



East Texas Council of Governments
Comprehensive Annual Financial Report
For year ended September 30, 2015



Anderson County Courthouse
Palestine, Texas



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

EAST TEXAS COUNCIL OF GOVERNMENTS

KILGORE, TEXAS

For the Year Ended
September 30, 2015

Division of Operations
Wendi Horst, Director

Sloane Bodle
Christy Green
Neva McClurg
Rhonda Barber
Lynda Bond
Glenda Lamothe
Charlotte Countryman
Patricia Hudspeth
Barbara Hopper

Monty Scroggins
Dawn Goodman
Rita Hitt
Brandi Brown
Noweka Harvey
Christy Fowler
Amanda Smith
Ed Weaver
Kim Zimmerman

Member of the Government Finance Officers Association of the United States
and Canada



**EAST TEXAS COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
SEPTEMBER 30, 2015**

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement	11
Organizational Chart	12
Principal Officials	13
Member Governments	14
FINANCIAL SECTION	
Independent Auditor's Report	16
Management's Discussion and Analysis	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet	29
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Notes to Financial Statements	33
Supplemental Schedules	
Schedule of Indirect Costs	46
Schedule of Employee Benefits	47

**EAST TEXAS COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
(CONTINUED)
SEPTEMBER 30, 2015**

	Page
STATISTICAL SECTION	
Net Position by Component	48
Changes in Net Position	49
Fund Balances - Governmental Funds	51
Fund Balances of Governmental Funds	53
Changes in Fund Balances - Governmental Funds	54
Revenues and Expenditures of Governmental Funds	55
Ratios of Outstanding Debt by Type	56
Regional County Information	57
Employment by County	61
Employment Percentage Change	62
Population - Census - 1970 - 2000 - 2010 Census Estimate	63
Population Change in 1970s, 80s, 90s, 2000 and 2010	64
Population and Household by County	65
Population and Household Percent Change 2000 - 2030	66
Total Population Age Historical and Projected	67
Population Age Historical and Projected	68
Demographic and Economic Statistics	69
Principal Employers 1000+ Employees	70
Full Time Employee Equivalents by Function	71
Operating Indicators by Function	72
Capital Assets Statistics by Function	73

**EAST TEXAS COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
(CONTINUED)
SEPTEMBER 30, 2015**

	Page
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	74
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards	76
Schedule of Expenditures of Federal and State Awards	78
Notes to Schedule of Expenditures of Federal and State Awards	84
Schedule of Findings and Questioned Costs	86
Summary Schedule of Prior Audit Findings	88



INTRODUCTORY SECTION





July 28, 2016

Honorable Robert Johnston
And Members of the Executive Committee
East Texas Council of Governments
Kilgore, TX 75662

Dear Ladies and Gentlemen:

In compliance with Article XI of the East Texas Council of Government's (ETCOG, the Council) bylaws, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. Management assumes full responsibility for the completeness and reliability of the information contained in this report. These financial statements are presented in conformity with generally accepted accounting principles (GAAP), and have been audited in accordance with generally accepted auditing standards (GASB) by a firm of licensed certified public accountants.

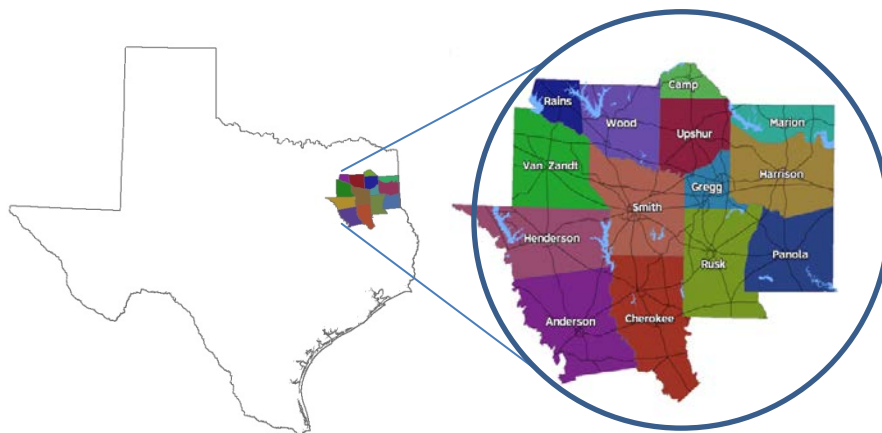
The management of ETCOG is responsible for the establishment and maintenance of internal accounting controls to ensure that assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgements to attain reasonable assurance as to the adequacy of such controls. The Council's established internal controls fulfill these requirements and provide reasonable, but not absolute assurance that the accompanying financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects, that it properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds, and that all disclosures have been made to enable the reader to acquire a reasonable understanding of ETCOG's financial operations for the reporting period.

ETCOG's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that ETCOG's financial statements for the fiscal year ended September 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of ETCOG is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). Management's discussion and analysis immediately follows the independent auditor's

report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement Management's discussion and analysis and should be read in conjunction with it.

PROFILE OF THE COUNCIL

In June 1970, a regional planning commission known as the East Texas Council of Governments was created under authority of State Law now re-codified as Local Government Code, Chapter 391. The Council is a voluntary membership organization of local governments in a 14-county region of East Texas. The organization is one of 24 regional councils in Texas. Local governments created ETCOG to develop a systematic method of evaluating and addressing common concerns which affect several governmental jurisdictions. Cooperative efforts to resolve regional issues such as unemployment, water and air pollution, crime, emergency communication services, drainage and flooding, transportation, care of the elderly and waste disposal have received collective action through ETCOG. The Council continues to be dedicated to improving the quality of life of the citizens of the region through cooperative efforts to enhance the physical, social, and economic environment. ETCOG is governed by a Board of 137 delegates from member local governments. The Board of Directors is composed of locally elected officials, members representing county governments, cities, school districts and soil and water conservation districts. The Board of Directors determines policy, while the Executive Committee elected by the Board of Directors is responsible for carrying out that policy. ETCOG's Executive Committee is comprised of local elected officials who meet monthly to provide specific guidance to the Council. During 2015, ETCOG's membership was comprised of the 14 county governments, 70 cities, 19 school districts, 3 river authorities, and 10 special purpose districts, including all major general-purpose local governments in the region. According to 2015 estimates from the Texas State Data Center, these member governments represented approximately 850,802 citizens and covered an area of 10,022 square miles. Below is a graphic representation of the ETCOG region and its location in the state of Texas.



FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the East Texas Council of Governments operates.

ECONOMIC OUTLOOK AND CONDITIONS

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

The 2010 census data shows a population projection of approximately 850,802 persons in the 14 counties covering approximately 10,022 square miles. While 10 of the 14 counties are rural (73% of the total 10,022 sq. miles), the region includes two standard metropolitan statistical areas – Tyler (Smith County) and Longview (Gregg County). The Milken Institute releases an annual survey to recognize economically high-performing large and small cities. According to Milken's 2015 national economic survey, Longview is 45th and Tyler is 47th in a field of 201 of the nation's small city metro areas. A strong diverse manufacturing base including energy and technology sectors are benefiting the Texas economy as are low costs of doing business, warm climate and proximity to trading routes.

According to the Texas Comptroller's Economic Outlook job growth signals that the Texas economy continues to outpace the national economy. "Pre-recession Texas employment peaked at 10,639,900 in August 2008, a level that was surpassed in November 2011, and by January 2016 Texas added an additional 1,322,600 jobs. The U.S. recovered all recession-hit jobs by April 2014 and by January 2016 added an additional 4,856,000 jobs."

The Federal Reserve Bank of Dallas reports that the economic outlook looks mixed for 2016. "The Texas economy picked up slightly after weakening at the end of the summer. Employment grew an annualized 2.2 percent in October on top of a revised 1.5 percent in September. The Texas Manufacturing Outlook Survey (TMOS) points to a pickup in manufacturing activity, while the Texas Service Sector Outlook Survey (TSSOS) continues to suggest sustained moderate growth in services. Despite a renewed decline in oil prices and continued strength in the Texas trade-weighted value of the dollar, the Texas economy is expected to grow at a modest pace in coming months."

Diversification of many businesses into other areas has helped the Texas economy in general and the East Texas Region in particular to remain relatively stable. With its productive rural communities and abundant natural resources, the East Texas region is positioned to continue its economic growth and development.

MAJOR INITIATIVES

Regional Workforce and Economic Development – Through the Workforce and Economic Development Division, ETCOG continues to implement its merge of economic development and workforce in a successful manner in the 14-county region. ETCOG recognizes the Workforce Solutions East Texas (WSET) Board's vision, calling for an active economic development program and a premier workforce, rests on attracting primary employers to the region and providing a trained workforce; prepared and ready to work from day one. Employers determine the knowledge, skills and abilities (KSAs) required to produce products. Training and education providers develop curriculum to supply workers' KSAs. WSET's network delivers the infrastructure to support workers' need, including subsidized child care, temporary assistance, training and testing services to transition to new career fields.

This year, ETCOG's strategy for meeting the WSET mission; to improve the quality of life for all of our citizens, included the continued migration of payment processing functions, management of training agreements, more frequent, timely monitoring and technical assistance reviews, and oversight and technical assistance for the performance measures of the Workforce and Childcare programs. Results include meeting the youth goal, placement in employment and education and a new Choices strategy, resulting in a steady improvement of the Choices performance measure and the attainment of the measure. For the first time in its history, WSET met 10 out of 10 performance measures with Texas Workforce Commission for three consecutive years.

WSET is aggressively working with our network providers in the transfer of Adult Basic Education programs from the Texas Education Agency to the Texas Workforce Commission. TWC commended WSET for its teamwork approach; ensuring even rural providers don't operate in isolation.

Last year, WSET actively pursued TWC's Texas Rising Star program, assisting our child care providers in improving the quality of these services and integrating them as the entry point for a long term education strategic plan for each child. To date, the program has expanded to 34 Texas Rising Star providers.

WSET's Non-Custodial Parent Program (NCP) expanded to serve three of our counties, enjoying continuing success and achieving one of the highest retention rates for NCP in the State. WSET also ranked #1 in our category for the percent of Workforce Investment Act / Workforce Innovation and Opportunity Act youth served who are out of school and basic skills deficient.

WSET also assisted 63 early child care providers receive their Child Development Associate (CDA) Credential in 2015. The CDA Credential is the most widely recognized credential in early childhood education and is a key stepping stone on the path of career advancement in early childhood education. This graduating class consisted of students ranging from 20 to 88 years old, who are responsible for serving over 1200 children in the East Texas area.

Special initiatives of WSET in 2015 included a youth professional's conference, entitled "Life After High School" and our first ever youth career fair. Since students across the State are now faced with choosing a career path as they enter into high school due to the passage of House Bill 5, we launched our Dream Expo, a youth career fair giving students a chance to explore each of the different career endorsements, speak to people who actually perform the jobs, and get some hands-on experience with job related equipment. The event was a great success and resulted in a second Dream Expo that was recently held in Henderson, Texas.

ETCOG continues to meet challenges and issues through strategic planning. We provide ongoing services for worker layoffs in the 14 county region. We also continue to search for funding in support of the expansion of the Work Ready Community initiative in the Longview/Gregg County Area. As part of the Community, our goal is to expand this valuable employer resource to the entire East Texas region.

ETCOG continues to grow in the economic development arena. The business loan programs of the East Texas Regional Development Council recognized growth in 2015 and will continue to expand in 2016.

Areas Agency on Aging in East Texas- the Aging Division provides nutrition services, in-home provider services, care coordination, caregiver support, dental care subsidies, minor home repairs, information, referral and assistance support, benefits counseling, ombudsman services and transportation funding for East Texas seniors.

Area Agency on Aging (AAA) of East Texas, in collaboration with senior groups in cities and counties, serves seniors throughout the fourteen counties served by the East Texas Council of Governments. Working alongside Workforce Solutions East Texas, AAA shares an office in Tyler, Texas.

The AAA Advisory Committee provides policy direction and oversight for Aging programs. Direction and support is also provided by the Texas Department of Aging and Disability Services (DADS) headquartered in Austin. The AAA Advisory Board members are nominated by local elected officials and approved by the East Texas Council of Governments' Executive Committee. The Aging Advisory Committee is comprised of representatives from each of the fourteen counties served by the East Texas Council of Governments.

The AAA is a program of the East Texas Council of Governments serving Anderson, Camp, Cherokee, Gregg, Harrison, Henderson, Marion, Panola, Rains, Rusk, Smith, Upshur, Van Zandt and Wood counties.

In FY 2015, a special initiative included helping with the formation of the Henderson County Alzheimer's Association. The AAA awarded funding up to \$20,000 to the Alzheimer's Coalition of Henderson County (ACHC) to provide education and counseling for families and victims of Alzheimer's disease or related dementias. The organization offers personal consultations with licensed professionals, education, and referral services to residents of Henderson County affected by Alzheimer's disease.

The formation of the ACHC began last summer when the AAA hosted an Alzheimer's Education Forum in Athens with experts from all over the state. This forum included over 100 participants from Henderson County and surrounding areas. After this day-long forum, and many meetings with concerned citizens, the Alzheimer's Coalition of Henderson County was formed and formally introduced to the community on February 28th with a kick off celebration. Along with its current services, the group plans to add respite services in the future, as well as servicing individuals outside of Henderson County.

The AAA also hosted its first ever Medicare Conference entitled Power in Community. The conference had over 200 attendees and provided classes on Medicare basics, preventative services, Medicare savings programs and extra help with prescription assistance. The event's success led to a second and equally successful Power in Community conference held recently in Longview.

Transportation - The Federal Transit Administration's Non-Urbanized Transportation program provides the framework for public transportation programs in rural areas. This program is state and federally funded through TXDOT and the ETCOG Aging Department. ETCOG has been providing rural public transportation since 1990. The majority of matching funds required by the federal program are provided by TxDOT state funds, with additional support through contracts with ETCOG's Aging Department, The City of Marshall, and others.

GoBus' demand response rural transportation in all fourteen ETCOG counties plus one flex route in the City of Marshall provide an average of 520 trips a day. ETCOG is using dispatch software to more efficiently and effectively schedule trips.

While ETCOG's transportation focus has been providing rural public transportation, it established the East Texas Rural Planning Organization in 2011. The RPO is working to coordinate all multimodal transportation planning for our fourteen county region. While the RPO and its technical advisory committee are in the final developmental stages, the RPO was instrumental in assisting TxDOT and the region in the search for funds to upgrade the US 69 corridor through the City of Wells in Cherokee County. Working with other ETCOG divisions, the RPO assisted in submitting grant requests to expand a two lane choke point of this important hurricane evacuation route to four lanes. ETCOG is working with the counties through the RPO to prioritize local projects for future funding opportunities.

In December 2014 ETCOG was announced as an award winner at the National Rural Transportation Peer Learning Conference for their marketing and communications videos produced for EasTexConnects that were released in 2013. The videos showcase public transportation options available to all citizens throughout the East Texas Region. The videos were also made available in subtitles and Spanish. In 2014 ETCOG's GoBus program also received the outstanding Rural Transit System Award from Texas Transportation Association.

In March of 2015, a joint resolution between the policy boards of the Ark-Tex, East Texas, and Deep East Texas Rural Planning Organizations representing the first formal cooperative action of the thirty five (35) county East Texas Coalition. The resolution supports the work of the I-369/I-69 Harrison County/Marshall work group which is tasked to determine options for development of possible interstate route options. This collaborative effort enhances the economic development and creation of jobs in each of the regions.

Objectives for the FY 2016 include: develop a sustainability plan to ensure effective public transportation services throughout the region; continue to support EasTexConnects as its lead agency and work with stakeholders and potential customers to facilitate coordination of public transit services by exploring partnerships for seamless travel among intercity bus, Amtrak, local bus systems, and other providers in both the public and private sectors; work to increase local financial support of ETCOG's transportation services, both cash and in-kind match, and continue to build an effective Rural Planning Organization for the region.

