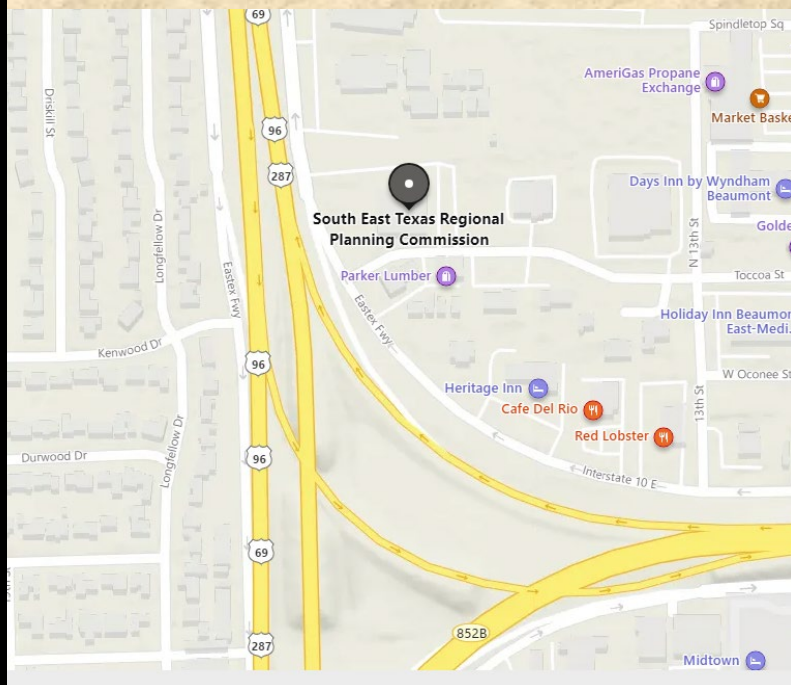


South East Texas Regional Planning Commission



Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

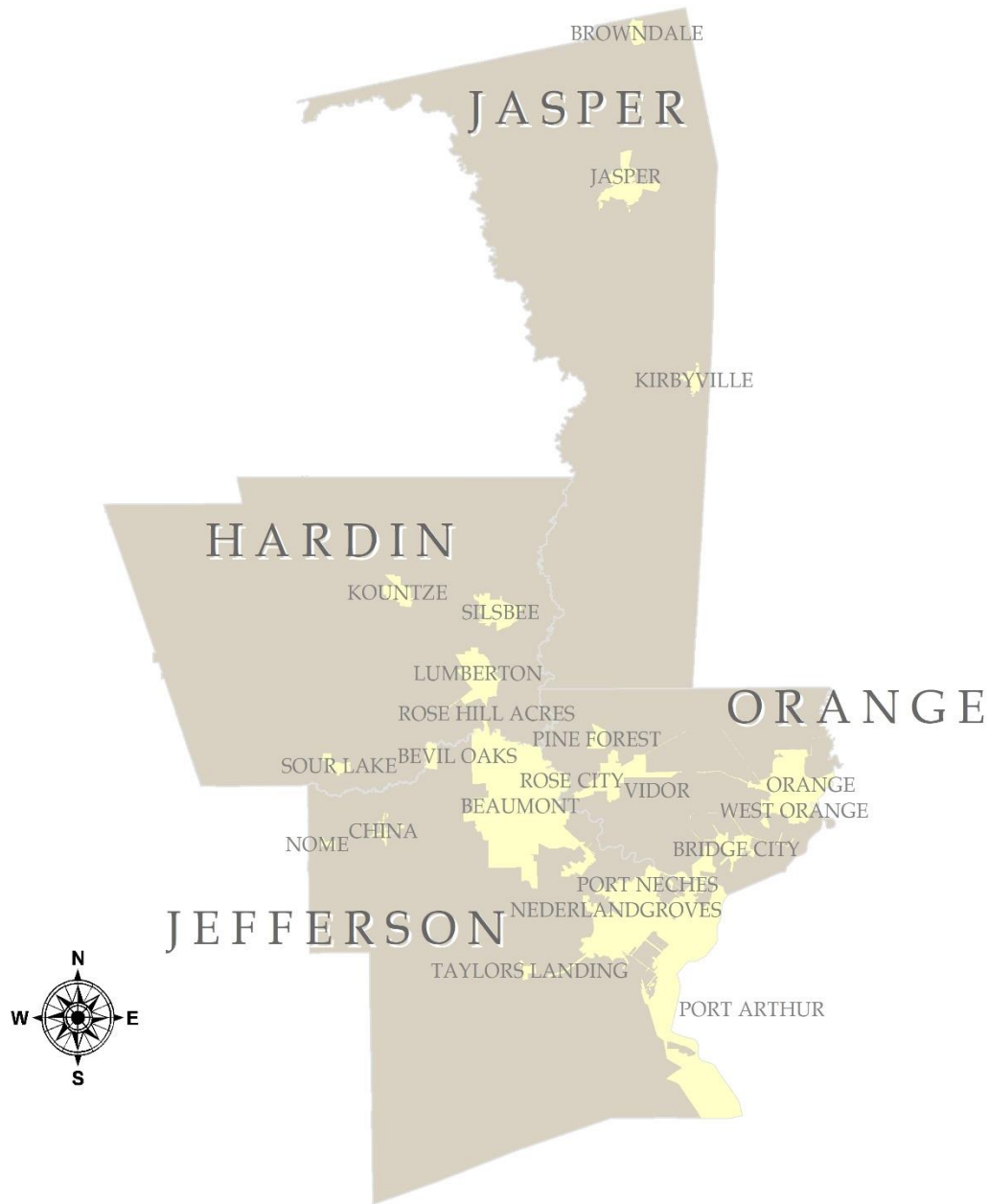


2210 Eastex Freeway

Beaumont, Texas 77703

409.899.8444/409.347.0138 fax

ANNUAL COMPREHENSIVE FINANCIAL REPORT
of the
SOUTH EAST TEXAS REGIONAL PLANNING COMMISSION
Beaumont, Texas



For the Fiscal Year Ended
September 30, 2021

Prepared by:
Department of Finance and Administration

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**South East Texas Regional Planning Commission
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021**

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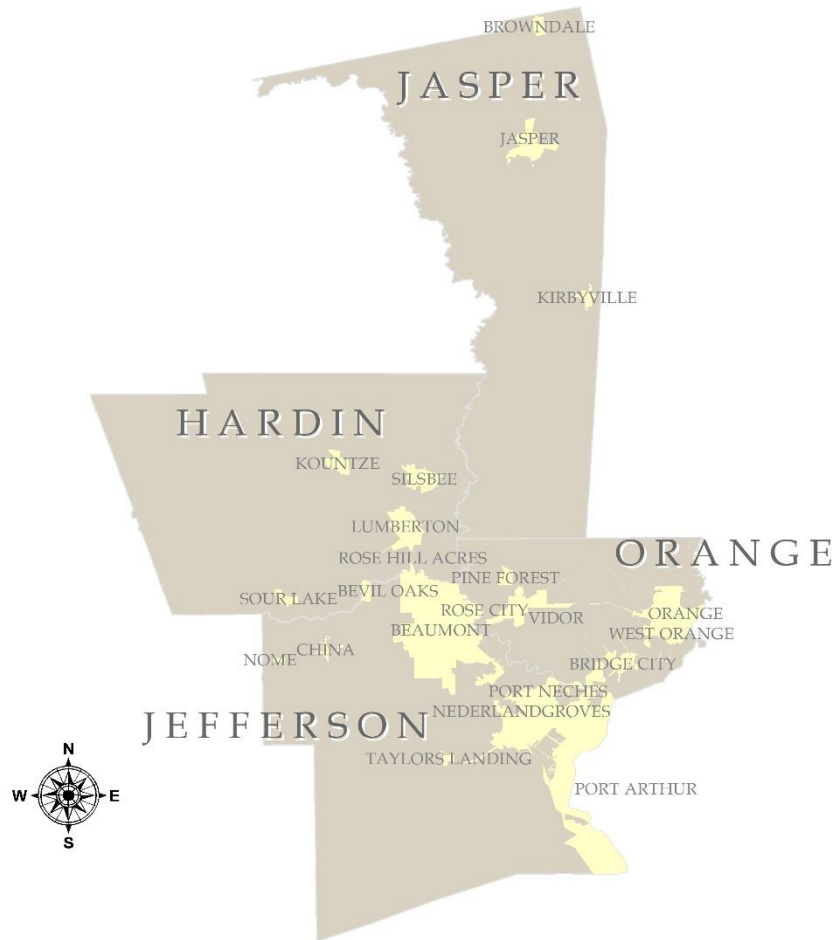
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Introductory Section





March 28, 2022

Members of the Executive Committee and Citizens of Southeast Texas

We are pleased to present the Annual Comprehensive Financial Report of the South East Texas Regional Planning Commission (SETRPC) for the year ended September 30, 2021. This report was prepared for the Agency by SETRPC's Department of Finance and Administration. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with SETRPC's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of SETRPC as measured by the financial activity of its various funds. We believe that all disclosures necessary to enable the reader to gain a maximum understanding of SETRPC's financial affairs have been included. These financial statements are presented annually in compliance with Office of Management and Budget's 2 CFR Part 200, the Single Audit Act of 1984, as amended, and the SETRPC's By-laws.

REPORT FORMAT

South East Texas Regional Planning Commission's financial statements have been audited by Charles E. Reed & Associates, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the SETRPC for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the SETRPC's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (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 the SETRPC was 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 of the fair presentation of the financial statements, but also on the audited 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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The SETRPC's MD&A can be found immediately following the report of the independent auditors.

President – Mary Adams, Kountze | 1st VP - Terri Gauthier, Bridge City | 2nd VP – Michael Sinegal, Jefferson County
3rd VP – Wayne McDaniel, Hardin County | Treasurer – Johnny Trahan, Orange County | Secretary – John Durkay, Taylor Landing

Executive Director – Shanna Burke
2210 Eastex Freeway Beaumont, Texas 77703-4929
(409) 899-8444 | (409) 347-0138 fax
setrpc@setrpc.org | <http://www.setrpc.org>

ORGANIZATIONAL PROFILE

The South East Texas Regional Planning Commission was formed in June 1970, as a voluntary association of local governments pursuant to Texas law, Local Government Code, Chapter 391, Regional Planning Commissions (V.A.C.S. Article 1011m). As one of 24 planning councils in Texas, the South East Texas Regional Planning Commission works with its member governments to solve area wide problems by promoting intergovernmental cooperation and coordination by means of conducting comprehensive regional planning and by providing a forum for the discussion and study of area issues. SETRPC's mission is to compliment local government without infringing on local home rule, with the goal of making our local jurisdictions better able to respond to the needs of their citizens. The Region's population was represented on our Executive Committee by virtue of all four of the counties that make up Planning Region 15 (Hardin, Jasper, Jefferson and Orange) being members of the South East Texas Regional Planning Commission. Representatives of local school districts, water districts, ports, navigation districts and river authorities also serve on the Executive Committee. The governing body of the South East Texas Regional Planning Commission is the SETRPC Executive Committee. All individuals serving on the Executive Committee are elected officials from the various counties, cities and special districts that make up the Commission's membership. Likewise, the SETRPC officers consist of elected officials from each county, city or special district.

By focusing their efforts toward collective goals outlined in the SETRPC Mission Statement, Purpose and Core Values, the Executive Committee, officers and SETRPC staff ensure that the region is pursuing resources, which will provide a greater quality of life for all residents.

SETRPC's federally and State assisted area wide responsibilities include transportation planning and implementation, environmental protection, nutrition and social services for the elderly, criminal justice, economic development, community services and community development. SETRPC is also charged with area wide administration of the Foster Grandparent and RSVP Programs, AARP Experience Corps program, planning and implementation of the region wide Enhanced 9-1-1 Emergency Network System, Homeland Security and coordination and facilitation of emergency management planning activities. SETRPC also administers a program of air quality monitoring funded by private industry.

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 South East Texas Regional Planning Commission operates.

ECONOMIC OUTLOOK

The South East Texas Regional Planning Commission serves approximately 430,545 citizens. The SETRPC's planning region 15 encompasses 3,361 total square miles. Some of the major occupational employment groups serving the South East Texas region are Office and Administrative support, Sales and related operations, Food Preparation and Serving, and Production Occupations. As of December 2021, the area's unemployment rate was at 7.2%. Our region, along with the rest of the nation, has been rebounding from COVID-19 pandemic in its return to normalcy. We anticipate more jobs will continue to be added and additional funds will be utilized to assist our residents and businesses in our quest to regain full capacity in our economy.

LONG-TERM FINANCIAL PLANNING

Accounting Systems and Budgetary Control. Management of SETRPC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of SETRPC are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits and that the evaluation of costs and benefits requires management's estimates.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of misuse, if any, have been detected. We believe that adequate precautions have been taken, within cost limitations, to safeguard assets and provide reasonable assurance of proper recording of financial transactions within the SETRPC.

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

The Executive Committee of SETRPC approves a plan for revenues and expenditures of all funds. The annual budget is reviewed and formally adopted by the Executive Committee prior to the beginning of the fiscal year. The objective of the annual budget is to act as a control device for the general fund while the individual grant budgets are used as the control device within the Special Revenue Funds.

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 SETRPC. Financial plans for the Special Revenue Funds are established in accordance with grant awards received. In adopting the annual budget as a financial guide, the Executive Committee is aware that actual federal and state resources must be individually negotiated on a programmatic basis at which time they are presented for local approval.

The financial plan for the General Fund is prepared on the modified accrual basis, except that expenditures also include amounts for changes in the liability for accrued vacation leave. The financial plan for the Special Revenue Funds is also prepared on the same basis as the plan for the General Fund and includes amounts for depreciation on capital assets acquired. As stated in the Management's Discussion and Analysis, the financial plan for the SETRPC is not considered a legally adopted budget. Therefore, comparative budget and actual results are not presented.

Relevant Financial Policies. SETRPC has several financial policies and procedures that keep the financial records in compliance with 2 CFR Part 200 (formerly OMB A-87) and the Uniform Grants Management Standards (UGMS) and free from material misstatement. The Investment Policy ensures that SETRPC's funds are properly accounted for and invested to minimize credit and market risks, while maintaining a competitive yield and the money is adequately protected either through collateralization or FDIC insurance. The Risk Management Policy limits SETRPC's exposure 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 Capitalization Policy ensures that the major tangible assets and software are properly controlled and accounted for. Finally, the Financial, Accounting and Information Technologies Manual establishes a set of policies and procedures to ensure that sufficient controls exist over the safeguarding of assets against waste, loss and misuse and also for providing relevant information to management, its Executive Committee and its federal, state and local granting agencies.

Awards and Acknowledgments. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South East Texas Regional Planning Commission for its annual comprehensive financial report for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 SETRPC's Financial, Administrative, and Program Management Staff. Special acknowledgement should also be given to the SETRPC's independent auditors, Charles E. Reed & Associates, P.C., 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 SETRPC's financial operations in a responsible and progressive manner.

Respectfully Submitted, ...



