116,644</u>
Total Texas Workforce Commission	<u>3,507,178</u>
Texas Veterans Commission	
Veterans Services 9/30/09	<u>71,061</u>
Total Texas Veterans Commission	<u>71,061</u>
Total State Awards	<u>\$ 6,306,917</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in OMB Circular A-133 and state awards as defined by the State of Texas Uniform Grant Management Standards	None
Dollar threshold considered between Type A and Type B federal and state programs	Federal - \$944,001 State - \$300,000
Low risk auditee statement	The Council was classified as a low-risk auditee in the context of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards.
Major federal programs	Trade Adjustment Assistance , CFDA #17.245 WIA Cluster, CFDA # 17.258, 17.259, 17.260 Rural Transportation, CFDA #20.509 Aging Cluster, CFDA # 93.044, 93.045, 93.053, 93.705 TANF, CFDA # 93.558 Child Care Cluster, CFDA #93.575, 93.596, 93.713
Major state programs	Texas Workforce Commission: Child Care Texas Department of Transportation: Rural Transportation Commission on State Emergency Communications: 9-1-1

**Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Auditing Standards**

None

**Findings and Questioned Costs for Federal and State Awards**

None

**EAST TEXAS COUNCIL OF GOVERNMENTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

None