GoBus also has several special initiatives in FY 2016 to provide new and improved services. Through a TxDOT grant, ETCOG is coordinating with EasTexConnects and a consultant to develop a five year, regionally coordinated transportation plan to improve all modes of transportation service throughout our 14 county region. We are also currently partnering with Amtrak, Longview Transit, the Shreveport VA and EasTexConnects to transport East Texas veterans to the Shreveport VA.

Public Safety- the Public Safety Division encompasses three program areas: 9-1-1 Emergency Services, Homeland Security, and Criminal Justice. The Criminal Justice and Homeland Security programs provide training and technical assistance to agencies within the 14-county region in the areas of juvenile justice, victim services, police training, homeland security, regional exercises, emergency management and hazard mitigation.

Through its Regional 9-1-1 Emergency Services Program ETCOG supports 18 Public Safety Answering Points (PSAP) in ten of its fourteen counties. 9-1-1 staff duties include wireless testing, call-taker training, public education, strategic planning, equipment monitoring, database management, network, routing and maintenance of 9-1-1 contracts, preparation of Regional Planning Committee materials and Executive Committee material, program specific reports, and processing account payables and reimbursements. In support of these efforts, the ETCOG 9-1-1 staff supports local governments through addressing in eight counties and eighteen cities.

Working in partnership with state and local officials, ETCOG has been tapped as the primary planning and coordinating entity for emergency 9-1-1- communications in East Texas. We work with the State to have fully deployed, advanced 9-1-1 services for wireless callers and help plan for Next Generation 9-1-1 (NG911). In the last year, over \$2.4M was invested for equipment, network, mapping, software installations and maintenance for our local Public Safety Answering Points (PSAPs).

ETCOG partners with the Texas Office of the Governor to coordinate Criminal Justice (CJ) and Homeland Security (HS) planning, technical assistance, and prioritization of grant applications. The HS program works to improve interoperable communications, preparedness, and response to natural and man-made disasters via through regional exercises for first responders and funding for Code Red; which is a reverse notification system designed to notify residents of pending emergencies in the event of a disaster. Our CJ program assists with implementation and assessment of regional solutions for law enforcement, juvenile justice, substance abuse prevention, mental health, prosecution or courts and victim services. Overall, both programs help our jurisdictions implement new programs initiatives, integrate regional strategies and priorities, and improve administration of all regional public safety projects.

On November 6th, 2015, the ETCOG Executive Committee approved \$85,123 for a sixth year of funding CodeRED, a reverse emergency notification system, for the East Texas region as a part of its public safety program. The CodeRED system, funded by a Homeland Security grant, is a telephone communication service that allows the county/city Emergency Management Coordinator to quickly notify citizens about emergency situations such as: tornados and storm events; drinking water contamination; utility outage; evacuation notice and route; missing person; fires or floods; bomb threat; hostage situation; chemical spill or gas leak; and other emergency incidents where rapid and accurate notification is essential.

Twenty five grants totaling \$1,633,765.38 have recently been approved to help prevent violence in and around schools, provide training and equipment to law enforcement, combat family violence, sexual assault, dating violence and stalking crimes, disrupt and prevent gang activity, reduce juvenile delinquency, provide assistance to victims of crime, and improve the criminal justice system.

Geographic Information Systems (GIS) - ETCOG began providing limited GIS services on a case by case basis in 2010 and now have expanded the program with additional staff members, service options such as Code Enforcement, Utility Mapping, and Planning and Zoning Mapping. GIS services play a large role in city and county decision making by researching and providing demographic, retail, and FEMA data. Our latest service is an outstandingly easy webworm processing. Service options include a technology plan, GIS/GPS/Tablet training, GPS equipment, wide format prints and lamination, workstations and field data collection, GIS web hosting, secure and public access and data backups. The services are available for \$5,000 to the partner for the first year and \$1,200 for maintenance services each year after.

FINANCIAL PLANNING AND POLICIES

As a recipient of federal and state assistance, the Council 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.

As part of The Council's single audit, tests are made to determine the adequacy of internal control including that portion related to federal financial assistance programs, as well as to determine that The Council has complied with applicable laws and regulations. The result of the single audit for the fiscal year ended September 30, 2015, provided no instances of material weakness in internal control or significant violations of applicable laws and regulations.

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 the Council. The Council 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. 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 the Council is not considered a legally adopted budget. Therefore, comparative budget and actual results are not presented.

Because the Council is funded primarily by federal and state resources, long-term financial planning in terms of revenue forecasting is difficult. Nonetheless, in accordance with our strategic plan the Council continues to pursue additional funding sources in various "fee for service" options. For example, staff are developing a Regional Purchasing Cooperative targeted at specific member needs and a regional Information Technology program; also targeted at our jurisdictions technology support needs. Service fees from these new regional programs will supplement the local fund balance which will eventually be reinvested into new support services that address other common needs as they are identified.

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

Additionally, published findings of work performed frequently by state or federal auditing and monitoring teams, after they have completed their assigned work, at times provide guidance in tightening up specific areas in policy and regulations that may be deemed deficient by State or Federal oversight.

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, 2014. 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 Council's Operations Division. Special acknowledgement should be given to Wendi Horst and Sloane Bodle who were instrumental in preparing much of the contents of this report. Sincere appreciation is extended to the Council's independent auditors, Weaver and Tidwell, 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 the Council's financial operations in a responsible and progressive manner.

Respectfully submitted,



David A. Cleveland,
Executive Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**East Texas Council
of Governments**

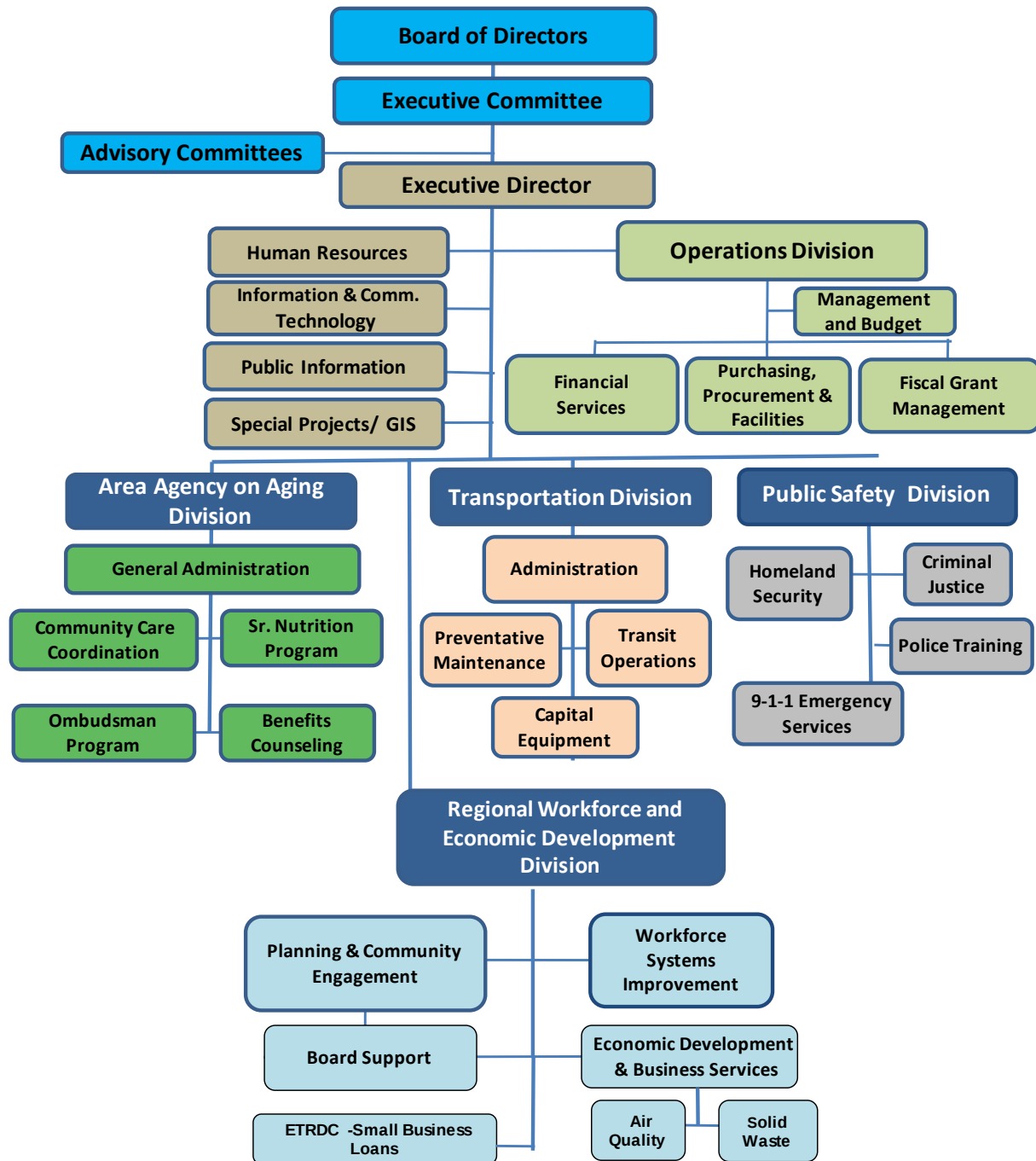
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

EAST TEXAS COUNCIL OF GOVERNMENTS

Organizational Chart



EAST TEXAS COUNCIL OF GOVERNMENTS
PRINCIPAL OFFICIALS
OFFICERS OF THE EXECUTIVE COMMITTEE
2015

Robert Johnston
Chairman - Judge
Anderson County

Virgil Melton Jr.
1st Vice - Chairman - Commissioner
Van Zandt County

Bill Stoudt
2nd Vice - Chairman- Judge
Gregg County

Paula Gentry
3rd Vice - Chairman -Commissioner
Upshur County

Lynn Vincent
Secretary - Treasurer - Mayor
City of Carthage

ADMINISTRATIVE STAFF

Executive Director	David A. Cleveland
Director of Human Resources	Brandy Brannon
Director of Financial Operations	Wendi Horst
Director of Workforce Development Programs	Douglas Shryock
Director of Area Agency on Aging	Bettye Mitchell
Director of Public Safety	Stephanie Heffner
Interim Director of Transportation	David A. Cleveland

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

COUNTIES:

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

CITIES:

Alba	Gun Barrel City	Point
Alto	Hallsville	Quitman
Arp	Hawkins	Reklaw
Athens	Henderson	City of Rusk
Big Sandy	Jacksonville	Seven Points
Brownsboro	Jefferson	Star Harbor
Bullard	Kilgore	Tatum
Caney	Lakeport	Tool
Canton	Lindale	Trinidad
Carthage	Log Cabin	Troup
Chandler	Longview	Tyler
Clarksville	Mabank	Van
Coffee	Malakoff	Warren City
East Mountain	Marshall	Waskom
East Tawakoni	Mineola	Wells
Edgewood	Moore Station	White Oak
Elkhart	Mt. Enterprise	Wills Point
Emory	Murchison	Winnsboro
Eustace	New London	Winona
Frankston	New Summerfield	Yantis
Fruitvale	Noonday	
Gallatin	Ore City	
Gilmer	Palestine	
Gladewater	Payne Springs	
Grand Saline	Pittsburg	

EAST TEXAS COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

INDEPENDENT SCHOOL DISTRICTS:

Athens ISD	New Summerfield ISD
Carlisle ISD	Ore City ISD
Carthage ISD	Overton ISD
Frankston ISD	Rains ISD
Grand Saline ISD	Slocum ISD
Harmony ISD	Tatum ISD
Lanesville ISD	Troup ISD
Longview ISD	Westwood ISD
Mt. Enterprise ISD	Yantis ISD
Neches ISD	

SPECIAL PURPOSE DISTRICTS:

9-1-1 Network of East Texas
Cherokee County SWCD
Harrison County SWCD
Kilgore College
Marion County SWCD
Panola College
Trinity Valley Community College
Tyler Junior College
Upshur-Gregg SWCD #417
Wood County SWCD #444

RIVER AUTHORITIES:

East Cedar Creek Fresh Water Supply
Sabine River Authority
Upper Neches River Municipal Water Authority

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Texas Council of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the East Texas Council of Governments (the Council) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, and each major fund of the Council, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 18 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, supplemental schedules of indirect cost and employee benefits, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is 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 Non-Profit Organizations*, and the State of Texas Uniform Grant Management Standards (UGMS) and is also not a required part of the basic financial statements.

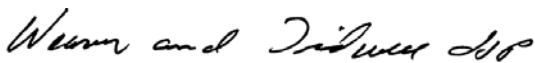
The supplementary schedules of indirect cost and employee benefits and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the supplemental schedules of indirect cost and employee benefits and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
July 28, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS



East Texas Council of Governments
MD&A for period ending September 30, 2015

Management's Discussion and Analysis

As management of the East Texas Council of Governments (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages 1-10 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Council exceeded its liabilities as of September 30, 2015, by \$4,990,729 (net position). Of this amount, \$1,248,583 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The government's total net position decreased overall by a total of \$451,090.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$2,992,208, an decrease of \$160,871 in comparison with the prior year.
- As of September 30, 2015, unassigned fund balance for the General Fund was \$1,383,809.

Overview of the Financial Statements

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

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

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

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

East Texas Council of Governments
MD&A for period ending September 30, 2015

The government-wide financial statements can be found on pages 26 through 28 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement 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 Grant Fund, which are considered 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 29 through 32 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 33 through 45 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 46 and 47 of this report.

East Texas Council of Governments
MD&A for period ending September 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

For the period ending September 30, 2015, the Council's assets exceeded its liabilities by \$4,990,729. The largest portion of the Council's net position (43%) reflects its investments in capital assets (e.g., land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The Council uses these assets to provide services, therefore these assets are not available for spending.

Another portion of the Council's net position (32%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (25%) of unrestricted net position may be used to meet the Council's ongoing obligations.

	Governmental Activities	
	2015	2014
Current assets	\$ 9,033,997	\$7,630,826
Capital assets (net)	2,433,799	2,831,902
Total assets	11,467,796	10,462,728
Non-current liabilities	435,278	543,162
Other liabilities	6,041,789	4,477,747
Total liabilities	6,477,067	5,020,909
Net position:		
Net investment in capital assets	2,153,438	2,456,591
Restricted	1,588,708	1,713,543
Unrestricted	1,248,583	1,271,685
Total Net Position	\$ 4,990,729	\$5,441,819

East Texas Council of Governments
MD&A for period ending September 30, 2015

Statement of Activities

The Council's net position decreased by \$451,090 during the fiscal year. The majority of the increase in net position is reflected in governmental activities. The Council operates primarily from federal and state grants therefore, increases in grant funding closely parallel increases in grant expenditures for services.

Key elements of the decrease along with percentage analysis are as follows:

		Governmental Activities	
		2015	2014
Revenues:			
Program revenues:			
Operating grants and contributions	\$	37,023,859	\$ 36,119,643
General revenues:			
Grants and contributions not restricted to specific programs		227,839	167,727
Investment earnings		16,348	8,411
Miscellaneous		144,983	177,856
Gain on disposal		-	92,431
Total Revenues		37,413,029	36,566,068
Expenses after allocation of indirect costs:			
General government		247,383	182,448
Workforce development		27,009,337	24,896,832
Aging		3,614,490	3,562,193
Emergency communication		2,357,610	1,892,668
Environmental quality		496,258	321,012
Transportation		3,420,310	4,579,459
Homeland security		214,101	296,057
Criminal justice		108,509	107,091
Housing and urban development		14,874	12,082
Economic development		381,247	309,175
Total Expenses		37,864,119	36,159,017
Change in net position		(451,090)	407,051
Net position, beginning		5,441,819	5,034,768
Net position, ending	\$	4,990,729	\$ 5,441,819

East Texas Council of Governments
MD&A for period ending September 30, 2015

Financial Analysis of the Government's Funds

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

As stated previously, the Council uses fund accounting to ensure and demonstrate compliance with legal requirements imposed by grantors. The following is a discussion of the funds that had significant changes between 2014 and 2015.