Shanna Burke
Executive Director



Jim Borel
Director of Finance



Government Finance Officers Association

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

Presented to

**South East Texas
Regional Planning Commission**

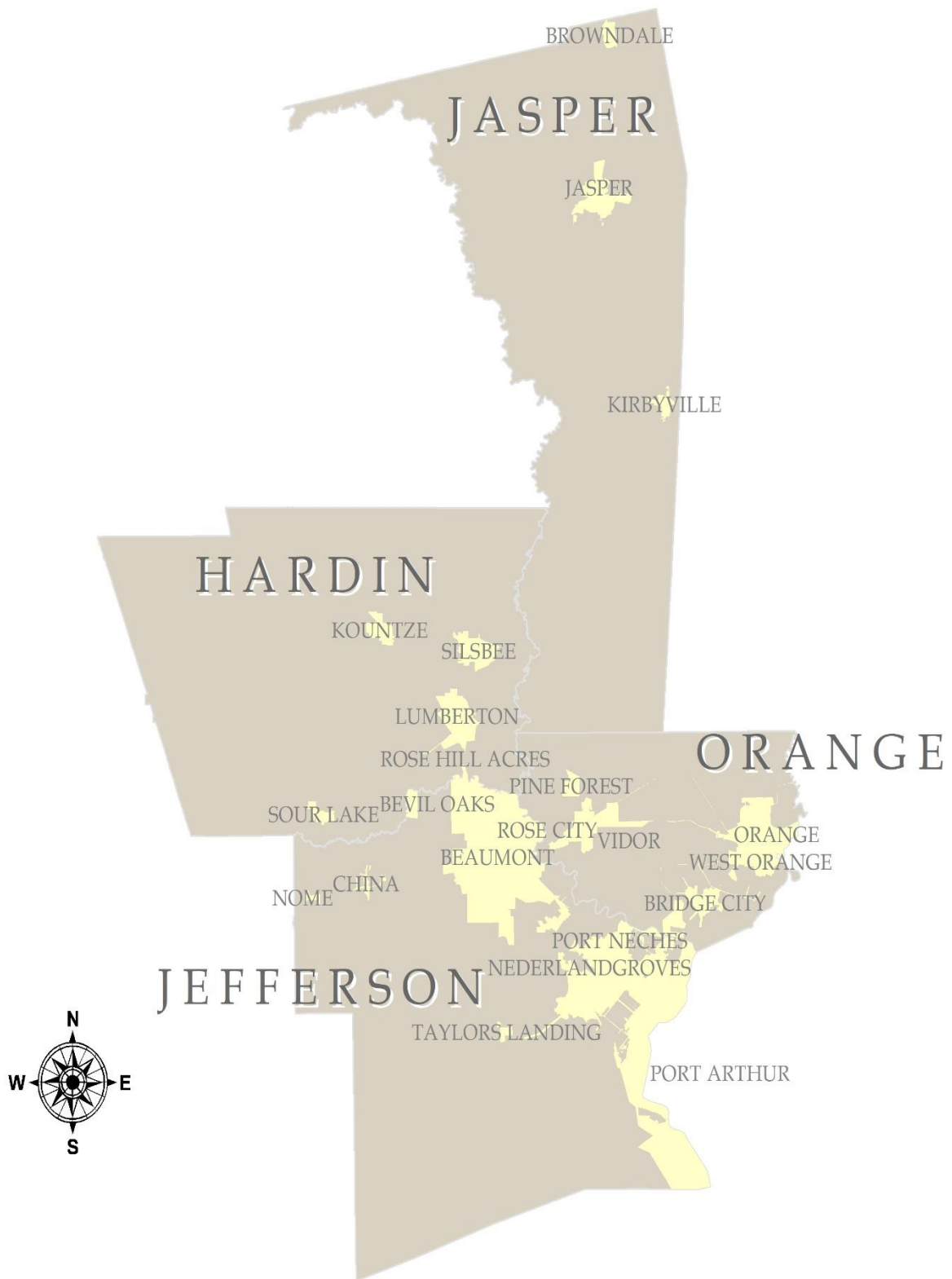
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

SOUTH EAST TEXAS REGION



2021 EXECUTIVE COMMITTEE OFFICERS



Mayor Pro Tem
Mary Adams
City of Kountze
President



Mayor Pro Tem
Terri Gauthier
Orange County
1st Vice President



Commissioner
Michael Senegal
Jefferson County
2nd Vice President



Judge
Wayne McDaniel
Hardin County
3rd Vice President



Commissioner
Johnny Trahan
Orange County
Treasurer



Mayor
John Durkay
City of Taylor Landing
Secretary

2021 MEMBERSHIP

COUNTIES (4)

HARDIN COUNTY

JEFFERSON COUNTY

ORANGE COUNTY

JASPER COUNTY

CITIES (21)

Kountze

Beaumont

Bridge City

Lumberton

Bevil Oaks

Orange

Rose Hill Acres

China

Pine Forest

Silsbee

Groves

Pinehurst

Sour Lake

Nederland

Rose City

Nome

Vidor

Port Arthur

West Orange

Port Neches

Taylor Landing

SCHOOL DISTRICTS (5)

Beaumont ISD

Port Arthur ISD

Bridge City ISD

Port Neches-Groves ISD

Hamshire-Fannett ISD

SPECIAL DISTRICTS (20)

Jefferson County Emergency Services
District #1

Mauriceville Municipal Utility District

Orange County Drainage District

Jefferson County Emergency Services
District #3

Orange County Water Control &
Improvement Dist. #1

Hardin County Emergency Services District
#2

Orange County Water Control &
Improvement Dist. #2

Orange County Emergency Services District
#3

Orange County Navigation & Port
District

Jefferson County Drainage District #3

Port of Beaumont

Jefferson County Drainage District #6

Port of Port Arthur

Jefferson County Drainage District #7

Sabine-Neches Navigation District

Jefferson County Water Control &
Improvement Dist., #10

Sabine River Authority of Texas

Lower Neches Valley Authority

Jasper County Emergency Services

District #1

Lumberton Municipal Utility District

EXECUTIVE STAFF

Executive Director..... Shanna Burke

Executive Assistant.....Suzanne Carver

Director, FinanceJim Borel

Director, Community Services Division Colleen Halliburton

Director, Disaster Recovery Division/Human Resources Manager..... Glenda Lacy

Director, 9-1-1 Emergency Network Pete De La Cruz

Director, AARP Experience Corps Southeast Texas Stephanie Pearson

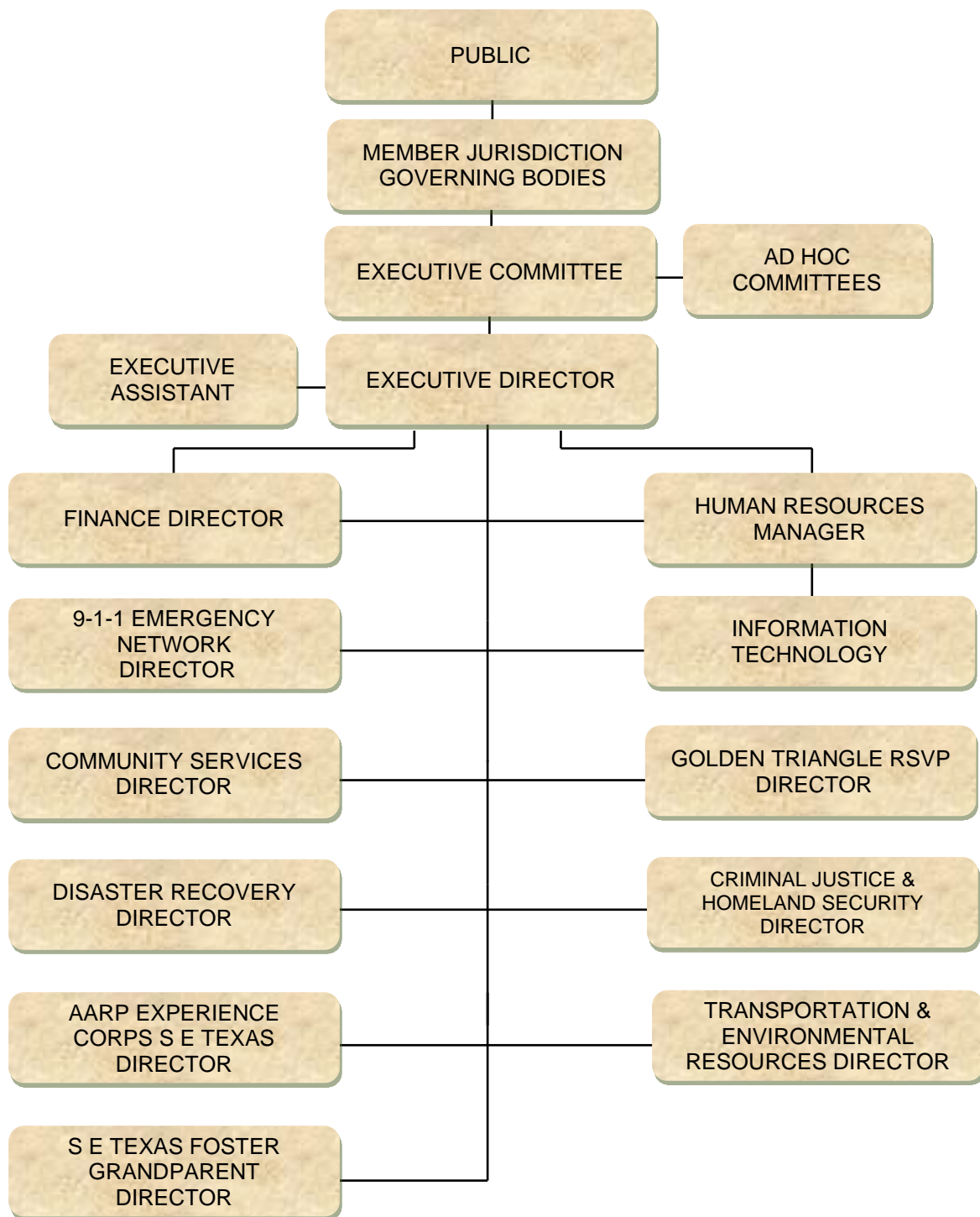
Director, Golden Triangle RSVP.....Crystal Petry

Director, Southeast Texas Foster Grandparent ProgramTyronna McKenzie

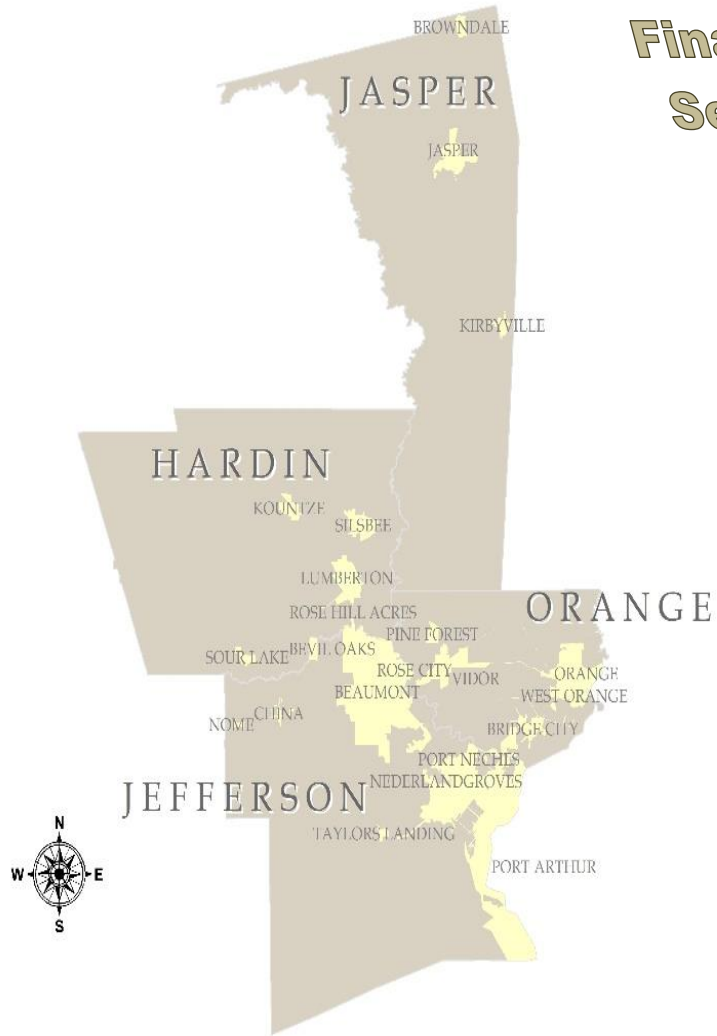
Director, Criminal Justice and Homeland Security Division Steve Curran

Director, Transportation & Environmental ResourcesBob Dickinson

ORGANIZATIONAL CHART



Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
South East Texas Regional Planning Commission
Beaumont, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South East Texas Regional Planning Commission as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the South East Texas Regional Planning Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South East Texas Regional Planning Commission, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-20 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 South East Texas Regional Planning Commission's basic financial statements. The introductory section on pages 2-10, combining and individual nonmajor fund financial statements on pages 44-49, the supplementary information on pages 50-51, and statistical section on pages 54-66, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Texas Uniform Grant Management Standards (UGMS) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections and the supplementary information 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 March 28, 2022, on our consideration of the South East Texas Regional Planning Commission'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South East Texas Regional Planning Commission's 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 South East Texas Regional Planning Commission's internal control over financial reporting and compliance.

Charles E. Reed & Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas
March 28, 2022

Management's Discussion and Analysis

As management of the South East Texas Regional Planning Commission (the "SETRPC"), we offer readers of the SETRPC's financial statements this narrative overview and analysis of the financial activities of the SETRPC for the year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the SETRPC's financial statements, which follow this section.

The South East Texas Regional Planning Commission (SETRPC) is a voluntary association of 50 local governmental units in the four county (Hardin, Jasper, Jefferson and Orange) area of South East Texas. SETRPC was organized in June 1970 under authority provided by the Texas Legislature in 1965. The South East Texas Region lies at the northern tip of the Texas Gulf Coast. It encompasses an area of 3,361 total square miles with a 2020 population of 430,545. Based on a new directive from the Governor's Office, SETRPC added a new member government in Jasper County, Texas effective June 21, 2021. As of September 30, 2021 no other Jasper County entities had joined. However, any Jasper County entity is eligible to join SETRPC at any time of their choosing upon passing a resolution. SETRPC, a political subdivision of the State of Texas and exempt from Federal Income Taxes and filing returns under I.R.C. 115, serves as a conduit for funds made available through various Federal and State programs to provide a variety of services developed or delivered through consultants or subcontractors.

Financial Highlights

- a. The assets of the SETRPC exceeded its liabilities at the close of 2021 by \$8,542,076. Of this amount \$2,330,607 is considered unrestricted and may be used to meet ongoing financial obligations. The balance of net position, \$6,211,469, is the net amount invested in capital assets.
- b. The SETRPC's total net position increased by \$505,062 in 2021.
- c. As of the close of the current fiscal year, the SETRPC's governmental funds reported a combined ending fund balance of \$2,631,712 at September 30, 2021.
- d. At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,268,459 or 8.2% percent of total governmental fund expenditures.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all the SETRPC'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 SETRPC 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 the cash flows.

Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the SETRPC that are principally supported by federal and state grants (governmental activities). The SETRPC does not have any business-type activities. The government-wide financial statements can be found on pages 22 & 23 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 SETRPC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. SETRPC has only one category of funds: governmental funds.

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 the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 SETRPC maintains fifteen 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, Air Quality Fund, Area Agency on Aging Fund, Community Development Fund, Community Services Fund, 9-1-1 Emergency Communications Fund, and Transportation Planning Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 24 & 25 of this report.

Proprietary funds. The SETRPC reports one proprietary fund, which is the combined internal service funds reported in the basic financial statements. SETRPC reports no enterprise funds. The basic proprietary fund financial statements can be found on pages 27 - 29 of this report.