General Fund -The General Fund is the primary operating fund for the Council. The fund balance at the end of the fiscal year was \$1,403,500 and represents a 3% decrease compared to 2014. It is available for use at the Council's discretion. Overall expenditures increased by \$64,935 due to supplemental funding provided for Aging programs. Membership dues increased in 2015 by 22% and offset approximately one-half of the increase in expenditures.

Workforce Development – *Workforce* program expenditures increased approximately \$2,112,505 compared to 2014. Childcare Quality funding comprised \$1,800,887 of the increase in Workforce programs. The Job Driven National Emergency Grant was new to Workforce programs this year and accounted for an increase in expenditures of \$342,361. Other Workforce programs that experienced increases in expenditures during the year are the Supplemental Nutrition Assistance Programs (SNAP) \$113,959 and the Non-Custodial Parent program saw an increase of \$67,495 or 51.3% when compared to 2014. As a group the Workforce Investment Act expenditures for Adult, Youth and Dislocated Worker programs decreased by \$382,955 of prior year expenditures.

Emergency Communications expenditures increased by \$464,942 (25%). In FY 2015 funds awarded from the CSEC grant were significantly higher due to the need to purchase replacement equipment to run the program. Funds were utilized for extensive capital improvements in the fourteen county region. Fluctuations in funding for this program will occur on a 3 to 5 year rotation based on the need for capital improvements.

Environmental Quality – *Environmental quality* programs expenditures increased by \$175,246 (55%) as the 2015 budget anticipated. The additional funding was utilized to provide more project opportunities for qualified proposals.

Transportation – *Transportation* expenditures decreased by \$1,159,149 or approximately 25.0%. Reductions in funding from the U.S. Department of Transportation amounted to 1,062,709. To manage the reduction in program funding, two flex-route services in Marshall were discontinued. One flex-route is still in operation for the City. Additionally, fuel costs were \$250,385 lower than those for 2014 and there were no capital equipment purchases in 2015 as compared to \$350,000 in 2014. Additional reductions were recognized in maintenance, salaries and benefits due to the overall decrease of 13,197 trips made in 2015.

East Texas Council of Governments
MD&A for period ending September 30, 2015

Homeland Security – Homeland Security expenditures are down \$81,956 (28%) due to reductions in funding. The outlook for 2016 Homeland Security funding is expected to be slightly lower than 2015 due to the risk-based approach of allocating these grants to Cities and States and anticipated funding reductions for the U.S. Department of Homeland Security.

Economic Development - Economic development expenditures increased \$72,072 (23%) over 2014 levels due to increases in program funding.

Capital Asset and Debt Administration

Capital Assets

The Council's investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$2,433,799 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

Capital assets as of September 30, 2015 and 2014:

	2015	2014
Land	\$ 161,879	\$ 161,879
Construction in progress	74,583	-
Buildings	2,256,419	2,230,310
Equipment	6,333,695	6,247,283
Less: accumulated depreciation	(6,392,777)	(5,807,570)
Total capital assets	<u>\$ 2,433,799</u>	<u>\$ 2,831,902</u>

Additional information on the Council's capital assets can be found in Note 5, or page 42, 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 \$280,361.

Additional information on the Council's long term debt can be found in Note 6, or page 43, of this report.

**East Texas Council of Governments
MD&A for period ending September 30, 2015**

Economic Factors and Next Year's Budget

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

Requests for Information

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



BASIC FINANCIAL STATEMENTS



**EAST TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
ASSETS		
Cash and investments	\$ 2,923,409	\$ 183,761
Receivables:		
Grantors	4,550,352	-
Other	1,518,492	-
Due from component unit	22,053	-
Prepays	19,691	-
Capital assets:		
Nondepreciable	236,462	-
Depreciable, net of accumulated depreciation	<u>2,197,337</u>	<u>-</u>
Total capital assets	<u>2,433,799</u>	<u>-</u>
Total assets	<u>\$ 11,467,796</u>	<u>\$ 183,761</u>
LIABILITIES		
Accounts payable	\$ 3,419,021	4,683
Accrued liabilities	206,434	-
Unearned revenue	2,416,334	-
Due to primary government	-	22,053
Non-current liabilities:		
Due within one year	252,090	-
Due in more than one year	<u>183,188</u>	<u>-</u>
Total liabilities	<u>6,477,067</u>	<u>26,736</u>
NET POSITION		
Net investment in capital assets	2,153,438	-
Restricted for grants	1,588,708	-
Unrestricted	<u>1,248,583</u>	<u>157,025</u>
Total net position	<u>\$ 4,990,729</u>	<u>\$ 157,025</u>

The Notes to Financial Statements are
an integral part of this statement.

**EAST TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ 242,628	\$ 4,755	\$ 247,383
Workforce development	26,696,175	313,162	27,009,337
Aging	3,427,112	187,378	3,614,490
Emergency communications	2,247,820	109,790	2,357,610
Transportation	3,026,101	394,209	3,420,310
Environmental quality	488,370	7,888	496,258
Homeland security	191,840	22,261	214,101
Criminal justice	99,864	8,645	108,509
Housing and urban development	12,389	2,485	14,874
Economic development	351,206	30,041	381,247
Indirect costs	1,080,614	(1,080,614)	-
Total governmental activities	37,864,119	-	37,864,119
COMPONENT UNIT			
East Texas Regional			
Development Company	\$ 100,586	\$ -	\$ 100,586
Total component unit	\$ 100,586	\$ -	\$ 100,586
GENERAL REVENUES			
Membership dues			
Investment earnings			
Miscellaneous			
Total general revenues			
Change in net position			
NET POSITION - beginning			
NET POSITION - ending			

The Notes to Financial Statements are
an integral part of this statement.

		Net (Expense) Revenue and Changes in Net Position	
Program Revenue		Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Governmental Activities	East Texas Regional Development Company
\$ -	\$ -	\$ (247,383)	
-	26,984,179	(25,158)	
-	3,615,319	829	
-	2,162,952	(194,658)	
-	3,069,452	(350,858)	
-	495,833	(425)	
-	215,205	1,104	
-	112,428	3,919	
-	15,009	135	
-	353,482	(27,765)	
-	-	-	
-	37,023,859	(840,260)	
\$ 76,649	\$ -		\$ (23,937)
\$ 76,649	\$ -		\$ (23,937)
		\$ 227,839	\$ -
		16,348	1,028
		144,983	-
		389,170	1,028
		(451,090)	(22,909)
		5,441,819	179,934
		\$ 4,990,729	\$ 157,025

**EAST TEXAS COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENT FUNDS
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 1,869,274	\$ 1,054,135	\$ 2,923,409
Accounts receivable:			
Grantors	-	4,550,352	4,550,352
Other	27,713	1,490,779	1,518,492
Due from component unit	17,168	4,885	22,053
Prepaid items	19,691	-	19,691
	<u>19,691</u>	<u>-</u>	<u>19,691</u>
Total assets	<u><u>\$ 1,933,846</u></u>	<u><u>\$ 7,100,151</u></u>	<u><u>\$ 9,033,997</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 323,912	\$ 3,095,109	\$ 3,419,021
Accrued liabilities	206,434	-	206,434
Unearned revenue	-	2,416,334	2,416,334
	<u>-</u>	<u>2,416,334</u>	<u>2,416,334</u>
Total liabilities	<u>530,346</u>	<u>5,511,443</u>	<u>6,041,789</u>
Fund balances:			
Nonspendable			
Prepaid items	19,691	-	19,691
Restricted			
State and federal grants	-	1,588,708	1,588,708
Unassigned	1,383,809	-	1,383,809
	<u>1,383,809</u>	<u>-</u>	<u>1,383,809</u>
Total fund balances	<u>1,403,500</u>	<u>1,588,708</u>	<u>2,992,208</u>
Total liabilities and fund balances	<u><u>\$ 1,933,846</u></u>	<u><u>\$ 7,100,151</u></u>	<u><u>\$ 9,033,997</u></u>

The Notes to Financial Statements are
an integral part of this statement.

**EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total fund balances - governmental funds	\$ 2,992,208
--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	8,826,576
--	-----------

Accumulated depreciation has not been included in the fund financial statements.	(6,392,777)
--	-------------

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(280,361)
---	-----------

Accrued liabilities for compensated absences are not due and payable in the current period and have not been reflected in the fund financial statements.	<u>(154,917)</u>
--	------------------

Net position of governmental activities in the statement of net position	<u><u>\$ 4,990,729</u></u>
--	----------------------------

**EAST TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Fund	Grant Fund	Total Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 36,307,507	\$ 36,307,507
Matching funds	-	447,794	447,794
Program income	22,898	304,548	327,446
Membership dues	204,941	-	204,941
Investment earnings	5,334	11,014	16,348
Miscellaneous	26,765	43,766	70,531
Total revenues	259,938	37,114,629	37,374,567
EXPENDITURES			
Current:			
General government	97,650	40,040	137,690
Workforce development	-	26,981,736	26,981,736
Aging	-	3,572,842	3,572,842
Emergency communications	-	2,098,776	2,098,776
Transportation	-	3,239,713	3,239,713
Environmental quality	-	496,532	496,532
Homeland security	-	215,014	215,014
Criminal justice	-	108,656	108,656
Housing and urban development	-	15,012	15,012
Economic development	-	381,247	381,247
Capital outlay	30,976	200,756	231,732
Debt service:			
Principal repayment	94,950	-	94,950
Total expenditures	223,576	37,350,324	37,573,900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,362	(235,695)	(199,333)
OTHER FINANCING SOURCES (USES)			
Insurance proceeds	-	38,462	38,462
Transfers in	-	72,398	72,398
Transfers out	(72,398)	-	(72,398)
Total other financing sources (uses)	(72,398)	110,860	38,462
NET CHANGE IN FUND BALANCES	(36,036)	(124,835)	(160,871)
FUND BALANCES, BEGINNING	1,439,536	1,713,543	3,153,079
FUND BALANCES, ENDING	\$ 1,403,500	\$ 1,588,708	\$ 2,992,208

The Notes to Financial Statements are
an integral part of this statement.

**EAST TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$ (160,871)
--	--------------

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

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2015 capital outlays is to increase net position.	231,732
---	---------

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(629,835)
---	-----------

Governmental funds report repayment of notes payable as an expenditure. In contrast, the government-wide financial statements treat such repayments as a reduction in long-term liabilities.	94,950
--	--------

The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's decrease in liability is to increase net position.	12,934
---	---

Change in net position of governmental activities	\$ (451,090)
---	---

EAST TEXAS COUNCIL OF GOVERNMENTS NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Reporting Entity

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

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

Discretely Presented Component Unit

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

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

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements

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

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

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

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

Use of Estimates

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

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

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

State statutes authorize the Council to invest in obligations of the United States, its agencies, certificates of deposits with banks and savings and local associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. Investments for the Council are reported at fair value.

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

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, 2015.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” The Council had no long-term interfund loans (noncurrent portion) that are generally reported as “advances from and to other funds.” Interfund receivables and payables between governmental funds are eliminated in the Statement of Net Position.

Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress as of September 30, 2015.

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
Furniture, fixtures, and equipment	3-7

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Compensated Absences

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

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

Restricted Net Position

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

Fund Equity

Fund balance classifications under GASB Statement No. 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Council classifies governmental fund balances as follows:

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

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

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Fund Equity – Continued

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

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

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

Indirect Costs

General and administrative costs are recorded in the General Fund as indirect costs in the accounting system and allocated to programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) 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.

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. BUDGETARY INFORMATION

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

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2015 consist of and are classified in the accompanying financial statements as follows:

Primary Government:	
Cash and cash equivalents	\$ 2,722,883
Investments	<u>200,526</u>
Total primary government cash and investments	<u>2,923,409</u>
Component Unit:	
Cash and cash equivalents	120,620
Investments	<u>63,141</u>
Total component unit cash and investments	<u>183,761</u>
Total cash and investments	<u><u>\$ 3,107,170</u></u>

Cash and investments as of September 30, 2015 consist of the following:

Deposits with financial institutions	\$ 2,843,503
Investments	<u>263,667</u>
Total cash and investments	<u><u>\$ 3,107,170</u></u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

As of September 30, 2015, the primary government had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 200,526	40

As of September 30, 2015, the discretely presented component unit had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 63,141	40

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 a 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.

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

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, 2015, the primary government and component unit had bank deposits of \$4,077,150 and \$112,380 respectively. As of September 30, 2015, the Council deposits with financial institutions in excess of federal depository insurance limits were fully collateralized. ETRDC's bank balance was covered by FDIC insurance.

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

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

NOTE 4. INTERFUND TRANSACTIONS

Interfund Transfers

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, 2015, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ -	\$ 72,398
Grant fund	<u>72,398</u>	<u>-</u>
	<u><u>\$ 72,398</u></u>	<u><u>\$ 72,398</u></u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 161,879	\$ -	\$ -	\$ 161,879
Construction in progress	-	74,583	-	74,583
Total capital assets not being depreciated	161,879	74,583	-	236,462
Capital assets being depreciated:				
Buildings	2,230,310	26,109	-	2,256,419
Furniture, fixtures and equipment	6,247,283	131,040	44,628	6,333,695
Total capital assets being depreciated	8,477,593	157,149	44,628	8,590,114
Less accumulated depreciation for:				
Buildings	796,493	107,999	-	904,492
Furniture, fixtures and equipment	5,011,077	521,836	44,628	5,488,285
Total accumulated depreciation	5,807,570	629,835	44,628	6,392,777
Total capital assets being depreciated, net	2,670,023	(472,686)	-	2,197,337
Total capital assets, net	<u>\$ 2,831,902</u>	<u>\$ (398,103)</u>	<u>\$ -</u>	<u>\$ 2,433,799</u>

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

Governmental activities:	
General government	\$ 109,790
Emergency communications	259,562
Aging	43,161
Workforce development	36,725
Transportation	180,597
Total depreciation expense - governmental activities	<u>\$ 629,835</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. LONG-TERM DEBT

A summary of long-term liability activity for the primary government for the year ended September 30, 2015, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
Governmental activities:					
Note payable	\$ 322,982	\$ -	\$ 69,194	\$ 253,788	\$ 72,102
Capital lease	52,329	-	25,756	26,573	26,573
Compensated absences	167,851	185,975	198,909	154,917	153,415
	<u>\$ 543,162</u>	<u>\$ 185,975</u>	<u>\$ 293,859</u>	<u>\$ 435,278</u>	<u>\$ 252,090</u>

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

Note Payable and Capital Lease

Note payable due in monthly installments of \$6,795 through February 29, 2019, at which time all remaining principal and accrued interest are due in full, interest at 4.16%.

\$ 253,788

Capital lease payable due in annual installments of \$27,415 through August 1, 2016, at which time all remaining principal and accrued interest are due in full, interest at 3.17%.

\$ 26,573

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 98,675	\$ 10,286	\$ 108,961
2018	75,186	6,360	81,546
2019	78,374	3,172	81,546
2020	28,126	351	28,477
Total	<u>\$ 280,361</u>	<u>\$ 20,169</u>	<u>\$ 300,530</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. RISK MANAGEMENT

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

NOTE 8. CONTINGENCIES

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

Agencies expending \$500,000 or more in grant funds are required to have an independent audit each year. Copies of such audits are required to be submitted to the Council. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursements of the disallowed costs either from the Council or the subcontractor. The Council generally has the right of recovery from the subcontracted agencies.

For the year ended September 30, 2015, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

NOTE 9. RETIREMENT PLAN

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

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

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. RETIREMENT PLAN – CONTINUED

In November 2013, the Council allowed existing full time employees the option of entering the Social Security Plan or remaining with ICMA and any new full time employees could elect to enter the Social Security Plan only. The Council contributes a dollar for dollar match, up to 5%, for any full time employees enrolled in the Social Security Plan.

The East Texas Council of Government's total covered payroll for the fiscal year ended September 30, 2015, was \$2,173,815. The Council made the required 12% contribution, which amounted to \$260,858. Employees made the required 8% contribution of \$173,905.