Fiduciary funds (agency funds). Agency funds are used to account for assets held by SETRPC as an agent. The funds are custodial in nature and do not involve measurement of results of operations. The basic fiduciary fund (agency fund) financial statement can be found on page 30 of this report. Additional combining statements for agency funds may be found on pages 48-49.

Notes to the financial statements. The notes to the financial statements 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 31 through 42 of this report.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the SETRPC's service programs. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the revenues reported for each function are membership fees and, in some cases, the resulting Net (Expense)/Revenue reflects an increase or decrease in that functions Net Position.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements and can be found on pages 44 - 46 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which can be found on pages 50 and 51 of this report.

South East Texas Regional Planning Commission
Net Position

	Governmental Activities 2021	Governmental Activities 2020	% Change
Current and other assets	\$ 5,754,230	\$ 4,524,927	27.2%
Capital assets, net (as restated)	6,268,103	5,783,046	8.4%
Total assets	12,022,333	10,307,973	16.6%
Long-term liabilities outstanding	80,162	136,919	-41.5%
Other liabilities	3,400,096	2,134,040	59.3%
Total liabilities	3,480,258	2,270,959	53.3%
Net position:			
Net investment in capital assets (as restated)	6,211,469	5,594,036	11.0%
Unrestricted	2,330,607	2,442,978	-4.6%
	\$ 8,542,075	\$ 8,037,014	6.3%

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. SETRPC's net position increased between fiscal years 2020 and 2021 by \$505,062 – a increase of 6.34% from fiscal year 2020.

A large portion of the SETRPC's net position (\$2,330,607) reflects its unrestricted assets which may be used to meet ongoing financial obligations. SETRPC's unrestricted assets decreased between fiscal years 2020 and 2021 by \$112,371 or 4.6%. The remainder of SETRPC's net position increased by \$617,433 or 11.0%. This amount represents SETRPC's investment in capital assets (e.g. land, building, leasehold improvements, equipment, and furniture and fixtures). These assets are not available for future spending.

Significant components of the net position activity are as follows:

Governmental activities total expenses increased by \$2,601,130 (21.1%) in the current year. Following are details of the significant changes for the programs administered by the SETRPC.

- a. General government decreased by \$73,980 (80.6%) primarily due to a reduction in long tenured staff and the removal of the associated but unused vacation (i.e. vacation accrual).
- b. Community Services had an increase of \$1,526,984 (172.9%). This was related to additional emergency rental assistance funds administered on behalf of Jefferson County to help residents with rental/utility assistance due to COVID inflicted hardships.
- c. The Solid Waste Program, by administering Household Hazardous Waste (HHW) events, had an increase of \$237,089 in expenditures after hosting 2 events this fiscal year to make up for the lack of an HHW event last year due to the pandemic.
- d. The AARP Experienced Corps Program saw a decrease in the amount of \$110,655 (42.6%) in the fiscal year associated with the temporary reduction of programmatic funds due to the pandemic. The program's volunteers were not allowed into the schools to volunteer due health concerns surrounding the COVID, resulting in a reduction in program related expenditures.

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**South East Texas Regional Planning Commission
Changes in Net Position**

	Governmental Activities 2021	Governmental Activities 2020	Difference	Percent Change from Prior Year
REVENUES:				
Program revenues:				
Operating Grants and contributions	\$ 15,420,413	\$ 12,547,809	\$ 2,872,604	22.9%
General revenues:				
Investment earnings	5,970	4,635	1,335	28.8%
	<u>15,426,383</u>	<u>12,552,444</u>	<u>\$ 2,873,939</u>	<u>22.9%</u>
EXPENSES:				
General government	17,781	91,761	(73,980)	-80.6%
Air Quality	1,073,430	948,124	125,306	13.2%
9-1-1 Emergency Network	3,263,172	2,868,048	395,125	13.8%
Substance Abuse	691	691	-	0.0%
Area Agency on Aging	3,019,221	2,599,860	419,362	16.1%
Community Development	766,052	744,536	21,516	2.9%
Community Services	2,410,064	883,081	1,526,984	172.9%
Public Safety	196,607	230,978	(34,372)	-14.9%
Foster Grandparent	496,401	475,101	21,300	4.5%
RSVP	297,843	333,191	(35,348)	-10.6%
Solid Waste Management Planning	238,648	1,559	237,089	15209.7%
Transportation Planning	2,284,587	2,107,197	177,390	8.4%
Homeless	37,931	34,204	3,726	10.9%
AARP Experience Corps	149,194	259,850	(110,655)	-42.6%
Homeland Security	664,875	732,293	(67,419)	-9.2%
Interest	4,823	9,717	(4,894)	-50.4%
Total governmental activities	<u>14,921,321</u>	<u>12,320,191</u>	<u>2,601,130</u>	<u>21.1%</u>
Change in net position	505,062	232,253		
Net position, beginning (as restated)	<u>\$ 8,037,016</u>	<u>\$ 7,804,763</u>		
Net position, ending	<u>\$ 8,542,078</u>	<u>\$ 8,037,016</u>		

Financial Analysis of the Government's Funds

As noted earlier, the SETRPC uses fund accounting to insure and demonstrate compliance with finance-related requirements.

Governmental Funds. The focus of the SETRPC's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SETRPC's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2021, the SETRPC's governmental fund reported ending fund balances of \$2,631,712, a decrease of \$130,642 in comparison with the prior year. This was primarily due to an increased focus using consultants to address air quality in our region, coupled with reduced program funding.

General Fund. The fund balance of the SETRPC's general fund increased by \$42,154. The fund balance is generally used to support programs and projects of region wide significance. The fund balance is also used to support program

disbursements prior to reimbursement by grantor agencies. A decrease in the use of General Fund resources for grant programs resulted in the increase in the fund balance this year.

Special Revenue Funds. The fund balance of SETRPC's special revenue funds decreased by \$172,798 during fiscal year 2021. This was mainly due to the following fund balance changes:

The Area Agency on Aging fund balance decreased \$12,741 from the prior year due to increased and above budgeted administrative costs to implement new program guidelines related to COVID funding.

The Air Quality fund balance decreased \$194,717 from the prior year. This was primarily due to an increased focus using consultants to address air quality in our region, along with the reduction of grant and industry fine monies.

Both the FGP and RSVP programs had positive fund balance increases (\$29,443 & \$43,868 respectively) which makes up the majority of the remaining increase. These increases were the result of reduced program related expenditures due to COVID restrictions placed on volunteers participation in the program.

Budgetary Highlights. The SETRPC's annual budget, a requirement of agency bylaws, serves as a guide to estimate and coordinate anticipated revenues and expenditures. Because most of the SETRPC's revenues are received through contracts with various funding agencies, the budget is based upon estimated funds to be derived and obligations to be incurred through future negotiations with numerous Federal and State agencies. Although, the financial plans are reviewed and approved by the SETRPC's Executive Committee, they are not considered legally adopted annual budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

Capital Asset and Debt Administration

Capital Assets. The SETRPC's investment in capital assets for governmental activities amounted to \$6,268,103 (net of accumulated depreciation) as of September 30, 2021. This investment in capital assets includes land, building, leasehold improvements, equipment and furniture and fixtures. Significant capital asset events occurring during the current fiscal year included the following:

- a. The 9-1-1 Emergency Network Program replaced the 911 Customer Premise Equipment. The cost of this enhancement was \$1,029,238.
- b. The Transportation division purchased additional buses and general shop equipment to assist with services for the rural communities of Jefferson and Hardin counties. These net purchases totaled \$485,548.

CAPITAL ASSETS Net of Depreciation

	Governmental Activities	
	2021	2020
Land	\$ 136,130	\$ 136,130
Building	660,471	750,776
Furniture and equipment (as restated)	5,471,502	4,896,140
	<u>\$ 6,268,103</u>	<u>\$ 5,783,046</u>

Additional information on the SETRPC's capital assets can be found in Note 1 (f) on page 34 and in Note 5 on page 39 of this report.

LONG-TERM DEBT

As of September 30, 2021, the SETRPC had \$56,635 in long-term debt outstanding. This debt represents the remaining balance of a real estate loan incurred for the purchase of the SETRPC's office building, and additional proceeds received to make improvements to the office building. The loan is secured by the land and building and is scheduled to be paid off in March 2022. Additional information on long-term debt can be found in Note 5 on page 40 of this report.

Also, SETRPC reports a long-term liability for unused vacation in the amount of \$80,162. Additional information on these compensated absences can also be found in Note 5 on page 40 of this report.

Economic Factors and Next Year's Budgets

The South East Texas Regional Planning Commission 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. In August 2011, Congress passed the Budget Control Act of 2011 (Public Law 112-25) to limit federal spending and reduce the national debt. To enforce annual spending limits, that law requires across-the-board funding reductions to almost every federal program, project, and activity through a process called "sequestration." As a consequence, all federal agencies had to implement funding cuts, which began in fiscal year 2013 (FY2013). The congressional budget office (CBO) is required to report on whether appropriations enacted for a fiscal year have exceeded the statutory caps on discretionary funding. The CBO estimated caps had not been exceeded and a sequestration was not required as of August 2021.

Our communities, along with the rest of the nation, are increasingly recovering from the impact the pandemic had on our local economy. While the COVID Relief Funds we have been administering are helping our residents get back to normal, many are still suffering financial hardships. The Emergency Rental Assistance funds we are providing are a good example that some residents still cannot pay their rent and/or utilities due to COVID-19.

We anticipate a gradual phase out of the COVID-19 assistance from the federal government over the next year. Offsetting this possible reduction in COVID-19 assistance will be an increase in services and program related expenditures as we fully integrate our newest member, Jasper County, and their residents into our existing programs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the SETRPC's finances and to show accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, South East Texas Regional Planning Commission, 2210 Eastex Freeway, Beaumont, Texas 77703.

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Basic Financial Statements

South East Texas Regional Planning Commission
Statement of Net Position
September 30, 2021

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 672,391
Investments	1,868,801
Accounts Receivable	860
Due from grantor agencies	1,641,388
Prepaid items	1,570,791
Capital Assets:	
Land	136,130
Building	2,145,996
Equipment	8,460,287
Less: accumulated depreciation	<u>(4,474,309)</u>
Total Assets	<u>\$ 12,022,334</u>
LIABILITIES	
Accounts Payable	910,724
Unearned Revenue	2,259,296
Noncurrent liabilities:	
Due within one year	230,075
Due in more than one year	<u>80,162</u>
Total Liabilities	<u>\$ 3,480,258</u>
NET POSITION	
Net investment in capital assets	\$ 6,211,469
Unrestricted	<u>2,330,607</u>
Total net position	<u><u>\$ 8,542,076</u></u>

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

South East Texas Regional Planning Commission
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
				Charges for Services	Operating Grants and Contributions	
Government activities:						
General government	\$ 17,781	\$ -	\$ 17,781	\$ -	\$ 85,952	\$ 68,171
Air Quality	1,069,675	3,755	1,073,430	-	876,786	(196,643)
9-1-1 Emergency Network	3,065,232	197,940	3,263,172	-	3,844,949	581,777
Substance Abuse	691	-	691	-	-	(691)
Area Agency on Aging	2,779,983	239,238	3,019,221	-	3,011,129	(8,093)
Community Development	609,291	156,761	766,052	-	773,082	7,030
Community Services	2,251,984	158,080	2,410,064	-	2,409,607	(457)
Public Safety	188,038	8,569	196,607	-	211,780	15,173
Foster Grandparent	461,579	34,822	496,401	-	527,363	30,962
RSVP	236,665	61,178	297,843	-	343,883	46,040
Solid Waste Management Planning	238,496	151	238,648	-	236,128	(2,520)
Transportation Planning	2,167,014	117,572	2,284,587	-	2,297,192	12,606
Homeless	29,658	8,273	37,931	-	43,059	5,128
AARP Experience Corps	118,841	30,353	149,194	-	103,022	(46,172)
Homeland Security Planning	606,067	58,808	664,875	-	656,480	(8,395)
Indirect Costs	1,075,500	(1,075,500)	-	-	-	-
Interest	4,823	-	4,823	-	-	(4,823)
Total government activities	<u>14,921,320</u>	<u>0</u>	<u>14,921,321</u>	<u>-</u>	<u>15,420,413</u>	<u>499,092</u>
Total primary government	<u>\$ 14,921,320</u>	<u>\$ 0</u>	<u>\$ 14,921,321</u>	<u>\$ -</u>	<u>\$ 15,420,413</u>	<u>499,092</u>
General revenues:						
Investment earnings						5,970
Total general revenues, special items, and transfers						5,970
Change in net position						505,062
Net position, as originally stated						\$ 7,961,852
Prior Period Adjustment - See Note 4						75,163
Net Position, as restated						8,037,015
Net Position , ending						<u>\$ 8,542,076</u>

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

**South East Texas Regional Planning Commission
Balance Sheet
Governmental Funds
September 30, 2021**

	General Fund	Air Quality	Area Agency on Aging	Community Development	Community Services	9-1-1 Emergency Network	Transportation Planning Program	Other Government Programs	Total Governmental Funds
Assets									
Cash	\$ 665,030	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ -	\$ 665,230
Investments	2,689	869,787	-	-	971,517	2,262	-	18,669	1,864,924
Accounts receivable	-	-	-	860	-	-	-	-	860
Due from grantor agencies	-	95,384	649,926	164,228	38,823	134,293	360,483	198,251	1,641,388
Due from other funds	970,037	-	-	-	-	-	-	341,783	1,311,820
Prepaid items	-	476	684	-	-	1,324,062	1,951	204,370	1,531,543
Total Assets	1,637,757	965,646	650,610	165,088	1,010,340	1,460,818	362,434	763,073	7,015,765
Liabilities									
Accounts payable	21,117	85,118	139,400	9,128	99,251	260,425	166,498	85,861	866,798
Unearned Revenue	-	108	-	-	889,814	1,094,129	30,945	244,300	2,259,296
Due to other funds	348,181	1,340	463,088	155,960	20,613	106,262	161,882	632	1,257,959
Total Liabilities	369,298	86,565	602,489	165,088	1,009,678	1,460,816	359,325	330,793	4,384,052
Fund balances									
Nonspendable	-	476	684	-	-	1,324,062	1,951	204,370	1,531,543
Assigned to:									
Air Quality	-	878,605	-	-	-	-	-	-	878,605
Area Agency on Aging	-	-	47,437	-	-	-	-	-	47,437
Public Safety	-	-	-	-	-	-	-	138,473	138,473
Foster Grandparent Program	-	-	-	-	-	-	-	117,569	117,569
RSVP	-	-	-	-	-	-	-	80,635	80,635
Solid Waste Management Planning	-	-	-	-	-	-	-	17,998	17,998
Transportation Planning	-	-	-	-	-	-	1,157	-	1,157
Homeless Coalition	-	-	-	-	-	-	-	22,312	22,312
AARP Experience Corps	-	-	-	-	-	-	-	7,226	7,226
Homeland Security Planning	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	663	-	-	-	663
9-1-1 Emergency Network	-	-	-	-	-	-	-	-	-
Unassigned	1,268,458	-	-	-	-	(1,324,061)	-	(156,303)	(211,905)
Total Fund balances	1,268,458	879,081	48,121	-	663	2	3,108	432,280	2,631,712
Total Liabilities and Fund Equity	\$ 1,637,757	\$ 965,646	\$ 650,609	\$ 165,088	\$ 1,010,340	\$ 1,460,818	\$ 362,434	\$ 763,073	

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 the funds.

5,524,807

Internal Service Funds are used by management to charge cost of certain activities to individual funds, such as centralized common costs, to individual funds. The net affect of this activity is to decrease net position.

639,160

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

(253,602)

Net position of governmental activities (page 23)

\$ 8,542,076

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

South East Texas Regional Planning Commission
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Area Agency on Aging	Air Quality	Community Services	Community Development	9-1-1 Emergency Network	Transportation Planning Program	Other Government Programs	Total Governmental Funds
Revenues									
Intergovernmental	\$ -	\$ 2,795,088	\$ 227,386	\$ 2,224,538	\$ 612,411	\$ 3,844,949	\$ 2,297,192	\$ 1,806,669	\$ 13,808,232
Membership Dues & Assessments	85,952	61,687		-	-			129,710	277,348
Miscellaneous		154,355	649,401	185,069	160,671	-	-	185,336	1,334,832
Investment Income	1,334	26	1,925	1,538	-	478	-	669	5,970
Total Revenues	87,286	3,011,155	878,712	2,411,145	773,082	3,845,427	2,297,192	2,122,384	15,426,383
Expenditures									
Current:									
General Fund	36,054						-	-	36,054
Community Development	-				774,378		-	-	774,378
Community Services	-			2,413,890			-	-	2,413,890
9-1-1 Emergency Network	-					2,709,047	-	-	2,709,047
Air Quality	-		1,073,428				-	-	1,073,428
Area Agency on Aging	-	3,028,841					-	-	3,028,841
Public Safety	-						-	197,161	197,161
Foster Grandparent Program	-						-	497,920	497,920
RSVP	-						-	300,016	300,016
Solid Waste Management Planning	-						-	238,647	238,647
Transportation Planning	-						1,905,596	-	1,905,596
Homeless Coalition	-						-	37,947	37,947
AARP Experience Corps	-						-	149,336	149,336
Homeland Security Planning	-						-	666,789	666,789
Capital Outlay	-		-			1,136,380	391,595	-	1,527,975
Total Expenditures	36,054	3,028,841	1,073,428	2,413,890	774,378	3,845,427	2,297,191	2,087,817	15,557,026
Excess (deficiency) of Revenues Over Expenditures	51,232	(17,686)	(194,717)	(2,745)	(1,296)	(0)	1	34,567	(130,644)
Other Financing Sources									
Transfers in	-	4,945	21,000	2,745	1,296	-	78,081	91	108,159
Transfers out	(9,078)	-	(21,000)	-	-	-	(78,081)	-	(108,159)
Total Other Financing Sources	(9,078)	4,945	-	2,745	1,296	-	-	91	-
Net change in fund balances	42,154	(12,741)	(194,717)	0	0	(0)	1	34,658	(130,644)
Fund Balances - Beginning	1,226,305	60,861	1,073,798	663	-	1	3,107	397,622	2,762,356
Fund Balances - Ending	\$ 1,268,459	\$ 48,121	\$ 879,081	\$ 663	\$ 0	\$ 1	\$ 3,108	\$ 432,280	\$ 2,631,712

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

**South East Texas Regional Planning Commission
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, 2021**

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

Net change in fund balances - total governmental funds (page 25)	\$ (130,644)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	599,284
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Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the statement of activities reports only the gain or loss on the sale or disposal of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold or disposed.	(28,761)
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An Internal Service Fund is used by management to charge certain costs to individual funds. The change in net position of the Internal Service Fund are included in the governmental activities in the Statement of Net Position, however they are not reported on the governmental fund balance sheet.	46,911
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Some expenses (i.e. compensated absences) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<div style="border-top: 1px solid black; display: inline-block;">18,273</div>
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Change in net position of governmental activities (page 23)	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 505,063</div>
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The accompanying notes are an integral part of this financial statement.

South East Texas Regional Planning Commission
Statement of Net Position
Proprietary Funds
September 30, 2021

	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 11,037
Prepaid items	39,248
Total current Assets	<u>50,285</u>
Noncurrent Assests:	
Capital assets -	
Land	136,130
Buildings	1,977,914
Less: accumulated depreciation	<u>(1,370,748)</u>
Capital assets - net of depreciation	<u>743,297</u>
Total Assets	<u>793,581</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	43,927
Due To Other Funds	53,861
Current portion of note payable	56,635
Total current liabilities	<u>154,423</u>
Noncurrent liabilities:	
Advances from Other Funds	-
Note payable	-
Total noncurrent liabilities	<u>-</u>
Total Liabilities	<u>154,423</u>
NET POSITION	
Net investment in capital assets	686,662
Unrestricted	<u>(47,503)</u>
Total net position	<u><u>\$ 639,159</u></u>

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

South East Texas Regional Planning Commission
Statement of Revenues, Expenses
And Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Internal Service Fund
Operating Revenues	
Regional Planning Commission Support Services	\$ 1,418,402
Total Operating Revenues	<u>1,418,402</u>
Operating Expenses	
Personnel	863,740
Supplies Expense	21,756
Printing & Publications Expense	543
Dues & Subscriptions	37,955
Subcontractor Services Expense	72,111
Telecommunications Expense	27,944
Postage Expense	1,831
Conferences & Seminars	12,667
Auto Allowances	8,820
Local Travel	164
Rent Expense	63,877
Utilities Expense	39,959
Audit & Other Professional Services	36,456
Equip - Lease/Rental Expense	6,721
Equipment - Maintenance Expense	19,154
Licenses Expense	-
Building Repairs & Maintenance	29,306
Depreciation and Amortization	85,465
Other Insurance Expense	32,016
Indirect Costs	12,854
Total Operating Expenses	<u>1,373,339</u>
Operating Income (Loss)	<u>45,063</u>
Nonoperating Revenues (expenses)	
Miscellaneous	6,671
Interest Expense	<u>(4,823)</u>
Change in net position	46,911
Net Position - October 1	<u>592,248</u>
Net Position - September 30	<u><u>\$ 639,159</u></u>

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

South East Texas Regional Planning Commission
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Internal Service Fund
Cash flows from operating activities	
Cash received from other funds for services	\$ 1,418,402
Cash payments to suppliers for goods and services	(417,456)
Cash payments to employees for services	(557,000)
Cash payments to other funds for services	(319,594)
Net cash provided (used) by operating activities	<u>124,351</u>
Cash flows from noncapital financing activities	
Received (due) from non-operating grants	6,671
Cash payments to/from other funds	5,122
Net cash provided (used) by noncapital and related financing activities	<u>11,793</u>
Cash flows from capital and related financing activities	
Retirement of debt	(132,376)
Payment of interest	(4,823)
Net cash provided (used) by capital and related financing activities	<u>(137,199)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,055)
Cash and Cash Equivalents - Beginning of Year	<u>12,092</u>
Cash and Cash Equivalents - End of Year	<u><u>11,037</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	<u>45,063</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	85,465
Change in assets and liabilities:	
(Increase) decrease in prepaid items	(24,372)
Increase (decrease) in accounts payable	18,195
Total adjustments	<u>79,288</u>
Net cash provided by operating activities	<u><u>\$ 124,351</u></u>

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

South East Texas Regional Planning Commission
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2021

	<u>Agency Funds</u>
ASSETS	
Accounts Receivable	\$ 18,982
Total Assets	<u>\$ 18,982</u>
LIABILITIES	
Accounts Payable	\$ -
Due To Economic Development District	18,929
Due To Employees	<u>54</u>
Total Liabilities	<u>\$ 18,982</u>
NET POSITION	<u>\$ -</u>

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

South East Texas Regional Planning Commission
Notes to Financial Statements
September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South East Texas Regional Planning Commission (the "SETRPC") 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. A summary of significant accounting policies consistently applied in the preparation of the accompanying statements follows.

Reporting Entity

The South East Texas Regional Planning Commission (SETRPC) is a voluntary association of 50 local governmental units in the four county (Hardin, Jasper, Jefferson and Orange) area of South East Texas. SETRPC was organized in June 1970 under authority provided by the Texas Legislature in 1965. The South East Texas Region lies at the northern tip of the Texas Gulf Coast. It encompasses an area of 3,361 square miles with a 2020 population of some 430,545. SETRPC, a political subdivision of the State of Texas and exempt from Federal Income Taxes and filing returns under I.R.C. 115, serves as a conduit for funds made available through various Federal and State programs to provide a variety of services developed or delivered through consultants or subcontractors.

The basic financial statements of SETRPC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As required by generally accepted accounting principles, these financial statements solely present the Planning Commission's financial activities.

In the fiscal year ended September 30, 2003, SETRPC implemented GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments" (GASB 34) and GASB Statement No. 38, "certain Financial Statement Note Disclosures" (GASB 38), which in part addressed the need to reevaluate certain disclosure requirements in the contexts of the reporting model in GASB 34.

The basic financial statements are the core of the general-purpose external financial reporting for state and local governments. Basic financial statements have three components:

Government-wide financial statements. GAAP requires that SETRPC provide a government-wide statement of net position and a government-wide statement of activities that are to include all the Planning Commission's governmental activities and business-type activities. These government-wide financial statements are to be presented using the economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting employed by private-sector business enterprises and not-for-profit organizations.

Fund Financial Statements. GAAP requires that the government-wide financial statements be accompanied by separate sets of financial statements for SETRPC's governmental and proprietary funds. The financial statements for a proprietary fund use the same measurement focus and basis of accounting used for government-wide financial reporting. The financial statements for governmental funds, on the other hand, are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accordingly, the governmental fund financial statements must present a summary reconciliation to explain the differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide and fund financial statements.

Notes to the Financial Statements. The data displayed on the face of the governmental-wide and fund financial statements must be accompanied by various disclosures to ensure that a complete picture is presented in the financial statements. This additional disclosure is presented in the form of a single set of notes placed immediately following the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the primary government. The government-wide financial statements do not report internal balances and transfers between funds that are incorporated into the same activities' column. Thus, interfund balances and transfers between two governmental funds are not reported in the government-wide financial statements. The government-wide financial statements report governmental activities, which are supported by federal and state grants and by regional appropriations. The commission does not have business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Regional appropriations and other items not properly included among program revenue are reported instead as general revenues.

Separate financial statements are provided for the governmental funds, proprietary (internal service) funds and agency 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Regional appropriations are recognized as revenues in the year they are levied. Grant and similar items are recognized as revenues as soon as all eligibility requirements imposed have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. as soon as they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SETRPC considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences and claims, and judgments are recorded when payment is due.

Governmental funds grant resources and supportive service fees are susceptible to accrual and recognized as revenues to the extent of qualifying expenditures recorded for the individual programs since SETRPC is only reimbursed for qualifying expenditures incurred for grant and contract purposes. All costs allocated by the internal service funds are also recognized in this manner. Membership dues become measurable and available when cash is received by the Planning Commission and are recognized as revenue at that time.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SETRPC reports the following as major governmental funds:

- a. General Fund - The General Fund is the general operating fund of SETRPC. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Air Quality Fund - To account for contributions from local industry used to monitor the quality of air in the Region, to inform citizens about the immediate and long-range air quality concerns, to advise elected officials and citizens about the impact of federal clean air legislation, to identify air quality problems that affect economic growth, to develop solutions, recommendations and plans, and to implement and administer the ozone action day program.
- c. Area Agency on Aging Fund – To account for grant monies provided in support of several regional operations which attempt to (1) secure and maintain maximum independence and dignity in a home environment for older individuals capable of self-care with appropriate support services, (2) remove individual and social barriers to economic and personal independence for older individuals and (3) provide a continuum of care for the vulnerable elderly.
- d. Community Development Fund - Used to account for grant monies designated for the community development and the creation of new jobs within the region.
- e. Community Services Fund – To account for grant monies disbursed to subcontractors to aid low-income families in times of emergency and to aid the homeless.
- f. 9-1-1 Emergency Network - To account for public fees used to plan, implement and maintain the Regional 9-1-1 Emergency Communications System.
- g. Transportation Planning Fund - To account for grant monies used to carry out regional multi-modal transportation planning, to survey influencing transportation factors such as population, land usages, economic considerations, environmental considerations and travel pattern characteristics of the region, to analyze the existing transportation and transit systems, to provide consistent transportation services to the elderly, handicapped, low income residents and the general public in the rural areas of the region and to develop transportation planning documents.

The government reports one proprietary fund type – its internal service fund, which is used to account for centralized common costs associated with SETRPC activities. Costs associated with the centralized activity are recovered from all benefited funds. Interfund balances are eliminated during the process of incorporating fund data into the government-wide financial statements.

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, depreciation on capital assets and other common expenditures for the SETRPC. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following Fiduciary Funds (Agency Funds), which are used to account for assets held by SETRPC as an agent. The funds are custodial in nature and do not involve measurement of results of operations.

- a. Economic Development District Fund - This fund is used to account for monies received from the South East Texas Economic Development District to fund activities not part of SETRPC's operations.
- b. Employee Flow Through Fund - Fund in which monies for employee projects is accounted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

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

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

b. Grants Receivables

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the SETRPC. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2021.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those which are normally repaid within a 12-month period are classified as "due to and from other funds". For those interfund balances which will not be repaid within the 12-month period (noncurrent portion) are generally reported as "advances to and from other funds". Interfund receivables and payables between funds are generally eliminated in the Statement of Net Position.

d. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Expense for these payments is recognized when actually used or during the period benefited by the prepayment.

e. Unearned Revenue

Deferred revenue represents amounts received from grantors in excess of expenditures for programs in progress as of September 30, 2021.

f. Capital Assets

Capital assets, which include building, furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the SETRPC as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. When preparing government-wide financial statements donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair market value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Furniture and equipment are amortized on a straight-line basis over its useful life of 5-7 years. The building is amortized on a straight-line basis over 25 years.

g. Compensated Absences

It is SETRPC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since SETRPC does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SETRPC's policies allow employees to earn annual leave at the rate of ten, fifteen, or twenty days a year depending upon length of service. Annual leave can be carried forward with the maximum accrual being twenty, thirty, or forty days depending upon length of employment.

At December 31st any vacation balances exceeding two full years accumulated leave are reduced without compensation to the maximum allowable amount of accrual. Terminating employees are compensated for unused annual leave.

h. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

i. Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the SETRPC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use for the same purpose, restricted resources will be applied then unrestricted resources will be applied.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by SETRPC's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Executive Committee removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the SETRPC's intent to be used for a specific purpose but are neither restricted nor committed. Through the passage of a resolution the Executive Committee has authorized the Executive Director to assign funds for specific purposes.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When committed, assigned, and unassigned resources are available for use for the same purpose, committed resources will be applied first then assigned resources will be applied and finally unassigned resources will be applied. The Executive Committee establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by SETRPC through preparation of the budget by the Executive Director and approval by the Executive Committee.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes reconciliation between net changes in fund balances – total governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$442,185) difference are as follows:

Capital outlay	\$	1,527,975
Depreciation expense		<u>(928,691)</u>
<i>Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities</i>		
	\$	<u>599,284</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The SETRPC budgetary process is accomplished at two levels. The SETRPC annual budget serves as a policy and planning document, while programmatic budgets or awards serve as implementation guides.

a. Annual Budget

SETRPC's annual budget, a requirement of agency bylaws, serves as a guide to estimate and coordinate anticipated revenues and expenditures. Because most of SETRPC's revenues are received through contracts with various funding agencies, the budget is based upon estimated funds to be derived and obligations to be incurred through future negotiations with numerous Federal and State agencies. Thus, the budget, which does not restrict or appropriate monies, has not been included in the combined financial statements.

b. Programmatic Budget or Award

Programmatic budgets or awards are approved by the various funding agencies for their respective programs. The award for a program or activity sets the maximum amount to be provided by a funding agency for a particular purpose and generally specifies by cost category the permitted level of expenditure. The programmatic budget includes both the funding to be provided by the funding agency and the required matching funds to be provided by SETRPC or others.