SUPPLEMENTAL SCHEDULES

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Proposed	Actual	Difference
Salaries	\$ 610,499	\$ 596,993	\$ (13,506)
Fringe benefits	98,818	95,950	(2,868)
Group hospitalization	69,909	58,422	(11,487)
Pension costs	78,623	77,460	(1,163)
Total personnel	857,849	828,825	(29,024)
Insurance and bonding	3,000	7,290	4,290
Minor office supplies and equipment	10,000	587	(9,413)
Depreciation expense	8,071	7,907	(164)
Computer maintenance	-	-	-
Staff travel	15,500	19,970	4,470
Executive committee travel	11,000	5,711	(5,289)
Office supplies	27,000	35,630	8,630
Public education	9,000	5,528	(3,472)
Copier costs	20,000	16,835	(3,165)
Training costs	6,000	8,214	2,214
Remote storage costs	1,500	1,411	(89)
Repairs and maintenance	500	5,451	4,951
Membership dues	20,000	21,245	1,245
Communications	50,000	35,895	(14,105)
Meetings and conferences	1,500	162	(1,338)
Professional services	90,000	104,816	14,816
Total indirect costs	1,130,920	1,105,477	(25,443)
Less amount allocated to component unit	-	(13,799)	(13,799)
Less amount allocated to General Fund	-	(11,064)	(11,064)
Total indirect costs allocated to the Grant Fund	\$ 1,130,920	\$ 1,080,614	\$ (50,306)
Computation of Indirect Cost Rate			
Direct personnel costs	5,099,222	4,593,127	
Allocation rate	22.18%	23.53%	
Indirect costs as a percentage of qualifying costs	2.42%	2.00%	

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

EMPLOYEE BENEFITS

Group disability insurance	\$ 48,988
Vacation	201,306
Holidays	180,799
Sick leave	140,268
Other release time	57,013
Employment taxes	<u>4,930</u>
Total employee benefits	633,304
Less amount allocated to indirect costs pool	(97,937)
Less amount allocated to component unit	<u>(7,783)</u>
Total employee benefits allocated to the Grant Fund	<u><u>\$ 527,584</u></u>
Chargeable time	<u><u>3,430,527</u></u>
Benefit rate	15.38%



STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends	48
These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	
Revenue Capacity	55
All of the Council's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. Accordingly, revenue capacity schedules are not presented in the statistical section and only revenues and expenditures of governmental funds are shown.	
Debt Capacity	56
This schedule presents information to help the reader assess the affordability of the Council's current level of outstanding debt and the ability to issue additional debt in the future.	
Demographic and Economic Indicators	57
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.	
Operating Information	72
These schedules contain service and capital asset data to help the reader understand how the information in the Council's financial report relates to the services the Council provides and the resources it utilizes to provide these services.	



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 1,467,687	\$ 2,398,199	\$ 2,473,037	\$ 2,981,450	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163	\$ 2,456,591	\$ 2,153,438
Restricted	1,174,134	1,202,091	1,123,439	857,690	759,872	833,780	1,326,932	1,419,714	1,713,543	1,588,708
Unrestricted	<u>758,245</u>	<u>1,017,141</u>	<u>1,276,109</u>	<u>1,479,741</u>	<u>1,351,367</u>	<u>1,438,354</u>	<u>1,278,696</u>	<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>
Total governmental activities net position	<u><u>\$ 3,400,066</u></u>	<u><u>\$ 4,617,431</u></u>	<u><u>\$ 4,872,585</u></u>	<u><u>\$ 5,318,881</u></u>	<u><u>\$ 4,821,277</u></u>	<u><u>\$ 4,207,331</u></u>	<u><u>\$ 5,486,445</u></u>	<u><u>\$ 5,034,768</u></u>	<u><u>\$ 5,441,819</u></u>	<u><u>\$ 4,990,729</u></u>
Business-type activities:										
Unrestricted	\$ -	\$ (631)	\$ (6,006)	\$ 316	\$ 8,323	\$ 17,833	\$ 21,565	\$ -	\$ -	\$ -
Total business-type activities net position	<u><u>\$ -</u></u>	<u><u>\$ (631)</u></u>	<u><u>\$ (6,006)</u></u>	<u><u>\$ 316</u></u>	<u><u>\$ 8,323</u></u>	<u><u>\$ 17,833</u></u>	<u><u>\$ 21,565</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Primary government:										
Net investment in capital assets	\$ 1,467,687	\$ 2,398,199	\$ 2,473,037	\$ 2,981,450	\$ 2,710,038	\$ 1,935,197	\$ 2,880,817	\$ 2,265,163	\$ 2,456,591	\$ 2,153,438
Restricted	1,174,134	1,202,091	1,123,439	857,690	759,872	833,780	1,326,932	1,419,714	1,713,543	1,588,708
Unrestricted	<u>758,245</u>	<u>1,016,510</u>	<u>1,270,103</u>	<u>1,480,057</u>	<u>1,359,690</u>	<u>1,456,187</u>	<u>1,300,261</u>	<u>1,349,891</u>	<u>1,271,685</u>	<u>1,248,583</u>
Total primary government net position	<u><u>\$ 3,400,066</u></u>	<u><u>\$ 4,616,800</u></u>	<u><u>\$ 4,866,579</u></u>	<u><u>\$ 5,319,197</u></u>	<u><u>\$ 4,829,600</u></u>	<u><u>\$ 4,225,164</u></u>	<u><u>\$ 5,508,010</u></u>	<u><u>\$ 5,034,768</u></u>	<u><u>\$ 5,441,819</u></u>	<u><u>\$ 4,990,729</u></u>

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

EXPENSES	Fiscal Years		
	2006	2007	2008
Governmental activities:			
General government	\$ 71,165	\$ 26,113	\$ 97,063
Workforce development	27,951,947	27,780,544	28,679,194
Aging	5,164,906	5,546,424	5,766,234
Emergency communications	1,573,968	2,396,799	2,195,057
Transportation	1,272,852	1,662,765	2,695,154
Environmental quality	1,185,765	844,837	933,420
Homeland Security	1,139,388	266,300	219,721
Criminal justice	295,087	268,819	399,304
Housing and urban development	149,064	61,262	15,163
Economic development	65,681	64,144	112,166
Health and human services	12,674	169,968	927,642
Total governmental activities expenses	38,882,497	39,087,975	42,040,118
Business-type activities:			
Greyhound	-	32,529	134,032
Total business-type activities expenses	-	32,529	134,032
PROGRAM REVENUES			
Governmental activities:			
Charges for services	-	-	-
Operating grants and contributions	38,838,134	40,020,456	41,910,503
Total governmental activities program revenues	38,838,134	40,020,456	41,910,503
Business-type activities:			
Charges for services	-	31,048	217,271
Total business-type activities program revenues	-	31,048	217,271
NET (EXPENSE) REVENUES			
Governmental activities	(44,363)	932,481	(129,615)
Business-type activities	-	(1,481)	83,239
Total primary government net (expense) revenues	(44,363)	931,000	(46,376)
GENERAL REVENUES			
Governmental activities:			
Membership dues	71,513	71,313	114,734
Investment earnings	110,878	133,605	83,399
Miscellaneous	43,621	79,966	98,022
Gain on disposal of assets	-	-	-
Total governmental activities general revenues	226,012	284,884	296,155
Business-type activities:			
Investment earnings	-	850	-
Total business-type activities general revenues	-	850	-
CHANGE IN NET POSITION			
Governmental activities	181,649	1,217,365	166,540
Business-type activities	-	(631)	83,239
Total primary government	\$ 181,649	\$ 1,216,734	\$ 249,779

Fiscal Years						
2009	2010	2011	2012	2013	2014	2015
\$ 89,312	\$ 208,546	\$ 121,011	\$ 381,177	\$ 230,903	\$ 182,448	\$ 247,383
28,645,985	30,749,379	31,141,778	24,920,298	25,377,447	24,896,832	27,009,337
5,631,328	5,297,983	4,988,958	4,041,959	3,677,508	3,562,193	3,614,490
3,048,141	2,548,455	2,194,766	1,503,874	2,833,521	1,892,668	2,357,610
3,290,942	3,600,704	4,560,498	4,011,678	4,384,769	4,579,459	3,420,310
1,058,896	962,195	571,689	612,521	673,884	321,012	496,258
262,743	514,418	887,446	456,933	320,996	296,057	214,101
431,004	480,844	434,001	313,612	289,954	107,091	108,509
20,443	35,245	196,818	147,070	14,494	12,082	14,874
245,846	103,476	113,572	105,337	37,041	309,175	381,247
179,486	2,703,855	-	-	-	-	-
42,904,126	47,205,100	45,210,537	36,494,459	37,840,517	36,159,017	37,864,119
117,564	106,464	111,606	105,234	21,629	-	-
117,564	106,464	111,606	105,234	21,629	-	-
89,678	-	-	-	-	-	-
42,976,162	46,453,925	44,337,789	37,470,843	36,983,284	36,119,643	37,023,859
43,065,840	46,453,925	44,337,789	37,470,843	36,983,284	36,119,643	37,023,859
123,886	114,471	121,116	108,966	64	-	-
123,886	114,471	121,116	108,966	64	-	-
161,714	(751,175)	(872,748)	976,384	(857,233)	(39,374)	(840,260)
6,322	8,007	9,510	3,732	(21,565)	-	-
168,036	(743,168)	(863,238)	980,116	(878,798)	(39,374)	(840,260)
169,945	169,833	169,498	192,289	186,747	167,727	227,839
30,598	22,078	15,472	17,043	10,486	8,411	16,348
84,039	61,660	73,832	241,188	208,323	177,856	144,983
-	-	-	-	-	92,431	-
284,582	253,571	258,802	450,520	405,556	446,425	389,170
-	-	-	-	-	-	-
-	-	-	-	-	-	-
446,296	(497,604)	(613,946)	1,426,904	(451,677)	407,051	(451,090)
6,322	8,007	9,510	3,732	(21,565)	-	-
\$ 452,618	\$ (489,597)	\$ (604,436)	\$ 1,430,636	\$ (473,242)	\$ 407,051	\$ (451,090)

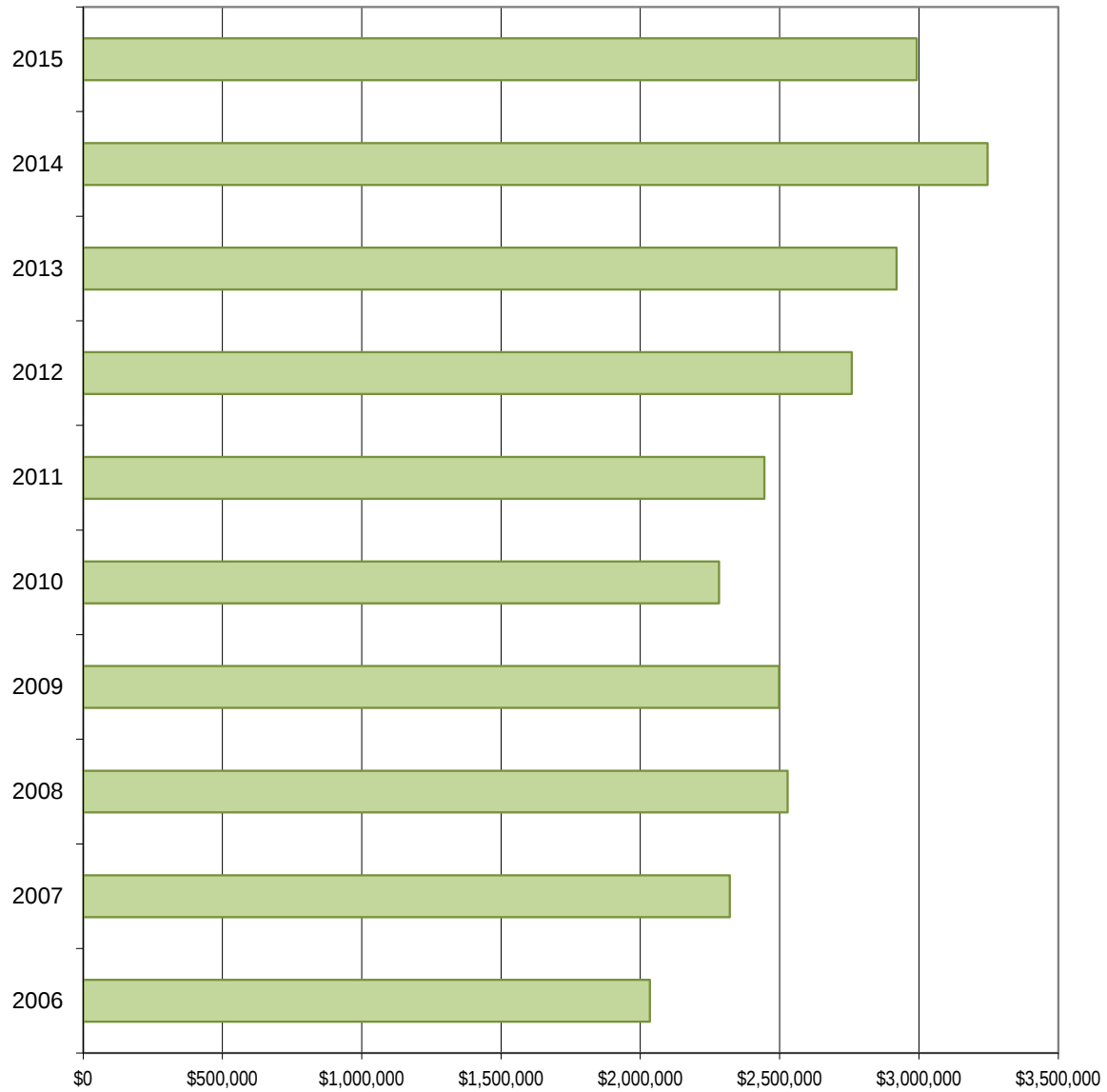
**EAST TEXAS COUNCIL OF GOVERNMENTS
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ -	\$ -	\$ -	\$ 194
Unreserved	859,714	1,017,141	1,223,207	1,601,264
Nonspendable - Prepaid items	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 859,714</u>	<u>\$ 1,017,141</u>	<u>\$ 1,223,207</u>	<u>\$ 1,601,458</u>
 All other governmental funds				
Reserved, reported in grant fund	\$ 346,904	\$ 190,341	\$ 181,987	\$ 38,302
Unreserved	827,230	1,113,554	1,123,439	857,690
Restricted - State and federal grants	-	-	-	-
 Total all other governmental funds	<u>\$ 1,174,134</u>	<u>\$ 1,303,895</u>	<u>\$ 1,305,426</u>	<u>\$ 895,992</u>
 Total primary government	<u>\$ 2,033,848</u>	<u>\$ 2,321,036</u>	<u>\$ 2,528,633</u>	<u>\$ 2,497,450</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,522,133	-	-	-	-	-
-	62,500	-	-	71,366	19,691
-	1,549,228	1,431,946	1,500,220	1,368,170	1,383,809
<u>\$ 1,522,133</u>	<u>\$ 1,611,728</u>	<u>\$ 1,431,946</u>	<u>\$ 1,500,220</u>	<u>\$ 1,439,536</u>	<u>\$ 1,403,500</u>
\$ 26,854	\$ -	\$ -	\$ -	\$ -	\$ -
733,018	-	-	-	-	-
-	833,780	1,326,932	1,419,714	1,713,543	1,588,708
<u>\$ 759,872</u>	<u>\$ 833,780</u>	<u>\$ 1,326,932</u>	<u>\$ 1,419,714</u>	<u>\$ 1,713,543</u>	<u>\$ 1,588,708</u>
<u>\$ 2,282,005</u>	<u>\$ 2,445,508</u>	<u>\$ 2,758,878</u>	<u>\$ 2,919,934</u>	<u>\$ 3,153,079</u>	<u>\$ 2,992,208</u>