4. PRIOR PERIOD ADJUSTMENTS

The accompanying financial statement adjustments result from the adjustment to capital assets additions as of September 30, 2020 as follows:

- a. Increase in Furniture & Equipment in the amount of \$93,953 to reflect an adjustment to properly record capital assets. This amount represents assets purchased but not added to the capital assets during the previous fiscal year.
- b. Increase in Depreciation Expense in the amount of \$18,790 to reflect an adjustment to properly record depreciation. This amount represents the depreciation associated with the capital assets not added during the previous fiscal year.
- c. Increase in Net Position in the amount of \$75,163 to reflect an adjustment for the capital assets noted above. This amount represents the difference between the capital asset addition of \$93,953 less the depreciation expense of \$18,790.
- d. Capital Asset additions as of 9/30/21 related to the Transportation Division.

The following schedule summarizes the effect of the prior period adjustments on the beginning balances associated with capital assets:

	9.30.20 Beginning Balance	Additions	Deletions	9.30.20 Adj Ending Balance
Capital Assets not being depreciated:				
Land	\$ 136,130	\$ -	\$ -	\$ 136,130
Total	136,130	-	-	136,130
Capital Assets being depreciated:				
Buildings and improvements	2,145,996	-	-	2,145,996
Furniture and equipment	8,511,820	93,953	-	8,605,773
Total	10,657,816	93,953	-	10,751,769
Less Accumulated Depreciation for:				
Buildings	1,395,220	-	-	1,395,220
Furniture and equipment	3,690,842	18,791	-	3,709,633
Total	5,086,062	18,791	-	5,104,853

5. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The carrying amounts of SETRPC's deposits as of September 30, 2021 were \$671,791 and the bank balances were \$1,082,672. All demand deposits as of the balance sheet date were entirely insured by federal depository coverage and pledged collateral.

Investments held by Wells Fargo Bank as of September 30, 2021 was \$1,860,508. All investments were collateralized at 102 percent of the balances.

The Texas Local Governmental Investment Pool ("TexPool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texpool was rated AAAM by Standard and Poor's Investors Service. The fair value of TexPool investments at September 30, 2021 was \$8,293 with a weighted average maturity of 28 days and the fair value of SETRPC's position in the pool is the same as the value of the pool shares. SETRPC's investments include amounts in demand deposits with Wells Fargo Bank and investments with the

Texas State Treasury – Texas Local Government Investment Pool (TexPool). Wells Fargo conforms to the provisions of the Texas Government Code. Each Public Funds customer is separately insured in the amount of \$250,000 in the aggregate for all time and savings deposits and up to \$250,000 in the aggregate for all demand deposits. Wells Fargo collateralizes uninsured balances by pledging securities from its investment portfolio. This portfolio consists primarily of government agency securities and collateralized mortgage obligations. The Federal Reserve Bank acts as custodian. A Depository Pledge Agreement has been executed between Wells Fargo Bank and SETRPC. The custodian provides safekeeping receipts as new securities are pledged. Pledge Reports are provided whenever there is a change to the collateral at month end. Collateral is maintained at 102 percent of SETRPC's total deposits.

DETAILED NOTES ON ALL FUNDS (continued)

a. Interest Rate Risk

In accordance with its investment policy, the SETRPC 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.

b. Credit Risk

It is the SETRPC'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.

c. Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the SETRPC's deposits may not be returned to it. The SETRPC's investment policy is to have all deposits placed in the SETRPC's depository bank under contract. The balance is covered by federal deposit insurance or collateralized with securities, in the SETRPC's name, held by the SETRPC's agent. Evidence of pledged collateral is maintained by the SETRPC and reviewed regularly to assure that the market value of the pledged securities is adequate.

d. Custodial Investment Risk

For an investment, this is the risk that, in the event of the failure of counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The SETRPC limits this risk by contracting with a third-party custodian for securities. This bank holds the securities in the SETRPC's name which are evidenced by safekeeping receipts of the institution.

Receivables

Receivables as of September 30, 2021 for SETRPC's governmental funds were as follows:

Due from grantor agencies	\$ 1,641,388
Other receivables	860
Total receivables	<u>\$ 1,642,248</u>

Interfund Receivables and Payables

Interfund balances resulted from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made from the general fund that are expected to be collected in the subsequent year. The following is a summary of amounts due to/from other funds as of September 30, 2021:

DETAILED NOTES ON ALL FUNDS (continued)

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 970,037	\$ 348,181
Air Quality Program		1,340
Area Agency on Aging Program		463,088
Community Services Program		20,613
Community / Economic Development Program		155,960
Criminal Justice Program	120,834	
9-1-1 Emergency Network		106,262
Foster Grandparent Program	79,115	
RSVP	91,954	
Solid Waste Management Planning Program		632
Substance Abuse Program		
Transportation Planning Program		161,882
Homeless Coalition	22,413	
AARP Experience Corps Program	10,747	
Homeland Security Program	16,720	
Agency Funds		
Internal Service Funds	<u>2,037</u>	<u>55,898</u>
	<u>\$ 1,313,858</u>	<u>\$ 1,313,858</u>

Capital Assets

Primary government capital asset activity for the year ended September 30, 2021 is as follows:

Governmental activities:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 136,130	\$ -	\$ -	\$ 136,130
Total	<u>136,130</u>	<u>-</u>	<u>-</u>	<u>136,130</u>
Capital Assets being depreciated:				
Buildings and improvements	2,145,996	-	-	2,145,996
Furniture and equipment (as restated)	<u>8,605,773</u>	<u>1,527,975</u>	<u>1,673,461</u>	<u>8,460,287</u>
Total	<u>10,751,769</u>	<u>1,527,975</u>	<u>1,673,461</u>	<u>10,606,283</u>
Less Accumulated Depreciation for:				
Buildings	1,395,220	90,304	-	1,485,524
Furniture and equipment (as restated)	<u>3,709,633</u>	<u>923,852</u>	<u>1,644,700</u>	<u>2,988,785</u>
Total	<u>5,104,854</u>	<u>1,014,156</u>	<u>1,644,700</u>	<u>4,474,309</u>
	<u>\$ 5,783,045</u>	<u>\$ 513,819</u>	<u>\$ 28,761</u>	<u>\$ 6,268,103</u>

DETAILED NOTES ON ALL FUNDS (continued)

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

Governmental activities:

Area Agency on Aging	\$ 1,915
Substance Abuse	691
9-1-1 Emergency Network	534,439
Transportation & Environmental Resources	389,773
Community/Economic Development	1,066
Homeless	807
Internal Service Fund	<u>85,465</u>
Total Depreciation Expense - government Activities	<u>\$ 1,014,156</u>

Long-term Debt

In May of 2003, the SETRPC purchased its office building located at 2210 Eastex Freeway in Beaumont, Texas for \$1,650,000. A portion of the purchase price was funded by a real estate loan from a local banking institution in the original amount of \$1,485,000 with an interest rate of 6.2%. In February of 2012, the SETRPC refinanced their existing loan and included additional funds to be used for building improvements. Proceeds from the loan refinancing totaled \$1,140,873 with \$806,394 used to pay off the existing loan and \$334,479 received to make improvements to the office building. The new loan is payable in 120 monthly installments of \$11,434 and is secured by the property. The interest rate on the debt is 3.70%.

Maturities by year are as follows:

Fiscal Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	
2021	-	-	-
2022	<u>56,635</u>	<u>534</u>	<u>57,169</u>
	<u>\$ 56,635</u>	<u>\$ 534</u>	<u>\$ 57,169</u>

Long-term activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Note payable	\$ 189,011	\$ -	\$ 132,376	\$ 56,635	\$ 56,635
Compensated absences	<u>271,875</u>	<u>31,260</u>	<u>49,533</u>	<u>253,602</u>	<u>173,440</u>
Governmental activity long-term liabilities	<u>\$ 460,886</u>	<u>\$ 31,260</u>	<u>\$ 181,908</u>	<u>\$ 310,238</u>	<u>\$ 230,075</u>

Compensated absences are generally liquidated by the General Fund.

DETAILED NOTES ON ALL FUNDS (continued)

Transfers In/Out

The following is a summary of interfund transfers for the year ended September 30, 2021:

	Transfers In	Transfers Out
General Fund	\$ 9,078	\$ -
Air Quality	21,000	21,000
Area Agency on Aging	-	4,945
Community Development	-	1,296
Community Services	-	2,745
Retired Seniors Volunteer Program	-	91
Transportation Planning	78,081	78,081
	<u>\$ 108,159</u>	<u>\$ 108,159</u>

The balances recorded as transfers result from local matching funds provided in accordance with the terms and provisions of various grant contracts or to close out grant related activities by utilizing local funds.

6. OTHER INFORMATION

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the general fund. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although SETRPC expects such amounts, if any, to be immaterial.

Risk Management

The SETRPC is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The SETRPC maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The SETRPC management believes such coverage is sufficient to preclude any significant uninsured losses to the SETRPC. 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.

OTHER INFORMATION (continued)

Indirect Costs

Agency-wide central support service costs are recorded in the Internal Service Fund and charged as expenditures to the governmental and agency fund types based upon a provisional indirect cost rate. Indirect costs are defined by 2 Code of Federal Regulations Part 200, Appendix III, as costs "(a) incurred for a common or joint objective and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." In-kind services and costs are not included in indirect costs. SETRPC's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by a state coordinating agency. It is SETRPC's policy to negotiate with the state coordinating agency a provisional rate which is used for billing purposes during SETRPC's fiscal year. Upon completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the state coordinating agency.

Retirement Plan

SETRPC sponsors a defined contribution retirement program qualified under Section 401(a) of the Internal Revenue Code. The Plan, administered by the International City Management Association Retirement Corporation, requires contributions by all full-time regular employees of 8% of their annual salaries. Retirement benefits depend solely on amounts contributed to the plan and any investment earnings thereon. SETRPC's Executive Committee is responsible and has authority to amend the Plan provisions and contribution requirements. The Commission matches the employee's contribution. A qualified employee becomes a participant at the date of employment and vests at a rate of 20% a year after the completion of the first year of participation. SETRPC's contribution net of forfeitures for the year ended September 30, 2021, was \$248,188. Forfeitures amounted to \$22,488. Covered annual salaries for the same period totaled \$3,383,450 with total payroll being \$3,573,651. There were no unfunded past service costs at September 30, 2021. Employees made contributions of \$270,676. The number of Plan Participants at September 30, 2021 was 73.

Subsequent Events

Events occurring subsequent to September 30, 2021 were evaluated by management and reviewed through March 28, 2022, the date the financial statements were available to be issued, with no significant items reported.

Combining Statements

**South East Texas Regional Planning Commission
Non-major Governmental Funds
Fund Definitions**

Special Revenue Funds

Public Safety Fund

To account for grant monies provided in support of regional criminal justice planning and law enforcement training.

Foster Grandparent Program Fund

To account for grant monies provided in support of volunteer opportunities for limited income senior citizens who give support and love to children with special needs

Retired Senior Volunteer Program Fund

To account for grant monies used to provide opportunities for retired persons aged 60 or older to participate more fully in the life of their community through significant volunteer service.

Solid Waste Management Planning Fund

To account for grant monies received to develop a regional solid waste management plan that recommends short-term and long-term action plans for the management of solid waste.

Homeless Continuum of Care

To account for monies received from local jurisdictions to support the Homeless Coordinator position responsible for preparing the annual Regional Homeless Grant submission to the U.S. Department of Housing and Urban Development (HUD) from several homeless provider agencies.

AARP Experience Corps Southeast Texas

To account for grant monies provided in support of volunteer opportunities for adults 55 and over while providing one-on-one tutoring for pre-kindergarten through third grade students. The goal is to help students improve reading skills.

Homeland Security Fund

To account for grant monies received to develop an All-Hazards Regional Mitigation Action Plan for Hardin, Jefferson and Orange Counties and to assist local jurisdictions in compiling emergency management plans that meet the Texas Department of Public Safety Division of Emergency Management basic and enhanced criteria and address critical regional homeland security issues such as critical infrastructure risk assessment and interoperability.

South East Texas Regional Planning Commission
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2021

	Public Safety	Foster Grandparent	RSVP	Solid Waste Management Planning	Homeless	AARP Experience Corps	Homeland Security Planning	Total
Assets								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	18,669	-	-	-	18,669
Accounts receivable	-	-	-	-	-	-	-	-
Due from grantor agencies	30,381	63,099	22,006	541	-	-	82,224	198,251
Due from other funds	120,834	79,115	91,954	-	22,413	10,747	16,720	341,783
Prepaid items	-	-	-	-	-	-	204,370	204,370
Total Assets	151,215	142,213	113,960	19,211	22,413	10,747	303,314	763,073
Liabilities								
Accounts payable	12,743	17,562	478	580	101	3,521	50,876	85,861
Deferred Revenue	-	7,082	32,847	-	-	-	204,370	244,300
Due to other funds	-	-	-	632	-	-	-	632
Total Liabilities	12,743	24,644	33,325	1,212	101	3,521	255,246	330,793
Fund balances:								
Nonspendable	-	-	-	-	-	-	204,370	204,370
Assigned to:								
Area Agency on Aging	-	-	-	-	-	-	-	-
Public Safety	138,473	-	-	-	-	-	-	138,473
Foster Grandparent	-	117,569	-	-	-	-	-	117,569
RSVP	-	-	80,635	-	-	-	-	80,635
Solid Waste Management Planning	-	-	-	17,998	-	-	-	17,998
Substance Abuse Program	-	-	-	-	-	-	-	-
Homeless	-	-	-	-	22,312	-	-	22,312
AARP Experience Corps	-	-	-	-	-	7,226	-	7,226
Homeland Security Planning	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
9-1-1 Emergency Network	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(156,303)	(156,303)
Total Fund balances	138,473	117,569	80,635	17,998	22,312	7,226	48,067	432,279
Total Liabilities and Fund Equity	\$ 151,215	\$ 142,213	\$ 113,960	\$ 19,211	\$ 22,413	\$ 10,747	\$ 303,314	\$ 763,072

South East Texas Regional Planning Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended September 30, 2021

	Public Safety	Foster Grandparent Program	RSVP	Solid Waste Management Planning	Homeless	Experience Corps	Homeland Security Planning	Total
Revenues								
Intergovernmental	\$ 201,175	\$ 485,385	\$ 293,302	\$ 230,541	\$ -	\$ -	\$ 596,266	1,806,669
Member Dues & Assessments	10,605	34,967	41,079	-	43,059	-	-	129,710
Miscellaneous	-	7,011	9,503	5,586	-	103,022	60,214	185,336
Investment Income	-	-	-	669	-	-	0	669
Total Revenues	211,780	527,363	343,883	236,796	43,059	103,022	656,480	2,122,384
Expenses								
Current:								
Area Agency on Aging	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Public Safety	197,161	-	-	-	-	-	-	197,161
Foster Grandparent Program	-	497,920	-	-	-	-	-	497,920
RSVP	-	-	300,016	-	-	-	-	300,016
Solid Waste Mangement Planning	-	-	-	238,647	-	-	-	238,647
Transportation Planning	-	-	-	-	-	-	-	-
Homeless Coalition	-	-	-	-	37,947	-	-	37,947
AARP Experience Corps	-	-	-	-	-	149,336	-	149,336
Homeland Security Planning	-	-	-	-	-	-	666,789	666,789
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	197,161	497,920	300,016	238,647	37,947	149,336	666,789	2,087,817
Excess (deficiency) of revenues Over expenditures	14,619	29,443	43,868	(1,851)	5,112	(46,314)	(10,308)	34,566
Other Financing Sources								
Transfers in	-	-	91	-	-	-	-	91
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	91	-	-	-	-	91
Net change in fund balances	14,619	29,443	43,959	(1,851)	5,112	(46,314)	(10,308)	34,657
Fund Balances - Beginning	123,854	88,126	36,676	19,850	17,200	53,540	58,376	397,622
Fund Balances - Ending	\$ 138,473	\$ 117,569	\$ 80,635	\$ 17,998	\$ 22,312	\$ 7,226	\$ 48,068	\$ 432,279

**South East Texas Regional Planning Commission
Fiduciary Funds
Fund Definitions**

Agency Funds

Economic Development District Fund

This fund is used to account for monies received from the South East Texas Economic Development District to fund activities not part of the SETRPC's operations but for which the SETRPC has agreed to accept in a custodial capacity.