**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**

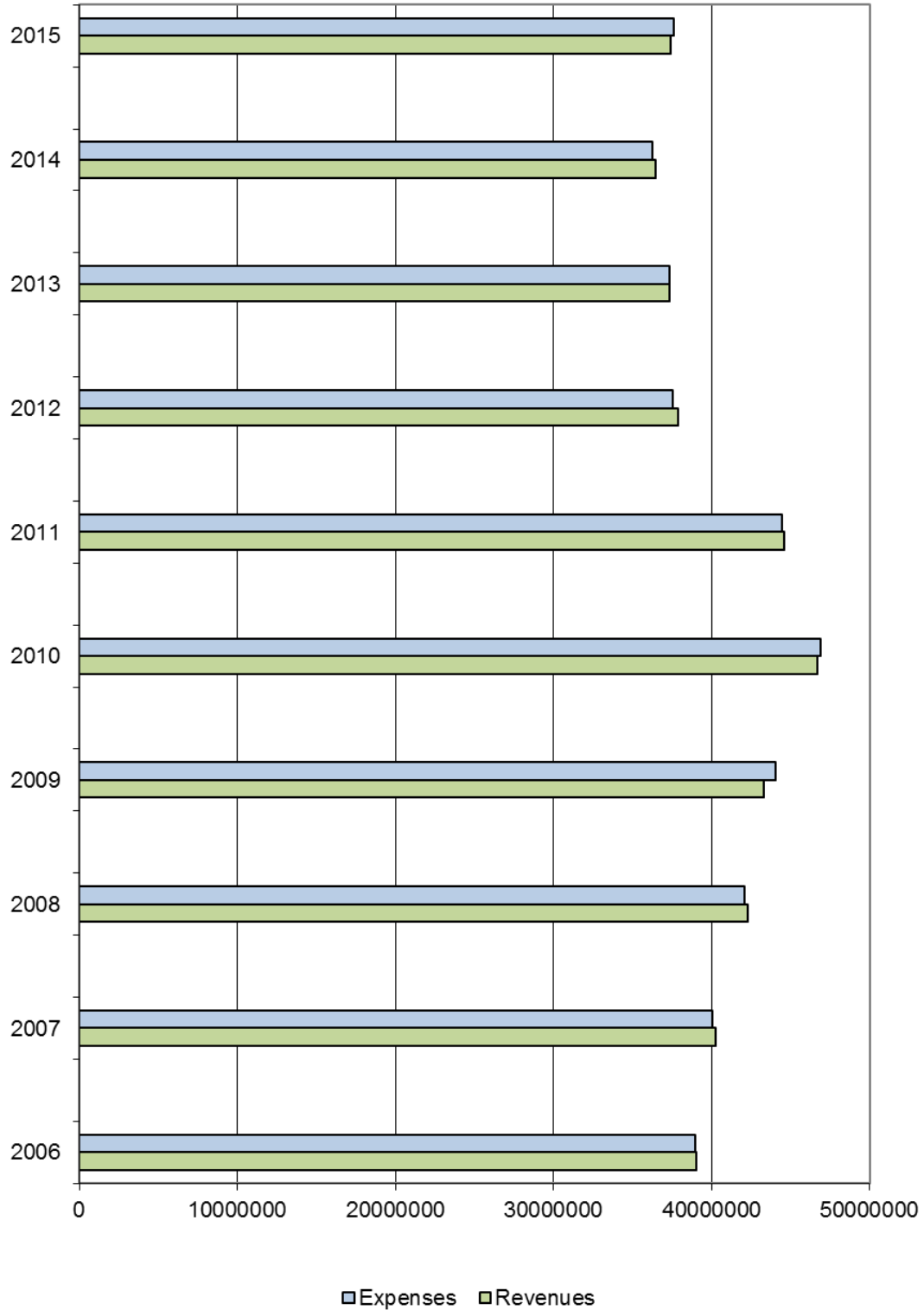
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Intergovernmental	\$ 37,132,766	\$ 37,944,479	\$ 39,459,887	\$ 40,972,015	\$ 44,648,933	\$ 42,671,379	\$ 36,579,983	\$ 36,075,614	\$ 34,856,248	\$ 36,307,507
Membership dues	71,513	71,313	114,734	169,945	169,833	169,498	192,289	186,747	167,727	204,941
Matching funds/program income	1,472,611	2,010,154	2,419,816	1,948,724	1,726,866	1,473,965	970,515	956,643	1,302,929	775,240
Charges for services	-	-	-	89,678	-	-	-	-	-	-
Investment income	-	-	-	43,164	27,538	19,675	17,043	10,486	8,411	16,348
Miscellaneous	387,256	251,903	263,611	63,452	131,047	264,941	134,230	138,013	85,646	70,531
Total revenues	39,064,146	40,277,849	42,258,048	43,286,978	46,704,217	44,599,458	37,894,060	37,367,503	36,420,961	37,374,567
Expenditures										
General government	46,414	32,542	65,051	13,025	94,195	36,400	247,330	106,003	88,883	137,690
Workforce development	27,949,777	27,778,736	28,963,453	28,598,636	30,686,798	31,072,565	24,872,616	25,329,641	24,869,293	26,981,736
Aging	5,138,498	5,652,102	6,744,802	5,801,795	7,972,436	4,958,223	4,018,827	3,652,872	3,541,919	3,572,842
Emergency communications	1,425,756	3,416,130	1,901,163	2,812,201	2,174,575	1,852,512	2,116,620	2,627,235	1,803,208	2,098,776
Transportation	1,546,750	1,633,280	2,733,432	4,068,938	3,253,235	3,850,571	4,526,100	3,879,399	320,641	3,239,713
Environmental quality	1,185,765	844,837	933,420	1,064,553	961,980	571,040	612,948	673,946	4,259,579	496,532
Homeland security	1,167,936	266,300	219,721	266,655	514,303	886,806	457,161	321,202	294,820	215,014
Criminal justice	295,087	268,819	399,304	427,699	480,736	433,652	313,826	289,987	106,892	108,656
Housing and urban development	149,064	61,262	15,163	20,429	35,245	196,613	147,070	14,525	11,895	15,012
Economic development	65,681	64,144	112,166	248,247	103,476	113,216	105,337	37,041	309,175	381,247
Debt service										
Principal	-	-	-	35,221	56,415	58,807	61,564	63,829	91,468	94,950
Interest	-	-	-	19,142	25,131	22,600	-	-	-	-
Capital outlay	-	-	-	670,064	564,416	417,297	70,093	309,398	542,719	231,732
Total expenditures	38,970,728	40,018,152	42,087,675	44,046,605	46,922,941	44,470,302	37,549,492	37,305,078	36,240,492	37,573,900
Excess of revenues over (under) expenditures	93,418	259,697	170,373	(759,627)	(218,724)	129,156	344,568	62,425	180,469	(199,333)
Other financing sources (uses)										
Issuance of debt	-	-	-	665,000	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	77,294	-	-
Proceeds from insurance	-	27,491	37,224	63,444	3,279	16,557	27,624	21,337	52,676	38,462
Proceeds from sale of property	-	-	-	-	-	17,790	88,968	-	-	-
Transfers in	46,516	57,438	2,391	327,035	173,176	70,370	227,462	90,542	79,405	72,398
Transfers out	(46,516)	(57,438)	(2,391)	(327,035)	(173,176)	(70,370)	(227,462)	(90,542)	(79,405)	(72,398)
Total other financing sources (uses)	-	27,491	37,224	728,444	3,279	34,347	116,592	98,631	52,676	38,462
Net change in fund balances	\$ 93,418	\$ 287,188	\$ 207,597	\$ (31,183)	\$ (215,445)	\$ 163,503	\$ 461,160	\$ 161,056	\$ 233,145	\$ (160,871)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.13%	0.18%	0.19%	0.16%	0.17%	0.26%	0.25%

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
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Notes Payable	\$ -	\$ -	\$ -	\$ 629,779	\$ 573,364	\$ 514,557	\$ 453,314	\$ 389,485	\$ 322,982	\$ 253,788
Capital Leases	-	-	-	-	-	-	-	77,294	52,329	26,573
Total governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,779</u>	<u>\$ 573,364</u>	<u>\$ 514,557</u>	<u>\$ 453,314</u>	<u>\$ 466,779</u>	<u>\$ 375,311</u>	<u>\$ 280,361</u>
Debt as a Percentage of Personal Income	-	-	-	2.24%	2.01%	1.70%	1.39%	1.39%	1.12%	N/A
Amount of Debt Per Capita	\$ -	\$ -	\$ -	\$ 19.52	\$ 17.64	\$ 15.03	\$ 12.32	\$ 12.35	\$ 10.10	N/A

**EAST TEXAS COUNCIL OF GOVERNMENTS
REGIONAL COUNTY INFORMATION**

Anderson County	
Area (Sq. miles) ¹	1,063
County Seat ¹	Palestine
Population, 2015 ²	60,197
Anglo	
Male	19,854
Female	16,101
Black	
Male	8,946
Female	3,395
Hispanic	
Male	7,051
Female	3,470
Other	
Male	669
Female	711
Vital Statistics, 2013 ²	
Marriages	396
Divorces	130
Births	587
Deaths	639
Annual Average 2014 ¹	4.7%

Camp County	
Area (Sq. miles) ¹	196
County Seat ¹	Pittsburg
Population, 2015 ²	13,377
Anglo	
Male	3,654
Female	3,894
Black	
Male	1,083
Female	1,179
Hispanic	
Male	1,719
Female	1,490
Other	
Male	178
Female	180
Vital Statistics, 2013 ²	
Marriages	106
Divorces	33
Births	208
Deaths	141
Annual Average 2014 ¹	6.1%

Cherokee County	
Area (Sq. miles) ¹	1,053
County Seat ¹	Rusk
Population, 2015 ²	54,129
Anglo	
Male	15,838
Female	16,427
Black	
Male	4,132
Female	3,529
Hispanic	
Male	7,143
Female	5,795
Other	
Male	582
Female	683
Vital Statistics, 2013 ²	
Marriages	349
Divorces	167
Births	772
Deaths	474
Annual Average 2014 ¹	5.8%

Gregg County	
Area (Sq. miles) ¹	273
County Seat ¹	Longview
Population, 2015 ²	128,978
Anglo	
Male	35,162
Female	37,600
Black	
Male	11,949
Female	13,265
Hispanic	
Male	14,271
Female	12,199
Other	
Male	2,257
Female	2,275
Vital Statistics, 2013 ²	
Marriages	1338
Divorces	417
Births	1876
Deaths	1306
Annual Average 2014 ¹	4.8%

Source:

1: Texas Association of Counties

2: Texas Department of State Health Services

EAST TEXAS COUNCIL OF GOVERNMENTS REGIONAL COUNTY INFORMATION

Harrison County	
Area (Sq. miles) ¹	900
County Seat ¹	Marshall
Population, 2015 ²	68,672
Anglo	
Male	21,304
Female	21,762
Black	
Male	6,695
Female	7,567
Hispanic	
Male	5,144
Female	4,438
Other	
Male	879
Female	883
Vital Statistics, 2013 ²	
Marriages	425
Divorces	196
Births	846
Deaths	616
Annual Average 2014 ¹	5.5%

Henderson County	
Area (Sq. miles) ¹	874
County Seat ¹	Athens
Population, 2015 ²	82,086
Anglo	
Male	31,371
Female	33,003
Black	
Male	2,524
Female	2,510
Hispanic	
Male	5,461
Female	5,089
Other	
Male	1,054
Female	1,074
Vital Statistics, 2013 ²	
Marriages	544
Divorces	54
Births	877
Deaths	980
Annual Average 2014 ¹	5.6%

Marion County	
Area (Sq. miles) ¹	381
County Seat ¹	Jefferson
Population, 2015 ²	10,862
Anglo	
Male	3,904
Female	3,831
Black	
Male	1,107
Female	1,294
Hispanic	
Male	191
Female	179
Other	
Male	176
Female	180
Vital Statistics, 2013 ²	
Marriages	75
Divorces	50
Births	105
Deaths	176
Annual Average 2014 ¹	6.4%

Panola County	
Area (Sq. miles) ¹	802
County Seat ¹	Carthage
Population, 2015 ²	24,856
Anglo	
Male	8,886
Female	8,976
Black	
Male	1,919
Female	2,074
Hispanic	
Male	1,364
Female	1,139
Other	
Male	256
Female	242
Vital Statistics, 2013 ²	
Marriages	205
Divorces	98
Births	305
Deaths	310
Annual Average 2014 ¹	4.9%

Source:

1: Texas Association of Counties

2: Texas Department of State Health Services

EAST TEXAS COUNCIL OF GOVERNMENTS REGIONAL COUNTY INFORMATION

Rains County	
Area (Sq. miles) ¹	230
County Seat ¹	Emory
Population, 2015 ²	12,013
Anglo	
Male	5,261
Female	5,164
Black	
Male	116
Female	115
Hispanic	
Male	468
Female	449
Other	
Male	148
Female	147
Vital Statistics, 2013 ²	
Marriages	72
Divorces	49
Births	92
Deaths	133
Annual Average 2014 ¹	4.9%

Rusk County	
Area (Sq. miles) ¹	924
County Seat ¹	Henderson
Population, 2015 ²	58,246
Anglo	
Male	17,953
Female	17,827
Black	
Male	4,423
Female	4,353
Hispanic	
Male	4,366
Female	4,124
Other	
Male	724
Female	685
Vital Statistics, 2013 ²	
Marriages	321
Divorces	259
Births	620
Deaths	504
Annual Average 2014 ¹	4.9%

Smith County	
Area (Sq. miles) ¹	922
County Seat ¹	Tyler
Population, 2015 ²	226,208
Anglo	
Male	63,913
Female	68,348
Black	
Male	18,436
Female	21,264
Hispanic	
Male	24,073
Female	22,291
Other	
Male	3,767
Female	4,116
Vital Statistics, 2013 ²	
Marriages	1781
Divorces	612
Births	3090
Deaths	1987
Annual Average 2014 ¹	5.2%

Upshur County	
Area (Sq. miles) ¹	583
County Seat ¹	Gilmer
Population, 2015 ²	42,366
Anglo	
Male	16,710
Female	17,089
Black	
Male	1,793
Female	1,940
Hispanic	
Male	1,849
Female	1,681
Other	
Male	639
Female	665
Vital Statistics, 2013 ²	
Marriages	239
Divorces	189
Births	489
Deaths	420
Annual Average 2014 ¹	5.1%

Source:

1: Texas Association of Counties

2: Texas Department of State Health Services

**EAST TEXAS COUNCIL OF GOVERNMENTS
REGIONAL COUNTY INFORMATION**

Van Zandt County		Wood County	
Area (Sq. miles) ¹	843	Area (Sq. miles) ¹	645
County Seat ¹	Canton	County Seat ¹	Quitman
Population, 2015 ²	55,531	Population, 2015 ²	45,433
Anglo		Anglo	
Male	22,705	Male	18,605
Female	23,910	Female	19,294
Black		Black	
Male	756	Male	1,081
Female	729	Female	1,080
Hispanic		Hispanic	
Male	3,289	Male	2,376
Female	2,710	Female	2,043
Other		Other	
Male	698	Male	463
Female	734	Female	491
Vital Statistics, 2013 ²		Vital Statistics, 2013 ²	
Marriages	326	Marriages	243
Divorces	173	Divorces	214
Births	589	Births	407
Deaths	606	Deaths	605
Annual Average 2014 ¹	5.3%	Annual Average 2014 ¹	6.0%

Source:

1: Texas Association of Counties

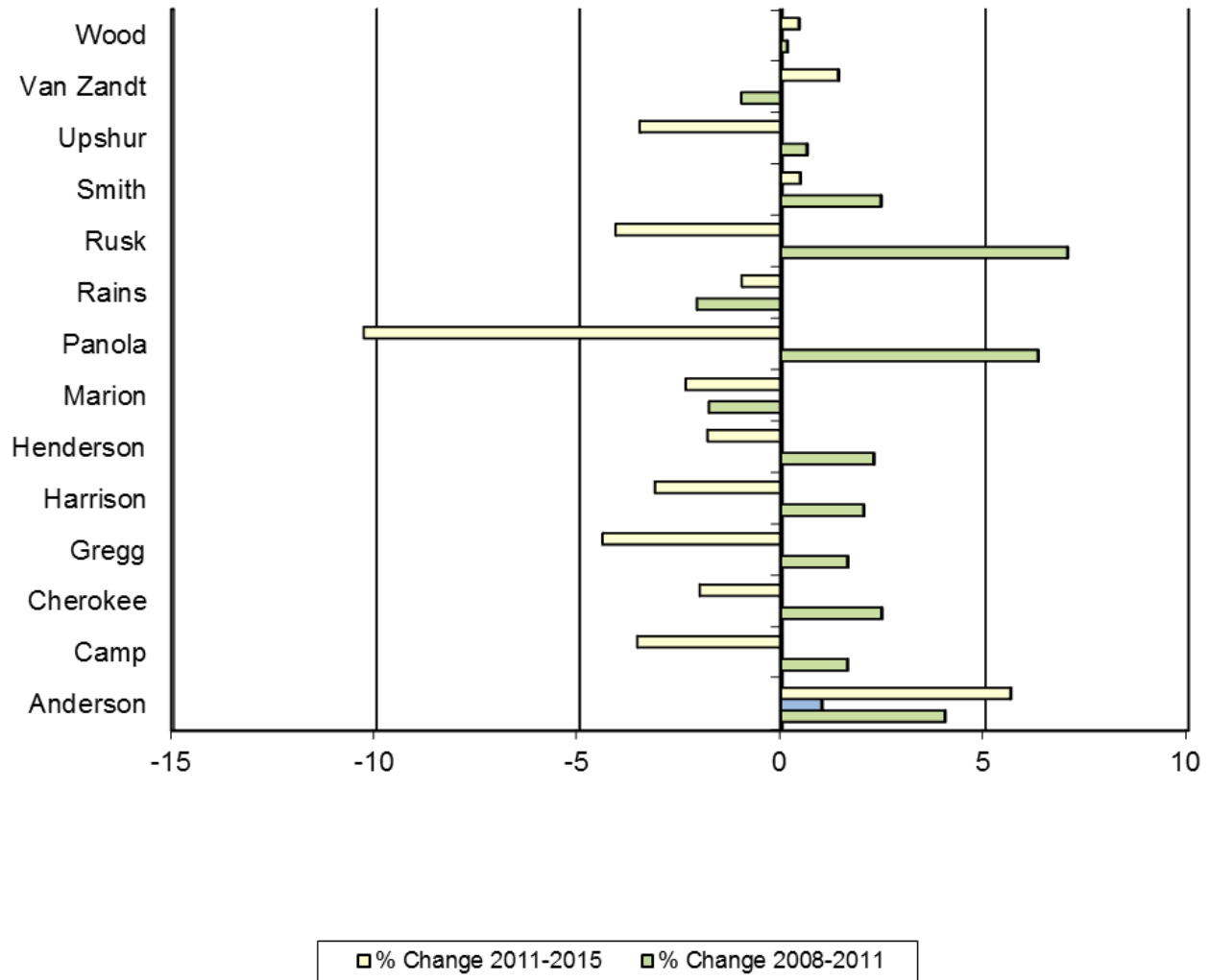
2: Texas Department of State Health Services

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

Employment						
	2008	2011	2014	2015	% Change 2008-2011	% Change 2014-2015
Anderson	19,039	19,807	20,742	21,914	4.03	5.65
Camp	5,277	5,363	4,919	4,745	1.63	(3.54)
Cherokee	19,093	19,565	20,113	19,711	2.47	(2.00)
Gregg	61,294	62,297	59,063	56,468	1.64	(4.39)
Harrison	30,741	31,365	30,637	29,687	2.03	(3.10)
Henderson	32,665	33,409	33,154	32,555	2.28	(1.81)
Marion	4,738	4,654	4,223	4,124	(1.77)	(2.34)
Panola	12,468	13,257	12,309	11,044	6.33	(10.28)
Rains	4,789	4,690	5,199	5,149	(2.07)	(0.96)
Rusk	22,988	24,609	23,273	22,325	7.05	(4.07)
Smith	93,662	95,963	97,632	98,088	2.46	0.47
Upshur	18,906	19,026	17,711	17,095	0.63	(3.48)
Van Zandt	24,369	24,131	22,783	23,104	(0.98)	1.41
Wood	17,105	17,131	15,770	15,839	0.15	0.44
WDA	367,134	375,267	367,528	361,848	2.22	(1.55)

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

EAST TEXAS COUNCIL OF GOVERNMENTS EMPLOYMENT PERCENTAGE CHANGE

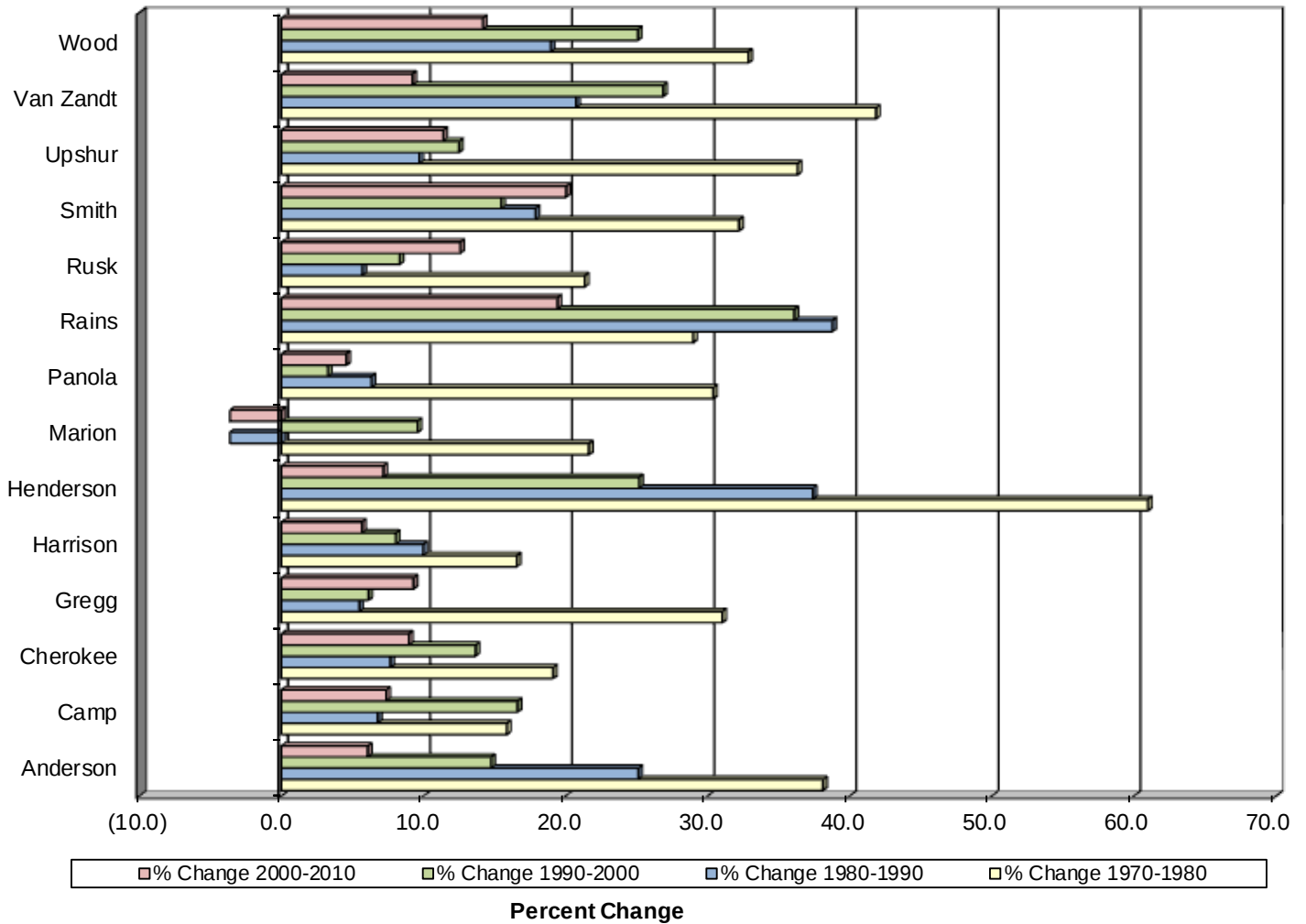


**EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION – CENSUS 1970 – 2000
2010 CENSUS ESTIMATE**

	1970 Census	1980 Census	1990 Census	2000 Census	2010 Census	% Change 1970-1980	% Change 1980-1990	% Change 1990-2000	% Change 2000-2010
Anderson	27,789	38,381	48,024	55,109	58,458	38.1	25.1	14.8	6.1
Camp	8,005	9,275	9,904	11,549	12,401	15.9	6.8	16.6	7.4
Cherokee	32,008	38,127	41,049	46,659	50,845	19.1	7.7	13.7	9.0
Gregg	75,929	99,487	104,948	111,379	121,730	31.0	5.5	6.1	9.3
Harrison	44,841	52,265	57,483	62,110	65,631	16.6	10.0	8.0	5.7
Henderson	26,466	42,606	58,543	73,277	78,532	61.0	37.4	25.2	7.2
Marion	8,517	10,360	9,984	10,941	10,546	21.6	(3.6)	9.6	(3.6)
Panola	15,894	20,724	22,035	22,756	23,796	30.4	6.3	3.3	4.6
Rains	3,752	4,839	6,715	9,139	10,914	29.0	38.8	36.1	19.4
Rusk	34,102	41,382	43,735	47,372	53,330	21.3	5.7	8.3	12.6
Smith	97,096	128,366	151,309	174,706	209,714	32.2	17.9	15.5	20.0
Upshur	20,976	28,595	31,370	35,291	39,309	36.3	9.7	12.5	11.4
Van Zandt	22,155	31,426	37,944	48,140	52,579	41.8	20.7	26.9	9.2
Wood	18,589	24,697	29,380	36,752	41,964	32.9	19.0	25.1	14.2
WDA	436,119	570,530	652,423	745,180	829,749	30.8	14.4	14.2	11.3
Texas	11,196,730	14,229,191	16,986,510	20,851,820	25,145,561	27.1	19.4	22.8	20.6

Source: Census Bureau and Texas State Data Center

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



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

Population Forecast ¹			
	2015	2017	% Change
Anderson	60,367	61,127	1.26%
Camp	13,421	13,809	2.89%
Cherokee	54,099	55,487	2.57%
Gregg	128,803	131,827	2.35%
Harrison	68,889	70,179	1.87%
Henderson	81,372	82,521	1.41%
Marion	11,059	11,220	1.46%
Panola	24,912	25,325	1.66%
Rains	12,019	12,461	3.68%
Rusk	58,150	60,164	3.46%
Smith	225,731	232,478	2.99%
Upshur	42,223	43,368	2.71%
Van Zandt	55,413	56,528	2.01%
Wood	45,341	46,650	2.89%
WDA	881,799	903,144	2.42%

Household Forecast ²			
	2010	2030	% Change
Anderson	17,218	16,728	-2.85%
Camp	4,678	4,867	4.04%
Cherokee	17,894	18,100	1.15%
Gregg	45,798	52,335	14.27%
Harrison	24,523	27,234	11.05%
Henderson	31,020	29,679	-4.32%
Marion	4,595	4,151	-9.66%
Panola	9,271	9,328	0.61%
Rains	4,377	3,708	-15.28%
Rusk	18,476	17,713	-4.13%
Smith	79,055	77,803	-1.58%
Upshur	14,925	15,454	3.54%
Van Zandt	20,047	18,269	-8.87%
Wood	17,118	12,997	-24.07%
WDA	308,995	308,366	-0.20%

Source:

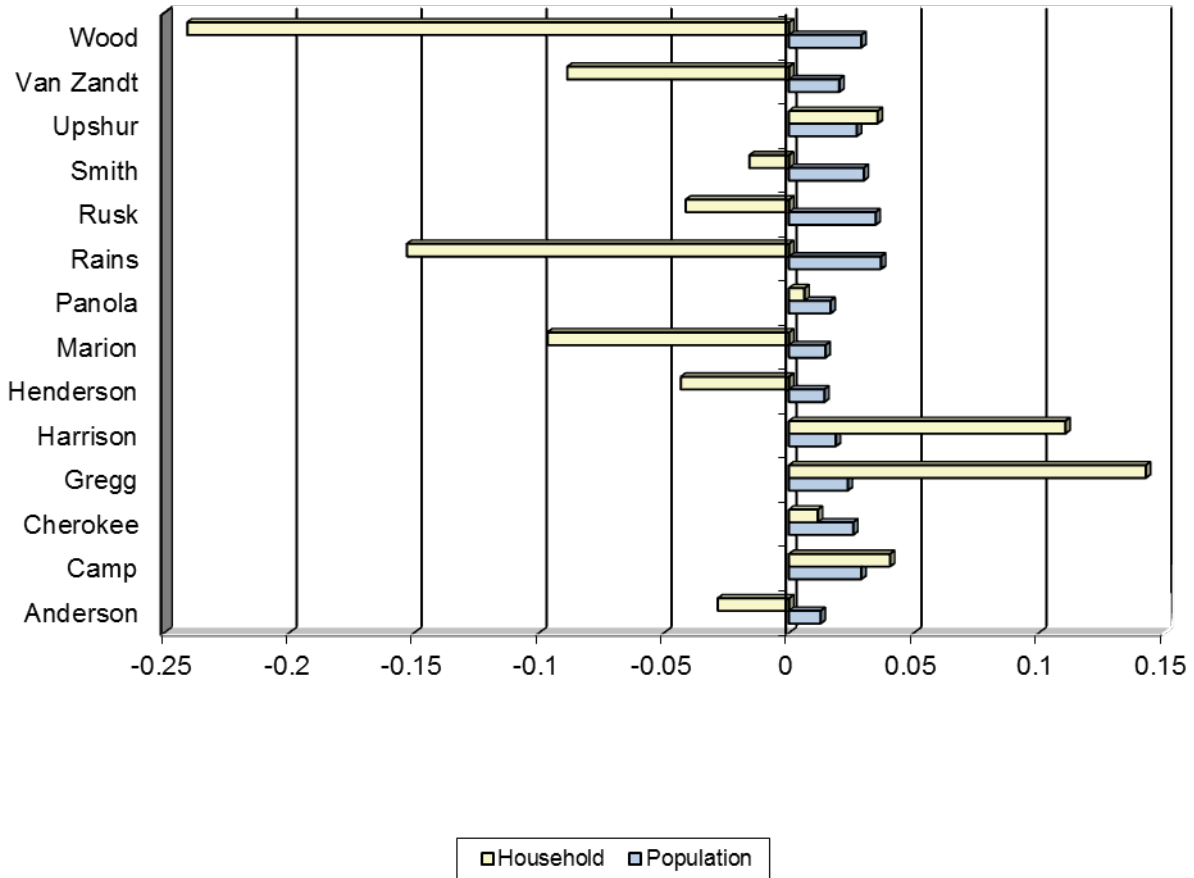
1. Texas Department of State Health Services