Employee Flow Through Fund

This fund is used to account for monies held in a custodial capacity for employee projects.

**South East Texas Regional Planning Commission
Combining Statement of Assets and Liabilities
Agency Funds
September 30, 2021**

	<u>Economic Development District</u>	<u>Employee Flow Thru</u>	<u>Total Agency Funds</u>
ASSETS			
Accounts Receivable	\$ 18,929	\$ 54	\$ 18,982
Total Assets	<u>\$ 18,929</u>	<u>\$ 54</u>	<u>\$ 18,982</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due To Economic Development District	18,929	-	18,929
Due To Employees	<u>-</u>	<u>54</u>	<u>54</u>
Total Liabilities	<u>\$ 18,929</u>	<u>\$ 54</u>	<u>\$ 18,982</u>

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South East Texas Regional Planning Commission
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2021

	Economic Development District	Employee Flow Thru	Total Agency Funds
<u>Assets - October 1, 2020</u>			
Accounts Receivable	\$ 23,759	\$ 236	23,995
Total	23,759	236	23,995
<u>Additions</u>			
Accounts Receivable	195,573	561	196,134
Total	195,573	561	196,134
<u>Deletions</u>			
Accounts Receivable	200,403	745	201,148
Total	200,403	745	201,148
<u>Assets - September 30, 2021</u>			
Accounts Receivable	18,929	52	18,981
Total Assets	18,929	53	18,982
<u>Liabilities - October 1, 2020</u>			
Accounts Payable	\$ 23,758	13	23,771
Due To Economic Development District	1,449		1,449
Due To Employees	-	388	388
Total	25,207	401	25,608
<u>Additions</u>			
Accounts Payable	28,500	388	28,888
Due To Economic Development District	165,399	-	165,399
Due To Employees	-	388	388
Total	193,899	776	194,675
<u>Deletions</u>			
Accounts Payable	28,500	388	28,888
Due To Economic Development District	171,677	-	171,677
Due To Employees		737	737
Total	200,177	1,125	201,302
<u>Liabilities - September 30, 2021</u>			
Accounts Payable	23,758	13	23,771
Due To Economic Development District	(4,829)	-	(4,829)
Due To Employees	-	40	40
Total Liabilities	\$ 18,929	\$ 53	\$ 18,982

South East Texas Regional Planning Commission
Schedule of Final Indirect Cost Rate
For the Year Ended September 30, 2021

	Actual Indirect Costs Year Ended September 30, 2021	FY 2021 Approved Rate	FY 2022 Proposed Rate
Employee Salaries	\$ 528,909	\$ 547,704	\$ 563,611
Employee Benefits	<u>291,270</u>	<u>291,416</u>	<u>309,353</u>
Total Personnel Cost	820,179	839,120	872,964
Office Space	63,877	64,214	64,214
Equipment/Rent, Lease	6,721	17,160	12,000
Equipment/Maintenance	19,154	6,093	6,000
Subcontractor Services	32,560	11,276	28,321
Telecommunications	27,944	26,359	27,095
Postage	1,831	4,000	4,000
Consumable Supplies	14,188	31,000	21,000
Insurance	8,988	9,981	8,941
Travel and Allowances	21,620	60,449	60,449
Dues and Subscriptions	37,955	32,804	34,838
Printing and Publications	543	1,500	1,500
Audit/Professional Services	36,456	35,000	35,000
Charges to outside Agencies for Services	<u>(4,029)</u>		
	1,087,986	1,138,956	1,176,322
Total Indirect Costs (A)	<u><u>1,087,986</u></u>	<u><u>1,138,956</u></u>	<u><u>1,176,322</u></u>
Basis for Allocation of Indirect Costs (Note 4 page 41):			
Direct Salary Cost	2,377,714	2,600,574	2,713,725
Direct Benefits Cost	<u>1,309,408</u>	<u>1,383,683</u>	<u>1,489,503</u>
Total Direct Personnel Costs (B)	<u><u>\$ 3,687,122</u></u>	<u><u>\$ 3,984,257</u></u>	<u><u>\$ 4,203,228</u></u>
Indirect Cost Rate (A/B)	<u>29.5%</u>	<u>28.6%</u>	<u>28.0%</u>

South East Texas Regional Planning Commission
Schedule of Final Employee Benefit Rate
For the Year Ended September 30, 2021

	Actual Employee Benefit Costs Year Ended Sept. 30, 2021	FY 2021 Approved Rate	FY 2022 Proposed Rate
<u>Released Time:</u>	\$ 667,028	\$ 626,636	\$ 680,799
<u>Benefits Program:</u>			
Payroll Taxes	46,461	59,736	62,393
Retirement Plan	248,188	294,757	298,357
Insurance	639,001	688,970	752,307
Other Benefits	-	5,000	5,000
	<u>933,650</u>	<u>1,048,463</u>	<u>1,118,057</u>
Total Employee Benefits (A)	<u>1,600,678</u>	<u>1,675,099</u>	<u>1,798,856</u>
Basis for Allocation of Employee Benefits:			
Gross Salaries	3,573,651	3,774,913	3,958,135
Less release time	<u>667,028</u>	<u>626,636</u>	<u>680,799</u>
Chargeable Salaries (B)	<u>\$ 2,906,623</u>	<u>\$ 3,148,277</u>	<u>\$ 3,277,336</u>
Employee Benefit Rate (A/B)	<u>55.1%</u>	<u>53.2%</u>	<u>54.9%</u>

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Statistical Section



**Statistical Section
(Unaudited)**

This part of the South East Texas Regional Planning Commission'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 government's overall financial health.

Contents	Page
<i>Financial Trends</i>.....	55
These schedules contain trend information to help the reader understand how the SETRPC's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	60
These schedules contain trend information to help the reader assess the SETRPC's most significant local revenue resource.	
<i>Debt Capacity</i>	62
These schedules contain trend information to help the reader assess the SETRPC's current levels of outstanding debt.	
<i>Demographic and Economic Information</i>.....	63
These schedules contain economic and demographic information to help the reader understand the environment within which the SETRPC's financial activities take place.	
<i>Operating Information</i>	65
These schedules contain service data to help the reader understand how the information in the SETRPC's financial report relates to services and activities performed by the SETRPC	

South East Texas Regional Planning Commission
Net Position by Component
Last Ten Fiscal Years

Governmental Activities	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net investment in capital assets	\$ 6,211,469	\$ 5,594,036	\$ 5,036,035	\$ 5,438,054	\$ 5,375,405	\$ 2,431,015	\$ 997,028	\$ 1,323,101	\$ 1,966,519	\$ 2,569,969
Unrestricted	<u>\$ 2,330,607</u>	<u>\$ 2,442,978</u>	<u>\$ 2,768,727</u>	<u>\$ 3,035,132</u>	<u>\$ 3,226,653</u>	<u>3,426,454</u>	<u>3,212,979</u>	<u>2,969,704</u>	<u>2,650,161</u>	<u>2,303,229</u>
Total governmental activities net position	<u>\$ 8,542,076</u>	<u>\$ 8,037,014</u>	<u>\$ 7,804,762</u>	<u>\$ 8,473,186</u>	<u>\$ 8,602,058</u>	<u>\$ 5,857,469</u>	<u>\$ 4,210,007</u>	<u>\$ 4,292,805</u>	<u>\$ 4,616,680</u>	<u>\$ 4,873,198</u>

Source: Comprehensive Annual Financial Report

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**South East Texas Regional Planning Commission
Changes in Net Position
Last Ten Fiscal Years**

Expenses	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
General Government	17,781	91,761	49,517	\$ 39,828	\$ 60,739	\$ 13,783	\$ 41,967	\$ 51,313	\$ 21,778	\$ 50,055
Air Quality	1,073,430	948,124	1,034,572	1,006,560	1,169,673	1,270,638	1,371,388	1,265,268	1,410,575	1,018,690
9-1-1 Emergency Network	3,263,172	2,868,048	2,848,105	2,732,817	2,198,835	2,667,365	2,158,394	2,164,922	2,234,518	2,155,937
Substance Abuse	691	691	3,580	9,637	7,400	30,280	3,068,737	3,759,894	3,607,943	3,814,736
Area Agency on Aging	3,019,221	2,599,860	2,693,070	2,421,960	2,291,848	2,276,512	2,387,484	1,986,317	2,021,643	2,455,688
Community Development	766,052	744,536	8,316,375	11,947,359	10,155,136	39,433,163	73,163,611	39,942,338	6,945,455	63,660,778
Community Services	2,410,064	883,081	783,278	1,119,801	627,558	870,317	694,254	510,237	714,019	804,091
Public Safety	196,607	230,978	211,264	204,443	180,903	249,050	188,548	182,342	194,102	165,555
Foster Grandparents	496,401	475,101	451,435	467,506	469,838	477,427	494,575	551,593	525,584	502,877
RSVP	297,843	333,191	368,146	363,874	367,369	339,507	313,723	302,186	311,241	335,224
Solid Waste Management Planning	238,648	1,559	96,183	142,639	126,872	108,972	132,688	100,274	188,650	97,907
Transportation Planning	2,284,587	2,107,197	2,084,568	2,273,491	2,372,797	2,666,802	2,353,543	2,351,627	2,076,463	2,011,676
Homeless	37,931	34,204	42,251	54,300	57,210	51,135	89,798	101,832	132,139	178,593
AARP Experienced Corps	149,194	259,850	274,337	266,010	264,030	255,166	236,429	235,697	329,176	296,592
Homeland Security	664,875	732,293	548,741	525,165	387,685	514,726	489,900	420,783	289,749	682,360
Interest	4,823	9,717	14,375	18,819	23,139	27,451	31,381	35,165	38,615	55,562
Total Governmental Activities Expenses	\$ 14,921,321	\$ 12,320,191	\$ 19,829,797	\$ 23,594,209	\$ 20,761,031	\$ 51,252,294	\$ 87,216,419	\$ 53,961,791	\$ 21,041,649	\$ 78,286,321
Program Revenues										
Governmental Activities:										
Operating Grants & Contributions	\$ 15,420,413	\$ 12,547,809	\$ 19,155,236	23,462,857	23,502,447	52,898,041	87,131,643	53,635,493	20,783,360	77,611,612
Total Governmental Activities Program Revenues	\$ 15,420,413	12,547,809	19,155,236	23,462,857	23,502,447	52,898,041	87,131,643	53,635,493	20,783,360	77,611,612
Net (Expense) Revenues	\$ 499,092	227,618	(674,562)	(131,352)	2,741,417	1,645,747	(84,776)	(326,298)	(258,289)	(674,709)
General Revenues:										
Government Activities:										
Investment earnings	5,970	4,635	6,139	2,482	3,173	1,714	2,099	2,424	1,768	2,084
Transfers - net	0	-	-	-	-	-	-	-	-	-
Total Governmental Activities General Revenues	5,970	4,635	6,139	2,482	3,173	1,714	2,099	2,424	1,768	2,084
Change in Fund Net Position										
Governmental Activities	\$ 505,062	\$ 232,253	\$ (668,423)	\$ (128,870)	\$ 2,744,590	\$ 1,647,462	\$ (82,677)	\$ (323,873)	\$ (256,520)	\$ (672,625)

Source: Comprehensive Annual Financial Report

South East Texas Regional Planning Commission
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
General Fund	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	707,013	574,895	747,294	1,053,350	170,935	396,732	24,799	327,490
Unassigned	<u>1,268,458</u>	<u>1,226,304</u>	<u>473,523</u>	<u>563,455</u>	<u>361,413</u>	<u>36,180</u>	<u>877,964</u>	<u>626,836</u>	<u>975,881</u>	<u>623,630</u>
Total General Fund	<u><u>1,268,458</u></u>	<u><u>1,226,304</u></u>	<u><u>1,180,536</u></u>	<u><u>1,138,350</u></u>	<u><u>1,108,707</u></u>	<u><u>1,089,530</u></u>	<u><u>1,048,899</u></u>	<u><u>1,023,568</u></u>	<u><u>1,000,680</u></u>	<u><u>951,120</u></u>
All other governmental funds										
Special Revenue Funds										
Reserved										-
Unreserved										-
Nonspendable	1,531,543	703,703	758,423	640,406	748,269	1,056,377	170,936	398,044	26,364	333,386
Assigned	<u>(168,289)</u>	<u>832,349</u>	<u>1,058,639</u>	<u>1,439,479</u>	<u>1,401,228</u>	<u>1,283,662</u>	<u>2,015,643</u>	<u>1,568,913</u>	<u>1,623,495</u>	<u>982,275</u>
Total all other governmental funds	<u>1,363,254</u>	<u>1,536,051</u>	<u>1,817,062</u>	<u>2,079,885</u>	<u>2,149,497</u>	<u>2,340,039</u>	<u>2,186,579</u>	<u>1,966,957</u>	<u>1,649,859</u>	<u>1,315,661</u>
Total Governmental Funds	<u><u>\$ 2,631,712</u></u>	<u><u>\$ 2,762,356</u></u>	<u><u>\$ 2,997,597</u></u>	<u><u>\$ 3,218,235</u></u>	<u><u>\$ 3,258,204</u></u>	<u><u>\$ 3,429,569</u></u>	<u><u>\$ 3,235,478</u></u>	<u><u>\$ 2,990,525</u></u>	<u><u>\$ 2,650,539</u></u>	<u><u>\$ 2,266,781</u></u>

Source: Comprehensive Annual Financial Report

Note: GASB Statement No. 54 established accounting and financial reporting standards for all governments that report governmental funds. It established criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. This requirement is effective for financial statements for periods beginning after June 15, 2010.

South East Texas Regional Planning Commission
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Intergovernmental	\$ 13,808,232	\$ 10,851,523	\$ 17,229,535	\$ 21,152,809	\$ 21,623,823
Membership Dues & Assessments	277,348	276,274	276,124	276,274	275,824
Miscellaneous	1,334,832	1,420,011	1,649,576	2,033,774	1,602,800
Investment Income	5,970	4,635	6,139	2,482	3,173
Total Revenues	<u>15,426,383</u>	<u>12,552,444</u>	<u>19,161,374</u>	<u>23,465,339</u>	<u>23,505,620</u>
Expenditures					
Current:					
General Fund	36,054	19,091	33,510	34,654	32,304
Area Agency on Aging	3,028,841	2,609,796	2,704,015	2,434,234	10,163,800
Air Quality	1,073,428	948,124	1,034,572	1,006,684	630,346
9-1-1 Emergency Network	2,709,047	2,353,497	2,185,308	2,173,771	6,709
Substance Abuse Division	-	-	2,890	8,947	1,856,027
Community Development	774,378	755,169	8,327,343	11,960,258	1,170,614
Community Services	2,413,890	886,696	786,464	1,123,544	2,300,876
Public Safety	197,161	231,368	211,913	204,912	181,325
Foster Grandparent Program	497,920	476,632	453,033	469,263	471,151
RSVP	300,016	335,354	370,419	366,469	369,258
Solid Waste Management	238,647	1,559	96,183	142,640	127,065
Transportation Planning	1,905,596	1,853,975	2,003,685	2,181,323	2,337,288
Homeless Coalition	37,947	34,272	42,931	55,085	57,649
AARP Experience Corps	149,336	260,378	275,078	267,866	265,304
Homeland Security Planning	666,789	734,070	549,974	526,633	388,612
Capital Outlays	<u>1,527,975</u>	<u>1,287,705</u>	<u>304,694</u>	<u>549,024</u>	<u>3,318,657</u>
Total Expenditures	<u>15,557,026</u>	<u>12,787,685</u>	<u>19,382,011</u>	<u>23,505,307</u>	<u>23,676,985</u>
Excess of Revenues Over (Under) Expenditures	<u>(130,644)</u>	<u>(235,241)</u>	<u>(220,637)</u>	<u>(39,968)</u>	<u>(171,365)</u>
Other Financing Sources and Uses					
Transfers in	108,159	318,130	456,848	426,314	485,759
Transfers out	<u>(108,159)</u>	<u>(318,130)</u>	<u>(456,848)</u>	<u>(426,314)</u>	<u>(485,759)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (130,644)</u>	<u>\$ (235,241)</u>	<u>\$ (220,637)</u>	<u>\$ (39,967)</u>	<u>\$ (171,365)</u>

Source: Comprehensive Annual Financial Report

Fiscal Year				
2016	2015	2014	2013	2012
\$ 50,611,295	\$ 84,826,740	\$ 51,269,968	\$ 18,595,856	\$ 75,454,251
275,886	275,974	275,815	275,974	275,328
2,010,860	2,028,929	2,089,710	1,911,530	1,882,033
1,714	2,099	2,424	1,768	2,084
52,899,756	87,133,742	53,637,917	20,785,128	77,613,696
33,167	40,288	42,120	34,326	45,300
2,284,602	2,395,439	1,992,536	2,029,916	2,471,698
1,272,369	1,373,494	1,266,872	1,410,690	1,018,793
2,256,507	1,901,485	1,789,169	1,676,692	1,527,098
29,790	3,069,693	3,759,689	3,607,463	3,814,892
39,444,706	73,175,028	39,952,467	6,955,526	63,678,871
872,426	695,473	510,990	714,634	806,256
249,056	188,635	182,334	194,121	166,321
478,949	496,198	552,968	527,099	505,491
341,550	315,867	304,013	313,576	339,734
108,971	132,677	100,274	188,693	97,917
2,648,549	2,073,198	1,967,666	1,665,465	1,593,564
51,293	90,475	102,732	133,448	181,434
256,357	237,537	236,145	329,679	297,962
515,951	491,077	421,877	290,870	684,633
1,861,421	212,105	116,078	329,173	538,471
52,705,665	86,888,667	53,297,931	20,401,371	77,768,434
194,091	245,075	339,987	383,759	(154,738)
456,033	552,521	588,488	646,012	597,132
(456,033)	(552,521)	(588,488)	(646,012)	(597,132)
-	-	-	-	-
\$ 194,091	\$ 245,074	\$ 339,986	\$ 383,759	\$ (154,738)

South East Texas Regional Planning Commission
Local Government Annual Membership Dues & Assessments
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Hardin County	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571	\$ 15,571
Jefferson County	115,302	115,302	115,302	115,302	115,302	115,302	115,302	115,302	115,302	115,302
Orange County	34,312	34,312	34,312	34,312	34,312	34,312	34,312	34,312	34,312	34,312
Jasper County	-	-	-	-	-	-	-	-	-	1,200
City of Beaumont	43,234	43,234	43,234	43,234	43,234	43,234	43,234	43,234	43,234	43,234
City of Bevil Oaks	386	386	386	386	386	386	386	386	386	386
City of Bridge City	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328	2,328
City of China	337	337	337	337	337	337	337	337	337	337
City of Groves	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829
City of Kountze	610	610	610	610	610	610	610	610	610	610
City of Lumberton	2,580	2,580	2,580	2,580	2,580	2,580	2,580	2,580	2,580	2,580
City of Nederland	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
City of Nome	148	148	148	148	148	148	148	148	148	148
City of Orange	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100
City of Pine Forest	181	181	181	181	181	181	181	181	181	181
City of Pinehurst	715	715	715	715	715	715	715	715	715	715
City of Port Arthur	29,284	29,284	29,284	29,284	29,284	29,284	29,284	29,284	29,284	29,284
City of Port Neches	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
City of Rose City	159	159	159	159	159	159	159	159	159	159
City of Rose Hill Acres	134	134	134	134	134	134	134	134	134	134
City of Silsbee	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893	1,893
City of Sour Lake	485	485	485	485	485	485	485	485	485	485
City of Taylor Landing	88	88	88	88	88	88	88	88	88	88
City of Vidor	3,158	3,158	3,158	3,158	3,158	3,158	3,158	3,158	3,158	3,158
City West Orange	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Port of Beaumont	150	150	150	150	150	150	150	150	150	150
Orange County Navigation District	150	150	150	150	150	150	150	150	150	150
Port of Port Arthur	150	150	150	150	150	150	150	150	150	150
Lower Neches Valley Authority	150	150	150	150	150	150	150	150	150	150
Sabine River Authority	150	150	150	150	150	150	150	150	150	150
Lower Sabine Neches Soil & Water Conservation District #446	-	-	-	-	-	-	-	-	-	-
Jefferson County Emergency Services District #1	150	150	150	150	150	150	150	150	150	150
Jefferson County Emergency Services District #3	-	-	150	-	150	150	150	150	150	150
Jefferson County Drainage District #3	150	150	150	150	150	150	150	150	150	150
Jefferson County Drainage District #6	150	150	150	150	150	150	150	150	150	150
Jefferson County Drainage District #7	150	150	150	150	150	150	150	150	150	150
Jasper County Emergency Services District #1										25
Orange County Drainage District	150	150	150	150	150	150	150	150	150	150
Bevil Oaks Municipal Utility District	-	-	-	-	-	-	-	-	-	-
Lumberton Municipal Utility District	150	150	150	150	150	150	150	150	150	150
Mauriceville Municipal Utility District	150	150	150	150	150	150	150	150	150	150
Sabine -Neches Navigation District	150	150	150	150	150	150	150	150	150	150
Jefferson County Water Control & Improvement District # 10	150	150	150	150	150	150	150	150	150	150
Orange County Water Control & Improvement District #1	150	150	150	150	150	150	150	150	150	150
Orange County Water Control & Improvement District #2	150	150	150	150	150	150	150	150	150	150
Orange County Emergency Services District #3	-	-	150	-	150	150	150	150	150	150
Hardin County Rural Fire Protection District #2	150	150	150	150	150	150	150	150	150	150
Beaumont Independent School District	150	-	150	-	-	-	-	-	-	-
Port Arthur Independent School District	150	150	150	150	150	150	150	150	150	150
Port Neches-Groves Independent School District	150	150	150	150	150	150	150	150	150	150
Hamshire-Fannett Independent School District	150	150	150	150	150	150	150	150	150	150
Hardin-Jefferson Independent School District	-	-	-	-	-	-	-	-	-	-
Bridge City Independent School District	150	150	150	150	150	150	150	150	150	150
Vidor Independent School District	150	150	150	150	150	150	150	150	150	150
Total Member Dues & Assessments	<u>\$ 276,124</u>	<u>\$ 275,974</u>	<u>\$ 276,424</u>	<u>\$ 275,974</u>	<u>\$ 276,274</u>	<u>\$ 276,274</u>	<u>\$ 276,274</u>	<u>\$ 276,274</u>	<u>\$ 276,274</u>	<u>\$ 277,499</u>

Source: South East Texas Regional Planning Commission records.

South East Texas Regional Planning Commission
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Notes Payable</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2012	1,086,963	7.07%	2.78
2013	988,859	6.57%	2.52
2014	887,010	5.43%	2.25
2015	781,273	4.59%	1.98
2016	671,580	3.83%	1.69
2017	557,622	3.18%	1.40
2018	439,315	2.39%	1.10
2019	316,492	1.67%	0.79
2020	189,011	1.01%	0.48
2021	57,169	0.29%	0.14

Source: South East Texas Regional Planning Commission records.

**South East Texas Regional Planning Commission
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Year	Population		Personal Income		Personal Income Per Capita		Total Employment		Unemployment Rate	
2012	391,324	4.)	\$ 15,367,700	2.)	\$ 38,049	2.)	164,736	3.)	10.6%	3.)
2013	392,551	4.)	\$ 15,052,600	2.)	\$ 37,124	2.)	161,466	3.)	10.4%	3.)
2014	393,802	4.)	\$ 16,348,000	2.)	\$ 40,290	2.)	164,981	3.)	7.9%	3.)
2015	395,073	4.)	\$ 17,034,700	2.)	\$ 41,676	2.)	163,884	3.)	6.7%	3.)
2016	396,362	4.)	\$ 17,520,300	2.)	\$ 41,695	2.)	163,453	3.)	6.8%	3.)
2017	397,615	4.)	\$ 17,520,300	2.)	\$ 42,480	2.)	163,024	3.)	7.1%	3.)
2018	398,895	4.)	\$ 18,403,769	5.)	\$ 42,972	5.)	165,553	3.)	6.1%	3.)
2019	400,114	4.)	\$ 18,922,167	5.)	\$ 44,783	5.)	167,747	3.)	5.3%	3.)
2020	392,563	4.)	\$ 18,670,469	5.)	\$ 47,560	2.)	151,594	3.)	12.3%	3.)
2021	401,208	6.)	\$ 19,655,855	5.)	\$ 30,133	6.)	175,142	3.)	7.2%	3.)

- 1.) U. S. Census Bureau
- 2.) Bureau of Economic Analysis (Beaumont-Port Arthur, TX Metropolitan Statistical Area)
- 3.) U. S. Department of Labor - Bureau of Labor Statistics
- 4.) Texas Demographic Center
- 5.) Data unavailable, based on 9-year trend
- 6.) Texas HomeTown Locator

**South East Texas Regional Planning Commission
Employment by Occupational Group
Previous Year and Nine Years Prior**

Occupational Group	Employment	
	2021	2012
* Architecture and Engineering	4,410	4,180
* Arts, Design, Entertainment, Sports and Media	1,050	1,080
* Building and Grounds Cleaning and Maintenance	4,400	4,540
* Business and Financial	4,910	3,770
* Community and Social Service	1,570	1,340
* Computer and Mathematical	1,590	1,190
* Construction and Extraction	13,290	16,430
* Education, Training and Library	8,910	9,110
* Farming, Fishing, and Forestry	210	70
* Food Preparation and Serving Related Occupations	13,450	13,450
* Healthcare Practitioners and Technical Occupations	7,980	8,300
* Healthcare Support	6,990	4,290
* Installation, Maintenance, and Repair	8,020	8,540
* Legal	880	950
* Life, Physical and Social Science	1,870	960
* Management	7,350	6,340
* Office and Administrative Support	18,510	22,540
* Personal Care and Service	2,110	5,010
* Production Occupations	13,350	14,760
* Protective Service Occupations	4,780	4,970
* Sales and Related Occupations	14,860	15,900
* Transportaion and Material Moving	12,290	9,600
Total Occupations	<u>152,780</u>	<u>157,320</u>

Sources and Notes

Listed in alphabetical order, not in order of size

- * U.S. Department of Labor - Bureau of Labor Statistics - Occupational Employment Services

**South East Texas Regional Planning Commission
Fulltime Equivalent Employees
By Program/Department
Last Ten Fiscal Years**

<u>Program/Department</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administration	9	9	9	9	7.5	7.5	7.5	7.5	8	8
Area Agency on Aging	17	14	16	17	16	15.5	16	15.5	15.5	16.5
Air Quality	1	1	1	1	1	1	1	1	1	1
9-1-1 Emergency Network	6	7	7	9	8	8	8	8	7	8
Substance Abuse Division	7	8	10	1	0	0	0	0	0	0
Community Development	21	18	14	15	10	9	10	6	6.5	6.5
Community Services	-	-	-	2	2	2	3	3	3	7.5
Public Safety	1	1	1	1	1	1	1.5	1.5	1	1
Foster Grandparent Program	2	3	3	2	2	2	2	2	2	2
RSVP	3	2	2	2	2	3	3	3	3	2.5
Solid Waste Management Planning	1	1	1	1	1	1	1	1	1	1
Transportation Planning	4	4	3	3	4	4	3	3.5	4	4
Homeless Coalition	1	1	1	1	1	1	1	1	1	1
AARP Experience Corps	2	2	2	2	2	1	1	2	1	1
Homeland Security Planning	2	1	1	1	1	1	1	1	1	1
Total	<u>77</u>	<u>72</u>	<u>71</u>	<u>67</u>	<u>58.5</u>	<u>57</u>	<u>59</u>	<u>56</u>	<u>55</u>	<u>61</u>

Source: South East Texas Regional Planning Commission records.

**South East Texas Regional Planning Commission
Program and Function Indicators
Last Ten Fiscal Years**

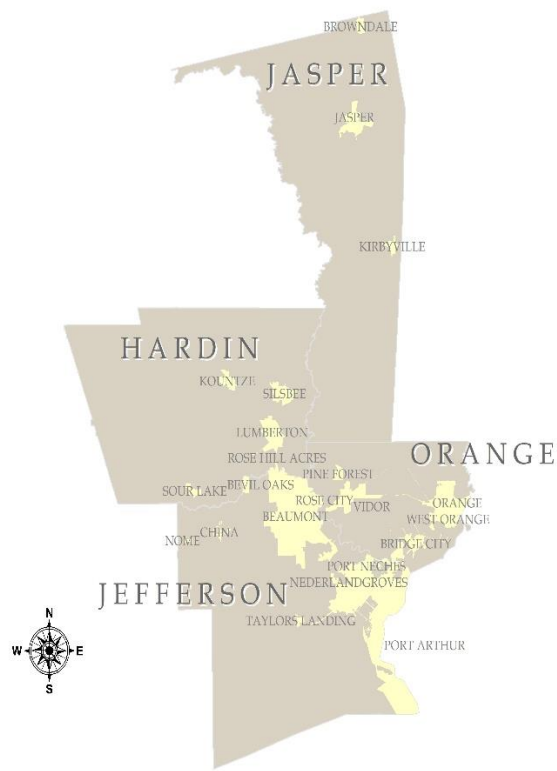
<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Criminal Justice										
Peace Officers Trained	1,971	4,123	2,771	4,063	3,055	2,583	2,613	4,040	3,580	2,873
Area Agency on Aging										
Congregate Meals	76,878	74,637	67,595	77,928	76,895	74,900	67,733	71,437	32,061 *	15,001 *
Home Delivered Meals	48,657	42,500	33,973	37,090	39,463	44,427	43,123	56,928	115,647	183,171 **
Disaster Recovery										
CDBG Rita Disaster - Families Served	N/A	N/A	N/A	25	N/A	N/A	N/A	N/A	N/A	N/A
CDBG Ike Disaster - Families Served	553	64	271	294	99	45	26	N/A	N/A	N/A
Community Services										
PAIG Weatherization - Families Served	15	9	8	7	12	15	11	11	8 *	8 *
SSA HOPE Individuals Served	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Money Management Volunteers Trained	10	7	0	0	0	N/A	N/A	N/A	N/A	N/A
Money Management Individuals Served	28	26	25	24	13	13	10	10	N/A	N/A
911/Homeland Security										
Number of Calls	375,869	376,349	391,989	452,183	532,142	531,841	436,838	290,235	325,088	308,750
Transportation										
Number of Trips	62,213	63,701	64,095	64,164	59,751	56,557	51,149	53,436	27,948 *	32,684 *
Solid Waste										
Total Dollars for Annual Projects	91,454	158,320	99,558	108,188	105,154	208,199	135,617	186,998	- *	345,172
Substance Abuse										
Number of Individuals Served	1,684	1,654	3,527	1,157	N/A	N/A	N/A	N/A	N/A	N/A
Foster Grandparents Program										
Number of Children Served	1,109	1,055	800	803	928	875	975	1,023	123 *	250 *
RSVP										
Number of Volunteer Hours	155,940	141,979	97,264	88,345	89,334	90,316	74,923	52,095	25,324 *	24,976 *
AARP Experience Corps Program										
Number of Students Tutored	541	485	493	430	434	391	304	319	172 *	83 *

* Numbers are low due to restrictions associated with the Covid pandemic

** Numbers are high due to restrictions associated with the Covid pandemic

Source: South East Texas Regional Planning Commission records.