<http://www.dshs.state.tx.us/chs/popdat>

2. Texas State Data Center 2010 Census Data

<http://txsdc.utsa.edu/data/decennial>

**EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION AND HOUSEHOLD PERCENT CHANGE 2000 – 2030**

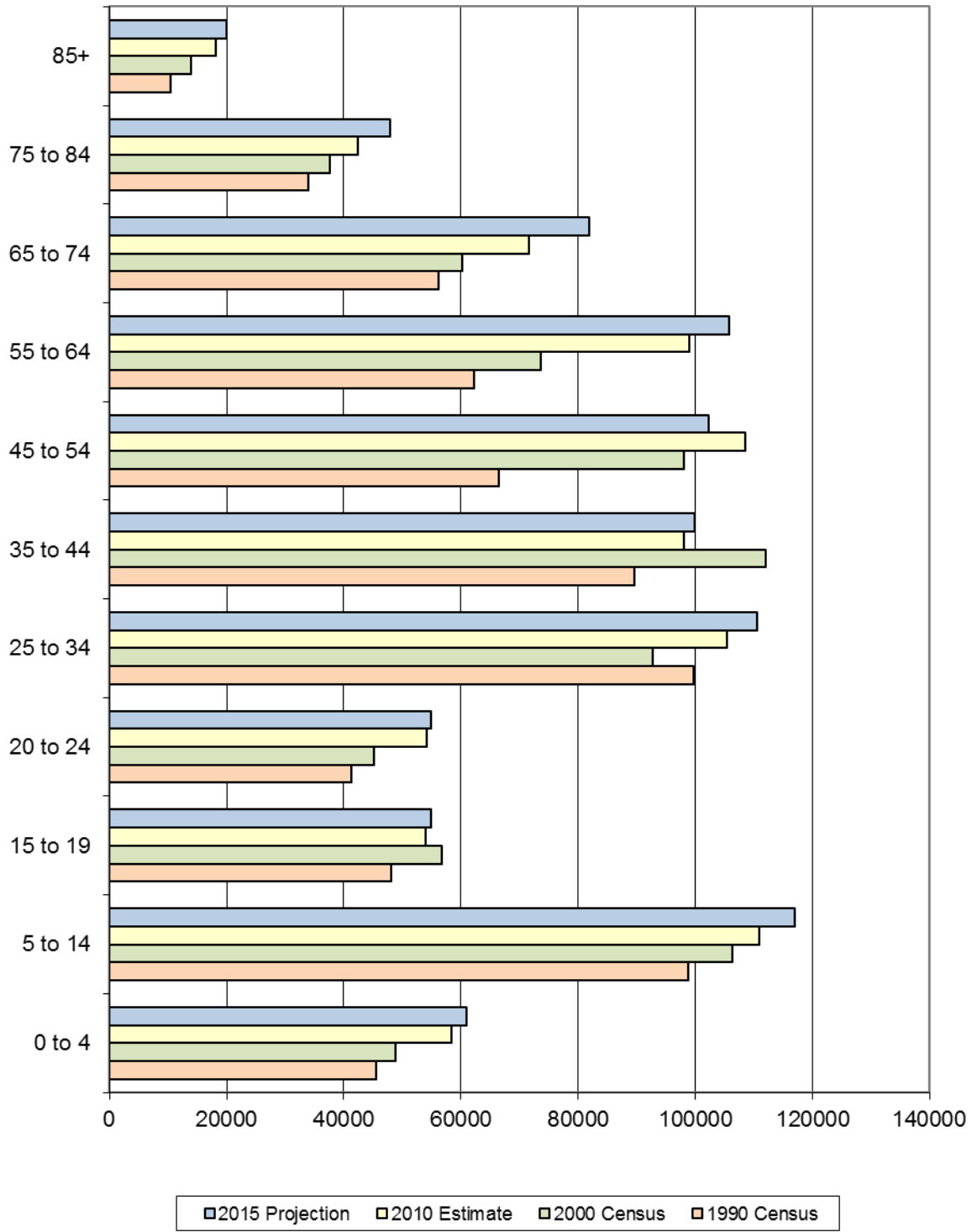


**EAST TEXAS COUNCIL OF GOVERNMENTS
TOTAL POPULATION AGE HISTORICAL AND PROJECTED
1990 AND 2000 CENSUS, 2010 ESTIMATE AND 2015 PROJECTION**

Age Group	1990 Census		2000 Census		2010 Estimate		2015 Projection		Percent Change	
									1990 to 2000	2010 to 2015
0 to 4	45,463	7.00%	48,866	6.60%	58,376	7.10%	60,873	7.10%	7.50%	4.28%
5 to 14	98,741	15.10%	106,354	14.30%	110,956	13.50%	116,926	13.70%	7.70%	5.38%
15 to 19	48,123	7.40%	56,640	7.60%	54,044	6.60%	54,899	6.40%	17.70%	1.58%
20 to 24	41,376	6.30%	45,203	6.10%	54,066	6.60%	54,828	6.40%	9.30%	1.41%
25 to 34	99,693	15.30%	92,684	12.40%	105,447	12.90%	110,561	12.90%	-7.00%	4.85%
35 to 44	89,690	13.70%	112,034	15.00%	98,096	12.00%	99,950	11.70%	24.90%	1.89%
45 to 54	66,524	10.20%	98,062	13.20%	108,473	13.20%	102,333	12.00%	47.40%	-5.66%
55 to 64	62,307	9.60%	73,642	9.90%	98,998	12.10%	105,775	12.40%	18.20%	6.85%
65 to 74	56,244	8.60%	60,225	8.10%	71,641	8.70%	81,890	9.60%	7.10%	14.31%
75 to 84	33,967	5.20%	37,572	5.00%	42,308	5.20%	47,828	5.60%	10.60%	13.05%
85+	10,331	1.60%	13,898	1.90%	18,218	2.20%	20,008	2.30%	34.50%	9.83%

Source: www.sitesontexas.com LWDA: East Texas WDA

**EAST TEXAS COUNCIL OF GOVERNMENTS
POPULATION AGE HISTORICAL AND PROJECTED
1990 AND 2000 CENSUS, 2010 ESTIMATE AND 2015 PROJECTION**



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

Fiscal Year	Population 1	Personal Income (in thousands) 2	Per Capita Personal Income 3	Gross Sales All Industries 4	Gross Sales, All Industries Subject to State Tax 5	Total Employed 6	Unemploy- ment Rate 7
2015	n/a	n/a	n/a	24,783,825,513	6,560,673,658	361,847	4.9
2014	844,811	33,563,048	37,173	33,258,023,748	8,747,169,123	367,529	5.2
2013	839,357	33,475,526	37,802	34,431,835,208	8,346,259,934	382,711	6.3
2012	839,625	32,527,999	36,790	34,433,145,704	8,233,796,819	379,834	6.7
2011	837,588	30,193,049	34,234	33,057,865,817	7,974,450,208	376,609	7.7
2010	829,749	28,477,457	32,498	26,929,757,046	7,129,483,538	370,920	8.1
2009	818,419	28,166,903	32,259	28,551,351,095	7,360,082,097	363,877	8.2
2008	813,838	26,600,303	30,837	33,721,469,950	8,367,733,943	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

Source: 1: Regional Economic Info System, Bureau of Economic Analysis, U. S. Department of Commerce

Note: information not yet available for 2015

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

Note: information not yet available for 2015

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

Note: information not yet available for 2015

4: Texas Comptroller of Public Accounts - www.window.state.tx.us/taxinfo/sales/index.html

5: Texas Comptroller of Public Accounts - 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

**EAST TEXAS COUNCIL OF GOVERNMENTS
PRINCIPAL EMPLOYERS 1000+ EMPLOYEES
SEPTEMBER 30, 2015 AND NINE YEARS AGO**

Company Information	Employees 2006	% of Total Employment	Employees 2015	% of Total Employment	Difference 2006-2015	Percent Difference 2006-2015
<u>Brookshire Grocery CO</u> 1600 W Southwest Loop 323 Tyler, TX 75701-8500 Smith County	2,591	11.33%	2,522	10.59%	(69)	-0.74%
<u>Eastman Chemical CO</u> 300 Kodak Blvd Longview, TX 75602 Gregg County	1,700	7.44%	1,521	6.39%	(179)	-1.05%
<u>ETMC Regional Healthcare Syst</u> 1000 S Beckham Ave Tyler, TX 75701-1908 Smith County	3,217	14.07%	3,328	13.98%	111	-0.09%
<u>Good Shepherd Medical Center</u> 700 E Marshall Ave Longview, TX 75601-5572 Gregg County	1,865	8.16%	3,167	13.30%	1,302	5.15%
<u>Rusk State Hospital</u> 1601 Hwy 69 N Rusk, TX 75785 Cherokee County	1,013	4.43%	950	3.99%	(63)	-0.44%
<u>Trane Residential Systems</u> 6200 Troup Hwy Tyler, TX 75707-1948 Smith County	2,169	9.49%	1,500	6.30%	(669)	-3.19%
<u>Trinity Mother Frances</u> 536 S Beckham Ave. Tyler, TX 75702 800 E Dawson St. Tyler, TX 75701 520 Douglas Blvd. #2 Tyler, TX 75702 Smith County	3,657	16.00%	4,000	16.80%	343	0.81%
<u>Trinity Rail, LLC</u> 708 Jordan Valley Rd. 111 W. Harrison Rd. Longview, TX 75601 Gregg County	1,700	7.44%	1,774	7.45%	74	0.02%
<u>Tyler Independent School District</u> 1319 Earl Campbell Parkway Tyler, TX 75701 Smith County	2,566	11.23%	2,449	10.29%	(117)	-0.94%
<u>Suddenlink</u> 4949 S. Broadway Avenue 6151 Paluxy Drive 311 N Northwest Loop 323 Tyler, TX 75701 Smith County	1,380	6.04%	1,500	6.30%	120	0.26%
<u>University of Texas Health Center</u> 11937 US Hwy 271 Tyler, TX 75708-3154 Smith County	1,001	4.38%	1,094	4.60%	93	0.22%

Source:

: http://www.tedc.org/profile/pro_workforce.php?socrates.cdr.state.tx.us
: http://longviewusa.com/major_employers
: <http://socrates.cdr.state.tx.us>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	8.81	9.57	14.43	13.64	16.89	21.54	21.23	22.95	29.49	32.95
Workforce	22.01	22.01	25.74	23.11	21.27	27.76	29.30	39.34	32.28	34.53
Housing & Urban Development	0.35	0.50	0.35	0.41	0.36	0.85	0.87	0.09	1.88	0.95
Emergency Communications	5.48	6.51	8.28	9.08	7.13	9.10	9.10	11.25	9.67	9.40
Economic Development	2.41	1.58	2.23	2.29	1.55	3.54	1.91	0.91	2.29	0.92
Environmental Quality	2.99	2.48	2.92	3.15	3.00	2.88	2.34	1.77	1.29	1.90
Area Agency on Aging	9.79	9.75	10.34	11.30	11.01	14.12	15.46	21.23	19.86	24.03
Transportation	1.76	3.77	23.45	20.44	26.84	45.44	44.16	49.87	48.08	44.01
Homeland Security	3.94	2.77	2.34	2.00	1.67	2.98	3.17	1.24	3.65	3.31
Criminal Justice	1.05	0.92	1.36	1.49	1.77	2.06	1.76	1.55	1.51	1.85
Health & Human Services	0.08	0.07	0.15	0.03	1.49	-	-	-	-	-

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

<u>Workforce Development</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Number of Children Served	8,393	8,853	8,895	7,703	8,412	8,815	7,737	7,075	6,419	7,786
Total Population Served at Workforce Centers	84,844	74,662	65,443	76,551	75,915	69,337	58,827	54,826	51,320	50,077
WIA Adults Served	540	368	358	311	336	335	514	695	521	494
WIA Adults Entering Employment	282	147	122	97	63	296	170	308	291	266
WIA Dislocated Workers Served	166	280	595	731	876	789	475	619	526	463
WIA Dislocated Workers Entering Employment	98	100	129	144	237	353	218	260	313	250
WIA Youth Served	235	170	140	703	164	421	247	317	272	217
WIA Youth Entering Employment	86	65	35	24	35	40	-	101	118	122
TANF Participants Served	1,664	1,507	990	956	840	789	772	1,340	1,095	838
TANF Participants Entering Employment	955	910	625	491	407	412	381	710	576	449
Food Stamp Participants Served	456	371	526	575	875	837	996	1,017	943	1,067
Food Stamp Participants Entering Employment	308	256	334	260	393	401	468	504	470	449
Reintegrated Offenders (RIO) Served	2,160	1,785	2,280	2,823	2,647	2,479	965	-	890	846
RIO Secured Employment	1,309	1,185	1,277	1,289	1,295	1,304	545	-	516	-

<u>Aging</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Information & Referral	5,602	3,993	5,214	3,300	3,533	3,232	1,855	3,215	749	620
Care Coordination	1,176	1,899	1,493	1,550	1,685	1,695	1,862	1,127	1,695	1,026
Legal Assistance over 60	512	230	117	210	384	702	741	919	826	547
Legal Awareness	8,537	1,972	1,528	1,549	1,857	1,719	785	138	485	406
Caregiver Education & Training	677	49	151	46	-	-	-	-	-	-
Caregiver Support Coordination	1,018	1,294	1,652	1,585	1,980	1,446	1,456	722	561	127
Congregate Meals	107,584	99,489	93,892	97,724	111,803	107,297	93,342	78,310	73,432	75,144
Home Delivered Meals	401,399	429,580	447,348	355,849	411,333	396,805	347,609	342,218	322,298	333,430
Transportation	20,088	20,504	21,607	23,187	23,084	23,025	23,089	22,390	23,039	32,296
Residential Repairs	97	133	150	141	45	18	28	12	42	46
Homemaker	10,339	10,580	8,003	6,093	7,470	5,767	8,182	5,032	5,524	3,173
Personal Assistance	1,120	1,485	695	855	845	458	1,224	1,400	1,724	2,262
Health Maintenance	68	46	66	42	18	35	18	17	15	9
Health Screening	219	336	432	170	90	137	223	-	-	-
Nutrition Education	292	145	255	255	183	164	369	157	-	-
Emergency Response	456	436	362	375	421	452	440	387	372	313
Adult Day Care	1,190	474	52	174	258	451	536	625	499	516
Caregiver Respite in Home	12,715	12,453	12,175	8,936	9,455	6,695	8,183	8,361	3,584	3,803
Caregiver Respite Institutional	5,832	7,608	4,032	1,368	3,464	2,832	2,328	2,664	1,608	168
Instruction & Training	375	n/a	365	372	460	476	460	497	-	-
Participant Assessment	378	376	351	447	334	77	74	-	-	-
Caregiver Information Services	222	819	593	195	420	1,840	17,483	11,711	-	-

<u>Criminal Justice</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Peace Officers Receiving Training	1,733	1,660	2,217	2,776	3,029	3,705	3,725	2,630	2,807	1,991

<u>Emergency Communications</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Calls Received	193,090	187,025	191,642	209,353	203,024	230,658	130,586	194,058	325,827	392,215

<u>Transportation</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Number of Trips	39,962	53,038	81,013	106,483	110,828	159,460	160,417	130,617	122,031	108,834

<u>Environmental Quality</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Tons of Material Diverted	500	500	543	5,525	843	1,607	1,185	1,115	246	65
Total Number of Illegal Dump Sites Cleaned Up	693	692	566	810	206	430	88	120	210	257

<u>Economic Development/Housing & Urban Dev.</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debentures Funded	21	20	24	23	28	33	37	37	37	37
Actual Job Retention from Debentures Funded	439	402	425	397	491	452	471	470	470	440

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>General Government</u>										
Buildings	0.59	0.59	0.59	1	1	1	1	1	1	1
Building Improvements	-	-	-	-	-	-	-	1	-	3
Office Equipment	1	1	1	11	11	11	11	11	12	14
Security Equipment	-	-	-	-	-	-	-	-	-	1
Vehicles	-	-	-	8	9	9	9	9	9	9
<u>Workforce Development</u>										
Office Equipment	1	1	1	1	2	2	2	2	3	3
Building Improvements/Signage	-	-	1	1	1	1	1	1	1	1
Mobile Unit	-	-	1	1	1	1	1	1	1	2
<u>Emergency Communications</u>										
PSAP Equipment	26	25	25	22	22	22	17	-	-	-
Network Communication Equip	-	-	-	-	-	-	1	1	1	1
Recorders	-	-	5	5	5	5	5	5	5	5
Office Equipment	-	1	2	8	8	8	8	11	12	13
<u>Economic Development</u>										
Office Equipment	-	-	-	-	-	-	-	-	-	-
<u>Aging</u>										
Buildings	2	2	2	2	2	2	1	1	1	1
Transportation Vans	3	3	11	15	14	8	9	9	9	14
Office Equipment	1	1	7	6	6	6	6	6	6	6
<u>Transportation</u>										
Transportation Vans	33	33	38	50	59	60	63	59	61	55
Digital Dispatch Equipment	-	1	1	1	1	1	1	1	1	1
Marshall Lift	-	-	-	-	-	-	-	1	1	1
Office Equipment	1	1	1	1	1	1	-	-	-	-
<u>Homeland Security</u>										
Office Equipment	9	9	9	-	-	-	-	-	-	-

Note: Assets in excess of \$5,000

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

SINGLE AUDIT SECTION



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

To the Board of Directors
East Texas Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the East Texas Council of Governments (the Council) as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the Council's basic financial statements and have issued our report thereon dated July 28, 2016.