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 Executive Committee
South East Texas Regional Planning Commission
Beaumont, Texas

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 business-type activities, each major fund, and the aggregate remaining fund information of the South East Texas Regional Planning Commission, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the South East Texas Regional Planning Commission's basic financial statements, and have issued our report thereon dated March 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South East Texas Regional Planning Commission'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 South East Texas Regional Planning Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the South East Texas Regional Planning Commission'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 South East Texas Regional Planning Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Charles E. Reed & Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas
March 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Executive Committee
South East Texas Regional Planning Commission
Beaumont, Texas

Report on Compliance for Each Major Federal Program

We have audited the South East Texas Regional Planning Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the South East Texas Regional Planning Commission's major federal programs for the year ended September 30, 2021. South East Texas Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the South East Texas Regional Planning Commission's major federal 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS). Those standards and the Uniform Guidance and UGMS 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 program occurred. An audit includes examining, on a test basis, evidence about the South East Texas Regional Planning Commission'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 program. However, our audit does not provide a legal determination of the South East Texas Regional Planning Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the South East Texas Regional Planning Commission, 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 programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the South East Texas Regional Planning Commission 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 South East Texas Regional Planning Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 South East Texas Regional Planning Commission'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 a 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Charles E. Reed & Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas
March 28, 2022

South East Texas Regional Planning Commission
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2021

Agency/Program Grant Title	Catalog of Federal Domestic Assistance ID Number	Pass-through Grantor's Number	Total Expenditures	Passed through to Subrecipient Expenditures
<u>Corporation for National and Community Service/AmeriCorps</u>				
Direct Programs				
Retired and Senior Volunteer Program	94.002	20SRWTX016	\$ 119,469	\$ -
Retired and Senior Volunteer Program	94.002	20SRWTX016(2)	\$ 140,986	\$ -
Subtotal	94.002		\$ 260,455	\$ -
Foster Grandparent Program	94.011	20SFWTX009	\$ 256,757	\$ -
Foster Grandparent Program	94.011	20SFWTX009(2)	\$ 221,546	\$ -
Subtotal - Cluster Program	94.011		\$ 478,303	\$ -
Total Corporation for National and Community Service/AmeriCorps			\$ 738,757	\$ -
<u>Federal Emergency Management Agency</u>				
Direct Program				
Preparing for Emerging Treats and Hazards	97.133	EMW-2016-GR-00090-S01	\$ 244,644	\$ -
Port Security Grant Program	97.056	EMW-2019-PU-APP-00014	\$ 147,545	\$ -
Port Security Grant Program	97.056	EMW-2021-PU-00025	\$ 2,666	\$ -
Subtotal	97.056		\$ 150,212	\$ -
Total Federal Emergency Management Agency			\$ 394,855	\$ -
Passed Through Texas Department of Emergency Management Hazard Mitigation Grant	97.039	DR-4466-0006	\$ 42,600	\$ -
Total Department of Homeland Security			\$ 42,600	\$ -
<u>Department of Housing and Urban Development</u>				
Passed Through Texas General Land Office Community Development Block Grants/State's Program	14.228	19-209-000-B608	\$ 604,543	\$ -
Passed Through Texas Department of Agriculture Community Development Block Grants/State's Program	14.228	C719209	\$ 7,868	\$ -
Total Department of Housing and Urban Development	14.228		\$ 612,411	\$ -
<u>Department of Health and Human Services</u>				
Passed Through Texas Department of Housing and Community Affairs:				
Community Services Block Grant	93.569	61200003231	\$ 170,420	\$ 7,962
Community Services Block Grant - COVID 19 Relief (eff. March 27, 2020)	93.569	61200003352	\$ 470,078	\$ 283,965
Community Services Block Grant	93.569	61200003283	\$ 105,506	\$ -
Community Services Block Grant	93.569	61210003462	\$ 277,441	\$ 28,226
Subtotal - Cluster Program	93.569		\$ 1,023,445	\$ 320,153
Passed Through Health and Human Services Commission Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100023	\$ 32,762	\$ -
Long Term Care Ombudsman Services for Older Individuals - COVID Relief Funds	93.042	HHS000874100023	\$ 12,415	\$ -
Subtotal	93.042		\$ 45,177	\$ -
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion	93.043	HHS000874100023	\$ 28,851	\$ -
Subtotal	93.043		\$ 28,851	\$ -
Special Programs for the Aging - Title III, Part B - Grants for Supportive services for Older Individuals	93.044	HHS000874100023	\$ 527,423	\$ 80,073
Part B - Grants for Supportive services for Older Individuals - COVID Relief Funds	93.044	HHS000874100023	\$ 174,550	\$ 41,310
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	HHS000874100023	\$ 205,927	\$ 102,560
Part C - Nutrition Services	93.045	HHS000874100023	\$ 220,238	\$ 167,106
Part C - Nutrition Services - COVID Relief Funds	93.045	HHS000874100023	\$ 675,904	\$ 654,484
Special Programs for the Aging - Title III Nutrition Services Incentive Program	93.053	HHS000874100023	\$ 130,640	\$ 130,640
Subtotal - Aging Cluster			\$ 1,934,682	\$ 1,176,173

South East Texas Regional Planning Commission
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2021

Agency/Program Grant Title	Catalog of Federal Domestic Assistance ID Number	Pass-through Grantor's Number	Total Expenditures	Passed through to Subrecipient Expenditures
Special Programs for the Aging - Title III, Part E - National Family Caregiver Support Program	93.052	HHS000874100023	\$ 252,648	\$ -
Part E - National Family Caregiver Support Program - COVID Relief Funds	93.052	HHS000874100023	\$ 83,916	\$ -
Subtotal	93.052		\$ 336,564	\$ -
Medical Enrollment Assistance Program				
Medicare Improvements for Patients and Providers	93.071	HHS000874100023	\$ 7,787	\$ -
Medicare Improvements for Patients and Providers	93.071	HHS000874100023	\$ 74	\$ -
Subtotal	93.071		\$ 7,861	\$ -
State Health Insurance Program	93.324	HHS000874100023	\$ 22,359	\$ -
Subtotal	93.324		\$ 22,359	\$ -
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	HHS000874100023	\$ 4,302	\$ -
Subtotal	93.041		\$ 4,302	\$ -
Total Department of Health and Human Services			\$ 3,403,241	\$ 1,496,326
<u>Department of Transportation</u>				
Passed Through Texas Department of Transportation: Highway Planning and Construction	20.205	5021XF0002	\$ 476,063	\$ -
Subtotal - Highway Planning and Construction Cluster	20.205		\$ 476,063	\$ -
Public Transportation for Nonurbanized Areas	20.509	51018021719	\$ 59,651	\$ 33,771
COVID-19 Critical Transit Services & Meal Deliveries	20.509	51018012020	\$ 260,007	\$ 216,588
Public Transportation for Nonurbanized Areas	20.509	51003F12021	\$ 274,592	\$ -
Public Transportation for Nonurbanized Areas	20.509	51018031221	\$ 33,959	\$ 33,959
COVID-19 Critical Transit Services & Meal Deliveries	20.509	51018012021	\$ 653,218	\$ 521,542
Subtotal	20.509		\$ 1,281,427	\$ 805,860
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51016022019	\$ 226,626	\$ 226,626
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51016012022	\$ 27,557	\$ 27,557
Subtotal - Transit Services Programs Cluster	20.513		\$ 254,183	\$ 254,183
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	51008021221	\$ 78,533	\$ -
Subtotal	20.505		\$ 78,533	\$ -
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	51003012020	\$ 128,905	\$ -
Subtotal - Federal Transit Cluster	20.526		\$ 128,905	\$ -
Total Department of Transportation			\$ 2,219,111	\$ 1,060,043
<u>Environmental Protection Agency</u>				
Passed Through Texas Commission on Environmental Quality: Performance Partnership Grants	66.605	582-17-70021	\$ 3,966	\$ -
Performance Partnership Grants	66.605	582-21-10033	\$ 17,034	\$ -
Total Environmental Protection Agency			\$ 21,000	\$ -
<u>United States Department of the Treasury</u>				
Passed through Jefferson County, Texas: Emergency Rental Assistance Program - COVID 19 Relief	21.023	JC 1505-0266	\$ 1,201,093	\$ -
Total United States Department of the Treasury			\$ 1,201,093	\$ -
TOTAL FEDERAL ASSISTANCE			\$ 8,633,068	\$ 2,556,369

South East Texas Regional Planning Commission
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2021

Agency/Program Grant Title	Catalog of Federal Domestic Assistance ID Number	Pass-through Grantor's Number	Total Expenditures	Passed through to Subrecipient Expenditures
STATE OF TEXAS ASSISTANCE				
<u>Office of the Governor</u>				
Criminal Justice Divison				
Regional Criminal Justice Coordination	--	PO#21-00084	\$ 39,013	\$ -
Regional Criminal Justice Coordination	--	PO#22-00081	\$ 3,288	\$ -
Regional Juvenile Alternatives	--	3554603	\$ 56,673	\$ -
Regional Juvenile Alternatives		3554604	\$ 1,341	\$ -
Regional Police Academy	--	1465517	\$ 90,394	\$ -
Regional Police Academy	--	1465518	\$ 10,465	\$ -
Homeland Security Division				
Homeland Security Grant Program	--	PO #21-00084	\$ 21,542	\$ -
Homeland Security Grant Program	--	2959606	\$ 101,468	\$ -
Homeland Security Grant Program	--	4007101	\$ 25,056	\$ -
Homeland Security Grant Program		2959607	\$ 8,787	\$ -
Homeland Security Grant Program		PO #22-00081	\$ 1,958	\$ -
Total Office of Governor			\$ 359,985	\$ -
<u>Texas Health and Human Services Commission</u>				
Implementation of 2-1-1	--	529-16-0006-00012H	\$ 249,021	\$ -
Implementation of 2-1-1 - COVID Relief Funds	--	529-16-0006-00012H	\$ 11,443	\$ -
Implementation of 2-1-1	--	529-16-0006-00012I	\$ 2,196	\$ -
Implementation of 2-1-1	--	HHS000979200015	\$ 21,137	\$ -
Implementation of 2-1-1	--	HHS000979200015	\$ 132	\$ -
Special Programs for the Aging - Title III				
Part B - Grants for Supportive services for Older Individuals	--	HHS000874100023	\$ 82,969	\$ -
Part B - Grants for Supportive services for Older Individuals	--	HHS000874100023	\$ 375	\$ -
Special Programs for the Aging - Title III				
Part E - National; Family Caregiver Support Program	--	HHS000874100023	\$ 48,019	\$ -
Foster Grandparents Program	--	HHS00087110004	\$ 7,082	\$ -
Retired Senior Volunteer Program	--	HHS000871100019	\$ 32,847	\$ -
Total Texas Health and Human Services			\$ 455,222	\$ -
<u>Texas Department of Transportation</u>				
State/Local Public Transportation	--	51218032021	\$ 78,081	\$ 67,731
Total Department of Transportation			\$ 78,081	\$ 67,731
<u>Texas Commission on Environmental Quality</u>				
Regional Solid Waste Planning/Implementation	--	582-20-10222	\$ 230,000	\$ -
Regional Solid Waste Planning/Implementation	--	582-22-30126	\$ 541	\$ -
Rider 8 Local Air Quality Planning Grant	--	582-20-11976	\$ 206,386	\$ -
Total Texas Commission on Environmental Quality			\$ 436,927	\$ -
<u>Commission on State Emergency Communications</u>				
9-1-1 Communications - FY 2015	--	9-1-1 SFY15	\$ 95,035	\$ -
9-1-1 Communications - FY 2016	--	9-1-1 SFY16	\$ 7,639	\$ -
9-1-1 Communications - FY 2017	--	9-1-1 SFY17	\$ 32,219	\$ -
9-1-1 Communications - FY 2018	--	9-1-1 SFY19	\$ 841,877	\$ -
9-1-1 Communications - FY 2019	--	9-1-1 SFY20	\$ 216,342	\$ -
9-1-1 Communications - FY 2020	--	9-1-1 SFY21	\$ 2,544,085	\$ -
9-1-1 Communications - FY 2021	--	9-1-1 SFY22	\$ 107,753	\$ -
Total Commission on State Emergency Communications			\$ 3,844,949	\$ -
TOTAL STATE OF TEXAS ASSISTANCE			\$ 5,175,164	\$ 67,731
TOTAL ASSISTANCE			\$ 13,808,232	\$ 2,624,100

South East Texas Regional Planning Commission
Notes to Expenditures of Federal and State Awards Schedule
For the Year Ended September 30, 2021

GENERAL

The accompanying Schedule of Expenditures of Federal and State Financial Awards presents the activity of all Federal and State financial assistance programs of the South East Texas Regional Planning Commission. All federal awards received directly from Federal agencies and Federal and State awards passed through state agencies are included on the Schedule.

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Financial Awards are presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

INDIRECT COSTS

The South East Texas Regional Planning Commission has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

South East Texas Regional Planning Commission
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Type of report on financial statements	Unmodified
Internal Control over financial reporting: Material weakness(es) identified	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the Basic Financial statements	No
Type of report on compliance with major Programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 500.516(a)	None reported
Dollar threshold considered between Type A and Type B federal and state programs	Federal - \$750,000 State - \$300,000
Auditee qualified as low risk auditee.	Yes
Major federal program	Capital Assistance for Elderly Persons and Persons with Disabilities 20.513* Emergency Rental Assistance Program 21.023 Special Programs for the Aging Title III Part B, Grants for Supportive Services for Older Individuals 93.044* Part C, Nutrition Services 93.045* Nutrition Services Incentive Program 93.053* Community Development Block Grant/State's Program 14.228
Major State Program	9-1-1 Emergency Communications

***Cluster Programs**

South East Texas Regional Planning Commission
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Findings Relating to the Financial Statements Which Are required to be Reported in Accordance with Generally Accepted Government Auditing Standards	None Reported
Findings and Questioned Costs for Federal and State Awards	None Reported
Follow up on Prior Year Findings and Questioned Costs	None Reported