Internal Control Over Financial Reporting

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

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

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

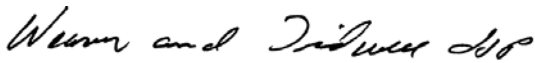
Compliance and Other Matters

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.

Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
July 28, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND REPORT 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

Report on Compliance for Each Major Federal and State Program

We have audited East Texas Council of Governments' (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and grant agreements that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2015. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the State of Texas Uniform Grant Management Standards (UGMS). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2015.

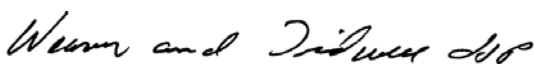
Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
July 28, 2016

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards:			
<u>U.S. Department of Agriculture</u>			
Passed through Texas Workforce Commission:			
Supplemental Nutrition Assistance Program 9/30/15	10.561	0815SNE000	\$ 326,371
Supplemental Nutrition Assistance ABAWD 9/30/15	10.561	0815SNA000	360,557
Supplemental Nutrition Assistance ABAWD 10/31/14	10.561	0814SNA000	(12,132)
Supplemental Nutrition Assistance State Adm. 12/31/15	10.561	0815WPA000	117
Total Passed through Texas Workforce Commission			<u>674,913</u>
Total U.S. Department of Agriculture			<u>674,913</u>
<u>U.S. Department of Commerce</u>			
Passed through Economic Development Administration:			
District Planning Assistance Program 12/31/17	11.302	08-83-05010	40,818
District Planning Assistance Program 12/31/14	11.302	08-83-04740	31,699
Total Passed through Economic Development Administration			<u>72,517</u>
Total U.S. Department of Commerce			<u>72,517</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Rural Affairs:			
Texas Community Development Program 8/31/16	14.228	C715213	1,786
Texas Community Development Program 8/31/15	14.228	C713213	13,223
Total Passed through Texas Department of Rural Affairs			<u>15,009</u>
Total U.S. Department of Housing and Urban Development			<u>15,009</u>
<u>U.S. Department of Labor</u>			
Passed through Texas Workforce Commission:			
Resource Administration 9/30/15	17.207	0815RAG000	5,945
Employment Services 12/31/15	17.207	0815WPA000	178,596
Employment Services 12/31/14	17.207	0814WPA000	10,797
Subtotal 17.207			<u>195,338</u>
Resource Administration 9/30/15	17.225	0815RAG000	4,800
Subtotal 17.255			<u>4,800</u>
Trade Act 12/31/15	17.245	0815TRA000	724,613
Trade Act 12/31/14	17.245	0814TRA000	363,927
Trade Adj. Assistance - Workers 12/31/15	17.245	0815WPA000	296
Subtotal 17.245			<u>1,088,836</u>
WIA Adult 6/30/17	17.258	0815WOA000	5,248
WIA Adult 6/30/16	17.258	0814WIA000	1,309,763
WIA Adult 6/30/15	17.258	0813WIA000	247,164
WIA Adult Program 12/31/15	17.258	0815WPA000	28,845
Subtotal 17.258 *			<u>1,591,020</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards: (Continued)			
WIA Youth 6/30/17	17.259	0815WOY000	25,171
WIA Youth 6/30/16	17.259	0814WIY000	1,317,484
WIA Youth 6/30/15	17.259	0813WIY000	88,539
WIA Youth Activities 12/31/15	17.259	0815WPA000	1,050
Subtotal 17.259 *			1,432,244
Resource Administration 9/30/15	17.273	0815RAG000	522
Subtotal 17.273			522
National Emergency Grant 9/30/16	17.277	0815NEG000	342,361
Subtotal 17.273			342,361
WIA Dislocated Worker 6/30/17	17.278	0815WOD000	6,332
WIA Dislocated Worker 6/30/16	17.278	0814WID000	1,732,399
WIA Dislocated Worker 6/30/15	17.278	0813WID000	429,216
Subtotal 17.278 *			2,167,947
Total Passed through Texas Workforce Commission			6,823,068
Total U.S. Department of Labor			6,823,068
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Rural Transportation 8/31/16	20.509	0000005301	650,621
Rural Transportation 8/31/15	20.509	0000002544	599,133
Rural Transportation 8/31/14	20.509	0000002545	8,284
Subtotal 20.509			1,258,038
Elderly & Disabled Atlanta & Tyler District 12/31/15	20.513	51510F7088	78,030
Elderly & Disabled Atlanta & Tyler District 12/31/14	20.513	51410F7113	15,571
Subtotal 20.513			93,601
Federal Planning 8/31/15	20.515	0000002710	8,123
Subtotal 20.515			8,123
Job Access and Reverse Commute Urban 5/31/15	20.516	0000002450	35,960
Subtotal 20.516			35,960
VCR 3/31/16	20.526	0000002544	36,504
Subtotal 20.526			36,504
Total Passed through Texas Dept. of Transportation			1,432,226
Total U.S. Department of Transportation			1,432,226
<u>U.S. Department of Education</u>			
Passed through Texas Workforce Commission:			
Adult Education Basic Grant 12/31/15	84.002A	0815WPA000	1,438
Total Passed through TTexas Workforce Commission			1,438
Total U.S. Department of Education			1,438

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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</u>			
Passed through Texas Department of Aging and Disability:			
Title VII Elder Abuse 9/30/15	93.041	15AATXT7EA	11,109
Subtotal 93.041			11,109
OMB ALF 9/30/15	93.042	15AATXT7OM	36,157
OMB MFPD 9/30/15	93.042	15AATXT7OM	13,610
Title VII Ombudsman Services 9/30/15	93.042	15AATXT7OM	60,192
Subtotal 93.042			109,959
Title III Part D 9/30/15	93.043	15AATXT3PH	33,055
Subtotal 93.043			33,055
Title III Part B 9/30/15	93.044	15AATXT3SS	837,371
Subtotal 93.044 **			837,371
Title III Part C1 9/30/15	93.045	15AATXT3CM	736,460
Title III Part C2 9/30/15	93.045	15AATXT3CM	948,807
Subtotal 93.045 **			1,685,267
Title III Part E 9/30/15	93.052	15AATXT3FC	327,845
Subtotal 93.052			327,845
Nutrition Service Incentive Program 9/30/15	93.053	15AATXNSIP	294,360
Subtotal 93.053 **			294,360
MIPPA-ACL 9/30/15	93.071	14AATXMAAA	26,132
Subtotal 93.071			26,132
CMS Basic 3/31/16	93.324	90SA0038-01-01	55,901
CMS Basic 3/31/15	93.324	90SA0038-01-01	23,318
Subtotal 93.324			79,219
Total Passed through Texas Department of Aging and Disability Services			3,404,317
<u>U.S. Department of Health and Human Services (Continued)</u>			
Passed through Texas Workforce Commission:			
Employment Services 12/31/15	93.558	0815WPA000	22,176
TANF 10/31/15	93.558	0815TAN000	1,544,689
TANF 10/31/14	93.558	0814TAN000	143,461
Non Custodial Parent 9/30/15	93.558	0815NCP000	279,198
Subtotal 93.558			1,989,524

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Federal Awards: (Continued)			
Childcare Attendance Automation System 11/30/15	93.575	0815CAA000	124,291
Childcare Attendance Automation System 11/30/14	93.575	0814CAA000	10,229
Childcare Quality 10/31/15	93.575	0815CCQ000	393,899
Childcare Quality 10/31/14	93.575	0814CCQ000	164,032
Childcare 10/31/15	93.575	0815CCF000	4,508,729
Childcare 10/31/14	93.575	0814CCF000	924,144
Childcare Quality Infant Toddler 12/31/2016	93.575	0815CQI000	196,565
Childcare & Development Block Grant 12/31/15	93.575	0815WPA000	2,246
Subtotal 93.575			6,324,135
Childcare 10/31/15	93.596	0815CCF000	4,547,105
Childcare Local Match 12/31/15	93.596	0815CCM000	47,341
Childcare Local Match 12/31/14	93.596	0814CCM000	1,486,835
Subtotal 93.596			6,081,281
Childcare 10/31/15	93.667	0815CCF000	59,252
Subtotal 93.667			59,252
			.
Total Passed through Texas Workforce Commission			14,454,192
Total U.S. Department of Health and Human Services			17,858,509
<u>U.S. Department of Homeland Security</u>			
Passed through the Office of the Governor, Division of Emergency Management:			
Homeland Security 5/31/15	97.067	2013-SR-9900901	11,704
Homeland Security Mass FTL 5/31/15	97.067	2013-SR-9900904	56,140
Subtotal 97.067			67,844
Homeland Security 9/30/15	97.073	HS-040029	141,063
Homeland Security 8/31/16	97.073	2015-HS CONTRACT	1,104
Subtotal 97.073			142,167
Total Passed through the Office of the Governor, Division of Emergency Management			210,011
Total U.S. Department of Homeland Security			210,011
Total Federal Awards			\$ 27,087,691

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Grantor's Number	Expenditures
<u>State Awards:</u>		
<u>Texas Department of Aging and Disability Services:</u>		
State General Revenue 9/30/15	14AATXT3PH	\$ 183,737
Total Texas Department of Aging and Disability Services		183,737
<u>Office of the Governor, Criminal Justice Division:</u>		
Police Training 8/31/16	1426514	30,121
Police Training 8/31/15	SF-14-A10-14265-13	148,895
Criminal Justice Planning 8/31/16	SF-16-30061080	5,327
Criminal Justice Planning 8/31/15	SF-15-30051516	49,108
Regional Evaluation Services for Juveniles 8/31/16	2541704	596
Regional Evaluation Services for Juveniles 8/31/15	2541703	53,501
Total Office of the Governor, Criminal Justice Division		287,548
<u>Texas Commission on Environmental Quality:</u>		
Solid Waste 8/31/17	582-16-60652	4,042
Solid Waste 8/31/15	582-14-40579	196,923
Air Quality 12/31/15	582-14-40053	495,833
Total Texas Commission on Environmental Quality		696,798
<u>Commission on State Emergency Communications:</u>		
9-1-1 8/31/16	911-ET-16	169,174
9-1-1 8/31/15	911-ET-15	1,776,992
9-1-1 8/31/14	911-ET-14	376
9-1-1 8/31/13	911-ET-13	9,870
Total Commission on State Emergency Communications		1,956,412
<u>Texas Department of Transportation:</u>		
Rural Transportation 8/31/16	51218021916	74,190
Rural Transportation 8/31/15	0000002704	1,038,512
Total Texas Department of Transportation		1,112,702
<u>Texas Veterans Commission:</u>		
Veterans Services 9/30/15	2015-VETS	29,829
Total Texas Veterans Commission		29,829

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Grantor's Number	Expenditures
State Awards: (Continued)		
<u>Texas Workforce Commission:</u>		
Employment Services 12/31/15	0815WPA000	\$ 117
Childcare DFPS 8/31/16	0816CCP000	202,541
Childcare DFPS 8/31/15	0815CCP000	2,226,403
Childcare DFPS 8/31/14	0814CCP000	(2,853)
Childcare 10/31/15	0815CCF000	1,966,290
Resource Administration 9/30/15	0815RAG000	1,459
Supplemental Nutrition Assistance Program 9/30/15	0815SNE000	145,916
Supplemental Nutrition Assistance Program 9/30/14	0814SNE000	12,132
TANF 10/31/15	0815TAN000	168,060
Non Custodial Parent 9/30/15	0815NCP000	198,887
Total Texas Workforce Commission		<u>4,918,952</u>
 Total State Awards		 <u>\$ 9,185,978</u>
 Total Federal and State Awards		 <u>\$ 36,273,669</u>

Note:

* denotes WIA Cluster

** denotes Aging Cluster

EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1. GENERAL

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

NOTE 2. 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.

NOTE 3. 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:		
Supplemental Nutrition Assistance Program 9/30/15	10.561	\$ 183,164
Supplemental Nutrition Assistance ABAWD 9/30/15	10.561	221,998
WIA Adult 6/30/16	17.258	818,211
WIA Youth 6/30/17	17.258	21,391
WIA Youth 6/30/16	17.259	861,050
WIA Youth 6/30/15	17.259	(2)
National Emergency Grant 9/30/16	17.277	184,465
WIA Dislocated Worker 6/30/16	17.278	986,117
Title III Part D 9/30/15	93.043	18,325
Title III Part B 9/30/15	93.044	364,516
Title III Part C1 9/30/15	93.045	489,554
Title III Part C2 9/30/15	93.045	875,049
Title III Part E 9/30/15	93.052	167,054
Nutrition Service Incentive Program 9/30/15	93.053	294,360
TANF 10/31/15	93.558	983,911
TANF 10/31/14	93.558	78,222
Non Custodial Parent 9/30/15	93.558	158,855
Childcare Attendance Automation System 11/30/15	93.575	124,291
Childcare Attendance Automation System 11/30/14	93.575	10,229
Childcare 10/31/15	93.575	4,156,090
Childcare 10/31/14	93.575	920,678
Childcare Quality 10/31/15	93.575	53,598
Childcare Quality Infant Toddler 12/31/2016	93.575	44,182
Childcare Local Match 12/31/15	93.596	34,155
Childcare Local Match 12/31/14	93.596	1,453,241
Childcare 10/31/15	93.596	4,191,465
Childcare 10/31/15	93.667	54,618
Total Federal Awards		<u>17,748,788</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

NOTE 4. PASS-THROUGH EXPENDITURES – CONTINUED

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
State Awards:		
Police Training 8/31/16		\$ 29,966
Police Training 8/31/15		136,624
9-1-1 Emergency Communications 8/31/16		66,563
9-1-1 Emergency Communications 8/31/15		940,493
9-1-1 Emergency Communications 8/31/14		376
9-1-1 Emergency Communications 8/31/13		9,870
Regional Evaluation 8/31/16		551
Regional Evaluation 8/31/15		51,877
Solid Waste 8/31/15		149,531
Air Quality 12/31/15		403,960
Title III Part E 9/30/15		79,983
Supplemental Nutrition Assistance Program 9/30/15		81,890
Non Custodial Parent 9/30/15		113,161
TANF 10/31/15		107,048
Childcare DFPS 8/31/16		202,541
Childcare DFPS 8/31/15		2,226,592
Childcare DFPS 8/31/14		(2,853)
Childcare 10/31/15		<u>1,812,502</u>
Total State Awards		<u>6,410,676</u>
Total Pass-Through Federal and State Awards		<u>\$ 24,159,464</u>

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I-Summary of Auditors' Results

BASIC FINANCIAL STATEMENTS:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ☐ Yes ☒ None reported

Noncompliance which is material to the basic financial statements noted? ☐ Yes ☒ No

FEDERAL AND STATE AWARDS:

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ☐ Yes ☒ None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Programs or Cluster</u>
17.258, 17.259, 17.278	WIA Cluster
20.509	Rural Transportation
93.044, 93.045, 93.053	Aging Cluster
State	Air Quality
State	911 Services

**EAST TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Dollar threshold used to distinguish
Between type A and type B federal programs: \$812,631
Dollar threshold used to distinguish
Between type A and type B state programs: \$300,000

Auditee qualified as low-risk auditee
for federal single audit? X Yes No

Auditee qualified as low-risk auditee
for state single audit? X Yes No

**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance with Generally Accepted Government 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, 2015**

Findings and Questioned Costs for Federal and State Awards

None

